

**JAMES FINLAY AND COMPANY LTD**  
**v.**  
**STASSEN EXPORTS LTD AND ANOTHER**

COURT OF APPEAL  
WIGNESWARAN, J.  
JAYAWICKREMA, J.  
C.A. 313/91(F)  
D.C. COLOMBO 2899/SPL  
AUGUST 24, 1999

*Code of Intellectual Property Act No. 52 of 1979 S.99(2), S.100 (1)(a)(e), S.142(1) (2) 182(3) - Registraton of Marks - Unfair competition - Acts contrary to honest practices in commercial matters - Passing off - Common to the trade - applicability of English law.*

The District Court refused to set aside an order made by the Registrar of Patents and Trade Marks. The Registrar by his exparte order rejected the opposition filed by the Plaintiff Appellant and allowed the application of the 1<sup>st</sup> Defendant Respondent to register the impugned trade mark "Cleopatra".

While it was the contention of the Plaintiff Appellant that the propounded mark was not registrable, the Defendant Respondent contended that, it was after a careful comparison of the registered mark and the propounded mark, the District Court had decided that there was no similarity whatsoever between the two marks.

**Held :**

- (i) Despite correspondence showing willingness on the part of the 1<sup>st</sup> Defendant Respondent to withdraw the glass/Tumbler device, the 1<sup>st</sup> Defendant Respondent had nonchalantly continued to use the propounded mark. The representation of the glass/tumbler device of the Plaintiff Appellant was no doubt the exclusive property of the Plaintiff Appellant.

*Per* Wigneswaran, J.

“Why would a person who undertook to withdraw a Mark which admittedly could cause unnecessary inconvenience and who filed an amended Mark for registration undertaking to withdraw the propounded Mark on the new Mark getting registered, change his mind to retain the original propounded Mark and have it registered unless he would obtain benefits thereby?”

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- (ii) It is to be noted that the criteria of what is right or wrong conduct in industrial or commercial matters is based on the social convictions of a particular community at a given time.
- (iii) What a Court must examine is whether the harm resulting from the Defendant's apparent transgressions of accepted norms of behaviour in trading could have transformed his competition from the lawful to the unlawful.
- (iv) In terms of S.100(1) of the Code of Intellectual Property a Mark which might mislead the public or likely to mislead the public must not be registered.
- (v) On an examination of the scheme of the Act there is no need to conclude that English Law principles were introduced to Sri Lanka through the Code of Intellectual Property Act. The Act itself had been based on the model of the United International Bureau for protection of Intellectual property, the Act must be viewed as it is and any attempt to read into its provisions, principles and traditions peculiar to English Law might do harm to the Act.
- (vi) The Courts have to decide in each case brought before them under the circumstances of each case, whether any of the acts complained of is an act of competition which is contrary to honest practices in industrial or commercial matters.
- (vii) The question of the "tumbler device" being common to the trade "as per English law principles is not relevant, what is relevant is that the 1<sup>st</sup> Defendant Respondent itself considered the appearance of the "tumbler device" in their "cleopatra" label as being capable of causing "unnecessary inconvenience" to third parties/ and or Plaintiff Appellant.
- (viii) The Defendant Respondent has violated third party rights more particularly the Plaintiff Appellant's rights and has been involved in an act of unfair competition and an act contrary to honest practices in commercial matters.

**APPEAL** from the Judgment of the District Court of Colombo.

**Cases referred to :**

1. *Heptullabhoy and Company Ltd. v. Stassen Exports Limited* 1989 1 SLLR, 191
2. *Lipton Ltd., v. Stassen Exports Ltd., DL. Colombo 2756/Spl C.A.M. 08.10.96*

3. *Reckitt and Coleman Products Ltd. v. Borden Incorporated* 1990 R. P. C. 341

4. *Erven Warnink v. Townend* - (1980) RPC 31 93 (HL)

*K. Kanag - Iswaran P.C.*, with *Basheer Ahamed* and *Ms. Dilshani Wijeyawardene* for Plaintiff Appellant.

*Ben Ellyathamby P.C.*, with *Gomin Dayasiri* for 1<sup>st</sup> Defendant Respondent.

*M. R. Ameen S. C.* for 2<sup>nd</sup> Defendant Respondent.

*Cur. adv. vult.*

May 23, 2000.

**C. V. WIGNESWARAN, J.**

This is an appeal under Section 182(3) of the Code of Intellectual Property Act (No. 52 of 1979 read with its amendments) against the Judgment of the District Judge, Colombo dated 01. 07. 1991 which refused to set aside an order made by the Registrar of Patents and Trade Marks (2<sup>nd</sup> Defendant - Respondent). The 2<sup>nd</sup> Defendant - Respondent by his ex-parte order dated 07. 01. 1988 rejected the Opposition filed by the Plaintiff - Appellant and allowed the application made by the 1<sup>st</sup> Defendant - Respondent to register Trade Mark No. 40846 "Cleopatra" advertised in the Government Gazette dated 08. 04. 1982.

The facts are briefly as follows:

- (1) The Plaintiff - Appellant and 1<sup>st</sup> Defendant - Respondent are both companies which inter alia export tea from Sri Lanka.
- (2) The Plaintiff - Appellant was the registered owner of Trade Mark No. 31492 in respect of tea, which was a device of a glass tumbler resting on a tumbler rest.
- (3) The 1<sup>st</sup> Defendant - Respondent made application No. 40846 dated 07. 12. 1979 to the 2<sup>nd</sup> Defendant - Respondent to register Trade Mark "Cleopatra" which consisted of the device of a glass tumbler with the bust of

Cleopatra resting on a tumbler rest. The application was advertised in the Government Gazette as abovesaid.

- (4) The Plaintiff - Appellant's Lawyers wrote to the 1<sup>st</sup> Defendant - Respondent on 04. 06. 1982 that they would oppose the said application unless the 1<sup>st</sup> Defendant - Respondent agreed to delete the device of the tumbler.
- (5) On 26. 07. 1982 the 1<sup>st</sup> Defendant - Respondent's Lawyers replied that the 1<sup>st</sup> Defendant - Respondent was prepared to delete the device of the tumbler and file a fresh application retaining only the bust of Cleopatra on the tumbler rest and even enclosed a copy of the new label (A6A). In fact A6A did not even retain the tumbler rest.
- (6) By letter dated 07. 09. 1982 the Lawyers for the 1<sup>st</sup> Defendant - Respondent confirmed that they had filed a fresh application with the altered label.
- (7) But no steps were taken to withdraw application No. 40846 though by letter dated 04. 03. 1983 it was confirmed by the Lawyers for the 1<sup>st</sup> Defendant - Respondent that withdrawal would take place when the new application was ripe for registration.
- (8) On 04. 03. 1983 the Plaintiff - Appellant filed its Notice of Opposition to Trade Mark Application No. 40846 before the 2<sup>nd</sup> Defendant - Respondent within the period of extension granted to it.
- (9) Counter statement dated 08. 11. 1983 was filed by the 1<sup>st</sup> Defendant - Respondent to the Notice of Opposition.
- (10) Meanwhile the 1<sup>st</sup> Defendant - Respondent continued to use the tumbler device in their "Cleopatra Brand" packets of tea. The Plaintiff - Appellant's Lawyers therefore wrote to the 1<sup>st</sup> Defendant - Respondent requesting a confirmation in writing that the 1<sup>st</sup> Defendant - Respondent will cease to use the device of the tumbler in any manner.

Strangely the Managing Director of the 1<sup>st</sup> Defendant - Respondent replied the Lawyers on 29. 12. 1983 as follows:-

"From the various communications we have been receiving from you recently it seems to us that some of your clients are in a conspiracy to defame us. If you have been sent photographs showing the "Cleopatra" brand packets of tea carrying the tumbler design, we suggest that you make inquiries to ascertain whose packets they are".

This dubious letter indirectly meant that the 1<sup>st</sup> Defendant - Respondent was not using the Cleopatra brand packets of tea carrying the tumbler design.

11. Quite contrary to the earlier communications, on 03. 04. 1986 the Managing Director of the 1<sup>st</sup> Defendant - Respondent filed an affidavit stating inter alia that the 1<sup>st</sup> Defendant - Respondent had extensively used the propounded Mark (No. 40846) in respect of tea exported by the 1<sup>st</sup> Defendant - Respondent and that the said mark was well known in the trade and that the said mark had become distinctive of the Applicant's (1<sup>st</sup> Defendant - Respondent's) goods by reason of extensive user.

In other words having undertaken by writing on 26. 07. 1982 to desist from using the device of the tumbler and having filed in fact a fresh application with an altered label and having confirmed on 04. 03. 1983 by writing that application No. 40846 would be withdrawn as soon as the altered label was ripe for registration and having denied indirectly that the mark was not being used by them and thereby trying to lull the Plaintiff - Appellant into complacency but meanwhile continuously using the propounded Mark, on 03. 04. 1986 the Managing Director of the 1<sup>st</sup> Defendant - Respondent had the temerity to file an affidavit stating that the propounded Mark had been extensively used by them and had become well known in the trade.

12. The Opposition inquiry was fixed before the Registrar for 03. 07. 1986. On an application made by the Lawyers for

the Plaintiff - Appellant the 2<sup>nd</sup> Defendant - Respondent re-fixed inquiry for 02. 04. 1987.

13. Affidavit dated 30. 03. 1987 was filed by the Managing Director of the Plaintiff - Appellant with annexures, prior to the Inquiry date.
14. Thereafter the Opposition inquiry date was postponed by the 2<sup>nd</sup> Defendant - Respondent for 23. 12. 1987.
15. The date fixed by the 2<sup>nd</sup> Defendant - Respondent did not suit the Counsel for the Plaintiff - Appellant. An application was therefore made on 10. 08. 1987 requesting a postponement for any of the free dates given. Copy of the said application was alleged to have been hand delivered to the Lawyers for the 1<sup>st</sup> Defendant - Respondent. Letter dated 19. 01. 1988 sent by the Lawyers for the 1<sup>st</sup> Defendant - Respondent to the 2<sup>nd</sup> Defendant - Respondent confirms that the application letter dated 10. 08. 1987 was in fact delivered to the office of M/s. Julius and Creasy, (though due to some internal lapse the letter had not been entered in their Inward Mail Register for which the Lawyers for the Plaintiff - Appellant nor the Plaintiff - Appellant could have been held responsible).
16. By an ex-parte order dated 07. 01. 1988 the 2<sup>nd</sup> Defendant - Respondent rejected the Opposition filed by the Plaintiff - Appellant with costs despite confirmation by the 2<sup>nd</sup> Defendant - Respondent himself that copy of letter applying for postponement dated 10. 08. 1987 was received at his office.

There was therefore no doubt that a letter dated 10. 08. 1987 moving for a postponement of the Inquiry fixed for 23. 12. 1987 with copy to the Attorneys - at - Law for the 1<sup>st</sup> Defendant - Respondent (sent on 12. 08. 1987) was received by the 2<sup>nd</sup> Defendant - Respondent. Yet for all without informing the Plaintiff - Appellant prior to 23. 12. 1987 that a postponement could not be granted for whatever

reasons that prompted the 2<sup>nd</sup> Defendant - Respondent to do so, an ex-parte order dated 07. 01. 1988 had been made rejecting the Opposition filed.

17. An application made by the Plaintiff - Appellant to re - open the case, after establishing the fact of applying for a postponement well in time with notice to the Lawyers for the 1<sup>st</sup> Defendant - Respondent, was rejected by the 2<sup>nd</sup> Defendant - Respondent by his letter dated 29. 03. 1988.
18. A further application made by the Plaintiff - Appellant pointing out that the order dated 07. 01. 1988 was a per incuriam order and also explaining the circumstances which led to the absence of the Lawyers at the Registry on 23. 12. 1987 was also rejected by the 2<sup>nd</sup> Defendant - Respondent by his letter dated 15. 07. 1988.
19. Consequent to this rejection appeal in terms of the provisions of the Code of Intellectual Property Act No. 52 of 1979 was filed on 11. 08. 1988.
20. After perusing documents and affidavits filed and hearing the submissions of Counsel the District Judge of Colombo on 01. 07. 1991 dismissed the appeal without costs.

This is an appeal against the said judgment.

The learned President's Counsel appearing for the Plaintiff - Appellant has submitted as follows:-

- (1) The Registrar failed to consider the affidavit of the Managing Director of the Plaintiff - Appellant and documentary evidence annexed to the affidavit marked RL1 to RL10 and 'X' and 'X1'.
- (2) The District Judge too had failed to consider the affidavit of the Managing Director of the Plaintiff - Appellant marked A23 plus documentary evidence filed as A23(a) to A23(m) (same as RL1 to RL10 and 'X' and 'X1').

- (3) If the said affidavit and documents annexed had been considered they would have shown that the 1<sup>st</sup> Defendant - Respondent did deem that the inclusion of the device of a glass tumbler would affect the rights of the Plaintiff - Appellant. Having so deemed, the 1<sup>st</sup> Defendant - Respondent should not have been allowed to proceed with its application No. 40846 to register the propounded Mark with the tumbler as part of its Trade Mark.
- (4) The case falls within the ambit of Section 100(1)(e) of Act No. 52 of 1979 read with its amendments.
- (5) The act of the 1<sup>st</sup> Defendant - Respondent was an act contrary to honest practices in commercial matters. (Vide Section 142 of the above said Act).

The learned Counsel submitted that the propounded Mark was not registrable and moved to set aside the orders of the 2<sup>nd</sup> Defendant - Respondent and the District Judge of Colombo and urged that the application to register the Mark "Cleopatra" with the device of the tumbler, be dismissed with costs.

The learned President's Counsel appearing for the 1<sup>st</sup> Defendant - Respondent pointed out that it was after a careful comparison of the registered Mark and the propounded Mark that the District Judge had categorically decided that there was no similarity whatsoever between the two Marks. He submitted that the two Marks were dissimilar both visually and phonetically. He further pointed out that the device of a tumbler was common to the trade. He further pointed out that no evidence of the use of the earlier registered Mark No. 31492 was led by the Plaintiff - Appellant while substantial use of the propounded Mark by the 1<sup>st</sup> Defendant - Appellant had been led in evidence.

Finally the learned President's Counsel pointed out in his written submissions that the Plaintiff - Appellant became registered owner of Trade Mark 31492 only on 13. 11. 1984 after the application for registration of the propounded Mark was made.

All these submissions would presently be examined.

Section 99 of the Code of Intellectual Property Act No. 52 of 1979 deals with Marks inadmissible on objective grounds. For example Section 99(f) states as follows:-

"99. (1) A mark shall not be registered -

.....

(f) which is likely to mislead trade circles or the public as to the nature, the source, the manufacturing process, the characteristics, or the suitability for their purpose, of the goods or services concerned;"

Section 100 of the said Act No. 52 of 1979 deals with Marks inadmissible by reason of third party rights. The said Section reads as follows:-

"100. (1) A mark shall not be registered -

- (a) Which resembles, in such a way as to be likely to mislead the public a mark already validly filed or registered by a third party, or subsequently filed by a person validly claiming priority in respect of the same goods or services or of other goods or services in connection with which use of such mark may be likely to mislead the public;
- (b) Which resembles, in such a way as to be likely to mislead the public, an unregistered mark used earlier in Sri Lanka by a third party in connection with identical or similar goods or services, if the applicant is aware, or could not have been unaware, of such use;
- (c) which resembles, in such a way as to be likely to mislead the public, a trade name already used in Sri Lanka by a third party, if the applicant is aware, or could not have been unaware, of such use;
- (d) which constitutes a reproduction in whole or in part, an imitation, translation or transcription, likely to mislead the

*public, of a mark or trade name which is well known in Sri Lanka and belongs to a third party;*

- (e) which infringes other third party rights or is contrary to the provisions of Chapter XXIX relating to the prevention of unfair competition;*
  - (f) which is filed by the agent or representative of a third party who is the owner of such mark in another country, without the authorization of such owner, unless the agent or representative justifies his action.*
- (2) The Registrar shall, in applying the provisions of paragraphs (a) to (e) of subsection (1), have regard to the fact that the third parties referred to therein have consented to the registration of such mark.*

Section 107(10) states as follows:-

*"107. (10) Where any person considers that the mark is inadmissible on one or more of the grounds referred to in section 99 or 100 he may, within a period of three months from the date of publication of the application, give to the Registrar in the prescribed form, and together with the prescribed fee, notice of opposition to such registration stating his grounds of opposition."*

It was in terms of Section 107(10) that Notice of Opposition to the registration of Trade Mark Application No. 40846 was made.

Grounds given were that the Plaintiff - Appellant -

- (i) was the registered proprietor of Trade Mark No. 31492.*
- (ii) that the said Trade Mark consists of the device of a tumbler.*
- (iii) that application No. 40846 in addition to the placement of the Bust of "Cleopatra" statue on a stand carries a tumbler.*

- (iv) that the use of the tumbler would subtly seek to use the Mark of the Plaintiff - Appellant.

The reply by the Lawyers for the 1<sup>st</sup> Defendant - Respondent on 26. 07. 1982 if it merely said that there was no resemblance between the two Marks then the matter would have received the attention of the 2<sup>nd</sup> Defendant - Respondent in the normal course. But the 1<sup>st</sup> Defendant - Respondent had specifically admitted that the device of the tumbler appearing in the Cleopatra label could cause unnecessary inconvenience to the Plaintiff - Appellant and therefore had voluntarily and in a gentlemanly fashion agreed to (i) delete the device of the tumbler and (ii) file a fresh application retaining only the Bust of Cleopatra. A copy of the new label was also sent with the reply dated 26. 07. 1982.

Later, the 1<sup>st</sup> Defendant - Respondent did not carry through its undertaking. It is significant to note that since June 1982 as per the certified statement setting out the quantity and value of shipments effected under the propounded Mark from 1979 to 1985 (vide page 101 of the Brief) there had been a steady increase in quantity exported. From 2688 kilograms in June 1982 there had been significant increase in shipments. The decision not to withdraw application No. 40846, despite the letter sent by 1<sup>st</sup> Defendant - Respondent's Lawyers on 04. 03. 1983 consenting to withdraw as soon as the new application was ripe for registration, may have had something to do with the trade benefits the 1<sup>st</sup> Defendant - Respondent had probably been obtaining by the use of the new label. Otherwise it is difficult to understand the conduct of the Managing Director of the 1<sup>st</sup> Defendant - Respondent.

Further, it is to be noted that the corollary of the provisions of Section 100(2) of Act No. 52 of 1979 would imply that the Registrar must also take into consideration the fact that a propounder of a Mark had consented to the withdrawal of such Mark sent for registration.

It is in this background that the Registrar and the District Judge should have viewed this case. It is difficult for any forum

to come to a conclusion as to whether a particular Mark was likely to mislead trade circles or the public as to the nature, source, manufacturing process, characteristics or suitability of a particular product except by probing into the circumstances and background in which the Mark is used. There is no doubt that the 1<sup>st</sup> Defendant - Respondent felt initially that the use of the tumbler with the "Cleopatra" statue could cause unnecessary inconvenience to the Plaintiff - Appellant. It was prepared to delete the tumbler from its Mark. Why the sudden change of heart? It can be presumed under the circumstances of this case that the 1<sup>st</sup> Defendant - Respondent was bent on obtaining a trade benefit, an unfair competitive benefit, by retaining the tumbler. Thus when the learned District Judge took great pains to compare the two labels he should have not looked merely at the two labels individually and objectively but gone further and probed into the background. It is significant to note that the reply dated 29. 12. 1983 unlike the earlier replies was sent by the Managing Director of the 1<sup>st</sup> Defendant - Respondent company instead of its long - standing Lawyer firm. The previous correspondence on 26. 07. 1982, 07. 09. 1982 and 04. 03. 1983 had all been addressed by the Lawyer Firm. Letter dated 29. 12. 1983 sent by the Managing Director of the 1<sup>st</sup> Defendant - Respondent company savours evasive and dubious. Having continued to use the tumbler with the Cleopatra mark and apparently and presumably getting trade benefits thereby, this gentleman by his letter dated 29. 12. 1983 indirectly suggested that the Cleopatra brand carrying the tumbler design was not used by the 1<sup>st</sup> Defendant - Respondent.

It is strange that the conduct of the Managing Director of the 1<sup>st</sup> Defendant - Respondent company did not find a place in the deliberations of the Registrar nor the District Judge. To our mind his conduct was significant. Why would a person who undertook to withdraw a Mark which admittedly could "cause unnecessary inconvenience" and who filed an amended Mark for registration undertaking to withdraw the propounded Mark on the new Mark getting registered, change his mind to retain the original propounded Mark and have it registered, unless he

would obtain benefits thereby? Due to the delay in legal proceedings endemic in Sri Lanka the 1<sup>st</sup> Defendant - Respondent had been able to continue using the propounded Mark visibly to its benefit as pointed out earlier.

If the affidavit dated 30. 03. 1987 of the Managing Director of the Plaintiff - Appellant had been examined by the Registrar the following paragraphs in his affidavit would have given him food for thought -

3. *The "GLASS" Brand under No. 31492 has been used by my said Company for several years and an application was made for its registration on 1<sup>st</sup> July 1969. With the Egyptian Government permitting the private trade to import - tea once more, my Company commenced shipping tea under the said "GLASS" Brand/ Tumbler device Brand to Egypt in March 1976 in which market it became very well known as a high quality pack.*
4. *The CLEOPATRA Brand Trade Mark to which ownership had been claimed by the applicant has been used by several shippers in Colombo who effected shipments of tea under the CLEOPATRA Brand to Egypt to the buyer Mohammed Khalil Badawa & Brothers.*
5. *In or about the year 1982 my said Company was informed by the Company's Buyer in Egypt that the CLEOPATRA Brand pack began appearing in Egypt with the CLEOPATRA BUST device superimposed on a Glass/ Tumbler. This was done designedly to take advantage of the goodwill built round our said Glass Brand/Tumbler device Trade Mark and interfered with our rights in respect of that Mark.*
6. *Immediately we began making inquiries as to who the exporters were who were using the said CLEOPATRA Brand with the Glass/Tumbler device and there appeared in the Sri Lanka Government Gazette on 8<sup>th</sup> April 1982 an application for the registration of the Trade Mark No. 40846 by the Applicant."*

The foregoing paragraphs show that the Cleopatra Brand Pack started appearing in Egypt with the Cleopatra Bust superimposed on Glass/Tumbler around the time the propounded Mark was sent for registration in Sri Lanka. The sales as pointed out earlier also started seemingly increasing around the same time. (Vide page 101 of the Brief) Apparently and in terms of the affidavit filed by the Managing Director of the Plaintiff - Appellant Company the plain Cleopatra Brand had been in existence even prior to June 1982, also as per document filed at page 101 of the Brief. It was superimposed on a Glass/Tumbler around June 1982. Paragraph 5 of the affidavit dated 30. 03. 1987 attributed such a sudden superimposition to designed conduct on the part of the 1<sup>st</sup> Defendant - Respondent to take advantage of the goodwill built around the Glass Brand/Tumbler device Trade Mark of the Plaintiff - Appellant.

Despite correspondence showing willingness on the part of the 1<sup>st</sup> defendant - Respondent to withdraw the Glass/Tumbler device the 1<sup>st</sup> Defendant - Respondent had nonchalantly continued to use the propounded Mark. The representation of the Glass/Tumbler device of the Plaintiff - Appellant was no doubt the exclusive property of the Plaintiff - Appellant and its predecessors in law. If the contention of the 1<sup>st</sup> Defendant - Respondent was that the main feature of its trade Mark were the words "Cleopatra SEL" and the device of Cleopatra, and if the 1<sup>st</sup> Defendant - Respondent had by correspondence undertaken to withdraw the tumbler device, then there could not have been any rhyme or reason (as pointed out in paragraph 19 of the affidavit dated 30. 03. 1987 filed by the Director of the Plaintiff - Appellant Company) for the 1<sup>st</sup> Defendant - Respondent to suddenly introduce into its trade mark and continue to use the Glass/Tumbler device. It therefore appears that the Cleopatra Bust device being superimposed on a Glass/Tumbler had ulterior motives.

Section 142(1) & (2) of the Code of Intellectual Property Act reads as follows:

" 142. (1) *Any act of competition contrary to honest practices in industrial or commercial matters shall constitute an act of unfair competition.*

(2) *Acts of unfair competition shall include the following:-*

- (a) *all acts of such a nature as to create confusion by any means whatsoever with the establishment, the goods, services or the industrial or commercial activities of a competitor;*
- (b) *a false allegation in the course of trade of such a nature as to discredit the establishment, the goods, services or the industrial or commercial activities of a competitor;*
- (c) *any indication of source or appellation of origin the use of which in the course of trade is liable to mislead the public as to the nature, manufacturing process, characteristics, suitability for their purpose or the quantity of goods;*
- (d) *making direct or indirect use of a false or deceptive indication of the source of goods or services or of the identity of their producer, manufacturer or supplier;*
- (e) *making direct or indirect use of a false or deceptive appellation or origin or imitating an appellation of origin even if the true origin of the product is indicated, or using the appellation in translated form or accompanied by terms such as "kind", "type", "mark", "imitation" or the like."*

It is to be noted that the criteria of what is right or wrong conduct in industrial or commercial matters is based on the social convictions of a particular community at a given time. The provisions of Section 142 had been so designed to underscore the requirement that competition between enterprises should be fair and exercised in accordance with public interest. What should have been examined by the

Registrar and the District Judge was whether the 1<sup>st</sup> Defendant - Respondent did take advantage of the reputation of the Glass/Tumbler device used by the Plaintiff - Appellant and of the goodwill built by it by giving the product of the 1<sup>st</sup> Defendant - Respondent an appearance similar to that of the Mark used by the Plaintiff - Appellant to cause confusion in the market so as to mislead the public to buy the 1<sup>st</sup> Defendant - Respondent's product to be that of the Plaintiff - Appellant. In forming a conclusion in this matter mere objective examination of the two Marks alone would not have been enough. After all the "Cleopatra" Mark had been earlier used by the 1<sup>st</sup> Defendant - Respondent. It is the necessity for joining or superimposing the Glass/Tumbler device to the existing Cleopatra Mark that should have been examined. Justice Palakidnar said in *M. S. Heptullabhoy and Company Ltd. v. Stassen Exports Limited*<sup>(1)</sup> at 191 "When a defendant selects from this practically unlimited field, a trademark confusingly similar to the mark publicly associated with the Plaintiff's product, then it would appear that the Defendant made the particular choice in order to trade upon the Plaintiff's established reputation".

In the present case under consideration the Registrar and the District Judge should have examined whether the coupling of the Glass/Tumbler Mark admittedly used in the market by the Plaintiff - Appellant and its predecessors in law was done with an ulterior selfish motive or not. One might say that "in the business world where the criteria of success depends on acute competition one cannot say with certainty that he (the Managing Director of the 1<sup>st</sup> Defendant - Respondent in this instance) had resorted to unfair competition" to quote Justice H. W. Senanayake at page 14 in *Lipton Ltd v. Stassen Exports Ltd*<sup>(2)</sup> "Freedom to trade competitively might imply that it cannot be prima facie wrong to harm another simply by competing with the other. But what a Court to our mind must examine is whether the harm resulting from the Defendant's apparent transgressions of accepted norms of behaviour in trading could have transformed his competition from the lawful to the unlawful. Not to examine

this aspect could mean that our Courts in Sri Lanka do not expect standards of proper conduct in competition in Commercial matters. Not to examine this aspect might also mean that local entrepreneurs could become adept at trading on the reputation of other traders. It must not be forgotten that acts of cleverness with selfish or ulterior motives lacking moral and ethical foundation has been the bane not only of politics and political institutions in this country but other institutions as well."

Lord Oliver in *Reckitt and Coleman Products Ltd. v. Borden Incorporated*<sup>(3)</sup> said "No man may pass off his goods as those of another". P. Q. R. Boberg in the "Law of Delicts" Volume (page 149) expressing the Roman Dutch Law concept in this context said that our Courts should retain "the flexibility to deal with whatever new schemes for the downfall of others the untiring imagination of the dishonest may devise". He felt that a person affected by unwarranted trade practices was entitled to invoke the broad and ample basis of the *lex Aquilia* "in support of his claim". He further said that "it is neither fair nor honest to filch the fruits of another's industry or expertise".

The fact that the 1<sup>st</sup> Defendant - Respondent thought initially that the Glass/Tumbler device in its trademark could "cause unnecessary inconvenience" to the Plaintiff - Appellant should have been considered as a recognition by the 1<sup>st</sup> Defendant - Respondent that such a trademark including the Glass/Tumbler device might give the impression that they were palming off their goods as those of the Plaintiff - Appellant. The 1<sup>st</sup> Defendant Respondent did not stop at merely mouthing sympathetic words. It undertook to withdraw the Glass/Tumbler device and in fact filed an amended Mark for registration undertaking to withdraw the propounded Mark on the amended Mark getting registered.

Under these circumstances, the desire on the part of the Managing Director of the 1<sup>st</sup> Defendant - Respondent to write his letter dated 29. 12. 1983 while continuing to market the products of the 1<sup>st</sup> Defendant - Respondent under the impugned

Mark coupled with the apparent benefits the 1<sup>st</sup> Defendant - Respondent received in its sales must mean that the 1<sup>st</sup> Defendant-Respondent was interested (1) in creating confusion within the commercial activities of the competing Plaintiff - Appellant, (2) in misleading the public with regard to the source of its products and the identity of the producer, manufacturer or supplier of such products. Clearly the use of the Glass/Tumbler device was an act of unfair competition under the circumstances of this case.

In terms of Sec. 100 (1) (a) of the Code of Intellectual Property Act a Mark which might mislead the public or likely to mislead the public must not be registered. If the affidavit dated 30. 03. 1987 filed by the Director of the Opponent Company together with its annexures had been perused and given due consideration by the 2<sup>nd</sup> Defendant - Respondent (Registrar) he may not have made his order dated 07. 01. 1988. It was not a question of the Cleopatra Mark being tumbled by tumblers as stated in the order dated 07. 01. 1988. It was a case of the Cleopatra Mark tumbling the Tumbler Mark like how the Queen of Egypt tumbled Julius Caesar and Mark Anthony. If the affidavit dated 20. 04. 1990 filed by the Director of the Plaintiff - Appellant Company together with its annexures had been perused and given due consideration by the District Judge of Colombo he may not have given his judgment dated 01. 07. 1991. He may have noticed an act of unfair competition when viewed in context [Section 100(1)(e)] and he may have noticed an act contrary to honest practices in commercial matters (Section 142). He would then have set aside the order dated 07. 01. 1988 made by the 2<sup>nd</sup> Defendant - Respondent and refused registration of Application No. 40846.

At this juncture the submissions of the learned President's Counsel for the 1<sup>st</sup> Defendant - Respondent would be examined.

His contention that the propounded Mark was dissimilar to the already registered Glass/Tumbler Mark failed to consider the necessity that arose for the 1<sup>st</sup> Defendant - Respondent to

couple the Tumbler to the Egyptian Sizzler and the admission by the Lawyers for the 1<sup>st</sup> Defendant - Respondent that such an unholy alliance could "cause unnecessary inconvenience" and the subsequent amended mark sent for registration divorcing the Tumbler from the said Sizzler. He failed to consider the inexplicable apparent increase in sales subsequent to the sudden appearance of the Glass coupled Cleopatra Mark.

It was the contention of Mr. Ben Eliathamby, President's Counsel, that the tumbler device was common to the trade. He pointed out that the cumulative effect of the provisions of Section 107(2), 99(k) and 100(1)(a) of the Code of Intellectual Property Act was that the Registrar was under a duty to scrutinise and scrupulously search the entire Trade Marks' Register and therefore it was possible for the Registrar to conclude that certain devices such as the tumbler were common to the trade and/ or of common usage.

The Preamble to the Code of Intellectual Property Act No. 52 of 1979 states as follows:-

*"An act to revise, consolidate, amend and embody in the form of a Code the Law relating to Copyright, Industrial Designs, Patents, Marks, Trade Names and unfair Competition and provide for the better Registration, Control and Administration thereof and for matters connected therewith or incidental thereto."*

It would seem on an examination of the scheme of the Act in the light of the abovesaid preamble, that there is no need for us to conclude that English Law principles were introduced to Sri Lanka through the Code of Intellectual Property Act. The Act itself had been based on the model of the United International Bureaus for the Protection of Intellectual Property (BIRPI). The Act must be viewed as it is and any attempt to read into its provisions, principles and traditions peculiar to English Law might do harm to the Act. Moreover in England "passing off" is a tort and in order to create a valid cause of action for passing

off, five characteristics have been identified by Lord Diplock in the Advocate Case, *Erven Warnink v. Townend*<sup>(4)</sup> It is not necessary to examine those characteristics here except to say that English Law has not been quite willing to admit the existence of a separate tort of unfair competition. The latter term is more than a synonym for the doctrine of passing off.

Unfair competition under our Act seems to contain isolated and specified instances. They are briefly, as per Section 142(2),

- (1) Any act which creates confusion by any means whatsoever with the commercial activities of a competitor.
- (2) A false allegation in the course of trade which could discredit the commercial activities of a competitor.
- (3) Any indication of source or appellation of origin used in the course of trade which is liable to mislead the public.
- (4) Direct or indirect use of a false or deceptive indication of the source of goods or of services or the identity of their producer, manufacturer or supplier.
- (5) Direct or indirect use of a false or deceptive appellation of origin or imitating an appellation of origin.

The abovesaid acts are not exhaustive. The section specifically states that acts of unfair competition "shall include the following." Therefore Courts have to decide in each case brought before them, under the circumstances of each such case, whether any of the acts complained of is an act of competition which is contrary to honest practices in industrial or commercial matters [Vide Section 142(1)].

It might be relevant to note that even under English Law a "get up" can only be said to be "common to the trade" if it is not in fact distinctive of the Plaintiff of some other trader (*Vide Reckitt & Coleman Products Ltd. v. Borden Incorporated (supra)*). Thus the question of the tumbler device being "common to the trade" as per English Law principles is not relevant.

Whether the cumulative effect of the provisions of Section 107(2), 99(k) & 100(1)(a) of the Code of Intellectual Property Act in effect approves of the English Law concept of "common to the trade" is also irrelevant. What is relevant to the present case is that the 1<sup>st</sup> Defendant - Respondent itself considered the appearance of the Tumbler device in their Cleopatra label as being capable of causing "unnecessary inconvenience" to third parties and/ or the Plaintiff - Appellant (vide letter dated 26. 07. 1982) and it was prepared to file a fresh application retaining only the bust of Cleopatra on the tumbler rest and in fact prepared a new label or registration and tendered the application relating to it for registration. (Vide letter dated 07. 09. 1982). If the Tumbler device was "common to the trade" and was not capable of causing any "unnecessary inconvenience" to third parties the 1<sup>st</sup> Defendant - Respondent need not have dragged on such correspondence as on 26. 07. 1982 and 07. 09. 1982, while using the propounded Mark meanwhile in the market. There has been no direct denial of the use of the propounded Mark except for the dubious letter of 29. 12. 1983 over one year later.

The second argument of Mr. Eliathamby referred to the lack of evidence with regard to the use of the Trade Mark 31492 and the furnishing of proper evidence with regard to the propounded Trade Mark (40846). This argument itself makes the contents of the letter of 29. 12. 1983 sent by the Managing Director of the 1<sup>st</sup> Defendant - Respondent (referred to in the earlier paragraph herein) questionable. The learned President's Counsel admits that the 1<sup>st</sup> Defendant - Respondent did use the propounded Mark upto 1983 when the abovesaid dubious letter was sent and even there after. Thus the attempt by the Managing Director of the 1<sup>st</sup> Defendant - Respondent Company to indirectly deny user of the propounded Mark appears pathetic and pitiable. The letter itself lacked honesty and credibility. The substantial user alleged of the propounded Mark even before the Mark was tendered for Registration in June 1982 by the 1<sup>st</sup> Defendant - Respondent only speaks ill of the trade practices of the 1<sup>st</sup> Defendant - Respondent. In fact it was wrong for the 1<sup>st</sup>

Defendant - Respondent to have used the propounded Mark prior to June 1982 and questionable to have used it after undertaking to tender an amended Mark withdrawing the tumbler device. The substantial user referred to by the learned President's Counsel was clearly an act of competition contrary to honest practices in commercial matters. [Vide section 142(1) of the Act.]

The third argument related to the alleged false claims made by the Plaintiff - Appellant with regard to the right to use Trade Mark No. 31492 since the Plaintiff - Appellant became registered owner of the said Trade Mark only on 13. 11. 1984.

According to the Plaintiff - Appellant the Plaintiff Company became the owner of the registered Trade Mark 31492 (GLASS BRAND) from 01. 01. 1975. The main feature of this Mark was the device of a glass tumbler resting on a tumbler rest.

The Glass Brand 31492 was earlier registered under the name of the predecessor in Law of the Plaintiff - Appellant Company on 01. 06. 1969. On 13. 11. 1984 the 2<sup>nd</sup> Defendant - Respondent had informed the Plaintiff - Appellant Company in writing that the name of the Plaintiff - Appellant Company was entered as the subsequent proprietor of Trade Mark No. 31492.

The 1<sup>st</sup> Defendant - Respondent had not taken up the position before the 2<sup>nd</sup> Defendant - Respondent at any time that the Plaintiff - Appellant was not the registered owner of Trade Mark 31492 and therefore had no status to file the Notice of Opposition even though according to paragraph 13 of the affidavit filed in the District Court later, dated 13. 01. 1989, the Managing Director of the 1<sup>st</sup> Defendant - Respondent had declared that he filed his affidavit after checking the Registration at the Registry of Trade Marks.

There is nothing in the Act which precludes a subsequent owner from asserting rights to a Trade Mark used by such owner presently but existing from the previous owner's times. In any

event Section 107(10), as pointed out by the learned District Judge gives rights to any one who considers that a Trade Mark is inadmissible on any of the grounds referred to in Section 99 or 100 to file Notice of Opposition to the registration of a propounded Trade Mark.

It should be noted that Section 99(2) states as follows:-

*"99. (2) The Registrar shall in applying the provisions of paragraphs (b), (c), (d), (f), (g) and (h), of subsection (1), have regard to all the factual circumstances and, in particular, the length of time the mark has been in use in Sri Lanka or in other countries and the fact that the mark is held to be distinctive in other countries or in trade circles."*

The reference is to the length of time the mark has been in use. The inadmissibility for registration arises from the use of a Mark which resembles an earlier existing Mark and which could therefore mislead third parties. If the fact of such a state of affairs existing objectively is brought to the notice of the Registrar he is debarred from registering such a Mark.

Then we are unable to agree with the learned President's Counsel appearing for the 1<sup>st</sup> Defendant - Respondent that the Plaintiff - Appellant had made any false claim because what was relevant in this instance was the continuity of usage of Trade Mark 31492 and not the date of registration in favour of the Plaintiff - Appellant. Law did not preclude the Plaintiff - Appellant in any event filing the Notice of Opposition in this instance.

We are satisfied that the 1<sup>st</sup> Defendant - Respondent had violated third party rights more particularly the Plaintiff - Appellant's rights and has been involved in an act of unfair competition [Section 100(1)(e)] and an act contrary to honest practices in commercial matters (Section 142). The Registrar (2<sup>nd</sup> Defendant - Respondent) should therefore have refused registration of the propounded Trade Mark No. 40846. The

Registrar had acted very unreasonably having been informed well in time of an application for postponement due to inability of Counsel to appear on a particular date, without making any order on such an application, to have made a per incuriam ex-parte order. We find that neither the Registrar nor the learned District Judge had considered and assessed the affidavit and annexures filed by the Managing Director of the Plaintiff - Appellant Company.

We therefore set aside the judgment of the learned District Judge of Colombo Dated 01. 07. 1991 and the order of the 2<sup>nd</sup> Defendant - Respondent dated 07. 01. 1988 and make order that the application No. 40846 to register the Cleopatra Mark with the device of the tumbler be dismissed with incurred costs payable to the Plaintiff - Appellant in all three forums.

**JAYAWICKRAMA, J.** - I agree.

*Appeal allowed.*