

**IN THE SUPREME COURT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF SRI LANKA**

Alli Company (Pvt) Ltd.
Plaintiff-Appellant

SC (CHC) 47/2008
High Court Colombo (Civil)
Case No. 35/2004(3)

Vs

Mohamad Noohu Abdul Salam
Defendant-Respondent

Before : Chandra Ekanayake Acting C J
Priyasath Dep PCJ
Sisira J De Abrew J

Counsel : Basheer Ahamed with M Riyaz and MS Sonali Silva for the
Plaintiff-Appellant.
Murshid Maharooof with Shamir Zavahir and Muzeena Kaleel for the
Defendant-Respondent

Argued on : 27.8.2014, 9.10.2014 and 10.11.2014

Written Submissions

tendered on : By the Plaintiff-Appellant on 12.1.2015

By the 2nd and 3rd Defendant-Respondents on 2.3.2015

Decided on : 11.6.2015

Sisira J De Abrew J.

This is an appeal against the judgment of the learned High Court Judge of Colombo exercising civil jurisdiction wherein he dismissed the Plaintiff's action. Being aggrieved by the said judgment, the Plaintiff-Appellant has appealed to this court.

The Plaintiff-Appellant in its plaint and evidence states inter alia the following matters.

1. The Plaintiff-Appellant is the registered owner of trade mark No.24094 which carries the trade mark “ALLI BEEDI”. The Plaintiff-Appellant is also the owner of trade mark No.56213 which carries the trade mark Alli Suruttu (Alli cigars).
2. The Plaintiff-Appellant markets and sells its beedi and cigars in covers marked P11 and P12 to the plaint and uses the ring labels marked P13 and P14 on its beedi and cigars.
3. The Plaintiff-Appellant has become aware that the Defendant-Respondent had started to market and sell his beedi and cigars in covers marked P17 and P18 which are similar to the Plaintiff-Appellant’s trade mark and back ground in P11 and P12. P17 depicts Apli Beedi while P18 depicts Apli Suruttu(cigars).
4. The Plaintiff-Appellant has become aware that the Defendant-Appellant had started to market and sell his beedi and cigars with ring labels marked P20, P21 and P22 which are similar to the Plaintiff-Appellant’s trade mark and background in ring labels marked P13 and P14. In other words what the Plaintiff-Appellant says is that its covers P11 and P12 are similar to the Defendant-Respondent’s covers marked P17 and P18 and that the Plaintiff-Appellant’s ring labels P13 and P14 are similar to the Defendant-Respondent’s ring labels marked P20, P21 and P22.
5. The Plaintiff-Appellant says that it has been selling Alli beedi for the last 45 years and Alli cigars for the last 25 years.

The Defendant-Respondent in his answer and evidence, inter alia, states the following matters.

1. He is the registered owner of trade mark No.44765 which carries the trade mark 'APLI'.
2. He has been selling his beedi and cigars under the name of 'Apli beedi' and 'Apli cigars' for the last 22 years in covers marked P17 and P18 using the ring labels marked P21 and P22. He further says that P17 depicts 'APLI BEEDI', P18 depicts 'APLI SURUTTU' (cigars) and P21 and P22 depict 'APLI'.

The Plaintiff-Appellant in his plaint moved for a permanent injunction restraining the Defendant-Respondent and/or his agents from using the trade mark of the Plaintiff-Appellant in a deceptively similar manner as shown in the documents marked P17,P18,P20,P21 and P22 to the plaint.

The Plaintiff-Appellant contends that he, as the owner of trade mark 'Alli', is entitled to the rights under Section 121 of the Intellectual property Act No.36 of 2013. The Plaintiff-Appellant further contends that when the Defendant-Respondent sells his beedi and cigars in covers marked P17 and P18 using his ring labels marked P20 and P21, he violates the Plaintiff-Appellant's trade mark rights under Section 121 of the Intellectual property Act No.36 of 2003(the Act) and also competes unfairly with the Plaintiff-Appellant which amounts to violation of Section 160 of the Act. The contention of the Plaintiff-Appellant is that when a consumer buys the Defendant-Respondent's beedi and cigars he may be buying them under the impression that they are Alli beedi and cigars because the packs (covers) and ring labels of the beedi and cigars of the Defendant-Respondent are similar to the Plaintiff-Appellant's packs and ring labels. However it has to be noted here that the Plaintiff-Appellant's beedi and cigars carry the name of 'Alli' and the Defendant-Respondent's beedi and cigars carry the name of 'Apli'. Although the Plaintiff-Appellant contends so it has to be noted here that the Plaintiff-Appellant has not

obtained a trade mark registration in respect of P11, P12, P13 and P14 which are the covers and ring labels of the Plaintiff-Appellant. Therefore the Plaintiff-Appellant is not entitled to claim relief under Section 121 of the Act.

The learned trial Judge, after considering the evidence led at the trial, concluded that the Plaintiff-Appellant had not established its cause of action under Section 121 of the Act. Learned counsel for the Plaintiff-Appellant, at the hearing before us, submitted that he was not challenging this decision. In my view the decision of the learned trial Judge on the above point is correct.

Learned counsel for the Plaintiff-Appellant however contended that he was entitled to succeed cause of action under Section 160 of the Act. The learned trial Judge at page 7 and 8 of the judgment (pages 332 and 333 of the brief) concluded that the Defendant-Respondent was guilty of unfair competition as the acts committed by him come under Section 160 of the Act. However the learned trial Judge decided that the Defendant-Respondent was entitled to the benefit of the defence of 'honest concurrent user'. It has to be noted here that the Defendant-Respondent has been selling his beedi and cigars in covers marked P17 (APLI BEEDI) and P18 (APLI SURUTTU) for the last 22 years.

Learned counsel for the Plaintiff-Appellant contended that the learned trial Judge was wrong in coming to the above conclusion as the defence of 'honest concurrent user' is not available in the Intellectual Property Act No.36 of 2003. The most important question that must be decided in this case is whether the defence of honest concurrent user can be applied in Sri Lanka. I now advert to this contention. In considering this contention it is relevant to consider a passage from the book titled 'Intellectual Property by WR Cornish 4th edition page 628 which reads as follows:

“Contrast with these cases of shared reputation, the difficulties that may arise between the two traders each of whom has built up an independent reputation quite honestly in the same or similar mark. If one can show that he has the reputation in a business name for a particular area, the other will not be permitted to use the name in that area, however much he may enjoy a reputation in the name in some other part of the country. But if each has built up his reputation in his own locality and argument arises because both are expanding business into intermediate territory, neither may be able to show that the public there associates the name with him so as to lead to passing off by the other.”

P Narayanan in his book titled “Law of Trade Marks and Passing Off (5th edition) at page 626 states thus: *“Concurrent user of a trade name by the defendant is a good defence in an action for passing off”*.

It is therefore seen that the defence of ‘honest concurrent use’ is available in the English Law. The law of Intellectual Property is based on the English Law and this law (Intellectual Property Law) deals with commercial matters. For commercial matters the law that should be applicable is the English Law. When the Intellectual property Act No.36 of 2003 is silent on the aforementioned point, the English Law will have to be applied in terms of Introduction of Law of England Ordinance No.5 of 1852. For the above reasons, I hold that the defence of ‘honest concurrent user’ can be applied in Sri Lanka. Then the Courts can apply the principles relating to the ‘honest concurrent user’ found in the English Law. As I pointed out earlier the Defendant-Respondent has been selling his beedi and cigars in covers marked P17 and P18 under the name of Apli beedi and Apli cigars for the last 22 years. The Defendant-Respondent became the registered owner of the trade mark ‘Apli’ in 1982. This position has been admitted by the witnesses of the Plaintiff-Appellant. According to the evidence, both brands that is to say Alli and Apli are in the market

for over 22 years. Thus the consumers who smoke beedi and cigars should be conversant with the two brands and should be aware that there are two brands. Thus they should be able to identify the two brands. This is because both brands are in existence for the last 22 years. Therefore it is difficult to think that consumers are misled when they buy Apli brand. Therefore in my view, in a situation of this nature, applying the principle relating to the defence of 'honest concurrent user' is justified. If the Apli beedi and cigars have just been sent to market, situation would have been different as the consumers may be unaware of the existence of two brands.

When I consider the above matters, I hold the view that the Defendant-Respondent is entitled to claim the defence of 'honest concurrent user' although it is not available in the Intellectual Property Act No.36 of 2003. For the above reasons, I hold that the principles of English Law relating to the defence of 'honest concurrent user' can be applied in the above situation as our law is silent on this point.

For the aforementioned reasons, I hold that there is no merit in this appeal. I therefore upholding the judgment of the learned trial Judge dismiss the appeal with costs.

Judge of the Supreme Court

Chandra Ekanayake Acting C J

I agree.

Acting Chief Justice

Priyasath Dep PC, J

I agree.

Judge of the Supreme Court.