REPUBLIC OF KENYA

IN THE COURT OF APPEAL OF KENYA

AT NAIROBI

Civil Appeal 228 of 2004

SANITAM SERVICES (E.A) LTD) ……APPELLANT

AND

RENTOKIL (K) LTD …….. 1ST RESPONDENT

KENTAINERS (K) LTD …….. 2ND RESPONDENT

(An appeal from the judgment and order of the High court of Kenya at Nairobi (Onyango Otieno, J.) dated 22nd May, 2002

in

H.C.C.C. NO. 58 OF 1999)

****

JUDGMENT OF THE COURT

Overview …….

The appeal before us focuses on a branch of law which has scanty litigation and therefore minimal jurisprudential corpus in this country, but which has exploded on the world stage since the end of the 19th century when the international community formed two international unions to promote it - ***INTELLECTUAL PROPERTY***. The ***Paris Convention*** of ***1883*** sought protection of Industrial Property while the ***Berne Convention*** of ***1886*** sought protection of literary and artistic works. A secretariat was then established to administer those conventions and has operated under various names but is currently the ***World Intellectual Property Organization (WIPO***). The trend is to galvanize the international community to move in tandem in protecting all creations of the human mind by giving the creators property rights. That way human intellectual creativity will be stimulated and the fruits of such creativity will be available to the human race, while international trade in goods and services will be allowed on the basis of a smoothly functioning system of harmonized laws. As a member of the international community Kenya subscribes to the two conventions and has enacted laws for the protection of property rights – the ***Trade Marks Act*** of ***1955 (Cap 506***), the ***Copyright Act***, of ***1966 (Cap 130)*** and the ***Industrial Property Act*** of ***1989 (Cap 509)***. In the last two decades however, international policies towards protecting intellectual property rights have seen profound changes and Kenya responded in 2001 by repealing the ***Industrial Property Act,*** and the ***Copyright Act***, and enacting new and comprehensive Acts; ***No. 3*** of ***2001*** and ***No. 12*** of ***2001*** respectively. The ***Trade Marks Act,*** *and* ***the Regulations*** thereunder, were also

amended extensively by ***Act No. 4 of 2002*** and ***Legal Notice No. 146 of 2003***. We are concerned in this matter with the ***Industrial Property Act*** and by events that took place in 1997 although the determination of the matter did not come until the judgment of the superior court was delivered on 22nd May, 2002. The new Act was however enacted on 27th July, 2001 and became operational by ***Legal Notice No. 38 of 2002*** on 1st May, 2002. It is the original Act therefore that governed the dispute before the superior court and will be applied before us.

Background ……..

On 21st January, 1999, ***M/S. Sanitam Services (E.A) Ltd*** (Sanitam) filed suit before the superior court against two defendants: ***M/S. Rentokil (K) Ltd,*** which had lawfully changed its name in 1998 to ***Rentokil Initial Kenya Ltd (Rentokil),*** and ***Kentainers (k) Ltd***, which protested that its proper name was ***Kentainers Ltd*** (Kentainers). ***Rentokil*** in Kenya is one of the 38 or so companies operating in the world under the parent multinational company ***Rentokil Initial PLC***. It offers various services including pest control, hygiene and health care. Under its health care division it provides sanitary disposal services and offers a wide range of sanitary disposal units. These include a step-on unit or foot operated bin for executive washrooms and hotels. ***Kentainers*** on the other hand were in the business of manufacturing a wide range of bins and containers of different sizes and shapes in accordance with instructions and moulds received from their customers. ***Rentokil*** was their customer and they manufactured the outer shell of a foot-operated bin christened "**SANITACT".**

Sanitam claimed in its suit, through its Managing Director ***Samson Kamau Nganga***, that it designed and invented a foot-operated litter/sanitary disposal bin in 1997 for use in the hygienic storage and disposal of sanitary towels, tampons, surgical dressings, serviettes and other waste material. It resolved that it would register a patent for the invention since it was a novelty in the local market. On 4th September, 1997 it submitted an application for registration to the ***Kenya Industrial Property Office*** (KIPO) and the application was acknowledged by that office on 7th November 1997. It was advised to continue working on the invention and to make similar applications to other countries. By the time the suit was heard and determined, KIPO had not processed the application for issuance of the patent. But ***Sanitam*** had also made an application for registration with the ***African Regional Industrial Property Organisation*** (ARIPO) on 4th September, 1998 and a year later, on 25th October, 1999 they were notified by ARIPO that a patent **No. AP773** had been granted on 15th October, 1999 to have effect in Botswana, Kenya, Uganda, Zambia and Zimbabwe. The patent was for a "*Foot operated Sanitary/disposal bin comprising a container (1) closeable by a cover (2), with a disposal lid 3) at the top, with the disposal lid being displaceable, by a foot operated pedal (4) and a lift lever (5), to move between open and closed positions. The bin is defined (sic) such that the user cannot see the contents of the container (I), waste scavengers cannot have access to the contents, emissions of unpleasant odour is reduced and the contents cannot spill out if the bin is overturned."* ***Sanitam*** then applied for and was granted leave to amend its plaint to implead the registration of the patent. The cause of action pleaded in the plaint amended on 16th December, 1999 was that:

"***6A. The defendant during the pendancy of this registration and perpetually after the grant of the said patent, by themselves, their servants and/or agents have and are wrongfully and without any reasonable excuse continued to manufacture, supply and pass off to consumers bins similar if not identical to these patented by the plaintiff.***

7A. The said acts and conduct of the defendant were and are at all material times calculated to deceive and have in fact deceived and misled the trade and the general public into the believe (sic) that the said bins are the plaintiffs and into buying the defendants said bins as and for (sic) the plaintiff, thus depriving the plaintiff the right of exclusive use and enjoyment of the said invention.

7B. The defendants have threatened and intend, unless restrained by this Honourable court, to repeat their acts, and conducts aforesaid, and to continue to sell the said bins and to pass them off as such as being those of the plaintiffs which are not in fact the plaintiffs but those of the defendants."

It pleaded loss and damage and sought various reliefs as follows:

(a) A permanent injunction restraining the defendant (sic) from manufacturing and/or using the foot operated sanitary bin and/or holding out to consumers the use of the bin.

(a) (sic) (i) Permanent injunction to restrain the Defendant (sic) whether by themselves their servants agents and/or otherwise however (sic) from:

(ii) Trading in Kenya in any manner likely to cause the business of the defendants to be confused with the business of the plaintiffs.

(iii) Trading in any manner which does not sufficiently differentiate or distinguish the defendants business from that of the plaintiffs.

(iv) Using the patent referred to in paragraph 5A hereof or any other calculated to confuse the goods sold by the defendants as being goods manufactured or provided by and on behalf of the plaintiffs or otherwise infringing any of the plaintiffs registered patent.

(v) Otherwise passing off the business of the defendants as and/or the plaintiffs business.

(b) (i) An inquiry as to the damages caused by the

defendants acts of passing off/or at the defendants option, an amount of profits and payment of the sum due thereunder.

(c) Delivery up, repossession and destruction on oath all aforesaid sanitary bins and/or all. (sic)

(d) General damages in addition.

(e) Cost (sic) of the suit

(f) Interest thereof (sic) an (sic) (d) at court rates

(g) Any other of (sic) further relief that the court deems fit."

Rentokil in its defence denied that the foot-operated bin was a patentable invention and averred that it had been in the market for many years before ***Sanitam*** claimed its invention. Indeed, they pleaded, its sister company in Malaysia **(Rentokil Singapore PTE Ltd)** had in February 1995 obtained a patent for the same device in the UK and Malaysia and it was the device imported by ***Rentokil*** to combine with the shell manufactured by ***Kentainers*** in order to make and supply foot-operated bins in Kenya. If any patent was granted to ***Sanitam*** therefore, it was erroneous and ***Rentokil*** had applied to KIPO for its revocation. ***Rentokil*** sought in a counterclaim that an injunction be issued to stop ***Sanitam*** from manufacturing or using the foot-operated sanitary bin. That counterclaim was however withdrawn shortly before the hearing of the suit and it was further clarified that the Malaysia company (above), had obtained a "*Certificate of Registration of a design"* and not a patent, for the pedal-bin which was the part imported by ***Rentokil*** from Malaysia. The top section of the bin or flap was also imported.

For their part ***Kentainers*** maintained that there was nothing new in the foot-operated bin claimed as an invention since foot-operated bins had been in the market for over two decades and it was not patentable. It denied

the manufacture, supply or sale of any bins contrary to any patent held by ***Sanitam*** and sought the dismissal of the suit.

Upon hearing all the parties, the superior court, **Onyango Otieno J** (as he then was) found that ***Sanitam*** was the holder of a patent No. AP 773 and it was registered by ARIPO on 15th October, 1999. It

was not for the court to question the validity of the patent once granted unless an aggrieved party challenges its issuance through the technical bodies, KIPO and ARIPO, which are charged with the duty of investigating the invention and certifying its qualification for patent registration. The learned Judge also noted:

"**I have also seen the bin that the plaintiff says it did invent. It is true that it has at least one unique difference with the other bins and that is that it has a flap opening to receive the waste and covering the contents inside so that whoever is foot-operating it cannot see the contents inside even when using it and also the odour is minimized by the invention. There were other bins shown to me but the subject bin was as far as that aspect is concerned different. I do feel it represented a solution to specific problems and falls under section 6(1) of the Chapter 509 Laws of Kenya."**

Those findings have not been challenged and do not therefore fall for consideration in this appeal.

The learned Judge further considered whether there was infringement of the said patent by ***Rentokil*** and ***Kentainers*** or either of them and found there was not. The suit was dismissed with costs. Nevertheless, the Judge made findings, and properly so, on the quantum of damages, if any, awardable if he had found that there was infringement of the patent. He found there was insufficient evidence to prove any loss and therefore no basis for making any finding on the monetary loss awardable in the matter. He could only award Shs.1,000/= in general damages in the circumstances.

Sanitam was aggrieved by those findings and so filed the appeal before us.

The appeal ……..

The memorandum of appeal sets out some six grounds but they were argued as two grounds by learned counsel for the appellant, Mr. Robert Mutiso. The grounds are as follows:

"*1. THAT the learned Judge erred in law and in fact, having accepted and taken cognizance of the appellant's patent No. AP 773 dated 15th October, 1999 failed to enforce the appellant's rights against the defendants bestowed by such patent.*

2. THAT the learned Judge erred in law in failing to take into consideration the effect of the appellants patent registration and consequently failed to enforce the rights emanating therefrom as set out by the Industrial Property Act Cap. 509.

3. THAT the learned Judge erred in law and in fact in holding that on the evidence and documents before him the appellant had not established breach of patent by the defendant

4. THAT the learned Judge erred in his interpretation of the provisions of Section 35(1) and section 36 of the Industrial Property Act to the facts of this case.

5. The learned Judge erred in law and in fact in seeking to question whether or not the appellant's subject product was an invention and patentable which obligation is placed not on the court but on intellectual Property organizations namely K.I.P.O or A.R.I.P.O.

6. The learned Judge erred in failing to grant the relief's sought by the appellant and in particular on the issue of quantum of General Damages in failing to rely on the documents of contracts produced."

In consolidating grounds 1, 2, 3 and 4, Mr. Mutiso submitted that there was an admission by ***Rentokil*** and ***Kentainers*** in pleadings and in their evidence, that they were manufacturing parts, importing others and using the foot-operated bin long after ***Sanitam*** had applied for registration of the patent. Such admission fell within the rights of the owner of a patent under ***section 36*** of the **Industrial Property Act** ("the Act") and is an infringement of them. The section states, inter alia:

"**36. The owner of the patent shall have the right to preclude any person from exploiting the**

protected invention by any of the following acts -

(a) when the patent has been granted in respect of a product –

(i) making, importing, offering for sale, selling and using the product; or

(ii) stocking such product for the purposes of offering it for sale, selling or using the product;"

In Mr. Mutiso's submissions, the rights of the owner do not commence after grant of the patent but on the date when the application is made for registration. That is so because ***section 35*** of the Act provides in relevant part:

"**35. (1) The applicant or the owner of the patent shall have the following rights -**

(a) to be granted the patent, where the relevant requirements under this Act are fulfilled;

(b) after the grant of the patent and within the limits defined in section 16, to preclude any person from exploiting the patented invention in the manner referred to in section 36;"

The two provisions, he further submitted, tie up with ***section 39,*** which in relevant part states:

"***39. (1) Subject to subsection (2),*** *(relating to extension)* ***a patent shall expire at the end of the seventh year after the date of the filing of the application and may be extended for ten years****."*

So that, although the patent to ***Sanitam*** was granted in October 1999, an application had been made to KIPO as early as 4th September, 1997 which, in his view, was the operative date. The respondents were however found using the patented bin in September 1998 and they do not deny that they were producing and supplying it between the date of the application and the date of registration of the patent. Mr. Mutiso further submitted that there were contracts signed with customers on both sides of the case, which established when the bins were supplied to customers and there was expert evidence called by ***Sanitam*** through ***Moses Frank Oduori (PW2)***, a senior lecturer at the department of Mechanical Engineering University of Nairobi confirming that the sanitary bins exhibited on both sides were of the same type. The learned Judge therefore, in Mr. Mutiso's submissions, incorrectly evaluated the evidence and in the process made an erroneous conclusion that there was no infringement of the appellant's patent rights.

The second ground combined in grounds 5 and 6 was that the reliefs sought in the amended plaint were not considered and further that the refusal to grant damages as sought was erroneous in fact and in law. Mr. Mutiso submitted that the remedy of injunction is a natural relief flowing from a finding of breach of patent rights and it ought to have been granted. The respondents had continued to market the product in issue since the filing of the suit in the absence of an interim injunction and the court should have granted a permanent injunction after establishing that the appellant had a patent. As for damages, he submitted that there was a prayer for an inquiry as to damages and it was open to the court to make such an order. There was also evidence from a Consultant Economist, ***John Anyango Waka*** (PW3) on the loss of business arising from the breach of the appellant's patent rights which was dismissed for inadequacy on the erroneous view that there was an arithmetic formula for calculation of such damages. Citing persuasive authority from the House of Lords in two cases:

1. Watson Laidlaw & Co. Ltd v. Pott, Cassels and Williamson 1914, Illustrated official journal (patents) Vol. XXXI,

and,

2. The United Horse-shoe and Nail Co. Ltd vs. John Stewart & Co. (1888) H.L 401,

Mr. Mutiso submitted that damages in such matters are a matter of fact and that the measure was the amount of profit which the appellants would have made if they had themselves effected the sales of the

products, deducting a fair percentage in respect of sales due to the particular exertions of the respondents. The learned Judge therefore erred in finding that there was no basis for assessment of damages.

For his part, learned counsel for ***Rentokil***, Mr. Musyoka, agreed with the finding that there was no infringement of the patent since any infringement ought to be reckoned from the date of registration of the patent. There would be no rights to protect before such registration and ***section 39*** could not have been meant or construed to cover third parties who have no knowledge of applications made for registration. It would be an unjust extension of the provisions of that section. As there was no evidence from the appellant that the respondents dealt with any of the products in issue after registration of the patent, there was no basis for granting injunctory relief. Furthermore, there was no basis laid for an award of general damages, that is to say, proof of financial loss by the appellant, and the learned Judge cannot therefore be faulted for declining to make any award.

Learned counsel for ***Kentainers,*** Mr. Mogeni, similarly supported the learned Judge in his findings on the two issues raised. In his view, ***sections 9*** of the ***Act*** can only be read subject to the provisions of ***sections 35*** and ***36***. ***Section 9*** relates to an inventive step in relation to the date of filing the application. The rights of the owner cannot arise on the date of the application but on the date of registration and it would be a strained construction of the provision to find otherwise. In the amended pleadings, the cause of action arose during the pendency of registration of the patent (paragraph 6A) and there was no evidence that ***Kentainers*** continued to manufacture any items thereafter. At any rate, he submitted, the sworn evidence of ***Kentainers*** was that they only provided a shell for the bins while the rest of the parts and devices are imported. There was no patent on the shell and therefore no basis for condemning ***Kentainers*** on any of the alleged activities of passing off, sale, importation or threats to do so. There was no infringement by the second respondent. As for damages, Mr. Mogeni submitted that the common practice was for the parties to send out interrogatories before the trial to assist the court as to the extent of infringement. An assessment cannot conveniently be conducted at the trial in court without a record on the state of affairs before, during and after the infringement. The appeal against Kentainers should therefore be dismissed.

Findings…….

We have anxiously considered the entire record of appeal and the submissions of counsel. We thank them for their assistance in the matter which we must say is not without difficulty. The lack of authoritive case law on the issues raised also means that they will be considered and decided on first principles.

Our task as an appellate Court has been restated many times before and we take it from Sir Clement De Lestang VP in **Selle vs Associated Motor Boat Company [1968] E.A.** 12 3 at page 126.

"…….An appeal to this court from a trial by the High Court is by way of a retrial and the principles upon which this court acts in such 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 that 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 demeanour of a witness is inconsistent with the evidence in the case generally."

Subject to those principles, this Court will not lightly differ from the Judge at first instance on a finding of fact. That was underscored in **Peters v Sunday Post Ltd [1958] EA 424 at pg 429**, thus:

" **It is a strong thing for an appellate Court to differ from the finding, on a question of fact, of the judge who tried the case, and who has had the advantage of seeing and hearing the witness.**

But the jurisdiction "(to review the evidence) should be exercised with caution: It is not enough that the appellate court might itself have come to a different conclusion."

We must therefore examine whether the conclusions reached by the learned trial Judge were based on no evidence, or a misapprehension of the evidence or on application of the wrong principles.

The first issue raised in this appeal was whether there was an infringement of the appellant's patent and if so when and by whom. In arriving at the conclusion that there was no infringement, the learned Judge considered the applicable law on the onus of proof and cited ***section 116*** of the Act which provides:

"**116. The burden of proof in matters relating to infringement of industrial property rights shall lie with those who claim their rights have been infringed and any proceedings using a reversal of the burden of proof shall be null and void under the provisions of this Act."**

He held the view that the appellant was duty-bound to prove on a balance of probability that there was infringement and the time it occurred, particularly when the evidence tendered by the respondents was that they were using or manufacturing similar bins long before the patent was issued. The Judge also considered the provisions of ***sections 35*** and ***36*** of the ***Act***, which are reproduced above, and construed them as affording protection to a person who has been granted a patent in respect of his product. The patent in this matter was granted on 15th October, 1999 which was, on the evidence and the pleading in paragraph 6A (above), long after the product in issue had hit the market. The suit was filed in January 1999. There could not therefore have been an infringement of a non-existent patent.

The learned Judge then considered whether there was an infringement on the basis of the application made by the appellant for grant of the patent. The evidence is that the application was made to KIPO in September 1997 and was acknowledged in November, 1997. The appellant, as found by the Judge, had not established when the offending products first appeared in the market or were first manufactured. The Judge however examined the various contracts exhibited by the appellant to show that he was already supplying his invention, the foot-operated bin which he christened "**MONNY BIN",** to various organisations and companies when he discovered late in 1998, that the respondents' offending product was also in the market. The earliest of those contracts was in March 1997. On that evidence the learned Judge concluded as follows:-

"***These*** *(contracts or agreements)* ***were all for the supply of "Monny Bins" the bin which is now the subject of this suit. These agreements prove that Monny bin was in the market way back in 1997 long before Patent was secured to protect the invention. The effect of that is that at that time when it was in the market without any Patent, any other competitor including the Defendants was at liberty to reproduce their own version of a bin and if the same was similar to "Monny" it could not be said to have infringed any patent as no patent existed then. Neither could one say it had gone against any application for registration of a patent as the application, in cases of some agreements, was made later."***

Even if it was material to consider the infringement on the basis of the application therefore, there would be no infringement of a product which had been exposed to the whole world. In sum, there was no evidence to establish which product came into the market first, the appellants' or the respondents'. It appeared to the learned judge that the appellant had failed to legally secure what he thought was a novelty and instead attempted to stop a clear competition that was already in the market at the relevant time.

We have carefully examined the record of the evidence before us and considered the reasoning and findings of the learned trial judge on that issue and we respectfully defer to his conclusions. There must have been a good reason why Parliament expressly pronounced where the burden of proof lay in matters of alleged infringement of a patent. One is perhaps that, although the protection of Intellectual Property rights is imperative to provide an incentive to inventors to develop new knowledge and thus, overtime, confer dynamic gains to society from introduction of new products, it must be balanced against the danger of reducing current competition through the market exclusivity conferred by the protection and therefore lead to a static distortion in the allocation of resources in the economy. That is why the period of protection for patents has an optimal length.

Whatever the reason for that express provision, it is clear that there was no requirement for the

respondents in this matter to prove anything and the learned judge cannot be faulted for seeking satisfactory evidence from the appellant to support the averment made in its pleadings. We may observe that in the new Act there is no provision similar to **section 116**. On the contrary, **section 110** of the new Act appears to have reversed the burden of proof but only where the subject matter involves " **a process for obtaining a product."**

As correctly observed by the learned judge, the appellant did not prove when the breach of its patent occurred. The pleading is that it was " "*during the pendency of registration of the patent*" . The evidence is that the first application to KIPO was made on 4th September 1997 and was acknowledged on 7th November 1997. There is no averment or evidence that the application was publicised to the world in any way and apparently there was no requirement under the Act that it should be. As we shall shortly see, that anomaly has now been rectified in the new Act. The first letters written to Rentokil and Kentainers were dated 11th December 1998 informing them about the application to KIPO and asserting that the two were manufacturing a similar product. Their reaction, in the pleadings affidavits and oral evidence which the superior court accepted was that their product, the "**sanitact**" bin was in the market long before the appellant made its application. There were at least eight agreements between Rentokil and various entities for supply of the bins which predate the appellant's application for patent. It was also evident that the technology Rentokil borrowed from the Malaysian design was in existence since 1994. In the absence of specific evidence on the date of entry of the product into the market, we have no reason to depart from the finding by the superior court that the respondent's product was indeed in the market long before the application made in September 1997. So was the appellant's product. In the agreements exhibited by the appellant, there are at least four agreements that predate its application for a patent going back to March 1997. The appellant was marketing the goods without any protection and we say with the superior court that it did so at its own peril. No infringement could be pleaded at that period in time.

The application made to **KIPO** in September 1997 and acknowledged in November that year was the last the appellant heard about the matter. There is no evidence, and it is admitted, that KIPO had not granted any patent before the suit was determined. Could it be said that by dint of **section 35** of the Act there was protection of a patent when none was granted four years after the application or not granted at all? We think it would be a strained construction of the section to so find, and we reject the contention that the unpublicised application made to KIPO was sufficient to protect the appellant. The section in our view affords protection to the owner of a patent after grant. Consequently there could not have been an infringement of a patent at that period in time either.

The second application for a patent was made to ARIPO on 4th September 1998. It was application No. AP/P/98/01372. That information is in the certificate of grant of patent No. AP 773 dated 25th October 1999 but the appellant did not disclose the application made through ARIPO when it filed the original plaint on 21st January 1999. Instead it sought an injunction against the respondents on the basis of the earlier application made through KIPO. That injunction was rejected by the court on 16th April 1999 and the rejection was not challenged on appeal at the time or at all. The status quo between the parties therefore remained until the appellant sought another injunction after amendment of the plaint in January 2000. That application was also rejected by the court on 4th March 2000 and there was no challenge to the rejection at the time or at all. Once again the status quo between the parties remained until the suit was determined on 22nd May 2002. Can it be said that the infringement of the appellant's patent was effective even when unchallenged court orders dismissing injunctory reliefs were operative? We think not.

We said earlier that the applications for a patent were not publicised as we think it should be the case if any person or entity is to be held responsible for infringements. We are fortified in this view by the elaborate provisions introduced by the new Act in 2001 which clearly addressed a wanting situation. **Part V** of the new Act regulates in considerable detail the making of applications, the grant and refusal of Grant of Patent, and Section 42 thereof provides:-

"**(1) The Managing Director shall publish the application as soon as possible after the expiration of eighteen months from the filing date or, where priority is claimed, the date of priority.**

(2) For the purposes of subsection (1), in the case of

applications claiming priority, the term of eighteen months shall be construed from the original filing date and in the case of applications with two or more priority claims, the period shall be construed from the earliest priority dates.

(3) The publication of the patent application shall be effected by publishing the particulars set out in the regulations, in the Kenya Gazette or in an Industrial Property Journal. *Emphasis added*

The same applies to international applications under **Part VI** whose publication is covered under **section 52**, thus:

"**Publication under Article 21 of the Patent Co-operation Treaty, an international application in which Kenya is designated for a national patent shall be treated as publication in terms of the provisions of section 42"**

...

We have said enough, we think, to show that the evidence relating to infringement of the appellant's patent in the manner pleaded in its case was tenuous and was properly discounted by the superior Court. We have found no proper basis to differ from those findings except on one aspect which we now deal with.

We stated earlier that there was no cross-appeal on the finding made by the superior court that the appellant had obtained a valid patent from ARIPO in October 1999. The grant of the patent was, however, neither bought to the attention of the respondents nor pleaded until 16th December 1999 after leave of the Court was obtained. In our view, the appellant would have been entitled to a temporary injunction to protect the patent until the determination of the suit but we are told one was sought and refused by the superior court at that stage. Ultimately however, the court found for the appellant on that issue and it was logical that injunctory relief which the appellant sought in the amended plaint should have been given. In concluding that ground of appeal therefore, we would grant an injunction to last the life of the patent with effect from 16th December 1999, in terms of prayer (a) (i), (ii), (iii), (iv) and (v) of the amended plaint. That order accords with the provisions of **section 36** of the Act. It is evident from what we have said that if there was any infringement of the appellant's patent, then it could only have occurred after 16th December 1999. Did the appellant, who has the sole onus of proof, place evidence before the superior court to establish the infringement? We are afraid not, and once again we cannot fault the learned judge for so finding.

Having so found on the issue of infringement, it becomes unnecessary to examine the hypothetical issue relating to damages. Suffice it to say that, in principle, the most natural relief against infringement of a lawful patent is an injunction. In addition, the owner of the patent ought in his pleading, to make an election as to the nature of damages desired to obtain. It is improper to seek damages and at the same time for an account of the profits made by the person in breach. As this Court stated in **Brooke Bond v Chai Ltd [1971]** E A 10 per Spry Ag P at pg 15 :

"As I understand it, it has for many years been held that these are alternative remedies. The general rule seems to be that a successful plaintiff can exercise an election. In Lever V Goodwin 1887, 36 Ch. D. 1

Cotton L.J. said:

It is well known that, both in trade-mark cases and patent cases, the plaintiff is entitled, if he succeeds in getting an injunction, to take either of two forms of relief, he may either say, '"I claim from you the damage I have sustained from your wrongful act, or I claim from you the profit which you have made by your wrongful act."

There was no election made in this case. As for the profits recoverable in a successful action, this Court

held in **Jiwaji v Sanyo Electrical Co Ltd [2003] 1 EA 98** that the profits recoverable are "net profits" and not "gross profits"; That conclusion flowed from the definition of profit thus:

"The difference between what a thing costs and the larger sum it sells for is not profit if the buying and selling are attended with expense to the trader *Dobbs V Grant Junction Waterworks Company* (1883) 9 AC 49; and

"The word "profit" generally speaking means the excess of returns over outlay, but in commercial agreements its meaning may be and often is restricted to annual pecuniary profits or such profits as would ordinarily appear in a profit and loss account" – see "words and phrases defined vol 4"

We may also add that the remedies available for breach of a patent have now been conveniently spelt out in the new Act and are awardable by an **Industrial Property Tribunal** or the High Court on appeal. (See Part XVI and XVIII of the new Act)

Conclusion…….

For the reasons we have attempted to set out above, we find no sufficient reason to disturb the decision of the superior court except to the extent stated above and we order that this appeal be and is hereby dismissed. As the appellant has been partially successful, we order that each party bears its own costs of the appeal, and in the court below.

Dated and delivered at Nairobi this 28th day of July, 2006

S.E.O BOSIRE

……

JUDGE OF APPEAL

P.N. WAKI

……..

JUDGE OF APPEAL

W. S. DEVERELL

…….

JUDGE OF APPEAL

I certify that this is a

true copy of the original.

DEPUTY REGISTRAR