



REPUBLIC OF KENYA

AT HIGH COURT OF NAIROBI

COMMERCIAL AND ADMIRALTY DIVISION

HCC 524 OF 2014

VERMONT FLOWERS (EPZ) LIMITED.....PLAINTIFF

Versus

WARIDI CREATIONS LIMITED.....DEFENDANT

RULING

Preliminary Objection: No patent, no copyright or licence

[1] The Respondent, through S.C. Fred Ojiambo, raised two objections as preliminary points of law. The first one challenges the jurisdiction of this court to handle a suit based on the Industrial Property Act in view of section 106 of that Act. The second; the Applicant has no standing to file suit for copyright under Section 34(2) of the Copyright Act. Counsel relied on annexed the decision of Ogola J in the case of **ApexCreative Ltd vs. Michael Odhiambo Obera NBI HCCC NO 416 of 2011**. He also relied on the case of **Timoi Farms and Estate Limited vs. Kipngeno A. Ngeny [2013] eKLR; Universal Copyright Convention Revised at Paris on 24th July 1971- World Intellectual Property Organization (WIPO); Berne Convention for the Protection of Literally and Artistic Works; the Civil Procedure Act and the Copyright Act**.

[2] S.C. Ojiambo started by stating that the points he is raising are points of law which are not entangled in factual issues. Further, he urged, the preliminary objection will dispose of the entire application and possibly the suit. According to counsel, in the Plaintiff the Applicant is described as *the registered owner of various copyrighted and patented manufacturing processes and designs* and has listed them at paragraph 5 of the plaintiff. The Applicant further avers in the plaintiff that the Respondent has infringed those copyrights and patents. The first objection, therefore, was that the plaintiff impleads two inconsistent causes of actions; one based on the Industrial Property Act and the other on Copyright Act. Under the Industrial Property Act, only the tribunal established under section 113 of the said Act will have jurisdiction to issue appropriate relief on matters arising out of patent rights. This court does not have that jurisdiction. In light thereof, a party cannot combine the two causes of action and more so bring them before this court.

[3] Second, counsel argued, the Applicant has not pleaded in the plaintiff the patent they own. Similarly, they have not pleaded in the plaintiff the particular registered copyright under the Copyright Act. After he had been served with the further affidavit by the Applicant, Counsel for the Respondent submitted that the Applicant seems to claim they are exclusive licensee of the copyright herein from the owner. But, they have not pleaded exclusive licensee status and rights thereto in the plaintiff as required in law. He was careful, however, to state that, whereas a party should not plead the enabling sections of the law in a plaintiff, he must, however, plead the

substance of section 34 of the Copyright Act and disclose the nature of the licence he holds and the specific copyright for which the licence has been granted. Mr Ojiambo urged further that the Applicant has not even issued the notice to institute infringement proceedings to the owner of copyright under section 34(2) of the Copyright Act. Thus, in accordance with section 34(2) of the Copyright Act, the Applicant has no standing to sue for infringement of copyright herein. The entire application should therefore be dismissed with costs.

[4] Mr Owino for the Respondent argued that the preliminary objection being raised is not a true preliminary objection as it is infested with factual issues and evidence. He stated that, the arguments by S.C. Ojiambo suggest that a plaint should contain matters of evidence. But perhaps, Mr Owino argued, Senior Counsel had not looked at the documents which were filed pursuant to the court order on existence of copyright. The issues being packaged as preliminary objection relate to evidence which can only be unravelled in a trial but not through a preliminary objection. Mr Owino was of the view that counsel for the Applicant seems to suggest that the plaintiff should plead statutory provisions of section 34 of the Copyright Act. Such impleading would be contrary to the procedural law on pleadings. Mr Owino acknowledged that exclusive licensee status has not been pleaded but he insisted that the Applicant can always apply to introduce documents to show the fact of exclusive licensee. He termed the objection to that end as mere technicality which is curable under Article 159 of the Constitution. He claimed that these objections are being floated in order to defeat their claim for Anton Piller order. He beseeched the court to dismiss the objections.

The Determination

[5] If I understood the objection well, it has two limbs. The first one is on jurisdiction of this court under the Industrial Property Act. The second is the capacity of the Applicant to apply for Anton Piller Order under the Copyright Act. The second objection, however, has other strands; the effect of not pleading the status of the Applicant as a licensee with full particulars of the licensee and the specific copyright for which the licence was granted. Here, I should also determine the effects of failure to issue notice to the owner of copyright of the intention to institute proceedings for infringement of the copyright. But let me first state the test of whether these objections are true preliminary objection in the sense of the law.

Test of preliminary objection

[6] The test of whether an objection is a true preliminary objection is as stated below in the case of **Equity Bank Ltd Re Brian Yongo and Neptuen Credit Management Limited:-**

Any true Preliminary Objection should not be entangled with factual issues. On this I am content to cite a work in the case of ENGINEER E.M KITHIMBA v AG & ANOTHER [2014] eKLR on Preliminary Objection, that:

A preliminary objection was clearly delineated in the case of MUKISA BISCUITS MANUFACTURING CO. LTD v WEST END DISTRIBUTOR LTD [1969] E.A 696 where Law JA stated the following:-

“So far as I am aware, a preliminary objection consists of a point of law which has been pleaded, or which arises by clear implication out of pleadings, and which if argued as a preliminary point may dispose of the suit.”

And J.B Ojwang J (as he then was) made it clearer in the case of Oraro Vs Mbajja where he stated:-

“I think the principle is abundantly clear. A “preliminary objection” correctly understood is now well identified as, and declared to be the point which must not be blurred with factual details liable to be contested and in any event, to be through the processes of evidence. Any assertion which claims to be preliminary objection, and yet

it bears factual aspects calling for proof, or seeks to adduce evidence for its authentication, is not, as a matter of legal principle a true preliminary objection which the court should allow to proceed. I am in agreement ... that ‘where a court needs to investigate facts, a matter cannot be raised as a preliminary point.’

[7] Applying this test, the points of objection herein are points of law and go to the jurisdiction of the court. They also turn on the competence of the application. If they are successful, they may dispose of the entire application. They are, therefore, true preliminary objections in the sense of the law. But what are the prospects of the objections in the circumstances of this case?

On jurisdiction of Industrial Property Tribunal

[8] The Industrial Property Tribunal under section 106 has been conferred with jurisdiction by statute to grant relief of; 1) injunction to restrain infringement of patent or registered utility or industrial design; 2) damages or 3) any other relief provided in law in respect of infringement of patent or registered utility or industrial design. Section 106 provides as follows:-

“On the request of the owner of the patent or registered utility model or industrial design, the Tribunal shall grant the following relief –

- a. an injunction to prevent infringement where infringement is imminent or to prohibit the continuation of the infringement, once infringement has started;***
- b. damages; or***
- c. any other remedy provided for in law.”***

[8] Therefore, any relief based on infringement of patent or registered utility model or industrial design should be referred to the Tribunal under section 106 of the Industrial Property Act. I have heard arguments that an applicant for grant of patent is not an owner of patent envisaged under section 106 of the Industrial Act and may not seek relief under section 106 of the Act. But, my considered view is that such applicant like the Applicant here, has protection in law and may apply for injunction to stop infringement or claim compensation for infringement of the invention under published application for grant of patent, as if a patent had been granted for that invention, as long as he can show that the person, without his authorization, performed any of the inventions, claimed in the published application, and that the said person, at the time of the performance of the act, had; a) actual knowledge that the invention that he was using was the subject matter of a published application; or 2) received written notice that the invention that he was using was the subject matter of a published application, such application being identified in the said notice by its serial number. The Applicant made an application for grant of patent through application No KE/P/2012001715, paid the relevant fee and notification of filing date of the application was given by the Managing Director of the Kenya Industrial Property Institute to be 3/2/2012. The Applicant, therefore, is covered by the jurisdiction of the Tribunal in the Industrial Act and they should refer the claims which form part of the application for grant of patent to the Tribunal. The Application before me in so far as it relates to the grant of patent under Industrial Property Act should be and is hereby referred to the Industrial Property Tribunal for relief.

[9] I wish to reinforce my decision above through the following rendition. See and consider section 55 of the Industrial Property Act which provides as below:

Enforcement of rights

55 *The owner of a patent shall have the right—*

- (a) to obtain an injunction to restrain the performance or the likely***

performance, by any person without his authorization, of any of the acts referred to in [section 54](#); and

(b) to claim damages from any person who, having knowledge of the patent, performed any of the acts referred to in [section 54](#), without the owner's authorization;

(c) to claim compensation from any person who, without his authorization, performed any of the inventions, claimed in the published application, as if a patent had been granted for that invention:

Provided: that the said person, at the time of the performance of the act, had—

(i) actual knowledge that the invention that he was using was the subject matter of a published application; or

(ii) received written notice that the invention that he was using was the subject matter of a published application, such application being identified in the said notice by its serial number.

[10] The relevant part is section 55(c) of the Act and it applies to patents, utility models and industrial designs. I have held it covers the applicant for grant of patent or utility models or industrial design under the Act. If that be the case, enforcement of the rights and remedies under section 53-56 of the Act is done through the Industrial Tribunal established under the Act. Section 105 of the Act provides for acts of infringement for which the tribunal will grant relief upon under section 106 and they include the acts stated under section 54 of the Act. See what section 105 provides:

Acts constituting infringement

Subject to sections 21(3)(e), 58, 61(6), 72, 73, 80(1C) and 86, any act specified in [section 54](#) or 92 and performed by a person other than the owner of the patent or of the registered utility model or industrial design without the owner's authorization, in relation to a product or a process falling within the scope of a validly granted patent or certificate of registration shall constitute an infringement.

Note that section 55 refers to acts of infringement under section 54 as some of the acts of infringement which can be restrained by an injunction. Therefore, an injunction to restrain infringement of patent or utility model or industrial design is issued at first instance by the tribunal under section 106 of the Act. And therefore, as the Applicant is also the applicant for grant of patent under the Act, I am persuaded and I have so held that the Tribunal has statutory jurisdiction over the claims which have been presented before this court. The claims herein fall within section 55(c) of the Industrial Act. The language used in section 55(c) envisage a proceeding in the tribunal... ***to claim compensation from any person who, without his authorization, performed any of the inventions, claimed in the published application, as if a patent had been granted for that invention.*** The Applicant has not told us whether it has been granted a patent which would have made my work easier and this long rendition will not have been necessary. But despite that omission, following what I have stated about an applicant such as the one before the court, I do not think section 55(c) intended the relief thereto to be canvassed or sought only after registration of the patent or certificate of utility model or industrial design. I think, the law wanted to provide for remedy and protection to an invention of an applicant whose application has been published. The said section is a basis for an injunction to restrain a person who without authorization, performed any of the inventions, claimed in the published application as if a patent had been granted for that invention. I wish, however, to see legislative intervention towards clarifying the

section by providing some measure of protection to utility or design for which registration has been filed and accepted by the MD of the Institute. Section 19 of the Companies Act will provide some lead here; on written application being received, the name is reserved for sixty days pending registration of the company. However, such reservation should be subject to prior users of the invention or contemporaneous inventions.

On copyright

[11] This court has jurisdiction to try matters arising out of Copyright Act. And, that position has not been objected to or stated otherwise. The objection is on the averment in the Plaint that: *‘‘The plaintiff is a registered owner of various copyrighted and patented manufacturing processes and designs rights...’’* The Respondent submitted that kind of combining claims for patent and copyright reliefs is objectionable on the basis that the two claims are inconsistent. My decision in the first point of objection settles that aspect and I have referred the aspects of the case relating to patent to the Tribunal under the Industrial Property Act. Except, I wish to state that the Applicant has provided documents through its further affidavit which do not show they are the registered copyright owners as pleaded in the plaint and the application for injunction. The documents show that the Applicant entered into agreements with Mr Christian Tortu, Mr Jos Van Dyck, M/S Annette Stampe, Mr Paul Morris and Mrs Ginette Lambert for purposes of designing and utilizing their works of art and they have paid Royalty to them as agreed. In the submissions by Mr Owino he stated that by these agreements the Applicant is an exclusive licensee of the copyrights of the owners of the copyright in the works of art and designs in question. What is the law on exclusive licensee of copyright?

[12] Under section 33(1) of the Copyright Act, copyright shall be transmissible by assignment, by licence, testamentary disposition, or by operation of law as movable property. But under section (3), no assignment of copyright and no exclusive licence to do an act the doing of which is controlled by copyright shall have effect unless it is in writing signed by or on behalf of the assignor, or by or on behalf of the licensor, as the case may be and the written assignment of copyright shall be accompanied by a letter of verification from the Board in the event of an assignment of copyright works from outside Kenya. As long as the Applicant is claiming exclusive licensee of copyright which is not domestic registered copyright, the assignment must be accompanied by a letter of verification from the Board. None has been provided. That requirement is critical and its importance is well understood when one considers two things; 1) the international obligations of the nation to provide for adequate and effective protection of rights of copyright owners; and 2) the provision of section 33(2) on assignments and testamentary disposition of copyright, which provides that:

An assignment or testamentary disposition of copyright may be limited so as to apply only to some of the acts which the owner of the copyright has the exclusive right to control, or to a part only of the period of the copyright, or to a specified country or other geographical area.

[13] Note also that according to section 34(1) of the Copyright Act, once a license is properly granted by the owner of the copyright, the exclusive licensee shall have the same rights of action and be entitled to the same remedies, as if the licence were an assignment and those rights and remedies shall be concurrent with the rights and remedies of the owner of the copyright under which the licence were granted. The nature of intellectual property and the strict requirements of the law make it absolutely necessary that the licensee should plead his status that he is an exclusive licensee; give all particulars of the licence as well as the copyright for which he has been granted exclusive licence by the owner. The Applicant filed an application for injunction and Anton Piller Orders on the basis that he is the registered copyright owner but again it emerges from the last filing, as an exclusive licensee. It is readily discernible from the plaint and the application without probing for any evidence, that; there is not specific pleading in the plaint on exclusive licensee and the specific copyrights on which the licence is granted; yet the application and the affidavits filed thereto introduces exclusive licensee or assignment. As long as that

situation has not been clarified by amendment of the plaint, the application for injunction lacks a foot on which to stand.

[14] I should also agree with Mr Ojiambo that an Applicant who claims to be an exclusive licensee, is under an obligation under section 34(2) of the Copyright Act, before instituting proceedings under subsection 34(1) for infringement of copyright or licence, to give notice in writing to the owner of the copyright concerned, of his intention to do so, and the owner may intervene in such proceedings and recover any damages he may have suffered as a result of the infringement concerned or a reasonable royalty to which he may be entitled. Again this section is a further reinforcement of continuous protection of rights of copyright owners within or without the jurisdiction of the nation. No notice was shown to have been issued by the Applicant. These matters are grave omissions which cannot be diminished by Article 159 of the Constitution. I only hope parties will respect the elegant provisions of Article 159 of the Constitution by invoking them where it is appropriate rather than to invoke them where there is a clear violation of a fundamental requirement of the law.

[15] Before closing, I should emphasize that this case presents disconnect between the plaint and the application in material respects. Further affidavit and documentary evidence which was filed by the Applicant discloses yet another status of the Applicant; exclusive licensee of copyright. I have already held that important fact has not been pleaded at all. Needless to remind that the shaping and drafting of pleadings needs clear thought and care as it is through pleadings that parties inform one another of their respective causes of action or defence. And on such clear pleadings the other party gets to understand clearly the case or defence he is faced with and should be prepared to respond. Clear pleadings give pleasure and sanctification to the court as well as parties; an important end in itself in adjudication of disputes. The opposite, you can see how quite a good case is spoilt by imperfect or weak pleadings.

[16] On the basis of the law and the reasons given above, I hereby uphold the preliminary objections but in respect of the application only. I refer the disputes on patent or design herein to the Industrial Property Tribunal. The other prayers in the application dated...which are founded on exclusive licensee and copyright lack a foot on which to stand and are dismissed. I will not extend these finding to the plaint as the plaintiff can always amend the plaint to measure up to the legal thresholds in such cases. That course will also give the plaintiff an opportunity to have its day in court.

Dated, signed and delivered in court at Nairobi this 21st day of November 2014.

F. GIKONYO

JUDGE