



BEFORE COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF COMPLAINT FILED BY

M/S THE NEW YORK PIZZA

AGAINST

M/S NEW YORKER PIZZA

FOR VIOLATING SECTION 10 OF THE COMPETITION ACT, 2010

FILE NO: 327/New York Pizza/OFT/CCP/2018

Date of Hearing:

04.06.2020

Commission:

Ms. Shaista Bano

Chairperson

Ms. Bushra Naz

Member

Assisted By:

Arsal Ikram

Assistant Director (Legal)

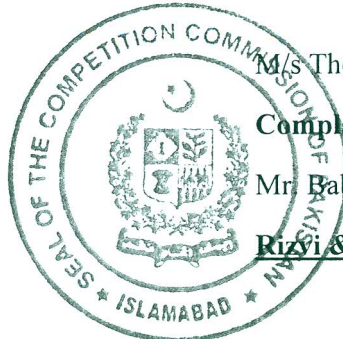
Present:

M/s The New York Pizza

Complainant, through

Mr. Babar Hussain Shah

Rizvi & Associates



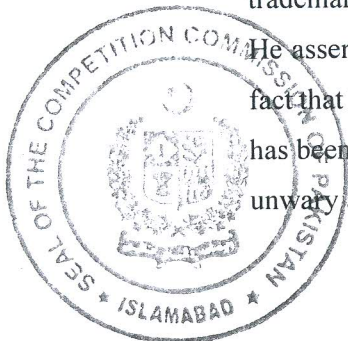
ORDER

1. This order shall dispose of an enquiry initiated against M/s New Yorker Pizza (the Respondent) on the complaint filed by M/s The New York Pizza (the Complainant), for carrying out deceptive marketing practices and violating Section 10 of the Competition Act, 2010 (the Act).
2. A complaint was filed by the Complainant on October 17th, 2018, wherein the Respondent was alleged to have adopted a trademark "New Yorker Pizza" deceptively similar to the Complainant's registered trademark "The New York Pizza". It was also alleged that adoption of the said trademark with an addition of "er" as suffix in the trademark of the Complaint could have misguided general public by leading them to believe the Respondent as business extension/partner of the Complainant. Hence, fraudulent use of another's trademark. The Respondent was also alleged to have used alleged trademark in its business transitions, products, brochures, print material, menu cards and outlets. The complainant concerned that such activity on the part of the Respondent could have affected its goodwill adversely. The complaint was annexed with trademark certificate and pictorial evidence.
3. Upon receiving the complaint, the Commission constituted an Enquiry Committee (EC) for further probe into the matter under section 37 of the Act, which submitted its Enquiry Report (ER) to the Commission on Feb 11th, 2020. Concluding part of ER is reproduced herein below;

"8.1 Based on the information available on record and the submissions made before us, we the undersigned enquiry officers have reached on the conclusion that the, prima facie, allegations made against the Respondent have not been made out as, the Respondent has created a distinguished trademark, trade dress in term of labeling & packaging which is different from the Complainant's labelling & packaging, so there is no point of confusion between the two graphically different trademarks.

8.2 It is therefore, recommended that the complaint against M/s New Yorker Pizza may be dismissed in accordance with law."

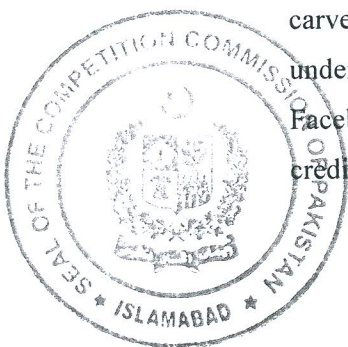
4. Before deciding on the bases of ER, the Commission considered it necessary in the interest of natural justice to afford an opportunity of hearing to the Complainant. Accordingly, hearing was fixed on June 4th, 2020, whereby legal counsel of the Complaint also appeared before the Commission and vehemently contended ER on various accounts. Hence the instant order.
5. Although, the counsel agreed with observation of the EC in respect of dissimilarities between trademarks of the Complainant and the Respondent, however, disagreed with the conclusion. He asserted that the two subject trademarks are phonetically similar to each other despite the fact that EC has regarded them visually distinct. The way registered Trademark of Complainant has been copied by the Respondent by adding "er" as suffix is capable of causing confusion to unwary and ordinary consumers. He further emphasized on similarities between trade dresses



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of the Complainant and the Respondent and argued that the EC has overlooked comparison between trade dresses of both parties, which has casted impact on its overall conclusion with regard to occurrence of deceptive marketing. He argued further in this respect that the Respondent has not only designed its outlet in a fashion similar to the Complainant, but also, copied font of the trademark in such a way that could confuse customer between actual and copied brand. He relied on photographs of outlets of both the parties for showing similarities.

6. He further contended ER on account of undue emphasis laid down by the EC over ownership of trademark. The observation of the EC, that actual owner of the trademark has been deceased therefore the Complainant lacks ownership right over the registered trademark, is claimed incorrect. However, it is admitted that the business was initially in form of sole proprietorship when trademark registration had occurred in the name of brother of the Complainant. Subsequently, the business was transformed into partnership by virtue of which the Complainant still holds right over the trademark. Even otherwise, it is argued that, death of trademark owner would not have given right to the Respondent to copy the trademark without seeking permission from the actual owner.
7. ER is further contended on account of admission made by the Respondent with regard to the complainant's prior use of trademark. Besides having registered trademark, the counsel asserted, the Complainant has privilege of prior use since he started business before the Respondent. This fact has been further strengthened by admission on the part of the Respondent. Therefore despite having knowledge that the Complainant's trademark is registered, an attempt to create and use similar trademark on the part of the Respondent amount to deceptive marketing and unfair commercial trading.
8. Moreover, the ER has also been contended for its misinterpreting of disclaimer provided in the trademark certificate relied. It is argued that the EC has erred while denying exclusive right of the Complainant over its registered trademark. Although he admitted to have no exclusive rights over the terms "New York" and "Pizza" separately, however, he argued to have exclusive right over the term "New York Pizza" as a whole which is a registered trademark under the law. This fact is argued to have been ignored by the EC.
9. Not only that, the counsel also highlighted another flaw occurred in the enquiry procedure when the EC overwhelmingly relied on the number of Facebook page followers. Although number of the Complainant's followers is far less than that of the Respondent, however, it is argued that it would not give the Respondent a right to copy trade dress of the Complainant. Neither an impression, that perhaps the Respondent has prior superior right over the trademark, can be carved out. It is asserted that size of the business would not matter, be it small or big, an undertaking would still be unjustified in copying another's trademark merely on the bases of Facebook followers. Even otherwise, number of Facebook followers is claimed not to be a credible justification since it can be boosted artificially through computer software companies.



Handwritten signatures or initials.

Based on all above reason, the counsel requested the bench to turn down present Enquiry Report and issue show cause notice to the Respondent.

10. During his arguments, counsel for the Complainant also stated that the Enquiry Committee was under obligation to require evidence from the Respondent which could have justified the Respondent's deceptive marketing practice. However, this exercise has not been carried out by the Enquiry Committee at all, instead, burden was totally shifted to the Complainant to prove his right to the trademark which was not the question at first point. Omission to call for evidence from the Respondent is not only against the law but also casted drastic impact on outcomes of the Enquiry. Therefore, he requested the bench to turn down the ER. Further, it has also been brought into notice of this bench that civil suits are pending with respect to instant matter in Karachi and Islamabad. The counsel argued that, instead of appreciating the fact that civil court had granted injunctive orders against the Respondent, the EC condemned the Complainant for initiation of parallel proceedings before the Commission, which is against the jurisprudence established by the Commission earlier.

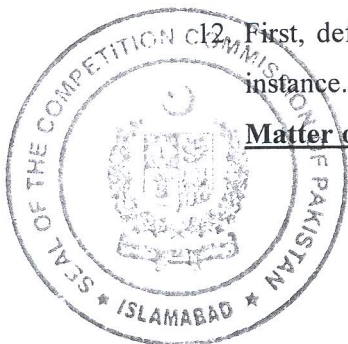
ANALYSIS

11. We have carefully considered arguments of the Complainant and have also gone through ER. We have observed that conclusion of ER is predominantly based on defence of Genericism taken by the Respondent in its reply to EC. Relevant para of ER is reproduced herein below for reference;

"7.34. In light of para 7.33 ibid, it can be establish that the Complainant has no exclusive right over the term "New York Pizza" separately without using the mark as whole. The New York Style Pizza is a popular type of pizza that originated in the New York City, USA. It is also important to mention that the word "Pizza" is also generic term and can be used by any of the pizza restaurant. Similarly, the term "New York" cannot be monopolized by any single entity as it is a name of a famous city of USA. Whereas the term "New Yorker" means 'a native or inhabitant of the US city of New York'."

Based on above reason, the EC concluded that the Respondent was rightful in using a brand name "New Yorker Pizza", which although sounded phonetically identical to the Complainant's brand name "The New York Pizza". We, however, do not agree with this conclusion on three accounts.

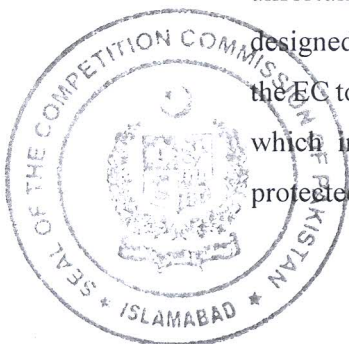
12. First, defence of Genericism has not been appreciated by the Commission at the very first instance. Reference can be made in this regard to the Commission's earlier decision **In the Matter of Show Cause Notices Issued to Mr. Nimko Corner and M/s Karachi Nimco on**



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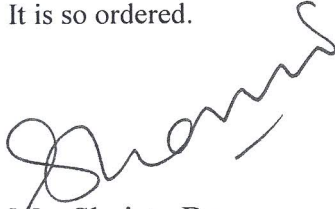
Complaint Filed by M/S. Nimco Corner, wherein the respondents resorted to similar defence of Genericism. However, this Commission disregarded the defence and proceeded to hold the respondents accountable for copying the complainant's brand name, despite the fact that brand name of the complainant constituted only a part of registered trademark rather than an independent registered trademark. Likewise, we are confronted with a similar situation here whereby brand name constitutes a part of registered trademark instead of an independent trademark and the Respondent has copied the same, although not in an exact way to constitute an infringement of trademark but in identical way. We would like to elaborate here that the Commission, in the above referred decision, suggested the respondent to approach appropriate forum (i.e. Intellectual Property Office) for getting issue of Genericism addressed since it fell beyond jurisdiction of the Commission. We are inclined to adopt the same approach here as well since the Commission is not the appropriate body to declare what falls in the category of Generic term and what not. Even otherwise, the terms "New York" and "Pizza" may sound generic separately, however, peculiar combination of the two terms cannot be simply understood as generic. Therefore, we are not inclined to accept the reasoning adopted by the EC.

13. Secondly, the practice carried out by the Respondent in the instant case appears to be the one which has already been addressed by the Commission under the head of Parasitic Copying, where exact infringement of trademark is not involved, however, trademark is copied in confusing or deceptive manner having tendency to mislead consumer. As mentioned above, the term "The New York Pizza" is undeniably a part of registered trademark if, at least, not an independent trademark in itself. Whether copying of this term should be dealt with in perspective of Parasitic Copying or not, is an issue which the EC has unfortunately not deliberated on. Being a serious problem, parasitic copying has already been treated as fraudulent use of another's trademark and dealt with iron hands in the earlier decisions of the Commission. Therefore, we would like remind the EC to have regard to jurisprudence already developed by the Commission.
14. Thirdly, evidence produced by the Complainant during hearing shows that the Respondent has not only copied brand name, but also, trade dress of the Complainant. We would like to refer to pictures produced in the ER at para 2.1 and para 7.21 which have been highlighted by the Complainant during hearing. cursory glance of the pictures makes one to believe that there are some similarities present between trade dresses (Outlet designs) of both the parties which unfortunately have been overlooked by the EC. The fashion in which the Respondent has designed its outlets appears to be identical to the Complainant's outlet. We would like to remind the EC to give regard to its own observation in para 7.7 of ER, whereby it defined "Trade Dress" which includes **décor or environment in which services are provided** and are usually protected under the law.



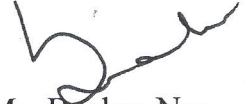
15. Based on above mentioned reasons, we are of the view that the instant matter is not a simple matter of trademark infringement. Instead, keeping in view previous jurisprudence with respect to parasitic copying, the matter requires a little deeper appreciation of facts and evidence. Therefore, we are inclined to remand the matter back to EC and suggest it to peruse the matter in perspectives mentioned above.

16. It is so ordered.



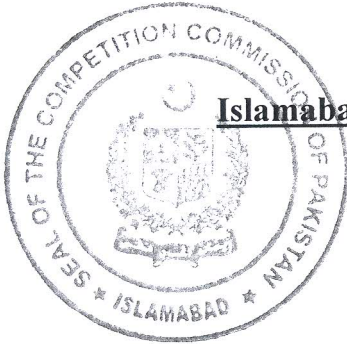
Ms. Shaista Bano

Chairperson



Ms. Bushra Naz

Member



Islamabad, June 4th, 2020