

## **“An overview of the application of the law governing Trademarks in Mauritius”<sup>1</sup>**

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### **Introduction**

It is important for business to have a good marketing strategy in order to make monetary profits, when it sells a product on a market where it has to compete with other products that are identical, similar or mere substitutes to its own product. Having a trademark or a trade-name or what is commonly referred to as a brand name, definitely assists business in developing trust, confidence, and loyalty to its products. In the same breadth, intellectual property rights assist business in maintaining a distinct identity, image and reputation of a product. From a survey carried out in some developed countries, it was noted that the value of a brand represented just over 10% of the total value of a firm in the industrial sector, 40% in the financial services and automotive sectors, and as much as between 70%-90% in the food and luxury sectors.<sup>2</sup> Firms are very much aware that trademarks, brands, or computer software form part of their intangible assets. The debate in the last two decades of the past century was how these assets ought to be valued and accounted for in the books. For instance, in 1988, Rank Hovis McDougall's included its brand in its balance sheet at a value of 678 Million Pounds.<sup>3</sup> These intelligible assets can be misused allowing an unfair competitor to make quick profits on the back of the lawful owner of the intellectual property and, more importantly, such unfair use can tarnish the reputation of a firm should the products sold by the unfair competitor be of an inferior quality or carry latent defects that put at risk the safety of the consumer. It has therefore become imperative for the IP owner to be able to protect his rights, whenever these are infringed.

The humble aim of this paper is to provide to the reader an overview of the relevant sections of the two legislations relating to the protection of trademarks namely; “*The Patents, Industrial Designs and Trademarks [PIDT] Act 2002*” and the “*The Protection Against Unfair Practices (Industrial Property) Rights Act 2002*”. It also explains some of the key principles applied by the courts in determining whether a right has been infringed when considering an application for an injunction against the unfair competitor. Finally, the paper also addresses other avenues of redress such as border control mechanism puts in place by the Customs and other measures that can further assist in clamping down on assets unlawfully derived from breaches of intellectual property rights, including breaches relating to unfair use of trademark.

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<sup>1</sup> A revised paper of a presentation made at the Mauritius Research Council on 30<sup>th</sup> May 2012, in the context of the Inventor's Open Day that was organized with the aim of promoting awareness and use of Intellectual Property in Mauritius.

<sup>2</sup> WIPO Magazine February 2002, “ The Role of Trade Marks in Marketing”

<sup>3</sup> Gee Andrew, “ Intellectual Property and Intangible assets” Law Society Gazette, December (1991)

## **The Legislations**

Under *the PIDT Act 2002*, a “mark” is defined as a visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise from those of other enterprises, whereas “trade-name” is defined as being the name or designation identifying and distinguishing an enterprise.<sup>4</sup> An exclusive right to a mark can only be acquired by registration and such registration will be valid for an initial period of ten years and for such other consecutive periods of ten years upon payment of a renewal fee and subject to such other conditions as may be prescribed.<sup>5</sup> The Act also provides for “trade-names” to be protected, even prior to or without registration, against any unlawful act committed by third parties.<sup>6</sup> As such, a preliminary step to be taken by a firm is to ensure that it has an internal policy for its intellectual property assets that require registration, to follow and ensure that these assets are duly registered and for such registration to be timely renewed.

The application for registration of a trade mark should be addressed to the Controller of the Industrial Property Office and should contain a reproduction of the mark along with a list of goods and services for which the mark is requested to be registered.<sup>7</sup> The application would be subject to payment of the prescribed application fee<sup>8</sup> and the Controller has the duty to publish the application once it is accepted. It should be noted that a mark will not be registered, where it is inter-alia, (i) incapable of distinguishing the goods or services of one enterprise from those of other enterprises, (ii) contrary to public order or morality, (iii) likely to mislead any person, in particular as regards the geographical origin of the goods or services concerned or their nature or characteristics, (iv) is identical with, or confusingly similar to, or constitutes a translation of, a mark or trade name which is well known in Mauritius for identical or similar goods or services of another enterprise<sup>9</sup>.

A business feeling aggrieved by a new application may lodge its grounds for opposing the registering of a mark to the Controller of the Industrial Property Office.<sup>10</sup> If insisting on the application, the Applicant should file in a counter statement to such opposition, for otherwise its application would be deemed to have been abandoned<sup>11</sup>. The Controller may then hear both parties before deciding whether a mark should be registered.<sup>12</sup> Certain cases where the decision

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<sup>4</sup> Section 35, PIDT Act 2002

<sup>5</sup> Section 41, PIDT Act 2002

<sup>6</sup> Section 46(2), PIDT Act 2002

<sup>7</sup> Section 37(1) PIDT Act 2002

<sup>8</sup> Section 37(2) PIDT Act 2002

<sup>9</sup> See S36 of PIDT Act 2002 for other examples where registration of marks can be refused.

<sup>10</sup> Section 38(2) PIDT Act 2002

<sup>11</sup> Section 38(6) PIDT Act 2002

<sup>12</sup> Section 38(7) PIDT Act 2002

for registration or refusal to register a trademark has been challenged before the courts are set out below.

*Commercial Immorality*:- In challenging the registration of a mark, a business may consider requesting that the mark be invalidated on the grounds that the provisions under the Act regulating the registration of the trademark had not been complied.<sup>13</sup> In ***John Walker and Sons v/s Controller of Customs [1973] SCJ 97***, a trade mark application incorporating a close imitation of the famous “Johnnie Walker Striding Figure” was favorably considered and registered, in respect of toothpaste. Such a registration was opposed on the grounds that the “Jonny Walker Striding Figure” has been a well known trademark for a whisky since 1908, and millions of pounds had actually been invested world-wide in marketing the said figure as representing the whisky. On the other hand, it was argued that no confusion could possibly be arising because the products are of entirely different nature. The Supreme Court quashed the registration of the trademark because this was a clear attempt to misappropriate someone else property, and get a free ride on the good-will associated with the “Johnnie Walker Striding Figure”. The courts went on to hold that the mark should not have been registered in the first place, because it was immoral to do so. Immorality was not to be confined to a strict meaning but was given a wide construction so as to include commercial immorality.

*The “likely confusion” test*: In ***Gallinawear Ltd v/s Comptroller of Customs 1988 SCJ 285***, the Appellant appealed against the refusal to register its trademark. Refusal to register was due to the fact that the trade-mark and device of the Appellant bear strong resemblance to “Le Coq Sportif” which was itself a mark registered since November 1979. Upholding the refusal to have the new trademark registered, on the grounds that the trademarks were similar and likely to cause confusion, the court stated that:-

*“It cannot be denied that the two drawings look very much alike. The argument that the appellant is going to use this device in respect of garments, articles of clothing and not in respect of sporting goods does not hold water. The test in such a case is not whether a device which is almost an exact copy of an existing one is to be used for different goods. The test is rather whether confusion is likely to arise and whether commercial immorality will result there from. In the context of trade or business, the Courts cannot allow one enterprise to copy or imitate a device which another enterprise has imagined and has been using for its business purpose. Were it otherwise, the imaginative creativity of those who have devoted their energy and time to come up with a device for their business will be stultified. Further this would be encouraging a most unfair practice.”*

In determining whether a trademark can be a source of confusion, the court relied on the case of ***Laura Ashley Ltd v Coloroll Ltd [1987] RPC 1*** whereby, at page 6, Whitford J referred to the case of ***Saville Perfumery Limited v June Perfect Ltd*** and ***Woolworth and Co Ltd (1941) 58 RPC 147*** to quote the following:-

*“The likelihood of confusion or deception in such cases is not disproved by placing the two marks side by side and demonstrating how small is the chance of error in any customer who places his order for goods with both the marks clearly before him, for orders are not placed, or*

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<sup>13</sup> Section 42 PIDT Act 2002

*are often not placed, under such conditions. It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail, and that marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole.”*

*Other civil actions:* An interested party may also seek to remove from the register a mark which had been registered in respect of any goods or services, on the grounds that such mark had not been in use by the registered owner or licensee during a continuous period of not less than three years.<sup>14</sup> It should further be noted that Section 40 of *The PIDT Act 2002* states that any registered owner of a mark shall, in addition to any other rights, remedies or actions available to him, have the right to institute court proceedings against any person who infringes the mark by using, without his agreement, the mark or who performs any act likely to cause an infringement.

*Failure to renew registration:* -In *Pathe v/s Pokun 1992 SCJ 466*, the Applicant had registered the trademark “Dodo” in respect of footwear in September 1970, but failed to renew the registration for the said trademark in 1977. The Comptroller of Customs had published a notice to the effect that the said trademark had not been renewed. Despite of same, the Applicant sought an injunction against the Respondent, seeking to prohibit the Respondent from using the trademark “Dodo” for the sale of rubber sandals. The court held that the Applicant’s case would fail, only in so far as Applicant could not seek to enforce a right which it has relinquished due to its own failure to renew the registration of the said mark. However, the court found that the Applicant case could still succeed as the acts and doings of the Respondent amounted to unfair practice and “concurrency déloyale” in view of the Applicant’s continued use of the mark “Dodo” in respect of footwear for the past 24 years.

### **Unfair Practice**

The act of using a mark without any agreement having been reached with the registered owner would not only amount an unfair practice<sup>15</sup> but would also constitute an unlawful act which is punishable by a fine not exceeding Rs 250,000 and a term of imprisonment not exceeding 5 years<sup>16</sup>. *The PIDTA 2002* defines unfair practice as having the same meaning as in *The Protection Against Unfair Practices (Industrial Property Rights) Act 2002*<sup>17</sup>, thereby giving a strong indication to the IP owner that both Acts should be read together when contemplating legal actions. Part II of *The Protection Against Unfair Practices (Industrial Property Rights) Act 2002* defines unfair practice as being inter-alia, an act or practice which, in the course of an industrial or commercial activity, (i) causes or is likely to cause confusion with respect to another's enterprise or its activities, in particular to its products or services,(ii) damages or is likely to damage the goodwill or reputation of another's enterprise, regardless of whether such

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<sup>14</sup> Section 43 PIDT Act 2002

<sup>15</sup> Section 52 PIDT Act 2002

<sup>16</sup> Section 51, PIDT Act 2002

<sup>17</sup> Section 2 PIDT Act 2002

act or practice causes confusion (iii) misleads or is likely to mislead, the public with respect to an enterprise or its activities, in particular, to its products or services.

The main concern for business when confronted with an unfair practice is not to look for redress by means of criminal sanctions but rather to seek injunctions prohibiting the other business or firm from engaging in unfair practice. In *Sofap Ltd v/s Mauvillac Co Ltd 2010 SCJ 143*, the applicant being the registered owner of PERMOFIX sought an injunction against the respondent, on the grounds that the name PROFIX, if allowed to be registered by the respondent, would cause confusion to the public, with regard to applicant's product. Both products were of cement based tile adhesives. The applicant's case also to the effect that the use of the trade name PROFIX on the packaging of the respondent amounted to unfair competition, passing off, "*concurrence déloyale*" and was contrary to honest commercial practice. In assessing whether there was a serious question to be tried, namely as to whether applicant had a lawful right that required protection, the court enumerated certain factors that it would be inclined to look at in order to determine whether confusion could have arisen in the use of the names.

Some of these factors include:- (i) the psychological reaction and mental association the mark would generate in the mind of the average consumer when he buys the goods under normal circumstances and conditions of the trade, (ii) whether the totality of the proposed trademark was such that it would likely to cause mistake or deception or confusion, in the minds of persons accustomed to the existing mark? (iii) similarity in ideas conveyed by the marks, for instance words conveying the same meaning or suggesting the same idea would likely cause confusion, and (iv) whether the person who sees the proposed trade mark in the absence of the other trademark, would be liable to be deceived and would think that the trademark before him is the same as the other of which he has a general recollection?

In finding that the use of the word PROFIX could also amount to *concurrence déloyale* or passing off constituting "*faute*" on the part of the respondent under **Articles 1382 and 1383** of the **Civil Code**, the court quoted with approval the following, from *Encyclopédie Dalloz Verbo Concurrence Déloyale, note 87*, "*la jurisprudence contemporaine consacre une conception très compréhensive de la faute constitutive de concurrence déloyale. Celle-ci ne doit plus être uniquement identifiée à la violation des usages professionnels mais, comme cela vient d'être observé, réside dans l'idée plus générale de rupture de l'égalité dans les moyens de la concurrence qui regroupe de nombreuses hypothèses de concurrence déloyale illustrées par l'utilisation du travail d'autrui; idée proche de la notion «d'avantage obtenu indûment» que consacre le droit allemand (V.H.-C.E.ULMER, t. 1, no. 69) et qui fonde le parasitisme économique (V.infra, nos 195 et s.). Inspiration identique, enfin, lorsque les tribunaux sanctionnent, au titre de la concurrence déloyale les agissements d'un opérateur économique qui ne respecte pas la réglementation légale, notamment en matière sociale et fiscale et obtient ainsi une situation avantageuse par rapport à ses concurrents (V, supra, nos 19 et 43). De cette évolution, il résulte que la faute dans le domaine de la concurrence déloyale ne doit plus être «envisagée subjectivement, comme l'utilisation d'un moyen en lui-même déloyal, mais objectivement comme le résultat de l'utilisation de ce moyen sur le marché»...*"

In determining whether the mark, PROFIX, may pass as, or was likely to cause confusion, or may be mistaken for another mark PERMOFIX, the Learned Judge applied the above principles to the facts and circumstances of the case and concluded that the use of the word PROFIX

especially in packaging of similar nature as that of applicant could lead to mistake or confusion on the part of an average purchaser accustomed to PERMOFIX, when he sees PROFIX in the absence of PERMOFIX. Consequently the court granted an injunction in favour of the Applicant.

*Generic Terms:* In the case of ***Maurilait Production Ltee v/s La Laiterie de Curepipe Ltee 2012 SCJ 178*** the plaintiff sought a perpetual writ of injunction against the defendant to stop latter, its servants, préposés, agents or any person whatsoever from distributing and/or commercializing and/or selling commodities/products with the word 'DAHI' on its labels.

The case for the plaintiff was based on the goodwill which it claimed it has acquired in respect of the word "dahi" under which appellation, it has been producing and marketing curdled milk sold in doypack containers, ever since 1980. According to the plaintiff, the word has been closely associated with its product inasmuch as it has been the only producer using this term for the past three decades to commercialize curdled milk . According to the plaintiff, in February 2011 it found out that the defendant was commercializing /selling "laitcaillé" and "laitcaillésucre" under the trade mark "Milk Boy" with the words "FRESH DAHI" appearing on the label for the said product. The plaintiffs claimed that the words "FRESH DAHI" on the label of the defendant's product was unlawful and misleading inasmuch as in view of the goodwill which the plaintiff had acquired regarding the use of the word "dahi", it was the sole entity entitled to use the said word in respect of "laitcaillé" or curdled milk in Mauritius. The Plaintiff claimed that there was a real likelihood that the public in Mauritius would be led to believe that the products marketed by the defendant with the words "FRESH DAHI" appearing on the label, are the same as that of plaintiff's products.

The court disagreed with the Plaintiff and noted that the word "dahi" was a common word defined in the Concise Oxford English Dictionary as a noun designating the "Indian term for yoghurt". The word "dahi" was said to be generic term, such a term being used to designate the class or genus of food rather than the distinguishing the source of the food or its producer. The word "dahi" was not a fancy word conceptualized by the plaintiff, but was merely of a descriptive nature. The evidence further showed that the product manufactured by the plaintiff was sold in a doypack of 200 ml and the word "DAHI" was written prominently in capital bold letters in the middle of the pack with the trade mark "Yoplait" and its flower logo printed above it. The defendant's product on the other hand, was being marketed in one litre bottles under the trade name "Milk Boy".

Having regard to the differences between the plaintiff's and the defendant's labels, the court held that there was no likelihood of the defendant's product being perceived as that of the plaintiff, and the Learned Judge went on to state that: -

*" I note that an overall comparison between the two products does not reveal any confusing similarity between the two and an average customer whether literate or illiterate, whether cautious or incautious and whether perspicacious or not, who purchases the defendant's product, would be able to distinguish between the two products and is unlikely to be deceived and to confuse it with the plaintiff's product."*

*What amounts to Confusion?: Not a straight forward determination:* In the case of ***Poussin MC v/s Peche Mignon Ltd 2007 SCJ 127***, the applicant, became the registered owner of the trade mark, “Péché Mignon” in 2004, in respect of leather clothes, clothing, footwear, and even owned a shop called “Péché Mignon”, where she sells garments and accessories. In 2005, the respondent registered its company as “Péché Mignon Ltd”, and opened a bakery and pastry shop under the same name in a different locality. The Applicant sought an injunction restraining and prohibiting the respondent from trading under the name “Péché Mignon” on the grounds that it would cause confusion and would amount to unfair practice.

The Applicant was unsuccessful, in the first instance. The court held that as (i) both parties were marketing and commercializing totally different products, garments on the one hand and pastry on the other (ii) their shops were at different location, and (iii) the clientele targeted by each enterprise was undoubtedly different, it could not be said that there was a strong likelihood that members of the public would confuse the applicant’s enterprise with that of the respondent, or that they will be misled or deceived, or that they would consume the respondent’s product believing them to belong to the applicant.

On appeal, the court determined otherwise and granted the injunction ordering the Respondent to stop using the name “Péché Mignon”.<sup>18</sup> The court stated that, “the test for refusing to register a mark does not require proof of a strong likelihood of deceit or confusion caused by a resembling mark as seems to have been adopted by the learned Judge. The test is simply in relation to a mark which so nearly resembles as to be likely to deceive or cause confusion. The court went on to hold that in the particular circumstances prevailing in Mauritius, more particularly the relative smallness of the country, the limited number of malls in which both shops operate, it is quite conceivable that a customer visiting appellant’s shop in Quatre Bornes and, who subsequently comes across respondent’s shop bearing identical trade names in Tamarin would be led to believe that both enterprises have a common ownership. Good or bad products purchased, or service provided, in one shop may accordingly have a direct influence on a visit to the other shop and vice versa. Accordingly the appellant has an interest to protect against any potential dilution of its trade mark.

### **Other Avenues of Redress**

From the above it can be seen that a business, can report a criminal case for infringement of IP rights to the Police. The business can bring a claim in damages and also seek an injunction in order to prevent the use of its IP asset by an unfair competitor. The lawful owner of a mark can also request the Customs to prevent clearance of its marks to prohibit its entry into the territory of Mauritius. As illustrated in the case of ***Polo Lauren v/s Tejoo MN 2012 SCJ 134***, the defendant was not allowed to bring into the territory products that bear the logo of plaintiffs, as not only the defendant was not an authorized dealer of plaintiff’s products but there was also evidence to the effect that the products imported were not genuine. It should be noted that Section 66A of the Customs Act states that; “any owner or authorized user of a collective mark or mark or copyright may apply in writing to the Director-General of the Mauritius Revenue Authority to suspend the clearance of any goods imported or being exported on the grounds that

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<sup>18</sup> See 2008 SCJ 13

*his collective mark or mark or copyright is being or is likely to be infringed.” Furthermore, an application of such nature shall specify a period not exceeding 2 years, during which the clearance of goods may be suspended.”* In the case, the products imported by the Plaintiff were suspended from clearance for a period of two years, and the defendant was ordered to pay damages to plaintiff.

The IP owner may view the breaches of IP rights as potential money laundering offences. It should be noted that since the amendments brought to the Financial Intelligence and Anti-Money Laundering Act FIAMLA 2002, by the Finance (Miscellaneous Provisions) Act 2009, a predicate “crime” for money laundering offence would now include misdemeanors and henceforth breaches of IP rights can give rise to additional criminal sanctions under the FIAMLA. This would also mean that the proceeds from such an offence can now be traced. The proceeds can potentially be subject to a Restraining or a Confiscation Order and the unfair competitor may be made liable to pay for benefits that it has obtained, as provided for under the Asset Recovery Act 2011 that came into force only in February of this year.