



REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAIROBI

COMMERCIAL AND ADMIRALTY DIVISION

CIVIL APPEAL NO. 774 OF 2016

SAFEPARK LIMITED APPELLANT

- VERSUS -

FINELINE INDUSTRIES LIMITED RESPONDENT

JUDGMENT

(Being an appeal from Industrial Property Tribunal at Nairobi IPT Case No. 69 of 2014)

1. This appeal challenges the ruling of Industrial Property Tribunal (IPT) in IPT No. 69 of 2014. By that ruling, IPT allowed **Fineline Industries Limited** (*Fineline*) to proceed with its application to seek revocation of **Safepak Limited** (*safepak*) registered design no. **646**.

2. Essentially, this appeal seeks to question IPT's interpretation of section 103 (1) and (2) of the Industrial Property Act (the Act) and rule 33 of the Industrial Property Tribunal Rules (the Rules).

BACKGROUND

3. **Safepak** is the registered owner of design no. **646** at Kenya Industrial Property Institute (KIPI). **Safepak** was issued with a certificate of registration and there was publication of that grant in the KIPI journal on the same date that is, on **13th December, 2011**.

4. **Fineline** on **19th December, 2014**, filed both the application for extension to seek to challenge that registration of design no. 646 and the formal application for revocation of that design before IPT.

5. The IPT entertained the application for extension and delivered its ruling on **19th December, 2016**. It is that ruling which is challenged by this ruling.

THE APPEAL

6. **SAFEPARK** filed its memorandum of appeal on **21st December, 2016**. It raises in that memorandum the following grounds:

(1) The Tribunal erred in law in failing to appreciate and find that it lacked jurisdiction, under section 103 (1) and (2) of the Industrial Property Act and/or Rule 33 of the Industrial Property Rules or any other provision of law, to hear and determine the Application for extension of time dated 19th December, 2014 or extend the time limit of 9 months set by Section 103 (2) of the Industrial Property Act.

(2) The Tribunal erred in law and fact in thereafter finding that the Application for Revocation filed contemporaneously with the one for extension of time, and without leave was properly on record and that it should proceed for hearing.

(3) The Tribunal erred in law in wrongfully applying Section 59 of the Interpretation and General Provisions Act in order to grant the orders for extension of time and failing to find that this provision cannot apply in the circumstances of this case as the substantive statutory provision applicable is Section 103 of the Industrial Property Act. Section 59 of the former statute cannot oust existing specific provisions of Section 103 of the Industrial Property Act.

(4) The tribunal erred in law in failing to properly address the question of whether Rule 33(1)(a) and (b) of the Industrial Property Rules as relied on by the Respondent herein grants the Tribunal discretion to extend time as prayed.

(5) The tribunal erred in law and fact in failing to appreciate and hold that the delay of 2 years and 3 months by the Respondent herein in filing the Application was inordinate and inexcusable. In this misstep, the Tribunal failed to appreciate that had the Respondent conducted its due diligence as required under law, it would have been abundantly aware of the design once the Appellant published its registered design in the Industrial Property Journal.

(6) The tribunal erred in law in holding that the Respondent's application for revocation of the Appellant's registered design had been properly filed and that it was founded only on section 103(91) of the Industrial Property Act despite the Respondent indicating clearly on the face of the Application that it was founded on both section 103(1) and section 103(2) thereof.

(7) The tribunal erred in law in failing to apply the principle of stare decisis in reaching its findings. By doing so, it ignored the decisions of the Tribunal differently constituted in IPT case no. 54 of 2007 Friendship Container Manufacturers vs Yash Plastomet PVT Ltd where it was held that the Tribunal lacked the jurisdiction to extend time to file revocation proceedings. This was despite the fact that the circumstances of the two cases were almost identical.

(8) The tribunal erred in law in failing to distinguish the facts and holding in IPT Case No. 54 of 2007 with the present case in order to warrant the deviation from the principle of stare decisis.

(9) The tribunal erred in law in applying the principles from the case of Chemserve Cleaning services Limited v. Sanitary Services (East Africa) Limited in spite of the fact that the issues, facts and circumstances of thereof are entirely distinct from the present case.

(10) The tribunal further erred in law in failing to consider the valid objections raised by the Appellant herein inter alia on the questions of jurisdiction, due diligence and stare decisis.

(11) The tribunal, despite setting out the issues as raised by the Appellant herein at pages 5 and 6 of its Ruling, erred in law and fact by failing to thereafter analyse and adjudicate upon those critical issues.

(12) The tribunal erred in law in proceeding to consider the evidence filed by the Respondent together with the application for revocation despite the fact that such evidence was filed without leave and completely prematurely.

(13) Similarly, the Tribunal erred in law in considering and applying such evidence as filed by the Respondent and which spoke to the merit of the revocation Application despite the valid application by the appellant to strike out both the revocation application and the evidence attached therewith. The Respondent itself intimated to the Tribunal that it would not rely on the evidence during the hearing of the Application for extension of time.

(14) The tribunal erred in law in failing to fully consider, analyse and determine the application to strike out the revocation application without setting out any reasons for such omission on its part.

(15) The tribunal erred by failing to take into account the authorities submitted by the Appellant and by making a generalised sweeping statement dismissing their relevance without any reason or analysis.

(16) The tribunal failed to appreciate the issues of inordinate delay and lack of exercise of due diligence on the part of the Respondent which was contrary to Article 159(2)(a) & (b) and Article 24(1)(d) of the Constitution.

(17) The tribunal erred in making findings on issues that had not been raised by either of the parties and its decisions thereto went against the principles of natural justice and the appellant's right to a fair hearing.

7. Safepak seeks the following prayers:

“a. The Tribunal's Ruling and Orders made on 9th

December, 2016 be set aside in its entirety.

b. Any further order(s) that this Honourable court

may deem fit to make.

c. The costs of the Appeal be awarded to the

Appellant in any event.”

8. The grounds of appeal shall be considered under the following heads:

i. Whether the IPT had jurisdiction to extend time limit for an application for Revocation of Industrial Design, and if so, whether it exercised its discretion judiciously.

ii. Whether the provision of Subsidiary Legislation can override the provisions of substantive Act of parliament.

iii. Whether IPT is bound by stare decisis

iv. Whether there was lack of exercise of due diligence on the part of Fineline

9. The 1st head identified above relates to jurisdiction of IPT to entertain and grant orders of extension of time limit for revocation or invalidation of Industrial Design registration, being Design no. 646.

10. It is important to state that **Fineline** and also IPT very obviously recognized that Fineline had exceeded the limited time to seek revocation or invalidation of the Industrial Design.

11. Section 103 (1) (2) of the act was the main consideration before IPT. Those sections provides as follows:

“103 (1) Any interested person may in proceedings instituted by him against the owner of a patent, or a registered utility model or industrial design or in proceedings instituted against him by the owner, request the Tribunal to revoke or invalidate the patent, utility model or industrial design registration.

103(2) An interested person may, within a period of nine months from the date of the publication of the grant of a patent, utility model or industrial design request the Tribunal to revoke or invalidate the patent, utility model or industrial design registration.”

12. IPT in considering jurisdiction, in its ruling, began by considering rule 33 of the rules. That rule provides as follows:

“ the tribunal may extend, on such conditions as it may specify –

a. A time limit under this rules; or

b. A time limit under the act or the Industrial Property Regulations 2002 for making an appeal.”

13. IPT acknowledged, in its ruling, that time had expired for Fineline to seek revocation and invalidation of the Industrial Design. IPT made the following finding:

*“the period of nine months therefore, lapsed on **30th December 2014** or thereabouts...slightly over two years from the date of publication.”*

14. IPT in that ruling made a finding that rule 33 of the rules only referred to extension under the Rules, or the Act in case of an appeal. After making that finding, IPT contradicted itself and stated:

“in order to address this issue, of whether or not we have jurisdiction to extend time, we have to look at the intention of the drafters of the Act. Under section 103 (2) it is envisaged that there may be need to file an application for revocation after publication and under Rule 33 it is envisaged that the tribunal (IPT) may extend the time to file this application”.

15. It will be noted that IPT first stated in its ruling, that Rule 33 only related to extension of time in respect to the Rules and in respect to appeal, but now in the above quoted portion of the ruling IPT seemed to state that Rule 33 could permit extension of time to file for revocation under section 103 (2) of the Act.

16. IPT followed the above discussion by quoting section 59 of the Interpretation and General Provisions Act Cap 2 which provides as follows:

“Construction of power to extend time

Where in a written law a time is prescribed for doing an act or taking a proceeding, the power is given to a court or other authority to extend that time, then, unless a contrary intention appears, the power may be exercised by the court or other authority although the application for extension is not made until after the expiration of the time prescribed.”

17. IPT proceeded to pronounce in its ruling that, that section gives it power to extend time as sought by Fineline. It also found that the substantive application for revocation, filed by Fineline prior to leave being granted, was properly filed because it had been filed under section 103 (1) of the Act, and according to IPT, section 103 (1) of the Act was independent of section section 103 (2). In this regard, IPT followed the finding of ***IPT Tribunal Case No. 57 of 2008 Chemserve Cleaning Services Limited vs sanitary Services (East Africa) Ltd.***

18. It is obvious from that ruling that IPT at one time declared Fineline application for revocation as properly filed within the provisions of section 103 (1), and thereafter granted Fineline extension of time to seek revocation and ordered the revocation application to proceed for hearing.

19. Safepak, by its submissions began by referring to the time limitation under section 103(2) of the Act, that is, 9 months from the date of publication of the grant of an Industrial Design. Bearing that time frame, Safepak submitted that Fineline should have lodged its application for revocation of Industrial Design No. 646 by **13th December 2011**.

20. Safepak was of the view that IPT fell in error in contradicting the unequivocal intention of parliament under section 103 (2) and submitted that section 103 (1) and (2) were sequential and not independent. It relied on the decision of *Republic vs Medical Practitioners and Dentists board & another ex parte J. Wanyoike Kihara, High Court Misc. Application No. 70 of 2014* that:

“Where the law exhaustively provides for the jurisdiction of an executive body or authority, the body or authority must operate within those limits and ought not to expand its jurisdiction through administrative craft or innovation. The tribunals or boards must act in good faith; extraneous conditions ought not to influence its actions; and it must not misdirect itself in fact or law. Most importantly, it must operate within the law and exercise only those powers which are donated to it by the law.”

21. **Safepak** also faulted IPT for relying on **Section 59 of Cap 62** and submitted that IPT applied that section in the wrong context.

22. **Fineline** by its submission supported IPT’s finding that Section 103 (1) and (2) were independent and also submitted that IPT had discretion to extend time limit for *bona fide* reasons under Rule 33 (1) (b) of the rules.

23. **Fineline** also submitted that the present appeal was an academic exercise because Section 103(2), which limited the period of filing for revocation, was deleted by Act no. 11 of 2017.

24. In my view, **Fineline** was in error to state that this appeal is moot. The ruling of IPT, which is the subject of this appeal, was made before Section 103 (2) was deleted. In considering this appeal, this court must consider the law as it was when IPT delivered its ruling. This appeal is intended to consider whether IPT properly applied the applicable law as it then was, that is Section 103 (1) and (2) of the Act and Rule 33 of the Rules. The fact that section 103 (2) has been deleted does not stop this court from considering it as it applied then.

25. Section 103 (1) and (2) were reproduced above in this judgement. Section 103 (1) provides that an interested party in proceedings instituted by him or against him, request the tribunal to revoke or invalidate the patent utility model or industrial design registration. It is clear that the section permits a party to seek revocation. But it is section 103 (2) which specified that if what a party seeks is revocation such revocation had to be filed within 9 months from the date of publication of the grant of patent, utility model or industrial design.

26. I reject the finding of IPT that those two subsections are independent. Subsection (1) provides the general power for a party to seek revocation. Subsection (2) however, limits the period within which revocation can be made.

27. IPT erred to have relied on Section 59 of Cap 2 to grant it power to extend time. What I understand that section to say, in simple terms, is that where there is a statute which prescribes a time for doing an act or taking proceedings, and the court has power to extend that period, it can extend the period even if the extension is sought after the limited period has expired. Clearly then, that section recognizes that the court must first have the power to extend for it to give extension even after the time has expired.

28. In the matter before IPT there was no power of extension, as the law then existed, for extension of the period set in Section 103 (2). Since that power to extend did not exist, in my view, IPT erred to have relied on Section 59 of Cap 2.

29. IPT engaged in greater error to “mix up” the provisions of Rule 33 of the Rules and Section 59 of Cap 2 to find that it had power to extend time to seek revocation. Rule 33 (a) of the Rules relates to extension of time limited under the Rules. Rule 33 (b) is restricted to extension of time to file an appeal. Although IPT first, in its ruling, recognized that limitation in that Rule it proceeded to determine that because of the application of Section 59 of Cap 2 it had power to extend. As stated before, that was an error since Section 59 does not donate such power of extension where such power does not exist.

30. The other error of IPT, and this now touches on the 2nd issue identified above, is to find that a Subsidiary Legislation can be invoked to permit it to grant extension. IPT, in essence, found that Rule 33 of the Rules permitted it to grant extension which was not permitted under Section 103 (2) of the Act. In the case of *Wavinya Ndeti vs Independent Electoral & Boundaries Commission (IEBC) & 4 Others [2014] eKLR* the court of appeal had this to say:

“It is an established principle of construction of statutes that no subsidiary legislation shall be inconsistent with the provisions of an Act (see section 31(b) of the Interpretation and General Provisions Act – Cap 2 Laws of Kenya). A subsidiary legislation cannot repeal or contradict express provisions of an Act from which they derive their authority.”

31. Rule 33 of the rules is obviously subsidiary legislation to the Act under which Section 103 (2) is to be found.

32. That holding in the case of *Wavinya*(*supra*) is supported by Section 31 (b) of Cap 2 which provides:

“General provisions with respect to power to make subsidiary legislation. Where an Act confers power on an authority to make subsidiary legislation, the following provisions shall, unless a contrary intention appears, have effect with reference to the making of the subsidiary legislation-

a.

b. No subsidiary legislation shall be inconsistent with the provisions of an Act.”

33. Is IPT bound by the doctrine of stare decisis? The answer to that question is a resounding yes. The only problem, however, with the 3rd issue identified above, is that **Safepak** argued that IPT is bound by its own decision or of another bench.

34. Horizontal precedents are only persuasive, however, when a tribunal wishes to depart from a horizontal precedent it needs to give reasons or distinguishing facts if it departs from it. It follows that IPT cannot be faulted for failing to follow the finding in the case before another bench being ***Friendship Container Manufacturer Ltd vs Plastomet PVT Ltd Tribunal Case No. 54 of 2007***, where the tribunal found it had no power to extend time for revocation in view of ***Section 103 (2) of the Act***.

DETERMINATION

35. Having found that there was no legal basis for granting ***Fineline*** extension, there would be no basis for considering whether Fineline was dilligent in seeking revocation. IPT also erred to have entered into that arena.

36. In the end, and for the reasons set above, I find the appeal has merit and accordingly, the judgment of this court is:

a. The tribunal’s ruling and order made on 9th December, 2016 in Industrial Property Tribunal at Nairobi IPT Case No. 69 of 2014 is hereby set aside and nullified.

b. Consequently, the application for extension of time and for invalidation of Industrial Design filed by Fineline Industries Limited in Industrial Property Tribunal IPT Case No. 69 of 2014 is hereby struck out.

c. Costs of this appeal is awarded to Safepak Limited.

Orders accordingly.

DATED, SIGNED and DELIVERED at NAIROBI this 30th day of July 2018.

MARY KASANGO

JUDGE

Judgment read and delivered in open court in the presence of:

Court Assistant.....Sophie

..... for the Appellant

..... for the Respondent

MARY KASANGO

JUDGE