

**GEORGE PAYNE & CO., (CEYLON) LTD.
v.
INTERNATIONAL EXPORTS (PVT) LTD.**

SUPREME COURT
G. P. S. DE SILVA, CJ.,
PERERA, J. AND
SHIRANI BANDARANAYAKE, J.
S.C. APPEAL NO. 35/97
H.C. (CIVIL) NO. 9/96 (3)
D.C. COLOMBO NO. 4666/SPL
JULY 3RD, 4TH, OCTOBER 22ND, 24TH, 1997.

Intellectual property – Infringement of trade marks – Unfair competition – Code of Intellectual Property Act, No. 52 of 1979 – Sections 117, 142 and 179 of the Code – Continuation of wrongs after decree – "Merger in judgment" of subsequent acts.

In consequence of the defendant exporting tea in circumstances which constituted an infringement of the plaintiff's trade marks, the plaintiff obtained a permanent injunction against the defendant in 1993, in the District Court, Colombo. In 1996 the plaintiff found that the defendant was shipping tea in continued violation of the plaintiff's rights; whereupon, the plaintiff filed the present action pleading two causes of action (1) infringement of trade marks in breach of rights under section 117 of the Code of Intellectual Property Act, No. 52 of 1979 (2) unfair competition based on section 142 of the Code.

Held:

The subsequent acts of infringement and unfair competition did not have an independent existence. They were "merged" in the decree in the previous action and did not in law give rise to fresh causes of action. The acts which the plaintiff contended to constitute "fresh causes of action" fell directly within the prohibition contained in the permanent injunction in the previous action.

Cases referred to:

(1) *Paris v. Florence* (1987) 1 Sri LR 141, 147.

APPEAL from the judgment of the High Court, Colombo.

K. Kanag-Isvaran, PC with *A. A. M. Illiyas*, *M. A. Sumanthiran* and *Ms. Dilmoni Wijeyawardena* for the plaintiff-appellant.

S. L. Gunasekera with *Kushan de Alwis* for the defendant-respondent.

Cur. adv. vult.

March 03, 1998.

G. P. S. DE SILVA, CJ.

The plaintiff and the defendant are engaged in the export of tea and are both competitors in the tea trade. The plaintiff is the registered owner of 3 trade marks and device which consist of the words, "AL-WAZAH TEA" (Swan brand) together with the device of the Swan and also the word "CHAI AL-WAZAH" in Arabic. True copies of the certificates of registration issued in terms of section 174 of the Code of Intellectual Property Act (Code) depicting the three trade marks are annexed to the plaint marked X1, X2 and X3.

In June, 1996, the plaintiff became aware that the defendant was shipping tea in infringement of the plaintiff's trade marks to the same destination as the plaintiff. The export of tea was also an act of unfair competition within the meaning of section 142 of the Code as the cartons were similar to those of the plaintiff and were calculated to deceive the public. In its plaint the plaintiff sought, *inter alia*, "an interim injunction restraining the defendant by itself and by its servants and agents and/or otherwise howsoever from using or continuing to use in any manner whatsoever or howsoever the get-up shown in the specimen cartons annexed to the plaint marked X14 (a) and X14 (b) or any colourable imitation of the plaintiff's specimen cartons annexed to the plaint marked X15 (a) and X15 (b) and/or the trade marks X1, X2, and X3 in respect of the defendant's product, namely, tea, or any other similar goods until the final determination of this action". The learned Judge of the High Court refused the application for an interim injunction. Hence the present appeal by the plaintiff against this order.

Admittedly, the plaintiff had instituted a previous action against the *same defendant* in February, 1993, in the District Court of Colombo (case No. 3671/Spl) and had obtained a *permanent injunction*. The decree in that case dated 17th February, 1993 (X12) is in the following terms:

"It is ordered and decreed of consent that the defendant is restrained by itself and/or by its servants and/or agents and/or otherwise howsoever, *from using or continuing to use in any manner whatsoever* the get-up shown in the specimen carton annexed to the plaint marked X8 or any colourable imitation of the plaintiff's specimen cartons marked X5 (a), X5 (b), and X5 (c) and/or trade marks X1, X2 and X3 and in respect of the defendant's product, namely, tea or any other similar goods." (emphasis added).

It is correct, as submitted by Mr. Kanag-Isvaran for the plaintiff-appellant that two causes of action have been pleaded in the present action. The 1st cause of action is based on section 117 of the Code. It is averred in paragraph 13 (b) of the plaint "that the use by the defendant of the said mark 'Alsaqr tea' and the aforesaid device depicted in X14 (a) and X14 (b) without the consent of the plaintiff is an infringement of the rights of the plaintiff granted under section 117 of the Code in respect of the registered trade marks of the plaintiff depicted in X1 to X3 . . ." By reason of the infringement of the registered trade marks, the plaintiff claims a statutory right to an injunction in terms of section 179 of the Code. (Paragraph 13 (c) of the plaint). The 2nd cause of action is based on section 142 of the Code. Section 142 (1) enacts that "any act of competition contrary to honest practices in industrial or commercial matters shall constitute an act of unfair competition". The second cause of action is pleaded in paragraphs 17, 18 and 19 of the plaint. The plaintiff seeks an interim injunction to restrain the defendant from using or continuing to use "the get-up shown in the specimens annexed hereto marked X14 (a) and X14 (b) or any colourable imitation of the plaintiff's specimen cartons marked X15 (a) and X15 (b) in respect of the defendant's product, namely, tea . . ." (Paragraph 18 of the plaint).

Mr. Kanag-Isvaran for the plaintiff-appellant strenuously contended before us that in refusing the interim injunction, the learned Judge of the High Court totally failed to appreciate the crucial fact that the 1st and 2nd causes of action were not founded on the consent decree

in the previous action 3671/Spl (X12), but on *fresh* acts of infringement and *fresh* acts of unfair competition, "being *continuing* infringements and acts of unfair competition giving rise to *new causes of action*". (to use counsel's own words).

It is true that the "acts of infringement" and the "acts of unfair competition" complained of in the present action occurred about 3 1/2 years subsequent to the previous action. However, it is very relevant to note that the plaintiff does not dispute the fact that the cartons X14 (a) and X14 (b) are more or less a reproduction of the carton X8 which was the subject matter of the previous action. In the written submissions dated 15.8.96 the plaintiff states: "The get-up inclusive of the colour scheme and all other essential material which appear on the present impugned cartons, X14 (a) and X14 (b) are identical to that of the previous carton X8 and also identical to the plaintiff's cartons X5 (a), X5 (b), X15 (a) and X15 (b) in violation of the plaintiff's three registered trade marks X1 to X3". (Para.2.6 of the written submissions). The plaintiff goes on to state: "The use by the defendant of the present cartons X14 (a) and X14 (b) is without an iota of doubt, a reproduction of its earlier carton X8 except with the replacement of a peacock with that of a bird's head and the replacement of the name "AITAOS TEA" with that of "ALSAQR TEA". The get-up/colour scheme/trade dress is identical" (paragraph 4.2 of the written submissions). Besides, in its letters addressed to the defendant through its registered attorneys-at-law just before the institution of the present action it has stated, *inter alia*: "you have now violated the *permanent injunction* which is a decree of court and thus your company, its directors, officers and servants are guilty of contempt of court thereby making all your Directors and officers liable for such contempt". X13 (a) (Emphasis added). The letter X13 (c) is in similar terms: "We reiterate that your client has violated the permanent injunction".

On a consideration of the matters set out above, it seems to me that the "acts of infringement" and the "acts of unfair competition" complained of in the present action, though in point of time subsequent to the decree (X12) entered in the previous action, do not in law give rise to fresh causes of action as contended for by Mr. Kanag-Isvaran. The reason is that the subsequent "acts" are *merged* in the permanent injunction (X12) granted in favour of the plaintiff in the previous action. In my view the resulting position is one of "merger in judgment". The

subsequent "acts of infringements" and of "unfair competition" do not have an independent existence; they are "merged" in the decree X12 and do not in law give rise to fresh causes of action. This principle is based on the maxim "*Interest reipublicae ut sit finis litium*". (See also the judgment of S. B. Goonewardena, J. in *Paris v. Florence*⁽¹⁾). As pointed out earlier, the previous decree (X12) restrains the defendant from using or *continuing to use in any manner whatsoever* "the get-up shown in the carton P8 or any colourable imitation of the plaintiff's specimen cartons X5 (a), X5 (b) and X5 (c) and the trade marks X1, X2 and X3". The "acts" which the plaintiff contends constitute "fresh causes of action" fall directly within the prohibition contained in the permanent injunction X12.

Moreover, the ultimate relief which the plaintiff seeks in the present action is a permanent injunction in order to protect the legal rights claimed in the plaint. The plaintiff already has this protection by virtue of the permanent injunction granted in the previous action, as rightly submitted by Mr. S. L. Gunasekera for the defendant-respondent. A court does not act in vain and so the application for an interim injunction cannot succeed.

For the reasons I have endeavoured to set out above, the appeal fails and is dismissed, but, in all the circumstances, without costs.

PERERA, J. – I agree.

BANDARANAYAKE, J. – I agree.

Appeal dismissed.