



THE JUDICIARY



REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAIROBI CITY

COURT NAME: MILIMANI LAW COURTS

CASE NUMBER: COMM 305/2015

CITATION: LORDS HEALTHCARE LTD VERSUS CIPLA LTD & ANOTHER

JUDGMENT

Introduction and Background

1. The Plaintiff (“LORDS”) is a limited liability company incorporated in Kenya that was first established in the year 1977 as a retail pharmacy. It transformed through the years and changed its business model to that of importation, marketing and distribution of pharmaceuticals. The 1st Defendant (“CIPLA”) is an Indian company established in 1935 dealing principally with the development and manufacture of active pharmaceutical ingredients and formulations. The 2nd Defendant (“Surgipharm”) is a limited liability company dealing with the distribution of pharmaceutical products within Kenya and is also an importer and distributor of CIPLA’s pharmaceutical products.

2. The relationship between LORDS and CIPLA can be traced back to the 1980s when they agreed to work together in a manufacturing, distributorship and/or representative deal but immediately prior to the institution of this suit, their relationship deteriorated.

3. LORDS commenced this suit by the plaint dated 22nd June 2015 which was later amended on 29th November 2016. It alleged that CIPLA and Surgipharm are infringing on its registered trademarks and passing off its generic drugs. Prior to the filing this suit, CIPLA had filed a constitutional petition; HC Petition No. 593 of 2014 dated 1st December 2014 and amended on 19th September 2016 against LORDS and the Pharmacy and Poisons Board (“the Board”). It claimed that there was an agency agreement between the CIPLA and LORDS between 1st June 2009 and 31st May 2014 in respect of various pharmaceutical products which are subject of this suit but after the agency agreement came to an end on 21st May 2014, CIPLA discovered that some of its products and for which it held Drug Registration Certificates, were being imported into Kenya without its knowledge, consent and/or approval.

4. On 18th August 2015, the court in HC Petition No. 593 of 2014 after holding that the matter in the petition were of purely commercial nature transferred it to the Commercial and Tax Division. It further directed the Board to resolve all aspects of the dispute between the LORDS and CIPLA and file a report with the court. It is this petition that was assigned HCCC No. 405 of 2015 and consolidated with the present suit.



5. When the matter was set down for hearing, the parties called witnesses to support their respective positions; LORDS called its Clinical Director, Ratna Herani (DW 1) while the CIPLA and Surgipharm called four witnesses; Naveen Sukumaran, CIPLA's Associate Director and Head of Commercial (PW 1), Dr Adam Mogeni, a pharmacist and expert in regulatory affairs in the pharmaceutical field (PW 2), Dr Henry Kibet Mutai (PW 3), a lawyer and consultant in intellectual property matters, and Prof. Ben Sihanya (PW 4), a professor of intellectual property and consular law at the University of Nairobi Law School.

6. The parties filed documents which were admitted without objection. They also filed written submissions in support of their respective positions.

LORDS' Case

7. LORDS position is that it has over the last three decades developed products and has gained reputation over a number of trademarks which it is still the registered proprietor. It states that unknown to it, CIPLA and Surgipharm have been selling packets of drugs with a similar get up to those of LORDS and infringing on its trademarks. LORDS avers that it is the registered proprietor of the following trademarks:

Class 16 CIPLA

Class 5; Ocemax, Itocip Plus, Amlocip, Clopicip, Terbisil, Zynclar.

8. DW 1 stated that the Class 16 trademark in CIPLA denotes the packaging with art works, with footwork and that LORDS has been using over the past 20-30 years when it was marketing products from CIPLA in terms of printing booklets, posters, visual aids, banners which LORDS has been distributing in the healthcare market in Kenya in order to create those brands so that it is able to have the sales for the medicines it imports.

9. DW 1 added that LORDS has not registered CIPLA in Class 5 in any of its trademarks and that it is CIPLA which has registered the same as a drug name in the said Class 5 under pharmaceutical goods. DW 1 reiterated that all of LORDS' other trademarks apart from CIPLA are registered under Class 5 and that they are all used as its brand names for the medicines it imports and that they have corresponding drug registration certificates.

10. LORDS' case against Surgipharm is that it publicized to the healthcare market and the public that LORDS' drug names had been changed and given new medicine names. In essence, LORDS states that Surgipharm was informing the market that the brand names that LORDS owns were no longer available to the market. LORDS state that those publications contained drugs that had been registered with the Board and Kenya Intellectual Property Institute ("KIPI").

11. LORDS states that it complained about this to the Board which wrote back to it in a letter dated 24th March 2014 stating that no party will be allowed to trade in the products registered with the Board without LORDS' approval. It accuses the Board of issuing letters in June and July 2014 to CIPLA approving change of brand name from LORDS' brands to whatever new name that CIPLA wanted without informing LORDS. It further states that at the material time it had retentions 4-2014 which indicated that it could trade on those drugs for the whole year and for which it pays.

12. LORDS states that it changed manufacturers after CIPLA refused to manufacture its brands and that the Board approved a new manufacturer to supply LORDS with the imported products. However, after LORDS began importing the said products, the Board raided its premises and quarantined the products on the ground that they were not registered by the Board. In September 2014, LORDS received a letter from the Board stating that it was investigating the origin of the drug registrations after the Board changed all of LORDS' brand names to CIPLA's new brand. LORDS

adds that CIPLA wrote to the Board stating that LORDS imported drugs illegally and that they were unsafe for public use yet CIPLA did not provide any evidence to support its allegations. LORDS accuses CIPLA of tarnishing its brand name in newspapers, blogposts and several media formats.

13. LORDS asserts that it paid for all the registrations for the drugs at the Board together with the GMP sites and the annual retentions with each registration costing \$1,000, each GMP site valid for three years costing \$4,000 and each retention per product per year costing \$300 respectively.

CIPLA's Case

14. CIPLA's position is that CIPLA and LORDS had an implied agency relationship which started as far back as the year 1981, where LORDS had been distributing CIPLA's pharmaceutical products in Kenya. Under the agreement, LORDS would place orders from CIPLA specifically for distribution and marketing in Kenya. CIPLA states that it was always in control of its products, including their manufacture and to who they would be sold. It further states that CIPLA and LORDS entered into a formal agency agreement dated 1st June 2009 which was later terminated on 31st May 2014. PW 1 testified that although the agency agreement was not produced in court, LORDS was registered with the Board as CIPLA's Local Technical Representative and sole importer and distributor of its products and that as such, LORDS was CIPLA's agent in Kenya for the purposes of facilitating distribution of CIPLA's pharmaceutical products and dealing with any regulatory or administrative issues on its behalf.

15. CIPLA states the position that in order to facilitate the registration of its pharmaceutical products, it would give LORDS certain product information for each of the pharmaceutical products to be distributed by LORDS on its behalf. This information included dossiers which set out the technical data relating to certain products and this technical data included specific formulations, artworks and names for those products which are derived from CIPLA's Trade Marks. CIPLA also avers that the payment receipts issued to LORDS by the Board indicated LORDS' designation as the "importer" and not owner of the drugs and that the actions by LORDS buttresses the point that it was acting as an agent of CIPLA who had control over the entire process when it received the dossiers, sought approvals for artworks and submitted payment receipts to CIPLA in relation to the registrations. That the process would culminate in the registration of the drugs and thereafter the issuance of Drug Registration Certificates by the Board in the name of CIPLA for the various products manufactured by CIPLA which clearly show that the products were registered in the name of CIPLA, with LORDS' address included in its capacity as the Local Technical Representative and agent.

16. CIPLA denies LORDS' assertion that the relationship they had was that of Seller(CIPLA) and Buyer (LORDS) in that LORDS did not produce any evidence in the form of a contract of manufacture to support this claim.

17. On designing the get ups, CIPLA stated that in some instances, it consulted with its partners but that this was not in every product as CIPLA has its own artwork under global ISOPS under which CIPLA works through and that the consultations between CIPLA and LORDS over the packaging were in respect to the local market and requirements by the Board. CIPLA added that all the drugs manufactured and supplied by it were partly published and printed in India.

18. On the drug registrations, CIPLA stated that it would apply for the same through the local technical representative who acted as an agent, and in this case, LORDS. PW 1 further stated that LORDS paid for the registration but then the same was recoverable on the margins from product sales. He also confirmed that CIPLA wrote to the Board seeking to transfer the registrations from LORDS to Surgipharm but that in these letters, it never copied LORDS. PW 1 stated that CIPLA

wrote to the Board in its capacity as manufacturer and Manufacturer Authorization Holder and PW 1 maintained that CIPLA was always the manufacturer whereas LORDS was the Local Technical Representative in their relationship.

19. PW 1 explained how the products were ordered from CIPLA and shipped to LORDS. LORDS would place an order through email and CIPLA would in turn issue a proforma invoice that was submitted to the Board for approval of an invoice license. Once there was an agreement in place, CIPLA would ship the products to LORDS who would then pay for them.

20. CIPLA stated that it raised issue when it realized that LORDS, through its new manufactures were using and marketing CIPLA's products as those of LORDS. Further, the disputed drugs were off petted and that some of the ingredients were not entirely innovated by CIPLA. CIPLA also confirmed that they applied to the Board to have some of the brand names changed and after approval, Surgipharm notified the public on the same and that from the said notices, there is no mention of LORDS or any of its products.

21. CIPLA defined artwork as a design, which is owned with primary and secondary package of the product where the Board verifies the artwork by agreeing that it can be communicated to the healthcare professionals and patients and information which is contained on the artwork is line with the guidelines of the Board. CIPLA denied that the artwork included trademarks.

Analysis and Determination

22. Against the summary of the pleadings I have highlighted above, the parties' witnesses duly testified along the lines I set out in the pleadings. In addition to the extensive pleadings the parties produced voluminous documents and filed written submissions supported by copious authorities. I do not intend to reproduce the testimony and submissions but will refer to the relevant parts in determination of the following consolidated agreed issues settled by the parties for determination:

- i. What was the nature of the business relationship between CIPLA and LORDS?
- ii. Who is the valid owner of the following drugs registered at the Board; Amlocip Amzart 5; Itorcip; Lozart; Lozart H; and Ocemax 200 DT ("the disputed drugs")
- iii. Whether the products registered pursuant to the drug registrations certificates belong to CIPLA.
- iv. Who is the owner of the Drug Registration Certificates listed annexed in the Board Report?
- v. Whether the drug registration certificates for the drugs registered with Board have been misappropriated by either party.
- vi. Whether the trade mark registration and use of CIPLA in Kenya in Class 5 by CIPLA is lawful.
- vii. Whether the trade mark registration and use of CIPLA in Kenya in Class 16 by LORDS is lawful.
- viii. Who is the legitimate owner and proprietor of 64 disputed trademarks.
- ix. Whether the Plaintiff's marks; D-Lorat, Zarcana, Linospa, Risna, Rizat, Zynclar and Meronex are confusingly similar to the 1st Defendant's marks; D-Loratin, Forcan, Linospan, Risnia, Rizact, Synclar and Meronex.
- x. Which party is liable for infringement and passing off of the other party's marks
- xi. Whether the parties are entitled to the reliefs sought

The nature of the business relationship between LORDS and CIPLA

23. LORDS and CIPLA agree that their relationship began a few decades ago but both parties have contrasting opinions on its nature. LORDS position is that it was a buyer-seller, contract-manufacturing type of agreement whereas CIPLA stated that it was one of an implied agency with LORDS being CIPLA's agent as a Local Technical Representative.

24. On behalf of LORDS, DW 1 admitted that it neither produced nor provided any evidence to prove the existence of the Contract Manufacturing Agreement as it had asserted. DW 1 also confirmed that

LORDS was the distributor and marketer of products manufactured by CIPLA. DW 1 also did not deny that he received a letter from CIPLA dated 5th May 2014 terminating their Agency Agreement dated 1st June 2009 and another one dated 23rd May 2014 where CIPLA communicates inter alia that LORDS has ceased to be CIPLA's Local Technical Representative in respect of CIPLA's products and that CIPLA continues to have absolute rights in all market authorizations, dossiers, regulatory filings and trademarks in respect of all CIPLA products in Kenya. DW 1 also testified that in as much as he received these letters, he never responded to CIPLA in a bid to challenge its contents. DW 1 also did not deny the contents of the email correspondence dated 21st November 2013 where LORDS is seeking inter alia authorization from CIPLA to be appointed as a local Market Authorization Holder by CIPLA. DW 1's witness statement also points to a time when LORDS was appointed as CIPLA's Local Technical Representative for ARV drugs manufactured by LORDS at the height of the HIV/Aids pandemic and that LORDS was paid a commission for this. Finally, there is also the Board's letter dated 27th May 2014 where the Board states that LORDS is CIPLA's Local Technical Representative, contents which DW 1 admitted in her evidence.

25. From the totality of the LORD's own admissions, I am satisfied that on the balance of probabilities, the relationship between CIPLA and LORDS was more than just that of a buyer and seller. It was deeper and more intimate with all indicators pointing towards an agency relationship where LORDS was impliedly and expressly an agent of CIPLA. The evidence shows that at all material times, CIPLA was the manufacturer and Market Authorization Holder whereas LORDS was the distributor, marketer and Local Technical Representative of CIPLA and its products and thus an agent of CIPLA.

26. I therefore find and hold that the relationship between CIPLA and LORDS was that of principal and agent. CIPLA as manufacturer of the products was the principal while LORDS was its agent within Kenya.

Who is the valid owner of the drugs; Amlocip NB, Amzart 5, Itorcip, Lozart, Lozart H and Ocemax 200 DT registered with the Board ("the disputed drugs")

27. Both CIPLA and LORDS lay claim of ownership of the disputed drugs. CIPLA produced Registration of Drugs Certificates dated 8th May 2018 issued by the Board. Under these certificates, the drugs are registered under CIPLA as the manufacturer with the business address being under the care of LORDS. As the Board is the one that issued the drugs certificates, it stated in its letter dated 27th May 2014 to CIPLA and the investigation report that CIPLA is the manufacturer and owner of those drugs. I do not see any reason to depart from this finding. I reject LORDS' argument that the Drug Registration Certificates bestowed joint ownership of the drugs as nothing would have been easier than for the Board to state so. In any case, the fact that LORDS paid for the application fee and presented dossiers to the Board did not accord it ownership of the drugs as it was doing so in its capacity as an agent/Local Technical Representative of CIPLA.

28. I therefore find and hold that the disputed drugs, Amlocip NB, Amzart 5, Itorcip, Lozart, Lozart H and Ocemax 200 DT are validly owned by CIPLA which finding disposes of issue no. (iv) above.

Whether the drug registration certificates have been misappropriated by either party.

29. Since I have found that the drug registration certificates were issued to CIPLA as owner and manufacturer of the drugs, it follows that it was incumbent upon it to demonstrate that they were misappropriated by LORDS. CIPLA produced photographs of its products and stated that they were still being distributed and marketed by LORDS well after termination of the agency agreement.

30. The faces of the drugs indicate that they are being marketed by LORDS and manufactured by Taj Pharmaceuticals Limited, a company LORDS admitted was its manufacturer after they switched

from CIPLA. The drugs also indicate that they are registered under LORDS. This information is obviously misleading as the drugs are registered under CIPLA and manufactured by CIPLA and that LORDS has no authority to market the said drugs after their business relationship ended.

31. I therefore find and hold that the drug registration certificates belonging to CIPLA have been misappropriated by LORDS.

Whether the trade mark registration and use of CIPLA in Kenya in Class 5 by CIPLA is lawful.

32. It is common ground that CIPLA is the registered proprietor of the trade mark CIPLA under Registration No. 78668 in classes 3, 5, 9, 10, 35 and 44. Under Class 5, CIPLA holds a trademark on, "Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides."

33. I do not think it is in dispute that the proprietor of a trademark enjoys rights and protection granted by section 7 of the Trade Marks Act which provides in part as follows:

7. Right given by registration in Part A, and infringement thereof

(1) Subject to the provisions of this section, and of sections 10 and 11, the registration (whether before or after 1st January, 1957) of a person in Part A of the register as the proprietor of a trade mark if valid gives to that person the exclusive right to the use of the trade mark in relation to those goods or in connection with the provision of any services and without prejudice to the generality of the foregoing that right is infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of permitted use, uses a mark identical with or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade or in connection with the provision of any services in respect of which it is registered, and in such manner as to render the use of the mark likely to—

(a) be taken either as being used as a trade mark;

(b) be taken in a case in which the use is upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or goods with which such a person is connected in the course of trade;

(c) be taken in a case where the use is use at or near the place where the services are available for acceptance or performed or in an advertising circular or other advertisement issued to the public or any part thereof, as importing a reference to some person having the right either as proprietor or as licensee to use the trade mark or to services with the provision of which such a person as aforesaid is connected in the course of business;

(d) cause injury or prejudice to the proprietor or licensee of the trade mark

34. Thus, CIPLA, as owner of the trade mark CIPLA in Class 5, is entitled under section 7 aforesaid, to the exclusive use of the mark in relation to goods for which it is registered (See *Solpia Kenya Limited v Style Industries Limited & Another* ML HCCC No. 138 of 2014 [2015] eKLR).

35. According to LORDS, CIPLA's use of CIPLA in Class 5 is improper as it has not been in use for a period of more than seven years and that this fact was admitted by CIPLA's witness PW 1, thus, the same is liable for expungement for non-use. I have gone through the record of proceedings and I do not find any instance where PW 1 admitted that its CIPLA trademark in Class 5 has not been in use for more than seven years. If anything, CIPLA has produced excerpts from websites in respect of some of their drugs have the name 'CIPLA' on its face and that the details of the websites appear to have been extracted in 2018. Thus, LORDS' argument for non-use cannot hold. In any event, this argument cannot be entertained as it was only introduced in the submissions and never pleaded.



36. I therefore find and hold that as the registered of its trade mark under Class 5, CIPLA is entitled to exclusive use.

Whether the trade mark registration and use of CIPLA in Kenya in Class 16 by LORDS is lawful.

37. It is also not in dispute that LORDS is the registered proprietor of the trademark CIPLA Class 16 under number 65461 in respect of, "Letter heads, stationery, complementary slips, business cards, printing matters." DW 1 admitted that LORDS neither manufactures nor sells any of the aforementioned items and that the purpose of the registration of CIPLA under the said Class 16 was for packaging, printing and marketing CIPLA's products when their relationship subsisted and that the get ups and artworks for the same was done in consultation and concurrence with CIPLA. Further, the registration was to identify LORDS' generic drugs manufactured by CIPLA.

38. From the totality of the evidence particularly relationship between the parties, LORDS' use of the CIPLA name was connected to the drugs that CIPLA manufactured and that it was specifically meant to aid in its distribution and marketing of the drugs and nothing else. While LORDS is protected and entitled to the exclusive use of CIPLA in respect to Letter heads, stationery, complementary slips, business cards, printing matters, I find that using CIPLA for the packaging and marketing of its drugs in pharmaceuticals and other preparations for medical purposes will likely deceive and cause confusion in the course of trade in that field where CIPLA has an exclusive right under Class 5 for the same trade.

39. In deciding the likelihood of confusion, the Court must assume the position of the notional consumer. The Court, in *Sony Corporation v Sony Holding Limited* ML HCCA No. 376 of 2015 [2018] eKLR assumed adopted the passage in *Reed Executive PLC v Reed Business Information Limited* [2004] EWCA Civ 159 where it was held that:

"the Court stated that the person to be considered is the ordinary consumer, "neither too careful nor too careless, but reasonably circumspect, well informed and observant". An allowance for defective recollection must be considered and this varies depending on the goods concerned. The Court further stated that "a fifty pence purchase in the station kiosk will involve different considerations from a once-in-a-lifetime expenditure of £50000".

40. The confusion will even be apparent since members of the public might still think the parties are related or connected and yet they have since parted ways. For this reason, I find and hold that the continued use of the word 'CIPLA' by LORDS in respect of packaging and marketing of pharmaceuticals and other preparations for medical purposes for which CIPLA has a trademark on and trades in that class of goods, is improper and likely to cause confusion in the general public. Since LORDS' CIPLA Class 16 trademark registration has been challenged by CIPLA and expungement proceedings are pending before the Industrial Property Tribunal, I do not wish to comment on its propriety at the moment as the Tribunal will determine the matter in due course.

41. I would however point out that since LORDS has admitted that it is not in the business of publishing and selling letter heads, stationery, complementary slips, business cards and printing matters, LORDS has to prove before the Tribunal that it has a bona fide intention to use the mark under that class of goods and not on pharmaceuticals and other preparations for medical purposes.

Who is the legitimate owner and proprietor of the 64 trademarks.

42. In the parties' agreed list of issues, there are 64 trademarks which are registered under LORDS and whose ownership is disputed by CIPLA. The following are the trademarks under the Plaintiff's registration; Acivir, Aerocart, Albican, Amiclip, Amzart, Azimax, Beclate, Bendex, Betavit, Budecart, Budenase, Cefact, Cefamed, Ceftra, Cepazole, Cipar, Cigla, Ciplactin, Clonvas, Clopicip,

Cytoblastin, Cytocristin, Cytoplatin, Duolin, Duovir, D-Lorat, Dyrade-M, Esocip, Esokit, Etosid, Felodil, Foracart, Falcimon, Falcinum, Helirid, Isotrain, Lamivir, Lansec, Levolin, Linospa, Lozart, Mefliam, Menofos, Meronix, Micogel, Momecart, Nevimune, Oncodox, Parafizz, Risna, Seroflo, Simply One, Safdem, Tazact, Terbisil, Tramacip, Triomune, Valcip, Zidavir, Zorcan, Zolicid and Zynclar.

43. Even though CIPLA challenges the competence of the certificates produced by LORDS in its submissions by stating that save for marks CIPLA, MELFIAM and BUDECORT, the rest of the marks do not have certificates for use in legal proceedings, I find that this challenge cannot stand as it was never pleaded and LORDS was never given an opportunity to respond to the claim. Parties are bound by their pleadings and submissions are not pleadings but the parties' "marketing language" (see Daniel Toroitich Arap Moi v Mwangi Stephen Muriithi & another NRB CA Civil Appeal No. 240 of 2011 [2014] eKLR and Independent Electoral and Boundaries Commission & another v Stephen Mutinda Mule & 3 others NRB CA Civil Appeal No.219 of 2013 [2014] eKLR).

44. Turning to the merits of this issue, CIPLA submitted that it is the legitimate owner and proprietor of the 64 trademarks on the grounds that they were registered in bad faith by LORDS and that CIPLA is a prior user of the marks. On its part, LORDS submitted that it owns these trademarks as they were coined and conceived by LORDS as evidenced by the parties' email correspondences and Active Pharmaceutical Ingredients (API) in a way that was easily recognized by the pharmaceutical market. Further, that the source of the APIs was not always from CIPLA and that the design and printing were done by CIPLA at LORDS' cost. LORDS further contends that the various trademarks are in use and they have corresponding medicines duly registered at the Board showing actual usage of the trademarks.

45. I have already found that the disputed drugs are owned by CIPLA by virtue of the registration of drugs certificates on record and pronouncement by the Board. I also found that the relationship between CIPLA and LORDS was one of agency with LORDS acting on behalf CIPLA. Therefore, it is my finding that even though LORDS made payments for the drug registrations and presented dossiers to the Board, the same was being done on behalf of CIPLA. LORDS may argue that it is entitled to any sums expended for its work as CIPLA's agent but that is a separate claim that does not go to the issue of ownership. I have gone through the said email correspondence between the parties and I have no doubt that from the tenor thereof, LORDS was undertaking all those activities on behalf of CIPLA. For instance, in an email dated 10th August 2011, an officer of CIPLA understood that LORDS was registering all of CIPLA's trademarks in Kenya and that CIPLA wanted to do the same in other countries. I therefore find and hold that while the disputed trademarks are registered under LORDS, this done on behalf of CIPLA and at a time when LORDS was CIPLA's agent. Consequently, LORDS could only use those trademarks with the consent, express permission or licence of its principal, CIPLA.

Whether the marks listed issue no. (ix) are confusingly similar.

46. The impugned marks listed at No.4 of the parties' agreed list of issues are D-Loratin/D-Lorat; Forcan/Zorcan ; Linospan/Linospa ; Risnia/Risna; Rizact/Rizat; Synclar/Zynclar; Meronex/Meronix. CIPLA contends that these marks are confusingly similar to its detriment.

47. The Court of Appeal, in Cut Tobacco Kenya Ltd v British American Tobacco (K) Ltd NRB CA Civil Appeal No. 126 of 2000 [2001] eKLR quoted with approval the passage below on the burden of proof from the High Court of Uganda in the case of Aktiebolaget Jonkoping-Vulcan Industricksfabriksatebolag v East African Match Company [1964] EA 62, 67:

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.

48. I have already found that CIPLA is the owner of the impugned drugs and legitimate owner of the trademarks registered by LORDS as an agent of CIPLA.

49. A reading of the names I have reproduced above, I have no doubt that a side by side comparison of LORDS' marks are visually and/or phonetically similar to those of CIPLA's. This fact has also been admitted by LORDS in its submissions. For example, CIPLA's D-Loratin and LORDS' D-Lorat are obviously visually and phonetically similar with only the letters 'IN' missing in the suffix of the latter. Risnia/Risna are so phonetically similar that member of the public would not likely tell the difference. As stated before, and applying the standard of a notional consumer, I have no doubt that such a person will be confused as the marks of LORDS are confusingly similar to that of CIPLA.

Which party is liable for infringement and passing off of the other party's marks

50. Passing off, according to Black's Law Dictionary (8thed.), is the act or an instance of falsely representing one's own product as that of another in an attempt to deceive potential buyers. It is actionable in tort under the law of unfair competition. It may also be actionable as a trademark infringement.

51. The Court of Appeal, in Nairobi Map Services Limited v Airtel Networking Kenya Limited & 2 others NRB CA Civil Appeal No. 125 of 2016 [2019] eKLR expounded on this definition by holding as follows:

23. In Reckitt and Colman Products Ltd vs. Borden Inc and others [1990] 1 All ER 873, the House of LORDS summarized the ingredients of an action in passing off, namely: that the plaintiff must establish a goodwill or reputation attached to the goods or services; secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff; and thirdly, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

52. The fact that CIPLA's products, brands and marks are well known is expressly admitted by LORDS who take credit for their promotion and marketing. LORDS further admitted that their dispute with CIPLA was common knowledge in the pharmaceutical industry, which further fortifies the point that these marks were well known and had attached a goodwill and reputation for the parties. I have already found that LORDS' continued use of CIPLA's trademarks and drugs may lead the public to believe that those are products of CIPLA and that CIPLA is likely to suffer damage by reason of the erroneous belief engendered by LORDS' misrepresentation that the source of LORDS' goods or services is the same as the source of those offered by CIPLA.

53. I find and hold that CIPLA has proved that LORDS is liable for passing off its products as those of CIPLA.

Disposition and Reliefs

54. Having found that CIPLA is the duly registered owner of the impugned drugs; that as the principal and owner of the drugs, it is the legitimate owner of the disputed trademarks registered

under LORDS; that LORDS' products are confusingly similar to those of CIPLA; that LORDS has been passing off its products as those of CIPLA's; that CIPLA's use of the trademark CIPLA in class is lawful and proper and; that LORDS' use of the trademark CIPLA under Class 16 is improper for being used to package and market its pharmaceutical products, it goes without saying that LORDS is not entitled to the orders sought in its Amended Complaint dated 29th November 2016. On the other hand, I find that that CIPLA's case against LORDS is largely merited.

55. For the reasons I have outlined, I now make the following orders:

(a) The Plaintiffs case set out in the Amended Complaint dated 29th November 2016 is dismissed.

(b) The 1st Defendants Amended Petition Amended Petition dated 19th September 2016 is allowed on the following terms:

(i) A declaration be and is hereby made that the Drug Registration Certificates annexed to the Report dated 25th September 2015 from the Pharmaceuticals and Poisons Board are proof that the products covered in the said certificates are owned by CIPLA Limited and by no other person.

(ii) A declaration be and is hereby made that by the unauthorized importation of the illegal products on the strength of Drug Registration Certificates held by CIPLA Limited, LORDS Healthcare Limited has violated/infringed and/or limited the fundamental right of CIPLA Limited to hold and own property of any kind under Article 40 of the Constitution of Kenya.

(iii) A permanent order of injunction be and is hereby made and directed at LORDS Healthcare Limited restraining it, whether by its directors, officers, employees, servants, agents or any person whatsoever authorized by it from importing, trading in advertising or marketing any products covered by the Drug Registration Certificates held by CIPLA Limited.

(iv) A mandatory order of injunction be and is hereby made and directed at LORDS Healthcare Limited requiring it whether by its affiliates, directors, officers, employees, servants, agents or any person whatsoever authorized by it to quarantine and recall all products covered by the drug registration certificates held by CIPLA Limited in the Kenyan market.

(v) Further to (iv) above, the 1st Defendant shall issue a 14-day notice to the Plaintiff to comply before enforcing the said order.

(c) The costs of the suit shall be borne by the Plaintiff.

DATED and DELIVERED at NAIROBI this 22nd day of DECEMBER 2022.

**D. S. MAJANJA
JUDGE**

SIGNED BY: HON. MR. JUSTICE D. S. MAJANJA



THE JUDICIARY OF KENYA.
MILIMANI HIGH COURT
HIGH COURT COMMERCIAL AND TAX
DATE: 2022-12-23 09:02:43+03

