

THE PROTECTION AFFORDED TO WELL-KNOWN TRADEMARKS IN SRI LANKA: A CRITICAL ANALYSIS

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Abstract - A trademark which helps to distinguish goods of one undertaking from that of another is an important stimulus for manufacture of goods and services. In particular when it comes to well-known trademarks, the value attached to the mark exceeds the total value of assets of such an undertaking. A strong protection for these trademarks are required to protect the interest of the owners of these trademarks. The Intellectual Property Act No 36 of 2003 governs the law relating to the protection of both trademarks and well-known trademarks. As a member state to the TRIPS agreement, Sri Lanka is obliged to meet the minimum standards set out in the TRIPS agreement regarding the protection afforded to intellectual property rights in order to enjoy the benefits granted by the agreement. This paper is aimed at answering the questions of, what is the current status of the law relating to the protection of well-known trade marks in Sri Lanka, its international obligations, protections afforded to well-known trademarks through exclusive and additional measures, the limitations of the current system and some possible reforms that could be made. The research is conducted using a qualitative method, where it uses the primary legal sources of the Intellectual Property Act No 36 of 2003, the Trips Agreement and the decided case law. As secondary data, it uses the commentaries given on the relevant sections by reputed authors. The results of the research indicate that, most of the provisions of the IP Act are compatible with the TRIPS agreement. However, the results also indicate that, with regard to the protection of well-known trademarks there are some lacunas, such as unregistered marks not having exclusive rights, non-registrability of sound marks and the non-availability of a single application process for multiple registration in different countries. It is therefore suggested that these lacunas be remedied.

Key Words: - Intellectual Property, Trademarks, Well-Known Trademarks, TRIPS, IP Act No 36 of 2003

I. INTRODUCTION

Alpin¹ explains that, for certain entities, trademarks are their most valuable commercial assets. For an instance, 'Coca Cola' a globally known trademark and it far exceeds the worth either of the company's tangible assets or of the trade secret which is the Coca Cola recipe.

The law relating to trademarks in Sri Lanka is mostly governed by the Intellectual Property Act No 36 of 2003² (IP Act). Unregistered trademarks can still be protected by the tort of passing-off or under unfair competition law where 'contrary to honest practices' are outlawed. The IP Act defines a "trademark" as any visible sign serving to distinguish the goods of one enterprise from those of another enterprise³. This is a traditional definition of the

function of a trademark. However, it was decided by the Court of Appeal (Approving the decision of the ECJ) in *L'Oréal SA v. Bellure NV*⁴ that, "the modern function of a trademark include not only the function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of Guaranteeing the quality of the goods or services in question and those of communication, investment or advertising"⁵.

With the expansion of global trade and globalization, a customer will normally come across many brands of the same goods and will have a greater variety to select from. However, this may lead the customer to greater amounts

¹T Aplin and J Davis, *Intellectual Property Law. Text, Cases, and Materials* (2nd, Oxford University Press, London 2013) 317

²Chapters XIX to XXIII (This mainly deals with registered trademarks)

³Section 101

⁴[2010] EWCA Civ 535

⁵Per Lord Jacob at Para 27

of confusion in deciding which brand to choose from. This is where the trademark or the trade-name will help the customer to distinguish the goods/services which have brought him/her greater satisfaction from those which have not. A trademark that has greater distinctiveness will help the customer to identify that specific product and “marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character”⁶.

Schechter⁷ writing sometime back states that, “the mark actually sells the goods. And, self-evidently, the more distinctive the mark, the more effective is its selling power”. The distinctiveness is the rationale that underlines the law relating to trademarks.

In *Abercrombie & Fitch Co v Hunting Word Inc*⁸ the US Federal Court established the ‘Abercrombie Spectrum’ where, it categorized the trademarks in to five different pigeon holes. Fanciful and/or Arbitrary⁹ marks were given a greater opportunity of registration; suggestive marks being put on the fence and neither descriptive (unless it has been able to acquire a distinctive character in the market) nor generic terms being afforded much or any opportunity of registration. The Abercrombie spectrum thus can be seen as embedded in the Chapter XX of the Act which deals with the admissibility of marks.

II. SRI LANKA’S INTERNATIONAL OBLIGATIONS REGARDING WELL-KNOWN TRADEMARKS

Sri Lanka is a member state of both the TRIPS (1994)¹⁰ (The Agreement on Trade-Related Aspects of Intellectual Property Rights) and the Paris convention for the protection of industrial property (1883)¹¹. However, Sri Lanka is not a member state to the Madrid Agreement Concerning the International Registration of Marks (1891) or the Protocol Relating to the Madrid Agreement (1995).

Both of the latter agreements deal with the international registration of trademarks where the trademark owner can get his mark registered in several countries via a single application.

If a country is to reap the benefits of global trade, where the developed countries dominate, one must have in place the minimum standards of IP protection laid down by TRIPS.¹² It could be seen that most of the law relating to trademarks in Sri Lanka are TRIPS compatible.

TRIPS agreement in Article 15(1) states that “any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark”. However, this does not require a member state to register every mark that is distinctive. The same Article provides for visual Perceptibility to be a prerequisite for registration. The Sri Lankan Act does require visual perceptibility as a condition for registration of a mark under section 101 which requires all the marks to be an “any visible sign”.

A problem would then arise as to whether or not a well-known trademark which is registered (telle-quelle mark) in a union country¹³ which is not a visible sign in a traditional sense is capable of being registered. Article 2 of the TRIPS agreement provides that “in respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).” Since part II of the TRIPS agreement also deals with trademarks, a member state must discharge their primary obligation towards to the Paris Convention. As to the current status of the trademark laws, such a mark would not be capable of being registered in Sri Lanka.

Under Article 6 quinquies of the Paris Convention it is stated that, “where a mark is duly registered in the country of origin (country of origin being a union country), it shall be accepted for registration in another union country and shall not be denied registration except when it, infringes the acquired rights of third parties where the registration is sought, or is lacking in descriptiveness, or it is contrary to the morality or public order”. The sign not being visible is not a ground for denying registration. If and when

⁶Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc [1998] All ER (EC) 934
⁷FI Schechter, ‘The Rational Basis of Trademark Protection’ [1926-1927] 40 Harv. L. Rev 813, 819

⁸537 F.2d 4 (2nd Cir. 1976)

⁹The IP Act No 36 of 2003 recognizes fanciful and arbitrary marks as being capable of registration under section 102 (3)

¹⁰Sri Lanka becoming a party to the TRIPS Agreement from its commencement on 01.01.1995

¹¹Sri Lanka Accessing on 09.10.1952

¹²A Marsoof, ‘TRIPS Compatibility of Sri Lankan Trademark Law’ [2012] The Journal of World Intellectual Property 51, 51

¹³A country which is a member of the Paris Convention of Industrial Property 1883

a telle-quelle mark that is not traditional in nature is requested to be registered, Sri Lanka's obligation would not be fulfilled if it denies registration. It could be argued with the Article 2(1) of the TRIPS agreement as it gives the Paris Convention the utmost importance, that, failing to adhere to those standards will result in Sri Lankan law becoming incompatible with the TRIPS agreement regarding the registration of well-known trademarks which are not visible.

III. WHAT IS A WELL - KNOWN TRADEMARK AND THE PROTECTIONS AFFORDED TO THEM.

The IP Act of 2003 under sec 104 (2) gives a non-exhaustive list¹⁴ consisting of 8 limbs in order to decide whether a trademark is well-known or not (which includes particular facts and circumstances regarding the mark, degree of knowledge and recognition, duration extent and geographical area, successful enforcement of rights and the value associated with the mark). It is in verbatim of the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.¹⁵ However, the IP Act does not define a 'well-known trademark'.

A suitable definition is also hard to find. The Indian Trademarks Act No 47 of 1999 defines the term "well-known trademark" in section 2 (zg) as "[well-known trade mark], in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services".

In *McDonalds Corporation v Joburger Drive-Inn Restaurant (Pty) Limited*¹⁶ the South African Court held that "the term well-known should be tested on the basis of whether sufficient people knew the mark well enough to entitle it protection against deception or confusion". This could be

adopted in a Sri Lankan context in determining whether the mark is well-known or not.

The IP Act of 2003 does give the protection at the registration stage to a well-known trademark in a negative form. Sec 104 of the Act which in general tries to protect the interest of third parties regarding the registration of trademarks (which are called the relative grounds for admissibility of a mark) in subsection 104 (d) states that, when a trademark that is presented for being registered is "identical with, or misleadingly similar to, or constitutes or translation or transliteration or transcription of a mark or trade name which is well known in Sri Lanka for identical or similar goods or services of a third party" irrespective of the first (well-known) mark being registered or not¹⁷, the second mark (or the latter mark which is sought to be registered) is to be denied the registration which it seeks.

However, in the case of *coca cola Company v, Pet Packing Ltd*¹⁸ where the defendants used the mark "My Cola" which was challenged by plaintiffs who used the famous mark "Coca Cola" the Court declared that, since coca cola is a very famous mark, a purported mark that is even slightly different from it is distinguishable for the customers as the mark used by the defendants also had a smiling cherubic next to it My Cola mark. This reasoning is however hard to reconcile as it could lead to free-riding on the reputation of another.

However, a problem arises with regard to protection afforded at the registration stage when the subsequent mark is intended to be used for different kinds of goods or services, other than the types of goods and services for which the well-known mark is used for. The Act stipulates that where, if the subsequent mark is to be denied registration in the above mention situation the original mark must be both well-known and registered in Sri Lanka.¹⁹ According to Dr. Karunaratna these subsequent marks are generally acceptable apart for the exceptions which the Act lays down. He states that "where such well-known mark or trade name is registered in Sri Lanka for the goods or services which are not identical or similar to those in respect which the registration of the profound mark has been sought, the profound mark is generally admissible".²⁰

¹⁴D M Karunaratna, Elements of the Law of Intellectual Property Law in Sri Lanka (1st, Sarasavi Publishers , Nugegoda 2010) 227

¹⁵Case No: 07/2004(3) In the provincial High Court of Colombo.

¹⁶Section 104 (d) "... or such mark or trade name is well known and registered in Sri Lanka for goods or services which are not identical or similar to these in respect of which registration is applied for, provided in the latter case the use of the mark in relation to those goods or services would indicate a connection between those goods or services and the owner of the well-known mark and that the interests of the owner of the well-known mark are likely to be damaged by such use"

¹⁷D M Karunaratna, Elements of the Law of Intellectual Property Law in Sri Lanka (1st, Sarasavi Publishers , Nugegoda 2010) 227

¹⁴Please refer the Attachment 1

¹⁵Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO September 20 to 29, 1999

¹⁶1997 (1) SA 1 Para 38

However, the Article 16(3) of the TRIPS agreement states that, “Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use”.

Article 6bis of the Paris Convention further states that, “the countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods”. Under these provisions the registration of the mark is not a prerequisite for it to be afforded with the necessary protection. Therefore, it can be seen that by requiring the registration of a mark as mandatory for it to be accorded with the protection as provided by the IP Act, the Sri Lankan law is incompatible with the TRIPS regime on this particular aspect.

Where the profound mark is to be used in connection to different goods and services in Sri Lanka, to prevent the profound mark from being registered the well-known mark must be both well-known and registered in Sri Lanka. This may be falling short of the Sri Lanka’s international obligations towards protecting well-known marks as this is neither compatible with the TRIPS agreement or the Paris convention. Neither the Article 16(3) of the TRIPS agreement nor, the Article 6bis of the Paris convention requires registration. In this kind of an instance one may have to resort to the law of unfair competition which is embodied in section 160 of the IP Act of 2003. However, the protection afforded under unfair competition is very limited when compared with the protection afforded to registered trade-marks under the IP Act.

Article 15(3) of the TRIPS agreement allows the members to make registrability dependent on use. However, the IP Act does not require the use of a trademark for it to qualify for registration. However, use may be necessary under the section 104(2) (IV) to prove that the mark is well-known in Sri Lanka. With regard to the above, it can be found that, Sri Lanka has provided a TRIPS plus protection as the IP

Act does not make registrability dependent on use. Article 15(5) of the TRIPS Agreement provides for a mechanism for opposing the registration of marks and the section 111(10)²¹ of IP Act enables this obligation to be full filled. Under this section, not only the owner of a mark but any person can oppose the registration of the mark based on the grounds provided in Sections 103 and 104. Therefore, a well-known trademark owner can use this protection to object to any mark that is going to be detrimental for his/her interest. However, this must be done within 03 months from the date of publication of the profound trademark, which is sought to be registered.

IV. EXCLUSIVE RIGHTS GRANTED FOR REGISTERED TRADEMARK OWNERS

Under the IP Act of 2003 only the registered owners of a mark are given the opportunity of enjoying the exclusive rights that comes with registration. Rights granted under this are not time bared like patents or copyrights, it runs eternally (based on the eternal protection principle). According to section 121(1) a registered owner has three distinct rights. Which includes, (a) to use the mark (b) to assign or transmit the registration of the mark (c) to conclude license contracts in respect of the mark. According to Dr. Karunarathna ‘use’ in this context embraces a wider meaning. It may mean the right of the owner to affix or apply the mark on such things as his goods, containers, packaging and labels and to use the mark in any other manner in relation to his goods and services. It may also include the right to market the goods via advertisements.²²

Section 121 (2) (a) enables the registered owner to stop others from using the mark if it is likely to mislead others. “[T]he question whether a mark is likely to mislead the public is a question of fact and a Court is entitled to exercise its own mind on this question in the absence of witnesses, representative of the public, to give evidence on this matter.”²³ The test adopted by Courts in deciding the likelihood to mislead was neatly put in *Thiagarajah v. Majeed*²⁴ where it was held that “a case of this sort cannot

²¹The section 111(10) provides that “Where any person considers that the mark is inadmissible on one or more of the grounds specified in section 103 or 104 he may, within a period of three months from the date of publication of the application, give to the Director-General in the prescribed form, and together with the prescribed fee, notice of opposition to such registration stating his grounds of opposition accompanied by evidence to substantiate such grounds”.

²²D M Karunarathna, Elements of the Law of Intellectual Property Law in Sri Lanka (1st, Sarasavi Publishers , Nugegoda 2010) 247

²³James Fernando v. Officer In charge SCIB Negombo [1994] 3 SLR 35 (SC) at page 40
²⁴(1935) 4 CLW 41

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.²⁵ The Court has also held that “the Court should not compare the two marks meticulously.”²⁶ Dr. Karunaratna²⁷ points out that, “this section does not preclude third parties from using the mark or a resembling sign provided (a) the goods or services are not similar or (b) even though the goods or services are similar, there is no likelihood of misleading the public”. In an unreported case²⁸ a Sri Lankan spice company used the term “McCurrie” for their products and this was challenged by the fast food giants McDonalds as being misleading or likely to mislead the public because of the use of the prefix “Mc”, however, the Courts rejected this contention and held that, since the use of the mark “McCurrie” was here long before McDonalds came and since it did not have any exclusive rights to the prefix “Mc” no harm has been caused.

The registered owner is given a broader protection under section 121 (2) (b), where the third parties are precluded from using the registered mark without a just cause and in conditions likely to be prejudicial to the interest of the registered owner. This is a sweeping provision which can help the registered owner to protect his interest in peculiar situations. As Dr. Karunaratna points out “section 121 (2) (b) is particularly competent to counter the use of a registered mark or a sign similar to such a mark as a domain name”²⁹. However, for a particular mark to enjoy these rights the registration of the mark is mandatory and even well-known marks which are not registered would not be capable of enjoying these rights. Accordingly, Dr. Karunaratna states that “[T]he Act specifically recognizes and protects only the rights of the owners of registered marks. The exclusive rights to a mark under the Act can also be acquired only by registration”³⁰

It must be also noted that the section 121 (4), which declares that the ‘Courts shall presume the likelihood of misleading the public, where a person uses a mark identical to the registered mark for identical goods or services’ is compatible with the Article 16(1) of the TRIPS agreement which states that “in case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed”.

V. ADDITIONAL PROTECTION AFFORDED TO TRADEMARKS

An owner of a trademark or a name is also able to protect his/her interest through the law relating to unfair competition and the action of passing-off. The section 160 of the IP Act deals with the law relating to unfair competition law and, undisclosed information. The main connection between unfair competition law and trademarks is the hindering of free-riding on the reputation of another. This was neatly put in *L'Oréal v. Bellure*³¹ where the Court stated that “free-riding is to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark”.

Section 160 (1) (a), declares that “any act or practice that is contrary to honest practices shall constitute an act of unfair competition”. The wording of this section, clearly suggest that intention, knowledge or any other similar element on the part of the defendant [mens rea] is not required for [imputing] liability.³² Accordingly, the interests of an unregistered mark owner could be protected under this section.³³ Section 160 (1) (b), clearly states that, the provisions of this section shall apply independently of and in addition to other provisions of the Act. Therefore, it is clear from the wording of the section that, these protections are available for any type of intellectual property in addition to the exclusive rights that a particular type of an intellectual property may enjoy.

Dr Karunaratna opines that, “due to the extremely complicated nature of commercial and industrial activities, it is hard to define the phrase ‘contrary to honest practice’ in this context”³⁴. Fernando J, in *Sumeet Research and Holdings v. Elite*³⁵ Radio held that, “what is meant by contrary to honest practice entails something much more than existing legal obligations already recognized by law”. In *M.D Gunasena & Co. Ltd v. Sri Lal Priyantha*³⁶ the plaintiffs were the publishers of the newspaper “දවස” and it was a registered mark. The defendants used the mark “ඉච්ච දවස” on their newspaper and the Court held since the mark “දවස” was a familiar mark with the people who read newspapers, the purported mark used by the

²⁵Ibid atpage 42

²⁶Viacom International Inc v. Maharaja Organization and Others [2006] 1 SCL 140 (SC)

²⁷D M Karunaratna, Elements of the Law of Intellectual Property Law in Sri Lanka (1st, Sarasavi Publishers , Nugegoda 2010) 249

²⁸McCurrie v. McDonalds (Found on the Sudath perera Associates Web page a case that they have handled)

²⁹Ibid page 250

³⁰Ibid page 272

³¹C-487/07 Judgment of 18th June 2009

³²Sumeet Research and Holdings v. Elite Radio [1997] 2 SLR 393 (SC)

³³Ibid

³⁴D M Karunaratna, Elements of the Law of Intellectual Property Law in Sri Lanka (1st, Sarasavi Publishers , Nugegoda 2010) 323

³⁵[1997] 2 SLR 393 (SC)

³⁶43/2003(3), K.T. Chithrasiri, Decisions on Intellectual Property Issues (Vishwaleka Publishers 2005)136-141

defendants were confusing or likely to confuse the public and that, the act of the defendants amounted to an act of unfair competition.

Section 160 (2) taken as a whole preclude third parties from engaging in activities which cause or is likely to cause confusion with regard to that particular activity or industry where the innocent party is going to be adversely affected. Under unfair competition, unregistered marks can be protected against these kinds of activities. Section 160 (3) deals with activities which could cause damages or are likely to cause damages to the goodwill and reputation of an enterprise. This is a useful protection with regards to the protection of well-known trademarks as they enjoy a higher amount of goodwill and reputation.

The use of a well-known mark registered or not, by a third party without the authorization of its owner results in confusion as to the source of the goods or services concerned. Thus, the unregistered well-known marks are a clear beneficiary of these provisions. Under the section 160 (3) (b), it specially recognizes the concept of dilution. The Act defines dilution as “lessening of the distinctive character or advertising value of a mark, trade name or other business identifier, the appearance of a product or the presentations of products or services or of a celebrity or well-known fictional character”³⁷

However, the concept of dilution has its critics, and Farley³⁸ argues that “the main problem with dilution law is that it provides a remedy without a supportable theorization of the harm”. However, DR. Karunaratna argues that “anti-dilution law is very helpful with regards to the protection of unregistered trademarks and especially with regards to the protection of well-known trademarks”³⁹

The law relating to the tort of passing off also afford unregistered (or even registered) owners of a mark to protect their interest. According to Fleming⁴⁰ “it is passing-off, for him to claim that his goods are yours.” The requirements for successfully implementing an action of passing-off was laid down by Lord Oliver in *Reckitt & Colman Products Ltd v Borden Inc*⁴¹ where, his Lordship held that, “first he [infringed person] must establish

a goodwill or reputation attached, second, he must demonstrate a misrepresentation by the defendant to the public, third, he must demonstrate that he suffers or that he is likely to suffer damage”.

However, there is a great debate as to whether the law relating to passing-off should be abolished since the law relating to unfair competition can cover the ambit of the former. Dr. Karunaratna⁴² is of the view that, ‘the code of Intellectual Property Act of 1979 and the Intellectual Property Act of 2003 has not expressly abolished the action of passing-off. Consequently, it appears that both the common law remedy of passing of and the statutory remedy under the unfair competition co-exist in Sri Lanka’.

In general, the law relating to unfair competition deals with the situation where the third party wrongfully misappropriates (a mark with regards to trademark law) and uses it to the prejudice of the owner. “Unfair competition’ is an extension of the doctrine of passing off, or, possibly, is a new and independent cause of action. It consists of misappropriation of what equitably belongs to a competitor”⁴³. However, in an action of passing-off the third party is misrepresenting his goods as of someone else. Hence it can be said that the ambit and the protection afforded under unfair competition law is broader than the protection afforded under an action of passing-off.

VI. CIVIL AND CRIMINAL RESPONSIBILITY

Civil Proceedings

Only an efficient and cost-effective enforcement mechanism makes the rights of the registered owner of a mark practically meaningful⁴⁴. Under civil litigation it would be imperative to look at the section 170 of the Sri Lankan IP Act. Under section 170 (1) the person who is granted with the rights according to the Act may ask the Court if he/she “proves to the satisfaction of the Court that any person is threatening to infringe or has infringed his rights or is performing acts which makes it likely to infringe a right granted under this Act, to restrain that person from doing such and act”. A Court can in such circumstances issue an injunction to stop the infringer

³⁷Intellectual property Act No 36 of 2003, Section 160 (3) (c)

³⁸C H Farley, “Trademark Dilution Law: What’s Behind the Rhetoric?” [2006] Fordham Intellectual Property, Media & Entertainment 101, 110

³⁹D M Karunaratna, Elements of the Law of Intellectual Property Law in Sri Lanka (1st, Sarasavi Publishers, Nugegoda 2010) 331

⁴⁰J G Fleming, The Law of Torts (8th, The Law Book Company, Sydney 1992) 714

⁴¹[1990] 1 All E.R. 873

⁴²D M Karunaratna, Elements of the Law of Intellectual Property Law in Sri Lanka (1st, Sarasavi Publishers, Nugegoda 2010) 344

⁴³Hexagon Pvt Ltd. v Australian Broadcasting Commission (1975) 7 ALR 233 13

⁴⁴D M Karunaratna, A Guide to the Law of Trademarks and Service Marks in Sri Lanka (2nd, Vishva Lekha Publishers, Ratmalana 2007) 204

from continuing the infringing act or prevent the infringer from doing any act which may lead to an infringement of recognized rights or another. Section 170 specifically deals with the rights recognized under section 121 (1) of the Act. According to the wording of the sections 121 (1) and 170 only a registered owner can sue the defendant.

Under section 170 (1) the Court can issue (a) injunctions (b) damages (c) or any other relief as the Court may deem just and equitable. An injunction may be interim or permanent. Even a *mareva* type injunction maybe available⁴⁵. The *mareva* injunction is issued to restrain a defendant living outside the jurisdiction of the Court from removing the assets within the jurisdiction⁴⁶ to defeat a claim. Under some circumstance according to section 170 (4), the infringer may be required to reveal the persons whom he has received the alleged goods from. Under section 170 (6) the Court is authorized to make ex-parte interim orders “where any delay is likely to cause irreparable harm to the rights holder or where there is a demonstrable risk of evidence being destroyed”. This may lead the Court to issue an Anton Piller order. This order is granted ex-parte allowing the plaintiff to inspect the premises of the defendant and seize, copy or photograph the material relevant to the alleged infringement⁴⁷.

It is also important to note that the Act has introduced provisions with regard to ‘statutory damages.’ The affected owner of a registered mark in certain situations may be benefitted under this scheme where he is unable to prove the actual damage. Section 170 (10) deals with this issue. The minimum is 50,000 rupees and the maximum is 1 million.

VII. CRIMINAL PROCEEDINGS

Sometimes the infringement of a mark may have adverse effects on the public at large as well. In such a situation, it would be advisable to have penal sanctions in order to protect those interests. Chapter XXXVIII of the IP Act of Sri Lanka deals with this particular aspect. Section 184 deals with the infringement of marks. Any person who willfully infringes the rights of registered owners, assignees or licensees, is deemed guilty of an offence. Here the term ‘willfully’ includes both the actus reus and the mens rea of the offence⁴⁸. Section 185 deals with the making of

false representations regarding the mark and section 190 concerns with the forging of the marks. Section 197 empowers the Magistrate to issue search warrants. Under this section the magistrate can (a) issue summons and warrant for arrest (b) issue warrant for seizure, and (c) to forfeiture the goods and (d) dispose the forfeited goods. The criminal proceedings could be carried out either by a private plaintiff and/or by police prosecution. This is the situation with regards to all the offences in the IP Act.

Sudath Perera Associates a renowned law firm in Sri Lanka reports that⁴⁹, there have been several cases where trademark violations have resulted in criminal proceedings being brought against the infringers. It included the use of Donald Duck and Mickey Mouse on stationary items which are registered character marks of Walt Disney. Infringing the ‘Victoria’s Secret’ trademark, which is the largest American retailer of lingerie on counterfeit ladies’ undergarments.

VIII. LIMITATIONS ON THE RIGHTS CONFERRED

Section 122 lays down two main restrictions on the registered owner of a mark. Accordingly, under section 122 (a) bona fide third parties are not precluded in certain situations from using the mark if it does not result in customers getting confused. And using the mark on lawfully manufactured goods, provided that they have not undergone any change, is allowed under section 122(b). The doctrine of exhaustion of rights, also act as a limitation. Under this doctrine when goods are placed on the market by the owner (of the particular intellectual property right) or with his consent, such owner loses the ability to deploy the IP rights which has been used in the goods⁵⁰.

Under section 122(b) of the IP Act, Sri Lanka only recognizes the national exhaustion of IP rights. It does not recognize International exhaustion⁵¹. Under unfair competition law even a registered owner of a mark is precluded from engaging in dishonest trade practices or use. These rights are also limited territorially, meaning that it only has effect within the boundaries of Sri Lanka. Under section 170 (2), a defendant who is sued for infringement, can still argue on the validity of the mark and if successful

⁴⁵Ibid page 207

⁴⁶See *Mareva Compania Naviera SA v International Bulkcarriers SA* [1980] 1 All ER 213 (HL).

⁴⁷*Anton Piller KG v. Manufacturing Processes Ltd* [1976] 1 All ER 779 (HL)

⁴⁸D M Karunaratna, *A Guide to the Law of Trademarks and Service Marks in Sri Lanka* (2nd, Vishva Lekha Publishers , Ratmalana 2007) 233

⁴⁹Available at http://apaa2014.com/download/meeting_material/anti_counterfeiting_committee/SRI%20LANKA%20APPA%20Anti-Counterfeit%20Report%202014.pdf

⁵⁰D M Karunaratna, *Elements of the Law of Intellectual Property Law in Sri Lanka* (1st, Sarasavi Publishers , Nugegoda 2010) 257

⁵¹Ibid page 260

avail himself of the liability. And even a registered owner of a mark cannot use that mark for passing-off. It could also be argued that since the 1978 Constitution of Sri Lanka under Article 14(g) amongst recognize the right to lawfully “trade” as a fundamental right, the limitations applicable to section 14(g) stated in Article 15(7) are also applicable to IP rights in general.

In *Ceylon Tobacco Company PLC v Hon Maithripala Sirisena, Minister of Health and others*⁵² while recognizing the trademark owner’s right to use the mark, the Supreme Court held that, the right was not absolute. In this case the relevant minister made a regulation to the effect that 80% of the cigarette box cover should contain of pictorial health warnings regarding smoking. The Court held that this should be 60% as the owner also has the right to use the mark. It could be said that the Court struck a good balance between trademark owner’s rights and public health.

IX. CONCLUSION

Regarding Sri Lankan law, most provisions are TRIPS compatible and are in conformity with the Paris Convention. Where a registered well-known mark (or any registered mark) is used by a third party to similar goods and services, the likelihood of confusion is presumed and the rightful owner is discharged with the burden of proof⁵³. Since the Sri Lankan law does not recognize the international exhaustion, parallel imports of goods could be restricted by the rightful owner of a mark.

If the mark is registered, it enjoys many of the rights that unregistered marks do not enjoy and the registration process laid down under chapter XXI is easy and convenient. Since Sri Lanka also follows the Nice categorization for registering marks for goods and services, a single mark is capable of being registered under different categories. In particular both civil and criminal sanctions are imposed on an infringer as well. Even if a mark is unregistered, it could be protected under the umbrella concept of unfair competition or in certain instances under the law relating to passing-off.

However, there are many flaws in the system as well. First, unlike in India the term ‘well-known mark’ is not defined under our Act. Secondly, there are so many restrictions on the admissibility of a mark and especially non-traditional

marks are not allowed to be registered. This could be detrimental to un-traditional well-known marks as only registered marks are granted with exclusive rights which the unregistered marks do not enjoy. Thirdly, since Sri Lanka is not a member to the Madrid Agreements⁵⁴, no owner of a mark can get his mark registered through a single filing of an application for multiple countries. This is detrimental to the well-known trademark holders of Sri Lanka as well. In Sri Lanka concepts such as trans-border reputation and honest and concurrent use are also not well recognized. Therefore, under this kind of a situation it would be interesting to see the approach that a Sri Lanka Court is going to take.

On a general comment, it would be quite advisable for an owner of a well-known trademark to register his mark in Sri Lanka, as it is the only way available for acquiring the exclusive rights regarding the use of a trademark which is of the most importance. While there might be a one-way or the other to bring a claim against infringements, it would be better to have the full protection given to well-known trademarks irrespective of them being registered or not. In addition, on a practical note when asked from the National Intellectual Property Office (NIPO), regarding the role they play with unregistered well-known trademarks, it was said that “they are treated like all the other unregistered trademarks; they are not accorded with any additional protection⁵⁵”. There are always going to be sharp differences between law and practice, when this is the case one must not sleep on one’s rights, at times positive steps are needed in order to protect them and registering your trademark is one such occasion.

From the above, it can be concluded that, the protection afforded to well-known trademarks in Sri Lanka could still be developed to cater for the protection of unregistered well-known trademarks. Even though the existing provisions are mostly TRIPS compatible, more protection should be afforded to well-known trademarks as they serve the purpose of enabling the respective customers to enjoy quality projects without the need of exhausting their energies to find the best products.

⁵²CA 336/2012 (Writ), Court of Appeal, Sri Lanka, 12 May 2014

⁵³Section 121 (4) of the Act.

⁵⁴Madrid Agreement Concerning the International Registration of Marks (1891) or the Protocol Relating to the Madrid Agreement (1995)

⁵⁵This was a statement made by Mrs. Priyanthi an officer at NIPO, when interviewed regarding the protection of well-known trademarks.