



**Highchem Marketing Ltd v Nextgen Pharmaceuticals (K) Ltd (Civil Case E281 of 2020)
[2021] KEHC 76 (KLR) (Commercial and Tax) (23 September 2021) (Ruling)**

Neutral citation: [2021] KEHC 76 (KLR)

**REPUBLIC OF KENYA
IN THE HIGH COURT AT NAIROBI (MILIMANI COMMERCIAL COURTS)
COMMERCIAL AND TAX
CIVIL CASE E281 OF 2020
MW MUIGAI, J
SEPTEMBER 23, 2021**

BETWEEN

HIGHCHEM MARKETING LTD APPLICANT

AND

NEXTGEN PHARMACEUTICALS (K) LTD RESPONDENT

RULING

1. The Plaintiff/Applicant filed suit and Notice of Motion on 10th August 2020, and sought temporary injunction restraining the Defendant, its servants, agents employees and/or representatives or anyone claiming under it whatsoever from using the mark Parafast or any other imitation of the trademark Parafast pending and determination of the Application and the suit.
2. The Plaintiff sought in the Plaint, a Permanent injunction in terms of the temporary injunction and an account of all monies received from the public by the Defendant for the use of Parafast.
3. In the Supporting Affidavit by Nelson Gacuri, he deposed that, the Plaintiff/Applicant Company was incorporated on 6th January 2005 and annexed later changed to HighChem Marketing Ltd. The Certificate of Incorporation was /is annexed to the Application.
4. The Plaintiff's business over 15 years is manufacturing, selling & distribution of pharmaceutical products, agrochemicals & industrial chemicals.
5. The Plaintiff is the registered proprietor of trade mark No 86417 in Part A Class 5 of the Register of Trademarks on 24th February 2015 to advertise, sell and distribute Parafast. The Plaintiff annexed the Certificate of Registration of the Trademark of 6th August 2015 effective date of registration 24th February 2015 – 24th February 2025.



6. In June 2020, the plaintiff discovered a product in the market Parafash and discovered the product is paracetamol and similar to their product Parafast. The same was not registered with the Registrar of Trademarks but registered with the Pharmacy & Poisons Board in November 2018.
7. The Defendant's mark Parafash is so identical and similar to the Plaintiff's Parafast as to be likely to deceive and cause confusion to the purchasing public and in a manner likely to cause injury or prejudice to the Plaintiff's reputation and goodwill, by infringing on the Plaintiff's trademark. The Plaintiff attached a copy of the brand and packaging of both Parafash & Parafast.
8. The Defendant's sale, distribution and advertisement of Parafash is deceptive to buyers of Plaintiff's goods bearing Parafast trademark by misrepresenting that the Defendant's goods aforesaid are alike and related with those of the Plaintiff.
9. The Plaintiff's advocate wrote to the Defendant vide letter of 17th July 2020 and the Defendant replied through the Advocate vide letter of 22nd July 2020. Both letters were attached to Plaintiff's Application.
10. On 31st August, 2020, this Court granted the temporary injunction during the Court Vacation as there was sufficient prima facie evidence to suggest imminent loss damage or injury to Plaintiff's trademark Parafast. Secondly, the Defendant was served with the Application and Affidavit of Service filed and there was no response, representation of replying Affidavit filed.

DEFENDANT'S CASE

11. The defendant through Salauddin Yousuf Khan filed Replying Affidavit to the Application and averred that Parafash 1000mg tablet (paracetamol soluble tablet) brand was registered by Origens Ltd with the Pharmacy & Poisons Board on 20th November 2018.
12. Origens Ltd sold the product license to Mercury Pharmaceuticals Ltd and requested the Pharmacy & Poisons Board to transfer 'MAH' from Origens Ltd to Mercury Pharmaceuticals which the Board approved on 10th July 2019.
13. Origens Ltd approached the Defendant Next Gen Pharmaceuticals to buy the MAH/Product License and the Defendant purchased the product License. The Defendant annexed the Transfer Agreement marked SYK1.
14. Thereafter, the Defendant made an application of Variation to the Pharmacy & Poisons Board to change of MAH of Parafash tablet from Mercury Pharmaceuticals to the Defendant Company. The copy of drug approved variation is marked SYK3
15. The Defendant deposed that the product is manufactured by VOVANTIS Laboratories, India and the Defendant has the required approval of the Board to import, market and distribute Parafash brand & Product and produced Drug Registration Retention License 2019 & 2020 marked SYK4-5-6.
16. The Defendant opposed the Application by the Applicant as follows;
 - a. That Parafash has completely distinctive packaging design and does not imitate the design of Parafast.
 - b. That the name 'Para' is from Paracetamol and the instant dissolving nature of a product in a flash and there is clear distinction between flash and fast.
 - c. Parafash & Parafast are not phonetically similar/identical



- d. Paracetamol is a worldwide accepted chemical name and trade marking Parafast does not give the Plaintiff/Applicant right to use 'Para' & 'fast' exclusively.
- e. Parafast & Parafash do not pass off as identical or similar and the Respondent's product does not pass off as the plaintiff's product.

17. Therefore, the Defendant/Respondent deposed that the Plaintiff/Applicant has not suffered any loss or injury.

RESPONDENT'S APPLICATION

18. The Respondent/Applicant filed application on 18th September 2020 and sought that the Court sets aside and/or vacate the Court orders issued on the 25th August, 2020 against the Defendant /Applicant and all consequential orders and the Applicant be at liberty to defend the application of 10th August 2020 and the Replying of 14th September 2020 be deemed as duly filed.

19. The Defendant /Applicant raised the following grounds;

- a. The Plaintiff/Applicant did not serve the Defendant/Applicant with hearing Notice of 25th August 2020 and the same was heard *ex parte*.
- b. That due to an oversight on the Defendant's advocate who read the email on 13th August 2020, inadvertently failed to open the attachments and diarize the matter as the matter was coming up on 24th August 2020.
- c. The Defendant learnt of the matter from the service of the Court order on 2nd September 2020 when it was physically served to the Defendant's advocate.
- d. The Defendant stands to suffer loss as it is engaged in the sale and distribution of Parafash which is in its godown.
- e. The Plaintiff has not made a *prima facie* case and there was material non-disclosure.

20. The Defendant's advocate Mr. Ongegu, filed a Supporting Affidavit and deposed that the email sent by Julian Kioko forwarding the Pleadings filed by the Plaintiff on the face of it was no hearing date of the Application. He read the email later and found the Court order that scheduled the matter to be heard on 24th August 2020.

21. The advocate and/or his staff who read the email first, inadvertently failed to diarize the date and the firm had scaled down operations as most staff were working remotely.

22. The Advocate deposed that the Defendant realized the mistake on 2nd September 2020 upon service of the Court Order. The Advocate's mistake should not be visited on the Defendant/Applicant.

PLAINTIFF'S RESPONSE

23. The Plaintiff deposed that the Defendant ought not to be heard by the Court as the Defendant failed to comply with the Court order and continues to sell Parafash through various outlets and has taken no steps to comply with the order

24. The Defendant's use of the mark Parafash which is identical to the Plaintiff's mark Parafast if allowed to continue will cause irreparable damage.



25. As deposed in paragraph 5 of the Defendant's Supporting Affidavit, the said manufacturer of Paraflash is the same manufacturer of Parafast.
26. In 2013, the Plaintiff held discussions around a product under the mark of Parafast and among the team was /is Dr Francis Wahome Karweru and Nelson Gaciuri and in 2014, Dr Francis Wahome Karweru left the Plaintiff Company having acquired the proprietary information. The copy of the Acceptance of Resignation letter of 1st December 2013 to Dr Francis Wahome Kamweru from Highchem Marketing Ltd is attached.
27. The Plaintiff commenced registration of the product Parafast in 2014 and Defendant registered Paraflash in 2018. Dr Francis Wahome Karweru is one of Directors of Origens Ltd as shown by CR-12 as at 22nd September 2020 is also attached.
28. The Agreement of Sale of the product from Origens Ltd to Mercury Pharmaceuticals is executed by Dr Francis Wahome Karweru.
30. It is apparent Paraflash was coined after trademark Parafast with the aim of riding on the goodwill of the Plaintiff and infringes on the trademark Parafast. It is the Plaintiff's view that, it is suffering irreparable damage.
31. The Plaintiff's advocate Mr.Ndirangu filed a supporting Affidavit and deposed that the service of Court process was served to Defendant's advocate as per the Advocate's instructions vide letter of 22nd July 2020. The Defendant's advocate admitted receipt of service of pleadings through email.
32. The Plaintiff's advocate served the Defendant through the advocate the pleadings and electronic order by the Court of 11th August 2020 and the mode of service through email through the Defendant's advocate due to Chief Justice Practice Directions on Covid -19 pandemic protection mechanisms.

DETERMINATION

33. The Court considered the pleadings and submissions by Counsel for the parties and the issues that emerge for determination from both Applications; one by the Plaintiff and the other by the Defendant are;
 - a. Was service of Court process proper and legal?
 - b. Should the Court's ex parte orders of 25th August 2020 be set aside, varied or vacated?
 - c. Is the Defendant in contempt for non-compliance of the Court orders?

ANALYSIS

34. The Defendant contested service and submitted and relied on the following authority;

Patel vs EA Cargo Handling Services Ltd (1974) E.A 75 which held; 'there are no limits or restriction on the Judge's discretion to set aside or vary an exparte judgment except that if he does vary the judgment he does so on terms that maybe just.'



35. The Plaintiff served the Defendant through their advocate on record as instructed vide letter of 22nd July 2020 from the Defendant's advocate in reply to Plaintiff's demand letter of 17th July 2020. The Defendant's advocate addressed the Plaintiff;

We have instructions to receive any summons as related to this issue incase your client proceeds to Court in this matter.

36. Secondly, since the advent of Corvid -19 pandemic service of Court Process was/is recognized as one of the methods of legal service of Court process rather than physical service. The email as mode of service is part of the Court practice Directions.

37. The Defendant's position is on the one hand that service was not effected as deposed in the Affidavit of Service on the other hand is that service was through email of Court pleadings but inadvertently, the Advocate and/or staff did not open/read the attachments. Also, that there was mis-diarizing of the bring-up files and the mistake should not be blamed on the Defendant.

38. The Defendant's different versions of whether service was effected or not makes it difficult to determine what is the true position regarding service and therefore cannot at this stage of competing versions exercise judicial discretion.

39. The Court is satisfied that legal and proper service of Court process was effected to the Defendant through the advocate as instructions contained in the letter of 22nd July 2020.

40. On the service of process, there are proceedings that were conducted by Hon.LJ M.Odero on service of process and date of 24th August 2020. Secondly, the matter was before Court on various dates, due to lack of Court file and/or not being listed on the Cause-list. The matter was heard on 24th August 2020 and ex parte orders granted on 25th August 2020.

41. On whether Court order of 25th August 2020, ought to be set aside to allow the Defendant a fair hearing of the application of 10th August 2020, the Court considered the Replying Affidavit by the Defendant is deemed as filed and considered alongside other pleadings and submissions.

In the case of *St Patricks Hill School Ltd versus Bank of Africa Kenya Ltd* [2018] eKLR the Court held; -

“I am of the view that the conditions for the grant of an interlocutory injunction are now well settled as stated in *Giella v Cassman Brown and co ltd* 1973 E.A 360, *Mrao v First American Bank of Kenya Ltd and 2 others* 2003 klr 125, and *American Cynamid co v Ethicon Ltd* 1975 1All E.R. The principles are: (a) an applicant must show a prima facie case with a probability of success (b) In an interlocutory injunction the applicant must show that unless injunctive orders are granted he will suffer irreparable harm which would not be adequately compensated for by damages. (c) And if in doubt in any of the above conditions the court will decide then on a balance of convenience.”

42. Applying the above principles of granting injunction or not the Court considers;

That the Plaintiff mooted the idea of the product Parafast in 2013 and registered the same with Pharmacy & Poisons Board in 2014. The Product Parafast is manufactured by VOVANTIS Laboratories, India.

43. The Plaintiff registered the product Parafast as a trade mark in 2015 and since then advertised sold distributed in the market Parafast.



45. The Defendant registered the product MAH with Pharmacy & Poisons Board through Origens Ltd on 20th November 2018. Origens Ltd sold the product license to Mercury Pharmaceuticals Ltd transferred 'MAH' from Origens Ltd to Mercury Pharmaceuticals on 10th July 2019. Origens Ltd sold to the Defendant, Next Gen Pharmaceuticals the MAH/Product License.
44. The Defendant stated that manufactured MAH by VOVANTIS Laboratories, India.
45. The Plaintiff contends that Parafast & Parafash pass off as identical or similar whereas the Defendant refutes this position.
46. The totality of the evidence presented in this Court is that the Plaintiff registered trademark in 2015 in form of Parafast, whereas the Defendant did/has not registered Parafash as trademark. Secondly, at and with the Pharmacy & Poisons Board, the Defendant registered MAH not Parafash which is the brand the Defendant took after registration of MAH.
47. The Court gleaned at both products and the similarities are (without confirming the colours as it is a photocopy);
 - a. Soluble Paracetamol Tablet BP 1000mg
 - b. Pain & Fever
 - c. Sugar Free
 - d. Orange Flavour
 - e. 8 Effervescent Tablets
 - f. Similar package

These similarities are overwhelming such that it is probable the public to purchase for the other.

48. In the case of *Solpia Kenya Ltd vs style Industries Limited & Another* [2015] eKLR Gikonyo J referred to Ringera J in the case of *Pharmaceutical Manufacturing Company vs Novelty Manufacturing Ltd* HCCC 746 of 1998 that;

Registration of a trademark confers the right of exclusive use of the trademark. Infringement of the trademark is a tort in strict liability. Intention and motive are irrelevant considerations

49. In *Colour Planet Ltd vs Safaricom Ltd Julia Obura & KPLC Ltd* HCCC314 of 2015 [2016] eKLR Kariuki J stated;

It is evident from the aforesaid cases that in order for the Court to consider an application for injunction, the principles enunciated in *Giella v Cassman Brown and co ltd* 1973 E.A 360, are considered, as well as provisions of [Trade Marks Act](#).

50. The Court finds that in the instant case, the Plaintiff has been selling and distributing the product Parafast since 2015 and is a registered trademark and the Defendant introduced Parafash after Parafast in 2018.
51. The court found it disturbing that the dispute arises from seemingly trade business espionage, the Plaintiff's claim that the Defendant obtained the propriety of their product from a Company where former worker in the Plaintiff Company resigned and took away trade secrets that were later used to introduce similar product to Parafast as Parafash. Furthermore, the paracetamol in both products is



manufactured by the same manufacturer, which cannot be coincidence. These facts alluded to by the plaintiff and annexed documents were not controverted by the Defendant.

52. Secondly, even after, the Plaintiff through Counsel raised the issue of infringement of its trademark and passing of by use and sale of Parafash by the Defendant vide letter of 17th July 2020, the Defendant did not mitigate or refrain from such sale and distribution which resulted in blatant violation and infringement of rights accrued.
53. From these facts, it is the Plaintiff who suffers loss and irreparable loss as opposed to the Defendant who introduced the Parafash unregistered as trade mark later than Parafast. Therefore, the plaintiff's trademark ought to be protected to ensure exclusive use an injunction ought to issue or remain in force so as to alleviate confusion in the minds of the consumers or public and curb imminent loss that shall continue to occur.

DISPOSITION

1. The Defendant's application to set aside Court orders of 25th August 2020 is dismissed.
2. The Court orders of temporary injunction in terms of the Court Orders of 25th August 2020 remain in force pending hearing and determination of the matter interpartes.
3. The Defendant to cease and desist use and sale of Parafash brand pending hearing and determination of the suit.
4. The parties/Counsel to pursue CMC before DR Commercial & Tax within 30 days
5. Thereafter, the matter maybe placed before Any other Court Within the Division as this Court is proceeding on transfer.

DELIVERED SIGNED & DATED IN OPEN COURT ON 23rd SEPTEMBER, 2021. (VIRTUAL CONFERENCE DUE TO CORVID 19 PANDEMIC MEASURES RESTRICTING OPEN COURT OPERATIONS AS PER CHIEF JUSTICE DIRECTIONS OF 17TH APRIL 2020)

M.W. MUIGAI

JUDGE

MR. KIINGATI FOR PLAINTIFF

MR MWANGI H/B FOR MR. ONGEGU FOR DEFENDANT

COURT ASSISTANT - TUPET

HCC E281 OF 2020 MWM

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