Lion Match Company (PTY) Limited v Match Masters Limited (Commercial Appeal E054 of 2022) [2023] KEHC 23820 (KLR) (Commercial and Tax) (19 October 2023) (Judgment)

Neutral citation: [2023] KEHC 23820 (KLR)

REPUBLIC OF KENYA

IN THE HIGH COURT AT NAIROBI (MILIMANI COMMERCIAL COURTS)

COMMERCIAL AND TAX

COMMERCIAL APPEAL E054 OF 2022

DAS MAJANJA, J

OCTOBER 19, 2023

BETWEEN

LION MATCH COMPANY (PTY) LIMITED ..... APPELLANT

AND

MATCH MASTERS LIMITED ..... RESPONDENT

(Being an appeal from the Ruling of the Assistant Registrar of Trademarks dated 3rd March 2022 in the matter of trademark Nos KE/T/1992/39557 and KE/T/1999/49448 in the name of Lion Match Company (PTY) Limited and Expungement proceedings thereto by Match Masters Limited)

JUDGMENT

Introduction and Background

1. Before the court for determination is an appeal filed by the Appellant ("Lion Match") against the decision of the Assistant Registrar of Trademarks ("the Registrar") dated 03.03.2022 ("the Ruling") where the Registrar allowed the Respondent's ("Match Masters") application and expunged Lion Match's Trademark No.s KE/T/1992/39557 "Zebra" (Word) and KE/T/1999/49448 "Zebra" (Word and Device) ("Lion Match's Trademarks") that were being maintained in the Register of Trade Marks.

2. Match Master's case before the Registrar was that it was the proprietor of marks including Rhino, Kifaru, Farasi, Leopard, Paka, Spider and Hatari, all bearing word names and devices of domestic and wild animals with the inscriptions, "Safety matches" at the base of the device, all registered and applied to goods in Class 34 in respect of "Tobacco; Smokers Articles; Matches". That it sought to register Trademark No. 97629 "Zebra" (Word) ("the Mark") in Class 34 with respect to "Matches" but that the application was declined by the Registrar on 18.07.2017 for being confusingly similar to Lion Match's Trademarks.

3. Match Master stated that its marks are offered for sale through various retail outlets countrywide and it has spent a substantial sum in advertising and marketing its goods. It claimed that Lion Match had not made any bona fide use of its Trademarks for a period of 12 years and that while Match Master's goods are readily and widely available in major towns and cities around the country, there was no evidence to indicate that Lion Match offered for sale goods with respect to its Trademarks. Match Masters thus contended that the continued maintenance of Lion Match's Trademarks in the Register was in bad faith with a malicious intention and contrary to public policy and underserving of protection under the provisions of the *Trade Marks Act* (Chapter 506 of the Laws of Kenya) ("the Act"). Based on the foregoing reasons, Match Masters urged the Registrar to expunge Lion Match's Trademarks and approve the publication of Match Masters' Mark.

4. Lion Match responded to the application by denying the averments of Match Masters. It stated that the parties entered into an agreement dated 20.02.2006 ("the Agreement") in respect of the use of the rising sun device by Lion Match and the rolling fireball device by Match Masters. That it was apparent that Match Masters could only use its rolling fireball device trademark together with a rhino device and the Rhino word mark and that Lion Match would use the rising sun device together with the word mark ZEBRA and the zebra device. Lion Match contended that the Agreement remains in force and is still binding upon the parties as it has not been terminated by either of them. That in view of the foregoing, Match Masters forfeited and/or conceded any right, title or interest in a trademark incorporating a zebra device, the word mark Zebra and a rising sun device or a rolling fireball device and Match Masters could not be aggrieved by the continued existence in the Register of a trademark in respect of which it has no bona fide claim to ownership.

5. Lion Match contended that Match Master's Mark wholly incorporates Lion Match's Trademarks as it is filed in colour, features a rolling fireball device, a zebra device, a stylized Zebra word mark and the words "Safety Matches" appearing against a ribbon device. Lion Match claimed that it had taken proactive steps to realise its *bona fide* and lawful intention to trade in Kenya in relation to *inter alia* safety matches bearing the Zebra trademark. That it had had discussions with different Kenyan entities regarding the importation, distribution and sale in Kenya of the same and that it was Lion Match's intention that its products will be offered for sale in Kenya. In any event, Lion Match averred that its safety matches bearing its Trademark are traded in several countries in Africa and for these reasons Lion Match contended that it had made bona fide and genuine use of its Trademark in relation to safety matches in Kenya since 2016.

6. Lion Match thus contended that Match Masters had not demonstrated that the registration of Lion Match's Trademarks was in bad faith or malicious and Lion Match asserted that it did not abandon its Trademark in Kenya or elsewhere in Africa. For these reasons, Lion Match urged the Registrar to maintain its Trademarks in the Register and maintain the refusal to register Match Master's Mark.

7. In its rejoinder, Match Masters stated that Lion Match had admitted that as late as June 2017, it was not trading in any product in Kenya bearing Lion Match's Trademarks and that the intention to trade whether bona fide or mala fide is not a known defence in an action for expungement of a trademark. That even at the point of filing its counterstatement, Lion Match was not in the Kenyan market and that trademark rights are territorial and it is irrelevant whether Lion Match is trading in a similar impugned mark in other jurisdictions. Match Masters further contended that a genuine person acting in good faith, does not require more than 13 years to produce match boxes for the export market and that an apparent shipment of 1,929,000 matches to Kenya was mischievous as Lion Match was prompted by the proceedings before the Registrar. On the Agreement, Match Masters stated that the same was to regulate the use and not non-use of the device of a rolling fireball and the same was superfluous and as admitted by Lion Match, did not bar the exercise of statutory rights.

That the Agreement did not envisage Lion Match's Trademark and the same was not subject of the Agreement and that the same has no legal foundation and does not bind the parties. Thus, Match Masters maintained its initial position and urged the Registrar to set down the matter for hearing by way of viva voce evidence. The parties filed subsequent pleadings in reply to each other's averments which more or less mirrored the positions they had earlier took and which I have summarized above.

8. After considering the contentions summarized above, the Registrar rendered a Ruling which identified two issues for determination. First, whether Lion Match made *bona fide* use of the Trademarks in Kenya during the relevant period and second, whether Match Masters are aggrieved persons within the provisions of section 29 of the *Act*.

9. On the first issue, the Registrar stated that the said proceedings were filed on 08.12.2017 and that the relevant period for the purposes of the proceedings was from 08.11.2012 to 07.11.2017 which is the period within which Lion Match ought to prove that it made *bona fide* use of their Zebra Trademark in the Kenyan market. The Registrar held that Lion Match had not proved it made bona fide use their Trademarks in Kenya during this period as it had admitted in its pleadings that it had not used the Trademarks but had, "a genuine intention to use their trademarks in Kenya". The Registrar distinguished section 29(1)(b) of the *Act* with which Match Masters had sought to have Lion Match's Trademarks removed from the Register for non-use from section 29(1)(a) where Match Masters would have been required to prove that Lion Match had their Trademarks entered in the Register without any *bona fide* intention to use the trademarks.

10. The Registrar considered Lion Match's evidence that it intended to use the Trademarks albeit in a non-physical manner through making informal inquiries into the Kenyan market in 2016, entering negotiations with a Kenyan company Crom Impex Limited in June 2017, obtaining Continuous Export Permit from the South African Police Service in June 2017, issuing a pro-forma invoice to Crom Impex in July 2017, receiving payment from Crom Impex for delivery of 1,929 cartons of safety matches bearing the Zebra trade mark in July 2017, receiving an Import Declaration Form from the Kenya Revenue Authority in July 2017, obtaining requisite approvals from the SGS and the Kenya Bureau of Standards in February 2018, issuing a commercial invoice to Crom Impex in March 2018 and; delivering the 1,929 cartons to Crom Impex in March 2018.

11. The Registrar held that the activities set out by Lion Match did not amount to sufficient non-physical use of the Trademarks as the informal inquiring leading to the 1,929 cartons of safety matches was not sufficient to "maintain or create a share in the market..." for Lion Match with respect to the safety matches sector in the Kenyan market. That the order was made by Crom Impex in June 2017 almost 9 months from the time the informal enquiries into the Kenyan market were made by Lion Match in October 2016 and that Lion Match did not undertake any promotional activities with respect to the Zebra trademarks in Kenya and contrary to various authorities that have held that advertisement in the respective jurisdiction would amount to non-physical and bona fide use of a trademark. The Registrar observed that Lion Match was casual in its conduct from the time it registered the Trademarks to the time it made informal inquiries into the Kenyan market and that it was not even willing to protect its Trademarks when Match Masters informed it that they were being counterfeited.

12. The Registrar further noted Lion Match's contention that the SGS and the Kenya Bureau of Standards delayed to issue it approvals for manufacturing do not amount to "special circumstances" as required under the provisions of section 29(3) of the *Act.* The Registrar stated that Lion Match ought to have known about the period taken for such approvals since it had last used the Trademarks in Kenya in 2005 and that there was no comparative evidence between 2005 and 2017 when the pre-inspection approval process began for the Registrar to consider and determine that the delay in 2017 was so inordinate that it ought to qualify as special circumstances as required by law.

13. The Registrar noted that Lion Match's acts of commission and omission were to blame for the non-use of the Trademarks in the Kenyan market during the relevant period and that these acts were "voluntary acts" as opposed to "special circumstances". Therefore, the Registrar concluded that Lion Match had failed to prove that it made bona fide use of its Trademarks in the Kenyan market during the relevant period and that it did not sufficiently justify their non-use of the Trademarks as required under section 29(3) of the *Act*.

14. On the second issue, the Registrar found that Match Masters fell within the meaning of "aggrieved persons" under section 29(1)(b) of the *Act* as Lion Match had been unable to prove that it had made bona fide use of its Trademarks in the Kenyan market during the relevant period meaning that the Trademarks remained in the Register without sufficient cause and that its remaining in the Register could not be justified in law, making Match Masters aggrieved persons as required by law. The Registrar also held that since Match Masters may not be able to enforce part of their Mark due to acts of omission by Lion Match makes it qualify as an aggrieved person in addition to the fact that it has an interest in the purity of the Register of Trademarks in Kenya with respect to the registration of Lion Match's Trademarks.

15. In conclusion, the Registrar ruled in favour of Match Masters by expunging the Trademarks from the Register. As stated, it is this Ruling that forms the subject of this appeal by Lion Match. The parties have filed written submissions which I have considered in the determination below

Analysis and Determination

16. Even through Lion Match raises 16 grounds of appeal as evidenced in its Notice of Motion dated 28.04.2022, they dovetail into the same issues considered by the Registrar. Before delving into the 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. As submitted by Match Masters, 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".

17. Bearing in mind the jurisdiction of this court, I further agree with the dicta by Tuiyott J.,(as he was then) in *Sony Corporation v Sony Holding Limited* ML HCCA No. 376 of 2015 [2018] eKLR where he observed 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.
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> 4. I accept the proposal by Counsel for the Respondent that the Singaporian Decision of F*uture Enterprises Pte Ltd vs. McDonald's Corp* [2007]2 SLR 845; 2007 SGCA properly prescribes what my role as an Appellant Court in this matter should be;
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> > "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 vs. 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.

18. A summation of the above is that this court will only consider matters of law rather than fact in determining this appeal. As was stated by the Court of Appeal in *John Munuve Mati v Returning Officer Mwingi North Constituency & 2 others* [2018] eKLR, a "matter of law" involves "[T]he interpretation or construction of the *Constitution*, statute or regulations made thereunder or their application to the sets of facts established by the trial Court." With the above principles in mind, I now turn to determine the appeal and establish whether the Registrar erred in the conclusions that Lion Match had been unable to prove that they had made a bona fide use of their Trademarks in the Kenyan market during the relevant period and that Match Masters qualified as an "aggrieved person".

19. Match Masters' case for expungement of Lion Match's Trademarks was that contrary to section 29 of the Act, Lion Match had not made bona fide use of them for over 12 years and that no special circumstances were demonstrated to justify the non-use. The said provision states as follows:

> 29. Removal from register and imposition of limitations on ground of non-use
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> (1) Subject to the provisions of section 30, a registered trade mark may be taken off the register in respect of any of the goods or services in respect of which it is registered on application by any person aggrieved to the court or, at the option of the applicant and subject to the provisions of section 53, to the Registrar, on the ground that either—
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> a. the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods by him, and that there has in fact been no bona fide use of the trade mark in relation to those goods by any proprietor thereof for the time being up to the date one month before the date of the application; or
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> b. up to the date one month before the date of the application a continuous period of five years or longer elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof in relation to those goods by any proprietor thereof for the time being:
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> Provided that (except where the applicant has been permitted under subsection (2) of section 15 to register an identical or nearly resembling trade mark in respect of the goods in question or where the tribunal is of opinion that he might properly be permitted so to register such a trade mark) the tribunal may refuse an application made under paragraph (a) or (b) of this subsection in relation to any goods, if it is shown that there has been, before the relevant date or during the relevant periods as the case

may be, bona fide use of the trade mark by any proprietor thereof for the time being in relation to—

i. the services of the same description; or

ii. goods associated with those services or services of that description, being services, or as the case may be, goods in respect of which the trade mark is registered.

(2) Where in relation to any goods or services in respect of which a trade mark is registered —

a. the matters referred to in paragraph (b) of subsection (1) of this section are shown so far as regards non-use of the trade mark in relation to goods to be sold, or otherwise traded in, in a particular place in Kenya (otherwise than for export), or in relation to goods to be exported to a particular market; and

b. a person has been permitted under subsection (2) of section 15 to register an identical or nearly resembling trade mark in respect of those goods under a registration extending to use in relation to goods to be sold, or otherwise traded in or services to be performed, in that place (otherwise than for export), or in relation to goods to be exported to that market, or the court or the Registrar is of opinion that he might properly be permitted so to register such a trade mark, on application by that person to the court, or, at the option of the applicant and subject to the provisions of section 53, to the Registrar, the court or the Registrar, as the case may be, may impose on the registration of the first-mentioned trade mark such limitations as the court or the Registrar thinks proper for securing that that registration shall cease to extend to the last-mentioned use.

(3) An applicant shall not be entitled to rely for the purposes of paragraph (b) of subsection (1), or for the purposes of subsection (2), on any non-use of a trade mark that is shown to have been due to special circumstances in the trade or in relation to particular services and not to any intention to abandon the trade mark to which the application relates

20. I agree with the position taken by the Registrar that from the provisions above, an aggrieved party can make an application for expungement either on the ground of no bona fide intention for use of the trademark or non-use of the trademark. Match Master's application was for the latter, that is, that Lion Match had not been using the Trademark for a continuous period of 12 years between 2005 and 2017 when Match Masters filed the expungement proceedings. The aforementioned provision further imposes a burden on the proprietor of the registered trademark to prove that there has indeed been *bona fide* use or that special circumstances existed for the non-use and that there was no intention to abandon the trademark. Such determinations are questions of fact within the purview of the jurisdiction of the Registrar. This court's duty is thus to determine whether the Registrar's conclusions were consistent with the evidence on record and the law and whether the said conclusions are perverse to the extent that a reasonable and different registrar sitting in the Registrar's place would not have arrived at such conclusions.

21. From the facts I have outlined above, I am unable to find any basis to depart from the conclusions reached by the Registrar. The record indicates that Lion Match admitted that they were not actually using the Trademarks by the time Match Masters filed the application for expungement and that what

was in the works was an, "intention to use". Lion Match was unable to explain the lull it was in between 2005 and 2017 and it appears that it is Match Masters' application that reminded it that it had registered trademarks in Kenya which were under the threat of expungement. I do not fault the Registrar's conclusion that Lion Match's attempt to enter into Kenya's market share, after being awakened by Match Masters, was an afterthought that was hastily and informally done and was insufficient to demonstrate that they had created or maintained a market share in the country immediately before Match Masters' application. This was done for token serving purposes solely to preserve the rights conferred by the Trademarks and did not amount to genuine or *bona fide* use (see *Westminster Tobacco (Pty) Ltd v Philip Morris Products S.A. and Others* (925/2015) [2017] ZASCA 10; [2017] 2 All SA 389 (SCA) (16 March 2017) and *ABSA Kenya Limited v Barclays Bank of Kenya* ML HCCC No. 133 of 2018 [2020] eKLR).

22. Lion Match did not rebut Match Masters' market survey report that indicated that Lion Match's Trademark did not have any market presence in the country as at 01.09.2017. Further, Lion Match did not take any serious steps to deter counterfeiters and ignored Match Master's calls for action which demonstrated that it had abandoned its Trademarks. I also find and hold that Lion Match did not demonstrate special circumstances that led it not to use its Trademarks for over 5 years. The Registrar was properly guided by persuasive authorities on situations that would amount to "special circumstances" as opposed to "probabilities or suppositions" and it was evident that Lion Match could only blame itself for any delay in approvals to manufacture. Had it taken these steps earlier on as it had previously done in 2005 when it last entered into the Kenyan market, it would not have been caught up in rushing for the approvals.

23. I therefore find and hold that the Registrar did not err in finding that Lion Match did not use its Trademarks within the relevant period in the Kenyan market and that there were no special circumstances to justify the non-use.

24. As to whether Match Masters qualified as an "aggrieved person", the Registrar found that Match Masters was interested in the purity of the Register of trademarks making them aggrieved persons and not busy bodies. Lion Match does not agree with this position and still contends that Match Masters had no locus as "aggrieved persons" to file the application for expungement with the Registrar. The meaning of "aggrieved persons" within the meaning of the Act was resolved in *Saudia Arabian Airlines Corporation v Saudia Kenya Enterprises Limited* NRB CA Civil Appeal No. 47 of 1984 [1986] eKLR where Kneller JA., held as follows:

> " A person aggrieved" is not defined in the Act. There are no reported decisions of any East African Court on what that phrase means but the *trade marks Act* (cap 506) is based on English Acts so is it proper and useful to see what the English courts have made of it.
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> Lord Pearce in his speech in *Daiguiri Rum Trade Mark,* [1969] RPC 600, 615 dealt with the words "persons aggrieved" by pointing out that they were used in the first [English] *trade marks Act* in 1875 without further definition and added [at page 615].
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> > " In my opinion, the words were intended by the Act to cover all trade rivals over whom an advantage was gained by a trader who was getting the benefit of a registered trade mark to which he was not entitled. If an erroneous entry "[in the register]" gives to his rival a statutory trade advantage which he was not intended to have, any trader whose business is, or will probably be affected thereby is "aggrieved" and entitled to ask that the error should be corrected."

and in the same passage he explained the history and purpose of the *trade marks Act* in this was-

> " At common law a trader could ask the courts to protect him from the improper use of his mark by others who would pass off their goods as his. But to do this he had to establish by cogent evidence from the purchasing public and the trade that the mark had come to denote his goods and his alone. To avoid the paraphenalia of proof and to help traders by enabling them to see more clearly where they stood in respect of particular trade marks the *trade marks Act* were passed. It is, and was intended to be a great advantage to a trader to have his mark registered under the Acts. That advantage to him is to some extent a corresponding disadvantage to his rivals. He was only intended to have it if necessary qualifications are fulfilled. If they are not, the mark is not to be entered on the register. If it subsequently appears that it is wrongly entered on the register it is to be removed. For to permit it to remain would give him, at the expense of his rivals an advantage to which he is not entitled."

Lord Pearce referred to the locus classicus on who is an 'aggrieved person' which is *William Powell, trading as Goodall, Backhose & Co v The Birmingham Vinegar Brewery Company Limited*, [1894] RPC 4 (HL) in which in turn their Lordships cited with seeming approval the Court of Appeal's decisions of *In re Riviere's Trade Mark*, 26 Ch D 48 and *In re Appollinaris Trading Company's trade marks*, [1891] 1 Ch 186.

And since then there have been decisions on the phrase by the English Court of Appeal or the Registrar of trade marks or his deputy reported as *Wright Crossley & Co's Trade Mark* [1898], 15 RPC 131,, *Ellis & Co's Trade Mark*, [1904] RPC 617, *Lever Bros v Sunniwite Products*, [1949] RPC 84 and *Wells Fargo Trade Mark,* [1977] RPC 503 and *the Oscar Trade Mark Case*, [1979] RPC 173.

25. The Registrar was guided by some of the cited decisions by the Court of Appeal above in determining that Match Masters was an "aggrieved person". The continued presence of Lion Match's Trademarks on the Register prevented Match Masters from registering its own Marks. Other counterfeit traders were gaining undue advantage over Match Masters by illegally using the Trademarks that Lion Match was unwilling to protect. The continued existence of Lion Match's Trademarks on the Register limited Match Masters' rights to the use of their Marks. It was therefore in Match Masters' interests to remove Lion Match's Trademarks from the Register thus making it an aggrieved person. This ground of appeal by Lion Match therefore has no legs to stand on.

Disposition

26. The Appellant's appeal fails and is accordingly dismissed. The Appellant shall pay the Respondent's costs assessed at Kshs. 150,000.00.

DATED AND DELIVERED AT NAIROBI THIS 19TH DAY OF OCTOBER 2023.

D. S. MAJANJA

JUDGE

Court Assistant: Mr M. Onyango.