

THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
COMMERCIAL DIVISION
HCT - 00 - CC - CS - 024 – 2009

BRITANIA ALLIED INDUSTRIES LTD. PLAINTIFF

Verses

AYA BISCUITS (U) Ltd. DEFENDANT

BEFORE: THE HON. JUSTICE GEOFFREY KIRYWABWIRE

J u d g m e n t

The plaintiff company brought this suit against the defendant company for trade mark infringement and passing off. In this regard the plaintiff sought a permanent injunction; the award of general damages and the delivery up for destruction of all infringing products on the market.

The case for the Plaintiff is that it was the registered proprietor of Trademark No. 26073 being “Marie Classic” for goods in Class 30 but used in respect of biscuits. The trademark “Marie Classic” however expired on/or about the 8th September 2010. The Plaintiff avers that it has been carrying on a well established business of manufacturing and marketing of biscuits known as “Marie Classic” and “Big Maria”.

At the trial the plaintiff dropped the claim for trade mark infringement but maintained that the defendants has deliberately been passing of their product under the name “Marie” disguised in the same colour and packing layout as those of the plaintiffs.

The defendant denies any passing off and or misrepresentation /deception to the public by its product under the descriptive name “AYA Marie Biscuits”. The defendant further avers that its own get up and packing of its biscuits is distinct and distinguishable from that of the plaintiff’s.

At the pre trial scheduling conference the parties agreed to the following issues for trial;

1. Whether the get-up of the defendant’s biscuit is so similar to that of the plaintiff?
2. Whether the similarity is likely to cause confusion?

3. Whether there has been a passing off?
4. What remedies are available to the parties?

At trial the plaintiff was represented by Mr. Mugenyi while the defendant was represented by A.F Mpanga. The plaintiff called two witnesses Mr. Vinay Dwada (PW1) the plaintiff's Managing Director and Ms. Susan Oyella the plaintiff's Marketing Executive while the defendant called one witnesses Mr. Khalifa Mutiso the General Manager of the defendant company

At the trial the parties placed a lot of emphasis on the get up of the two brands of Marie biscuits. I will start by reviewing the general arguments of the parties on this.

It is the plaintiff's case that a comparison of the biscuit products and their packaging showed that there is a significant similarity both in the phonetic and visual resemblance.

Counsel for the plaintiff invited court to study the first syllable on the two exhibits which is "MARIE" and argued that they sound the same and therefore have a likely hood of causing confusion. He in this regard relied on the case of

Parke Davis & Co. V Opa Pharmacy Limited [1961] EA 556.

In that cases it was held that since the first two syllables in the Trade names used by each of the parties were identical and there was a resemblance in the containers there was real probability of confusion and the appellant was entitled to an injunction.

Counsel for the plaintiff further argued that the exhibits of biscuits for both the plaintiff and defendant tendered in Court are of similar colors and he then made reference to comments in the text **Kerly on Trade Mark** 8th Edn (at p.471) where the author stated that where marks are used in color, it may undoubtedly affect the likely hood of confusion that the colors are or are not the same which is a circumstance of great importance to passing off.

According to the plaintiff's counsel the two exhibits have a series of marks that are so identical that the public might be inclined to believe that they emanate from the same source. In this regard the plaintiff made further reference to **Kerly on Trade Marks** (supra) in which it is stated that to most persons the eye is not an accurate recorder of visual details and that marks are remembered rather by general impression or by some significant details other than by any photographic recollection of the whole.

The counsel for the defendant on his part submitted that the get-up which was the subject of the suit was that of which a trademark was registered and was not the same as the get-up in exhibit P2 which was never pleaded. The defendant's counsel put up a strong argument for parties being bound by their pleadings.

Counsel for the defendant did concede that the salient aspects of both the plaintiff and defendant's get-up are the word 'Marie', the colour red or blue and the diagram of a Marie biscuit. He however submitted that the similarity is accounted for by the fact that the said features are what are common in the industry. Counsel for the defence submitted that the font is not exclusive to the plaintiff's get-up being that it is a common and generic font adopted in the market.

Counsel for the defence further submitted that it is common market practice as testified by Mr. Mutiso to adopt the colour red for the get-up of Marie biscuits and appealed to court to take cognizance of the fact that all the samples of Marie biscuits which were exhibited in court bore the colour red as the dominant colour. This in Mr. Mutiso's evidence was because the said Marie biscuits were associated with the royal colour of Russia which was the history behind the biscuit brand Marie.

Counsel for the defence as a result concluded that the similarities of the two products are generic and their inclusion on the get-up for Marie is an inevitable occurrence.

I have considered the evidence before court and the submission of both counsels for which I am grateful.

As a preliminary matter I will deal first with the defendant's contention that the get-up in question is not in fact what was pleaded, I take this to be a technical argument. The substantive question is whether or not the defendant company is passing off the plaintiff's products as their own. That is the plaintiff's case. It is these products that have been exhibited to Court for examination and decision.

The first issue relates to the get up of the suit products and whether or not the two are similar. This to my mind is only significant if there is passing off or not. This is the crux of the suit and I shall therefore address this issue together with the third issue on passing off.

Passing off is a tort developed out of deceit. It can be described as the common law form of trade mark law but with wider coverage. The law of passing off and trade mark law have common roots and therefore are in many respects similar. A passing off actions strictly arises out of unregistered marks to which the plaintiff's goods now fall into given that the trade mark has lapsed. The Trade Mark Act (No.17 of 2010) provides under Section 34 that no action can be maintained for an unregistered mark under the Act. However Section 35 of the same Act provides that it does not affect a right of action for passing off goods of another.

The main point about passing off is that goodwill has been established by one trader and that another trader is trying to take advantage of that goodwill to cash in on it to the detriment of the first trader.

In order to succeed in a passing off action the basic tests to be met include the existence of goodwill, misrepresentation and damage. These emanate from the case of **Reckitt & Colman Products Ltd. V Borden Inc** [1990] 1 All ER 873 as deduced by Lord Oliver from the list laid down by Lord Diplock in the case of **Spalding & Bros V AW Gamage Ltd** (1951) 84 LJ Ch 449. These included existence of a misrepresentation, made by a trader in the course of trade, to prospective customers of his or ultimate consumers of goods or services supplied by him, which is calculated to injure the business or goodwill of another trader and which causes actual damage to a business or goodwill of the trader by whom the action is brought or in a quia timet action will probably do so.

This was cited with approval by this Court by **Hon. Justice Yorokamu Bamwine** in the case of **Anglo Fabrics (Bolton) Ltd & Anor V African Queen Ltd** & HCCS 0632 of 2006.

As to the test for goodwill, a useful definition was given by Lord Macnaughten in **Commissioners of Inland Revenue v Muller & Co's Margarine Ltd** [1901] AC 217 at 223 where he held

‘What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which begins in custom. It is the one thing which distinguishes an old established business from a new business at its first start. The goodwill of a business must emanate from a particular center or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates.’

In other words it can be said that, goodwill is the attractive force attached to the name, get-up or logo which brings in custom. The onus is therefore on the plaintiffs to establish this goodwill as a key ingredient to a passing off action.

The owner of goodwill has a property right that can be protected by an action in passing off. Buckley LJ described the nature of the proprietary right in the case of **HP Bulmer Ltd. V J Bollinger SA** [1978] RPC 79 at 93 as follows:

“A man who engages in commercial activities may acquire a valuable reputation in respect of the goodwill in which he deals or of the services which he performs or of his business as an entity. The law regards such reputation as an incorporeal piece of property, the integrity of which the owner is entitled to protect.”

The learned author Bainbridge in his book ***Intellectual Property*** Law 8th Edition argues that passing off goes beyond the type of mark that is registrable as a trademark and can also apply in respect of containers and packaging. This was the position taken in the case of **Reckitt &**

Coleman (supra) where it was held that the law of passing off protected the Jif lemon, a plastic lemon shaped and coloured container of the plaintiffs. The Jif lemon had been on sale since 1956 and a considerable goodwill had built up associated with it and it was as was held by Lord Oliver.

In the Ugandan case of **Zeneca Ltd. V Vivi Enterprises Ltd.** HCCS No. 842/94_ Byamugisha J (as she then was) held that a product which had been on the market for 25 years was sufficient period for any product worth its salt to acquire a reputation and goodwill.

In the instant case it was submitted for the plaintiffs that their Marie Biscuit had been on the market for at least 9 years at the time of the suit. This to my mind is also sufficient time to establish goodwill. The plaintiff laboured to show sales that portrayed progressive sales which ably set up the argument for goodwill thus far.

Good will as stated above can also found in a product get up; that is a container together with its shape or appearance. This was the position taken in the case of **Hodgkinson and Corby Ltd V Wards Mobility Services Ltd.** [1995] FSR 169 where the claimant made a cushion for use by permanently immobile persons to prevent pressure sores with a distinctive appearance. The defendant was planning to sell a 'lookalike' cushion though under a different trade name. It was held that passing off could occur even when the appearance of goods had been copied and that passing off was not restricted to taking a name, mark or sign. Although copying the appearance of a product is not unlawful per se in the absence of infringing an intellectual property right, in terms of passing off, *the defendant must always do enough to avoid the deception.*

The ability of purchasers to make subtle distinctions was considered to be a factor in the Privy Council case of **White Hudson & Co Ltd V Asian Organisation Ltd.** [1964] 1 WLR 1466.

The claimant sold cough sweets wrapped in red wrappers in Singapore since 1953 which bore the word 'Hacks' with ingredients. From the 1958 the defendant sold cough sweets with a similar colour and shape also wrapped in red but with the name 'Pecto' printed on the wrappers.

It was held that the claimant had established a get-up in the red coloured wrapper that was distinctive of his cough sweets and there was a danger of confusion especially as few purchasers could read the words. It was stated that the defendant could have used another colour of wrapper or used a prominent symbol on the wrapper to avoid confusion.

The authorities as discussed above demonstrate the plaintiff's case for goodwill in the get-up. The plaintiff's get-up is predominantly red, with a picture of a biscuit and the plaintiff's logo. The defendant's get-up on the other hand is similar in all respects except for the logo.

In light of the **Hodgkinson & Corby case** cited above the defendant ought to have done more to distinguish its goods being that they were similar products and in the latter case the use of a different colour or more prominent distinguishing mark could have been employed.

The defendant laboured to set up the argument that the entire get-up for Marie biscuits as it were is used world over and is associated with the practice in the market place. This argument in my opinion cannot stand simply because other samples of Marie biscuits (exhibit A2) tendered by the defendant in court shows get-ups of Maries in a number of colour packages ranging from blue, green, gold, purple, white, colourless, blue, brown amongst others.

This shows that is possible to have in the market place Marie biscuits in packages with colours other than red. This also shows that in other countries too there is effort to distinguish the get up for Marie biscuits.

That said the defendant seeks for this court to hold that red is a Russian royal colour associated with the origins of the biscuit and that the get-up as it were is the practice in the industry. Evidence was given by Mr. Mutiso that the Marie biscuit was created in 1874 to commemorate the marriage of the Grand Duchess Maria Alexandrova of Russia to the Duke of Edinburg. He also testified that Marie was a generic form of tea biscuit. However in as much as this may be true, the market practice does show that Marie biscuits can have get ups with other colours. I do none the less accept on the evidence before me that Marie is a generic type of biscuit.

Of course if the defendant's get up is different from that of the plaintiff there can be said to be no erosion of the plaintiff's good will.

However the fact that the plaintiff has been in the business for much longer than the defendant raises an eye brow to the fact that the defendant who joined the scene much later has a similar get-up with that of a major market player.

Bainbridge in his book **Intellectual Property Law** (supra) reasons at p.641 that there are 2 main reasons why a trader would wish to pass off his goods or services as being those of another, established trader. The first is that by doing so, a significant portion of the established trader's custom might be captured because of confusion amongst the buying public as to whom they are dealing with. The second reason is that sales might be boosted by unjustifiable imputing a quality to the second trader's goods that is widely recognized in connection with the goods of the established trader.

Similar products in the market place can cause confusion. The question therefore is whether the two get ups are so similar so as to cause the erosion of good will of one of them that has been on the market first.

In the case of **Brooke Bond KENYA Ltd. V Chai Ltd.** [1971] EA 10 Spry Ag.P held that the likelihood of confusion is not disproved by placing the two marks side by side and demonstrating how small chances of error may arise. In his words he stated that:

'It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail, and that marks are remembered rather by general

impressions or by some significant detail than by any photographic recollection of the whole.'

Spry Ag. P went on to hold that '*... The test is the impression on the average customer...*'

In the Brooke Bond case (supra) the court took judicial notice of the number of illiterate persons in Kenya a situation which court had to bear in mind. This argument is not far from the reality in Uganda and the circumstances of this case warrant a similar application which still offers the same conclusion.

In the further case of **Hassanali M. Sachoo V John Hopkins O.V.T** [1958] EA 463 **Sir O'Connor** held that

'It seems to me that each of these cases must be looked at by itself and the Judge looking at the label or get-up or the device, whatever, it may be that is complained of, with such assistance as to the practice of the trade as he can get from witnesses must decide for himself whether the article complained of is calculated to deceive or not.'

At the end of the day what ever the evidence presented to court it is for the Judge to decide whether the offending product is calculated to deceive or not.

The evidence on record by witnesses from both parties is that the Marie biscuit in issue is one that is consumed by ordinary persons for which to my mind means it is a mass market product that also there targets the illiterate and unsophisticated consumer. This as result is more likely to lead to confusion.

In this case, both parties' get-ups are red amongst other similar features set out in prior arguments with the only distinguishing feature being the logos. It is only right for me to conclude that the bulk of the consumers identify the plaintiff's goods with the general impression of the red colour. It follows therefore and I so find that the get up of the plaintiff and defendant are similar and therefore the plaintiff has good will in his product that can be eroded by the defendant's product. I also find that the defendant ought to have done more to distinguish their own Marie get up. I further find that it was not sufficient just to break the bulk into smaller packages of different shapes either as was discussed in the Brooke Bond case (supra).

As to the test of misrepresentation this to my mind is not too different from the issue of confusion discussed above.

Lord Langdale MR. laid down the classic underlying principle in the case of Perry v Truefitt (1842) 49 ER 749 where he stated that '*a man is not to sell his own goods under the pretence that they are the goods of another trader*'

The law therefore restrains one trader from passing off the goods as being those of another trader this being the essence of the action under misrepresentation. This was discussed in the case of Spalding & Bros v AW Gamage Ltd (1915)⁸⁴ LJ Ch 449 where the defendant advertised defective footballs as 'orb' balls a description of the claimant. An injunction was granted in favour of the claimant and Lord Parker considered the nature of passing off saying:

'The more general opinion appears to be that the right is a property right... property in the business or goodwill likely to be injured by the misrepresentation.'

A misrepresentation is a false description made consciously or unconsciously by the defendant. Case in point is that of Arsenal Football Club plc V Reed [2001] RPC 922 where it was held that for passing off to have occurred customers or ultimate consumers must have been deceived with a real likelihood of confusion.

Counsel for the plaintiff relied on the case of Neutrigena Corpn V Golden Limited [1996] RPC 473 at 481 where it was held that the question is whether the defendant's mark so nearly resembles the claimant's mark as to be likely to deceive or cause confusion. The court went on to state that there is a passing off even if most of the people are not fooled most of the time but enough of the time.

In the instant case, I have already found that the get-ups are indeed similar. However even when there are competitors of similar products goodwill in an existing product should be protected (see Erven Warnink Besloten Vennootschap v Townend & Sons (Hull) Ltd [1979] AC 731)

Intention to pass off on the other hand need not be fraudulent for a fraudulent motive is not necessary. Innocence is no defence as the main thrust of the law of passing off is the protection of goodwill. It is sufficient that injury is a reasonably foreseeable consequence of the misrepresentation (see Taittinger SA v Allbev Ltd [1993] FSR 641 at 667 per Peter Gibson LJ).

This argument is equally asserted in the case of Harrods Ltd. V Harroddian School Ltd. [1996] RPC 697 where Millet LJ held at 706:

'Deception is the gist of the tort of passing off , but it is not necessary for a plaintiff to establish that the defendant consciously intended to deceive the public if that is the probable result of his conduct. Nevertheless, the question why the defendant chose to adopt a particular name or get up is always highly relevant.'

In this case the defendant company relies on trade practice for the choice of its get up resulting from a royal wedding in 1874 which adopted the colour red. This however I have already found is not a uniform practice for Marie biscuits as other colours are also used in different parts of the world and is therefore not sufficient to displace the test of misrepresentation.

As to the final test of damages the onus of proving them lies with the plaintiff. Counsel for the plaintiff submitted that quite often damages are proved through a diversion of sales.

Counsel for the plaintiff then added that the introduction of the defendant's product in 2009 on the market had an adverse effect on the plaintiff's sales however no such proof was tendered in court. In this regard counsel for the plaintiff relied on the case of Parke **Davis V Opa Pharmacy** [1961] EA 556 where it was held that proof of damage is not in every case essential to enable the plaintiff to maintain his action if he knows that the defendant is acting so as to pass off his goods as those of the plaintiff. That it will be assumed that the plaintiff is thereby prevented from selling as many goods as those he would have.

Counsel for the defendant however submitted that the sales chart produced in court did not show a decline in the plaintiff's products even when the defendant's products were on the market. Counsel for the defendant submitted that the plaintiff had to show that the drop in sales if at all was attributed to the existence of the defendant's goods on the market. He therefore concluded that the plaintiffs have not been able to show that the alleged passing off occasioned any loss or damage to its goodwill or business. He maintained that it was not a quia timet action since the acts arose 3 years prior to the suit.

The damage in question on the authorities means the damage to good will. Bainbridge in his book Intellectual Property (Supra at p.670) states that damage may take different forms which includes lost sales, the fact that the defendant's product is inferior and consumers think it's the plaintiff's and lastly erosion or debasement of a name that is exclusive and unique to the claimant.

The learned author asserts the view that a claimant must be able to satisfy court that he has or he will suffer substantial damage to his good will. In this regard mere speculation will not suffice.

In this case I am afraid the plaintiff failed to aid Court with evidence of actual damage to the good will of its biscuits. As counsel for the defendant submitted even the sales figures shown to Court by the plaintiff did not show a drop or slow down of sales. This may be because the defendant's products were on the market for a short time namely September 2009 to April 2010 before being withdrawn. The situation may well have been different if the defendant's products were still on the market. A repeat of this however has to be avoided by the defendant.

In answer to the issues framed for trial I find in conclusion

- a) That the get up of the defendant's biscuits is similar to that of the plaintiff
- b) That the similarity is likely to cause confusion
- c) There has indeed been passing off of the plaintiff's product.

As to the remedies prayed by the plaintiff and in order to avoid the possibility of the defendant reintroducing the Marie biscuit in a manner that will cause confusion and allow for deception I grant an injunction against the defendant using a similar get up to that of the plaintiff. This however does not extend to the production of the biscuit itself as it is a generic type of biscuit.

I make no award of damages for the reasons given before.

I however award the plaintiff the costs of the suit.

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Justice Geoffrey Kiryabwire

JUDGE

Date: 09/06/12

09/06/12

10:41

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Judgment read and signed in open court in the presence of:

- E. Kalibala h/b for Mpanga for Defendant

In court

- None of the parties
- Rose Emeru – Court Clerk

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Geoffrey Kiryabwire

JUDGE

Date: 09/06/2012