REPUBLIC OF KENYA

IN THE COURT OF APPEAL OF KENYA

AT NAIROBI

Civil Appli 28 of 2009 (UR 13/2009)

MAGNATE VENTURES LIMITED ……..……..APPLICANT

AND

ENG KENYA LIMITED ……..……RESPONDENT

(An application for stay pending the determination of an intended appeal from the ruling and order of the High Court of Kenya at Milimani Commercial Courts Nairobi (Kimaru, J.) dated 29th January, 2009

in

H.C.C.S. NO. 572 OF 2008)
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RULING OF THE COURT

Following the superior court's order given on 29th January, 2009 in **High Court Civil Case No. 572 of 2005**, in which that court granted ***ENG. KENYA LIMITED***, the respondent, both a restraining and mandatory injunction relating to a certain industrial design, ***MAGNATE VENTURES LIMITED***, the applicant, has moved this Court under ***rule 5 (2) (b)*** of the Court of Appeal Rules seeking an order that the part of the superior court order aforesaid, granting the respondent a mandatory injunction be stayed. They also seek an order staying further proceedings in the aforesaid suit pending before the superior court pending the outcome of an intended appeal.

Two main principles guide the court in applications under ***rule 5 (2) (b)***, above. These principles are well settled and they are, firstly, that for an applicant to succeed in an application of this nature he is obliged to show that his appeal or intended appeal is arguable or differently put, that it is not a frivolous one. The second guiding principle is that, the applicant is obliged, in addition, to show that unless he is granted an injunction or stay, as the case may be, his appeal or intended appeal, if successful, will be rendered nugatory – see **Githunguri v Jimba Credit Corporation Ltd (1988) KLR 838**. From those principles, it is clear that the court exercises judicial discretion. Like all discretions, the court must act on the basis of evidence and sound principles.

The evidence which was before the superior court was as follows. By a plaint dated and filed in the superior court on 29th September, 2008, the respondent averred that it was the intended registered proprietor of a proposed registered design **Ref. No. 000899** in respect of a suburban sign. It was applied for on 10th September, 2008 and a certificate of the application for registration was issued on that day. A certificate of registration of the design is yet to be issued. In the meantime, the applicant started using the design or one deceptively similar to it without the consent of the respondent and by doing so, prompted the

respondent to file suit praying for a permanent injunction restraining the applicant by itself, through its directors, officers, servants or agents from infringing the "intended Registered Design No. 00899." It also prayed for an order directing the applicant to deliver-up for destruction all articles in the applicant's possession, custody or control which infringe the aforesaid design. Finally it prayed for an order as to inquiry as to the damages payable for loss suffered by the respondent for the infringement.

Filed with the plaint was a chamber summons praying principally for a restraining and mandatory injunction on the same terms as the prayers in the plaint. That application which bore the same date as the plaint, was heard by Kimaru, J. who in a reserved ruling delivered on 29th January, 2009, granted amongst other orders a mandatory injunction in the following terms:

> **"Mandatory injunction is hereby issued directing the defendant to bring down or remove all the suburban signs that it has erected within the Republic of Kenya that is of a similar or of the same design to that of the plaintiff and which is pending registration by KIPI as industrial design No. Ref. 000899. The said suburban signs shall be removed within 14 days of today's date. The plaintiff shall have costs of the application."**

In the application before us it is the applicant's case that the superior court did not have jurisdiction to grant the orders it did as there were and still are pending proceedings before the Industrial Disputes Tribunal, established under the Industrial Property Act. Besides, as the design has not been registered so far, the superior court had no jurisdiction to grant injunctive reliefs. Mr. Havi for the applicant submitted before us that when ***sections 92 (1)*** and ***106*** of that Act are read together, the jurisdiction lay with the Industrial Disputes Tribunal. The second part of Mr. Havi's submission was that the superior court improperly issued a mandatory injunction at interlocutory stage when the circumstances of the case did not justify the issuance of such an order.

Regarding the nugatory aspect Mr. Havi submitted that unless an order of stay is granted the applicant shall be compelled to remove all roadside signs, or that the applicant shall be cited for contempt of court, and thus render the success of their intended appeal nugatory.

Mr. Ombwayo who appeared for the respondent did not think the applicant had made out a case for the grant of the orders sought. In his view the Industrial Designs Tribunal would only have jurisdiction to deal with registered designs. For that submission he relied upon ***section 112*** of the Industrial Property Act. In his view therefore, the application for registration having been made on 10th September, 2008, and by 27th November, 2008, the design having not been registered, it followed that this was not a matter the tribunal could properly deal with.

Mr. Ombwayo conceded the contention by the applicant, that the respondent is a new entrant into the advertising market, but denied that merely because of that fact it could not be said that it is not able to satisfy any order on costs or damages that this or any other court may make against it. In his view, it was the duty of the applicant to show, which it failed to do, that the respondent lacked reasonable resources to meet such liability. Finally, Mr. Ombwayo submitted that no serious prejudice is likely against the applicant, which is not adequately compensatable in damages.

From the submission of counsel it is quite clear that the issue of jurisdiction is contentious. The applicant contends that the superior court lacked jurisdiction to entertain the respondent's case. The respondent contends otherwise. At this stage this Court cannot properly deal conclusively with that issue. Nor can it express any concluded view on the entire matter. The applicant has filed its appeal, *to wit* **Civil Appeal No. 72 of 2009.** The bench that will hear that appeal will have the power to conclusively deal with that issue and the other issues raised in the application before us. On our part all we are called upon to do is to satisfy ourselves whether, on the material before us, the applicant has shown that its appeal is arguable. We have read the provisions of the **Industrial Property Act, Act No. 3 of 2001**. It is arguable whether the High Court had the jurisdiction to

entertain the respondent's case more so when the respondent is basing its claim on the provisions of the aforesaid Act. ***Section 92(1)*** of the Act provides, as material, as follows:

> **"92 (1) Registration of an Industrial design shall confer upon its registered owner the right to preclude third parties, from performing any of the following acts in Kenya –**
>
> **(a) reproducing the industrial design in the manufacture of a product;**

Section 106 of the same Act, makes provision for the issuance of an injunction to prevent infringement where it is imminent or to prohibit the continuation of the infringement once infringement has started. The opening words of that section read as follows: -

> **"106. On the request of the owner for the patent or the registered utility model or industrial design, the Tribunal shall grant the following relief."**

The section then proceeds to itemize the relief including injunction to prevent infringement. So the question which we posed earlier and which we repeat here, in view of the provisions above is whether the High Court had jurisdiction to entertain the respondent's matter. Clearly the applicant has demonstrated that its appeal is arguable, and is not frivolous.

In an application under ***rule 5 (2) (b)***, an applicant need not show the existence of more than one arguable point. It is enough if the applicant is able to show the existence of only one arguable point in the appeal or intended appeal.

We earlier stated that the applicant would also be obliged to show, in addition, that unless it is granted the orders sought, its appeal would be rendered nugatory if it were eventually to be successful. One of the reliefs provided for under ***section 106*** above, is damages. Mr. Havi conceded that what the applicant stands to lose is quantifiable in monetary terms. In effect he conceded that his client can adequately be compensated in damages but hastened to add, that the respondent may not have the means of meeting such a liability. The applicant did not however, place any evidence before us to show that the respondent would not possibly be able to compensate the applicant if eventually its appeal were to succeed. All the applicant was able to show is that the respondent has recently joined the advertising market. That alone is not enough to satisfy a court that a party may not be in a position to compensate another party if ordered to do so or to tilt the burden of proof to the respondent to show that it was in a position to do.

Before we conclude this ruling we need to say something about the submission that a mandatory injunction need not be given at interlocutory stage. Mr. Havi cited, among other decisions, the case of **Kenya Breweries Limited & Tembo Co-operative Savings and Credit Society Ltd. v. Washington O. Okeyo**, **Civil Appeal No. 332 of 2000**, a decision of this Court. The Court quoted excerpts from **Vol. 24 Halsbury's Laws of England**, **4th Edn.** paragraph 948, which reads as follows:

> **"A mandatory injunction can be granted on an interlocutory application as well as at the hearing, but in the absence of special circumstances, it will not normally be granted. However if the case is clear and one which the court thinks it ought to be decided at once, or if the act done is a simple and summary one which can be easily remedied, or if the defendant attempted to steal a march on the plaintiff…..mandatory injunction will be granted on an interlocutory application."**

Generally the paramount consideration before a court can grant a mandatory injunction at interlocutory stage is the existence of special circumstances, and in clear cases. All in all it is a decision dependent on the discretion of a Judge and each case must be decided on the basis of its own peculiar facts and circumstances. We stated earlier that there is statutory jurisdiction to grant a mandatory injunction in cases falling within the Industrial Property Act, of course subject to the presentation before the court of the necessary evidence.

Considering all the foregoing and the facts and circumstances of this case, we are not satisfied that the applicant has satisfied the two principles for the grant of an order in its favour under ***rule 5 (2) (b)*** of the Court of Appeal rules. That being our view of the matter, the order which commends itself to us to make is that the application dated 10th February, 2009 fails and it is accordingly dismissed. The costs of the motion shall abide the outcome of **Civil Appeal No. 72 of 2009**.

Dated and delivered at Nairobi this 16th day of October, 2009.

S.E.O. BOSIRE
……
JUDGE OF APPEAL

P.N. WAKI
……..
JUDGE OF APPEAL

ALNASHIR VISRAM
.....
JUDGE OF APPEAL

I certify that this is a true copy of the original.

DEPUTY REGISTRAR