



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF

SHOW CAUSE NOTICE ISSUED TO

M/S NEUCON PAKISTAN LTD
ON COMPLAINT FILED BY
M/S FEROSONS LABOATORIES LTD

(F. NO: 274/FEROZSONS/OFT/CCP/2017)

Date(s) of hearing:

22-05-2018

Commission:

Dr. Shahzad Ansar
Member

Dr. Muhammad Saleem
Member

Present on behalf of:

M/s Ferozsons laboratories Ltd

Mr. Baqar Hasan,
Director Legal & Regulatory Affairs

Barrister Haroon Dugal



M/s Neucon Pakistan Ltd

Mr. Siraj Memon,
Consultant
Mr. Nadeem Hussain Alamgir
Consultant

ORDER

1. This order shall dispose of the proceedings initiated *vide* Show Cause Notice No. 15 of 2018 dated 04 May 2018 (the 'SCN'), issued by the Competition Commission of Pakistan (the 'Commission') to M/s Neucon Pakistan (the "Respondent"), for *prima facie* contravention of the provisions of Section 10 of the Competition Act 2010 (the 'Act').
2. The SCN was issued to the Respondent pursuant to the Enquiry Report dated 05 March 2018 (the 'Enquiry Report') concluded by the Commission. The enquiry was authorized on the complaint filed on 07 June 2017 (the "Complaint") under subsection (2) of Section 37 of the Act by M/s Ferozsons Laboratories Limited (the 'Complainant'). Relevant facts need to be capitulated in brief.

FACTUAL BACKGROUND

3. The Complainant is a public limited company registered under the law of Pakistan, who *inter alia* carries on the business of manufacturing, importing, packaging and selling certain medicinal/pharmaceutical products across Pakistan. As is submitted in the Complaint, the Complainant is the sole distributor and right holder in Pakistan of a complete range of products sold under the brand name "BIOFREEZE", registered with The Trade Marks Registry in Karachi, Pakistan bearing trademark no. 179961 dated 28 August 2002 in class 5 for analgesic (pain relieving) pharmaceutical preparations. The products are sold in the form of spray, gel, and roll-on of different specifications bearing distinctive getup and colour scheme or combination of colour comprising predominantly of green and light blue coloured text and white background. Furthermore, it was submitted that the Complainant is enlisted with the Drug Regulatory Authority of Pakistan (DRAP) as the authorized importer and distributor of pharmaceutical products branded as "BIOFREEZE". The Complainant averred that the Respondent was fraudulently using similar, deceptive or confusingly similar mark "BYQFREEZ" in relation to similar pharmaceutical preparations in the form of spray and gel so as to pass off them as and for the products of the Complainant, which tantamount deceptive marketing practices in contravention of clause (d) of subsection (2) of Section 10 read with subsection (1) of Section 10 of the Act.



4. The Enquiry Report examined whether the Respondent has contravened the provisions of Section 10 of the Act. It was found that the Complainant is the authorized importer/distributor of "BIOFREEZE" branded product line. Whereas the Respondent was engaged in the manufacture and sale of products branded as "BYQFREEZ" which were deceptively similar viz., phonetic similarity with the trademark "BIOFREEZE" bearing highly similar label/design/colour to the unique, distinctive label/design/colour scheme with the Complainant's products. The Enquiry Report concluded that the Respondent's unauthorized and dishonest adoption of deceptively and/or confusingly similar trademark appears to be fraudulent use of trademark and labelling and packaging in contravention of clause (d) of subsection (2) of Section 10 read with subsection (1) of Section 10 of the Act. Furthermore, it was concluded that the Respondent appears to be disseminating false and misleading information, including its substantially lower pricing in the market to the detriment of consumers and competitors in contravention of clause (b) and clause (a) of subsection (2) of Section 10 read with subsection (1) of Section 10 of the Act. Based on the *prima facie* findings of the Enquiry Report, the Commission initiated proceedings under Section 30 of the Act against the Respondents. The relevant portions of the SCNs are reproduced hereunder:

'4. Whereas, in terms of the Enquiry Report in general and paragraphs 2.1 to 2.5 and 4.1 to 4.6 in particular, the Complainant has alleged that the Undertaking is involved in deceptive marketing practices as it counterfeit product (BYQFREEZ) possesses major misleading similarities to the product of the Complainant (BIOFREEZE), including the deceptive use of its trademark and product labelling and packaging and is therefore highly likely to deceive and cause confusion in the minds of consumer; and

5. Whereas, in terms of the Enquiry Report in general and paragraphs 5.8 to 5.30 in particular, it appears that the Undertaking has used imitated packing in terms of trademark, product labelling and packaging of the Complainant's product as a ploy to reap benefits out of the investment made by the Complainant in its goodwill, in prima facie violation of Section 10(1), in terms of Section 10(2)(d) of the Act;



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6. Whereas, in terms of the Enquiry Report in general and paragraphs 5.31 to 5.38 in particular, it appears that the Undertaking through the copycat packaging the Complainant's product has engaged in the distribution of false and misleading information to consumers, related to origin and price of goods in prima facie violation of Section 10(1), in terms of Section 10(2)(b) of the Act; and

7. Whereas, in terms of the Enquiry Report in general and paragraphs 5.39 to 5.41 in particular, it appears that the Undertaking's conduct of parasitic copying of the Complainant's product, is capable of harming the business interests of the Complainant, in prima facie violation of Section 10(!), in terms of Section 10(2)(a) of the Act;'

HEARINGS

5. The Respondent did not submit its written reply to the SCN, however, its authorized representatives attended the hearing held on 22 May 2018. The Complainant's counsel reiterated the contents of its complaint and it was contended that the Complainant is entitled to the exclusive use in respect of all kinds of pharmaceutical preparations bearing the trademark "BIOFREEZE". Furthermore, the Complainant deposed that owing to the extensive advertising and promotion of "BIOFREEZE" for more than a decade, there is immense goodwill and reputation in the trademark and associated labelling and packaging (or trade dress) around the world including, Pakistan amongst the relevant members of trade as well as the public at large. The Complainant pointed out that despite Respondent's commitment submitted to the Enquiry Committee to withdraw its goods from the market by 30 November 2017, the Respondent has not complied with its commitment and its counterfeits are still available in the market. In support of its contention, the Complainant reproduced an invoice dated 18 May 2018 representing the purchase "BYQFREEZ" gel as BIOFREEZE gel. It is the case of the Complainant that the Respondent has adopted the identical or virtually identical trademarks "BYQFREEZ" and subsequently "NEUFREEZ" and associated trade dress the colour(s) green and light blue as a feature of the mark, with dishonest intention and the Respondent has committed acts of infringement in adopting and using the identical trademark and trade dress in respect of the similar medicines/pharmaceutical



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preparations. According to the Complainant's counsel, the said goods of the Respondent bearing the trademarks "BYQFREEZ" and "NEUFREEZ" are being passed off and are likely to be passed off as and for the well-known goods of the Complainant sold under the trademark "BIOFREEZE".

6. On the other hand, the Respondent's authorized representative contended that it does not accept any submissions earlier made by its representatives, M/s Jillani & Jillani Law Associates, to the Commission. According to the Respondent, between 2003 and 2014, it had the sole distributorship of M/s Performance Health for its brand "BIOFREEZE" in Pakistan. After discontinuation of the distributorship, it changed its business name from "Neucon Pharma" to "Neucon Pakistan". When it came to the Respondent's knowledge that the Complainant was now authorized distributor of the products' brand "BIOFREEZE", it started sale of its own products with an altered packaging and different name i.e. "ByQFREEZ HPQR" under private labelling agreement with M/s Diafarm in Denmark and has currently four distributors across Pakistan. The Respondent argued that since Biofreeze is a "cryotherapy"/"cold therapy" pharmaceutical preparation and is sold only by chemists holding an appropriate license under the relevant laws and that too on the prescription of a registered medical practitioner, no consumer is likely to be deceived in the market. It was submitted by the Respondent that it is ready to withdraw its products from the market and change its brand name and rectify the issues cited by the Complainant within the complaint. Finally, it presented its new product packaging branded as "NEUFREEZ" for the Commission's examination and claimed that the new packaging cannot be regarded as counterfeit.

7. Upon examination of the Respondent's new packaging with the trade name "NEUFREEZ" with the colours green and blue, the Commission observed that the two marks and their trade dress are similar or deceptively or confusingly similar and as such Complainant's grievance remain unresolved. In view of the Commission's observations, the Complainant's representative submitted that it is willing to alter the product's get-up by removing the work "FREEZ" and changing its colour scheme to the satisfaction of the Commission. The Commission allowed it seven working days to submit its packaging along with a written commitment to that effect. However, no response was given by the Respondent despite repeated reminders.



ISSUES

8. In view of the submissions made by the parties in the subject proceedings, following issues merit deliberation:
- i. *Whether the Complainant's claim qua the trademark 'BIOFREEZE' and associated trade dress is valid for the purposes of Section 10 of the Act?*
 - ii. *Whether the Respondent has engaged in deceptive marketing practices in contravention of clause (d), (b) and (a) of subsection (2) read with subsection (1) of Section 10 of the Act?*

ANALYSIS

ISSUE-I:

Whether the Complainant's claim qua the trademark 'BIOFREEZE' and associated trade dress is valid for the purposes of Section 10 of the Act?

9. Before proceeding with the factual analysis, we would like to highlight and briefly explain the scope and objective of Section 10 of the Act, which reads as follows:

'10. Deceptive marketing practices.—(1) No undertaking shall enter into deceptive marketing practices.

(2) The deceptive marketing practices shall be deemed to have been resorted to or continued of an Undertaking resorts to—

(a) the distribution of false or misleading information that is capable of harming the business interests of another undertaking;

(b) the distribution of false or misleading information to consumers, including the distribution of information lacking a reasonable basis, related to the price, character, method or place of production, properties, suitability for use, or quality of goods;

(c) [...]

(d) fraudulent use of another's trademark, firm name, or product labelling and packaging.

Section 10 applies to all undertakings in Pakistan, regardless of their size and the way in which they are established or financed. The provisions of Section 10 mandate the Commission to eliminate all causes of consumer deception or deceptive marketing



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practices. For deception to occur, there must be a representation, omission or practice that is likely to mislead the consumers. Second, the Commission examines the representation, omission or practice (collectively, “**practice**”) from the perspective of a consumer acting reasonably in the circumstances. Reasonable is examined from the perspective of the ordinary consumer of the target group. Third, the representation, omission, or practice must be a “material” one. That is to say, whether the practice is likely to affect the consumer’s conduct in terms of its purchasing decision viz., products or services. Advertising statements, disclosures, disclaimers or point of sale representations, *inter alia*, are the points where consumer first contacts between a seller and buyers. Whether or not a consumer buys a product is immaterial. The law may still be violated. Thus, a practice is material, there is the likelihood of consumer deception because it is presumed that the consumer might have chosen differently or made a different purchasing decision but for deception.

11. The Commission in one of its earlier Order dated 21 December 2012 in the matter of M/s DHL Pakistan (Pvt.) Limited, reported as 2013 CLD 1041, took the following view:

‘...while interpreting Section 10[2(d)] of the Act; one needs to be conscious that the interpretation of the fraudulent use of a trademark has to be in the context of deceptive marking and [it] would have a broader scope. Rather than making it too complex by focussing on “subjective intention” of the Respondents. [I]n our considered view, it is best if we adopt simplistic approach i.e. if it can be demonstrated that the Respondents by use of the trademark, intended to deceive the customer/consumer to gain an [undue] advantage...’

12. Keeping in view the alleged contravention, we are not concerned with the “*subjective intention*” but with the “*objective manifestation*” of intent to examine the concept of “*fraudulent use*”. The prohibition, under clause (d) subsection (2) of Section 10, applies to all forms of marks, including words, numbers, logos, pictures given that they function as source-identifier of a good or service.

Moreover, the application of the above clause does not differentiate between a registered and an unregistered mark. Nevertheless, with registration, a right holders’ array of options for dealing with the unauthorized or fraudulent use of a trademark or trade dress is likely to increase. The registered trademarks, firm name or labelling and packaging are presumed to be valid and incontestable. Most importantly, they are used



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as apparatus to seek remedy against imitators claiming unawareness of the registration. By virtue of Section 10, the legislature have, therefore, intended to protect consumers and trademark (and other commercial signs e.g., trade dress, symbols, colours or colour scheme, product shapes and product packaging and marketing themes, etc.) proprietors to be deprived of the property at the instance of business undertakings whose use is unauthorized and fraudulent.

14. It transpires from the record that M/s Performance Health, USA already had registered its trademark "BIOFREEZE" in 2002 in Pakistan and has successfully renewed it for a further period of ten years from 28 August 2009. Since its registration M/s Performance Health have been commercially exploiting its trademark by way of export, distribution, marketing and sale of "BIOFREEZE" labelled products in Pakistan. At present, the Complainant is the sole licensor and authorized distributor of "BIOFREEZE" products of M/s Health Performance in Pakistan. Therefore, we are convinced that registration of the Trademark "BIOFREEZ" in favour of the Complainant is valid. Consequently, the Complainant, holds valid right to initiate action(s) against the imitators of its trademark and labelling and packaging under clause (d), subsection (2) of Section 10 of the Act.

ISSUE-II:

Whether the Respondent has engaged in deceptive marketing practices in contravention of clause (d), (b) and (a) of subsection (2) read with subsection (1) of Section 10 of the Act?

15. In the Complaint as well as the Enquiry Report concluded that *prima facie* the Respondent has violated Section 10 of the Act that is designated to protect consumers against unfair, deceptive, fraudulent trade and business practices and false advertising. In its previous decisions, the Commission has underscored certain key principles to assess the fraudulent use of another's trademark, misleading and deceptive labelling and packaging, and advertising, among other things. The following paragraphs briefly highlight the principles laid down under clause (d) subsection (2) Section 10 of read with subsection (1) Section 10 of the Act.

The Commission in one of its earlier Order dated 08 February 2016 in the matter of M/s A. Rahim Food (Pvt.) Limited, reported as 2016 CLD 1128, observed that



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“*parasitic copying*” (Look-alikes) of trademark and trade dress of a brand are inherent in all cases of “fraudulent” use of another’s trademark, firm name, labelling, and packaging’ and has laid down the following standards:

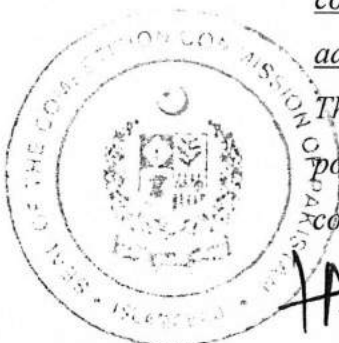
‘a) It is now well-established principle under the majority of regulatory competition regimes around the world that mimicking the packaging design of familiar established brands is a misleading and deceptive ploy with the end purpose of boosting sales.

b) Such purpose or object of parasitic copycat packaging is driven [...] from [...] the perspective of the consumer. A potential purchaser is much more likely to mistake and perceive products which employ parasitic copying to be of better quality than they in fact are or as equivalent to the aggrieved competitor or market leader (whose packaging has been copied). Hence, a consumer is more likely to purchase such a product, rather than if the packaging was clearly distinctive and distinguishable.

c) The end result of such a practice is that the consumer is misled by the “copycat” who is fraudulently attempting to pass off its products as something else. Furthermore, the copycat incurs the minimal cost and in fact none of the cost of investment and innovation of a design that the market leader has spent to build goodwill and reputation of its brand assets in the relevant market. Hence, where product differentiation is insufficient, such a practice on the part of the copycat has fatal consequences for the business of the market leader.

d) In furtherance to the interpretation of the term “fraudulent use [of another’s trademark]” of “product labelling and packaging” within the scope of Section 10(2)(d) of the Act, it may be noted that fraud itself consists of some deceitful practice or willful device to obtain an unjust advantage and which deprives another of right or causes another injury.

The Commission, entrusted with the task of adjudicating upon a potential contravention under the Act, remains of the much wider context and purpose of the said prohibition. The Commission shall,



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therefore, be satisfied that the evidence adduced before it is conclusive, if the strikingly similar packaging and labelling is misleading enough to cause confusion in the minds of average consumer of a commodity, with the end result of unjust advantage accruing to the copycat at the expense of and to the detriment of the complainant.

e) The Commission deems it appropriate to examine the packaging and product labelling appearance of a finished product as a whole which may collectively include visually confusing resemblance in elements of colour scheme, layout style, design, images, labels, font usage etc., instead of each individual similarity in isolation, to come to its determination as to the contravention under Section 10(2)(d) of the Act. It may also be noted that the Commission takes into account the surrounding circumstances which may be different in each particular case, as being peculiar to the parties, products, consumers and the relevant market.

f. Lastly, it may be noted that the worldwide consumer survey-based consensus is that when copycat packaging is developed for a particular commodity, price becomes the main and sometimes only criterion which affects a consumer's choice of purchase. Furthermore, when price becomes the sole determining factor for the exercise of choice between two products with no other meaningful distinguishing factor existing between such products, it is evidence of the presence of parasitic copying.

In the matter of show cause notice issued to **M/s Shainal Al-Syed Foods** dated 30th March 2018, referring to the judgment of Delhi High Court, reported as **Colgate Palmolive Co v Anchor Health & Beauty Care (Pvt.) Limited (2003) PTC 478 Del**, wherein Colgate sought [...] to restrain Anchor Health's use of the trade dress and colour combination of red and white in relation to identical products i.e. tooth powder, even though the latter's trademark/tradename was completely different, the Court held that:



'52. It is overall impression that customer gets as to the source and origin of the goods from visual impression of colour combination, shape of the container, packaging etc.'

...

'If the first glance of the article without going into the minute details of the colour combination, get-up and layout appearing on the container and packaging gives the impression as to deceptive or near similarities in respect of these ingredients, it is a case of confusion and amounts to passing off one's own goods as those of the other with a view to encash upon the goodwill and reputation of the latter'.

17. To cap it all, with regard to clause (d) subsection 2 of Section 10(2), the Commission shall be satisfied that the evidence adduced before it is conclusive if the net general impression of the product at first glance it reflects that:

- (i). *there is a complete absence of distinctive features between the trademark/logo of the rivals, or*
- (ii). *the striking similarities that exist are misleading enough to cause confusion in the minds of the targeted consumers; and*
- (iii). *mere likelihood of confusion or deception is sufficient; and*
- (iv). *the end-result of which is an unjust enrichment by the Respondents at the expense and to the detriment of the Complainant.*

18. Now keeping in view the parties' conduct and submissions before us, the facts scenarios in the instant case may be summarized as follows:



(i) The Complainant has claimed to be the registered proprietor of the trademark "BIOFREEZE" and has stated to have adopted the trademark in respect of certain analgesic pharmaceutical preparations and is distributing/selling in

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Pakistan since at least 2004. Furthermore, the Complainant has claimed to be the proprietor of the trade dress, which includes the containers and labels (comprising predominantly green and light blue colours with white background) of the products. The Complainant has submitted that on account of the efficacy and rigorous marketing the brand name "BIOFREEZE" and its unique trade dress have accumulated immense goodwill and international reputation including in Pakistan amongst the relevant members of trade as well as the public-at-large. Against this backdrop, the Complainant has alleged that by use of identical or deceptively similar trademark such as "BYQFREEZ" by the Respondent and appropriating or adopting prominently similar trade dress in terms of bottling, layout, get up and colour combination with obvious intention to encash upon the reputation and goodwill of the Complainant and deceive consumers, the Respondent has acted in contravention of Section 10 of the Act.

- (ii) The Respondent, on the other hand, has denied the allegations of passing off and deceptive marketing practices. In support of its case, the Respondent has contended that the two marks i.e. "BIOFREEZE" and "BYQFREEZ HPRR" are not identical. Furthermore, the Respondent has submitted that the ingredients of the Respondent's product are much different than the Complainants'. On 21.9.2017, the Complainant has deposed that between 2003 and 2014 it was the sole distributor of M/s Health Performance for "BIOFREEZE" product line in Pakistan. However, its distributorship was terminated in early 2014 because it failed to achieve its sales targets. Thereafter, the Respondent adopted "Neucon Pakistan" as its new business name. According to the Respondent, when it was intimated that the Complainant is the new authorized licensee/distributor of M/s Health Performance for "BIOFREEZE" products in Pakistan, it launched its own brand "BIOFREEZ HPQR" for similar products i.e. analgesic pharmaceutical preparations. Currently, the Respondent has four distributors in Pakistan and its products are sold to the masses at pharmacies.



- (iii) The Complainant is the exclusive licensee of trademark "BIOFREEZE" used for certain analgesic preparations presented as spray, gel, and roll-ons in Pakistan. The dispute in the present case is in respect of the Respondent's products sold in the form of spray and gel. For assessment of the degree of

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phonetic, visual, constructive and conceptual similarity, the Complainant's and the Respondent's spray products (left) and gel products (right) are shown below:



19. It is noted in paragraphs 16 and 17 *ibid.* the criteria for evaluation of imitation are, *inter alia*, the overall impression from the look of branding/labelling/packaging containing the products that can reasonably injunct its rival. We, therefore, will compare the most significant features or the leading characteristics represented by each one of the two rival trademarks/trade dress rather than an examination of the minute details. The phonetic, visual and conceptual similarities between the trademarks/trade dress used by the Complainant and the Respondent which are likely to cause deception in the minds of the consumers and may amount to passing off the Complainant's products may be described as follows:

- a. **BIOFREEZE Spray:** The Respondent's alleged counterfeit "BYQFREEZ" spray in the above image shows the design of the bottle that is exactly identical to the shape and design of the bottle of the Complainant, including its particular green and light blue coloured fonts, lettering, and design and all other artistic work in the product "BIOFREEZE" Spray. For instance, the trade names "BIOFREEZE" of the Complainant and "BYQFREEZ" of the Respondent are vertically arranged and displayed very prominently in fairly big letters in colour green on white background. The two marks are directly followed or preceded by the product

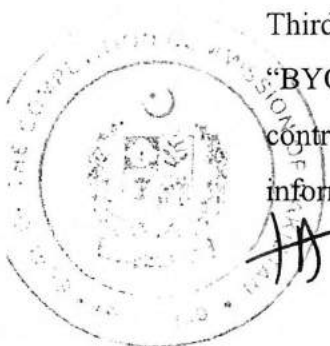


descriptions “Pain Relieving *Spray*” and “Quick Pain Relieving Ice *Spray*” in colour light blue, respectively. It may be noted that the Respondent’s brand name “BYQFREEZ” has prefix ‘n’ printed in vertical thin stripes with a drawing of an athletic figure which at the first glance appears to be an image nevertheless. Furthermore, the letters ‘Y’ and ‘Q’ in “BYQFREEZ” at first sight are read but as ‘i’ and ‘O’. Both products are contained in opaque white spray bottles of 118ml with identical dimensions. These features viz., “BIOFREEZE”, according to the Complainant, form an important intellectual property and are integral in identifying the product.

b. BIOFREEZE Gel: “BIOFREEZE gel” and its alleged counterfeit “BYQFREEZ gel” are predominantly green coloured solutions, which may be applied externally on human skin. Both products are packaged in white opaque squeezable plastic tubes of 60ml with aluminum foil seal under the cap. In general, the tubes have slightly different dimensions while the branding, packaging, and labelling of the product are identical except that the word “*Gel*” is substituted for “*Spray*”.

20. As shown in the image, the products are wrapped in transparent plastic that has no holes or slits for consumers to even partially view the contents. Therefore, they are likely to rely on the visual appearance of products’ packaging and labelling at the time of purchase. The Respondent’s products are further packaged in green coloured paper boxes imitating the inner labelling and packaging. The Respondent has suggested that the letters “HQPR” (High-Performance Quick Recovery), above the words “BYQFREEZ” in a rectangle on the right hand top, are part of its mark and it is to be read as “BYQFREEZ HPQR”.

21. At the outset, we are not persuaded to accept the Respondent’s assertion that its product is branded as “BYQFREEZ HPQR” for the following reasons. Firstly, the product is widely-known and sold under the name of biofreeze in the market. Secondly, the Respondent has produced no evidence to show that either physicians or patients/consumers differentiate the Respondent’s products as “BYQFREEZ HPQR”. Thirdly, the letters “HPQR” are written in much smaller and different font than “BYQFREEZ” and it is observable only on a closer inspection of the labelling in contrast to the brand name. And finally, the letters “HQPR” convey no useful or extra information to the consumers of ordinary intelligence. Moreover, the Commission finds



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that the paper boxed packaging of the Respondent's product does not perform any specific function *such as* preserving the stability or quality of the products against different forms of spoilage and tampering, including light and moisture. Nevertheless, it may be used to hold the tubes/bottles inside them.

22. To substantiate its case, the Complainant has placed reliance on the fact that the trademark "BIOFREEZE" is registered and owned by M/s Health Performance, dealing in pharmaceutical preparations, among other things. The Complainant has market authorization or exclusive right to use the trademark "BIOFREEZE" in Pakistan. The class of goods, in respect of which the use is claimed, are analgesic pharmaceutical preparations. The requisite licenses from Governmental authorities *such as* the Drug Regulatory Authority of Pakistan (DRAP), have also been issued in favour of the Complainant, copies whereof have been enclosed with the Complaint together with the market authorization agreement between M/s Health Performance and the Complainant. The Complainant's counsel has also drawn attention to the copy of the invoices dated 23.5.2017 (reproduced in paragraph 5.32 of the Enquiry Report) relating to the sale of "BYQFREEZ" as "BIOFREEZE". There is another invoice dated 07-08-2017 which also shows that "BYQFREEZ" products were commonly being sold in the market as "BIOFREEZE".

23. The Complainant has also drawn attention to the phonetic, constructive, visual and conceptual similarity between the two marks "BIOFREEZE" and "BYQFREEZ" even when they are sold on prescription by doctors or medical practitioners or qualified pharmacists. The counsel for the Complainant has stated that the pharmaceutical preparations sold under the trademark "BIOFREEZE" and its unique trade dress on account of extensive publicity and advertisement has acquired distinctiveness in the market and is recognized by the common customers, dealers/pharmacists, and physicians as a product of the Complainant. It has been argued that the Respondent by adopting a similar mark and trade dress for similar pharmaceutical preparations, has clearly intended to encash upon the reputation of the Complainant's products. The adoption and use of what, according to the Complainant, is deceptively similar trademark and trade dress by the Respondent may lead to confusion in the mind of customers of ordinary intelligence that they are buying the product of the Respondent

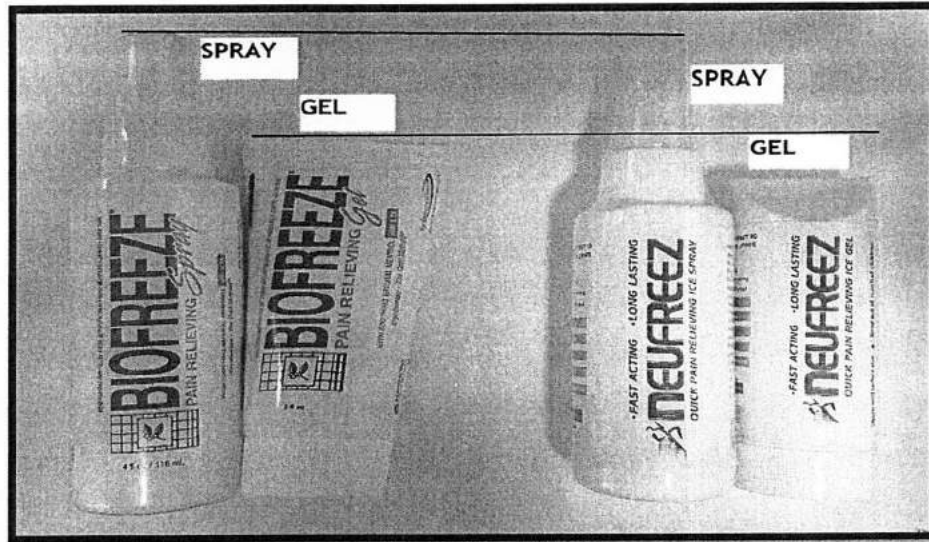


when they had no intention to buy it and wanted to buy the products manufactured by the Complainant.

24. During the enquiry stage, the Respondent has denied the fact that it has imitated the Complainant's trademark and trade dress, however, no plausible explanation came forth as to how it could come up with an identical trademark and trade dress. The Respondent's consultants, at the hearing held on 21-09-2017 admitted that it is engaged in manufacturing and selling look-alikes of the Complainant's well-known "BIOFREEZE" pharmaceutical preparation under the trade name "BYQFREEZ". The Commission also observes that when the two trademarks in conjunction with their respective trade dress, colour scheme, packaging, design, layout, shape, and configuration are viewed from the perspective of a common customer, it is clear that the adoption of trade name "BYQFREEZ" by the Respondent is manifestly dishonest and is intended to encash upon the goodwill and reputation of the Complainant. Clearly, the Respondent has designed its trademark and packaging and labelling keeping in mind the packaging and label of the Complainant.
25. In view of the above, the we are of the considered opinion that the Complainant has proved beyond doubt that it is the registered proprietor and right-holder of the trademark "BIOFREEZE" as well as the trade dress i.e. green and light blue labelling and packaging of the products in question. Hence it has the exclusive right to use the trademark including trade dress of "BIOFREEZE". By adoption of an identical trademark i.e. "BYQFREEZ" and the trade dress – the overall getup, the Respondent has contravened clause (d) of subsection 2 of Section 10 read with subsection (1) of Section 10 of the Act.
26. The Commission also finds that it is highly likely that the consumers would be deceived/misled by false and misleading depictions of the Respondent which constitutes a contravention of Section 10(2)(b) read with Section 10(1) of the Act. The Commission further finds that by resorting to the aforesaid practices the Respondent has failed to fulfil its obligation to avoid unfair competition and become unjustly rich encashing on the goodwill or reputation of the Complainant, hence in violation of Section 10(2)(a) read with Section 10(1) of the Act.

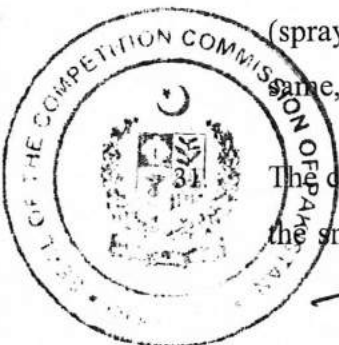


27. During the hearing it was submitted that the Respondent has now adopted a new trade name "NEUFREEZ" and has made substantial changes to its label/trade dress for removing likelihood any confusion or deception. Below is an image of the Complainants' products' packaging and the Respondent's new packaging.



28. Furthermore, the Respondent's representatives submitted they would carry out changes in the label/trade dress for removing the likelihood of any deception to the satisfaction of the Commission.
29. The Complainant's counsel pleaded that the Respondent is guilty of passing off because of the adoption of the word "FREEZ". However, we are of the view that neither the party has the exclusive right for the use of the word "FREEZ" or "FREEZE". We are of the considered opinion that if one were to examine the respective trademarks "BIOFREEZE" of the Complainant and "NUEFREEZ" of the Respondent in conjunction of new trade dress, colour scheme, packaging, design, layout, shape, and configuration, there does not appear to be any deceptive similarity.
30. The net general impression of the two labels i.e. "BIOFREEZE" and "NEUFREEZ" appear to be sufficiently dissimilar and if the labelling, size, shape, and dimensions of (spray) bottle and (gel) tube along with the external paper box packaging remain the same, no deception is likely to arise.

The comparative triviality of the benefit that might be obtained by the Respondent and the small amount of damage the Complainant might suffer are further factors which



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lead to above conclusion. An advertisement or a marketing practice using a trademark and/or trade dress which is false or misleading under Section 10 of the Act should cause deception to a substantial portion (however, not necessary in the sense of an arithmetic mean) of the relevant consumers. The primary purpose of Section 10 of the Act is to prohibit false and misleading advertisement practices. The question of dilution, ordinary meaning or secondary meanings of words or phrases used in a trademark/trade dress fall outside the realm of Section 10 of the Act. The parties should, therefore, restrict their claims and defenses accordingly.

REMEDIES AND PENALTY

32. Before imposing a penalty and/or passing any directions in the matter at hand, we deem it appropriate to highlight the importance of trademark and trade dress in the modern day business environment. The owners view their marks as vitals business asset that not only encompasses and conveys information about the origin of a product, but also a whole construct of visual imagery and prestige and consumers' association and loyalty with the product. Consumers purchasing decisions are influenced by trademarks and the reputation such brands represent. Anyone who chooses to use a trademark or a trade dress without the owner's permission should be mindful not only of the potential liability for infringement under the trademark laws but also of potential consequences, such as violation of Section 10 of the Act, the principal legislation governing to protect public-at-large against deceptive marketing practices.
33. In view of the aforesaid discussion, the Complainant has made out its case that it is registered and authorized right-holder of the trademark "BIOFREEZE" and its associated trade dress in this case.
34. The Respondent, its proprietors, partners, directors, associates, agents, dealers, among others, are hereby restrained from using the impugned marks "BYQFREEZ" or any other mark with any prefix or suffix and trade dress that is phonetically, visually and constructively similar as that of the Complainant mark "BIOFREEZE" and its associated trade dress.

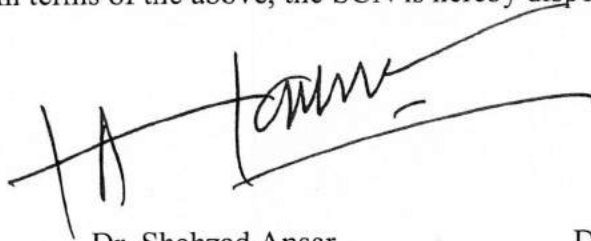
The Respondent has undertaken before the Bench that it will not repeat the contravention and comply with the provisions of Section 10 of the Act, We, therefore,



[Handwritten signatures]

are inclined to take a lenient view and imposes penalty in the amount of PKR 2,500,000/- (Rupees Two and Five Hundred Thousand Only) pursuant to Section 38 of the Act on the Respondent, which shall be deposited with the Registrar of the Commission within sixty (60) days from the date of this Order. The Respondent is further directed to file, within sixty (60) days from the date of this order, a compliance report with reference to withdrawal of the products under the mark "BYQFREEZ" and stop using the said mark.

36. The office of the Registrar of the Commission is directed to send a copy of this order to the Respondent for information and compliance and also to send copies of this order to the Respondents' respective chamber of commerce for educating its Members vis-à-vis compliance with the Act.
37. In case of non-compliance with the directions contained in Para 34 & 35 *ibid.* of this order, the Respondent shall be further liable under subsection (3) of Section 38 of the Act to pay an additional penalty amounting to PKR 100,000 (Rupees one hundred thousand) per day from the date of this order.
38. In terms of the above, the SCN is hereby disposed of.



Dr. Shahzad Ansar
Member



Dr. Muhammad Saleem
Member



ISLAMABAD THE 24th SEPTEMBER 2018