

IN THE COURT OF APPEAL OF THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA

*In the matter of an appeal under the Code of
Intellectual Property Act. No 52 of 1979 in
respect of trade mark application No 47706.*

M.S. Hebtulabhoy and Co. Ltd.,
No 257, Grandpass Road,
Colombo 14.

APPLICANT/ RESPONDENT/
DEFENDANT/
RESPONDENT _ APPELLANT.

C.A. Appeal No: 286/93 (F)

D.C. Colombo case No. 3051/Spl

Vs.

1. Stassen Exports Ltd.,
No 833, Sirimavo Bandaranaike
Mawatha,
Colombo 14.

OPPONENT/ APPELLANT/
DEFENDANT/ PETITIONER -
RESPONDENT.

2. The Registrar of Patents and Trade
Marks,
No 267, Union Place,
Colombo 02.

RESPONDENT/ DEFENDANT/
RESPONDENT.RESPONDENT

AND

la Suad Ahmad Mohamed Saleh Baeshen
lb Ahmad Abu Baker Baeshen
lc Mohamed Abdul Kader Baeshen
Id Ahamed Abdul Kader Baeshen

All partners of Ahmad Mohamed Saleh
Baeshen and Company, a limited liability
partnership existing under the laws of the

Kingdom of Saudi Arabia of
P.O. Box 18,
Al Dahab Street,
Jeddah 21411,
Saudi Arabia.

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AND NOW

- 1a. Suad Ahmad Mohamed Saleh Baeshen
1b. (i) Kalid Ahmed Abu Baker Abdullah
Baeshen
(ii) Osama Ahmed Abu Baker Abdullah
Baeshen
(iii) Sumaya Ahmed Abu Baker Abdullah
Baeshen
(iv) Sahar Ahmed Abu Baker Abdullah
Baeshen
1c. Mohamed Abdul Kader Baeshen
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Counsel: Ranjith Abesuriya P.C., with Hiran de Alwis

and Dr. Shivaji Felix, for the

Appellant.

Sibly Azize P.C., with Chandimal Mendis for the

1st Respondent.

Ms. M.Fernando D.S.G. for the

2nd Respondent.

Arguments : 10-2-2011, 23-3-2011, 29-3-2011

Written Submissions: 6-5-2011.

Judgement: 4-11-2011.

Before: Rohini Marasinghe J.

Facts

The appellant is a company by the name of Hebtulabhoy and Co. Ltd. The 1st respondent (hereinafter referred to as the respondent) is a company by the name of Stassens Exports Ltd. The 2nd respondent (hereinafter referred to as the Registrar) is the Registrar of Patents and Trade Marks.

Both companies trade in the export of tea amongst other goods to the Countries in the Middle East.

The Statute that is relevant to this application is the Code of Intellectual Property No 52 of 1979, as amended by Act No 30 of 1980.

The appellant is the owner of the Trade Mark "RABEA" which is in Roman characters, and which was registered under the trade mark registration No.31953.

The 1st respondent is the owner of the registered trade mark "Spring Brand" which was registered under the trade mark registration No.40849.

On 30th May 1984 by application bearing No 47706 the appellant sought the registration of RABEA in Arabic script. The application was made to the

Registrar under section 102(1) of the Act. The Registrar under section 107(1) of the Act permitted the publication of the impugned trade mark- RABEA. The Registrar permitted the publication of the impugned trade mark subject to the several conditions stated as follows;

“1. This mark is associated with mark No. 31953. And will be associated with mark No 47,705 if and when registered.

2. The transliteration of the label is Rabea which means “spring”.

3. This mark is accepted subject to the condition that the mark will only be used as depicted in the application and that its translation in any language will not be used.”

The respondent objected to this registration under section 107(10), on the grounds that the registration of the impugned mark is inadmissible on one or more grounds specified in sections 99 and 100 of the Act. In my view the relevant sub-sections that may possibly have been breached are sections 99(f), 99(k) 100(a) and 100 (c) of the said Code. The Registrar held with the appellant and permitted the registration of the trade mark subject to the aforementioned conditions. The respondents appealed to the District court. The District court by its judgment dated 22nd February 1993 set aside the

Order of the Registrar dated 28th December 1989. The learned District Judge further held that the impugned trade mark cannot be registered and thus directed the trade mark to be expunged from the Register of Trade Marks. This appeal is against that judgment.

The Code of Intellectual Property (Cap.186) defines a "Trade Mark" in section 97 defines a Trade Mark as "- - - any visible sign serving to distinguish the goods of one enterprise from those of other enterprises. The same section defines a "Trade Name" as the " - - - name or designation identifying the enterprise of a natural or legal person".

Briefly, the objections of the respondent who was the applicant to the District court action were that the impugned mark was similar to the mark registered and owned by the respondents. Consequently, the respondent averred that the people in the trade or the public would be confused by the said mark as that of the mark of the respondent. If the respondent was correct in this averment, it is clearly a violation of section 99 and section 100 of the Act. The respondent further submitted that at the time the trade mark RABEA was registered there was a condition attached to that trade mark as follows:

"The trade mark is accepted subject to the condition that the mark will only be used as depicted in the application and that its translation in any language will not be used." (A 8)

The main principle which underlines this area of the law is the Tort of "Passing off". The Tort of "passing off" is committed by a person who uses the same trade name as the plaintiff's or one similar to it, which may result in deceiving purchasers in the market place that the defendant's wares in fact are those of the plaintiff's . Lord Parker when giving his judgment in the House of Lords, in *A.G. Spalding & Brothers v A.W.Gamage Ltd.*, (1915) 32 R.P.C. 273 (H.L.) wrote:

The more common case [of a passing off] is, where the representation is implied in the use or imitation of a mark, trade name, or get-up with which the goods of another are associated in the minds of the public. In such cases the point to be decided is whether, having regard to all the circumstances of the case, the use by the defendant in connection with the goods, of the mark, name, or get-up in question impliedly represents such goods to be the goods of the plaintiff, or the goods of the plaintiff of a particular class or quality, or, as is sometimes put, whether the defendant's use of such mark, name, or get-up is calculated to deceive. It would however be impossible to enumerate or classify all the possible ways in which a man may make the false representation relied on" (ibid., at page 284).

The Tort was further expanded in 1960 in *Bollinger v Costa Brava* [1960] R.P.C. 16 (Ch. D) which recognized that there is also a need to protect what is referred to as the notion of a "collective goodwill". Prior to that decision the Tort of "passing-off" had protected a plaintiff against misrepresentations of his protected "Trade Mark" or "Trade Name". The *Costa Brava* decision has a relevance to the present dispute. There the Chancery Division in England issued a prohibition in favour of those who held the trade name of **CHAMPAGNE** and against the defendants who had used a trade name bearing the words "**SPANISH CHAMPAGNE**". I cite this decision as a foundation case

applicable to this dispute as it has been followed in a number of subsequent decisions with similar facts. For purposes of reference I will cite here the following cases as those that have followed *Costa Brava* upon the basis of similar facts. These are: *Vine Products Ltd., v MacKenzie & Co. Ltd.*, [1969] R.P.C. 1; *Argyllshire Weavers Ltd., v A. MacAulay Tweeds Ltd.*, [1964] R.P.C. 477 and *Walker (John) & Sons Ltd., v Henry Ost & Co., Ltd.*, [1970] R.P.C.489.

The Respondent being a Company, and as all companies do, are possessed with what in Law is referred to as a "Collective Goodwill" shared with the widest amplitude, together, with its shareholders. The House of Lords expanded this notion of a "collective goodwill" in 1979 in *Erven Warnik B. V. v J. Townsend & Sons (Hull) Ltd.*, [1980]R.P.C. 31. In *Erven Warnik* the House of Lords laid down five elements that were necessary to establish the Tort of passing-off where there had been an assault upon the "Collective Goodwill" of a plaintiff. These are:

" (i).A misrepresentation, (ii). Made by a trader in the course of trade, (iii). To his customers or to ultimate consumers of his product (iv.) which may, in a reasonably foreseeable way, injure the business or goodwill of a competitor, and (v). which causes actual damage". [1979] A.C. 731 at page 742, per Lord Diplock.

The aforementioned five requirements were later telescoped into three by *Lord Oliver*, in the House of Lords [*Reckitt & Colman Products Ltd., v Borden*

Inc., [1990] 1 All E.R.873 at page 880], without altering the reach of “passing off” as a Tort. This amended version was recently adopted by the Supreme Court of Canada in *Ciba-Geigy Canada Ltd., v Apotex Inc.*, [1992] 3 S.C.R. 120 at page 132 where the Supreme Court adopted the revised version of the *Erven Warnik* five point rule now found in an amalgamated form in *Reckitt & Colman Products Ltd* to which I have earlier mentioned. Adopting that Rule, the Supreme of Canada wrote in the *Ciba-Geigy* decision:

“The three necessary components of a passing-off action are thus: the existence of goodwill, deception of the public due to a misrepresentation and actual or potential damage to the plaintiff.”

[*Ibid.*, at page 132 and now followed also by the Supreme Court of Canada, in *Kirkbi AG v Ritvik Holdings Inc.*, [2005] 65 S.C.R. 65 at paragraphs 66 to 69].

The last legal issue that require to be surfaced before turning to the facts in dispute is to answer the question as to what is the “ legal right” that the Tort of “Passing off” was designed to protect. It appears from *Lord Parker’s* speech in the House of Lords, in *A.G. Spalding & Brothers v A.W Gamage* [1915] 32 R.P.C. 273 (H.L.) to which I have previously referred, where he refers with approval to a view previously expressed by *Lord Hershell* in a previous House of Lords decision, what the said Tort was designed to protect was the plaintiff’s property in the business or goodwill; and not in the “Mark, Name or Get-up” used by the plaintiff. It is the following passage from His Lordship’s judgment in

A.G Spalding & Brothers, to which I am now referring, to state the nature of protection which the Tort of "Passing off" provides. There *Lord Parker* said :

" There appears to be considerable diversity of opinion as to the nature of the right, the invasion of which is the subject of what are known as passing off actions. The more general opinion appears to be that the right is a property right. This view naturally demand an answer to the question – property in what? Some authorities say property in the mark, name or get-up improperly used by the defendant. Others say property in the business or goodwill likely to be injured by the misrepresentation. Lord Hershell in *Reddaway v Banham* [1896] A.C. 199 at page 228 expressly dissents from the former view; if the right invaded is a right of property at all, there are, I think, strong reasons for preferring the latter view".

(*ibid.*, at page 284 (H.L.)

Several passing-off cases in the English courts have adopted that the property right to be protected is the " business or the collective goodwill" of the Plaintiff. This view had been adopted in Australia [*Con Agra Inc., v McCain Foods (Australia) Pty Ltd.*, (1992) , 23 I.P.R. 193 at 231] and in Canada [*Kirkbi A.G. v Ritvik Holdings Inc.*, [2005] S.C.R 65]. In *McCain*, *Lockhart J* of the Full court of the Australian Federal Court of Appeal wrote:

" It is now beyond argument that the plaintiff's right which the law of passing –off protects is a proprietary right in the goodwill or reputation of his business likely to be injured by the defendant's conduct. [*ibid.*, at page 231].

The Dispute

The question that this court has to answer is whether the defendant's acts that the plaintiff complains of amounted to an assault on the plaintiff's goodwill or reputation of his business causing him loss or damage. If there had been such an assault, then the courts could presume that the defendant had suffered some loss or damage, a matter which may be quantified before another court at another date. What this court has to decide now is, whether the defendant's conduct, in the circumstances presented to this court, have resulted in an assault on the plaintiff's (Respondent's) "Goodwill or reputation of his business" in the market place in which both parties have been trading? Namely in the Arab world where the Arabic language is widely, if not predominantly used as the language of communication.

The appellants in answer to the respondent's claim that there had been an infringement of the Respondent's trade mark was that by the registration of the mark RABEA by the Registrar, the appellant had acquired an exclusive right to the use of the mark RABEA. A further assertion made by the appellant was that they were only prohibited from translating the trade mark RABEA into any language and therefore a transliteration was not within the prohibited conditions imposed by the Registrar. Therefore, the appellant's contention was that the transliteration of the word RABEA into the Arabic script was not a

translation, and therefore the appellants were entirely within their right to use a trademark of RABEA written in Arabic instead of in the Roman script.

The Registrar conceded that the transliteration of the word RABEA means "spring". That necessarily meant that in the language in which the consumers understood at the market place, namely "Arabic Language", it was being marketed as the product bearing the Trade name of "Spring" and not RABEA, the trade name registered with the Registrar . That particular market place was the place at which the Respondents had established a "Goodwill and a business reputation" with their own Trade Name "Spring Brand". The law recognises, as mentioned earlier, a property right in the Respondent over that Trade Name.

Taking an example closer to home the name "Sampath Bank" in the English language in which it is written using the Roman Script would mean nothing to a person who is not versed in the Sinhala language. For example a foreign visitor to Sri Lanka would not understand what the adjective "Sampath" meant. However, if the same is written in the Sinhala script which would amount to a transliteration, it would have a meaning to a predominantly Sinhala speaking, or perhaps an only Sinhala speaking society. Such a meaning could not be evinced from such a name as "People's Bank". In that case a translation had to be produced for the Sinhala speaking customers to read " Mahajana

Bankuwa". That is a translation. The appellant argues that what the Registrar had prohibited him from engaging in using is a translation and not a transliteration. But that cannot mean that the Appellant had the right to transliterate and use the transliterated name in a manner in which that would lay an assault on the "Goodwill and the business name" that the Respondent had established in the society in which both the Appellant and the Respondent were trading. Such an argument would fly in the face of the interest which the law pertaining to Trade Marks and Trade names have been designed to protect. The "Code" to which I have referred earlier in this judgement. The prohibition declared by the Registrar must be implicit that by particularising the prohibition to a " translation", that the parties must remain, nonetheless bound by the law that the Code lays down. In no sense could it be accepted that the Registrar intended to release the Defendant from observing the law of this land relating to the use of Trade names, when he particularised the prohibition to "translations". Such a release must come from Parliament and not from the Registrar. The untenability of the appellant's single pronged argument stares in my face.

Additionally, I must add that no Registrar could take into consideration the many ways that persons trading in the market place may compete with each other, sometimes committing the Tort of Passing-off and many times skirting

close to the brim. As Lord Parker had succinctly put in the last sentence that I have quoted above from the *Spadling* decision of the House of Lords, where he said, "It would however be impossible to enumerate or classify all the possible ways in which a man may make the false representation relied on".

Those who trade in the market place are often compelled to strategise to remain competitive. And to do so they may adopt ways and means which the wit of man could devise. It is not only unfair but it is not possible for the Registrar to make all such devises expressly prohibitive when registering a trade name. It is for this reason that there is the Code to which I had previously referred. The provisions of that code has made available the Rules so as to lend regularity to an otherwise unruly market place. The issue here is not one of what the Registrar had prohibited or allowed or even kept silent. It is the limits that the Law had allowed when two businessmen are competing in the market place. Therefore in my view the issue is neither one of "translation" or "transliteration" but the permissible limits of competition under the Code.

There is a surfeit of case law to support that legal position. In *Office Cleaning Services, Ltd., v Westminster Window and General Cleaners, Ltd.*, [1946] 1 All E.R. 320n in the House of Lords, the House declared that no one is entitled to use the trade name of the plaintiff where it is likely to deceive persons into believing that his goods are the goods of the plaintiff . This rule extends not

only to individuals but particularly to companies. Companies have a twin protection against such assaults as those aimed against both their "Goodwill and their trade Names". Companies are protected under the various Companies Legislations and also under those that particularly protect "Goodwill and Trade Names" as codes of Intellectual Property do. Companies Acts in every country prohibit the registration of a trade name so nearly resembling that of another that such a use is likely to deceive. In *Ouvah Ceylon Estates Ltd., v Uva Ceylon Rubber Estates Ltd.*, [1910] 27 R.P.C. 753, the English Court of Appeal, in a decision in which there was a Ceylonese flavour, observed that the law gave a greater protection to companies in protecting their "goodwill and trade names" than it gives to individuals.

In the case of a misrepresentation amounting to a passing-off, not every person who deals with a product need to have associated that product with the plaintiff's Trade mark. It would suffice to merit legal protection if a substantial portion of a number of purchasers did associate the product with the plaintiff's trade mark. In the present dispute there is an abundance of evidence that the plaintiff's wares were sold for substantially long period of time, under the "Spring Band" trade name, in the society into which it is now alleged that the defendant had intruded. It will be poignant to cite a dictum of Wilberforce J. (as he then was) in *Kark (Norman) Publications Ltd., v Odhams*

Press Ltd., [1962] R.P.C. 163 (Ch.D.) “ [I]t is not necessary to show that all, or substantially all, persons in the market associate the name with the plaintiff’s goods, if this can be shown of a substantial number of persons who are likely to become purchasers are liable to be deceived”. (Ibid. At page 168.)

The question is whether the name which the defendant had chosen to use is calculated to decide or to cause confusion between the business of the plaintiff and of the defendant and thereby adversely affect the credit and goodwill of the plaintiff and divert customers to the defendant (*Crystalite Gramophone Record Manufacturing Company Ltd., v British Crystalite Company Ltd.*, [1934] 51 R.P.C. 315 (Ch,D.). It is not sufficient that there is only a resemblance between the two trade names. This court is required to ascertain whether the defendant’s name so strongly resembles that of the plaintiff that its result would be to decide the targeted group of purchasers. That was the test which the courts have suggested as the test to determine whether the defendant had committed the Tort of passing-off, the Tort upon which this area of the law; namely protection of Trade Marks and Trade Names is founded . See *Woolworth (F.W.) & Co., Ltd., v Woolworths (Australasia)* [1930] 47 R.P.C. 337(Ch.D.)

Conclusions

There were many issues raised by both parties in relation to the history of these trademarks. I am of the view that the issues would be adequately met if the fundamental issue is addressed in this judgment. The fundamental issue is whether the impugned mark infringed the rights of the respondent under the Code. That is the law of the land which parliament has enacted, which none other person has the authority to detract from. I am also of the view that it is irrelevant to consider whether the Registrar had permitted the translation of the word but not the transliteration. What is relevant in view of the foregoing statement of the Law is whether what the defendant used in consequence of the transliteration would have deceived others in the targeted market place.

In the written submissions of the appellant to this court in paragraph 14 it is admitted that the trade mark 31953 was subject to the condition that its translation to any language will not be used. The contention of the appellant was that the word RABEA is an Arabic word. And the appellant's further state that in English it means the seasons of spring as mentioned in A8. In A 8 the registrar had stated that the transliteration of RABEA means spring. Throughout the Registrar maintained the position that the translation of the word RABEA was prohibited in terms of the Act.

There is a welter of confusion in the manner in which the defendant (present appellant) had presented his case. The issue here is not one of translation or transliteration, but whether the particular trade name which the defendant had used to market his product was a trade name that was so closely similar to the trade name of the plaintiff that it was likely to mislead the purchaser, even a single purchaser, to believe that the product in question was that of the plaintiff and not of the defendant. I have earlier discussed the relevant law and given a homely example using two Banks (Sampath and Peoples' Banks) to point out that a transliteration of a name could affect the perception of the purchaser at the market place.

I have therefore come to the conclusion that this appeal should be dismissed, but must add a cautionary note from *Lord Justice Rigby* in a well known decision of the English Court of Appeal where he wrote that: " It behoves a man to be careful when he is coming into the Market, where there are traders of the same or similar names, to distinguish his goods from theirs" *Jamieson and Co., v Jamieson* (1898) 15 R.P.C. 169 at page 190 (Eng. CA).

The Appeal is dismissed. The Judgment dated 22nd February 1993 is affirmed.

(References are made in this judgment to decisions reported in *The Reports of Patent Cases*, Published by Her Majesty's Stationary Office in London, as R.P.C.)

ROHINI MARASINGHE J.

Judge of the Court of Appeal