REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAIROBI

COMMERCIAL & TAX DIVISION

MILIMANI LAW COURTS

HCCC NO. 366 OF 2012

MJENGO LIMITED..... PLAINTIFF

-VERSUS-

MANJI FOOD INDUSTRIES LIMITED..... DEFENDANT

JUDGMENT

1. The parties in this suit are makers of biscuits and are at war over two brands of biscuits said to be well-liked by children.

2. Mjengo Limited **(Mjengo or the Plaintiff)** manufacture, sell, promote and advertise a brand of biscuits known as Nuvita Vitamilk Milky Biscuits which it claims is popularly known as "Nuvita Blue" particularly by children. It is asserted by Mjengo that Nuvita is sold in a distinct package containing four biscuits. This will be discussed in detail later. Mjengo are unhappy because Manji Food Industries Limited **(Manji or the Defendant)** are selling biscuits known as "Milky Day" which Mjengo alleges commenced after it registered its Trademark. The case of Mjengo is that Manji is selling that product in packages and boxes which are in "colourable" and deceptive imitation of Nuvita.

3. One controversial issue in this dispute is the time when Milky Day was introduced into the market. Mjengo says that it was in June 2011 and then it was in three pieces of biscuits in individual packs. The packets would be packed in boxes. Mjengo says that at the time of its introduction, Milky Day was packed in boxes that were longer than those of Nuvita. This was upto March 2012 when Manji introduced boxes similar in size with those of Mjengo.

4. It is also the contention of Mjengo that at the same time, Manji re-launched its "Milky Day" Biscuits in packs of five biscuits. At the core of Mjengo's grouse is that Manji's packaging is intended, targeted and calculated to deceive and confuse the average consumer of its product and the public in general. And further, that the use of the packaging was adopted with the deliberate object of causing deception and confusion. Mjengo asserts that Manji has passed off and attempted to pass off Milky Day as Mjengo's Nuvita.

5. Mjengo seeks this Court's intervention in the following manner:-

> *a) A permanent injunction to restrain the Defendant (whether acting by its director, officers, servants or agents, or any of them or otherwise howsoever) from passing off, or attempting to pass off or causing, enabling or assisting others to pass off its biscuits known as Milky Day Biscuits in the distinctive blue and white packaging or any similar combination in colour and/or name as that of the Plaintiff's packaging of its biscuits known as Nuvita Vitamilk milky biscuits.*
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> *b) An order for delivery up or destruction upon oath of all printed packaging of the Defendant's Manji Milky Day Biscuits which are in its possession custody or control the use of which would be in breach of the permanent injunction prayed for and verification upon oath that the Defendant has no such packaging so marked in its possession, custody or control.*
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> *c) An inquiry as to damages or at the Plaintiff's option an account of profits and order for payment of all sums found due together with interest at court rates.*
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> *d) Costs of the suit with interest thereon at 14% per annum.*

6. Manji's answer to the claim is in its Defence of 11th September 2012. It denies the claim and states that Milky Day is different and distinct in colour and get-up from Nuvita.

7. The evidence in this matter was partly taken before Hon. Justice Gikonyo. He heard three witnesses. John Kimani **(PW1)**, Raj Chuni

Malde **(PW2)** and John Kimani Kinuthia **(PW3)** (note the similarity of names with PW1) for the Plaintiff. It fell to me to hear the Defence witnesses; Christopher Nzyoka **(DW1)** and Ephantus Mole Wakaria (**DW2**).

8. What are the issues in contention and for determination? From its pleadings Mjengo takes up two, but related, causes of action. Infringement of a trade mark and passing off. Yet as time wore on, the trade mark question took a back sit and in its final submissions counsel for the Plaintiff became even more the clearer that his client was only pursuing a passing off action. Around that action would be the following issues;

i. When did Manji introduce Milky Day into the market?

ii. Had Majengo established sufficient goodwill in Nuvita by that time so as to found a cause of action in passing off.

iii. If so, did Manji deceptively imitate the get-up of Nuvita with an intention to deceive or confuse the average consumers of Nuvita and public in general, so as to be guilty of passing off and?

iv. If the answer to (ii) is in the affirmative, what prayers does Mjengo deserve?

9. In **Newton Oirere Nyambariga V KCB Bank Kenya Limited & Another [2017] eKLR** this Court had opportunity to set out what the tort of passing off entitles and its elements. Drawing from English Case Law the Court stated:-

> **"19. A passing off claim is a right of trader to bring a legal action for protection of goodwill. It is actionable under the law of unfair competition and sometimes as a Trademark infringement. In Reckitt & Colman Products Ltd. Vs. Borden Inc & others,(1990) R.P.C.34 Lord Oliver Aylmerton sets out the three element to be proved in an action for passing off. He states:-**
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> **"The law of passing off can be summarized in one short general proposition, no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the Plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get up"(whether it consists simply of a brand name or a trade description, or the individual features of labelling or packing) under which his particular goods or services are offered to the public, such that the get up is recognized by the public as distinctive specifically of the Plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the Plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the Plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the band name. Thirdly, he must demonstrate that he suffers or, in a quia timet action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's good or services is the same as the source of those offered by the Plaintiff".**

10. As is evident the starting point is to determine whether the Plaintiff has established that it had, at the time material to this dispute, a goodwill or reputation to the goods and services which had a get-up that was recognized by the public as distinctive or closely connected to the Plaintiff's goods or services. As to what get-up means, the Court of Appeal in **Rothmans Of Pall Mall Limited V Independent Tobacco FZE [2019] EKLR** (a case cited by counsel for Manji) stated:-

> **"In the current competitive market environment companies devise their distinct identities in the way the product is labelled and packaged, the colour combinations, arrangements, graphics, slogans and other design elements. This is what is described in sections 9 and 49 of the Act as "get-up" of a product, that is, the whole "dress" in which the product is offered to the public.**
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> **In order to enforce the trademark rights in the get-up of a product, it is necessary for a brand owner to show that consumers associate the get-up of its product with that brand owner as a result of its extensive use of that get-up."**

11. Get up may also consists of a brand name or a trade description (See **Reckitt & Colman Ltd v Borden Inc [1990]R.D.C 34**.)

12. Malde (PW2) told Court that it had continuously, since the year 2009, manufactured, sold, promoted, and advertised Nuvita. That Nuvita is popularly known as "Nuvita Blue" particularly by children and sold in both Kenya and the East African region. That Nuvita was in the market prior to Milky Day, was in fact confirmed by the Defendant's own witness. Nzyoka (DW1) stated:-

> **"When we put out our Milky Day products we were aware of the presence of Nuvita Vitamilk Milky in the market."**

13. Kinuthia (PW3) a trader at Muthurwa market stated that Nuvita was very popular and that:-

> **"I started to sell Nuvita before Milky day."**

14. As regards regional presence, Malde (PW 2) adverted that Mjengo had a case in Kigali with Manji's related company called Britania which was ruled in their favour. Although the Ruling was marked for identification before Hon. Justice Gikonyo, it was not formally

admitted into evidence and this I have not seen a copy of it.

15. That said, the evidence on record, on a balance of probabilities, suggests that Nuvita as was packaged at the time these proceedings commenced had been in the market since 2009.

16. The packets of Nuvita were packed in a carton which contained 72 of the 4 piece packets **(P. Exhibit 7)**. The carton was predominately white with the name Nuvita and words Vitamilk Milky biscuits appearing in the same colour as on the packets. On the small side of the carton the colour background is predominately blue.

17. On the aspect of goodwill, counsel for the Manji asked the Court to find that Nuvita had only been in the market for about 12-14 months before Milky Day was launched and it is not conceivable that Mjengo had established substantial goodwill on the product. A proposition that the product would not have attracted substantial goodwill in such a short span of time.

18. Manji then invokes Section 15A(1) of the Trade Marks Act which reads:-

> **"15A. Protection of well-known trade marks**
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> **(1) References in this Act to a trade mark which is entitled to protection under the Paris Convention or the WTO Agreement as a well-known trade mark, are to a mark which is well known in Kenya as being the mark of a person who—**
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> **(a) is a national of a convention country; or**
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> **(b) is domiciled in, or has a real and effective industrial or commercial establishment in, a convention country, whether or not that person carries on business or has any goodwill in Kenya."**

19. Yet on this later argument, Manji may be off the mark because Mjengo does not suffer the illusion that its product is a well-known Trade Mark and does not seek protection as a well-known trade mark. Indeed, it does not seek any form of protection under trade mark law.

20. In the estimate of the Court then, the stronger argument made by Manji is that Mjengo has not established goodwill in the product. So what is goodwill and how is it to be proved?

21. That very same questions arose in **Pastificio Lucio Garofalo S.P.A v Debenham & Fear Ltd [2013] eKLR** and this Court is happy to identify with the answers reached by Judge Havelock:-

> **"Further, Lord Jauncey in Reckitt & Coleman Products v Borden Inc. & Others (supra) reiterated that;**
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> **"It is not essential that the defendant should misrepresent his goods as those of the plaintiff. It is sufficient that he misrepresents his goods in such a way that it is a reasonably foreseeable consequence of the misrepresentation that the plaintiff's business or goodwill will be damaged."**
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> **The Plaintiff referred to Commissioner of Inland Revenue v Muller & Co. Margarine Ltd [1901] AC 217; [1900-1903] All ER 413, where Lord Macnaghten gave a definition of goodwill. The learned Judge reiterated;**
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> **"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old established business from a business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates."**
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> **Misrepresentation and goodwill are essential grounds that the Plaintiff needs to establish in order to succeed in a claim of passing off. Goodwill establishes the proprietary interest or right to which the trade mark and/or name is used as a conduit. It is the attractive force which brings in custom (as per Lord Macnghten in Commissioner of Inland Revenue v Muller & Co. Margarine Ltd). It is trite law that goodwill has to be established by the proprietor of a registered trade mark, such as the Plaintiff herein, such that its claim against the Defendant may succeed. PW1 in his testimony stated that the Plaintiff Company had been established over one hundred (100) years ago and its products had been distributed in the market in many countries. These were similar to the averments made by PW2 and PW3. Goodwill may be established therefore, by the long usage of the trade mark, and thus the accruing right and interest therein. This principle was established in CDL Hotels International Ltd v Pontiac Marina Pty Ltd [2000] 1 LRC 243 referred to by the Plaintiff, where it was held inter alia:**
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> **"…in a long line of authorities, it had been established that pre-trading activities were capable of generating goodwill. Commercial realities demand so, given the considerable expenditure involved in marketing, advertising and promotion to familiarize the public with the service or product."**

22. On the invitation of the Court, counsel for the parties made further arguments in respect of this crucial aspects. Counsel for Mjengo pointed out certain aspects of the evidence upon which the Court was asked to find that goodwill and reputation had been established. First, that Raj Malde (PW2) had testified that Mjengo had marketed the product in issue from 2009 in Kenya and across the East African Region. And since this point was not subjected to any cross-examination then it needs to be believed by Court.

23. Further that PW3, a vendor at Muthurwa market testified that Nuvita Blue was very popular and that the customers could not differentiate that product and Manji's Milky Day when the latter was introduced into the market.

24. That in addition, in Paragraph 6 of his statement a Defence witness (DW1) confirmed that it was true that Mjengo produced for sale Nuvita Vitamilk Milky Biscuits and went on to describe the packaging of the product as that of Nuvita Blue.

25. Other evidence highlighted by counsel for Mjengo was that contained in an affidavit sworn by Malde and filed on 7th June 2012. There was however resistance on the receipt of this affidavit as evidence by Manji. And that objection is in my view well taken because the said affidavit was not relied upon at the substantive hearing of the suit and did not constitute part of the evidence of the witness. In addition, it never found its way into evidence in any other form.

26. Let me examine the evidence that is properly on record.

27. The clear and undisputed evidence is that Mjengo launched its product in the year 2009. The product that offends Mjengo was then launched by Manji in June 2011. The product of Manji would be coming into the market about 24 months later. No evidence was led that would assist this Court make a call as to whether 24 months presence in the market for the sort of product in issue is either a short or long time. Yet, even if a product has been in the market for a short time, it can still be said to have acquired goodwill if, in its short lifespan, its market presence has grown exponentially or remarkably so that purchasing public fondly associates the get-up of the product as distinctive of the Plaintiff's goods.

28. Here, the Plaintiff did not share with the Court any statistics or survey showing the growth of product in the market or the volume of sales or consumer loyalty so as to establish that the product had developed a good name and reputation from the relevant customers. I doubt that it is sufficient to merely state that the product is sold countywide without documentary or other proof of the supposed market presence. Neither is the oral evidence of one trader who states that Mjengo's product is "very popular", without more, sufficient to establish that a product that has been in the market for 24 months has acquired goodwill and reputation.

29. While there would be instances when evidence which may be weak be on its own catches on value when placed together with other evidence, I am unable to find that the evidence of the single trader significantly bolsters Malde's unproved evidence that the Plaintiff's product was sold widely in the Country.

30. To be emphasized again is that, depending on the circumstances of a case, goodwill may be established through a long usage of the get-up, long presence in the market, effort expended in marketing, advertising and promoting the brand. It may also be established by a history, however short, of success which can be demonstrated by accounts, evidence of sales or customer loyalty.

31. In the demand letter of 7th February 2012 sent out by counsel for Mjengo to Manji, counsel says, in part;-

> **"As a result of our clients substantial marketing and promotional activities, manufacture, sale and distribution of its Nuvita Vitamilk Milky Biscuit (hereinafter "our client's product"), the average consumer of our client's products, particularly of biscuits, in Kenya and in Eastern Africa have come to associate and identify the unique and distinct wrapping, trade dress an or get-up (hereinafter referred to as ("our client's packaging") of our client's product with our client."**

The Plaintiff's lawyer was, amongst other things, alluding to reputation and goodwill supposedly acquired by his client's product.

32. It would certainly have propped up the Plaintiff's case if it gave evidence of the "substantial" marketing and promotional activities it boasted to had undertaken or the sales and distribution it had achieved. This Court takes a view that, whilst unchallenged in cross-examination, the mere statement by the Plaintiff's director that the product is marketed in Kenya and across the East African Region falls short of proving reputation and goodwill.

33. This Court is happy to accept the argument by the Plaintiff's counsel that the popularity of a product should not only be limited to evidence of investment made in building the image of the product. Yet in the matter before Court, where the only other evidence of the products popularity was of a single trader, it would certainly have strengthened Mjengo's case if it led evidence to prove its self-acclaimed substantial marketing and promotional activities, and sales and distribution achievements.

34. I think, and hold, that the evidence on record fell short of proving this essential element of goodwill.

35. This is also the time to make an observation of the evidence of Kimani **(PW1)**. Kimani is a private investigator with Alexander James Private Investigators Ltd. The firm was commissioned by Mjengo to carry out a market investigation on the impact of the infringement of its goodwill and trade mark. The investigator returns a report of 13th April 2012. In the report are statements of various persons he interviewed. Other than Kinuthia **(PW3)**, none of the other interviewees testified.

36. One aspect of his report attracted contestation. It is the statement of Patrick Kamau who is alleged to be a sales manager of Manji. In the statement Kamau states:-

> **"We have been selling Milky power a low priced milk biscuits <u>to rivals Nuvita Blue which we found was very popular with customers</u>. Since the introduction of milk product sale shot up and it is just a matter of time we overtake Nuvita Blue in sales and eventually push it out of the market."**

The importance of this statement is that, if believed, it would be a concession by Manji that Mjengo had in fact acquired a reputation and

goodwill in the product.

37. Manji refutes that such a person known as Patrick Kamau worked with it. However, DW2 states that one Danson Kamau whose mobile number is that on the statement of Patrick Kamau used to work for the firm. Neither Patrick Kamau nor Danson Kamau testified before Court. If Mjengo considered his statement to be of significance to its case then, it is not explained why the maker was not called. I have to agree with counsel for Manji that the statement is hearsay and ought to be disregarded. With that, one crucial evidence that may helped the Plaintiff prove goodwill has to be excluded.

38. Mjengo has not established that its product had mustered sufficient gravitas in the market by the time Manji''s product made entry as to be susceptible to the tort of passing off. The result is that the Plaintiff has failed to prove its case and its claim is hereby dismissed with costs.

Dated, Signed and Delivered in Court at Nairobi this 5th Day of October 2020

F. TUIYOTT

JUDGE

ORDER

In view of the declaration of measures restricting Court operations due to the COVID-19 pandemic and in light of the directions issued by his Lordship, the Chief Justice on 17th April 2020, this Judgment has been delivered to the parties through virtual platform.

F. TUIYOTT

JUDGE

PRESENT:

Wafula holding brief for Ogunde for the Plaintiff.

Billing for the Defendant.