



REPUBLIC OF KENYA

High Court at Nairobi (Nairobi Law Courts)

Civil Case 190 of 2012

OLYMPIC SPORTS HOUSE LIMITED PLAINTIFF

VERSUS

SCHOOL EQUIPMENT CENTRE LIMITED.....DEFENDANT

R U L I N G

1. By a Notice of Motion dated 26th March, 2012, the Plaintiff has sought orders of injunction in the following terms:-

“2. THAT pending the hearing and determination of this Application, this Honourable court be pleased to issue a permanent mandatory injunction compelling the Defendant whether by themselves, their servants, agent and/or employees or otherwise howsoever be restrained from infringing the plaintiff/applicants trademark number 59387, name and use of its trade mark “The Indian Maharadja” on all sports goods and general kits including Hockey Sticks and Hockey Equipment by importing, offering for sale, selling, storing, and/or distributing all sports goods and general kits including Hockey sticks and Hockey equipments under its name or labels similar to that of the Plaintiff and or passing off their products as belonging to the Plaintiff pending the hearing and determination of this application or further orders of this court.

3. THAT in the alternative and pending the hearing and determination of this application, this Honourable court be pleased to issue interim orders compelling the Defendants/ Respondents whether acting by themselves, their servants, and/or agents or any of them or otherwise howsoever be restrained from infringing the plaintiff/applicants trademark number 59387, name and use of its trade mark “The Indian Maharadja” on all sporting goods and general kits including Hockey Sticks and Hockey Equipment by importing, offering for sale, selling, storing, and/or distributing all sports goods and general kits including Hockey sticks and Hockey equipments under its name of labels similar to that of the Plaintiff and or passing off their products as belonging to the Plaintiff pending the hearing and determination of this application or further orders of this court.

4. THAT the Plaintiff/applicant be permitted to enter the Defendants/Respondents premises situated along Accra Road in Nairobi and elsewhere within the Republic for the purposes of seizing all sporting goods and general kits including Hockey Sticks and Hockey Equipments bearing the trade mark “The Indian Maharadja” owned by the Plaintiffs and all purchases and sales record invoices for the past twelve months touching on the aforementioned infringement.

5. THAT the Officer Commanding Central Police Station do ensure the compliance of the said order.”

The application was expressed to be brought under sections 3A and 63 of the Civil Procedure Act and

order 40 Rule 2 of the Civil Procedure Rules and Section 7 of the Trademarks Act. The application was supported by the Affidavit of Harpet Kular sworn on 26th March, 2012.

2. The Plaintiff's contention is that it holds the sale and exclusive licence from D. D Mehta & Company who are the actual and registered users of the trade mark "**The Indian Maharadja**" on sports goods and general kits including Hockey sticks and Hockey equipment to import, sell and distribute the same in East Africa, that the Plaintiffs were the registered proprietors of the trade mark "**The Indian Maharadja**" under the Trade Marks Act and have the exclusive right to the use of the trade mark in relation to sports equipment, that the Defendant has infringed on the said trade mark by importing, offering for sale, selling, storing or distributing sports goods under its name with labels similar to that of the Plaintiff, that the Defendant was continuing with such infringement notwithstanding being requested to desist from doing so.

3. The Plaintiff further contended that it had granted the Defendant licence to sell and distribute such types of goods but had since revoked that licence, that the continued infringement of the trademark as well as passing off of the Plaintiff's trademark by the Defendant had occasioned the Plaintiff untold massive monetary losses of profits. Ms Leila, learned Counsel for the Plaintiff submitted that the registration of a trademark gives the proprietor the exclusive right to the use of the mark in relation to the goods, that despite the revocation of the licence to deal with goods under the Plaintiff's trademark, the Defendant had continued to sell, store and distribute sports goods and general kits having the trademark "**The Indian Maharadja**", that the Plaintiff had satisfied the principles set out in the Giella –vs- Cassman Brown case and urged that the application be allowed.

4. The Defendant opposed the application and filed a Replying Affidavit by Shah Kirankumar Dharamshi and written submissions. The Defendant contended that the Defendant trades in the sale and distribution of assorted school equipment to various institutions of learning in Kenya which include sports gear such as hockey sticks and kits, that it sources the said goods from suppliers within the country and from outside the country, that as regards Hockey sticks the subject matter of the application, the same are purchased from the Plaintiff for valuable consideration whereafter the Plaintiff sells and distributes the same to its customers at a price which does not constitute an infringement of the Plaintiff's trademark, that the Defendant has not represented the said goods to be its own, that the Plaintiff had not demonstrated that the Defendant was selling products purporting to be the Plaintiff's, that there was no evidence that the Plaintiff had a valid assignment of the trademark from D.D Mehta & Co. under the law, that the Plaintiff had not exhibited the products in question and that the Plaintiff cannot restrain a party from dealing with products purchased from itself.

5. It was submitted on behalf of the Defendant that the Plaintiff is a distributor of the goods the subject matter of the trademark and therefore had no locus standi to allege infringement or passing off of the trademark, that since the registered proprietor of the trademark was D.D Mehta & Co. the present suit was untenable, that the dispute is breach of a distributorship agreement which cannot amount to a claim of passing off or infringement of a trademark. The Defendant relied on the cases of Unilever P/C – vs- Bidco Oil Industries (2004) 1 KLR 50 and Beirsdorf AG –vs- Emirchem Products Ltd HCCC No. 559 of 2002 (UR). The Defendant urged that the application be dismissed.

6. I have carefully considered the Affidavits on record, the written submissions, oral hi-lights and the authorities relied on. This is an injunction application and the principles applicable were well settled in the Giella –vs- Cassman Brown that the Applicant must establish a prima facie case with a probability of success, that the applicant must demonstrate that damages will not be an adequate remedy and that if the court is in doubt on the foregoing, it determine the matter on a balance of convenience.

7. Prima facie case was defined by the Court of Appeal in the case of Mrao –vs- First American Bank (K) Ltd as where an applicant establishes that his legal right has been infringed by a Defendant thereby calling for a rebuttal by the latter. In the present case, has the Plaintiff established a prima facie case with a probability of success?

8. The Plaintiff has contended that it has a licence from D.D Mehta & Company the registered proprietors

of the trade mark **“the Indian Maharadja”** on all types of sports good and equipment to import, distribute and sell the same in East Africa since 1975. A document to that effect dated 25th February, 2005 from the said D.D Mehta & Co. was produced as **“HR2”**. The Plaintiff also produced a Certificate of Registration of Trade Mark dated 8th November, 2006 for trademark No. 59387 under Clause 28 in respect of sports goods and general kits of the mark **“The Indian Maharadja”** as **“HR1”**. That registration is valid until 29th June, 2016. According to the Plaintiff, this gave it the exclusive right to the use of the mark in relation to the goods in question. The Defendants deny that the Plaintiffs are the proprietors of the trademark and that they have no locus standi to sue on the same. I have carefully considered the certificate produced as **“HR1”**, I note that it is in respect of Trade mark No. 59387 for sports goods and general kits. The registered proprietor is shown to be Olympic Sports House Ltd of P.O Box 43528 -00100 Nairobi, Kenya, that is the Plaintiff. That registration is indicated to be part A under the Trademarks Act, Chapter 506 of the Laws of Kenya (**“The Act”**). Section 7 (1) of the Act provides:-

***“Subject to the provisions of this Section and 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 trademark if valid, gives to that person the exclusive right to the use of the Trademark in relation to the goods or*”**

Since the Plaintiff is the registered proprietor of the Trademark No.59387, **“The Indian Maharadja”**, from 8th November, 2006, and since that registration is shown to be valid until 29th June, 2016, I am convinced that on the evidence before court, the Plaintiff has the locus standi to sue for its infringement.

9. In so far as the issue of passing off is concerned, I am doubtful if the Plaintiff has established the same. As correctly submitted by Counsel for the Defendant, a claim on passing off can only be maintained if the Plaintiff establishes a good will or reputation attached to the goods in question in the mind of the public/his customers which they associate with its get up. Secondly, it must be demonstrated that a defendant has misrepresented to the public leading to deception or to the believe by the public that the subject goods are those of the Plaintiff. This is well demonstrated by evidence of the purchasing public not the plaintiff itself. This is lacking in the application before me. To that extent, if the action had been brought on passing off alone, the application would have failed.

10. However, as I had earlier on indicated, the Plaintiff alleges that its trademark is being infringed. I have already found that on prima facie basis, the trademark No. 59387 in Class 28, in respect of sport kits, **“The Indian Maharadja”**, is registered in the name of the Plaintiff. The Defendant has not denied dealing with the goods or sports gear or Hockey sticks and like goods with this particular trademark. Its answer is quite clear. In the Replying Affidavit Shah Kirankumar Dharamshi has sworn:-

“3. THAT the respondent trades in the sale and distribution of assorted school equipment to various institutions of learning within the Republic of Kenya, which includes sports gear such as inter alia hockey sticks and kits.

4. THAT the Respondent is not a manufacturer of any of the said sports equipment, gear or kits but it sources the same from suppliers within the country and outside the country and thereafter resells and distributes the same to its customers.”

11. From the foregoing, it is clear that the Defendant is not denying that it is dealing with sports goods or Hockey sticks that have the subject trade mark. Its defence is that, it is sourcing the same form other suppliers and that it has purchased those items from the Plaintiff itself. The Defendant’s contention that the Plaintiff has not demonstrated that there was any infringement by way of photographic evidence or otherwise to one does not hold water. The receipt exhibited as **“HR4”** is clear evidence that the Defendant was selling sports items by the name Maharadja. Further, paragraphs 3 and 4 of the Replying Affidavit is a clear admission of such dealing. On the issue that the Defendant was buying the items from the Plaintiff, the evidence produced by the Defendant of such purchases in Exhibit **“HK1”** was of 2004 and 2005, respectively. Although the Plaintiff did not produce evidence to show when the authority or licence to the Defendant to deal with the items under trade mark was revoked (Exhibit **“HR3”** was missing), the Defendant had not in its Replying Affidavit denied the fact of such revocation. I believe

such purchases may have been made when the authority was still in force. This is buttressed by the fact that in demonstrating its losses, the Plaintiff produced income for the years 2008 and after. Further, the Defendant did not exhibit any purchases for the recent years say post 2008. Accordingly, I am satisfied that the Plaintiff has established that it is the registered proprietor of the trade mark “**The Indian Maharadja**” under Part A of the register and that under Section 7 of the Act, it is entitled to its exclusive use. I am also satisfied that the Defendant has in its dealings infringed upon that trademark. The Plaintiff has therefore established a prima facie case with a probability of success.

12. As regards the second limb of **Giella –vs- Cassman Brown**, I have always held the view that once a party establishes that a defendant has breached an express provision of the law, an injunction should issue to aid the law. In the case of **Loldiaga Hills Ltd & 2 others –vs- James Wells & 3 others (UR)**, I held that :-

“Be that as it may, I hold the view that it is not always mandatory that where damages are an adequate remedy an injunction should not issue. In HCCC No. 33 of 2011 Payless Car Hire and Tours ltd –vs- Imperial Bank Ltd (UR), I held that:-

“On the second limb of Giella –vs Cassman Brown, the Defendant has asserted that as a financial institution, it is capable of compensating the Plaintiff and therefore damages are an adequate remedy. As already stated above, I have never understood the law to be that a wronged party cannot obtain an injunction because the wrongdoer is capable of compensating such party with damages. More so, when the act complained of is an illegal act that blatantly flouts the law a court of equity cannot fold its hands and condone the flouting of the law on the basis that damages are an adequate remedy. Whilst I am alive to the fact that the 2nd limb of Giella –vs- Cassman Brown is to the effect that an injunction will normally not be issued where damages are an adequate remedy, I venture to suggest that that principle is not couched in mandatory terms. The East African Court of Appeal in laying down the test in Giella –vs- Cassman Brown put the 2nd limb in a permissive form as opposed to the 1st limb. His Lordship Spry V.P delivered himself thus in Giella –vs- Cassman Brown (1973) EA 358 at 360:-

‘First an applicant MUST SHOW a prima facie case with a probability of success. Secondly, an interlocutory injunction will not normally be granted unless the applicant might otherwise suffer irreparable injury which would not adequately be compensated by an award of damages. Thirdly, if the Court is in doubt, it will decide an application on the balance of convenience.’

As it can be noted from the quotation above, whilst the East African Court of Appeal in its wisdom couched the 1st limb in mandatory terms, the court couched the 2nd limb in permissive terms:-

‘... an injunction will not normally be granted’ it is my understanding of the said portion of the Court of Appeal for East Africa’s holding to mean that there may be circumstances where although damages may be adequate but nevertheless an injunction would issue. Each case has to be dealt with according to its own peculiar circumstances.’

I am not alone in this. In Kanorero River Farm Ltd and 3 others –vs- National Bank of Kenya Ltd (2002) 2 KLR 207 Ringera J (as he then was) held at page 216:-

“I would for those reasons alone accede to the Plaintiff’s prayer for interlocutory injunction in respect of the two properties on the grounds that the 1st and 2nd Plaintiffs have a very strong prima facie case with a probability of success. I would not be deterred by any argument that the National Bank could compensate them in damages if it failed at the trial. In my opinion, no party should be allowed to ride roughshod on the statutory rights of another simply because it could pay damages.”

Then in Waithaka –vs- Industrial and Commercial Development Corporation (2001) KLR 374 Ringera J (as he then was) once again delivered himself thus at page 381:-

“As regards damages, I must say that in my understanding of the law, it is not an inexorable rule that where damages maybe an appropriate remedy, an interlocutory injunction should never issue. If that were the rule, the law would unduly lean in favour of those rich enough to pay damages for all manner of trespasses. That would not only be unjust but it would also be seen to be unjust. I think that is why the East African Court of Appeal Courched the second condition in very careful terms by stating that normally an injunction would not issue if damages would be an adequate remedy..... if the adversary has been shown to be highhanded or oppressive in its dealings with the applicant this may move the court of equity to say: ‘money is not everything at all times and in all circumstances and don’t you think you can violate another citizen’s rights only at the pain of damages.’ In the instant case, although I have found myself in doubt as to the existence of a prima facie case. I have said enough to show that the Plaintiff has an arguable case and that the Defendant’s conduct may be regarded as high handed and probably unfounded in law.”

The Court proceeded to grant an injunction .

In Joseph Siro Mosioma –vs H.F.C.K and 3 others Nairobi HCCC No. 265 of 2007 (UR) Warsame J on his part held that:-

“On my part, let me restate that damages is not automatic remedy when deciding whether to grant an injunction or not. Damages is not and cannot be a substitute for the loss which is occasioned by a clear breach of the law. In any case, the financial strength of a party is not always a factor to refuse an injunction. More so, a party cannot be condemned to take damages in lieu of his crystallized right which can be protected by an order of injunction.”

That is how the Courts in this country have dealt with the issue of damages, in the 2nd limb of Giella –vs- Cassman Brown, where there has been express breach of statutory provisions. Probably, if the East African Court of Appeal was dealing with a case of blatant breach of a statutory provisions, it would have supported the views expressed above. I do recognize that Ringera J, and Warsame J were dealing with properties being threatened to be sold by banks exercising their statutory power of sale but the important factor was that the Courts were concerned with the breach of the express provisions of the law thereby opting to issue injunctions notwithstanding damages being an adequate remedy.

Elsewhere on an issue of Contract in Suleiman –vs- Amboseli Resort Ltd (2004) 2 KLR 589 Ojwang Ag. J (as he then was) at page 607 delivered himself thus:-

“Counsel for the defendant urged that the shape of the law governing the grant of injunctive relief was long ago, in Giella –vs- Cassman Brown, in 1973 cast in stone and no new element may be added to that position. I am not, with respect, in agreement with counsel in that point, for the law has always kept growing to greater levels of refinement, as it expands to cover new situations not exactly foreseen before. Justice Hoffman in the English case of Films Rover Internationale made this point regarding the grant of injunctive relief (1986) 3 All ER 772 at page 780 – 781:-

“ A fundamental principle ofthat the court should take whichever course appears to carry the lower risk of injustice if it should turnout to have been ‘wrong’”

Traditionally, on the basis of the well accepted principles set out by the Court of Appeal in Giella –vs- Cassman Brown, the Court has had to consider the following questions before granting injunctive relief.’

i) *is there a prima facie case*

ii) *does the applicant stand to suffer irreparable harm.....*

iii) *on which side does the balance of convenience lie? Even as those must remain the basic tests, it is worth adopting a further, albeit rather special and more intrinsic test which is now in the nature of general principle. The Court in responding to prayers for interlocutory injunctive relief, should always*

opt for the lower rather than the higher risk of injustice.....

If granting the applicant's prayers will support the motion towards full hearing, then should grant those prayers. I am unable to say at this point in time that the applicant has a prima facie case with a probability of success, and this matter will depend on the progress of the main suit. Lastly, there would be a much larger risk of injustice if I found in favour of the defendant than if I determined this application in favour of the applicant."

Then the Court proceeded to grant the injunctive reliefs sought. It is clear in that case, Ojwang Ag. J (as he then was) did not find any prima facie case but on the ground of applying the general principle that it is better to safeguard and maintain the status quo for a greater justice than to let the status quo be disrupted by not granting an interlocutory injunction and after the hearing of the case find that a greater injustice has been occasioned.

Finally, the Kenya Court of Appeal has considered this issue in the case of Aikman –vs- Muchoki (1984) KLR 353 wherein at page 359 Madan J.A held that:-

"First, the appellants being lawfully in possession of the estates under the authority of the debentures executed by Mbo and Loresho, and the Defendants having unlawfully seized and continuing in possession of the estates, the appellants had shown a clear and overwhelming prima facie probability of success; the Court ought never to condone and allow to continue a flouting of the law. Those who flout the law by infringing the rightful titles of others and brazenly admits it ought to be restrained by injunction..... equity will not assist law breakers.... I will not subscribe to the theory that a wrong doer can keep what he has taken because he can pay for it." (emphasis mine)

I will likewise reiterate here that I will not subscribe to the theory that since the Defendants are capable of compensating the Plaintiffs an injunction should not issue. I will rather subscribe to the theory and venture to hold that although a Defendant may be capable of fully compensating an applicant, where it is established on a prima facie basis such as in this case, that a Defendant is acting illegally and in breach of express provisions of the law, an injunction will issue against such a Defendant notwithstanding that such a Defendant can pay damages. A Defendant should not be allowed to continue to retain a position of advantage acquired in contravention of the law."

13. In the present case, I believe that the Defendant is in breach of Section 7 of the Act. Even if it can compensate the Plaintiff with damages, I hold the view that an injunction should still issue to restrain the continued breach of the law. I therefore do not need to address the issue as to whether damages are adequate.

14. However, if my view was to be sought, I hold the view that it would be very difficult to quantify the damages the Plaintiff will suffer as a result of the continued infringement of its trademark. Trade marks as are patents, are properties that should be constitutionally protected. To quantify the loss of their invasion is quite difficult and therefore hold that damages will not be an adequate remedy to compensate the Plaintiff.

15. As to the balance of convenience, this is in favour of the Plaintiff, as granting the injunction will be aiding the law. In any event, the Defendant can continue trading in other goods and equipments that do not contain the offending trade mark.

16. In the premises, I allow the application in terms of prayer Nos. 3, 4, 5 and 6 of the motion.

17. As regards prayer No. 7 applying Sections 1A, 1B and 3A and in terms of the judgment of Hon. Ogola J in the case of Captain J.N. Wafubwa –vs- HFCK HCCC No. 385 of 2011 (UR) wherein he exercised his discretion to allow to give judgment on an omnibus prayer "**such other and further relief**", I grant prayers Nos. 3 and 4 of the motion to last until the suit is heard and determined.

Orders accordingly.

DATED and DELIVERED at Nairobi this 28th day September, 2012.

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A. MABEYA

JUDGE