

MALHOTRA INTERNATIONAL (PVT.) LTD

v.

ANGLO-ASIAN DISTRIBUTORS LTD AND ANOTHER

SUPREME COURT

DHEERARATNE, J.

WIJETUNGA, J. AND

WEERASEKERA, J.

SC APPEAL 8/97

HC (CIVIL) CASE NO. 17/96(3)

DC COLOMBO CASE NO. 1/4267 SP1

22ND JUNE, 2000

10TH JULY, 2000

Intellectual property - Unfair competition - Section 142 of the Code of Intellectual Property Act, No. 52 of 1979 - Order of the Registrar of Patents and Trade Marks in respect of an application to register a trade mark - Procedure for appeal against the Order - Section 182 of the Act - Relevance of the form and actual use of a mark on the question of unfair competition.

The plaintiff-appellant (the appellant) was the owner of the trade mark TOPAZ in respect of inter alia safety razors and safety razor blades in several countries including India and Sri Lanka. The 1st defendant-respondent (the 1st respondent) applied to the Registrar of Patents and Trade Marks, the 2nd defendant-respondent (the 2nd respondent) to register trade marks "2PAS", "2-PAZ" and "FOBAS" in respect of inter alia safety razors and safety razor blades. The appellant objected to the applications alleging that the proposed trade marks had a close resemblance to the appellant's trade mark TOPAZ and was intended to mislead the public as to the source of its goods. After inquiry, the 2nd respondent dismissed the trade mark applications in respect of "2-PAS" and "2-PAZ", but allowed the propounded mark "FOBAS" to be registered.

The appellant appealed to the District Court in terms of section 182 of the Code of Intellectual Property Act (IP Act). The appeal was lodged by way of filing a plaint like a regular action in the District Court. That appeal was transferred to the High Court of Colombo, in terms of section 10 of the High Court of the Provinces (Special Provisions) Act, No. 10 of 1996.

Held :

- (1) The appeal which was lodged by way of filing a regular action was not technically flawed in view of the decision in *G.T.C. Directories Lanka (Pvt.) Ltd. v. Mukthar Marrikar and Another*⁽¹⁾.
- (2) The documentary evidence before the Court showed that the get up, colour scheme of labels or hanging cards, adopted by the 1st respondent were deceptively similar to those of the appellant under the mark "TOPAZ". Such evidence was relevant to a decision as to whether there were acts on the part of the 1st respondent amounting to unfair competition within the meaning of section 142(2) of the IP Act.

Per Dheeraratne, J.

"In order to determine the existence of unfair competition, it would not be adequate to consider only the form in which the propounded mark is applied for, but a consideration of the actual use of that mark becomes necessary in given circumstances; the form in which a propounded mark is applied for, by itself, may look quite innocuous"

Case referred to :

1. *G.T.E. Directories Lanka (Pvt.) Ltd. v. Mukthar Marrikar and Another* (1998) 3 Sri LR 180.

K. Kanag-Isvaran, P. C. with *K. M. B. Ahamed* for plaintiff-appellant.

1st defendant-respondent absent and unrepresented.

S. Barrie, S. C. for the 2nd defendant-respondent.

Cur. adv. vult.

July 31, 2000.

DHEERARATNE, J.

The plaintiff - appellant (the appellant) is the owner of the trade mark TOPAZ, in respect of inter alia safety razors and safety razor blades, in several countries, including India and Sri Lanka. The appellant has been exporting safety razors and safety blades from India under the trade mark TOPAZ and has been advertising those items for sale in the several countries

where the trade mark has been registered. In Sri Lanka, the appellant is the registered owner of the trade mark No. 61181 with the word TOPAZ, with a diamond outline and with an overlapping diamond in class 8, in respect of safety razors and safety blades, with effect from 29th April 1991. Prior to the registration of this trade mark, the appellant was also the registered owner of the same trade mark registered under No. 37856, with effect from 1st February 1977. Due to an oversight in the payment of the renewal fees, that registration lapsed on 1st February 1987 and the said trade mark was removed from the register of marks on 14th November 1994. Before the removal of the appellant's trade mark No. 37856, about July or August 1990, the first defendant - respondent (the 1st respondent) made applications to the Registrar of Patents and Trade Marks (the 2nd respondent) to register trade marks Nos. 59482 '2 - PAS, 59484 '2 - PAZ' and 59690 'FOBAS' in class 8, in respect of inter alia safety razors and safety blades. The appellant, alleging that these applications were made by the 1st respondent, with the avowed object of bringing its trade mark into close resemblance with the appellant's trade mark TOPAZ, to mislead the public as to the source of its goods, filed notices of opposition and objected to the registration of 1st respondent's aforesaid trade marks. The 2nd respondent, after inquiry, dismissed the trade mark applications No. 59482 and 59484 of the 1st respondent, in respect of '2 - PAS' and '2 - PAZ' respectively, on the ground that they resembled phonetically, the appellant's trade mark 'TOPAZ'. However, by his order dated 3rd October 1994, the 2nd respondent dismissed the notice of opposition of the appellant and allowed the propounded mark of the 1st respondent's application No. 59690 'FOBAS', to be registered.

Being aggrieved by the said order in respect of 1st respondent's application No. 59690, the appellant preferred an appeal to the District Court in terms of section 182 of the Code of Intellectual Property Act No. 52 of 1979 (IP Act).

The appeal was lodged by way of filing a plaint, like in a regular action in the District Court. That appeal which was pending before the District Court was later transferred to the High Court, Colombo, in terms of section 10 of the High Court of Provinces (Special Provisions) Act No. 10 of 1996. The High Court by its judgment dated 9th January 1997, dismissed the appeal of the appellant and the present appeal to this Court is the sequel. The High Court dismissed the appeal on two grounds. The first ground was that the appeal was technically flawed, inasmuch as an appeal in terms of section 182 of the IP Act, cannot be lodged by way of filing a regular plaint in the District Court. I need hardly labour on this aspect of the matter, as that has been already carefully considered and specifically determined by this Court in the case of *G. T. E. Directories Lanka (Pvt.) Ltd. v. Mukthar Marrikar and another⁽¹⁾*. I hold that the appeal to the District Court was, therefore, not technically flawed.

The second ground for dismissal of the appeal was that on merits, the 1st respondent's propounded mark was entitled to be registered. The appellant mainly relied on section 100(1) (e) read with section 142 of the IP Act, in objecting to the propounded mark. In terms of those sections, a mark shall not be registered, which infringes other third party rights or is contrary to the provisions of Chapter XXIX relating to the prevention of unfair competition. Subsection 142(1) which comes under that specific Chapter states, that any act of competition contrary to honest practices in industrial or commercial matters shall constitute an act of unfair competition. Subsection 142(2) gives an inclusive definition of 'acts of unfair competition', by specifying certain acts which shall be included within the meaning of that term. Our attention was drawn by learned President's Counsel for the appellant, in particular, to subsection 142(2) (a) which reads:- '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 the competitor.

In the consideration of the application of the relevant law to the facts of this case, it is material to take into account, the fact that the 1st respondent's unsuccessful attempts to obtain registration of the two trade marks '2 - P A S' and '2 - P A Z'. Were those too, attempts made by the 1st respondent, to create confusion with the goods of the appellant with the mark "TOPAZ"? The phonetical resemblance of the 1st respondent's marks with that of the appellant, could not certainly be accidental. It is also material to observe that no appeals were lodged against the orders of refusal for registration made by the Registrar.

With the notice of opposition to the registration of the 1st respondent's mark 'FOBAS', an affidavit was filed tendering certain relevant documents for the consideration of the Registrar. These documents, it was contended on behalf of the appellant, revealed that the get up, colour scheme of labels or hanging cards, adopted by the 1st respondent were deceptively similar to those of the appellant under the mark 'TOPAZ'. Principally, following similarities were high lighted between each set of labels used for the marks 'FOBAS' and 'TOPAZ', namely; the top of letter 'F' was styled to imitate the letter 'T'; the shape, size and colour of letters in each set were identical; the profile of a woman pictured in each set was quite similar, although the face of the woman was turned to two different directions in each set; double triangle within the marks appear and the placement of the marks within the triangle were identical. The leading characteristics of the two sets of labels bear close resemblance to each other. It was rightly contended by learned counsel for the appellant that neither the Registrar nor the learned High Court Judge, did consider these matters closely, with a view to determine whether there were acts on the part of the 1st respondent, so as to create confusion amounting to acts of unfair competition within the meaning of the law. In order to determine the existence of unfair competition, it would not be adequate to consider only the form in which the propounded mark is applied for, but a

consideration of the actual use of that mark, becomes necessary in given circumstances; the form in which a propounded mark is applied for, by itself, may look quite innocuous. It would appear to me that both the Registrar and the learned High Court Judge were in error when they looked at the propounded mark only and not its user, the evidence of which was before them, in coming to the respective conclusions they reached. Had they looked at the user of that mark they would have unhesitatingly arrived at a different conclusion.

For the above reasons, I allow the appeal and (a) set aside the judgment of the High Court; (b) set aside the order the 2nd respondent; and (c) direct the 2nd respondent not to register the propounded mark number 59690 'FOBAS'. I further direct the 1st respondent to pay the appellant a sum of Rs. 25,000 as costs of this appeal.

WIJETUNGA, J. - I agree.

WEERASEKERA, J. - I agree.

Appeal allowed.