REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAIROBI

MILIMANI COMMERCIAL AND ADMIRALTY DIVISION

CIVIL CASE NO 35 OF 2017

MABATI ROLLING MILLS LIMITED......................................PLAINTIFF

VERSUS

ROYAL MABATI FACTORY LIMITED................................DEFENDANT

JUDGMENT

1. Through the amended plaint dated 30th November 2017 the plaintiff herein, Mabati Rolling Mills, who describes itself as a private limited liability Company, sued the defendant seeking the following orders:

> ***a. A permanent injunction to restrain the Defendant, whether by its directors, officers, servants or agents, licensees, franchisees or any of them or otherwise howsoever from packing, distributing, advertising, marketing and/or in any way availing to the public its product known as BRICKTILE by use of the word versatile.***
>
> ***b. A permanent injunction to restrain the defendant whether by its directors, officers, servants or agents, licenses franchisees or any of them or otherwise howsoever from packing, selling or offering or displaying for sale any iron sheet products (not being the plaintiffs iron sheets products) or in connection with any pack, label, device or get-up with any words bearing the word description or branding "VERSATILE" which is similar to the plaintiffs Trademarks herein before described; or otherwise passing off or attempting to pass off or causing, enabling or assisting others to pass off iron sheet products, not the goods of the plaintiff as and for the goods of the plaintiff***
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> ***Bb. An order for the expungment or varying of the entry in the Register of trademarks of the trademark Number No 89075 "ROYAL VERSATILE" in the name of the defendant.***
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> ***c. i. judgment against the defendant for damages and for aggravated damages and for the interest thereon at court rates until the date of the payment thereof in full***
>
> ***ii. AN ORDER that the defendant do deliver up an account of its profits and payment by the defendant to the plaintiff on taking such account together with interest thereon as aforesaid***
>
> ***d. AN ORDER that the defendant do deliver up to the plaintiff all colour coated iron sheets and roofing tiles manufactured and branded by the defendant in the defendants said name BRICKTILE or any other branding but described as versatile and all such unused iron sheets for destruction***
>
> ***e. Costs of the suit together with interest thereon at the court rates from the date of the judgment until the date of the payment in full***
>
> ***f. Such further or other relief as this honourable court may deem just to grant***
>
> ***g. Interest on the same awarded to the plaint.***

The Plaintiff's Case

2. The plaintiff states that it has, since the year 1961 or thereabouts, been carrying on business as manufacturer and supplier of colour coated roofing iron sheet products within the East African Region and is the duly registered proprietor of the following Trademarks in Kenya:-

a) VERSATILE trademark registered on 9th March 2005 under registration number 57008 under class 6 (colour coated tile profile iron sheets)

b) VERSATILE trademark registered on 18th October 2004 under registration number 56663 under class 6 (colour coated tile profile iron sheets)

c) ROYAL VERSATILE trademark registered on 28th May 2013 under registration number 78626 under class 6 (colour coated tile profile iron sheets)

3. The plaintiff's case is that the name "VERSATILE", used either singly or jointly with other words, has become very well-known and is distinctive of the colour-coated iron sheets and roofing tiles that it manufactures and/or distributes exclusively in Kenya.

4. The Plaintiff avers that the Defendant, who also carries on business as a manufacturer and distributor of iron sheet products in Kenya has put up in the Kenyan Market (and possibly beyond) and sold colour-coated iron sheets and roofing tiles, not of the Plaintiff's manufacture or distribution, in branding bearing the name BRICKTILE but bearing the description "VERSATILE" (*"Durable Mabati Versatile"* or *"Anti-Rust Versatile"*) that is a deceptive imitation of the said well-known products of the Plaintiff namely "VERSATILE" and "ROYAL VERSATILE".

5. The Plaintiff contends that the products "VERSATILE" and "ROYAL VERSATILE" are its registered Trademarks and that it has expended colossal amounts of money, (in excess of Kshs. 586,000,000/= from 2006 to-date), time and effort in the publication, promotion and marketing of its products including the roofing tile products sold under these Trade Marks.

6. The Plaintiff avers that the manufacture, branding, printing, description and pronunciation of any name or mark similar to "VERSATILE" in respect of colour-coated roofing iron sheets and roofing tile products is associated with its products.

7. It further avers that the use, by the Defendant, of the name "VERSATILE" in connection with the description, distribution and sale of colour-coated roofing iron sheets and tiles not of the Plaintiff's manufacture and/or packaging and distribution amounts to passing off of the plaintiff's said products and is calculated to lead, and has in fact led to deception and/or confusion and the belief that the Defendant's iron sheets are the products of the Plaintiff.

8. The Plaintiff further avers that the passing off of the Defendant's "BRICKTILE" product as the Plaintiff's product by use of the descriptive word "VERSATILE" is calculated to cause and has caused confusion and deception to the members of the public acquiring the iron sheets and tiles of the Defendant in the belief that they are acquiring the iron sheets manufactured by the Plaintiff and the Plaintiff has thereby suffered and will suffer damage.

9. The Plaintiff further states that the Defendant fraudulently obtained registration of the Trademark No. 89075"ROYAL VERSATILE" in its favour by deceptively presenting itself to the Registrar of Trademarks as the proprietor of the said Trademark while knowing that it had no actual, legal or valid claim to the said Trademark and that the Plaintiff is the only person with a legal and valid claim over the same. It highlighted the particulars of fraud, error or mistake as follows:

(a) The Defendant was only incorporated on 30th March, 2015;

(b) The Mark was registered less than 6 months later; and

(c) The Defendant is principally engaged in the business of selling similar profiled colour-coated roofing iron sheets.

10. The plaintiff's case was supported by the testimony of its Governance, Risk and Compliance Manager **Mr. Anthony Miringu Kungu** who adopted the contents of his witness statement as his evidence before the court and produced the documents contained in the plaintiff's bundle of documents as the plaintiff's exhibits.

11. The plaintiff filed its written submissions on 16th August 2019. A summary of the plaintiff's submissions are that the word VERSATILE is its registered Trademark that has been accompanying its products for more than 13 years and that the plaintiff has spent well over half billion Kenya shillings in promotion of the products.

12. It was submitted that both the plaintiff and the defendant are in the same field of manufacturing and distributing colour-coated roofing iron sheets and share the name "Mabati" in their company names. Counsel cited the decision in ***Nairobi HCCC No. 266 of 2015, Landor LLC and Wpp Luxembourg Gamma Sarl v Wagude Lui t/a Landor & Associates & 2 others*** [2019] eKLR wherein the court held that in order to prove breach of trademark the Plaintiff needs to prove that:

a) The Plaintiff is the registered proprietor of the mark;

b) The alleged infringement was a mark identical which, or so nearly, resembles that of the registered mark so as to be likely to deceive or cause confusion in the course of trade or in connection with the provision of services in respect of which it is registered;

c) The use of the mark is without consent or authority of the Proprietor; and

d) The use of the mark is such that it is likely to cause injury or prejudice to the proprietor or licensee of the Trade Mark.

13. The plaintiff's counsel noted that the defendant did not deny that their marks are exactly identical to the plaintiff's mark but instead tried to bring out the differences in the colors and designs of the marks. It was submitted that infringement of Trademark is a tort of strict liability, in which case, it did not matter that the defendant sought to justify its use of the word "Versatile".

The Defendant's Defence and Counterclaim

14. Through its amended defence and counterclaim dated 15th December 2017, the defendant denies the plaintiff's claim that it has property in the Trademark styled as "VERSATILE" or "ROYAL VERSATILE" in Kenya or elsewhere. It avers that plaintiff's registration of the trademarks was done on condition that the word TILE was disclaimed thus making the word "versatile" incapable of registration.

15. It is the defendant's case that the name" VERSATILE" is not a trademark registered in favour of the plaintiff and for its exclusive use as the said word is an ordinary verb which has its foundation in the English language and cannot therefore be protected as a trademark. The defendant faulted the plaintiff for failing to file an objection to the registration of its marks and further denied the claim that it obtained its Trademark fraudulently or by error. It further states that the Registrar of Trademarks clarified that the plaintiff is the registered owner of the Trademark Numbers 78626 "VERSA", 57008 "VERSA" and "ROYAL VERSA".

16. In the counterclaim, the defendant states that the plaintiff has continued to unlawfully and deceptively use its Trademark ROYAL VERSATILE in connection with the description, distribution and sale of colour coated tile profile sheets. The defendant further states that the continued use of the Trademark in connection with description, distribution and sale of tile profiled colour coated sheets not of the defendant's manufacture; packaging or distribution is tantamount to passing off.

17. It further pleads that passing off of the plaintiff's products as the defendant's products using the Trademark is engineered to cause confusion and deception to the members of the public. The defendant therefore seeks for the following orders;

> ***a. A declaration that the defendant is the duly registered proprietor of the Trademark No. 89075 ROYAL VERSATILE under class 6 (Common metals and their alloys, metal building materials, small items of metal hardware, pipes and tubes, safes) and has exclusive use of the name ROYAL VERSATILE while branding its products under class 6***
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> ***b. A declaration that the entry in the register of Trademarks of the Trademark number 78626 under class 6 (column colored aluminum Zinc coated tile profile iron sheets) trademark number 57008 under class 6 (common colored aluminum zinc coated tile profile iron sheets) is VERSA***
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> ***c. A declaration that the entry in the register of trademarks of the trademark Number 78626 under class 6 (Common colored aluminum- Zinc coated tile profile iron sheets) Trademark Number 56663 under Class 6(common coloured aluminum- Zinc Coated tile profile iron sheets) does not represent the words/names "VERSATILE" and "ROYAL VERSATILE" respectively in their descriptive character.***
>
> ***d. A declaration that the defendant is at liberty to put up on the Kenyan market and beyond its colour coated iron sheets and tiled roofing products and describe them using the word/ name "VERSATILE" in its descriptive character.***
>
> ***e. A permanent injunction to restrain the plaintiff, whether by its directors, officers, servants or agents, licenses, franchisees or any of them or otherwise howsoever from packaging, distributing, advertising, marketing and/or in any way availing to the public its products under class 6 by the use of the trademark ROYAL VERSATILE***
>
> ***f. Costs of the suit.***

18. At the hearing of the suit, the defendant tendered the evidence of its Business Development Manager **Mr. Dominic Njenga Wamugi** who adopted his witness statement and produced the defendant's bundle of documents as exhibits in court. He confirmed that the defendant, just like the plaintiff, is engaged in the business of manufacturing and distributing roofing iron sheets. He added that both the plaintiff and the defendant operate in the same market.

Defendant's submissions

19. While highlighting the defendant's written submissions filed on 10th December 2019, counsel for the defendant submitted that the plaintiff did not prove that it was the registered proprietor of a Trademark called *versatile*. According to the defendant, the plaintiff holds the Trademark "Versa" and not "Versatile". Counsel argued that the word 'versatile' is an ordinary English word that is used to describe items and is thus incapable of being protected as a Trademark. He maintained that the defendant only used the word "versatile" to describe its products.

20. Counsel submitted that because the defendant is the registered proprietor of the Trademark "Royal Versatile", it is entitled to use the word "Versatile". It was submitted that the defendant could invoke the concept of concurrent usage in accordance with section 15(2) of the Trademarks Act.

21. Counsel acknowledged that even though the court is dealing with a situation where the defendant has a similar trademark as the plaintiff, there is a clear procedure in the Act under which the plaintiff ought to have objected to or challenged the defendant's registration of the trademark. It was the defendant's case that since the plaintiff has not challenged the defendant's trademark since its registration in 2015, the Trademark "Royal Versatile" has become part of the defendant's name such that its expungement would give an unfair advantage to the plaintiff as the defendant's clients would continue to associate the trademark with the defendant. Counsel added that the plaintiff did not tender any evidence to show that confusion had been caused in the market arising from the defendant's use of the trademark "Royal

Versatile”.

Analysis and Determination.

22. I have carefully considered the pleadings filed herein, the testimonies of the parties’ respective witnesses and the submissions by their counsel together with the authorities that they cited. The parties listed at least 17 issues for determination in their Agreed Issues dated 9th March 2018. I however note that the main issues for determination are as follows:

> *i.* ***Whether the Plaintiff is the registered proprietor of the trademarks “VERSATILE” and “ROYAL VERSATILE” registered under registration numbers 57008, 56663 and 78626.***
>
> *ii.* ***Whether the defendant has used the words “VERSATILE” to market its products.***
>
> *iii.* ***Whether there is the likelihood of confusion and/or deception on buyers due to the Defendant’s use of the word “VERSATILE” to describe, distribute, market and sell colour-coated roofing sheets and tile products.***
>
> iv. ***Who between the Plaintiff and the Defendant is entitled to the reliefs sought in the Amended Plaint and Counterclaim.***
>
> v. ***What order should be made as to costs?***

Whether the plaintiff is the registered proprietor of the trademarks VERSATILE and ROYAL VERSATILE registered under registration numbers 57008, 56663 and 78626.

23. The defendant argued that the plaintiff has no property in the trademark styled as VERSATILE or ROYAL VERSATILE. It maintained that the word versatile is incapable of registration as it lacks distinctiveness. The defendant contended that in the plaintiff’s trademark nos. 57008, 56663 and78626, the word ‘tile’ was expressly disclaimed and that the trademark was therefore VERSA.

24. From the foregoing argument, I note that the dispute herein is not over the registration of the trademark but rather with respect to the wording of the trademark and if the trademark was ‘versa’ or the ‘versatile’. It was not disputed that the Plaintiff is the registered proprietor of the trademarks “VERSATILE” and “ROYAL VERSATILE” that were registered under registration numbers 57008, 56663 and 78626 on 9th March 2005, 18th October 2004 and 28th May 2013 respectively.

25. The Defendant argued that in view of the disclaimer contained in the plaintiff’s Trademark over the use of the word “tile”, the Plaintiff herein only enjoys protection of Trademark in the word “VERSA” and the phrase “ROYAL VERSA” and not “Versatile” or “Royal Versatile” as alleged. The question which then arises is whether the import of the disclaimer on the word “tile” means that the Plaintiff’s Trademark is “Versa” and “Royal Versa” and not “Versatile” and “Royal Versatile”.

26. I note that the disclaimer which the defendant referred to appears at the top page of the Plaintiff’s Certificate of Trademark and it stipulates as follows:

> ***“Registration of this mark shall give no right to the exclusive use of the word TILE separately and apart from the mark as a whole.”***

27. A simple reading of the above disclaimer shows that it was intended to bar the exclusive use of the word ‘tile’ separate from the word ‘versa’. My finding is that the disclaimer does not allow the use of the word “tile” separately from the word “Versa” which means that what is protected by the plaintiff’s trademark is the whole word “VERSATILE” and “Royal Versatile”.

Whether the defendant has used the words “VERSATILE” to market its products.

28. Section 2 (1) (a) of the Trademark Act CAP 506 Laws of Kenya (hereinafter “the Act” stipulates as follows:

> ***“In relation to goods for the purpose of indicating a connection in the course of trade between the goods and some person having the right either as a proprietor or as licensee to use the mark, whether with or without indication of the identity of that person or distinguishing goods in relation to which the mark is used or proposed to be used from the same kind of goods connected in the course of trade with any person”.***

29. The registration of a Trade Mark confers the right of exclusive use of the Mark. Section 7 of the Trade Mark Act sets out the rights given by registration in Part A and infringement thereof:-

> ***“(1) Subject to the provisions of this section, and of sections 10 and 11, the registration (whether before or after 1st January, 1957) of a person in Part A of the register as the proprietor of a trade mark if valid gives to that person the exclusive right to the use of the trade mark in relation to those goods or in connection with the provision of any services and without prejudice to the generality of the foregoing that right is infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of permitted use, uses a mark identical with or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade or in connection with the provision of any services in respect of which it is registered, and in such manner as to render the use of the mark likely to—***

(a) be taken either as being used as a trade mark;

(b) be taken in a case in which the use is upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or goods with which such a person is connected in the course of trade;

(c) be taken in a case where the use is use at or near the place where the services are available for acceptance or performed or in an advertising circular or other advertisement issued to the public or any part thereof, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or to services with the provision of which such a person as aforesaid is connected in the course of business;

(d) cause injury or prejudice to the proprietor or licensee of the trade mark.

(2) The right to the use of a trade mark given by registration shall be subject to any conditions or limitations entered on the register, and shall not be deemed to be infringed by the use of any such mark in any mode, in relation to goods to be sold or otherwise traded in any place, in relation to goods to be exported to any market or services for use or available for acceptance in any place or country, or in any other circumstances, to which, having regard to any such limitations, the registration does not extend.

(3) The right to the use of a trade mark given by registration shall not be deemed to be infringed by the use of any such mark by any person—

(a) in relation to goods connected in the course of trade with the proprietor or a licensee of the trade mark if, as to those goods or a bulk of which they form part, the proprietor or the licensee conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of the trade mark; or

(b) in relation to goods adapted to form part of, or to be accessory to, other goods in relation to which the trade mark has been used without infringement of the right given as aforesaid or might for the time being be so used, if the use of the mark is reasonably necessary in order to indicate that the goods are so adapted and neither the purpose nor the effect of the use of the mark is to indicate otherwise than in accordance with the fact a connexion in the course of trade between any person and the goods;

(c) in relation to services to which the proprietor of the trade mark or a licensee conforming to the permitted use has applied the trade mark, where the purpose and effect of the use of the trade mark is to indicate, in accordance with the fact, that those services have been performed by the proprietor or a licensee of the trade mark; or

(d) in relation to services the provision of which is connected in the course of business with the proprietor or a licensee of the trade mark, where the proprietor or licensee has at any time expressly or impliedly consented to the use of the trade mark; or

(e) in relation to services available for use with other services in relation to which the trade mark has been used without infringement of the right given by registration or might for the time being be so used; if—

(i) the use of the trade mark is reasonably necessary in order to indicate that the services are available for such use; or

(ii) neither the purpose nor the effect of the use of the trade mark is to indicate otherwise than in accordance with the fact that there is a connection in the course of business between any person and the provision of those services.

(4) The use of a registered trade mark, being one of two or more registered trademarks that are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration as aforesaid, shall not be deemed to be an infringement of the right so given to the use of any other of those trademarks.

30. The above stated Provisions of Section 7 reveal the general conditions for an action for infringement of a Trademark. They include:-

a) The use of a sign or mark

b) The use of (a) without the consent or authority of the proprietor

c) The use of (a) in public

d) The use of (a) in advertising

e) The use of (a) in a manner likely to cause injury and prejudice to the proprietor.

31. In ***Pharmaceutical Manufacturing Company v Novelty Manufacturing Ltd HCCC No 746 of 1998***, cited with approval in ***Solpia Kenya Limited v Style Industries Limited & Another* (2015) eKLR**, it was held that:

"Registration of a trademark confers the right of exclusive use of the mark. Infringement of the trade mark is a tort of strict liability. Intention and motive are irrelevant considerations…the right is a statutory one."

32. Guided by the finding in the above cited case and provision of the Act, I find that the right conferred to a trademark owner is a statutory one. In the present case, flowing from the finding that the plaintiff is the registered owner of the trademark "Versatile" and "Royal Versatile", I find that the plaintiff has exclusive rights to the said trademarks and that any party who wishes to use the said trademarks can only do so with the permission from the owner of the trademark. This is the position that was taken in ***Beiersdorf AG v Emirchem Products Ltd Nairobi*** HCCC No 559 of 2002, wherein it was held that:

> ***"The section means and implies that a proprietor of the trademark has the exclusive use of the mark and any person who wishes to use it has to do so with license from the proprietor."***

33. In the present case, the defendant did not deny that it used the marks ***Versatile*** or ***Royal Versatile*** in its roofing iron sheets but contended that the word ***versatile*** in the ordinary sense is an English word which it can use freely without seeking the permission of the plaintiff. At the tail end of its submissions, the defendant conceded that it has used the words ***"Royal Versatile"*** in marking and marketing its products but argued that it was entitled to use the said mark owing to the fact that it duly obtained the registration of the said trademark in 2015. The defendant argued that the case before the court is that of concurrent usage of the same trademark by the parties.

34. My finding is that the defendant's argument cannot be sustained as it is quite clear that the plaintiff registered the trademark ***"Versatile"*** and ***"Royal Versatile"*** long before the defendant secured its registration. I further find that the plaintiff has established, to the required standards, that it owns the said trademarks. The reason behind the above finding will become clearer from the determination on the next issue for determination and the provisions of Section 14 of the Act.

Whether there is the likelihood of confusion and/or deception on buyers due to the Defendant's use of the word "VERSATILE" to describe, distribute, market and sell colour-coated roofing sheets and tile products.

35. Section 14 of the Act prohibits registration which is likely to cause deception. The Section stipulates as follows:

> ***"(1) No person shall register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design."***

Section 15(1) and **(2)** of the **Act** on the other hand stipulates that:

> ***"Subject to the provisions of sub-section (2) no trade mark shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or in respect of services, is identical with or nearly resembles a mark belonging to a different proprietor and already in the register in respect of the same services or description of services."***

Sub-section (2) provides that,

> ***"In case of honest concurrent use, or other special circumstances which in the opinion of the court or the Registrar may permit the registration of trade marks that are identical or nearly resemble each other in respect of the same goods or description of goods by more than one proprietor subject to such conditions and limitations, if any, as the court or Registrar may think it right to impose."***

36. In ***Sabel BV v Puma AG***, ***Rudolf Dassler Sport,*** **Case C-251/95** the court considered the question of whether similarity in the marks may cause confusion and held that in making a comparison between the marks, one should consider the respective marks' visual, aural and conceptual similarities with reference to the overall impressions created by them bearing in mind their distinctive and dominant components. The Court stated as follows at paragraph 22 and 23:

> ***"The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case. That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. The wording of Article 4 (1) (b) of the Directive – "...there exists a likelihood of confusion on the part of the public…" – shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details."***

37. Similarly, in ***Amritdhara Pharmacy v Satya Deo Guptaar*** **1963 Sc 449,** the court held that:-

> ***"… The question whether a trade name is likely to deceive or cause confusion by its resemblance to another already registered is a matter of first impression and one for decision in each case and has to be decided by taking an overall view of all the circumstances. The standard of comparison to be adopted in judging the resemblance is from the point of view of a man of average intelligence and imperfect recollection."***

38. In ***Pasticio Lucio Garofalo S.PA Vs. Debenham & Fear Limited*** [2013] eKLR it was held that another element to consider is if the impugned mark is identical with or so nearly resembling the Trademark as to be likely to deceive or cause confusion in Trade or provisions of services in respect of which the Trademark is registered. In evaluating the likelihood of deception or confusion, the Court may consider the proximity of the goods and services, similarity or resemblance of the markings, evidence of actual confusion where this has occurred and the market place where the goods are traded or services provided.

39. In ***George Ballantine & Sons Ltd v Ballantyne Steward & Co. Ltd*** [1959] R.P.C, it was held that the wrong of passing off is established ***"if the alleged wrong doer deals in goods in such a guise or "get-up" as to render likely confusion of his goods with those of the complainant".***

40. In the present case, it was not disputed that the defendant's mark is ***"Royal Versatile"*** whereas the plaintiffs mark is ***"Royal Versatile"***. I find that the two marks are substantially the same, if not identical, and that the likelihood that they may cause confusion cannot therefore be gainsaid. I further find that the defendant's argument regarding concurrent use of the subject trademarks goes against the objective of registration of a trademark and does not cure the confusion that may arise, among the parties' respective customers, when both parties are allowed to manufacture and sell the same class of products under the same name. Given the commonality of the market and the products sold, this Court finds that the Mark of ***"Royal Versatile"*** which resembles the plaintiff's Trademark is likely to cause confusion in the course of trade.

Whether the trademark ROYAL VERSATILE (trademark no 89075) was obtained by the defendant fraudulently or by error of commission or omission or by mistake.

41. It was not disputed that the defendant's registered trademark No. 89075 ***ROYAL VERSATILE*** on 11th September 2015 long after the plaintiff registered the same trademark in May 2013. It was therefore the plaintiff's contention that the defendant's registration was obtained fraudulently, in error and by mistake.

42. It is trite law that *he who asserts must prove* which means that the burden of proof lies with whoever wants the court to find in his favour to tender evidence to support his claim. In this regard, **Section 107 of evidence Act** succinctly states:

> ***"Whosever desires any court to give judgment as to any legal right or liability dependent on the existence of facts which he asserts must prove that those facts exist.***

43. *In the present case, the defendant established that the public was notified of its intention to register the trademark "Royal Versatile" before its registration and that the plaintiff did not raise any objection to such registration* as provided for under Section 21 of The Act which stipulates as follows at subsection (1) – (3)

> ***Opposition to registration***
>
> ***(1) When an application for registration of a trade mark has been accepted, whether absolutely or subject to conditions or limitations, the Registrar shall, as soon as may be after acceptance, cause the application as accepted to be advertised in the prescribed manner, and the advertisement shall set forth all conditions and limitations subject to which the application has been accepted:***
>
> ***Provided that the Registrar may cause an application to be advertised before acceptance if it is made under paragraph (e) of subsection (1) of section 12, or in any other case where it appears to him that it is expedient by reason of any exceptional circumstances so to do, and where an application has been so advertised the Registrar may advertise it again when it has been accepted but shall not be bound so to do.***
>
> ***(2) Any person may, within the prescribed time from the date of the advertisement of an application, give notice to the Registrar of opposition to the registration.***
>
> ***(3) The notice shall be given in writing in the prescribed manner, and shall include a statement of the grounds of opposition.***

44. The provisions of the above section provided the plaintiff with an opportunity to oppose the registration of the disputed trade mark before it was registered. The plaintiff conceded that it did not avail itself of these provisions because it was not aware of defendant's application for Registration and I therefore find that *in the circumstances of this case, the defendant cannot be said to have acted fraudulently in obtaining the said registration.*

45. My above finding on the process of registration notwithstanding, the defendant's registration of the trademark **"Royal Versatile"** cannot be said to have been free from error and absolutely above board for the following reasons: Firstly, it was not disputed that both the plaintiff and the defendant deal with the same class of products and operate in the same market. Secondly, the plaintiff was the early entrant in the industry having registered the trademark long before the defendant started its business in the iron sheets. This court finds it quite curious that the defendant opted to join the same market by registering the same trademark as that of the plaintiff.

46. My further finding is that looking at the actions of the defendant in totality, they cannot be said to have been innocent. My humble view is that any objective and reasonable observer may arrive at the irresistible conclusion that by registering a similar trademark as that of the plaintiff, the defendant's intention was to ride on the crest of the plaintiff's brand in order to gain unfair advantage in the market. This court finds it hard to believe that it was a mere coincident or by chance that not only does the defendant's name have the word "Mabati" just as the plaintiff's name, but that the two companies deal in the same products and share the same trademark. My take is that the scenario would have been different if the defendant dealt in completely different class of products such as foodstuff or motor vehicles. I therefore find that the defendant obtained the registration of the trademark ***ROYAL VERSATILE*** (trademark no 89075) by error of commission or omission or by mistake as the plaintiff's Trade Marks were already registered. My further finding is that whatever the approach that was used to obtain the registration of the defendant's trademark was flawed.

Whether the plaintiff/defendant is entitled to the orders sought.

47. Having found that the plaintiff is the duly registered owner of the trademarks Versatile and Royal Versatile, it goes without saying that the defendant is not entitled to the orders that it seeks in the counterclaim.

48. *The plaintiff, on the other hand, sought orders inter alia for a* permanent injunction to restrain the Defendant from packing, selling or offering or displaying for sale any iron sheet products (not being the plaintiffs iron sheets products) or in connection with any pack, label, device or get-up with any words bearing the word description or branding ***"VERSATILE"*** which is similar to the plaintiffs Trademarks herein before described; or otherwise passing off or attempting to pass off or causing, enabling or assisting others to pass off iron sheet products, not the goods of the plaintiff as and for the goods of the plaintiff. The plaintiff also sought an order for the expungement or varying of the entry in the Register of trademarks of the trademark Number No 89075 ***"ROYAL VERSATILE"*** in the name of the defendant.

49. The plaintiff further sought judgment against the defendant for damages and for aggravated damages and for the interest thereon at court rates until the date of the payment thereof in full and for an order that the defendant do deliver up an account of its profits and payment by the defendant to the plaintiff on taking such account together with interest thereon as aforesaid. There was also the prayer that the defendant do deliver up to the plaintiff all colour coated iron sheets and roofing tiles manufactured and branded by the defendant in the defendants said name BRICKTILE or any other branding but described as versatile and all such unused iron sheets for destruction.

Expungement

50. Section 36 of The Act stipulates as follows on expungement:

Power to expunge or vary registration for breach of condition

On application by any person aggrieved to the court, or, at the option of the applicant and subject to the provisions of section 53, to the Registrar, or on application by the Registrar to the court, the court or the Registrar may make such order as the court or the Registrar may think fit for expunging or varying the registration of a trade mark on the ground of any contravention of, or failure to observe, a condition entered on the register in relation thereto.

51. *Section 51 of the Act stipulates as follows:*

> ***51. Court's power to review Registrar's decision***
>
> ***The court, in dealing with any question of the rectification of the register (including all applications under the provisions of section 35), shall have power to review any decision of the Registrar relating to the entry in question or the correction sought to be made.***

52. *In* ***Wilson Muriithi Kariuki T/A Wiskam Agencies v Surgipharm Limited* [2012] eKLR,** Odunga J. stated,

> ***"…The position as of now is that the Applicant is the registered proprietor of the said Trade Mark and until that proprietorship is successfully challenged, has the right to enjoy the benefits that accrue there from. To allow the defendants to also distribute a product bearing the same name would amount to introducing not only unnecessary confusion in the mind of the consumers of the said product but may engender chaos in the market."***
>
> ***In the same light it is important to observe that trademarks can be similar provided that the goods and services are of different descriptions. The only property in a trademark is the business or trade in connection with which the trademark is used."***

53. In the present case, as I have already stated in this judgment, the goods offered by the plaintiff and the defendant are colored roofing iron sheets which are similar in which case, there is likelihood of confusion among customers when similar trademarks are used by the parties herein. It is noteworthy that the main purpose of registration of a trademark is to protect the holder of the trademark from unfair competition by protecting the use of a symbol, word, logo, slogan, design that distinguishes the goods of a company. Clearly therefore, allowing the defendant to continue using the same trademark as that of the plaintiff would negate the purpose of such registration. It is therefore my finding that the Registrar ought to vary/expunge the mark of the defendant.

Damages

54. The plaintiff also sought damages for the infringement of its trademark. Flowing from the findings I have made in this judgment, I find that the plaintiff's case meets the threshold of proof of infringement of its trademark as it proved that it is the registered proprietor of the marks in question, that the defendant's marks are identical to or so nearly, resembles that of the registered marks of the plaintiff so as to be **likely** to deceive or cause confusion in the course of trade or in connection with the provision of products in respect of which they were registered. The plaintiff also established that the defendant used its marks without their consent or authority and that the use of the mark is such that it is likely to cause them injury or prejudice. I find that it matters not that the defendant may not have had an intention to infringe because Infringement of a Trademark is a tort of strict liability. (See ***Pharmaceutical Manufacturing Company v Novelty Manufacturing Ltd HCCC No 746 of 1998).***

55. A passing off claim is a right of a Trade to bring a legal action for Protection of goodwill. It may be brought under the law of unfair competition and sometimes as a Trademark infringement. There would be three elements to be proved in an action of passing off. Lord Oliver Aylmerton sets them out in ***Reckitt & Colman products Ltd v Borden Inc & others*** [1990] R.p.c 34:-

> ***"The law of passing off can be summarized in one short general proposition, no man may pass off is goods as those of another.***

More specifically, it may be expressed in terms of the elements which the Plaintiff in such an action has to prove in order to success. These are there in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of a labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognized by the public as distinctive specifically of the Plaintiff's goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public (whether or not international) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the Plaintiff. Whether the Public is aware of the Plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified within a particular source which is in fact the Plaintiff. For example, if the public is accustomed to rely on a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Third, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the Defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the Plaintiff".

56. Havelock J. considered the issue of goodwill in ***Pasticio*** *(supra),* where he held that goodwill **may be established by the long usage of the trade mark, and thus the accruing right and interest therein. He observed that this principle was established in *CDL Hotels International Ltd vs. Pontiac Marina Pty Ltd* [2000] 1 LRC 243 referred to by the Plaintiff, where it was held inter alia:**

"…in a long line of authorities, it had been stablished that pre-trading activities were capable of generating goodwill. Commercial realities demand so, given the considerable expenditure involved in marketing, advertising and promotion to familiarize the public with the service or product".

57. A similar position was adopted by the Court of Appeal of Alberta, Canada in *Triple Five Corporation v. Walt Disney Productions* (1994) ABCA 120 in which the learned Judge postulated that indeed goodwill may be established in a claim for passing off by the exigencies and effort expended in the marketing, advertising and promotion of the goods or services of the proprietor.

58. In this case, it is not in doubt that the Plaintiff's trade mark was first registered in Kenya in 2006 and that it has been in business in Kenya and the East Africa region. It is not in doubt that during the time that the plaintiff has been in business, it has incurred expenses in marketing, promotion and advertising its products under its trademark. This is a fact that was not denied by the defendant. The reasonable conclusion is that the Plaintiff has been engaging in business since the date of the original registration of its trademark and that it may have over the years established goodwill.

59. The Plaintiff's evidence was that its Products under the Trademark are well known in the East African Region and that it has a large market presence. I note that this assertion by the Plaintiff was however not backed by further evidence, like, Market survey or Statistics showing the plaintiff's market share before and after the infringement on their trademark.

60. Hon. J.B. Havelock J. in ***Pastificio Lucio Garofalo S.P.A v Debenham & Fear Ltd*** [2013] eKLR it was held that it is trite law that where infringement has been established, damages will be presumed and that they are to be assessed liberally.

61. In ***Haria Industries v P.J Products Limited*** [1976] EA 367 where Sir Charles Newbold remarked,

"…Having said that, and bearing in mind, as I said earlier, that in my view, and I think clearly in the trial Judge's view, the action of the Defendant was deliberate and he sought to make a profit out of his wrong and that therefore this one of the few cases in which an amount of damages additional to the purely compensatory can be given, I have come to the conclusion that the proper figure which should be awarded to the Plaintiff for the action of the Defendant in £ 750…"

62. In the instant case, I have already found that whether it was intentional or not, there is a likelihood that confusion was caused when the defendant introduced products in the market using the same trade mark as that of the plaintiff. It is trite law that in a claim for passing-off, once misrepresentation and infringement have established, damages will be presumed. In ***Orkin Exterminating Co. Inc v Pestco Co. of Canada Ltd*** 50 O.R. (2d) 726 it was held *inter alia:*

"The third issue raised by the appellants is framed as follows: should damage to the property in the goodwill, if any, be presumed to have been incurred by Orkin and if so, was that presumption rebutted? …Without damage there is no passing off. This argument is completely answered by the assertion that Orkin has suffered damage, sufficient to support a cause of action against Pestco, by virtue of its loss of control over the impact of its trade name in Ontario and the creation of a potential impediment to its using its trademark upon entering the Ontario market-- both arising from Pestco's use of the name "Orkin" in Ontario."

63. Similarly in ***Draper v Trist*** [1934] 3 All ER 513 Goddard, L.J reiterated;

"In passing off cases, however, the true basis of the action is that the passing off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business. The law assumes, or presumes, that, if the goodwill of a man's business has been interfered with by the passing off of goods, damages results therefrom."

64. The plaintiff's case was that it had invested colossal amount of money to the tune of Ksh. 586,000,000/= in advertising, marketing and/or promoting its products from the year 2006 to the date of filing this suit. The plaintiff contended that all this spending was aimed at attaining goodwill in the market and that by infringing the Plaintiff's Trade Mark, the Defendant has caused loss to the Plaintiff of a similar amount. The Plaintiff, therefore claimed the sum of Ksh. 586,000,000/= be the amount due to it for the award of aggravated damages.

65. In assessing damages in an action for tort, the Court has the discretion to determine the amount of damages, based on the assessment of the issues at hand and the circumstances of the particular case. In the instant suit, the Plaintiff's claim is predicated upon the Defendant's action of passing-off which claim it therein stated commenced sometime in 2015 after the registration of ***"Royal Versatile"*** as a trade mark. The Defendant stated that it commenced business in 2015 but had halted the use of the impugned trademark following the institution of this suit in 2017. Damages would therefore be assessed based on the presupposition that they accrued from the date of use of the trade mark or the user principle.

66. In ***Gerber v Lectra*** [1995] R.P.C 383, the five (5) principles applicable in the assessment of damages were set out as follows:

> ***"(a) Damages are compensatory only, to put the claimant in the same position he would have been in had the wrong not been sustained;***
>
> ***(b) The burden of proof lies on the claimant, but damages are to be assessed liberally;***
>
> ***(c) Where the claimant has licensed his right, the damages are the lost loyalty;***
>
> ***(d) It is irrelevant that the defendant could have competed lawfully; and***
>
> ***(e) Where the claimant has exploited his right by his own sales, he can claim lost profit on sales by the defendant he would have made otherwise, and lost profit on his own sales to the extent that he was forced by the infringement to reduce his own price".***

67. The Canadian Court in ***General Tire & Rubber Co. v Firestone Tyre & Rubber Co. Ltd*** [1975] 1 R.P.C 203 at 824 held thus:

> ***"As in the case of any other tort (leaving aside cases where exemplary damages can be given) the object of damages is to compensate for loss or injury. The general rule at any rate in relation to 'economic' torts is that the measure of damages is to be, so far as possible, that sum of money which will put the injured party in the same position as he would have been in if he had not sustained the wrong."***

68. As I have already stated in this judgment, the plaintiff submitted that it spent Ksh. 586,000,000/= in advertising, marketing and/or promoting its products from the year 2006 to the date of filing this suit and that it therefore claimed the sum of Ksh. 586,000,000/= be the amount due to it for the award of aggravated damages. My finding is that in as much as the award for general damages is discretionary and may be awarded liberally, the Plaintiff still has to establish that it indeed suffered damage and to what extent the Court's intervention as regards the same should be.

69. I however note that apart from the general claim that it had spent huge sums of money in marketing its products since the year 2006, the plaintiff did not place any other material before this court such as the negative economic consequences of the infringement, including lost profits, which it suffered, if any, due unfair profits made by the defendant among other factors. My finding is that the facts to be relied upon in awarding aggravated damages in addition to general damages were not proved and cannot be granted more so considering that the defendant had barely in business for 2 years before this suit was instituted.

70. As regards General damages, the Plaintiff has left this Court with little to work on and it will have itself to blame for the outcome. In the absence of any evidence to assist the Court make an objective assessment of the General Damages deserved, this Court makes an order for the sum of Kshs.2,000,000/= under this heading.

Injunction

71. I have already found that the plaintiff is the registered owner of the trademarks in question and that the defendant's infringement of the said trademark is likely to cause confusion. In the circumstances of this case, I find that the injunctive orders sought are merited. I am guided by the decision in ***Unilever PLC v Bidco Oil Industries*** [2004] 1 KLR 57 where it was held as follows with regards to the exclusive rights of a proprietor;

> ***"The Plaintiff was the registered owner of the trade mark "Blue Band" and the registration gave it the exclusive right to use the trade mark in relation to margarine and anybody else who used a mark identical with or so nearly resembling that mark as to be likely to deceive or cause confusion in the course of trade in margarine would be stopped by law from doing so."***

Account of the profits

72. The Plaintiff also sought for an account of the profits made by the Defendant over the course of its business. An order for account is an equitable remedy and the Court has the discretion whether or not to grant the same. The basic principles for the application of accounts are well set out by the authors in **Kerly's Law of Trade Marks and Trade Names 15th Edition, Sweet & Maxwell at paragraph 20-153, pg. 769** as follows:

> ***"(a) An account is confined to the accounts actually made, its purpose being to deprive the defendant of unjust enrichment rather than to punish him;***
>
> ***(b) An account is addressed to identifying profits caused, in the legal sense, by the infringement;***

(c) The fact that the defendant's profits could have been made in a non-infringing fashion is irrelevant;

(d) The claimant must take the defendant as he finds him, and may not argue that the defendant could have made greater profits by trading in a different fashion;

(e) Where only parts of the defendant's activities infringed, profits attributable to the non-infringing parts are not caused by the infringement, and the overall profits must be apportioned".

73. An order for the accounts therefore, in the view of this Court, would be a suitable remedy in order to ascertain the correct position in regards to the profits made by the Defendant subsequent to the infringement and passing-off. The Court in consideration of the foregoing principles and in exercise of its discretion awards the Plaintiff prayer for account for profits and directs that the Defendant is to provide the same filed in this Court within ninety (90) days of the date of this Judgement.

Conclusion

74. Ultimately, I find that the Plaintiff has proved its case against the defendant on a balance of probabilities and the order that commends itself to me is the order to allow the plaintiff's case in the following terms:

(a) ***An order of PERMANENT INJUNCTION is hereby issued to restrain the Defendant, whether by its directors, officers, servants or agents, licenses, franchisees or any of them or otherwise howsoever from packing, selling or offering or displaying for sale any iron sheet products (not being the Plaintiff's iron sheet products) in or in connection with any pack, label, device or get-up with any words bearing the word or description or branding "VERSATILE" or "ROYAL VERSATILE" which is similar to the Plaintiff's Trade Marks hereinbefore described; or otherwise passing off or attempting to pass off or causing, enabling or assisting others to pass off iron sheet products, not the goods of the Plaintiff, as and for the goods of the Plaintiff.***

(b) ***An order for the expungement or varying of the entry in the Register of Trade Marks of the Trade Mark Number No. 89075"ROYAL VERSATILE" in the name of the Defendant.***

(c) ***JUDGEMENT against the Defendant for damages in the sum of Kshs. 2,000,000 and for interest thereon at court rates until the date of payment thereof in full;***

(d) ***AN ORDER that the Defendant do deliver up an account of its profits and payment by the Defendant to the Plaintiff on taking such account together with interest thereon as aforesaid; the Defendant is to file the said accounts in this Court within ninety (90) days of the date of this Judgement.***

(e) ***AN ORDER that the Defendant do deliver up to the Plaintiff all colour-coated iron sheets and roofing tiles manufactured and branded by the Defendant bearing the infringing mark for destruction. The delivery up shall be within 14 days of this order, I shall be asking the Parties to address me as to the place for delivery up and destruction.***

(f) ***COSTS of this suit together with interest thereon at the Court rates from the date of judgment until the date of payment thereof in full;***

Dated, signed and delivered via skype at Nairobi this 29th day of April 2020 in view of the declaration of measures restricting court operations due to Covid -19 pandemic and in light of the directions issued by his Lordship, the Chief Justice on the 17th April 2020.

W. A. OKWANY

JUDGE

In the presence of:

Mr. Thiga for plaintiff

Mr. Mburu for defendant

C/A & DR – Hon. Tanui