Kiai t/a High Flyer Services and Publishers & another v Gichuki t/a High Flyer Publishers & another (Civil Appeal E003 of 2021) [2024] KECA 842 (KLR) (12 July 2024) (Judgment)

Neutral citation: [2024] KECA 842 (KLR)

REPUBLIC OF KENYA

IN THE COURT OF APPEAL AT NAIROBI

CIVIL APPEAL E003 OF 2021

HA OMONDI, A ALI-ARONI & JM MATIVO, JJA

JULY 12, 2024

BETWEEN

ANTONY KIAI T/A HIGH FLYER SERVICES AND PUBLISHERS ..... 1ST APPELLANT

HIGH FLYER SERVICES AND PUBLISHERS LIMITED ..... 2ND APPELLANT

AND

PETER MWANGI GICHUKI T/A HIGH FLYER PUBLISHERS .... 1ST RESPONDENT

FORTUNE PRINTERS LIMITED ..... 2ND RESPONDENT

(An appeal from the Judgement and Decree of the High Court of Kenya at Nairobi (Chemitei, J.) dated 20th December 2019 in HCCC No. 45 of 2011)

JUDGMENT

1. The brief background to this dispute is that between 2004 and November 2006, the 1st appellant and the 1st respondent were partners in a business entity that started as High Flyer Services, and was later registered as a company known as High Flyer Services Limited where they engaged in the business of publishing books in a series known as Comprehensive Topical. There is no dispute that on parting, each continued in the same publishing business but separately.

2. The 1st appellant's case is that on 2nd November 2006, he registered trademark No. xxxx in Part A of the register of trademarks, Class 16 (Publishing and Printing). The trademark comprised an image of a flying eagle holding three books by its talons and with the phrase High Flyer Series next to it (trademark). Thereafter the 1st appellant used his company the 2nd appellant in publishing, promoting, selling, supplying, and distributing books under the trademark. Further, in 2007 the 1st appellant

introduced and published the High Flyer Series Combined (8) Encyclopedia and updated it from time to time.

3. The appellants contend that the 1st respondent continued to publish books under the previous brand; Comprehensive Topical. They contend that in 2011, the 1st respondent stopped using the brand Comprehensive Topical on his books and copied the design, name, content, pictures, and colour of the 1st appellant's books. The 1st respondent had not only changed the brand name from Comprehensive Topical but he had an image of a flying eagle holding a manuscript with its talons with the phrase High Flyer Series next to it.

4. Against the above background, the appellants filed HCCC No. 45 of 2011 vide a plaint dated 15th February 2011, inter alia citing infringement of trademark and tort of passing off. They sought the following orders:

    a. A permanent injunction restraining the respondents from publishing, issuing, promoting, advertising, printing, selling, offering for sale, hire, offering for hire, supplying, distributing, and/or displaying for sale or for promotion books, volumes, works, titles, paperbacks, hardbacks, folios, editions, copies, writings and/or encyclopedias bearing the following phrases or any combination thereof as titles or otherwise with or without a picture of a flying eagle, that is to say, 'High Flyer', 'High Flyer Series' or 'High Flyer Publishers'.

    b. Delivery up by the defendant upon oath for the safe custody of all stocks of the 1st defendant's books, the sale and/or printing of which the defendant would be in breach of the foregoing injunction and verification upon oath that the defendants have not, any longer, in their possession custody, control and/or power any stock of books, volumes, work titles paperbacks, folios, editions, copies, writings and/or encyclopedias bearing the following phrases or any combination thereof as titles or otherwise with or without a picture of flying eagle, that is to say, 'High Flyer Publishers'.

    c. An inquiry as to damages or at the plaintiffs' option an account of profits and payment of all sums due upon taking such inquiry or accounts and the payment of the same to the plaintiffs by the defendants jointly and severally.

    d. Damages for breach and/or infringement of trademark and/or the tort of passing off.

    e. Costs of the suit and interest.

5. The respondents filed an amended defence and counterclaim dated 8th March 2012. It was the respondents' case that the 1st appellant illegally and fraudulently registered the trademark 'High Flyer Series' on 9th October 2006 yet the mark had been extensively marketed and used by High Flyer Services and High Flyer Services Limited co-owned by the 1st appellant and the 1st respondent and without the 1st respondent's knowledge.

6. The respondents listed alleged particulars of fraud committed by the appellants being; registering an un-registrable trademark owned jointly by the 1st appellant and the 1st respondent; registering a name that was jointly owned with others; the 1st appellant's failure to disclose for three and a half years that he had registered a trademark that was being used by the 1st respondent; claiming what did not belong to him; passing off a mark jointly owned with the 1st respondent as belonging to the appellants; claiming copyrights on works plagiarized from High Flyers Services Limited; failing to notify the respondents that a trademark had been registered and failing to write a demand to the respondents.

7. At the hearing of the suit the parties adduced both oral and documentary evidence. The appellants' case was captured in the testimony of Anthony Kiai, the 1st appellant. He informed the court that he was the Managing Director of the 2nd appellant. That before forming the 2nd appellant, between 2004 and towards the end of 2006 he partnered with the 1st respondent initially in a business known as High Flyer Services and later in a registered company known as High Flyer Services Limited. He further testified that the said business collapsed in 2006 and they separated. Thereafter he registered the trademark of a flying eagle carrying three books with its talons with the phrase 'High Flyer Series' on 28th November 2006 and as he continued publishing he used the trademark. In 2011, it came to his attention that the 1st respondent had published and was selling a book known as Combined Encyclopedia Standard 8 using the appellants' trademark, the said book was so similar to a book he had compiled and published in 2007. The 1st respondent's action caused great confusion in the market, which led to him placing a notice in the daily newspapers warning all who continued to deal with the respondents. Further, he contended that his business had been affected by the respondents' action leading to loss of business and potential profits.

8. On the part of the respondents their case was presented by the 1st respondent, Peter Mwangi Gichuki who informed the court that in 2004 he invited the 1st appellant; a friend to join him in his publishing business under the name High Flyer Publishers, which business was registered as a company in 2005. The business published books and paperbacks titled High Flyer Series from 2004. The two later parted ways towards the end of 2006, after which each continued to publish under the High Flyer Series.

9. Further it was the 1st respondent's evidence that in February 2011 the 1st appellant put up a notice in the daily newspaper which scared away and threatened booksellers, marketers, and printers with prosecution if found with books published by the 1st respondent. Thereafter the appellants filed the suit subject of this appeal alleging that the 1st respondent had started using a mark similar to the 1st appellant's trademark. They obtained ex parte orders restraining the 1st respondent from publishing, displaying, or selling High Flyer Series books based on an allegation of infringement of copyright and trademark No. xxxx which crippled the 1st respondent's business for 1½ years. The business suffered heavily while the 1st appellant flourished as he monopolized the market using the brand High Flyer Series.

10. Even though the ex parte orders were lifted and the 1st appellant approached the 1st respondent for an out-of-court settlement, the attempt to settle flopped and the matter he had referred to Kenya Industrial Property Institute (KIPI) did not proceed because there was the matter pending before the High Court. Further, in 2013 the appellants referred the matter to the Copyright Board whose officials accompanied by the police descended on the respondents' offices and printing place confiscating finished books and unfinished materials thus crippling the 1st respondent's business, preferred criminal charges against the 1st respondent and others. As a result, the 1st respondent filed Constitutional Petition No. 176 of 2013 seeking to quash the criminal proceedings, which orders were allowed. 4 years later the Copyright Board withdrew the case.

11. After hearing the parties the trial court in its judgment, formed the view that the 1st appellant did not have good intentions when registering the trademark as his action amounted to him stealing a march from the 1st respondent on the basis that both had used the mark High Flyer Series as a business brand in their company together; and that years later both still used the same in their various publications and that upon registration of the trademark, the 1st appellant was quiet about the registration for about 4 years before putting up the notice in the daily newspaper. The court further found that the 1st appellant had acquiesced and could not be heard to cry foul. The court held further, that even though the 1st respondent should have known of the registration of the appellants' trademark vide the notice in the

Kenya Industrial Property Institute (KIPI) journal, the circumstances here were different as for about 5 years, the 1st appellant allowed the 1st respondent who was a co-director, and competitor, to use the trademark with full knowledge of the inhibition process he had undertaken. In the end, the court dismissed the plaint.

As relates to the counterclaim, the trial court was of the view that the question of passing off would have been necessary only if the registration was found to be lawful; on general damages, the court awarded Kshs.20 million for the loss of business and any other incidental loss or expenses suffered by the 1st respondent; and on the claim of defamation based on the newspaper notice the court found that no evidence was tendered to prove the allegation.

12. Aggrieved by the judgment of the trial court (Chemitei, J.) the appellants preferred this appeal raising 20 grounds. We find the grounds of appeal as crafted to be verbose, repetitive, and not in compliance with rule 66 (2) of the Court of Appeal Rules which requires the grounds to be concise. We shall consider them as clustered in the submissions by counsel for the appellants as follows:

    a. Whether the trial judge erred in law and fact in his consideration of the process of registration of the appellants' trademark;

    b. Whether the trial judge erred in law and fact by failing to compare, examine, and interpret the appellants' trademark against the respondents' mark on the books published, to determine whether they were deceptively confusingly similar;

    c. Whether the judge erred in law and fact by failing to uphold the appellants' right to exclusive use of the trademark in connection with the goods; and

    d. Whether the learned judge erred in awarding general damages of Kshs.20 million for loss of business.

13. The learned counsel for the appellants filed lengthy submissions dated 29th September 2021 wherein he reiterated the appellants' averments, which we need not rehash. On whether the trial judge erred when determining the process of registration of the 1st appellant's trademark, learned counsel submitted that the trial judge erroneously held that both the 1st appellant and the 1st respondent had used the brand name High Flyer when they were in business together. Secondly, the process of registering the trademark was not important, of importance for purposes of the matter in contention was the 1st appellant's intention to register the trademark without informing the 1st respondent of his intention. Thirdly, since the 1st appellant registered the trademark without alerting or disclosing to the 1st respondent, his sole intention was to still a march on the 1st respondent, further the registration of the trademark was marred with "utmost fraud or bad faith".

14. Counsel further contended that in arriving at the said determination the trial court failed to appreciate that the 1st appellant had registered the trademark at the KIPI, further, the trial court failed to appreciate the definition of a trademark as defined in Section 2 of the Trade Mark Act, Chapter 506 of the laws of Kenya (the Act); failed to appreciate the fact that the trademark registered was not the phrase High Flyer Series perse, but an image of a flying eagle holding three books by its talons with the phrase High Flyer Series; that the trial court mistakenly assumed that the trademark registered was the phrase High Flyer series and consistently referred to the image of the flying eagle holding three books with its talons as the accompanying logo and did not consider the registered trademark as a whole.

15. Learned counsel further submitted that the erroneous findings by the trial judge led to the learned judge introducing a new and strange requirement for the registration of trademarks contrary to the Act and Rules; requiring that the 1st appellant ought to have alerted or personally brought to the attention

of the 1st respondent the intention to register the trademark. Further learned counsel argued that had the judge properly evaluated and examined the appellants' trademark, he would have found that the trademark registered at KIPI was not the phrase High Flyer but a design/figurative trademark of the image or picture of a flying eagle holding three books by its talons with the words High Flyer Series.

16. Learned counsel submitted further that although there were allegations by the 1st respondent that the trademark was obtained through fraud, intentional misrepresentation, lack of good faith, unfair dealing, and failure to disclose, the 1st respondent did not provide any evidence to support the allegations. In his evidence, the 1st respondent confirmed that while they worked together their brand name was Comprehensive Topical and that the books did not have a trademark of the image of the Flying eagle holding three books by its talons with the words High Flyer Series. Further, in his evidence, the 1st respondent informed the court that he started publishing books with a flying eagle in 2010 and went on to state that since they were competing in the market, one could put anything on their books. He also revealed that he had dropped the Comprehensive Topical brand and adopted the flying eagle to market his books. Counsel contended that the respondents failed to adduce any evidence to show that the 1st respondent used the trademark before the 1st appellant registered the same, yet without any factual or legal basis the learned judge ended up castigating and punishing the 1st appellant who is an advocate stating that he had taken advantage of his legal profession to the disadvantage of the 1st respondent.

17. Further, learned counsel contended that contrary to the finding of the learned judge, the process of registration of the trademark was open and in compliance with the Act and Rules in that Section 21 of the Act requires publication of the application for registration of a trademark in the Kenya Gazette or the KIPI journal and that the 1st appellant's application was advertised in the KIPI journal for 60 days, there was no notice of opposition within that time, meaning the respondents did not impede the registration. The trademark was registered and a certificate of registration was issued.

18. Learned counsel further asserted that the trial judge failed to compare, examine, and interpret the 1st appellant's trademark against the 1st respondent's mark on the books he published after 2010, thus failing to determine the main issue before him; further, the trial judge ignored the overwhelming evidence of infringement of the 1st appellant's trademark by the respondent.

Section 7 of the Act provides that the proprietor of the trademark has exclusive right to the use of the trademark for the goods or in connection with the provision of services, to the exclusion of others. Evidence confirmed that all the appellants' books had the trademark of a brown flying eagle holding three books with its talons and with the phrase High Flyer Series; were green-yellow and had water on the cover. By using the trademark with a flying eagle holding a manuscript with its talons, colours similar to the 1st appellant's books, the respondents were deliberately infringing upon the trademark and the appellants' exclusive rights. In support of this argument counsel relied on the case of Pastificio Lucio Garofalo S.P.A. vs Debenham & Fear Ltd [2013] eKLR & Sabèl and Puma "C-251/95 [11/11/97] where the European Court of Justice held:

> "In determining whether there is a likelihood of confusion, the court must focus on the overall impression made by the respective signs. It is not permissible to isolate one element out of a graphic ensemble and to restrict examination of the likelihood of confusion to that element alone."

Counsel also referred to Unilever vs. Bidco Oil Ltd [2004] eKLR & WIPO Intellectual Property Handbook by the World Intellectual Property Organization on page 87 which quoted the matter of TMA No. 058502 LARIMAL in Class 5 in the name of CPCA Laboratories Limited, where it was

stated that the second most important point when testing similarity of trademark is that they should be compared as a whole and that more weight should be given to common elements which may lead to confusion, while differences overlooked by average consumer should not be overemphasized and also considering the structure of the signs.

19. On the award of Kshs.20 million general damages for loss of business and any incidentals suffered by the respondents due to the actions of the appellants, counsel contended that the judge erroneously held that the respondents had sought for Kshs.30 million as general damages and which he thought was on the higher side, thus arriving at the award. Learned counsel contended that the court erroneously awarded the sum as in the amended defence and the counterclaim dated 8th April 2012, the respondents did not plead for any amount for loss of business, there was neither a tabulation of loss pleaded, nor quantification of loss of business, thus there was no basis for the award of Kshs.20 million. In support of this contention learned counsel relied on the case of Abson Motors Limited vs. Dominic B. Onyango [2018] eKLR where the court held that a claim for loss of business must be specifically pleaded and proved as the same is a special damage claim.

    Similarly, counsel relied on the case of Total (Kenya) Limited Formerly Caltex Oil (Kenya) Limited vs. Janevams Limited [2015] eKLR where this Court held that special damages must not only be specifically pleaded but strictly proved. Further reference was made to the case of David Bagine vs. Martin Bundi [1997] eKLR where the court faulted the trial judge for treating damages for loss of user as general damages while the same were special damages.

20. Learned counsel for the respondents equally filed lengthy submissions on behalf of the 2nd respondent dated 20th July 2023 and separately filed submissions on behalf of the 1st respondent dated 5th September 2022. The 1st respondent adopted the submissions of the 2nd respondent which makes us believe that the 2nd respondent's submissions were meant to be dated 2023.

21. Learned counsel like his counterpart extensively rehashed the averments in the 1st respondent's defence, in addition, he submitted that since the year 2004, the mark in contention had been in use by High Flyer Services and was a well-known brand around the country; that all the books produced as evidence and published by High Flyer Services Limited in 2005 and 2006 bore the mark. Further High Flyer Services Limited owned by the 1st appellant and the 1st respondent has never been wound, nor did it surrender its rights to the use of the brand "High Flyer Series" to the appellants.

22. Further it was argued that the 1st appellant was dishonest, took advantage of his legal professional, and without notice to the 1st respondent registered the High Flyer Series a brand that they both used in their joint business. That the 1st appellant deliberately concealed material facts to the registrar concerning his association with the 1st respondent and their company, which was still in existence.

23. Counsel further submitted that the record of appeal lacks crucial documentary evidence such as the ruling by Justice Okwengu delivered on 3rd October 2011 which forms the crux of this appeal; the books published by "High Flyer Services" in 2004 and 2005 as presented in the High Court by the 1st respondent which has the 'High Flyer Series' mark on the cover bottom side; that in the record of appeal, the same books were edited and the mark 'High Flyer Series' removed. Learned counsel further contended that it is not true that the 1st appellant was the only person who had published Combined Encyclopedia thus the appellants are not being candid and have intentionally concealed documentary material facts to mislead the court.

24. In response to the submissions by the 1st appellant, the 1st respondent submitted that the learned judge did not err in fact or law when it came to the process of registration of the trademark as the registration process in the instant circumstance is not as important as the intention, that in registering the trade

mark the 1st respondent did so to restrict the use of the same by the 1st respondent who is his competitor. Counsel relied on the case of Solpia Kenya Limited vs. Style Industries Limited and Another [2019] eKLR where the court held that the mere fact of registration of a trademark does not automatically give the proprietor of the mark exclusive use from a person who has continuously used the same, before, during and after registration.

25. On whether the learned judge failed to compare the appellants' trademark against the respondents' mark on the books published to determine whether they were similar, learned counsel submitted that the confusion emanates from the conditionally registered certificate, which did not give the 1st appellant an exclusive right of user.

26. On whether the learned judge erred in awarding Kshs.20 million as damages, he submitted that the 1st respondent demonstrated loss of business by providing: Dr. Etisi's contract to publish and sell his books, quotation for printing from Fortune Printers, placed orders with Fortune Printers by the 1st respondent, payments paid to Fortunes Printers by the 1st respondent, a price list by High Flyer publishers, local purchase orders not supplied as a result of ex-parte orders, Winsmark Printers for work done and never paid and an inventory of goods confiscated and destroyed by Kenya Copyright Board. In support counsel relied on the following cases: Alex Pirie & Sons Limited vs. Registrar of Trade Mark [1933] 50 RPC 147, Reckitt & Colman Products Limited vs. Borde Insurance & Others [1990] RPC, and Marie Ayoub & Others vs. Standard Bank of South Africa Limited & Another [1963] EA 61.

27. This being a first appeal, we must consider the evidence afresh, analyze, and re-assess the same to reach an independent conclusion. This approach was adopted in Arthi Highway Developers Limited vs. West End Butchery Limited & 6 others [2015] eKLR where the court cited the case of Selle vs. Associated Motor Boat Co. [1968] EA 123 and held as follows;

> " An appeal to this Court from a trial by the High Court is by way of retrial and the principles upon which this Court acts in such an appeal are well settled. Briefly put they are that this Court must reconsider the evidence, evaluate it itself and draw its own conclusions though it should always bear in mind that it has neither seen nor heard the witnesses and should make due allowance in this respect. In particular, this Court is not bound necessarily to follow the trial judge's findings of fact if it appears either that he has clearly failed on some point to take account of particular circumstances or probabilities materially to estimate the evidence or if the impression based on the demeanor of a witness is inconsistent with the evidence in the case generally."

28. Having considered the record, the submissions by rival parties, the case law cited, and the law, we are of the view that there are only two issues for our consideration:

    i. Whether the trial court erred by failing to consider whether there was infringement of trademark No. 60247.

    ii. Whether the court erred by awarding damages of Kshs.20 million for loss of business.

29. There is concurrence between the parties on several issues; the 1st respondent and the 1st appellant worked together in 2004 in a business known as High Flyer Service, and later registered a Company known as High Flyer Services Limited. They worked together up to 2006 November, when they parted ways and each separately continued in the same business of publishing revision series without a hitch up to 2011 when differences emerged on the use of a trademark that the 1st appellant had registered without informing the 1st respondent. When the two worked together the books published then bore the brand name Comprehensive Topical with three standing books on the cover with the initials

HFS, this mark was not registered as a trademark; when they parted ways the 1st appellant used High Flyer Series brand on top of the cover of the books he published and the 1st respondent maintained Comprehensive Topical on top and High Flyer Series at the bottom.

30. {Section 2 of the Act, defines a trademark to mean:

> (except in relation to a certification trademark) a mark used or proposed to be used-
>
> a. 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 proprietor or as registered user to use the mark, whether with or without any 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;
>
> b. In relation to services for the purpose of indicating that a particular person is connected, in the course of business, with the provision of those services, whether with or without any indication of the identity of that person or distinguishing services in relation to which the mark is used or proposed to be used from the same kind of services connected in the course of business with any other person.

Section 20 of the Act provides that; -

> A person claiming to be the proprietor of a trademark used or proposed to be used by him who is desirous of registering it shall apply in writing to the Registrar in the prescribed manner for registration either in Part A or in Part B of the register.

Section 21 of the Act provides on opposition to registration; -

1. When an application for registration of a trade mark has been accepted, whether absolutely or subject to conditions or limitations, the Registrar shall, as soon as may be after acceptance, cause the application as accepted to be advertised in the prescribed manner, and the advertisement shall set forth all conditions and limitations subject to which the application has been accepted:

> Provided that the Registrar may cause an application to be advertised before acceptance if it is made under paragraph (e) of subsection (1) of section 12, or in any other case where it appears to him that it is expedient by reason of any exceptional circumstances so to do, and where an application has been so advertised the Registrar may advertise it again when it has been accepted but shall not be bound so to do.

2. Any person may, within the prescribed time from the date of the advertisement of an application, give notice to the Registrar of opposition to the registration.

31. The law as set above required that once the 1st appellant's application to register a trademark had been accepted he had to inform the public by way of advertisement. The 1st appellant advertised in the KIPI journal for 60 days and no one objected. It is his case that as a result, on the 28th of November, 2006 a trademark of a flying eagle holding three books by its talons together with the phrase High Flyer Series was registered. In their evidence, neither the 1st appellant nor the 2nd respondent claimed to have jointly used a similar trade mark nor did the 1st respondent claim that he used such a mark before the

registration of the trademark. The 1st appellant has further gone on to say that he has no problem with the respondents' continued use of the phrase High Flyer Series, his issue is the combination of the flying eagle and the phrase.

32. We understand the 1st appellant to say that though they worked together between 2004 – 2006 publishing books under the Comprehensive Topical Series with the phrase High Flyer with three books standing, when they parted ways and started working separately. He published his books with High Flyer Series at the top and the 1st respondent continued to use the brand Comprehensive Topical and at the bottom, he had the phrase High Flyer series.

33. On the other hand, the 1st respondent does not deny the assertion by the 1st appellant but is concerned with the registration of the High Flyer Series as a trademark and the fact that he was kept in the dark for 5 years. Neither does he deny that in 2010 he printed a book; Encyclopedia Standard 8 (New Edition) whose colour is yellow-green with a brown eagle holding a manuscript with the phrase High Flyer Series, similar to the 1st appellant's Encyclopedia for Standard 8 (4th Edition) in all aspects on the cover. His only argument was that the High Flyer Series belonged to both of them.

34. Before the trial court there was a claim of copyright infringement and whereas the 1st respondent was aggrieved that the 1st appellant had not informed him of the registration of the trademark, we fault the trial judge for failing to consider the real issue before him. The law required the 1st appellant to advertise the application for registration of the trademark in the Kenya Gazette or the KIPI journal, and this the 1st appellant effected. We find that in law once the 1st appellant advertised as he did, he had no duty to inform the 1st respondent or any other party in any other form that he had intentions of registering the trademark of the flying eagle holding the three books with its talons with the phrase High Flyer Series next to the eagle.

35. In our view the 1st respondent not only copied the 1st appellant's book; the Encyclopedia for Standard 8, but used the 1st appellant's trademark which was an infringement. This act we opine was not innocent but calculated to confuse the consumers of the appellants' product.

36. The trademark registered as No. 60247 is a combination of a flying eagle holding three books with its talons with the phrase High Flyer Series. The 1st respondent has not claimed the flying eagle holding three books with its talons, yet the trademark subject matter has both the image and the writing. He has however admitted that in his Encyclopedia for Standard 8 (New Edition), he had a brown flying eagle holding a manuscript with its talons and with the phrase High Flyer series and the book had yellow-green colour, similar to the appellants' encyclopedia. In the case of C-215/55; Sabèl and Puma AG, Rudolf Dassler Sport the European Court of Justice held:

> " The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case. That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components."

The wording of Article 4(1) (b) of the directive:

> " .... there exists a likelihood of confusion on the part of the public...." – shows that the perception of marks in the mind of an average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion.

The average consumer normally views a mark as a whole and does not proceed to analyse its ration details."

In Reed Executive plc vs. Reed Business Information Limited [2004] EWCA Civ 159 it was stated that:

" the person to be considered is the ordinary consumer, "neither too careful nor too careless, but reasonably circumspect, well informed and observant.'

An allowance for defective re-collection must be considered and this varies depending on the goods concerned..."

In Brooke Bond Kenya Limited vs. Chai Ltd [1971] EA the court applied the test propounded in de Cordova v. Vick Chemical Co. [1951] 68 RPC where the court held:

" The likelihood of confusion or deception in such cases is not disposed by placing the two marks side by side and demonstrating how small is the chance of error in any customer who places his order for goods with both the marks clearly before him, for orders are not placed or are often not placed under such conditions. It is more useful to observe that in most persons the eye is not an accurate recorder or visual detail, and marks are remembered rather by their general impressions or by some or by some significant detail than by any photographic recollection as a whole."

37. Even though the 1st appellant and the 1st respondent worked together, they had not registered any trademark. Neither did the 1st appellant's trademark in any way infringe on the 1st respondent's right in any way, as there is a big difference between the trademark and the brand High Flyer Series. We therefore find that the trial court failed to appreciate the trademark as registered, the requirements of the law and hence erred when he found the 1st appellant to have acted in bad faith, fraudulently or to have stolen a match from his previous partner. The 1st appellant's trademark is a combination of the flying eagle holding three books with its talons with the phrase High Flyer series. To appreciate the trademark, the flying eagle has to be looked at together with the phrase, this combination is not akin to the phrase High Flyer considered singly.

38. We further find that the 1st appellant's trademark of a brown flying eagle holding three books by its talons with the phrase High Flyer Series and the 1st respondent's mark of a brown flying eagle holding a manuscript with its talons and the phrase High Flying Series are so similar; the colour of the flying eagles, the three books as against a manuscript with the phrase High Flyer Series, as to confuse as was stated by this Court in EA Industries Ltd vs. Trufoods Ltd [1972] E.A. 420

" One trader does not exactly copy the labels and get up of another, but a purchaser, at least of ordinary day to day goods, cannot be expected to make a careful examination of labels and packaging.

The degree of care which he exercises will normally relate both to the cost of the article and his personal interest in it."

39. In the plaint the appellants claimed that registration of the trademark gave them the exclusive right to use the same and they sought a permanent injunction against the respondents' use of the phrase with or without a picture or the eagle, delivery of books bearing the combination or the phrase with or without a picture, damages for breach and/or infringement of trade mark and/or tort of passing.

40. Section 7 of the Act provides as follows:

> Right given by registration in Part A, and infringement thereof:
>
> 1. Subject to the provisions of this section, and of sections 10 and 11, the registration (whether before or after 1st 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 the use of 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. be taken either as being used as a trade mark;
>
> b. be taken in a case in which the use is upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or goods with which such a person is connected in the course of trade;
>
> 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 or in an advertising circular or other advertisement issued to the public or any part thereof, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or to services with the provision of which such a person as aforesaid is connected in the course of business;
>
> d. cause injury or prejudice to the proprietor or licensee of the trade mark.

41. Section 7 of the Act gives the proprietor of a valid trademark the exclusive right to the use of the trademark. The section goes further to provide that the right is infringed where a person uses similar or so nearly resembling the trademark in question as is likely to deceive or cause confusion.

42. The respondents on the other hand in their defence and counterclaim sought for trademark No. 60247 to be deregistered, they claimed aggravated and general damage on the loss of business.

In arriving at the sum awarded for loss of business and incidentals suffered the trial court made the following observation:

> "Paragraph 43. The court shall be inclined to go by the proposals by the defendant. The tabulation on record by the defendant was not disputed as such by the plaintiff. There was much disruption of the defendant's business and especially the destruction and general loss of business pursuant to the action by the plaintiff. The defendant stated as much in his evidence. The sum however of Kshs.30 million is on the higher side. The sum of Kshs.20

million should be able to cover the loss of business and any other incidental suffered by the defendant generally."

43. This Court would not ordinarily interfere with the exercise of discretion of a trial court when it is exercising discretion in awarding of damages unless the trial court acted on the wrong principle or the award is too low or too exorbitant as to occasion an injustice. In Buttler vs. Buttler [1984] KLR 725 this Court had this to say:

> " The assessment of damages is more like an exercise of discretion by the trial court and an appellate court should be slow to reverse the trial court judge's decision unless he has either acted on wrong principles or awarded so excessive or so little damages that no reasonable court would; or he has taken into consideration matters he ought not to have considered and in the result arrived at a wrong decision."

In the case of Mbogo & Another vs. Shah [1968] EA 93 Sir Charles New Bold P stated:

> "For myself, I like to put it in the words that a court of appeal should not interfere with the exercise of discretion of a judge unless it is satisfied that the judge in exercising his discretion misdirected himself in some matters and as a result has arrived at a wrong decision or unless it is manifest from the case as a whole that the judge has been clearly wrong in the exercise of that discretion and that as a result there has been injustice."

44. This Court has stated severally that loss of business is equated to a claim of special damages and must be specifically claimed and strictly proven. In the case of David Bagine vs. Martin Bundi [1997] eKLR this Court stated as follows; -

> " The learned judge proceeded to assess "loss of user" damages as general damages although the same were claimed as special damages "to be proved at the hearing of the suit". In doing so the learned judge erred.
>
> We must and ought to make it clear that damages claimed under the title "loss of user" can only be special damages. That loss is what the claimant suffers specifically. It can in no circumstances be equated to general damages to be assessed in the standard phrase "doing the best I can."

In the case of Kimatu T/A Kimatu Mbuvi & Bros vs. Angeline Munyau Kioko [2006] eKLR this Court stated:

> "In the absence of a specific pleading therefore, it is our judgment that there could be no award made for loss of earnings. There is nevertheless a pleading that the respondent lost his business since he closed it down after the accident. His earning capacity was in effect lost and we understand why the learned Judge equated the issue of loss of earning capacity with the loss of business and awarded a figure for the latter. Even then, as stated in the Mwangi Case (supra) evidence ought to be placed before the court to assess such loss as general damages."

In the case of Abson Motors Limited vs. Dominic B. Onyango Konditi [2018] eKLR this Court in declining to award damages for loss of business stated that:

> "In the instant case, there was an invoice of Kshs. 68,000/= in respect of one week's payment for ferrying goods for Coca-Cola Company Limited. On this basis, the respondent claimed loss of business at the rate of Kshs. 68,000/= per week. This claim was in the pleadings, but

certainty and particularity of proof were lacking. In the circumstances, the claim for special damages fails.

45. The hardship that the 1st respondent underwent in terms of the ex-parte injunction, the Copyright Board's confiscation of its books and materials, and the criminal charges were a consequence of his action. We do not think the appellants should be faulted for orders granted to them by a competent court, which order was not appealed against, or the action of a body where the 1st appellant reported the case of infringement of his trademark. In any event, the loss of business ought to have been specifically pleaded and strictly proved. In the counterclaim the respondents did not specifically plead loss of business, the same should have been tabulated and evidence in support provided. We therefore fault the judge for having awarded a huge sum under loss of business without any legal or factual basis whatsoever.

46. In the end, we set aside the trial court's judgment in its entirety and substitute with the following; -

    a. The respondents' defence and counterclaim be and are hereby dismissed.

    b. The respondents' actions amount to the infringement of the 1st appellant's trademark 60247.

    c. A permanent injunction be and is hereby issued restraining the respondents from publishing, issuing, promoting, advertising, printing, selling, offering for sale, hiring, offering for hire, supplying, distributing, and/or displaying for sale or promotion books, volumes, works, titles, paperbacks, hardbacks, folios, editions, copies, writings and/or encyclopedias bearing the 1st appellant's trademark of a flying eagle holding three books with its talons with the phrase High Flyer Series or any other confusing or deceptive mark that is directly and substantially similar.

    d. The appellants' claim for damages be and is hereby dismissed for lack of evidence.

    e. The respondents shall pay jointly and severally the appellants' costs of the proceedings in the High Court and for this appeal.

DATED AND DELIVERED AT NAIROBI THIS 12TH DAY OF JULY, 2024.

H. A. OMONDI

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JUDGE OF APPEAL ALI-ARONI

.....

JUDGE OF APPEAL

J. MATIVO

.....

JUDGE OF APPEAL

I certify that this is a true copy of the original

Signed

DEPUTY REGISTRAR