

**IN THE HIGH COURT OF TANZANIA
(COMMERCIAL DIVISION)
AT DAR ES SALAAM**

COMMERCIAL CASE NO.31 OF 2004

**AGRO-PROCESSING AND ALLIED PRODUCTS
LIMITED.....PLAINTIFF**

VERSUS

SAID SALIM BHAKRESA & CO. LIMITED.....1ST DEFENDANT
REGISTRAR OF TRADE AND SERVICES MARKS.....2ND DEFENDANT

JUDGMENT

LUANDA,J.

Essentially the actual controversy between the real parties, both in the main suit and the counter claim, centers on trade mark infringement and passing off. The use of the word "POA" has sparked off the dispute.

The plaintiff in the main suit **AGRO PROCESSING AND ALLIED PRODUCTS LIMITED** (hereinafter referred to as the plaintiff) claims to have an exclusive rights over the word "POA" as its trade mark following registration of that mark with the Registrar of Trade and Service Mark (the 2nd defendant in the counter claim hereinafter referred to as the Registrar). The defendant in the main

suit who is also the plaintiff in the counter claim one **SAID SALIM BAKHRESA & CO. LIMITED** (hereinafter referred to as the defendant) strongly opposed the plaintiff's assertion. The defendant avers that the word "POA" is not and should not be considered to be an exclusive right of the plaintiff. In order to understand the nature of the dispute, I think it is useful to give a short background.

The historical background giving rise to this dispute and which most facts are not disputed is to this effect: - Both the plaintiff and the defendant are limited liability companies incorporated in Tanzania. Further, both carry on the business of maize and wheat flour milling and packaging, *inter alia*. It is further not in dispute that on 5th March, 2001 the plaintiff registered with the Registrar its trade mark going by the name "POA" as evidenced by (Exht P1). It is also not in dispute that sometime in June 2001 the defendant attempted to register its intended trade marks namely "SEMBE POA" "UNGA POA" and "NGANO POA" paying the necessary fees, namely disclaimer and association fees. Not only that the above intended trade marks were published in the Government Official Gazette with a view to enabling

the interested parties to challenge or oppose the same, if they so wish. No objection was ever received. However, instead of registering those trade marks as applied for the Registrar decline to do so on the ground that the trade mark with the word POA has already being registered. It is the opinion of the Registrar that to accede to the defendant's request would confuse the public with the plaintiff's trade mark as both of them carry on similar business.

It is the evidence of the defendant, through its General Manager one said Mohamed Said (DW1) that since their applications were received by the Registrar, paid necessary fees and there was no objection registered they proceeded with business in selling their commodities inscribed with the word "POA" after advertising notwithstanding the refusal by the Registrar. This is what he said in his evidence in chief, I quote:

" To the best of my knowledge the application was accepted and we were asked to pay fees for that and advertisement for that" [unders core mine]

As regards the act of the Registrar in refusing to register the trade marks DW1 said the following in his examination in chief, I reproduce:-

“ To be honest we thought that the conduct of the Registrar was not fair, we thought that it is not proper, it was improper and that why we had written some letters through our agency to him regarding this particular way of conduct that he had treated us”

What the defendant is saying is that the word “POA” is not the exclusive right of the plaintiff.

In the main suit, the plaintiff claims the following reliefs:-

- (i) A perpetual injunction to restrain the defendant, whether acting by its directors, officers, servants or agents, or any of them or otherwise howsoever, from passing off the goods not the goods the goods of the plaintiff as and for goods of the plaintiff by use of the word “POA”.

- (ii) An order for withdrawal from the market and delivery up and destruction upon oath of the existing package and total absention from selling or offering for sale its goods in conjunction with the word "POA".
- (iii) An order for deliver up and destruction upon oath of all advertisements and displays for sale of the defendant's goods in conjunction with the word "POA"
- (iv) An order for the defendant pay Tshs. 209,393,028/= as special damages.
- (v) An order for the defendant to pay general and punitive damages for infringement, passing off and loss of good will as I shall be assessed by the court.
- (vi) Interest at court rate per annum on the decretal amount from the date of filing of the suit until date of judgment and further interest to the date of full payment.
- (vii) Costs of the suit
- (viii) Any other reliefs this court shall deem just and equitable

On the other hand in the counter claim the defendant is claiming the following reliefs:-

- (i) Declaration that the plaintiff doesnot have nor entitled to exclusive right and/or use and virtual monopoly of the word POA in the milling market in respect of wheat flour and maize flour:
- (ii) An order compelling the Registrar to vary and/or alter the entries in the trademark register with a view to withdrawing the monopoly the existing entries vest on the defendant over the word POA in the milling market in respect of wheat flour and maize flour.
- (iii) An order restraining the plaintiff from interfering the defendant's use of the work POA in the trade mark SSB NGANO POA or any other mark of the defendant bearing the word POA.
- (iv) General damages as may be assessed by the court
- (v) Costs of the suit

- (vi) Interest on costs at the rate of 7% per annum from the date of award of the cost to the date of full payment thereof
- (vii) Any other or further relief(s) as the court may deem fit.

Before commencement of the trial, the following issues were framed:

- (1) Whether or not the plaintiff has exclusive right to the use of the word "POA" in relation to the product and business for which the trademark is registered.
- (2) Whether the defendants intended marks SSB Ngano POA,SSB Unga POA are nearly similar to the plaintiff's mark "POA" likely to deceive or cause confusion hence infringing the plaintiff's trade mark.
- (3) Whether the Registrar is legally justified in refusing registration of the defendant intend trade mark.
- (4) To what reliefs are parties entitled?

It is not irrelevant at this stage to mention that the trial was conducted with the aid of two Gentleman Assessors as provided

under the Civil Procedure code, Cap 33 as amended by GN 140/1999. The two Gentlemen namely Mr. Muganda and Mr. Kuluchumila gave a very useful opinions. I will discuss their opinion while answering the framed issue. I start with the fist issue.

It is the evidence of Sunil Nambiar (PW1) the General Manager of the plaintiff that the trade mark "POA" in respect of wheat flour and maize flour was duly registered with the Registrar on 5/3/2001 (Exht P1). The defendant on the other hand through said Mohamed (DW1) and Surendra Mawji (DW2) testified to the effect their application were accepted. But these last witnesses did not complete the circle. They did not say whether their trade mark was also registered.

Be that as it may, Mr Byamungu who advocated for the plaintiff submitted that the answer for this issue lies with the law. He submitted that sections 14(1) and 31 of the Trade and Service Marks Act, Cap 326 (hereinafter referred to as the Act) is very clear that one acquires exclusive right of a trade or service mark if he registers it. And the Registrar through Mr. Mgonja added that pursuant to

S.14(2) of the Act, registration of a trade or service mark is only valid unless and until all conditions pertaining to registration are fulfilled. It is their submission that the plaintiff has the exclusive right over the word "POA"

The defendant through its advocate one Mr. Kihwelo opposed this stand. He submitted that the word "POA" does not give the plaintiff the exclusive right.

Like the learned counsel for the plaintiff and Gentlemen Assessors, I entirely agree with them that the law is very clear on this matter. The position in law is this:- Upon registration one acquires exclusive right of a trade or service mark. This is provided under section 31 of the Act. The section reads:-

31. Subject to the provision of this Act and any limitations or conditions entered in the registry **the registration of a trade or Service Mark** shall if valid, give or be deemed to have given to the registered

proprietor the **exclusive right to** the use of a trade or service mark in relation to any goods including sale, importation and offer for sale or importation

[Emphasis mine]

Without much ado, the answer in respect of the first issue is obvious; the plaintiff acquired exclusive right over the trade mark 'POA". I now turn to the second issue.

In the first place it has been argued by Mr. Kihwelo on behalf of the defendant that there is no evidence adduced by the plaintiff to indicate that the use of the defendant's intended trade marks namely SSB Ngano POA, SSB Unga Poa and SSB Sembe Poa will cause confusion and deceive the customers vis-a-vis- the plaintiff trade mark "POA". To buttress up its case the defendant discussed the evidence of Sunil Nambiar (PW1), Jiten Chandulal Doshi (PW3) and Awadhi Kiluvya (PW4) who are said to have testified, *inter alia* that the consumers were not confused because the shape of packages, colours, configuration, overall design and general appearance were

not similar. It is the defence case that the products of the defendant and the plaintiff are easily distinguishable in the market. This is the testimonies of Didas John (DW3), Damas Mongi (DW), Mwasiti Mwinyi (DW5) and Ibrahim Bakari Mwanduru (DW6).

The plaintiff through Mr. Byamungu countered the arguments. First, he said the Registrar refused to registrar the trade mark "POA" because it will confuse the customers. He referred to Exhts, P2 and P3.

Second, he said even the principal witness one Said Mohamed Said (DW1) acknowledged the dispute. As regards the defence witnesses, he said they did not testify to what had been stated.

Mr. Mgonja on the other hand and on behalf of the Registrar basically submitted that the refusal to register was proper as the the trade mark in dispute resemble that of the plaintiff.

The two Gentlemen Assessors were of the unanimous view that the registration of the defendant's intended trade marks will confuse

the customers. They accordingly advise me to answer this issue in the positive.

Before I go further I wish to say few words as to the propriety of the counter claim as I see it. It is in evidence that on 27/4/2004 the plaintiff wrote a letter to the Registrar to inquiry about the defendant's intended application to register its trade marks with a word 'POA" inscribed therein. The Registrar replied through their letters (**exht P2 and P3 (a) (b)**) to the effect that registration was yet to be affected. This is because the defendant upon request were yet to remove the word "POA" in their applications (**Exht D6**). The letters written by the Registrar addressed to the plaintiff (Exht P2&P3 (a)(b) were tendered in court without any objection and the contents were not challenged. And as earlier observed to date the defendant are yet to be registered as holder of the intended trade marks. This is because of the existence of similar name used by the plaintiff.

Since the Registrar had already made a direction then it is not proper in my view for the defendant to come to this court with a

prayer that we order the Registrar to vary and/or alter the entries as he put it. The proper course which the defendant ought to have taken was to object by way of an application to the Registrar **within one month** from the date of the communication of that direction so that the application to be considered. And as the defendant appears to have not taken any step upon receiving the Registrar's communication, then the entire application ought to have been treated as withdrawn. This is provided under Rule 29 of the Trade and Services Marks Rules, Cap 326 (hereinafter referred to as the Rules). The Rule reads:-

29. If the Registrar is willing to accept the application subject to any conditions, amendments, disclaimer, modifications or limitation he shall communicate such willingness to the applicant in writing, and, if the applicant objects to such conditions, amendments disclaimer, modifications of limitation, **he shall**, within one month from the date of the communication,

apply for a hearing or communicate his considered objections in writing, and if he does not do so he shall be deemed to have withdrawn his application. If the applicant does not object to such conditions, amendments, disclaimer, modifications or limitations he shall forthwith notify the Registrar in writing and alter his application accordingly.

As already pointed out, the Registrar through his letters (Exht D6) of 30/7/2001 directed the defendant to disclaim the word "POA". To date a period of more than 7 years the defendant had not complied with that direction. The application deserved to be withdrawn.

Assuming that the matter is proper before the court, are the defendant's intended trade marks nearly similar with the plaintiff trade mark likely to deceive or cause confusion to the customers.

It is not in dispute that both the plaintiff and defendant among other businesses, carry on similar business of maize flour and wheat flour. It is in evidence on record that the targeted group are ordinary people who take in small amount for buns, chapatti and "ugali". It is the evidence of Awadh Kiluya (PW4) that he used to buy ngano poa a product prepared by Mohamed Enterprises. (the plaintiff) and sale to customers. He was emphatic that his customers requested ngano poa. Later however, he changed to the defendant as his supplier one Shahoza bought the product from the defendant who had an agent in Tanga. Mohamed Enterprises (the plaintiff) had none. So one has to travel to Dar es Salaam. But all the same people requested for ngano poa. He supplied.

Didas John (DW3) a retailer and wholesaler when asked by Mr. Byamungu the following question, he relied in the affirmative Mr.

Byamungu: It is your evidence that as the matter stand today the buyer are confused that they cannot get the right product because of the similarity of the product?

Mr. Didas: Yes.

In re Pianotist co's Application (1906) 23 R.P.C.774 cited in Appenteng Mersah 2 Co.Vs. Alpro Ltd High Court of Ghana, Parker;J. observed, *inter alia*, I quote:-

"You must consider the nature and kind of customer who would be likely to buy those goods".

It is not Didas (DW3) alone who gave us the true picture as to what is taking place on the ground but Awadh Kiluya (PW4) also did the same. When asked by one assessor, he said, I quote:-

"The consumers or the retailers were not able to distinguish between the product of the plaintiff and that of the defendant"

From above it is clear that the word 'POA' is used in relation to the same business the plaintiff and the defendant are carrying. The story could be different if say the word poa is used in relation to a soft drink. So, here the word "POA" is a catch word. That is the

word "POA" is an essential feature to the business of selling the plaintiff's products.

In Saville Perfumery Co. Ltd V June Perfect Ltd and another (1991)58 R.P.C. 147, H.C it was held by the House of Lords thus, I quote:-

" If the essential feature of a mark has been adopted additional words or devices do not enable the defendants to escape liability for infringing"

And back home in **CPC International Inc. V Zainab Grain Mollers Ltd Civil Appeal No. 49/1995 (CA) (unreported)**, the court of Appeal of Tanzania, held:-

" It is settled principle that in matters of passing off, a prima facie case could well be shown if upon consideration of the close similarity between the trade marks complained was on balance such as to cause

deception or confusion on the part of the
customers”

From above it is clear that the defendant's intended trade marks are similar to the plaintiff's mark as a result it causes confusion.

Since the defendant adopted that trade mark it infringes the rights of the plaintiff. I entirely agree with both Gentlemen Assessors,. The defendant committed the tort of passing off.

Turning to the fourth issue, the answer is clear. The Registrar as already pointed out was right in refusing to register the defendant's intended trade mark. This is because the intended trade mark is similar with that of the plaintiff.

Having found out that the defendant have committed the tort of passing off, naturally the plaintiff is entitled to reliefs. The difficult part of the reliefs sought is that of special, punitive and general damages. I say so because it is very difficult to say with any decree of accuracy how much the plaintiff is entitled. But all the same the exercise must be done. I start with special damages.

It is now settled that in order to succeed for a claim under special damages, the claimant must show that he really suffered the amount claimed. In our case, the plaintiff are claiming Tshs. 202,393,028/=.

It is the evidence of Jiten Chandulal Doshi (PW3) the Marketing Executive of the plaintiff that from 2003 the sale of their products namely ngano poa and maize poa dropped drastically. On making a follow up they realized that it was owing to the defendant who use similar trade mark. They hired Shebrila & Co. Certified public accountants, to do the auditing. The report (Exht P5&P6) shows between 1st March, 2003 to 30th March,2004 the company suffered loss of profit of Tshs.175,357,674/=. From 1st April, 2004 to 24th June, 2004 the plaintiff is claiming Tsh.270,202,393,038 – 175,357,624 = **27,035,414.**

I have carefully gone through the reports, I am satisfied that that figure is reasonable. I accordingly award the plaintiff Tsh. 202,393,038/= as special damages.

As regard both general and punitive damages, it has been left to the court to decide. The plaintiff had just started selling their products with the trade mark "POA" after incurring advertisement expenses. Further, the defendant did not stop using that trade mark even after they were told not to do so. I think the plaintiff deserves the two aforementioned damages. I award as follows:

- (i) general damages Tsh. 50,000,000/=
- (ii) Punitive damages so as to be a lesson to the defendant and alike, Tsh.80,000,000/=.

Since the defendant to date are still using that trade mark, naturally, the plaintiff is continuing getting loss of profits from April, 2004 to 15th December, 2008.

I think Tsh. 400,000,000/= is reasonable for that period an average of Tsh.100, 000,000/= a year.

From the a foregoing, the counter-claim filed by the defendant has no leg to stand. It is dismissed. All in all judgment is entered as prayed in the plaint as per item (i),(ii),(iii),iv, and vi. As regards item (v) the plaintiff is awarded

(a) General damages Ts. 50,000,000/=.

(b) Punitive damages Tsh.80, 000,000/=.

The amount of Tsh. 400,000,000/= falls under any other relief.

The plaintiff is also entitled to their costs. Order accordingly.



B.M. LUANDA
JUDGE
15/12/2008

Order: The Registrar of the Commercial Division of the High Court is ordered to deliver this judgment to the parties on an earlier convenient date.



B.M. LUANDA
JUDGE
15/12/2008