



REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT KISUMU

(CORAM: CHERERE-J)

CIVIL SUIT NO.134 OF 2009

BETWEEN

BEDROCK HOLDINGS LIMITED.....PLAINTIFF

AND

BEDROCK SECURITY SERVICES LIMITED.....1ST DEFENDANT

ERICK OUMA OKEYO.....2ND DEFENDANT

PATRICK OCHIENG ODIPO.....3RD DEFENDANT

JUDGEMENT

1. By its plaint further amended on 31st May, 2017 and filed herein on 02nd June, 2017 the plaintiff sought judgement against the Defendants jointly and severally for:

a) A permanent injunction restraining the Defendants by themselves, their agents, employees, agents, assigns and/or any other person from passing off or attempting to pass off or causing, enabling or assisting others to pass off security services not being services of the plaintiff as and for the service of the plaintiff by the use or in connection there with in the course of trade of any of the words or combination thereof comprising of the words **BEDROCK SECURITY** or **BEDROCK SECURITY SERVICES** or any trading style containing any colorable imitation thereof without clearly distinguishing such services from the security services of the Plaintiff

b) An injunction to restrain the Defendants from using upon their business premises, sign boards, advertisements, circulars, notice papers, business cards, letter heads, stationery, labels, wrappers or other printed matter, articles or other promotional material in the possession, custody or control of the Defendants, the use of which **would be a breach of the injunction**

b) (i) General damages for loss of business and trespass

ii) An order to the Registrar of Companies to deregister the 1st Defendant

c) A permanent injunction restraining the Defendants by themselves, their agents, employees, agents, assigns or any other person associated with or acting for them from using the confidential information which was obtained by the 2nd Defendant herein during his tenure as an employee of the Plaintiff regarding the Plaintiff's business strategies, its customers or trade secrets to offer unfair competition against the Plaintiff

d) An order of the court compelling the Registrar of Companies to register the Plaintiff

e) Costs of the suit

f) Interest on (c) at court rates

g) Any other relief

2. The defendants strongly opposed the suit and in their separate amended statements of defence filed on 20th June, 2017 denied the Plaintiff's claim and put the Plaintiff to strict proof. They particularly stated that the Plaintiff is illegally trading as **BEDROCK SECURITY** which name refers to the 1st Defendant and further that the words **BEDROCK SECURITY** which the plaintiff registered as a trademark is part of 1st Defendant's corporate and trading name which it cannot be stopped from using.

PLAINTIFF'S CASE

3. The Plaintiff adduced evidence through one of its Directors **STEPHEN AYUGI** who stated that the 2nd Defendant was previously an employee of the Plaintiff. To demonstrate that 2nd Defendant was employed by the Plaintiff, PW1 produced communication between the Defendant and the Kenya Revenue Authority showing that the Defendant paid tax on behalf of 2nd Defendant. The witness stated that at the time the 2nd Defendant was so employed; he did not raise an issue concerning the Plaintiff's certificate of incorporation marked as **PEXH.1**. He stated that the 2nd Defendant was subsequently dismissed as per minutes **PEXH. 3** at page 148 of the Plaintiff's Bundle of Documents (*hereinafter referred to as PBDs*). The witness contended that 2nd Defendant continued to masquerade as an associate of the Plaintiff.

4. The witness stated that the 2nd Defendant by a letter dated 20.03.09 wrote to Registrar of Companies to confirm if the Plaintiff was registered to offer security services and the Registrar in a letter dated 21.08.09 responded that they were not. The letters at page 160 and 161 of PBDs were marked as **PEXH. 10** and **PEXH. 11** respectively. In protest, the Plaintiff's advocate wrote 2 letters at page 162 to 163 (**PEXH. 12**) and 164 and 165 (**PEXH. 13**) seeking clarification on the letter marked **PEXH. 11** that the Plaintiff was not mandated to offer security services.

5. It was the Plaintiff's case that it subsequently moved to Court vide **Civil Suit No.23 of 2004** and obtained orders barring the 2nd Defendant from interfering with its operations. The witness produced the order at page 172 of PBDs and the ruling at pages 173 to 176 of PBDs as **PEXH. 15** and **PEXH. 16** respectively. He contended that 2nd Defendant's attempts to set aside those orders were not successful.

6. The witness identified an advert that that the Plaintiff ran in one of the daily newspapers informing the public that 2nd Defendant was no longer in its employment. He additionally accused the 2nd Defendant of engaging in various acts of interference by writing various letters to the Plaintiff's customers. He made reference to an undated letter addressed to Kisumu Water and Sewerage Co. (KIWASCO) (MFI D20), a letter dated 8th March 2004 addressed to the Plaintiff by Kenya Pipeline Company Ltd and a letter dated 27th April 2004 again to Kenya Pipeline Company as evidence that 2nd Defendant was maligning them to their clients.

7. PW1 additionally testified that Plaintiff had acquired registration of the words "BEDROCK SECURITY" and the accompanying logo as its trade mark. He stated that these trade marks were registered on 26th January 2010 and on 25th October 2010 and this was done after an objection to the registration of the marks mounted by 1st Defendant was dismissed by the Registrar of Trade Marks in a decision made on 22nd October 2010. The ruling at page 59 to 88 of PBDs was produced as **PEXH. 18**.

8. Upon cross-examination, PW1 stated that the 2nd was appointed by the Plaintiff on 29th March 2003 and was earning Kshs. 50,000.00 but he had no appointment letter in court in support thereof. He admitted that he did not have evidence to show that the Plaintiff was paying statutory deductions like NSSF and NHIF on behalf of 2nd Defendant as required by law. He also admitted that the documents which show payment of tax on behalf of 2nd Defendant only came after the dispute with 2nd Defendant came up and after he had parted ways with himself and Ololo. He further admitted that Plaintiff wrote a letter to 2nd Defendant to warn him against registering the 1st Defendant company confirming therefore that Plaintiff was well aware of 2nd Defendant and Mr. Patrick Odipo's quest to incorporate the 1st Defendant.

9. In an attempt to block the registration of the 1st Defendant, the witness asserted that the Plaintiff filed **Miscellaneous Application No.156 of 2004** and got leave to apply for an order prohibiting the Registrar from registering the Plaintiff but admitted that Plaintiff did not file the substantive application. The witness stated that this was because Plaintiff was not happy with its counsel and needed to replace him. He admitted that by the time the 1st Defendant was finally registered by the Registrar of Companies on 14th May 2004, the 21 Days granted by the court for filing the substantive application had long expired. He confirmed that the suit is **Nairobi HCCC No.609 OF 2009** which was subsequently transferred to Kisumu and registered as **Kisumu HCCC No.133 of 2009** was filed on 20th August 2009 whereas this case had been filed a day earlier on 19th August 2009 and that application for registration of the contested trade mark was filed on 2nd September 2009 while these two suits were pending.

10. PW1 stated that The Nairobiian published an article regarding BEDROCK SECURITY SERVICES with the image of the 2nd Defendant and Plaintiff's vehicles. The plaintiff contends that the Defendants actually took advantage of the confusion in the names to interfere with the Plaintiff's business.

11. PW1 confirmed that Plaintiff has a problem with the registration of Bedrock Security Services as a company for the reason it had already obtained the registration of **BEDROCK SECURITY** as a trademark.

DEFENDANTS' CASE

12 The 2nd Defendant testified on behalf of the Defendants. He told court that the 1st Defendant was initially registered on 24.03.04 as a business name under the Registration of Names Act Vide a Certificate No. 390964 and that its proprietors were Erick Ouma Okeyo and one Patrick Ochieng Odipo. He produced the certificate of registration at page I of Defendants' bundle of Documents (*hereinafter referred to as DBDs*) as **DEXH.1** He stated that they subsequently ceased carrying on business under that name as evidenced by Notice of cessation of business **DEXH. 2** at page 2 of DBDs and sought to incorporate their business under that name and sought to incorporate their business

entity under the Companies Act, Cap 486 Laws of Kenya (Repealed).

13. The 2nd Defendant in his evidence stated that after lodging the documents for registration, the Registrar did not effect the registration immediately because the Defendant served him with a Court Order issued on 20th February 2004 by which the court granted leave to the Defendant to apply for the Judicial review to restrain the Registrar General from registering or incorporating the Plaintiff with Erick Ouma Okeyo and Patrick Ochieng Odipo as directors/shareholders or from so doing without a letter of no objection from the Defendant.

14. It is the Defendants' case that the Plaintiff did not file the substantive application within the requisite 21 days and so the leave lapsed and that even though him and his co-director were named in the application as Interested Parties, none of them were served. It was further his evidence that the Registrar did not register the 1st Defendant until 14th May 2004, nearly 3 months after the leave to apply for the Judicial review to restrain the Registrar General to register the 1st Defendant was granted. It is the Defendants' case that the Plaintiff took no action whatsoever to reverse or challenge the decision by the Registrar General to register the Plaintiff.

15. The 2nd Defendant further told court that owing to the manner in which the Plaintiff was running its business and interfering with that of the 1st Defendant, its advocate wrote to the Registrar of Companies to report that the Plaintiff was engaged in the provisions of security, cash escort and alarm services in breach of the terms on which it was registered and to inquire if indeed the Plaintiff's Memorandum & Articles of Association permitted it to engage in that business.

16. By a letter dated 21st August 2009 the Registrar confirmed that the Memorandum & Articles of Association of the Defendant deposited with it did not allow it to engage in the provision of security, cash escort and alarm services. The Defendants further contend that in attempt to remedy the foregoing situation, the Plaintiff resolved to amend its Memorandum & Articles of Association by introducing a Clause 3(a) (i) whose effect was to introduce the provision of security and related services as one of its objects. That resolution was passed on 17th October 2009. The Amended Memorandum & Articles of Association whose resolution was certified as a true copy of the original by the Registrar was produced an exhibit. In order to demonstrate further that the Plaintiff was not mandated to offer security services and was long before the said date aware that it had to do something about it if it were to lawfully offer such services to the public, the 2nd Defendant produced an affidavit that was sworn by Stephen Ayugi in Nairobi HCCC NO.609 OF 2009 which referred to the minutes of a meeting held on 29th March 2003 where at Minute B, the Plaintiff resolved, inter alia, to incorporate a company to offer security services. In the said minutes a Mr Lutta, Advocate, had been instructed to amend the Articles and Memorandum of Association. It is the Defendants' case that had the Plaintiff been lawfully mandated to offer security services at its inception or engaged in that business lawfully, there would have been no need for it to pass a resolution to amend its Memorandum and Articles of Association.

17. The 2nd Defendant denied that he was a director or employee of the Defendant and stated that he together with the Plaintiff's directors had come together to try out some form of partnership but it did not work out. He denied stealing the Defendant's intellectual property and contended that the Plaintiff had no trade mark over the name "Bedrock Security" at the time of filing this suit and at the time of registration of the 1st Defendant and that the same was subsequently registered to support this case.

18. 2nd Defendant similarly denied authoring letters allegedly maligning the Plaintiff. He urged this court to find that the Plaintiff is not entitled to the exclusive use of the words "Bedrock Security" and that the use of those words by the 1st Defendant is intended to and does not mislead the public that the Plaintiff and the 1st Defendant are one and the same.

ANALYSIS AND DETERMINATION

19. I have carefully considered the evidence on record together with the written submissions summing up the parties' respective cases.

20. During the pendency of this suit, a court of concurrent jurisdiction on 11th October, 2018 delivered a judgment in **KISUMU HCCC NO.133 OF 2009**. The parties, the evidence and issues in this case and in **KISUMU HCCC NO.133 OF 2009** are in actual fact the same except that the latter case is between the Plaintiff and the 1st Defendant in this case.

21. In **KISUMU HCCC NO.133 OF 2009**, the court determined the issues for determination as:

- 1) Was the registration of the Plaintiff Company obtained fraudulently?**
- 2) Whether the Plaintiff is entitled to the exclusive use of the words "Bedrock Security."**
- 3) On the flipside does the defendant's ownership of the trade mark " Bedrock Security" preclude the Plaintiff from use of the words " Bedrock Security Services."**
- 4) Is the Plaintiff guilty of the tort of passing off?**
- 5) Is the Plaintiff entitled to the prayers sought?**
- 6) Who shall bear the costs of this suit?**

22. As stated hereinabove, the issues in this case, though framed differently are the same as those in **KISUMU HCCC NO.133 OF 2009** except in an inverted manner so that the name of the plaintiff is replaced with that of the Defendants and vice versa.

23. Having said that, I have no intention of contradicting the judgment in **KISUMU HCCC NO.133 OF 2009** and will adopt those determined issues to decide this matter.

24. I have therefore summarized the issues for determination in this matter as hereunder:

- 1) **Whether the defendants are guilty of passing off as the Plaintiff**
- 2) **Whether the 1st Defendant should be restrained from advertising its business**
- 3) **Whether 2nd Defendant is guilty of using the confidential information which was obtained by the herein during his tenure as an employee to the detriment of the Plaintiff**
- 4) **Whether the court should make an order to the Registrar of Companies to deregister the 1st Defendant**
- 5) **Whether a case for General damages for loss of business and trespass has been made out**
- 6) **Who should bear costs of this suit**

1) **Whether the defendants are guilty of passing off as the Plaintiff**

25. The case of **A.G.Spalding Brothers –V-A.W Gamage Ltd & Another [1914-15] AL ER 197** cited by the Defendants’ counsel defines passing off as:

“Misrepresentation made by a trader in the course of his trade to prospective customers of his or ultimate consumers of goods or services supplied by him which is calculated to injure the business or goodwill of another trader (in the sense that it is a reasonably foreseeable consequence) and which causes actual damage to a business or goodwill of the trader by who the action is brought or will probably do.”

26. The principles on which courts will grant an interlocutory or permanent injunctions are well known. The Court of Appeal in the case of **Lucy Wangui Gachara v Minudi Okemba Lore [2015] eKLR** reiterated the principles in **Nguruman Limited V. Jan Bonde Nielsen & 2 Others, CA NO. 77 OF 2012** together with the mode of their application as follows:

“In an interlocutory injunction application, the applicant has to satisfy the triple requirements to;

- (a) establish his case only at a prima facie level,**
- (b) demonstrate irreparable injury if a temporary injunction is not granted, and**
- (c) ally any doubts as to (b) by showing that the balance of convenience is in his favour.**

27. These are the three pillars on which rests the foundation of any order of injunction, interlocutory or permanent. **(Emphasis added)**. It is established that all the above three conditions and stages are to be applied as separate, distinct and logical hurdles which the applicant is expected to surmount sequentially.

28. The plaintiff contends that the Defendants took advantage of the confusion in the names of Plaintiff and 1st Defendant to interfere with the Plaintiffs business. There is however no evidence that the images of Plaintiff’s vehicles published in The Nairobi in an article regarding BEDROCK SECURITY SERVICES were supplied by the Defendants. I wholly associate myself with the finding in **KISUMU HCCC NO.133 OF 2009** that the 1st Defendant is merely using the name by which it was registered and by which it is ordinarily required by the law to use. The Plaintiff having abandoned **Nairobi HC Mis/App No. 156 of 2004** where it could have litigated the matter and this issue having been conclusively determined in **KISUMU HCCC NO.133 OF 2009**, I find that the Plaintiff has not made out a case in support of its claim that the 1st Defendant is guilty of passing off that the Plaintiff and the 1st Defendant are one and the same and therefore this accusation of passing off must fail.

2) **Whether the 1st Defendant should be restrained from advertising its business**

29. Having found that the 1st Defendant is merely using the name by which it was registered and by which it is ordinarily required by the law to use, prayer 2 that seeks to restrain the Defendants from advertising their business by their registered name is declined.

3) **Whether 2nd Defendant is guilty of using the confidential information which was obtained by the herein during his tenure as an employee to the detriment of the Plaintiff**

30. PW1 confirmed that 2nd Defendant’s name was not on the list of Plaintiff’s employees produced as **PEXH. 26** at page 202 to 212 of PBDs. He also confirmed that no letter of appointment was issued to the 2nd Defendant. The witness admitted that he did not have evidence to show that the Plaintiff was paying statutory deductions like NSSF and NHIF on behalf of the 2nd Defendant as required by law. He also acknowledged that the documents which show payment of tax on behalf of 2nd Defendant only came after the dispute with 2nd Defendant

came up and after he had parted ways with him and Ololo.

31. The 2nd Defendant denies that he was an employee of the Plaintiff. The issue before the court is not however whether or not he was an employee of the Plaintiff. Be as it may, the Plaintiff has not demonstrated that the 2nd Defendant is or has been in possession of confidential information relating to the Plaintiff which Defendants have been using to offer unfair competition against the Plaintiff and its claim must hence fail.

4) Whether the court should make an order to the Registrar of Companies to deregister the 1st Defendant

32. There is evidence that when 2nd Defendant sought to register the 1st Defendant company, the Plaintiff raised an objection by serving the Registrar of Companies with a court order issued by the High Court in **Nairobi High Court Misc. Civil Application No. 156 of 2004** on 20th February 2004 by which the Plaintiff had been granted leave to apply for the judicial review writ of prohibition to restrain the Registrar from registering the plaintiff company. It is on record that the Plaintiff did not thereafter file a substantive motion as ordered by the court and as required by the rules and so the order of prohibition lapsed and on 14th May 2004 the Registrar went ahead and registered the Plaintiff Company. There is no evidence that the Plaintiff took any steps to reverse that decision by the Registrar. I whole associate myself with the finding in **KISUMU HCCC NO.133 OF 2009** that the Plaintiff having squandered the opportunity that was availed to it by the judicial review proceedings which it had abandoned cannot be heard to challenge the registration of the 1st Defendant in this case and its claim must hence fail.

5) Whether a case for General damages for loss of business and trespass has been made out

33. No evidence was tendered in support of what damages the Plaintiff alleges to have suffered nor was evidence of trespass by whom against whom tendered.

6) Who should bear costs of this suit

34. The general rule is that **costs follow the event** except where it appears to court in the circumstances of the **case** that some other order should be made as to the whole or any part of the **costs. The Plaintiff has not placed itself within this exception and it shall therefore bear the costs of this suit.**

Disposition

1. The Plaintiff's suit against the Defendants is hereby dismissed.

2. The Plaintiff shall bear the costs of the suit.

35. It is so ordered.

SIGNED AND DELIVERED AT KISUMU THIS 1st day of August, 2019.

T. W. CHERERE

JUDGE

Read in open court in the presence of-

Court Assistant - **Felix & Okodoi**

For Plaintiff - **Ms. Bagwasi h/b for Mr. Mwamu**

For the Defendants - **Mr. Abira h/b for M.r Otieno**