



**REPUBLIC OF KENYA**  
**IN THE HIGH COURT OF KENYA**  
**AT NAIROBI (MILIMANI COMMERCIAL COURTS)**  
**Civil Suit 334 of 2007**

**LORDS HEALTHCARE LIMITED ..... PLAINTIFF**

**VERSUS**

**SALAMA PHARMACEUTICALS LIMITED ...DEFENDANT**

**R U L I N G**

By an amended plaint, dated 3<sup>rd</sup> July, 2007, the plaintiff Lords Healthcare Limited, seeks an order of injunction against Salama Pharmaceuticals Limited, the defendant herein, restraining the defendant, their servants or agents from infringing the plaintiff's trade mark No.45843. The plaintiff also seeks an order for delivery for destruction, existing stocks of the drugs bearing the infringing mark 'Budecort' in the possession, power, custody or control of the defendant. The plaintiff further seeks an inquiry as to damages.

Filed contemporaneously with the plaintiff's plaint, is an application brought under Order XXXIX Rules 1, 2A, 3, 7 and 9 of the Civil Procedure Rules and Section 3A of the Civil Procedure Act. The substantive prayer in the application which is now for determination by this court is an order of interlocutory injunction seeking to restrain the defendant/respondent, his servant or agents from:

- (a) Infringing the trade mark no.45843 comprising the word 'Budecort' which is owned by the plaintiff/applicant;
- (b) Importing, distributing, supplying, stocking and/or selling pharmaceutical products bearing the trade mark 'Budecort' which is owned by the plaintiff/applicant;
- (c) Advertising, bidding for tenders, giving quotations, promoting and/or offering for registration any pharmaceutical products bearing the trade mark 'Budecort, which is owned by the plaintiff/applicant.

The application is supported by three affidavits, two sworn by Mohamed Iftikhar the marketing director of the plaintiff, and another sworn by one Ann Kihara. The basis of the application is captured in the grounds stated on the body of the application as follows: -

1. The plaintiff/applicant is the registered proprietor of the trade mark number 45843 consisting of the word 'Budecort' registered in class 5 (schedule 111) of which is valid and subsisting.

2. The plaintiff/applicant has been importing, distributing, supplying and selling in Kenya a pharmaceutical product known as 'Budecort-200' Budesonide Inhaler which is used for the treatment of asthmatic patients.

3. The defendant/respondent is importing, distributing, supplying, stocking and/or selling in Kenya a pharmaceutical product known as 'Budecort-200' Inhaler for the treatment of asthmatic patients. None of the products sold by the defendant have a connection in the course of trade with the plaintiff/applicant and as a consequence constitute an infringement of the plaintiff/applicant's trade mark.

It is further deponed in the supporting affidavits that the pharmaceutical product "Budecort-200" is manufactured in India by Cipla Limited. Pursuant to an agreement entered into between plaintiff and Cipla Limited, the plaintiff is the sole distributing agent of the product in Kenya. It is averred that the plaintiff has spent about Kshs.5 Million within the last 10 years promoting and marketing "Budecort-200" Inhaler. As a result the plaintiff was awarded successive tenders to supply the said pharmaceutical product to Kenyatta National Hospital and other government institutions for 4 years.

The plaintiff's managing director depones that in May, 2006, the plaintiff unsuccessfully bid for the supply of 2400 units of "Budecort-200" Budesonide Inhaler to Kenyatta National Hospital. Subsequently the plaintiff has discovered that the defendant who won the tender has been supplying a pharmaceutical product known, as 'budecort-200' Budesonide Inhaler to Kenyatta National Hospital. The plaintiff's managing director swears that the product supplied by the defendant which is being dispensed to patients is identical to that of the plaintiff thereby infringing the plaintiff's trademark. It is contended on behalf of the plaintiff that unless the interlocutory relief is granted the defendant will continue infringing the plaintiff's trademark and there is also a danger that the evidence regarding the infringement of the trademark will be lost.

Mr. Oraro who appeared for the plaintiff submitted that under Section 7 of the Trademarks Act, the plaintiff's trademark still being in force, the plaintiff has exclusive use of the trademark and any person wishing to use the trademark can only do so under licence from the plaintiff. In this regard, Mr. Oraro cited *HCCC No.559 of 2002 Beiersdorf-ag vs Emirchem Products Ltd*. Mr. Oraro also relied on *Civil Appeal No.126 of 2000 Cut Tobacco Kenya Ltd vs British American Tobacco (K) Ltd*, in which the court of appeal considered the principles upon which an injunction to restrain infringement of a copyright, can be granted.

Counsel for the plaintiff maintained that infringements of a trademark cannot be adequately compensated by an award of damages. He submitted that the balance of convenience was in favour of the plaintiff who is the manufacturer of the product and who has been using the trademark. Mr. Oraro further relied on *HCCC (Milimani) No.218 of 2006 Group 4 Security Ltd vs G4S Security Services (K) Ltd*, wherein it was noted that similarities raise a real probability of confusion to customers which is likely to cause damage to the plaintiff and that actual loss need not be proved. Counsel for the plaintiff contended that since the plaintiff has proved that there was infringement of its trademark the plaintiff's rights ought to be protected.

The defendant/respondent objects to the application. A replying affidavit has been sworn by Dr. Jesse Mukuria a director of the defendant. Dr. Mukuria depones that the plaintiff is not the manufacturer of 'Budecort' products. He swears that the 'Budecort' trademark is an international trademark registered under the Madrid Protocol and protected through the Paris Convention to which Kenya is a signatory. Dr. Mukuria further maintains that the trademark 'Budecort' was not available for registration by the plaintiff at Kipi. He maintains that the registration by the plaintiff of 'Budecort-200' with the Pharmacy and Poisons Board as a drug under Cap 244 of the Laws of Kenya did not confer any exclusive rights to the plaintiff. It was contended that the defendant has registered its interest with the same body as a parallel importer, and that parallel importation allows for importation of same product from other markets.

Mr. Omulele who appeared for the defendant submitted that the plaintiff is not entitled to the orders sought as he has not proved any infringement of the trademark. Mr. Omulele submitted that both the plaintiff and the defendant were importing the same products. Referring to the case of *Cut Tobacco*

*Kenya Ltd vs British American Tobacco (K) Ltd* (Supra), Counsel submitted that to establish infringement there must be a perception of confusion between competing products. Mr. Omulele maintained that in this case there is no deception as the product is the same and there was therefore no deceptive resemblance. Counsel further referred to Section 8(2) of the Trademark Act which provides that no injunction can be granted if there is no likelihood of confusion or deception by the use of the trademark. The cases cited by the plaintiff's advocate were distinguished as dealing with clear scenarios where one party puts in the market products similar to that of the complainant so that they are two distinct products in the market.

Mr. Omulele also submitted that the registration of the trademark under the Kenya Law was superfluous as the product was registered under the Paris Convention to which Kenya is a signatory and there was therefore protection of the international registration. Finally it was submitted that the affidavit sworn by Mohammed Iftikhar was defective as he was not a director of the plaintiff company nor did he have authority to swear a supporting affidavit.

In a rejoinder to Mr. Omulele's submissions, Mr. Oraro whilst conceding that the product in question is manufactured by Cipla India, maintained that the respondent could only import the product into the country under their own trademark, and that since the respondent was using the applicant's trademark, there was infringement of the trademark. It was maintained that Section 8(2) of the Trademarks Act only applies to trademarks registered under part B whilst the applicant is registered under part A. It was submitted that there was no protection of the International Trademark in Kenya as the respondent has not shown that the International Trademark registered under the Madrid Protocol in the names of Ms Fujisawa Deutschland GmbH is registered in Kenya as provided for under part III of the Trademark (International Registration) Rules, 2003 or Section 65 of the Trademark Act Cap 506 nor has any steps been taken for rectification of the register for the purposes of removing the applicant's name as the proprietor in Kenya of the Trademark 'Budecort'. It was further contended that no business connection between the respondent and Ms Fujisawa Deutschland GmbH has been revealed such as would entitle the respondent to use the International Trademark.

The application before me being one for an interlocutory injunction to restrain infringement of a copyright the principles upon which such an application can be determined were restated in *Civil Appeal No.126 of 2000 Cut Tobacco Kenya Ltd vs British American Tobacco (K) Ltd*. The principles remain the same as set out in the celebrated case of *Giella vs Casman Brown* i.e.

*"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."*

The pertinent question therefore is whether the plaintiff has established a *prima facie* case with regard to the alleged infringement of its registered trademark.

It is evident that the plaintiff is an importer, distributor and seller of a pharmaceutical product known as Budecort-200, Budesonide Inhaler. The plaintiff claims to be a registered proprietor of a trademark bearing the word 'Budecort'. On the other hand the defendant is also selling a similar product known as Budecort-200 Budesonide Inhaler. Neither the plaintiff nor the defendant is a manufacturer of the product budecort-200 Budesonide Inhaler. The product sold by the plaintiff is manufactured by Cipla Ltd India who has given the plaintiff exclusive rights of distribution of the product in Kenya. The defendant is selling the same product manufactured by Cipla Ltd India. The defendant claims that the product is manufactured by Cipla Ltd India under licence from the International Registered Owner Fujisawa Deutschland GmbH Ltd who has international protection under the Paris Convention. The defendant contends that the 'Budecort' products are supplied by Cipla Ltd in more than one country and parallel importation allows for importation of the same product from such other markets. All these are contentious issues which can only be determined at the trial after the court has heard the benefit of hearing full evidence.

For the purposes of this application, it is apparent that the plaintiff's claim to infringement of their trademark is anchored on the plaintiff's claim to exclusive use of the word 'Budecort'. While the plaintiff has produced a certificate showing that 'Budecort' is a trademark registered in Kenya in the name of the plaintiff, that certificate is indicated on the face of it that it is not for use in legal proceedings. The certificate cannot therefore be relied upon by this court to invoke Section 7 of the Trademarks Act in favour of the plaintiff. Secondly, it is clear that the plaintiff is not the original manufacturer of the products bearing the word 'Budecort'. The manufacturer is Cipla Ltd. The product Budecort-200 Budesonide Inhaler sold by the defendant is in fact, not just similar to that sold by the plaintiff, but in actual fact same as that sold by the plaintiff as they are manufactured by the same manufacturer. The issue here is not one of deceptive similarity or passing off, but whether the plaintiff has exclusive rights to the use of the name 'Budecort' to the extent that he can claim infringement of that right by the defendant selling the same product bearing the name 'Budecort'. The court's attention was drawn to Section 8(2) of the Trademarks Act Cap 506 which provides as follows:

*"If the defendant establishes to the satisfaction of the court that the use of which the plaintiff complains is not likely to deceive or cause confusion or to be taken as indicating a connection in the course of trade between the goods and some person having the right either as proprietor or a registered user to use the trademark or in respect of services that a person having the right either as proprietor or as a registered user to use the trademark is connected in the course of business to the provisions of the services."*

In this case, the defendant cannot avail himself of Section 8(2) of the Trademarks Act as the plaintiff's trademark is purported to be registered under part A to which the above provision does not seem to apply.

Determination of the issue of the plaintiff's right and alleged infringement does not just depend on the registration of the Trademark 'Budecort' by the plaintiff but includes determination of other issues such as the existence of the International Trademark, the application of the same in Kenya and the effect if any on the alleged registration of the plaintiff's trademark. As these issues remain unresolved, the evidence which has been availed before me is not sufficient for this court to come to the conclusion that *prima facie* the plaintiff has any exclusive rights to the use of the word 'Budecort'. The alleged infringement by the defendant being anchored on the existence of the plaintiff's exclusive rights, and the existence of the exclusive rights being doubtful, no *prima facie* case has been established. To that extent the plaintiff has failed to satisfy the first condition for granting an interlocutory injunction. As regards the issue of damages, it cannot be said that the plaintiff stands to suffer any greater loss than will be suffered by the defendant if this court were to issue an interlocutory injunction, nor does the balance of convenience lie in favour of granting the interlocutory injunction, given that both the plaintiff and the defendant have registered the drug under the Pharmacy and Poisons Act Cap 244. For the above reasons I come to the conclusion that the plaintiff's application cannot succeed. It is accordingly dismissed with costs.

Dated and delivered this 22<sup>nd</sup> day of September, 2008

**H. M. OKWENGU**

**JUDGE**

In the presence of: -

Oraro for the plaintiff

Advocate for the respondent served absent