



**REPUBLIC OF KENYA**  
**IN THE HIGH COURT OF KENYA AT NAIROBI**  
**COMMERCIAL & ADMIRALTY DIVISION**  
**MILIMANI LAW COURTS**  
**CIVIL SUIT NO. 463 OF 2013**

**MUMIAS SUGAR COMPANY LIMITED.....PLAINTIFF**

**Versus**

**THE OPTION TWO LIMITED.....1<sup>ST</sup> DEFENDANT**

**JAMES NDUNGU MBOI & SERAH WAMBUI NDUNGU**

**T/A KANINI HARAKA ENTERPRISES .....2<sup>ND</sup>  
DEFENDANT**

**RULING**

**Three Applications**

[1] I have three applications before me. One is by the Plaintiff and is dated 28<sup>th</sup> October, 2013; it asking for a temporary injunction and Anton Pillar Orders. And two are by the Defendants; one is dated 7<sup>th</sup> November, 2013 seeking to stay and or set aside the orders of 5<sup>th</sup> November, 2013; and the other is dated 18.2.14 asking the court to order the Plaintiff to provide an undertaking and or security for damages arising from the order of court issued on 5<sup>th</sup> November, 2013.

[2] All the three applications are related one way or other. The basis of the two applications by the Defendants is the orders that were issued by Ogola J on 5<sup>th</sup> November, 2013 upon the 1<sup>st</sup> application. I, therefore, propose to determine all the three applications together; which is much easier and coherent way of disposing of such applications. This Ruling will, therefore, deal with all the applications. The parties shall be referred to as the Plaintiff and Defendants or 1<sup>st</sup> Defendant as may be appropriate.

[3] The Plaintiff in the application dated 28<sup>th</sup> October, 2013 sought for an injunction to restrain the Defendants either by themselves, their employees, associates, affiliates, partners or agents, from packaging, supplying, distributing, selling or offering for sale, sugar under the packets similar and or confusingly similar in get up to the sugar processed and packaged by the Plaintiff under its registered trademarks. The Plaintiff also sought for what is now commonly known as the **Anton Pillar Orders** which permitted the Plaintiff to enter upon the Defendants' premises situated in Nairobi, Naivasha, Nakuru, Thika, Nyeri, Meru and wherever else in the Republic of

Kenya wherein the Defendants, their assigns, representatives, employees, associates, affiliates, partners or agents, are storing products belonging to the Plaintiff, for the purposes of seizing all the packed sugar or packaging paper bearing the marks similar and or confusingly similar in get up to the trademarks owned by the Plaintiff, all purchases and sales record invoices for the past six months touching on the aforesaid infringement and such documents, copies of any items of whatever nature which constitute or could constitute evidence necessary to substantiate its cause of action and preserve the same. The other orders sought therein relate to execution of the order by the Inspector General of Police and the filing of accountability document of the seized items. And of course, costs for the application.

[4] The application was supported by the affidavit of the Plaintiff's company secretary as well as grounds set out on the face of the application. The plaintiff also filed submissions which proffered other grounds in support of the application. More specifically the Plaintiff submitted that:-

- a. **The plaintiff is a limited liability company engaged, inter alia, in the production, marketing and sale of sugar under the brand name "MUMIAS SUGAR Natural Kenyan Sweetness."**
- b. **It is the registered proprietor of the trademark number 59001 "MUMIAS SUGAR COMPANY LIMITED", 59170 "MUMIAS SUGAR natural sweetness" and 51250 "MUMIAS SUGAR Natural Sweetness" (word and device)**
- c. **The Plaintiff, therefore, enjoys the exclusive rights to the use of the said trademarks in relation to the sugar and printed matter in classes 19 and 30 of the Nice Clarification of Goods and Services;**
- d. **The Defendants have infringed the Plaintiff's registered trademarks by engaging in importation, packaging, supply, distribution and or sale of sugar in packs so similar to the Plaintiff's trademarks as to cause confusion and deceive the public into thinking that the 1<sup>st</sup> Defendant's sugar is that of the Plaintiffs.**
- e. **The 1<sup>st</sup> Defendant's sugar is being distributed by the 2<sup>nd</sup> Defendant in various outlets in Nairobi, Naivasha, Thika, Meru, Nyeri and Nakuru at the expense of the Plaintiff's goodwill and causing the Plaintiff loss and decline in sales. Further importation and packaging the sugar by the 1<sup>st</sup> Defendant in infringement of the Plaintiff's trademark will only be to the detriment of the Plaintiff.**
- f. **The continued infringement and passing off of the Plaintiff's trademark and sugar has occasioned the Plaintiff massive monetary losses in profits.**
- g. **Unless the injunction is issued further infringement will ensue and passing off the 1<sup>st</sup> Defendant's sugar as that of the Plaintiff with losses that may not be compensated in damages.**

[5] According to the Plaintiff, it has satisfied all the grounds for grant of an injunction against the Defendants as set out in the case of **GIELLA v CASSMAN BROWN** which are:-

- a. **The plaintiff must show a prima facie case with a probability of success;**
- b. **The Plaintiff shall suffer irreparable injury that cannot be compensated by an award of damages; and**
- c. **Where the court is in doubt it will decide the case on the balance of convenience.**

[6] The Plaintiff contended that it has shown a prima facie case with high chance of success in that it has proved ownership of its trademarks through the certificates it has produced in court. It has also produced in court the packaged sugar which they complain are strikingly similar to and confusing the public as the sugar for the Plaintiff. According to the Plaintiff, it has produced evidence of the Defendant's product which bears similar get up to its products or is a corruption thereof on the face of its products. It was, therefore, the submission by the Plaintiff that the similarities in the two get ups is a clear intention by the Defendants to ride on the Plaintiff's goodwill and reputation earned over the years. That is an indication of the Defendant's intention to deceive the public and take over the Plaintiff's marked goodwill and market. The Plaintiff also

claims that it has proved bad faith on the part of the Defendant, for the Defendants were the Plaintiff's distributors in the recent past and the 2<sup>nd</sup> Defendant who are directors of the 1<sup>st</sup> Defendant were well aware of the Plaintiff's get ups but proceeded to pack their sugar in packs similar to those of the Plaintiff. The plaintiff has annexed a report by IPSOS SYNOVATE to prove the Plaintiff had acquired goodwill and reputation on the use of the trademarks over the years. It shows the brand is most popular in sugar industry and market in Kenya.

[7] The Plaintiff submitted that the Defendant intentionally deceived the public by passing off sugar on a pack which bears the Plaintiff's trademark. To support that claim, the Plaintiff cited the case of **HARIA INDUSTRIES v P.J. PRODUCTS LTD (1970) EA 367** where the Court of appeal held that the test is whether an average customer acting with reasonable care would be likely to be confused by the article complained of. According to the Plaintiff the use of Plaintiff's get up or a corruption thereof would confuse the customers especially because both products are stocked in the same shelves in the retail outlets. The Plaintiff made further reliance on the case of **SUPA BRITE LTD v PAKAD ENTERPRISES (2001) 2 EA 563** where the court stated.

**“To succeed in any action alleging passing off (which is an infringement of the legal principle that no man may sell his goods as those of another) a plaintiff must prove three things namely:-**

- a. **that he has acquired a reputation or goodwill connected with the goods or services and that such goods or services are known to buyers by some distinctive get up or feature;**
- b. **that the defendant has, whether intentionally or not, made misrepresentation to the public leaving them to believe that the defendant's good are the Plaintiffs; and**
- c. **that the Plaintiff has suffered damage because of the erroneous belief engendered by the defendant's misrepresentation.**

**All these three elements are questions of fact.”**

[8] The Plaintiff is emphatic that it has produced sufficient evidence that it had acquired good will and reputation on its registered trademarks and its sugar is known to buyers as a result of its trademarks and get up. The Plaintiff claims it had proved that the Defendants made a misrepresentation to the public through use of similar get up leading the public to believe that their sugar is that of the Plaintiff. As a result, the Plaintiff has suffered loss. The Plaintiff urged that its case has high chances of success, Also, as the sugar packaged by the Defendants in similar get up and in infringement of the trademarks herein has been distributed in various outlets and is in public reach, the Plaintiff will suffer irreparable damage unless an injunction is issued. The Defendants also have wholesale outlets in Nyabini, Narok, Thika, Mau Narok, Maua and Meru.

[9] The Plaintiff argued that when all the above are put to the balance, convenience tilts in favour of the Plaintiff. The Plaintiff so argued.

[10] The Plaintiff backed its position by citing the law; that it is the lawful owner of the trademarks in question and is entitled to protection under Section 7 of the Trademarks Act in order to enjoy the sole and exclusive use of the trademarks to the exclusion of others. Section 7 provides:-

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

registered, and in such manner as to render the use of the mark likely to-

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

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

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

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

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

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

(a) in relation to goods connected in the course of trade with the proprietor or a licensee of the trade mark if, as to those

goods or a bulk of which they form part, the proprietor or the licensee conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of the trade mark; or

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

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

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

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

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

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

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

[11] The Plaintiff contended that the Defendant’s action breached Section 7 of the Act and that contravention can only be prevented by way of an injunction. They cited the case of **Olympic Sports House Limited** where the court held that breach of Section 7 is breach of the law which cannot be compensated in damages. The Plaintiff also referred the court to the case of **Proctor & Allan Vs Best Feed (EA) Ltd [2007] eKLR** on the same subject.

[12] On Anton Piller orders, the Plaintiff submitted that it has satisfied all the conditions thereto. It cited the ground breaking decision of **ANTON PILLER KG v MANUFACTURING PROCESS LTD (1976) Ch.55** and also a recent decision in **JOHN BONIFACE MAINA v SAFARICOM LTD [2013] eKLR** where Ormrod L.J was quoted thus:-

**“There are three essential pre-conditions for the making of such order in my judgment. First, there must be an extremely strong prima facie case. Secondly, the damage, mental or actual, must be very serious for the Plaintiff. Thirdly, there must be clear evidence that the Defendants have in their possession incriminating documents or things, and that there is real possibility that they may destroy such material before any application inter partes can be made.”**

[13] According to the Plaintiff, an Anton Piller Order is to prevent destruction by the Defendants of material which is to be used in the substantiation of the case for infringement of a trademark. That possibility ensues when the Defendant learns of the case on infringement of trade mark. See case of **Motana (K) Ltd Vs Anthony Maina Kara & 2 others (2006) eKLR** where the court, in granting the Anton Piller Orders ex parte, had this to say:

**“The order which the plaintiff seeks at this ex parte stage is based on an inherent jurisdiction which order gives permission to the plaintiff to enter the premises under the control of the defendants for the purpose of inspecting documents or articles and taking custody of documents or other articles pending the hearing of the matter ... The purpose for which an ANTON PILLER order is issued is to ensure that material evidence necessary to prove the plaintiff’s case is preserved. The reason why that order is made ex parte is to ensure the Defendant does not destroy the material evidence on being aware of the suit for the order to achieve the purpose for the plaintiff would be targeted to the labels, bottles and other materials including invoices and sale receipts which the Plaintiff will find in the Defendant’s premises. This indeed will be material that will assist the Plaintiff to prove to this court that there has been an infringement of tis trademark and passing off.”**

The Plaintiff contends the evidence it has provided satisfied the three pre-conditions for granting of Anton Piller order. The Plaintiff would have destroyed evidence i.e. Sugar Packs, and packaging papers, sale records, invoices and other relevant material to frustrate this case.

## **The Defendant opposed the Application by the Plaintiff**

[14] The Defendants opposed grant of Anton Piller orders as well as injunction orders. M/s Orengo submitted in opposition of application dated 28/10/2013 that Anton Piller order is to preserve the material evidence needed in the case. What the Plaintiff needed has already been produced in court and therefore Anton Piller order is not necessary. Counsel argued that the Defendants have also supplied the court with record of sales of the Defendants' sugar from August, 2013. But despite that compliance, the Anton Piller order is still affecting them and other parties. It should be set aside.

[15] M/s Orengo went on. Temporary injunction is not deserved and the threshold in the case of **Giella v Cassman Brown** have not been met due to the following:-

- a. **That the Defendants sugar is not conceptually similar to Mumias Sugar.**
- b. **Mumias Sugar is packaged under registered trademarks**
- c. **The colour red is so conspicuous on the Defendant's sugar that confusion is not possible.**
- d. **There can never be any property in colour.**
- e. **There are other differences in the packaging which remove any possibility of confusion.**

[16] On irreparable damage, Counsel for the defendants submitted that the Plaintiff has not shown any proof thereof. In sum, counsel argued, the balance of convenience does not favour the granting of injunction. The Defendants, however, admitted that they were distributors of the Plaintiff's sugar a while back pursuant to a distributorship agreement between the plaintiff and the 1<sup>st</sup> Defendant. But the said distributorship contract was terminated 4 years ago. The Defendants also denied that they acted with malice as the word "Jem" which appears in their pack is different from "Mumias". They insisted that they have come to court with clean hands. They then took issue with the Plaintiff's representation appearing on their packaging that they are producers of sugar when in fact they are importers of sugar. On that basis, the Defendants are of the view that the Plaintiff misled the public and the court on the alleged huge losses. In sugar industry, the Defendants urged, a dip in revenue has been caused by a variety of factors including liberalization of market and introduction of common market. For those reasons, the Defendants are of the view that the orders of Anton Piller should be discharged. The orders were premised on a presumption that the Defendants are guilty and should be discharged as such orders can only be granted in an inter partes contest.

### **Defendants' emphasis on undertaking**

[17] The Defendants emphasized the need for undertaking for damages where an order for injunction is issued at interlocutory stage; which is intended to entitle the Defendants to damages for any injury they may suffer as a result of the order which the court finds at the conclusion of the case, ought not to have been issued in the first place. The Defendants submitted the undertaking should be given.

### **Plaintiff made a reply:-**

[18] The Plaintiff disagreed with the defendants claim that Anton Piller orders were issued ex parte; the order was issued inter partes by Ogola J, for the learned Judge issued it after dismissing the Defendant's Preliminary Objection. The Plaintiff was also of the view that an undertaking can't be given as a substitute for an injunction. Infringement of trademark cannot be vindicated by an undertaking. The Plaintiff also argued that Anton Piller orders issued herein have been spent and are incapable of discharge at this stage. The Plaintiff complied with the order of the court and in 14 days it filed affidavits on the seized items, and did not abuse the order as alleged. Indeed, no affidavit that has been filed by the Defendants to prove the alleged abuse of court order.

[19] The Plaintiff made a rejoinder that the Defendants' registered trademark is in respect of rice

and not sugar. Section 6 of the Trademarks Act provides protection only to particular goods and services. Their certificate of Trademark is, therefore, irrelevant to these proceedings. Their trademark is also only on the Red Diamond. The Plaintiff again repeated that the distributorship agreement was not the thrust of their application except it served as a back-up material to their claim of passing off and bad intention to injure the Plaintiff. In conclusion the plaintiff submitted that this is a claim for infringement of trade mark and passing off and it is not about license to import or manufacture sugar.

## **COURT'S PENDITION**

### **Issues**

[20] This cause is one of infringement of trade mark and passing off the goods complained of as those of the Plaintiff. The issues I should determine are, therefore: 1) whether there has been an infringement of the Plaintiff's trade mark right by the Defendants; and 2) whether there has been passing off the Defendants' sugar as the Plaintiff's. Depending on the answers to these major issues, the court should be able to conclude whether to grant a temporary injunction to restrain the infringement of the trade mark and or passing off. But as I stated earlier in the opening part of this Ruling, I am confronted with three applications, which are colourably related among them from which I read the following additional issues for determination by the court: 1) Whether the Anton Piller Orders issued herein were issued *ex parte* or *inter partes*, or are capable of being or should be stayed or set aside; and 2) Whether those Anton Piller orders were obtained improperly.

### **Whether Anton Piller orders were made *Ex parte***

[21] The argument whether Anton Piller orders herein were issued *ex parte* or *inter partes* is purely preliminary and may not require very high wit to determine. The record is clear that the orders were issued by the judge after he dismissed the Preliminary objection by the Defendants on the issuance of orders sought. That proceeding was undertaken with notice to all the parties, and therefore, it cannot be termed as "*ex parte*"; it was done between the parties, hence *inter partes*. One other thing; even if the Anton Piller orders were issued *ex parte*, that would still not be a basis for setting them aside because, by its very nature, Anton Piller order is an urgent order which ordinarily is issued exceptionally and according to the three-step test set out by Ormrod LJ in the *Anton Piller* case that:

1. **There is an extremely strong *prima facie* case against the respondent,**
2. **The damage, potential or actual, must be very serious for the applicant, and**
3. **There must be clear evidence that the respondents have in their possession relevant documents or things and that there is a real possibility that they may destroy such material before an *inter partes* application can be made.**

The Anton Piller orders are designed to be issued *ex parte* in deserving cases where the test above has been attained and are mostly within the law on copyrights and trademarks. For better understanding about the purpose of Anton Piller order, it is worth reading the case of **Montana (K) Limited versus Anthony Maina Kara & 2 others [2006] eKLR** especially the following passage:

**“The order which the plaintiff seeks at this *ex parte* stage is based on an inherent jurisdiction which order gives permission to the plaintiff to enter the premises under the control of the defendants for the purpose of inspecting documents or articles and taking custody of documents or other articles pending the hearing of the matter ... The purpose for which an ANTON PILLER order is issued is to ensure that material evidence necessary to prove the plaintiff's case is preserved. The reason why that order is made *ex parte* is to ensure the Defendant does not destroy the material evidence on being aware of the suit for the order to achieve the purpose for the plaintiff would be targeted to the labels, bottles and other materials including**

**invoices and sale receipts which the Plaintiff will find in the Defendant's premises. This indeed will be material that will assist the Plaintiff to prove to this court that there has been an infringement of its trademark and passing off."**

The argument that such orders should be issued *inter partes* cannot, therefore, be tenable or much less a basis to set aside the Anton Piller Order. I find support in the cases of **JUDICIAL COMMISSION OF INQUIRY INTO THE GOLDENBERG AFFAIR & 3 OTHERS v KILACH NAIROBI CIVIL APPLICATION NO. 77 OF 2003 (UR. 40/03)**, as quoted in **ALPHA KNITS LIMITED & 2 OTHERS v RUIRU MUNICIPAL COUNCIL [2009] eKLR** where Omolo, Tunoi and Owour JJA stated that:

**"First we note that the ex parte order before Sir Donaldson was an Anton Piller Order. Such orders can be made ex parte, not because the rules provide that they be made ex parte but because of the urgency of the matter."**

But the overall impression as to whether the orders of Anton Piller can or should be set aside is another thing altogether and I shall determine it shortly.

### **Setting Aside or Staying Anton Piller Orders**

[22] In order to avoid administering any sudden shock to the Defendants, I think I should evaluate the entire circumstances of this case so as to determine whether the Anton Piller order issued herein should be set aside; equally, whether an injunction should issue against the Defendants. The twinning of the two reliefs is inextricable as a temporary injunction is a corollary to a successful Anton Piller order. But before I do that, let me settle the arguments I have encountered from the parties herein around whether Anton Piller order can be set aside or stayed. Where the order is already spent, as is here, such order is incapable of being stayed. But it can be set aside if proper grounds are established by the Defendant, say, it was issued irregularly or on wrong principle or was not merited etc. and all or any of the items seized thereof may be released or restored to the Defendant. See what Lord Denning said in the case of **ANTON PILLER K.G. v MANUFACTURING PROCESSES LTD. & OTHERS [1976] 1 All E.R. 779**:-

**"Nevertheless, in the enforcement of this order, the Plaintiffs must act with due circumspection... If the Defendants wish to apply to discharge the order as having been improperly obtained, they must be allowed to do so. If the Defendants refused permission to enter or to inspect, the Plaintiffs must not force their way in. They must accept that refusal, and bring it to the notice of the Court afterwards, if need be on application to commit."** (Underlining mine)

### **Infringement of Trade Mark and Passing off: A Case for Injunction**

[23] I resume the substantive issues. The Plaintiff lay material before the court which show that they are the owners of the trademarks herein, that is, "MUMIAS SUGAR COMPANY LIMITED", MUMIAS SUGAR Natural Kenyan Sweetness" and MUMIAS SUGAR Natural Sweetness" (word and device) through Certificate 59001, 59170 and 51250 for printed matter, sugar and mollasses for food. These trademarks are registered under the Trade Marks Act. Therefore, under section 7 of the Trade Mark Act, the Plaintiff becomes the proprietor of the trademarks and is conferred the right to exclusive use of the trade marks in relation to the packaging and selling of sugar on the packs printed with their registered trademarks. From the record, the Plaintiff has used the said trade marks on the packs containing their sugar for a considerable period of time, and has established market for the sugar, goodwill and reputation on the use of the trademarks. See the report of IPSOS SYNOVATE. Secondly, the 1<sup>st</sup> Defendant is not the registered proprietor of a trade mark or any trademark identical to the one registered by the Plaintiff or the one borne on the packets their sugar is packaged. The 1<sup>st</sup> Defendants' registered trademark is a kind of reddish Diamond with the words "Jem foods" embedded on it. The Certificate on the said trade mark No.: 72890 is for class 30 (Rice). That trade mark is in respect

of rice and not sugar. Accordingly, Section 6 of the Trade Mark Act will not provide protection to goods or services other than the particular goods and services for which the trade mark is registered. The said certificate of trademark produced by the 1<sup>st</sup> Defendant to support their claim that they have a trade mark on the packaging of sugar in packets which resemble those of the Plaintiff is, therefore, irrelevant to these proceedings and does not exonerate them from infringement of trade mark. Clearly there was an infringement of trade mark.

[23] The Plaintiff also produced two packets of packed sugar belonging to the Plaintiff and two packets of packed sugar belonging to the 1<sup>st</sup> Defendant. The visual examination of the packs makes several revelations:

- 1) The packs bearing the sugar belonging to the 1<sup>st</sup> Defendant, bears marks and features which are identical with or so nearly resembling those in the packs bearing the trade mark of the Plaintiff;
- 2) The resemblance is so similar and striking that it is likely to deceive or cause confusion in the course of trade on sugar in such manner as to render any person buying the sugar to think the sugar is the Plaintiff's sugar;
- 3) The 1<sup>st</sup> Defendant's sugar will easily pass off as the Plaintiff's sugar; and
- 4) It is only on meticulous examination of the packs that one would see the word "Jem". The Defendants have only interchanged or inverted the device, linings and colours of the Plaintiff pack and inserted its name "Jem" on the pack. The differences cited by the Defendants do not remove their packaging from passing off as that of the Plaintiff. Applying the test set by the Court of Appeal in the case of **HARIA INDUSTRIES v P.J. PRODUCTS LTD (1970) EA 367**, an average customer acting with reasonable care would be likely to be confused by the article complained of.

[24] Further, there is no doubt that the Defendants have wholesale outlets in various parts of the country and have been selling the sugar in the impugned packets. And the Defendants not being the proprietor of the trade mark or a registered user thereof, by using a mark identical with or so nearly resembling the Plaintiff's mark which is likely to deceive or cause confusion in the course of trade on sugar, have infringed the right of the Plaintiff to exclusive use of its trade marks. In addition, the fact that the Defendants have numerous wholesale outlets in various parts of the country through which they sold the sugar in question, they could as well be said to have held out the sugar to be that of the Plaintiff and should be indicted for passing off. There is an additional factor of that misrepresentation by the Defendants; they were distributors of the Plaintiff's sugar and were well aware of the get-up and marks of the Plaintiff on the sugar packs. That fact aids the Plaintiff's claim that the Defendants intentionally contrived the packs in question deliberately to ride on the Plaintiff's trade mark, market and goodwill. It is not a coincidence or creativity that the packs by the Defendants bear striking similarities with those of the Plaintiff. The intention to pass off the Defendant's sugar as that of the Plaintiff is clearly established herein. I find, therefore, on the available evidence, there was passing off of the Defendant's sugar as that of the Plaintiff.

[25] When all these things are put on scale, the only conclusion the court makes is that the Anton Piller orders were merited as they passed the test provided in law. I will therefore, not set them aside. Doubtless, the circumstances of the case and the evidence presented establish prima facie case with a high probability of success. I have said time and again that breach of law or a violation of a right of a person entitles the court to issue an injunction without much ado. This is such case. But before I close and make final orders, I wish to discuss the application for **UNDERTAKING** as to damages.

### **Undertaking as to damages**

[26] Undertaking as to damages is not aimed at giving any comfort to or to sooth a party or to dilute the effect of a court order; it serves much more defined legal purposes, which are two-fold: 1) To offer protection in and entitle the party against whom the interlocutory order is issued to claim for damages for injury suffered by the order should the court eventually find that the interlocutory order ought not to have been issued in the first place; 2) To enable the court to do justice to such party who has been injured by an order which had been wrongly issued. The misadventure of the judge in issuing the offending order may be as a result of the judge not knowing all the facts of the case or having been misled or restricted by the affidavit evidence before him or by the powerful arguments of counsel. See what the court said in **CHATUR RADIO SERVICES v PHONOGRAM LIMITED** that:

**“The object in insisting upon an undertaking as to damages is that if by misadventure through the judge not knowing all the facts, such as being misled by the affidavit evidence before him or by the arguments of counsel, and injunction is granted on an interlocutory application which ought not to have been granted, then the defendant is entitled to some remedy in damages; thus, the defendant becomes protected against the damage he may suffer by the wrongful issue of the injunction so that the whole purpose of that injunction, which is to preserve matters in status quo until the issue to be investigated in the suit can finally be disposed of, is not rendered nugatory. Save therefore in exceptional circumstances, an undertaking as to damages is required when an interlocutory injunction is granted in order that the court granting such injunction may be able to do justice if the injunction was wrongly granted.**

[27] However, I reckon that, although the question whether the Plaintiff should give an undertaking as to damages is a matter for the discretion of the court, except where there are exceptional circumstances, the undertaking should always be required where an interlocutory injunction has been granted. That is a principle of law upon which the discretion should be exercised by the court on this subject. I, therefore, do not accede to the Plaintiff’s argument that the Defendants have not shown that the Plaintiff will be unable to pay any damages that may be suffered by the Defendants or any damage will occur at all. Neither the Plaintiff’s ability nor inability to pay an amount of damages will prevent or compel the court to call for an undertaking as to damages from the Plaintiff, respectively. As such, cases of this nature, where Anton Piller orders and an injunction have been issued, an undertaking as to damages is desirable unless there are special reasons which impel the court to decline the request. The undertaking should not be seen as a punch to the Plaintiff’s success but as recognition of equality and protection of parties before the law, and a way of dispensation of justice to all. More so, there is really no prejudice that the Plaintiff will suffer or can be conceptually read in the giving of a written undertaking as to damages in a case such as this. I find there are no special circumstances which would prevent the court from requiring the Plaintiff to give an undertaking as to damages should the court be of the opinion upon plenary trial of the case, that the injunction and the Anton Piller orders herein ought not to have been issued.

## **Orders**

[28] The upshot is that:

**1) The Anton Piller orders issued on 5<sup>th</sup> November, 2013 were properly issued. They are not set aside as prayed for by the Defendants and shall remain in force. Any material or item seized as a result of the Anton Piller order shall remain so seized until this case is determined. As a consequence, the application dated 7<sup>th</sup> November, 2013 is hereby dismissed with costs to the Plaintiff.**

**2) The Application dated 28<sup>th</sup> October, 2013 is allowed with costs to the Plaintiff. Pending the determination of this suit, I hereby issue an injunction**

against the Defendants to restrain them either by themselves, their employees, associates, assigns, affiliates, partners or agents, from packaging, supplying, distributing, selling or offering for sale, sugar under the packets similar and or confusingly similar in get up to the sugar packaged by the Plaintiff under its registered trademarks. They are also restrained from passing off any of their packaged sugar or making any misrepresentation through any printed matter on any packaged sugar as if it is the Plaintiff's sugar.

3) The Plaintiff shall within 14 days give an undertaking as to damages should the court find at the conclusion of this case that the order of Anton Piller and injunction ought not to have been issued. Thus, the application dated 18<sup>th</sup> February, 2014 succeeds to the extent allowed herein.

Orders accordingly

Dated and delivered at Nairobi this 20<sup>th</sup> day of June, 2014

.....

F. GIKONYO

JUDGE