REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA

AT NAIROBI

MILIMANI COMMERCIAL COURTS

CIVIL CASE NO. 416 OF 2011

APEX CREATIVE LTD.....1ST PLAINTIFF
MICHAEL ODHIAMBO OBERA.....2ND PLAINTIFF

- VERSUS –

KARTASI INDUSTRIES LTD.....DEFENDANT

R U L I N G

The cause on which I write this ruling first came to court on 29th September 2011 when the Plaintiffs/Applicants through the Notice of Motion dated 27th September applied for orders stated in that application among them:-

1. *That this application be certified as urgent and service of the same be dispensed with in the first instance.*

2. *That a temporary injunction be issued to restrain the Defendant whether acting by their directors, orders, servants or agents, or any of them or otherwise howsoever from infringing Patent Application Numbers KE/P/2009/000938 and AP/P/2010/005215 pending the hearing and final determination of the suit.*

3. *That a temporary injunction be issued to restrain the Defendant whether acting by themselves, servants or agents, or any of them or otherwise howsoever from disturbing, selling or offering for sale use of inside and outside covers of reading materials writing books, text books, files, invoices, receipts writing pads, articles and folders and or equipment, books for advertisement and education purposes.*

4. *That an order be issued to restrain the Defendant to furnish an account of all sales, profits and income made or obtained from the publication sale or of use of inside and outside covers of reading materials writing books, text books, files, invoices, receipts writing pads, articles and folders and or equipment for advertisement and education purposes.*

5. *That an order be issued to recall and or recover all materials writing books, text books for advertisement and education purposes distributed and or stored for sale by the Defendant.*

6. *That an order be and is hereby issued for payment of all sums found to be due to the Plaintiffs by the Defendant upon the taking of such inquiry of accounts together with interest.*

7. *That the costs of the application be provided for.*

The invention the purported infringement of which is complained of relates to unique mode of advertising and education to the school going children and other members of the public. The concept involves the use of inside and outside cover of the exercise books to advertise messages on the dangers of HIV-Aids, thus creating public awareness.

It comprises of the mounting of the message on the textbooks, folders, writing pads and any other materials inner and outside covers meant for educational purposes.

The invention also relates to the use for creation of awareness on the issues to do with environmental degradation.

The Plaintiffs/Applicants now complain that the Defendant has infringed this invention, and now seek to stop this infringement by injunction and other orders from this court.

When the matter came for ex-parte hearing before Muga Apondi J. the Judge certified the matter urgent and granted Orders 2 and 3 only and directed the Applicant to serve the application and set down an *inter-partes* hearing on 13th October 2011.

On 6th October 2011 the Respondent also through a Notice of Motion of the same date brought under Certificate of Urgency applied to have the aforesaid ex-parte orders issued on 29th September 2011 set aside in its entirety.

The Duty Judge certified the application urgent and directed that it be served upon the Plaintiff and be heard inter-parte on 13/10/2011.

On 13/10/2011 when the parties appeared for hearing of their application it was agreed that the applications be argued together.

The learned counsel for the Plaintiff Mr. Omondi in his submissions relied wholly on the affidavit in support of the Plaintiff's application sworn by Mr. Michael Odhiambo Obera dated 27th September 2011 and the annextures attached thereto. The brief facts of the applicant's case as submitted by Mr. Omondi and as stated in the grounds of the application are inter-a-alia

i. *That the Plaintiffs are the inventors of Patent Application Numbers KE/P/2009/000938.*

ii. *That the Patents are valid and have been infringed by the Defendant despite notice of the said patents.*

iii. *That the Plaintiffs enjoy the exclusive right to control the use of inside and outside cover of reading materials writing books, text books, files, invoices, receipts writing pads, articles and folders and*

or equipment for advertisement and education.

iv. *That the Plaintiffs have recently become aware the Defendants are infringing the said Patents applications by using inside and outside cover "and have sent warning letters advising the Defendant that this would be in breach of patentable rights as provided in Sections 21 and 22 of the Industrial Property Act No. 3 of 2001.*

v. *That without Plaintiff's leave, license or authorization the Defendant has proceeded to use and continue to use Patent Application Numbers KE/P/2009/000938 and AP/P/2010/005215 which amounts to infringing patentable*
rights.

vi. *That the Defendant need to be restrained by injunction from further infringing the Plaintiffs patentable rights and destruction of their documents, files, invoices, receipts, articles, books, covers, folders or equipment relating to the use of inside and outside covers of books for advertisement and education purposes.*

vii. *That the Defendant has sold large quantity products knowing the same to be especially made or adopted the use of inside and outside covers of books for advertisement and education purposes writing books, text books, and files, invoices, receipts writing pads, articles and folders and or equipment.*

viii. *That the Plaintiffs shall rely on the doctrine of equivalents to be utilized to find infringement of Patent Application Numbers KE/P/2009/000938 and AP/P/2010/005215 by the Defendant herein.*

ix. *That the goodwill could not be adequately compensated by an award of damages.*

x. *That under Sections 22, 23, 25, 30, 33, 34, 37, 42, 45, 51, 53, 54 and 55 of the Industrial Property Act No. 3 of 2001, this Honourable Court is enjoined to protect the rights of a Patent owner where infringement is established.*

xi. *That the Plaintiffs have established a prima-facie case with a likelihood of success.*

xii. *That the Defendant has failed to furnish any substantial or reasonable excuse for providing services, supply or passing off to the consumers "use of inside and outside covers of books for advertisement and education purposes" to those patented by the Plaintiffs.*

xiii. *That unless restrained by this Honourable Court the Defendant will continue to infringe Patent Application Numbers KE/P/2009/000938 and AP/P/2010/005215.*

xiv. *That the balance of convenience favours the grant of the reliefs sought above.*

xv. *That the only adequate remedy to protect the Plaintiff's Patent Application Numbers KE/P/2009/000938 and AP/P/2010/005215 is a temporary injunction order.*

xvi. *It is therefore in the interest of justice and fair play that temporary injunction do issue restraining the Defendant from further infringing the Plaintiff's patentable rights.*

xvii. *That the Plaintiffs have a prima facie case against the Defendant with a probability of success entitling the Plaintiff to the equitable remedy of injunction in line with the principles set in the case of* ***GIELLA – VS – CASSMAN BROWN****.*

xviii. *That the Defendant claims to be interested in the subject matter and that they are liable to be*

called upon to answer the Plaintiff's demand.

In establishing these facts the counsel for the Applicant Mr. Collins Omondi has relied on the supporting affidavit and the annextures thereto.

It is the Plaintiff's case that the Defendant has infringed its rights under the law, and the Plaintiffs now wants this court to affirm the interim orders which are in place.

The learned counsel for the Applicant Mr. Omondi further submitted that the Defendant's counter application does not change the merits of Plaintiffs application and does not raise any new issues and that it should be dismissed with costs.

The brief facts of the Defendant/Respondent's case and the grounds upon which it is build are *inter-a-alia* that:-

i. *There have been non-disclosure of material facts by the Plaintiffs. The Plaintiffs failed to disclose to the court on 29th September 2011 that they do not possess any Patent certificate in respect of their Patent Application. It is a basic tenet of intellectual property law that it is only a registered Patent owner who can institute infringement proceedings as per Sections 53 (1) (b), 54, 55 (a) and 105 of the Industrial Property Act. The Plaintiffs have committed perjury by stating that they have a valid Patent and the exclusive right to their advertising concept. In addition, the Plaintiffs failed to disclose to the court that the Defendant had responded to its demand notice indicating that their threatened suit was unfounded as they did not possess a valid Patent certificate.*

ii. *This court lacks jurisdiction to deal with the injunction application by virtue of Section 106 of the Industrial Property Act which confers on the Industrial Tribunal the jurisdiction to deal with Patent disputes.*

iii. *The Plaintiffs did not give any undertaking as to damages on 29th September 2011 and neither is this offered in their Supporting Affidavit sworn on 27th September 2011.*

iv. *At the time the ex-parte injunction order was issued on 29th September 2011, the Defendant had considerable stock at various retail outlets which pre-dated the injunction order. The property in the said stock has passed to the various retail outlets and does not belong to the Defendant. Secondly, the Defendant had stock worth Kshs.3.2 million in its factory and had also received various orders for its products. The Defendant risks facing various claims for breach of contract in respect of this stock. The Defendant may also lay off its employees. The Defendant will face substantial financial loss if the ex-parte injunction order is not set aside. The Plaintiff's advocates have threatened contempt proceedings against the Defendant. If the ex-parte order is not set aside, it could have the effect of paralyzing the Defendant's business.*

v. *The said ex-parte injunction orders are final in nature as they provide for injunctive relief pending the hearing of the suit and yet the injunction application has not been heard inter-partes.*

The learned counsel for the Defendant/Respondent Mr. Muthui submitted on both law and fact why the injunctive orders must be vacated. He relied wholly on the affidavit dated 6th October 2011 and its annextures sworn by Mr. Jitendra Shah who is a director of the company.

Both counsels have, very ably, from their respective positions, argued and passionately presented their clients case, supporting their conviction with law and judicial authority which have assisted this court.

I now turn to the submissions of the parties. It appears to me that the issues to be determined in this application are as follows:-

1. *Does this court have the jurisdiction to entertain this application?*

2. *Is the Plaintiff an owner of a registered patent?*

3. *Does an Applicant for a registration of Patent have proprietary rights capable or protection against infringement?*

4. *Whether the Applicant has satisfied the principle as laid down in* ***GIELLA – VS – CASSMAN BROWN*** *for grant of injunction?*

There are further issues which may call for determination in this application but I believe the above issues, once determined will dispose off this application. I will therefore address each issue separately.

Firstly, the Defendant's counsel Mr. Muthui has extensively submitted that this court has no jurisdiction to entertain this application as the Industrial Property Act confers on the Industrial Property Tribunal the jurisdiction to deal with Patent infringement cases and grant temporary injunction whenever necessary. The issue of jurisdiction goes to the root of any proceedings, and when it is raised, a court seized of the matter is obliged to determine it first before proceeding any further with the matter. The Defendant has cited as authority the case of **OWNERS OF THE MOTOR VESSEL & "LILIAN S" – VS – CALTEX OIL (KENYA) LTD. CIVIL APPEAL NO. 50 OF 1989**. In that case the Court of Appeal observed as follows:-

". . . jurisdiction is everything. Without it a court has no power to make one more step. Where a court has no jurisdiction, there would be no basis for a continuation of proceedings pending other evidence. A court of law downs tools in respect of the matter before it the moment it holds the opinion that it is without jurisdiction . . ."

So without proceeding further in this matter, I must determine whether or not this court has the jurisdiction to proceed with this matter.

Section 165 (3) of the Constitution bestows the High Court, with unlimited original jurisdiction in criminal and civil matters.

Under Section165 (5) (b) and Section 162 (2) (a) and (b), the High Court is specifically denied jurisdiction in relation to employment and labour relations and the environment and the use and occupation of, and title to land. No mention is made of any other Tribunals or courts, and, in my view, if the Constitution intended to divest the High Court of jurisdiction in matters arising under Industrial Property Act 2001 it would have expressly said so. In my view, the fact that an Act of Parliament provides for a forum for determining dispute does not of itself divest the High Court of its original jurisdiction to try all civil matters. The High Court's jurisdiction is here constitutional while the Industrial Court's jurisdiction is provided under the Act. I therefore hold that this court has the jurisdiction to entertain this matter and to grant or refuse to grant the orders requested.

However, that is not the end of the matter. The Industrial Tribunal Court is well designed with technical and professional expertise and administrative purposes may well be the best forum i.e. the most suited forum. A party who comes to the High Court may as well be sent to the Tribunal, not because the High Court lacks jurisdiction, but for good order, practice and procedure.

There are a number of precedent setting decisions which have found the Tribunal to be the best forum. In the case of **UKWALA SUPERMARKETS LTD. & OTHERS – VS – PAUL MBURU WAINAINA, HCCC NO. 509 OF 2006** seeking a declaration of infringement of Patent, P.J. Ransley on 9th November 2005 ruled that a Tribunal is set up to determine questions relating to infringement, under Section 103 of the Act and of questions of invalidation of a Patent and revocation. In the case of **SANITAM SERVCIES AND RENTOKIL LTD – VS – KENTAINERS LTD. HCCC NO. 5 OF 1999** which involved a case of infringement of Patent, Justice J.W. Onyango on 22nd May 2002 at page 15 stated that the right institution to question patentability is not the High Court. It is the bodies with the technical knowhow to investigate the patentability or otherwise. In yet another case between **DAVID ENGINERRING LTD. – VS – STEEL STRUCTURES HCCC NO. 189 OF 2007 (Milimani)** M.A. Warsame J. noted that:-

". . . Taking into consideration that three of the members of the Tribunal are members with legal background and experience, the Tribunal would be in a better position to remedy any grievance or concern that may be suffered by a Patent holder."

Arising from the foregoing evaluation my view is that the Industrial Tribunal is empowered to address all issues in dispute between the parties.

However, I must emphasize that it remains the discretion of the High Court to decline to entertain any matter founded on the Industrial Property Act 2001. The High Court will, however, be guided by many precedent setting cases where it has been shown that the Tribunal is the best forum.

When, for instance the High Court declines to entertain a civil liability claim of say Kshs.200,000/= and refers the same to Resident Magistrates Courts, by that action the High Court does not say it lacks the jurisdiction to try the matter. It merely says the Magistrates Court is the best forum for the matter, for in any event, the High Court can try the suit. The same analogy applies here.

Accordingly, and subject to the orders I will make hereunder, I rule that further proceedings in this matter, if any or at all, should proceed before the Industrial Property Tribunal. This action is necessary so as not to allow litigants to flood the High Court and congest its diary with matters whose determination and disposal thereof have been provided in a well thought out forum.

Secondly, is the Plaintiff/Applicant an owner of a registered patent? In its Notice of Motion dated 27th September 2011 the Plaintiffs described themselves as the inventors of Patent Applications Number KE/P/2009/00938 and AP/P/2010/005215. The Plaintiffs contend that the Patents are valid and have been infringed by the Defendant. They further state that they enjoy the exclusive right to control the use of inside and outside cover of reading materials, writing books, files, invoices, receipts, writing pads, articles and folders and or equipment for advertisement and education.

In their supporting affidavit of the same date Mr. Michael Obera states that the said invention is duly filed at the Kenya Industrial Property Institute, Nairobi under the Provisions of the Industrial Property Act 2001, and also filed at the African Regional Intellectual Property Organization – ARIPO – in Zimbabwe. The Applicants state and demonstrate that all the relevant application and renewal fees have bane paid. In further support of their position the Plaintiffs/Applicants attach copies of correspondence between ministries and organizations to the effect. The Plaintiffs/Applicants state that at all material times the said Patent Applications have been subsisting and that the Applicants are rolling out projects upon the said Patents on a country to country basis throughout the African region including but not limited to Kenya, Malawi, Zambia, South Africa e.t.c. It is the Plaintiff's/Applicant's claim that the Defendant has infringed Patent Application Numbers KE/P/2009/00938 and AP/P/2010/005215 by the use of the "inside and outside cover" writing books, text books, files, invoices, receipts, writing pads, articles and folders and or equipment thereby infringed and intend to continue to infringe the said Patent in a manner prejudicial to the Plaintiff's economic well being causing the Plaintiffs to suffer and will continue to suffer damages and this to the reason the Plaintiff/Applicant now requires that the Defendant be restrained by an injunction.

Apart from the averments in the affidavits and in the pleading to that effect, there is absolutely no evidence tendered before me to prove that the Plaintiff is an owner of a Patent. All attachments to the affidavits show that an application for a Patent is in place, and fees have been paid for it pending the conclusion of the process. To the question which I posed i.e. is the Plaintiff/Applicant an owner of a known registered Patent. My answer is no. The Plaintiff has not acquired a Patent.

Thirdly, I have looked at the Plaintiff's/Applicant's application and have noted as a matter of fact that a valid application for a Patent registration is in place, both at the Kenya Industrial and Property Institute, in Nairobi and at ARIPO, in Zimbabwe. I have also noted, as a matter of fact, that the application for a Patent is still outstanding and that a Patent right, if any, is yet to be granted. I have also noted, as a matter of fact, that if there were a patent, the Defendant would be guilty of its infringement in pursuant to the Defendant's conduct as particularized in the Particulars of Infringement.

Having looked at all the facts concerning the said Patent Application, I think, and I believe rightly so, that what is before the two Patent offices in Nairobi and in Zimbabwe is an application for a patent. Accordingly therefore, to answer my second framed issue, the Plaintiff/Applicant does not own any patent. There is no registered Patent in favour of the Applicant which is capable of being infringed and my answer to the question "*is the Plaintiff/Applicant an owner of a registered patent?*" is an unequivocal no.

This leads me to the third issue namely, does an Applicant for a registration of a Patent have proprietary rights capable of protection against infringement?

Without going into the details of the matter, it is easy to establish that the Plaintiff/Applicant is an Applicant for registration of a patent, and not an owner of a patent. In paragraph 5 of his supplementary affidavit Mr. Michael Odhiambo Obera depones that he is the registered and have at all material times been the registered owner of a patentable invention titled "*use of inside and outside covers of books for Advertisement and Education purposes*" under the Industrial Property Act number 3 of 2001 Laws of Kenya. That the Plaintiff is merely is an Applicant for a Patent and not a Patent holder is further admitted in subsequent paragraphs 6 – 21.

It is therefore incontrovertible that the Plaintiffs rights are those of an Applicant for a Patent and not an holder of one. If that is so, which I state it is, then the next issue is the nature and extent of the rights of an Applicant for a patent, and more specifically, if the rights of an Applicant is co-extensive or similar with those of an holder of a patent. The learned counsel for the Applicant Mr. Omondi submits that the rights are the same, and in support thereof has sited Sections 22, 23, 25, 30, 34, 37, 42, 44, 45, 51, 53 and 58 of the Industrial Property Act.

I have read the above Sections and I find nothing establishing the rights of an Applicant. Indeed the Sections cited by the learned counsel for the Plaintiff are irrelevant and, in my view, meant to mislead this court; as they have absolutely no bearing in establishing the rights of an Applicant for a Patent.

Under Sections 53 (1) (a) the only right an Applicant has is the right to be granted the Patent where the relevant requirements under the Act have been fulfilled.

Further, the Act defines Industrial Property rights at Section 2 as:-

"rights under Patents, Certificate of Models and include technovation and registration of industrial designs issued under the Act."

There is obviously no support for the view that an Applicant for a Patent has a cable of protection from infringement that would warrant an order of restraint by injunction.

On the contrary Sections 53 and 54 of the Act establishes solid rights for the owner of the Patent. Such rights include the right to preclude any person from exploiting the protected invention by any of the acts stated in Sections 54 (1) (a) and (b). Section 55 allows the enforcement of those rights by the owner who

may obtain an injunction to restrain any kind of infringement.

Clearly, the assertion that an Applicant for a Patent has the same rights as the Patent owner is a submission *alien* to the law, and unless some support for it is found outside the law, it must be rejected as I here do.

Even if the Applicant had a Patent, in my Ruling, that Patent would not, under Section 56 of the Act, suffice to stop or injuct the Defendant who, it appears to me, to be a prior user who in good faith, for the purposes of his enterprise or business, before the filing date, was using the invention.

In the upshot, to answer issue number three, I find that an Applicant for a registration of a Patent does not have rights capable of protection against infringement as he would have if he were the owner of a Patent.

This brings me to the fourth issue i.e. whether in the circumstances the Plaintiff/Applicant has satisfied the principles laid down in **GIELLA – VS – CASSMAN BROWN** for grant of injunction. In my brief answer arising from the foregoing I think not. There is not established before this court a *prima facie* case capable of succeeding and, clearly the balance of convenience does not favour the Plaintiff/Applicant.

Having answered all the four issues I framed in the way I have stated, it must therefore mean that the Plaintiffs/Applicants application must fail in its entirety and I hereby dismiss it with costs to the Defendants/Respondents, and discharge and set aside all the interim orders subsisting before this Ruling.

As the Plaintiffs and Defendants cross applications were heard simultaneously, it follows that the Defendants/Respondents application was upheld to the extent of the orders I have granted herein.

As I stated earlier, I order and direct that any further proceedings in this matter shall proceed before the Industrial Property Tribunal.
It is so ordered.

DATED, READ AND DELIVERED AT NAIROBI THIS 18TH DAY OF OCTOBER 2011.

E. K. O. OGOLA
JUDGE

PRESENT:

Collins Omondi for the Plaintiff/Applicant
Mrs. Opiyo for the Defendant/Respondent