



An Analysis of The Legal Effect of The Phrase “Likely To Mislead” In The Law Governing Trademarks in Sri Lanka

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Abstract

This paper aims to analyze the multi-facet tests adopted by courts in Sri Lanka and the UK to figure out whether a mark is “likely to mislead the public”. To examine the judicial and statutory approaches toward misleading trademarks, this study elucidates the most recent scholarly contributions by employing a systematic literature review method. The findings of this study reveal that, even though the statutory framework provided numerous provisions to tackle the issue of misleading marks, they do not clearly articulate the grounds under which a mark becomes misleading. Therefore, the author recommends certain legal and factual criteria to distinguish a mark from a misleading mark. This paper offers relevant information to entrepreneurs, traders, and stakeholders for effective use of the trademarks, and it creates new avenues for future research in the field of the trademark. To the best of the author’s knowledge, the contents of this research paper are original, and no part of this work is copied from other works.

Keywords: *Trademarks, Misleading Marks, Similar Marks, UK Trade Mark Registration Act of 1875, Intellectual Property Act, No. 36 of 2003.*

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INTRODUCTION

Until the enactment of the 1979 Code of Intellectual Property Act, all our trademark legislation was based on the corresponding English enactments. Thus, our first trademark law, the Trade Marks Ordinance of 1888, is a reproduction of the UK Patents, Designs, and Trade Marks Act 1883. The Trade Marks Ordinance 1925 was essentially the same as the UK Trade Marks Act 1905, and our Trade Marks Act 1964 was based on the UK Trade Marks Act 1938.

Trade Marks Ordinance 1888

Section 15 (2) of the Trade Marks Ordinance 1888, reproducing section 72 (2) of the UK Patents, Designs and Trade Marks Act 1883, provided that,

“The Registrar shall not register concerning the same goods or description of goods a trademark having a such resemblance to a trademark already on the register for such goods or description of goods as to be calculated to deceive².”

The phrase “calculated to deceive” was interpreted in *Lukmanjee v. Aktiebalage*.³ In that case, the applicant wanted to register a mark consisting of three cups, with the words “Three Cups” above and “Safety Matches” below, in a certain colour scheme, for safety matches. The opponent had registered a mark with the identical layout and colour scheme, except for their device, consisting of three stars with the words “Three Stars”. Lascelles A.C.J. held that in testing the proposed mark,

“The Court must not merely look at the marks as they stand side by side, but to the appearance, they would present in actual use when fairly and honestly used. (*Johnston v. Orr-Ewing*.) When the essential particulars consist partly of words in the English language, regard may be had to the fact that the article may be sold in a market where the purchasers cannot read English characters. (*Ibid*). But the most important principle is that the mark must be looked at as a whole, and regard must be had for what has been termed ‘the net impression.’ (*The Taendstikker case*.)”⁴

² Section 15 (2) of the Trade Marks Ordinance 1888, reproducing section 72 (2) of the UK Patents, Designs and Trade Marks Act 1883

³ (1911) 14 N.L.R. 414.

⁴ (1928) 30 N.L.R. 161.

Applying these principles to the facts, Lascelles A.C.J. concluded that the applicant's mark **regarded as a whole** was calculated to deceive purchasers into the belief that they were buying goods bearing the opponent's trademark.

However, in *Cheseborough Manufacturing Co. v. Kudhoos*,⁵ the Supreme Court held that the issue of whether the respondent's mark so resembled the applicant's mark as to be calculated to deceive, in terms of the 1888 Ordinance, had to be determined by comparing the two marks in question **as they appear on the register**. The court held that the District Judge had erred by relying on the similar appearance and get-up of the **bottles and labels** on which the respective marks had been affixed. Fisher C.J. held that such factors were relevant to a *passing-off* action, but not to the present action, which was like an action for infringement:-

“We have nothing to do therefore with the get-up, and must look at the two marks in question **as they appear on the register** and then form an opinion as to whether the mark of the appellant so resembles that of the respondent that ordinary purchasers purchasing with ordinary caution are likely to be misled.”⁶

Merchandise Marks Ordinance No.13 of 1888

The Merchandise Marks Ordinance, No. 13 of 1888 created the offence of trademark infringement. Section 2 provided that (emphasis is added),

“2. (1) Every person who:-

(b) falsely applies to goods any trademark or any mark so nearly resembling a trademark as to be **calculated to deceive**; or shall, subject to the provisions of this Ordinance, and unless he proves that he acted without intent to defraud, be guilty of an offence against this Ordinance⁷.

“Section 2 (2) Every person who sells or exposes for, or has in his possession for, sale, or any purpose of trade or manufacture, any goods or things to which any forged trademark or false trade description is applied, or to which any trademark or mark so nearly

⁵ (1932) 34 N.L.R. 231.

⁶ Fisher C.J, *Cheseborough Manufacturing Co. v. Kudhoos*, (1932) 34 N.L.R. pg 163

⁷ Section 2 (1) of the Merchandise Marks Ordinance, No. 13 of 1888

resembling a trademark as to be **calculated to deceive**, is falsely applied, as the case may be, shall unless he proves.

- (a). that having taken all reasonable precautions against committing an offence against this Ordinance he had at the time of the commission of the alleged offence no reason to suspect the genuineness of the trademark, mark, or trade description; and
- (b). that on demand made by or on behalf of the prosecutor he gave all the information in his power concerning the persons from whom he obtained such goods or things; or
- (c). that otherwise, he had acted innocently,

shall be guilty of an offence against this Ordinance.⁸

In the leading case *Sahib v. Muthalip*,⁹ the appellant was convicted under section 2 (1) (b) with, inter alia, falsely applying to certain sarongs a mark so closely resembling the respondent's registered trademark as to be calculated to deceive. Both marks consisted of two concentric ovals, with the word "Moulana" printed in capitals across the inner oval in the respondent's mark, while the appellant's mark had the words "MD Masthan" and "Madras" written in the space between the two ovals, the middle being left blank. In addition, in use, the respondent's mark had the words "Trade Mark" above the two ovals and the word "Registered" below, while the appellant's mark had the word "Trade Mark" printed above the two ovals and the word "Palayakat" printed below.

Macdonell C.J. made the following comments on the meaning of the phrase "calculated to deceive" in section 2 (1) (b) of the Ordinance:-

"To establish that a mark is calculated to deceive it is not necessary to show that there was any intent on the part of the person using the mark to deceive anyone, though this may be an element in the question. What is meant is that there is something in the mark itself, something objective, which is apt to deceive."¹⁰

⁸ Section 2 (2) of the Merchandise Marks Ordinance, No. 13 of 1888

⁹ (1933) 35 N.L.R. 48.

¹⁰ Macdonell C.J. in *Sahib v. Muthalip* (1933) 35 N.L.R. 48

Macdonell C.J. went on to cite with approval *Re Christiansen's Trade Mark* and *Re Lyndon's Trade Mark* for the proposition that the comparison should not be confined to how the marks would appear on the register, but how they would appear when fairly used in the trade. Applying these tests to the case before him, the learned judge held that the accused's mark was calculated to deceive¹¹.

Trade Marks Ordinance 1925

*Abdul Cader v. The Madras Palayakat Company, Ltd*¹² applied sections 11 and 19 of the Trade Marks Ordinance 1925, which succeeded the Trade Marks Ordinance 1888. The new Ordinance in turn essentially reproduced the UK Trade Marks Act 1905. Section 11 of the Trade Marks Ordinance 1925 enacted that,

"It shall not be lawful to register as a trademark or part of a trademark any matter, the use of which would because of its being calculated to deceive or otherwise be disentitled to protection in a court of justice or would be contrary to law or morality, or which in the opinion of the Registrar or the court is likely to offend the religious or racial susceptibilities of any community, or any scandalous design."¹³

Section 11 reproduced section 11 of the UK Trade Marks Act of 1905 with the addition of the words "or which in the opinion of the Registrar or the court is likely to offend the religious or racial susceptibilities of any community."

Section 19 reproduced section 19 of the same Act with a difference as regards the date in the case of old marks. It provided that:-

"Except by order of the court or in the case of trademarks in use before the twenty-fifth day of March, one thousand eight hundred and eighty-nine, no trade mark shall be registered in respect of any goods or description of goods which is identical with one belonging to a different proprietor which is already on the register concerning such goods or description of goods or so nearly resembling such a

¹¹ Ibid footnote 9

¹² (1933) 35 N.L.R. 129.

¹³ Section 11 of the Trade Marks Ordinance 1925

trade mark as to be calculated to deceive¹⁴.”

In the *Abdul Cader* case¹⁵, the appellant’s mark consisted of the words “MSMA”, “60X60”, and “MADRAS”, arranged in a particular format, for sarongs. The opponent’s registered mark, for the same goods, was identical, except the word “MPCOY” appeared in place of “MSMA”. The opponent however had no exclusive use of the letter X and the number 60.

Citing English authority, Maartenz A.J. said that the question of whether the two marks are so similar as to be calculated to deceive should be determined by comparing the **leading characteristic of each**. This involves looking at the marks as a whole, **without disregarding the word 60X60, whether it is common to the trade or not, or the word MADRAS**. Maartenz A.J. found that the leading characteristics of both marks were essentially the same— even the words in initials both began with the letter M. Therefore, “the idea which would remain with any person seeing them apart at different times” would be the same, and registration was refused¹⁶.

In *Lipton, Ltd v. Rawther*¹⁷, the appellants applied for the registration of a trade mark in respect of tea, consisting of the device of a man-of-war of the cruiser type with the words “ENTERPRISE BRAND” below. The application was opposed by the respondents on the ground that the device sought to be registered so nearly resembled their registered device as to be calculated to deceive. The respondents’ trade mark was registered in respect of the same goods and the essential particulars of the mark were the device of a steamship with the words “STEAMSHIP BRAND”. It was established that the respondents’ tea had become known as “ship brand” tea.

The appropriate test to be applied was stated by Dalton A.C.J. as follows:-

“The practical rule to be applied in this connection is not to look at the marks as they stand side by side since they will never be put before any customer purchasing goods in that way. He can only contrast the mark on the goods offered to him with his recollection of the mark used upon those he is seeking to buy, that is a mark

¹⁴ Section 19 of the Trade Marks Ordinance 1925

¹⁵ *Abdul Cader v. The Madras Palayakat Company, Ltd* (1901) A. C. at 308.

¹⁶ *Ibid* 14 at page 310

¹⁷ *Lipton, Ltd v. Rawther* (1933) 35 N.L.R.129

as seen and remembered in actual use and not necessarily in the form as it may appear on the Register.”¹⁸

Referring to the two marks, Dalton A.C.J. held that,

“What would be prominently present to all would be the fact that a ship was represented... There is ground, I think, for the statement that the ship is the portion of the whole device that is most distinctive, and support for the allegation that the mark if allowed to be registered might well come to be called the ship mark and tea sold with this mark upon it to be known as the ‘Ship Brand’ tea. If that is so, it would have the effect, under the circumstances, of deceiving the public.”¹⁹

Some decisions have attached importance to the fact that the intended consumers may be illiterate persons unable to differentiate between distinguishing characteristics which were in the English language. Thus in *Veeravagoopillai v. Saibo*,²⁰ the appellant applied for the registration of a trademark, in respect of flour, called the Hanumar brand consisting of the figure of a monkey in a standing position. The respondents had registered a trademark in 1913, also in respect of flour, called the Pahlwan, consisting of a strong man in a standing position holding up a pair of dumbbells. The respondents’ mark was known in the trade as the “man mark.”

Akbar J. held that,

“There is no doubt that if the two figures are placed side by side, points of difference will be noted at once. But that is not the test applicable to cases of this nature. One has to consider the reactions of the appellant’s trademark on the minds of the public who buy such a common everyday necessity of life as flour, that is to say, goods which will in many instances be bought by persons who are illiterate, and who will have in their minds the picture of the outline of a man in a standing position.”²¹

The learned Judge also considered the effect of the respondents’ mark

¹⁸ Ibid footnote-18 .at page 133

¹⁹ Lipton, Ltd v. Rawther (1933) 35 N.L.R.at pg 130-131

²⁰ Veeravagoopillai v. Saibo (1934) 36 N.L.R. 317

²¹ Ibid footnote-19. at pg 320

becoming known in the trade as the “man mark” although that name was not part of the trade mark registration. Having referred to an English case, Akbar J. held,

“Here too it is the public which has given the name ‘man mark’ to respondents’ trade mark, although the word used by them in their trade mark was ‘Pahlwan’, and the name given by the public was due to the figure of a man in a standing position selected by them in their design... In the words of Kerly on Trade Marks, ‘when the goods of a particular trader have become known by a name derived from his trademark, **any other mark which would be likely to suggest the use of the same name** for the goods on which it is used so resembles the former as to be calculated to deceive. So that it will be seen that the Registrar was wrong in his first ground for allowing the registration of the appellant’s trademark.”²²

Similarly, in the case of *Subbiah Nadar v. Kumaravel Nadar*,²³ the competing marks were in respect of beedies. The Privy Council held that,

“It is in evidence that most of the people who purchase beedies are illiterate and are unlikely to make a close examination of labels on the beedies which they purchase. Their Lordships have no hesitation in holding that the general effect on the mind of anybody dealing in beedies would be to confuse the beedies sold under the marks and labels of the defendants with those sold under the plaintiff’s trademark... In their Lordships’ opinion, the marks are calculated to lead to confusion and deception ...”²⁴

The above cases may be contrasted with *Hollandia and Anglo-Swiss Condensed Milk Co. v. The Nestle and Anglo-Swiss Condensed Milk Co.*,²⁵ which was decided under the 1888 Trade Marks Ordinance. The appellants and respondents were manufacturers of condensed milk. The respondents’ trademark, registered in 1893, was the figure of a maid with a pail on the head and another in her hand, and their condensed milk was known as

²² Veeravagoopillai v. Saibo (1934) 36 N.L.R at pp 319 -320

²³ Subbiah Nadar v. Kumaravel Nadar (1946) 47 N.L.R. 241

²⁴ Ibid footnote 22. at pg 245

²⁵ (1928) 24 N.L.R. 396

the “Milkmaid Brand.” The appellants sought to register their mark, which consisted of a female figure carrying a bunch of flowers in one hand and a sword in the other enclosed in an oval with five medals above the figure, and the words of guarantee in thick letters across it and the word, “Hollandia,” displayed beneath.

The District Judge had refused the application, on the ground that the use of a female figure by the appellants, though it may not mislead an intelligent and cautious purchaser who knew English, might deceive an unwary purchaser in Ceylon. De Sampayo J. held that,

“In my opinion, too much emphasis has been placed on the so-called unwary purchaser and the alleged local name ... I do not think that these people are so unwary as the respondents suppose them to be. They are, generally speaking, very shrewd, and able to see that they get what they want, and not anything else ... If the appellant’s brand of condensed milk comes into the market, it is just as likely that these people will give it a name too, such as the ‘Five Medal’ milk. In any case, I do not think that the likelihood of any confusion has been established.”²⁶

Mohideen v. Registrar of Trade Marks was a contest between two marks for tea. The proposed mark consisted of two hornless rams facing each other in a gambolling attitude, with the words “TWO RAMS” above. The registered mark had two bearded goats with curved horns standing almost erect against a box with the legend “Marque Depose”, and above was a circle with a lotus with the letters “SIT” in its centre. Interpreting the criterion “calculated to deceive” in our Ordinance, Basnayake A.C.J. accepted the English approach that “calculated” did not signify intention, but merely “likely.” Enlarging further, he said,

“We think the test to apply is **not whether** if a person is looking at the two trademarks side by side there would be a possibility of confusion; but **whether** the average person who sees the appellant’s trademark **in the absence of** the registered trademark and view **only of his** general recollection of the registered trademark would

²⁶ *Hollandia and Anglo-Swiss Condensed Milk Co.v. The Nestle and Anglo-Swiss Condensed Milk Co* (1928) 24 N.L.R. at pg 403

mistake the appellant's trademark for the registered trademark."²⁷

Trade Marks Act 1964

The next development was the Trade Marks Act 1964. As in the case of its predecessors, this was essentially based on the then-current UK legislation, in this case, the UK Trade Marks Act 1938. Sections 12 and 13 correspond to sections 11 and 12 of the UK Act. There was however one peculiarity in our provisions - section 12 retained the criterion "calculated to deceive," while section 13 (1) adopted the approach of the 1938 UK Act, "likely to deceive or cause confusion." Section 5 of the 1964 Act, which was identical to section 4 of the UK Trade Marks Act 1938, recognized infringement.

However, the 1964 Act is only of academic importance because it never came into force, as the Minister never published the requisite Order.

Code of Intellectual Property Act 1979

The next milestone was the enactment of the Code of Intellectual Property Act, No.52 of 1979. Trademarks were covered in Part V, which was titled "Marks, Trade Names and Unfair Competition". The Part was based on the "Model Law for Developing Countries on Marks, Trade Names, and Acts of Unfair Competition" adopted by the World Intellectual Property Organization (WIPO).

Sections 99 and 100 contained the absolute and relative grounds of refusal, respectively. These sections adopted a comprehensive approach. The criterion "calculated to deceive" of the old law was finally replaced by the criterion "likely to mislead the public," in sections 99 (1) (f) and (k) and 100 (1) (a) to (d). In addition, this criterion was also part of the test of infringement of a registered mark, contained in section 117 (2) (a). However, it is clear from the long line of judicial authority, both in Sri Lanka and in the UK, cited above, that this change does **not** involve a change **in the meaning** of the criterion.

*Suby v. T Suby Ltd*²⁸ was decided by the Court of Appeal soon after the 1979 Act came into force. The proposed mark featured the bust of a youth in a certain attire with sprigs of tea leaves below and the words "Cowboy Brand".

²⁷ *Hollandia and Anglo-Swiss Condensed Milk Co.v. The Nestle and Anglo-Swiss Condensed Milk Co* (1928) 24 N.L.R. at pg 537

²⁸ (1980) 2 S.L.R. 65 (C.A.)

The registered mark had a boy in another attire with sprigs of tea leaves and the words “Boy Brand Trade Mark” above. Both marks were for tea for export to the Middle East. Rodrigo J. reviewing the authorities noted how the original criterion, “calculated to deceive”, was interpreted as “likely to deceive or cause confusion” by English and Sri Lankan courts. He then made an important observation,

“The Act of 1979 uses the words ‘likely to mislead the public ...

This, in my view, does not substantively alter the law.²⁹”

According to Rodrigo J., the issues in this type of case should be looked at from a “business and common-sense point of view”³⁰ turning to the marks before him, Rodrigo J. first compared them side by side. Next, he looked at them separately interrupted by one hour. Both times, the dominant impression of the two marks was the image of the boy. Regarding the differences in ornamentation he said, “The differences do not quite catch the eye and, in my view, they will fade away from the memory in a short time³¹.” Accordingly, registration was withheld by the Court.

The criterion “likely to mislead” in section 117 (2) (a) was applied in *M S Hebtulabhoy & Company Ltd v. Stassen Exports Ltd*³². Here the appellants registered the mark “Rabea” in Roman characters, for tea which was exported to the Middle East, though in the first instance to Saudi Arabia. Respondents branded the mark “*Chai el Rabea*” written in Arabic onto their tea, which was exported to Egypt. The Court of Appeal had to decide whether this was likely to mislead the public under section 117 (2) (a).

Two important points regarding the meaning of the criterion were affirmed by the court. The first was that the criterion applied not only to the visual similarity of marks but also to **phonetic similarity**. Palakidnar J. cited authority from England and the Madras High Court for this approach. He continued,

“Examined in this manner, Rabea the mark of the appellant and Rabea the mark of the respondent are identical phonetically

²⁹ *Suby v. T Suby Ltd* (1980) 2 S.L.R. 65 (C.A.) at page 70

³⁰ *Ibid* footnote-28 at page 69

³¹ *Ibid* footnote-28 at page 72

³² (1989) 1 S.L.R.182 (C.A.)

speaking.”³³

The other point is regarding the meaning of “public” which forms an integral part of the criterion. The Trial Judge adopted the “destination formula,” holding that since the appellant exported to Saudi and the respondent exported to Egypt, there was no possibility of misleading the public as they were in two different places. This approach was rejected by Palakidnar J., who cited authority and said,

“In our view, it is an unwarranted and narrow view of the term ‘public’....The public is properly the public present, prospective, local and foreign - A buyer who belongs to the public at large, not excluding the consumer in Sri Lanka itself”³⁴.

As Palakidnar J. pointed out further, “If the trial Judge’s view on the destination is correct then one might expect a statutory requirement that the registered owner should declare his destination too in his application for a Trademark.” Accordingly, the respondent was held to have contravened section 117 (2) (a) and an injunction was issued.

However, in appeal, the Supreme Court reversed the decision of the Court of Appeal³⁵. The Supreme Court held that the Code was not considered to have extra-territorial effects, and its rights and prohibitions were confined to the limits of Sri Lanka. Therefore, the use outside Sri Lanka of a registered mark or infringing sign would not contravene section 117 (2) of the Code. In this case, though “Chai el Rabea” had been applied in Sri Lanka, since no sale or agreement to sell had taken place within Sri Lanka, infringement had not occurred.

*James Fernando v. Officer-in-Charge, SCIB, Negombo*³⁶ also dealt with section 117 (2) (a). One of the counts was that accused had copied the registered mark of the complainant used on the wrapper of beedis packed in bundles of 500. The registered mark had a figure of a man in Kandyan ceremonial dress with a lady. The accused’s mark had a fisherman and a fishing boat. Yet

³³ *M S Hebtulabhoy & Company Ltd v. Stassen Exports Ltd & another* at pg 188

³⁴ *Ibid* footnote 32 at pg 194

³⁵ *Stassen Exports Ltd v. M S Hebtulabhoy & Company Ltd* (SC Application No. 20/89; SC Minutes 31/3/1994).

³⁶ (1994) 3 SLR 35 (CA)

the colour scheme, get up and positioning of the figures and other words were very similar.

In the Court of Appeal, Ismail J. said, “The question of whether a mark is likely to mislead the public is a question of fact and a court is entitled to exercise its mind on this question in the absence of [evidence of] witnesses [representing] the public.” Also, “regard must be had to the class of persons to whom the goods are sold, as to whether they are, for example, illiterate persons.”

Ismail J accordingly found that the leading characteristics of the two marks were similar, and the conviction on this count was affirmed.

*Societe Des Produits Nestle S.A. v. Multitech Lanka (Pvt) Limited*³⁷ also dealt with section 117 (2) (a) of the Code. In this case, the plaintiff company had been selling its chocolate beans in Sri Lanka under the registered trademark of “Smarties” in a gaily-coloured cylindrical container or tube. The defendant company had started importing similar chocolate beans from Australia and packing and selling them as “sweeties” (an unregistered trademark) in a no less gaily-coloured oblong box. The plaintiff sued the defendant alleging *inter alia* that the defendant’s mark so nearly resembled the plaintiff’s mark that it was likely to mislead the purchasing public, thus violating the plaintiff’s rights under section 117 (2) (a).

Fernando J. held that,

“a case of this sort cannot be decided by simply totting up and weighing resemblances and dissimilarities, upon a side-by-side comparison: the issue is whether a person who sees one, in the absence of the other, and who has in his mind’s eye only a recollection of that other, would think the two were the same.

The Trial Judge had held that when the two marks are compared they can be identified as being distinct although there were certain similarities, and had proceeded to identify these in detail. Referring to this, Fernando J. held,

“In effect, he did a ‘side-by-side’ comparison, quite forgetting that a customer buying goods will not have the opportunity of comparing

³⁷ (1999) 2 SLR 298 (SC)

them in that way, but would depend on his recollection – so that it would be the ‘outstanding characteristics that are relevant. He brushed aside the similarities, which have been outlined earlier in this judgment; and treating the dissimilarities as being fundamental, he concluded that ‘A5’ and ‘A7’ were not, prima facie, identical or confusingly similar. He thus failed to apply the proper test, referred to in *Thiagarajah v. Majeed*³⁸

Intellectual Property Act, No.36 of 2003

The present law governing trademarks is contained in the Intellectual Property Act, No.36 of 2003. The criterion of “likely to mislead” in the 1979 Code of Intellectual Property Act is the criterion adopted by the new Act as well. The main provisions where it is contained are the absolute and relative grounds of refusal of registration of a mark (sections 103 and 104 of the Act, respectively) and the exclusive rights of the owner of a mark (section 121). The relevant provisions of section 121 provide that (emphasis is added),

“(2) Without the consent of the registered owner of the mark third parties are precluded from the following acts:-

(a). any use of the mark, or 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 similar goods or services in connection with which the use of the mark or sign is likely to mislead the public;...

(3) The application (whether by way of printing, painting, or otherwise) or the affixing in Sri Lanka by a third party, of a mark or any sign resembling such mark in such a way as to be **likely to mislead** the public, on or in connection with, goods in respect of which such mark has been registered (whether such goods are intended for sale in Sri Lanka, or export from Sri Lanka) shall be deemed to be an act prohibited under Subsection (2)³⁹.”

Accordingly, the same tests and factors relied on by the courts in previous decisions will be applicable under the present Intellectual Property Act.

Conclusion

The author has discussed several tests and factors that courts have relied on

³⁸ *Societe Des Produits Nestle S.A. v. Multitech Lanka (Pvt) Limited* (1999) 2 SLR 298 (SC)pp 306-307

³⁹ Section 121 (2) and (3) of the Intellectual Property Act, No. 36 of 2003.

to guide them in assessing competing claims between rival trademarks. To summarize, it is possible to set out the following approach in applying the criterion of “likely to mislead” in the present Intellectual Property Act, No.36 of 2003.

Firstly, the comparison should be made against the complainant’s registered mark, and not with any different mark that the complainant may have been using. However, in doing so, it is not necessary to be confined to the registered mark as it appears in the register. It is necessary to take account of the mark as it may appear when fairly used in the trade. In applying this standard, the following factors should be taken into account (inter alia):-

- a) the size of the article upon which the mark would appear
- b) the material upon which it is to be placed
- c) likely natural imperfections of the impressions
- d) natural effects of wear and tear on marked articles

A similar approach is taken concerning the defender’s mark, with the following difference depending on the type of the contest- i.e. whether it is an opposition proceeding against the registration of the defender’s mark, or whether it is a trade mark infringement action against the user of the defender’s mark. In the first case, the defender’s mark that should be compared with the registered mark is the mark that has been applied for registration.

However, in doing so, an account must be taken of how that mark is intended to be used, and how it will be used in the trade. In the second case (infringement action), the defender’s mark that should be compared with the registered mark is the actual mark used by the defender. In both cases, an account should also be made for the same factors, such as the natural effects of wear and tear on marked articles, as in the case of the registered mark.

Next, in making the comparison between the two marks as thus defined, the marks should be compared as a whole, including any elements that may be common to the trade. The comparison should be based on both the visual and phonetic similarity of the marks. In addition, the following factors

should be considered (inter alia):-

- a) the type of goods to which the marks are applied – if they are everyday goods, purchasers would not be expected to make a close comparison of the mark, while it would be the converse in the case of expensive, non-everyday goods.
- b) the intended purchasers of the goods – marks may be different from each other to educated persons but could be misleadingly similar to illiterate persons if the distinguishing characteristics are words or phrases in the English language.
- c) whether intended purchasers would be able to make a side-by-side comparison of the two marks – if not (as often is the case), allowance should be made for imperfect recollection and the effect of careless pronunciation and speech

The guiding principle is that all the surrounding circumstances must be taken into account by the court. The concept of “unfair competition” that was introduced to our law by section 142 of the Code of Intellectual Property Act, No.52 of 1979, and now found in section 160 of the Intellectual Property Act, may in future play a bigger role in disputes involving rival trademarks, than the resort to the criterion of misleading similarity that has been the benchmark of our trade mark law for more than a century.

Therefore, it is well advised for business enterprises to be aware that, in future, it may not be enough that their marks are not misleadingly similar to the registered mark of another enterprise, but that in addition, their use of their mark should be in keeping with accepted commercial ethics in the business community.