

IN THE SUPREME COURT OF THE DEMOCRATIC SOCIALIST

REPUBLIC OF SRI LANKA

ARPICO FINANCE COMPANY PLC.

146, Havelock Road,

Colombo-05.

S.C (C.H.C) Appeal No. 41/2014

SC Case No. SC/HC/LA/55/2013

CHC Case No. HC (Civil) 10/2012 (IP)

Plaintiff

Vs.

RICHARD PIERIS ARPICO FINANCE LIMITED.

310, High Level Road,

Nawinna,

Maharagama.

Defendant

AND NOW

In the matter of an application for Leave to Appeal under and in terms of Section 5 (2) of the High Court of the Provinces (Special Provisions) Act No. 10 of 1996 read together with Chapter LVIII of the Civil Procedure Code.

RICHARD PIERIS ARPICO FINANCE LIMITED
310, High Level Road,
Nawinna ,
Maharagama.

Defendant-Petitioner.

ARPICO FINANCE COMPANY PLC.
146, Havelock Road,
Colombo-05.

Plaintiff-Respondent

BEFORE: Dep PC. J
Aluwihare PC. J and
Sarath de Abrew J.

Counsel- Dr. Harsha Cabral P.C, with Buddika Illanganthilaka and Nishan Premathirathne, instructed by M/s. Julius & Creasy for the Defendant Petitioner.

A.R.Surendran P.C, with Shivan Kang-Iswaran instructed by M/s. Neelakandan & Neelakandan for the plaintiff- Respondent

Argued on- 25th June 2014, 26th June 2014 and 4th July 2014

Written Submissions – 21st July 2014

Decided on - 29th – September 2014

Aluwihare P.C J

The Plaintiff -Respondent (hereinafter referred to as the Respondent) instituted action before the High Court of Colombo exercising civil jurisdiction (herein after referred to as the High Court) alleging an infringement of rights relating to the trade name of the Respondent and sought *inter alia* the following relief against the defendant-Petitioner (hereinafter referred to as the Petitioner)

a. A declaration that the use of word “Arpico Finance” or any other trade name which in any way resembles Respondent’s trade name i.e“Arpico Finance” and “Arpico Finance Company PLC” or any of their products and /or services and/ or in advertisements relating to their business activities by the Petitioner would constitute acts of Unfair Competition and unlawful acts within the meaning of Sections 160 and 144 respectively of the Intellectual Property Act No. 36 of 2003 (hereinafter referred to as the Intellectual Property Act) and passing off;

b. A permanent injunction restraining the Petitioner and /or its servants or agents from using the words “Arpico Finance” and/or any other name so nearly resembling the Respondent’s trade name “Arpico Finance “ and “Arpico Finance Company PLC” in relation to and in respects of its products and/or services and/ or advertisements concerning their business activities so as to constitute acts of Unfair Competition or un-lawful acts in relation to a protected trade name;

c. An Interim Injunction until the hearing and final determination of this action, restraining the Petitioner by itself , its servants or agents in any manner whatsoever or howsoever from using the word” Arpico Finance” and/or any other trade name as part of the trade name of the Petitioner or any other name so nearly resembling the Respondent’s trade name “Arpico Finance “ and “Arpico Finance Company PLC” in relation to and in respect of its products and/or services and/ or advertisements concerning their business activities so as to constitutes acts of Unfair Competition or unlawful acts in relation to a Protected Trade Name:

When the inquiry relating the application for interim injunction referred to in the paragraph “c” above was taken up before the High Court, both parties had agreed that the matter could be disposed of by written submissions and documents filed by the parties. Consequently the learned High Court Judge made order on 30th March 2013 granting an interim injunction as prayed for by the Respondent, restraining the Petitioner, by itself , it’s servants or agents in any manner whatsoever or howsoever from using the word “Arpico Finance” and/ or any other trade name as part of the trade name of the Petitioner or any other name so nearly resembling the Respondent’s trade name “Arpico Finance” and “Arpico Finance Company PLC” in relation to and in respect of its products and /or services and /or advertisements concerning their business activities so as to constitute acts of unfair competition or unlawful acts in relation to a protected trade name, until the final determination of the action filed before the High Court.

Being aggrieved by the said order of the learned High Court Judge, the Petitioner filed the instant application seeking leave to appeal from this court. When this matter was supported for leave, the court granted leave on the following questions:

a. Did the learned High Court Judge misdirect himself in the application of Section 122 of the Intellectual Property Act No. 36 of 2003 read with 144 (3) thereof:

b. Did the Learned High Court Judge misdirect himself in the application of the principles of Intellectual Property Law relating to confusion /misleading the public;

c. Did the Learned High Court Judge misdirect himself in failing to give consideration to the particular customers who use the services of the Petitioner and the Respondent.

d. Did the Learned High Court Judge misdirect himself in failing to consider the goodwill and reputation attached to the trademark/trade name/house mark ARPICO of the Richard Pieris Group.

e. Did the Learned High Court Judge misdirected himself in failing to consider the use of ‘ Richard Pieris ‘ in the name of the Petitioner would clearly distinguish the source of the services of the Petitioner from the Respondent;

f. Did the Learned High Court Judge err in law and misdirected himself failing to consider the irreparable loss and damage that would be caused to the Petitioner by granting the interim injunction;

The Respondent’s main grievances against the Petitioner were-

(a) Infringement of the Respondent’s trade name in terms of Section 144 of the Intellectual Property Act No. 36 of 2003.

And

(b) Unfair competition in terms of Section 160 of the same Act.

Section 144 of the Intellectual Property Act Reads thus:

144 (1) -Notwithstanding the provisions of any written law providing for the registration of a trade name, such name shall be protected, even prior to or without registration, against any unlawful act committed by a third party.

(2) -***Any subsequent use of a trade name by a third party***, whether as a trade name or as a trade mark, service mark, collective mark or certification mark or any such use of similar trade name , trade mark, service mark or collective mark of certification mark ***likely to mislead the public shall be deemed to be unlawful.***(Emphasis added)

Section 160 (2) (a) of the Intellectual Property Act states ***any act or practice*** carried out or engaged in, in the course of industrial or commercial activities, ***that causes or is likely to cause confusion*** with respect to another's enterprise or its activities, in ***particular the products or services offered by such enterprise***, shall constitute an act of Unfair Competition.

Paragraph (b) of the said section (i.e. Section160) which elaborates on aspects of confusion states that “**confusion**” may, in particular, be caused with respect to ***a trade name***.

In considering these aspects, the main thrust of the Respondent's case was that, if the Petitioner were to use the words “Arpico Finance” in their trade name, the use of such words would be in violation of the Respondent's rights in relation to Sections 144 and 160 of the Intellectual Property Act.

The Respondents' contention was that ownership of Arpico Finance changed hands in 1967 and the present owners of Richard Peiris & Company had no involvement whatsoever in its business and that the Arpico Finance Company carried on business activities as a wholly

separate and distinct business from Richard Peiris & Company. It was further contended that since 1951, the Respondent enjoyed the use of its trade names “Arpico Finance” & “Arpico Finance Company PLC” without any interruption and became well known in Sri Lanka in the field of financial services, having a customer deposit base of Rupees 2 billion.

The facts of the case are as follows:-

It is common ground that the Respondent (Arpico Finance) was incorporated in 1951 as an associate of Richard Pieris & Company Ltd, engaged primarily providing hire-purchase facilities for the products marketed by Richard Pieris Company Limited.

In the year 1967, Alliance Finance Company Ltd, purchased the entirety of the shareholding of the Respondent Company, from Richard Pieris & Company. Since its incorporation in 1951, the Respondent had been engaged in the business of a finance company and had enjoyed the uninterrupted use of its trade name “Arpico Finance & Arpico Finance Company PLC”.

The Respondents had contended before the High Court, as well as before this court, that they had substantial goodwill and reputation among the public in relation to the said trade names “Arpico Finance” and Arpico Finance Company PLC”.

Having come to know, that a company by the name of “Arpico Financial Services” had been incorporated, Respondent had taken steps to intimate to the Registrar General of Companies, that the incorporation of the company, under the name “Arpico Finance Services Limited” is contrary to the provisions of the Companies Act No. 7 of 2007. As a consequence of the said objection taken by the Respondent with the Registrar General of Companies, the name of the company was changed to “Richard Peiris

Arpico Finanace Ltd”from Arpico Finanace Services Ltd. The Respondent had lodged an objection again with the Registrar of Companies on the basis that, even the change of name from “Arpico Finanace Services” to “Richard Peiris Arpico Finanace Ltd” was manifestly similar to that of the Respondent company. The Respondent did not succeed in their objection to have the name changed with the Registrar of Companies and that led to the institution of action before the Commercial High court by the Respondent.

It was also the contention of the Respondent that the use by the Petitioner of the word “Arpico Finance” as part of its trade name is an act contrary to honest practices, unfair competition and likely to cause confusion in regard to commercial activities of the Respondent. In addition, Respondent further contended, by the use of the words “Arpico Finance”, as part of its trade name, which is indistinguishable from the trade name of the Respondent, the Petitioner has thereby blurred the distinction between the two trade names. Thus, the Respondent claims, is likely to cause confusion in the mind of the public. The Respondent also contends that the Petitioner has done so, with the intent, not to distinguish its products and services, but for the purpose of passing off which in turn is likely to mislead the public as to the products or services offered by the Petitioner.

It is in this backdrop that the learned High Court Judge issued the interim injunction, which is now being challenged in these proceedings.

At this juncture what needs to be considered is whether the learned High court judge had correctly applied the criteria laid down by law to issue an interim injunction. Although both parties forwarded strenuous arguments supported by written submissions, at this stage, this court is only required to decide as to whether the learned High Court Judge was

correct in forming the view that the Respondent had met the criteria laid down in terms of Section 54 of the Judicature Act No 2 of 1978 as amended, by placing sufficient material before the court for the issuance of the interim injunction prayed for, by the Respondent.

For convenience Section 54 of the Judicature Act is reproduced below-:

(1) Where in any action instituted in a High Court, District Court or a Small Claims Court, it appears-

(a) from the plaint that the plaintiff demands and is entitled to a judgment against the defendant, restraining the commission or continuance of an act or nuisance, the commission or continuance of which would produce injury to the plaintiff; or

(b) that the defendant during the tendency of the action is doing or committing or procuring or suffering to be done or committed, or threatens or is about to do or procure or suffer to be done or committed, an act or nuisance in violation of the plaintiffs rights in respect of the subject-matter of the action and tending to render the judgment ineffectual, or

(c) that the defendant during the pendency of the action threatens or is about to remove or dispose of his property with intent to defraud the plaintiff, the Court may, on its appearing by the affidavit of the plaintiff or any other person that sufficient grounds exist therefor, grant an injunction restraining any such defendant from-

- (i) committing or continuing any such act or nuisance;
- (ii) doing or committing any such act or nuisance;
- (iii) removing or disposing of such property.

In terms of Section 54, if it appears to court that sufficient grounds exist for the court to form the view that one of the grounds enumerated in paragraphs (a), (b) or (c) of subsection (1) of section 54 prevails, the plaintiff is entitled to succeed. However, in a series of cases, the courts have held, that the court needs to consider three elements before relief sought under section 54 (1) of the Judicature Act can be granted. They are, whether the plaintiff has made out a prima facie case, does the balance of convenience lie with the applicant and whether equitable considerations favour the grant of an interim injunction.

The element of “prima facie case” was defined in the case of Indrani v. The Municipal Board Imphal A.I.R 1958 Manupuri 27 to mean no more than that “there is a serious question to be tried” and there is a possibility of success if the allegations of fact made out by the plaintiff are proved, and Justice Dalton in the case of Jinadasa v. Weerasinghe 31 N.L.R 33, placed a stricter burden on the plaintiff, when he held that the requirement for an interim injunction is that “the court must be satisfied that there is a serious question to be tried at the hearing and on the facts before it, there is a probability that plaintiff is entitled to relief”.

As Row points out (Law of injunctions 8th Edition page 302) it would be sufficient for the plaintiff to show that he has a fair question to raise as to the existence of his right and that till the question is ripe for trial, a case is made out for the preservation of the property in *status quo*. Row goes on to say balance of inconvenience means the comparative mischief or inconvenience to the parties.

It was held in the case of Bhauroo Singh v. Mst Dulari And Anor 1992 1 Western Law cases 636 (Rajastan), that “ *In deciding a matter for the grant of a temporary injunction, the court is not required to go into evidence with a critical attitude for its close scrutiny. It is only required to see that all three necessary ingredients for the grant of a temporary injunction exist and in whose favour.*”(Emphasis added)

The position taken up by the Petitioner is that, Richard Peiris & Company Ltd. has been carrying on business for 81 years and it is a diversified group of companies comprising of more than 50 companies in various sectors and that the word “ARPICO” is the brand name /trade name /name mark of Richard Peiris group of companies . Petitioner has also contended that several companies of the Richard Peiris Group use the word ARPICO in their trade name and further the Richard Peiris Group has amassed substantial goodwill with long use of the word “Arpico”.

The petitioner also has taken up the position that the learned High Court Judge had failed to consider that the Respondent has not established and does not have an exclusive right to use the word “ARPICO” and the use of the word “Richard Peiris” as part of the name clearly distinguishes the Petitioner Company from the Respondent Company. In the same breath the Petitioners contended that the word “FINANCE” is only descriptive of the services provided by both the Petitioner and the Respondent, and the Respondent has no exclusivity over the word FINANCE either. Under these circumstances the Petitioner argued that the Respondent cannot object the Petitioner from using the words “ARPICO FINANCE” as a part of their trade name.

However, it must be said that the Respondent did not argue the case on the footing that the Respondent has exclusivity over the words “ARPICO FINANCE” but on the basis that the use of the word “ARPICO FINANCE”

in the trade name of the Petitioner is a case of “passing off” and is a violation of the Petitioner's rights, both under sections 144 and 160 of the Intellectual Property Act.

Petitioner relied on the decisions of Ceylon Insurance Corporation Vs. United Ceylon Insurance Company (48 NLR page 454) where it was held that there is no exclusive right to use the word “Insurance” and in addition it was also held that of the word “United” sufficiently distinguishes the Defendant Company.

I note, all the words that make up the names of the two entities in the case referred to above are common words which have an accepted meaning in common parlance. As opposed to this, the word “ARPICO” is an invented name. There would be a greater likelihood of confusion in the minds of the consumer, when another entity which has a similar invented name offer similar services, as to its source.

Lord Halsbury, in the case of North Chesire and Manchester Brewery Company Ltd v. Manchester Brewery Co. Ltd. 1899 AC 83, held that “when I see that in the name of the Appellant company there is literally and positively the same name on that of the rival company as I will call it, and that it is only prevented from being identical in name by having another name associated with it, I should think myself that the inevitable result would be that anyone who saw the two names together would arrive at the conclusion without any doubt at all that the two companies, both with well known names, both in the particular neighborhood with which we are dealing, had been amalgamated, because it is so common a thing for companies to amalgamate that when I found two well-known names associated together as that of a new company being brought out, I should have at once jumped to the conclusion, and so would everybody else, that the two companies were really amalgamating together and

forming a new company. I have not the smallest doubt that everybody who knew the two names at all would come to that conclusion”.

I have also considered the judgement in the case of Parle Products Pvt Ltd v. Parle Agro Pvt Ltd.2009 F.S.R 18 The parties to the suit happened to be companies incorporated by two groups of a family. Having started as a partnership, down the line the partnership split, but both parties continued to use the word “Parle” as part of their corporate name as well as the trademark.. When the party producing beverages expanded and started manufacturing and selling confectionery under the name Parle, plaintiff sought an interim injunction which was refused as there was no agreement between the parties, by which either of the parties is restrained from carrying on business under the family name “Parle”. However, the court made an order directing the defendant to have the message “... *having no relationship whatsoever with Parle products Private Limited*” on their their products.

I also wish to refer to the case of Adrema Vs. Adrema-Werke 1958 RPC 323 in which Danckwerts J held that the plaintiff is entitled to an injunction, and I find the circumstances of the said case somewhat similar to the case before this court. A German company, which manufactured “Adrema” addressing machines, had formed an English company Adrema Ltd before the outbreak of the World War II. This English subsidiary was allowed by the parent company to acquire the entire United Kingdom goodwill in the mark “Adrema”. After the war broke out, the two companies ceased to be connected. At the end of the war the German Company (Adrema –Works GmbH) sought to use its name in trading its machines in the United Kingdom. The English Company sued the German Company for passing off and the court granted an injunction preventing the German company, the use of the name “Adrema”.

It is not disputed that the Richard Peiris group of companies has operated a number of subsidiaries that used the word Arpico and it is contended two such subsidiaries namely “Arpico Ataraxia Asset Management (Pvt) Ltd. Arpico Insurance Ltd, provided financial services. Nevertheless, there is no evidence before this court to come to a finding that products/services provided by those subsidiaries are the same as the services / products provided by the Respondent. However the Petitioner had admitted that both the Petitioner and the Respondents are finance companies providing financial services.

It was argued on behalf of the Petitioner that customers who are obtaining financial services from financial institutions make informed choices and is unlikely to be either misled or confused. Petitioner relies on the case of HFC Bank PLC. V. Midland Bank PLC (200 RFS 176) and the First National Bank in Sioux Falls V. First National Bank South Dakota SPC. INC 2008 DSD 9.

Likelihood of consumers of being misled or confused undoubtedly may be negated to an extent due to consumer sophistication. However, whether consumer sophistication in this country is comparable to consumer sophistication in the United Kingdom in relation to financial services and products is a question of fact.

Petitioner quite correctly points out that the burden is on the Respondent to establish that the members of the public obtaining services from the Petitioner company do so due to the misrepresentation of the Petitioner company and in the belief that they are in fact services offered by the Respondent Company. This again is a question of fact which needs to be established through evidence.

As pointed out by Lord Halsbury in the case of Reddaway v. Banham 1896 A.C 199 “The principle of law may be very plainly stated, that nobody has any right to represent his goods as the goods of somebody else. How far the use of particular words, signs or pictures does or does not come up to the proposition enunciated in each particular case must always be a question of evidence....”

As referred to earlier, this court is only concerned as to whether the Learned High Court Judge misdirected himself in wrongly applying the law relating to issuing of an interim injunction.

Lord Jauncey quoting Lord Langde, in the Jif- Lemon case (Reckitt & Coleman Products Ltd v. Borden 1990 R.P.C 341) observed:-

“ It is not essential that the defendant should misrepresent his goods as those of the plaintiff. It is sufficient that he misrepresent his goods in such a way that it is reasonably foreseeable consequence of the misrepresentation that the plaintiff’s business or goodwill will be damaged”.

Given the facts and the circumstances of this case the court cannot fault the Learned High Court Judge in concluding that when one considers the invented names of the Petitioner and Respondent companies, that there appears to be a similarity in the names and would mislead and cause confusion in the mind of the public.

It is not disputed that the Petitioner company is of recent vintage and as at 30th April 2013 did not enjoy a deposits base of substantial value. In this respect, I find that the balance of convenience is also in favour of the Respondent.

I am of the view that the Learned High Court Judge had not erred in issuing an interim injunction and make order upholding the order of the learned High Court Judge dated 30th July 2013 in granting an interim injunction. I make a further order vacating the order made by this court in suspending the order of the Learned High Court on 2nd October 2013, staying the operation of the order of the learned High Court judge dated 30th April 2013.

I wish to reiterate that what was considered in this order is only as to whether the Respondent has satisfied the court of the criteria with regard to the grant of an injunction and no more.

Considering the importance of this case I direct the Learned High Court Judge to give utmost priority to this case and to make every endeavor to have this matter concluded without undue delay.

I wish to place on record my appreciation of the assistance given to this court by the learned counsel, Dr. Harsha Cabral P.C and A.R. Surendran P.C in deciding the issues in this not altogether straight forward case.

I make no order with regard to cost.

Judge of the supreme Court

Priyasath Dep PC J

I agree

Judge of the supreme Court

Sarath de Abrew

I agree

Judge of the supreme Court