REPUBLIC OF KENYA

IN THE COURT OF APPEAL OF KENYA

AT MOMBASA

Civil Case 235 of 1996

SAMAKI INDUSTRIES (NAIROBI) LIMITED…….....
…….APPELLANT

AND

SAMAKI INDUSTRIES(KENYA) LIMITED…….....….……RESPONDENT

IN

H.C.C.C. NO. 482 OF 1990)

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JUDGMENT OF GICHERU, J.A.

The respondent, a limited liability company incorporated in Kenya with its registered office at Mombasa and whose business is marketing of both marine and lake fish products all over Kenya besides exportation of the same claimed in a plaint dated and filed in the superior court on 26th July, 1990 to be the registered proprietor of the Trade Mark Number 18027 in class 29 (Schedule 111) registered under the Trade Marks Act, chapter 506 of the Laws of Kenya, hereinafter called the Act, for a period of 14 years with effect from 26th October, 1977. That trade mark in the label of a fish under which is inscribed in bold capital letters the word "INDUSTRIES" appeared on all the respondent's letterheads, stationery, freight cases, bicycles, et al. Since the registration of the said trade mark, the appellant, also a limited liability company incorporated in Kenya with its registered office at Nairobi and carrying on similar business as that carried on by the respondent had, according to the latter, and before the commencement of the suit in the superior court infringed the said trade mark by using the same in the course of trade in Kenya in relation to the respondent's fishing industry on all its stationery, vehicles, crates, cartons, packages, containers, cycles and so on and intended to continue these acts of infringement. On account of this, the respondent sought from the superior court an injunction restraining the appellant whether by its directors, officers, servants or agents or any one of them or otherwise howsoever from infringing its trade mark besides obliteration upon oath of all marks or the word SAMAKI or any colourable imitation thereof upon all articles aforementioned the use of which bearing the marks to be obliterated or the word SAMAKI would be a breach of the injunction sought. The respondent also asked for an inquiry as to damages or at its option an account of the profits and payments of all sums found due upon taking such inquiry or account together with costs of the suit and interest on such sums.

The appellant's defence was that the respondent was no longer the registered proprietor of the Trade Mark Number 18027 in Class 29 (Schedule 111) since by a Deed of Assignment dated 15th March, 1989 the same was duly assigned tot he exclusive use of the appellant by the respondent and pursuant to a Certificate of Assignment dated 18th April, 1990 the said assignment was duly entered in the Register of Trade Marks with the result that the appellant became the subsequent proprietor of the said trade mark

with effect from 15th March. 1989. Thereafter, this trade mark, according to the appellant, appeared on all its stationery, freight containers, vehicles, cycles and so forth but the respondent in breach of the aforesaid assignment infringed and continued to use the trade mark in the manner mentioned earlier in this judgment on its goods both locally and abroad which passed of as the goods of the appellant with the result that the appellant suffered loss of reputation and damage in its business in respect of which loss the appellant counter-claimed seeking reliefs similar to those sought by the respondent in its plaint.

There was no reply and defence to the appellant's defence and counter-claim respectively by the respondent but when the respondent's suit against the appellant came up for hearing before Mbaluto, J. it transpired that the directors of the respondent were three brothers, namely; Amir Hassanali Suleiman Verjee (P.W.1), Janmohamed Hassanali Suleiman Verjee and Abdul Hassanali Suleiman Verjee. The latter two were the younger brothers of P.W.1 and were also at the material time the directors of the appellant. From the judgment of the superior court, it would appear that P.W.1 was the majority shareholder in the respondent company with 1496 shares as against 302 and 1202 shares of the other two of his younger brothers in the same company.

Trade Mark Number 18027 in Class 29 (Schedule 111) in respect of fresh fish, frozen fish, all other types of fish and fish products was originally registered under the respondent's name on 26th October, 1970 for a term of 7 years and was renewed for a further period of 14 years with effect from 26th October, 1977. From the Deed of Assignment made on 15th March, 1989 which was annexed to FORM TM 15 – REQUEST TO THE REGISTRAR TO REGISTER A SUBSEQUENT PROPRIETOR OF A TRADE MARK OR TRADE MARKS UPON THE SAME DEVOLUTION OF TITLE – it would appear that in an extraordinary general meeting of the respondent company held its registered office on 16th April, 1987 it was resolved to assign the above mentioned trade mark to the appellant company with the goodwill of the respondent's business concerned in the goods for which the trade mark was registered. The consideration for this assignment was, to use the words of the trial judge, a "paltry sum of Shs. 100/-". According to P.W.1, however, in 1987 he was away in Europe for 6 weeks and returned to Mombasa in May, 1987. In the same month he learnt that the respondent's trade mark was assigned to the appellant but took no action in connection therewith. In September 1987 he went to Zanzibar where he has since been residing.

By a request in the prescribed manner in Form TM 15 dated 21st March, 1990 and received in the Trade Marks Registry on 9th April, 1990 the appellant sought to have its name entered in the Register of Trade Marks as a subsequent proprietor of Trade Mark Number 18027 in class 29 (Schedule 111) by virtue of a Deed of Assignment referred to above. That request was granted by the Registrar of Trade marks whose Certificate of Assignment dated 18th April, 1990 certified that the appellant had been entered in the Register of Trade Mark above mentioned with effect from 15th March, 1989. At the expiry of the new assigned trade mark on 26th October, 1991 the appellant sought a renewal of its registration in the prescribed manner in Form TM 10 and paid a fee of K.Shs.2,000/- in connection therewith and was issued with an official receipt number AR 045865 dated 28th October, 1991 by the Register of Trade Marks. Thereafter, however, the respondent sought and obtained a Certificate of Renewal of registration of the same trade mark for a further period of 14 years with effect from 26h October, 1991 on payment of a fee of K.Shs.2000/- by Mr. Jimmy Rayani on behalf of the respondent in respect of which an official receipt number AR 046085 dated 3rd December, 1991 was issued to him by the Registrar of Trade Marks. According to Mrs. Jane W. Wanyanga (D.W.1), a Senior Assistant Registrar of Trade Marks, when the respondent was issued with the Certificate of Renewal of the trade mark in question, the original file relating to the said trade mark was missing from the Registry of Trade Marks and a duplicate of the same was made whereat the respondent's renewal application was attached. This resulted in the typing of the Certificate of Renewal of registration of the trade mark in the name of the respondent and the same being sent to its agent, Mr. Jimmy Rayani of P.O Box 41919, Nairobi. On subsequently finding the original file, the Registrar of Trade Marks found in it the appellant's application for renewal of registration of this trade mark and also became aware of the court case in relation to the said trade mark the result that no further action was taken in connection therewith. According to D.W.1, the appellant was after 18th April, 1990 the owner of the trade mark the subject-matter of the litigation in the superior

court and the Certificate of Renewal of its registration should have been issued in the name appellant. The outcome of that litigation, however, turned on the determination of who between the parties thereto was at the relevant period the proprietor of that trade mark.

In his judgment dated and delivered on 25th February, 1993, the learned trial judge observed that since it was acknowledged that the respondent was the owner of the trade mark referred to above until its assignment to the appellant on 15th March, 1989, the issue for determination before him was whether or not the said assignment was a valid and effective transfer of the respondent's interest in the trade mark to the appellant. The assignment was made almost two years after the resolution authorising it on 16th April, 1987 and was presented for registration slightly over one year thereafter on 9th April, 1990. These delays were, according to the learned trial judge, unexplained and in his view raised serious doubts as to the bona fides of the entire transaction. Besides, it appeared to the learned trial judge that the two directors of the respondent as are referred to earlier in this judgment who were also at the material time directors of the appellant contrived to transfer to themselves without the knowledge or consent of the third and principal member of the respondent company a valuable asset of the said company for a worthless consideration of K.Shs. 100/-." This, to the learned trial judge could neither be right nor legal. To him therefore, the assignment which he referred to as day-light robbery with the respondent as the victim and the appellant through the agency of its two directors as the beneficiary of the fraud could not have been in the interests of the respondent. Accordingly, he concluded that the two directors as the respondent as are referred to above acted ultra vires their powers in purporting to assign the trade mark in question to the appellant and such assignment was invalid and its registration by the Registrar of Trade Marks did not have the effect of transferring any interest to the appellant. The conclusion of his judgment therefore was that the trade mark referred to above remained the property of the respondent and thus resolved the issue of its ownership in favour of the respondent. The learned trial judge then proceeded to enter judgment in favour of the respondent as prayed in the plaint and dismissed the appellant's counter-claim.

Aggrieved by the decision of the superior court, the appellant has appealed tot his court putting forward ten grounds of appeal wherein its chief complaints are in respect of crucial holdings by the learned trial judge on matters that were neither pleaded nor supported by the evidence before him; his failure to bring to bear the relevant provisions of sections 35 and 53 of the Act on the face of the evidence recorded and available in the original file of the trade mark in question; and his dismissing with costs the appellant's counter-claim.

When this appeal came up for hearing at Mombasa on 16th July, 1997, Mr. Inamdar who appeared with Mr. Nanji for the appellant submitted that under the relevant provisions of section 7(1) of the Act, once a trade mark is registered it confers on its registered it confers on its registered proprietor the exclusive use of the same. Hence on registration of the assignment of the trade mark now the subject-matter of the instant appeal as is set out in this judgment, prima facie its proprietorship vested in the appellant and as at the date of filing suit in the superior court on 26th July, 1990 the respondent had no title to the said trade mark upon which it could sue for its infringement. According to Mr. Inamdar, on the pleadings and on the evidence available before the learned trial judge, the validity of the assignment of the trade mark in question was never an issue as neither in those pleadings nor in that evidence was the execution of that assignment challenged. Indeed, the finding of fraud on the part of the appellant in this regard by the learned trial judge was unwarranted as again there was neither evidence in support thereof nor was such fraud pleaded and particularised by the respondent. To Mr. Inamdar therefore, the learned trial judge went beyond what was before him and had no right to decide the case before him on that basis. In any event, if the respondent was aggrieved by the registration of the assignment of the Trade Mark Number 18027 in Class 29 (Schedule 111), it should have invoked the relevant provisions of sections 35 and 53 of the Act which enjoined it to follow the procedures laid down therein. It did not do so.

Concerning the dismissal with costs of the appellant's counter-claim. Mr. Inamdar's brief submission in connection therewith was that there was evidence before the learned trial judge that as on the date of filing suit in the superior court the appellant was the registered proprietor of the trade mark in question. That being so, the learned trial judge cannot have been right in dismissing the appellant's counter-claim,

Mr. Inamdar's brief submission in connection therewith was that there was evidence before the learned trial judge that as on the date of filing suit in the superior court the appellant was the registered proprietor of the trade mark in question. That being so, the learned trial judge cannot have been right in dismissing the appellant's counter-claim.

The response to the submissions of counsel for the appellant by Mr. Gautama who appeared with Mr. Jiwaji for the respondent was that as the two directors of the appellant did not give evidence at the trial of the suit before the superior court, if the assigned trade mark was so valueless as to merit a consideration of only K.Shs.100/-,then, only the trial judge was, with the material before him, in a position to determine the issue of validity of that assignment. According to Mr. Gautama, the appellant had the onus of proving that the assignment of the said trade mark was genuine. That burden the appellant failed to discharge, Mr. Gautama concluded.

Section 46 of the Act is in the following terms:

"46. In all legal proceedings relating to a registered trade mark (including applications under section 35), the fact that a person is registered as proprietor of the trade mark shall be prima facie evidence of the trade mark and of all subsequent assignments and transmissions thereof."

As is indicated in this judgment, by a Certificate of Assignment dated 18th April, 1990 and signed by the Senior Deputy Registrar of Trade Marks the appellant was entered in the Register of Trade Marks as a subsequent proprietor of Trade Mark Number 18027 in respect of the goods for which it was originally registered. This was by virtue of a Deed of Assignment made on 15th March, 1989 which latter was the effective date of the appellant's subsequent proprietorship of the aforesaid trade mark. That registration was in terms of section 46 of the Act as is set out above prima facie evidence of the validity of the subsequent assignment of the said trade mark to the appellant. Save for the bald statement by Salim Amirali Verjee (P.W.2) in re-examination by Mr. Jiwaji for the respondent (plaintiff) in the superior court that the deed of assignment referred to above was not valid, there was no evidence in support thereof. In any case, the said assignment was never an issue in the respondent's pleadings in the superior court. Indeed, had the respondent been aggrieved by that assignment being entered into the Register of Trade Marks, the easiest course it should have taken was to invoke the relevant provisions of section 35 and 53 of the Act which latter sections respectively stipulates as follows:

35. (1) Any person aggrieved by the non-insertion in to omission from the register of an entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner tot he court or, at the option of the applicant and subject tot he provisions of section 53, to the Registrar, and the court or the Registrar may make such order for making, expunging or varying the entry as the court or the Registrar may think fit.

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

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

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

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

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

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

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

The respondent never brought in aid the relevant provisions of the foregoing sections even after the appellant had filed its defence and counter-claim making it plain that the trade mark in question had been assigned to it and an entry to that effect made in the Register of Trade Marks and a certificate of assignment dated 18th April, 1990 in that regard issued by the Registrar of Trade Marks. It would appear to me therefore that in the circumstances obtaining in the proceedings before the superior court, other than conjecture, there was no material upon which the learned trial judge could have legitimately held, as he did, that the said assignment was invalid and that the same did not have the effect of transferring any interest in the assigned trade mark to the appellant with the result that the said trade mark remained the property of the respondent. That conclusion was wrong for in the absence of rectification of the register in connection with the registration of the assignment in question pursuant to the relevant provisions of sections 35 and 53 of the Act as are set out above, under section 46 of the said Act, prima facie the validity of the said assignments still obtains and as at the commencement of the proceedings in the superior court on 26th July, 1990, the proprietorship of the trade mark which was the subject-matter of the assignment vested in the appellant. That being so, there was no basis upon which the appellant's counter-claim in the superior court could have been dismissed. On account of what I have attempted to outline above, I would allow the appellant's appeal with costs, set aside the judgment of the superior court I favour of the respondent and substitute therefor an order dismissing with costs its suit in that court. I would also enter judgment for the appellant in terms of the reliefs sought in prayers (a), (b), (c) and (d) of its counter-claim. As Omolo and Pall, JJ.A. agree, theses then are the orders of the Court.

Dated and delivered at Nairobi this 17th day of October, 1997.

J. E. GICHERU

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JUDGE OF APPEAL.

IN THE COURT OF APPEAL

AT MOMBASA

(CORAM: GICHERU, OMOLO & PALL, JJ.A.)

CIVIL APPEAL NO. 235 OF 1996

BETWEEN

SAMAKI INDUSTRIES (NAIROBI) LIMITED…….....……...…APPELLANT

AND

SAMAKI INDUSTRIES (KENYA) LIMITED…….....…….RESPONDENT

(Appeal from a judgment and decree of the High Court of Kenya at Mombasa (Mbaluto J) dated 25th February, 1993

IN

H.C.C.C. NO. 482 OF 1990)

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JUDGMENT OF OMOLO, J.A.

I had the advantage of reading in draft form the judgment of my learned brother Gicheru, J.A. I fully agree with all that has fallen from his lips and I have nothing useful to add. I also agree with the orders proposed by him.

Dated and delivered at Nairobi this 17th day of October, 1997.

R. S. C. OMOLO

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JUDGE OF APPEAL.