

SUMEET RESEARCH AND HOLDINGS LTD.  
v.  
ELITE RADIO & ENGINEERING CO., LTD.

SUPREME COURT.  
FERNANDO, J.,  
DHEERARATNE, J. AND  
WIJETUNGA, J.  
S.C. APPEAL NO. 36/95  
C.A. APPLICATION NO. 504/94  
D.C. COLOMBO NO. 4065/Spl.  
SEPTEMBER 11, 1995.

*Code of Intellectual Property Act No. 52 of 1979 – Action for unfair competition in respect of goods – Defendant's claim as registered owner of trade mark for the goods – Sections 117, 118 and 142 of the Act – Plaintiff's entitlement to an enjoining order.*

The plaintiff company was registered in India as the owner of the trade mark "SUMEET" in respect of mixing machines (Electric) for kitchen use. The defendant company was for some time the sole agent in Sri Lanka for importation, distribution and sale of "SUMEET" machines manufactured by the Power Control Appliances ("PCA") under the authority of the plaintiff. The defendant's agency was established by an agreement with the 'PCA'. Later, the defendant registered itself as the owner of the trade mark "SUMEET" in Sri Lanka. The defendant next claimed that it was importing "SUMEET" mixers (for sale in Sri Lanka) manufactured in India by SMPL Ltd. Plaintiff sued "SMPL" in India for infringement of the "SUMEET" trade mark and obtained an interim injunction against "SMPL". The plaintiff also filed two actions in Sri Lanka one for cancellation of the defendant's trade mark "SUMEET" and this action, for unfair competition contrary to section 142 of the Code. The District Judge issued an enjoining order restraining the defendant from importing and trading in goods, under the trade mark "SUMEET", not manufactured by the plaintiff. Thereafter upon the defendant's application, the District Court set aside the enjoining order.

**Held:**

1. Serious questions arise whether the defendant,
  - (a) by registering the "SUMEET" mark in Sri Lanka in its own name, during the subsistence of its agreement with the PCA, and without notifying PCA, and
  - (b) by importing, advertising and selling mixers in Sri Lanka, which had been manufactured in India with the "SUMEET" mark in violation of Court orders in India, had acted contrary to honest practices in industrial and commercial matters and/or in such a way as to create confusion with goods in respect of which the plaintiff had intellectual property rights; and the plaintiff has established a *prima facie* case in that respect.

2. The enjoining order was wrongly set aside.

**Per Fernando, J.**

" . . . . . the protection which a Sri Lankan Court can give the owner of a trade mark, in respect of his rights arising from registration, does not extend to an infringement committed outside Sri Lanka; that has no bearing in the very different question whether a Sri Lankan Court can give relief to the owner of a trade mark registered in India for an act of unfair competition – not for breach of Indian registration rights – committed in Sri Lanka."

**Cases referred to:**

1. *Stassen Exports Ltd. v. Hebtulabhoy & Co., Ltd.*, S.C. Appeal No. 20/89 S.C. Minutes 31st March, 1994.
2. *Hexagon Pty. Ltd. v. Australian Broadcasting Commission* (1975) ALR 233, 251-525.
3. *Dior v. Milton* (1956) 110 USPQ 563, 566.
4. *Erven Warnink BV v. Townend & Sons* [1979] 2 All ER 927, 931-932.
5. *Reddaway v. Banham* (1896) A.C. 199, 211.
6. *Amerasekera v. Mitsui & Co., Ltd.* [1993] 1 Sri L.R. 22, at 37.

**APPEAL** from the judgment of the Court of Appeal.

*S. Sivarasa, P.C.*, with *K. M. B. Ahamed, S. Mahenthiran, S. Sriskantha. U. A. Mawjooth, Sampath Welgampola* and *N. Y. Gunaseelan* for plaintiff-appellant.

*R. K. W. Goonesekera* with *N. R. Sivendran* for defendant- respondent.

*Cur. adv. vult.*

October 6, 1995.

**FERNANDO, J.**

An *ex parte* enjoining order was issued by the District Court of Colombo on 16.6.94 restraining the defendant-respondent-respondent ("the Defendant") from –

- (i) importing into Sri Lanka and/or selling and/or dealing in Sri Lanka in mixers with the trade mark or trade name "SUMEET" or any other similar mark or name manufactured by any enterprise other than the plaintiff-petitioner-appellant (the "plaintiff") and certain specified enterprises;

(ii) advertising in Sri Lanka in a manner which would depict or give the impression that the "SUMEET" kitchen mixers sold by the defendant, which were not manufactured by the plaintiff or under its quality control, were manufactured by the plaintiff and the aforesaid enterprises;

(iii) from reproducing and/or adapting and/or communicating the artistic work in the mark "SUMEET" in the stylised and artistic manner in which it is drawn with the letter "S" separately in capital and other letters following it in simple script joined together (as depicted in the annex P1 to the plaint).

Upon the defendant's application, that enjoining order was set aside on 5.7.94. The Court of Appeal dismissed the plaintiff's application for revision and leave to appeal. On appeal to this Court, the question is whether the enjoining order should have been set aside.

### **THE PLAINTIFF'S CASE**

The plaintiff's case as presented in its plaint dated 15.6.94, supporting affidavit and annexes, may be summed up as follows:

In April 1970, Mrs. Mathur, the chairperson of the plaintiff Company, was registered in India as the owner of the trade mark "SUMEET" in respect of "mixing machines (electric) for kitchen use"; in January 1981 she assigned that trade mark to the plaintiff; in 1983, the plaintiff entered into two agreements with Power Control Appliances (Kandia) - ("PCA") - authorising PCA to manufacture mixers under the "SUMEET" trade mark. PCA entered into an agreement with the defendant in October 1983, by which it appointed the defendant as sole agent in Sri Lanka for the importation, distribution and sale of "SUMEET" mixers; that agreement was operative from 1.1.84 for three years, and was to continue in force thereafter unless terminated; under that agreement, the defendant imported "SUMEET" mixers from PCA and sold them in Sri Lanka; the agreement provided for termination by three months notice, whether before or after 31.12.86, but no notice of termination was given; that agreement referred to "SUMEET" as being a trade mark, and required the defendant not to use in connection with sales of the

mixers any trade mark other than that used by PCA, and to notify any violation of any trade mark relating to the mixers, but it did not specify the registered owner.

On 24.11.86, during the initial three-year period, the defendant applied for registration in Sri Lanka of the trade mark "SUMEET" in its own name, without notifying PCA or the plaintiff of this application; in February 1988, the defendant obtained such registration, but neither notified PCA nor terminated the agreement. Before that, on 29.7.86, the defendant instituted D.C. Colombo Case No. 2612/Spl against The Geekay Organisation Ltd., which was importing "SUMEET" mixers, manufactured by PCA, from an exporter in Hong Kong. The defendant's position was that this was contrary to its "sole agency" agreement with PCA. It averred that it had been selling "SUMEET" mixers in Sri Lanka from 1980. On 18.1.89, judgment was delivered dismissing that action on the ground that the agreement with PCA only prohibited PCA from selling "SUMEET" mixers to any one else **in Sri Lanka**, but not to purchasers elsewhere, so that "SUMEET" mixers could lawfully be imported into Sri Lanka from such purchasers; the present defendant was ordered to pay damages for wrongfully obtaining an interim injunction.

There is no dispute that during the pendency of litigation in which the defendant was claiming rights derived from its agreement with PCA, the defendant obtained registration in Sri Lanka of the "SUMEET" mark; this was undoubtedly detrimental to PCA's interests. Learned Counsel for the defendant contended that at that time the defendant believed that the "SUMEET" mark belonged to PCA, and did not know that it was the plaintiff who was entitled to rights by registration in India.

It would thus appear, *prima facie*, that mixers manufactured in India to which the "SUMEET" trade mark had been lawfully applied with the plaintiff's authority, were being sold in the Sri Lankan market at least from 1980, by the defendant as well as by others. On 10.2.92, relying on its registration of the "SUMEET" mark in Sri Lanka, the defendant instituted another action, against Easwaran Brothers averring that from 1979 it had been importing "SUMEET" mixers (for sale in Sri Lanka) manufactured in India by Sumeet Machines (Pvt)

Ltd. ("SMPL"), from that Company. However, according to what appears to be a copy of the certificate of incorporation of SMPL (annexed to the plaint), SMPL had been incorporated only in 1984. It is not known whether the mixers which Easwaran Brothers were importing and selling were manufactured under the "SUMEET" mark with the plaintiff's authority.

The plaintiff was thus faced with three problems. SMPL was manufacturing mixers in India in violation of the rights which the plaintiff had (in India by virtue of its registration) and these were finding their way into the Sri Lankan market through the defendant. The plaintiff's "SUMEET" mark had been registered in Sri Lanka by the defendant, without its knowledge. Finally, there was a possibility that products lawfully manufactured in India under the plaintiff's "SUMEET" mark might be kept out of the Sri Lankan market.

Accordingly, the plaintiff instituted proceedings against SMPL in the High Court of Madras to restrain the manufacture, sale and export of mixers under the "SUMEET" mark; and in February 1994 the Supreme Court of India granted an interim injunction against SMPL. In December 1992 the plaintiff instituted action against the defendant in D.C. Colombo Case No. 3662/Spl for the cancellation of the defendant's registration of "SUMEET", as well as two other confusingly similar marks, "SUMMIT" and "SUMITH"; that action is still pending. Notwithstanding the order of the Indian Supreme Court, mixers with the "SUMEET" mark, apparently manufactured by SMPL in India, were advertised for sale by the defendant in February and March 1994. Consequently, the plaintiff had to institute this action alleging, *inter alia*, unfair competition by the defendant contrary to section 142 of the Code of Intellectual Property Act, No. 52 of 1979, ("the Code").

I must repeat that the above is a summary of the plaintiff's case as appearing, *prima facie*, from the plaint and its annexes, and are not findings of fact reached by this Court.

## **THE IMPUGNED ORDER**

The District Court held that "the main reliefs claimed by the plaintiff in this action depend on the question whether the trade mark "SUMEET" should be declared null and void"; that relief had been

sought in D.C. Colombo 3662/Spl, and therefore any enjoining order should have been sought in that action; that the advertisements relied on by the plaintiff "cannot be considered as sufficient to justify the issue of an enjoining order in view of Case No. 3662/Spl which is still pending". Further, "at least as far [back as] 1992 the plaintiff was aware that the defendant has been and is selling mixers with trade mark "SUMEET" and therefore the plaintiff should not have made an application for enjoining order on the basis that the delay in issuing interim injunction after inquiry would have been defeated if enjoining order is not issued" – meaning, apparently, that undue delay prior to 1994 disentitled the plaintiff to an enjoining order in 1994. Finally, it was stated that:

"The defendant's counsel also submitted that there was no unfair competition as the plaintiff is the registered owner of the trade mark "SUMEET" in Sri Lanka. In support of this contention the defendant's counsel referred to *Stassen Exports Ltd. v. Hebtulabhoj & Co. Ltd.*<sup>(1)</sup> He further submitted that the public concerned is [the] public of Sri Lanka and that the plaintiff has no goodwill in Sri Lanka. The cited authority supports the plaintiff."

The Court of Appeal agreed, and upheld that order.

## THE ISSUES FOR DETERMINATION

Special leave to appeal was granted in respect of the following questions:

1. Whether the enjoining order should not have been dissolved because a serious question of law arose as to whether the registered owner of the mark "SUMEET" in Sri Lanka can be guilty of acts of unfair competition.
2. Whether, in any event, the District Court was right in dissolving the enjoining order on the ground of laches and/or that the plaintiff could have claimed the relief sought in the previous action D.C. Colombo No. 3662/Spl.
3. Whether, in any event, the plaintiff was disentitled to an enjoining order as the only relief prayed for was a permanent injunction.

## THE "RABEA" CASE

The Court of Appeal quoted two passages from my judgment in *Stassen Exports Ltd. v. Hebtulabhoy & Co., Ltd.*, and observed:

"Thus by a parity of reasoning the registration of the trade mark "SUMEET" in India does not give the [plaintiff] protection against the [defendant] who is the owner of the mark in Sri Lanka. The [defendant] will continue to enjoy the protection afforded by the Code until such time the [defendant's] registration is declared null and void."

However, these two passages, dealing, respectively, with the two distinct topics of "infringement under section 117" and "Unfair competition under section 142" have not been quoted in full. They are as follows:

"No authority was cited which even suggested that the Code might have extra-territorial effect. It seems to me that the operation of the rights and the prohibitions under the Code is confined to the limits of Sri Lanka; **and hence the use outside Sri Lanka of a registered mark or an infringing sign would not be a violation of section 117(2)** ... The cases cited . . . are all consistent with the statute giving protection to the registered owner against an infringement occurring **within** the jurisdiction in which the mark is registered, but not outside."

"Further, in none of the authorities cited did a Court give the owner of a mark or a name redress in respect of an act done, or intended to be done, outside the territory of the State, within which that mark or name enjoyed protection. whether by virtue of registration or otherwise. **Hence any act of unfair competition in Egypt does not fall within the ambit of section 142.**

[Emphasis has been added to the portions omitted in the Court of Appeal judgment].

The question which arose in that case was whether the plaintiff, the registered owner in Sri Lanka of the "RABEA" mark for tea, which it

exported only **to Saudi Arabia**, was entitled to remedies – under section 117 and/or section 142 – in respect of the defendant's exports of tea **to Egypt**, under an allegedly infringing mark, to a purchaser who was the registered owner in Egypt of that mark. The Saudi Arabian purchaser did not sell "RABEA" tea in Egypt. The decision in that case was that the protection which a Sri Lankan Court can give the owner of a trade mark, in respect of his **rights arising from registration**, does not extend to an infringement committed **outside Sri Lanka**; that has no bearing on the very different question whether a Sri Lankan Court can give relief to the owner of a trade mark registered in India for an act of unfair competition – **not** for breach of Indian registration rights – **committed in Sri Lanka**.

The second passage quoted followed an express finding that there had been no **competition** (in Saudi Arabia or Egypt) between the goods of the plaintiff (who exported only to Saudi Arabia) and the defendant (who exported only to Egypt); and, further, that there was no element of **unfairness**, since the defendant's exports were only to the registered owner, in Egypt, of the allegedly infringing mark (and because neither the plaintiff nor the Saudi Arabian purchaser had any legal right, business, reputation or goodwill in Egypt).

These two passages thus set out the conclusions that the Sri Lankan Courts did not have jurisdiction in respect of infringements and unfair competition **in Egypt**. Those conclusions cannot, either in law or in logic, be regarded as authority for the proposition that the Sri Lankan Courts lack territorial jurisdiction in respect of unfair competition **within Sri Lanka**. As the learned trial Judge said, "the cited authority supports the plaintiff".

Thus observations based on a misunderstanding of the "RABEA" case led the Court of Appeal to finally determine the fundamental issue in this case, holding, in effect, that the plaintiff could not claim relief on the basis of unfair competition "without first having the registration of the trade mark registered by the [defendant] set aside". No statutory provision or precedent justifying such a conclusion was cited in this Court or any of the Courts below; nor were the provisions of section 118(b) considered.



## UNFAIR COMPETITION

### (a) Nature and scope

Section 142 of the Code provides:

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

142(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.**"

Section 142(2) goes on to define four more categories of "unfair competition".

It is important to note that the rights of the proprietor of a trade mark are defined in another Chapter **in the same Part** (i.e. Part V, which deals with "Marks, Trade Names and Unfair Competition"). Section 117(1) provides:

"Subject and without prejudice to other provisions **of this Part**, the registered owner of a mark shall have the following exclusive rights in relation to the mark . . ."

Section 118(b) provides:

"The registration of the mark shall not confer on its registered owner the right to preclude third parties . . . (b) from using the mark in relation to goods lawfully manufactured, imported, offered for sale, sold, used or stocked in Sri Lanka under that mark, provided that such goods have not undergone any change."

While I refrain from expressing any view on the matter, it seems arguable that the rights conferred by section 117 are not absolute, but are subject to sections 118 and 142; and that therefore even the registered owner must not engage in unfair competition.

Apart from that, what is meant by “contrary to honest practices in industrial or commercial matters”? If this includes only conduct contrary to obligations imposed by statute law (criminal or civil) or common law (especially the law of delict), section 142 would seem to be superfluous – because anyway such conduct is prohibited by law. It seems arguable, therefore, that section 142 mandates higher standards of conduct – some norms of business ethics – and does not merely restate existing legal obligations. If so, what those standards of conduct are would be a matter for determination by the trial Judge. It is also arguable that the prohibition against unfair competition in section 142(2) must be interpreted not only in the context of protecting intellectual property rights, but also of safeguarding the rights and interests of consumers – by enabling consumers to know what exactly they are getting, without, for instance, being deceived, confused or misled as to the manufacturer, the source, the origin, and the quality of goods or services. In the “RABEA” case, I referred to the following precedents:

*Hexagon Pty Ltd. v. Australian Broadcasting Commission*<sup>(2)</sup>

“ . . . ‘unfair competition’ is an extension of the doctrine of passing off, or, possibly, is a new and independent cause of action. It consists of misappropriation of what equitably belongs to a competitor . . . in all these cases, English and American, the court has found an element of fraud or inequitable conduct on the part of the defendant. The very description of the tort “unfair competition” leads one to a conclusion that there must be something underhand or sharp in the conduct of the defendant.”

*Dior v. Milton*<sup>(3)</sup>

“ . . . this branch of the law . . . originated in the conscience, justice and equity of common-law judges . . . It is a persuasive example of the law's capacity for growth in response to the ethical, as well as the economic needs of society. As a result of this background, the legal concept of unfair competition has evolved as a broad and flexible doctrine with a capacity for further growth to meet changing conditions . . .

There is no complete list of the activities which constitute unfair competition. The general principle, however, evolved from all of the cases is that commercial unfairness will be restrained when it appears that there has been an appropriation, for the commercial advantage of one person, of a benefit or property right belonging to another."

*Erven Warnink BV v. Townend & Sons*<sup>(4)</sup> where reference was made to the "premonitory hint" given by Lord Herschell in *Reddaway v. Banham*,<sup>(5)</sup> about misrepresenting one's goods as the goods of someone else:

"I am unable to see why a man should be allowed in this way more than in any other to deceive purchasers into the belief that they are getting what they are not, and thus to filch the business of a rival."

In that background it is premature for this Court to attempt a definitive interpretation of section 142, and its relationship to section 117; but it is quite clear that serious questions, of mixed fact and law, arise for consideration in the District Court, with little assistance from local precedents.

In regard to the facts, learned Counsel for the defendant was not able to dispute that the plaintiff had established a *prima facie* case that mixers with the plaintiff's trade mark, lawfully applied in India, had been in the Sri Lankan market for many years, and in significant numbers; that the defendant itself had been importing and selling such mixers from about 1980, although it had incorrectly represented to the District Court, in another action, that it had been importing mixers from SMPL since 1979 (implying thereby that it had never imported from the plaintiff); that while the defendant's agreement with PCA was subsisting, it procured the registration of the "SUMEET" mark in Sri Lanka in its own name, contrary to the interests of PCA, and of the plaintiff from whom PCA had derived its rights. Arguably, such conduct was not an "honest practice", if not also a breach of contractual obligations; it was "something underhand or sharp", whether or not it was a ground justifying annulment of the registration; and the sale of "SUMEET" mixers by the defendant in such circumstances could confuse or deceive consumers into the belief

that they are getting what they are not, namely the product which the defendant had previously been selling (i.e. the plaintiff's mixer).

**(b) "The goods of a competitor"**

The Court of Appeal erred on the facts as well. Having mentioned the argument that the plaintiff "has not sold "SUMEET" kitchen mixers directly or through any agents in this country", it held that since the plaintiff "does not do any business either directly or through agents in this country, its claim [that it had reputation and goodwill which was being destroyed by the wrongful acts of the defendant] lacks substance". It also rejected the submission that the use of "SUMEET" was likely to mislead the public, upon the assumption that the Sri Lankan public "are only aware of the trade mark registered by the [defendant]". Nowhere in its judgment did the Court of Appeal deal with the real issues relevant to section 142(2) – whether the plaintiff's mixers had been, and were, in the Sri Lankan market; whether those mixers had acquired a reputation in Sri Lanka, and thereby created goodwill for the plaintiff; and whether there was a likelihood of "confusion", as between the goods of the defendant and those of the plaintiff, created by the acts of the defendant. Instead, the matter was dealt with on the assumption that "unfair competition" was just one more way of infringing the rights conferred by registration – ignoring the alternative possibility that it may well be a broad and flexible doctrine, capable of growing to meet the changing ethical needs of society, especially by preventing the commercial unfairness which would result from the appropriation by one person of the benefit which equitably belongs to another.

Learned Counsel for the defendant submitted that the mixers previously sold were not the plaintiff's goods; that the defendant believed that it was PCA which was entitled to rights by registration in India, and knew nothing of the plaintiff's registration in India; and that unfair competition, if any, was only in relation to PCA. It seems to me that the expression "the goods of a competitor", occurring in an enactment concerning intellectual property, cannot be confined to goods which, considered only as corporeal property, are "owned" by a competitor; it includes goods in respect of which a competitor has intellectual property rights. (Although attention was focussed only on

the words "the goods", it must be noted that section 142(2)(a) refers also to "commercial activities"; hence even if the mixers were not "the goods", narrowly defined, of the plaintiff, yet the further question arises whether what the plaintiff had been doing in relation to the Sri Lankan market constituted "commercial activities", in respect of which too confusion must not be created.) The mixers were, arguably, the plaintiff's goods. Further, since section 142 does not make intention or knowledge relevant, it would seem that the defendant's belief would make no difference, and it was sufficient if what was done was in fact "unfair" in relation to the real competitor, whoever he was. But here the defendant was also aware that someone else had rights in respect of the goods, even if it can be accepted that it had dealt for several years with "SUMEET" mixers, and had instituted legal proceedings in 1986, without troubling to find out who had those rights.

I hold that the plaintiff had established, for the purposes of the enjoining order, a sufficient interest in "SUMEET" mixers previously sold in the Sri Lankan market.

## **LACHES**

The Court of Appeal held that the plaintiff was guilty of undue delay because it knew in December 1992 (when it instituted Case No. 3662/Spl) that the defendant was importing mixers from SMPL, but nevertheless waited 18 months, until June 1994, to file this action claiming injunctive relief:

"The argument that the [plaintiff] considered it appropriate to seek an enjoining order after it vindicated its right against the rival company in India is unconvincing and amounts to an admission that the [plaintiff] was in fact doubtful of its legal rights."

The institution of proceedings in India to vindicate its rights was a proper assertion of the plaintiff's legal rights, and cannot reasonably be regarded as acquiescence in the importation and sale of "SUMEET" mixers by the defendant, or as a waiver of, or an admission of doubt as to, its legal rights. So long as SMPL unlawfully manufactured "SUMEET" mixers in India, sales of such mixers could

take place not only to purchasers in Sri Lanka, but anywhere else in the world. It was possible to try to deal, piecemeal, with the consequences of such unlawful manufacture, by means of a multiplicity of legal proceedings in several jurisdictions outside India; but it was more reasonable, prudent and effective to try to deal one short, sharp and swift stroke at the root of the problem, by restraining manufacture in India – in the legitimate expectation that the infringing product could not thereafter reach other markets, in Sri Lanka or elsewhere. Thereupon, further legal proceedings in Sri Lanka should not have become necessary. Thus there was neither undue nor unexplained delay in instituting proceedings in Sri Lanka.

Indeed, in the absence of at least an interim ruling by the Indian Courts as to the ownership of the mark, a cause of action to restrain unfair competition might well have encountered a formidable defence, namely, that the “SUMEET” mark had been lawfully applied to the mixers in India, and that the mixers had been lawfully imported into Sri Lanka, and sold under that mark, in terms of section 118(b).

However, “SUMEET” mixers unlawfully manufactured in India continued to be imported and sold in Sri Lanka, despite the order of the Indian Courts. Within three or four months after the impugned advertisements appeared, this action was filed. The plaintiff was not guilty of *laches*. Its legitimate endeavours to assert and vindicate its rights were thwarted by illegal conduct on the part of SMPL, which Sri Lankan Courts should not condone, if honest practices are to be encouraged.

I hold that there was no delay disentitling the plaintiff to injunctive relief.

### **RELIEF BARRED BY DC COLOMBO 3662/Spl**

Having expressed views, prematurely, and without full consideration, that the claim based on unfair competition could not succeed unless the defendant's registration was first annulled, both Courts below took the view that the application for injunction should have been made in D.C. Colombo 3662/Spl, and that there was some identity of pleading, in regard to unfair competition, in the two

actions, and that therefore an enjoining order should not have been issued in this action.

It would appear that “unfair competition” has some relevance to the annulment of a registration. Section 130 of the Code empowers the Court to declare a registration null and void “if such registration is precluded under the provisions of sections 99 and 100”. Section 100 provides:

“100(1) A mark shall not be registered . . . .

(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 connexion with identical or similar goods or services. If the applicant is aware, or could not have been unaware, of such use; ...

(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.”

Although some of the ingredients may be common, the cause of action for annulment of a registration seems to be quite distinct from that in respect of unfair competition. Redress may thus be available for unfair competition even while the registration of the “confusing” mark remains, and without its annulment. For example, the plaintiff might have been content to allow the defendant to enjoy the benefits of its registration so long as it did not create confusion with the plaintiff’s goods – and in that way the defendant might have registration rights as against all others. These matters remain to be decided.

I hold that the plaintiff’s pleadings in D.C. Colombo 3662/Spl, and its failure to seek an enjoining order in that case, did not disentitle it to an enjoining order in this case.

## OTHER OBJECTIONS

When special leave to appeal was granted, learned President's Counsel who then appeared for the defendant submitted that in any event the plaintiff was not entitled to an enjoining order because the only substantive relief prayed for was a permanent injunction. This contention cannot succeed. Section 179 read with section 142(3) of the Code suggests that the proper remedy, and sometimes the sole remedy, for unfair competition is a permanent injunction. Further, in this case the plaintiff also claimed damages for loss already incurred prior to action, as well as the annulment of the registration of two other deceptively similar marks ("SUMITH" and "SAMIT"). This contention was not considered by either of the Courts below, and was not pursued at the hearing by learned Counsel for the defendant.

However, advertent to the plaintiff's claim for damages, the Court of Appeal held, contrary to the fact, that the plaintiff had not pleaded that it would suffer irreparable or continuing loss; that by claiming a sum of Rs. 50 million as damages on account of loss already suffered, it had thereby quantified its loss; and that "once loss is quantified, the need for an enjoining order restraining the [defendant] does not arise". But the plaintiff did not attempt to quantify its **future** loss (as in the precedents cited on behalf of the defendant). In any event, a claim for damages is not an inflexible bar to the grant of injunctive relief, and I would respectfully adopt the observations of Amerasinghe, J. in *Amerasekera v. Mitsui & Co. Ltd.*<sup>(6)</sup>, the question is whether it is unjust, in all the circumstances, to confine a plaintiff to damages for the breach of contract.

## CONCLUSION

Serious questions arise whether the defendant,

(a) by registering the "SUMEET" mark in Sri Lanka in its own name, during the subsistence of its agreement with PCA, and without notifying PCA, and

(b) by importing, advertising and selling mixers in Sri Lanka, which had been manufactured in India with the "SUMEET" mark in violation of Courts orders in India,



had acted contrary to honest practices in industrial and commercial matters and/or in such a way so as to create confusion with goods in respect of which the plaintiff had intellectual property rights; and the plaintiff has established a *prima facie* case in that respect. I hold that the learned trial Judge erred in dissolving the enjoining order on the grounds that the plaintiff should first have obtained the cancellation of the defendant's registration, that the plaintiff was disentitled to relief because of laches or delay, and that the only substantive relief prayed for was a permanent injunction.

The enjoining order was wrongly set aside. It has taken more than one year to restore it. The plaintiff must therefore be put back, as nearly as possible, in the position in which it would have been if the enjoining order had been allowed to continue until the interim injunction inquiry was over – which, Counsel informed us, has not yet happened.

The appeal is allowed, and the judgment and orders of both Courts below are set aside; the enjoining order made on 16.6.94 by the District Court is restored. The defendant will on or before 10th November 1995 file in the District Court a statement giving full particulars (including cost and selling prices) as to its stock of mixers with the "SUMEET" mark (and similar marks) as at 4.7.94, its imports and sales of such mixers between 4.7.94 and today, and its balance stock as at today. If the learned trial Judge allows the plaintiff's application for an interim injunction, the defendant will also deposit to the credit of this case a sum of 15% of the proceeds of sale of such mixers sold between 4.7.94 and today, on account of profits earned by such sales; this sum, and any interest accruing thereon, will be available for satisfaction or part-satisfaction of any judgment which the plaintiff may ultimately obtain. Any surplus will be refunded to the defendant. It will be open to the District Court to permit the defendant, in lieu of such deposit, to secure the payment of this sum, by means of a Bank guarantee or otherwise. The plaintiff will be entitled to costs in a sum of Rs. 50,000/- in all three Courts.

**DHEERARATNE, J.** – I agree.

**WIJETUNGA, J.** – I agree.

*Appeal allowed.*