REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA

AT NAIROBI

MILIMANI LAW COURTS

COMMERCIAL & ADMIRALTY DIVISION

CIVIL CASE NO. 38 OF 2013

FRANZ FREDERICHS..PLAINTIFF

VERSUS

KENYA MEDICAL SUPPLIES AGENCY........DEFENDANT

JUDGMENT

1. Franz Frederichs (the Plaintiff or Frederichs) brings a claim for copyright infringement against Kenya Medical Supplies Agency (the Defendant or KEMSA).

2. PPROLOG is the acronym for Public Procurement and Logistics Management System which is a software application specifically designed to comply with the requirements for procurement under the World Bank's International Development Association (IDA) guidelines. Frederichs avers that he is the *bona fide* owner of that software application and had such proprietorship at all material times to this dispute.

3. His case is that on or about 20th August, 2011, without lawful authorization, license and/or permission and while copyright in PPROLOG software persisted, KEMSA by its servants and/or agents knowingly and unlawfully installed, activated and operated his PPROLOG software and/or a substantial portion thereof for commercial purposes.

4. Further, on or about the same time KEMSA by its servants and/or agents knowingly and unlawfully made backup copies and/or decompiled the software program and/or a substantial portion thereof for commercial purposes.

5. Frederichs alleges that he has suffered loss and damage and seeks the following prayers in a Plaint dated 29th November 2012 and filed on 1st February 2013:-

a. A permanent prohibitory Injunction restraining the Defendant from in any way installing, using, utilizing, reactivating or in any other way infringing the Plaintiff's Copyright in the PPRO-LOG software and/or a substantial portion thereof.

b. A permanent prohibitory Injunction restraining the Defendant from making any copies or backup copies, decompiling the PPRO-LOG software programme or a substantial portion thereof and/or converting the software program or a substantial portion thereof into any other programming language, code and/or notation.

c. An award of general and exemplary damages for infringement.

d. Delivery up to the Plaintiff of any infringing article in the possession of the Defendant or any article used or intended to be used for making infringing copies.

e. Costs of this suit.

f. Interest in (c) and (e) above.

6. KEMSA is a state corporation which is said to have come into existence in the year 2000 and operationalized by the Government of Kenya

in 2005. Its main mandate is to procure, warehouse and distribute medical commodities on behalf of the government and development partners.

7. KEMSA denies the claim by Frederichs and allegations of unlawful access, installation, operation or activation of his PPROLOG software for commercial purposes or at all. Further, KEMSA denies that its servants and/or agents knowingly and unlawfully made backup copies and/or decompiled the said software or any part thereof for commercial purposes or at all.

8. In the Statement of Defence dated 12th March 2013 and filed on even date, KEMSA gives its version of the matters around the dispute.

9. That by an agreement between itself, Crown Agents, Deutsche Gessellschaft Fur Tecgnische Zusammenarbeit (GIZ or GTZ) and John Snow Incorporated (JSI), the parties established a procurement agency known as Procurement and Supply Chain Management Consortium (PSCMC or the Consortium) which was to be used for procurement of medical commodities to fight HIV Aids, TB and Malaria.

10. The Consortium was to be the sole procuring agent for all commodities funded by what was known as the Global Fund, a grant agreement entered between the Government of Kenya (GOK) and the said fund. The Consortium used the PPROLOG system to procure medical commodities funded by the Global fund.

11. On the other hand, all procurement of goods and services from development partners like USAID, World Bank or Danida were procured and/or processed using KEMSA's ERP system and/or procurement module.

12. It was further explained by KEMSA that, while the procurement of the Global Fund commodities was done using PPROLOG, their warehousing and distribution was done through the KEMSA ERP system. This, it was averred, was because PPROLOG did not have warehousing and distribution capabilities.

13. KEMSA adverts to events at the end of the life of the Consortium. It states that a taskforce was formed to oversee a smooth handover of the Global Fund Procurement from the Consortium to the Defendant's ERP system. That pursuant to recommendations by the Task force, Frederichs offered to lease his software to KEMSA at USD 50,000 as yearly fee. KEMSA made a counter off of Kshs.1,200,000/- which was rejected by Frederichs and the negotiations fell through.

14. KEMSA's case is that upon the collapse of those discussions, its staff who were using the PPROLOG software were trained on the KEMSA ERP procurement module for use in Rounds 9 and 10 of the Global Fund which did not commence until 25th October, 2011.

15. KEMSA asserts that it has since been using its ERP procurement module for all its procurement and that the PPROLOG system is inferior to its ERP module. KEMSA avers that its module is a comprehensive state of the art integrated computer system which was developed in August 2010 at a cost of Khs.267 million. KEMSA boasts that the system incorporates modules on procurement, warehousing, distribution, customer care, finance, human resource and other support modules.

16. At the hearing, Frederichs gave lengthy testimony and called one Abrahim Gumba as his witness. For KEMSA, Samuel Wataku, an ICT Manager with KEMSA, testified. Details of the evidence as are relevant to the issues arising for determination shall be discussed in the next part of this decision.

17. Only Frederichs proposed the issues to be determined. He in fact filed two sets; of 29th January 2014 and 4th December 2015. The Court has given due consideration to the proposals in the light of the pleadings filed herein and matters that arose in the course of hearing that seem to have been carved out by the parties for determination. The following issues fall for resolution:-

1. Is the Plaintiff the owner of PPROLOG software?

2. Has the Defendant infringed on the use of the said software?

3. If the answers to (1) and (2) are in the affirmative, what relief is the Plaintiff entitled to.

4. Who should bear the costs of the suit?

<u>Of ownership of PPROLOG</u>

18. The evidence of Frederichs is that the PPROLOG software application was developed by his developers under his supervision. That when the Consortium was formed he was the GTZ team leader and that for purposes of proper administration, the technical procurement management within the Consortium was carried out by GTZ and Crown Agents.

19. Frederichs' testimony was that he introduced PPROLOG exclusively for the procurement operations of the Consortium and that the database application used by the Consortium for the procurement process was PPROLOG. Frederichs' evidence was that it was an express and unequivocal term of the Consortium arrangement and known to all Consortium partners that he had the exclusive ownership of the moral and economic right of PPROLOG.

20. It is common ground that the Consortium was put together by the association contract (P Exhibit pages 65-91) signed by the contracting parties on various dates. Frederichs relies on clause 17.2 of the Consortium contract for the argument that grant of license for the software was strictly for the purpose of the contract and that any further use of it after the termination of PSCMC would have to be with his permission.

21. Clause 17.2 reads:-

> "No member may use or exploit any property rights, applications for the same, inventions, design documents, descriptions of processes, other documents and work results, deriving from or obtained through the fulfilment of the Order, without the prior approval of the other Members".

22. To be noted is that while, in paragraph 10 of his witness statement Frederichs seeks to rely on clause 17.2, he quotes the wrong provisions in that statement. Clause 17.2 as appearing on page 74 of his Bundle is reproduced in the preceding paragraph of this decision.

23. KEMSA takes the position that it was not informed about the terms of the use of PPROLOG or its use in the PSCMC and that there is no signed contract between Frederichs and the Consortium on the use of PPROLOG.

24. In its written submissions, KEMSA accepts the relevance of clause 17.2. of the contract but takes the view that it must be read as binding members of the Consortium and not individuals or employees of entities constituting the Consortium. In this regard KEMSA points to paragraph 15.1 of the Contract which makes provisions for any member to engage subcontractors and/or local parties.

25. The point pressed by KEMSA is that whether as an employee, subcontractor or consultant of GTZ, it is only GTZ and not Frederichs which can enforce any of the terms of the Consortium agreement. An argument which KEMSA asserts is based on the principle of privity of contract.

26. There is then the Procurement Service Agreement (PSA) [D. Exhibit page 5]. It was an agreement entered between the Ministry of Finance of GOK and the Consortium. The objective and tenure of agreement is in clause 1 on appointment which reads:-

> "1.1. The Client hereby appoints the Consortium and the Consortium accepts the appointment to perform procurement and supply chain management services under the GF ATM funded programs for Kenya (hereinafter called the "Services") and further described at Appendix A.
>
> 1.2 The Consortium shall perform the Services during the period of 24 months with effect from 6th of June 2006 to 5th June 2008 or such other period as may be agreed between the parties".

27. KEMSA turns to this agreement as fortifying its argument that Frederichs was not the owner of the now controversial software application. The Court's attention is drawn to clause 8 thereof on "Copyright" which reads:-

> "The copyright in all drawings, reports, calculations, specifications and other similar documents provided by the Consortium shall remain the property of the client".

The argument made is that as the client was GOK, the property in the software was to remain with GOK.

28. There is a further proposition by KEMSA. But first, it is not in dispute that Frederichs registered the software as a copyright on 13th April 2011. It is also not in contention that PPROLOG was used by the Consortium. KEMSA then poses the question why, if indeed Frederichs was the owner of the intellectual property rights in the software, did he elect to register it only on 13th April 2011 when it had been in use under the PSA from 2006? KEMSA suggests that it did not belong to Frederichs but was an input of GTZ under the Consortium Agreement.

29. As the Court turns to determine this primary issue it notes that whether or not Frederichs is the copyright owner of PPROLOG software was refuted as follows in the statement of defence,

> "The Defendant denies the contents of paragraph 3 of the Plaint and puts the Plaintiff to strict proof thereof".

30. The other plea ,which must be in the alternative, is in paragraph 10 of the Statement of Defence which is generally in the tenor that negotiations by KEMSA and Frederichs for the latter to lease the software at an annual fee failed because the price could not be agreed. This could be taken to be an acknowledgement by KEMSA that Frederichs was the owner of the software. But that aside, let me examine the evidence of ownership put forward by Frederichs.

31. The Court starts by setting out the position taken up by KEMSA in respect to this matter in its final submissions. Because of its importance the Court reproduces its verbatim:-

> "The Plaintiff developed the Pprolog software while under the employment of or as a consultant of GTZ. The program was to be utilized while performing a contract executed between the Consortium and the Government of the Republic of Kenya. The Plaintiff cannot therefore claim ownership of the copyright whether registered or not. Between the Plaintiff and the GTZ the copyright belongs to GTZ while as far as the Procurement Service Agreement is concerned the copyright belongs to the Government of the Republic of Kenya".

32. There is evidence in favour of Frederichs that the PPROLOG was indeed a contribution of GTZ to the work of the Consortium. There is then a letter from one Alessandro Argiolas, a Project Manager Procurement with GTZ dated 6th September 2010 (P Exhibit page 2) to one Abraham which states in part:-

"PPROLOG is the intellectual property of Mr. Franz Frederichs and has been made available to PSCMC as a strategic input from GTZ only, but restricted to the project duration".

33. While there is no evidence to debunk the authenticity of this letter, Wataku, who testified on behalf of KEMSA, views it as written in bad faith. He points to three emails of 3rd September 2010 (P Exhibit pages 150-151).

34. The first is of 7.02 am which is from Frederichs to Schneider Manfred of GTZ and copied to Argiolas Alessandro which reads:-

'Manfred,

I have already received an inquiry from Abraham some time ago, indicating that KEMSA is interested in integrating the PProlog into their 2009 acquired but empty ERP system. PProlog is my intellectual property and has been made available to the Consortium as a strategical input from GTZ only, but restricted to the project duration. If –system can be used free of charge for one (1) month but for generating reports only. One GIZ personnel or Owentech as my partner can either export project related data into XLS files or print out all relevant data for further use by KEMSA.

My question is, assuming that we still do not hear anything from KEMSA, what should change after today (or after 9th June) with regard to the use of the Pprolog?

35. The second is from Manfred to Frederichs and copied to Argiolas which reads:-

"Franz,

Now I remember but to say it correctly, to my understanding I've secured three licences of PProlog for GTZ use in its own projects free of charge, isn't it? Not to be used for KEMSA or Kenya Government naturaloly".

36. The last is from Argiolas to Manfred and Frederichs which reads,

"I am taking it that the message to KEMSA and all PSCMC partners from GTZ side should be as follows;

Should KEMSA (or any other successor to the PSCMC in its current configuration, without GTZ's participation) wish to use the PPROLOG database they should negotiate terms and conditions relating to the acquisition of one or more licenses with Franz Frederichs, represented in Nairobi by Owen Technologies".

Grateful for your confirmation that the above is accurate.

Many thanks".

37. It is after this email that Argiolas wrote the letter of 6th September 2010 (See paragraph 32 of this decision).

38. KEMSA is of the position that the letter of 6th September 2010 was pre-discussed between Frederichs and the author and that the recommendations of the taskforce that KEMSA should negotiate with Frederichs on the use of PPROLOG was influenced by the contents of this letter.

39. However, on the evidence adduced nothing was put forward by KEMSA to demonstrate or prove that the contents of the letter of 3rd September, 2010 were false or inaccurate. While Frederichs may have discussed the need for GTZ to clarify the issue of ownership of PPROLOG, there is no evidence that what GTZ said in in the letter of 3rd September 2010 was not the true position. This Court accepts that GTZ cannot and could not confer intellectual property rights of PPROLOG to Frederichs yet it could confirm, as it did, that it was Frederichs who made PPROLOG available for the use of the Consortium. The letter further confirmed that GTZ did not own PPROLOG. Important as well is that GTZ does not lay any claim of ownership to PPROLOG.

40. Before leaving this issue, the Court is alive to provisions of Section 31(1) of the Copyright Act which provides:-

"1) Copyright conferred by sections 23 and 24 shall vest initially in the author:

Provided that where a work—

(a) is commissioned by a person who is not the author's employer under a contract of service; or

(b) not having been so commissioned, is made in the course of the author's employment under a contract of service, the copyright shall be deemed to be transferred to the person who commissioned the work or the author's employer, subject to any agreement between the parties excluding or limiting the transfer".

41. KEMSA also asked the Court to give regard to the proposition that where there is no doubt that a software development is undertaken in

the course and scope of employment of the developer, the employer will own the copyright.

42. These arguments, alone however, may not be available to defeat the claim by Fredérichs because in this matter ,as held earlier, the employer of Frederichs, being GTZ, has given written confirmation that Frederichs holds copyrights over PPROLOG.

43. What about the argument by KEMSA that GOK is the owner of PPROLOG? Clause 8 of the agreement of 6th June 2006 (PSA) bears reproducing and reads:-

> "The copyright in all drawings, reports, calculations, specifications and <u>other similar documents</u> provided by the Consortium shall remain the property of the Client". *(my emphasis).*

44. If this Court was to construe the words "*other similar documents*" under the *ejusdem generis* rule, then one would have to strain to hold that a computer software application fits into that class. This Court does not understand PPROLOG to be a document but an application that can generate a document or be used to achieve a task or outcome.

45. Even if the Court was to accept the contention by KEMSA that GOK paid $25,000 for the software licence (see D. Exhibit page 28 under terms of PSA), there is no evidence as to whether this payment was an outright purchase or for the duration of the agreement being 6th June, 2006 to 5th June 2008 or for such extended period but which admittedly came to an end on or about 9th June, 2011. In addition, this Court would think it surprising that if the software licence was an outright purchase then it would be specifically mentioned as one of the items whose copyright would remain with the client. That would have been needless.

46. Further on this aspect, the client in the said agreement is GOK. In the agreement GOK is named as a contracting party of the one part and the Consortium (which comprises of participating members who include KEMSA) as a party of the other part. GOK and KEMSA are not one and the same. KEMSA is a state corporation which was established by way of Legal Notice No. 17 of 11th February 2000 as a body corporate (see D. Exhibit pages 1-4). In this regard, GOK has not come forward to lay a claim of ownership over PPROLOG.

47. Significantly, on 13th April 2011, Frederichs was registered under registration number 1763539985 to be the owner of PPROLOG, Public Procurement and Supply Chain Management "Textual Database" for a period of 8 years by the Intellectual Property Rights office.

48. In the totality of the evidence before Court, Frederichs was, at all material times to this suit, the *bona fide* copyright owner of the said PPROLOG Database. It is therefore of little surprise that KEMSA had at one point felt the need to negotiate with Frederichs for its use at the pain of a fee.

49. One other related issue in my in-tray. KEMSA has argued that even if Frederichs had a copyright in PPROLOG, the law is that a concept is not protected. An argument that draws from the correct proposition that copyright law does not protect ideas but the expression of ideas. How does KEMSA fare in this submission?

50. Section 22 of the Copyright Act sets out the type of works eligible for copyright and provides:-

> "(1) Subject to this section, the following works shall be eligible for copyright—
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> (a) literary works;
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> (b) musical works;
>
> (c) artistic works;
>
> (d) audio-visual works;
>
> (e) sound recordings; and
>
> (f) broadcasts.
>
> (2) A broadcast shall not be eligible for copyright until it has been broadcast.
>
> (3) A literary, musical or artistic work shall not be eligible for copyright unless—
>
> (a) sufficient effort has been expended on making the work to give it an original character; and
>
> (b) the work has been written down, recorded or otherwise reduced to material form.
>
> (4) A work shall not be ineligible for copyright by reason only that the making of the work, or the doing of any act in relation to the work, involved an infringement of copyright in some other work.
>
> (5) Rights protected by copyright shall accrue to the author automatically on affixation of a work subject to copyright in a material

form, and non-registration of any copyright work or absence of either formalities shall not bar any claim from the author".

51. Under section 2 of the Act "literary work" means, *"irrespective of literary quality, any of the following, or works similar thereto,*

a. ,,,,,,,,,,,,

h. computer programs; and

i. tables and compilations of data including tables and compilations of data stored and embodied in a computer or a medium used in conjunction with a computer, but does not include a written law or a judicial decision".

52. Under the same section "computer program" is assigned the following meaning,

"computer program" means a set of instructions expressed in words, codes, schemes or in any other form, which is capable, when incorporated in a medium that the computer can read, of causing a computer to perform or achieve a particular task or result;

53. To be gathered from the foregoing statutory provisions is that a computer program is eligible for copyright as a literary work. This is fact, is in tandem with the provisions of the WIPO Copyright Treaty and the Berne Convention to which Kenya is a signatory. Article 4 of that Treaty provides:-

"Computer Programs are protected as literary works within the meaning of Article 2 of the Berne Convention. Such protection applied to Computer Programs, whatever may be the mode or form their expression".

Thus, the Kenyan statute mirrors the international position that Computer Programs are eligible for protection as literary works under copyright law.

54. So, is PPROLOG a computer program within the contemplation of Section 2 of the Copyright Act or just a concept or mere idea?

55. Frederichs testified that PPROLOG is a database application software specifically designed to comply with the requirements for procurement under the World Bank International Development Association (IDA) guidelines. His witness, Gumba, states that PPROLOG is used for managing public procurement and contract. The evidence on record is that under the Consortium arrangement one strategic input of GTZ was PPROLOG and PPROLOG was used to generate various tender documents. Indeed in the alternative plea in Defence , KEMSA admits that PPROLOG was used to carry out procurement.

56. But in a change of heart, KEMSA submitted that PPROLOG was simply a concept as was referred to in the document produced by Frederichs [P. Exhibit pages 4-647]. That document is introduced by Frederichs in evidence as a "*description of concept of the PPROLOG software*".

57. This Court takes the view that in determining whether PPROLOG is an expression of an idea or just an idea, what matters is its true nature as opposed to how it may have been described or characterized. In this regard, the overwhelming evidence is that PPROLOG is a computer application which was used to achieve a particular task being procurement operations. Even in the concept paper PPROLOG is described as a database system. In the view of this Court PPROLOG was more than an idea, it was expressed in a database. No wonder that in the Certificate of Registration dated 13th April 2011, PPROLOG was copyrighted as a "Textual-Database". This Court finds and holds that PPROLOG was work that was eligible for copyright.

<u>Did Kemsa infringe</u>?

58. The PSCMC contract came to an end on 9th June 2011. It is however the evidence of Frederichs that he permitted KEMSA to continue using PPROLOG initially upto 30th June 2011 but on extension upto 19th August 2011.

59. KEMSA in its Statement of Defence made admissions of discussions between it and Frederichs in respect to the possible lease of the software to KEMSA. As stated earlier those discussions were without success as the two could not agree on the yearly fees on the lease. KEMSA avers that following the collapse of the negotiations it began to use its ERP procurement module for Rounds 9 and 10 Global Fund Procurement which did not commence until 25th October, 2011. Frederichs on the other hand complains that KEMSA continued to unlawfully use PPROLOG in conjunction with other software to implement Round 10.

60. In a bid to demonstrate the alleged infringement, Andrew Gumba (PW2) testified on behalf of Frederichs. But as a prelude to his evidence, something needs to be said about Gumba. Gumba was formerly an employee of Owen Technologies Limited, a Company, that was contracted by GTZ to maintain PPROLOG. Sometime after June 2011 he was employed by KEMSA as an IT Officer. His stay was short lived because his employment was terminated on 1st September 2011.

61. It was his evidence that Tender No. GK ATM-HIV GDIDSSF-11/12-01. G-004C (hereinafter the 2012 Tender) (P. Exhbibit pages 329-415) was issued by KEMSA on a tender document which contained substantially similar features and components that are unique in all material respects to documents generated by PPROLOG.

62. But before examining this evidence and that of the witness of KEMSA who asserted that the tender document was dissimilar to those generated by PPROLOG, the Court wishes to make two observations that are relevant to the current discussion.

63. There is evidence by Frederichs and Gumba that on 19th August 2011 PPROLOG was deactivated using its in-built self-deactivating features. Gumba testified that for one to continue using the program legally it needed to be reactivated by an administrator. He also stated that:-

"After deactivation no one at KEMSA could fully utilize the programme. This included me. This included the Plaintiff".

64. The Advocates for KEMSA submitted that those were startling and important revelations. It being argued that on his own evidence Frederichs had stated that his computer program was foolproof or unhackable. However this proposition ignores other testimony by Gumba that illegal reactivation of the program was possible by hacking or illegal access. The allegation by Frederichs is that there was illegal use of his program. It seems to this Court that so as to prove his case, Frederichs merely needed to demonstrate that, on the evidence, an inference can be drawn that KEMSA illegally infringed on his software application. Actual proof of illegal access or hacking, though useful, is not necessary.

65. On the approach to take in respect to examining whether there was infringement, the Court accepts the proposition by Frederichs that a finding of copying need not be reached only because there is an exact copying of the original. Resemblance with the original that can lead one to an escapable conclusion that there was copying is sufficient to infer infringement. I should add that inference of copying from resemblance is stronger still where there is additional evidence that the alleged infringer had opportunity to copy or pirate.

66. In regard to the approach to take on resemblance the Court of Appeal decision in Mount Kenya Sundries Ltd vs. Macmillan Kenya (Publishers) Ltd [2016] eKLR is relevant:-

> "[23] It is therefore not only the reproduction of the entire protected work that would constitute an infringement, in our view, reproduction of a substantial part of the work would still constitute an infringement. In this case, the testimony of Esther demonstrated to the satisfaction of the Court that the appellant had substantially copied the respondent's maps. And as observed, the entire case of the appellant in its counter-claim, hinged on the similarities in the subject maps. The appellant freely acknowledged that before the respondent complained, it produced the copied maps for sale to the public. It did so without the licence of the respondent. By so doing, it infringed the respondent's copyright in its maps.
>
> [24] Further, afield the position in India is the same. Authorities deciding the same point in India are of persuasive value, because India, like Kenya, is a former colony of Britain has the same common law background and share legal history. The **Copyright Act of 1911** passed by the British Parliament was the source of law on Copyright in India. That **Act** had similar provisions as our **Copyright Act,** ***Chapter 130 Laws of Kenya,*** now repealed. In ***R.G. Anand v M/S Delux Films & Ors [1978] A 1 R 1613, [1979] SCR (1) 218 [1978] SCC (4) 118,*** the Supreme Court of India when considering a copyright dispute, said at page 15, as follows on infringement of copyright:
>
> > **"…..it is not necessary that the alleged infringement should be an exact or verbatim copy of the original but the resemblance with the original in a large measure, is sufficient to indicate that it is a copy"**
>
> [25] The learned Judges in that case cited, with approval, the case of ***Macmillan & Co. Limited v K*** *and* ***Cooper [51.1A 109],*** a decision of the Judicial Committee wherein, Lord Atkinson, *inter alia,* observed:
>
> > **"**Third that to constitute piracy of a copyright it must be shown that the original has been either substantially copied or to be so imitated as to be a mere evasion of the copyright**."**

67. It is with this in mind that I now examine whether the impugned tender document is a work of piracy on the copyright of Frederichs.

68. In paragraph 29 of his witness statement of 4th November, 2015 Gumba sets out what he asserts are the functionalities of PPROLOG. The Court summarizes them as follows:-

1. PPROLOG is divided into modules that match the flow of information in the procurement process.

2. The source module contains general information that is independent of actual procurement but that is used later during procurement.

3. Product code – A sequence of numbers that uniquely identifies each product within PPROLOG.

4. Module- A group of items meant to be delivered together. PPROLOG allows a user to create a module and then add items to it. Each with its own quantity.

5. KIT – A module whose items must be procured together and that PPROLOG treats as a unit during the tendering process.

6. Unit Pack – A group of items usually supplied as a unit.

7. Unit pack size – Number of items within a unit pack.

8. Program module – Stores information related to specific donors eg. names of procurement methods they use.

9. Project module – Where information related to projects is maintained as contained in the project work plan.

10. Tender module – Where tenders are created and tender information is managed.

11. Shipment types which can be of two types; scheduled or on individual call.

12. Bid opening – The module in which data is entered when bids are received. This data can be projected on a screen if the Bid is public.

69. At the hearing, the Court never sensed any effort by Counsel for KEMSA to debunk Gumba's statement on the features of PPROLOG.

70. Gumba, in paragraph 30 of his testimony, avers that the 2012 Tender document contains the Kenya Standard Tendering Document together with PPROLOG features. He then proceeds to make an analysis of it. This Court has taken time to compare the 2012 document and the PSCMC tender of March 2009 (the 2009 document) against the observations made by Gumba. The 2009 document was generated by PPROLOG. This Court has come to the conclusion that the two documents bear the similarities pointed out by Gumba.

71. Those two documents were also the subject of comparison and commentary by the witness of KEMSA. Wataku's evidence is that the two documents have 125 differences. Again, I have looked at the said differences and I am able to say that the observations of the witness are valid. Those differences exist.

72. The different outcomes notwithstanding, the concern of the Court is whether the 2012 document resembles the 2009 document, bearing in mind that even in copying there can be differences and that the copied document need not be an exact or verbatim copy of the original.

73. One observation is that the layout and formatting of the two documents are strikingly similar with only minor differences. Secondly, both documents bespeak similar information from the Tenderer. As to whether both documents could have been generated from one application but simply modified, one similarity has caught the Court's attention. It is to be found on the section for technical specification. At page 688 of the Defendant's Exhibit is a page intituled "*Technical Specifications*" of the 2009 Document. On Plaintiff's Exhibit page 388 is a page with the similar title on the 2012 Document. At the top right corner of both Documents the word and figure "page-1" appears. If one looks at the pagination of both documents this word and figure "page-1" stands out as not fitting into flow. What is curious is that the word and figure "page-1" would appear on both documents at their respective **page 61**! This has to be an odd coincidence if there was no element of copying!

74. As to differences, one of the differences that repeats itself is where the page number is to be found in various pages of the two documents. In a majority of the pages in the 2009 document, the page number is on the right hand side. For the 2012 document, the page number is in the middle at the bottom of the page. Another set of differences is that in the 2009 document reference is made to "**TDS"** (meaning Tender Data Sheet – see page 633 of Plaintiffs document). The equivalent of that word in the 2012 document is "**APPENDIX**". Where "**TDS"** appears on the 2009 document "APPENDIX" appears on the 2012 document!

75. Also pointed out as differences in the two documents are places where some information is formatted in a table while the corresponding information in the other is not. One other variance is the words used. In some instances the words in the two documents are different. But given the length of the two documents the instances are of dissimilarity are very insubstantial. On the converse many of the words used in the two documents are remarkably the same.

76. The impression i get is that in terms of substance and content, the two documents are similar. The differences picked out by the witness of KEMSA do not go to the heart of the document. Many are on where the page number is placed and others are of use of different words but which really are either of similar implication or are simply specific to the peculiarities of the two documents.

77. This Court can point out just one example to demonstrate that the apparent dissimilarities are really all about nothing. On page 16 of the 2009 document (found at D Exhibit page 643) Section 2.2 of that document does not have part(f). A similar clause 2.2 is found on page 16 of 2012 document (found at P Exhibit page 344). In this latter document there appears to be a part (f). But on closer scrutiny Section 2.2 of the 2012 document only has 4 parts which are improperly numbered (a),(b),(e) and (f). There is no difference in substance because in both documents section 2.2 has 4 parts.

78. Based on the above findings, i am constrained to believe Frederichs when he says that the 2012 tender document was generated from his PPROLOG program, albeit with some minor changes. The document is so substantially similar to that generated from PPROLOG that the inevitable conclusion to be drawn is that the 2012 document was piracy on the copyright works of Frederichs.

79. The view of this Court is fortified by the fact that KEMSA had shown an interest in leasing the software from Frederichs but the two were unable to agree on price. KEMSA which states that the program was inferior to its ERP must have clearly known the usefulness of PPROLOG. Why, it must be asked, would it show an interest in a program which could not match what it already had? It is also not lost on this Court that KEMSA was a member of the Consortium which had the benefit of the use of PPROLOG and so had an opportunity to interact with the program. It may therefore not be farfetched when Gumba states that his services with KEMSA were terminated when he turned down the request of his superior to duplicate the features of PPROLOG. One must wonder whether KEMSA eventually found someone who was willing to do what Gumba had declined!

<u>The remedy</u>

80. In the Plaint dated 29th November 2012, Frederichs seeks the following prayers against the Defendant:-

a. A permanent prohibitory Injunction restraining the Defendant from in any way installing, using, utilizing, reactivating or in any

other way infringing the Plaintiff's Copyright in the PPRO-LOG software and/or a substantial portion thereof.

b. A permanent prohibitory Injunction restraining the Defendant from making any copies or backup copies, decompiling the PPRO-LOG software programme or a substantial portion thereof and/or converting the software program or a substantial portion thereof into any other programming language, code and/or notation.

c. An award of general and exemplary damages for infringement.

d. Delivery up to the Plaintiff of any infringing article in the possession of the Defendant or any article used or intended to be used for making infringing copies.

e. Costs of this suit.

f. Interest in (c) and (e) above.

81. In his submissions to Court, he asks for the Order that an enquiry be conducted to ascertain the damages due to him. The basis for such a request would be Section 35(4)(a) as read with Section 35(4)(b) of the Act. But for good effect, I reproduce the entire subsection 4 of Section 35 which reads:-

"(4) Infringement of any right protected under this Act shall be actionable at the suit of the owner of the right and in any action for infringement the following reliefs shall be available to the plaintiff—

(a) the relief by way of damages, injunction, accounts or otherwise that is available in any corresponding proceedings in respect of infringement of other proprietary rights;

(b) delivery up to the plaintiff of any article in the possession of the defendant which appears to the court to be an infringing copy, or any article used or intended to be used for making infringing copies;

(c) in lieu of damages, the plaintiff at his option, be awarded an amount calculated on the basis of reasonable royalty which would have been payable by a licensee in respect of the work or type of work concerned;

(d) for the purpose of determining the amount of damages or a reasonable royalty to be awarded under this section or section 33(2), the court may direct an enquiry to be held and may prescribe such procedures for conducting such enquiries as the court considers necessary; and

(e) before the owner of the right institutes proceedings under this section, he shall give notice in writing to the exclusive licensee or sub-licensee of the copyright concerned of the intention to do so, and the exclusive licensee or sub-licensee may intervene in such proceedings and recover any damages he may have suffered as a result of the infringement concerned or a reasonable royalty to which he may be entitled".

On its part KEMSA does not react to this submission at all.

82. What the Court must grapple with is whether it can direct for an enquiry to be held for purposes of assisting it determine the amount of damages to award when the Plaintiff did not seek for such enquiry in his pleadings. Put differently can the Court be accused of granting an Order not sought if it were to order for such an enquiry?

83. The place to start is to understand the objective of an enquiry as to damages or reasonable royalty in copyright infringement and more generally in infringement of intellectual property rights. Evident from the provisions of the Copyright Act is that Copyright infringement is a statutory tort. The general rule is that the award of damages for a tort is to put the injured party back in the position he would have been in had the tort not occurred. The overriding principle therefore is that damages awarded are to compensate the Plaintiff and not to punish the Defendant(see General Tire and Rubber Co. vs. Firestone Tyre & Rubber Co. Ltd) [1975] 1 WLR 819).

84. As would be the case in any tortious claim, the burden of proving the loss lies with the Plaintiff. But the task can be arduous if the information needed to prove the loss is not in the hands of the Plaintiff and is in fact with the Defendant. Then there would be instances when what the victim has lost cannot be ascertained until a post-liability enquiry is conducted.

85. I therefore take a view that in so far as an enquiry under section 35(4)(d) can be a useful facilitator in determining damages, an order for enquiry should be taken as an auxiliary order to a prayer for damages. An order that can support the primary order for damages! For that reason every time a Plaintiff seeks an order for damages or reasonable royalty on account of copyright infringement then the Defendant should anticipate, or at least should not be surprised, that an order for enquiry of damages or reasonable royalty will be made. While it is good practice that a suitor for damages who also seeks the aid of an enquiry so as to prove quantum should specifically seek both prayers, I am unable to find that, given the nexus between an enquiry and the ascertainment of damages (a nexus which is apparent even in statute), not pleading a prayer for enquiry is fatal. That said, where an enquiry is not pleaded, a Court should not prescribe the procedure for conducting such an enquiry before hearing a Defendant on it.

86. Being of the above persuasion, this Court holds that the plea for enquiry by the Frederichs, though not pleaded in the Plaint, can be entertained by this Court.

87. As stated earlier an enquiry into damages or a reasonable royalty must serve a purpose. Its purpose is to assist the Court ascertain or determine a reasonable award on damages or royalty. Where the Plaintiff is able to prove the damages or reasonable royalty at trial, then supplemental proceedings of an enquiry is unnecessary. What I am saying is that it is not a truism that a plea for damages or reasonable royalty in a claim for copyright infringement leads to an order of enquiry as a matter of course. Each case must be determined in its circumstance.

88. In the matter at hand Frederichs asserts that he had negotiated a license fee with KEMSA for the use of PPROLOG. The loss suffered by Frederichs arising from the infringement as can be gleaned from the pleadings and evidence is non-payment of the license fees. The information that the Court has in respect to the license fees is as follows:-

a. The fees paid for the software license in the PSA.

b. The offer made by Frederichs.

c. The counter offer made by KEMSA.

89. This Court considers this information sufficient for it to ascertain an award of reasonable damages. Frankly, a further enquiry may not yield much more. For that reason I see no reason to make an order for enquiry.

90. But before I make an award under that head, there is one more prayer sought by Frederichs. He seeks exemplary damages. A plea of this nature is contemplated by section 35(6) which provides:-

> "(6) Where in an action under this section an infringement of copyright protected under this Act is proved or admitted, and the court, having regard (in addition to all other material considerations) to—
>
> (a) the flagrancy of the infringement; and
>
> (b) any benefit shown to have accrued to the defendant by reason of the infringement, is satisfied that effective relief would not otherwise be available to the plaintiff, the court, in assessing damages for the infringement, may award such additional damages by virtue of this subsection as the court may consider appropriate in the circumstances".

91. However, I will not make a specific award for exemplary damages as the award on general damages I shall presently make takes into account any flagrancy that the KEMSA may have displayed.

92. So what damages are reasonable? There is evidence that under the PSA a software license of $25,000 was paid. I take this to be annual fees. In the negotiations between KEMSA and Frederichs, Frederichs offered its use at $50,000 annually. KEMSA made a counter offer at Khs.1,200,000.00. This Court takes the view that as KEMSA took the risk of using the software without authority and in full knowledge that it was infringing, then it should pay what Frederichs had asked. As to the period, Frederichs only proved infringement up to the year 2012. No evidence of wrong doing beyond this period was proved. For that reason, I make an award equivalent to license fees for the years 2011 and 2012.

93. My final orders are that judgment is entered in favour of the Plaintiff as against the Defendant for USD 100,000 or its equivalent in Kenya currency as at the time payment is made. I also grant prayers (a),(b) and (d) of the Plaint of 29th November 2012. Interest at Court rates on the damages from the date of this Judgment until payment in full. Costs to the Plaintiff.

Dated, Signed and Delivered in Court at Nairobi this 5th Day of July, 2019.

F. TUIYOTT

JUDGE

PRESENT;

Njenga for Plaintiff

Ochieng h/b Mutua for Defendant

Nixon – Court Assistant