IN THE COURT OF APPEAL

AT NAIROBI

(Coram: Chunga CJ, Shah & Keiwua JJ A)

CIVIL APPEAL NO 126 OF 2000

CUT TOBACCO KENYA LIMITED…….…….....APPELLANT

VERSUS

BRITISH AMERICAN TOBACCO (K) LIMITED...…..…..RESPONDENT

(Appeal from the Ruling and Order of the High Court at Nairobi

(Onyango Otieno J) dated 23rd June, 1999 in HCCC No 354 of 1999)

JUDGMENT

This is an appeal from the ruling and order of the superior court allowing with costs an application by the respondent, British American Tobacco (K) Limited whereby the superior court (Onyango Otieno, J) restrained the appellant, Cut Tobacco Kenya Limited, from:

"1(a) Infringing a trade mark known as "Sportsman" registered as No. 2012 in class 45 at the Trade Marks Registry.

(b) Manufacturing, importing or exporting, selling offering for sale, distributing, marketing, advertising and promoting cigarettes and tobacco products bearing the trade name 'Horseman' or any other name, mark or designation bearing a close resemblance thereto.

(c) Manufacturing, importing or exporting, selling, offering for sale, distributing, marketing cigarettes or tobacco products bearing a similar shape, colour, configuration, overall design and general appearance to the plaintiff's (respondent's) goods and especially but not limited to the use of a horse symbol or image whether set against a red background or not.

(d) Passing off any of its goods as the goods of the plaintiff and particular but not limited to any cigarettes manufactured and/or marketed by it under the trade mark 'Horseman'.

(e) Parting with possession, power, custody (other than to the Plaintiff or its agents) of or in any way altering, defacing or destroying the following articles or any of them:

(i) Products which infringe the said trade mark "Sportsman"

(ii) Goods which are being passed off as the goods of the Plaintiff and particularly but not limited to any

cigarettes manufactured and/or marketed by it under the unregistered mark ‘Horseman’.

(iii) All documents, files, packaging materials, cartons, printing blocks, bromides, prints, invoices, receipts, articles or equipment relating to the importation, purchase, manufacture, sale or supply of products particularly but not limited to any cigarettes manufactured and/or marketed by it under the unregistered mark ‘Horseman’ which are being passed off as the goods of the Plaintiff and which are also being or have been passed off as the plaintiff’s goods or relating in any other way to the aforesaid passing off and to infringement of the said Plaintiff’s trade mark.

2 The defendant be restrained whether acting by itself, its servants officers, agents, or otherwise from: Importing, manufacturing, selling, offering for sale, or in any manner disposing of the cigarettes that infringe the aforesaid trade marks, or in any manner passing off any goods particularly but not limited to any cigarettes manufactured and/or marketed by it under the unregistered mark ‘Horseman’ as goods manufactured and sold by the plaintiff.”

Although an interlocutory appeal, it raises issues of some importance to the commercial world in Kenya in regard to alleged breaches of trade mark and passing off of goods, and the principles to be applied at the hearing of applications for temporary injunctions pending the hearing of the suits.

The respondent is part of a multinational group of companies marketing its tobacco products (amongst other goods) world wide and is the registered owner of a trade mark known as “Sportsman”, first registered in England as Trade Mark No 2012 in Class 45 in the name of British-American Tobacco Company Limited of Westminister House, 7, Millbank London. The English company assigned its said trade mark to the then East African Tobacco Company Limited of Nairobi on 30th May, 1946. On 14th September, 1965, BAT Kenya Limited became the registered proprietor of the said trade mark. From the record it is not clear when BAT Kenya Limited adopted the name British American Tobacco (K) Limited, but it does not matter for the purposes of this appeal.

It is not denied and in fact it is common ground that “Sportsman” cigarettes form a substantial portion of the respondent’s sales of cigarettes in Kenya and that the brand is well known in the Kenyan market. The packaging of Sportsman cigarettes is in a soft packet with white and red colours and the word “Sportsman” is prominently shown in red lettering on the white portion of the packet both on the obverse and the reverse. The white colour occupies approximately one-third of the top of the packet. In the middle of the red portion of the packet there is the head of a horse bounded in a yellowish circle. These are the salient features of ‘Sportsman’ cigarette packet.

The appellant is a Kenyan Company and actively started its business of manufacture and sale of cigarettes in 1995 or thereabouts. At first it marketed its brand of cigarettes - “Horseman” - in a blue and white coloured packet. It had its logo CT on blue in the middle of the white part of the packet with two horses in red on both sides of the logo. During the year 1998 the appellant changed its packaging from what we have just described to a red (or maroon) coloured packet with two narrow white bands on the top and bottom of the packet with the word “Horseman” prominently printed thereon. It substituted the original logo and two horses with a picture of a jockey riding a horse. It is this packet that the respondent took issue with and filed the proceedings in the superior court seeking to stop it from manufacturing or marketing its “Horseman” cigarettes in the present “get-up”. The words “get-up” are used in the sense of general appearance.

The appellant’s explanation for the change in the “get-up” is that red colour is associated in Kenya with stronger brand (more nicotine/tar content) of cigarettes whereas the colour white is associated with milder cigarettes or cigarettes with a lesser nicotine/tar content. To show this the appellant produced by way of affidavit evidence packets of “Supermatch” brand of cigarettes manufactured by another Kenyan company as well as

“Champion” brand of cigarettes manufactured by the respondent. It is not in issue that the “Supermatch” and “Champion” are both stronger brands of cigarettes. It is common ground that no one has any monopoly in the colour red.

The application was argued at length before Onyango Otieno, J who, it must be pointed out, considered all points convassed before him but applied wrong tests as we will show later. As regards the differences in the "getup" of the appellant's brand the learned judge said:

"The respondent (the appellant here) has rightly pointed out several differences in the two packets ie in the packet of 'Horseman' and I do accept that one looking at the two closely will not make any mistakes as to the differences. I have also seen other packets with red or maroon background ie "Champion" "Supermatch" & "Marlboro". The main difference one sees between 'Champion" and "Sportsman' is that the 'Champion' packet, not only is the word 'Champion' not close to 'Sportsman' phonetically or otherwise, but the picture in the middle is that of a man carrying a trophy and that too is at a glance different from the head of the horse in the middle of 'Sportsman' cigarettes and of course there is no element of white colour in the 'Champion' other than the word 'Champion' which is written in white.

As to 'Supermatch' and 'Sportsman', again the picture in the middle is that of a sportsman in a white oval surrounding and 'Supermatch' written in white. Anybody seeing the two will not make any mistake as to the differences, and 'Marlboro' is clearly distinct from 'Sportsman' even in complete design. However, as between 'Horseman' and 'Sportsman' the features of a horse either a full brown horse with a jockey on top of it or the head of the horse, plus maroon colour in 'Horseman' and red colour in 'Sportsman' plus the words 'Horseman' and 'Sportsman' which resemble each other to some extent would in totality give the general impression that the two are from one manufacturer and are not different."

In other words the learned judge concluded that the "get-up" of the 'Horseman' brand of cigarettes was calculated to deceive the 'Sportsman' cigarette consuming public. He did so after applying the standard or burden of proof applicable at a trial. He quoted from a decision of the High Court of Uganda namely the case of *Acktiebolget Jonkeping – Vulcan Industrictsfabriksatebolag vs East African Match Company* [1964] EA 64 wherein at page 67 Udo Udoma CJ stated:

"As a general proposition of law, I think I am right in stating that the burden of satisfying the Court that there has been an infringement of its trade mark is on the plaintiff company. It is for the plaintiff company to prove that there is a resemblance between the two marks, and that such resemblance is deceptive. It is also a well-established principle of law that it is the duty of the judge to decide whether the trade mark complained of so nearly resemble the registered trade mark as to be likely to deceive or cause confusion in the minds of the public. From that duty the judge cannot abdicate."

Sir Udo Udoma CJ was of course dealing with issues raised at the full hearing of the case and not an interlocutory application for temporary injunction. Onyango Otieno J had before him an application for a temporary injunction and the principles to be applied upon the hearing of such an injunction are well settled. That is that the plaintiff ought to make out a *prima facie* case with a probability of success, and if the Court is in doubt it will decide the application on the balance of convenience. An interlocutory injunction will not normally be granted unless the applicant for it might otherwise suffer irreparable injury, which would not adequately be compensated by an award of damages. See *EA Industries Limited vs Trufoods Limited* [1972] EA 420. As regards alleged similarity of 'get-up' Spry VP had this to say at page 422:

"Here we have two bottles, substantially similar in size and shape, with two differences which are readily apparent to anyone who knows them or compares the bottles but which might not be noticed by someone who saw them separately. They bear labels which are substantially similar in size and shape. The design of the labels is generally similar but there are differences of detail and they bear names which in themselves are not confusing. I do not think it is desirable to go into the matter more fully, because the issue of deceptive similarity has to be decided in the suit (emphasis added by us). It do not think we should say more than is absolutely necessary, particularly because the ultimate decision may depend on evidence called at the trial. Mr Deverell suggested that it is unlikely that any evidence will be called of any great significance and that we can fairly reach a conclusion on the evidence of our own eyes. That may well be so, but we do not know what evidence will be called and we cannot speculate."

Another correct approach to an application for injunction is that applied by the predecessor of this Court

in the case of *Giella vs Cassman Brown & Co Ltd* [1973] EA 358 where Spry VP in the leading Judgment of the Court stated at p 360:

"I will begin by stating briefly the law as I understand it. First, the granting of an interim injunction is an exercise of judicial discretion and an appellate court will not interfere unless it be shown that the discretion has not been exercised judicially (*Sergeant Vs Patel* (1949), 16 EACA 63).

The conditions for the grants of an interlocutory injunction are now, I think well settled in East Africa. First an applicant must show a *prima facie* case with a probability of success. Secondly, an interlocutory injunction will not normally be granted unless the applicant might otherwise suffer irreparable injury which would not adequately be compensated by an award of damages. Thirdly, if the Court is in doubts, it will decide an application on the balance of convenience."

After stating the general principles which govern contracts in restraint of trade, the learned Vice President stated that if the company had to succeed it had to show that the undertaking given to it by the appellant not to work within certain areas in East Africa was reasonable which view had been upheld by the judge at the interlocutory stage and in relation to which the learned Vice President stated:-

"Again, I think with respect, that the judge was premature in the holding that the undertaking was not unreasonable: this was the question to be decided in the suit and all that the judge had to decide at that stage was whether the suit had a reasonable probability of success. I should have thought it was very doubtful. The undertaking in effect, precludes the appellant for a period of three years from carrying on any business similar to that of the company in any of the six main cities and towns of East Africa. We do not know the nature of that business and if it is of general nature, embracing a variety of activities, the restraint is of considerable effect and might well be considered unreasonable."

What the learned judge did, as pointed out earlier, was to apply the standard or burden of proof applicable in a full hearing at a trial when he decided that the alleged similarities in the "get-up" of the two packets were calculated, by the appellant, to deceive. On that, with respect, the learned judge erred. He went too far in deciding a temporary injunction application as the issue before him was of fact or facts and deciding such an issue in an interlocutory application may and does hamstring the trial court.

The issue of burden of proof as regards finding of facts was set out as early as 1895 by Lord Halburry LC in *Reddaway vs Banham* [1896] AC 199. The Lord Chancellor said at page 204:

"My Lords, I believe in this case that the question turns upon a question of fact. The question of law is so constantly mixed up with the various questions of fact which arise on the inquiry of the character in which your lordships have been engaged, that it is sometimes difficult when examining former decisions to disentangle what is decided as fact and what is laid down as a principle of law. For myself, I believe the principle of law may be very plainly stated, and that is, that nobody has a right to represent his goods as the goods of someone else.

How far the use of particular words, signs, or pictures does or does not come up to the proposition which I have enunciated in each particular case must always be a question of evidence, and the more simple the phraseology, the more like it is to a mere description of the article sold, the greater becomes the difficulty of proof; but if the proof establishes the fact the legal consequence appears to follow".

Keeping in mind what we have stated so far and pointing out further that there can be no proprietary rights in a particular colour and that there can be no property in general words descriptive of the goods we can say that evidence would be needed to show if the "get-up" of the 'Horseman' cigarette packet is likely to deceive the cigarette buying public into believing that they (the public) are buying a 'Sportsman' packet of cigarettes. Generally smokers stick to their own brand of cigarettes just the way beer drinkers stick to their own brand of beer. It is also a matter of evidence as to whether the word 'Horseman' is so deceptively similar to the word 'Sportsman' as to enable a judge to say that the trade-mark 'Sportsman' has been infringed. The two words ought to be looked at in their normal English language meaning.

The learned judge in our view went too far in deciding the issue of deception on what was before him. As pointed out by Lord Halsbury LC in the *Reddaway* case (supra) that ought to have been a question of evidence. Such evidence was not placed before the learned judge. He went by his visual impression only.

The learned judge considered the cases of *Haria Industies vs PJ Products Limited* [1970] EA 36, *EA Industries* case (supra) and *Brooke Bond Kenya Limited vs Chai Limited* [1971] EA 10 and decided to follow the *EA Industries* case on the supposition that that being a later decision, the Court of Appeal of East Africa had the *Haria Industries* and *Brooke Bond* cases in mind. With respect that is not necessarily a correct view of the authorities. We bear in mind the fact that no two cases are alike. Each case must be decided on its own peculiar facts or sets of facts. We bear in mind that *Haria Industries* and *Brooke Bond* cases were decided after full trials. The *East Africa Industries* case turned on the issue of grant or refusal of a temporary injunction pending full trial. That distinction therefore made by the learned judge was a misdirection. However, as already pointed out, the Court of Appeal for East Africa, in *East Africa Industries* case declined to grant a temporary injunction on the basis that evidence would have been necessary at the trial to decide whether or not there was a colourable imitation in the bottles and labels as to lead to deception. What was said in the *East African Industries* case is more germane to this case. We need not repeat it save to say that the trial court will have to eventually decide the issue.

What we have said so far is enough to dispose of this appeal. We do not see the need for going into all the grounds of appeal advanced by Mr Billing who appeared for the appellant save to reiterate that the learned judge decided the application before him in a manner which usurped the functions of a trial court. What we have said covers all grounds of appeal as advanced. If we say anything more we ourselves would be usurping the functions of the trial court and we would certainly not wish to do so.

We would also point out that in the event of the respondent succeeding in the trial we cannot see that the respondent would suffer such loss as would not be compensated by damages. It has not been suggested that the appellant would not be able to meet any award that might be made. It is clear from the respondent's own half-yearly statement for the year ending 31st December, 1999 that the 4% decline in its turn-over for the first six months of the year 1999 was primarily due to declining economic activity within the country in particular to marginal GDP growth and lower disposable income which negatively impacted consumer spending in the country. Apart from these the respondent attributed the 4% decline in its turnover to heightened security concerns and the dilapidated state of the transport infrastructure. Moreover the respondent, in its said statement confirmed that its profits before taxation improved marginally over the first six months of the year 1998.

For these reasons we allow this appeal with costs and set aside the orders made by the superior court on 23rd June, 1999 and substitute the same with orders that the respondent's application in the superior court dated 26th March, 1999 do stand dismissed with costs.

Dated and Delivered at Nairobi this 9th day of March, 2001

B.CHUNGA

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CHIEF JUSTICE

A.B.SHAH

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JUDGE OF APPEAL

M.M.O. KEIWUA

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JUDGE OF APPEAL