REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA

MILIMANI COURT

COMMERCIAL & ADMIRALTY DIVISION

CIVIL CASE. NO. 318 OF 2017

OCEAN FOODS LIMITED..PLAINTIFF

VERSUS

OSOTSPA COMPANY LIMITED.......................1st DEFENDANT

OSOTSPA EUROPE LIMITED........................2nd DEFENDANT

EXTROPICA FOODS LIMITED......................3rd DEFENDANT

RULING

Introduction

1. The two cross motions now before me for disposal were filed on 28 July 2017 and 26 September 2017. The first was by the Plaintiff (" Ocean Foods") and the second by the 1st and 2nd Defendants (jointly or severally " Osotspa"). The parties seek to protect their respective commercial interests through their pleadings and the intermediary motions.

2. The parties are corporate bodies. Osotspa are domiciled outside this Court's geographical jurisdiction. The parties trade in energy drinks.

3. The general background facts may be retrieved from the parties' respective cases which I outline infra.

Ocean Foods' case

4. Ocean Foods' claim is pegged on a contract to distribute Osotspa's products. The contract was made in May 2014. It was to take effect from 1 June 2014 and it did. The contract was in the form of a Letter of Understanding ("the Contract"). Ocean Foods contends that the contract expressly guaranteed an exclusive distribution agreement and right. The products to be distributed by Ocean Foods were mainly beverages and drinks. The allocated territory for purposes of the contract was the east and central region of Africa. Thirteen countries were designated. Ocean Foods identified the countries as: Kenya, Burundi, Rwanda, South Sudan, Zanzibar, Djibouti, Zimbabwe, Uganda, Zambia, Tanzania, Somalia, Somali-Land and the Democratic Republic of Congo (together "the territory"). Ocean Foods could assign its rights (and obligations) under the contract to a third party within the territory but Osotspa could not, so states Ocean Foods.

5. Ocean Foods asserts that it performed its part of the bargain but that in breach of the exclusivity provision of the contract, Osotspa appointed other distributors within the territory. Ocean Foods states further that such breach , which it claims was partly induced by the 3rd Defendant (" Extropica"), had led to Ocean Foods to incur losses in the region of US$ 1,500,000= when beverages worth the amount ended up being wasted . Ocean Foods then adds that as a result of the losses made, it was unable to settle or discount credit notes in favour of the Osotspa in the sum of €1,488,984=. As a result, Ocean Foods proceeds, it engaged and negotiated with Osotspa to try and mitigate the losses to no avail.

6. It is also Ocean Foods' claim that it spent time money and resources building its base and goodwill within the territory since 2014, only for Osotspa to violate and infringe such base and goodwill by appointing Extropica alongside other distributors. Ocean Foods claims to have spent over US$ 2,500,000= marketing the products of Osotspa.

7. It is Ocean Foods' prayer that an intermediary injunction be issued to stall its losses and bring an end to the continued breach of the exclusivity provisions of the contract. In its plaint, Ocean Foods also sought to be indemnified for the losses incurred which it has estimated at over € 1,400,000=. Ocean Foods also claimed the same amount whilst also asking the Court to make an order for the setting off of the credit notes.

Osotspa's case

8. I may first perhaps point to Extropica's case, if any.

9. As may be gleaned from the opposing affidavit of Trevor Nyambaso Atati filed in Court on 26 September 2017, Extropica contends that it was never a party to the contract between Osotspa and Ocean Foods. Accordingly, Mr. Atati on behalf of Extropica states that no order may be issued against Extropica.

10. I will quickly and shortly state that Extropica is an innominate party. An invitation of the doctrine of privity of contract makes Extropica useless to these proceedings, yet the claim that it induced the breach of contract makes it useful to the contest between Osotspa and Ocean Foods.

11. Back to Osotspa's case.

12. Osotspa filed a Defense on 26 September 2017. Osotspa also launched a counterclaim on the same date. In opposition to the Ocean Foods' motion, Osotspa filed an affidavit sworn by Wuthichai Ratanasumawongs. The same affidavit was also to act as the founding affidavit for Osotspa's motion.

13. Osotspa do not contest that they had an exclusive distribution contract with Ocean Foods. Osotspa admits that the Contract was entered into in 2014. Osotspa however states that the Contract was only for four products and in Kenya, not in all the thirteen countries. Various declarations made between the parties had however extended the Contract beyond Kenya. Osotspa then asserts that the contracts expired by effluxion of time in December 2015 but Osotspa continued to supply Ocean Foods with the products.

14. Osotspa then adds that the Ocean Foods failed to meet its targets as set under the Contract especially in Kenya. Further Osotspa claims that in 2016, Ocean Foods failed to honor its monetary obligations to the Osotspa and that the failure led to Osotspa ceasing to supply Ocean Foods with Osotspa's products on credit basis. Such stoppage was duly notified to Ocean Foods in writing. According to Osotspa, the Contract allowed them to disengage if Ocean Foods failed to meet its financial obligations or failed to meet its set targets. According to Osotspa it ceased to supply Ocean Foods with products in April 2016.

15. By their counterclaim, Osotspa seek judgment in the sum of € 1,592,000= being the agreed or reasonable price for the products supplied to Ocean Foods in 2014 and 2015.

16. Additionally, Osotspa also contend that Ocean Foods has been manufacturing packaging and distributing energy drinks similar to those of Osotspa. Osotspa listed the energy drinks and beverages

manufactured, packaged and distributed by Ocean Foods within the territory as ; Ocean Regular Energy Drink, Ocean Sugar Free Energy Drink, Ocean Lite Energy Drink, Ocean Still Energy Drink and Ocean Apple& Melon Energy Drink (together " Ocean Products").

17. Osotspa complained that the can-packaging of Ocean Products was distinctly and deceptively similar to the packaging of Osotspa's products. In this respect, Osotspa did not only complain that its registered trade mark was being infringed but also added that Ocean Foods was passing off Ocean Products as those of Osotspa while they were not.

18. And, on this basis Osotspa sought intermediary protective orders.

Arguments in Court

Ocean Foods' submissions

19. Mr . Alibhai F Hassan urged the Ocean Foods' case.

20. Expounding on his written submissions filed on 11 October 2017, Mr Hassan contended that there was a clear exclusive contract clause in the relationship between Ocean Foods and Osotspa which was being violated by Osotspa as well as Extropica. As a result of such breach through the appointment of third party distributors there was now a glut of Osotspa's products in the market leading to losses being incurred by Ocean Foods. Counsel further submitted that Osotspa's unilateral decision to cut off supply of Osotspa's products to Ocean Foods had also increased Ocean Food's loss.

21. Mr. Hassan lamented that Osotspa had failed to invoke the arbitration clause in the Contract and further that despite all urgings by Ocean Foods for Osotspa to stop inducing breach of contract and with the full knowledge of Ocean Foods massive investments and good will, Osotspa had stubbornly appointed Extropica as a distributor alongside other distributors.

22. It was counsel's submission that Ocean Foods had made out a prima facie case and that damages would not suffice. Counsel relied on the worn-out case of **Giella *v* Cassman Brown & Co Ltd [1973] EA 358**.

23. On Osotspa's application, Mr. Hassan submitted that the Court did not have jurisdiction to entertain the counterclaim or the interlocutory application. Counsel stated that the jurisdiction lay with the Trade Marks' registrar ("the Registrar") and added that there was already an application filed by Osotspa concerning the same subject matter before the Registrar. Counsel urged the Court to dismiss the application by Osotspa and allow the one by Ocean Foods.

Defendant's submissions

24. Ms. Deborah Bubi-Mwangi attorned for Osotspa and relied on the exhaustive written submissions filed on behalf of Osotspa on 11 October 2017.

25. Ms. Mwangi's first stop was to accuse Ocean Foods of non-disclosure of material facts when it moved the Court ex parte on 15 August 2017. Referring to various decided cases including **Aga Khan Education Service Kenya *v* Republic [2004]1 EA 1, R *v* Capital Markets Authority *Ex P* Francis Thuo & Partners Limited [2012]eKLR** for the proposition that a party who failed to disclose material facts was not one who was before the Court with clean hands, Ms. Mwangi urged the Court to dismiss Ocean Food's application without even considering the merits thereof.

26. According to Ms. Mwangi, Ocean Foods had failed to disclose no less than five material facts. I have indexed the facts allegedly not disclosed in the discussion and determination part of this ruling at [57].

27. Osotspa's counsel further submitted that Ocean Foods had not met the standards for the grant of an interlocutory injunction. According to counsel, Ocean Foods had not shown that it had a right which had

been infringed and thus the needed immediate protection while Osotspa was called to account . For this proposition, Ms. Mwangi relied on the case of **Mrao Limited *v* First American Bank of Kenya Limited & 2 Others [2003]eKLR**.

28. Further, submitted Ms. Mwangi, the failure by Ocean Foods to perform its part of the contract, that is to say; pay for the products supplied by Osotspa and to meet the prescribed level of sales, meant that the contract between Osotspa and Ocean Foods had lapsed and parties discharged of their obligations going forward. For this proposition Ms. Mwangi relied on Volume one of the 31st edition of the treatise **Chitty on Contracts, General Principles** at Chapter 4.

29. Osotspa also submitted that Ocean Foods had been able to quantify its actual losses and possible losses and thus was not entitled to a remedy in equity.

30. On the challenge to the jurisdiction of the Court by Ocean Foods, Ms. Mwangi pointed out that Ocean Foods was not a party to the dispute being adjudicated at Kenya Industrial Property Institute. Counsel also contended that the issue of passing off which had been raised by Osotspa was not before the Registrar for resolution and could also not be possibly placed before the Registrar. It was finally counsel's submission that under *ss.* 35 and 53 of the Trade Marks Act, Osotspa had the option of moving either the Court or the Registrar for any relief.

31. Ms. Mwangi wound up her submissions by stating that Osotspa were deserving of the interlocutory injunctions sought as it had established a prima facie case that its registered trade mark was being violated contrary to the provisions of *s.*7 of the Trade Marks Act. Counsel explained that the infringement of trade mark was clear as Ocean Foods' energy drink dubbed "Ocean Energy Drink" was strikingly similar to the Ostospa's "Shark Energy Drink". Counsel also added that Osotspa's Shark Energy Drink had acquired a goodwill since 2001 which Ocean Foods' " Ocean Energy Drink was now interfering with , especially through similar packaging.

32. In this respect, Osotspa concluded that they were likely to suffer irreparable damage as the infringement of its trade mark and Ocean Foods' acts of passing off would lead to loss of revenue and dented goodwill.

Extropica submits

33. In his brief submissions on behalf of Extropica, Mr. G. O. Nyauchi reiterated that Extropica was not privy to the contract between Osotspa and Ocean Foods. Mr. Nyauchi denied that his client had induced any breach of contract and stated that there was no evidence before the Court to shew any inducement.

Discussion and Determination

34. Two issues enchant this Court for determination. First, has this Court the jurisdiction to entertain Ostopsa's application. Secondly, has either party made out a case for the intermediary orders sought?

35. I will consider the issues seriatim.

Jurisdiction

36. The question of jurisdiction was raised by the Ocean Foods in its Notice of Preliminary Objection to Ostopsa's application. Ostopsa's application is predicated on the Defense and Counterclaim also filed on 26 September 2017 alongside the application.

37. It is noteworthy that the Notice of Preliminary Objection is the only response to Osotspa's claim. There is no substantive opposing affidavit. There is also no Reply to Defense and Defense to counterclaim filed by the Plaintiff and on record as anticipated by Order 7 Rule 11 of the Civil Procedure Rules.

38. According to the Ocean Foods, Osotspa's " ***cause of action being purely a Trade Mark issue under the Trade Marks Act (Cap 506) Laws of Kenya, the judicial authority*** **[to determine such issue]** ***ought to be the Registrar of Trade Marks***". Additionally, Ocean Foods also contended that the issues raised by the Osotspa were already *sub judice* (under judgment) before the Registrar vide an application made by Osotspa under Reference No 94217.

39. Osotspa's curt response was that Ocean Foods is not a party to the proceedings before the Registrar. Osotspa also contended that they had the option to lay their claim either before this Court or before the tribunal established under the Industrial Property Act (Cap 509) and chaired by the Registrar, and that Osotspa had opted for the Court. Osotspa final rejoinder was that their cause of action was beyond the Registrar's powers of adjudication.

40. It must be common cause that the Registrar enjoys vast powers under the Trade Marks Act (Cap 506). Besides superintendence and management of the Trade Marks registry, the Registrar is the custodian of the trademarks register (*s*.4). He also considers applications for the registration of trademarks and either rejects (*s*.20) or approves the registration (*s*.22). He makes decisions on any opposition to an application for registration of a trademark (*s*.21). The Registrar makes decisions concerning international trademarks (*ss*.30 & 40). Further, he also rectifies, changes, amends and corrects any omissions or errors in the register (*ss*.35,37 & 38) besides having the powers to cancel the registration of licensee marks (*s*.36).

41. It is apparent that most of the powers and decisions to be made by the Registrar, either suo moto or upon application by an affected party, are administrative and thus quasi-judicious. They mainly concern the registration of trademarks even where third parties are concerned and involved. The Registrar, like any judicial or quasi judicial tribunal must thus comply with all the natural justice tenets as to fair administrative action.

42. There is no explicit power under the Trade Marks Act donated to the Registrar to intervene where a party alleges that its registered trademark has been infringed or is threatened with infringement. The power is however implied in the Court: see *ss.* 8 & 9 of the Trade Marks Act. The Registrar however deals and decides issues relating to double registration and hence the power may be implied.

43. The Registrar may also intervene through the process of rectification of the register or cancellation of any offending (yet already) registered mark. The power is herein implied.

44. Where therefore a party's action is founded in the statutory prohibition of infringement of trade mark or in the tort of passing off, the appropriate forum would be the High Court being the Court as defined under *s*.2 of the Trade Marks Act.

45. In the instant case, the parties are in agreement that the dispute before the Registrar does not involve both Osotspa and Ocean Foods as parties. There is a third party, Blue Flag Agency Limited. The application before the Registrar as I understood the parties to submit (no documents concerning the application having been filed before this Court), is one for rectification or correction of the trademarks register. An entry is sought to be expunged.

46. Before this Court, Osotspa contended that Ocean Foods is infringing on its trade mark. Osotspa also complains that Ocean Foods is passing off its own goods or products as those of Osotspa, even though they are not. Osotspa has also finally lodged a claim for € 1,592,000= for goods supplied and delivered. All these were after Ocean Foods fired the first salvo with a claim of its own before this Court.

47. Guaranteed that this Court has the jurisdiction to determine and resolve disputes revolving around passing off and infringement of trademarks, I am not convinced that the dispute herein falls within the purview of the Registrar. Besides, there is a multiplicity of claims by the parties to this suit through the main claim and the counterclaim which touches on the commercial contract between the parties. The Registrar may not deal with such claims.

48. My view is also that the Registrar should ordinarily deal with disputes which fall within his purview

under the Trade Marks Act where the issues are focused and may be dealt with at a short trial.

49. I am satisfied that this Court has the remit to decide the dispute between the parties and determine all the issues. I am also satisfied that Osotspa's claim is not for infringement of a patent or a registered utility model or industrial design to fall under the jurisdiction of the tribunal established under the Industrial Property act (Cap 509). The counterclaim is therefore properly before this Court.

Ocean Foods' application

50. The application seeks to restrain Osotspa from entering into any supply and distribution agreement for Osotspa's products with any third party including Extropica. Ocean Foods first moved the Court ex parte under urgency and was granted ex parte orders on 15 August 2017.

51. Besides contending that Ocean Foods has not made a case for an interlocutory injunction, Osotspa have also maintained that not all material facts were disclosed by Ocean Foods and the reason for such non disclosure was to influence the Court's decision.

52. It is trite law that a person who approaches the Court ex parte (without notice) is under a duty to disclose all facts material to the dispute: see **Castelli *v* Cook [1849] 68 ER**, **R *v* Kensington Income Tax Commissioners *Ex P* Princess Edmond De Polignac [1917] 1 KB 486, Boreh *v* Djibouti [2015] EWHC 769, Bonde *v* Steyn [2013] 2 KLR 8**. Where it is shown that an ex parte applicant has not disclosed material facts then any orders issued ex parte will be discharged at any stage and the party disentitled from having his application considered on merit inter partes, though not all non disclosure even where established lead to the ex parte order being discharged: see **Esther Muthoni Passaris *v* Charles Kanyuga & 2 Others [2015]eKLR** esp at [14],[16]. This is the general rule of the Court which is also the law of the Court : see **R *v* Kenya Medical Training College & Another *Ex P* Kenya Universities and Colleges Central Placement Service [2015]eKLR**.

53. Non disclosure of material facts even at the inter partes hearing, in my view, is some form of misrepresentation in the quest for justice, which misrepresentation the Court must frown at and not condone. Ex parte applications on the other hand constitute a serious departure from ordinary principles applicable to civil proceedings as the respondent is absent, yet both parties should ordinarily always be heard before any adverse orders are made. The ex parte applications procedure ought thus only be invoked where there is good cause or where the giving of notice to the other side would defeat the very object for which the order is sought. The ex parte applicant must thus act in utmost good faith and place before the Court all the relevant material facts that might influence a Court at coming to a decision: see **The Motor Vessel Lillian SS [1989] KLR 1.**

54. It is trite law that only material facts within the applicant's knowledge ought to be disclosed and materiality of the fact(s) is to be decided by the Court and not the party's assessment: see **Bahadurali Ebrahim Shamji *v* Al Noor Jamal & 2 Others CACA No. 210 of 1997**. The Court too is the one to decide whether the fact(s) not disclosed is of sufficient materiality to justify or require the immediate discharge of the ex parte orders.

55. The basic test, in my view, as to whether a fact is material and relevant should not be whether it can lead the Court to the applicant's case. The question, as was stated recently in **In Re Nakumatt Holdings Limited *Ex P* The Junction Limited [2017]eKLR**,is

> "***…whether the facts might tell in favour of the absent party***."

56. I must also hasten to add that though the applicant is expected to disclose that which is within his knowledge or reasonably expected to be within his knowledge and is relevant to the absent party's case, the test of materiality should also not be set at a level that renders it practically impossible for the applicant to comply with his duty of disclosure. It must also not be such as to result in applications and founding affidavits so prolix and large that might simply swamp the ex parte Judge.

57. In casu, Osotspa made the following submissions :

> I. Ocean Foods failed to disclose its indebtedness to Osotspa and this was relevant and material as the non disclosure was clearly meant to table Ocean Foods as compliant with the terms of the Contract and all its obligations;
>
> II. Ocean Foods failed to disclose that it had failed to meet its targets under the contract;
>
> III. Ocean Foods failed to disclose that all the supplies to it by Osotspa were on cash basis;
>
> IV. Fourthly, according to Osotspa, Ocean Foods did not disclose that on 11 April 2016 Osotspa had written to Ocean Foods and notified Ocean Foods that Osotspa would no longer ship to Ocean Foods products unless Ocean Foods paid for the same in advance or guaranteed payment by way of banks' letters of credit.
>
> V. Finally, Osotspa claimed that Ocean Foods had failed to disclose that in breach of the contract Ocean Foods had been manufacturing and distributing products in competition with Osotspa's products and in violation of Osotspa's trade mark.

58. Ocean Foods denied having lacked the requisite candor during the ex parte hearing or consideration of its application.

59. I have perused the pleadings filed by Ocean Foods on 28 July 2017. I have also perused the application filed on the same date as well as the founding affidavit together with the annexed documents. All were relatively detailed.

60. The pleadings reveal that Ocean Foods claim is pegged on breach of contract and or inducement to breach. Generally, it is important for such a claimant to reveal that it is meeting its side of the bargain or is ready, willing and able to. Ocean Foods availed the contract documents and the addendums thereto. These revealed that the payments were to be made in advance for any supplies by Osotspa. In its pleadings as well, Ocean Foods claimed that a glut in the market had let to its inability to sell all the products supplied by Osotspa. Finally, in its pleadings, Ocean Foods talked of credit notes and amounts owed by dint of such credit notes to Osotspa for which Ocean Foods sought to be indemnified and or excused from paying.

61. It is apparent that the facts alleged as not having been disclosed under paragraphs 57(i) to 57(iii) above were material and relevant. It is also apparent that a close reading of the pleadings would reveal that such facts were sufficiently disclosed by Ocean Foods to the Court.

62. With regard to non-disclosure of the facts alleged under paragraph 57(iv) above, foremost, I am satisfied that the said facts were relevant and material to the dispute as framed by Ocean Foods as against Osotspa. I am also satisfied that Ocean Foods had in its possession the letter of 11 April 2016 from Osotspa. It was within Ocean Foods' knowledge.

63. The letter of 11 April 2016 was clear. The letter demanded payment of the amounts outstanding. The letter made it clear that no shipment of Osotspa's products would be made to Ocean Foods unless the latter settled the amounts demanded and also ensured that future orders were secured by cash payments or letters of credit from banks. This letter of demand was not disclosed by Ocean Foods.

64. In this respect, Ocean Foods stands properly indicted for non-disclosure.

65. I also hold the view that it was also material and relevant that Ocean Foods was engaged in its own business of distributing and selling its own "Ocean" brand of energy drink, if for no reason than to show how it was mitigating its own losses the same way it disclosed that it had engaged Osotspa on how to mitigate possible losses to both parties.

66. In my view, Osotspa's submissions on the issue of non-disclosure have merit. This case as originally framed by Ocean Foods was not vast and complex. It was thus possible for Ocean Foods, the way it is clear to the Court, to make a clear distinction between facts which are material and those which were immaterial. Ocean Foods was also seized with all the facts, the non disclosure of which is complained. Ocean Foods had to make a call as to which facts might influence the Court's decision. It is reasonable to conclude that, it made a wrong call when it excluded some facts especially the letter of 11 April 2016, which were material to the dispute at the ex parte stage. The facts were critical to any issue to be determined by the Court as to whether or not to continue the contract between the parties at the ex parte hearing. This was the essence of the application by Ocean Foods.

67. In the circumstances and considering the totality of the effect of the non-disclosed facts and considering further that Ocean Foods' counsel appeared ex parte or prompted the ex parte hearing no less than three times, I deem it reasonable to conclude that the non-disclosure was material enough to justify the immediate discharge of the ex parte orders.

68. For what it may be worth, I must add that I was also not convinced that on the facts of the case as laid before the Court, Ocean Foods has made out a case for an intermediary injunction.

69. First, it is clear that Ocean Foods has not been able to meet its part of the bargain. It has not paid monies due to Osotspa despite demand. It has also not met the agreed levels or targets of sale. There is prima facie evidence that it was put on notice by Osotspa. Secondly, it would be more commercially sound to conclude even at this stage that the hardship to be fetched on Osotspa as they tether Ocean Foods along would not be commercially sound. Thirdly, Ocean Foods were rather indolent. The supplies were cut off in April 2016 and it took Ocean Foods fifteen months to move to court. This, in my view, is not conduct befitting a person who seeks equity's aid. And, if anything, Ocean Foods may take solace in the fact that it can quantify its damages as against Osotspa as it has already done.

Osotspa's application

70. Osotspa's application seeks both negative and positive intermediary injunctions. The application is pegged on the counterclaim. Ocean Foods is accused of infringing on Osotspa's trade mark. Ocean Foods is also accused of passing off Ocean Products as those of Osotspa.

71. Osotspa allege that Ocean Foods' packaging of Ocean Products is deceptively similar to those of Osotspa. In particular, Osotspa contend that "…***the shape of the "Ocean" Energy Drink logo [which belongs to Ocean foods] is similar to Osotspa's "Shark" logo***…" and further that the description of the product is deceptively similar. Such packaging and description, it is stated, is intended to deceive customers and cause confusion in the market between the products of Ocean Foods and those of Osotspa.

72. As I indicated earlier in this ruling, there is no record of Ocean Foods having filed any response to the application by Osotspa or even to the counterclaim. There is only a notice of preliminary objection. I must also add that during the oral arguments, counsel for Ocean Foods said very little of the application by Osotspa. The written submissions filed by Ocean Foods also contain nothing in response to the application by Osotspa.

73. It is not in controversy that Osotspa is the registered proprietor of the trademark " **Shark**". It is registered as No. 50628 in Class 32. The Court is unaware of any registration of a trademark in favour of Ocean Foods, whether "**Ocean**" or any other. Osotspa complain that the registered trademark is being infringed and they now seek the Courts interim protection.

74. Under the Trade Marks Act (Cap 506), infringement of a trade mark will be deemed to occur when a person uses a trade mark contrary to the rights of the registered proprietor or registered user, without the license of the proprietor. A use of a mark so similar to the registered mark if it may lead to confusion or deception will also be deemed as an infringement: see **Pharmaceutical Manufacturing Company *v* Novelby Manufacturing Company Ltd [2001] KLR 392** (case of " Trihistamin" and "Tri-histina") and also **Biersdorf *v* Emichem Products Limited [2002] 1 KLR 876** (case of " Nivelin" and "Nivea").

75. As I understood Ms. Mwangi to submit, Osotspa's current complaint is the mode of can-packaging adopted by Ocean Foods. According to counsel, the packaging of Ocean Products is strikingly similar to that of Osotspa's "Shark" products as to lead to confusion and thus the inference of not just infringement of a mark but also passing off. In support of their claim, Osotspa availed coloured photo-imageries of both packages. Ms. Mwangi, secondly, also complained that the written description of Ocean Products is also deceptively similar to those of Osotspa.

76. I have considered and reflected on all the evidence before me, especially the photo-imageries. I have also considered the fact that Ocean Foods has not availed any evidence of the mark " Ocean " as currently used having been registered as a protected trademark under the Trade Marks Act. I have also taken into consideration the hitherto special relationship between the owner of the registered mark " Shark" being Osotspa and the alleged perpetrator or violator of the mark. They have had a contractual relationship, sour as it may be now. And, I hold the following view.

77. Osotspa's mark " Shark" as registered has been used as composite but shapely word and element. The shapely element used in the process of packaging on Osotspa's cans is that of a shark, a predatory carnivorous fish with a long body and two dorsal fins. Ocean Foods, it is evident from the photo-imagery, has also used the mark "Ocean" in a similarly figurative manner. The word "Ocean" has been spelt and shaped in a merged way as to suggest the word " Shark" instead.

78. In my view, Osotspa have established in a prima facie manner, the likelihood of confusion. I do not think that Osotspa are merely splitting hairs. The dominant element in Osotspa's trademark is not just the word "shark" but also the figure of the fish shark. I view it that Osotspa has done enough to convince me at this stage and on a prima facie basis that the registered trademark "Shark" is being infringed and one of the culprits is Ocean Foods.

79. With regard to the allegedly deceptive description of Ocean Products, I have at this preliminary stage only been able to identify similar laudatory epithets like 'quality', 'functional', 'has all' and 'suitable'. I would not imagine the said words to be exclusive to Osotspa and so adopted to distinguish Osotspa's products. These are words commonly used and only a full trial may be able to establish otherwise as far as Osotspa's claim is concerned. The descriptions as tabled by Osotspa may appear similar but I must confess that I am unable to immediately determine that they are indeed so similar as to be deemed tailored to deceive or mislead.

80. In conclusion, the material before me prima facie suggest and establish that Osotspa has rights over the mark "Shark" figuratively used in the shape of shark, the fish. Rights over the mark were acquired in 2000. A quick comparison between the can-packaging by Ocean Foods and that of Osotspa would reveal that Ocean Products' mark is similar to Osotspa's. There is enough evidence to establish a prima facie case of infringement of trade mark and thus dictate intervention by the Court.

81. It brings me to the question of alleged passing off.

82. As a cause of action, passing off supplements the statutory action against infringement of registered trademarks.

83. Passing off will be established if one shows misrepresentation by a trader(or manufacturer) in the course of trade to prospective customers of goods supplied by him calculated to injure the business or goodwill of another trader and which actually causes damage to the business or goodwill of the other trader: see generally **Warnick *v* Townend [1979] AC 731, Reckitt & Colman *v* Borden [1990] 1 All E R 873, Superbrite Limited *v* Pakad Enterprises Limited [2001]2 EA 563** and **Group Four Security Limited *v* G4S Security Services (K) Ltd [2006]eKLR**.

84. There is no dispute that Osotspa's products have been in the market in the territory since 2001. Ocean Foods actually adds that the territory and goodwill for Osotspa's products has been further developed since 2014.

85. I have found on a prima facie basis that the packaging of Ocean Foods products is distinctively similar to that of Osotspa. I should not hesitate to also find that, prima facie, Ocean Foods is distributing its products as those of Osotspa. I take note of the fact that Ocean Foods has hitherto distributed and supplied Osotspa's products. The likelihood that the product now being distributed by Ocean Foods will be deemed to come from the same source or be the same as Osotspa's, is thus even higher. This likelihood appears, in my view, to be a practical one.

86. I find that Osotspa have made out a case for an intermediary negative injunction.

87. I do appreciate that Osotspa also seek a mandatory injunction, which at an intermediary stage may only be granted in special circumstances and when the case is clear : see **Morris and Co. *v* Kenya Commercial Bank Ltd and Others [2003] 2 EA 605**.

88. The circumstances of this case are, in my view, special. Ocean Foods was engaged by Osotspa to distribute Osotspa's products. It did, for a while. It then started manufacturing and distributing its own products which appear strikingly similar. Ocean Foods is not a stranger at all. It is a case of biting the hand that feeds you. A case of wanting the penny and the bun. Equity, in my view, should not stand aside and watch but must intercede in such a case. In my view, this is an appropriate case for an intermediary mandatory injunction as the circumstances are special as Osotspa's rights are also rather clear.

89. I am satisfied that damages will not suffice once the Osotspa market is overridden by Ocean Products.

Conclusion and disposal

90. I return the verdict that this Court has the remit to hear and determine this case. I also find that Ocean Foods has not made a case for an interim injunction, let alone the fact that it was evidently guilty of non-disclosure. The objections raised *in limine* by Ocean Foods make no mark.

91. The application by Osotspa on the other hand is meritorious. Osotspa has shown that it is the registered proprietor of a trademark. It is a statutory right to own and exclusively use a registered a trade mark. Statute law as well as commercial law principles favour protection of such rights. Osotspa's right is clear and deserves protection even at this early stage of the suit.

92. Additionally, the Osotspa have shown that Ocean Foods is most likely passing off its goods as those of Osotspa. I find for Osotspa on their application.

93. By way of disposal, and keeping in mind the principle that trading must not only be honest but must not even unintentionally be unfair, I make the following orders:

> *I. **The interim orders issued in favour of the Plaintiff on 15 August 2017 are hereby discharged and the application by the Plaintiff dated 26 July 2017 is dismissed.***
>
> *II. **There shall issue pending hearing and determination of this suit an injunction restraining the Plaintiff whether by itself, its directors, servants or agents or otherwise howsoever from packaging, distributing, offering for wholesale or retail trade, releasing to the public or otherwise howsoever making available the Plaintiff's " Ocean Energy Drinks" including but not limited to Ocean Regular, Ocean Sugar Free, Ocean Lite, Ocean Apple & Melon and Ocean Still and any other drink whatsoever in cans or other packaging that is the same as , similar to, or likely to cause confusion with Osotspa Company Limited's packaging of " Shark" energy drinks.***
>
> *III. **There shall issue pending hearing and determination of this suit an injunction restraining the Plaintiff whether by itself, its directors, servants or agents or otherwise howsoever from packaging, distributing, offering for wholesale or retail trade, releasing to the public or otherwise howsoever making available the Plaintiff's " Ocean Energy Drinks" including but not limited to Ocean Regular, Ocean Sugar Free, Ocean Lite, Ocean Apple & Melon and Ocean Still and any other drink whatsoever in cans or other packaging that bear any word, device or mark***

including but not limited to the word or device or mark " Ocean" that is designed, printed, engraved, or otherwise used in a manner that makes it similar to or likely to cause confusion with Osotspa Company Limited's " Shark" trade mark No. 50628 registered in Class 32.

IV. ***There shall issue pending hearing and determination of this suit, an injunction restraining the Plaintiff whether by itself, its directors, servants or agents or otherwise howsoever from using in packaging, advertisements, websites, sign posts or in any manner howsoever any word, device or mark including but not limited to the word and or device " Ocean" in a manner that is deceptively similar to Osotspa Company Limited's " Shark" trade mark No. 50628 registered in Class 32.***

V. ***There shall issue a mandatory injunction to the Plaintiff to withdraw from the market, including from its distributors and from wholesale and retail outlets all of its Ocean energy drinks including but not limited to Ocean Regular, Ocean Sugar Free, Ocean Lite, Ocean Apple & Melon and Ocean Still and any other drink whatsoever that is packaged in cans or other packaging that are the same as , similar to or likely to cause confusion with Osotspa Company Limited's packaging of its " Shark" energy drinks.***

VI. ***The Plaintiff shall comply with the order under paragraph V above within the next fourteen days.***

VII. ***The costs of the applications dated 26 July 2017 and 22 September 2017 are to be paid by the Plaintiff to the Defendants.***

VIII. ***The Plaintiff is to file and serve its Reply to Defense and Defense to Counterclaim, within the next fourteen (14) days, if not filed already, with a pre-trial conference being convened within sixty days thereafter.***

94. Orders accordingly.

Dated, signed and delivered at Nairobi this 31st day of October, 2017.

J.L.ONGUTO

JUDGE