

THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
[COMMERCIAL DIVISION]
HIGH COURT CIVIL SUIT NO. 0240 OF 2006

STANDARD SIGNS (U) LIMITED:..... PLAINTIFF

VERSUS

1. FRED LEO OGWANG T/A SHANDARD}DEFENDANTS
2. SHANDARD SIGNS LTD}

BEFORE: THE HON. LADY JUSTICE HELLEN OBURA

JUDGMENT

The plaintiff, a limited liability company sued the defendants for infringement of its registered trademark, and passing off on its business name. It also sought for an order for a permanent injunction stopping the defendants, their agents, assignees or any person claiming under them from using a name and logo that are in some material respects similar to that of the plaintiff company, general damage for loss of income, interest and costs of this suit.

The defendants in their written statement of defence denied the allegations in the plaint and contended that the 1st defendant registered and traded under a firm called “**Shandard Signs**” from the 2nd of September 2002 up to 7th May 2003 when it incorporated a limited liability company called “**Shandard Signs (Uganda) Limited**” which took over the business of “**Shandard Signs**”. Further that from 2003 to April 2004, the 2nd defendant was using a different logo but the 1st defendant hand designed another logo which comprised of totally different features from that of the plaintiff. Allegation of infringement of the plaintiff’s trademark or logo and passing off was therefore totally denied.

I wish to point out that the plaintiff's case and the evidence of the 1st defendant were heard by Arach-Amoko, J (as she then was) in 2009 and on 25th January 2010 respectively. The matter was then adjourned to 16th March 2010 to enable the defendants produce the last two witnesses. From then no proceedings took place until 8th June 2011 when it came before me for hearing but still it could not take off because service of the hearing notice was effected on the former counsel of the defendants. It was then adjourned to 6th September 2011 to enable proper service to be done.

On 6th September 2011 there was no appearance for the defendants but counsel for the plaintiff informed court that counsel for the defendants had written to inform court that they had lost touch with their clients and for that matter were withdrawing from conduct of the case. Since this matter had been pending for so long, this court decided to dispense with the defendants remaining two witnesses in accordance with Order 17 rule 4 and adjourned the matter to 27th September 2011 to enable counsel for the plaintiff prepare and make his submissions. On 27th September 2011, counsel for the plaintiff appeared and made his submission and court ordered him to serve the defendants directly using substituted service so that they could appear and make their submission on 30th November 2011.

Substituted service was effected on the defendants by advertisement of the hearing notice in the New Vision Newspaper of Wednesday 9th November 2011 as per the affidavit of substituted form of service sworn by Mr. Idella Jorem Richard, a law clerk in the firm of M/S Kigozi Ssempala Mukasa Obonyo (KSMO) Advocates dated 29th November 2011.

On the 30th November 2011 none of the parties and their counsels appeared. On 2nd December 2011 counsel for the plaintiff wrote to court requesting that since the defendants never appeared on the date fixed for them to make their submissions, this court proceeds to deliver the judgment in this suit without the submission of the defendants. It is in accordance with that prayer and taking into account the history of this case as outlined above, that I deliver this judgment ex parte since this matter cannot remain pending forever.

The brief facts that gave rise to this suit as contained in the joint scheduling memorandum filed in court on 15th January 2008 and from the exhibits are that sometimes in 1997, the plaintiff company first started operating as a non-registered entity using the name and style of “**Standard Signs Uganda**”. Later, on 3rd July 1997 a business name “**Standard Signs**” was registered and on 15th September 2003 a limited liability company was incorporated in the name and style of “**Standard Signs Uganda Limited**”. On 22nd July 2005, the plaintiff registered a trademark with the words “**Standard Signs Uganda**” written in the outer cycle with a blue colour background and the letter “**S**” written in the inner cycle with a red colour background.

On the other hand, the 1st defendant operated a business as “**Shandard Signs**” with effect from 2nd September 2002 and on 7th May 2003 the second defendant company was incorporated as “**Shandard Signs (Uganda) Limited**”.

According to the joint scheduling memorandum signed by both counsels and filed in court on 15th January 2008, the parties agreed on four issues namely;

- 1) Whether the defendant have infringed on the plaintiff’s business name.
- 2) Whether the defendants have infringed on the plaintiff’s trademark.
- 3) Whether the defendant’s are guilty of passing off the plaintiff’s products as theirs.
- 4) What remedies are available to the parties?

I was not able to verify whether this matter was actually scheduled because the available court records showed that the parties and their counsels first appeared before Egonda-Ntende, J on the 6th of November 2007 and reported that they had come up with a joint scheduling memorandum signed by both counsels which had not been filed. They requested to proceed with scheduling on the basis of the scheduling memorandum each party had filed but the judge declined the request and adjourned the matter sine die.

On 8th April 2009 the parties appeared before Arach-Amoko, J (as she then was) for a hearing and on that day the plaintiff’s Managing Director testified. There was never any mention of scheduling and so it is difficult to ascertain whether scheduling was

ever done although the records show that a joint scheduling memorandum was filed as indicated above and the agreed documents on record were marked as exhibits.

At the hearing, the plaintiff called four witnesses to prove its case. PW1, the plaintiff's Managing Director, Mr. Omara Geoffrey testified that he started operating the business of sign making and fabrication in 1997 as a sole proprietorship and registered the business name "**Standard Signs**" that same year. He further testified that he operated the business as such making signs for leading companies in Uganda such as MTN (U), Celtel, Post Bank, Bank of Uganda just to mention a few up to 2003 when he incorporated a limited liability company in the name of "**Standard Signs Uganda Limited**". He referred to the Certificate of Registration of the business name and the Certificate of Incorporation of the limited liability company which were already marked as Exhibits P.1 and P.2 respectively.

He also testified that the company had a round logo with blue and red colour with a letter "**S**" in the middle which was registered in 2005 as No. 27885. Further that the company also had a slogan "**Professional sign makers and material fabricators**". He explained that the logo was a symbol of identity for his business as it identified the products with the company name thereby advertising it. He further explained that the plaintiff company started using this logo before the year 2000, that is' before the 1st defendant's business name and 2nd defendant company came into existence. He described the logo in details, namely that; it had an outer circle in blue colour enclosing the words "**Standard Signs Uganda**" while the inner circle had red colour which was more prominent/striking with the symbol "**S**" in the centre representing the words "**Standard**" and "**Signs**". He referred to the trademark registration certificate bearing the logo on court record marked as exhibit P3.

He testified that he did not know Mr. Fred Leo Ogwang the 1st defendant but heard about the company "**Shandard Signs**" from some of his clients who inquired whether his company had a branch office in Ntinda. He further testified that some letters for "**Shandard Signs**" were erroneously posted to the plaintiff company's postal address because of the similarity in the names "**Shandard**" and "**Standard**". He referred to a bank statement from Orient Bank Ltd addressed to "**Shandard**

Signs” and a Student Enrollment Form addressed to Fred Leo Ogwang C/O Shandard Signs Ltd which were on court record as Exhibits P4 and P5 respectively.

He complained that because of the similarity in the inscriptions both companies put in their products which bear the logo, clients mistake “**Shandard Signs**” products as that of “**Standard Signs**” and yet the latter’s products are of better quality. That consequently they lose business because of that mistaken identity arising from similarity in their name, logo and slogan.

He cited a case where one client called Mr. Dick Musoke of Posterdom Ltd complained that his company was making sub-standard signs and specifically referred to the sign that was installed at Nakawa House whose photograph was admitted as exhibit P8. He further testified that M/S Prime Impex Furniture Distributors also complained that one of its staff was misled to “**Shandard Signs**” thinking it was “**Standard Signs**” but fortunately they gave the work to his company. Further that another staff from the procurement department of M/S Prime Impex Furniture Distributors a one Mr. Michael Owera also complained that he nearly gave work meant for “**Standard Signs**” to “**Shandard Signs**” in the belief that the former had a branch in Ntinda. He however testified that he was not sure of the clients who actually gave out jobs to the 2nd defendant on the mistaken belief that it was the plaintiff company but stated that he had received several calls.

He further testified that the products made by the plaintiff company were of high quality because they select quality materials from abroad and use them professionally using sign making equipment. Further that the plaintiff company had grown bigger and gained prominence due to its quality products as a result of which it was supplying big companies such as Uganda Breweries, MTN, Zain, Orange and UTL & Post Bank which use the products for advertising their businesses.

On similarity of the two logos, PW1 testified that both logos bear red colours and circles which are likely to confuse people because most of them look at signs at a glance as they would normally be walking or driving. He further testified that customers of the plaintiff were likely to go to the defendants due to the confusion and the turnover of the plaintiff’s business had dropped. Further that customers were complaining of the poor quality products of the defendants mistaken to be the

plaintiff's workmanship. He prayed that court should order the defendants to change the name and design of their logo and slogan.

On cross-examination, he admitted that the 2nd defendant company was incorporated on 17th May 2003 prior to incorporation of the plaintiff company but maintained that by then he was already using the logo in dispute. PW1 also pointed out some differences in the two logos which included the fact that in P3, the words "**Standard Signs Uganda**" is written inside the circle whereas that was not the case with D4. The other differences were that there were no two lines and no blue colour on D4 which had red colour covering more of it and white as the colour in the middle of the letter "S". He however, maintained that the artistic design of the two logos were the same such that even an educated person who is not an artist might not recognize the difference.

On the question whether the plaintiff company had competed with the 2nd defendant company in bidding for work, PW1 answered in the negative and specifically stated that he was not sure whether the two companies competed for the AIM works and the plaintiff was beaten. He also testified that he did not have a specific amount of money he was claiming had been taken from the plaintiff company apart from use of a similar name. He was also not sure whether the defendants advertise themselves. He predicted that so many clients would still continue going to the defendants because of the similarity in both the spelling and the intonation that the two company names share.

The second plaintiff witness (PW2) was Mr. Ayo Silvesto, a technician in the plaintiff company. His testimony was mainly to confirm that the 2nd defendants' name and logo was so similar to that of the plaintiff company that their customers and potential customers were being confused by it. He confirmed that many customers including Mr. Dick Musoke called him to complain about the poor quality of products they were making. He also testified that Orient Bank complained about the poor quality of products the plaintiff company had supplied but when he went to their offices to look at those signs he found that they bear the defendant's logo. He referred to exhibits P7 and P8 and confirmed that P8 was the photograph of AIM sign post that he took at Nakawa House. He confirmed that the circular logo was

being used by the sole proprietorship which was the plaintiff's predecessor in business by the time he was employed in 1998.

The third plaintiff's witness (PW3) was Mr. Dick Musoke who stated that he was a businessman dealing in car shades & security fencing and supply of road construction materials. He testified that he had dealt with the plaintiff company in a number of jobs for example, steel structural works, and signs for branding products etc and to that end had worked in partnership for MTN. As regards this case, he testified that he got concerned when he saw a sign in Ntinda which resembled the plaintiff's and thought it was an error so he called the Managing Director. Further that he also saw another sign in Nakawa about four to five years ago from the time of his testimony. He concluded that a member of the public was likely to be confused by the name and logo of the two companies. He however revealed that he had interest in this matter because he worked with the plaintiff company as partners.

The 4th and last plaintiff's witness was Mr. Richard Okema who started working with the plaintiff in 1999. He testified that he was the customer care assistant of the plaintiff and he knew the 2nd defendant. Some three years ago he was called by A-Plus Funeral Services but he waited for them in vain only to discover later that they had gone to the 2nd defendant company mistaking it for the plaintiff company due to the similarity in their logo. They later on called and complained that the quality of work was poor and brought their work to the plaintiff company to do it.

He further testified that many other customers were getting confused by the logo which was similar because of the letter "S", red colour and the design. The names are also almost similar. He referred to D7 being the 2nd defendant's tax invoice which bore similar logo and slogan to that of the plaintiff.

In cross examination, he stated that exhibit P8 showed manufacturer's name as "**Shandard Signs Ntinda**" but insisted that someone could read that sign and still go to Standard Signs Bweyogerere.

The defendants had intended to call three witnesses; however, they only managed to call one for the reasons already stated earlier in this judgment. The 1st defendant

Mr. Fred Leo Ogwang (PW1) testified that he was the director of the 2nd defendant company that was making signs and fabricating windows and other materials. He did not know the plaintiff company until recently. He started the business at home in Ntinda Kigowa in 1998 and he moved to Ntinda Trading Centre in 2000 when the business was growing and people were appreciating his work. He was using his name before he registered a business name “**Shandard Signs**” in 2002 and incorporated it into a limited liability company in May 2003. He referred to exhibits D1 and D2 being the Certificate of Registration of the business name and Certificate of Incorporation respectively. He also referred to exhibits D3 and D4 being the logo that he used in 2002 and the one he changed to after incorporating the company.

He explained how he came up with the logo in dispute and that it was his original idea. The logo comprised of different types of signs that he was making, that is, square, rectangular and 3D and the colours are the corporate colours that are used to market his business namely; red, black and white which was not usually included as a colour. The letter “**S**” was designed by him by hand as an artist so that nobody could forge his logo. The letter “**S**” represented “**shandard**” which was partly his language Jopadhola and English. “**Shand**” in Jopadhola meaning poverty and “**ard**” from Leonard his elder brother’s name which means “king”.

He was shown exhibits P3 and D4 and he stated that P3 was computer made and that the two logos were not similar because D4 had more red colour (about 90%) and less black colour (about 10%) with a white background while P3 had about 40% red and 60% blue. Further that red was the more eye catching colour in D4 as opposed to blue which was a more eye catching colour in P3 thereby making the two logos distinguishable and totally different from each other.

He also pointed out other distinguishing features of the two logos. While P3 had the words “**Standard Signs Uganda**”, D4 had “**Shandard Signs Ltd**” without the word “**Uganda**” and was in a box which was outside the main box. Consequently, they could not cause confusion in appearance and even in their pronunciation because in art pronunciation does not matter.

As regards the slogan on the letterhead, he testified that he was a professional and what was stated there was what he was doing. He referred to exhibits D2 and P3

and stated that he incorporated the 2nd defendant company on 15th May 2003 before the plaintiff's trademark was registered on 22nd July 2005 by which time he was already using the logo and no one had complained about it.

On exhibits P4 and P5, he testified that it was a mistake made by the Post Office for which he could not be liable. He would not be confused by the name as P5 was addressed to Leo Ogwang C/O Shandard Signs.

As regards the companies that were allegedly confused and went to "**Shandard Signs**" instead of "**Standard Signs**", he stated that he had never done any work for them. He denied ever causing loss to the plaintiff and stated that his customers go straight to him without him or any of his agent luring them and they appreciate his work as it was of high quality. He admitted that he did work for AIM after competing successfully in the bidding process that the plaintiff company also participated in and that was the first time he got to know the plaintiff company. He referred to exhibits P7 and P8 and testified that the work his company did for AIM was extremely good and it was approved because it met full requirement of the client.

He further testified that he had never made any product and passed it off as that of the plaintiff neither has he received any complaint that his company or product confused people as that of the plaintiff. Rather he had his own initials and signs that he was putting on his company's product.

On cross examination, he stated that he started business in 1998 and he was using his name. He called it "**Frederick Arts**" and he moved to Ntinda in 2002. Asked about the background of the name "**Shandard**", he stated that he came from a low family and he wanted change so he used the word "**Shand**" which means poverty in his language. When he was shown exhibit D3, he stated that he used it in 2003 but later came up with D4 which was not registered.

He admitted that the business name "**Standard Signs**" was registered in 1997 but hastened to add that by then he was already producing signs at his leisure in Tororo where he was based. He also admitted that there were some similarities in the two logos because they both had: red colours, letter "**S**", and circle. He further admitted that signs are usually put on buildings and by the road sides and there is always a

distance between the viewer and the sign post in which case the visual impression changes for people who are in motion whether walking or driving. He however maintained that the two logos and names were not similar and could not confuse members of the public. He conceded that there was no evidence before court to prove that he was already doing business prior to registration. He disputed the plaintiff's allegation that it was using the logo prior to its registration.

In re-examination, he clarified that the appearance of the two logos were very different and that is what mattered in art. He gave details of the distinguishing features of the two logos and concluded that there were no similarities capable of confusing people.

In the joint scheduling memorandum filed in court both counsels agreed to use a single joint expert. The records also show that on the 1st of July 2009, upon closure of the plaintiff's case, the judge directed that the expert witness be identified with the assistance of the Registrar of this court. On 9th September 2009, the Dean of the School of Industrial and Fine Arts, Makerere University wrote to the Registrar of this court forwarding the observations (Report) of his colleague who was an expert in that area on the two logos. This followed a request that was made by M/S KSMO advocates counsels for the plaintiff vide a letter dated 24th August 2009. The letter was copied to counsel for the plaintiff and the then counsel for the defendants. I will at a later stage of this judgment consider that report as I evaluate the evidence on record since it was agreed upon by both parties.

Upon dispensing with the defendant's two witnesses under the circumstances already explained in this judgment, Mr. David Ssempala appeared and made a submission for the plaintiff. On the first issue, he submitted that as evidenced from the pleadings, the plaintiff company is called "**Standard Signs (U) Ltd**" and the 2nd defendant company is called "**Shandard Signs Ltd**". The only difference is that the defendant uses "**h**" instead of "**t**" and does not use (Uganda) Ltd. However, I wish to point out that counsel for the plaintiff misdirected himself on this because the registered name of the 2nd defendant company as per the Certificate of Incorporation (exhibit D 2) is "**Shandard Signs (Uganda) Limited**".

Counsel submitted that the evidence adduced by the plaintiff as per PW1, PW2 and PW3 was that the Managing Director of the plaintiff company started operating business in 1997 and subsequently registered a business name in the same year. In 2003 he incorporated a limited liability company which took over the business of sign making and outdoor advertising from the business name. He submitted that on the contrary according to the evidence of DW1, the 1st defendant started his business in 1998 and registered a business name in 2002. The issue for court to decide is whether there is similarity between the two companies. He referred to the case of *Basco Products Kenya Ltd v Bascom Co. (U) Ltd H.C.C.S No. 771 of 2006* where the learned judge quoted with approval the decision in *Haria Industries v P.J. Products Ltd [1970] E.A. 367* to the effect that:

“The test is whether an average customer acting with reasonable care would be likely to be confused by the article complained of”.

He submitted that since the name “**Standard**” and “**Shandard**” are so similar in appearance, number of letters and pronunciation, the average customers are likely to be confused especially by the manufacturer’s name that appears in small letters on every piece of work done. Further that the plaintiff in his evidence explained how he chose the name standard due to the high quality products he makes but the 1st defendant’s explanation was contradictory and unsatisfactory. He contended that, that was confirmation that the defendants chose the name with a view to confuse people about the plaintiff’s business name and products so as to attract customers to their products.

He invited court to refer to the evidence of PW3 who testified that he was confused by the sign post made by the 2nd defendant when he saw it in Ntinda near the Ministers’ Village and called the plaintiff’s Managing Director thinking that his staff had made a mistake by putting the manufacturer’s name as “**Shandard Signs**” instead of “**Standard Signs**”. He submitted that this evidence was corroborated by that of PW1 who testified that he received many calls from customers who called to complain of poor quality of work simply because they were confused by the logo of the 2nd defendant. He further submitted that the plaintiff had an established

business which was being infringed by the defendants and invited this court to find so.

As regards the 2nd issue, counsel submitted that the plaintiff registered its trademark on the 26th October 2005. However, exhibit P3 indicates that the trademark was registered as of the date of 22nd July 2005. 26th October 2005 appears to be the date when the certificate was sealed. Counsel submitted that on the other hand, the defendants' trademark is not registered but they are using a logo exhibited as D4 which was similar to that of the plaintiff in the manner already described in this judgment in the evidence of PW1. He explained that both logos have alpha-glyphs and the way letter "S" is placed in the two logos and the way it gets out of the circle is similar. He submitted that there was visual borrowing by the defendant from the plaintiff who registered its logo in 2005. He contended that the combined effect of the two almost similar names and logos lead to a conclusion that the logo was yet another calculated fraud by the defendant to mislead the public. He invited court to juxtapose the two logos in order to see the similarity.

He referred to the case of **Basco Products Kenya Ltd** (supra) at page 9 where the court observed that a registered trademark has an advantage over an unregistered one. He then submitted that the defendants have not yet registered their trademark but are just using the same to pass off the products, the good name and the good will of the plaintiff for their economic advantage. He invited court to find that the defendants had infringed the plaintiff's trademark.

On the third issue, counsel submitted that the plaintiff had demonstrated that prior to registration of its trademark it had conducted business and established itself as a reputable firm in the making of signs and labels for outdoor advertisement. He invited court to juxtapose exhibits D5 and P6 which showed that the defendants were passing off their products as those of the plaintiff by using a business name, logo and slogan that is similar to that of the plaintiff.

He submitted that the defendants had not adduced any evidence to explain the triple coincidence of similarity in the business name, logo and slogan yet the two parties are dealing in the same business of sign making. He referred to the case of **Basco Products Kenya Ltd** (supra) wherein the judge quoted with approval a

passage from the case of *Reckit & Colman Products v Borden [1990] All E.R. 873* which stated the three issues to be determined in cases of passing off namely that:

- 1) The party alleging passing off must prove whether the defendant's business had acquired good will in the area;
- 2) Whether the defendant impliedly or expressly misrepresented his goods as those of the plaintiff; and
- 3) Whether any damage arose from this misrepresentation.

Applying those issues to this case, he submitted that as regards the first issue, the evidence of PW1, PW2 and PW3 which were never discredited during cross-examination and contradicted by the defence evidence confirmed that the plaintiff had acquired a reputation in the business of sign making and outdoor advertisement having started that business in 1997.

On the 2nd issue, he submitted that the evidence on record showed that the defendants had intentionally made representations to the public leading them to believe that their goods were for the plaintiff. He referred to the evidence of PW1 to the effect that customers called him to complain about the quality of the products.

On the third issue to be determined in cases of passing off, counsel handled it jointly with the remedies available which is the fourth and last main issue in this case. He submitted that the issue of damage was two-fold. The first one is the loss of income arising from the customers giving work to the 2nd defendant in the mistaken belief that it is one and the same as the plaintiff. The second aspect is the situation where the poor quality products of the defendants scare off the existing as well as potential customers of the plaintiff. On this point, he invited court to refer to the evidence of PW3 and PW4 as well as exhibit D7.

He submitted that it was impossible to ascertain the damages suffered by the plaintiff and prayed that court should look at the circumstances of this case where infringement has been going on since 2005 despite cautioning the defendants and award general damages of Shs. 80,000,000. He also prayed for a permanent injunction to issue against the defendants, their agents, servants or successors in title to restrain them from producing, distributing and marketing signposts and

other outdoor advertising products using the name “**Shandard Signs (Uganda) Ltd**” or other names similar to that and from using the logo, slogan or any other item similar to them. Finally, he prayed for cost of the suit.

Four issues were agreed upon at the scheduling of this case and were submitted on by counsel for the plaintiff. I will determine those issues in the order in which they were raised and submitted upon.

As regards the first issue, it is not in dispute that the only difference in the two company names is in the second letter of the first word. For the plaintiff it is “**Standard**” and for the 2nd defendant it is “**Shandard**”. The difference is therefore only in the letters “**t**” and “**h**”. Otherwise the rest of the words are the same and I find that just by looking at the two words, there is a close resemblance that if one does not pay close attention they could easily be mistaken to be the same word. I also find that even in pronunciation, both words have two syllables and the second syllables are identical.

In the case of *Parke Davis & Company Limited v Opa Pharmacy Limited [1961] EA 556*, the appellant company was selling tubes of ointment packed in distinctive cartons under the registered trade name “**Capsolin**”. On the other hand, the respondent company was selling a similar ointment under the registered name “**Capsopa**”. The appellant sued the respondent claiming for an injunction to restrain it from passing off its product as that of the appellant and damages or an account of the profits made. The trial judge dismissed the suit on the ground that there was no evidence of confusion among the public and that “**Capsopa**” was not likely to be confused with “**Capsolin**”. On appeal it was held *inter alia* that:

“(i) since the first two syllables in the trade name used by each of the parties were identical and there were resemblances in the containers there was a real probability of confusion and the appellant company was entitled to an injunction”.

I also wish to refer to the observation in the report of the joint expert who I believe by agreement of both counsels was never called to formally tender the report in

evidence and subjected to cross-examination. He observed in the last paragraph as follows:

*“The application of the logo and company name is not only applied on billboards and stationery but also using audio. When it comes to sound (audio) **Standard Signs** and **Shandard Signs**, there I visualize total confusion of their clientele. They might sound like identical twins in the same business handling same clients”* (Emphasis added).

I wholly agree with that observation and I am also persuaded by the above authority. I find that concurrent use of the two registered trade names is likely to confuse members of the public that they are one and the same company. However, since both parties are claiming protection by registration, I need to evaluate the evidence on record so as to determine who registered the name first before I make my final conclusion on this issue.

First of all as regards choice of the names, the Managing Director of the plaintiff company (PW1) explained the background for his choice of the word “Standard” as the quest to make high quality products which his company has endeavored to do. On the other hand, the 1st defendant (DW1), who is the Managing Director of the 2nd defendant company explained that he got the word “**Shand**” from his native language Jopadhola which means poverty or hard situation because he came from a poor family and that he combined it with the last three letters of his brother Leonard’s name. I find this explanation not at all convincing because he did not even explain why he chose his brother’s name instead of using his own name. Besides, there was no proof that he had a brother called Leonard. To my mind, the explanation of PW1 makes more sense and I am inclined to believe it.

Secondly, PW1 testified that he started doing business of sign making and fabrication in 1997 and subsequently registered the business name “**Standard Signs**” on 3rd July 1997 and on 15th September 2003 incorporated a limited liability company in the name and style of Standard Signs Uganda Limited which took over the business and assets of “**Standard Signs**”. The Business Name Registration Certificate and the Certificate of Incorporation were admitted in evidence as exhibits P1 and P2 respectively.

On the other hand, DW1 testified that he started the business of sign making and fabrication from his home in Kigowa, Ntinda in 1998 and moved to Ntinda Trading Centre in the year 2000 although in cross-examination he stated that he moved to the trading centre in 2002. He testified that he was trading in his name as “**Frederick Arts**” until 2nd September 2002 when he registered the business name “**Shandard Signs**” and later incorporated “**Shandard Signs (Uganda) Limited**” on 7th May 2003. Both the business names registration certificate and the Certificate of Incorporation were admitted as exhibits D1 and D2 respectively.

From the evidence of PW1 and DW1, it is not in dispute that the plaintiff’s Managing Director was the first to choose the name “**Standard Signs**” which he traded in before registration and subsequently registered it as a business name and a limited liability company. If anybody infringed on the others trade name then it was the person who adopted the name later. If the officers at the registry of business names had carefully conducted a search, they would have realized that the word “**Shandard**” so nearly resembles the word “**Standard**” for purposes of business name registration that its registration and use would more likely cause confusion. Consequently, they would have advised the 1st defendant to choose another name and this suit would have been avoided.

In conclusion on this issue, I find that the registration of the business name “**Shandard Signs**” in 2002 was irregular and I believe it was done in error because it so nearly resembles the business name “**Standard Signs**” that had already been registered in 1997. Consequently, continued use of the business name “**Shandard Signs**” and subsequent incorporation and use of the company name “**Shandard Signs (Uganda) Limited**” infringed on the plaintiff’s name. This answers the first issue in the affirmative.

As regards the second issue, I wish to first of all point out that this suit was filed in the year 2006 before the Trademarks Act 2010 had come into force. I will therefore apply the provisions of the Trademark Act, CAP. 217 that was in force at the time. Section 6 (1) of that Act provided that:

*“Subject to this section and sections 9 and 10, **the registration** (whether before or after the commencement of this Act), **of a person in Part A of***

the register as proprietor of a trademark (other than a certification trademark) in respect of any goods shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trademark in relation to those goods and, without prejudice to the generality of the foregoing provisions, that right shall be deemed to be infringed by any person, who, not being the proprietor of the trademark or a registered user of the trademark using by way of the permitted use, uses a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade in relation to any goods in respect of which it is registered and in such manner as to render the use of the mark likely to be taken either-

- (a) as being use as a trademark; or*
- (b) in a case in which the use is upon the goods or in physical relation to them or in an advertising circular or **other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as registered user to use the trademark or to goods with which that person is connected in the course of trade.***
(Emphasis added).

In effect, that provision gave a registered proprietor of a trademark exclusive right to use the trademark and prohibited use of a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade in relation to any goods in respect of which it is registered.

PW1 testified that he started using the logo in dispute before the year 2002 and registered it as a trademark in Part A on 22nd July 2005 as No. 27885. A photocopy of a letter by the plaintiff's Executive Director dated 29th March 2004 addressed to City Council of Kampala which was marked as exhibit P6 indicated that the logo was part of the plaintiff's letter head by that time. PW1 explained that he chose the letter "S" to put at the centre of the cycle in the logo to represent the words standard and sign, bearing in mind the quality of products his company was making. He further testified that the logo was a symbol of identity for his company.

DW1 on his part conceded that the 2nd defendant's logo was unregistered but contended that he started using that logo upon incorporation of the 2nd defendant company in 2003. However, no evidence was adduced to prove that the 2nd defendant was using that logo prior to registration of the plaintiff's logo as a trademark in 2005. Even then, it is registration of a trademark that confers exclusive right to use that trademark upon the proprietor or registered user. As it was observed by **Mulyagonja, J** in the case of **Basco Products Kenya Ltd (supra)**, indeed *a registered trademark has an advantage in court over an unregistered trademark and can therefore be protected against infringement, which is the ultimate reason for registration of the mark.*

In cases of infringement of trademarks and passing off goods, the established principle in decided cases is that the judge who is presiding over the case must compare the mark, label, the get up or the device complained at so as to make his/her conclusion. In the case of **Schweppes Ltd v Gibbens (1905) 22 RPC 113,601, Warrington, J** whose judgment was approved by the majority of the Court of Appeal and by the House of Lords cited with approval a quotation from **KERLY'S LAW OF TRADEMARK** at page 646 to the effect 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 at; with much 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".

Similarly, **Lord Macnaghten** in **Hannessy & Company v Veating (a) (1998) 25 R.P.C 361** stated at page 367 that:

"The eye, no doubt is generally the best test and you will have to come to a comparison of the marks or label sooner or later. Generally but not always, the comparison is enough".

In **Group Four Security Limited v G4S Security Services (K) Limited [2006] eKLR**, the defendant company started using the mark in the words "**Group 4 Securicor**" which was so similar and closely resembled that of the plaintiff which was "**Group 4**

Security". In an application by the plaintiff for an interlocutory injunctive relief the court observed that:

*"I have observed the defendants mark **"Group 4 Securicor"** and the plaintiff's mark **"Group 4 Security"**. The similarities at a casual glance are more than differences. Indeed the only difference is in the ending of the second word. In my view visually and phonetically the two marks are so strikingly similar that a casual observer would not easily notice the difference".*

It had been contended for the defendant in that case that the services rendered by the plaintiff and the defendant was expensive and only utilized by sophisticated clientele thereby removing the possibility of confusion. The trial judge disagreed with that contention and concluded that; *"the marks **"Group 4 Securicor"** and **"Group 4 Security"** are so similar that the possibility of confusion would not depend on the class, sophistication or economic worth of the clientele".* On that basis he granted the relief sought.

In the instant case, I have juxtaposed the two logos (exhibits P3 and D4) with a view of comparing them and I have observed that the artistic design of the letter "S" and the way it was placed at the centre of the circle with a red background in both logos was almost similar. My conclusion is that the two logos are likely to be confused at a casual glance particularly as seen on exhibit P7.

I also took note of the report of the joint expert on this issue where the conclusion was to the effect that:

"Whereas Shandard Signs Ltd logo is a combination of a square and a circle and predominantly red with less black, when you analyse the elements used in both logos there seems to be visual borrowing. The key icon the Alpha-Glyph ("s" shape) that identifies them from others constitutes almost the same characteristics; it is only in colour where they tend to differ. If you apply both Standard Signs and Shandard Signs on billboards and other media, yes to some extent might confuse the public because of the Alpha-Glyph and circular shape in the center".

My conclusion on this issue is that the plaintiff's logo is being infringed by the 2nd defendant company whose trademark is not registered. This answers the second issue in the affirmative.

As regards the third issue of passing off, I wish to observe that this case is a bit different from the ordinary cases of passing off goods because the business of sign making and fabrication is normally done on order unlike other manufactured goods that are produced in large quantities and put in the market. In determining this issue, I will therefore take into account the unique circumstances of this case and look at the evidence adduced in its totality.

The legal basis for an action of passing off was stated by **Byamugisha, J (as she then was)** in the case of ***Abercrombie & Kent Ltd v Abercrombie & Kent (U) Ltd and Others H.C.C.S No. 1035 of 1995 [1997-2001] UCLR 157*** at page 161 where she relied on a passage from ***Parker Knoll Ltd v Knoll International Ltd [1962] RPC 265*** and held as follows:

“The legal basis for an action of passing off is that it is wrong for the defendant to represent, for trading purposes, that his/her goods on the market or the business is that of the plaintiff. It is immaterial whether the representation made is effected by direct statement or by using badges or get-ups by which the goods or business of the plaintiff are known by the ordinary consumers”.

For the plaintiff to succeed on this issue the principle laid down in the case of ***Reckit & Colman Products (supra)*** and ***Supa Brite Ltd v Pakad Enterprises Ltd [2001] EA 563*** in determining such cases is very instructive. In accordance with that principle, the plaintiff needs to prove that its business had acquired good will in the area of sign making and fabrication; that the defendants impliedly or expressly misrepresented their goods as those of the plaintiff and that damage arose from that misrepresentation.

As regards good will, PW1 testified that he had been in the business of sign making and fabrication since the year 1997. He started as an unregistered business then registered a business and later incorporated the plaintiff company. He boasted of

producing high quality products and attracting big companies such as MTN (U), Bank of Uganda, Zain (the current Airtel), Posta (U) just to mention a few. In other words he testified that his company had been in the market for a long time and had acquired reputation and good will in the area of sign making and fabrication because of the high quality products he was producing. He however did not produce any documentary proof that he had dealt with those big companies.

As for the length of time the plaintiff has been in the business, the certificate of registration confirms that its predecessor the business name was registered in 1997. It was the evidence of PW1 that by the time the plaintiff company was incorporated in 2003 the business name had already acquired a reputation and good will in the market. PW2 and PW4 who were both employees of the plaintiff attested to the fact that the plaintiff had been in the market for long since they joined its predecessor firm in 1998 and 1999 respectively. They also testified about the high quality of work produced by the plaintiff although naturally one would not expect them to say anything to the contrary.

Considering all the evidence adduced to prove this point, I am convinced that on a balance of probability, the plaintiff has shown that it has acquired good will in the area of sign making and fabrication.

On misrepresentation of goods whether impliedly or expressly, the evidence of PW1, PW2 and PW4 were to the effect that many customers were complaining about the poor quality of work done by the defendants on the mistaken belief that they were the plaintiff's product. All the three witnesses are employees of the plaintiff company. PW3 was the only independent witness but still with interest in the plaintiff's business as a partner with whom his company normally teamed up to do contract work. His evidence was that when he saw a sign post bearing the name and logo that was so similar to that of the plaintiff he got concerned and thought that the plaintiff's staff had made a mistake in the spelling of the name and he called the plaintiff's Managing Director to alert him.

I do not find these pieces of evidence on their own quite convincing. Apart from the evidence of PW3, another independent customer who was misled that the 2nd defendant's product was that of the plaintiff should have been called to testify. The

evidence of PW1, PW2 and PW4 that many customers called to complain remained mere allegations as they were not corroborated by the evidence of the alleged callers. In the circumstances, I find that not enough evidence was adduced to prove that the defendants **expressly** misrepresented their goods as those of the plaintiff.

The above finding notwithstanding, in light of my observation on the nature of the parties' business, I have taken into account my findings on the 1st and 2nd issues that the 2nd defendant infringed on the plaintiff's trade name and trademark (logo). The evidence of PW1, PW2 and PW4 have proved a triple coincidence that was never satisfactorily explained by DW1. The choice of almost similar trade name, trademark (logo) and the slogan in my opinion is not mere coincidence but must have been deliberately done. I do not see any other intention for the deliberate infringement of a trade name and a trademark other than for the sole purpose of confusing the public and taking advantage of the reputation and the good will they have acquired in the market.

In *Tussaud v Tussaud* [1890 M. 764] *Chancery Division Vol. XLIV 679* an action was commenced by a company called "**Madam Tussaud & Sons Ltd**" against Louis J. Tussaud. The plaintiff by their writ claimed an injunction to restrain the respondent from applying to the Registrar of Joint Stock Companies in England for registration under the Companies Act any company to be incorporated under the name of Louis Tussaud Ltd or any other name so nearly resembling the name of the plaintiff company as to be calculated or likely to mislead or deceive the public into the belief that the company being incorporated was the same as the plaintiff company.

In granting the injunction sought in that case, **Sterling, J** at page 693 quoted with approval what **Lord Justice Cotton** stated in *Turton v Turton* 42 Ch. D. 144 that:

"I do not in any way say that fraud is necessary to induce the court to interfere except this, as I said before. When a man knows that the natural consequence of what he is doing is to present his goods as the goods of somebody else, then it is wrong on his part to continue that act".

Applying that authority to the instant case, the natural consequence of what the 2nd defendant did was to present its products as the plaintiff's. The whole intention

would be for passing off the goods/products or services in respect of which the plaintiff's trademark was registered. In the circumstances, I am satisfied that the plaintiff has proved on a balance of probability that the 2nd defendant **impliedly** misrepresented its products as those of the plaintiff.

Finally on the third and last burden that the plaintiff must discharge, I also prefer to deal with it jointly with the fourth and last main issue on remedies available as counsel did. Counsel submitted that the damage suffered was two-fold and the first one related to the loss of income arising from the customers giving work to the 2nd defendant company in the mistaken belief that it was one and the same as the plaintiff company. The second aspect was to do with the poor quality products of the defendants that scare off the existing as well as potential customers of the plaintiff. He prayed that this court takes into account the fact that infringement has been going on since 2005 and award Shs. 80,000,000/= as general damages.

No evidence was adduced by a customer who is alleged to have been misled to give business to the defendants instead of giving it to the plaintiff company. Neither was there any evidence of a customer who is alleged to have been scared off due to the poor quality of work. However, in view of my finding that there was implied misrepresentation of the 2nd defendant's products as those of the plaintiff, it would imply that the plaintiff was prevented from getting as many customers as it otherwise would and has consequently suffered damage that would entitle it to an award of general damage. In any case, the authorities are to the effect that proof of damage is not in every case essential to enable the plaintiff to maintain his/her action.

In ***Parke Davis & Company Limited (supra)***, ***Crawshaw, J.A.*** relied on the case of ***Masengo v Daily Sketch and Sunday Graphic Limited (U) (1948) 65 RPC 242*** where the House of Lord's quoted KERLY'S book at page 383 that:-

“Proof of damages is not in every case essential to enable the plaintiff to maintain his action, for if he knows that the defendant is acting so as to pass off goods as those of the plaintiff which are like the plaintiff's, it will generally be assumed that the plaintiff is thereby prevented from selling as many of the goods as he otherwise would.....I do not think the

circumstances of the case negative this assumption, but rather that the actions of the respondent company are calculated to injure the appellant company”.

In the instant case, I find that the plaintiff has suffered damage by reason of the erroneous belief engendered by the 2nd defendant’s misrepresentation that its products were those of the plaintiff. The actions of the 2nd defendant were calculated to take advantage of the good will or reputation attached to the plaintiff’s trade name and trademark. It is normally difficult to prove the damage that arises from such action but I believe the plaintiff would be entitled to an award of general damage although not to the tune of Shs. 80,000,000/= proposed by counsel for the plaintiff.

As was stated in ***Basco Products Kenya Ltd*** (supra), general damages are not normally the quantification of the actual loss suffered by the plaintiff but a reasonable sum that is representative of compensation for an injury suffered. Taking into account the overall circumstances of this case and in view of my finding that no direct evidence was led to prove damage, I will award the plaintiff general damage of Shs. 30,000,000/=.

In the result, judgment is entered for the plaintiff against the 2nd defendant in the following terms:

- a) A permanent injunction shall issue to restrain the defendants, their assignees, transferees, successors in title, servants and/or agents or otherwise however, from trading in the name “Shandard Signs (Uganda) Ltd” or any other name similar to that of the plaintiff and from using its current logo or any other that is so similar or so nearly resembles the plaintiff’s registered trademark.
- b) General damage of Shs. 30,000,000/= is awarded to the plaintiff.
- c) Interest shall be paid on the above sum at court rate from the date of judgment till payment in full.
- d) Costs of the suit are awarded to the plaintiff.

I do not find any case against the 1st defendant because the evidence on record showed that the 2nd defendant company took over the business of the business

name under which he was initially trading. Under the principle of corporate personality he cannot be held liable for the actions of the company. I accordingly dismiss the case as against the 1st defendant with no order as to costs.

I so order.

Dated this 24th day of February, 2012.

Hellen Obura

JUDGE

Judgment delivered in chambers at 3.30 pm in the presence of Mr. Ssempala for the plaintiffs.

JUDGE

24/02/2012