IN THE COURT OF APPEAL

AT NAIROBI

CIVIL APPLICATION NO. 77 OF 2010

BETWEEN

SYNER-MED PHARMARCEUTICLAS LTD. ……. APPLICANT

AND

GLAXO GROUP LIMITED ……..……. RESPONDENT

(*Application for stay of Execution of Judgment of the High Court of Kenya at Nairobi, Milimani Commercial Courts (Kimaru, J) dated 4th February, 2010*

In

H.C. Miscellaneous Application No. 792 of 2009)

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RULING OF THE COURT

The motion before the Court is one under, ***Rule 5(2) (b)*** of the Court's Rules and that being so, the applicant, Syner-med Pharmaceuticals Ltd., was obliged to satisfy the Court on two well known points, namely, that its intended appeal is an arguable one and secondly that unless we grant to it the order of stay it seeks, its proposed appeal, were it to succeed upon its being heard, the success would have been rendered nugatory by the refusal to grant the order of stay. The dispute between the applicant and the respondent, Glaxo Group Ltd is over a trade mark involving the trade name of some antibiotic preparation or drug. The applicant's preparation is designated as 'SYNERCEF'. On 27th April, 2006, the applicant applied to the Registrar of Trade Marks for the registration of that name. At the time the applicant applied for the registration, the respondent had registered its preparation in the trade name of 'ZINACEF'; the respondent's registration was in 1983. The respondent objected to the applicant's application on the ground that the applicant's proposed name 'SYNERCEF' is phonetically similar to or is the same as the respondent's 'ZINACEF'. The Registrar of Trade Marks, Professor Otieno Odek, considered the objection raised by the respondent, and in a fully considered decision dated and delivered on 20th July, 2009, he over-ruled the respondent's objection and directed that he would proceed to register the trade name 'SYNERCEF'. The respondent was dissatisfied with that decision and appealed to the High Court. That court (Kimaru, J), by its judgment dated 4th February, 2010 held as follows:-

"I therefore hold that the appeal filed by the appellant has merit and is hereby allowed. The decision of the Registrar of Trade Marks made on 20th July, 2009 is hereby set aside and substituted by the

decision of this court upholding the opposition by the appellant. I hold that the, name 'SYNERCEF' is so similar, phonetically and visually to the registered trade mark of the appellant 'ZINACEF' to an extent that it will cause confusion and deception in the minds of the public. Pursuant to section 52 of the Trade Marks Act, I hereby direct that the registration of 'SYNERCEF' as a trade mark under TM NO. 59060 be cancelled as the same is similar to the registered trade mark No. 24634 'ZINACEF' registered by the appellant. -----"

The applicant was in turn aggrieved by the decision of the learned Judge and has lodged a notice of appeal in this Court. Pending the lodging, hearing and determination of the proposed appeal, the applicant seeks an order:

"THAT the Honourable Court be pleased to stay the Judgment dated 4th February, 2010 by the Hon. Mr. Justice Luka Kimaru, in High Court Misc. Application No. 792 of 2009----------."

On whether the applicant has an arguable appeal, we agree with Mr. Sharad Roa, learned counsel for the applicant, that the proposed appeal is not a frivolous one. In arriving at his decision, the Judge appears to have taken judicial notice of certain facts which in our view, may well be debatable. It was submitted before us that some evidence should have been led before the Judge to support the facts of which he took judicial notice and that there was in fact no such evidence before him. We think the point is arguable. It is not to be forgotten that an arguable point does not in any way connote a point that will or must succeed if and when it is fully ventilated. Again, the learned Judge does not appear to have put weight on the fact that the drugs in issue can only be obtained by the public upon prescription by a medical doctor and, therefore, the public at large may not necessarily be confused by the two names even if the names are phonetically and visually similar. That is another arguable point. As the Court has said time and time again, even one arguable point is sufficient for the purposes of ***Rule 5 (2) (b).***

On the second aspect of whether the appeal will be rendered nugatory if we do not grant the stay, we take notice of the fact that the applicant's product is already in the market and if the stay is not granted the applicant may well be forced to withdraw them from the market and if it wishes to continue selling them, change the name and repackage them. In considering whether the success of an appeal will be rendered nugatory, the Court is entitled to take into account "*the balance of convenience*" or "*the claims of both sides*" – see for example **RELIANCE BANK LTD. (In Liquidation) VS. NORLAKE INVESTMENTS LTD., [2002] 1 EA 227**.

In the circumstances of this case, we think the balance of convenience requires that we maintain the status quo prevailing before the judgment proposed to be appealed against so that while the applicant's application for the registration of its trade mark is held in abeyance pending the hearing and determination of the proposed appeal, the applicant shall be entitled to continue marketing its product until the outcome of the appeal is known. That is the order which commends itself to us and we shall grant an order of stay on those terms. Should the applicant seek to take advantage of the present orders by delaying the filing of the appeal, we have no doubt counsel for the respondent will appropriately move the Court. The costs of the motion shall be in the intended appeal.

Dated and delivered at Nairobi this 11th day of June, 2010.

R.S.C. OMOLO

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JUDGE OF APPEAL

J.W. ONYANGO OTIENO

……..

JUDGE OF APPEAL

D.K.S. AGANYANYA

……

JUDGE OF APPEAL

I certify that this is a

true copy of the original.

DEPUTY REGISTRAR.