



REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAIROBI

MILIMANI COMMERCIAL & TAX DIVISION

CIVIL APPEAL NO. 11 OF 2017

AGRICARE EAST AFRICA LIMITED.....APPELLANT

VERSUS

OSHO CHEMICALS INDUSTRIES LTD.....RESPONDENT

J U D G M E N T

1. **Agricare East Africa Limited** (hereafter referred to as **the Appellant**) obtained registration of a trade mark “**Mistress**” No. 63532 on 27th June 2008. That registration was under class 5 and was for goods and services of **Fungicide**. **Osho Chemical Industries Limited** (hereafter referred to as **the Respondent**) was aggrieved by that registration and proceeded to file an application before the **Registrar of Trade Mark** (Hereafter referred to as **the Registrar**) for expunging of that mark from the Register.

STATEMENT OF CLAIM

2. The Respondent by its statement of claim, before the Registrar, stated that it was aggrieved by that registration of that mark on various grounds. That it had engaged in the manufacture, marketing and sale of Fungicide by the name “**Mistress**”. It had registered that product, under the name of “**Mistress**” with the **Pest Control Product Board** and had obtained Registration Number **PCPB (CR) O738** on the **1st July 2007**. It had been importing and marketing that product since the year **2007**. That after obtaining that registration and on carrying out a search, prior to applying to register the trade mark “**Mistress**”, it found out that the Appellant had registered the trade mark under the name of “**Mistress**”. The Respondent stated that it had extensively used that word “**Mistress**” as a **Trade Mark**, in connection with goods and products manufactured by it and that the said mark denoted the goods manufactured by or having origin from it which distinguished its goods in the market.

3. The Respondent further stated, in its statement of claim, that the Appellant’s registration of the mark was actuated by malice and that it used fraud and misrepresentation since it had, through its sister company **Agrichem** infringed the Respondents Trade Mark **Agrifeed** which the Respondent successfully challenged in Court. Further that the **Trade Mark** “**Mistress**” had no intrinsic value to the Appellant’s products. That despite the Appellant being in the business of manufacture of Fungicides for several years, it had not registered the Trade Mark “**Mistress**” until the Respondent registered that product with Pest Control Products Board. That the Appellant’s registration of that Mark was intended to frustrate the Respondent’s efforts to register that mark and that the Appellant’s registration was likely to confuse and mislead members of the public. That the Appellant had no actual, legal or valid claim to the said Trade Mark. That since the Appellant had not obtained registration, under the **Pest Control Product Board**, the Appellant had no *bona fide* intention of using the mark and that accordingly its registration of the mark was dishonest, fraudulent and with *mala fides*. That accordingly the Appellant’s registration should not remain in the register or be protected.

4. The Respondent’s prayers were that:

- a) *That the registration of the Mark in the name of the Appellant be cancelled, removed, expunged and/or struck off the Register of Trade Marks;*
- b) *That the costs of the proceedings be awarded to the Respondent;*
- c) *That any other relief that the Registrar may, at his discretion, deem fit to grant.*

COUNTER STATEMENT

5. The Appellant filed its counter statement in response to the Respondent’s statement of claim. The Appellant pleaded that the Respondent since its mark was unregistered was barred and could not seek any protection by virtue of **Section 5 of the Trade Mark Act Cap 506**.

6. That the Appellant obtained registration of the mark after the same was advertised, which advertisement invited anyone who opposed the registration to lodge a notice in opposition. That the Respondent failed to lodge such opposition and should therefore be deemed to have no objection. The Appellant denied having any link with the company known as **Agrichem & Tools Limited** and that it therefore was not responsible for the acts of that company. The Appellant pleaded that the Respondent was not an “aggrieved Party” within the meaning of **Trade Mark Act** and accordingly has no *locus standi* to seek the orders it sought.

7. The Appellant pleaded that it was not guilty of mischief but it was the Respondent which was mischievously seeking to frustrate its lawful business. The Appellant denied knowledge of the Respondent’s use of the name “Mistress” and if it had known it would have sued for infringement of its Mark. Appellant further stated that registration of the name with the **Pest Control Product Board** was not intended to protect a name as a **Trade Mark**. Appellant asserted that having registered the Trade Mark and in terms of **Section 7 (1) of Cap 506**, it was the lawful proprietor of the mark with exclusive use of it and it could not be compelled to use the mark immediately or to give it up. In that regard the Appellant stated that it was a newly established business and one of its parties was outside the country. Accordingly it had not effectively started operation of its trade but that the business proprietors had intention to use the mark in the near future when in the company’s activities are fully operational.

8. Appellant termed the Respondent’s action as attempt to crush and root out potential competitor in its infancy stage which competitor was struggling to commence operations.

9. The Appellant in its final prayer sought the Application be struck out and dismissed with costs.

COUNTER STATEMENT

10. The Respondent filed a counter statement which essentially reiterated the statement of claim.

HEARING BEFORE THE REGISTRAR

11. The Registrar did not receive *viva voce* evidence. The matter was decided, by the Registrar on the basis of the pleading and the statutory declarations of the parties.

12. Following that hearing the Registrar delivered a Ruling dated **6th May 2013**. By that Ruling the Registrar in regard to the Registration of the Respondent’s claim, in expungement proceedings, succeeded. The Registrar made the following orders:

a) For the above-mentioned reasons, I have come to the conclusion that the Applicants have succeeded in these expungement proceedings;

b) I hold that the Proprietors’ trade mark TMA No. KE/T/2008/63532 “Mistress” was entered in the Registrar of trade Marks without sufficient cause and in error since the Applicants were not entitled to the same;

c) The register of Trade Marks is hereby rectified by expunging the said TMA No. TMA No. KE/T/2008/63532 “Mistress” from the Register under the provisions of Section 35 of the Trade Marks Act;

d) I award the costs of these expungement proceedings to the Applicant.

THIS APPEAL

13. The Appellant being aggrieved by that Ruling filed this Appeal. The Appellant has filed **27 grounds** of appeal. Since those grounds are repetitive I shall not reproduce them here but will give an overview of what they plead.

14. In those grounds the Appellant faulted the Registrar by stating that the Registrar erred both in arriving at her decision.

15. The Appellant by its grounds of appeal stated that the Registrar failed to appreciate the effect of registration; failed to find the Respondent had no *locus standi* to seek expungement; failed to find that the Respondent failed to produce evidence of good will of many years to the unregistered Trade Mark; failed to find the Respondent was indolent in failing to lodge opposition to the registration of the Mark; failed to consider the special circumstances of the Appellant whereby it could not put to immediate use the mark; erred to hold that Respondent’s registration of Pest Control Product Board gave it protection; and considered foreign authorities and applied concepts unknown to Kenya Trade Mark Law.

ANALYSIS AND DETERMINATION

16. I have considered the pleadings, the statutory statements and the Respondent’s submissions. Having done so, I see the following as the issues for consideration:

a) Did the Respondent have locus standi;

b) Was there ground for expunging the Appellant’s registration;

c) Who bears the costs of this Appeal.

ISSUE (a) DID THE RESPONDENT HAVE LOCUS STANDI

17. This was one of the issues considered by the Registrar. The Registrar considered the provisions of **Section 35 (1) of Cap 506**, which provides:

“Any person aggrieved by the non-insertion in or omission from the register of an entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the Court or, at the option of the Applicant and subject to the provisions of Section 53, to the Registrar, and the Court or the Registrar may make such order for making, expunging or varying the entry as the Court or the Registrar may think fit.”

18. As the reproduction of the pleadings show, the Respondent pleaded that it carried out a search before applying to register its mark “**Mistress**” and that search revealed the mark had been registered by the Appellant. The Respondent further pleaded that it had registered its product bearing the name “**Mistress**” with the **Pest Control Product Board** and which product it was to manufacture and launch in the market.

19. The Respondents was unable to register the mark in view of the Appellant’s existant registration. It would follow that the Respondent was an aggrieved person in terms of **Section 35 (1) of Cap 506**.

20. The Registrar also determined, in her considered Ruling, that the Respondent was an aggrieved person entitled to make the Application. The Registrar reached that determination because she had made a finding that the Respondent had a valid and legal claim to the mark and yet the Respondent could not have the mark entered in the **Register of Trade Marks** as long as the Appellant’s registration was there. She further relied on her finding that the mark in Kenyan Market for a number of years in respect to goods of an identical description as those which the Appellant’s mark “**Mistress**” was entered in the Register of Trade Mark.

21. As stated above I also find that the Respondent has *locus standi* by virtue that it pleaded it had intended to register the mark, so as to begin trading in the product with that mark but could not register because of the Appellant’s prior registration.

22. Issue (a) is therefore determined in favour of the Respondent. The Respondent had *locus standi* to bring the action before the Registrar.

ISSUE (b) WAS THERE GROUND FOR EXPUNGING THE APPELLANT’S REGISTRATION

23. The Respondent sought to have the Appellant’s registration to be expunged because it had registered the name “**Mistress**” with the **Pest Control Product Board** and had began to import and market that product from the year **2007**. It termed the Appellant’s prior registration as actuated by Malice, being fraudulent and unlawful because the Appellant, being in the same business of manufacturing Fungicide, it was inconceivable it did not know of the existence of the Respondents product under the Trade name “**Mistress**”.

24. The Appellant termed the Respondent’s Application as misconceived and bad in law. That Respondent’s Application was tainted with malice with the intention to destroy/frustrate the Appellant’s business. Appellant denied prior knowledge of the Respondent’s use of the mark “**Mistress**”. That the Respondent unduly delayed in seeking to have the mark registered.

25. The Registrar made a general statement, after considering authorities, copies of which I do not have the benefit to have, that;

“A proprietary right in a mark sought to be registered can be obtained in a number of ways. The mark can be originated by a person or can be acquired, but in all cases it is necessary that the person putting forward the application should be in possession of some proprietary right which, if questioned, can be sustained. Prior to making an application for registration of a mark with the Registrar of Trade Marks, an application must have a valid and legal claim as the proprietor or owner of such a mark. The Applicant must also be able to show that the mark under consideration can act as a badge of origin for the respective goods or services”.

26. The Registrar in making that assertion, in her considered ruling, considered on one hand the Appellant had registration of the mark but had no immediate use of the mark and on the other hand the Respondent had registered the product with the trade name “**Mistress**” with the Pest Control Board in readiness to begin trading in it. Although the Appellant criticised the Ruling of the Registrar on the basis that the Registrar failed to consider it was it which had registration of the mark and as provided under **Section 7 of Cap 506**, it had exclusive right to the use of the Trade Mark, the Appellant failed to consider that **Cap 506** provides power to the Registrar and the Court to expunge a registration.

27. The Appellant obtained registration of the mark in **June 2008**. A year later, when the Respondent filed its application for expunging that registration the Appellant on its own admission had not started to use the mark, and had no immediate plans to use it. In my view it was not enough to say that it intended to use the mark or that it was a newly established business and would use the mark when its partner would be in the country. This in my view is the scenario **Section 29 (1) (a) and (b) of Cap 506** covers. That Section provides:

“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-

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

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:

28. Bearing in mind the above provisions, among others in **Cap 506** which permit expunging registration, the Appellant was wrong to argue that its registration of the mark was *fait accompli*. **Section 29 (1) (a)** makes it clear that the party seeking registration of a mark must have *bona fide* intention to use it in relation to those goods. On its own admission the Appellant had no intention to immediately use the mark and indeed up to more than a month before the Respondent made the Application the Appellant had not made use of it. That is the crux of the matter before the Registrar. The Registrar cannot be faulted to have made a finding that the Appellant's registration should be expunged. In the Registrar making that finding, the Registrar was not elevating the registration under the **Pest Control Product Board**, rather she was noting an intention, as the part of the Respondent to use the mark "**Mistress**", which was not the case with the Appellant.

29. The Appellant faulted the Registrar for failing to receive *viva voce* evidence. **Section 54 of Cap 506** provides a hearing before the Registrar, if no contrary directions are given, maybe by statutory declaration. The Registrar in this case proceeded by considering the statutory declarations. That exercise of discretion, by the Registrar, cannot be faulted.

30. In the end I find that there was ground for expunging the Appellant's registration and accordingly issue (b) is determined in favour of the Respondent.

31. Costs follow the event. The event in this matter is that the Respondent has succeeded in two of the identified issues. There is no reason, before me, why the Respondent should not be awarded costs of this appeal. I therefore award costs of the Appeal to the Respondent.

32. Before concluding this Judgment I need to state that although the Appellant filed its submissions, to this Appeal, it did so out of time and without leave of the Court. It did so when I had given a date for this judgment. Those submissions were passed on to me by the Deputy Registrar. There is no evidence the Respondent was served with those submissions and more importantly because they were filed late the Respondent did not have an opportunity to consider them. It would have been unjust for me to consider those submissions in the light of what is stated above. I therefore did not consider those submissions as I prepared this judgment.

33. Additionally I did not consider the Respondent's affidavit in support of the Notice of Motion of Appeal by the Appellant. This is because the said affidavit sought to introduce new matters that were not before the Registrar when she considered the Application. I also overlooked considering the Respondent's said affidavit.

34. In the end the following is the order of this Court:-

This Appeal is hereby dismissed with costs to the Respondent.

DATED, SIGNED and DELIVERED at NAIROBI this 5TH day of MARCH, 2019.

MARY KASANGO

JUDGE

Judgment Read and Delivered in Open Court in the presence of:

Sophie..... COURT ASSISTANT

..... COUNSEL FOR THE APPELLANT

.....COUNSEL FOR THE RESPONDENT