

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

COMMERCIAL CASE NO.256 OF 2001

**SABUNI DETERGENTS LIMITED.....PLAINTIFF
VERSUS
MURZAH OIL MILLS LIMITED.....DEFENDANT**

Counsel: Mrs. Rwebangira for Plaintiff

Mr. Kesaria for Defendant

Assessors:

1. Mr. Kuluchumila
2. Mr. Mwamkonda

J U D G M E N T

BWANA, J.

Both parties to this case are companies in Tanzania registered under the Companies Ordinance Cap 212 of our laws. Again, both companies are involved inter alia, in the production of soap.

On 22 October 2001, the plaintiff filed this case thus setting in motion issues and matters that form the basis of this judgment. It all originates from claims by the plaintiff that the defendant has infringed his trademark by passing off its product introduced to the market much later.

The plaintiff is the registered owner of trademark number 28080 "FOMA LIMA0". It was registered on 20 June 2000 after what is described as extensive research by the plaintiff's staff on consumer's needs. The words FOMA LIMA0 together with slices of lemon and drops on the packages positioned in a prescribed format, is claimed to be the exclusive property of the plaintiff. According to the evidence of both Jayesh Shah – PW1 – the Managing Director of the Plaintiff Company and Murali Radhakrishnan – PW2 – the marketing manager of the same company, they had spent between shs.120m/- and 130m/- in research on the Foma Limao soap. That was followed by extensive advertisement. They won many customers, generating about shs.200m/- per month.

Suddenly it became apparent – so it is claimed by the two pws, together with Sergions Merkiori, PW4, sales supervisor – that in September 2001, their sales fell by

about 50%. Their investigation revealed that a new soap product had entered the market. The said new product had packages, which depicted the Foma Limao. It had the name of TAKASA LIMAO – hence adding confusion to consumers. The packaging materials had similar positioning of the bar of soap, the Lemon slices and drops of liquid. Same colours were used.

The confusion was further compounded because the new product was sold at a lower price. To many consumers, as testified by Pandaheri Swai – PW3 – no remarkable difference was noticed apart from the price. Some consumers, thought the new product was produced by the same, producer – the plaintiff. While others – who had less money opted to buy Takasa Limao instead of Foma Limao whose price was on the higher side.

According to PW2, in products such as soap, a consumer looks at many things including packaging and pricing. The plaintiff checked with the Registrar of Trade and Service Marks and found out that no other company had registered a similar trademark. In fact because of the similarity in the packaging and words thereon, such registration of a second company would not be possible in order to avoid confusion and infringement – so it was deponed by Mrs Leonila Kishebuka, DW1, Deputy Registrar, incharge of intellectual property at the Business Registration Centre. In brief, it is the plaintiff's case that by introducing TAKASA LIMAO into the market and channelling its sales through the same ways and means, the defendant was passing off its product hence infringing the rights of the former.

The defendant denies the above allegations. It however, opted not to call defence witnesses (DWs) other than DW1, on the pretext that the plaintiff has failed to prove its case even on a balance of probabilities, as expected in Civil Cases. It is therefore left to the court to determine whether the plaintiff has discharged the burden or not.

The trial was conducted with the aid of two Gentlemen Assessors listed above pursuant to the provisions of the Civil Procedure Code (Amendment of First Schedule) rules 1999, rules 1A and 3A –GN 140/99. I must note that this is the first case at the Commercial Court conducted with the aid of assessors, to come to a conclusion. I must observe further that the Gentlemen Assessors participation and/or views were exemplary.

At the commencement of trial, eight issues were framed for the determination of this court, namely –

1. Whether the two trademarks are similar so as to cause confusion to consumers.
2. What has been protected in trademark No.28080 of Foma Limao.
3. Whether or not the mark LIMAO is capable of being protected in trademark registration No.28080.
4. Whether or not the plaintiff has acquired the exclusive right to the mark LIMAO.
5. Whether the word LIMAO is common to trade in soaps or detergents.
6. Is there any infringement of the plaintiff's trademark.
7. Has the plaintiff suffered any damages from the defendant's conduct.
8. What reliefs are the parties entitled to.

Before I discuss those eight issues, it is important to restate the state of the law. Basically the case centres on an infringement of the provisions of the Trade and Service Mark Act No.12 of 1986 (hereinafter referred to as the Act).

Section 30 of the Act clearly states that no person can institute proceedings to prevent or to recover damages for the infringement of an unregistered trade or service mark. However a person passing off goods or services as goods or services of another may be sued.

Sections 31 and 32 of the Act are very relevant to this case hence, I quote them en extenso:-

*“S. 31 subject to the provisions of this Act and any limitations or conditions entered in the register, 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 sales, importation and offer for sale or importation:
.....”(emphasis mine).*

In the instant case and as shown at the back of the Certificate of registration (Exh.P1), the plaintiff registered the words FOMA LIMAO together with slices of lemon with drops of fluid. According to DW1 the said words and symbols are the contents of the registered trade mark No.28080 belonging to the plaintiff. Therefore they are its exclusive right, as provided under section 31 above. Section 32 goes further and states:-

“S.32 (1)

The exclusive right referred to in section 31 shall be deemed to be infringed by any person who not being the proprietor of a trade mark or registered user thereof, using by way of the permitted use, uses a sign either –

a) identical with or so nearly resembling it as to be likely to deceive or cause confusion, in the course of trade or business in relation to any goods in respect of which it is registered or in relation to any closely related goods and to render the use of the sign likely to be either –

i – as being used as a trade mark or business or company name, or

ii –

b) identical with or nearly resembling it in the course of trade or business in any manner likely to impar the distinctive character or acquired reputation of the trade mark.

(2)-

(3)-

(4)-

(5) for the purpose of this section, the reference to the use of a sign by a person not being the proprietor thereof or registered user using by way of permitted use shall be construed as including reference to the audible use of the sign..."(emphasis mine).

I have quoted the above provisions of the Act because, they, together with the evidence of DW1, provide answers to most of the eight issues framed.

For purposes of convenience, I will start by examining issue No 2 – what has been protected in trade mark No.28080 of Foma Limao. Both Gentlemen Assessors are of the view that what is protected is FOMA LIMAO. However according to DW1 and Ex.P1 what is protected is “FOMA LIMAO and the slices of Lemon in their totality”. That means the above underlined words form the trade mark as registered with the Registrar, receiving registration No.28080. The other words (in Exh P1) such as “Ina nguvu ya Limau, sabuni ya kufulia and the bar of soap thereon”_cannot be considered to be the exclusive property of the plaintiff because they are generic words hence they cannot be given exclusivity.

It is not in dispute that the plaintiff complied with all the procedures for the registration of that trademark. It is also uncontroverted that there was no opposition to the registration, particularly from the defendant. Therefore my considered view on this issue is that what has been protected in trade mark 28080 are the words FOMA LIMAO AND THE SLICES OF LEMON in their totality.

The next issue for my consideration is No.3 – whether or not the mark LIMAO is capable of being protected in trade mark No.28080. My simple answer to that is and I would prefer to use words which are not mine but those of DW1:

“Limao in soap trade is not generic because it just describes the quality of the soap...if however limao is used in same class of products.....cannot allow another similar product in same class...it can be allowed only in different classes.....

Therefore, according to DW 1, words such as limao cannot be registered exclusively in the food and beverage class, as it is a generic word, which cannot be given exclusivity. But that said, it means therefore that the word LIMAO can be given exclusivity if used in a different class. One of the gentlemen assessors is of the view that the mark LIMAO is capable of being protected under certificate of registration No.28080. The other gentleman assessor thought that to be a legal issue to be considered by the judge. All that considered, it is my view that the said word is capable of being protected. This is so because, as DW stated, it cannot be protected in a same class – of food and beverages. Herein it is used in a class of soap and detergents, hence capable of being protected. A subsequent applicant cannot register it if it is meant to represent a class of soap which

resembles the one already registered in No.28080. That seems to be the position in law where section 20 of the Act clearly prohibits such registration. It is stated therein thus:

S.20 (1)

Subject to the provisions of subsection

(2) a trade or service mark cannot be validly registered in respect of any goods or services if it is identical with a trade or service mark belonging to a different proprietor and already on the register in respect of the same goods or services or closely related goods or services or that so nearly resembles such a trade or service mark as to be likely to deceive or cause confusion....

(2) In the case of honest concurrent use or of special circumstances, trade or service marks that are identical or nearly resemble...may be registered in the name of more than ..proprietor, subject to such conditions and limitations if any, as considered necessary to impose..."(emphasis mine)

In the instant case there is evidence of PWs1, 2, 3 and Dw1 that such trade marks as depicted an Exh.P2 (i.e. cartons of FOMA LIMAO and TAKASA LIMAO) so nearly resemble that they are likely to deceive or cause confusion. I do concur with them. Again, according to PW3, some of his customers were confused when they saw the two products. Infact, according to DW1, TAKASA LIMAO is not registered and if an application to do so were presented in its present appearance, it could not be registered because of its close resemblance with FOMA LIMAO. In brief therefore the mark LIMAO is capable of being protected in soap business and in respect of trademark registration No.28080.

I will now consider issue No.1 – whether the two trademarks are similar so as to cause confusion to consumers. Both gentlemen assessors' views are in the affirmative. I do concur with them. We had the opportunity and privilege of being presented with Exh P2. It leaves no doubt that the two packages resemble and likely to cause confusion to

consumers. I do agree with PW2 that in soap business, the packaging has its influence on consumers. Both the plaintiff, and PW3 never dealt in retail soap trade, selling bars of soap. Instead they sold their product in wholesale or semi wholesale hence their goods were sold in cartons. That already created confusion and as narrated by PW3. Therefore all the foregoing considered, my view is that the two trademarks, as depicted in Exh P2, did cause confusion to consumers.

Issue No.4 is whether or not the plaintiff has acquired exclusive right to trade mark LIMAO. That can be answered in the affirmative for reasons and evidence discussed above when considering issue No.3. The plaintiff acquired that exclusivity in so far as it is used in the manufacture of soap and detergents.

The word LIMAO is not common to trade in soaps or detergents. That settles issue No.5. It is DW1's views that "Limao" in soap trade is not generic because "limao" – lemon – belongs to a different class – that of foods and beverages. When used in soap and detergents it just describes the quality of the soap. I do agree entirely with her.

Was there then an infringement of the Plaintiff's trademark. That is the nitty gritty issue of this case. Both gentlemen assessors believe so. So do I. It is the uncontroverted evidence of the plaintiff's case that they registered their product in June 2000 and started production of their product soon thereafter. The defendant's product came on the market in late 2001. According to PWs 2 and 4, the defendant's product, using similar/resembling packages entered the same markets as those of the plaintiff thus confusing consumers and/or making them believe that TAKASA LIMAO is the same as FOMA LIMAO. That state of affairs is what is termed as Passing off and it is prohibited under section 31 of the Act. According to DW1, passing off occurs by an act of –

*"one manufacturer, manufactures goods
and labels them or imitates the trade mark
which is registered and then
sales through same market channels
where consumers may mistake them
to be that of the other manufacture".*

Indeed that is what transpired in the circumstances leading to this case. All the above considered it leads me to the inescapable conclusion that the answer to issue No.6 is in the affirmative....there was an infringement...the defendant did infringe the FOMA LIMAO trade mark No.28080 by passing off its product.

Issues No. 7 and 8 are to be considered together. They concern the issue of Damages. There is evidence by PW1, 2 and 4 that as a result of TAKASA LIMAO (with its depiction of Lemon slices on its package, using same colours) entering the market, its sales dropped by over 50%. Although no exact proof (documentary) is given in support of those averments, I do agree with the gentlemen assessors that that is what happened. I particularly agree with the said assessors in their view that when it comes to marketing, "positioning" is very important. By positioning – in marketing jargons – means the choice of a word to facilitate the marketing of a product which will be easily remembered and stick in the consumers' minds. As testified herein, FOMA LIMAO had been widely advertised and had won many consumers. It is averred that by the time TAKASA LIMAO entered the market, i.e. September 2001, the plaintiff was generating about shs.200m/- per month from sales of their product. Come September 2001, their sales suddenly plunged to below 50% so much so that by April 2002, they were selling Foma Limao products worth shs.69m/- only, well from shs.212m/- in January 2001. According to PW2 and 4, that sudden drop was because many consumers not only were confused by the two resembling products in the market but also because TAKASA LIMAO was selling at a lower price compared to FOMA LIMAO. It is my view therefore that it had negative consequences in so far as sales of FOMA LIMAO were concerned. It is stated herein that in so introducing and selling TAKASA LIMAO, the defendant was passing off. Therefore the producers of FOMA LIMAO – i.e. the plaintiff, suffered loss. It is imperative that it be made good for the loss suffered.

Before this court the plaintiff asks for the following orders –

1. *Perpetual injunction to restrain the defendants...from passing off FOMA LIMAO not of the plaintiffs and as of LIMAO of the plaintiffs by the use of the mark "LIMAO" and any other colourable imitation of the mark "LIMAO" or otherwise howsoever.*
2. *An order for the delivery or destruction upon oath of all products and packages on or for TAKASA LIMAO, the use of which would be a breach of the foregoing injunction.*
3. *An order for the defendant to pay shs.98m/-, being special and general damages for infringement, passing off, loss of good will and loss of profits.*
4. *Costs of this suit.*
5. *Any other relief this court deem just to grant.*

Prayer No.1 poses no difficulty although it should have been written in a better and simpler form. It has been held herein that the defendant has infringed the plaintiff's rights as the proprietor of certificate No.28080. That infringement has to be brought to an end by an order of this court. Therefore a perpetual injunction is hereby imposed on the defendant (whether acting by its directors, officers, staff, agents or any one of them) from passing off and/or infringing the trade mark No.28080 Foma Limao.

The defendant is also ordered to destroy all products and packages on or for TAKASA LIMAO the use of which would be a breach of the above imposed perpetual injunction.

The prayer for shs.98m/- as being both special and general damages needs some examination. I may state that usually it is preferable that the two heads of damages – special and general – be separated. This is so because of the standard of their proof required. Special damages have to be specifically claimed and evidence adduced in support therefor. Hence, the plaintiff must show how he arrived at the figures claimed. Hypothetical calculations of Damages is discouraged. General damages, on the other hand, are discretionary, awarded by the court after taking into consideration all relevant factors of the case.

I must also state here that the quantum of Damages (pecuniary compensation or indemnity) awarded in any given case will depend necessarily upon the particular facts of that case. Other decided cases can, at best, serve only as a guide in reaching a fair and just award. This is a deep-seated principle of justice that should be observed.

Taking the foregoing in its totality and in relation to this case I find no sufficient evidence to support the shs.98m/- claim, which, ostensibly is the special damages. There is evidence by PW1 and 2 that they invested between shs.120m/- and 130m/- in research. Further, it was followed by extensive advertisement. However, cost for the latter undertaking is not given. Again, PW2 attempted to show how much he has suffered as an individual as a result of the infringement. It is suffice to state here and indeed it is a settled principle of company law, distilled from numerous and often cited case law, that a company and its personnel (be they directors or staff) are two different juridical persons. Therefore the personal sufferings of a director or staff cannot be taken as being of a company. Should there be need to so claim, then it is preferable that such an individual be enjoined as plaintiffs short of that, this court cannot – as I do now – in awarding damages, take into consideration those claims.

PW3 shows how much was the daily sale at his shop in Dar es Salaam before and after the introduction of TAKASA LIMA O. Likewise PW4 makes general claims as to how much the daily sales would be in Dar es Salaam. One of the witnesses is on record as saying that the exact figures were at the in factory/offices in Tanga. Such documents should have been pleaded and/or produced at the appropriate stage of the case.

There is also evidence that after the introduction on the market of TAKASA LIMA O, the plaintiff's sales fell from shs.212m/- in January 2001 to mere shs.69m/- in April 2002. Should therefore the difference here be taken as the figure for special damages? I am reluctant to do so. In brief therefore, this head of special damages has not been proved sufficiently – even on a balance of probability as required in cases of this kind.

What is said above (about special damages) does not however affect the general damages heading, which is discretionary. There is no doubt that there was an infringement on the plaintiff's trademark. That infringement by the defendant occurred after the plaintiff has registered an introduced his product in the market. The defendant was passing off its product, at the expense of the former. As a consequence thereof the plaintiffs sales fell. Although it is stated in evidence that the defendant has since stopped using TAKASA LIMA O and instead it is using another name – all that notwithstanding – the harm and loss has already been caused and suffered. The Plaintiff has to be compensated for the said loss. All considered. I award the plaintiff, the sum of shs.30,000,000/- as general damages. The plaintiff is also awarded costs of this suit.

It is ordered accordingly.

Sgd; Dr. S. J. Bwana

JUDGE

8/5/2002

3,567 words