REPUBLIC OF KENYA

IN THE COURT OF APPEAL OF KENYA

AT NAIROBI

Civil Appli 19 of 2007

G4S SECURITY SERVICES (K) LIMITED ……..……. APPLICANT

AND

GROUP FOUR SECURITY LIMITED ……..…..……..… RESPONDENT

(Application for stay pending the determination of the intended appeal from an order of the High Court of Kenya Nairobi (Milimani) (Azangalala J) dated 13th November, 2006 in H.C.C.C. NO. 218 OF 2006)

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RULING OF THE COURT

This is an application under *Rule 5 (2) (b)* of the *Court of Appeal Rules* (Rules) for an order that:

"*The injunction order of the High Court made on the 13th day of November, 2006 be stayed pending the determination of the intended appeal against such order to the Court of Appeal …..…*".

The applicant and the respondent are registered private companies offering competing security services in Kenya. On 25th April, 2006, the respondent filed a suit in the superior court against the applicant alleging that the applicant had infringed the respondent's trade mark and passed off the respondent's services as that of the applicant. The respondent sought various reliefs against the applicant. The respondent in addition filed a contemporaneous interlocutory application for two main orders, namely; an order of injunction restraining the applicant from, *inter alia*:

"*3. … trading in the name of Group 4 Securicor or any other name closely resembling the Plaintiff's mark Group 4 Security and to cease all and any other activities being carried out under the said name and a name similar to the same pending the hearing and determination of the suit herein*".

and an order that:

"*4. … the defendant do forthwith cease printing letter heads contracts waybills promotional material brochures and/or any other trade documents of any nature with the said mark Group 4 Securicor pending the hearing and determination of the suit herein*".

That application was supported by two affidavits sworn by Mr. Niklas Brian Rogers, the General Manager of the respondent company. The following brief facts emerge from the two affidavits.

The respondent company was incorporated on or about 24th May, 1982 and issued with an incorporation certificate No. 24190. The respondent registered two trade marks numbers 30034 and 30035 on 25th May, 1982 which have since been renewed subsequently. The trade mark number 30035 is a rectangular engravement with inscriptions *Group 4 Security* on the background of white colour and with four (4) red dots on the lower button. The respondent has marketed the name *Group 4 Security* and has established itself over the years in Kenya and in East Africa as provider of security services for both residential and commercial properties and all forms of security. Mr. Niklas Brian Rogers further deposes, *inter alia*, that the applicant has started marketing its services in the name of *Group 4 Securicor* which is not its registered name in order to confuse the respondent's customers who popularly refer to the respondent as *Group 4 Security*.

The applicant filed a replying affidavit in the superior court sworn by Joseph Dowd – the applicant's Regional Transport consultant and a senior member of management. According to him the applicant was incorporated in 1964 as *Securicor Limited* and in 1969 it changed its name to *Securicor (Kenya) Limited*. Since then the company has changed its name from time to time as its business operations have evolved. In 1997, for example, the company changed its name from *Securicor Guards Kenya Limited* to *Securicor Security Services Kenya Limited* and in February, 2006 the company again changed its name from *Securicor Security Services Kenya Limited* to *G4S Security Services (Kenya) Limited*. On 3rd February, 2006, the trade mark "*G4S"* was registered by Registrar of Trade Marks and the mark and devise "*G4S Group 4 Securicor"* is awaiting registration.

The applicant is an associated/subsidiary company of *Group 4 Securicor PLC* and *G4S Group 4 Securicor* is the global trade mark of the parent company trading in over 45 countries. Mr. Joseph Dowd deposed further that in using its parent's company's trade mark the applicant has merely been complying with its global parents branding guidelines that have been adopted by all the group Companies worldwide.

The superior court (Azangalala J) was satisfied that the respondent had established a prima facie case of infringement of the trade mark which had probability of success and that although the applicant was not guilty of deliberate misrepresentation or deceit, the similarities between the respondent's mark "*Group 4 Security"* and the applicant's marks "*Group 4 Securicor"* raise a real probability of confusion to customers which is likely to cause damage to the respondent. In allowing the application for interlocutory injunction, the superior court said:

"*In the case at hand, the defendant's name was changed from Securicor Security Services Kenya Limited to G4S Security Services (Kenya) Limited in February 2006. The name Group 4 Security was neither in the earlier name nor in the new name. In the new name Securicor has been dropped, so the only reason why the defendant uses the mark "Group 4 Securicor" is to enable it comply with the requirements of its parent company based outside Kenya. I do not find that a sufficient reason to deny the plaintiff the protection given it by the statute particularly as the plaintiffs name incorporates the trade mark. In a sense the plaintiffs trade mark "Group 4 Security" is in reality its name: Group Four Security".*

The superior court granted the orders of injunction on condition that the respondent should file an undertaking under seal, to pay damages fortified by a similar undertaking by one director of the respondent.

The applicant intends to appeal against the orders of the superior court and asks this Court to stay the orders of the superior court pending the determination of the intended appeal.

The principles upon which this Court exercises its unfettered discretion to grant a stay of execution, stay of proceedings or an order of injunction under *Rule 5 (2) (b)* of the Rules are trite. The applicant is required to satisfy the court that the intended appeal or appeal, if already filed, is arguable, that is, that it is not frivolous and that unless the order sought is granted the intended appeal or appeal would be rendered nugatory.

The applicant states that it has valid grounds of appeal with prospects of success. Mr. Joseph Dowd

has enumerated eleven grounds of appeal in paragraph 30 of the supporting affidavit, which, generally speaking, challenge the finding of the superior court that there was infringement of the trade mark. The applicant had filed a similar application for stay of the order of injunction in the superior court pending appeal which was dismissed by the superior court (Waweru J) on 24th January, 2007. The same grounds of appeal were relied on in that application and the superior court was of the view, that the grounds of appeal were serious and arguable. That finding of the superior court is not of course, binding on this Court and we recognize that our jurisdiction under *Rule 5 (2) (b)* is original. Nevertheless, on our independent consideration of the grounds of appeal, we are satisfied, like the superior court, that, the intended appeal is indeed arguable.

The applicant further states that if the order of stay is not granted, the applicant would suffer substantial loss and irreparable damage which would render the intended appeal nugatory. Mr. Joseph Dowd, has explained in great detail the enormous costs of the rebranding which the applicant embarked upon from April, 2006 following the change of name of the applicant and of which the applicant has incurred and would continue to incur, and, also the substantial cost of advertising its new logo and trade mark in the print media. He has also given an estimate of the expenses the applicant would incur in order to comply with the order of injunction. According to him, the applicant would have to destroy a huge stocks of printed stationery worth in excess of Shs.2,195,168/=; rebrand 90 motor vehicles and 60 motor cycles at a cost of over Shs.3,000,000/=; rebrand staff uniform of about 9,000 unionisable staff at a cost of Shs.52,000,000/= and change the name and logo from that of *Group 4 Securicor* on approximately 6,500 homes, offices etc at a cost of Shs.2,900,000/=.

Mr. Niklas Brian Rogers, on the other hand, deposes, inter alia, that the damage that the respondent is suffering and is likely to suffer is irreparable and cannot be compensated by damages; that there is great confusion in the market and to the public and the respondent is being forced to distinguish itself by its orange colours, that the applicant is unlikely to suffer any loss of business or profits if stay is not granted and that the respondent has already filed the undertakings as to damages as ordered by the superior court.

In this case, the applicant states that unless the order of injunction is stayed, it would suffer substantial loss and irreparable damage which will not be limited to financial loss thus rendering the intended appeal nugatory. As this Court has stated in *Kenya Shell Ltd vs. Kibiru & Another* [1980] KLR 410 and *Mukuma vs. Abuoga* [1988] KLR 645, substantial loss could render an appeal nugatory. The superior court in granting an order of injunction was satisfied that the respondent had shown on *prima facie* basis that it would suffer substantial loss which would not be adequately compensated by damages as a result of the infringement of the trade mark. In the subsequent application for stay of order of injunction, the superior court was of the view that the injury that the applicant might suffer is readily quantifiable while the respondent might lose its corporate identity to the applicant if stay was granted. The superior court said in part:

"*It is deponed in the replying affidavit that the plaintiff will not only lose financially but will also lose goodwill clientele and the market control that it now enjoys and there will be great confusion as between the two companies. It is further deponed that the plaintiff might lose its corporate identity to the defendant before its suit is heard. I accept all these as distinct possibilities with high probabilities. On the other hand, the injury that the defendant might suffer is readily quantifiable, and has in fact been quantified, albeit a large sum of money. Clearly, the balance of convenience tilts in favour of plaintiff*".

Having regard to the peculiar circumstances of this case, we are respectfully of the same opinion. The registered trade mark which is alleged to have been infringed happens to be the respondent's corporate and trade name. If the order of injunction is stayed, the applicant would continue using the mark "*Group 4 Securicor"* which, as the superior court found, is both visually and phonetically strikingly similar to the respondent's mark "*Group 4 Security"* for three years or so before the appeal, if lodged, is determined. In the event that the appeal fails, the respondent would have suffered irreversible loss. If on the other hand the order of injunction is not stayed and the applicant's appeal ultimately succeeds, the applicant is not likely to suffer any loss of business or profits. It will however have incurred substantial expenses mainly associated with rebranding and replacing of various operational materials in order to comply with the order of injunction. This potential loss is capable of quantification and compensation by an award of

damages. There is no contention that the respondent has the means to compensate the applicant. Indeed, the applicant's position has been secured by the filing of undertaking to pay damages.

In the circumstances, we are not satisfied that the appeal would be rendered nugatory unless the order of injunction is stayed.

In the result, the application is dismissed with costs to the respondent.

Dated and delivered at Nairobi this 30th day of March, 2007.

P. K. TUNOI

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JUDGE OF APPEAL

E. M. GITHINJI

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JUDGE OF APPEAL

J. W. ONYANGO OTIENO

……

JUDGE OF APPEAL

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

DEPUTY REGISTRAR