
Enforcement of IP Rights in Kenya

LSK CLE Seminar On
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Murunga, BMW



SIMBA & SIMBA

1. INTELLECTUAL PROPERTY

1.1 Definitions

What is intellectual Property?

Intellectual Property (IP) refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.¹

IP has also been defined as information that has economic value when put use in the marketplace. Jayashree Watal in her article "Implementing The TRIPs Agreement"² states that IP can loosely be defined as creations of the human mind.

William Cornish and David Llewelyn in their book *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*,³ use the term IP to describe the various forms of intangible property that include trade mark, patent, copyright.

David Bainbridge in his book *Intellectual Property* opines that IP is the sum of the different rights (or areas of law giving rise to these rights), associated with creative effort, commercial reputation and goodwill.⁴

Benard Sihanya states that IP is the protection, promotion or recognition of the work of the mind through rewards, incentives as well as legal mechanisms for the enforcement or vindication of these rights in the case of infringement.⁵

Thus it can be said that IP is a collection of the intangible creations of the human mind that have commercial value, and the attendant rights arising from these creations.

Categories of Intellectual Property

IP is broadly classified in three main categories being Trade Marks, Patents and Copyright.

¹ WIPO (2004) "About Intellectual Property" at <http://www.wipo.int>, last accessed 23/03/2009.

² Jayashree Watal (2002) "Implementing The TRIPs Agreement," *Development Trade and the WTO:- A Handbook*. The International Bank for Reconstruction and Development/ The World Bank (2002). p.359-368.

³ William Cornish and David Llewelyn (2003) *Intellectual Property*, Sweet & Maxwell London (5th Edn). William Cornish is Herchel Smith Professor of Intellectual Property Law, University of Cambridge UK, and David Llewelyn is the Head of Intellectual Property, White& Case (London), and a Visiting Professorial Fellow, Queen Mary College, University of London.

⁴ David Bainbridge (1999) *Intellectual Property*, Financial Times, London (4th Edn). Dr. David Bainbridge is a Barrister, Reader in Law, Aston Business School, Aston University, UK.

⁵ Benard Sihanya *Intellectual Property Law teaching materials* University of Nairobi, Faculty of Law.

The other categories such as Industrial Designs, Geographic Indications and others are by no means less important but are all crucial in understanding the ambit of IP.

It is worth noting that each and every day we encounter Intellectual Property during all our waking hours. When one wakes up, they may get out of blankets that are branded RAYMOND or KINGS duvet, use a light switch that could be an Industrial Design and switch on a light bulb of PHILIPS, brush teeth using CLOSE UP toothpaste, shower using LUX soap or FA soap, take breakfast with FARMERS CHOICE sausages, KETEPA tea, SUPA LOAF bread, BIDDYS margarine, and then drive to work in a BMW motor vehicle. The sequence of events goes on until one goes back to bed with more IP being encountered along the way.

Intellectual Property Law

Intellectual Property Law is the law giving IPR a legal dimension. David Bainbridge in his book *Intellectual Property*⁶ defines intellectual property law as that area of law, which concerns legal rights associated with creative effort or commercial reputation and goodwill.

Trade Marks

According to the legislative definition⁷ the word trade means any type of profession or other business occupation in which a mark may be used in the manner prescribed by the (Trade Marks) Act. On the other hand, mark includes a distinguishing guise, slogan, device, brand, heading, label, ticket, name, signature, word, letter or numeral or any combination thereof whether rendered in two-dimensional or three-dimensional form

A trade mark is then defined as a mark used or proposed to be used

- * in relation to goods for the purpose of indicating a connection between the goods and the person having the right to the same
- * in relation to services for the purpose of indicating a connection in the course of business between the person and the provision of those services

The word trademark⁸ has continued to be expanded so as to include what sometimes could be stated as the ingredients of a trademark. Terms such as "mark", "brand" and "logo" are sometimes used interchangeably with the word "trademark".

⁶ David Bainbridge, *Intellectual Property. op. cit.*

⁷ The Trade Marks Act, Cap 506 of the Laws of Kenya,

⁸ In some jurisdictions, the word appears a single word *trademark* whilst others prefer two words *trade mark*.



In actual sense, the terms "brands" and "branding" raise distinct conceptual issues and are generally more appropriate for use in the concept of marketing or advertising.

A brand is the symbolic embodiment of all the information connected with either a company, a product or a service.

A brand typically includes a name, logo, and other visual elements such as images, fonts, color schemes, or symbols.

Brand management can be termed as the marketing phase of Trade Marks as it refers to the application of such marketing techniques to a specific product, product line or brand. It is the art of creating and maintaining a brand.

The main aim of brand management is to increase the product's *perceived value to the customer* and thereby increase brand equity and franchise.

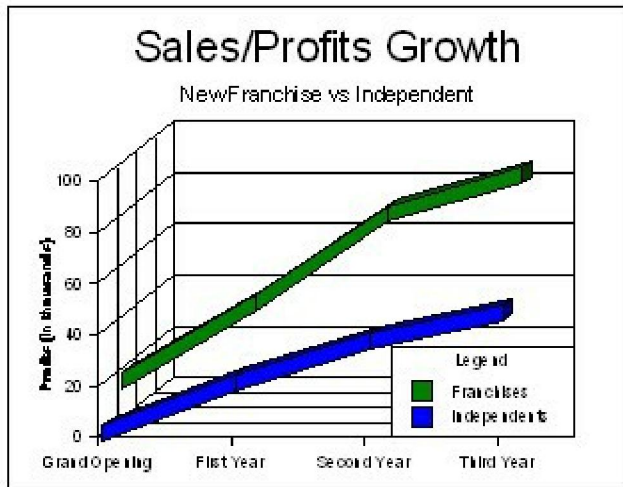
Marketers see a brand as an implied promise that the level of quality people have come to expect from a brand will continue with present and future purchases of the same product. This may increase sales by making a comparison with competing products more favorable. It may also enable the manufacturer to charge more for the product. The value of the brand is determined by the amount of profit it generates for the manufacturer. This results from a combination of increased sales and increased price.

A good brand name should: be legally protectable; be easy to pronounce; be easy to remember; be easy to recognize; attract attention; suggest product benefits or suggest usage; suggest the company or product image; distinguish the product's positioning relative to the competition. Some Trade marks are temporary or lose their value and effect after the event such as those of sports events.



A franchise is an arrangement where the owner or developer of a brand or a concept (the franchisor) agrees to let others (franchisees) own and operate businesses based on that concept. Licensing, on the other hand, usually involves an arrangement between two parties where the licensor grants temporary use of a

trademark, product or intellectual property for a specified period of time. More often than not, it involves manufacturing and marketing rights for technologies, inventions or processes.



Economists will say that Grand Opening Sales (and resulting profits) are usually higher for a franchise unit than an independent. After that, sales grow more rapidly thanks to a proven marketing plan, advertising programs that work, and help in choosing the right site for the venture (see the chart⁹). The franchise's training keeps the neophyte from going down

many "dark alleys" that consume cash, time and energy. In addition, you gain name recognition and discounts on equipment, inventory and supplies---all adding to the bottom line.

2. Main Characteristics of Trade Marks

2.1 Capacity to distinguish



A Trade Mark needs to be distinctive to qualify for consideration as a Trade Mark. Previously, only the trade representations of the Marks, or slogans or get-up or colour schemes were considered as distinctive elements. Not all slogans will for instance be deemed registrable. In a recent case in the United Kingdom, involving B&Q plc¹⁰, the Registry was not prepared to register the slogan 'You can do it' for, *inter alia*, financial services and information. It held that the mark was devoid of any distinctive character and was 'considered to be the kind of mark that others may wish to use during the course of trade and should be free to do so'.

In another case, this time involving WalMart Stores, Inc, the Registry would not accept that the slogan 'Our people make the difference' should be registrable for, *inter alia*, stationery and price tags. The Registry ruled that: '*... the relevant consumer seeing this mark as goods... or on a price tag, would understand the slogan as conveying a purely promotional message extolling the qualities of the staff of the undertaking which is responsible for the business in which the goods are used.*'

⁹ Source: International Franchise Association

¹⁰ 30 August 2001, Trade Marks Registry decision no 0/043/02

However there is a broadening trend in the current set up of Intellectual Property with shapes being admitted as Trade Marks as long as they are capable of distinguishing the Mark from others. The most famous shape that has been registered is the Coca Cola contour bottle. In South Africa, the Supreme Court cancelled¹¹ the registration of the AUGMENTIN tablet shape trademark on grounds that registration of the tablet shape trade mark was contrary to the provisions of the (South African Trade Marks) Act as a shape of a tablet is necessary to obtain a technical result and such registration would limit the development of the industry.

Single colour, sound and smell (olfactory) trademarks have also become accepted as distinctive Trade Marks in other jurisdictions though in this country, the two are not yet recognized as registrable Trade Marks.

2.2 Graphic representation

A trademark ought to be graphically represented. Usually this is in a visual manner so that the eye may see what the Trade Mark looks like for ease of distinction and everyday use. Graphic representation however need not be necessarily in a visual manner.

Musical notations can qualify as representations; whilst smells may be described in terms of chemical components. Graphic representation has to be clear, precise, self-contained, easily accessible, intelligible, durable and objective¹².

3. Justification for Trade Mark Protection

Trade Mark protection performs a variety of economic purposes.

3.1 Origin Function

The traditional justification for Trade Mark protection is that it allows the consumer to distinguish between competing products and services.

The origin function need not necessarily relate to the geographical origin of the goods or services, but its commercial origin. The consumer is therefore able to tell by the identification that the product originates from a certain company. For instance, when you buy the mineral water 'Dasani' you will note that it has the words '*a product of the Coca Cola Company*' displayed on the bottle.



¹¹ Beecham Group plc and SmithKline Beecham Pharmaceuticals v Triomed (Pty) Ltd and the Registrar of Trade Marks

¹² Sieckmann v Deutsches Patent und Markenamt Case C-237/00 in the European Court.



Some people do not agree with this function as often, some consumers do not know, or are not concerned about a products commercial origin.

There are some people who use Trade Marks even without making it quite obvious that the product has a certain origin.

3.2 Guarantee Function

Trademarks symbolize qualities associated by a consumer to certain goods and services. This guarantee function provides the consumer with information at first glance that the product will meet their requirements for the quality or of product. If you have flu, for instance, and you want it gone quickly, you will easily settle for product identified as FLUGONE¹³. Suppose one had a headache and he or she wished to get medication that will act fast, there is a product like ACTIFAST¹⁴ that will lead you to the guarantee function of the Mark.

3.3 Investment Function

Many times you will note that when a new product or service is being launched, a company usually spends heavily on the advertising of the said product or service. Companies invest heavily in the promotion of their services and products and that outlay deserves protection. An example of this when there is a merger between companies as was evidenced when Apollo Insurance Company Limited merged with Pan African Insurance Company to form APA Insurance Company. A new company was formed; a new logo was created¹⁵; a new slogan was created¹⁶ and massive presence was felt on television, newspapers, t-shirts, calendars and others. Once this presence is attained, the trademark owner has something of value and if another poaches upon the commercial magnetism of the symbol that has been created, the owner can obtain legal redress¹⁷.

¹³ This has led to some people rightly believing that a trade mark is a merchandising psychological short cut which induces a purchaser to select what he wants, or what he has been led to believe that he wants.

¹⁴ Trade Mark KE/T/2001/051427

¹⁵ Trade Mark KE/T/2004/055812

¹⁶ A New Dimension In Insurance, Trade Mark Application KE/T/2004/055815

¹⁷ Dictum of Frankfurter, J in the case of Mishawaka Rubber & Woolen Manufacturing Company v SS Kresge Co. [316, U.S. 203]

4. LEGAL REMEDIES

When a person notes that their intellectual property is being infringed, it is natural that such infringement, being a wrong, will attract a remedy.

4.1 PRE LITIGATION REMEDIES

4.1.1 Cease and Desist

At the point that a proprietor of a trade mark notices that their trade mark is being infringed, or that the brand they have worked so hard to develop is being infringed, there is the need to rush to put a stop to such wrongs.

Few enterprises in Kenya carry out trade mark watch¹⁸ on behalf of the trade mark proprietors. It is however expected that the trade mark proprietors also have personnel to monitor the use or abuse of their trade marks.

Before taking any action, it is normal for proprietors to engage commercial investigators or surveillance and data keeping companies to provide information in respect of the said wrong doers.

The investigators will be given instructions to carry out a market survey as the information on use or abuse of trade marks is not available from the Registry of Trade Marks. Such investigation will establish whether and the extent to which the product has been distributed or sold. The investigation could be confined to Nairobi or may extend to other major towns in the country being Mombasa, Kisumu, Nakuru and Eldoret amongst others.

Competent commercial investigators usually charge approximately Kshs. 10,000 per hour and such investigation in most cases does not take more than twenty hours.

If it is established that there is a wrong being committed, the proprietor in most cases send a *Cease and Desist* letter to the infringers or instruct a firm

¹⁸ Some law firms provide these services and charge a retainer fee for the same. They subscribe to the Industrial Property Journal and also advise their clients if a similar or closely resembling Mark is being filed at the Registry. This may also extend to monitoring markets for new products.

of Advocates to do so on its behalf. In the Cease and Desist letter, it amounts to a warning that the proprietor is aware of such infringement and a demand notice to the concerned parties to acknowledge the wrong or agree to pay agreed damages.

In the recent past, there have been instances where such Cease and Desist communication is communicated through the daily press. Reckitt and Colman (Overseas) Limited as owners of the trade mark Dettol Heart Run and Device¹⁹ has issued such notice hitherto.

NOTICE TO CEASE AND DESIST

Reckitt & Colman (Overseas) Limited ("RCOL") and its East African subsidiary Reckitt Benckiser East Africa Limited HEREBY NOTIFY the public that there is only ONE Dettol Heart Run which will take place at the Carnivore Grounds, Nairobi on 11TH MARCH 2006.

RCOL is the sole Registered Proprietor of Trademark No. KE/T/1998/048246 "Dettol Heart Run and Device" (Class 16, Schedule III) as pictured below.

Notice to cease and desist is hereby issued to any individual or corporation displaying and or using the "Heart Run" Device and Trademark in connection with any similar or other event. Such persons ARE NOT associated with either RCOL, Mater Hospital OR the Dettol Heart Run and any such use of the Trademark is illegal and amounts to an infringement which will result in legal action.

Dettol
heartrun
2 0 0 6

11th
MARCH
2006

RECKITT BENCKISER EAST AFRICA LIMITED LIKONI ROAD, P.O. BOX 78051 NAIROBI

DRAWN BY:
DALY & FIGGIS
8TH Floor Lonrho House,
Standard Street,
P.O.Box 40034 - 00100
NAIROBI

The advantage of such Notice in the press is two fold: It warns the persons who are infringing the Mark or Brand and those who are desirous of getting into a business arrangement with such persons.

¹⁹ Trade Mark KE/T/1998/048246

4.1.2 Opposition

A party may also take part in opposition proceedings at the Registry of Trade Marks if it feels aggrieved by the action of another to register a Trade Mark that closely resembles their own.

Opposition proceedings are at times seen as long and winded though the process has now been stream lined at the Registry of Trade Marks.

Opposition proceedings have a limitation period of sixty days unless a party applies to the Registry for extension of time in which to file the opposition. The period is sixty days from the date of publication of the offending Mark in the Industrial Property Journal.

As explained below, there are scenarios where a business has been trading under an unregistered trade mark for many years, and a rival business starts using the same or a similar mark. Some time back, this emerged in the form of the fight for the former ruling party Kenya African National Union (KANU) when its symbols were the subject of an application as a trade



mark²⁰ by a splinter party, New Kanu. The three applications were advertised in the Industrial Property Journal and the Registrar made a note that the Marks had been “*advertised before acceptance pursuant to Paragraph 2 of Section 21(1) of the Trade Marks Act since it was expedient by reasons of exceptional circumstances relating to the application, namely a letter dated 6th January 2006 received from KANU lawyers raising concerns on these applications and also the fact that the applicant and KANU are both political parties*”.

Ordinarily, such matters rarely take this course due to the fact that most people only come to know of the applications when the Marks are advertised or when a search has been done at the Registry.

The best way to avoid this is by having the trade mark duly registered.

²⁰ Then Kanu MP and legal adviser Mutula Kilonzo was quoted in the press as saying that he felt that New Kanu did not have a legal case as in his view Kenya's trademark laws were only connected with trading. However, this example also goes to show the distinction of Trade mark and Service Marks.

There have been some interesting rulings by the Registrar of Trade Marks such as one involving Trade Mark SERIOUSLY in which the Registrar stated that having issued a Certificate of Registration in error, he was *functus officio* and an Opponent who had filed a Notice of Opposition in time was obligated to pay costs of such opposition.

4.1.3 Expungement

One other way in which a party can move the Registry is by way of expungement proceedings. The difference with opposition proceedings is that whilst the opposition proceedings deal with a new registration that is still in the application stage, the expungement deals with an already registered mark. Reasons have to be given for the expungement. Section 29 of the Trade Marks Act (Chapter 506 of the Laws of Kenya) provides as follows²¹:-

Subject to provisions of Section 30 (of the Trade Marks Act), a registered Trade Mark may be taken off the register in respect of any of the goods or services in respect of which it is registered on application by any person... at the option of the Applicant and subject to the provisions of Section 53 to the Registrar on the ground that either

- a) *the Trade Mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods or services by him, and that there is in fact been no bona fide use of the trademark in relation to those goods or services by any proprietor thereof for the time being up to the date one month before the date of the Application; or*
- b) *up to the date one month before the date of the Application a continuous period of five years or longer elapsed during which there was no bona fide use hereof in relation to those goods or services by any proprietor thereof for the time being.*

This in essence means that a Trade Mark can be removed from the register if the proprietor registered a mark with no intention of using the same in respect of goods and services of which it was registered and the non-use should be for five years or more. This is however subject to some limitations for instance non-use due to special circumstances in the trade.

²¹ Rule 82(1) of the Trade Marks Rules (made under the Trade Mark Act) provides that “an application to the Registrar under any of the Sections 29...of the Act for the making, expunging or varying of any entry in the register shall be a statement setting out fully the nature of the applicant’s interest, the facts upon which he bases his case and the relief he seeks”.

Currently, Expungement Proceedings are pending at the Registry in respect of Trade Mark FAIR AND HANDSOME²² that is being challenged by the proprietors of Trade Mark FAIR & LOVELY²³.

There have been several successful Expungement Proceedings at the Registry.

4.2 CIVIL LITIGATION REMEDIES

4.2.1 ACTION FOR PASSING OFF OR FOR INFRINGEMENT

Passing off is the common law mechanism for protecting goodwill between a business and its customer. In the case of *Erven Warnick v Townend*²⁴, Lord Diplock identified the five features that must be present in order to establish a valid cause of action for passing off. These were a) a misrepresentation b) made by a trader in the course of trade c) to prospective customers of his or ultimate consumers of goods or services supplied by him d) which is calculated to injure the business or goodwill of the trader (in the sense that this is a reasonably foreseeable consequence) and e) which causes actual damage to a business or goodwill of the trader by whom the action is brought.



Differences

The main difference between passing off and infringement of registered²⁵ trade marks is that in passing off, a cause of action arises occurs when there is deceptiveness as to the origin of the goods but in registered trade

²² Trade Mark 62563

²³ Trade Mark 42672

²⁴ [1979] A.C. 731

²⁵ Section 5 of the Trade Marks Act makes it clear that no person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered Trade Mark.

marks, infringement only occurs when certain requirements have been met. The requirements are that the Mark has to be (correctly) registered, and that the defendant's use of the trademark falls under the definition of infringement.

Other differences between an action for infringement of a Trademark and an action for passing off are: -

- a) a passing off action is based on injury to goodwill and not solely on a monopoly vested in the complainant
- b) passing off is wider as it extends to the imitation of get up
- c) passing off protects reputable merchandise or business not new business having no goodwill as yet
- d) the Trade Marks Act excuses bona fide infringement whilst good faith is immaterial in passing off actions which seek injunctions
- e) for purposes of restraining passing off, registration of the defendant's mark is immaterial.

A plaintiff residing outside Kenya and carrying on no direct business in Kenya can still succeed in an action for passing off.

Misrepresentation

The earliest recognised type of misrepresentation in a passing-off action is a false representation that the defendant's goods are the plaintiff's.



The action also embraces a wide range of more subtle misrepresentations, such as: (1) that the plaintiff's goods of one class or quality are of another class or quality; (2) that the plaintiff's goods of a type or quality sold abroad which is different from the type or quality of the plaintiff's goods normally sold in the home market are goods of the type or quality normally sold in the home market; (3) that second-hand or used goods of the plaintiff are new; (4) that second hand or rejects of the plaintiff's manufacture to which the plaintiff has chosen not to apply his mark are goods of the plaintiff's ordinary manufacture; (5) that stale or deteriorated goods are in the state of freshness in which purchasers would ordinarily receive the plaintiff's goods; (6) that outmoded or superseded goods are the plaintiff's current production; (7) that altered or adulterated

goods are goods of the plaintiff's original manufacture; or (8) that goods are covered by the plaintiff's guarantee when they are not so covered.

The misrepresentation must be material, in the sense of being likely to influence to some extent the persons to whom it is made. A misrepresentation as to the origin of goods is generally sufficient even though the defendant's goods are in fact inferior to the plaintiff's. A mere representation that the defendant's goods or business are licensed by the plaintiff without any belief by the public that it can rely on quality control exercised by the plaintiff appears not to be material, and in this respect it is relevant to consider whether or not there is any common field of activity between the activities of the plaintiff and those of the defendant in deciding whether such reliance is likely.

The Courts in Kenya have seemed to set a very high degree in the test and degree of resemblance in proving an action for passing off. In *Cut Tobacco Limited v British American Tobacco*²⁶, the court held that: there can be no proprietary rights in any colour²⁷... evidence needs to be tendered to show that the get up is likely to deceive the cigarette buying public that they are buying a (rival) packet cigarette.

In this case, British American Tobacco (K) Limited had been entered on the Register as the proprietor of a trade mark known as Sportsman²⁸. This Mark featured a head of a horse and was red get up. The other party used the picture of a full horse calling its product Horseman and adopted a maroon get up.

The court was inclined to the idea that colour schemes may run across a certain field. The red colour in cigarette packaging is associated in Kenya with stronger brands of cigarettes whereas the white colour is associated with milder brand of cigarettes or cigarettes with lesser nicotine or tar content.

Similar arguments have been used by potential passing off agents in the fields of tea packaging (yellow and green) or cooking fat packaging (blue and white).

²⁶ Civil Appeal No. 126 of 2000

²⁷ On the contrary, a number of companies have managed to get single colour trade mark registrations eg:

- the colour green, applied to the exterior surface of filling stations, for petrol and service stations in the name of BP;
- the color brown for transport services in the name of UPS
- the colour turquoise, applied to the visible surfaces of products and the frontage of bank premises, for banking services and cheque books in the name of Barclays Bank;

²⁸ Trade Mark 2012

On the contrary in *Libertel Groep BV v Benelux-Merkenbureau*²⁹, the European Court held that a colour per se was under certain conditions capable of constituting a trade mark, and could, in respect of certain goods and services, have distinctive character. In this case, the issue was whether an application to register another colour with connotations in Northern Ireland, the colour orange, should be granted.

It is correct that applications to register single colours as trade marks should be examined very carefully, because these registrations can have a significant impact on competition³⁰. There are, however, undeniably cases where a particular colour has come to be so much associated with a single enterprise that it is a badge of origin. In such a case, the use of that colour by a competitor would clearly cause confusion, and we can see no reason why in those circumstances a well-defined and carefully limited trade mark application should not be allowed.

Some of you might recall the war in the advertisements that raged between KenCell³¹ (later Celtel and now Zain) and Safaricom³² whereby KenCell had registered the trademark *Yes!* and Safaricom would ask consumers questions about the reliability of the Safaricom network and give the answer using the *Yes!* trademark. The use of a similar name or get-up in order to satirise or disparage the plaintiff or his goods or business is not actionable as passing off in the absence of a misrepresentation that the defendant's goods or business are those of the plaintiff, even if such conduct is likely to be damaging or hurtful to the plaintiff.



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Barclays and StanChart also had the bouquet war. What if 'Bouquet' was Trade Marked?



²⁹ Case C-104/01
³⁰ Hans Muhlberg
³¹ Kencell Communications Limited
³² Safaricom Limited

To some extent, comparative advertising will fall under infringement unless it can be shown that: it is in accordance with honest business practices, is with due cause and has not taken unfair advantage of, or is detrimental to, the distinctive character of the mark.



Internationally, Coca Cola and Pepsi have seen this sort of advertising with the April Fools advert by Pepsi stating that 'We Love Coca Cola' with the date April 1st indicated at the bottom.

To answer the question posed above about the 'Bouquet', in the authority of *Pepsi Co. Inc. and Anr. v. Hindustan Coca Cola and Ors.*³³, the court dealt with the issue whether use of trademark in comparative advertising amounts to trademark infringement or not and decided it in negative as infringement occurs when two essentials are fulfilled that is, if the defendant has used the substantially similar mark and that too for passing off his own goods as that of the plaintiff's. In comparative advertising one or both may be absent sometimes. As it may be possible that only a reference is made to the mark and not the substantially similar mark is used. And the mark is not used to pass off the goods but to compare both the goods.

However, generally, such use generally/specifically of a proprietor's product for a comparison with the rival product of another proprietor violates the first proprietor's intellectual property rights.

The statement ignorance of the law is not a defence shall come in handy especially where a person accused of Trade Mark infringement alleges that they were not aware that the said trade mark was in existence.

³³ 94 (2001) DLT 30

In many jurisdictions, a registered trademark may be easily identified by the use of the symbol TM or the symbol [®]. It is not mandatory that a trade mark has to bear such symbols³⁴ for one to bring an action.

The plaintiff in a passing-off action must show at least the following facts: (a) that his business consists of, or includes, selling a class of goods to which the particular trade name applies; (b) that the class of goods is clearly defined, and that in the minds of members of the public, or of a section of the public, the trade name distinguishes that class from other similar goods; (c) that because of the reputation of the goods, there is goodwill attached to the name; (d) that the plaintiff, as a member of the class of those goods, is the owner of goodwill which is of substantial value; (e) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendant's selling goods which are falsely described by the trade name to which the goodwill is attached.

Damage

It is essential to a passing-off action that the defendant's activities cause substantial damage to the plaintiff's business or goodwill, or are likely to do so if continued. Where the defendant's goods or services compete with the plaintiff's, it is likely that the plaintiff will suffer loss of profits as a result of purchasers buying the defendant's goods or services in place of the plaintiff's. Damage may occur despite the fact that the defendant's goods or services are not inferior to the plaintiff's, although, if they are inferior, the plaintiff may suffer additional damage to the reputation of his goods or services.



Where the plaintiff and the defendant do not compete and so the defendant's activities cannot lead directly to loss of sales by the plaintiff, the plaintiff may nevertheless suffer damage by being associated in the minds of the relevant traders or the public with the defendant or his business, goods or services. The quality of the defendant's goods or services, the kind of business he does and the credit which he enjoys are all matters which may injure a plaintiff who is assumed wrongly to be associated with him.

³⁴ On a Microsoft Windows computer with American keyboard layout, alt+0153 types TM, while alt+0174 makes [®]

Damage is likely to occur if the defendant or his business is unsavoury in character, and if the defendant has adopted a name similar to the plaintiff's, with fraudulent intent, the court will readily infer the probability of tangible injury to the plaintiff's trade reputation.



Even where there is no reason to suppose that there is anything concerning the defendant or his business which would adversely affect the plaintiff in the immediate future, the fact that the plaintiff's reputation is placed at the mercy of an entity over which the plaintiff has control and which

might get into difficulties in the future may be sufficient to justify the grant of a permanent injunction at the trial, provided that the degree to which the plaintiff and the defendant may be associated by the public is sufficiently great. In some cases the risk that the plaintiff may be exposed to litigation if the public assumes that he is responsible for the defendant's business has been held to give rise to a tangible risk of damage to the plaintiff.

4.2.2 Breach of Franchise Agreement

A party may also take civil action against another in the event of the breach of a franchise agreement. The franchisor/franchisee relationship can easily give rise to litigation if either side is incompetent (or just not acting in good faith). An incompetent franchisee can easily damage the public's goodwill towards the franchisor's brand by providing inferior goods and services, and an incompetent franchisor can destroy its franchisees by failing to promote the brand properly or by squeezing them too aggressively for profits.

4.2.3 Lack of Originality in Logo

Action for damages may be taken against a designer who deliberately or inadvertently copies the design of another and presents it as an original.



Parties may be forced to change their logos if they appear to be similar or may need to co-exist.

There are those who feel that designers may come up with similar logos without ever having seen another logo. This brings to mind the old story that if you gave enough monkeys typewriters and enough time, they could eventually write one of Shakespeares plays. It is quite true that in this day and age, it's getting much harder to come up with an original idea, much less a graphical logo.

4.2.4 Enforcement of Copyrights

Infringement of Copyright under the Kenyan law is found under Section 35 of the Copyright Act 2001, which reads as follows:

35. (1) *Copyright shall be infringed by a person who, without the licence of the owner of the copyright- does, or causes to be done, an act the doing of which is controlled by the copyright; or*
- (a) *imports, or causes to be imported, otherwise than for his private and domestic use, an article which he knows to be an infringing copy.*

Remedies to infringement are found under the same section. The relevant portions read as follows:

- 35 (4) *Infringement of any right protected under this Act shall be actionable at the suit of the owner of the right and in any action for infringement the following reliefs shall be available to the plaintiff-*
- (a) *the relief by way of damages, injunction, accounts or otherwise that is available in any corresponding proceedings in respect of infringement of other proprietary rights;*
- (b) *delivery up to the plaintiff of any article in the possession of the defendant which appears to the court to be an infringing copy, or any article used or intended to be used for making infringing copies;*
- (c) *in lieu of damages, the plaintiff at his option, be awarded an amount calculated on the basis of reasonable royalty which would have been*

- payable by a licensee in respect of the work or type of work concerned;
- (d) for the purpose of determining the amount of damages or a reasonable royalty to be awarded under this section or section 33 (2), the court may direct an enquiry to be held and may prescribe such procedures for conducting such enquiries as the court considers necessary; and
 - (e) before the owner of the right institutes proceedings under this section, he shall give notice in writing to the exclusive licensee or sub-licensee of the copyright concerned of the intention to do so, and the exclusive licensee or sub-licensee may intervene in such proceedings and recover any damages he may have suffered as a result of the infringement concerned or a reasonable royalty to which he may be entitled.

Anton Pillar orders for the preservation of evidence are also available under the Copyright Act 2001 under section 37.

4.2.5 Enforcement of Patents

Patents and other related Industrial rights are protected under the Industrial Property Act No. 3 of 2001. Infringement of these rights is covered under section 105 which reads as follows:

105. *Subject to sections 21 (3) (e), 58, 61 (6), 72, 73, 80 (1C) and 86, any act specified in section 54³⁵ or 92³⁶ and performed by a person other than the owner of the patent or of the registered utility model or industrial design without the owner's authorization, in relation to a product or a process falling within the scope of a validly granted patent or certificate of registration shall constitute an infringement.*

Section 21 (3) (e) relates to the inclusion as patentable matter, public health related methods of use or uses of any molecule or other substance whatsoever used for the prevention or treatment of any disease which the

³⁵ Deals with the rights of a Patent owner.

³⁶ Deals with rights conferred by registration of industrial designs.

Minister responsible for matters relating to health may designate as a serious health hazard or as a life threatening disease.

Section 58 relates to limitation of rights of a patent to only industrial and commercial purposes and not scientific inventions.

Section 61(6) relates to the reinstatement of a patent by the managing Director of KIPi if he is convinced that failure to pay renewal fees was not intentional.

Section 72 deals with Compulsory licences for non-working and similar reasons.

Section 73 relates to Compulsory licences based upon interdependence of patents.

Section 80 (1C) relates to exploitation of the patented inventions by the Government or by third persons authorized by the Government and the authority of the Minister in charge to issue and order for the same to be done.

Remedies for infringement under the Act include damages and others discussed above.

4.3 CRIMINAL LITIGATION REMEDIES

There are instances where the remedy available to the proprietor of a trade mark or a brand is to take criminal proceedings against the offending party.

In the final quarter of 2008, The Anti – Counterfeit Bill received Presidential assent and became The Anti – Counterfeit Act, 2008. The Act is yet to be operationalized. However, the Act is a step towards stronger enforcement of IPR in Kenya. The Act is dependant on the Trade Marks Act Cap 506 Laws of Kenya, and the Criminal Procedure Code Cap 75 and supplements the Copyright Act of 2001 as well as Industrial Property Act No. 3 of 2001.

The salient features of this new piece of Legislation include:

- * The Act defines counterfeiting widely to include imitations, products intended to confuse and violation of an author’s rights.³⁷ Based on this, it is evident that the Act recognizes the different forms of IP and their attendant rights.

³⁷ The Anti – Counterfeit Act, 2008, Section 2.

- * The Act also has a special definition of counterfeiting of medicine.³⁸ This is a unique feature of this legislature as it's is not found in Anti – Counterfeiting legislation from other jurisdictions.³⁹ This definition was couched in such terms so as to ensure that generics are not shut out of the Kenyan market.
- * The definition of an owner of an IPR includes a person who has the capacity in law to enforce the IPR in his own name.⁴⁰
- * The definition of complainant extends rights holders, successors of title, licensees and agents. This ensures that a duly authorised individual can lodge a complaint relating to infringement of an IPR.
- * The Act also defines Counterfeit goods widely.⁴¹
- * IPR inspectors with wide powers including search, entry, arrest and seizure may be appointed under the Act.⁴² Their powers include stopping production, questioning suspects, suppliers and other connected persons, among other powers.
- * The Act provides that only a right holder or his duly authorised agent may lodge a complaint. Further, their right must be protected.⁴³
- * The Act also provides for the establishment of a counterfeit goods depot which will serve to preserve evidence awaiting trial.⁴⁴
- * The Act covers border measures based on *prima facie* evidence and existing IPR.
- * The Act criminalizes a range of activities related to IPR infringement.
- * The Act also provides for penalties.

4.4 EXTRA JUDICIAL REMEDIES

Because litigation is expensive, the majority of franchisors have inserted mandatory arbitration clauses into their agreements with their franchisees. Since 1980, the Supreme Court in the United States has dealt with cases involving direct franchisor/franchisee conflicts at least three times, and two of those cases involved a franchisee who was resisting the franchisor's motion to compel arbitration.

³⁸ The Anti – Counterfeit Act, 2008, Section 2. *op cit.*

³⁹ Margaret Odhiambo, Legal Manager, Eveready Batteries, *Brand Protection & Anti – Counterfeit Forum*, Laico Regency Hotel, Nairobi, 11/03/2009.

⁴⁰ The Anti – Counterfeit Act, 2008, Section 2. *op cit.*

⁴¹ The Anti – Counterfeit Act, 2008, Section 2. *Ibid.*

⁴² The Anti – Counterfeit Act, 2008, Section 23.

⁴³ The Anti – Counterfeit Act, 2008, Section 33.

⁴⁴ The Anti – Counterfeit Act, 2008, Section 29.

4.5 POST LITIGATION REMEDIES

In matters of Franchising, there are instances where the parties shall notwithstanding the decision that has been taken in Court renegotiate their Agreements. There is a more sobered approach when the issues in dispute have been put to rest and the parties agree on the decision.

5. OTHER SANCTIONS

5.1 Wrongful or groundless threats of infringement

Various jurisdictions have laws which are designed to prevent trademarks' owners from making wrongful threats of trademark infringement action against other parties. These laws are intended to prevent large or powerful companies from intimidating or harassing smaller companies.

Where one party makes a threat to sue another for trademark infringement, but does not have a genuine basis or intention to carry out that threat, or does not carry out the threat at all within a certain period, the threat may itself become a basis for legal action.

6. CHALLENGES FOR LITIGATING TRADE MARKS AND OTHERS

There are many challenges that face trademark owner and practitioners in this field face. These include:-

6.1 Lack of interlink between Registries

At this moment in time, when one applies for a trade mark, the Registrar of trade Marks does not consult with other registries (especially the Registrar of Companies) on the availability of the Trade Mark. It is therefore possible that one might run into problems when he realizes that he or she has registered a trademark yet somebody else has registered a company with a similar name.

This problem has already arisen in other jurisdictions. In *Glaxo PLC v Glaxowellcome Ltd*⁴⁵, the Lightman J granted a *quia timet* injunction on the grounds of passing off.

⁴⁵ 1996 FSR 388. The Defendant had registered "Glaxowellcome" as a company name when he realized that a merger was planned between Glaxo PLC and Wellcome PLC. The Defendant wrote to the Plaintiff demanding Pounds 10,000 for the company name.

6.2 Need for a specialized bench for Intellectual Property issues

There have been interesting decisions by the Judiciary in respect of claims for Trade Mark infringement and passing off in Kenya. This being a fairly recent and fast growing branch of the law, it is imperative that the Bench keeps up with the modern trends so that the genuine owners of Trade Marks do not end up feeling that the Kenyan Courts are not protecting their rights as they should. The Judiciary should organize courses for the Bench so that they are able to make informed decisions since these decisions are followed in detail by the multinational companies that have filed Trade Marks in Kenya and wish to know their level of protection.

6.3 The reach of the IPJ

Advertisement of Trade Marks can now be done in the Journal or in the Kenya Gazette. Previously, all Trademark applications were advertised in the Gazette, published by the Government Printer. The Government Printer was very slow in the publishing of the advertisements as the Gazette carried all the official announcements and notices. Space for Trade Marks advertisements was very limited thus the need to clear the backlog by having a Trade Marks Journal. The Journal has also carried our advertisements for colour applications unlike the Gazette.

However, the circulation of the Journal is much lower than that of the Gazette. The question to ponder is whether the proprietors of Trade Marks or their Agents (read Advocates) are getting these notices so as to take appropriate action in form of oppositions.

6.4 Promotional Use of Trade Marks

The so-called 'promotional use' of a trademark is a challenge in the sense that in instances where a particular trademark is being used for promotional purposes in a field removed from the main trade of the proprietor, a trademark registration for the former would be vulnerable to an expungement attack on the basis of non-use. This would be the position if the mark were not applied with the object of promoting trade in those (secondary) goods. This principle can be illustrated further by having regard to the British decision in *Kodiak Trade Mark*⁴⁶.

⁴⁶ 1990 FSR 49. Kodak obtained a registration for Kodak in relation to clothing. This registration was attacked on the basis that it had not been used. The evidence established that Kodak had had T-shirts, sports jackets, ties, etc manufactured and then sold them to, *inter alia*, its representatives. This clothing featured slogans such as: 'Do it. Use Kodak film and plates'. They were not sold through normal retail channels. The court considered the latter fact, in

As a legal practitioner, one of the things that one would have advised a client to do would have been to associate trademarks but this was removed with the coming into force of multi-class applications in the aforementioned amendments to our Act.

6.5 Slow branding

There is also general lack of the branding craze in this country. This therefore means that whilst there are for instance many slogans that companies have come up with, few of them get to the Registrar's office. Save for a few, even Law Firms have not tried to brand themselves and register their Service Marks at the Registry.

This has led to a very low jurisprudence on Intellectual Property law in Kenya and most decisions as has been quoted in this Paper are foreign based. There should be sensitization to everybody that branding is the key to business success. All that the person has to do in respect of branding is to ask four questions. *Is it distinctive? Is it memorable? Is it positive? Is it easy to recall?* Next, the name or slogan should be registered to offer maximum protection.

6.6 Cybersquatting

Cybersquatting is the word given to the scenario that arises when someone, frequently a private individual, registers valuable trade marks as domain names for the objective of selling to the trade mark owner the entitlement to the domain name. In other jurisdictions for instance the United States, the courts have showed willingness to apply intellectual property rights to the internet. In the United Kingdom, the courts have been flexible with their interpretation of passing off, so that it now covers those who threaten to sell a domain name. Future passing off is now a term that has been coined by the Courts and may be used by trademark owners in claims against cybersquatters.

7. Agencies in Enforcement

Under this category, we have public and private enforcement mechanisms. The public enforcement mechanisms include the public bodies discussed earlier in this paper.⁴⁷ In addition to these bodies, we have the following agencies assisting in the enforcement of IPR:

conjunction with the size and the number involved, to signify that the Kodak trade mark on the clothing would not be taken to be the trade mark of the clothing itself, but of the business being advertised on it. Consequently, there was no *bona fide* use of the mark.

⁴⁷ Refer to p. 12

The Police – they have the power to arrest law breakers. Most if not all of the police force are trained to enforce the Law with regards to tangible property. IPR protection is still a relatively new area to them.

The Judiciary –the courts interpret the law, administer the law, examine the facts presented before them and then apply the law accordingly. In the area of IPR, expeditious delivery of remedies to aggrieved parties is of the essence because of the magnitude of loss often involved. Kenya has no specialised courts dealing with IP so all IP matters go into the system as all other cases. Unfortunately, due to a lack of understanding of IPR these cases are not given priority. Further, the Judiciary is not sufficiently trained in IP law.

Department of Weights and Measures and the Bureau of Standards - these ensure that goods and services are of a certain standard. Lower standards could indicate infringement of a product or service. They work in conjunction with other agencies and may be viewed as a lookout point.

Customs Department –it assists by being a border lookout point. Under existing laws ability to enforce IPR by customs is limited. This will change with the operationalization of the Anti – Counterfeit Act 2008

Industry based Organizations- these include agencies like Kenya Association of Manufacturers and the Kenya Music Anti – Piracy Association. They advocate for protection of IPR and have programs to create greater IPR awareness.

Private enforcement is through Individuals and private institutions. Private enforcement is usually carried out by the IPR holders. In the end, the private enforcers still have to use public enforcement mechanisms e.g. the police and judiciary to realize their rights. This shows that to succeed, private and public enforcement of IPR must be done hand in hand.

8. Conclusion

It is clear that for a very long time to come, trademarks will continue to play an important role in our society. New companies and business enterprises shall be formed and new products and services will always be brought into the market by such new companies or by the existing companies;

As it is now, there are still many business enterprises especially the local ones who have yet to grasp the importance of protecting their trademarks and service marks. Most institutions including universities⁴⁸, colleges⁴⁹, hospitals, schools and many

⁴⁸ Trade Mark KE/T/2004/055544 is a logo of Moi University and includes the motto Foundation of Knowledge

others have their own identity, badges or motto. This needs to be protected so that in the event of infringement, one may have recourse by bringing a claim on infringement against anyone who makes profits from where he has not sown.

The process of registration is not difficult, the cost is very minimal and yet the advantages of registration of trademarks and industrial designs are so vast.

It should be the aim of all those who have attended this Seminar to vigorously protect the sweat of their brow.

Thank you.



- **Caution:** Some of the pictorials used above are for illustration purposes only and are not an imputation of wrongdoing on any party that has originated the products.

⁴⁹ Trade Mark KE/T/2003/055399 is a logo of Tec Institute of Management

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