

LEELANANDA
v.
EARNEST DE SILVA

COURT OF APPEAL,

S. N. SILVA, J.,

C. A. No. 305/82 – M. C. KALUTARA No. 22928.

SEPTEMBER 21, 25 and 26, 1990 (WRITTEN SUBMISSIONS 15 10 1990).

Intellectual Property - Registered Trade Marks - Wilful Infringement - Use of Mark so nearly resembling registered Mark as is likely to mislead - Criminal Prosecution - Code of Intellectual Property Act, No 52 of 1979 SS 150, 152 (1)(b), 117 (1) and (2), 172 (2)(a) and (b) - Ingredients of offence of Infringement - Non - availability of productions in Appeal Court - can accused be punished on two charges on the same set of facts ? Sections 67 of the Penal Code – Section 301 of the Code of Criminal Procedure Act – Interpretation Ordinance, S. 9.

The complainant carried on the business of manufacturing soap under the name D. O. M Industries at Waskaduwa. The complainant registered two trade marks “ලුණිකේ” and “ලෙනික” which he used on the soap manufactured by him. The accused worked under him as a soap chemist from 1967 to 1980. In September the accused set up a soap factory at Kalutara a short distance away from Waskaduwa and marketed soap of his own manufacture under the name “ලුණික” slightly different in colour and pronunciation from the complainant’s marks. The complainant on a private plaint charged the accused on two counts : (1) Wilful infringement of complainant’s registered mark, an offence under S. 150 of the Code of Intellectual Property Act, No. 52 of 1979, and (2) an offence under S. 152(1)(b) of the same Act for using a mark so nearly resembling the complainant’s registered mark as to be likely to mislead. The Magistrate found the accused guilty and sentenced him to pay a fine of Rs. 1,250 on each charge. The accused appealed

Held :

- (1) There are two elements necessary to constitute the offence under S. 150 .
- (i) Infringement of the rights of any registered owner, assignee or licensee of a mark.
 - (ii) Such infringement be wilfully done.

The first is the *actus reus* of the offence and the second is *mens rea*

The rights of an owner are set out in S. 117(1) of the Act and they are exclusive and operate in a positive way and negative way. In a positive way they entitle the owner to use the mark or to assign or transmit the registration of the mark or to conclude licence contracts in relation to it as provided in S. 117 (1)(a) to (c). The negative aspects are contained in S. 172 (2)(a) and (b) and preclude third parties from doing certain acts in relation to a registered mark which are specified in Section 117 (2)(a) and (b).

- (2) The offence under section 150 is made out not only where the impugned mark is an exact copy or a facsimile representation of the registered mark. The offence extends to situations where any sign resembling the registered mark is used in such a way as to be likely to mislead the public. The prohibition is directed also to a sign that has a phonetic resemblance to the registered mark when it is pronounced.

Under S. 152 (1)(b), the criminal act is the same. A person is prohibited from falsely applying to goods any mark or marks so nearly resembling a registered mark as to be likely to mislead. It is incumbent on the prosecution to prove a resemblance between the marks, that is, the registered mark and the impugned mark and to establish that there was a likelihood of the public being misled.

The two offences (under S. 150 and under 152 (1)(b)) differ only in respect of the constituent mental element. Under S. 150 the prosecution must prove the use of the impugned mark was done by the accused "wilfully". On the other hand an offence under S. 152 (1)(b) is made out even where the prosecution established only that the accused knew that he was falsely applying a mark resembling the registered mark. Thus the requisite mental element in the latter offence is of a lower standard than in the offence under Section 150.

(3) It is not the function of the Appeal Court to engage in an examination of the productions well nigh ten years after the offence was committed. In appeal, the Court has to consider whether the trial judge applied the correct standard and drew the correct inferences on the facts as found by him. In the circumstances the absence of the productions at the hearing of the appeal is a matter of no consequence.

(4) Both offences are founded on the same set of facts. The provisions of S. 67 of the Penal Code are applicable to all offences in terms of Section 301 of the Code of Criminal Procedure Act but the only limitation is as to the total punishment that may be imposed by the Court. The total punishment cannot exceed the maximum that may be imposed for any one of the offences. Here the fine imposed was far below the maximum.

Section 9 of the Interpretation Ordinance does not apply as both offences are found in the same law, namely the Code of Intellectual Property Act

Cases referred to :

M. S. Hebtulabhoj & Co. Ltd. v. Stassen Exports Ltd., and another (1989) 1 Sri L R 182.

APPEAL from judgment of the Magistrate's Court of Kalutara

I. de Almeida Gunaratne for accused-appellant.

N. R. M. Daluwatte P. C with *P. Keerthisinghe* and *Miss Samantha Abeyajeewa* for complainant-respondent.

Cur. adv. vult.

November 9, 1990.

S. N. SILVA, J.

The Accused-Appellant was charged in the Magistrate's Court of Kalutara on two counts with having committed offences under Sections 150 and 152(1)(b) of the Code of Intellectual Property Act, No. 52 of 1979. The charges were initiated by the complainant abovenamed upon a "private plaint". At the trial, only the complainant gave evidence

and he produced documents marked 'X1' to 'X9'. The learned Magistrate by his order accepted the evidence of the complainant and convicted the Accused-Appellant on both charges. He was sentenced to pay a fine of Rs. 1250 on each charge. This appeal has been filed against the conviction and the sentence imposed.

The facts are briefly as follows :

The complainant carried on business under the name of "D.O.M. Industries" at Waskaduwa. In 1959 he started the business of manufacturing soap. From 1967 to 1980 the Accused-Appellant worked under the complainant as a Soap Chemist. In the meanwhile, the complainant registered two trade marks "X1" and "X2" in respect of soap manufactured by him, under the provisions of the Trade Marks Ordinance. The marks are "මැණිකේ" and "මෙණික".

In June 1980 the Accused-Appellant left the services of the complainant. In September 1980 he set up a factory to manufacture soap at Kalutara, a short distance away from the place where the complainant manufactured his soap. The Accused-Appellant marketed the soap manufactured by him under the mark "මැණික".

The first charge under Section 150 of the Code of Intellectual Property Law alleges that by using the mark "මැණික" the Accused-Appellant wilfully infringed the rights of the complainant being the owner of the registered mark "මැණිකේ". The second charge under Section 152(1)(b) alleges that the Accused-Appellant falsely applied to his goods a mark so nearly resembling the registered mark of the complainant as to be likely to mislead the public. As noted above the Accused-Appellant was found guilty of both charges.

The main submission of learned Counsel for the Accused-Appellant is that there are certain differences in the labels used by the Complainant and the Accused-Appellant to market the soap manufactured by them. That, the learned Magistrate accepted that there were some differences and erred in holding that the offences are made out notwithstanding such differences. It was submitted that the learned Magistrate relied on previous decisions of the Supreme Court in civil cases and failed to appreciate that in a criminal case a higher burden lay on the prosecution to prove the offences beyond reasonable doubt. Counsel also submitted that to make out an offence under Section 150 the impugned mark

should be an exact copy of a facsimile representation of the registered mark. That to establish a charge under Section 152(1)(b) there should be evidence of actual confusion on the part of the consumers.

Learned President's Counsel for the Complainant-Respondent submitted that the offence in Section 150 is made out if the rights of a registered owner of a mark is infringed. Therefore, the section should be read with Section 117 of the Code which sets out the rights of a registered owner. That, to constitute an offence under Section 150 it is not necessary that the impugned mark should be an exact copy of the registered mark or a facsimile representation of it. It would suffice if the impugned mark resembles the registered mark so as to be likely to mislead the public. It was submitted that this is an ingredient common to both offences and that the offences differ only in respect of the requisite elements of *mens rea*.

Section 150 of the Code enacts the offence of infringement of a registered trade mark as follows :

"Any person who wilfully infringes the rights of any registered owner, assignee or licensee of a mark shall be guilty of an offence,.....".

It is seen that there are two elements necessary to constitute this offence. They are –

- (i) the infringement of the rights of any registered owner, assignee or licensee of a mark;
- (ii) that such infringement be wilfully done.

The first, is the *actus reus* of the offence. The second is the constituent element of *mens rea*.

The first element relates to the rights of the registered owner of the mark. Therefore, I agree with the submission of learned President's Counsel for the Complainant, that reference should be made to Section 117 which specifies these rights. The main feature of the rights of an owner, as provided in Section 117(1), is that they are "exclusive". The concomitant of the exclusive nature of these rights is that third parties are precluded from doing certain acts in relation to a registered mark. The acts that third parties are precluded from doing are specified in Section 117(2)(a) and (b). Thus the rights of a registered owner are both

positive and negative in nature. The rights operate in a positive way and entitle the owner to use the mark or to assign or transmit the registration of the mark or to conclude licence contracts in relation to it, as provided for in Section 117(1)(a) to (c). The negative aspects of the rights are contained in Section 172(2)(a) and (b). These provisions preclude third parties from doing certain acts in relation to a registered mark. In my view both the positive and negative aspects referred above form integral parts of the rights of a registered owner of a mark. The legislative purpose in vesting a registered owner with certain exclusive rights, is not only to entitle him to do certain acts in relation to the mark but also to entitle him to preclude third parties from doing certain acts in relation to it. It is for this reason that Section 117(2) opens with the words "without the consent of the registered owner". The absence of the consent of the registered owner is a pre-requisite for the operation of the prohibitions contained in that sub-section. Where the registered owner has not given his consent, a third party who does any of the acts that he is precluded from doing by sub-section (2) would be thereby infringing the rights of the registered owner. Consequently, such person would be liable to an offence under Section 150 if the requisite mental element is also present.

A third party is precluded in terms of sub-section 117(2)(a) from using a registered mark or "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". Therefore a person who uses a sign resembling a registered mark so as to be likely to mislead the public infringes the rights of the registered owner and would be liable to an offence under Section 150. The submission of learned Counsel for the Accused-Appellant that the offence under Section 150 is made out only if the impugned mark is an exact copy or a facsimile representation is therefore incorrect. The offence extends to situations where any sign resembling the mark is used in such a way as to be likely to mislead the public. The prohibition is directed not only at a sign that bears a visual resemblance but also to a sign that has a phonetic resemblance to the registered mark when it is pronounced. (*Vide* the decision of the divisional Bench of this Court in the case of *M. S. Hebtulabhoy & Co. Ltd., v. Stassen Exports Ltd, and Another*)⁽¹⁾.

Section 152(1)(b) being the other provision under which the Accused-Appellant was charged prohibits a person from falsely applying to goods "any mark or marks so nearly resembling a registered

mark as to be likely to mislead "මැණික" therefore in a situation where a person is accused of (as in this case) of having used a mark resembling the registered mark, the criminal act under both offences that is Section 150 and 152(1)(b), would be the same. It is incumbent on the prosecution to prove a resemblance between the marks, that is the registered mark and the impugned mark and to establish that there was a likelihood of the public being misled. In such situation, the two offences would differ only in respect of the constituent mental element. Under Section 150 it is incumbent on the prosecution to establish that the use of the impugned mark was done by the Accused "wilfully". On the other hand, an offence under Section 152(1)(b) is made out even where the prosecution establishes only that the accused knew that he was falsely applying a mark resembling the registered mark. Thus, the requisite mental element in the latter offence is of a lower standard than in the offence under Section 150.

The thrust of the submission of the Counsel for the Accused-Appellant is that the learned Magistrate found there to be certain differences in the two marks. In this connection the particular finding of the learned Magistrate is that there was "a slight difference in the colour and a slight difference in the pronunciation of the mark". However, the learned Magistrate has come to a specific finding that both words "මැණික" and "මැණික" bear a close resemblance to each other and that consumers could well be deceived into purchasing the soap manufactured by the Accused-Appellant in the belief that they are buying the soap manufactured by the registered owner.

From the preceding analysis of the relevant provisions of Section 150, Section 117 and 152(1)(b) of the Code, it is seen that the learned Magistrate in arriving at his conclusion adopted the correct test. He has correctly looked to the proximity of the resemblance between the two marks, and concluded that members of the public could well be deceived into buying the Accused Appellant's products. In other words, the learned Magistrate has come to a finding against the Accused Appellant that there is a likelihood of the public being misled. As noted above, this is an ingredient common to both offences. Having considered the evidence recorded in this case I am of the view that this is the only conclusion that the learned Magistrate could have drawn. Only the complainant gave evidence in this case and he specifically stated that the mark used by the Accused-Appellant was similar to the registered mark and that the public has thereby been misled. He also

stated, without contradiction, that after the Accused-Appellant commenced using the impugned mark, his sales were reduced. In these circumstances I see no merit in the submission of learned Counsel for the Accused-Appellant. The facts leave no room for doubt as to the guilty intent of the Accused-Appellant.

Learned Counsel for the Accused-Appellant in his written submissions, has taken up the position that the conviction should be set aside since the productions are not available for examination by this Court. It appears that the productions have been received in this Court several years ago from the Magistrate's Court and have thereafter been misplaced. It is not the function of this Court to engage in an examination of the productions well nigh ten years after the offence was committed. In appeal, this Court has to consider whether the trial Judge applied the correct standard and drew the correct inferences on the facts as found by him. I have already come to the conclusion that the trial Judge has done so in this case. In these circumstances the absence of the productions at the hearing of the appeal is a matter of no consequence. In any event, one could not expect soap and wrappers to remain in the same state ten years later. Even if they were available it would not have been possible to engage in any useful comparison.

The final submission of learned Counsel is that the Accused-Appellant could not have been sentenced for both offences since they are based on the same set of facts. It was submitted that in terms of Section 67 of the Penal Code read with Section 301 of the Code of Criminal Procedure Act the Accused-Appellant cannot be punished on both charges.

It appears from the proceedings that both offences are founded on the same set of facts. Section 67 of the Penal Code provides *inter alia* that "where anything is an offence falling within two or more separate definitions of any law in force for the time being by which such offences are defined or punished,the offender shall not be punished with a more severe punishment than the Court which tries him could award for any one of such offences". It is seen that this provision which is applicable to all offences in terms of Section 301 of the Code of Criminal Procedure Act is only a limitation as to the total punishment that may be imposed by the court. The total punishment cannot exceed the maximum for any one of the offences that are made out. In this instance the fine that has been imposed is far below the maximum that may be

imposed for any one of the offences. In these circumstances I do not see any merit in this submission of learned Counsel for the Accused-Appellant. Section 9 of the Interpretation Ordinance relied upon by learned Counsel does not apply to the instant case since it deals with a situation where an act or omission constitutes an offence "under two or more laws", whether either or any of such laws came into force before or after the commencement of the Ordinance. In this case both offences are found in the same law, namely, the Code of Intellectual Property Act. For the reasons stated above I am of the view that the convictions and sentences imposed on both offences are in order and within the penal jurisdiction of the learned Magistrate. Accordingly, the convictions and sentences are affirmed and this appeal is dismissed.

Appeal dismissed.
