

**THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT JINJA**

CIVIL SUIT NO. 097 OF 2013

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**HEWELETT-PACKARD DEVELOPMENT
COMPANY, L.P.....PLAINTIFF**

VERSUS

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**1. CHINA NEW FUTURE COMPANY LTD.
2. UGANDA REVENUE AUTHORITY ::::::::::::::::::::DEFENDANTS**

BEFORE: THE HON. JUSTICE GODFREY NAMUNDI

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JUDGMENT

20 The Plaintiffs' action against the Defendants arises out of actions amounting to infringement of the plaintiffs' Trademark and passing off of the 1st Defendants' goods as goods of the plaintiff, importation of counterfeited goods and unlawful interference with the plaintiffs' right in the mark as the registered proprietor.

25 The 2nd Defendant is sued as a nominal Defendant as a body created by statute.

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The Plaintiff seeks;

- A permanent Injunction restraining the 1st Defendant from using the words/mark HP or HEWLETT PACKARD on any cartridges or other products.
- A permanent Injunction restraining the Defendant from infringing the Plaintiffs' Trademark.
- A permanent Injunction restraining the 1st Defendant from use of the packaging and product set up similar to that used by the Plaintiff.
- An order for the seizure and delivery up by the 1st Defendant to the Plaintiff for destruction of the counterfeit HP Toner Cartridges and other material in their possession relating to the Plaintiffs' Trademarks and get up.
- General, exemplary and aggravated damages for the Plaintiffs' infringement and passing off.
- Costs of the suit.

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The Plaintiffs' prayers are based on the premises that they are the Registered proprietor in Uganda of two Trademarks-numbers 40468 and 40471 "HP Logo" registered in Uganda for goods in classes 02 and 16 Part A but particularly Printers and their cartridges.

5 On the basis of the said registered Trademarks, the Plaintiffs have manufactured and sold and distributed in Uganda the products under the name and Trademarks HP and HEWLETT PACKARD which goods have acquired a reputation and good will for their quality. That the 1st Defendant without the Licence and or consent of the Plaintiff
10 imported into Uganda for sale and distribution cartons of cartridges bearing a mark that so nearly resembles that of the Plaintiff that amounts to infringement of their Trademark and the passing off of the name and Trademark HP or HEWLETT PACKARD. That by the 1st Defendant's actions the members of the public are likely to get confused and therefore buy the Defendant's counterfeited HP Cartridges in the belief that they are buying the Plaintiffs' genuine products.

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The 1st Defendants in their Written Statement of Defence deny the claims by the Plaintiff and state that;

- They never knowingly imported counterfeit HP Cartridges in disregard of the Plaintiff's Trademark.
- 20 - The 1st Defendant imported the said goods from a known source.
- The 1st Defendant were importing the said products for the first time in Uganda and has never distributed products with features that would confuse the buying public.
- The plaintiffs broke the 1st Defendant's container in their absence and unilaterally tampered with its goods which tampering must be responsible for the counterfeit
25 goods.

The 2nd Defendants in their Written Statement of Defence contend that they should be treated as nominal Defendants since they are not party to the dispute.

30 Further in the alternative they explained their role in verification as they are duty bound of goods imported into the country.

In the joint scheduling memo filed by the parties, two issues were agreed upon namely:

- (1) Whether the toner Cartridges imported by the 1st Defendant are counterfeit.
- 35 (2) Remedies available to the parties.

In **Nice House of Plastics Ltd. Vrs. HamiduLubega; HCT Civil suit 695/2006**, a Trademark was described as a word, phrase, symbol or produce feature, or any combination of the above that distinguishes in commerce, the goods or services of its

owner from those of others. It is an indicator of source or where the goods or services came from.

5 Infringement of a Trademark therefore entails manufacture or importation of goods bearing a mark so resembling the Plaintiffs' registered mark that the public would be deceived that these are goods manufactured by the Plaintiff whereas not.

10 On the other hand, counterfeit goods are items or goods altered to make them appear to be brand goods. This includes unauthorized use of Logos or Trademarks by placing them on generic goods.

The Plaintiff has endeavoured to prove the above two aspects of their claim by presenting 3 witnesses in Court.

15 PW1-KAZOORA ROBERT testified that he is a professional Investigator contracted on behalf of Hewlett Packard HP who have Registered Trademarks for their products. The said Registration Certificates were part of the agreed documents in the Scheduling memo.

20 He was contacted by the Customs Department of URA (Uganda Revenue Authority) to advise on purported – Hewlett Packard HP products imported by the Defendant.

25 Having checked a few samples in one of the cartons which had features similar to the genuine products, he realized that the same were different from the authentic HP Security features and labels.

For example, the packaging had spelling errors unlike the genuine product.

30 The labels were different to the trained eye but would look no different from the genuine ones to the gullible and unsuspecting consumer.

This was demonstrated by the display of the genuine labels as compared to those of the Defendant.

35 I must say without the expert guidance, one would be fooled by the labels of the Defendants as being genuine.

A full verification was advised and indeed the whole consignment of the said products were found to have similar, misleading labels and hence the goods were counterfeit.

PW2-OWEN MCLNTYRE is the counterfeit Manager for Hewlett Packard H.P. He was called in to participate in the full verification of the products imported by the Defendant No.1 and supports PW1 that the goods were indeed counterfeit.

5 PW3-EGESA PHILLIP works with the Customs Department. He is one of the Customs officials who discovered that the consignment of goods imported by the 1st Defendant as chemical preparations for photographic use were indeed HP toners. They sought the advice of the HP Expert in Uganda before the goods could be released. This was PW1 who came and on checking some samples found them to be counterfeit.

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On verifying the whole consignment the same results were revealed and a seizure note was accordingly issued that bars counterfeit goods from entering the country.

15 The defence through its one witness HU-ZU-PIN claims this was the first time his company was importing Toner.

That the toner is not counterfeit as they got it from a supplier who assured them that the goods were authentic.

20 That the company should be allowed to re-export the goods if they are not acceptable here.

He on cross examination admitted that his company has no registered Trademark for HP products.

25 Further that their container was opened in their absence raising the possibility of the goods having been tampered with.

30 An evaluation of the foregoing evidence reveals that the Defendants were neither registered Licences of the Plaintiff, neither do they have a registered Trademark for the HP products.

No plausible explanation was forthcoming either in cross examination or evidence in chief by either party how or why the Defendant No.1's labels differed from the genuine products but were similar to the unsuspecting eye.

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It is my finding that the goods imported by the Defendant No.1 infringed on the Plaintiffs' Trademark. Secondly that they were counterfeit.

40 However, no evidence was led, establishing the good will or reputation of the plaintiff's product.

There was also no evidence of circulation of similar imported goods before the interception.

- 5 It is indeed the evidence of the 1st Defendants that this was the first time they were importing HP products.

Paragraph 5 of the Plaintiff accordingly stands unsupported and unproved.

- 10 The final leg of this Judgment is to determine what reliefs the plaintiff is entitled to.

The same are well laid out in the Plaintiff. On the evidence available, I find that prayers (a) – (d) are justified and I accordingly order the said reliefs to the Defendants.

- 15 Prayer (e) for general, exemplary and aggravated damages for the Defendant's infringement and passing of his not been supported by quantifiable evidence.

It has been submitted from the bar that shs.100 million should be awarded in that respect on the basis that shs.50 million was paid in taxes.

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That on that basis, the value of the subject matter was much higher therefore justifying the amount of shs.100 million.

- 25 Damages are intended as compensation for the Plaintiff's loss and not punishment to the Defendant.

I find that the sum of shs.100 million is unjustifiable and instead order a sum of shs.20 million as general damages which shall have interest at Court rate from the date of Judgment until payment in full.

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For avoidance of doubt, apart from allowing the prayers (a) to (d), an order for the seizure and delivery by the 1st Defendant to the Plaintiff for destruction of all the counterfeit HP Toner Cartridges is to issue to be supervised by URA and UNBS.

- 35 Costs of the suit are awarded to the Plaintiffs.

40 **Godfrey Namundi**

Judge
10/01/2014