



**REPUBLIC OF KENYA**  
**IN THE HIGH COURT OF KENYA**  
**AT NAIROBI**  
**MILIMANI COMMERCIAL LAW COURTS**  
**CIVIL SUIT NO.192 OF 2005**

**NATIONAL INDUSTRIAL CREDIT (NIC) BANK LTD.....PLAINTIFF**

**VERSUS**

**NAIROBI INVESTMENT COMPANY (NIC) MICRO FINANCE LTD.....DEFENDANT**

**JUDGMENT**

The Plaintiff is a banking institution offering, inter alia, banking services and short term loans to finance hire-purchase transactions. It is known throughout Kenya by the name NIC Bank. In its Complaint, the Plaintiff has contended that it did engage in aggressive advertisement quality and professional delivery which earned it goodwill and clientele using its trademark NIC Bank. It further pleaded that the defendant had been carrying on business in the name and style of “NIC Micro Finance Ltd” which name is so similar to that of the Plaintiff and the Plaintiff’s trade mark. That this had confused the Plaintiff’s clients.

The Plaintiff further contended that the Defendant was using an application form similar to that of the Plaintiff in all respects, that the Defendant’s conduct was deceptive to the Plaintiff’s customers and the public, that the Defendant was therefore passing off its services as those of the Plaintiff and/or was holding out itself to the public as being associated with the Plaintiff. The Plaintiff gave what it considered to be the particulars of passing off. The Plaintiff contended that as a result of the foregoing it had suffered and continued suffering loss and damage, the Plaintiff therefore prayed for, inter alia, orders of injunction, the destruction of the offending materials and inquiry to damages or an account of profits.

The Defendant filed a Defence wherein it admitted that whilst it was originally registered as NIC Micro-finance (K) Ltd, it had changed its name to Nairobi Investment Company (NIC) Kenya Limited, that the trade mark NIC was not registered in the Plaintiff’s name, that the trademark was a nullity as it contravened the right of the Defendant to use its duly registered name as provided for under Section 11 of the Trade marks Act Cap 506, of the Laws of Kenya, that the Plaintiff does not have any claim of copyright or patentability of the application forms for hire. Further the Defendant denied having infringed the Plaintiff’s registered trade marks by purely using its registered name Nairobi Investment Company (NIC) Kenya Ltd. The Defendant therefore denied in total the Plaintiff’s claim and prayed that the same be dismissed.

In support of its case, the Plaintiff called one witness and filed written submissions. Mr. Henry Macharia Maria (PW1) a legal officer with the Plaintiff testified on behalf of the Plaintiff. He testified that the Plaintiff is known as National Industrial Credit (NIC) Kenya Ltd but its clients knew it by the name NIC, it has been in operation for 51 years and has built a considerable reputation as a leading Hire Purchase Bank in Kenya. That it has developed various products one of them being Motor Vehicle financing whereby it has developed application forms which are deposited with motor vehicle dealers. That at the motor vehicle dealers, there are application forms for other motor vehicle dealers including Barclays Bank, Diamond Trust Bank etc.

PW1 testified that in 2005, the Plaintiff was informed by a sales person at the Toyota Kenya that there was a company also carrying on business similar to the Plaintiffs and whose name was similar to that of the plaintiff, that the sales person wanted to know whether that company was an associate of the Plaintiff, that company was the Defendant. The witness produced the Plaintiff's Hire Purchase application forms as PExh1 (a) and (b) and those of the Defendants as PExh 2(a) and (b). That the registration of the Plaintiff's four (4) trademarks of NIC were still valid and he produced them as PExh3. He further testified that the Plaintiff had not given any consent or license to the Defendant to use the Plaintiff's name, that it is common in the banking business for subsidiary companies to provide similar services as the parent company, that the Defendant was portraying itself as an association of the Plaintiff. The witness produced advertisements the Plaintiff put in the local dailies disclaiming any association with the Plaintiff, demand letters to radio stations known as "Coro FM" and "Radio Citizen" who were airing the Defendant's advertisement. PW1 further testified, told the court that Mr. Peter Muchiri Maina, a director of the Defendant had been charged in a Kibera Court with offences of, inter alia, including obtaining money by false pretence from the public, a charge sheet dated 12/05/05 was produced to that effect. He also produced PExh 5 and 6 which were two (2) video cassettes which were played in court. PExh 5 was a news clip aired in the Citizen TV on 15/2/05 which showed the Defendant advertising Hire Purchase services similar to those of the Plaintiff and PExh 6 was a KTN Prime Time News of 15/02/05 portraying the Defendant as a fraudulent entity who had obtained monies from the public without delivering the services it had advertised for, that the Defendant had taken millions of shillings belonging to the public and the clip showed the arrest of some of the employees of the Defendant for those fraudulent acts. It was a bad damning publicity of an entity using the name NIC!

The Defendant did not attend the trial and there is no evidence that was led to support the Defence. I have considered the Pleadings, the evidence tendered, the written submissions and the authorities relied on.

The issues in this case can be reduced to the following:

***a) What the Plaintiff's core business is and whether it is the owner of the trademarks set out in the Plaintiff.***

***b) Whether the Plaintiff's trademarks are invalid and what is the effect of Section 11 of the Trademarks Act.***

***c) What name the Defendant was carrying on business and whether it had passed off its services as those of the Plaintiff.***

***d) What damages, if any, the plaintiff had suffered.***

***e) What reliefs should be ordered for the Plaintiff.***

On the first issue PW1 testified that the Plaintiff has been in operation close to 51 years and its core business to offer financial services to the public. That it has attained the reputation of a leading Hire Purchase Bank in the country. The Certificates of Registration of Trade Marks and renewals produced at pages 1 to 4 of PExh1 showed that the trade marks NIC Bank (KE/S/2002/00294), nic (KE/T/1991/039358), nic (KE/1991/039360) and NIC National Industrial Credit Limited are registered in the names of the Plaintiff. Those certificates and renewals under Section 7 of the Trade marks Act, Cap 506 of the Laws of Kenya were adequate evidence that the Plaintiff had the right to the exclusive use of the said trade marks.

Accordingly, on the uncontroverted evidence of PW1 I do find that the Plaintiff's core business is to offer financial services and it is there glistered owner of the trademarks set out in paragraph 4 of the Plaintiff. The said trademarks as at the time of the hearing of the suit, they were valid.

On the 2<sup>nd</sup> issue, the Defendant contended in its Defence that the Plaintiff's trade makes were a nullity for contravening the Defendant's right to use its duly registered name contrary to Section 11 of the trade mark Act Cap 506.

Section 11 of the Trade mark Act provides:-

***“No Registration of a trade mark shall interfere with –***

***(a) Any bona fide use by a person of his own name or of the name of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business; or***

***(b) The use by any person of any bona fide description of the character or quality of his goods, not being a description that would be likely to be taken as importing any such reference as is mentioned in paragraph (b) of subsection (3) of Section 7, or in paragraph (b) of subsection (3) of Section 40.”***

The purpose of Section 11 is to bar the registration of a trade mark that might infringe on an existing name of a person including a company.

The Certificates of Renewal produced at pages 2 to 4 of PExh1 were issued on 26<sup>th</sup> November, 1998 for a further period of 14 years. It would seem from their registration numbers that those trade marks were registered in 1991 i.e. that is by use of the numbers 1991 as part of the registration numbers. These relate to marks nic, nic and NIC National Industrial Credit Limited. As regards the mark NIC Bank YOUR KIND OF BANK, this was registered on 23<sup>rd</sup> September, 2004. There was no evidence to show that the Defendant was registered before these trade marks were registered for the Defendant to allege that the trade marks contravened Section 11 of the Trademarks Act.

In any event, the Defendant has admitted in paragraph 3 of the Defence that its correct name is NAIROBI INVESTMENT COMPANY (NIC) KENYA LIMITED from 1<sup>st</sup> March, 2005. That being so, those trade marks have not infringed the Defendants name. It is the Defendant’s name which infringes those trade marks. The Defendant did not state when the name NIC Micro-finance (K) Ltd was registered at the Company’s Registry. Having changed its name from NIC Micro-Finance (K) Ltd to Nairobi Investment Company (NIC) Kenya Ltd, it cannot lie in the mouth of the Plaintiff that the Plaintiff’s trade marks are in breach of Section 11 of the Trade Marks Act. In any event, the term “NIC” in its new name as set out above came into being in 2005 after the said trade marks had been in existence for quite some time.

On the 3<sup>rd</sup> issue, the Plaintiff contended that the Defendant was passing off its services as those of the Plaintiff. In **Halsburys Laws of England, 4<sup>th</sup> Edition, 2007 Re issue at paragraph 304**, the learned authors have stated:-

***“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:***

***1) That the claimants’ goods or services have acquired a goodwill in the market and are known by some distinguishing name, mark or other indicium;***

***2) That there is a misrepresentation by the Defendant (whether or not intentional) leading or likely to lead to the public to believe that goods or services offered by the Defendant are goods or services of the claimant; and***

***3) That the claimant has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the Defendants’ misrepresentation.”***

This was the actual holding in the case of **Reckitt and Colman Ltd –vs- Borden Inc & others (1990) I WLR 59** where the court held that:-

***“(1) the principles of the law of passing off were well established in that no man was to sell his goods as those of another, that the elements which a Plaintiff had to prove were:-***

***a) that he had acquired a reputation as goodwill connected with the goods or services he supplied in***

*the mind and such goods or services were known to the buyers by some distinctive get-up or feature,*

*b)that the defendant had whether or not intentionally made representations to the public leading them to believe that the defendant's goods and services were the plaintiff's and*

*c) That the plaintiff had suffered or in a quia timet action was likely to suffer damages because of the erroneous belief engendered by the Defendant's misrepresentation and that all the three elements were questions of fact."*

Ms Mbaabu, learned Counsel for the Plaintiff submitted that from the evidence of PW1, there is no gainsaying that the Plaintiff has tremendous goodwill in the country and is generally known as NIC Bank, that it was apparent that the Defendant's intention was to lead to misrepresentation as to its association with the bank and that by using a trade name similar to that of NIC Bank and engaging on the same line of business, the plaintiff would likely suffer loss of profit and loss of reputation.

Further, from the testimony of PW1 it is not doubt that the Plaintiff has been in business for over 51 years, that it has carried out massive advertisement for its services and that it was a leading entity in Hire Purchase Services. That the Plaintiff was a household name in that area of business, that the Defendant was using the name NIC and offering services that are similar to those of the Plaintiff, that the Defendant had designed a Hire Purchase application form similar to those of the Plaintiff. This evidence was never challenged. Indeed I have compared PExh1 and 2 which was the Plaintiff's, Hire Purchase application form and that of the Defendant and I have found that they have a striking similarity. Although the Plaintiff's form has used a photograph of three people on the front whilst the Defendant used photograph of a tractor, matatu, salon vehicle and diagram of a house, the get-up of both are generally similar. Page 2 of the said forms are word for word and where there is a difference, the same is too minor to be noticed.

In my view therefore, I am satisfied that the Plaintiff has established that it had created a good will for itself and that by using the trade name NIC and Hire purchase application forms which were generally similar to those of the Plaintiff, the Defendant intended to misrepresent its name as its well as services as those of the Plaintiff.

Indeed, it is instructive to note how the Plaintiff came to know of the Defendant's existence. That is, a call from a salesperson from the motor vehicle dealers Toyota Kenya Ltd in January, 2005 inquiring about the association of the Plaintiff and the Defendant.

I should point out here that, although the Plaintiff did not call independent evidence of a customer to confirm the likelihood of confusion as is required in passing off cases, I am satisfied that the evidence produced by the Plaintiff is satisfactory. I am aware of the ratio decidendi in the case of **Supa Brite Ltd – vs- Pakad Enterprises Ltd (2001) EA**

**563** of the requirement of a claimants customer for proof of confusion, but because here was no evidence called by the Defendant to challenge that of the Plaintiff, I consider the evidence of the plaintiff to be satisfactory.

As regards damages, it is obvious that with the likelihood of confusion of the application forms of the Defendant for those of the Plaintiff and the confusion in the names, the Plaintiffs business would obviously be affected. Moreso, PExh 4 and 5 the video clips which showed the advertisement on citizen TV on 15<sup>th</sup> February, 2005 and the news clip on KTN Prime News showing the arrest of the Director and employees of the Defendant and their subsequent arraignment in court for fraudulent dealings that would have a serious negative impact on the Plaintiff. I am satisfied that the totality of the evidence is that the Plaintiff would suffer untold loss.

Accordingly, I am satisfied and do hold that the Defendant had passed off its services as those of the Plaintiff to the extreme prejudice of the Plaintiff.

The foregoing being the case, what reliefs is the Plaintiff entitled to?

In Halsburys Laws of England 4<sup>th</sup> Edition 2007 Re issue, Vol.48 the learned Authors have observed:-

***“Paragraph 437 ..... An Infringement of a registered or protected international trade mark or the passing off of goods or services, gives generally the right to an injunction to restrain its continuance ..... Similarly, where a defendant insists on a claim of right to do certain things, it is no ground to refusing an injunction to restrain him from doing them to prove that he has not yet done them in fact.”***

And

***Paragraph 438.....the form of injunction varies according to acts to be restrained. In an action for infringement of a registered trademark, the injunction may relate to the use of a trading name or the use of a mark or name or goods .....an injunction maybe granted restraining user calculated to deceive, or imitation of get-up, or sale under a name or mark soc loosely resembling the claimants as to be calculated to pass off or enable others to pass off goods as his .....***”

From the evidence tendered, I have already held that the Defendants use of the name **“NIC Micro-finance”** or Nairobi Investment Company (“NIC”) Kenya Ltd not only infringes the Plaintiff’s trademarks set out in the Plaintiff but the Defendant is also guilty of passing off its services as those of the Plaintiff by use of Hire Purchase Application Forms whose get-up is as close as that of the Plaintiffs. Accordingly, I am satisfied that the Plaintiff is deserving the injunctive orders prayed for in prayers (a), (b), (c ) and (d) of the Plaintiff.

As regards the prayers for the destruction on oath of all stationery or materials in the possession of the Defendant that bear the mark **“NIC”**, Ms Mbaabu, learned Counsel for the Plaintiff referred the court to the text **Passing Off Law and Practice, Butterworths London 1986** wherein at page 125 the learned writer has observed:-

***“In actions for infringement of patent, registered design, registered trade mark and copyright, the court has discretion to order delivery up or destruction on oath of the infringing articles. This form of relief is also available in actions for passing off.”***

Having found that the Defendant has infringed the Plaintiff’s registered trade marks and is passing off its services as those of the Plaintiff, the Plaintiff is entitled to prayer Nos. (e) and (f) of the Plaintiff.

The Plaintiff has in Prayers (g) and (h) prayed for an inquiry into damages as well as for a prayer for the Defendant to change its name by removing the use of **NIC** from its name. Ms Mbaabu again relied on the text of **Passing Off law and Practice (Supra)** wherein at page 123 it is stated:-

***“7.101 it is usual to claim an inquiry as to damages or an account of profits as alternatives. A plaintiff who succeeds at the trial and wishes to rely on ether of these heads of relief must elect between the alternatives.....***

***A successful Plaintiff is always entitled to nominal damages. If the court is satisfied that damages are substantial an inquiry as to damages will be ordered ..... In such, a form of order the word ‘damage’ refers to damage due to passing off not to mere competition.”***

Considering the evidence tendered before me, I am satisfied that the

Plaintiff did suffer and is likely to suffer substantial damage due to the actions of the Defendant that is complained of. The Plaintiff has elected to an inquiry as to damages as opposed to accounts. I therefore direct that there be an inquiry as to damages to be undertaken by the Deputy Registrar of this Court.

I have already found that the Plaintiff has used its trademarks and in particular the mark **NIC** for a long period of time, it has expended a lot in advertisement and given the public quality services in respect of its financial services. Indeed I am satisfied that the Plaintiff has created and has gained good will in the

mark **NIC**. The Defendant on its part failed to produce any evidence in support of its Defence. There was no evidence when the Defendant was registered in the name **NIC Micro-Finance (K) Ltd.** There was also no explanation why when in March 2005 when it changed its name, it still retained the initials and/or mark **“NIC”** as part of its name. I am convinced that the continued use of the mark **“NIC”** as part of its name, the Defendant is likely to affect the use of the Plaintiffs trademarks and services. The likelihood of future infringement of the trademarks and passing off is real. Accordingly, I am inclined to grant the Plaintiff the prayer for the Defendant to change its name by the removal of the mark or initials **“NIC”** as part of its name. Such change of name be effected within 90 days of the date of this Judgment. I therefore grant prayer Nos. (g) and (h) of the prayers in the Plaint. Accordingly, the Plaintiff has succeeded in all the prayers sought in the Plaint as set out above. Since the Plaintiff is successful in its claim, I award the costs of the suit together with interest thereon to the Plaintiff.

Dated and delivered at Nairobi this 7<sup>th</sup> day of March, 2012.

**A. MABEYA**

**JUDGE**