

M. S. HEBTULABHOY & COMPANY LTD

V.

STASSEN EXPORTS LTD & ANOTHER

COURT OF APPEAL

P. R. P. PERERA, J., K. PALAKIDNAR, J., & S. N. SILVA, J.

C. A. NO: 868/87 WITH C. A. NO: 209/87(F)

D. C. COLOMBO NO: 2316/SPL

NOVEMBER 14, 15, 16, 17, 18, 19, 21, 22, 23, 24 and

DECEMBER 12, 1988.

Intellectual Property Law Trade Mark — Registration of Roman letter mark "Rabea" with prohibition of use of translation — Use by respondent of mark "Chai el Rabea" in Arabic — Infringement — Code of Intellectual Property Act No: 52 of 1979 S. 117 — Interpretation — "Likely to mislead the public" — Meaning of public.

The Appellant (Hebtulabhoy & Co) were owners of the registered trade mark "Rabea" (valid from 06.10.1969 till 06.10.1993) which they used in Roman letters for exporting tea to foreign buyers. The word "Rabea" in Arabic means the season "spring". The registration prohibited the use of the mark Rabea in translation. The Respondents Company (Stassen Exports Ltd.) use the words "Chai el Rabea" in Arabic on their labels in exporting tea to Egypt.

The Appellant sued the Respondent for a permanent injunction and obtained an interim injunction. The District Judge refused the injunction and awarded Rs. 8 million as compensation.

Held

(1) Section 117(2) (a) precludes any use of the mark or of a sign resembling it in such a way as to be likely to mislead the public for goods or services in respect of which the mark is registered or for other goods or services in connection with which the use of the mark or sign is likely to mislead the public by a third party without the consent of the registered owner.

(2) In deciding whether "Rabea" in Roman characters and "Chai el Rabea" in Arabic are deceptively similar the Court must look at the question from a business and commonsense point of view. There was phonetic similarity in the two expressions even if there is no visual resemblance. The resemblance between the two marks has to be considered with reference to the ear as well as to the eye. The selection of the name Chai el Rabea by the Respondents lent itself to suspicion of fraudulent motive to trade upon the Appellant's reputation. The respondent, at the request of his buyer, affixed the labels in Colombo prior to export and committed infringement of the Appellant's rights as a registered owner of the trade mark.

(3) In considering the phrase "likely to mislead the public" it would be improper to consider the destination of the goods — here, Saudi Arabia. It is not in accord or harmony with the concept of Trade Mark Law to take a restrictive view of the public and contain them in geographically defined areas or political divisions or countries. The consumer public of a future prospective class is also protected by the policy of the law against infringement. The public is very properly the public present, prospective, local and foreign.

Cases referred to

1. *Bank of England v. Vagliano Brothers* — [1891] H. L. p. 108.
2. *Budget Cooper v. Adams* — (1894) 2 L. R. Ch. D. p. 562.
3. *Spalding v. Gamage* — (1915) 32 R. P. C. 286, (1915) 31 T. L. R. 328, 84 L. J. Ch. 449; 113 L. T. 198.

4. *Suby v. Suby* — [1980] 2 Sri L.R. 65.
5. *Electrolux Ltd v. Electrix Ltd* — (1954) 71 R.P.C. 23.
6. *Dewhurst's Application* — 13 R. P.C. 238.
7. *La Societe Anonyme Des Verrierrs Del Etoile* — 11 R.P.C. 142.
8. *Freia Chocolate Fabriks* — 41 R.P.C. 653.
9. *Electrix v. Electrolux* — [1959] — 3 All E.R. 170.
10. *Berlei U.K. Ltd. v. Bali Brassiere Co. Incorporated* — [1962] 2 All E.R. 812.
11. *Erven Warnick Besloten Veroots Chap and another v. Townsend and son* — [1979] — A.C. 731.
12. *Chinne Krishna Chettiar v. Sri Ambal Co.* — AIR 1970 Mad. 146.
13. *Balaji Chettiar v. Hindustan Lever Ltd. Bombay* — AIR 1967 Madras 148.
14. *John Gosvel v. Sivaprakasam* — 15 NLR 33.
15. *Lipton Ltd. v. Rawther* — 35 NLR 129.
16. *Veeragathipillai v. Saibo* — 36 NLR 317.
17. *Lever Brothers v. R. M. Ranganathan Pillai* — 37 NLR 332.
18. *Rubber Corporation v. Universal Rubber Products-Phillipines* — S.C. 1987 — G.R.N. 27976.
19. *Standard Oil Co. of New Mexico v. Standard Oil Co. of California* — 56 Fed. Rep. 2nd Ed 973.
20. *Draper v. Trist and another* — [1939] 3 All E.R. 513; 56 RPC 429.
21. *Hecker H. O. Co. Inc. v. Holland Food Corporation* — 36 Fed. Rep. — 767.
22. *Arthur Guinness Son and Company v. Oscar Von Bermuta Incorporated* — 14 Fed. Supp. 210.
23. *Brookes Brothers v. Brookes Clothing of California* — 60 Fed — Supp. 442.
24. *Tisch Hotels Incorporated v. Americana Inn Incorporated* — 350 Fed. Rep. 2nd Series 609.

APPLICATION for revision of and **APPEAL** against judgment of the District Judge of Colombo.

Dr. H. W. Jayewardene Q.C., with G. F. Sethukavalar, P.C., L. C. Seneviratne, P.C., K. Kanag-Iswaran, P.C., L. Kadigamar, K. M. Fasher Ahmed, Illiyas, and N. Sivendran for the Petitioner-Appellant.

H. L. de Silva, P.C. with Nihal Fernando and L. N. A. de Silva for 1st Defendant-Respondent.

Cur. adv. vult.

January 12, 1989.

PALAKIDNAR, J.

M. S. Hebtulabhoy and Company the petitioner-appellant Company are for many years exporting tea to foreign buyers. They have registered a trade mark "Rabea" in use and valid from 06.10.1969 till 06.10.1993. The Certificate of Registration bears the number 31953. It is stated in that certificate (p1) that a translation of the word 'Rabea' cannot be used. The word "Rabea" in Arabic, means spring — one of the four seasons. Thus the word spring or its equivalent in any other language will not have the protection as a Trade Mark. It is to be noted that the visual mark "Rabea" is in Roman letters.

In September, 1981 the Petitioner-appellant became aware that the 1st Defendant-Respondent Company (referred hitherto as Respondent) was doing acts which he complained were in violation of rights of ownership of the Trade Mark "Rabea". The Respondent was exporting tea with the label "Chai el Rabea" to Egypt. When the attention of the Respondent was drawn to this matter by the Appellant the Respondent gave an undertaking that he would desist from doing so and would not indulge in unfair trade practice.

However in July, 1983 the Appellant became aware that Respondent was exporting tea to Egypt in packages bearing the name "Chai el Rabea" in Arabic.

The Petitioner moved the District Court, Colombo and obtained an interim injunction restraining the Defendant from shipping a consignment of tea bearing the labels Chai el Rabea.

The Respondent sought to have this ex-parte order suspended but the Court refused the application. The Court of Appeal suspended the operation of the injunction in respect of that shipment only by order dated 27.09.1983 but upheld the order refusing to suspend the injunction.

The Supreme Court issued a stay order of the Court of Appeal order of 27.09.1983, but the shipment we are informed, left the country with the labels having availed of the order of the Appeal Court of 27.09.1983. the Supreme Court further directed that the petitioner's application for a permanent injunction restraining the use of the Defendant-Respondents label be heard and concluded by order dated 28.05.1984.

The learned trial Judge went to trial on twenty two issues. He has found that the appellant cannot maintain this action for an injunction and awarded compensation to the respondent in a sum of eight million rupees. The appellant has averred in his plaint, that the Respondent is acting in a manner calculated to mislead purchasers and others into the belief that tea that is offered for sale exported and/or sold by the defendants is the tea of the plaintiffs firm known as "Rabea"

At the argument in appeal learned Queen's Counsel for the appellant cited numerous authorities to show that the learned trial Judge had answered the issues relating to the infringement of the Trade Mark rights of the appellant erroneously by holding that there was no violation of the rights.

Learned President's Counsel for the respondents objected strenuously to the reference to this aspect relating to the state of law as being prior to the Code of Intellectual Property Act No. 52 of 1979.

He relied on the views expressed by Lord Halsbury in the *Bank of England vs. Vagliano Brothers* case (1) in regard to codified statutes. He said that "construing the statute by adding to it words which are neither found therein nor for which authority could be found in the language of the statute itself is to sin against one of the most familiar rules of construction." He further said that he was wholly unable to adopt the view that where a

statute is expressly said to codify the law you are at liberty to go outside the code so created because before the existence of that code another law prevailed.

Lord Herschell too supported this view and stated that appeal to earlier decisions can be justified only on some special ground.

In *Budget Cooper vs. Adams* (2) Chitty, J. said that in a consolidating and amending Act but not in an act that codifies the existing law, it would be legitimate to refer to the previous state of the law for the purpose of ascertaining the intention of the legislature.

We would agree with counsel for the appellant that the word "code" in Act No. 52 of 79 is a mere cliché, but in reality it is an amending and consolidating act embodied in the form of a code as set out in the long title to the act. Thus the stringent views referred to earlier cannot be held to govern the approach to the proper examination of the Rights of the Registered owner of a trade mark as laid down in Section 117 of the Act.

The relevant Section of the Act would be Section 117 Subsection (2) (a) which precludes any use of the mark, or of a sign resembling it in such a way as to be likely to mislead the public for goods or services in respect of which the mark is registered or for other goods or services in connection with which the use of the mark or sign is likely to mislead the public by a third party without the consent of the Registered owner.

We were invited to place a stringent construction on the words "use of a mark or of a sign resembling it" thereby precluding the recourse to the manner in which deceptive similarity by resemblance has been viewed, interpreted and evaluated in all legal systems where the proprietary right in a trade mark has been recognised. On a review of all the relevant authorities cited on this matter it would be a cardinal sin if one were to turn a blind eye to the development of the law on this subject and merely examine the conflicting mark in the light of visual similarity alone as the argument seems to imply. The negative

answers to issues 5(a) and 5(b) without any analysis of the reasons given thereto seem to reveal that the trial Judge has fallen into the grievous error of looking at this problem on the basis of visual similarity alone, although we find it difficult to reconcile his finding of fact expressed in the judgment that there could be confusion of goods if exported to the same market. Such a confusion, which he conceded, can only arise from an analysis of the Registered mark and the mark used by the Respondent. The learned trial Judge held that the Respondent's mark "Chai el Rabea" is a transliteration of the Registered mark Rabea in Arabic characters. The translation would be "spring". The law does not protect any use of "spring" by the appellant.

In deciding whether "RABEA" in Roman characters and "Chai el Rabea" in Arabic, are deceptively similar the decision is a matter for the Judge who looking at documents and evidence before him comes to his own conclusion. This rule was expressed by Lord Parker in *Spalding vs. Gamage* (3). Justice Rodrigo in *Suby vs. Suby* (4) agreeing with this view states that the Court in exercising its own mind has to look at it from a business and common sense point of view.

Examined in this manner, Rabea the mark of the appellant and Rabea the mark of the respondent are indetical phonetically speaking. There was no evidence that these words are pronounced in different ways. The phonetic similarity seems to be the basis of the trial Judge's conclusion that there would be confusion. Both from a business and common sense point of view no other conclusion is possible.

I would at this stage refer to the case of *Electrolux Ltd. vs. Electrix Ltd.* (5) "Electrix" was the mark registered for vaccum cleaners. Though no instance of confusion with the mark Electrix was proved, their similarity made the latter mark an infringement of the former mark. The question whether there is confusing similarity is primarily one for the Judges. Lord Evershed said that the Judge must make up his mind and not abdicate the decision in that matter to witnesses before him.

In the *Dewhurst's application* (6) for a Trade Mark Lindley L. J. held that registration of letters "Golden Fan" in Burmese characters while there was already registered a mark "Golden Fan" in English was an obvious deception. "You cannot have another mark 'Golden Fan' in any language or any hieroglyphics."

The same learned Judge in the case of the Trade Mark of *La Societe Anonyme Des Verrierrs Del Etoile* (7) in considering whether the words "Red Star Brand" was an infringement of a device of a star on window glass has held the latter as being calculated to deceive by appealing to the eye or the ear.

Lawrance, J. in *Freia Chocolate Fabriks* (8) considered whether "Freia" would infringe on the Trade Mark "Fry" used on chocolates and held that the words would sound the same to the ordinary purchaser. The crux of the matter is the confusion to the ear of the ordinary purchaser. Viscount Simmonds with Lindley M. R. agreeing in *Electrix vs. Electrolux* (9) held that if a word could not be registered for any reason then its phonetic equivalent would also be unregistrable.

"Berlei" and "Bali" were considered in *Berlei U. K. Ltd. vs. Bali Brassiere Co. Incorporated* (10). Bali was held to resemble sufficiently to cause oral confusion possible. The attempted use of the trade mark would have been calculated to deceive. Lord Guest with whom Ungoed Thomas, J. and Diplock, J. agreed said that the visual similarity is negligible. The likelihood of substantial confusion arising from the pronunciation of words seems to be obvious. On this phonetic aspect it was held that there was great possibility of confusion. In the *Erven Warnick Besloten Veroots Chap, and another vs. Townsend and son case* (11):

The plaintiff produced and sold a distinct and recognisable species of beverage called "Advocaat." The defendant sought to sell a beverage called Keelings Old English Advocaat.

Lord Diplock said that the facts seem to disclose a case of unfair not to say dishonest trading of a kind for which a rational system of law ought to provide a remedy to other traders whose business or goodwill is injured by it.

In the Madras case of *Chinne Krishna Chettiär vs. Sri Ambal Co.* (12) the plaintiff sold snuff with the registered name "Ambal." The defendant seeking to register "Andal" was not permitted to do so, having regard to the striking similarity and phonetic resemblance of the two names. Baghawat, J. held that even if there is no visual resemblance that does not matter where there is close affinity of sound.

Jagadishan, J. said in the Madras High Court, nobody can abstract the name or use a phonetical equivalent and escape the charge of piracy pleading that the visual aspect is different from the mark of the opponent. The resemblance between the two marks has to be considered with reference to the ear as well as to the eye.

Ramamurti, J. in *Balaji Chettiär vs. Hindustan Lever Ltd, Bombay* (13) dealing with the plaintiffs registered name Sunlight and the mark Surian with representation of Sun in Tamil used on soap held that confusion would be caused. A lack of knowledge of English can make the confusion even more unavoidable and imminent. Middleton, J. in *John Gosvel vs. Sivaprakasam* (14) held that "Farina" soap was an infringement on "Famora" soap. Quoting Kéry (Trade Mark) he said that it is not sufficient to show that a person who carefully examined and studied might not be misled.

Dalton, A. C. J. in *Lipton Ltd. vs. Rawther* (15) interpreting the words "calculated to deceive" used in Section 19 of the Trade Marks Ordinance said that a customer can only contrast the mark on the goods offered to him with his recollection of the mark as seen and remembered in the article and not necessarily in the form as they appear in the register. Considering the names "Man of the War Enterprise Brand Tea" and "Steamship" brand tea it was held that device of "ship" was a prominent feature in both marks and that confusion will result and deception would follow.

In *Veeragathipillai vs. Saibo* (16) Akbar, J. considering the choice of monkey similar to a man "phalwan" mark for flour said that the figure of a standing monkey was chosen from an infinite number of designs to select. It was a choice calculated to deceive.

Martinsz, J. in *Lever Brothers vs. R. M. Ranganatha Pillai* (17) said that the name Rex on soap was calculated to deceive in relation to the plaintiff's soap bearing Trade Mark Lux. Considering further the size and shape of the commodity it was held that there was possibility of deception.

In the light of the views expressed by Judicial authority in both local and foreign cases considered above, one has to consider the comments in Callman's treatise on Unfair Competition 4th Edition Vol. 3 on motives for the selection of Trade Marks. "A boundless choice of words, phrases and symbols is available to one who wishes to mark to distinguish his product or service from others. When a defendant selects from this practically unlimited field a trade mark 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. If there is no reasonable explanation for the defendant's choice of such a mark though the field of his selection was so broad the inference is inevitable that it was chosen deliberately to deceive."

The evidence shows that the Respondent has no explanation to offer for the choice of "Chai El Rabea" as his trade mark. He has stated that his buyer Enany from Egypt wanted this mark put and he did so. The evidence further discloses that this mark was put on labels and fixed to boxes and covered by gunny bags and packed for shipment. The mark is produced in 1D26. It was pointed out from the documents produced that the invoices do not show Chai El Rabea but words "yellow Spring". It was also established beyond doubt that the labels were pasted in Colombo. This fact was in fact found to be so by the learned trial Judge who says "the packetting of tea under this trade name by the 1st defendant has taken place in Colombo. If there is an infringement at all it commences with the packetting of tea which has taken place in Colombo." One need not comment further on this factual assessment in consonance with the law for the law can only protect the owner's rights in this country.

The vital question is therefore whether there was an infringement at all. The selection of the name Chai El Rabea by

the respondent lent itself to suspicion of fraudulent motive to trade upon the appellant's reputation. The test applied by Fernan, J. in converse in *Rubber Corporation vs. Universal Rubber Products — Phillipines* (18) S. C. 1987 — G. R. N. 27976 who expressed the views referred to on the selection of the name was that there was the likely effect of deception. It implied that no proof of actual deception was necessary. The words in our statute it would be apposite to observe at this stage are "likely to mislead the public". Pertinent to this aspect of the discussion the view expressed by Phillip, J. in *Standard Oil Co. of New Mexico vs. Standard Oil Co. of California* (19) with regard to the choice of the Standard Oil Co. by the defendant identified one objective in doing so by the defendants namely to improperly obtain advantage of the goodwill associated with the name standard oil of the plaintiffs.

The Respondent must extricate himself from this situation by purging his choice of name of a capacity to deceive. The respondent's statement that his Egyptian buyer Enany wanted this name pasted in Colombo gives the clue to his motivations. The Respondent was made to use the name deliberately with a view to obtaining some advantage from plaintiff's investment in promotion and established goodwill of his Trade Mark. In this case where the facts show a sale to a middleman as distinct from an ultimate buyer — the consumer, the tort is really complete when the attending goods are sold to him. (*Draper vs. Trist and others* (20) Manton, J. in *Hecker H. O. Co. Inc. vs. Holland Food Corporation* (21) held that when the defendant affixed 'H. O. Food' labels to his goods packages and exported, it is sufficient for decision to hold that there was a violation of the plaintiffs H. O. trade mark. Somewhat identical facts transpired in the instant case. The respondent has affixed the labels in Colombo prior to export and committed an infringement of the Appellant's rights as a Registered owner of the trade mark.

The learned Trial Judge gave his reasons for holding that there was no infringement. In considering the phrase "likely to mislead the public" in Section 117 of the code, he held that the evidence shows that the plaintiff exported only to Saudi Arabia and the defendant to Egypt and there was no possibility of misleading the

public as they were in two different places. He applied what may be called a destination formula to decide the question.

The word "public" it was strenuously contended was the public at large and not the public of any particular destination. The public was not merely the consumer public but the members of the business community as well. We do not think that it is in accord or harmony with the concept of Trade mark law to take a restrictive view of the public and contain them in geographically defined areas, or political divisions or countries. At the trial it was pointed out that Saudi Arabia is a unique country in the Middle East as a centre of muslim pilgrimage. Muslims go to Mecca in Saudi Arabia from all over the world not to mention Egypt alone, on more than one occasion every year. In such a centre it hardly need be laboured that the word "Rabea" associated with the plaintiff's tea has assumed a degree of popularity and goodwill large enough for Enany to want to pirate it to Egypt under his own mark although preserving the place of its origin from Sri Lanka by affixing the labels in Colombo itself.

In the case of *Arthur Guinness Son and Company vs. Oscar Von Bermuta Incorporated* (22) the confusion of the names used in the complainant's brew and the defendant's malt extract was considered and it was held that it would be injurious and unfair even if the complainant's products are not sold in this Country now, it can be sold in the future.

The consumer public of a future prospective class is also protected by the policy of the law against infringement.

In the case of *Brookes Brothers vs. Brookes Clothing of California* (23) it was held by Yanwick, J. that even if goods are not in competition the law protects the plaintiff in his interests, if other goods, services or business used by the plaintiff are likely to be regarded by prospective producers as associated with the source identified with the same name. One can easily be attracted to the argument that the respective products reach different destinations; but as the learned trial Judge himself observed, the infringement if any took place in Colombo. It is the interests of the Registered owner that are protected by the law.

Kiley, J. in *Tisch Hotels Incorporated vs. Americana Inn Incorporated* (24) said that even if the parties are not directly in competition geographically, in size, or in cost of service, it does not preclude the relief sought by the plaintiff. Even though the customers of the plaintiffs hotels were in Mexico city and the defendants would be in Chicago, one would conclude that there is likelihood of confusion in the minds of the prospective purchaser.

The Counsel for the Respondent did not refer us to any considered view already expressed on what may be termed the destination formula postulated by the trial Judge. In our view it is an unwarranted and narrow view of the term "public" and not reflective of the meaning that is intended to be attributed to it in its statutory context. The public is very properly the public present, prospective, local and foreign — A buyer who belongs to the public at large, not excluding the consumer in Sri Lanka itself.

If the trial Judge's view on the destination is correct then one might expect a statutory requirement that the registered owner should declare his destination too in his application for a Trade mark:

Therefore the answers to issues raised by the defendants numbered 10 to 20 are erroneous. The learned trial Judge also held that Middle East referred to by the appellant is restrictive only to Saudi Arabia. But Saudi Arabia is one of the States in the Middle East and the appellant has been regarded as an exporter to the Middle East of which Saudi Arabia is one country. The appellant's tea reaches its outlet to Basham the importer in Saudi Arabia but the consumer public cannot be restricted to the public of Saudi Arabia alone. There is no proof that there is such a restrictive sale to Saudi Arabian consumers only. In a country which includes a pilgrim traffic on a very large scale to Mecca such a restriction on the identity of the consumer would be very artificial or unrealistic.

We therefore hold that the first Respondent infringed the rights of the appellant the owner of the Trade mark "Rabea." The appellant is therefore entitled to an injunctive remedy against the first Respondent.

We accordingly set aside the judgment of the learned trial Judge and grant the permanent injunction as prayed for by the petitioner-appellant with costs fixed at fifteen thousand rupees. (Rs. 15,000/-) payable by the first Respondent and taxed costs of this court below.

The order for compensation is also set aside as the injunction asked for is hereby granted.

P. R. P. PERERA, J. — I agree.

S. N. SILVA, J. — I agree.

Judgment set aside

Permanent injunction granted. Order for payment of compensation set aside.
