1939 *Present :* **Wijeyewardene and Nihill JJ.**

SOKKALAL RAM SAIT *v.* NADAR *et al.*

116—D. C. (Inty.) Colombo, 6,138.

Privy Council—Conditional leave to appeal—Value of subject-matter in dispute—Amount of costs cannot be added to value—Under-valuation to evade stamp duty—The Appeals (Privy Council) Ordinance, No. 31 of 1909, Rule 1 (a), Cap. 85.

The costs which an unsuccessful party is ordered to pay by the Supreme Court cannot be reckoned in valuing the matter in dispute for the purpose of Rule 1 (*a*) of the Privy Council Appeal Rules.

Where the subject-matter of an action is deliberately under-valued for the purpose of evading the stamp duty the party will not be permitted to give a different valuation to bring himself within the Rule.

***de Alwis v. Appuhamy* (*30 N. L. R. 421*) applied.**

THE applicant sued the respondents, asking for an injunction restraining them from infringing his trade marks and from passing off goods not of the applicant as and for goods of the applicant; for an account of the profits and for delivery of all the beedie (cigars) in the respondents' possession. The applicant valued the subject-matter of the action at Rs. 1,000.

The District Judge gave judgment granting an injunction to the applicant and ordering the respondents to deliver the beedies in their possession.

In appeal, the Supreme Court set aside the judgment of the District Judge and entered decree, dismissing the applicant's action with costs, directing the Registrar of Trade Marks to proceed with the application for registration of respondents' trade marks and granting Rs. 300 as damages.

The applicant applied for conditional leave to appeal to the Privy Council.

N. E. Weerasooria, K.C. (with him *N. Nadarajah* and *K. S. Aiyar*), for applicant.—The value of the matter in dispute is directly or indirectly more than Rs. 5,000. Our reasons for saying so are set out in our affidavit. It is true that, originally, the subject-matter of the action was valued at Rs. 1,000, but that valuation was made *bona fide* for purposes of stamping, in accordance with the provisions of section 48 of the Trade Marks Ordinance (Chapter 121), and does not represent the true value. The value of the action is, in reality, much more and can be taken into account on the present occasion. (*Baboo Roy v. K. Singh et al*[1]; *Hollandia Anglo-Dutch Milk & Food Co. v. Anglo-Swiss Condensed Milk Co.*[2]).

Damages should be included in computing the value of an action (*Maitripala v. Koys*[3]).

Rule 1 (*a*) of the schedule to the Appeals (Privy Council) Ordinance (Chapter 85) speaks of "the matter in dispute on the appeal". This being so, the costs which we have to pay under the Supreme Court decree

[1] *(1874) L. R. 1 Indian Appeals 317.*
[2] *(1923) 5 C. L. Rec. 15.*
[3] *(1939) 14 C. L. W. 112.*

and which has been taxed at over Rs. 9,000 should be included. On this short point the present application can be decided. It is possible that the Privy Council may delete the order for costs.

H. V. Perera, K.C. (with him *N. K. Choksy* and *C. C. Rasa Ratnam*), for defendants, respondents.—Costs cannot and should not be taken into account (*Chowdry v. Chowdry*[1]; *Doss v. Doss et al.*[2]). Apart from these two cases, the wording of Rule 1 (*a*) refers to "property or civil right". The words "matter in dispute on the appeal" refer to the substantive matter in dispute, and the question of costs is merely incidental. The order for costs cannot be said to relate to any property or civil right. Costs of the suit are no part of the matter in dispute (*Bentwick on Privy Council Practice (1926 ed.), p. 144*).

The subject-matter of the suit was valued at Rs. 1,000 in the plaint. That valuation cannot be changed at this stage (*Appuhamy v. Corea*[3]; *Sathasiva Kurukkal v. Subramaniam Kurukkal*[4]; *de Alwis v. Appuhamy*[5]; *Ahamadu Lebbe et al. v. Abdul Cader et al.*[6]).

N. E. Weerasooria, K.C., in reply.—*de Alwis v. Appuhamy (supra) is* authority for the proposition that the question of the true value of the subject-matter in dispute *can* be considered now.

In regard to the inclusion of the costs, "the subject-matter in dispute" is mentioned in *Chowdry v. Chowdry (supra)*, whereas our rule speaks of "the matter in dispute *on the appeal*".

The passages in *Bentwick on Privy Council Practice, p. 144*, can have no application to legislation such as we have here on the subject.

Cur. adv. vult.

September 22, 1939. WIJEYEWARDENE J.—

This is an application for conditional leave to appeal to the Privy Council and, in view of the objections raised by the respondents, it is necessary to give a brief summary of some of the preliminary facts.

The appellant sued the respondents in the District Court of Colombo and asked for judgment against the respondents for—

(i.) an injunction restraining the respondents (*a*) from infringing his trade marks Nos. 4,919 and Nos. 5,929 and (*b*) from passing off goods not of the appellant's manufacture as and for the goods of the appellant.

(ii.) an account of the profits wrongfully made by the respondents.

(iii.) delivery to the appellant of all beedies in the respondents' possession marked with certain devices.

The appellant valued the subject-matter of the action at Rs. 1,000.

The appellant also made an application along with the plaint for an interim injunction. This injunction was granted by the District Judge but, after a short interval of time, the parties agreed to the suspension of the injunction pending the trial.

The respondents filed answer contesting the claim of the appellant and claiming a sum of Rs. 10,000 as damages sustained by them in consequence of the interim injunction. At a later stage the respondents

[1] (1860) 8 *Moore's Indian Appeal Cases 262.*
[2] (1869) 13 *Moore's Indian Appeal Cases 85.*
[3] (1900) 1 *Browne's Rep. 165.*
[4] (1929) 31 *N. L. R. 165.*
[5] (1929) 30 *N. L. R. 421.*
[6] (1931) 33 *N. L. R. 337.*

amended the prayer of their answer by asking that in addition to the relief already asked, they should be declared entitled to have their trade marks No. 6,778, No. 6,779, and No. 6,780 registered in the register of Trade Marks in spite of the opposition of the appellant.

During the pendency of the trial in the District Court the appellant made an additional claim for Rs. 10,000 as damages sustained by him by reason of the respondents passing off goods not of his manufacture as his goods, as set out in paragraph 14 of the plaint.

The District Judge gave judgment granting an injunction to the appellant and ordering the respondents to deliver to the appellant beedies in their possession bearing certain labels. The appellant was however refused any damages.

The respondents appealed against the judgment of the District Judge, while the appellant failed to appeal or file cross objections in appeal against that part of the judgment which dismissed his claim for damages.

In appeal the Supreme Court set aside the judgment of the District Court and ordered decree to be entered,

(i) dismissing the appellant's action with costs of the District Court and costs of appeal.

(ii) directing the Registrar of Trade Marks to proceed with the application for the registration of trade marks 6,778, 6,779, and 6,780 in spite of the opposition of the appellant.

(iii) granting Rs. 300 as damages to the respondents.

The present application is for conditional leave to appeal against the decree of the Supreme Court. The respondents contend that no appeal lies to the Privy Council as the value of the matter in dispute is less than Rs. 5,000 and as no question of great general or public importance is involved in the appeal.

It was not seriously urged on behalf of the appellant that he was entitled to appeal under rule 1 (*b*) of the Rules in the Schedule to the Appeals (Privy Council) Ordinance. This is an action between two rival traders of beedi (cigars) and the points for adjudication depend largely on questions of fact as to the period during which the rival trade marks had been used. No question of general or public importance arises for determination in the case and I hold that the appellant is not entitled to appeal under rule 1 (*b*).

The appellant has filed an affidavit in support of his plea that "the matter in dispute on the appeal" to the Privy Council exceeds the value of Rs. 5,000. The reasons set out in the affidavit and adopted by counsel in his argument before us may be briefly summarized as follows :—

(1) The action was valued at Rs. 1,000 in the plaint "as the stamp duty payable in respect of proceedings under the Trade Marks Ordinance is the minimum chargeable in the District Court in Civil Proceedings and fall under class 1 up to and including Rs. 1,000".

(2) The value of the appellant's trade marks and the loss of profit consequential on the refusal of an injunction to the applicant is Rs. 10,000.

(3) The loss that would accrue to the appellant as a result of the setting aside of the judgment of the District Judge in regard

to the delivery to the appellant of the beedies in respondents' possession amounts to Rs. 10,000.

(4) The loss of profit which would accrue to the appellant in view of the direction given by the Supreme Court decree to the Registrar of Trade Marks to register marks Nos. 6,778, 6,779, and 6,780 is Rs. 15,000.

(5) The taxable costs payable by the appellant under the decree of the Supreme Court would exceed Rs. 6,000 and should be regarded as a portion of the "matter in dispute on the appeal".

The first contention is clearly untenable. Section 49 of the Trade Marks Ordinance (Legislative Enactments, Volume III., Chapter 121) enacts that "Every judgment or order by the District Court under this Ordinance should be subject to an appeal to the Supreme Court . . . . and the minimum duties chargeable in the *Supreme Court* under the provisions of the Ordinance for the time being in force relating to stamps shall, so far as the same may be applicable, be charged in all proceedings relating to or in connection with such appeal". That section therefore refers to stamp duties chargeable in the Supreme Court and the lowest class in the Stamp Ordinance (*vide* Legislative Enactments, Vol. IV., Chapter 189) with regard to proceedings in the Supreme Court is class 1 which includes claims up to and including Rs. 500. The appellant should therefore have valued his claim at Rs. 500 and not Rs. 1,000 if the valuation in the plaint was inserted merely in view of the provisions of section 49 of the Trade Marks Ordinance. It is difficult to believe that the lawyer who drafted the plaint would have thought that the action was an action to which section 49 of the Trade Marks Ordinance applied. This action was partly a "passing off" action and therefore was not an action under the Ordinance (*vide* section 44 of the Trade Marks Ordinance). Moreover if the lawyers made the mistake of thinking that it was an action to which section 49 was applicable there was no reason why the subject-matter of the action should have been valued as the amount of the stamp duty would have been determined by the nature of the claim. I have no hesitation in rejecting this explanation for the valuation of the subject-matter of the action at Rs. 1,000. I hold that the valuation was intended to be regarded as a correct and *bona fide* valuation of the claim.

It is convenient to discuss the second and third points together. The appellant valued the subject-matter of the action at Rs. 1,000 in the plaint. The subject-matter of the action is indicated clearly in the prayer of the plaint which refers to an injunction, the taking of accounts in respect of profits made by the respondents, and an order for delivery of beedies. This shows that at the time of filing the plaint the appellant valued at Rs. 1,000 what he now seeks to value in the aggregate sum of Rs. 20,000. As stated by me earlier the explanation offered by the appellant for valuing the subject-matter at Rs. 1,000 cannot be accepted. The affidavit moreover makes a bare statement that the real value is Rs. 20,000 and does not give the grounds on which the valuation is made. There is no doubt that it is in the interest of the appellant to state now that the value of the subject-matter is Rs. 20,000 in order to support his application for leave to appeal to the Privy Council.

It has not been suggested by the appellant that the claim had increased in value between the date of the plaint and the date of appeal. If the value given in the plaint is in fact an underestimate, it appears to me that the undervaluation was made deliberately for the purpose of avoiding payment of heavy stamp duty and thus evading the revenue laws of the Island. In these circumstances I am unable to accept and act upon the value now sought to be placed on the matter in dispute (*vide Appuhamy v. Corea* (*supra*), *de Alwis v. Appuhamy* (*supra*)).

I shall now deal with the fourth point raised by the appellant's counsel. The direction given to the Registrar of Trade Marks to proceed with the application of the respondents' trade marks in spite of the appellant's opposition, cannot in my opinion be given a separate and distinct valuation apart from the claim of the appellant. The claim of the appellant, if successful, would have automatically prevented the respondents from obtaining the registration of those particular trade marks. The dismissal of the appellant's action by the Supreme Court was on the ground that the respondents had a prior or at least an honest concurrent user of those particular trade marks. This necessarily involved a finding that the plaintiffs could not oppose the application of the respondents for the registration of those trade marks. The order of the Supreme Court did not state that the respondents were entitled to get their trade marks registered against all opposition but only that the respondents' application should be considered by the Registrar ignoring the opposition of the appellant whose claim has been found to be groundless by the Supreme Court. I hold that the direction given to the Registrar was a natural and logical sequel to the order dismissing the plaintiff's claim. Moreover, the value placed on this part of the decree of the Supreme Court in the appellant's affidavit seems to me to be highly exaggerated in view of the fact that the whole claim of the appellant was valued at Rs. 1,000.

The last point urged by the appellant's counsel is that the costs payable by the appellant under the Supreme Court decree should be regarded as a part of "the matter in dispute on the appeal". This argument has certainly the merit of novelty as a similar argument does not appear to have been addressed to this court in any previous case. The learned counsel argues that in appealing to the Privy Council the appellant is seeking to obtain relief against the decree of the Supreme Court dismissing his claim and ordering him to pay the respondent's costs. The liability to pay costs should therefore, he states, be regarded as a part of the matter in dispute. There is no doubt that the appellant is aggrieved in having to pay a large sum of money as costs in addition to having his claim dismissed. But do facts constituting a grievance necessarily constitute a matter in dispute within the meaning of rule 1 (*a*)? The dismissal of the appellant's claim necessarily resulted in the appellant becoming liable to pay costs to the respondents. If the appellant succeeds in his appeal to the Privy Council and gets the decree of this Court dismissing this action vacated, the appellant will not only be relieved from the necessity of paying the costs of the respondents but will also be declared entitled to an order for costs against the respondents. If the contention of the appellant's counsel is sound, it may even be argued that in order to ascertain the value of the matter in dispute the value of the

plaintiff's claim should be enhanced by double the amount of costs he is now ordered to pay. But I do not think that the language of rule 1 (*a*) forces us to such a position. If the amount of costs should be reckoned as forming a part of "the matter in dispute" mentioned in the earlier part of Rule 1 (*a*) it must also be reckoned in the case of appeals mentioned in the latter part of the rule as appeals involving "directly or indirectly some claim or question to or respecting property or some civil right amounting to or of the value of five thousand rupees or upwards". It is difficult to see how an order on an unsuccessful party to pay costs could be regarded as forming part of "a claim or question to or respecting property or some civil right". If the costs payable by an unsuccessful party cannot be considered in the case of appeals falling under the second portion of Rule 1 (*a*) it is difficult to hold that such costs should be regarded as forming part of a matter in dispute mentioned in the earlier part of the Rule. There may no doubt be cases where the order to pay costs may be itself give a right of appeal to the Privy Council. In the present case however the order to pay costs is subsidiary to the order dismissing the appellant's claim and ordering him to pay Rs. 300 as damages.

In *Doorga Doss Chowdry v. Rama Nanth Chowdry* [1] the Privy Council held that costs of suit should not be added to the principal sum and interest to arrive at the value of the claim for the purposes of an appeal to the Privy Council. That decision was given on an interpretation of the order in Council of April 10, 1838, which is not available to me. Mulla in his *Commentary on the Indian Code of Civil Procedure (8th ed.)* states at page 294 that the Order in Council referred to "the amount or value of the subject-matter in dispute in appeal to Her Majesty in Council". If the statement of *Mulla* is correct, then the decision of the Privy Council is an authority in support of the view I have expressed.

I would dismiss the appellant's application with costs.

NIHILL J.—I agree.

Application refused.