



REPUBLIC OF KENYA



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**Caterpillar (Quingzhou) Limited v Machinery World Limited (Civil Appeal E082 of 2022)
[2023] KEHC 2442 (KLR) (Commercial and Tax) (17 March 2023) (Judgment)**

Neutral citation: [2023] KEHC 2442 (KLR)

**REPUBLIC OF KENYA
IN THE HIGH COURT AT NAIROBI (MILIMANI COMMERCIAL COURTS)
COMMERCIAL AND TAX
CIVIL APPEAL E082 OF 2022
DAS MAJANJA, J
MARCH 17, 2023**

BETWEEN

CATERPILLAR (QUINGZHOU) LIMITED APPELLANT

AND

MACHINERY WORLD LIMITED RESPONDENT

(Being an appeal from the Ruling dated 5th May 2022 by the Registrar of Trade Marks in the matter of the Trade Mark Application No. 96008 in the name of Machinery World Limited and Opposition thereto by Caterpillar (Quingzhou) Limited)

JUDGMENT

Introduction and Background

1. This is an appeal stemming from the decision of the Assistant Registrar of Trademarks (“the Registrar”) dated May 5, 2022 (“the Ruling”) where the Registrar dismissed the Appellant’s opposition to the Respondent’s trademark application no. KE/T/2017/0096008 and directed that the same proceed to registration. Before delving into the appeal, a background of the dispute is necessary.
2. On February 22, 2017, the Respondent lodged an application seeking registration of a trademark in Class 7 in respect of “machines and machine tools”. The mark was approved and published at Page 58 of the Industrial Property Journal of July 31, 2017.
3. The Appellant opposed the application and urged the Registrar to refuse registration on various grounds. That the Respondent’s mark is undeniably confusingly similar to Appellant’s mark, which the Appellant stated was registered prior in respect of the same goods or description of goods in Class 7 hence unregistrable in terms of section 15(1) of the *Trademarks Act* (Chapter 506 of the Laws of Kenya) (“the Act”). That the mark was likely to deceive or cause confusion and amounted to passing



off hence contrary to law and morality and therefore unregistrable in terms of section 14 of the Act and that the mark, in so far as it was unable to distinguish the Respondent's goods from those of the Appellant, is not adapted to distinguish and was therefore contrary to section 12(2) of the Act. That the mark was likely to impair, interfere with or take unfair advantage of the distinctive character of the Appellant's well-known trade mark and contrary to section 15A(4) of the Act.

4. The Respondent responded to the Appellant's opposition by urging its dismissal. It contended that the application had been validly filed, examined and passed onto the advertisement stage. It denied that its mark was visually similar to that of the Appellant and averred that the differences in appearance were sufficient to distinguish the marks. That prior to applying for registration of its mark, the Respondent stated that it had been using and continues to use the mark in Kenya and as a result the mark had acquired distinctiveness through use and that under section 15(2) of the Act, it had honestly and concurrently used the logo since 2008. The Respondent denied passing off its mark as that of the Appellant or that there is a likelihood of consumer deception or confusion especially because it had used the mark in Kenya for close to ten years.

Decision of the Registrar

5. In the Ruling, the Registrar identified three issues for determination. First, whether the Appellant's trademark was a well-known mark in Kenya and therefore deserving protection under section 15A of the Act. Second, whether the Respondent's trademark is so similar to the Appellant's trademark as to cause a likelihood of confusion in contravention of sections 14 and 15(1) of the Act. Third, whether the Respondent had a valid and legal claim to their trademark before applying to register the mark under section 20 (1) of the Act.
6. On the first issue, the Registrar held that for a trade mark to be deemed to be well-known in any jurisdiction, the applicant has to furnish evidence indicating that the trade mark is actually well-known and recognised in the jurisdiction as denoting the origin or the source of goods or services of a particular entity. Further, that well-knownness of a trade mark is a fact that has to be proved by the person asserting that their trade mark is well known. The Registrar held that in reaching a conclusion, it was required to consider factors that have been indicated in the various international treaties to which Kenya is a signatory to as well as the relevant authorities and case law. The Registrar then considered these factors.
7. The first factor was as regards the duration, extent and geographical area of use of the Appellant's trade mark which the Registrar found the Appellant had failed to adduce sufficient evidence. It noted that in the Statutory Declaration, the Appellant indicated the approximate annual sales figures worldwide in USD from 2008 to October 2018. It also submitted print-outs of their website and that of their Kenyan authorised dealer, Delta Group as well as print-outs from the latter's social media pages. Further, the Appellant submitted four Packing Lists of the imports that it made to Kenya in 2011, 2012 and 2013. The Registrar held that in order to prove the duration, extent and geographical area of use of the Appellant's trade mark in Kenya and internationally, the Appellant ought to have attached copies of invoices, sale receipts and import documents showing the value of the sales of products imported by the Appellant for its authorised dealers in Kenya. According to the Registrar, the sales figures indicated in the Statutory Declaration had not been substantiated and could not be relied upon to prove that its trade mark is well-known. The Registrar also made other observations; that the four Packing Lists only indicated the weight and not the prices of the products imported into Kenya and that the Appellant's trade mark is not usually used on its own as registered but in combination with its other trademarks such as "SEM". The Registrar concluded that it was not possible to tell whether or not the sales figures



indicated in the Statutory Declaration were with respect to the registered trade mark alone or with respect to the composite trade mark as used in the market.

8. On the second factor concerning the duration and geographical area of the registrations of the Appellant's trademark, the Registrar held that even though the Appellant had provided a copy of its certificate of registration in Kenya and generated a list of other jurisdictions where it asserts that its mark has been registered, the Appellant ought to have furnished copies of the certificates of registration of the different jurisdictions where it asserts that its mark is registered. The Registrar concluded that the internally-generated list was insufficient proof of registration of the Appellant's trade mark in those respective jurisdictions and that in some jurisdictions like Kenya, what is actually required in such proceedings is a Certificate for Use in Legal Proceedings and not merely a copy of the certificate of registration.
9. On the third factor, the promotion of the Appellant's trade mark, the Registrar held that the Registry of Trade Marks records do not indicate promotion of the Appellant's trade mark in Kenya. According to the Registrar, the only evidence the Appellant produced to support its case was an image of a Bill Board mounted by its authorised dealer in Kenya, Delta Group, at its premises in Nairobi and a copy of a brochure containing the goods bearing the Appellant's trade mark distributed by Delta Group in Kenya. The Registrar also observed that in its Statutory Declaration, the Appellant indicated the approximate annual advertising expenditure figures worldwide in USD from 2008 to October 2017 which figures could not be verifiable and could not assist the Appellant to prove that its trade mark is well-known in Kenya. The Registrar held that to prove that the trade mark had been promoted or advertised in the Kenyan print or electronic media, the Appellant ought to have shown the nature of the promotion or advertisement, its duration, as well as the expenditure.
10. Fourth, was the degree of recognition of the Appellant's trade Mark in Kenya. The Registrar held that the Appellant had not submitted any evidence on the degree of knowledge or recognition of the mark in the relevant sector of the public, which in the opposition proceedings would be persons dealing in the machines that the Appellant specialises in. That such persons would include customers or distributors of the goods bearing the Appellant's trade mark and is a requirement under the provisions of Article 16 (2) of the TRIPS Agreement (Agreement on Trade Related Aspects of Intellectual Property Rights, WTO: 1995, Geneva, Switzerland). The Registrar held that the Appellant had failed to prove the promotions that it claimed to have carried out in Kenya and which would have assisted in the determination that its trade mark is a well-known trade mark in Kenya. The Registrar concluded that the Appellant's trade mark did not deserve protection as a well-known trade mark under section 15A of the Act.
11. As to whether Respondent's trade mark is so similar to that of the Appellant as to cause a likelihood of confusion, the Registrar considered several factors. First, was the Respondent's intent to palm-off its goods as those of the Appellant's. The Registrar considered the Respondent's email dated November 20, 2009 to Ramco Group Printing requesting it to covert the Respondent's logo to a 3D logo. The Registrar noted that the email was written about three years prior to September 17, 2012 when the Appellant made its Trade Mark Application No. 76144 and about eight years prior to February 22, 2017, when the Respondent made its Trade Mark Application No. 96008. It further noted that the Appellant failed to produce evidence to prove that it had used its trade mark in Kenya prior to September 17, 2012. Based on these observations, the Registrar concluded that the Respondent did not intend to palm-off its machines and machine tools as those of the Appellant's and that it created its trade mark in good faith and independently from the Appellant's trade mark.
12. In considering the degree of care likely to be exercised by a consumer, the Registrar relied on Kerly's Laws of Trade (14th Ed.) for the proposition that consumers' attention varies depending on the



particular goods that are in consideration and while considering the degree of care, regard should be had to the fact that, “unusually stupid people, fools or idiots, or a moron in a hurry” would likely be deceived. That where some elements of the mark are common, the question whether or not the respective consumers would be in a position to distinguish between the trademarks should be considered. The Registrar noted that the goods in consideration in this matter are machines and machine tools and that the Appellant indicated that it trades in, “machines, machine tools and engines and vehicles, including compact, small and mid-sized wheel loaders, soil compactors, mid-sized motor graders, and track-type tractors”, while the Respondent deals in such products as diesel engine parts, motorcycle parts, battery parts and electric motors. The Registrar also noted that the Appellant did not indicate how much its products cost while the Respondent had indicated the price range of its goods. The Registrar concluded that the goods traded by both parties are not everyday goods that would be purchased by, “unusually stupid people, fools or idiots, or a moron in a hurry”, who would be likely to be confused. That purchasers of such goods are expected to be quite circumspect, well-informed and observant and although the Respondent’s products cost as low as Kshs. 200.00, they would not be compared to, “a fifty pence purchase in the station kiosk”. The Registrar asserted that the purchaser of an engine or a motor-cycle part cannot afford to be reckless when making such a purchase as they are keenly aware that acquiring the wrong part would be likely to cause a fatal accident and that such purchasers ought, and are deemed, to be very discerning. The Registrar concluded that considering the degree of care that the respective purchasers of the parties’ products would exercise, the respective trademarks would not be considered to be similar. This meant that entry of the Respondent’s trade mark in the Register of Trade Marks in Kenya would not contravene section 15 (1) of the Act.

13. On the issue of the strength of the Appellant’s mark, the Registrar stated the Appellant did not indicate how its Trade Mark Application No.76144 was created. It noted that the Appellant’s device mark was made up of two disjointed arcs and a stem, to create what appears to be an oval-shaped device. In the Registrar’s view, such a trade mark would be what was described as lacking any “imaginative content”, is not a strong mark and cannot, therefore, be easily confused by the respective consumers especially where the respective goods are purchased with a high degree of care as determined in this case. Based on the aforesaid factors, the Registrar came to the conclusion that acceptance to the Respondent’s trade mark would not contravene sections 14 and 15(1) of the Act.
14. Finally, and on the issue whether the Respondent had a valid and legal claim to its trade mark before applying to register the mark, the Registrar held in the affirmative. The Registrar held that on the basis of the findings it had made, the Appellant’s mark did not deserve the protection under section 15A of the Act. That this meant that entry of the Respondent’s trade mark in the Register of Trade Marks in Kenya would not be contrary to section 15A (4) of the Act and therefore, the Respondent’s claim to its trade mark was legal and valid. The Registrar also concluded that entry of the two trade marks in the Register of Trade Marks in Kenya would not contravene sections 14 and 15 (1) of the Act hence the Respondent’s claim to be the proprietors of the trade mark is valid and legal.
15. The Registrar further reasoned that as indicated in the Respondent’s prescribed Application Form TM 2 for registration of a trade mark filed on February 22, 2017, the Respondent’s adoption of its trade mark for use with respect to their goods in class 7 of the Nice Classification was based on the initials, “M” and “W”, which are part of its name, Machinery World Limited. That the Respondent made the said initials into a three-dimensional trade mark which formed the basis of its registration. The Registrar relied on section 2 of the Act which defines a mark to include a, “letter(s), “rendered” in two-dimensional or three-dimensional form” to hold that the Respondent’s trade mark qualifies as a trade mark. The Registrar held that the Respondent adopted the mark in good faith hence its claim was valid and legal. The Registrar also held that while considering the issue of similarity above, the evidence filed in the proceedings indicated that the Respondent created and adopted its trade mark



for use with respect to goods in class 7 of the Nice Classification prior to September 17, 2012 when the Appellant made an application to register its trade mark in Kenya. The Registrar cited *Lacoste v Crocodile International PTE Limited* CW 2009-485-2536 and held that the Respondent was able to prove that when it adopted its trade mark for use in Kenya, there was no other person, including the Appellant, who had used a similar trade mark in Kenya. The Registrar thus held that compared to the Appellant's trademark, the Respondent's trademark is the earlier trade mark in Kenya, therefore, the Respondent had a valid and legal claim to its trade mark and could not be barred by the Appellant from seeking registration of its trade mark. The Registrar concluded that the Respondent was able to justify its claim to proprietorship of its trade mark under section 20(1) of the Act.

16. In conclusion, the Registrar held that on a balance of probabilities, the Appellant had failed in the opposition proceedings and that the Respondent's Trade Mark Application No. KE/T/ 2017/ 0096008 was to proceed to registration. As stated, it is this Ruling that forms the subject of this appeal, which has been canvassed by way of written submissions and which I have considered in the determination below

Analysis and Determination

17. Although the Memorandum of Appeal raises 21 grounds, the parties have condensed them into the following five main issues;
- a. Whether the Appellant's Memorandum of Appeal is wanting in form.
 - b. Whether the Respondent's Mark is confusingly similar to the Appellant's prior, registered Mark.
 - c. whether the Appellant's mark is well-known in Kenya and therefore deserving of protection under section 15A of the Act.
 - d. Whether there is honest concurrent use of the Respondent's and Appellant's Mark.
 - e. whether the Respondent's Mark was adopted in good faith and whether the Respondent therefore has a valid and legal claim to it.
18. In determining this appeal, I think it is important that I set out the scope of the court's jurisdiction from the decision of the Registrar as in this case. Section 52 of the Act provides that "in any appeal from a decision of the Registrar to the court under this Act, the court shall have and exercise the same discretionary powers as under this Act are conferred upon the Registrar".
19. Section 21 of the Act provides, in part, as follows:
21. Opposition to registration
.....
 - (6) The decision of the Registrar shall be subject to appeal to the court.
 - (7) An appeal under this section shall be made in the prescribed manner, and on the appeal the court shall, if required, hear the parties and the Registrar, and shall make an order determining whether, and subject to what conditions or limitations, if any, registration is to be permitted.
 - (8) On the hearing of an appeal under this section any party may, either in the manner prescribed or by special leave of the court, bring forward further material for the consideration of the court.



- (9) On an appeal under this section no further grounds of objection to the registration of a trade mark shall be allowed to be taken by the opponent or the Registrar, other than those so stated by the opponent, except by leave of the court; and, where any further grounds of objection are taken, the applicant shall be entitled to withdraw his application without payment of the costs of the opponent on giving notice as prescribed.
- (10) On an appeal under this section the court may, after hearing the Registrar, permit the trade mark proposed to be registered to be modified in any manner not substantially affecting the identity thereof, but in any such case the trade mark as so modified shall be advertised in the prescribed manner before being registered.

..... [Emphasis mine]

20. I agree with the with decision of Tuiyott J., in *Sony Corporation v Sony Holding Limited* ML HCCA No. 376 of 2015 [2018] eKLR where he held as follows:

It has to be remembered that the Registrar of Trademarks is a specialized quasi-Judicial Tribunal and so the Courts discretionary Jurisdiction must be circumscribed so that some deference is given to the decision of the Tribunal. One object of setting up specialized Tribunals is that they will be constituted by persons who have technical competence in their areas and a good appreciation of matters that come before them. Ordinarily therefore, short of a compelling cause, their appreciation of a dispute ought to be respected.

4. I accept the proposal by Counsel for the Respondent that the Singaporean Decision of *Future Enterprises Pte Ltd v McDonald's Corp* [2007]2 SLR 845; 2007 SGCA properly prescribes what my role as an Appellant Court in this matter should be;

“The smorgasbord of trade mark cases which has reached the appellate courts demonstrates the innumerable (and subjectively perceived) similarities and differences that can be conjured up and persuasively articulated by an imaginative and inventive legal mind. Expert and experienced judges, such as Laddie J, have described trade mark infringement as “more a matter of feel than science”. (in *Wagamamu Ltd v City Centre Restaurants plc* [1995] FSR 713 at 732), and Chao Hick Tin JA (as he then was) similarly alluded to it as a matter of “perception” (in *The Polo/Lauren* subjective nature of assessing similarity and the likelihood of confusion. We agree with the approach that an appellate court should not disturb the findings of fact of a trade mark tribunal unless there is a material error of principle”.

In my discretionary jurisdiction, I will only fault the Registrars’ decision if it is demonstrated the Decision was wrong in a material way or that the exercise of Discretion was so unreasonable that no reasonable Tribunal could have arrived at that Decision. To be emphasized as well is that the Appeal is not in the nature of a rehearing where the facts have to be reevaluated in the detail and manner of a Trial Jurisdiction.

21. With above in mind, I now turn to the issues for determination in the appeal.



Form of the appeal

22. The Respondent contends that the Appellant's Memorandum of Appeal is wanting in form for being filed under Order 42 Rule 1 of the [Civil Procedure Rules](#) and at the same time couched as a Notice of Motion under Order 42 Rule (1) of the [Civil Procedure Rules](#) and Rule 117 of the [Trade Mark Rules](#) seeking injunctive reliefs. The Respondent contends that an aggrieved party may file either a Memorandum of Appeal or a Notice of Motion under Rule 117 of the [Trade Mark Rules](#) but that the two cannot be used simultaneously in the same pleading as in the instant case.
23. The Appellant responds that its appeal is not wanting in form and submits that Rule 117 of the [Trade Mark Rules](#) and Order 42 Rule 1 of the [Civil Procedure Rules](#), when read together, prescribe a memorandum of appeal through which the court can be moved by a Notice of Motion which sets out the grounds of appeal against the decision of the Registrar of Trade Marks and that this is precisely the manner in which the Appellant has moved the court in this appeal. The Appellant also points out that the appeal in [Sony Corporation v Sony Holding Limited \(Supra\)](#) was filed in the same form and manner as the present appeal and was accepted by the court without issue.
24. Since the parties agree that both Order 42 Rule 1 of the [Civil Procedure Rules](#) and Rule 117 of the [Trade Mark Rules](#) apply in this case, I find it is apposite to reproduce the same below for ease of comprehension and determination of this issue:

Order 42 Rule 1 of the [Civil Procedure Rules](#)

Every appeal to the High Court shall be in the form of a memorandum of appeal signed in the same manner as a pleading.

Rule 117 of the [Trade Mark Rules](#)

When a person intends to appeal to the court, the appeal shall be made by motion in the usual way, and no such appeal shall be entertained unless notice of motion is given within sixty days from the date of the decision appealed against or within such further time as the Registrar shall allow.

25. Was the Appellant wrong to apply both provisions? I find nothing wrong and fatal in the manner the Appellant applied the provisions of both Rules. From the appeal, it is evident that the Appellant is seeking injunctive and such orders that are within the discretionary powers of the court under sections 21(7) and 52 of the Act. The Memorandum of Appeal sets out the specific grounds of appeal which enable the Respondent comprehend the case it is to answer. Given the application of the Rules, I agree with the Appellant's submission that its Memorandum of Appeal does not constitute a separate application apart from the appeal, as it is an issue that would be addressed by the appeal itself and that the appeal is therefore formally and substantively sound.

Similarity of the parties' trademarks

26. The Appellant submits that the Registrar erred in not finding that the Respondent's Mark is confusingly similar to the Appellant's Mark. The Appellant maintains that its Mark is confusingly similar to the Respondent's mark for reasons that they are visually extremely similar, the Appellant's Mark is registered with respect to goods in class 7 of the Nice Classification, the same class of interest in the Respondent's application and is likely to confuse consumers with respect to goods in that class.
27. As I have set out above, in determining this issue, the Registrar considered in detail several factors including, the intent of the Respondent to palm off its goods as those of the Appellant, the degree of



care likely to be exercised by consumers and the strength of the Appellant's mark. Going through the factors considered by the Registrar above and the appreciation of the evidence, I find that the Appellant has not demonstrated any error of principle that warrants the court's interference on this issue. I accept that based on the goods or products sold by the parties, a notional consumer purchasing any of their products is usually not a stupid person, fool or idiot, or moron in a hurry so as to be easily deceived by either of their products. Such goods are bought with deliberation and care and such a consumer is sufficiently discerning and is unlikely to be confused by the similarity of Marks. This ground by the Appellant therefore fails.

Well known-ness of the Appellant's mark

28. The Appellant submits that its trade mark is well known in Kenya and that the Registrar failed to take into account the totality of the evidence submitted by the Appellant and erred and misdirected herself in law and in fact as to the criteria for establishing the well-knownness of the Appellant's trade mark. The Appellant agrees that the Registrar considered the correct factors but that in applying the said factors to the present case, it substantially misdirected itself in analysing the evidence presented.
29. The Registrar relied on the factors of the duration, extent and geographical area of use of the Appellant's trade mark; the duration and geographical area of the registrations of the Appellant's trade mark; promotion of the Appellant's trade mark; and the degree of recognition of the Appellant's trade mark in Kenya. The Appellant avers that it produced evidence including proof of its registrations in other jurisdictions worldwide, Kenyan and worldwide sales and advertising figures associated with products bearing the Appellant's Mark, printouts from its webpages and the webpages of its authorised dealer in Kenya, visual material of its extensive marketing and advertising in Kenya, and packing lists evidencing shipment of goods branded with the Appellant's Mark into Kenya but the Registrar however disregarded the above uncontroverted evidence and proceeded to set her own threshold of alternative evidence which has no basis in law.
30. The Registrar appreciated the evidence adduced by the Appellant above but stated that the Appellant ought to have attached copies of invoices, sale receipts and import documents that show the value of the sales of the products that were imported from the Appellant to the authorised dealers in Kenya. In the Registrar's view, the sales figures indicated in the Appellant's Statutory Declaration had not been substantiated and could not be relied upon by the Appellant in proving that its trade mark is well-known. That it was worth noting that the four Packing Lists only indicated the weight and not the prices of the products that the Appellant imported into Kenya. Further, it was noted that the Appellant's trade mark is not usually used on its own as registered, but in combination with other trademarks of the Appellant, such as "SEM". That therefore, it was not possible to tell whether or not the sales figures indicated in the Appellant's Statutory Declaration were with respect to the registered trade mark alone or with respect to the composite trade mark as used in the market.
31. I agree with the Registrar's holding that a person asserting well-knownness of a mark bears the burden of submitting information and evidence in respect to factors from which the competent authority may infer that the mark is indeed well known and this is not left to the perception or personal inclination of the competent authority. Having considered the evidence presented, and which I have outlined above, I cannot fault the Registrar for holding that the evidence was insufficient to prove that the Appellant's trade mark was not well known. Indeed, it was difficult for the Registrar to conclude that the Appellant's trade mark was well known on its own as it was promoted in combination with another trade mark. The Registrar could not also tell from the schedule of sales which ones could be attributed to the Appellant alone. Whereas the Appellant states that it provided proof of its registrations in other jurisdictions, I agree with the Registrar that the Appellant ought to have furnished it with



the certificates of registration from these other jurisdictions rather than present a list and expect the Registrar to presume that they are proof of registration. The Registrar had to be satisfied, at least, by these certificates that the Appellant's trademarks are well known and these would have built the Appellant's case. It should not be lost that the strictures of the law of evidence require a party who asserts to prove any matter that is not admitted.

32. In sum, I find that indeed the Appellant failed to prove to the Registrar that its trade mark is well known. This ground by the Appellant also fails.

Whether there is honest concurrent use of the Respondent's and Appellant's Mark, whether the Respondent's Mark was adopted in good faith and whether the Respondent therefore has a valid and legal claim to it

33. Having found that the Respondent had been using its mark prior to the Appellant applying and registering its mark for registration here in Kenya, I cannot fault the Registrar for concluding that there was honest concurrent use of the parties' trademarks and that the Respondent's mark was adopted in good faith. The consequent results for the above can only be that the Respondent had a valid and legal claim to its mark.

Disposition

34. For the reasons I have set out above, I find that the Appellant's appeal lacks merit. It is dismissed with costs to the Respondent. The Appellant shall pay the Respondent costs assessed at Kshs. 150,000.00.

DATED and DELIVERED at NAIROBI this 17TH day of MARCH 2023.

D. S. MAJANJA

JUDGE

Court Assistant: Mr M. Onyango.

Ms Omondi instructed by Coulson Harney LLP Advocates for the Appellant

Ms Mwangi instructed by Simba and Simba Advocates for the Respondent.

