



REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA

MILIMANI COMMERCIAL AND ADMIRALTY DIVISION

CIVIL CASE NO. 840 OF 2010

AGILITY LOGISTICS LIMITED.....1ST PLAINTIFF
AGILITY LOGISTICS INTERNATIONAL BV.....2ND PLAINTIFF
THE PUBLIC WAREHOUSING COMPANY K.S.C.....3RD PLAINTIFF
VS
AGILITY LOGISTICS KENYA LIMITED.....DEFENDANT

RULING

1. By way of a Chamber Summons application dated and filed on 8th December 2010 and expressed to be brought under the then Order 39 Rule 2 and Rule 2A of the Civil procedure Rules, the Plaintiffs have applied to this court for injunction orders restraining the Defendant from trading, advertising, marketing and/or in any other way dealing in the name “Agility Kenya Limited” or any other name closely resembling the 1st Plaintiff’s name or a name including the word “Agility” or resembling the trademark ‘agility’ registered in favour of the Plaintiff. The Plaintiffs further seek orders restraining the Defendant from holding itself out as an associated or affiliated company of the Plaintiffs or the Agility Logistics Group.
2. The Application is based on grounds set out on the face of the Chamber Summons and which are bolstered by the affidavit of Dev Kumar Bij sworn on 8th December 2010 and his further affidavits sworn on 25th February 2011 and 25th May 2011.
3. The essence of the application is that the Applicants are aggrieved by the Defendant’s use and continued use of the name “Agility Logistics”. The Plaintiffs contend that the use by the defendant of the said name amounts to an infringement of the word “agility” which word is a renowned trademark of the Plaintiffs. The continued use of that name, in the Plaintiffs’ view constitutes an action of ruining of the plaintiff’s global name “agility”.
4. It is the Plaintiffs’ case that sometime in or around November 2006, the 3rd plaintiff acquired a company known as Agility Logistics Limited incorporated in the UK. Upon such acquisition, the 3rd plaintiff decided to rebrand all its global subsidiaries with the brand name “agility” which exercise was globally advertised. With the goal of entering the Kenyan market, the Agility group decided sometime in the year 2007 to acquire a local clearing company then known as Starfreight Logistics Ltd. Negotiations with Starfreight Logistics Limited with regard to the proposed acquisition culminated into a formal share purchase agreement entered into on 18th December 2007. The acquisition necessitated change by the 1st plaintiff from its then name Starfreight Logistics Limited to Agility Logistics Ltd, in line with the global rebranding of the Agility Logistics Group. Thereafter the 3rd plaintiff applied for and obtained registration of the trademark “Agility” in Kenya on 24th February 2009. This name remains valid. Thereafter, the entry

of the Agility Logistics group in Kenya was widely publicized and reported in various local and international websites. This publicity went on alongside the process of registration of change of name of the locally acquired company from Starfreight Logistics Company Limited to Agility Logistics Limited. This was achieved in January 2009 when a certificate of change was issued by the Registrar of Companies.

5. Meanwhile, in October 2007, the defendant registered the business name “Agility”. This was followed by registration of the company ‘Agility Logistics Kenya Limited’ in September 2008. The Plaintiffs contend that this registration was done well after the re-branding exercise of the Agility Logistics group had commenced in November 2006. The plaintiffs insist that at the time the Defendant registered its company, it already had knowledge of the announced intentions of the Plaintiffs to acquire Starfreight Logistics Limited. The Plaintiffs therefore contend that the registration of the defendant company is opportunistic and is geared at taking advantage of the global reputation and goodwill of the Agility Logistics group in the light of its well publicized impending entry into the Kenyan market. The registration of the defendant company is also calculated to pass off the defendant as part of or an affiliate of the Plaintiffs global group. That is why the defendant company acquired a name which differed from the 1st Plaintiff by the mere addition of the word ‘Kenya’.

6. The Plaintiffs contend further that as the Defendant is engaged in a similar and identical business, there is a likelihood of confusion if the existence of the two entities in the companies register persists. The plaintiffs claim that they have globally used the name since November 2006 worldwide and the trademark is registered in over 80 countries. The Agility Logistics Group also has a presence in over 120 countries with about 550 offices and employing over 32,000 employees around the world. The defendant’s use of the names “Agility Logistics” is therefore unlawful and is an infringement of the Trademarks Act which provides that the registration of a trademark confers exclusive right to use the mark upon the proprietor of the mark. The plaintiffs as owners of the trademark ‘Agility’ are therefore entitled to exclusive use.

7. The Plaintiffs therefore seek an injunction to restrain the defendant from continued use of the protected name and to further restrain the defendant from passing itself off as part of the Agility Logistics Group. The Plaintiffs further seek this court’s protection from a demand by the Registrar of Companies that they surrender the 1st Plaintiff’s name for removal from the register for being familiar to the defendant’s name whose entry in the register of companies was first in time.

8. The application is opposed by the Defendant. The opposition is typified by the replying affidavit of Ngichiri Thomas Mwangi Kamau sworn on 14th February 2011 and by submissions made by its learned counsel, Alex Karanja. The defendant’s position is that the name of the company Agility Logistics Kenya Limited was conceptualized by one of its directors Ngichiri Thomas Mwangi Kamau sometime in the year 2007 whereupon he proceeded to apply for registration of the name in October 2007. The name was registered as a business name on 3rd October 2007 and a certificate of registration of business name issued (exhibit ‘TW1’) on the same date. After conducting business for a few months, Mr. Kamau invited three other individuals to join him in the business and they together proceeded to convert the business name into a limited liability company, which conversion was completed when the Registrar of companies issued them with a certificate of registration on 18th October 2008. The Defendants had since been carrying on the business set out in its memorandum of association, which is mainly clearing and forwarding. They claim to have all the licenses and authorizations to carry out that business.

9. It is the defendant’s case that the defendant company was conceived and registered first in time. In that regard, the defendant denies having infringed the plaintiffs’ logo or trademark as the defendant is merely using the name under which it was duly registered and which registration was procured in the year 2008 long before the plaintiffs registered their trademark and their company in Kenya. Such registration was not opportunistic as the Plaintiffs have not demonstrated to the court that the directors of the Defendant were aware of any impending acquisition of Starfreight Logistics Limited by the Plaintiffs. The Plaintiffs have also not demonstrated that the name “Agility Logistics” was so notoriously popular and publicized in Kenya as to make it familiar to every Kenyan including the directors of the defendant. If

anything, it is the defendant's contention that the subsequent acquisition of a local company and change of its name by the Plaintiffs to a name that matches the defendant's name was itself offensive of business practices and the law. That is why the Registrar of Companies had written to the 1st Plaintiff requiring it to change its name, in view of the defendant's prior registration. Learned counsel for the defendant drew the attention of this court to the case of **Auto Rescue Limited vs. Auto Rescue Limited 2008 KLR** where **Warsame J**, confronted by a similar situation as obtains in this case had no qualms in holding that the law guards against double registration and existence of two companies with similar or identical names and that the owners of the first registered company and members of the public should be protected against confusion and contradiction arising from existence of the two entities in the register of companies.

10. On whether the Plaintiffs had fulfilled the requirements for injunction orders as laid down in the case of **Giella vs. Cassman Brown**, the defendant claims that no prima facie case had been established as the Defendant was validly registered and had all authorizations to carry on its licensed business. On irreparable injury, the defendant claims that it is the one that stands to suffer as the orders sought would effectively shut down its business. On where the balance of convenience tilts, the defendant claims that it would suffer greater difficulty if the order is granted as it is the defendants who conceptualized Agility Logistics (K) Ltd. The defendant contends that other than the word 'Kenya', the rest of the words were ordinary and the promoters needed not conceive the words from the alleged entry into Kenya by the Plaintiffs. Further, it was indeed the Defendant who had encountered challenges and difficulties in conducting its business at Kenya Revenue Authority on account of the change of name by the plaintiffs to match the defendant's, given that the companies were engaged in similar business. The defendant should not therefore be punished for their ingenuity.

11. I have carefully considered the application and the affidavits sworn in support and in opposition to the application before the court, together with all the accompanying annexures. I have also reviewed the authorities cited although I have taken the liberty not to specifically discuss each in this ruling. I have finally paid due attention to the useful submissions made by learned counsel for both parties.

12. On the outset, my take on the present application is that the dispute before the court is an indictment of two Acts of Parliament that give protection to proprietorship of names in a manner that suits one legislation a villain and a victim of the other and vice versa. These are the Companies Act, cap 486 Laws of Kenya, on the one hand and the Trademarks Act, cap 506, Laws of Kenya, on the other hand. The present dispute brings into sharp focus the competing interests served by the two Acts vis a vis each other and the gaping lacuna in harmonizing the said interests in such a manner as would smoothen the inherent conflict in the operation allocation of the two legislations. This position is not helped by the appalling lack of coordination in the institutions charged with the implementation of the respective legislations.

13. On its part, and in respect of names of companies, the Companies Act provides at Section 19 that pending registration of a company or a change of name by a company, the Registrar may, on written application, reserve the name and this reservation shall remain in force for a period of 60 days during which no other company shall be registered under that name. This provision connotes that as long as the Registrar has reserved a name pending registration of a company, that name cannot be used by any person other than the person in whose behalf the name is reserved for purposes of registration of a company. In addition, the Section connotes that upon registration of a company, the protection extended during the registration process is crystallized meaning that the name remains protected or reserved for as long as the company exists. This position is bolstered by Section 20 of the Companies Act which provides that in the event of registration of a second company through inadvertence or otherwise, by a name that is too like the name by which a company in existence is previously registered, the Registrar may direct the second company to change its name within a specified period. In effect therefore, a company name is protected from the date of reservation of the name until the date of death of the company either through winding up, liquidation or otherwise. However, as it will become clear in the following analysis, the extent of such protection has its own limitations.

14. On the other hand, Section 7 (1) of the Trademarks Act provides that the registration of a

person as the proprietor of a trademark if valid gives to that person the exclusive right to the use of the trademark in relation to the goods or in connection with the provision of services and that such right is infringed by a person who not being a proprietor of the trademark or a registered user of the trademark 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 services in respect of which it is registered. Indeed, under Section 15A of the Act, trademark protection is extended to marks that meet the category of “well known trademarks”, whether or not such marks are registered in Kenya. A well known mark is a mark that is entitled to protection under the Paris Convention or the WTO Agreement. These are protected in Kenya as long as the proprietor of the mark is a national of a convention country or is domiciled in a convention country, whether or not that person carries on business or has any good will in Kenya. It is on record that the 3rd Plaintiff was incorporated in Kuwait and later took over a UK-incorporated company by the name Agility Logistics Limited in November 2006. Both Kuwait and the United Kingdom are members the WTO Agreement (see www.wto.org). the trade mark “agility” therefore qualifies as a well known mark and was protected in Kenya under Section 15A of the Trade Mark Act even before its registration in Kenya.

15. With the above legal spheres of protection provided under both the Companies Act and the Trademarks Act respectively, the next task before me is to consider which of the two Acts prevail where one party claims protection under the Companies Act and the other claims protection under the Trademarks Act.

16. The Plaintiffs’ contention in the present suit is that the Plaintiffs are the exclusive proprietors of the trademark “Agility” registered as Trademark No. 65081 on 11th August 2009. The certificate of registration of the trademark is exhibited as “DB8” in the supporting affidavit of Dev Kumar Bij sworn on 8th December 2010. The same trademark is also stated to be registered in many other countries and certificates of registration to that effect are annexed. In that regard, the defendant, by registering a company bearing a similar name to the trademark has infringed their trademark and should therefore be stopped from further infringement by way of injunction orders.

17. On the other hand, the defendant retorts that their company Agility Logistics Kenya Limited was registered prior to the registration of the 1st plaintiff company and therefore that the name is validly on the register and cannot constitute an infringement of the Plaintiffs’ trademark. Indeed, the defendant contends that under Section 20 of the Companies Act, it is the 1st plaintiff company that should be required to change its name or be removed from the register of companies to cure the present confusion between the two entities. This is in fact in line with the position set out by **Warsame J in Auto Rescue Limited vs. Auto Rescue Limited 2008 KLR.**

18. A cursory view of the above two positions gives the impression that in a case such as the present, the two Acts of Parliament create an impasse that cannot be reconciled in favour of either party. This impasse is however capable of resolution through scrutiny of the purpose for which the two Acts of Parliament serve. The preamble to the Companies Act states that the Act is an Act of Parliament to consolidate the law relating to the incorporation, regulation and winding up of companies and other associations. On its part, the preamble to the Trademarks Act simply provides that the Act is an Act of Parliament relating to the registration of trademarks. My take on the two pieces of legislation is that whereas the Companies Act governs registration of company names, the fact of registration *per se* does not extend protection to the name of the company itself as does the protection provided by a trademark. The Companies Act only protects such names to the extent that no other company can be registered by a similar name but does not protect the intellectual property in the name itself as to confer exclusive use, as does a trademark.

19. Further, it is also pertinently clear that the protection extended by a trademark transcends the face value of a name and inheres in the name a distinctiveness that is associated with the reputation and goodwill that the proprietor of the mark has invested and earned through creation of value, quality and trust. So much so that a customer or user of the service needs only see the mark and associate itself with certain expectations and standards. This is not the case with a company name which is only a mark of

identity to the legal person that is the company. Although company names may eventually earn the notoriety, reputation and association with certain standards in like measure as do trademarks, the extent of exclusivity and protection of the company name, without registration of a mark, would still fall short of the standard of protection conferred by a trademark.

20. The upshot of the foregoing analysis is that in the present matter, the protection provided to the name “Agility” by the trademark registered in favour of the Plaintiffs by far overrides the protection of the name “Agility Logistics” secured through the mere registration of the name as a company. The exclusivity in the use of the name that is conferred upon the Plaintiff through the Kenyan registration of the mark and worldwide by virtue of the status of “well known mark” confers *locus standi* upon the Plaintiffs to sustain a claim for infringement of the mark that the Defendant cannot equally enjoy by virtue of registration of the company under the Companies Act.

21. Even if I were wrong on the above analysis, it is lucidly evident from the facts of the present case that compared to the defendant, the Plaintiffs command worldwide proprietorship of the trademark “Agility”. Although the Defendant enjoys an earlier registration as a company in Kenya, it has not been shown with any depth that the defendant commands any such reputation and goodwill in the name as does the plaintiff. This incongruence will tilt the balance in favour of the Plaintiffs in an action for passing off. The name “agility” beyond Kenya would not attract any considerable association with the Defendants as would with the Plaintiff. The presence of the Plaintiffs in the many countries in which the trademark is shown as being registered can only mean that the Plaintiffs have a massive advantage if a comparative analysis of goodwill in the name ‘agility’ is to be carried out. This is further demonstrated by the comparative investments in the name that either party has made. It would therefore be improper for a party, in this case the defendant, to seek to ride on and appropriate the goodwill that the Plaintiffs have earned through investment in building the brand “Agility”. This is the position that the court took in the case of **Glaxo PLC and Another vs. Glaxowellcome Limited and Others** which the Plaintiff relied on and which I fully concur with.

22. This brings me to the next issue herein as to whether the registration of the defendant was opportunistic. The chronology of events and registrations of names and entities in this matter provides a proper foundation for the analysis of this point. The acquisition of Agility Logistics by PWC of Kuwait was done in 2006. Worldwide publicity of the acquisition and rebranding to the mark “Agility” commenced thereafter as shown in exhibit “DKB 6” in the further affidavit of Dev Kumar sworn on 25th February 2011. The Defendant registered the business name “Agility Logistics” in October 2007. The Plaintiff entered into a share purchase agreement with Starfreight Logistics on December 2007 after negotiations which had supposedly commenced earlier that year. The defendant registered the company “Agility Kenya Limited in September 2008. The Plaintiffs registered Agility Logistics Limited in January 2009 and the trademark “Agility” in February 2009. This chronology leaves no doubt that it was not a mere coincidence for the Plaintiffs and the defendant to be thinking so strikingly alike as to undertake the above events within a concurrent span of time. I am persuaded that it is very likely that the publicity of the entry of the Plaintiffs into Kenya early in the year 2007 presented an opportunity upon the defendant to seize the moment and pre-empt the Plaintiffs in the registration of the business entities and with the intention of cashing in on possible purchase by the Plaintiffs, once the legal windows for registration were shut in favour of the defendant. There is to me sufficient evidence to insinuate this intention given the comparative imbalance in the size, geographical reach and reputation of the two parties. The bona fides in the defendant’s registration of its business name and eventual conversion to the company name is equally called to question.

23. This court therefore is left with little choice but to follow the holding in the case of **Glaxo PLC and Another vs. Glaxowellcome Limited and Others** where the court had this to say:

“It seems to me quite plain that the defendants have been engaged in a dishonest scheme to appropriate the goodwill of the two plaintiffs and to extort from the plaintiffs a substantial sum as the price for not damaging the plaintiffs’ goodwill in the names Glaxo and welcome”.

The court went on to hold further as follows:

“The court will not countenance any such pre-emptive strike of registering companies with names

where others have the goodwill in those names and the registering party demanding a price for changing the names. It is an abuse of the system of registration of companies' names... in an action for passing off, courts have granted relief requiring the registered name of the company to be changed".

In the present case, I find the facts strikingly similar and the holding of the court in the Glaxo case befitting application in the present case.

24. Supposing I were to be persuaded by the defendant's argument that this matter should be resolved under Section 20 of the Companies Act as already demanded by the Registrar of Companies, that is to say, that as the 1st plaintiff was registered subsequent to the registration of the defendant, the 1st Plaintiff should change its name or be expunged from the Register of Companies, I would foresee the following outcome: The 1st Plaintiff would change its name or be removed from the register while the Plaintiffs would still remain in exclusive proprietorship of the trademark "agility". In this set of circumstances, the defendant will remain in continuous infringement of the mark in as long as it continues to provide similar services to the Plaintiffs' services as are associated with the mark. At the same time, and given the confusion that would and has indeed already ensued as to the two parties, the defendant would be exposed to liability based on passing off of the Plaintiffs' services, and the attendant association with the Plaintiffs' goodwill and reputation. There would be continuous and incessant suits facing the defendant at the suit of the Plaintiffs that will render it impossible for the defendant to carry on its business under that name. This would not serve the interest of any party.

25. I therefore hold the view that the only feasible option for the defendant is to change its company name into a distinctive name to obviate the above exposure to suits. Such change of name should not worry the defendant as Section 20(4) of the Companies Act provides explicitly as follows:

"a change of name by a company under this section shall not affect any rights or obligations of the company or render defective any legal proceedings by or against the company, and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name".

26. I did earlier allude to the apparent lack of coordination between the institutions charged with the responsibility to implement both the Companies Act and the Trademarks Act. These are the offices of the registrar of Companies and that of the Registrar of Trademarks. I think it is time these two offices worked closely and shared their databank of names so that any name already secured as a trademark would not be available for registration as a company and any name in the realm of well known trademarks would not equally be available for registration of a company, whether or not the mark itself is already registered in Kenya. This would go along way in remedying the present state of undesirable competition and conflict in the extent of protection conferred by registration under either Act.

27. The upshot of the foregoing is therefore that the Plaintiffs have made a prima facie case against the defendant based on trademark infringement and passing off as analyzed above. The damage that the present state of affairs would inflict is not one as would be adequately compensated by way of damages. Finally, the balance of convenience does clearly tilt in favour of the Plaintiffs in view of their proprietorship of a worldwide trademark and one enjoying phenomenal reputation and goodwill.

28. Consequently, I am inclined to allow the Plaintiff's Chamber Summons application dated 8th December 2010 with costs.

29. I further direct that the parties do comply with pre-trial requirements within 60 days from today in preparation of hearing of the main suit and that this matter be mentioned within 14 days thereafter for review of pre-trial compliance.

DATED, SIGNED AND DELIVERED IN NAIROBI THIS 19TH DAY OF JANUARY 2012.

J. M. MUTAVA
JUDGE