

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

Viacom International Inc.,  
1515, Broadway,  
New York,  
United States of America.  
Plaintiff

**SC APPEAL NO: SC/CHC/APPEAL/28/2003  
CHC CASE NO: HC/Civil/20/98(3)**

Vs.

1. The Maharaja Organisation  
Limited,  
No.146,  
Dawson Street,  
Colombo 02.
2. The Director General of  
Intellectual Property,  
3<sup>rd</sup> Floor,  
“Samagam Medura”,  
D.R. Wijewardena Mawatha,  
Colombo 10.  
Defendants

AND NOW BETWEEN

Viacom International Inc.,  
1515, Broadway,  
New York,  
United States of America.  
Plaintiff-Appellant

Vs.

1. The Maharaja Organisation  
Limited,  
No.146,  
Dawson Street,  
Colombo 02.
- 2 The Director General of  
Intellectual Property,  
3<sup>rd</sup> Floor,  
“Samagam Medura”,  
D.R. Wijewardena Mawatha,  
Colombo 10.

Defendant-Respondents

Before: P. Padman Surasena, J.  
E.A.G.R. Amarasekara, J.  
Mahinda Samayawardhena, J.

Counsel: Dr. K. Kanag-Isvaran, P.C., with Dr. Harsha  
Cabral, P.C., and Kushan Illangatillake for the  
Plaintiff-Appellant.  
Romesh De Silva, P.C., with Rudrani  
Balasubramaniam, Sugath Caldera and

Shanaka Cooray for the 1<sup>st</sup> Defendant-Respondent.

Suren Gnanaraj, S.S.C., for the 2<sup>nd</sup> Defendant-Respondent.

Argued on: 19.02.2021 and 10.03.2021

Written submissions:

The Plaintiff-Appellant and the 1<sup>st</sup> Defendant-Respondent on 07.04.2021.

Decided on: 30.06.2021

### **Mahinda Samayawardhena, J.**

#### **Introduction**

The Appellant, Viacom International Inc., a company incorporated in the United States of America, is the owner of the “MTV Music Television” mark, which has been registered in the USA and in the majority of trademark jurisdictions in the world since 1984 for the transmission of television music programmes and related products and services. The use of the mark commenced in the USA in 1981, the first music programme having been launched on 01.08.1981, and had thereafter expanded into approximately 72 countries on six continents when the Appellant lodged the application No. 61297 with the 2<sup>nd</sup> Respondent, the Director of Intellectual Property, on 15.05.1991 to have the said mark registered in Sri Lanka in Class 38 of the international classification in respect of communication services including the transmission of television programmes. The 2<sup>nd</sup> Respondent accepted the mark with the disclaimer that the registration of the mark

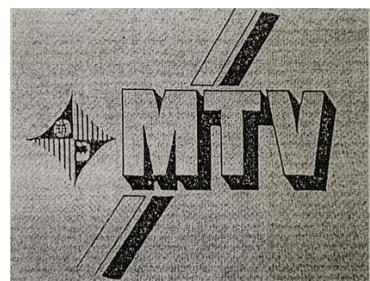
shall give no right to the exclusive use of the words "Music Television" and the letters "MTV", and published it in the gazette dated 05.02.1993.

Eight days after the Appellant had applied for the registration of the MTV Music Television mark, on 25.05.1991, the 1<sup>st</sup> Respondent, The Maharaja Organisation Ltd., lodged application Nos. 61331 and 61332 for the registration of the mark MTV in the same Class and in respect of the same services, i.e. in Class 38 in respect of communication services essentially consisting of the diffusion of television programmes. The 2<sup>nd</sup> Respondent accepted the two marks of the 1<sup>st</sup> Respondent with the disclaimer that the registration of the marks shall give no right to the exclusive use of the letters MTV and published them in the gazette dated 29.07.1994.

The two marks are reproduced below.



Appellant's Mark 61297



Respondent's Mark 61331

The Appellant objected to the 1<sup>st</sup> Respondent's marks and *vice versa*. After an inquiry, by order dated 28.05.1998, the 2<sup>nd</sup> Respondent decided to register the Appellant's mark No. 61297. Thereafter, by orders dated 30.06.1998, the 2<sup>nd</sup> Respondent decided to register the 1<sup>st</sup> Respondent's two marks, Nos. 61331 and 61332. Both parties appealed from

the decisions of the 2<sup>nd</sup> Respondent to the Commercial High Court and thereafter to this Court.

The appeal in respect of mark No. 61332 was allowed by this Court in SC/APPEAL/40/1999, which is now reported in *Viacom International Inc. v. Maharaja Organisation Ltd. [2006] 1 Sri LR 140*. The appeal in respect of mark No. 61297 was dismissed by this Court today in SC/APPEAL/4/2002.

On appeal, the Commercial High Court affirmed the decision of the 2<sup>nd</sup> Respondent in respect of mark No. 61331. The instant appeal is against that Judgment.

It may be noted that when the 2<sup>nd</sup> Respondent made the order and the High Court affirmed it, the law in force was the Code of Intellectual Property Act, No. 52 of 1979 (Code), not the Intellectual Property Act, No. 36 of 2003 (Act). Hence the legal position discussed in this Judgment is under the Code.

### **Question at Issue**

Learned President's Counsel for the 1<sup>st</sup> Respondent in his written submissions dated 07.04.2021 filed after the argument identifies the specific question to be decided in this appeal in this manner:

*The question at issue in the Appeal before [this] Court is as to whether there can be any confusion/misleading of the public in respect of the Petitioner's "MTV Music Television" mark by the Respondent's use of its "MTV" mark.*

Without embarking upon an in-depth analysis of the facts and law in this regard, as I will elaborate on below, this

question can conveniently be answered in the affirmative and the appeal can safely be allowed taking into consideration the express admissions made by the 1<sup>st</sup> Respondent itself.

### **The First User**

Although the 1<sup>st</sup> Respondent lodged the application for registration of the trade mark eight days after the application lodged by the Appellant, the 1<sup>st</sup> Respondent claims to be the first user of the MTV mark in Sri Lanka from May 1992.

However it is significant to note that this was by no means a smooth process. It happened under protest. Prior to the use of the mark by the 1<sup>st</sup> Respondent, a letter of demand dated 03.02.1992 was sent by the Attorney-at-Law of the Appellant to the 1<sup>st</sup> Respondent asserting that the proposed use of the MTV mark was an attempt to pass off the Appellant's services and activities as those of the 1<sup>st</sup> Respondent, and on this basis the Appellant demanded an undertaking from the 1<sup>st</sup> Respondent that it would not use the term MTV. The 1<sup>st</sup> Respondent appears to have remained silent and continued with its own course of action.

Therefore the 1<sup>st</sup> Respondent's repeated emphasis in these proceedings that it is the first user of the MTV mark in Sri Lanka well before the Appellant, is ill-conceived. The 1<sup>st</sup> respondent jumping the gun, in my view, tends to show *mala fides*, and cuts across his argument advanced in passing that he is an honest concurrent user of the mark.

The Appellant used this mark for the first time in Sri Lanka on 01.12.1995. Nevertheless, by then the Appellant had been in use of the MTV Music Television mark in several countries

and trade circles in abundance, as seen from the copious documentary evidence marked A to F produced at the inquiry before the 2<sup>nd</sup> Respondent, and thereby arguably had some presence in Sri Lanka due to cross-border reputation. The documents A1 to A9 are US registrations of the MTV Music Television mark; B is a list containing the countries in which the Appellant's mark is registered; C1 to C11 are representative articles relating to the recognition of the Appellant's mark; D1 to D5 are news reports reflecting the acclaim accorded to the Appellant's television programming; and E is an article that appeared in the USA Weekly Variety on 02.12.1991 regarding the ensuing dispute between the two parties.

Notably, the 1<sup>st</sup> Respondent did not file even a scrap of paper to substantiate its position before the 2<sup>nd</sup> Respondent or the Commercial High Court.

#### **District Court Case No. 4500/SPL**

After the Appellant had filed the application for registration of the mark but just before the use of the mark by the Appellant in Sri Lanka, the 1<sup>st</sup> Respondent with MTV Channel (Private) Ltd filed case No. 4500/SPL in the District Court of Colombo on 20.11.1995 against the Appellant and Teleshan Network (Private) Ltd asserting that the proposed use of the MTV mark by the Appellant would be in breach of the 1<sup>st</sup> Respondent's legal rights and contrary to the provisions of the Code of Intellectual Property Act, particularly on unfair competition in terms of section 142 of the Code, in that the acts of the Appellant and the other were:

*wrongful and/or unlawful and/or illegal and/or in violation of the plaintiffs' rights;*

*likely or bound to mislead the public in respect of the source;*

*likely or bound to mislead the public in respect of the goods or services in connection with the use of the mark;*

*of such a nature as to create confusion with the establishment, the services and/or commercial activities of the plaintiffs, who are competitors;*

*indications of the source or origin of the services which in the course of trade are liable to mislead the public as to the source of the services;*

*a direct and/or indirect use of a false and/or deceptive indication of the source of goods and/or services and/or the identity of the suppliers.*

This complaint was reiterated by the 1<sup>st</sup> Respondent over and again throughout the proceedings before the 2<sup>nd</sup> Respondent because the 1<sup>st</sup> Respondent was objecting to the Appellant's registration of the MTV mark No. 61297 in Sri Lanka predominantly on the basis that the 1<sup>st</sup> Respondent is the prior user of the MTV mark in Sri Lanka.

The 1<sup>st</sup> Respondent in its affidavit in reply dated 27.05.1996 filed before the 2<sup>nd</sup> Respondent against the Appellant's registration of the MTV mark No. 61297 *inter alia* states that the Appellant was trying to "take a free ride" on the mark MTV which the public in Sri Lanka associate with the 1<sup>st</sup> Respondent, and "*the use of the mark MTV in any manner*

*similar to the use of the mark MTV by the Applicant in Sri Lanka which could confuse the trade and the public is an act contrary to honest trade practice in contravention of section 142 of the Code. Any income derived in Sri Lanka in the circumstances referred to above is illegal.”*

Let me also quote the 2<sup>nd</sup> paragraph of the order of the 2<sup>nd</sup> Respondent dated 28.05.1998 made in respect of mark No. 61297:

*The opponent (the 1<sup>st</sup> Respondent in the instant appeal) opposed the registration of the propounded mark under section 99(1)(d)(f), 100(1)(a)(b) and section 142 of the Code. The opponent contends that the propounded mark of the applicant (the Appellant in the instant appeal) is incapable of distinguishing the goods or services of one enterprise from those of other enterprises. The use of the propounded mark by the applicant in Sri Lanka is likely to mislead trade circles or the public as to the source of the goods or services concerned. The opponent further contends that the propounded mark infringes third party rights contrary to the provisions of Chapter 29 relating to unfair competition.*

The argument of learned President’s Counsel for the 1<sup>st</sup> Respondent that “*Although bundles of documents have been filed by the petitioner before Court, not a single document has been filed evidencing any confusion whatsoever caused to even a single member of the public in Sri Lanka, in respect of the petitioner’s MTV Music Television mark as a result of the Respondent using its MTV mark*”, is clearly misplaced in light of the previous position taken up by the 1<sup>st</sup> Respondent as stated above.

As I will explain below, there is no necessity on the part of the Appellant to prove that the misleading of the public did take place or will definitely take place but only that it is likely to take place.

Admitted facts need not be proved in terms of section 58 of the Evidence Ordinance.

The doctrine of estoppel and the doctrine of approbate and reprobate (which is a species of estoppel) forbid a litigant to approbate and reprobate, affirm and disaffirm, blow hot and cold, to suit the occasion. A party cannot say at one time that a transaction is valid and thereby gain some advantage from it, and then turn round and say it is invalid for the purpose of securing some other advantage.

E.R.S.R. Coomaraswamy, in *The Law of Evidence*, Vol I, page 163 states:

*Estoppel arises where a party has by his previous conduct disqualified himself from making particular assertions in giving evidence. The law has the right to require consistency in its litigants. An estoppel may be defined shortly as a rule of law whereby a party is precluded from denying the existence of some state of facts, which he has formerly asserted.*

In *Ranasinghe v. Premadharma* [1985] 1 Sri LR 63 at 70, Sharvananda C.J. observed:

*In cases where the doctrine of approbation and reprobation applies, the person concerned has a choice of two rights, either of which he is at liberty to adopt, but not both. Where the doctrine does apply, if the person to*

*whom the choice belongs irrevocably and with full knowledge accepts one, he cannot afterwards assert the other; he cannot affirm and disaffirm.*

### **The Issue before the 2<sup>nd</sup> Respondent**

The actual question to be resolved at the inquiry into the registrability of the 1<sup>st</sup> Respondent's MTV mark No. 61331 was not whether the two marks resembled each other in such a way as to be likely to mislead the public, as this was admittedly so, but who – whether the Appellant or the 1<sup>st</sup> Respondent – was trying to piggyback on the reputation of the other, which is contrary to honest practices in industrial or commercial matters constituting the act of unfair competition as contemplated in section 142 of the Code.

However in the two page order of the 2<sup>nd</sup> Respondent delivered more than 1 ½ years after the conclusion of the inquiry, the only two main points, as I understand, stressed by the 2<sup>nd</sup> Respondent were that: (a) the registration of the 1<sup>st</sup> Respondent's propounded mark does not give the 1<sup>st</sup> Respondent the right to the exclusive use of the letters M, T and V; and (b) the device of the 1<sup>st</sup> Respondent's logo on the mark makes the 1<sup>st</sup> Respondent's mark distinctive (when compared with the Appellant's mark, thereby eliminating any likelihood of misleading the public as to the source of service, identity of the supplier etc).

In the given facts and circumstances of this case, this approach of the 2<sup>nd</sup> Respondent is in my view a misdirection in fact and law, which vitiates the order.

In short, when the 1<sup>st</sup> Respondent complained against the Appellant's use of the mark as creating confusion and

misleading the public, the 1<sup>st</sup> Respondent was already fully aware of the said two points highlighted by the 2<sup>nd</sup> Respondent in his order, as, by that time, the marks of both parties had been gazetted.

It is unfortunate that on appeal the Commercial High Court affirmed the order of the 2<sup>nd</sup> Respondent.

Although this is sufficient to set aside the order of the 2<sup>nd</sup> Respondent and the Judgment of the Commercial High Court which affirmed it, I will further deliberate on the matter, as if there was no such admission, in view of the extensive submissions made by eminent learned President's Counsel for both parties.

### **Section 100(1)(a) of the Code**

In terms of section 100(1)(a) of the Code, no mark which resembles, in a manner likely to mislead the public, a mark already (a) validly filed or (b) registered by a third party, shall be registered.

*A mark shall not be registered which resembles, in such a way as to be likely to mislead the public, a mark already validly filed or registered by a third party, or subsequently filed by a person validly claiming priority in respect of the same goods or services or of other goods or services in connexion with which use of such mark may be likely to mislead the public.*

Firstly, by the time the 1<sup>st</sup> Respondent made the application for registration of its MTV mark, the Appellant had already filed a valid application to register its MTV Music Television mark, which, according to the own admissions of the 1<sup>st</sup>

Respondent quoted above, resembles the 1<sup>st</sup> Respondent's mark in such a way as to be likely to mislead the public. Then obviously the 1<sup>st</sup> Respondent's mark could not have been registered.

Secondly, when the 2<sup>nd</sup> Respondent made the order dated 30.06.1998 registering the 1<sup>st</sup> Respondent's mark, the Appellant's mark (which, according to the 1<sup>st</sup> Respondent resembles its mark causing confusion) had already been registered.

According to section 114(2) of the Code "*A mark when registered shall be registered as of the date of receipt by the Registrar of the application for registration, and such date shall be deemed for the purposes of this Part to be the date of registration.*" Hence the registration of the Appellant's mark takes effect from 15.05.1991, the date the application for registration was received by the 2<sup>nd</sup> Respondent. Then the 1<sup>st</sup> Respondent's mark could not have been registered on 30.06.1998 as a mark shall not be registered which resembles, in such a way as to be likely to mislead the public, a mark registered by a third party.

It is significant to note that section 100(1)(a) requires a likelihood of misleading the public. There is no necessity to prove that the misleading of the public has actually taken place or will definitely take place but only that it is likely to take place. The word "likely" denotes establishing a probability that the public will be misled.

### **Can the Logo make the Difference?**

What is this logo the 2<sup>nd</sup> Respondent and the learned High Court Judge have placed such heavy reliance on in deciding

the matter in favour of the 1<sup>st</sup> Respondent? This purported company logo of the 1<sup>st</sup> Respondent was already part of the propounded mark of the 1<sup>st</sup> Respondent when the 1<sup>st</sup> Respondent complained against the Appellant's MTV mark No. 61297 as being misleading, confusing, deceptive etc. in terms of *inter alia* the source, service and identity of the supplier. The logo was not something new, which the 2<sup>nd</sup> Respondent found for the first time at the inquiry. Hence there was no reason to give undue weightage to the logo of the 1<sup>st</sup> Respondent company in the propounded mark.

In the first place, do the public know that what is found in the 1<sup>st</sup> Respondent's mark in addition to MTV is the logo of the 1<sup>st</sup> Respondent? Have a look at the logo in the mark reproduced earlier. Does the logo play a dominant part in the mark so as to distinguish the two marks? Where is the evidence produced before the High Court for the High Court to state:

*The 1<sup>st</sup> defendant's logo is well known to the public of Sri Lanka and has been associated with the 1<sup>st</sup> defendant for a long period of time. Any person looking at the 1<sup>st</sup> defendant mark will immediately identify the mark with the 1<sup>st</sup> defendant because of the 1<sup>st</sup> defendant's logo in the mark. The logo of the 1<sup>st</sup> defendant has acquired reputation among the public in connection with its business and when the logo is formed a part of its trade mark the general public would know that it identifies with the services provided by the 1<sup>st</sup> defendant. The logo of the 1<sup>st</sup> defendant displayed conspicuously in its trade mark which forms part of the mark would clearly show the goods and services of the 1<sup>st</sup> defendant are*

*peculiar to him by reason of adopting the 1<sup>st</sup> defendant company logo.*

In fairness to the 1<sup>st</sup> Respondent and with respect to the learned High Court Judge, I must state that this kind of detailed factual description is not found even in any of the self-serving affidavits of the 1<sup>st</sup> Respondent or written submissions filed on behalf of the 1<sup>st</sup> Respondent before the Director of Intellectual Property or the High Court. I repeat, not a single document was tendered by the 1<sup>st</sup> Respondent with the affidavits to substantiate anything including this logo saga.

A mark which resembles another cannot be made distinctive by adding a device unless it makes a tangible difference between the two. No such impact is made by the addition of the device which the 1<sup>st</sup> Respondent claims is its logo.

### **Finding Equilibrium between the two Parties**

The learned High Court Judge commences the impugned Judgment dated 16.09.2003 in this manner:

*The plaintiff is the owner of the mark MTV Music Television which has been registered in the United States. The plaintiff registered its mark MTV Music Television in Sri Lanka by application No. 61297 in respect of class 38 on 15<sup>th</sup> May 1991. This application was opposed by the 1<sup>st</sup> defendant and after an inquiry held by the 2<sup>nd</sup> defendant, by his order dated 28<sup>th</sup> May 1998 rejected the opposition of the 1<sup>st</sup> defendant and accordingly dismissed the 1<sup>st</sup> defendant's opposition.*

Learned President's Counsel for the 1<sup>st</sup> Respondent quoted the above paragraph in his written submission to convince this Court that the 2<sup>nd</sup> Respondent was mindful of the fact that he had rejected the opposition of the 1<sup>st</sup> Respondent to the Appellant's mark when he rejected the opposition of the Appellant to the 1<sup>st</sup> Respondent's mark.

It appears that the learned High Court Judge assumed that because the 2<sup>nd</sup> Respondent had previously rejected the opposition of the 1<sup>st</sup> Respondent to the Appellant's mark, the 2<sup>nd</sup> Respondent was also correct to have reciprocally rejected the opposition of the Appellant to the 1<sup>st</sup> Respondent's mark, little realising that the two situations are incomparable.

In my view, in the facts and circumstances of this case, the 2<sup>nd</sup> Respondent had no choice but to allow the application of the Appellant, and thereafter to reject the application of the 1<sup>st</sup> Respondent. There was no question of balancing the rights of both parties.

### **Identical or Resembling**

At the outset I must make it clear that the Appellant presented its case on the basis that the 1<sup>st</sup> Respondent's mark resembles the Appellant's mark and not that the marks are identical. Nevertheless, in the course of writing this Judgment, this matter – whether the two marks are identical or resemble each other – caused me some anxiety. Hence I thought I must advert to it although I am not inclined to make a conclusive view on that matter.

For a mark to be considered identical to another mark, it need not necessarily be the exact copy of the other. If the dominant element or the most prominent part or the eye-

catching distinctive component of the mark is identical to that of the other, arguably, the mark is identical notwithstanding differences are identifiable upon a side by side comparison.

In *De Cordova v. Vick Chemical Co.* (1951) 68 RPC 103 at 105-106, the Privy Council declared:

*[A] mark is infringed by another trader if, even without using the whole of it upon or in connection with his goods he uses one or more of its essential features. The identification of an essential feature depends partly on the court's own judgment and partly on the burden of the evidence that is placed before it. A trade mark is undoubtedly a visual device; but it is well-established law that the ascertainment of an essential feature is not to be by ocular test alone. Since words can form part, or indeed the whole, of a mark, it is impossible to exclude consideration of the sound or significance of those words. Thus it has long been accepted that, if a word forming part of a mark has come in trade to be used to identify the goods of the owner of the mark, it is an infringement of the mark itself to use that word as the mark or part of the mark of another trader, for confusion is likely to result.*

In *Associated Rediffusion v. Scottish Television* [1957] RPC 409, the Plaintiffs were the registered owners of the trade mark “TV Times” in respect of printed periodicals and publications relating to matters connected with television broadcasts. The Defendants proposed to publish a magazine listing Scottish programmes under the title “Scottish TV Times” or “Scottish Television Times”. The Plaintiffs were

operating substantially in the English market and the Defendants proposed to operate substantially in the Scottish market. In an action for infringement, an interim injunction was granted against the Defendants.

Salmon J. observed at page 414:

*It seems to me that the essential feature of the Plaintiffs' Trade Mark is the juxtaposition of the words "TV Times". No one I think could pretend – and I am sure the Plaintiffs do not – that they have any right in the name "Television" or "TV" by itself, still less could they have any right in the name "Times" by itself. The essential element, or the essential feature, of this Trade Mark, as it seems to me, particularly as it is in respect of printed periodical publications relating to matters connected with television broadcasts, is the use of the two names together, "TV Times".*

*There is a good deal of evidence before me that the use of the words "Scottish TV Times" would be likely to cause confusion in the minds of many people and would be likely to lead many people to suppose that the "Scottish TV Times" was the Scottish edition of the Plaintiffs' publication...I think that the question I have to pose myself is not "If two people saw these papers side by side would they confuse them?", but, "Is the use of the name 'Scottish Television Times' likely to lead to confusion, likely to cause people to think that that publication is or may be the Scottish edition of the Plaintiffs' journal?". I do not believe (that it makes any difference that the word "Television" is written in the name rather than "TV". Whatever the Defendants call it I*

*think it is plain – and I think it must be very plain to the Defendants – that the vast bulk of the public will refer to that paper as the “TV Times”.*

If a mark is identical to a registered mark phonetically and visually and is also used in the course of trade for identical goods and services, a double identity is established.

*Kerly’s Law of Trade Marks and Trade Names*, 14<sup>th</sup> Edition, paragraph 14-051 at page 375, states:

*Once the defendant’s sign has been identified it must be compared with the registered mark to determine if it is identical. Again, this is a matter to be considered from the perspective of the average consumer. A sign will be identical with the registered mark where it reproduces, without any modification or addition, all the elements constituting the mark or where, viewed as a whole, it contains differences so insignificant they may go unnoticed by the average consumer.*

Article 5(1) of Council Directive No. 89/104/EEC to approximate the laws of the Member States of the European Union relating to trade marks (Trade Mark Harmonisation Directive) provides:

*The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:*

*(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;*

*(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.*

In interpreting the said Article 5(1)(a), a Nine Judge Bench of the European Court of Justice in the case of *LTJ Diffusion SA v. Sadas Vertbaudet SA [2003] ETMR 83* held:

*Article 5(1)(a) of the directive must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.*

Is there an arguable case that the 1<sup>st</sup> Respondent's mark is identical to that of the Appellant because the main element in both marks is MTV? The get-up and the words Musical Television in small letters by the Appellant and the small sized logo of the 1<sup>st</sup> Respondent are subordinate to the said dominant element.

Perhaps with this in mind – probably not – learned President's Counsel for the 1<sup>st</sup> Respondent, in his ingenuity, making a comparison between section 10(1) of the English Trade Marks Act of 1994 and section 117(2)(a) of the Code of Intellectual Property Act of 1979 in Sri Lanka submits that although in English Law section 10(1) mandates that a trademark which is identical to a registered trademark and

used for identical goods would result in automatic infringement without proof of anything further, “*In our law however even if an identical trademark to the registered trademark is used (any use of the mark) in order to prove infringement, the owner of the mark has to also prove that such use is likely to mislead the public.*”

Section 10(1) of the English Trade Marks Act of 1994 enacts:

*A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.*

Section 117(2)(a) of the Code of Intellectual Property Act enacts:

*Without the consent of the registered owner of the mark third parties are precluded from the following acts:*

*any use of the mark, or of a sign resembling it, in such a way as to be likely to mislead the public for goods or services in respect of which the mark is registered, or for other goods or services in connexion with which the use of the mark or sign is likely to mislead the public.*

I accept that there is a difference between our Code and the English Act. Our Code focuses on the resemblance of marks and not identical marks. If a mark is identical to (not resembling) a registered trade mark and relates to identical goods or services, misleading the public is, for all practical purposes, inevitable. I must add that there may be situations where the use of well-known marks can be denied even in

respect of completely dissimilar goods and services, as it might confuse the public that the goods and services originate from the same trade source. The registration of an identical mark in relation to identical goods and services can conveniently be challenged under unfair competition. The Court in such circumstances can, under section 114 of the Evidence Ordinance, draw a presumption in favour of the owner of the registered mark allowing the propounder of the subsequent mark to rebut such a presumption.

Although this was not expressly stated in the Code, it is expressly stated in section 121(4) of the existing Intellectual Property Act, No. 36 of 2003:

*The court shall presume the likelihood of misleading the public in instances where a person uses a mark identical to the registered mark for identical goods or services in respect of which the mark is registered.*

This does not mean that the Court could not have drawn such a presumption under the Code.

### **Resemblance of the Marks**

When a mark resembles another mark, confusion or the misleading of the public, particularly as to the source of the goods or services, is anticipated.

There is no standard formula in assessing the resemblance of marks. It is not correct to compare a part of the mark with a part of the other mark. The marks shall be considered as a whole. In doing so, the Court will not examine the marks in too much detail. A side by side comparison with microscopic scrutiny would be out of place. A critical comparison of the

marks such as word by word, letter by letter and syllable by syllable might disclose numerous points of difference. Nonetheless, in the field of trade, the ordinary customer does not take decisions after such close scrutiny. What is important is the overall impression created whilst bearing in mind that ordinary members of the public have an ordinary memory and not an extraordinary memory, acuteness or sharpness. How the two marks appear in the course of trade literally, visually, phonetically and conceptually are all relevant factors. Also relevant are the nature of the goods or services the marks are used for, the nature of the end users of such goods or services, their modes of purchase, their methods of use etc. This is not an exhaustive list but only a guide to be adopted in considering the resemblance of marks. Factors may vary from case to case. So does the weight to be attached to them. That is why in *Wagamama Ltd v. City Centre Restaurants PLC* [1995] FSR 713 at 732, Laddie J. remarked "*Whether there has been trade mark infringement is more a matter of feel than science.*"

In the *Pianotist Co. Ltd. case* (1906) 23 RPC 774 at 777, Parker J. opined:

*You must take the two words. You must judge of them both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy these goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods by the respective owners of the*

*marks. If, considering all those circumstances, you come to the conclusion that there will be confusion - that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the minds of the public which will lead to confusion in the goods - then you may refuse the registration, or rather you must refuse registration in that case.*

The degree of resemblance necessary to uphold an objection for registration cannot be tabulated. It is a question of fact.

In *Seixo v. Provezende* (1865-66) *LR 1 Ch App 192* at 196, Lord Cranworth declared:

*What degree of resemblance is necessary from the nature of things, is a matter incapable of definition à priori. All that courts of justice can do is to say that no trader can adopt a trade mark so resembling that of a rival, as that ordinary purchaser, purchasing with ordinary caution, are likely to be misled. It would be a mistake, however, to suppose that the resemblance must be such as would deceive persons who should see the two marks placed side by side. The rule so restricted would be of no practical use.*

There is no necessity to copy the registered mark. If the goods or services bear the same name when used in trade circles, confusion cannot be ruled out.

Lord Cranworth continued at 196-197:

*If a purchaser looking at the article offered to him would naturally be led, from the mark impressed on it, to*

*suppose it to be the production of the rival manufacturer, and would purchase it in that belief, the Court considers the use of such a mark to be fraudulent. But I go further. I do not consider the actual physical resemblance of the two marks to be the sole question for consideration. If the goods of a manufacturer have, from the mark or device he has used, become known in the market by a particular name, I think that the adoption by a rival trader of any mark which will cause his goods to bear the same name in the market, may be as much a violation of the rights of that rival as the actual copy of his device.*

*Ever since the year 1848, the Plaintiff, Baron Seixo, had caused his casks to be stamped with his coronet and the word “Seixo,” and the evidence shews that his wines had thus acquired in the market the name of “Crown Seixo Wine”. When, therefore, the Defendants, in the year 1862, adopted as their device a coronet, with the words “Seixo de Cima,” meaning “Upper Seixo,” below it, the consequence was almost inevitable that persons with only the ordinary knowledge of the usages of the wine trade from Oporto would suppose that, in purchasing a cast of wine so marked, they were purchasing what was generally known in the market as “Crown Seixo Wine”.*

Although the marks are compared as a whole, emphasis is placed on the dominant elements of the marks.

In *Athinaiki Oikogeniaki Artopoia Avee v. OHIM [2006] ECR II-785*, the figurative mark “FERRO” (the word FERRO on a banner) was held to be similar to the well-known mark “FERRERO” in respect of same class of goods – the dominant

verbal element was phonetically and visually similar. Here the verbal element FERRO was dominant, prevailing over the figurative banner which was of purely secondary importance and without distinctive character. The marks shared the same letters in the same order, and the differing number of syllables did not detract from this visual similarity.

A word of caution is required: the Director of Intellectual Property and the Commercial High Court need not rely too heavily on decided cases as those cases have been decided on their own unique facts and circumstances. Those authorities can only be used as guides.

The 2<sup>nd</sup> Respondent in his order refers to some decided authorities in support of his conclusion that the 1<sup>st</sup> Respondent's mark is not similar to the mark of the Appellant. He says:

*Parker J. [in Pianotist Application (1906) 23 RPC 774] held that the mark "NEOLA" was not similar to "PIANOLA"; the numerals "99" and words "Double nine" held not similar to "999" in Ardoth Tobacco v. Sandorides 42 RPC 30; "POL-RAMA" was held not similar to "POLAROID" in Pol-Rama TM (1977) RPC 581; and ACEC TM (1965) RPC 369 where the well-known word "ACE" was held not similar to the letters "ACEC".*

However the facts and circumstances of these cases are different from those of the instant case. Let me explain this in further detail because it may be useful in the future decision-making process. The 2<sup>nd</sup> Respondent in the above paragraph refers to four cases. I will consider them one by one.

In the *Pianotist Co. Ltd. case* (1906) 23 RPC 774, the Appellant had registered its trademark “Pianola” in Class 9 for all goods in that class. Thereafter, the Respondent applied to register “Neola” for a piano player being a musical instrument included in Class 9. The objection by the former to the latter’s mark was overruled. Dismissing the appeal filed against that order, Parker J. observed at pages 777-778:

*[T]he argument before me has taken two lines. In the first place, it is suggested that the importance of the Trade Mark “Pianola” lies in its termination, and that anybody who takes a word with a similar termination may cause confusion in the mind of the public. The second way it is put to me is, that the sounds of the words, although the look of the words may be different, are likely to be so similar that a person asking for a “Pianola” might have a “Neola” passed off on him, or vice versa.*

*Of course, one knows that the persons who buy these articles are generally persons of some education, (it is not quite the same as somebody going and asking for washing soap in a grocer’s shop) and some consideration is likely to attend the purchase of any instrument of the cost of either of these instruments, whether it be a “Pianola” or a “Neola”. Now, in my opinion is that having regard to the nature of the customer, the article in question, and the price at which it is likely to be sold, and all the surrounding circumstances, no man of ordinary intelligence is likely to be deceived. If he wants a “Pianola” he will ask for a “Pianola”, and I cannot imagine that anybody hearing*

*the word “Pianola” if pronounced in the ordinary way in the shop, and knowing the instruments as all shopmen do would be likely to be led to pass off upon that customer a “Neola” instead of “Pianola”.*

This part of the Judgment is important:

*There is another point in the matter – though I do not know that it is very material – that is, that according to the evidence the “Pianola” is, practically speaking, an outside attachment, to be attached to the piano. The “Neola”, on the other hand, is a thing where there is no outside attachment at all, but the mechanical part of the machine is inside the case of the piano, so that anybody who really wanted a “Pianola” and knew what the “Pianola” was would not be likely to mistake the actual article, even if the “Neola” was tendered to him, for that which he desired to buy.*

If I may repeat for emphasis: “*the “Pianola” is, practically speaking, an outside attachment, to be attached to the piano. The “Neola”, on the other hand, is a thing where there is no outside attachment at all, but the mechanical part of the machine is inside the case of the piano.*”

In the instant application, the 1<sup>st</sup> Respondent’s mark predominantly consists of the word MTV, which is literally and phonetically identical, not similar, to the dominant part of the Appellant’s registered mark, which both parties use for the same service, i.e. the transmission or diffusion of television programmes.

In *Ardath Tobacco Co. Ltd. v. W. Sandorides Ltd.* (1924) 42 RPC 50, the question was the use of the numbers “999” by

the Plaintiff and “99” by the Defendant in their respective marks, after the names “State Express” and “Lucana” respectively, on the cigarette boxes of the two companies. It was held not to be similar.

This case can be distinguished from the instant case as one of the main reasons given to dismiss the Plaintiff's claim in *Ardath Tobacco Co. Ltd.* was that the Plaintiff's customers commonly asked for “State Express” cigarettes and not “999” cigarettes. Thus there was no risk of deception or confusion. However, this is not the situation with regard to MTV. Both parties transmit television programmes with the MTV mark.

In the *POL-RAMA Trade Mark case [1977] RPC 581*, the application to register “POL-RAMA” as a trade mark for sunglasses with polarising lenses was opposed by the proprietors of the mark “POLAROID”. The reasons given to conclude that there was no danger of confusion from the phonetic aspect were:

*Whatever way the prefix POL- of the applicant's mark is pronounced the mark as a whole, even when spoken quickly or casually, will, I think, have three syllables, POL-RA-MA, whereas POLAROID spoken similarly will have two, POLE-ROID. I think that there is a more definite break between the first and second syllables of POL-RAMA than with POLAROID and greater emphasis placed on the RA-second syllable....from the phonetic point of view, the -ROID ending of POLAROID is a component of the mark which makes an impression on the hearer....I think that less stress is likely to be placed on the prefix of POL-RAMA and more weight given to the suffix -RAMA.*

With regard to the instant action, the dominant part of the mark MTV is identical in both marks and there is no necessity to break it down into syllables.

In the *ACEC Trade Mark case [1965] RPC 369*, the applicants applied to register the word “ACEC”. The opponents were the proprietors of the mark “ACE”.

In concluding that there was no risk of deception or confusion in the marks themselves, the reasons given were:

*The opponents' mark is a well-known English word; the applicants' mark is not a word which has any meaning, and does not, in fact, give the appearance of being a word at all. It is possible to give it a pronunciation, such for example as EH-SEK. It is not, however, an easy word to pronounce and in my opinion many people would simply use the letters A C E C.*

With regard to the instant case, the dominant feature MTV of the two marks is identical and people simply recite the letters M T V separately, whether in reference to the Appellant or the 1<sup>st</sup> Respondent. Hence confusion is likely when recommendations of programmes are made by one viewer to another and also during business activities among trade circles.

P. Narayanan in *Law of Trade Marks and Passing Off*, 5<sup>th</sup> Edition, paragraph 17.28 at page 235 states:

*When the words in question are both invented and, to most people, meaningless, phonetic and visual similarity may be conclusive. Where the words have no intrinsic*

*meaning for differentiation, it is a matter of memory to decide the purpose or association of the words.*

Learned President's Counsel for the 1<sup>st</sup> Respondent submits that the 1<sup>st</sup> Respondent is the owner of an actual television channel, namely MTV, but the Appellant uses his MTV mark to present television programmes on some other television channel, and therefore there cannot be any confusion. The confusion is not in connection with the ownership of television channels but the ownership of television programmes, and therefore the confusion stands. Both marks appear on English programmes catering to a particular segment of the Sri Lankan public.

In the instant case it would be a matter of pressing a button on the remote controller of the television to switch between the 1<sup>st</sup> Respondent's MTV programme and the Appellant's MTV programme/channel, with MTV appearing on the television screen in both instances.

The primary function of a trade mark is to indicate the origin of goods or services.

When the programmes of both parties are presented with the dominant element of the mark MTV, the viewer is bound to get misled or confused as to the origin of the service. The viewer may believe that the owners of the two trademarks are related or affiliated or connected in the sense that one is an extension of the other or that the goods or services originate from the same source.

### **Phonetic Similarity**

The learned High Court Judge correctly states at the outset of his order that consideration shall be given to the degree of similarity of the two marks phonetically and visually. However the learned Judge later changes his mind to say that phonetic similarity may be ignored if the two marks appear different when considered as a whole. Learned President's Counsel for the Appellant stresses that phonetic confusion has far reaching effects and cannot be rectified even by an apparent lack of similarity in appearance.

Aural similarity may be sufficient if it plays the dominant part in the mark.

In *Mystery Drinks GmbH v. OHIM* [2004] ETMR 18, “MYSTERY” and “MIXERY” were held to be similar where the goods might be ordered orally.

As the Privy Council stated in *De Cordova v. Vick Chemical Co.* (1951) 68 RPC 103 at 106:

*A trade mark is undoubtedly a visual device; but it is well-established law that the ascertainment of an essential feature is not to be by ocular test alone. Since words can form part, or indeed the whole, of a mark, it is impossible to exclude consideration of the sound or significance of those words.*

In *Arumugam Pillai v. Syed Abbas*, AIR 1964 Mad 204, a trader dealing in the sale of chewing tobacco registered a trade mark under the name “Thanga Baspam Tobacco”. Subsequently, a manufacturer of chewing tobacco sought registration of his trade mark under the name “Thangapavun

Tobacco". The designs of the two trade marks were significantly different and there was no visual similarity between the two. But the trader opposed the registration of the manufacturer's trade mark on the ground that the manufacturer's mark was phonetically similar to and closely resembled his own trade mark.

The Court held that the registration of the manufacturer's trade mark could not be permitted if he used the prefix "Thangapavun", as a part of the manufacturer's mark was likely to mislead the public. An average person with imperfect memory was likely to be misled if the two marks were put up together in the market. Very few people of that class would pause to consider the distinction between the words "Thanga Baspam" and "Thangapavun".

In the local case of *Hebtulabhoy & Company Ltd v. Stassen Exports Ltd [1989] 1 Sri LR 182*, the Appellants were owners of the registered trade mark "Rabea" which they used in Roman letters on labels in the export of tea to foreign buyers. The word "Rabea" in Arabic means the season of spring. The registration prohibited the use of the mark "Rabea" in translation. The Respondent's Company used the words "Chai el Rabea" in Arabic on their labels in the export of tea to Egypt. The Appellant sued the Respondent for a permanent injunction and obtained an interim injunction. The District Judge refused the permanent injunction.

On appeal, the Court of Appeal held:

*In deciding whether "Rabea" in Roman characters and "Chai el Rabea" in Arabic are deceptively similar, the Court must look at the question from a business and*

*commonsense point of view. There was phonetic similarity in the two expressions even if there is no visual resemblance. The resemblance between the two marks has to be considered with reference to the ear as well as to the eye. The selection of the name “Chai el Rabea” by the Respondents lent itself to suspicion of fraudulent motive to trade upon the Appellant’s reputation. The Respondent, at the request of his buyer, affixed the labels in Colombo prior to export and committed infringement of the Appellant’s rights, as a registered owner of the trade mark.*

The Court made the following pertinent observation at page 191:

*In the light of the views expressed by Judicial authority in both local and foreign cases considered above, one has to consider the comments in Callmann’s treatise on Unfair Competition 4th Edition Vol. 3 on motives for the selection of Trade Marks. “A boundless choice of words, phrases and symbols is available to one who wishes to mark to distinguish his product or service from others. When a defendant selects from this practically unlimited field a trade mark confusingly similar to the mark publicly associated with the plaintiff’s product, then it would appear that the defendant made the particular choice in order to trade upon the plaintiff’s established reputation. If there is no reasonable explanation for the defendant’s choice of such a mark though the field of his selection is so broad the inference is inevitable that it was chosen deliberately to deceive.”*

Learned President's Counsel for the 1<sup>st</sup> Respondent has drawn the attention of the Court to *Wagamama Ltd v. City Centre Restaurants PLC [1995] FSR 713* to say that phonetic similarity is not important at all times. I accept this position.

L. Bently and B. Sherman in *Intellectual Property Law*, 3<sup>rd</sup> Edition, at page 864 opine:

*The relative importance of each sort of similarity will vary with the circumstances in hand, in particular the goods and the types of mark. In the case of certain kinds of goods, such as clothes or furniture, visual similarity between the marks in issue will be the most important form of similarity. In contrast, it has been said that wine marks will be perceived verbally, with restaurant services (where word-of-mouth recommendation is highly important), it is likely that phonetic similarity will be a key. Each case is therefore to be viewed in its own context.*

*Wagamama Ltd v. City Centre Restaurants PLC* was an action in respect of a registered trade mark infringement and passing off. The Plaintiff owned and operated a successful restaurant under the name "WAGAMAMA". In late 1993, the Defendant decided to develop a restaurant chain by the name "RAJAMAMA". The Plaintiff objected to the use of that name. The Court held in favour of the Plaintiff.

Laddie J. at 732-733 held:

*Whether there has been trade mark infringement is more a matter of feel than science. I have borne in mind all of the arguments advanced by the defendant. However in this case, it is significant that the marks are being used*

*in relation to comparatively inexpensive restaurant services. This is an area where imperfect recollection is likely to play an important role. Furthermore the fact that the plaintiff's mark is quite meaningless means that imperfect recollection is more likely. Although some of the target market may consider the defendant's mark to be made of two parts, each of which has some sort of meaning, I think a significant section will not bother to analyse it in that way. To them it will be just another artificial mark. Although I accept that when seen side by side the plaintiff's and defendant's marks are easily distinguishable, this is not determinative of the issue of infringement.*

Learned President's Counsel for the 1<sup>st</sup> Respondent contends that phonetic similarity is not relevant in the instant case because the relevant segment of the public will perceive the mark through their eyes on the television screen and not through their ears.

Even if the two marks are perceived by sight, confusion is likely as both depict MTV. Besides, the MTV mark is not only visible on the television screen but also often recited during the transmission of programmes by the 1<sup>st</sup> Respondent, perhaps to leave an indelible impression in the minds of viewers.

Hence phonetic similarity plays a role in the instant case.

### **Disclaimer**

If the mark otherwise resembles a mark already filed or registered in such a way as to be likely to mislead the public or create confusion with the goods or services of a competitor,

it cannot be registered on the basis that the registered mark contains a disclaimer.

The learned High Court Judge in the impugned order, whilst repeatedly stating that the marks shall be considered as a whole (about which there is no dispute), fell into error when he immediately thereafter stated that the disclaimed parts shall nevertheless be disregarded in that assessment. The learned Judge states:

*[T]he registration will give exclusive rights only to the mark as a whole. Where there is a disclaimer entered in the register, the owner of the mark, by the strength of the registration alone cannot prevent the use by others of the disclaimed feature by itself. The plaintiff's mark is registered subject to the disclaimer that mark shall give no right to the exclusive use of the words Music Television and the letters MTV.*

In the instant case, the 2<sup>nd</sup> Respondent permitted the Appellant's mark MTV Music Television to be registered subject to the disclaimer that “*Registration of this Mark shall give no right to the exclusive use of the words Music Television and the letters MTV separately and apart from the mark.*” Learned President's Counsel for the 1<sup>st</sup> Respondent submits that even if the Appellant's mark is a registered mark, “*the disclaimer would prevent the petitioner from objection to the Respondent's mark as it comprises the letters MTV, which have been expressly disclaimed.*”

A disclaimer is an acknowledgement by the owner of a trade mark that the owner does not have the exclusive right to use part of that trade mark. Disclaimers may be voluntarily

provided as a means of ensuring the registration of a trade mark without delay. Otherwise, a disclaimer might be requested by the authority as a condition for the registration of a mark if the mark contains an element that is not distinctive and the inclusion of which could give rise to doubt as to the scope of protection of the mark.

However when there is a conflict, and if part of the registered mark is subject to a disclaimer as being non-distinctive, the overall impression of the conflicting mark inclusive of the part disclaimed is decisive because the disclaimer does not go out into the market with the goods or services offered in the course of trade. The general public is unaware of such disclaimers. A disclaimer on the Register of the Intellectual Property Office only affects the trade mark owner's rights attached to the registration of the trade mark.

An exception to this, however, may be infringement cases involving hybrid trade marks where it is not the overall impression of the entire mark that is decisive but only the overall impression of the elements that are protectable.

For instance, in the case of *Christian Louboutin v. Van Haren Schoenen (Case C-163/16) [2018] ETMR 31*, at the point of applying for registration, the mark at issue was described as follows: "*The mark consists of the colour red (Pantone 18-1663TP) applied to the sole of a shoe as shown (the contour of the shoe is not part of the trade mark but is intended to show the positioning of the mark)*". The European Court of Justice in the Judgment delivered on 12.06.2018 held that the trade mark must be interpreted as meaning that a sign consisting of a colour applied to the sole of a high-heeled shoe does not include the shape of the shoe.

In the *Ford-Werke AG's case* (1955) 72 RPC 191, the Appellant applied for registration of a mark of which the essential features were the letters "F" and "K" in interlaced ovals. The Appellant offered to include in the application a disclaimer on the right to the exclusive use of the letters "F" and "K" and claimed registration on the appearance of the mark as a whole. The application was refused. Affirming the order on appeal, Lloyd-Jacob J. stated at 195:

*Nor would the position be any different were the applicants' offer to enter a disclaimer to the exclusive right to the use of these letters to be accepted. Such a disclaimer, while affecting the scope of the monopoly conferred by the registration, could not affect the significance which the mark conveyed to others when used in the course of trade. If it be right to conclude that it is the letters F and K which constitute the feature of the mark which would strike the eye and fix in the recollection, this cannot be affected by what is or is not entered upon the Register housed at the Patent Office. Attention must, therefore, be focused upon the content of the mark, and not upon the content of the protection sought for the mark.*

In the *TeleCheck Trade Mark case* [1986] RPC 77 at 81, it was held:

*A disclaimer on the Register does not alter the trade mark as it only deals with the rights of the proprietor when registered. In the circumstances of this case, where the most prominent part of the trade mark is the word "TeleCheck", the significance of the trade mark*

*to the public and its capacity to distinguish remain the same whether a disclaimer is on the Register or not.*

In the *Granada case* [1979] *RPC* 303 at 308, it was held:

*I do not think, therefore, that a disclaimer per se affects the question of whether or not confusion of the public is likely when the question is for determination under section 12(1), a context other than one that is concerned solely with the exclusive rights of a proprietor. As Lloyd Jacob J. put it in *Ford Werke's Application* (1955) 72 *RPC* 191 at 195 lines 30 to 38, a disclaimer does not affect the significance which a mark conveys to others when used in the course of trade.*

*Disclaimers do not go into the market place, and the public generally has no notice of them. In my opinion matter which is disclaimed is not necessarily disregarded when questions of possible confusion or deception of the public, as distinct from the extent of a proprietor's exclusive rights, are to be determined.*

P. Narayanan in *Law of Trade Marks and Passing Off*, 5<sup>th</sup> Edition, paragraph 9.53A at page 163 states:

*The fact that the opponent has disclaimed any feature of the mark is not a factor to be considered in comparing the marks.*

L. Bently and B. Sherman in *Intellectual Property Law* by, 3<sup>rd</sup> Edition, at page 793 take a similar view:

*The courts have recognized that disclaimers are of limited value because they only appear on the Register*

*and do not follow goods into the market. Consequently, because consumers and competitors would normally be unaware that aspects of a mark had been disclaimed, often a disclaimer will not save a mark from objection.*

Therefore the conclusion of the 2<sup>nd</sup> Respondent and the learned High Court Judge that the objection of the Appellant is not entitled to succeed because the Appellant's mark was registered subject to the disclaimer that the Appellant has no right *inter alia* to the exclusive use of the letters MTV is erroneous.

### **Infringement**

In his notice of opposition, the Appellant submitted to the 2<sup>nd</sup> Respondent that the mark of the 1<sup>st</sup> Respondent shall not be admitted for registration as “*The registration of the propounded mark therefore will contravene the provisions of Unfair Competition under section 142, 100(1)(a) and 99(2) of the Code.*”

At this point I must state that although learned President's Counsel for the Appellant relies on section 99(2) of the Code to convince the Court that the application of the 1<sup>st</sup> Respondent shall be rejected as the mark has been in use by the Appellant in other countries for a long period of time, this section in my view is not meant for that purpose but for an applicant like the Appellant to convince the 2<sup>nd</sup> Respondent that his mark shall not be refused under section 99(1).

Section 99(1) of the Code sets out the objective grounds from (a) to (l) upon which a mark can be refused, and then section 99(2) enacts:

*The Registrar shall in applying the provisions of paragraphs (b), (c), (d), (f), (g) and (h) of subsection (1), have regard to all the factual circumstances and, in particular, the length of time the mark has been in use in Sri Lanka or in other countries and the fact that the mark is held to be distinctive in other countries or in trade circles.*

I have already dealt with the applicability of section 100(1)(a) of the Code, which states that a mark that resembles a mark already filed or registered in such a way as to be likely to mislead the public shall not be registered. In the facts and circumstances of this case, the 2<sup>nd</sup> Respondent has violated this section.

I accept the submission of learned President's Counsel for the 1<sup>st</sup> Respondent that healthy competition is necessary and shall not be impeded.

A market economy allows for and encourages competition between industrial and commercial organisations. Fair or healthy competition between enterprises is necessary particularly to ensure consumer welfare. Without such competition, one business will monopolise an industry leading to inferior products and exorbitant prices. Healthy competition between businesses encourages good customer service, quality products, and fair pricing.

“Unfair competition” encompasses a wide ambit. It protects not only the honest businessman but also the innocent consumer.

Section 142(1) of the Code stated that “*Any act of competition contrary to honest practices in industrial or commercial matters shall constitute an act of unfair competition.*”

Section 142(2), which did not encompass an exhaustive list, provided certain instances which would constitute unfair competition.

*142(2) Acts of unfair competition shall include the following:*

*(a) all ads 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;*

*(b) a false allegation in the course of trade of such a nature as to discredit the establishment, the goods, services or the industrial or commercial activities of a competition;*

*(c) any indication of source or appellation of origin the use of which in the course of trade is liable to mislead the public as to the nature, manufacturing process, characteristics, suitability for their purpose or the quantity of goods;*

*(d) making direct or indirect use of a false or deceptive indication of the source of goods or services or of the identity of their producer, manufacturer or supplier;*

*(e) making direct or indirect use of a false or deceptive appellation of origin or imitating an appellation of origin even if the true origin of the product is indicated, or*

*using the appellation in translated form or accompanied by terms such as “kind”, “type”, “mark”, “imitation” or the like.*

It is worth noting that section 100(1)(e) of the Code referred to section 142.

*100(1)(e) A mark shall not be registered which infringes other third party rights or is contrary to the provisions of Chapter XXIX relating to the prevention of unfair competition.*

Although unfair competition is encapsulated in section 100, which sets out the grounds for the refusal of registration of marks by reason of third party rights, unfair competition is sometimes used to refer to the broad genus of all marketplace wrongs, of which trademark infringement is one species.

In *Sumeet Research and Holdings Ltd. v. Elite Radio and Engineering Co. Ltd. [1997] 2 Sri LR 393*, Mark Fernando J. referring to section 142(1) of the Code which provides that “*Any act of competition contrary to honest practices in industrial or commercial matters shall constitute an act of unfair competition*”, observed at pages 401-402:

*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.*

Section 142(2)(a) and 142(2)(c) speak of “creating confusion” and “misleading the public” respectively. In the facts and circumstances of this case, the acts of the 1<sup>st</sup> Respondent fall within those two sections. The conduct of the 1<sup>st</sup> Respondent has contravened honest practices in industrial or commercial matters so as to constitute an act of unfair competition.

### **Conclusion**

When the 2<sup>nd</sup> Respondent decided to register the MTV mark No. 61331 in the name of the 1<sup>st</sup> Respondent on 30.06.1998, the Appellant had been the rightful owner of the MTV Music Television mark No. 61297 from 15.05.1991 by order of the 2<sup>nd</sup> Respondent dated 28.05.1998.

It is relevant to note that the 1<sup>st</sup> Respondent filed an appeal in the Commercial High Court against the order dated 28.05.1998, 2 years 3 months and 18 days after that order, i.e. on 15.09.2000.

The dominant element of the two marks – MTV – is literally, phonetically and visually similar such as to cause confusion

in the mind of the public and trade circles *inter alia* as to the source of the services offered under each mark in that it could create the erroneous impression that the 1<sup>st</sup> Respondent's services are the services of the Appellant or *vice versa* or that there is a connection between the 1<sup>st</sup> Respondent and the Appellant in terms of services whereas they are in fact competitors.

It was erroneous on the part of the 2<sup>nd</sup> Respondent to have registered the 1<sup>st</sup> Respondent's MTV mark No. 61331. The Judgment of the High Court which affirmed it is also wrong.

In the prayer to the petition of appeal, the Appellant prays that the Judgment of the High Court dated 16.09.2003 be set aside and the reliefs prayed for in the plaint dated 30.07.1998 filed in the Commercial High Court be granted.

In the plaint, the main relief sought from the High Court is to set aside the order of the 2<sup>nd</sup> Respondent dated 30.06.1998 allowing the registration of the 1<sup>st</sup> Respondent's mark.

I grant all the said reliefs and allow the appeal.

The Appellant is entitled to costs in this Court and the Court below.

Judge of the Supreme Court

P. Padman Surasena, J.

I agree.

Judge of the Supreme Court

E.A.G.R. Amarasekara, J.

I agree.

Judge of the Supreme Court