

Godrej Consumer Products Ltd v Targent International (T) Ltd, Miscellaneous Commercial Application 54 of 2019, High Court of Tanzania (Commercial Division) at Dar es Salaam

Date of Ruling: 2nd July 2020

Ruling

FIKIRINI, J.: This application filed under certificate of urgency, has been made under Rule 2 (2) of the High Court (Commercial Division) Procedure Rules, 2012 (the Rules); section 68 (c) and Order XXXVII Rule 2 (1) of the Civil Procedure Code, Cap 33 R.E 2002 (the CPC). The applicant, Godrej Consumer Products Ltd is in essence seeking for the following orders:

That, the Honourable court may, pending determination of the Commercial Case No. 60 of 2019, be pleased to grant temporary injunction restraining the respondent or its agent or servants from manufacturing selling, importing or exporting or commercially dealing in any other manner with counterfeit mosquito and insect repelling spray bearing the HIT Trade Mark in the Tanzanian market;

Any other or further relief that this Honourable court may deem it fit to grant; and

Costs of this application be awarded to the applicant.

The application is supported, by an affidavit of Mr. Gradus Oluoch Adis, Head of Legal Services East Africa in Godrej Consumer Products Ltd, and by the reply to the counter affidavit of Mr. Krishan Kishore, Senior Project Manager of the applicant based in Dar es Salaam. The respondent opposing the application filed counter-affidavit through Mr. Mohamed Ramzanali Virani, Principal Officer of the applicant (I want to believe it was slip of a pen), he must have meant respondent.

Mr. Adis, in his affidavit has deponent that; the applicant since 2011 has been registered proprietor of a Trade Mark HIT under registration No. TZ/T/2011/47 in the Tanzania Mainland as exhibited in the annexure-5. And that it has been assuring the availability of the HIT products by supplying and distributing the products all over the Tanzanian Market. That it has also made the HIT products known in the Tanzania Market, and to the customers by undertaking various promotions, and advertisement of the products through various media platforms such as the internet, and the Facebook, as exhibited in **annexture-3**.

The deponent has stated under paragraph 8 of his affidavit, stated that the applicant's HIT products and its Trade Mark "HIT" have acquired goodwill in the Tanzania market and customers in the market associate the products with the applicant. He has averred that sometime in April, 2019 the applicant's officers came across counterfeit HIT products bearing an identical get-up with the genuine HIT products of the applicant and exhibited the claim through annexture-7 which carried photos of genuine and counterfeits HIT products flooding the market. The deponent under paragraph 12 of the affidavit outlined the impending threats if a temporary injunction is not issued and prayed the Court to do so pending determination of the main suit.

The respondent countered, all the averments made by Mr. Adis in his affidavit on behalf of the applicant, through a counter-affidavit of Mr. Viran, sworn by him, on their behalf.

The counter-affidavit contested the averment under paragraph 3 of the affidavit and stated that the registered owner of HIT Trade Mark as per the Business Registration and Licensing Agency (BRELA) is HB Worldwide Ltd a sister company to the respondent who is authorized by owner of Trade Mark to use it. He also stated that the applicant's Trade Mark was expunged from the records of BRELA and since then the Trade Mark has never been re-registered, the fact admitted by the applicant in the pleadings as exhibited by annexure TIL-2. It was the conclusion of Mr. Viran in his counter affidavit that the averment that the applicant has been supplying and distributing the products for many years in the Tanzania market was thus unfounded.

Disputing the statement on goodwill as averred under paragraph 8 of the affidavit, the deponent of the counter-affidavit, deponed that applicant had not acquired any goodwill in Tanzania because it has never brought in Tanzania mainland any HIT products.

In the reply to counter-affidavit taken out by Mr. Kishore, Senior Project Manager, he deponent that the Trade Mark registration number TZ/T/2010/1091 in the name of HB Worldwide Ltd which was issued on 5th April, 2019 was objected and dismissed by the Registrar of Trade and Service Marks as exhibited in annexure -8, the objection which prompted Commercial Appeal No. 2 of 2019. And that after being expunged from the Register of Trade Marks, the expungement was being contested by way of an appeal before the High Court of Tanzania at Dar es Salaam, Civil Appeal No. 147 of 2019, as per **annexture-9**. The affidavit as well indicated that the respondent was

distributing counterfeit products as has reproduced 100% all the features of the applicant's products, while the Trade Mark registration which the respondent relies on for its rights did not entitle the respondent to copy the packaging and the entire get-up of the applicant's products.

This application was disposed of by filing written submissions. Mr. Francis Kamuzora learned counsel filed written submission and rejoinder on behalf of the applicant while Mr. Edwin Webiro learned counsel did that on behalf of the respondent. It was Mr. Kamuzora's submission that in the pending suit before this court the applicant was suing the respondent for passing-off, a tort under common law. In support he referred this court to the book by **Kerly's Law of Trade Marks and Trade Names, 12th Ed, p. 344** and the book by **Harry Street, The Law of Torts, 2nd Ed, p. 370**, which a quotation was made from the case of **Leather Cloth v. American Leather Co. (1865) 11, HL Cas. 523, at p. 538**, that:

"The fundamental rule is, that one man has no right to put off his goods for sale as the goods of a rival trader....."

It was equally his submission that the respondent/defendant has not denied neither in the written statement of defence nor its counter-affidavit that it was in fact importing identical mosquito aerosol "HIT" which was identical with that of the applicant's/plaintiff's manufacturer. Alluding to the principles established in the cases of **Attilio v. Mbowe (1969) H.C.D. No. 284** and **Giella v. Cassam Brown & Co. Ltd [1973] EA. 352**, he submitted that this court in exercising its discretion the applicant must show three things, which were:

That there was a prima-facie case with probability that the applicant/plaintiff will be entitled to the relief claimed;

That the court's interference was necessary to protect the applicant/plaintiff from kind of injury which may be irreparable before his legal right was established; and

That on the balance of convenience, there would be greater hardship and mischief suffered by the plaintiff from withholding of the injunction that would be suffered by the respondent/defendant from the grant of it.

Expounding on the established principles in the context of passing off action, it was his submission that the cases of **CPC International Inc. v. Zainab Grain Millers Ltd**, **CAT, Civil Appeal No. 49 of 1995, (unreported)**, **Colgate Palmolive v. Zakaria Provision Store & Others, Civil Case No. 1 of 1997 (unreported)** the decision quoted in the case of **Kibo Match Group Ltd v. H.S Impex Ltd [2001] T.L.R. 158**, where the court articulated on how a *prima facie* case can be shown, but also warned that the court should not be tempted to go into the merits of the case by requiring specific proof or evidence. All it was required was for the court to satisfy itself that the plaintiff's case needs consideration and there was a likelihood of the suit succeeding. Matters such as loss of goodwill, confusion and/ or deception resulting from apparent similarity of the goods involved, be considered as may have far reaching consequences to business of both parties even after conclusion of their cases in court.

Pegging the established principles from the decisions pointed out above, it was Mr. Kamuzora's submission that through the affidavit of Mr. Adis in support of the application a prima facie case has been established to warrant grant of a temporary

injunction. The evidence included annexure 2 bill of lading proving importation of applicant's HIT products; annexure 4 – attesting to knowledge of the applicant's product for many years in Tanzanian market; annexure-5 expunged registration certificate which would prove existence of the product for many years prior to the respondent's coming into play; and annexure-7 showing comparison of the genuine and counterfeit products. Also the existence of the products in the market was a testimony that the applicant potentially held goodwill which needs to be protected, submitted Mr. Kamuzora.

Contrasting the counter-affidavit filed by Mr. Viran, it was his submission that annexure TIL-1 a registration certificate number TZ/T/2010/1091 in the name of HB Worldwide Ltd which did not confer the right to imitate the entire applicant's product and the certificate which was subject to challenge in the Commercial Appeal No. 2 of 2019 as well as lack of evidence that showing that HB Worldwide Ltd has allowed use of the Trade Mark in importing goods in question, all put together weaken the respondent's objection to the application.

It was further Mr. Kamuzora's submission that the Court interference was necessary to protect the applicant from kind of injury which may be irreparable before its legal rights were established. In support he cited the **Kibo** case (supra). He went on stating that the damage may be irreparable as once goodwill of a business or products has been tarnished it was unlikely to measure in monetary terms the true value of what has been damaged or lost that could be patched up.

Submitting on the third test, Mr. Kamuzora contended that on the balance of convenience the applicant will suffer greater hardship compared to the respondent. He argued that it was due to the fact that the applicant has established prima facie case that it has Trade Mark rights over HIT products and that the goodwill developed over a period of many years need to be protected compared to those of the respondent who started importing the identical goods in April, 2019.

On the strength of his submission he prayed for the grant of temporary injunction. Reacting to the submission Mr. Webiro discounting he applicant's claim as unfounded submitted that the respondent has been doing business with the mark for a long time even before it was registered with BRELTA. The product has therefore acquired reputation and goodwill among customers in the local market.

Challenging the applicant's claim on the passing-off allegation, Mr. Webiro referred this court to the case of **Erven Warnink B.V. v. J. Townsend & Sons (Hull) Ltd. [1979] AC, P. 755-6, 731, [1980] R.P.C 31**, where the court illustrated five characteristics for establishing a valid cause of action of passing off, to include: (i) misrepresentation; (ii) trader who made the misrepresentation in course of the trade; (iii) misrepresentation to prospective customers of his or ultimate consumers of goods or service supplied by him; (iv) misrepresentation which is calculated to injure the business or goodwill of another trader; and (v) misrepresentation which causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so. According to Mr. Webiro, the applicant had to first substantiate that

the Trade Mark acquired goodwill in all senses, the first step being to prove it was a prior user of the Trade Mark. To support his stance, he cited the case of **Consolidated Foods Corporation v. Brandon & Co. pvt Ltd, AIR 1965 Bom 35, (1964) BOMLR 612.**

Submitting on the three requirements as established in the case of **Attilio** (supra) to be considered before granting a temporary injunction, starting with the first one on triable issues, he disputed existence of any triable issues or the chances that the applicant will be entitled to reliefs. His reasons being the Trade Mark in question was registered under HB Worldwide Ltd the respondent's sister company and who allowed its use by the sister company. Besides, the applicant's Trade Mark was not registered and has been expunged from the register long ago. With that in place, it leaves the respondent under section 31 of the Trade and Mark Services Act, with exclusive rights, since 2013.

He went on submitting that all the documents annexed only showed the goods were supplied in Zanzibar and no evidence that the goods were being sold in Tanzania mainland market. The goodwill in Zanzibar cannot be said to have acquired goodwill in Tanzania mainland.

On the second test, Mr. Webiro refuted any irreparable loss could be suffered by the applicant as it was the respondent who has been doing business with HIT products for a long time and has acquired goodwill and reputation in the local market. Pressing on his submission, he contended that it was the respondent who first entered the

market with HIT products before the applicant's purported products which created confusion and deception to the customers. The customers were unable to distinguish between genuine and counterfeit hence the applicant would suffer no irreparable loss.

On the third test, based on the respondent's long presence in the market establishing goodwill and reputation between the two the respondent will suffer more than the applicant, as the respondent entered the market in 2013 while the applicant in 2017, submitted Mr. Webiro. Taking up the **Kibo Match and CPC International Inc** cases (supra) he stated the cases were distinguishable to the present one. In both cases they were registered proprietor of the Trade Marks and with long time presence in the market such that they had established goodwill while in the instant case the applicant was not.

After driving home his points, Mr. Webiro urged this court to dismiss the application with costs.

In a rejoinder Mr. Kamuzora responding to points raised by Mr. Webiro, had this to say in summary, that since the HB Worldwide Ltd registration has been nullified in Commercial Appeal No. 2 of 2020. This has changed the whole of the respondent's position despite the fact the issue was essentially on passing-off of products and not registration. The applicant's case was on blatant copying of the applicant's products by the respondent who was supplying the same product, the evidence which the applicant has been able to provide to establish a prima facie case. Also the respondent

failed to furnish evidence and history of its products in Tanzania markets. And the Tanzania Pesticides Research Institute certificate heavily relied on by the respondent was of no effect as far as passing-off cause of action was concerned.

Passing-off action is essentially based on close similarity on products present in the same market, which may lead to confusion or deception on the part of customers. This may as well result into damage or loss of goodwill. At this juncture, however, the task of this court would be only to determine if the applicant has been able to establish a *prima-face* case on similarity of the products already in the market and subject matter in Commercial Case No. 60 of 2019. The court is not at all required to go beyond that as by doing so it will be prone to embarking on prejudging the case on its merits. The stance taken in **Kibo Match** case (*supra*) said it all when it was concluded that:

“All that the court has to be satisfied of, is that on the face of it the plaintiff has a case which needs consideration and that there is likelihood of the suit succeeding”.

In this application, my task is therefore to evaluate if the applicant has been able establish a prima-face proof warranting granting temporary injunction sought by the applicant.

The affidavit, counter-affidavit, reply to the counter-affidavit and accompanying annexures plus rivalry submission will thus be measured in the context of the three tests enunciated in the **Mbowe's** case (*supra*). On the first issue whether there is a prima face case, which can be translated to mean asking whether there are triable issues, with a probability that the applicant/plaintiff will be entitled to reliefs claimed.

After thorough evaluation of the information and documents availed to the Court, it is evident that both parties have their products in the Tanzania market. And the two products one owned by the applicant and the other by the respondent, both depicting Trade Mark "HIT" have close similarity. The existed close similarity must undoubtedly have caused confusion and deception to the customers. At this point the court will, however, not dwell on the Trade Mark issue *per se*, but will examine the accounts and history of the product in the market to be able to determine the issue posed before it. From the availed evidence, the applicant has been able to establish that they have been importing of HIT products prior to the respondent's importation of identical counterfeit products.

The certificate of registration No. TZ/T/2011/147 for HIT in the name of Godrej Household Products Ltd which though was expunged but all in all shows or proves the existence of the applicant's products in the market well before those of the respondent. Going by the expunged certificate of registration issued in 2011, and by the respondent's nullified certificate issued in April, 2019, there is almost eight or nine (8 or 9) years the applicant's products have been in the market prior to those of the respondent in the market, but even if the year 2013 claimed is taken into consideration instead of 2019, still it is after the applicant's products were already in the market.

Guided by the decision in **CPC International Inc.** (*supra*), where the court held:

"it is settled principle that in matters of passing off, a prima face case could well be shown if upon consideration of the close similarity between the Trade Marks complained of was, on balance, such as to cause deception or confusion on the part of the customers". [Emphasis mine]

Applying the principle to the present application, it is obvious the applicant has been able to establish a *prima-facie* case and undeniably there are triable issues.

The second test on the necessity of the court's intervention, under the circumstance intervention is necessary as goodwill established over period of time, confusion and deception which indisputably must have been going on due to close similarity in the products though one was genuine while the other was not. Of course, the applicant stands to suffer most as has been in the market longer than the respondent. Without court intervention the applicant will suffer financial loss as the competition in the market is inevitable. In addition, there as well could be a possibility of damage to its goodwill which has been established and enjoyed over all the years before coming of the respondent into the market.

Once goodwill of a business has been tainted or products discredited, the damage in most cases is beyond repair. Even the measure in monetary terms can fail to gauge the actual or true value of the damage caused or lost so as the same could be patched up as argued by the applicant. To avoid all these court's intervention becomes unescapable.

The affirmative answering in the first and second tests, surely lean more toward the conclusion that on the balance of convenience, the applicant will suffer more than the respondent who it has been established that it came into the market later while the applicant has already established itself well and developed goodwill. Comparing the

two, the applicant may suffer financial loss as she might be required to invest more to restore its lost goodwill which would have been lost or damaged from competing with counterfeit goods of the respondent.

Examining the application as a whole, the court is satisfied that the applicant has been able to establish a *prima-facie* case which is paramount in granting of the temporary injunction.

The application for temporary injunction is thus granted as prayed. It is so ordered.