

Anglo Fabrics (Bolton) Ltd & Anor v. African Queen Ltd & Anor
In The High Court of Uganda at Kampala
(Commercial Court Division)
HCT-00-CC-CS-0632-2006
Before: The Honourable Mr. Justice Yorokamu Bamwine

22nd January, 2008

Intellectual property – Trademarks - Passing off - Whether the 1st plaintiff has a valid claim in respect of this suit - Whether the product imported by the defendants infringes on the plaintiffs' trademark in Uganda - whether the plaintiffs goods nearly resemble the ones complained of as to be likely to deceive or cause confusion in the minds of the public - Whether the word Mekako is registered as an international trademark - Whether the soap imported by the defendants into Uganda is under the International trademark, if any.

Registration of documents – Effect of non-registration.

Whether the sale of the plaintiffs' product contravenes UNBS Standards, regulations and policy - Whether the plaintiffs' product is banned on the Ugandan market.

Whether the plaintiffs are entitled to reliefs claimed against the defendants.

Evidence – Burden of proof.

On 7th October 1998, the 1st plaintiff registered a trademark 'Mekako' under Part A of the Trademarks Act in respect of goods in class 3. The said trademark was renewed for a further period of 14 years from 10th September, 2004. The 1st plaintiff on 2 occasions, that is, on 14th July 2004 and 20th January 2007 executed deeds of assignment in favour of Americ Enterprises Ltd. Both deeds are not registered on the Register of trademark. The 2nd plaintiff is the sole registered user in Uganda of the trademark Mekako, that is, the only person authorized by the 1st plaintiff to import its products into the country. The defendants imported into the country a soap product known as Mekako. The first plaintiff is a foreign registered company resident in United Kingdom. The 1st defendant is a limited liability company incorporated in Uganda and the 2nd defendant is its Managing Director. The suit product is not manufactured in Uganda.

Held:

1. A fact is said to be proved when the Court is satisfied as to its truth. The evidence by which that result is produced is called the proof. The general rule is that the burden of proof lies on the party who asserts the affirmative of the issue or question in dispute. When that party adduces evidence sufficient to raise a presumption that what he asserts is true, he is said to shift the burden of proof: that is, his allegation is presumed to be true, unless his opponent adduces evidence to rebut the presumption. In the instant case, the two deeds of assignment were not

denied by the 1st plaintiff. However, they are ineffective on account of being unregistered. A right in a trademark is conferred on registration in the Register of Trademarks of a person as a proprietor thereof. The registration of a person as the proprietor thereof is prima facie evidence of the validity of the registration of the trademark and all subsequent assignments and transmissions of the same. Therefore the 1st plaintiff had a valid claim in respect of the suit.

2. Court was satisfied that the sale of the soap under the trademark was an exception to the UNBS policy. The sale was authorized and/or done with the knowledge of UNBS. Further that the soap intended for sale by the plaintiffs subsequent to the UNBS prohibition order did not contain any prohibited substance such as mercury. It meets the UNBS standards, regulations and policy.
3. In matters of intellectual property, a trademark is a word, phrase, symbol, product feature or any combination of these that distinguishes in commerce the goods or services of its owner from those of others. In cases where trademark infringement is alleged, as herein, the infringement occurs when a suspected infringer uses a mark for goods or services identical or closely related to those of the plaintiff. The test of infringement is likelihood of confusion. Likelihood of confusion is the probability that a reasonable consumer in the relevant market will be confused or deceived, and will believe the infringer's goods or services come from, or are sponsored or endorsed by, the complainant or that the two are affiliated. The products in the instant case were identical in every possible way; and in view of the admitted fact that the defendants imported into the country a soap product known as Mekako; and in view of the unchallenged evidence that the importation was done without knowledge and/or authority of the plaintiffs, there was infringement.
4. International trademarks are trademarks registered under the international protocols like the Banjul Protocol for registration under Africa Regional Intellectual Property Organisation (ARIPO) to which Uganda is a member state but that in such a case, Uganda would have to be a designated country for purposes of registration of the trade mark. In the absence of any evidence showing that the mark Mekako used by the defendants had been registered under the relevant Protocol or that Uganda was a designated member state for purposes of the trademark, the word 'Mekako' was not registered as an international trademark so the defendants' product was not under the international trademark, if any.
5. In order to create a valid cause of action for passing off there must be a misrepresentation; made by a trader in the course of trade; to prospective customers of his or ultimate consumers of goods or services supplied by him; which is calculated to injure the business or good will of the trader (in the sense that it is a reasonably foreseeable consequence); which causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so. These conditions were satisfied in the instant case and therefore the plaintiff is entitled to the reliefs sought.

Judgement in favour of the plaintiff

Legislation referred to:

Stamps Act Cap 342

Trade Marks Act Cap 217

Cases referred to:

Nanoomal Issardas Motiwalla (U) Ltd v Sophie Nantongo & Others HCT-00-CC-CS-0430-2006 (unreported)

Reckitt & Coleman Ltd v Borden Inc. [1990] 1 WLR 491.

Counsel for the plaintiff: Mr. Frederick Mpanga.
Counsel for the defendant: Mr. Mohammed Mbabazi

JUDGMENT:

Yorokamu Bamwine J: The 1st plaintiff is a limited liability company registered under and in accordance with the laws of the United Kingdom whereas the 2nd plaintiff is the sole registered user in Uganda of the 1st plaintiff's registered trade marks. As regards the defendants, the 1st defendant is a company incorporated and carrying on business for gain in Uganda whereas the 2nd defendant is the brain behind it.

The plaintiffs' claim against the defendants arises out of actions said to amount to infringement of the 1st plaintiff's trade marks and passing off of the said two defendants' goods as goods of the plaintiff. The thrust of the plaintiffs' case is that the defendants are importing, selling and disposing of in Uganda medicated soap bearing its registered trade mark '*Mekako*'. The defendants deny it.

At the scheduling conference, the two parties agreed that:

1. On 7th October 1998, the 1st plaintiff registered a trademark '*Mekako*' under Part A of the Trademarks Act in respect of goods in class 3.
2. The said trademark was renewed for a further period of 14 years from 10th September, 2004.
3. The 2nd plaintiff is the sole registered user in Uganda of the trademark *Mekako*, that is, the only person authorized by the 1st plaintiff to import its products into the country.
4. The defendants have imported into the country a soap product known as *Mekako*.
5. The first plaintiff is a foreign registered company resident in United Kingdom.
6. The 1st defendant is a limited liability company incorporated in Uganda and the 2nd defendant is its Managing Director.
7. The plaintiffs' *Mekako* soap contains 2% mercury.
8. The suit product is not manufactured in Uganda.

Issues:

1. Whether the 1st plaintiff has a valid claim in respect of this suit.
2. Whether the sale of the plaintiffs' product contravenes UNBS Standards, regulations and policy.
3. Whether the plaintiffs' product is banned on the Ugandan market.
4. Whether the product imported by the defendants infringes on the plaintiffs' trademark in Uganda.
5. Whether the word Mekako is registered as an international trademark.
6. Whether the soap imported by the defendants into Uganda is under the International trademark, if any.
7. Whether the plaintiffs are entitled to reliefs claimed against the defendants.

Representations:

Mr. Frederick Mpanga for the plaintiffs.

Mr. Mohammed Mbabazi for the defendants.

Issue No. 1: Whether the first plaintiff has a valid claim in respect of this suit.

This issue arises from the fact that the 1st plaintiff on 2 occasions, that is, on 14th July 2004 and 20th January 2007 executed deeds of assignment in favour of Americ Enterprises Ltd. The latter deed of assignment is on record as Exh. P 20 whereas the former is Exh. D4. Both deeds are not registered on the Register of trademark. The 1st plaintiff is named as the registered proprietor of the Trademark 'Mekako' in Uganda.

I have considered the evidence of the parties on this point. In law a fact is said to be proved when the Court is satisfied as to its truth. The evidence by which that result is produced is called the proof. The general rule is that the burden of proof lies on the party who asserts the affirmative of the issue or question in dispute. When that party adduces evidence sufficient to raise a presumption that what he asserts is true, he is said to shift the burden of proof: that is, his allegation is presumed to be true, unless his opponent adduces evidence to rebut the presumption.

In the instant case, the two deeds of assignment are not denied by the 1st plaintiff. Its case, however, is that they are ineffective on account of being unregistered. I agree.

I have looked at the first instrument, the confirmatory Assignment dated 14th July, 2004. It is a plain instrument, with no stamp duty embossment. It cannot in my view be relied on in evidence in light of section 42 of the Stamps Act, Cap. 342.

The second one of 20/01/2007 is duly embossed with a stamp duty, implying its due execution. However, it is a document executed after the suit had been registered. For the avoidance of the doubt, the suit was filed on 16/10/2006 and the document executed on 20/01/2007. Its efficacy is a matter between the 1st plaintiff as the assignor and Americ Enterprises Ltd as the assignee. The defendants are strangers to that arrangement. The evidence of PW2 Mercy Ndyahikayo, an Assistant Registrar, International Property Rights, Ministry of Justice, is that an assignment is only valid to confer title after registration with the Registry of Trademarks and that the said document has not been registered with them.

Another witness, PW6 Nizarali Alibhai, the representative of the 1st plaintiff in East and Central Africa and the duly appointed representative/attorney of Americ Enterprises Ltd, is that Americ Enterprises Ltd has no interests and rights in the Trademark until after registration of the same and that the registration is for him to determine. He has not done so. The defendants adduced no evidence to challenge the testimony of the two witnesses. I have therefore seen no reason to doubt their evidence. It is evidence that shows that the document has no relevance to the issues now before the Court. Even if Court were to accept the defendants' arguments relating to the 2nd deed of assignment, the parties did agree in that document that they took cognizance of pending suits for infringement of the Trademarks and passing off in the High Court of Uganda instituted by the assignor and the registered user. Clause 5.1 thereof refers. Under clause 5.2, they agreed that all suits for infringement and passing off the Trademarks filed in any Court in Uganda and pending final determination/resolution 'shall continue to be conducted by and in the names of the assignor and the registered user and all proceeds and costs arising as a result thereof shall be for the benefit or borne by the assignor save where the parties enter into separate agreement to that effect.

In view of that agreement between the 1st plaintiff and Americ Enterprises Ltd, I do not see how the defendants' argument in this regard can be sustained. I would agree with the submission of learned counsel for the plaintiffs that a right in a trademark is conferred on registration in the Register of Trademarks of a person as a proprietor thereof. The registration of a person as the proprietor thereof is

prima facie evidence of the validity of the registration of the trademark and all subsequent assignments and transmissions of the same: Section 45 of the Trademarks Act, Cap. 217.

Accordingly, there is no merit in the defendants' objection to the 1st plaintiff's claim. The objection shall be overruled and the first issue answered in the affirmative.

I do so.

Issue No. 2: Whether the sale of the plaintiffs' product contravenes UNBS Standards, regulations and policy.

The evidence of PW1 Zziwa Ahmed and PW6 Nizarali Alibhai is that they deal in cosmetic products and soap. The soap includes among others the soap sold under the trademark MEKAKO. From the evidence, the soap and/or the products sold by the plaintiffs were tested by UNBS to ascertain whether or not it contains any prohibited substances which include mercury, hydroquinone and steroids. The findings of the UNBS in regard to the plaintiffs' soap are contained in a report, Exh. P11. The report shows that the soap does not contain mercury or any other prohibited substances. It is therefore fit for human use. Therefore, the sale of the plaintiffs' soap/products in Uganda does not contravene UNBS policy. In coming to this conclusion, I have considered the unchallenged evidence adduced by the plaintiffs that they (the plaintiffs) used to bring in soap containing mercury. This was before UNBS issued a prohibition order. The effect of the UNBS prohibition order and the circumstances under which the plaintiffs' soap and other cosmetics containing prohibited substances continued to be sold in Uganda have been sufficiently explained to Court. The totality of that evidence is that the prohibition order did not affect soap which had already found its way on to the Uganda market or soap which was in the process of being brought in. Court is therefore satisfied that the sale of the soap under the trademark is an exception to the UNBS policy. The sale was authorized and/or done with the knowledge of UNBS. Court is further satisfied that the soap intended for sale by the plaintiffs subsequent to the UNBS prohibition order does not contain any prohibited substance such as mercury. It meets the UNBS standards, regulations and policy.

I would answer the 2nd and 3rd issues in the negative and I do so.

Issue No. 4: Whether the product imported by the defendants infringes on the plaintiffs' trademark in Uganda.

In matters of intellectual property, a trademark is a word, phrase, symbol, product feature or any combination of these that distinguishes in commerce the goods or services of its owner from those of others. A trademark, therefore, is an indicator of source. It does not tell what the goods or services are but where they come from. Trademark protection is granted to trade dress-the packaging or overall look and feel of what constitutes a person's product or services.

It is an admitted fact that on 7/10/98 the first plaintiff registered a trademark 'MEKAKO' in Uganda. The said trademark was renewed for further period of 14 years from 10/09/2004. It is further admitted that the 2nd plaintiff is the sole registered user in Uganda of the trademark Mekako. He is in other words the only person authorized by the 1st plaintiff to import its products into the country. The uncontroverted evidence of PW2 Mercy Ndyahikayo is that according to the Trademarks Register, the plaintiffs are the only registered proprietor and registered user respectively authorized in law to use the Trademark Mekako. Further that any other person who uses the same without the authorization of the above mentioned persons would be infringing the trademark.

I have had the advantage of seeing the packaging of the plaintiffs' product and the defendants' product. In my view, the get-ups of the two products are the same, where by get-up I mean the visual features which distinguish a trader's goods, most notably, the packaging of the goods. In cases where trademark infringement is alleged, as herein, the infringement occurs when a suspected infringer uses a mark for goods or services identical or closely related to those of the plaintiff. The test of infringement is likelihood of confusion. Likelihood of confusion is the probability that a reasonable consumer in the relevant market will be confused or deceived, and will believe the infringer's goods or services come from, or are sponsored or endorsed by, the complainant or that the two are affiliated. I said in **Nanoomal Issardas Motiwalla (U) Ltd –Vs- Sophie Nantongo & Others HCT-00-CC-CS-0430-2006** (unreported) and I reiterate that position herein, that infringement is analogous to the tort of fraud. The duty of the Judge in a case such as this is to decide, upon seeing the goods, whether the plaintiffs goods nearly resemble the ones complained of as to be likely to deceive or cause confusion in the minds of the public. Having found that the products in the instant case are identical in every possible way; and in view of the admitted fact that the defendants have imported into the country a soap product known as Mekako; and in view of the unchallenged evidence that the importation was done without knowledge and/or authority of the plaintiffs, I have found no difficulty in determining the fourth issue in the affirmative. I do so.

Issue No. 5: Whether the word Mekako is registered as an International trademark.

This issue is related to the 6th one, that is, whether the product imported by the defendants in Uganda is under the international trademark, if any.

The plaintiff contend that rights in trademarks accrue on registration of a trademark. I agree with this legal position. The existence of a trademark must be supported by proof of registration of the same. The defendants did not adduce any evidence either orally or documentary to prove that the soap they imported for sale in Uganda and which bears the plaintiff's registered mark 'Mekako' was imported under an international trademark, if any such a trademark exists. While in the WSD the defendants contend that Mekako is an international trademark owned by Aquimpex SPA in Italy, the available import documents, Exh. P6, show that the infringing soap was imported from China and not from Italy. There is nothing to show that the exporter, a Chinese Company, is an authorized agent of the alleged Italian Company. The unchallenged evidence of PW2 Ndyahikayo is that international trademarks are trademarks registered under the international protocols like the Banjul Protocol for registration under Africa Regional Intellectual Property Organisation (ARIPO) to which Uganda is a member state but that in such a case, Uganda would have to be a designated country for purposes of registration of the trade mark. I agree with her exposition of the law. In the absence of any evidence showing that the mark Mekako used by the defendants had been registered under the relevant Protocol or that Uganda was a designated member state for purposes of the trademark, I am unable to find that the word 'Mekako' is registered as an international trademark or that the defendants' product is under the international trademark, if any. Whoever alleges must prove. They have failed to prove so. I would answer the 5th and 6th issues in the negative and I do so.

Issue No. 7: Whether the plaintiffs are entitled to reliefs claimed against the defendants.

This is a case grounded in infringement of a trademark and passing off. Going by authorities, 5 characteristics which must be present in order to create a valid cause of action for passing off are:

- (i) a misrepresentation;
- (ii) made by a trader in the course of trade;
- (iii) to prospective customers of his or ultimate consumers of goods or services supplied by him;
- (iv) which is calculated to injure the business or good will of the trader (in the sense that it is a reasonably foreseeable consequence);
- (v) which causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so. See: **Reckitt & Coleman Ltd –Vs- Borden Inc. [1990] 1 WLR**

491.

The plaintiffs have demonstrated a misrepresentation by the defendants, to the public, in the sense that their (the defendants) product has also been on the market selling along side that of the 2nd plaintiff, PW1. His complaint to the Inspector General of Police, Exh. P19 is clear testimony of this. Court is satisfied that the defendants are passing off their product as that of the plaintiff. The plaintiffs' head prayer is for a permanent injunction restraining the defendants from using the words/mark MEKAKO on their soap and/or other products. They also seek an order restraining them from infringing their Mekako trademark and a permanent injunction restraining the defendants from use and further continued use of the packaging and product get up similar to that used by the plaintiffs.

Court is of the view that a trademark owner who successfully shows likelihood of confusion has a right of action in damages or for an account, and for an injunction to restrain the defendant for the future. Prayer (e) is for an order that the defendants account to the plaintiffs the profits so far made from the use of its above mentioned trademark and product get-up, or in the alternative an enquiry into damages. At the trial, the plaintiffs appear to have abandoned the prayer for an account.

In view of my findings above, the plaintiffs are entitled to the reliefs stated above, the subject matter of prayers (a), (b), (c) and (d) in the plaint. I grant them.

The infringing soap now in the custody of the Uganda Revenue Authority (the URA) shall be delivered up to the plaintiffs for destruction under the supervision of the officials of the Uganda National Bureau of Standards, the UNBS.

The plaintiffs also pray for general damages for the defendants' infringement of their trademark and passing off, and the costs of the suit. They want the damages awarded to reflect disruption of their business, time spent in Court attendances, and money spent on PW6 while traveling to and from Kampala and Nairobi on two occasions. Learned counsel for the plaintiff proposed a figure of Shs.15m. I think this is far too high. Doing the best I can in the circumstances of this case, I consider a sum of Shs.10,000,000= (ten million only) adequate compensation to the plaintiffs for the wrongful acts of the defendants, jointly and/or severally, and interest at the rate of 25% per annum on the decretal sum. In keeping with the principal that costs follow the event, the plaintiffs shall also have the costs of the suit.

I so order.

Yorokamu Bamwine

J U D G E