

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

MISC.COMM. CAUSE NO. 28 OF 2006

IN THE MATTER OF TRADE AND SERVICE MARKS ACT,
CAP 326

IN THE MATTER OF APPLICATION FOR CANCELLATION OF
REGISTRATION OF A TRADEMARK NUMBER 30936 'WILD
CAT' REGISTERED IN THE NAME OF AKABA INVESTMENTS
TANZANIA LIMITED

BETWEEN

RED SEA DETERGENTS COMPANY
LIMITED.....APPLICANT

VERSUS

AKABA INVESTMENTS

TANZANIA LIMITED.....1ST RESPONDENT

AKABA INVESTMENTS LIMITED.....2ND RESPONDENT

REGISTRAR OF TRADE AND

SERVICE MARKS.....3RD RESPONDENT

R U L I N G

1. Date of submission, March 30, 2007
2. Date of ruling, June 18,2007

MJASIRI J

This is an application for cancellation of registration of
trademark number 30936 "WILD CAT" registered in the name

of Akaba Investments Tanzania Limited. The Applicant Red Sea Detergents Company Limited has filed an application against Akaba Investments Tanzania Limited first Respondent; Akaba Investments Limited second Respondent and the Registrar of Trade and Service Marks third Respondent seeking the following orders:

- (a) That this Honourable Court may be pleased to direct or order the third Respondent to rectify the register by expunging and/or cancelling the first Respondent's trade mark Number 30936 in Class 3 from the register.
- (b) That this Honourable Court may be pleased to direct or order the first and second Respondents to produce an account of profits earned by the first and second Respondents through misuse of the Applicant's trademark "WILD CAT" and a decree for such amount in favour of the Applicant
- (c) That this Honourable Court may be pleased to direct or order the first and second Respondent to pay costs of this application.
- (d) Such further or other order(s) be made and/or direction(s) be given as this Honourable Court may deem fit and proper. The application is supported by

the affidavit of Ipilinga Panya, an attorney of the Applicants Company.

The Applicant was represented by Maige and Dindi Advocates; the first Respondent by Ezekiel Advocate the second Respondent by Kabakama advocate and third Respondent by Mr. Mgonja, Assistant Registrar of Companies. The application proceeded by way of written submissions after Counsel for the Applicant cross examined the first and second Respondent on the counter affidavit. This was in line with the order made by Massati J on 17/10/2006.

According to the affidavit of Ipilinga Panya the applicant conceived and adopted a trademark "WILD CAT" and thereafter continuously used it in relation to soaps, detergents, perfumes, essential oils, dentifrices, bleaching preparation and other substances for laundry use. The Applicant is also a registered proprietor of the trademark "WILD CAT" in various countries in the Middle East.

In January 2000, the second Respondent started importing soaps and detergents from the Applicant for distribution and marketing in Kenya and Tanzania. It was an implied term in all "goods exchange agreement" between the Applicant and the second Respondent that the Applicant and the Respondent including their subsidiaries and affiliates would respect the trademark rights in respect of the goods exchanged. The exchange arrangement did not grant any

rights to either party in respect of the trademarks over the goods that were exchanged.

The second Respondent on December 20, 2002 incorporated the first Respondent as its affiliate or subsidiary in order to carry out distribution of the applicant's products more efficiently. The second Respondent was appointed to be an exclusive distributor of soaps and detergents in Kenya, Tanzania and Uganda.

On March 31, 2004 in violation of the exchange of goods agreements, the first Respondent with the support of the second Respondent applied to the third Respondent for registration of the trade mark "WILD CAT" in class 3 in respect of bleaching preparations and other substances for laundry use, soaps perfumery essential oils and dentifrices. The application was accepted by the third Respondent and was allocated application Number GTM 001470. The application was advertised by the Trademark office in the Trade Mark Journal published on June 15, 2005. The trademark "WILD CAT" was registered in the Tanzania Trade Mark Registry as TM30931. The first Respondent therefore acquired statutory right to be the owner of the trade mark "WILD CAT" and exclusive importer of the products bearing the said trade mark into the Tanzania Market.

On April 27, 2005 without the knowledge of the existence of the first Respondent's application for registration of the

trade mark “WILD CAT,” the applicant filed an application for registration of the trade mark “WILD CAT” in class 3 in respect of soaps and detergent. The Applicant’s application was refused after examination on the grounds that it was similar to that of the first Respondent.

After refusal the applicant conducted a search on the registered proprietor of the trademark and discovered that the first Respondent was an affiliate of the second Respondent and the first Respondent registered the trade mark “WILD CAT” without intention of bonafide use.

The applicant applied for extension of time to file a Notice of Opposition under Rule 43 of the Trade Mark Rules but the application was refused by the third Respondent for being time barred.

As a result of the unlawful registration of the trademark “WILD CAT” by the second Respondent, the applicant cannot obtain registration of the same and cannot market goods in Tanzania without the first Respondent’s trade mark being removed from the register. The trade mark in question was registered by the first Respondent without sufficient cause.

The first Respondent’s business manager one Mohamed Suleiman filed a counter affidavit on behalf of the first Respondent. According to his deposition the first and second Respondent companies are not affiliated. The first Respondent

is the registered owner of the Trade Mark "WILD CAT" in Tanzania. The applicant has never registered a trade mark "WILD CAT" in Tanzania.

The second Respondent's shareholder one Mohsin stated in the counter affidavit filed in court that the second Respondent Company is not affiliated to the first Respondent Company. He further stated that the agreement in respect of exchange of goods did not involve any issues relating to trademarks. It was further stated that the Applicant is not the registered owner of the trade mark "WILD CAT" and that the second Respondent has never been an agent of the Applicant. The second Respondent is the owner of the following trademarks in Kenya, "TOP" and "ZAHRA."

The second Respondent Company did not incorporate the first Respondent Company. The first Respondent Company is incorporated in Tanzania and the second Respondent Company is incorporated in Kenya.

The Deputy Registrar of Companies Loy Mhando swore an affidavit in respect of the third Respondent.

It was stated in the counter affidavit that the registration of a trademark is territorial and it is upon the applicant to prove ownership of the trademark and the exclusivity is solely on the first registered proprietor unless the applicant proves otherwise.

It was also further stated in the counter affidavit that, two similar marks cannot coexist in the register of Trade Marks under two different proprietors.

Mr. Maige learned Counsel for the applicant strongly submitted that prior use of unregistered trade marks by a third party in Tanzania is a bar to registration of the same by another person. Counsel cited Section 27 (2) a of the Trade and Service Marks Act RE 2002. Counsel further submitted that according to the evidence on record the applicant was the one using the “Wild Cat” Trade Mark. The second Respondent Company was affiliated to the first Respondent Company. The major shareholders and Directors of the second Respondent were the one who formed the second Respondent Company, and during cross examination by the court it turned out that they were brothers.

Counsel also brought to the attention of the court the fact that the first Respondents were agents of the applicant. In view of the relationship existing between the first Respondent and the second Respondent Company, the first Respondent was not allowed to register the unregistered trade mark of the applicant without its authority. Counsel cited section 27(2) (c) of the Trade and Service Marks Act. Counsel therefore asked the court to order the mark “WILD CAT” expunged from the register and to grant equitable remedies including ordering the wrong doer to account for profits. Counsel made reference to

Cornish & Llewelyn on Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights Fifth Edition 2003.

Mr. Ezekiel, Counsel for the first Respondent submitted that the first Respondent is the registered proprietor of the trade mark “WILD CAT.”

All the necessary formalities for registration were followed including advertisement in the Trade Mark Journal. Counsel further submitted that the first Respondent acquired statutory rights in exclusion of the whole world. Counsel cited section 14 of the Trade and Service Marks Act. The Applicant did not comply with the requirements under section 27(1) of the Trade and Service Marks and Regulation 34 of the Trade and Service Marks Regulation GN No.40 of 2000.

Counsel further submitted that the applicant has no locus standi to apply for the cancellation of the trade mark “WILD CAT” nor is it entitled to any of the prayers in the Chamber application. Counsel made reference to section 31 of the Trade and Service Marks Act and the World Intellectual Property Publication (WIPO) 1998. Reference was made to clause 4.120 and 4.121 on registration of trade marks.

Counsel further submitted that the applicant has neither pleaded nor presented any evidence that the trade mark “WILD CAT” through the exchange of goods agreements defeats the spirit of the law of trade and service marks.

Counsel also submitted that the first Respondent has never been the agent of the Applicant and there is no proof of agency between the two parties. The affiliation between the first and the second Respondent has not been established

Counsel further submitted that section 36 of the Trade and Service Marks Act does not apply. The Applicant has not proved any ownership of the trademark "WILD CAT."

In bringing the application before the court the applicant violated the provisions of section 48 of the Trade and Service Mark Act. Counsel further submitted that the applicant's application has already been rejected, a second application to register it, raising essentially the same issues may properly be rejected on that ground alone, making reference to the case of **Massachusetts Saw(1918) 35 RPC** 137.

Counsel also submitted that the Exchange of Goods Agreement was irrelevant to matters of Trade Mark Ownership. Counsel submitted that the first Respondent was not a party to the Exchange of Goods Agreement and the transactions between the applicant and second Respondent were unknown to the first Respondent. It has not been established that the applicant company has been incorporated in Yemen and the "WILD CAT" trademark has been registered in Yemen.

Counsel for the second Respondent Mr. Kabakama strongly submitted that though the applicant and the

Respondent entered into various goods exchange agreements there was no express or implied condition in those agreements as to the use of a trade mark or creating an agency relationship between the parties.

Counsel further submitted that the first and second Respondents were not in any way connected and or affiliated.

Counsel further submitted that the contracts between the applicant and the second respondent were for shipment of Akaba branch Kenya tea in exchange for the applicant's detergent. There was no provision for the protection of the Applicant's trade mark in East Africa. The first Respondent Company which registered the trade mark was completely independent from the second Respondent Company.

Counsel further submitted that there was no agency relationship between the applicant and the second Respondent. Counsel referred to section 134 of the Law of Contract Ordinance. [Cap 345 R.E. 2002]. The relationship between the parties was contract for supply of specific goods in exchange of specific goods.

Counsel also submitted that the Companies are not affiliated as none of the company owns shares in another.

Counsel further submitted that exclusive use of a trade mark is only acquired by registration in accordance with section 14 of the Trade and service Marks Act. No registration

document has been presented to the court to show that the trade mark has been registered in Yemen.

Counsel submitted that documents must be proved by primary evidence citing section 64(1) of the Evidence Act 1967.

Counsel further submitted that the applicant is seeking to protect something whose ownership they have not proved.

The Registrar of Companies did not file any written submissions.

After reviewing the Evidence on record; the affidavits and counter affidavit filed in court by the parties, the evidence adduced after the cross examination of the representatives of the first and second Respondent Companies, it is undisputed that the first and second Respondent companies are connected. The major shareholder of the second Respondent Company Abdulkarim Saleh Mohsin is also shareholder of the first Respondent Company which was incorporated in 2001/2002. The shareholders are also brothers, Alkarim Saleh and Abdulbasil Saleh.

Even though the second Respondent Company never entered into trade agreements with the applicant, the first Respondent Company was in the picture of what was happening in the second Respondent Company. The same lawyer prepared the memorandum and Articles of Association of the first Respondent Company. One of the object clauses of

the said company was to trade in Tanzania and to sell Zahra detergent soaps and “Wild Cat” detergent soaps.

Both deponents of the first and second Respondents affidavits did not know when the trademark “wildcat” was conceived.

According to the evidence on record the second Respondent was the sole distributor of the applicants goods, and the said arrangement has been on for a while. The trade mark “wild cat” was used by the applicant for detergent soaps and bleach products which were distributed in East Africa through the second Respondents.

Section 36 of the Trade and Service Marks Act Cap 326 RE 2002 provides as under:

“Any person aggrieved by non insertion in or omission from the Register of any entry or by any entry wrongly remaining on the Register, or by any error or defect in any entry in the Register, may apply to the court or at the option of the applicant and subject to the provisions of section 55 of this Act, to the Registrar and the court or the Registrar shall make an order for making, expunging or varying the entry as shall be deemed fit.”

Section 27 of the Trade Mark Act deals with opposition, which can be raised on the following grounds:

“ (a) Where the trade mark resembles, in such a way as to be likely to deceive or cause confusion with an unregistered trade or service mark used in Tanzania by a third party in relation to the same goods or services closely related.

(b) Where the trade or service mark is filed by an agent or representative of a third party who as a representative of a third party who as the proprietor of the trade or service mark in another country, without the authorization of that proprietor, unless the agent or representative justifies his action.”

It is clear from the evidence on record that the second Respondent is the Representative of the applicant and the “Wild Cat” trademark was used by the Applicant.

In the case of **Lakhat Rai V Dhanphat Rai** AIR 1974 Delhi 91 it was stated that a trademark distinctive and not merely descriptive of goods sold under its banner, cannot be registered in the name of another.

In **Saudia Arabian Airlines Corporation V Saudia Kenya Enterprises Limited** 1986 KLR 102 the court made reference to the case of Daiquiri Rum Trade Mark [1969] RPC 600, 615 which dealt with the words person aggrieved by pointing out that they were used in the first English trade

marks Act in 1875 without further definition and added [at page 615]:

“In my opinion, the words were intended by the act to cover all trade marks over whom an advantage was gained by a trader who was getting the benefit of a registered trade mark to which he was not entitled. If an erroneous entry “[in the register]” gives his rival a statutory trade advantage which he was not intended to have, any trader whose business is, or will probably be affected thereby is aggrieved and entitled to ask that the error should be corrected.”

Therefore a proprietor of a registered trade mark who substantially contravenes or fails to observe any condition of the registration imposed upon him, empowers the court to order the cancellation, expunction of the registered trade mark.

In **AJ Valcan V VSV Palanichang** AIR 1969 CALC 43 it was stated that the court has as much power as the Registrar in proceedings under section 56 (similar to our section 36) to impose appropriate limitations, conditions and directions.

In view of what has been stated hereinabove I am of the view that the order for expunging and/or cancellation of the first Respondent’s trade mark Number 30936 in class 3 from the Register is justified.

However on the prayer that the court orders the first and second Respondents to produce an account of profits earned by the first and second Respondents through misuse of the applicant's trade mark "WILD CAT" the court is of the view that the applicant has not established any justification for the said order. Section 36 of the Trade and Service Marks Act Cap 326 does not provide for the account of profits.

The application is hereby allowed with costs. The court will not make any order for an account of profits. The Registrar of Trade and Service Marks is hereby directed to rectify the Register by expunging and or cancelling the first Respondent's trademark number 30931 in Class 3 from the Register.

Sauda Mjasiri

Judge

June 18, 2007

3,475 - words

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I Certify that this is a true and correct
~~copy of the original~~ ~~original~~ ~~document~~ ~~being~~ ~~produced~~
[Signature]
Registrar Commercial Court Dsm.
Date 24/06/07