



REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT NAIROBI
MILIMANI COMMERCIAL COURTS
COMMERCIAL AND ADMIRALTY DIVISION
CIVIL CASE NO. 314 OF 2016

COLOUR PLANET LIMITEDPLAINTIFF

VERSUS

SAFARICOM LIMITED1ST DEFENDANT

JULIA OBURA.....2ND DEFENDANT

KENYA POWER & LIGHTING CO. LTD.....3RD DEFENDANT

RULING

1. On 8th December 2016, Civil suits 314 of 2017:- Colour Planet Limited vs. Safaricom Limited, Julia Obura & Kenya Power & Lighting Company Limited and HCCC No. 15 of 2016:- Safaricom Limited vs. Colour Planet Limited were consolidated. This was made the lead file.

Safaricom's Notice of Motion of 21st January 2016

2. Prior to the Order of consolidation, Safaricom had in Civil Suit No. 15 of 2016 filed a Motion dated 21st January 2016 for the following orders;-

2. THAT this Honourable Court be pleased to grant an order of injunction restraining the Defendant their Directors, Officers, Servants, agents, employees or workmen or otherwise howsoever from entering into any contractual relationship, advertising, marketing and/or selling electricity tokens through the trade mark "OKOA STIMA", or in any way infringing and/or passing off the Applicant's trade mark "OKOA STIMA", pending the hearing and determination of this application inter partes.

3. THAT this Honourable Court be pleased to grant an order of injunction restraining the Defendant, whether by themselves, employees, servants or agents from harassing and or interfering with the operations of the Plaintiff in relation to "OKOA STIMA" Trademark pending the hearing and determination of this Application inter partes.

4. THAT this Honourable Court be pleased to grant an of injunction restraining the Defendant their Directors, officers, Servants, Agents, employees or workmen or otherwise howsoever from entering into any contractual relationship, advertising and/or selling electricity tokens through the

Trademark “OKOA STIMA”, or in any way infringing and/or passing off the Applicant’s Trademark “OKOA STIMA”, pending the hearing and determination of the suit.

5. THAT this Honourable Court be pleased to grant an order of injunction restraining the Defendant, whether by themselves, employees, servants or agents from harassing and or interfering with the operations of the Plaintiff in relation to “OKOA STIMA” Trademark pending the hearing and determination of the suit.

3. After moving Court on 22nd January 2016, Safaricom obtained the following exparte orders:-

1. THAT the Defendant whether through its servants and agents etc be and are hereby forbidden from

a. Interfering with any contracts with the Plaintiff under the banner “OKOA STIMA”.

b. Informing suggesting or otherwise intimating to any third party that the Plaintiff cannot and/or does not have the right to use the name “OKOA STIMA” and/or “OKOA KENYA” until Thursday 28th January 2016.

2. THAT the Plaintiff do serve this application and order on the Defendant forthwith.

3. THAT the Plaintiff to serve a copy on the Registrar of Trademarks forthwith.

4. THAT the matter be listed for Mention on 28th January, 2016.

5. THAT the Registrar of Trademarks shall ensure a representative attends that hearing. The representative to be appraised of the Registration of the two Trade Marks in question.

6. THAT costs shall be in the cause.

4. Vide a Ruling dated 8th December 2016, this Court discharged the said orders after making a finding that Safaricom had abused the process of Court by failing to make a full and frank disclosure at the exparte proceedings. This Court is now asked to determine the Application of 21st January 2016.

5. An issue that immediately arises is whether this Court should consider the Application on merit. It is urged by Colour Planet that the facts misrepresented and suppressed by Safaricom were of utmost importance in relation to the issues under consideration to warrant dismissal of the Application without a hearing on merit since the misrepresentation and suppression was not innocent.

6. It was further argued by Colour Planet that the Court should not grant the Plaintiff *locus penitentiae* (a chance of repentance) since the misrepresentation and suppression of material facts was not innocent but an outright attempt to mislead the court.

7. On the other hand, Safaricom asked the Court to take cue from the holding in **Brinks Mat Ltd vs Elcombe (1988)** 3 ALL ER 188, that there is a discretion in the Court to continue an injunction or to grant a fresh injunction in its place notwithstanding that there may have been non-disclosure when the original exparte injunction obtained. It was then submitted that the Court had the benefit of an explanation in the further affidavit filed in August 2016 and once the orders were discharged by the Court an all Parties were placed on an equal footing to prove or disprove the grounds for an order of injunction.

9. The Preliminary issue invites the Court to consider circumstances when a Court should nevertheless take a benign stance even when there has been material non-disclosure at Exparte proceedings. In this regard the following observations of **Balcombe LJ in Brink’s Mat Ltd** (*supra*) are useful:

“The Rule that an ex-parte injunction will be discharged if it was obtained without full

disclosure has a twofold purpose. It will deprive the wrongdoer of an advantage improperly obtained: see *R vs Kensington Income Tax Comrs, ex p Princes Edmond de Polignac* (1917) 1 KB 486 at 509. But it also serves as a deterrent to ensure that persons who make *ex parte* applications realize that they have this duty of disclosure and of the consequences (which may include a liability in costs) if they fail in that duty. Nevertheless, this Judge-made rule cannot be allowed itself to become an instrument of injustice. It is for this reason that there must be discretion in the court to continue the injunction, or to grant a fresh injunction in its place, notwithstanding that there may have been non-disclosure when the original *ex parte* injunction was obtained: see in general *Bank Mellat vs Nikpur* (1958) FSR 87 at 90 and *Llyods Bowmaker Ltd vs Britania Arrow Holdings plc (Lavens, third party)* (1988) 3 All ER 178, a recent decision of this Court in which the authorities are fully reviewed. I make two comments on the exercise of this discretion. (i) whilst, having regard to the purpose of the rule, the discretion is one to be exercised sparingly, I would not wish to define or limit circumstances in which it may be exercised. (ii) I agree with the views of Dillon LJ in the *Llyods Bowmaker Ltd vs Britania Arrow Holdings plc (Lavens, third party)* (1988) 3 All ER 178 at 187 that, if there is jurisdiction to grant a fresh injunction, then there must also be a discretion to refuse, in an appropriate case, to discharge the original injunction.” (*my emphasis*)

I have also read the decision in *Llyods Bowmaker Ltd vs Britania Arrow Holdings plc (Lavens, third party)* (1988) 3 All ER 178.

10. From these decisions, one can set out the following to be the principles applicable:-

(i) Although the Court has a duty to show displeasure for material non-disclosure, it should not allow its indignation to become an instrument of injustice or inequity;

(ii) Whether or not to continue the injunction or to grant a fresh injunction is a matter of discretion;

i. Because it is acknowledged that the rule that an *ex parte* injunction will be discharge if it was obtained without full disclosure serves a laudable purpose, the discretion to continue the injunction or grant a fresh one needs to be used sparingly.

ii. Examples in which that discretion may be exercised is where the non-disclosure is innocent or attributable only to Counsel.

11. At the time of discharging the *ex parte* orders of injunction obtained on 22nd January 2016, this Court gave its reasons. These are relevant for determining whether or not I should now exercise discretion in favour of Safaricom and I repeat them *extenso*:-

26. However, the same cannot be said about full and frank disclosure. It is true that in paragraph 32 of the *Plaint*, the existence of Civil Suit No.314 of 2015 is pleaded. But there is a deafening silence about the subject of that suit both in the *Plaint* and the *Notice of Motion* of 21st January 2016. Even in the *Plaintiffs* filed list of Documents, the *Pleadings* in Civil Suit No. 314 of 2015 were not included as they ought to have been done.

27. There was no disclosure that the issues herein were substantially those in issue in Civil Suit No.314 of 2015. There was no disclosure that Colour Planet itself sought to injunct Safaricom and the other 2 Defendants over the use of the Trade Mark and that the Application had been argued and was awaiting a decision by Kariuki J. There was no disclosure that Safaricom would have infact sought an amendment of its defence to include a Counterclaim in Civil Suit No.314 of 2015 had it not been for the urgency of the moment. These are facts that the Judge may have considered as material when considering the *Ex parte Application*.

28. Merely to mention the existence of Civil Suit No. 314 of 2015, was a token or notional disclosure. That was not sufficient. What was required was a full and frank disclosure of all material facts. And what is material is what the Judge considers to be relevant and material in determining the matter before him. For this reason the disclosure should be as frank full and extensive as possible.

That is what is required of litigant who approaches the Court Exparte. And the obligation for such disclosure would have no less even if this file had been placed before Kariuki J. who was dealing with Civil Suit No.314 of 2015 because it cannot be expected that Judges can remember the details of the hundreds of files they have to deal with. But for the worse, the file fell to be dealt with by a Judge other than Kariuki J.!

29. The conduct of Safaricom must be censured. Colour Planet has asked this Court to strike out the entire suit and /or to discharge the Orders of 22nd January 2016 obtained by Safaricom. In my view to strike out the entire suit would be too harsh a censure given that it is within the right of Safaricom to seek the expungement of the Trade Mark, less draconian measures are available. This Suit can either be consolidated with Civil Suit No. 314 of 2015 or stayed pending the hearing and determination of that suit.

30. When a Court is satisfied that a Party is guilty of suppressing or misrepresenting material facts, then it can discharge the orders obtained and in addition decline to consider the application on merit. This Court is also aware that in some circumstances, which are exceptional, it would be inappropriate to discharge the orders and other ways of censure, like payment of costs, will be applied. But for the matter before me, there was blatant suppression of material facts and it is clear in my mind that the orders obtained on 22nd January 2016 should not be allowed to subsist any further. The facts suppressed are those that Court has set out in paragraph 27 of this Decision. And just to demonstrate the danger that the suppression posed; we may well have been dealing with a situation where there would be two conflicting orders of Courts of concurrent jurisdiction had Kariuki J. allowed the Application in 314 of 2015. Luckily, that embarrassment was avoided because the Judge dismissed the application in on 19th February 2016. The outcome of the Exparte proceedings here may have been different had Safaricom made disclosure to the extent obligated by the law and it should not be allowed to enjoy orders obtained in such circumstances.

12. The Court strongly disapproved the manner in which Safaricom had acted. The Court observed that Safaricom failed to disclose that Colour Planet's plea for an injunction was pending determination before another Judge. And had that injunction been granted, then there would be two conflicting orders of injunction from two Courts of concurrent. What an embarrassing prospect.

13. It was argued by Safaricom that:-

“The Court has since then had the benefit of an explanation in the further Affidavit filed in August 2016. In essence, once the orders were discharged by this Honourable Court, all Parties were placed on an equal footing to prove or disprove the grant of an order of injunction.”

In the Court's Ruling discharging the ex parte injunction, the Court had considered the explanation and refused to accept it as a plausible explanation for the non-disclosure. What Safaricom has not demonstrated and which this Court cannot find is that the non-disclosure was innocent.

14. Can Safaricom place the blame squarely on the doorsteps of Counsel? Can it be said that the client played no role?

15. The application for injunction by Colour Planet before Kariuki J, was opposed through a Replying Affidavit of one Isaac Njoroge Kibere sworn on 17th July 2015. He describes himself as the 1st Defendant's Legal Counsel, Financial Services and Finance. He is the same person who swore the

Affidavit in support of the Company's Notice of Motion dated 21st January 2016 which was the basis of the grant of the impugned injunction.

16. In this latter affidavit, he states:-

“2. THAT the facts set out in this Affidavit are either within my personal knowledge or are taken from those properly kept and accurate records of the Plaintiff that are maintained under my supervision and control. I believe them to be true and correct.

3. THAT as a result of my long and cordial working relation with and experience at the Plaintiff, I am familiar with the commercial operations of the Plaintiff in the larger East Africa and Kenya in particular. I am aware of the Plaintiff's trademark portfolios and the use of the Plaintiff's various trademarks in Kenya and the East Africa region hence qualified to swear this Affidavit”.

17. The Deponent of the Affidavit that fails to make full disclosure is a person who was well aware of the existence of Civil Case No. 314 of 2015. He was an employee or agent or Consultant of Safaricom. Safaricom through Mr. Kibere participated in the non-disclosure.

18. Given that the non-disclosure was not innocent and that the client was partly to blame, then, I am unable to exercise my discretion to hear the merits of the Application. This Court declines to consider the Application of 21st January 2016 on merit. It is hereby dismissed with costs.

Colour Planet's Notice of Motion dated 17th March 2016

19. On 19th February 2016, Hon. Kariuki J. dismissed Colour Planet's Application dated 26th June, 2015 in which it had sought certain orders of injunction against Safaricom and two Co-defendants herein, less than a month after Colour Planet filed a Notice of Motion dated 17th March 2016 seeking a Review of the Ruling of the Honourable Judge.

20. Colour Planet asserts that in reaching that decision one Court noted that the evidence placed before it was not sufficient to sustain the Application and in particular that Colour Planet had only presented before the Court an application for the Registration of the Trademark but had not been issued with a Certificate of Registration. Registration being crucial as it would establish that Colour Planet was indeed the registered owner of the Trademark.

21. In an affidavit sworn in support of the said Motion, Counsel Wanjohi explains that subsequent to the filing of the dismissed Application and various replies, as well as submissions thereto, Colour Planet has come upon new important evidence which was not available to it prior to filing the Application.

22. Colour Planet reveals the new evidence as consisting of a certificate for use in Legal Proceedings issued to it by the Registrar of Trademarks on 29th January 2016 in respect of the Trademark “OKOA STIMA” and the other a Report by the Assistant Registrar of Trademarks dated 4th February 2016 setting out the chronology of the dispute before the Registrar regarding “OKOA STIMA”.

23. Counsel takes a view that this is a matter suitable for Review because the new evidence was obtained much later than the filing of the Application and could not have been obtained in time despite due diligence as they were not in existence at the time the Application for injunction was filed, and by the time they came into existence, the Court had already retired to make its Ruling.

24. The Motion is opposed.

25. Even before considering the new evidence, the Court must determine whether the circumstances herein fits within the architecture of order 45 Rule 1 which are the provisions on Review. It reads:-

“(1) Any person considering himself aggrieved—

(a) by a decree or order from which an appeal is allowed, but from which no appeal has been preferred; or

(b) by a decree or order from which no appeal is hereby allowed, and who from the discovery of new and important matter or evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time when the decree was passed or the order made, or on account of some mistake or error apparent on the face of the record, or for any other sufficient reason, desires to obtain a review of the decree or order, may apply for a review of judgment to the court which passed the decree or made the order without unreasonable delay.

(2) A party who is not appealing from a decree or order may apply for a review of judgment notwithstanding the pendency of an appeal by some other party except where the ground of such appeal is common to the applicant and the appellant, or when, being respondent, he can present to the appellate court the case on which he applies for the review”.

26. Useful in determining this question is the holding of the Court of Appeal in D.J Lowe Company Limited vs. Banque Indosuez [1998] eKLR cited by Colour Planet:-

“where such a review application is based on fact of the discovery of fresh evidence the Court must exercise greatest of care as it is easy for a Party who has lost, to see the weak part of his case and the temptation to lay and procure evidence which will strengthen that weak part and put a different complexion. In such event, to succeed, the party must show that there was no remissness on his part in adducing all possible evidence at the hearing.”

27. It is submitted by Colour Planet the certificate and Report did not exist at the time Colour Planet filed the application and even by the time the Court retired to make its Ruling and there would be not remissness on its part.

28. Safaricom takes a contrary view. It argues that the Plaintiff has not established that new evidence could not be produced at the time when the Ruling was delivered notwithstanding the exercise of due diligence.

29. The Application for injunction came before the Judge on 16th December 2015 for argument by way of highlighting of submissions. On that day Counsel for both sides elected to leave the matter for the Courts determination on the basis of the written submissions. The Court accepted the election and reserved its decision for 19th February 2016.

30. The certificate sought to be introduced is dated 29th January 2016 and the Report 4th February 2016. Clearly then the Certificate and Report came into existence after the Application for Injunction had been argued but before the delivery of the Ruling.

31. Whilst Counsel does not state the exact date when he or his client came upon the new evidence, he depones as follows in paragraph 6 of his affidavit:-

“6. THAT subsequent to the filing of the Application for an injunction and the various replies to the application, as well as the submissions on the Application, the Plaintiff/Applicant come upon new and important matters of evidence which was not available prior to filing the application and which if considered by this Honourable Court would lead to a different conclusion in relation to the Plaintiff/Applicant’s application for injunction”.

32. What he depones should be considered together with what he states in paragraph 11:-

“THAT the Plaintiff/applicant has demonstrated that it came to know about the said Certificate for Use in Legal proceedings, as well as the Report by the Registrar of Trademarks which were issued on 29th January 2016 and 4th February 2016 respectively, much later after the filing of the Application dated

26th June 2016, and that it could not obtain them and file them in time despite due diligence, as the same were not in existence at the time the Application for an injunction was filed, and by the time they came into existence, the Court has already retired to make a ruling on the said application”.

33. Emerging from these depositions is that Counsel came upon this evidence sometime after they came into existence. What Counsel fails to disclose is whether he or his client came upon these new evidence before 19th February 2016 when the Ruling was delivered. Something turns on this non-disclosure.

34. The exact dates when Colour Planet discovered the Certificate and Report is crucially important. If, after the exercise of all due diligence, Colour Planet only came to learn of the information after the Ruling date, then one may criticize it if however Colour Planet were aware of the existence of the Certificate and Report prior to the Ruling date then it would have to explain why it did not seek the arrest of delivery of the Ruling by bringing this information to Judge.

35. The onus was on Colour Planet to demonstrate that it could not have brought the existence of this new evidence to the Judge’s attention before the delivery of the Ruling notwithstanding the exercise of due diligence. I am afraid that Colour Planet cannot do so if it has not placed evidence before this Court to prove that it only came upon the information of the existence of the Certificate and Report after 19th February 2016, that is the date of delivery of the Ruling.

36. Given this finding I need not consider whether the new evidence was sufficient to warrant a Review of the Decision of 19th February 2016.

37. The Notice of Motion of 17th March 2016 is without merit and is hereby dismissed with costs.

Dated, Signed and Delivered in Court at Nairobi this 24th Day of November, 2017.

F. TUIYOTT

JUDGE

PRESENT;

Wanjohi for Plaintiff

Wilson holding brief for Have for the Defendant

No Appearance for 2nd and 3rd Defendants

Alex - Court clerk