



IN THE HIGH COURT OF KENYA AT NAIROBI

MILIMANI LAW COURTS

COMMERCIAL AND TAX DIVISION

CORAM: D. S. MAJANJA J.

COMM. CASE NO. E065 OF 2020

BETWEEN

ALPEX CONSULTING AFRICA LIMITED (ACAL) 1ST PLAINTIFF

ACAL CONSULTING LIMITED 2ND PLAINTIFF

ACAL LIMITED 3RD PLAINTIFF

AND

ASSOCIATES CONSULTING AFRICA LIMITED

(trading as ACAL LIMITED) 1ST DEFENDANT

ACAL COMMERCIAL & INSURANCE AGENCY LIMITED 2ND DEFENDANT

ACAL TIMBER SOLUTIONS LIMITED 3RD DEFENDANT

ACAL INSURANCE BROKERS LIMITED 4TH DEFENDANT

ACAL WINE AND SPIRITS LIMITED 5TH DEFENDANT

ACAL RESEARCH LIMITED 6TH DEFENDANT

RULING

Introduction

1. The Plaintiffs' case against the Defendants is for infringement of its trademarks. Their case is set out in the Plaint dated 3rd March 2020. They have also filed a Notice of Motion dated 3rd March 2020 seeking an injunction restraining the Defendants from infringing on their trademarks under **section 7** of the **Trade Marks Act** and **Order 40 rule 1, 2, 4 and 8** of the **Civil Procedure Rules**. The application is grounded on the affidavit of Joseph Mwangi Kibe, a director of the Plaintiff companies, sworn on 3rd March 2020.

2. The 1st Plaintiff was incorporated on 4th March 2008 and is the registered proprietor of the trademark "ACAL" under Class 36 vide Certificate of Registration No.76948 since 29th November 2012. The 2nd Plaintiff is the registered proprietor of the trademark under Class 36 vide Certificate of Registration No. 85487 since 26th November 2014. The 3rd Plaintiff has registered the same trademark under Class 16 since 3rd April 2019 vide Certificate of Registration No. 106800.

3. The application is opposed by the 1st and 3rd Defendants through the replying affidavit sworn on 21st October 2020 by one of their directors, John Wamugunda Wanjau. He deposed that he was a stranger to the 2nd, 4th, 5th and 6th Defendants and could not respond to the application. The firm of *Mwenda Royford and Company Advocates* filed a Notice of Appointment on behalf of all Defendants while it filed written submissions on behalf of the 1st, 4th and 5th Defendants only.

4. Since the specific replying affidavit was filed on behalf of the 1st and 3rd Defendants, I shall consider that the 2nd, 4th, 5th and 6th Defendants have not filed any response to the factual assertions in opposition to the application. In the circumstances, I shall refer to the 1st and 3rd Defendants as the Defendants for ease of reference unless the context otherwise admits.

The Plaintiffs' Case

5. As I stated earlier the Plaintiffs' case is that the Defendants have infringed its' registered trademarks by using them without any colour of right and causing actual market confusion to the Plaintiffs' detriment.

6. The Plaintiffs claim that its former employee, John Wamugunda Wanjau, the Defendants' director, knew of the use by the Plaintiffs of the acronym ACAL and that he intentionally registered *Associates Consulting Africa Limited* by craftily using the said acronym which he knew was always used by the Plaintiffs.

7. In their deposition, the Plaintiffs point to specific instances where the Defendants have engaged in similar and identical business as the Plaintiffs and have falsely represented themselves as the Plaintiffs. For example, the Defendants falsely represented themselves as the Plaintiffs when applying for work for the Kenya Film Commission's *Technical Proposal KFC/OT/05/2013/2014 Consulting Services on ICT Automation Baseline Survey Services* by using the Plaintiffs' trademark 'ACAL' without the Plaintiffs' authority and indeed went as far as copying the Plaintiffs' technical proposal documents.

8. The Plaintiffs assert that the Defendants have not registered any trademark and that the only cogent material of evidentiary value they purport to adduce is a certificate of incorporation for *Associates Consulting Africa Limited* and *ACAL Insurance Brokers Limited* which does not entitle them to use trademarks, logos, theme colours and branding designs that are strikingly similar to those of the Plaintiffs.

9. The Plaintiffs' contend that the logos used by the Defendants infringe the Plaintiffs' trademarks as the Plaintiffs' registered trademark incorporates the words 'ACAL' as well as an image with the map of Africa which the Defendants have infringed. They add that the Defendants have not registered any trademark with the initials 'ACAL' nor logos incorporating the map of Africa. Furthermore, they complain that the Defendants' Certificates of Incorporation do not incorporate the abbreviation 'ACAL' yet the Defendants use the same abbreviation in their advertisements and logos which is a clear case of passing off and or infringement.

10. The Plaintiffs accused the Defendants of constantly changing their websites and advertisements to match those of the Plaintiffs and whenever the Plaintiffs attempted to rebrand or redesign their trademarks, logos, signs and or emblems, the Defendants went ahead and copied them even going as far as occupying the Plaintiffs' previous office premises at *Showbe Plaza*. In their view, this established the Defendants' intent to pass themselves off as the Plaintiffs and create actual market confusion. In that case, Mr Kibe depones that the Landlord of the said premises contacted the Plaintiffs' directors to confirm why the Plaintiffs wanted to return to the building after they had vacated.

11. The Plaintiffs submit that the on the basis of the facts deponed, they have established a case for an injunction. The Plaintiffs seek support in **section 7 (1)** of the *Trademarks Act* which provides for the general conditions for an action for infringement which they submit that they have demonstrated by showing that they have a registered trademark which ought to be protected in law. They maintain that the Defendants have, without authority and or consent of the Plaintiffs, purported to use and caused great prejudice to the Plaintiffs including loss of business and profits which actions should be stopped by the Court as the same amounts to trademark infringement.

Defendants' Case

12. Mr Wanjau deponed that in as much as he is a director of the 1st and 3rd Defendants, he is stranger to the 2nd, 4th, 5th and 6th Defendants. The Defendants deny the Plaintiffs allegations. They state that they are not engaged in similar and identical business with the Plaintiffs hence there is no likelihood of confusion in the existence of the two entities in the Companies Register.

13. The Defendants contend that in as much as the Plaintiffs have registered the trademark "ACAL" being an abbreviation of *Alpex Consulting Africa Limited*, they have no rights to the exclusive use of the device and the words 'Map of Africa' and the words 'Consulting', 'Africa' and 'Limited'. The Defendants assert that they trade as *Associates Consulting Africa Limited* which was incorporated in the year 2011 and *ACAL Insurance Brokers Limited* which was incorporated in the year 2014 while the 1st Plaintiff registered the trademark "ACAL" on 29th November 2012.

14. The Defendants admit that they acquired the office premises at *Showbe Plaza* but deny that this was intended to violate the Plaintiffs' trademarks as alleged. They state that there was no caution, caveat or warning issued by the Plaintiffs preventing them from occupying the premises. In this respect, the Defendants therefore contend that they have a legal right to acquire and own property as guaranteed by the Constitution.

15. The Defendants aver that their Logos, themes, colour and branding of their websites are distinct from those of the Plaintiffs hence no likelihood of confusion. Additionally, that the *Associates Consulting Africa Limited* was incorporated first in time hence denies having infringed the Plaintiffs' logo or trademark. The Defendants claim that they are merely using the names under which they were duly registered with and incorporated in the year 2011 long before the Plaintiffs were incorporated and registered their trademarks.

16. The Defendants refute the Plaintiffs allegation that their proposal to the Kenya Film Commission in *Tender NO: KFC/OT/05/2013/2014*, was presented in such a way that a reasonable foreseeable consequence of misrepresentation of the 1st Plaintiff's services. They contend that both companies competing in the tender are distinctive in nature and the advertisement by the Commission was open to all members of the public. They add that the tender documents have similar contents as they prescribe to a common format. They maintain that they have been carrying on the business as set out in its Memorandum of Association.

17. The Defendants submit that the Plaintiffs have not proved passing off by the Defendants. They submit that the Plaintiffs ought to demonstrate that the confusion ought to have occurred to a larger section of the Public and not just to the Kenya Film Commission. They further submit that the Plaintiffs have neither proven in any way that they have suffered irreparable loss that cannot be remedied by way of damages nor shown a record of drop of business and/or loss of clientele to the Defendants as a result of misrepresentation by the Defendants.

18. The Defendants submit that the Plaintiffs have not adduced sufficient evidence to support their claims for infringement of trademarks as mere registration of a trademark does not suffice. They further submit that the 1st Defendant is entitled to the ownership and use of its name, 'Associates Consulting Africa Limited' which it acquired by successfully incorporating the company in 2011. The Defendants further contend that they have continuously used their company names for the last nine years and thus becoming popular and publicizing among the majority of Kenya via the websites and the services delivered.

19. The Defendants submit that the Plaintiffs have not satisfied the elements of the tort of passing off of the said trademark by the Defendants. That misrepresentation and goodwill are essential grounds that the Plaintiffs need to establish in order to succeed in a claim of passing off and the Plaintiffs have not clearly demonstrated that the goodwill and/or reputation attached to the services offered by the Defendants occasioned confusion to the public as there is only one cited body, the Kenya Film Commission.

20. The Defendants conclude by stating that they seek the court's protection from a Demand by the Registrar of Companies that the Defendants surrender their names for removal from the register reason being that they are similar to the Plaintiffs' trademark despite the Defendants' entry being the first in time in the Company registry.

Analysis and determination

21. The main issue for determination is whether the court ought to grant the temporary injunction sought by the Plaintiffs. It is common ground that the three requirements the Plaintiffs have to satisfy in order to obtain an injunction were settled in **Giella v Cassman Brown [1972] EA 358**. The Plaintiffs must demonstrate that they have a prima facie case with a probability of success, demonstrate irreparable injury which cannot be compensated by an award of damages if a temporary injunction is not granted, and if the court is in doubt show that the balance of convenience is in their favour.

22. The Court of Appeal in **Mrao Ltd v First American Bank of Kenya Limited and 2 Others [2003] eKLR** explained that a prima facie is, "a case in which on the material presented to the Court, a tribunal properly directing itself will conclude that there exists a right which has apparently been infringed by the opposite party to call for an explanation or rebuttal from the latter." In this case, it is not in dispute that the Plaintiffs own the three trademarks subject of the suit. In order to establish a prima facie case, the Plaintiffs must demonstrate that the Defendants have infringed those trademarks. However, the court must be alive to the fact that at this stage it is not required to make conclusive findings of fact without the benefit of evidence that may be available at the trial (see **Said Ahmed v Manasseh Denga and Another NRB CA Civil Appeal No. 37 of 2015 [2019] eKLR** and **Cut Tobacco Kenya Limited v British American Tobacco (K) Limited NRB CA Civil Appeal No. 126 of 2020 [2001] eKLR**).

23. Under **section 7** of the **Trade Marks Act**, the registration of a trademark confers on the owner the right of exclusive use of the mark. It provides as follows:

7.(1) Subject to the provisions of this section, and of section 10 and 11, the registration (whether before or after 1st January 1957) of a person in Part A of the register as the proprietor of a trade mark if valid gives to that person the exclusive right to use the trade mark in relation to those goods or in connection with the provision of any services and without prejudice to the generality of the foregoing that right is infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of permitted use, uses a mark identical with or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade or in connection with the provision of any services in respect of which it is registered, and in such manner as to render the use of the mark likely to:-

(a) be taken either as being used as a trade mark;

(b) be taken in a case in which the use is upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or goods with which such a person is connected in the course of trade;

(c) be taken in a case where the use is use at or near the place where the services are available for acceptance or performed or in an advertising circular or other advertisement issued to the public or any part thereof, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or to services with the provision of which such a person as aforesaid is connected in the course of business;

(d) cause injury or prejudice to the proprietor or licensee of the trade mark.

24. From the aforesaid provision, in order to succeed in an action for infringement or breach of a trademark, the Plaintiffs ought to prove that it is the registered proprietor of the mark, that the alleged infringement was a mark identical which, or so nearly, resembles that of the registered mark so as to be likely to deceive or cause confusion in the course of trade or in connection with the provision of services in respect of which it is registered, that the use of the mark is without consent or authority of the proprietor; and that the use of the mark is such that it is likely to cause injury or prejudice to the proprietor or licensee of the trade mark (see **Solpia Kenya Limited v Style Industries Limited & Another ML HCCC No. 138 of 2014 [2015] eKLR** and **Pastificio Lucio Garofalo S.P.A v Debenham & Fear Ltd ML HCCC No. 823 of 2010 [2013] eKLR**).

25. The 1st Plaintiff, *Alpex Consulting Africa Limited*, is the registered proprietor of trademarks No 76948 under Class 36 which is for

insurance, financial affairs, monetary affairs and real estate. The trademark comprises the ACAL with the letter 'C' having an image projecting the map of Africa. The certificate shows the following disclaimer, "Registration of this mark shall give no right to the exclusive use of the device of the "map of Africa" and the words 'CONSULTING', 'AFRICA' and 'LIMITED' each separately and apart from the make as a whole"

26. The 2nd Plaintiff, *ACAL Consulting Limited*, is the registered proprietor of trademark No. 85487 under Class 36 for insurance, financial affairs, monetary affairs and real estate. The trademark comprises the word ACAL enclosed in a rectangular border with the word, "Consulting" below it. The registration of the mark is subject to the disclaimer that registration of the mark shall not give no exclusive use of the word, "Consulting" separately and apart from the mark as a whole.

27. The 3rd Plaintiff, *ACAL Limited*, is the registered proprietor of trademark No. 106800 under Class 16 for paper, cardboard and goods made from these material, not included in other classes, printed matter, bookbinding material, photographs, stationary, adhesives for stationery, artist material, paint brushes, office requisites except furniture, plastic material for packaging, printing blocks.

28. The Plaintiffs in their deposition have shown patent infringement of their trademarks. The 1st Defendant does not have a registered trademark, yet its logo show the word "ACAL" written in bold blue with the map of Africa between the letter "C" and "A" and the names of the company in smaller letters beneath. The 1st Defendant's logo resembles the 1st Plaintiffs registered trademark so as to be likely to deceive or cause confusion in the course of trade or in connection with the provision of the consulting services offered by both the 1st Plaintiff and the 1st Defendant.

29. The 3rd Defendant's logo comprises the words "ACAL" in bold orange coloured capital letters enclosed in a border below which the word "Insurance Brokers" appears. The Plaintiff and 3rd Defendant provide the same class of services. The use of the word 'ACAL' in the 3rd Defendants logo is similar, has the same pronunciations visually, phonetically and rhythmically and is also likely to cause confusion or deceive members of the public that they are a part of the Plaintiffs given that they provide similar services.

30. The proper approach in determining whether the offending mark was likely to deceive or cause confusion was explained by Tuiyott J., in ***Landor LLC and Wpp Luxembourg Gamma Sarl v Wagude Lui t/a Landor & Associates & 2 others ML HCCC No. 266 of 2016 [2019] eKLR*** where he observed that:

20. The second limb and which is more contested is whether the Plaintiffs have proved that the mark said to be offending is likely to deceive or cause confusion in the connection with the provision of services provided by the Plaintiff. To be resolved first is the nature of what needs to be proved and the manner in which that has to be done.

21. Looking at the language used in Section 7, I would have to agree with Counsel for the Plaintiffs that actual deception or confusion need not be proved. It is enough to show that deception or confusion is likely. Nonetheless, there will be occasion when it will be necessary to prove actual deception or confusion. For instance where the Plaintiff seeks damages for the infringement. Actual deception or confusion can inform the Damages to be awarded.

22. As to the manner of proving that deception or confusion is likely to ensue, it has to be remembered that whilst witnesses will have their positions and views as to whether deception or confusion is likely, the final call belongs to the Judge who must assign reasons why S[he] holds a certain view. Regarding the approach it has to be that, "... a value judgment based on a global appreciation of the two Marks and overall impression that they leave in the context of the underlying purpose of a trademark which is that it is a badge of origin".

31. The Defendants rest their defence on the provisions of **section 11** of the **Trade Marks Act** which provides as follows:

11. No registration of a trade mark shall interfere with –

(a) any bona fide use by a person of his own name or of the name of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business; or

(b) the use by any person of any bona fide description of the character or quality of his goods, not being a description that would be likely to be taken as importing any such reference as is mentioned in paragraph (b) of subsection (1) of section 7, or in paragraph (b) of subsection (3) of section 40.

32. In ***British United Provident Association Limited v BUPA Kenya Limited ML HCCC no. 936 of 2002 [2020] eKLR***, the court held that **section 11** aforesaid encapsulates the "bona fide use" defence and it is for the defendant to prove that it is using its name in a bona fide manner.

33. The 1st and 3rd Defendants they are duly incorporated under their respective names and trade in market research and insurance agency respectively while the mark for the 1st and 2nd Plaintiffs is granted for exclusive use under Class 36. The 1st Defendant was incorporated on 27th October 2011 yet the 1st Plaintiff's trade mark was registered on 29th November 2012 while 3rd Defendant was incorporated on 29th April 2014 and the 2nd Plaintiff's trademark registered on 26th November 2014. The Defendants' contention is that they were incorporated before the registration of the Plaintiffs' trademarks and that they are entitled to trade in their own names.

34. It is my finding that the Defendants are not barred from using their names but they cannot use the likeness of the Plaintiff's trade marks in its logos as it has done in this case. The bona fides relates to the use of the name and in this case the names are in fact distinct. In this case the 1st and 2nd Plaintiffs have registered trademarks under Class 36 which covers insurance, financial affairs, monetary affairs and real estate

while the 1st and 3rd Defendants' cover deal in consultancy services and insurance. Consultancy is a generic term and may encompass the kind of service covered by Class 36. When taken together with the use of "ACAL" as used in the 1st and 2nd Plaintiff's trademarks, leads to confusion. I find and hold that the Plaintiffs have demonstrated that they have a prima facie case with a probability of success.

35. As to whether the Plaintiffs stand to suffer irreparable damage that cannot be compensated by damages, the answer is in the affirmative. Confusion as to whether the Defendants are actually the Plaintiffs and vice versa in the course of their trade will surely damage the Plaintiffs' reputation, goodwill and profits, which cannot be arrested if an injunction is not issued at this point as the loss to the Plaintiffs stand to suffer could be of such monetary magnitude that it cannot be ascertained and/or compensated by way of damages. The same goes for their goodwill and reputational damage. Reputation is an integral and important part of dignity and business and once besmirched it can be damaged forever, especially if there is no opportunity to vindicate one's reputation

Disposition

36. For the reasons I have set out, the Plaintiff has made out a case to warrant the grant of an interlocutory injunction. The Notice of Motion dated 3rd March 2020 is allowed in the following terms:

(a) A temporary injunction be and is hereby issued restraining the 1st and 2nd Defendants from trading, advertising, promoting, displaying, selling and/or offering for sale any services and or products by the 'ACAL' trademarks or dealing in any manner with the Applicants' registered trademark 'ACAL' TM Nos. 76948, 85487 & 106800 (Name & Logo) pending the hearing and determination of the suit or until further orders of the court.

(b) The Defendants shall bear the costs of the applications.

DATED and DELIVERED at NAIROBI this 2nd day of MARCH 2021.

D. S. MAJANJA

JUDGE

Court of Assistant: Mr M. Onyango

Ms Mwangi instructed by H. T & Associates Advocates for the Plaintiffs.

Mr Mwenda instructed by Mwenda Royford and Company Advocates for the Defendants.