

THE 11TH LAWASIA INTERNATIONAL MOOT
KUALA LUMPUR REGIONAL CENTRE FOR ARBITRATION
2016

CHELSEA TEA COMPANY

Claimant

v.

ALMOND TEA COMPANY

Respondent

MEMORIAL FOR CLAIMANT

TABLE OF CONTENTS

TABLE OF CONTENTS	ii
TABLE OF AUTHORITIES	vi
STATEMENT OF JURISDICTION.....	xii
QUESTIONS PRESENTED	xiii
STATEMENT OF FACTS.....	xiv
SUMMARY OF PLEADINGS	xvii
PLEADINGS	1
I. SRI LANKA LAW GOVERNS THE SUBJECT MATTER UNDER THE DETERMINATION OF THE CONFLICT OF LAW RULE	1
A. The Malaysia Arbitration Act requires the application of Conflict of Law Rule.....	1
B. The conflict of law rule requires the application of Sri Lanka Law to the dispute	2
C. The distinctive character of trademark protection requires the application of Sri Lanka Law	3
II. ATC HAS BREACHED THE CLAUSES OF THE AGREEMENT	4
A. The Agreement t is enforced under Sri Lanka law.....	4
1. Clause 4.1 of the contract is enforced under Sri Lanka law	4
2. Even if Clause 4.1 is unenforceable, the remainder of the Agreement is enforced by law	6
B. ATC has breached Clause 4.2 and 9.3.7 of the Agreement.....	6
1. ‘SAILOR’S CEYLON’ tea competes with ‘CTC CEYLON’ tea	7

2. The ATC’s Mark is similar to the Lion Logo as to be likely to cause confusion among customers	7
3. ‘SAILOR’S CEYLON’ is similar to ‘CTC CEYLON’ as to be likely to cause confusion among the customers.....	7
3.1. SAILOR’S CEYLON’ and ‘CTC CEYLON’ are similar.....	7
i. The word ‘CEYLON’ is an impressive element of ‘CTC CEYLON’	8
ii. The word ‘CEYLON’ is an impressive element of ‘SAILOR’S CEYLON’	8
3.2. ‘SAILOR’S CEYLON’ and ‘CTC CEYLON’ lead to the likelihood of confusion since they bear similarities	9
i. To determine the degree of similarity of the signs, similarity in appearance, phonetic sound or meaning of the marks are taken into account.....	9
ii. Degree of similarity of the goods and services in question.....	10
iii. Degree of sophistication and attention of the relevant public.....	10
III. ATC'S USE OF THE WORD 'CEYLON' IN RESPECT OF ITS TEA PRODUCTS IS MISLEADING.....	11
A. ATC’s use of the word ‘CEYLON’ misleads the customers about origin of their tea products	11
1. ATC’s use of the word ‘CEYLON’ is misleading about the origin of the products since ‘CEYLON TEA’ is a geographical indication under Sri Lanka law	11
2. ATC’s use of the word ‘CEYLON’ is misleading about the origin of the products ‘CEYLON’ is not a generic term.....	12

B.	ATC misleads consumers about the quality of their tea products	13
IV.	ATC’S USE OF THE ATC’S MARK AMOUNTS TO TRADEMARK INFRINGEMENT AND PASSING OFF.....	14
1.	Trademark infringement was caused by using identical mark	15
2.	Trademark infringement caused by using similar mark, where such use would result in a likelihood of confusion	17
2.1.	The legal yardstick by which the ATC’s Mark and the Lion logo are compared	17
i.	Visual similarity	18
ii.	Aural similarity	19
iii.	Conceptual similarity	19
2.2.	ATC’s use of the ATC’s Mark will result in a likelihood of confusion among the relevant consumers with certainty.....	19
B.	ATC’s use of the ATC’s Mark amounts to passing off since its leads to misrepresentation and cause damages to CTC’s goodwill.	20
1.	CTC established goodwill via their trademark in Malaysia	21
2.	ATC’s use of the ATC’s Mark made a misrepresentation to customers within Malaysia	22
3.	CTC suffers damages as a result of ATC’s misrepresentation	24
	PRAYER OF RELIEF	26
	APPENDIX.....	27

TABLE OF AUTHORITIES

CASES

<i>.K.Fung Securities Sdn Bhd v. James Cape (Far East) Ltd.</i> , Malaysia, reported in Malaysia Law Journal, p.621	2
AG Spalding & Bros v AW Gamage Ltd, 1915, 32 Report of Patent case, p.283.	24
<i>AG Spalding Brothers v. AW Gamage, Ltd</i> , reported in All European Report, 1914, vol. 15, p.147	20, 24
<i>Aristoc, Ld. v Rysta, Ld.</i> , Report of Patent case, 1943, vol.60, p.8	7
Award in ICC Case No. 2830, Journal du Droit International (Clunet), vol. 111,1984, p. 914	1
Bonnython v. Commonwealth of Australia, Privy council on appeal from <i>Australia</i> , Court of Appeal, 1951, p.201 and 219.....	2
<i>Boston Scientific v OHIM</i> , Case T- 325/06	9
Case C-361/04 P Ruiz-Picasso and Others v OHIM [2006] ECR I- 643, para.38	10
<i>Community of Roquefort v. William Faehndrich, Inc.</i> , U.S. District Court for the Southern District of New York - 198 F. Supp. 291 (S.D.N.Y. 1961) October 6, 1961.....	12, 13
Danone Biscuits Manufacturing (M) Sdn Bhd v. Hwa Tai Industries Bhd [2010] 4 CLJ 711.....	19
<i>De Cordova & Others v Vick Chemical Company</i> , the Court of Appeal in Jamaica, 1951, 68 RPC 103.....	7, 17
<i>Erven Warnink Besloten Vennootschap and another Appellants and J. Townend & Sons (Hull) Ltd. and another Respondents</i> , Appeal Court, 1979, p. 742	24
ICC case No. 1512, I Y.B. Commercial Arbitration, 1976, p. 128.....	1
ICC Case No. 2735, Journal du Droit International (Clunet), vol.104, 1977, p. 947.	1

judgment of 15/11/2011, T-434/10 ‘ALPINE PRO SPORTSWEAR & EQUIPMENT’, appeal C-42/12 P dismissed.....	18
Judgment of 18/06/2009, T-418/07 ‘LiBRO’	18
<i>Kimberly Clark Ltd v Fort Sterling Ltd</i> , Family Law of Reports, 1977, p.884.....	10, 11, 20, 22
<i>Lesotho Highland Development Authority v. Impregilo Spa</i> . House of Lords, 2006, p.221.	1
<i>Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV</i> , the European Court of Justice, 1999, ETMR, p. 690.....	16, 20
<i>Lock International Plc v. Berwick, Chancery Division</i> , reported in The Weekly Law Reports, 1989, vol.1, p.1268 and 1281	5
Marc Brown’s Trade mark Application, opposition of LTJ diffusion, 2002, ETMR, p.653.....	18
<i>MTN Networks (Pvt) Ltd v. MCP Peiris</i> , Sri Lanka Commercial High Court, 2005.....	16
<i>Nordenfelt v Maxim Nordenfelt Guns and Ammunition Co Ltd</i> , House of Lords, 1894, p.535.....	4
<i>Novelty Pte Ltd v. Amanresorts Ltd and another</i> , reported in Singapore Law Report (Reissue), 2009, volume 3, p.100 and 105	24
<i>Office Angels Ltd v. Rainer-Thomas and O’Connor</i> , Court of Appeal on 12th March 1991, reported by Industrial Relations Law Reports in1991, p.214 and 220.....	4
<i>Orlwoola Trade Mark</i> , Report of Patent cases, 1909, vol.26, p.683.	13
<i>Palmolive Company Co (of England) v. Freedman</i> , Chancery Division Case number 264, 1928, p.277	5
Quartz watches, 1984 O.J. (L 106) 31, at recital 10	7
<i>Raffles Fine Arts Auctioneers Pte Ltd v Raffles Corporate Consultants Pte Ltd.</i> , 2010, SGIPOS22	
<i>Reckitt & Colman Products Ltd v Borden Inc. (No.3)</i> , Weekly Law Report, 1990, volume 1, p.499	22

<i>Reckitt and Colman Products Ltd v Borden Inc. and others</i> , reported in All England Law Report, 1990, vol. 1, p.873.....	20, 24
<i>Reddaway & Co and Another v Banham & Co and Another</i> , reported in All European Reports, 1895, p.133.....	22
<i>Registrar of Trade Marks v Woolworths Limited (Metro)</i> ., International Patent Report vol.45, p.411.....	8
<i>Sabel BV v. Puma AG (Case C-251/95)</i> , European Court of Justice, 1998 R.P.C. 199, 1998 E.T.M.R. 1 (1997), para. 24.....	20
<i>Sheraton Corporation of America v Sheraton Motels Ltd</i> , reported in Report of Patent Case, 1964, p.202.....	21
<i>Singsung Pte Ltd v. LG 26 Electronics Pte Ltd</i> , Singapore Court of Appeal, 2016, Case no.33 .	23
<i>Star Industrial Co. Ltd v Yap Kwee Koi</i> , reported in <i>Fleets Street Report</i> , 1976, p. 269	21
<i>The "Mediana"</i> [1900] Ac 113 at 116, Hl, Per Lord Halsbury Lc.....	24
<i>The B.V.D. Licensing Corporation v. Florencio Rodriguez</i> , Opposition No. 91157529, (TTAB 2007).....	8
<i>The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited</i> , reported in Appeal Cases, 1901, vol. 217, p. 223 and 224.....	21
<i>The LTJ Diffusion SA v. Sadas Vertbaudet SA</i> , the European Court of Justice	15, 16
<i>The Singapore Professional Golfers' Association v Chen Eng Waye and other</i> , Singapore Court of Appeal, 2013, Case no. 18, p.22.....	21
<i>Walt Disney Productions v. Triple Five Corp.</i> , 1994 CarswellAlta 39, para.65	23
<i>Walt Disney Productions v. Triple Five Corp.</i> , 1994, CarswellAlta 39	22

<i>Weiss Associates, Inc. v. HRL Associates, Inc.</i> , 902 F.2d 1546, 14 USPQ2d 1840 (Fed. Cir. 1990)	8
.....	
<i>Whithworth Street Estates (Manchester) Ltd. V. James Miller and Partners Ltd.</i> , England Appeal Court, 1970, p. 583 and 603.....	2

BOOKS

Antony Taubman, Hannu Wager, Jayashree Watal, <i>A Handbook on the WTO TRIPS Agreement</i> , Cambridge University Press, 2012, p.91.....	12
E. Gaillard & J. Savage, <i>Fouchard Gaillard Goldman on International Commercial Arbitration</i> , Kluwer Law International, 1999, p.1197	1
Gary B. Born, <i>International Commercial Arbitration</i> , Kluwer Law International, 2014, vol. II, Second Edition	1
J.Lew, <i>Applicable Law in International Commercial Arbitration</i> , Kluwer Law International, 2003, p.17-59.....	1
Jeremy Phillips, <i>Trade Mark Law: A Practical Anatomy</i> , Oxford University Press, p.92.....	8
Lando, <i>Conflict of Laws Rules for Arbitrator</i> , Festschrift Zweigert, 1981, p. 764-768.	3
Lionel Bently, Brad Sherman, <i>Intellectual Property Law</i> , Oxford University Press, 2014, p.1034	13
.....	
<i>WIPO Intellectual Property Handbook: Policy, Law and Use</i> , 2008, Second edition, p. 227	14

RULES

KLRCA Rules, Article 35.....	1
------------------------------	---

GUIDELINES

<i>The Guidelines for Examination in the Office, Part B, Examination</i>	12
The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 3, Comparison of signs	15, 17, 19
The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 4, Comparison of signs	16, 18, 19

TREATISES

Restatement (Second) of contracts.....	6
--	---

CONSTITUTIONAL PROVISIONS

The Constitution of the Democratic Socialist Republic of Sri Lanka	12
--	----

JOURNALS

Malaysia Arbitration Act 2005	2
Sri Lanka Intellectual Property Act 2003	6, 11, 13

BOOKS

<i>Final Report on Intellectual Property Disputes and Arbitration adopted by the ICC Commission on International Arbitration, 28 October 1997</i>	3
---	---

ARTICLES

Gregor Schneider, <i>Likelihood of confusion: The nature of the criterion of an "independent distinctive role</i>	10
---	----

John Wilson, <i>How to protect the employer’s interests after the termination of employment contracts – aspects of labour law in general and sports law in particular, National Report of Sri Lanka</i>	4
Belden Premaraj, <i>The Choices of Law – Better Safe than Sorry: The Malaysian Arbitration Perspective</i> , p.4.....	2
Gregor Schneider, <i>Likelihood of confusion: The nature of the criterion of an "independent distinctive role"</i>	9

JOURNAL

Briony Pollard, Jeremy Blum, <i>Bimbo and composite trademarks: a review of the European approach to assessing confusion</i> , E.I.P.R. 2015, 37(1), 46-50.....	10
---	----

INTERNET RESOURCES

Hasitha De Alwis, “ <i>CEYLON TEA</i> ” <i>Sri Lanka’s best-known geographical indication</i> , WIPO, 2013. Retrieved from http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=233742	9
World Intellectual Property Organization, What is trademarks, http://www.wipo.int/trademarks/en/	3

STATEMENT OF JURISDICTION

The Chelsea Tea Company ('CTC') and the Almond Tea Company ('ATC') jointly submit the present dispute to the Kuala Lumpur Regional Centre for Arbitration ('KLRCA'), Malaysia, pursuant to the KLRCA i-arbitration Rules ('KLRCA Rules'). This Tribunal, therefore, has the jurisdiction to adjudicate the dispute.

QUESTIONS PRESENTED

1. What is the applicable law that should be referred to in this dispute;
2. Whether ATC has breached the distribution agreement (“the Agreement”) by distributing ‘SAILOR’S CEYLON’ affixed with the ATC’s Mark in Malaysia;
 - (a) Whether the Agreement can be enforced; and
 - (b) Even if the Agreement can be enforceable, whether ATC has breached the Agreement by distributing ‘SAILOR’S CEYLON’ affixed with the ATC’s Mark in Malaysia.
3. Whether ATC’s use of the word ‘CEYLON’ in respect of its tea products is misleading;
 - (a) Whether ATC’s use of the word ‘CEYLON’ amounts to misleading about origin of their tea products; and
 - (b) Whether ATC misleads consumers about the quality of their products.
4. Whether ATC’s use of the ATC’s Mark amounts to trademark infringement and/or passing off;
 - (a) Whether ATC’s use of the ATC’s Mark amounts to trademark infringement; and
 - (b) Whether ATC is liable in passing off for using the ATC’s Mark.

STATEMENT OF FACTS

Background

This is a dispute between two parties, CTC and ATC, the exclusive tea products distributor of CTC in Malaysia through a 5-year distribution Agreement (“the Agreement”). CTC manufactures their tea products under the quality standards of the Sri Lanka Tea Board (“SLTB”). The tea products from CTC are affixed with the trademark owned by the SLTB and conform the quality standards set by the SLTB. However, during the term of the Agreement, ATC manufactured and sold their tea products of themselves in the territory of Malaysia (“Territory”). These activities of ATC claimed by CTC have breached the Agreement. Furthermore, ATC also affixed on their products the mark, which is considered a trademark infringement to CTC.

Dispute

ATC has breached the Agreement within the Agreement, in particular, Clause 4.2 and 9.3.7 by affixing the mark, which is considered identical with/similar to CTC’s trademark on the competing product sold in the Territory. Furthermore, ATC’s use of the word ‘CEYLON’ on the tea products misleads the customers about the origin and quality of the products. The mark affixed on ATC’s tea products amounts to trademark infringement and/or passing off.

Unable to resolve the dispute, the parties agreed to submit their dispute to binding arbitration in accordance with the rules for arbitration of KLRCA, namely, the KLRCA Rules. All hearings and proceedings would be held in Colombo, Sri Lanka. The parties have not negotiated the law applicable to resolve the dispute.

Claims and Counter-Claims

The term of the Agreement is 5 years. During the term, ATC is not allowed to distribute any products, which would compete with the tea products of CTC. Since ATC distributed the tea

products within the Territory, the profits of CTC dropped by 45% from 2012 till 2013. The profits of CTC only witnessed a slight increase in 2015. CTC asserts before the Arbitral Tribunal that the activities of ATC have breached the Agreement. By affixing the ATC's Mark on their tea products, ATC's action has composed a violation regarding to the trademark infringement. CTC is looking for the payment of damages to be determined by the profits of ATC in the sale of 'SAILOR'S CEYLON', requires ATC to cease using any marks containing the word 'CEYLON'. Furthermore, ATC has to discontinue their sale of tea products within the Territory.

Pursuant to the conflict of law rule, the applicable law of the present dispute must be the law of Sri Lanka, to protect the tea products and the trademark on the products of CTC.

ATC also affixed the ATC's Mark including a Lion device with the word 'SYMBOL OF QUALITY' on their tea products while distributing them in the Territory. The ATC's Mark is considered to be similar to the trademark affixed on the packages of CTC, which caused the confusion to the customers while buying the tea because the ATC's Mark and lion logo of CTC take small spaces on the packages. Furthermore, the insignificant differences between the ATC's Mark and the Lion logo of CTC are unclear within the complex marks and cannot be detected by the human eyes. Thus, it amounts to a trademark infringement and passing off which caused damages to CTC profits under the law of Sri Lanka. On the other hand, the infringement also resulted in the violation of Clause 4 and 9 of the Agreement regarding to the prohibition of distribution any competitive products affixed with the arguably similar trademarks or marks. The ATC's Mark affixed on their tea products also amounts to passing off because the mark is likely to cause confusion to customers and lead the customers to believe that the tea products offered by ATC are those of CTC.

The word 'Ceylon' has been recognized as the national name of Democratic Socialist Republic of Sri Lanka. Thus, while using that word, the customer may think that the tea was grown and produced under the quality standards set by Sri Lanka Tea Board. The word 'Ceylon' shall be given the protection under the law of the country. Therefore, by using the word 'Ceylon' on the brand name of ATC, this company misleads about the customers who consume the products of ATC about the quality and the origin of the products.

SUMMARY OF PLEADINGS

I. MALAYSIA LAW GOVERNS THE SUBJECT MATTER UNDER THE DETERMINATION OF THE CONFLICT OF LAW RULE

In the KLRCA Rules, the Arbitral Tribunal has to apply the appropriate law in the case when the parties fail to designate the substantive law. Accordingly, the conflict of law rule of Malaysia should be applied in the present dispute since the “seat of the arbitration” is Malaysia which was chosen by the arbitration Agreement of the parties.

Pursuant to the conflict of law rule in Malaysia, the choice of applicable law depends on the express or inferred intention of the parties. In this case, CTC and ATC jointly chose the place of the arbitration is Colombo, Sri Lanka. It can be assumed that the parties intended to choose Sri Lanka Law to govern the Agreement and all the disputes arising out of the Agreement between the parties. Hence, Sri Lanka Law is the applicable law for the case at hand.

II. ATC HAS BREACHED THE AGREEMENT

ATC has breached Clause 4.2 and 9.3.7 of the Agreement. Accordingly, ATC has distributed black tea competing with the Products by CTC; the word ‘SAILOR’S CEYLON’ used by ATC is similar to ‘CTC CEYLON’ used by CTC; and the ATC’s Mark is similar to CTC’s Lion logo and as to be likely to cause confusion among customers.

III. ATC'S USE OF THE WORD 'CEYLON' IN RESPECT OF ITS TEA PRODUCTS IS MISLEADING

By using the word 'CEYLON' in respect of their tea products, ATC misleads consumers not only about the origin and quality of their tea products attributed to Sri Lanka’s geographical condition but also the quality of their products as Ceylon tea must be manufactured in compliance with SLTB’s quality standards. Moreover, 'Ceylon' is the old name for Sri Lanka until the country

changed its name to Sri Lanka in 1972. However, pursuant to Sri Lanka's Constitution, both name 'Sri Lanka' and 'Ceylon' shall be known as the Democratic Socialist Republic of Sri Lanka.

IV. ATC'S USE OF THE ATC'S MARK AMOUNTS TO TRADEMARK INFRINGEMENT AND PASSING OFF

By using the ATC's Mark affixed onto their package, ATC has not only infringed according to Sri Lanka Intellectual Property Act No. 36 of 2003 ("Sri Lanka IP Act 2003") but also passed off CTC's registered trademark.

ATC's use of the ATC's Mark amounts to trademark infringement since the ATC's Mark and the Lion logo in CTC's trademark are claimed to be identical or bear similarities in visual, aural, conceptual perspectives. The similarities are likely to lead to confusion among the relevant consumers.

The mark affixed onto the ATC's package amounts to passing off since the three following elements have been fulfilled: CTC claimed their goodwill through CTC's trademark in Malaysia (1); ATC's use of the ATC's Mark made a misrepresentation to customers within the Territory (2); CTC has suffered or is likely to suffer damages as a result of ATC's misrepresentation (3).

PLEADINGS

I. SRI LANKA LAW GOVERNS THE SUBJECT MATTER UNDER THE DETERMINATION OF THE CONFLICT OF LAW RULE

The application of appropriate principle in the KLRCA rules require conflict of law rule of the seat of the arbitration (A). Through the application of the conflict of law rule, the law of Sri Lanka will govern the subject matter in the present dispute (B). The application of Sri Lanka Law would protect the trademark of CTC (C).

A. The Malaysia Arbitration Act requires the application of Conflict of Law Rule

In the KLRCA Rules, the Arbitral Tribunal shall apply appropriate principles in case the parties fail to designate the substantive law.¹ The appropriate principle is widely interpreted as leaving the tribunal entirely choosing whatever conflict rules their desires, without reference to external principle.² The “seat of an arbitration” initially governs the whole of the tribunal’s operation,³ thus, the application of the conflict rule of the arbitral seat is considered as a suitable rule for the appropriate rule *inter alia*.⁴ The “seat of arbitration” can be different from the place of hearing of the arbitration held.⁵ It is rather understood that the “seat of the arbitration” is the “legal place of the arbitration”,⁶ thus, the seat of the arbitration rather refers to the legal construct not the geographical location of the arbitration.

¹ KLRCA Rules, Article 35.

² E. Gaillard & J. Savage, *Fouchard Gaillard Goldman on International Commercial Arbitration*, Kluwer Law International, 1999, p.1197; J.Lew, *Applicable Law in International Commercial Arbitration*, Kluwer Law International, 2003, p.17-59; Gary B. Born, *International Commercial Arbitration*, Kluwer Law International, 2014, vol. II, Second Edition, p.2135.

³ ICC case No. 1512, I Y.B. Commercial Arbitration, 1976, p. 128; Award in ICC Case No. 2830, *Journal du Droit International (Clunet)*, vol.111, 1984, p. 914; ICC Case No. 2735, *Journal du Droit International (Clunet)*, vol.104, 1977, p. 947.

⁴ Gary B. Born, *International Commercial Arbitration*, Kluwer Law International, 2014, vol. II, Second Edition, p.2136.

⁵ *Lesotho Highland Development Authority v. Impregilo Spa.*, House of Lords, 2006, p.221.

⁶ *Ibid.*

The “seat of the arbitration” in this case is Malaysia by the arbitration agreement of the parties.⁷

Hence, the conflict of law rule in Malaysia shall be applied, and it is certain and efficacious avoiding ambiguity for arbitrator in determining the applicable law.

B. The conflict of law rule requires the application of Sri Lanka Law to the dispute

The conflict of law rule in Malaysia Arbitration Act 2005⁸ implied the choice of applicable law depends on the express or inferred intention of the parties.⁹ In the absence of the Agreement between the parties on choosing the applicable law, the “closest and most real connection” test to the transaction will be applied.¹⁰ The “closest and most real connection” involves: the place of performance, the place of contracting, the places of residence or business of the parties, and the nature and subject matter of the contract.¹¹ The place where the contract was established in the test is considered an important factor to determine the proper law for the contract.¹²

In the particular case, CTC and ATC do not have a concurrence of the substantive law to govern the Agreement. Hence, if the parties make no expressive choice of substantive law, but agree that any disputes between them shall be arbitrated in a particular country, it is often assumed that they intend the law of that country to apply to the substance of their disputes.¹³ Here, Colombo, Sri Lanka was chosen as the place of the arbitration.¹⁴ Obviously, the parties choose Sri Lanka Law to govern the Agreement and all disputes arising out of the Agreement. Furthermore, the places of the residence of the business of the parties are also an essential criterion in the test. The Agreement

⁷ Appendix A, Clause 22.

⁸ Malaysia Arbitration Act 2005, Article 30.4.

⁹ *Whithworth Street Estates (Manchester) Ltd. V. James Miller and Partners Ltd.*, England Appeal Court, 1970, p. 583 and 603.

¹⁰ *Bonnython v. Commonwealth of Australia*, Privy council on appeal from Australia, Court of Appeal, 1951, p.201 and 219.

¹¹ *Y.K.Fung Securities Sdn Bhd v. James Cape (Far East) Ltd.*, Malaysia Law Journal, p.621.

¹² *Ibid.*

¹³ Belden Premaraj, *The Choices of Law – Better Safe than Sorry: The Malaysian Arbitration Perspective*, p.4.

¹⁴ Appendix A, Clause 22.

in the present dispute came from the desire of Ranatunga, the Chairman of the Board of Direction of CTC.¹⁵ Without the intention of CTC, it would not exist a contract relationship between the parties. Therefore, the residence business place of the CTC is the main factor of the test, which is in Colombo, Sri Lanka. The subject matter of the Agreement contains the exclusive distribution of CTC's tea products affixed with the Lion Logo, which is national tea symbol of Sri Lanka. Therefore, the application of Sri Lanka Law in case at hands is suitable to the test of conflict of law rule.

C. The distinctive character of trademark protection requires the application of Sri Lanka Law

The arbitrator must consider the public policy of the country as a strong closely principle with the contract between the parties.¹⁶ The dispute raised by the CTC, regarding the trademark infringement,¹⁷ involves the intellectual property field. The trademark is a recognizable sign, design or expression to distinguish the goods of particular enterprise from those of others protected under the intellectual property rights.¹⁸ However, the intellectual property rights are territorial and are primarily derived from the legal protection granted by the local sovereign power, which afford the grantee certain exclusive rights to use and exploit the rights.¹⁹ The Lion logo is not only the sign to distinguish between the enterprises but also conforms to the quality standards set by SLTB.²⁰ Thus, the trademark infringement in the present dispute must be governed by the law of Sri Lanka to protect the exclusive right of national trademark.

¹⁵ Moot problem, para.3.

¹⁶ Lando, *Conflict of Laws Rules for Arbitrator*, Festschrift Zweigert, 1981, p.764 – 768.

¹⁷ Moot problem, para.18.

¹⁸ World Intellectual Property Organization, What is trademarks, <http://www.wipo.int/trademarks/en/>.

¹⁹ *Final Report on Intellectual Property Disputes and Arbitration adopted by the ICC Commission on International Arbitration*, 28 October 1997.

²⁰ Moot problem, para.4.

II. ATC HAS BREACHED THE CLAUSES OF THE AGREEMENT

A. The Agreement is enforced under Sri Lanka law

The Agreement contains a restraint of trade clause to restrict ATC from taking the supply of tea products from other person than CTC.²¹ The restraint of trade clause in the Agreement is enforced by Sri Lanka law (1), and even if the clause is unenforceable, the offending clause simply drops out and other parts of the Agreement are still enforceable (2).

1. Clause 4.1 of the contract is enforced under Sri Lanka law

Clause 4.1 of the Agreement restricts ATC from “obtaining the Products, or any goods that compete with them, for resale from any person other than the Supplier.”²² Courts in Sri Lanka held that all contracts in restraint of trade are *prima facie* void and each case must be examined regarding its special circumstances to ascertain whether the restraint is justified.²³ The influence of English common law decisions and principles in this area is strong, and there has been a tendency of the Sri Lankan judiciary to follow such persuasive authority.²⁴ It was ruled that a restraint of trade is *prima facie* invalid but maybe enforced if it affords no more than reasonable protection to the party in whose it is imposed.²⁵ Thus, the Tribunal “*is entitled to consider whether or not a covenant of a narrower nature would have sufficed for the covenanters’ protection*”.²⁶ In the case of *Peters American Delicacy Co Ltd v. Patricia’s Chocolates and Candles Pty Ltd*, the business of the plaintiff is that of manufacturing and selling ice creams and ices. Pursuant to the condition in the agreement between the parties, CTC supplied the goods with the quality

²¹ Appendix A, Clause 4.1.

²² Appendix A, Clause 4.1.

²³ John Wilson, *How to protect the employer’s interests after the termination of employment contracts – aspects of labour law in general and sports law in particular*, National Report of Sri Lanka.

²⁴ *Ibid.*

²⁵ *Nordenfelt v Maxim Nordenfelt Guns and Ammunition Co Ltd*, House of Lords, 1894, p.535.

²⁶ *Office Angels Ltd v. Rainer-Thomas and O’Connor*, Court of Appeal, 1991, Industrial Relations Law Reports, p.214 and 220.

represented in the Agreement. Hence, it is the goodwill of that business, which they are entitled to take reasonable measures to protect their business. It is, therefore, reasonable that they should require their customers to take all their supplies of ice creams and ices from them. Moreover, the contract, as pointed out in this case,²⁷ is of the same nature as a covenant by which a brewer agrees to supply a hotelkeeper with beer, and the hotelkeeper agrees to buy all his beer from that brewer exclusively.²⁸ The court upheld that the validity of such a covenant had never been questioned.²⁹ In this case, the business of CTC is that of manufacturing and selling tea, and it is reasonable for them to require ATC to take all supplies of tea from them, when they are bound to use their best endeavors to supply Ceylon tea to ATC.³⁰ Therefore, the Tribunal should consider the exclusive purchasing is sufficient for CTC's protection.

Furthermore, in assessing the reasonableness, the court should also deliberate the adequacy of consideration of the parties in the contract.³¹ The Agreement was made between parties who were capable of free bargaining to determine what was reasonable.³² Thus, it is impossible to affirm that it was the intention of parties to agree to any terms that would be unfair or unreasonable. Although ATC is bound to take all supplies of tea products from CTC, ATC receives the exclusive rights to distribute the Products in Malaysia.³³ Moreover, the prices of all products are CTC's prices less 6%³⁴ and ATC may resell the Products to his customers at such prices as he determines.³⁵ Therefore, it is proportionality between the perceived threat to the ATC's rights and the remedy granted.

²⁷ *Peters American Delicacy Co Ltd v Birchmeier*, 1940, 40 SRNSW 223.

²⁸ *Ibid.*

²⁹ *Ibid.*

³⁰ Appendix A, Clause 5.1.

³¹ *Lock International Plc v. Berwick, Chancery Division*, The Weekly Law Reports, 1989, vol.1, p.1268 and 1281.

³² *Palmolive Company Co (of England) v. Freedman*, Chancery Division 1928 Case number 264, p.277.

³³ Appendix A, Clause 2.1.

³⁴ Appendix A, Clause 6.3.

³⁵ Appendix A, Clause 7.2.

In conclusion, the exclusive purchasing should be considered as a reasonable restraint of trade and Clause 4.1 of the Agreement shall be enforced by law.

2. Even if Clause 4.1 is unenforceable, the remainder of the Agreement is enforced by law

The Agreement includes severability clause, which states that if any provision is declared to become unenforceable, the other terms and provisions shall remain in full force.³⁶ Therefore, even if Clause 4.1 is unenforceable, this Tribunal should server an unenforceable term and enforce the remainder of the Agreement.³⁷

B. ATC has breached Clause 4.2 and 9.3.7 of the Agreement

Trade Marks of CTC includes ‘CTC CEYLON’ and the Lion Logo.³⁸ Clause 4.2 of the Agreement restricts ATC from distributing any goods that compete with the Products, affixed with the Trade Marks or any other similar mark in Malaysia during the term and 12 months after it.³⁹ Moreover, pursuant to Clause 9.3.7, ATC is not permitted to use any resembling trademark as to be likely to cause confusion.⁴⁰ However, in fact, ATC has distributed ‘SAILOR’S CEYLON’ tea affixed with ATC’s Mark in Malaysia since November 2012, which was during the term of the Agreement.⁴¹ Therefore, by distributing ‘SAILOR’S CEYLON’ tea, which should be considered as in competition with CEYLON tea **(1)**, affixed with similar ATC’s Mark as to be likely to cause confusion among the customers **(2)**, ATC has breached the Agreement. Moreover, a mark means any visible sign serving to distinguish the goods of one enterprise from those of another enterprise.⁴² Accordingly, ATC’s brand name affixed onto the package ‘SAILOR’S CEYLON’ is

³⁶ Appendix A, Clause 18.

³⁷ Restatement (Second) of contracts, note 17, p.184.

³⁸ Appendix A, Clause 1.1.6

³⁹ Appendix A, Clause 4.2

⁴⁰ Appendix A, Clause 9.3.7

⁴¹ Moot problem, para.14.

⁴² Section 101 of Sri Lanka IP Act 2003

deemed a mark in compliance with Sri Lanka law. Therefore, by using the similar mark, ‘SAILOR’S CEYLON’, as to be likely to cause confusing among customers (3), ATC has also breached the Agreement.

1. ‘SAILOR’S CEYLON’ tea competes with ‘CTC CEYLON’ tea

The products were considered as in direct competition if each product could be substituted for the other.⁴³ In the case at hand, black tea offered by ATC and Ceylon tea by CTC are both in tea category, have the same function and similar prices.⁴⁴ Therefore, they should be considered as in competition with each other.

2. The ATC’s Mark is similar to the Lion Logo as to be likely to cause confusion among customers

With regard to this issue, the confusing similarity between the ATC’s Mark and CTC’s Lion logo will be indicated at Section IV.A.2 of this submission.

3. ‘SAILOR’S CEYLON’ is similar to ‘CTC CEYLON’ as to be likely to cause confusion among the customers

3.1. SAILOR’S CEYLON’ and ‘CTC CEYLON’ are similar

In *De Cordova v Vick Chemical Co*, the court stated that in most people’s eyes, it is not an accurate recorder of visual detail, and marks are remembered rather by general impression or by some significant details than by any photographic recollection of the whole.⁴⁵ The question whether two marks are similar must be answered by the judge on the matter of first impression.⁴⁶ In this case, two marks share the identical word ‘CEYLON’ as regards the visual and aural aspects. Moreover,

⁴³ *Quartz watches*, 1984 O.J. (L 106) 31, at recital 10.

⁴⁴ Additional clarification, Q.17.

⁴⁵ *De Cordova & Others v Vick Chemical Company*, the Court of Appeal in Jamaica, 1951, 68 RPC 103, p.106.

⁴⁶ *Aristoc, Ld. v Rysta, Ld.*, Report of Patent case, 1943, vol.60, p.8.

the word ‘CEYLON’ in ‘CTC CEYLON’ (i) and ‘SAILOR’S CEYLON’ (ii) are impressive elements of marks. Thus, the Tribunal should conclude the similarity between them.

i. The word ‘CEYLON’ is an impressive element of ‘CTC CEYLON’

The impression of the mark is about how the mark is perceived.⁴⁷ A trademark is easily memorable leaning toward its being more likely to be found distinctive.⁴⁸ Thus, it will lead the relevant consumers to pay particular attention to that sign. Conversely, marks involving letter combinations are difficult to remember; therefore, consumers are more susceptible to confuse or mistake than with word marks.⁴⁹ One case found that ‘BSB’ as a letter combination is unpronounceable except as the separate letters, and would be more difficult to remember.⁵⁰ In this case, the word ‘CTC’ is a letter combination; therefore, the impression of the trademark should be laid on the term ‘CEYLON’ which is easy to pronounce and remember. Moreover, it can be referred to the old name of Sri Lanka. Therefore, ‘CEYLON’ is the impressive element in the term ‘CTC CEYLON’.

ii. The word ‘CEYLON’ is an impressive element of ‘SAILOR’S CEYLON’

It has been stated in the *Registrar of Trade Marks v Woolworths Limited* that a word familiar to all Australians was likely to be noted and remembered.⁵¹ Where an element of a mark has a degree of notoriety or familiarity of which judicial notice can be taken, it would be artificial to separate out the physical features of the mark from the viewer's perception.⁵² In ‘SAILOR’S CEYLON’, the word ‘CEYLON’ cannot be assessed without a recognition of its familiarity to consumers. As referring to tea products, the word ‘CEYLON’ should be familiar to the consumers because of the

⁴⁷*Registrar of Trade Marks v Woolworths Limited* (Metro), International Patent Report vol.45, p.411.

⁴⁸ Jeremy Phillips, *Trade Mark Law: A Practical Anatomy*, Oxford University Press, p.92.

⁴⁹ *The B.V.D. Licensing Corporation v. Florencio Rodriguez*, Opposition No. 91157529, (TTAB 2007).

⁵⁰ *Weiss Associates, Inc. v. HRL Associates, Inc.*, 902 F.2d 1546, 14 USPQ2d 1840 (Fed. Cir. 1990).

⁵¹ *Ibid.*

⁵² *Ibid.*

famous of the brand name 'CEYLON TEA'. 'CEYLON TEA' is promoted globally by Sri Lanka for decades and synonymous with high quality for over 100 years.⁵³ Therefore, consumers are likely to remember it and it is the impressive element of the mark.

For all the above, 'SAILOR'S CEYLON' and 'CTC CEYLON' share the same impressive element and it should lead to the conclusion of the similarity of the marks.

3.2. 'SAILOR'S CEYLON' and 'CTC CEYLON' lead to the likelihood of confusion since they bear similarities

In determining likelihood of confusion, courts evaluate several factors.⁵⁴ The existence of a likelihood of confusion must be appreciated, taking into account all factors relevant to the circumstances of the case.⁵⁵

i. To determine the degree of similarity of the signs, similarity in appearance, phonetic sound or meaning of the marks are taken into account

In the assessment of the likelihood of confusion, the visual, aural or conceptual aspects of the opposing marks do not always have the same weight.⁵⁶ The degree of phonetic similarity will be of less importance if the goods are marketed in such a way that the relevant public will usually see the trademark.⁵⁷ It is appropriate to examine the objective conditions under which the goods may be present on the market.

⁵³ Hasitha De Alwis, "CEYLON TEA" Sri Lanka's best-known geographical indication, WIPO, 2013. Retrieved from http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=233742.

⁵⁴ Gregor Schneider, *Likelihood of confusion: The nature of the criterion of an "independent distinctive role"*

⁵⁵ *Boston Scientific v OHIM*, Case T- 325/06.

⁵⁶ Briony Pollard, Jeremy Blum, *Bimbo and composite trademarks: a review of the European approach to assessing confusion*, E.I.P.R. 2015, 37(1), 46-50.

⁵⁷ *Ibid.*

In this case, the tea products are distributed through intermediaries such as wholesalers, retailers, and food and beverage establishments.⁵⁸ Tea products are often placed on the shelves in the stores or supermarket. Therefore, the most important aspect in this case is the visual aspect and it is proved above that there is the visual similarity between ‘SAILOR’S CEYLON’ and ‘CTC CEYLON’.

ii. Degree of similarity of the goods and services in question

Marks used on similar goods are more likely to confuse consumers.⁵⁹ In this case, ‘CTC CEYLON’ and ‘SAILOR’S CEYLON’ are both tea products. Moreover, products of ATC and CTC are both made available to downstream consumers through intermediaries such as wholesalers, retailers, and food and beverage establishments.⁶⁰ Thus, the marks used on similar goods share the same channels of distribution.

iii. Degree of sophistication and attention of the relevant public

The likelihood of confusion shall take place in the event where the goods are cheap, consumers are more likely to be confused.⁶¹ A customer who buys a box of candy does not use as much care as another who buys a watch.⁶² In this case, tea products are at low price, “a box of 10 tea bags of ‘CTC CEYLON’ would typically cost RM 25, whereas a box of 10 tea bags of ‘SAILOR’S CEYLON’ would cost RM24”.⁶³ Furthermore, tea products are often placed on the shelves in the stores or supermarket. In the *Kimberly Clark Ltd v Fort Sterling Ltd* case, it is held that: “A typical weekly family shop among the 25.000 different items ranged in a typical supermarket takes 40 minutes. Consumers tend to scan the shelves and make rapid purchase decisions. Consumers spend

⁵⁸ Additional Clarification, Q.22.

⁵⁹ Gregor Schneider, *Likelihood of confusion: The nature of the criterion of an "independent distinctive role*

⁶⁰ Additional Clarification, Q.25.

⁶¹ *Kimberly Clark Ltd v Fort Sterling Ltd*, Family Law of Reports, 1977, p.884.

⁶² Case C-361/04 P Ruiz-Picasso and Others v OHIM [2006] ECR I- 643, para.38.

⁶³ Additional Clarification, Q.17.

less than 10 seconds on average in front of packaged grocery shelves”⁶⁴. Thus, a likelihood of confusion is a matter of fact since tea price is cheap and customers tend to make rapid purchase decision for goods ranged in shelves like tea products.

In conclusion, by distributing black tea, competing with the Products by CTC, affixed with similar mark ‘SAILOR’S CEYLON’ and the ATC’s Mark as likely to cause confusion among the customers, ATC has breached Clause 4.2 and 9.3.7 of the Agreement.

III. ATC'S USE OF THE WORD 'CEYLON' IN RESPECT OF ITS TEA PRODUCTS IS MISLEADING.

A. ATC’s use of the word ‘CEYLON’ misleads the customers about origin of their tea products

1. ATC’s use of the word ‘CEYLON’ is misleading about the origin of the products since ‘CEYLON TEA’ is a geographical indication under Sri Lanka law

‘CEYLON TEA’ is a geographical indication under Sri Lanka IP Act 2003.⁶⁵ Moreover, pursuant to Section 101, Sri Lanka IP Act 2003 defines that to be considered as a ‘geographical indication’, the given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin. Accordingly, ATC’s use of the word ‘CEYLON’ inherently misleads customers about origin of their products attributed to Sri Lanka’s geographical condition.

Since ‘CEYLON TEA’ is a geographical indication, it includes a geographical names combination of words describing tea coming from Sri Lanka. Outdated terms such as ‘Ceylon’, ‘Bombay’ and ‘Burma’ fall within this scope if they are still commonly used or generally understood by

⁶⁴ *Kimberly Clark Ltd v Fort Sterling Ltd*, Family Law of Reports, 1977, p.884.

⁶⁵ Sri Lanka IP Act 2003.

consumers as a designation of origin.⁶⁶ Pursuant to Sri Lanka's Constitution, 'Sri Lanka' and 'Ceylon', which became an old name of Sri Lanka since 1972, shall be known as the Democratic Socialist Republic of Sri Lanka.⁶⁷ Therefore, the word 'Ceylon' is used to describe a geographical area. Hence, ATC misleads customers into thinking that their products are originated in Sri Lanka.

2. ATC's use of the word 'CEYLON' is misleading about the origin of the products 'CEYLON' is not a generic term

According to Article 24.6, the TRIPS rules on geographical indications do not require to be protected in a Member country if that indication is "identical with the term customary in common language as the common name" for the goods in that country. Since it has become the generic term for describing the goods in the local language. An example would be "cheddar" for cheese. This type of cheese is named after a village in south-west England, but has lost its association with that place and become, in England and many other countries, the name for a type of cheese.⁶⁸

In *Community of Roquefort v. William Faehndrich, Inc.*,⁶⁹ the court concluded which factor determined the generic term. A type of cheese under the name "Roquefort" involved in the case is made within the Community of Roquefort and has received the certificate of the community, the Court stated that Roquefort is the regional origin of plaintiff's cheese. It is not a generic term as contended by defendant. A generic term informs as to the nature or class of the product. For "Roquefort" to be generic, it must have been applied to sheep's milk blue-mold cheese wherever

⁶⁶ *The Guidelines for Examination in the Office, Part B, Examination*, OHIM – an agency of European Union, 2014, Ver.01, p.43.

⁶⁷ The Constitution of the Democratic Socialist Republic of Sri Lanka, Chapter I.1

⁶⁸ Antony Taubman, Hannu Wager, Jayashree Watal, *A Handbook on the WTO TRIPS Agreement*, Cambridge University Press, 2012, p.91.

⁶⁹ *Community of Roquefort v. William Faehndrich, Inc.*, U.S. District Court for the Southern District of New York, 1961, 198 F. Supp. 291.

else produced. Defendant has failed to show any other place of manufacture of such a cheese where the product has been called "Roquefort".⁷⁰

In this case, only tea grown and manufactured entirely in Sri Lanka by approved traders that conforms to the quality standards set by the SLTB has been called 'Ceylon tea'.⁷¹ Therefore, 'CEYLON' is not a generic term under Article 24.6 of TRIPS agreement and ATC misleads the customer by using it on their tea products.

B. ATC misleads consumers about the quality of their tea products

In *Orlwoola* case, a mark ORLWOOLA on the products, which has verbal pronunciation as 'all wool', may become misleading as a garment made entirely of wool.⁷² In fact, they are subsequently manufactured with other materials such as nylon.⁷³ Accordingly, the verbal pronunciation of the mark ORLWOOLA misleads the quality of the goods.⁷⁴

As proven above, ATC misleads the public about geographical origin of goods while using the word 'Ceylon' to describe their tea products. A good identified by the geographical indication is the one has a given quality that is essentially due to the geographical origin.⁷⁵ Therefore, the special natural conditions in Sri Lanka is one of the reason making 'Ceylon tea's quality famous. By using the word 'Ceylon', ATC inherently misleads customers as quality of the products attributed to Sri Lanka geographical condition.

Besides, the Sri Lanka tea industry has developed their reputation all over the world for more than 50 years since 1965.⁷⁶ To be described as 'Ceylon tea', the approved traders must grow and manufacture their products entirely in Sri Lanka and the products must conform to the quality

⁷⁰ Ibid.

⁷¹ Moot problem, para. 4.

⁷² *Orlwoola Trade Mark*, Report of Patent cases, 1909, vol.26, p.683.

⁷³ Ibid.

⁷⁴ Lionel Bently, Brad Sherman, *Intellectual Property Law*, Oxford University Press, 2014, p.1034.

⁷⁵ Sri Lanka IP Act 2003, Section 101.

⁷⁶ Moot problem, para.1, 2.

standards set by the SLTB.⁷⁷ Therefore, by using the word “CEYLON” to describe their tea products, ATC indeed leads the public to believe that their products are completely manufactured in compliance with the quality standards by the SLTB.

IV. ATC’S USE OF THE ATC’S MARK AMOUNTS TO TRADEMARK INFRINGEMENT AND PASSING OFF

By using the ATC’s Mark affixed onto the packaging of ‘SAILOR’S CEYLON’ teas,⁷⁸ ATC has not only infringed but also passed off CTC’s trademark according to Sri Lanka IP Act 2003, ATC’s use of their mark amounts to trademark infringement.

According to Section 184 of Sri Lanka IP Act 2003, a trademark infringement is caused by “Any person who willfully infringes the rights of any registered owner... of a trade mark” In other words, only registered trademark can be alleged to be infringed.⁷⁹

In the present case, CTC’s trademark includes two parts: ‘CTC CEYLON’ and the Lion Logo.⁸⁰ However, only the Lion Logo is in dispute due to its close relation to the ATC’s Mark. CTC obtains the permission of SLTB, who has registered the Lion Logo in many jurisdictions worldwide, including Malaysia,⁸¹ to use the Logo on their tea products in Malaysia for a long period of time.⁸² Therefore, CTC’s trademark including the Lion Logo is a registered trademark and, thus, can be deemed to be infringed under Sri Lanka IP Act.

Furthermore, under section 121.4 and 186 (1) (b), Sri Lanka IP Act, a likelihood of confusion shall be presumed where a person uses a mark identical to the registered mark for identical goods while any person who applies to goods a mark similar to a registered mark as to be likely to mislead shall

⁷⁷ Moot problem, para.4.

⁷⁸ Moot Problem, para.14.

⁷⁹ *WIPO Intellectual Property Handbook: Policy, Law and Use*, 2008, 2nd edition, p. 227.

⁸⁰ Appendix 1, Schedule 1.

⁸¹ Moot Problem, para. 3, 4.

⁸² Moot Problem, para. 6; *Additional Clarification*, Q. 19; Sri Lanka IP Act 2003, Section 121.

be guilty of an offence to trademark infringement. Accordingly, the likelihood of trademark infringement shall be separated into two following circumstances.

1. Trademark infringement was caused by using identical mark

It is stipulated beforehand that once a party successfully proves that the other party uses a identical mark to theirs, a likelihood of confusion shall be presumed.

In determining whether a trademark is identical to another mark, the following comments from the European Court of Justice, in its judgment in *the LTJ Diffusion SA v. Sadas Vertbaudet SA* decision is of assistance.⁸³

“A sign is identical with the trade mark where viewed as a whole, it contains differences so insignificant that they may go unnoticed by the average consumer.”

Insignificant differences are those, which concern elements that are very small or are lost within a complex mark and cannot be readily detected by the human eyes upon observing the trademark. The average consumer does not normally indulge in an analytical examination of a trademark but perceives it in its entirety.⁸⁴

In the case at hand, viewed as a whole, the only differences between the ATC’s Mark and the Lion Logo (described in Image No. 1 of the **Appendix**) are the phrase “CEYLON TEA” versus the number “1972”. These are very small elements, not to mention about their small size on the package surface which do not exceed 4 cm² in size on a 100 cm² surface.⁸⁵ Therefore, these can be considered as insignificant differences leading to the identity between the marks.

The two remaining parts, which are the lion devices and the phrase “SYMBOL OF QUALITY” are in concern while assessing the likelihood of identity between the marks. For the lion devices,

⁸³ *The LTJ Diffusion SA v. Sadas Vertbaudet SA case (C-291/00)*, the European Court of Justice.

⁸⁴ The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 3, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.7.

⁸⁵ Additional Clarification, Q.21.

although they contain certain differences while judging in detail, they may go unnoticed by the average consumer due to their same concept of using lion standing in the same position and direction.⁸⁶ Moreover, both the ATC's Mark and the Lion logo do not take up huge spaces on their respective package, typically do not exceed 4 cm² in size on a 100 cm² surface.⁸⁷ Besides, these marks are both in black and white.⁸⁸ Therefore, differences if available are insignificant and unrecognizable.

For the phrase 'SYMBOL OF QUALITY' (described in Image No. 2 of the **Appendix**), both two marks contain this phrase constituting to the marks' identity. Moreover, the difference in the presentation of the letters in respective fonts are unremarkable for the public. Therefore, the marks are still considered identical.⁸⁹ In the *Mobile Phone Trademark Infringement* case, where the defendant uses the phrase 'The future. Today' which was the plaintiff's slogan used in almost all their advertisements for their products. The court held that the defendant had to stop using the phrase 'The Future. Today' or any other phrase resembling the plaintiff's signature phrase although these two phrases were presented in different style.⁹⁰ Besides, the fact that the phrase 'SYMBOL OF QUALITY' gains no protection under the law of Malaysia does not affect its identity with that of the alleged infringed trademark.⁹¹

Furthermore, the average consumers rarely have the chance to make a direct comparison between marks to realize their differences and have to place their trust in the imperfect picture of the marks that they have kept in their mind.⁹² This means once the marks contain just a few insignificant

⁸⁶ *The LTJ Diffusion SA v. Sadas Verbaudet SA*, the European Court of Justice.

⁸⁷ *Additional Clarification*, Q .21.

⁸⁸ *Clarification*, Q. 7.

⁸⁹ The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 4, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.10.

⁹⁰ *MTN Networks (Pvt) Ltd v. MCP Peiris*, Sri Lanka Commercial High Court, 2005.

⁹¹ Moot Problem, para. 5.

⁹² *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, the European Court of Justice, 1999, ETMR, p. 690

differences while other elements are too conceptually identical, it is sufficient to approve of the marks' identity on the grounds of above precedents. Accordingly, they may mislead the average consumers that products offered by ACT are those of CTC as their mutual identity.

2. Trademark infringement caused by using similar mark, where such use would result in a likelihood of confusion

In case the two marks are not held to be identical, they are still so similar to each other that likely to cause confusion, especially among consumers.

The court in the case *De Cordova & Others v. Vick Chemical Company* recognized that most people do not have a photographic recollection of the visual details of a mark, but remember marks by their general impression, or by some significant details instead.⁹³ This means when considering whether two marks are sufficiently similar for citation purposes, a detailed comparison or close examination of the marks is not appropriate.

Therefore, in the present case, while considering whether the two marks are similar, one shall base on both legal and factual backgrounds. Objective comparison should be taken into account while detailed comparison shall be excluded.⁹⁴

2.1. The legal yardstick by which the ATC's Mark and the Lion logo are compared

In the case of the ECJ in *Sabèl v Puma*, the court concluded that the comparison of trademarks should involve a 'global appreciation' of the (i) visual (ii) aural (iii) conceptual similarity of the marks in question.⁹⁵

⁹³ *De Cordova & Others v Vick Chemical Company*, the Court of Appeal in Jamaica, 1951, 68 RPC 103, p.106.

⁹⁴ The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 3, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.4.

⁹⁵ *Sabèl BV vs Puma AG, Rudolf Dassler sport*, case C-251/95 1998 ETMR 1.

i. Visual similarity

Visual similarity is regarded as the most decisive criterion of similarity as the customers' attention is caught mainly by means of visual perception.⁹⁶

According to the European Court of Justice, similarity will be found when the overall stylization, structure and color combination render the signs visually similar overall, regardless of the differences in both figurative and word elements.⁹⁷ The following example illustrates how similar structure, stylization and color combination render signs visually similar: (described in Image No. 3 of the **Appendix**).

In the case at hand, although the two lion devices as well as the word elements contain few insignificant differences, visual similarity can still be found in overall assessment. Moreover, both the Lion Logo and the ATC's Mark are in black and white constituting to visual similarity.⁹⁸

There is similarity in the "SYMBOL OF QUALITY". This is true even if the letters are graphically represented in different, but still not highly stylized, typefaces, whether in italics or bold, in upper or lower case, or in color.⁹⁹

In the following example, the marks were considered visually similar because they share some words or sequences of letters and the typeface was deemed not to be highly stylized:¹⁰⁰ (described in Image No. 4 of the **Appendix**).

⁹⁶ *Marc Brown's Trade mark Application*, opposition of LTJ diffusion, 2002, ETMR, p.653.

⁹⁷ *The Guidelines*, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 4, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.19.

⁹⁸ Clarification, Q. 7.

⁹⁹ Judgment of 18/06/2009, T-418/07 'LiBRO' and judgment of 15/11/2011, T-434/10 'ALPINE PRO SPORTSWEAR & EQUIPMENT', appeal C-42/12 P dismissed).

¹⁰⁰ *The Guidelines*, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 4, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.17.

ii. Aural similarity

The fact that both CTC and ATC use image of the same animal, which is ‘lion’ on their marks, may result in aural similarity as both can be purely called ‘lion’. Likewise, with the word ‘SYMBOL OF QUALITY’, a pure aural assessment may lead to the similarity between the marks.

iii. Conceptual similarity

When two marks consist of or contain figurative elements and/or shapes and they represent the same or similar objects or ideas, the signs will be conceptually identical or similar.¹⁰¹ The idea or impression by both marks to the minds of potential customers must be considered because the idea of a mark is more likely to be recalled than its precise details.¹⁰²

For example, the marks described in Image No. 5 of the **Appendix** are conceptually similar because both signs have an image of the same animal (a buffalo);¹⁰³ or in the prior case mentioned above, the marks are conceptually similar because both signs have an image of the same fish (a shark).¹⁰⁴ Likewise, in the present case, as both devices are lions, they are conceptually similar.

2.2. ATC’s use of the ATC’s Mark will result in a likelihood of confusion among the relevant consumers with certainty

With all the above-mentioned arguments demonstrating that the marks are similar, it is possible to create a likelihood of confusion. CTC must show only a *likelihood* of confusion and need not establish actual confusion.¹⁰⁵

¹⁰¹ The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 3, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.46.

¹⁰² Danone Biscuits Manufacturing (M) Sdn Bhd v. Hwa Tai Industries Bhd [2010] 4 CLJ 711.

¹⁰³ The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 4, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.42.

¹⁰⁴ The Guidelines, Part C, Opposition, Section 2, Double identity and Likelihood of confusion, Chapter 4, Comparison of signs, OHIM – an agency of European Union, Ver. 01, p.19.

¹⁰⁵ Kenneth L. Port, *Trademark Law and Policy*, Carolina Academic Press, 2th Edition, p.77.

According to the Court in *Sabel*, it is possible that a mere conceptual similarity, resulting from the fact that two marks use images with analogous semantic content, may give rise to a likelihood of confusion, either per se or because of the reputation it enjoys with the public.¹⁰⁶ In another case, the court in *Lloyd* clarified that a mere aural similarity between trademarks may create a likelihood of confusion.¹⁰⁷

Besides, the likelihood of confusion shall take place in the event where the goods are cheap, or where decision-making is rushed, consumers are more likely to be confused.¹⁰⁸ It is proven above that a likelihood of confusion is a matter of fact since tea price is cheap and customers tend to make rapid purchase decision for goods ranged in shelves like tea products.

Furthermore, the fact that both the ATC's Mark and the Lion Logo do not take up huge spaces on their respective packaging, typically do not exceed 4 cm² in size on a 100 cm² surface¹⁰⁹ can confuse in the public mind that the products which these marks are affixed with are the same.¹¹⁰

With all the above-mentioned decisive criteria, which are the similarity, the price and the small size of the marks, a likelihood of confusion is indeed a matter of fact.

B. ATC's use of the ATC's Mark amounts to passing off since it leads to misrepresentation and cause damages to CTC's goodwill.

The valid cause of action for passing off establishes since its elements have been fulfilled: CTC claimed their goodwill through CTC's trademark in Malaysia (1); ATC's use of the ATC's Mark is a misrepresentation to customers within Malaysia (2); CTC has suffered or is likely to suffer damages as a result of ATC's misrepresentation (3).¹¹¹

¹⁰⁶ *Sabel BV v. Puma AG* (Case C-251/95), European Court of Justice, 1998 R.P.C. 199, 1998 E.T.M.R. 1 (1997), para.24.

¹⁰⁷ *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, the European Court of Justice, 1999, ETMR, p. 690.

¹⁰⁸ *Kimberly Clark Ltd v Fort Sterling Ltd*, Family Law of Reports, 1977, p.884.

¹⁰⁹ Additional Clarification, Q .21.

¹¹⁰ *AG Spalding Brothers v. AW Gamage, Ltd*, All European Report, 1914, vol. 15, p.147.

¹¹¹ *Reckitt and Colman Products Ltd v Borden Inc. and others*, All England Law Report, 1990, vol.1, p.873.

1. CTC established goodwill via their trademark in Malaysia

The concept of goodwill is defined in *Inland Revenue Commissioners v. Muller & Co.'s Margarine Ltd.* as the benefit and advantage of the good name, reputation and connection of a business, which is the attractive force and brings customers.¹¹² CTC's goodwill indeed existed in Malaysia's tea market since their trademark had a power of attraction sufficient to bring customers home to CTC – the source where it emanated.¹¹³ Accordingly, the proportion of market share of CTC's tea products is believed to make up approximately 15% of the tea products sold in Malaysia.¹¹⁴ The total profits from sales of CTC CEYLON in Malaysia increased from year to year, exceeding targets set by CTC, and in 2012 constituted approximately 35% of global net revenue of CTC.¹¹⁵ Thus, the goodwill was proved by evidence of sales in association with CTC's trademark, which they bear.¹¹⁶

In *Sheraton case*, the plaintiff built goodwill in UK despite have no hotels within the jurisdiction.¹¹⁷ However, their business activity was proved since they *did take* bookings through a London office (and through travel agents).¹¹⁸ Here, even though CTC has no actual place of business in Malaysia, CTC established goodwill in Malaysia's market since CTC conducted their business via ATC's distributorship. On the other hand, whether the business is carried in a country, a separate goodwill is attached to it.¹¹⁹

¹¹² *The Commissioners of Inland Revenue v Muller & Co's Margarine, Ltd.*, Appeal Cases, 1901, vol. 217, p. 223 and 224.

¹¹³ *Ibid.*

¹¹⁴ Additional clarification, Q.24.

¹¹⁵ Moot problem, para.13.

¹¹⁶ *The Singapore Professional Golfers' Association v Chen Eng Waye and other*, Singapore Court of Appeal, 2013, Case no. 18, p.22.

¹¹⁷ *Sheraton Corporation of America v Sheraton Motels Ltd*, Report of Patent Case, 1964, p.202.

¹¹⁸ *Ibid.*

¹¹⁹ *Star Industrial Co. Ltd v Yap Kwee Koi*, Fleets Street Report, 1976, p.269.

In conclusion, according to the above mentioned reasons, CTC established goodwill via their trademark in Malaysia.

2. ATC's use of the ATC's Mark made a misrepresentation to customers within Malaysia

In *Reddaway & Co and Another v Banham & Co and Another*, misrepresentation is defined as a false representation that another person's goods are those of original trader or in connection with original trader by using any signs, marks, devices.¹²⁰ The key element in misrepresentation is deception.¹²¹ The test in *Raffles Fine Arts Auctioneers Pte Ltd v Raffles Corporate Consultants Pte Ltd* was whether a false representation is made that led to or is likely to lead the deception or confusion amongst the public.¹²² In *Walt Disney* case, the judge held that the finding of confusion was a sufficient misrepresentation to establish a passing off.¹²³

In this case, by using elements in the ATC's Mark, which is confusingly similar to the Lion Logo of CTC's trademark, ATC made a false representation leading or likely to lead customers to believe that tea products offered by ATC are of CTC.¹²⁴ Accordingly, the ATC's Mark and CTC's trademark bear an identical mark as 'SYMBOL OF QUALITY', visual, aural, conceptual similarities at Section IV.A.2 of this pleading. Moreover, both the ATC's Mark and the Lion Logo do not take up huge spaces on their respective packaging; typically do not exceed 4 cm² in size on a 100 cm² surface.¹²⁵ With cheap products like tea, consumers are more likely to be confused.¹²⁶ Those characteristics bearing between the ATC's Mark and CTC's Lion Logo are proved above

¹²⁰ *Reddaway & Co and Another v Banham & Co and Another*, All European Reports, 1895, p.133.

¹²¹ *Raffles Fine Arts Auctioneers Pte Ltd v Raffles Corporate Consultants Pte Ltd.*, 2010, SGIPOS.

¹²² *Ibid.*

¹²³ *Walt Disney Productions v. Triple Five Corp.*, CarswellAlta, 1994, p.39.

¹²⁴ *Reckitt & Colman Products Ltd v Borden Inc. (No.3)*, Weekly Law Report, 1990, volume 1, p.499.

¹²⁵ Additional Clarification, Q.21.

¹²⁶ *Kimberly Clark Ltd v Fort Sterling Ltd*, Family Law of Reports, 1977, p.884.

to confuse relevant customers ATC's tea products are offered by CTC. Hence, the confusion leads to a misrepresentation of ATC by using the ATC's mark affixed onto their products.

In passing off, proof of intent is not necessary and any misrepresentation need not to be deliberate.¹²⁷ Therefore, regardless of ATC's intention, using the ATC's Mark shall be deemed as a misrepresentation since the ATC's Mark and CTC's trademark bear similarities and identical mark, which lead to confuse relevant customers.

Otherwise, ATC was recognized as an authorized distributor of Ceylon tea by CTC from October 2008.¹²⁸ Meanwhile, ATC started growing and manufacturing tea in China in January 2009.¹²⁹ Until November 2012, in the remaining term of the Agreement, ATC began using their confusingly similar mark for the tea.¹³⁰ To a logical assumption, with the same distributor for goods in the same category at the same time and using similar mark for ATC's tea products as CTC, they were likely to lead customers to believe their products are of CTC, which is inherently a misrepresentation as a result of customers' confusion.

On the other hand, even if the products of ATC and CTC are both made available to end consumers through intermediaries such as wholesalers, retailers, and food and beverage establishments.¹³¹ Such intermediaries are inherently not themselves deceived by origin of tea products supplied by ATC.¹³² ATC shall be liable for passing off since ATC has placed on the market goods, which are prone to deceive end users who may not be as informed as the intermediaries buyers.¹³³ Therefore, the misrepresentation shall be implied.

¹²⁷ *Walt Disney Productions v. Triple Five Corp.*, 1994 CarswellAlta 39, para.65.

¹²⁸ Appendix A, Clause 2.3.

¹²⁹ Clarification, Q.6.

¹³⁰ Clarification, Q.2.

¹³¹ Additional clarification, Q.22.

¹³² *Singsung Pte Ltd v. LG 26 Electronics Pte Ltd*, Singapore Court of Appeal, 2016, Case no.33, p.42

¹³³ *Singsung Pte Ltd v. LG 26 Electronics Pte Ltd*, Singapore Court of Appeal, 2016, Case no.33, p.45.

3. CTC suffers damages as a result of ATC's misrepresentation

Although, the decline in sale in 2013 and 2014 of CTC¹³⁴ does not indicate directly because of misrepresentation, CTC has suffered nominal damages. 'Nominal damages' is a technical phrase which means to negative real damages, but that it can be affirmed by nominal damages that there is an infraction of a legal right.¹³⁵ However, the term 'nominal damages' does not mean small damages.¹³⁶ 'Nominal damage' is developed in tort of passing off where proof of damage is an essential ingredient.¹³⁷ In *AG Spalding Brothers v. AW Gamage, Ltd*, nominal damage could be obtained though no actual damage was proved in case of misrepresentation.¹³⁸ In this case, ATC is proved to make misrepresentation that tea products offered by ATC are those of CTC, which is an invasion of CTC's right. Thus, CTC has suffered nominal damages.

On the other hand, CTC needs not to show actual damages as a real tangible risk of substantial damage is present.¹³⁹ A likelihood to suffer damages of CTC is sufficient to fulfill the "damage" element.¹⁴⁰ In this case, CTC is the only registered user of the Lion logo in Malaysia for the period between October 2013 and August 2016.¹⁴¹ Accordingly, any misrepresentation leading or likely leading customers to believe that tea products offered by ATC are of CTC directly translate into CTC's damages. In another case, a false representation by the defendant that their businesses were connected with one another would damage the goodwill of the plaintiff's business.¹⁴² Accordingly,

¹³⁴ Additional clarifications, Q.24.

¹³⁵ *The owners of the steamship "mediana" v. the owners, master and crew of the lightship "comet"* [1900] A.C 113 at p.116.

¹³⁶ *Ibid.*

¹³⁷ *AG Spalding & Bros v AW Gamage Ltd*, 1915, 32 Report of Patent case, p.283.

¹³⁸ *AG Spalding Brothers v. AW Gamage, Ltd*, All European Report, 1914, vol. 15, p.149.

¹³⁹ *Novelty Pte Ltd v. Amanresorts Ltd and another*, Singapore Law Report (Reissue), 2009, vol.3, p.100 and 105.

¹⁴⁰ *Reckitt and Colman Products Ltd v Borden Inc. and others*, All England Law Report, 1990, vol.1, p.873.

¹⁴¹ Clarification, Q.19.

¹⁴² *Erven Warnink Besloten Vennootschap and another Appellants and J. Townend & Sons (Hull) Ltd. and another Respondents*, Appeal Court, 1979, p.742.

CTC is likely to suffer damages because of misrepresentation since there is a likelihood of diversion of customers from CTC's tea product to ATC's one.





Hence, classical trinity of passing off has been established in the present case. CTC indeed had goodwill via their trademark in Malaysia's market (1); ATC's use of their mark constituted a misrepresentation to customers within Malaysia (2); CTC has suffered damages as a result of ATC's misrepresentation (3).


PRAYER OF RELIEF

For the foregoing reasons, CTC respectfully requests the Tribunal to declare that:

- Sri Lanka law applies to this dispute.
- ATC has breached the Agreement by distributing SAILOR'S CEYLON affixed with the ATC's Mark in Malaysia. Therefore, they are liable for payment of damages.
- ATC has to stop using the name 'SAILOR'S CEYLON', the ATC's Logo, or mark containing the word 'CEYLON' or a lion device if its tea does not originate from Sri Lanka; and
- ATC has to discontinue the sale of its products described as 'Ceylon tea' and to recall all such products from the market.

APPENDIX

No.	Representation
1	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>“The Lion Logo”</p> </div> <div style="text-align: center;">  <p>“ATC's Mark”</p> </div> </div>
2	<p style="text-align: center;">SYMBOL OF QUALITY</p> <p style="text-align: center;">SYMBOL OF QUALITY</p>
3	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>
4	<p style="text-align: center;">mobilcom MobiComp</p>

5	
---	--