



**REPUBLIC OF KENYA**

**IN THE HIGH COURT OF KENYA AT NAIROBI**

**COMMERCIAL & TAX DIVISION**

**MILIMANI LAW COURTS**

**CIVIL CASE NO. 120 OF 2017**

**MICROTECH ENTERPRISES LTD....PLAINTIFF/APPLICANT**

**-VERSUS-**

**SOLLATEK ELECTRONIC**

**(KENYA)LTD.....DEFENDANT/RESPONDENT**

**RULING**

**PLEADINGS**

By an application dated 13<sup>th</sup> December 2018 the Plaintiff/Applicant sought before the court for orders that;

- a. There be a stay of proceedings in the case pending determination of the application;**
- b. There be a stay of proceedings in the case pending hearing and determination of proceedings before the Kenya Industrial Property Institute for expungement of the trademarks T.M.A.NO.44386 & T.M.A.NO.44387.**

The Application was based on the grounds that;

- a. The application has pending applications before the Registrar of Trademarks for the expungement of the trademarks T.M.A.NO.44386 & T.M.A.NO.44387, the subject dispute before the court;**
- b. The determination of the Registrar of Trademarks shall have a bearing on the dispute that is before the court.**

The Application was supported by the affidavit of **Parth Ghandhi** who stated that the Plaintiff had pending before the Registrar of Trademarks applications for expungement of the trademarks **T.M.A.NO.44386 & T.M.A.NO.44387** as annexed and marked **PN1 & PN1A**.

He further stated that the delay in prosecution of the proceedings before the Registrar was occasioned by the defendant as shown by annexed documents and marked **PN2 & PN2A**. The determination of the Registrar in the applications for expungement of the said trademarks would have a bearing on the dispute before the court and equally, likely to determine the same.

**Parth Ghandhi** also stated that he was advised by his lawyers on record that the court has power to order alternative dispute resolution mechanisms for expeditious disposal of cases to consider the application before the Registrar of Trade marks.

**RESPONDENT'S GROUNDS OF OPPOSITION**

The Respondent filed grounds of opposition dated 11<sup>th</sup> February 2019 to the Notice of Motion dated 13<sup>th</sup> December 2018 based on the following grounds that;

- a. The said application is incompetent and an abuse of the court process as it is filed with an ulterior motive of forum shopping and intention to stall the expeditious determination of the suit and counterclaim after the Plaintiff neglected to comply with Case Management Directions issued way back on 29<sup>th</sup> May 2018; when the Defendant had complied.**

b. The Plaintiff had raised issues that cannot cause the suit to be stayed. This was because, the nature of the claim and counterclaim; injunction, delivery and destruction of infringing products, delivery of documents relating to manufacture, importation, purchase and sale of infringing products cannot be determined by the Registrar of Trademarks;

c. The Plaintiff's Application attempts to undermine the superior authority of the High Court as provided under Article 165 of the Constitution, by seeking to divest it of the opportunity to determine the suit and prayers sought with conclusiveness, after failing to obtain favorable orders in a previous application and thus the application should be struck out with costs;

d. The application has been filed '*malafides*' as the Applicant has refused and neglected to comply with the Case Management Directions and delays the expeditious hearing and determination of the suit;

e. The Registrar of Trademarks does not have jurisdiction in the proceedings pending before him/her to grant relief claimed before the court, which is a condition of considering stay under Section 6 of the Civil Procedure Act.

#### **RESPONDENT'S REPLYING AFFIDAVIT**

In an affidavit sworn by **Mr. Samwel Odhiambo** dated 12<sup>th</sup> March 2019, he stated that the genesis of the matter emanated from a suit instituted by the Plaintiff in this Court who sought;

a) a permanent injunction restraining the Defendant from harassing and interfering with the operations of the Plaintiff in relation to the "Fridge Guard" and "Hivolt Guard" trademarks;

b) a perpetual injunction restraining the Defendant's use or management of "Fridge Guard" and "Hivolt Guard" Trademarks, where in the alternative;

c) the Plaintiff sought a declaration of honest concurrent use of the mark "Fridge Guard" and "Hivolt Guard".

He also deposed that the Defendant filed a Defence and Counterclaim seeking a determination that the Plaintiffs marks "**Microtech Hivolt Guard**" and "**Microtech Fridge Guard**" infringe on the Defendant's Trademarks on the grounds of being identical with or so nearly resembling "**Sollatek Hivolt Guard**" and "**Sollatek Fridge Guard**" trademarks, by using deceptively similar marks, name or designation bearing close resemblance and causing such goods be passed off as Sollatek goods.

The Respondent also stated that on 29<sup>th</sup> May 2018, the matter was scheduled for case management but the Plaintiff sought an adjournment and requested for another date to enable them comply with **Order 11 CPR 2010**. Since then, the matter had never proceeded for case management as the Plaintiff kept adjourning until he filed the current application.

The Plaintiff is said to have additionally instituted expungement proceedings against the Defendant's Trademark on 16<sup>th</sup> March 2017 before the Registrar of Trademarks with respect to two Trade Marks of the Defendant.

The Respondent claimed that the Defendant had sought an extension for proper reasons on 18<sup>th</sup> and 19<sup>th</sup> of October 2018 and also filed counterstatements with the Registrar of Trademarks on the two Trademarks on 8<sup>th</sup> and 9<sup>th</sup> November 2018, respectively.

The Registrar of Trademarks required the Plaintiff to file his statutory Declaration with respect to the Trademark "**Fridge Guard**" following the extension which had been sought and granted for proper reason.

The Defendant further claimed that the impasse at the Registrar of Trademarks was in fact a mischievous stalemate caused by the Applicant who keeps shifting from one forum to another at his whim. The Assistant Registrar requested the Applicant's Advocates to file their comments on the Application for extension of time on the 2nd Trademark (**Hivolt Guard**), within 14 days from the date of receipt of the Assistant Registrar's letter dated 26<sup>th</sup> October 2018, which would ultimately regularize the Counterstatement already filed on the said "**Hivolt Guard**" Trademark, which letter has never been responded to by the Plaintiff.

#### **PLAINTIFF'S/APPLICANT'S SUPPLEMENTARY SUPPORTING AFFIDAVIT**

In a supplementary supporting affidavit dated 12<sup>th</sup> March 2019, **Ms Rosemary Wangari Chege** stated that having appeared in court on 12<sup>th</sup> of February 2019, the Respondent on the same morning filed grounds of opposition which were served upon her in court where the Respondent on the same day, was granted leave to file and serve a replying affidavit to the application subject hereof within 7 days.

The Applicant was granted corresponding leave to file a supplementary affidavit if need be, upon which parties were to file skeleton submissions.

On 12<sup>th</sup> March 2019 at 4:00PM the Counsel was served with the replying affidavit filed by the Respondent on the same day, and the case was coming up for hearing on the next day.

She claimed to have never received the letter marked "**SO2**" which on the face of it, is a copy addressed to the Respondent's lawyers and had not seen it prior to service upon her on the replying affidavit.

She also stated that there was no communication to the Applicant by KIPi and that it was the Applicant who had been pursuing KIPi for

action as attached in the emails dated 14<sup>th</sup> September 2018, 19<sup>th</sup> October 2018, 20<sup>th</sup> December 2018, 3<sup>rd</sup> January 2019, 14<sup>th</sup> February 2019 & 11<sup>th</sup> March 2019 marked as **bundle RWCI**. She was indeed surprised that **Ms C. Were**, an officer she had been dealing with while pursuing **KIPI** for action who she had last communicated via phone on 11<sup>th</sup> March 2018 would have not mentioned to her the said letter dated 18<sup>th</sup> February 2019 which was apparently authored by a different officer.

### **PLAINTIFF'S SUBMISSIONS TO THE APPLICATION**

On 27<sup>th</sup> February 2019, the Plaintiff submitted that the application was made **Under Section 59C of the Civil Procedure Act, Order 51 Rule 1of the Civil Procedure Section 1,1A,3 & 3A of the Civil Procedure Act Cap 21 Laws of Kenya, Article 159 of the Constitution of Kenya 2010** and all other provisions of the Law and supported by the annexed affidavit of the Plaintiff's Director Parth Gandhi.

The Plaintiff submitted that it was seeking interim relief which the Tribunal would not grant hence came to court for the same. The substantive application for the expungement of the trademarks is pending before the registrar of trademarks and the defendant may as well seek the relief from the said Tribunal if its rights were infringed.

The Plaintiff submitted that under the circumstances, it was fair and in the interest of justice that the application before the court be granted as the court has inherent jurisdiction to grant relief sought by the Plaintiff and none of the parties stand to be prejudiced and the dispute shall be expedited.

### **DEFENDANT'S SUBMISSIONS**

On 9<sup>th</sup> March 2019, the Defendant submitted their main issue towards the application as; **whether the Plaintiff/ Applicant had met the threshold for grant of stay**

The Defendant submitted that the test of stay of proceedings was restated in absolute clarity by the court in the case of **Mohammed Abdi vs PS Ministry of Interior and Coordination of National Government & another[2018]eKLR**, quoting Ringera J in the case of **Global Tours & Travels Limited; Nairobi HC Winding Up Cause No. 43 of 2000** thus;

***“...whether or not to grant a stay of proceedings or further proceedings on a decree or order appealed from is a matter of judicial discretion to be exercised in the interest of Justice .... the sole question is whether it is in the interest of justice to order a stay of proceedings and if it is, on what terms it should be granted. In deciding whether to order a stay, the court should essentially weigh the pros and cons of granting or not granting the order. And in considering those matters, it should bear in mind such factors as the need for expeditious disposal of cases, the prima facie merits of the intended appeal, in the sense of not whether it will probably succeed or not but whether it is an arguable one, the scarcity and optimum utilization of judicial time and whether the application has been brought expeditiously”.***

The Defendant submitted that stay of the suit would consequently lead to a stall on the Defendant's counterclaim to the embarrassment of the cause of justice on the Defendant's case as the Plaintiffs intention is greatly frustrate the expeditious disposal of the suit.

The Defendant also submitted that the orders sought by the parties in the suit are within the exclusive purview of the court and therefore cannot be granted by the Registrar of Trademarks and the determination by the Registrar of Trademarks would leave the substance of the suit undetermined.

### **DETERMINATION**

#### **ISSUE(S)**

The Court considered submissions by Counsel for Parties and the issues for determination are;

- a) Whether stay of proceedings in this Court is granted pending hearing of the application;**
- b) Whether stay of proceedings in this Court ought to be granted pending the proceedings before Kenya Industrial Property Tribunal seeking to expunge trademarks T.M.A. No 44386 & T.M.A.44387.**

The Plaintiff /Applicant relied on **Section 59 of Civil Procedure Act** that provides for other alternative dispute resolution methods. The Plaintiff proposed that since the **Industrial Property Act 2001** provides for the Industrial Property Tribunal's jurisdiction to conduct proceedings with regard to revocation and expungement of registration of industrial property generally under **Sections 103 & 106 of the Act**, the decisions of the Registrar of Trademarks are also subject to the Tribunal.

The Plaintiff claimed that they filed proceedings before the Registrar of Trademarks but filed the suit in Court and sought interim injunctive orders that the Registrar of Trademarks could not provide. Therefore, the said Tribunal ought to hear and determine the question of registration, expungement of trademarks before hearing determination of this suit. The Plaintiff relied on the case of **Steel Structures Limited vs David Engineering Ltd. HCC189 of 2007.**

The Respondent opposed the stay of proceedings on the grounds; that the Plaintiff filed suit and application on 21<sup>st</sup> March 2017 and sought injunctive orders barring the Defendant interference with their supply and sale of products whose trademark is contested. This Court on 19<sup>th</sup> December 2017 instead granted the Defendant injunctive orders pending hearing and determination of the matter.

Since then the case management process stalled, the Plaintiff failed to attend and/or participate culminating with the filing and pursuance of the instant application. The Defendant/Respondent claims that the Plaintiff/Applicant seeks to forum shop and/or delay hearing and determination of the matter.

## **PLAINT & COUNTERCLAIM**

This Court perused the Court file and confirmed that the Plaintiff filed the instant suit and application on 21<sup>st</sup> March 2017. Upon the Trial Court hearing the application; the Ruling was delivered on 19<sup>th</sup> December 2017 which granted the Defendant's application in terms of Prayer 3, the grant of injunction tilted on the Defendant's application.

From then on the process of setting the matter for full hearing by compliance with Case management process was challenged by non compliance due to parallel proceedings pursued by Plaintiff at the **KIPI Tribunal** whose decision would settle the matter once and for all .Hence the instant application.

Although, this Court recognizes and confirms that the **KIPI Tribunal** has legal mandate and jurisdiction and is specialized with technical knowledge of matters concerning the dispute; the Plaintiff filed proceedings in 2017 while seeking from this Court interim orders, there are circumstances that prevent the grant of stay of proceedings in the instant matter. These circumstances are that a party cannot refuse/deny/decline to comply with court order of case management but seek from the same court, orders to have the matter heard elsewhere. This court declines such exercise of discretion. Secondly, on law on dispute resolution forums are as follows;

### **35. General power to rectify entries in register**

*(1) 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.*

*(2) The court or the Registrar may in any proceeding under this section decide any question that it may be necessary or expedient to decide in connexion with the rectification of the register.*

*(3) In case of fraud in the registration, assignment or transmission of a registered trade mark, the Registrar may himself apply to the court under this section.*

*(4) Any order of the court rectifying the register shall direct that notice of the rectification shall be served in the prescribed manner on the Registrar, and the Registrar shall on receipt of the notice rectify the register accordingly.*

*(5) The power to rectify the register conferred by this section shall include power to remove a registration in Part A of the register to Part B.*

### **53. Procedure in cases of option to apply to court or Registrar**

**Where under any of the foregoing provisions of this Act an applicant has an option to make an application either to the court or to the Registrar-**

*(a) if an action concerning in the trade mark in question is pending, the application shall be made to the court;*

*(b)*

*if in any other case the application is made to the Registrar, he may, at any stage of the proceedings, refer the application to the court, or he may after hearing the parties determine the question between them, subject to appeal to the court*

**The Trademarks Act Cap 506** grants both Tribunal and the Court jurisdiction to adjudicate on trademark disputes. The plaintiff filed in both the Tribunal and the Court proceedings on the same dispute. Whereas as a matter of good practice and prudence all matters ought to be filed at the lowest competent Court with jurisdiction to hear and determine the matter, the Defendant filed Defence and Counterclaim on 5<sup>th</sup> May 2017 which as a separate 'suit' they wish to pursue in Court and thus they object to stay of proceedings.

The Court is moved by parties; so since both forums the Tribunal and Court have jurisdiction to adjudicate on the dispute, the parties are at liberty to pursue their claim in any of the 2 forums and upon determination serve the order to the other forum for closure of the matter.

This Court finds the application for stay of proceedings shall prejudice the Defendant pursuit of their claim under the Counter claim and in the interest of justice all parties should be treated fairly each to his/her own choice of presentation and adjudication of the claim without hindering the other party. Secondly, the Trial Court granted injunctive orders pending the substantive matter being heard and determined; to stay the proceedings without reasonable cause is against a valid Court order; interim injunction is to preserve status quo pending final orders/determination.

The judicial discretion is in favour of parties to pursue case management, exchange statements and bundle documents and set down the

matter for interpartes hearing.

There being no time lines since they have also submitted to the jurisdiction of **KIPI Tribunal** they also have the right to pursue their respective claims in any of the 2 forums and whichever is resolved first automatically shall resolve the whole dispute.

**The application is dismissed with costs.**

**DELIVERED SIGNED & DATED IN OPEN COURT ON 17TH JUNE 2019**

**M.W.MUIGAI**

**JUDGE**

**IN THE PRESENCE OF:**

**MR. MWENESI HOLDING BRIEF MR. MUTUA FOR RESPONDENT**

**OCHIENG OPIYO FOR PLAINTIFF/APPLICANT- ABSENT**

**COURT ASSISTANT- JASMINE**