



**REPUBLIC OF KENYA**  
**IN THE HIGH COURT OF KENYA AT NAIROBI**  
**COMMERCIAL & ADMIRALTY DIVISION**

**CIVIL SUIT NO. 159 of 2014**

**WEBTRIBE LTD T/A JAMBOPAY.....PLAINTIFF**

**VERSUS**

**JAMBOPAY EXPRESS LTD.....DEFENDANT**

**J U D G M E N T**

Introduction

1. The Suit before the Court was commenced by Plaintiff dated 11 April 2014 but was filed on 24<sup>th</sup> April 2014. The suit is brought by a Company called Webtribe trading as JamboPay, which is in fact the alter ego of its Chief Executive Officer, Mr Danson Muchemi. The Plaintiff is a limited company, incorporated in 2009 (Company No CPR/2009/2492). It is described in the Plaintiff as a software development and Consultancy Company specialising in payment systems, and systems integrations as well as proprietor of JamboPay online payment system.

2. The Defendant is also a limited liability Company which was incorporated under the Companies Act Cap 486, Laws of Kenya on 11th October 2012. The breaches complained of are alleged to have taken place at the time or shortly thereafter. The Memorandum and Articles of Association appear in the documents and at page 13, record 2 subscribers to the shares, one Ariff Manji Akber from Mombasa and one Shital Manji Ariff, housewife of the same address (Plaintiff's Bundle page 41) A copy of the Certificate of Incorporation appears at page 25 of the Plaintiff's Bundle. The Objects of the Defendant although very general and wide, do not contain any express reference to electronic payment platforms.

3. In addition to its trademark, in its suit the Plaintiff is also seeking to protect the goodwill in its product. That is described in paragraph 4 onwards of the Plaintiff.

The Pleadings

4. The Suit was commenced by a Plaintiff filed on 24th April 2014 in the Civil Division in the Fast Track. The Plaintiff is succinct. In brief it alleges and avers that it established and operated an "online payment gateway" (called JamboPay) that allowed users to buy and sell goods and services over the Internet and mobile phone networks. Paragraphs 4-7 of the Plaintiff state:

*4. The Plaintiff avers that JamboPay is an online payment gateway that allows users to securely make and receive payments through mobile phone over internet as well as online shopping for goods and services.*

5. *The Plaintiff avers that JamboPay is an online payment gateway that allows users to securely make and receive payments through mobile phone over internet as well as allowing for mobile payments such as M-PESA, Airtel Money, and YU-CASH, Bank payments, Visa and MasterCard Debit and Credit cards.*

6. *The Plaintiff further avers that JamboPay can serve any person resident within East Africa and can sell (sic) and receive payments from anywhere in the world.”*

7. *JamboPay is secure and compliant to local and international standards on electronic payment systems;*

5. The Plaintiff avers at Paragraph 8 of the Plaintiff that; *“Jambopay is a Registered Trade Mark pursuant to the Trade Mark Act Cap 506, Laws of Kenya and is Trade Mark No. 67127 under class 36 (Financial affairs; monetary affairs) from 17<sup>th</sup> December 2009 to 17<sup>th</sup> December 2019.*

6. As can be seen, the Plaintiff avers that the Plaintiff registered "JamboPay as a trademark under the Trademark Act Cap 506 Laws of Kenya as Trade Mark No 67127 under Class 36 etc on December 17<sup>th</sup>, 2009. A copy of the Certificate showing Registration of the Trademark signed on 14<sup>th</sup> June 2010 appears as Exhibit DM-1 within the Application for an Interlocutory Injunction. The Supporting Affidavit states "JamboPay was registered as a trademark on 11<sup>th</sup> day of October 2012. The date on the Certificate is clear. The Plaintiff avers that a Registered Trademark is protected by registration for a period of 10 years and therefore continues/persists until 17<sup>th</sup> December 2009.

7. The Plaintiff's case is based on infringement by the Defendant in a way that was systematic and calculated. It is pleaded as follows:

4. 11. *Around 2012, the proprietor of the Defendant company approached the Plaintiff Company for a share purchase.*

12. *The said Director/proprietor had full access to the the Plaintiffs management systems, trade secrets and*

13. *The Director then went on to set up the Defendant company and abandoned all further negotiations with the Plaintiff.*

14. *The Defendant runs an online payment system under the name of Jambopay Express Limited which is similar to that of the Plaintiff's*

15. *The Defendant approach and/or employed former employees of the Plaintiff. Such employees had knowledge of and access to the Plaintiff's engagements*

16. *Those former employees are in violation, contravention and breach of their contractual obligations to the Plaintiff*

17. *The Defendant has infringed and continues to infringe the Jambopay trade mark by using the same name to offer the same services*

18. *The Defendant's conduct has caused damage to the said Trade Mark and has caused confusion in the Market Place*

19. *The Defendant has benefited from its unlawful and/or unfair conduct*

8. The Plaintiff complains about the conduct of the Defendant in the use of the Plaintiff's name as protected by registration of it as a Trademark. The Plaintiff seeks the following Orders against the Defendant:

(a) An injunction to restrain the Defendant, their agents, servants and employees from using advertising, trading, contracting, infringing and/or engaging in any other way either directly or indirectly interfering with Jambopay trade mark.

(b) Deregistration of JamboPay Express Limited by the Registrar of Companies pursuant to the Companies Act Cap 486, Laws of Kenya and

(c) Closure of its website

(d) General Damages

(e) Costs of the Suit (Although the Plaintiff seems to erroneously pray for the costs of the suit to be paid to the Defendant).

9. The Verifying Affidavit is sworn by Damson Muchemi who is the Chief Executive Officer of the Plaintiff. He was also the Plaintiff's First Witness. The basis of the Plaintiff's Claim is that during 2012, Mr Muchemi was looking for financial support and/or investment into the Plaintiff company. Through a mutual friend, Mr Patrick Ndeda, he was introduced to Mr Manji. That is the same Mr Manji who is shareholder and Director of the Defendant Company. At the time Mr Manji was operating through a company called Sam Consultants Limited.

10. The Claim is defended. Aside from the blanket denial, the Defendant has pleaded specific denials. The claim for breach of trade mark is countered by the defence that the trademark relates to "JamboPay with Device" and not JamboPay on its one. In relation to passing off, it is said, the name it is using is neither the name of the Plaintiff Company nor its business name. The Defence, like the Plaintiff turns on fact and law.

11. The Defence was filed on 16<sup>th</sup> December 2014. In it the Defendant admits that the Plaintiff carries on business as a software development and consultancy company dealing in payment systems, management systems, card based systems and system integrations which the Defendant also deals in but avers that what the Plaintiff has is a trademark registered as "Jambopay plus a device" which it uses to operate a system payment on line. However, the Defendant denies that the Plaintiff's trademark has the effect "implied" (as opposed to pleaded) by the Plaintiff. The Defence states; "The Plaintiff does not trade as JamboPay as misleadingly indicated. Also that the Plaintiff has no business name registered as "JamboPay". The Defendant admits that "the Plaintiff carries on business as a software development and consultancy company dealing in payment systems, management systems, card based systems and system integrations which the Defendant also deals in ...." The Defendant admits that the Plaintiff has registered a trademark but says the trademark is "Jambopay plus a device" which it used to operate a system payment on line. The Defendant expressly denies that registration of the trademark "has the effect implied by the Plaintiff". The Plaintiff has not anywhere in the plaint implied any effect of the Trade Mark. The Plaintiff expressly avers in paragraphs 8 to 10 that it registered a trade mark and that Trade Mark is No 67127 under Class 36, its effective date is 17th December 2009 and it will lapse on 17th December 2019. It was also pleaded that the Trade mark was registered for commercial use and purposes. The Defence is in clear contrast to its Supplementary Affidavit filed on 24th June 2014. In that evidence, the position taken by the Defendant was to deny the trademark and to deny usage of the name - JamboPay. Mr Manji was able to assert as much on the basis of advice from his Advocates. That is surprising as the question of registration of trademark is a question of fact not law.

12. Paragraph 7 of the Defence also describes the Defendant thus, "*The Defendant in response to paragraphs 11, 12, 13 and 14, of the Plaintiff states that it is one of the industry's leading financial and technology company's made up by one of the leading financial experts who are complemented by a talented IT workforce to provide world-class services and also to produce the industry's leading products. Its primary focus is payments, integration and paperless banking.*". .

13. At paragraph 8 the Defence attempts to suggest that there was an agreement between the Plaintiff and Sam Consultants Ltd for the incorporation of an entity known as "JamboPay Express Limited" (that is the

name of the Defendant). The Defence admits the agreement envisaged did not come into fruition and that was due to the Plaintiff. Both the pleading and Exhibits place heavy reliance on the existence of an agreement that was never executed nor was there any consideration therefor. The Parties are in consensus that there was in fact no investment made, in the usual sense of the term. Sam Consultants did lend the Plaintiff Kshs 2,000,000/= (two million shillings) which was expected to be repaid. At paragraph 11 of the Defence it is pleaded that;

*"The Defendant ... avers that since the signing of the Share Purchase did not go through and since it already had a company that was duly incorporated it proceeded to start business and normal trading as provided for in the Defendant's Memorandum and Articles of Association."*

It is clear from that averment that the Defendant was created following discussions between Sam Consultants and the Plaintiff and thereafter used and exploited by one party to the detriment of the other. The Defence suggests that was done with the agreement and/or permission of the other (Defence paragraph 14). That is categorically denied on oath by the Plaintiff's CEO in his evidence. The Defence seeks to create some distance between itself and the Plaintiff's system by saying that its system is "known as Umojapay". The Defence also challenges the registration of the Trade Mark/Business name as improperly done. At paragraph 17 onwards it denies infringement of the trademark and states there is no similarity between the two, there is no confusion and no evidence of an identical system. It is also said that the name used by the Defendant is not protected by the registration relied upon by the Plaintiff. Paragraph 7 and 8 of the Supplementary Affidavit states; "7. *In addition terms and conditions of the engagement between Webtribe Limited and Sam Consultants limited are well set out in the Share Purchase Agreement between the parties annexed to my replying affidavit. 8. Any action taken by myself in this matter was not taken in my personal capacity but on behalf of the contracting entity, Sam Consultants Limited.*"

14. At the same time as filing its Complaint the Plaintiff filed an Application for an interlocutory injunction. That application was heard by Hon Justice Gikonyo and was unsuccessful on the evidence before the Court, at the time. The Replying Affidavit was sworn by Mr Ariff Manji who describes himself as "one of the Directors of the Defendant Company". In that Replying Affidavit, it is said that the Plaintiff "does not trade as JamboPay as is misleadingly indicated in the pleadings. It has not business name registered as 'Jambopay' and all it has is a trademark registered as 'JamboPay plus a device'". That Replying Affidavit was filed on 23<sup>rd</sup> May 2014 and says that "The Defendant is a duly registered company under the provisions of the Companies Act having been so registered on 11<sup>th</sup> October 2012. It has been trading since then and is a legitimate business entity.... Jambopay Express Limited is one of the industry's leading financial and Technology Company's made up one of the leading financial experts who are complimented by a talented workforce to provide world-class services and also to produce industry's leading products. Its primary focus is payments, integration and paperless banking."

15. On the issue of trading name, paragraph 5 of the Defendant's Supplemental Affidavit states, "I am advised by our advocates on record, which information I believe to be true, that the Plaintiff does not trade using the name 'JamboPay' and indeed, the Plaintiff's representation of itself in the Complaint as Webtribe Limited t/a is a deliberate attempt to mislead the court into believing that the Plaintiff trades as 'jambopay' its registered trademark. No certificate of registration of business name has been exhibited to support this assertion".

16. The Parties have defined the Issues for which they seek Resolution by the Court. The Plaintiff's Statement of Issues (filed on 19<sup>th</sup> November 2014) lists the following:

1. Whether Jambopay is a registered trade mark?
2. Whether there is resemblance and similarity between JamboPay and JamboPay Express
3. Whether the use of the defendant registered name is capable of creating confusion in the market
4. Whether the plaintiff has satisfied the salient injunctory principles in *Giella v Casman Brown &*

5. Whether the Plaintiff is entitled to the prayers sought.

17. The Defendant's Statement of Issues (filed on 16<sup>th</sup> December 2014) lists the following:

1. Whether the registered company "Jambopay Express Limited is capable of causing confusion in the market with the mark "Jambopay" operated by Webtribe Limited?

2. Whether the Directors of the Defendant were under an obligation to carry out a search at the Registry of Trademarks registering the Defendant as a Limited Liability Company?

3. Whether "Jambopay" is registered as a business name under the Registration of Business Names Act?

4. Whether Webtribe Limited has met the threshold as provided in the case of *Giella vs Cassman Brown* [1973] EA 358 for granting of an injunction?

5. Whether the Plaintiff is entitled to the relief sought?

6. Which party should bear the costs in this matter?

18. The Parties have set out in their submissions the issues that they argue require determination by the Court. In addition to those there are the issues that may arise from the facts and evidence of the Parties to which the Court cannot be blind. The issues are:

i. Has the Plaintiff registered a trademark using the term Jambopay in relation to epayments?

ii. Has the Trademark been infringed?

iii. Has the Defendant passed itself and/or its agents as being part of the Plaintiff Co?

19. As stated above, the Suit was filed in the Civil Division and transferred to the Commercial Division by the order of Hon H. Waweru Judge on 25th April 2015. He said what is disclosed is a dispute over intellectual property (trademark). Alongside the Suit the Plaintiff filed an Application for an interlocutory injunction that was decided by Mr Justice Gikonyo and his Ruling was delivered on 6th November 2014. The Learned Judge did not grant the application and dismissed it in its entirety. He ordered the suit to be heard within 60 days.

20. The Parties were thereafter, on 2 December 2014 before the Court on a mention to take a Hearing date. The Defendant was not ready to proceed because it had not complied with the requirements of **Order 11** of the **Civil Procedure Rules 2010** which were applicable at the time and until July 2014. In particular the Defendant had not filed a Defence. The Plaintiff had been served on 6th May 2014. Miss Ouma acting for the Defendant said that the Defendant had not been served with a Summons to enter Appearance however her firm filed and served a Notice of Acting on 7th May 2014. The Plaintiff did not at that stage insist on Judgment in Default. The Parties agreed to a 14 day window to allow them to serve such documents as they wished. The Statement of Defence was eventually filed on 16th December 2014. On 18th December 2014, the Hearing of the suit commenced with the evidence of Mr Danson Muchemi, the Plaintiff's first witness (PW1) and the Chief Executive Officer of the Plaintiff. The Hearing was thereafter spread out over a significant period due to various reasons. The Plaintiff also called a second witness, a Mr Patrick Ndenda. The Defendant put forward one witness, Mr Ariff Manji the CEO/Managing Director of the Defendant Company. The Court heard oral evidence from all three witnesses. The Plaintiff's Second Witness, was a Mr Patrick Ndenda who described himself as a friend and associate of the other two witnesses and having personal knowledge of the events, facts and matters relevant to the suit. Each referred the Court to documents contained in their respective bundles.

## The Evidence

21. The Witnesses had filed the following documents:

1. Danson Muchemi – Witness Statement and Supplemental Witness Statement
2. Patrick Ndeda – Witness Statement and Further Witness Statement
3. Plaintiff's list filed with the Plaintiff
4. Plaintiff's further list 20<sup>th</sup> November 2014 (exhibits to affidavits)
5. Plaintiffs Supplemental Bundle
6. Mr Manji – Witness Statement
7. Defendant's List and Bundle with the Defence
8. Affidavits filed for the Notice of Motion Application and Exhibits

22. The Plaintiff's first witness, its CEO, Mr. Danson Muchemi, adopted the 2 witness statements that he had been filed on the Plaintiff's behalf. He was in the witness box for 3 days. The Second witness also adopted his witness statement. Both were cross examined by Counsel for the Defence. On the date the Defendant's oral evidence was to comment, the Defendant's witness was not available. The matter was adjourned. He eventually attended after a summons to ensure his attendance was ordered and gave evidence. He adopted his witness statement and was cross examined over a period of 2 days

23. Dealing first with the background and history of the suit as it transpires from the unchallenged evidence of the witnesses. In or around 2012 the Plaintiff was experiencing some financial difficulties. It was resolved that the solution would be to bring in a third party investor. The Plaintiff's CEO, (Danson Muchemi) was introduced to a company called Sam Consultants Limited. The introduction was effected by Mr Patrick Ndeda who described himself as a personal friend of Mr Manji. Mr Manji was the Director of Sam Consultants. Mr Manji is also the Managing Director of the Defendant.

24. It is not in dispute that the two principals entered into negotiations which were to culminate in a share sale agreement. The agreement did not come to fruition but the witnesses confirmed that there were meetings and negotiations. It is also common ground that the employees of Mr Manji were free to inspect and evaluate the systems and operations of the Plaintiff Company. The Parties through their respective principals and staff discussed the business and requirements for finance. At some point the Parties considered the way forward would be through the sale of shares. The Plaintiff however had preferred investment without interference. They also discussed and took some steps towards the setting up of a Joint Venture Company. It is clear from the oral evidence that during the negotiations there was close co-operation between the two companies and their operatives. Sam Consultants had access to the offices, records, financial details, operating systems etc of the Plaintiff. This was further demonstrated when the intended "investor" made a request for his "computer consultant from India" to look over the systems held and developed by the Plaintiff. Surprisingly, the Plaintiff agreed to that request. Mr Muchemi did so after consultation with Mr Ndeda. He did so without seeking any assurances as to confidentiality. Whether that was borne of naivete, design or financial desperation is not completely apparent. What is clear is that the engineer was on site for a significant period. What is also not controverted is that Sam Consultant gave the Plaintiff some payments by cheque during this period. The payments were stopped, according to the Plaintiff. The Defendant's witness states that they were not paid due to the lack of funds. The payment was not made and in fact no investment nor financial support transpired at all. It seems around this time Patrick Ndeda also became a shareholder of the Plaintiff.

25. However, it is the Plaintiff's case that far from disengaging with the Plaintiff, the purported white knight during the course of the negotiations, set out to acquire and exploit, without licence, the Plaintiff's

protected information, technology and operations. In addition, Mr. Ariff Manji attempted to financially ruin the Plaintiff by demanding payments rather than providing investment as intended. The claim for breach of trademark and/or copyright and/or design right is not the end of it. The Plaintiff also claims that the Defendant has been and continues to pass itself off as the Plaintiff. It is alleged that there has been confusion caused in the market place and that has caused the Plaintiff loss and damage. At the time the market place was developing and there were very few players offering the services offered by the Plaintiff. The Defendant came in and began offering the same services under almost identical name causing actual confusion, according to the Plaintiff. The name Jambopay Express later used by the Defendant was first raised during the negotiations as the name for a third company would be incorporated with the agreement of the Plaintiff and its CEO as a joint venture.

26. The claim is defended. Aside from the blanket denial, the Defendant has pleaded specific denial. The claim for breach of trade mark is countered by the defence that the name it is neither the name of the Plaintiff Company nor registered as a business name. Whether that amounts to a Defence is a matter of law. In his Replying Affidavit to the motion seeking an interim injunction, Mr. Manji says “Jambopay Express Limited is one of the industry’s leading financial and technology companies made up by one of the leading financial experts who area complemented by a talented IT workforce to provide world-class services and also to produce industry’s leading production. Its primary focus is payments, integration and paperless banking. The Defendant also uses a payment system called “Umojapay”. The Defendant also offers offline payments.

27. As set out above, the Court heard oral evidence from two witnesses for the Plaintiff and one for the Defendant. The Plaintiff’s first witness was the CEO Mr. Danson Muchemi. He informed the Court that he has set up the Plaintiff Company from his own expertise and was something of a pioneer in the Industry. He told the Court that he had built up a clientele for the Plaintiff Company but was experiencing some financial difficulties. His evidence in this regard was supported by recordings of radio and television interviews and advertising which showed that both Mr. Muchemi and the Plaintiff were already established in the market place before 2012. Mr. Muchemi gave evidence over several days. He took the Court to numerous documents, ranging from certificates of incorporation and registration to correspondence. The Court saw the email correspondence passing between the Plaintiff and its officers and Mr. Manji and officers of Sam Consult. The Court was also show letters from existing customers of the Plaintiff which show that there was a confusion between the Plaintiff and Defendant. This confusion arose in the name, address and principles of the two companies. The Court was also taken to press cuttings of the Plaintiff’s niche in the market place. In addition, on the issue of passing off the DW1 took the Court to web pages that had been printed out showing that Mr. Manji was purporting to be the new CEO of the Plaintiff Company. This was done on the Likendin website which is a well-known site for professionals and mainly used for the purpose of networking. Mr. Muchemi told the Court that led to loss of confidence within the Plaintiff but also with the Plaintiff’s existing customers. The Defence witness did not dispute that this was done. He sought to convince the Court that was done not only with the knowledge and agreement of the Plaintiff’s officers but also at their suggestion.

28. The Plaintiff’s second witness, Mr. Patrick Ndenda said he considered himself a good and long standing friend of Mr. Manji. He was not challenged on that assertion. He told the Court that he encouraged Mr. Muchemi to allow Mr. Manji and his operatives to have free and open access to the workings of the Plaintiff including its electronic systems and the unique way in which its payment platform was set up. He told the Court quite candidly that knowing what he did he sincerely regretted making the introduction. He collaborated Mr. Muchemi’s evidence that Mr. Manji had made demands for payment that could have led to financial ruin for the Plaintiff. He corroborated that the name “Jambopay Express” was part of the negotiations and not something that Mr. Manji had come up with by himself.

29. The Plaintiff’s case on goodwill included evidence on existing customers showed it had dealings with the following:

- a. Nairobi County Council
- b. I & M Bank

c. Essar Telecom

d. Central Bank

e. Safaricom

30. The Court was also taken to voluminous documentary evidence. The gist of the Defendant's evidence was that the Plaintiff had not at any time at all registered the name "Jambopay Express" whether as a business name or a company name. It was said that the Defendant applied to register the name and the Registrar of Companies complied with the request. It was impressed on the Court that that neither Mr. Manji nor the Defendant had done anything wrong and that the Plaintiff was simply using the suit to stifle legitimate competition in a growing market.

31. During the oral evidence of the two main witnesses the Court was able to evaluate the demeanour and content of their evidence. From the evidence of Mr. Manji it was clear that he was an experienced businessman who had turned his hand at a variety of businesses. However, when it came to specific questions relating to electronic technology and operations, the responses were less than impressive. It was clear he did not have the understanding to be able to formulate the type of system involved. In relation to the name, the suggestion that because the word "jambo" was in common parlance and therefore the obvious choice is less than persuasive, in particular in light of the negotiations the parties had undertaken immediately before the incorporation of the Defendant. It is also telling that he concealed from the Plaintiff and its CEO that he was setting up a competitor and left them to discover that fact.

32. By contrast the evidence of Mr. Muchemi demonstrated the passion he had for both the electronic side of his business but also the market potential. He also demonstrated that he had considered various aspects of the business including cash flows and protection of intellectual property. He had taken the precaution of registering a trade mark in the name of Jambo Pay.

33. The Court heard evidence over several days. The trial lengthened by Mr. Manji's persistent lack of availability. The Parties were then given an opportunity to file written submissions and highlight them by way of closing arguments. All the witnesses filed witness statements but also gave evidence in chief at great length. The Court has taken all that into account.

34. Paragraph 7 sets out what was discussed during the negotiations. The negotiations did not bear fruit so it seems Mr. Manji of his own evidence just went ahead and did all those things without the agreement of the Plaintiff or its officers or shareholders. The Defendant's case was carefully crafted to impress upon the Court that the Plaintiff was Web-tribe and only Web-tribe. It has no connection to Jambopay and therefore there could be and was no passing off. The correspondence presented by both sides demonstrates that reasoning to be fallacious. There was passing off. The Defendant had intended that there should be passing off. The Defendant and Mr. Manji in particular had shown themselves to have no qualms about using the work already done by the Plaintiff in order to launch its own business. The Defendant sought to compete in exactly the same market place, targeting the same clients. The intention to confuse was there and it succeeded.

The Court had the opportunity to judge the demeanour of both witnesses during their oral testimony. Mr. Muchemi demonstrated his belief and zeal for the format he had as his creation. He impressed the Court with his willingness to accept such weaknesses as were put to him in cross-examination. Mr. Manji by contrast, when he finally condescended to appear to give evidence was evasive and guarded. He chose his words and his position carefully to suit a scenario where his actions were justified. In relation to the use of confidential information, he told the Court – there was no confidentiality agreement. That suggests he had thought about the context of the knowledge he had and what he was doing about and went ahead nevertheless. By contrast Mr. Muchemi agreed there was no non-disclosure agreement. He thought everything was done in good faith. In addition the Defendant's position and Mr. Manji's evidence that "Jambopay plus device" meant that any other permutation of the term Jambopay is not infringement cannot have any basis in law and bears the hallmark of a carefully contrived excuse.

35. There is also the issue of delay. The Defendant and its witnesses knew that Gikonyo J had ordered the matter be heard within 60 days. The Defendant delayed filing its defence and then producing its witnesses.

The protection of trademarks, industrial design and copyright is intended to and does protect investment into new ideas and therefore benefits innovation, industry and the economy generally. Although it is not the idea but its formulation that is protected, such protection entitles the owner to jealousy protect his/her design, creation. The law leans in favour of such protection.

36. The negotiations "fell through" around August 2012, and almost immediately after (if not before) Mr Manji put into place steps to incorporate the Defendant Company. He cannot hide behind Sam Consultants in this. The Defendant was thereafter incorporated and began to trade in the same sphere or area of business and market place as the Plaintiff. Even as late as 21st September 2012 there were emails passing between the Plaintiff's CEO, Dawson Muchemi and the Defendant's Arriff Manji (Replying Affidavit of 23 May 2014 paragraph 10). The Defendant was operating under the names of JamboPay and UmojaPay and approached the Plaintiff's then existing clients.

37. In the Plaintiff the Plaintiff alleges that the Defendant breached its trademark and approached the Plaintiff's clients and customers with a view to firstly exploiting the confusion over names and then to take over those clients. The Plaintiff claims the Defendant's main proprietor had full access to its management, secrets and operating systems (paragraph 19). The Defendant attempted to poach and/or employed the Plaintiff's former employees. The Plaintiff avers that the Defendant was in violation, infringement, contravention and/or breach of their past contractual obligations (paragraph 21). Also that the Defendant infringed and continues to infringe the JamboPay Trade Mark. It is averred that the Plaintiff's brand name carries with it a reputation and goodwill (paragraphs 24-26). and that the Plaintiff's clients have recorded complaints. There has been confusion and clients have been misled.

38. The Court heard Oral evidence from the three witnesses listed above. The Parties also filed their respective documents. The Plaintiff filed a List with the Plaintiff and then a Further List on 20th November 2014. In addition there are the Exhibits to the Affidavits. The Plaintiff's evidence also included two DVDs containing recordings of interviews with the CEO of the Plaintiff talking about the Company and the payment systems. The Defence did not have any documents attached by the Defendant filed and list and there were the documents exhibited to the Affidavits. The trial commenced as scheduled. On 18th December 2014 the Court heard the oral evidence of Mr Danson Muchemi, the CEO of the Plaintiff Company. He had occupied that position since the Company was founded and registered. He adopted his Witness Statement which was dated 15th December 2014 and also the Plaintiff's Bundle of Documents filed on 24th April 2014 and a further Bundle filed on 20th November 2014 all of which were adopted.

39. By way of Evidence in Chief Mr Muchemi told the Court that he had founded the Company, Webtribe Limited. He said he registered the company in April 2009 and at the same time applied for registration of the Trademark. He said he sought Government approval for registration and a permit for electronic transfer for the Central Bank of Kenya. The Company wanted to (and did) provide a "tri-pilot service", referred to as the services. He summarised his complaint as:

- (1) The Defendant using the Plaintiff's Trademark in an area that is limited and
- (2) The manner in which the Plaintiff's officers and staff were "systematically deceived by the Defendant and its consultant to get access to the Plaintiff's secrets; and
- (3) By pretending to be an interested investor they prevented the Plaintiff from getting other investors
- (4) The Defendant used the Plaintiff's intellectual property in addition they copied the services the Plaintiff already provided
- (5) the Plaintiff's were awarded registration by the Central Bank of Kenya. By using the Plaintiff's

the Defendant intended to lead the ; public to believe that it was licenced;

(6) The Defendant's conduct amounts to passing off and created confusion in the market place. Examples the Court was taken to was correspondence with I&M Bank Ltd at page 110 of the Bundle and also correspondence with the Central Bank at page 52.

(7) Examples of general confusion include the Nairobi County Council the Plaintiff had been providing parking and land licence services to 750 organisations since 2009, now having a revenue call

(8) Damage to Reputation. The Plaintiff's reputation has been built up after years of extensive investment and advertising.

40. The Witness informed the Court that although the Plaintiff's name was "Webtribe" it used "JamboPay" more frequently. The Defendant had benefitted from the established reputation in that name. The Defendant registered their name on 11th October 2012. In addition the Witness informed the Court that the Plaintiff had set up an informal mentorship programme for young people who look up to Mr Muchemi. Further Webtribe has a staff of 8. In addition to the Bundles in the traditional sense, the Plaintiff also introduced electronic documents on 2 DVDs which showed that the Plaintiff had advertised extensively on the radio including Classic FM and Kiss FM stations. the Second DVD contained video recordings of Television interviews of Mr Muchemi. According to PW1, Mr Ariff, who is now a Director of the Defendant (Jambo Pay Express Limited) was introduced to Mr Muchemi by Mr Patrick Ndeda as a potential investor around mid 2012. At that stage the Plaintiff had found itself in financial difficulties and was looking for investment. He said Mr Ariff and he had a number of meetings with Mr Patrick Ndeda including in Mombasa. That process included an explanation of the Plaintiff's services and Clients and a discussion about jamboPay. It was agreed, according to the witness, that they would pool thier technological resources together, for the purposes of the investment launch a new entity called Jambopay Express Limited in which Webtribe and Mr Ariff would be directors.

41. In the course of discussion/negotiation, on of the "demands" said to have been put forward by Mr Ariff was that he wanted:

- (1) A list of all details of a technical nature including access codes and customers;
- (2) Free access to his Consultant "Hemant" to scrutinise the Plaintiff's systems and business models;
- (3) To provide him with a Company email address.

The Consultant was given full access to the Plaintiff's offices and staff. Contrary to what was agreed, a company called Samconsult, believed to be associated with Mr Arif registered a company called Jambopay Express Ltd and Mr Ariff pulled out of the venture. He used the excuse that the Plaintiff had not met his conditions. Instead, Mr Ariff presented Mr Muchemi and other members of the Plaintiff with a contract. When they told him that was not what was agreed, he informed Mr Ndeda that he had pulled out of the deal. That was around December 2012. The Witness was quite candid when he said that during the negotiation process the Plaintiff was hurting financially". It had pressing debts. Mr Ariff gave the Plaintiff KShs. 2,000,000/= (Kenya Shillings Two Million) but he asked for undated cheques for the same amount drawn on the company. When he drew out of the negotiations he banked those cheques, even though his had not cleared. Subsequently the Witness discovered that Mr Ariff had created Jambopay Express and had set up a "Linked-in" profile where he described himself as the CEO of the Plaintiff. A printout appears at page 63 of the Plaintiff's Bundle. That page states clearly that "webtribe has a new CEO" and "Ariff Manji is now CEO". The attached photograph bears striking similarity to the Defendant's witness Mr Manji and the description of Web Tribe Ltd set out bears striking similarity to the Plaintiff in particular the description of "privately held, founded 2009". The Products listed were "Jambopay Online payment Gateway". Jambopay was the registered Trademark of the Plaintiff (Trademark No 67127). The webpage was discovered by the Plaintiff's staff around 7th November 2012.

That is a fair estimate of the date because it was sent to the Plaintiff's lawyers attached to an email entitled "Concerns about the Indians". Even as late as 21<sup>st</sup> September 2012 there were emails passing between the Plaintiffs CEO Danson Muchemi and the Defendants Arif Manji (Replying Affidavit 23<sup>rd</sup> May 2014 paragraph 10). The Defendant was operating under the names of JamboPay and UmojaPay and approached the Plaintiffs existing clients.

42. PW1 gave evidence on confusion between the entities and used the example of a contract sent by Essar Telecom to the Plaintiff. That company had previously used the Plaintiff's services. The contract was addressed to the Defendant. The Plaintiff was expecting to receive that contract. Cross-examination of PW1 on that aspect sought to challenge that the contract was intended for the Plaintiff and it was always intended only for the Defendant. However, the witness was able to give details of the individuals who were in negotiation as well as email correspondence. The Court is satisfied on a balance of probabilities the Essar Ltd at any rate were labouring under confusion between the Plaintiff and Defendant.

### Legal Principles

43. Both Parties have filed Written Submissions and these have been considered and taken into account. The Court is appreciative of the work that has gone into them. They are not repeated here in the interests of brevity.

44. Both Parties have directed the Court to **Section 7** of the **Trademark Act**. However, this dispute warrants a closer look at **Sections 4 and 5** too. They provide:

*"4. (1) There shall continue to be kept at the office of the Registrar of Trade Marks for the purposes of this Act the record called the register of trade marks, wherein shall be entered all registered trade marks with the .... Description of their proprietors... and such other matters relating to registered trade marks as may be prescribed...."*

*"5. No person shall be entitled to institute any proceedings to prevent, or to recover damages for, the infringement of an unregistered trade mark, but nothing in this Act shall be deemed to affect rights of action against any person for passing off or the remedies in respect thereof."*

45. It is clear from the above that the Plaintiff's claim for passing off is independent of the claim for breach of trade mark. Trademark is defined in Section 2(1) as:

**"In relation to goods for the purpose of indicating a connection in the course of trade between the goods and some person having the right either as a proprietor or as licensee to use the mark, whether with or without indication of the identity of that person or distinguishing goods in relation to which the mark is used or proposed to be used from the same kind of goods connected in the course of trade with any person"**.

Moving onto Section 7 of the Act, it provides:

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

*a. To be taken either as being used as a trade mark*

b. Be taken in a case in which the use is upon goods...

c. Be taken in a case where the use is use at or near the place where the services are available for acceptance or performed in .... As importing a reference to some person having the right either as proprietor or as licensee to use the trademark or to services with the provision of which such person as aforesaid is connected in the course of business

d. Cause injury or prejudice to the proprietor or licensee of the trade mark...

46. The Court has also be directed to the Judgment of Hon Havelock J in HCC 833Patifico Lucio Garofalo SPA v Debenham and Fear [2013] e KLR the Learned Judge set out the applicable propositions from earlier cases and they are repeated below:

*“Registered trade marks are protected under common law and an infringement upon the same may be deemed as passing off, which also forms part of the Plaintiff’s claim. The grounds upon which a claim for passing off may be considered were set out in the locus classicus cases of A.G Spalding Brothers v A W Gamage Ltd & Another (1914-15) All E.R Rep 147; (1915) 32 RPC 273 HL and as referred to by the Plaintiff, Reckitt & Coleman Products v Borden Inc. & Others (1990) 1 WLR 491; (1990) All ER 873. In the former case, Lord Diplock laid down the essentials of a passing of action as follows:*

*“(a) a misrepresentation;*

*(b) made by a trader in the course of trade;*

*(c) to prospective customers of his or ultimate consumers of goods or services supplied by him;*

*(d) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and*

*(e) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia time action) will probably do.”*

*In the latter case, Lord Oliver expounded on the “classical trinity” that a successful claimant must prove in an action for passing off as follows:*

*“First he must establish a goodwill 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 labeling and packaging) 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 belief that the goods or services offered by him are the goods or services of the plaintiff. 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 goods or services is the same source as those offered by the plaintiff.”*

19. Further, Lord Jauncey in Reckitt & Coleman Products v Borden Inc. & Others (supra) reiterated that;

*“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.”***

*In 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;*

***“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.”***

*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.”.*

### Decision and Reasoning

47. On the question of breach of Trademark, there is one question to be asked and it is; "is the name JamboPay Express" sufficiently similar to the Plaintiff's Trademark as to amount to beach of trademark? The answer to that must be yes. It is correct that the word “Jambo” is in common parlance and therefore may not of itself be preserved in a business name or company name but the combination of the two makes it unique. It was unique and the first party to protect its use as such was the Plaintiff. Then we look at the way in which it is set out in the Defendant's logos and again there is a degree of similarity which would suggest to anyone who was not closely involved that the two were associated if not one and the same. Again, given that the industry and product was intended to increase the speed of transactions, the name “JamboPay” with “Express” could suggest that it was an improved add on belonging to the same brand. That brand had been the subject of a trademark. A trademark is breached by reproducing a copy that is the same or substantially the same. The Defendant’s name is substantially the same. In the circumstances the Defendant and Mr Manji are in breach of the trademark.

48. As to whether the registration of a company name that is a breach of trademark somehow licences that breach, that demonstrates a misunderstanding of the law. The Registrar of Companies does not have the power or authority to licence the use of what is in fact private property. Such would amount to an interference with private property and the consequences that follow. The Court had not heard from the Registrar of Companies or indeed any officer of the Registrar General and therefore cannot be satisfied that any inquiries leave alone adequate inquiry was made before allowing the Registration. There is similarly no evidence as to what procedures were undertaken to permit and/or facilitate the registration of a company name so similar to the Plaintiff’s TradeMark. The Plaintiff although complaining, has not brought a claim against the Registrar of Companies on that front. Whether or not authorised, it is a breach of the Plaintiff’s Trademark.

49. As stated above Mr Manji was at the time an experienced businessman. Whether that experience came from opportunity or ability does not come across from the evidence, however, there is no doubt that he would have known that the information that was being shared during the course of negotiations was confidential and intended to remain so until there was a concluded contract. The use of that information and in particular the name JamboPay Express. He demonstrated no personal expertise of the industry. The Defendant alleges that it is a market leader but there is no evidence of how that came about. The Court therefore finds that given the opportunity by access to the Plaintiff’s systems. The Defendant’s systems were created by reverse engineering of the payment platform and the poaching of employees. That amounts to breach of confidentiality in information Mr Manji must have known was commercially sensitive and important to the Plaintiff. For the avoidance of doubt the Court finds that the Defendant and its engineers did not produce an original payment platform but did simply copied the Plaintiff's work. That copying was not authorised. Therefore they are in breach of confidentiality. Apart from being bad

faith, that amounts to unjust enrichment.

50. As to the allegation of passing off, it is clear from the evidence produced by the Plaintiff that the existence of the Defendant's name created confusion in the minds of existing customers. Therefore, there was the existence of goodwill which is shown by the Plaintiff's clientele and reputation. The fact of misrepresentation is demonstrated by the similarity of names and the LinkedIn web page. The Defendant has sought to benefit from that goodwill and has created the confusion to allow it to so benefit. The claim is made out.

51. The Plaintiff has pleaded a claim for damages. However, the Court has not heard sufficient argument or evidence, to be in a position to make such an assessment. What exactly is the loss and damage suffered by the Plaintiff. Such assessment to be undertaken after the Parties have filed the evidence and authorities on which they seek to rely.

52. The Court therefore Orders that:

1. The Defendant whether through its servants agents or howsoever is forbidden from infringing the Plaintiff's trademark by using the name "JamboPay" in any format, not limited to a web-site within 28 days.
2. The Registrar of Companies is directed to de-register the name "JamboPay Express" within 60 days.
3. Defendant to pay the Plaintiff's costs.

**Order accordingly**

**FARAH S. M. AMIN**

**JUDGE**

**Signed and Delivered on the 15<sup>th</sup> day of May 2017.**

In the Presence of:

Court Assistant: Patrick Mwangi

Plaintiff: Ms Ochieng HB Professor Ojienda

Defendant: Miss Ouma