

**THE REPUBLIC OF UGANDA,
IN THE HIGH COURT OF UGANDA AT KAMPALA
(COMMERCIAL DIVISION)
CIVIL SUIT NO 689 OF 2016**

COLGATE PALMOLIVE COMPANY LTD}PLAINTIFF

VERSUS

SOMBE SUPERMARKET LTD}..... DEFENDANT

BEFORE HON. MR. JUSTICE CHRISTOPHER MADRAMA IZAMA

JUDGMENT

The Plaintiff is described as an American worldwide consumer Products Company engaged in the production, distribution and provisional counsel, healthcare and personal products with its head office at 300 Park Avenue New York City, New York, United States of America. On the other hand the defendant is a private limited liability company incorporated in Uganda trading under the name and style of Sombe Supermarkets with distribution outlets in Mukono, Mbale and Lugazi towns in Uganda. The plaintiffs claim is for a permanent injunction to restrain the defendant whether acting through its directors, officers or summons, engines or otherwise howsoever from the infringing the plaintiffs registered mark, passing of toothbrushes bearing the mark "Colage Double Action" or any other colourable imitation as toothbrushes of the plaintiff which bear the mark Colgate Double Action. It is for an order to deliver up for destruction of infringing toothbrushes in the possession of the defendant, general damages, punitive damages and costs of the suit and interest from the date of judgement till payment in full and alternatively for an account of profits.

According to the affidavit of Kabayiza Brian Richard, an advocate of the High Court of Uganda and a partner with the Kabayiza Kavuma Mugerwa and Ali advocates, 13th September, 2016 received a copy of summons to file a defence, a copy of the plaint and a copy of an application for a temporary injunction for service upon the defendant. On 20th September, 2016 he went to the defendant's premises at Mukono and served a manager of the supermarket Mr Nuhu Namunyali who received court process according to a copy of the acknowledgement attached to the affidavit having the stamp of the defendant.

On 19th October, 2016 the registrar of this court entered interlocutory judgment against the defendant in default of having filed a defence under Order 9 rule 8 of the Civil Procedure Rules and fixed this suit for formal proof.

The plaintiff called two witnesses who also filed witness statements. The first witness PW1 Mr Jackson Ronald Lutunda is a Compliance Enforcement Officer of Uganda Registration Services Bureau and an Inspector of Trademarks who went and inspected the defendant's premises and recovered some infringing materials pursuant to a court order made under section 79 of The Trademarks Act 2010 to seize the infringing materials as evidence. The second witness is Mr Edward Lubega PW2 the Customer Development Executive Uganda of Colgate – Palmolive Company. Counsel Siraje Ali represented the plaintiff and the proceedings and after the testimony addressed the court in written submissions. The facts of the suit are sufficiently stated in the written submissions of counsel.

The gist of the submissions are that the plaintiff in addition to filing a suit against the defendant filed an application for an Anton pillar order for the inspection of or removal from the defendant's premises or control, the right infringing toothbrushes, which constitute evidence of infringement and passing off by the defendant which order was obtained and on 20th September, 2016. An inspection of the defendant's premises was made by Mr Jackson Ronald Lutunda, an Inspector of Trademarks in the presence of other officers and representatives of the defendants as well as policemen attached to Mbale Police Station. Thirty dozen and five pieces of the right infringing toothbrushes were found on the shelves and were removed and kept by the Uganda Registration Services Bureau at their offices at Georgian House on George Street, Kampala as recommended by the Inspector of Trademarks.

A separate inspection was carried out at the defendant's branch at Mukono by Mr Draku G William, an inspector of trademarks in the presence of Counsel Kabayiza Brian a representative of the plaintiff and also a representative of the defendant and policemen attached to Mukono police station. None of the right infringing toothbrushes were found in the defendant supermarket in Mukono. The defendant having failed to file a written statement of defence the matter proceeded for formal proof.

Issues for resolution:

1. Whether the defendant has infringed the plaintiffs "Colgate double action" trademark by offering for sale toothbrushes bearing the Mark "Colage double action"?
2. Whether the defendants act of offering for sale toothbrushes bearing the Mark "Colage double action" constitutes passing off of the plaintiffs toothbrushes which bear the Mark "Colgate double action"?
3. Remedies

Whether the defendant has infringed the plaintiffs "Colgate double action" trademark by offering for sale toothbrushes bearing the Mark "Colage double action"?

The plaintiff's counsel relies on the registration of the plaintiffs Mark "Colgate Double Action" and "Double Action" attached to the written testimony of PW1 Mr Jackson Ronald. He further relies on section 36 of the Trademarks Act for the legal proposition that registration gives the plaintiff exclusive right of use in the trademark in relation to the goods mentioned. The right conferred by the section shall be taken to have been infringed by a person, or not being the owner of the trademark where registered user of a trademark, uses a Mark identical with or so nearly resembling the registered mark as is likely to deceive or cause confusion in the course of trade in relation to any goods of the same description where the use would result in a likelihood of confusion in such a manner as to mistake it for the Mark which is the registered in relation to the goods. He contended that the plaintiff is entitled to the exclusive use of the trademark described above. From the evidence which include still pictures, videos and samples of the right infringing toothbrushes removed from the defendant supermarket shelf at Mbale, it is clearly demonstrated that the defendant is offering for sale toothbrushes bearing the Mark " Colage Double Action" which Mark is also sought identical with "Colgate double action" as to be likely to deceive or cause confusion in the course of trade. The plaintiff's counsel further submitted that the act of offering for sale toothbrushes bearing the said Mark is a clear case of infringement of the plaintiff's rights in respect of the said trademark. He prayed that the first issue is answered in the affirmative.

Whether the defendants act of offering for sale toothbrushes bearing the Mark "Colage double action" constitutes passing off of the plaintiffs toothbrushes which bear the Mark "Colgate double action"?

The plaintiff's counsel relied on the principles of law of passing off as quoted in the case of Supa Brite vs. Pakad Enterprises Ltd [2001] two EA 563 where the Court of Appeal of Kenya quoted with approval the case of Reckitt and Colman Products Ltd versus Borden Inc and others [1990] 1 WLR 59. One the plaintiff needs to prove is that he had acquired a reputation or good will connected with the goods or services supplied and such goods or services were known to the buyers by some distinctive get up or feature; that the defendant had, whether or not intentionally made misrepresentation to the public leading them to believe that the defendants goods or services were the plaintiffs' and; that the plaintiff suffered damages because of the erroneous belief engendered by the defendants misrepresentation, and that all the three elements were questions of fact.

Counsel submitted that the undisputed long and continuous and extensive use with a high-quality of standards maintained by the plaintiff in its trademark had acquired a distinct and distinguished reputation so much that it is now one of the world's most recognised brands. Secondly, the word "Colgate" also constitutes an integral and dominant part of the plaintiff's corporate name and trading style. The trademark "Colgate" has become distinctive of the plaintiff's business and products and is entrenched in the minds of the public, including the Ugandan population at large, all of whom instantly and unhesitatingly associate the mark with the products and business of the
Decision of Hon. Mr. Justice Christopher Madrama Izama *^*~ *&*\$#\$# xtra+
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plaintiff. Furthermore on account of long and continuous use coupled with extensive sales all around the world, the plaintiff's products and trademarks have acquired tremendous reputation and goodwill amongst consumers all over the world. The well-known character of the plaintiff's trademarks is reflected from the plaintiff's worldwide sales in 2015 which resulted in revenues of US\$16.034 billion and a net income of US\$1.384 billion.

Counsel submitted further that it is not disputed that the defendant intentionally made misrepresentations to the public leading them to believe that the defendant's goods were the plaintiffs. The still photos and video of the defendant supermarket shelf at Mbale clearly demonstrate that the defendant's intention was to mislead the public into believing that the defendant's goods were those of the plaintiff. The manner in which the defendant arranged the plaintiff's toothbrushes side by side with the infringing materials is the evidence. In the case of *Haria Industries versus PJ Products Ltd* [1970] one EA 367 sir Charles Newbold, president of the East African court of appeal at Nairobi observed that the test in determining whether or not the defendant would upon the market and article which would be likely to deceive is whether an average customer, without any pre-size the collection of the article that he wants but acting with reasonable care, would, if he sold the applicant complained of, be likely to be confused.

Counsel submitted that in the instant case the two toothbrushes if placed side-by-side would be almost difficult to tell apart. Lastly he submitted that the plaintiff suffered damages because consumers wishing to buy its toothbrushes have been misled into buying toothbrushes of the defendant thereby causing loss to the plaintiff. The toothbrushes sold by the defendant constitute loss to the plaintiff.

Judgment

I have carefully considered the plaintiff's suit as disclosed in the plaint, the evidence adduced in support of the plaint as well as the submissions of counsel and the authorities cited.

The matter proceeded in default of a written statement of defence by the defendant and an interlocutory judgement was entered by the registrar on 19th October, 2016 upon the registrar being satisfied that the defendant was duly served and failed to file a defence within 15 days notified in the summons to file a defence. Accordingly the matter was fixed for formal proof. Prior to the formal proof proceedings the plaintiff applied in Miscellaneous Application No. 902 of 2016 for an ex parte order under section 79 (2) of The Trademarks Act 2010 and section 86 (1) the Trademarks Act to authorise the plaintiff to enter the respondent's premises for purposes of inspection and seizure of the infringing materials as evidence. The order was issued on 15 September 2016. In the ruling I noted that the exercise of the power upon an ex parte application should be restricted to the inspection of or removal from the infringing person's premises or control of the right infringing materials only and not to grant an injunction that is wider than that. This would enable the respondent, if it sustains any damages to claim against the applicant when

the matter comes for consideration after hearing the defendant/respondent on the ground that the order occasioned loss without justification. I noted that it was a risk that an applicant for an interim order made ex parte would take and therefore such an applicant undertakes to indemnify the respondent in case they lose the case. The second order sought was to suspend the release by customs authorities of the infringing materials which could be under customs control pursuant to section 86 of the Trademarks Act, 2010. Lastly to ensure that the applicant/plaintiff did not get rid of the potential rival's property, the inspection and seizure of the infringing materials were done with the participation of and in the presence of Inspectors of Trademarks appointed by the Board under section 82 of the Trademarks Act 2010. Evidence by way of photos and video were supposed to be taken during the exercise.

The plaintiff called two witnesses namely; PW1 the Inspector of Trademarks Mr. Jackson Ronald Lutunda who participated in the exercise of inspecting the defendants premises for the infringing goods and PW2 Mr. Edward Lubega the Customer Development Executive of the Plaintiff for Uganda. The two issues considered are:

1. Whether the defendant has infringed the plaintiffs "Colgate double action" trademark by offering for sale toothbrushes bearing the Mark "Colage double action"?
2. Whether the defendants act of offering for sale toothbrushes bearing the Mark "Colage double action" constitutes passing off of the plaintiffs toothbrushes which bear the Mark "Colgate double action"?

Whether the defendant has infringed the plaintiffs "Colgate double action" trademark by offering for sale toothbrushes bearing the Mark "Colage double action"?

I have carefully considered the plaintiffs action together with evidence. The first issue deals with the offering for sale of toothbrushes bearing the Mark "Colage Double Action".

The plaintiff is the registered owner of the trademark "DOUBLE ACTION" in part "A" of the register in the name COLGATE-PALMOLIVE COMPANY in class 21 number 49593 as of March 28, 2014 in respect of toothbrushes. The registration is for seven years from the date of registration. The plaintiff is also registered in part "A" of the register in the names Colgate-Palmolive company in class 21 and number 49594 as of March 28, 2014 in respect of toothbrushes for the Mark "COLGATE DOUBLE ACTION" as of March 28, 2014. The registration is for seven years and may be renewed.

On the other hand the defendant is a business dealing in the retail sale of commodities to consumers.

PW1 Mr Jackson Ronald Lutunda is an employee of the Uganda registration services bureau as a compliance and enforcement officer. On 2nd August, 2016 he was appointed as the Trademarks

Inspector under section 82 of the Trademarks Act 2010. Following the order of this court on 15th September, 2016, he testified that the order directed the inspectors to take evidence by way of still photos and video evidence which order was served on the registrar of trademarks on 16th September 2016. They carried out a search at the trademarks registry to conform the registration of Colgate-Palmolive company as the proprietor of the "Colgate" Mark and obtained certified copies of registration confirming the registration which I have set out above. On 20th September, 2016 in compliance with a court order the inspected the respondent's premises in Mbale in the presence of representatives of the defendant Mr Akabwai Erasmus and a policeman attached to Mbale Police Station. They found thirty dozens of right infringing toothbrushes on the shelves and remove them and kept them in the custody of the Inspector of trademarks at the Uganda Registration Services Bureau Offices at Georgiana House on George Street, Kampala. They also went to the defendants witnesses in Mukono but found no infringing goods. PW1 played a video and showed still photos of the infringing materials which are toothbrushes which cannot be distinguished from the Colgate toothbrushes both in appearance in all respects and **in the colours**. Everything is alike save for the word "Colage" instead of Colgate. The goods had been displayed side-by-side with the Colgate toothbrushes and could not be distinguished from each other.

PW2 Mr Edward Lubega testified that upon inspection they found that the defendant was selling counterfeit toothbrushes bearing the Mark "Colage double action" in the same shelves as the "quality double action" toothbrushes in both its supermarkets at Mukono and Mbale. He further testified that according to his inspection the getup of the counterfeit " Colage double action" toothbrush being sold by the defendant at the supermarkets was too similar with the get up of the genuine Colgate Double Action toothbrush as to confuse customers intending to purchase the Colgate double action toothbrush. He produced in evidence photos of the toothbrushes in their pockets side-by-side and I am satisfied that his observation is accurate. The toothbrush as part is exactly the same and also in the markings in all respects save for the word "colage". All the letters written in the same colours and the two cannot be distinguished from each other except by close scrutiny when one will discover the different spelling of the word "Colgate" as counterfeited by the word "Colage".

He testified that most customers who bought the counterfeit product did so in the honest belief that they were buying the "Colgate double action toothbrush". He also established a drop in the sales of the "Colgate double action" toothbrushes as a direct result of sale by the defendant of the counterfeit "Colage double action" toothbrushes. He further testified that the plaintiff suffered a loss for every counterfeit toothbrush sold in the market because it was made at the expense of the genuine "Colgate double action" toothbrush.

The plaintiff's action was not contested by the defendants. They simply filed no defence. I agree with the Inspector of trademarks that the two toothbrushes look alike in all material respects and is likely to confuse customers of Colgate-Palmolive.

*Decision of Hon. Mr. Justice Christopher Madrama Izama *^*~ *&*\$\$#\$ xtra+ maximum735securityx 2017 style*

Section 36 (1) of the Trademarks Act 2010 provides that the registration of a person in part "A" of the register as owner of a trademark other than the certification mark in respect of any goods shall, if valid, give or be taken to have given to that person and the exclusive right to the use of the trademark information".

The rights conferred by registration under section 36 (1) of the Trademarks Act is taken to be infringed according to section 36 (2) of the Trademarks Act, 2010, by a person who uses without permission of the registered owner a matter identical with or so nearly resembling eight acts is likely to deceive or cause confusion in the course of trade in relation to any goods of the same description. Section 36 (2) of the Trademarks Act, 2010 provides as follows:

“36. Rights given by registration of goods in Part A and infringement.

(1) Subject to sections 41 and 24, the registration before or after the commencement of this Act, of a person in Part A of the register as owner of a trademark other than a certification mark in respect of any goods shall, if valid, give or be taken to have given to that person the exclusive right to the use of the trademark in relation to those goods.

(2) Without prejudice to the general effect of subsection (1), the right conferred by that subsection shall be taken to be infringed by a person who, not being the owner of the trademark or a registered user of the trademark uses by way of permitted use, a mark identical with or so nearly resembling it, as to be likely to deceive or cause confusion in the course of trade in relation to any goods of the same description where the use would result in a likelihood of confusion and in such a manner as to render the use of the mark likely to be taken—

(a) as a trademark relating to goods; or

(b) in a case in which the use of the goods or in physical relation to the goods or in any publishing circular or other publication issued to the public, as importing a reference to some person having the right as owner or as registered user of the trademark or to goods with which that person is connected in the course of trade.”

The section specifically requires proof on the balance of probabilities that the infringing mark is ‘identical with’ or so ‘nearly resembling it’, ‘as to be likely to deceive or cause confusion in the course of trade in relation to any goods of the same description where the use would result in a likelihood of confusion and in such a manner as to render the use of the mark likely to be taken as a trademark relating to goods’.

It is my finding that the infringing mark which is used through the act of the defendant in the marketing of goods of the same description namely "toothbrushes" is identical with the plaintiffs Mark. In the very least it is so nearly resembling that it is likely to cause confusion in the course

of trade in relation to goods of the same description. The resemblance is not only in the words "Colgate double action" or "Colage double action" it is also in the getup. Both marks are in the use in relation to toothbrushes. Section 36 (2) forbids the use of the mark by way of use of a mark that is identical or nearly resembles the registered owners mark as likely to cause confusion. By selling the product the defendant was infringing the registered owners mark by selling goods which have identical marks or which so nearly resembles the plaintiff's registered mark as to cause confusion that the goods sold are that of the plaintiff. Secondly by displaying the goods on the shelve the defendant infringed the plaintiffs right to exclusive use of its trademark in "Colgate Double Action" by offering for sale toothbrushes bearing the Mark" Colage double action. In the premises issue number one is answered in the affirmative.

Issue Number 2:

Whether the defendants act of offering for sale toothbrushes bearing the Mark "Colage double action" constitutes passing off of the plaintiffs toothbrushes which bear the Mark "Colgate double action"?

I have considered the evidence as written above and the definition of passing off. Section 35 of the Trademarks Act preserves the common law cause of action of "passing off" and the remedies in respect thereof and it provides as follows:

"35. Passing off

Nothing in this Act shall be taken to affect a right of action against a person for passing off goods or services as the goods or services of another or the remedies in respect of the right of action."

The right of action by a plain reading of the section is the right of action of a rights owner of a trademark suing another person for passing off goods and services as the goods and services of the rights owner. Passing off has a statutory definition under section 1 (1) of the Trademarks Act, 2010 which defines it in the following words:

"“passing off” means falsely representing one’s own product as that of another in an attempt to deceive potential buyers”

By this definition there is an attempt by another person to pass of their product as that of another in an attempt to deceive potential buyers. I have found the phrase “representing one’s own product” problematic. What if the trader who sells the product is a buyer from the person who actually counterfeited the product to resemble that of the person who has the exclusive right thereof? Is the trader liable without proof of who packaged or imitated the trademark if another person in packaging the product? Passing off was discussed in **Reckitt and Colman Products**

Ltd v Borden Inc and others [1990] 1 All ER 873 by **Lord Jauncey of Tullichettle** in similar terms like that under section 1 (1) of the Ugandan Trademarks Act, Act 17 of 2010. He said:

“That a man is not to sell his own goods under the pretence that they are the goods of another man and accordingly, a misrepresentation achieving such a result is actionable because it constitutes an invasion of proprietary rights vested in the plaintiff”.

He summarised the essence of the cause of action that the plaintiff has to prove in addition to the quote to include; that the misrepresentation of the product has deceived or is likely to deceive. The plaintiff is likely to suffer damages from such deception. The right protected in a passing action is the business or goodwill injured by the misrepresentation. **Lord Jauncey of Tullichettle** cited with approval the judgment of Lord Diplock in **Erven Warnink BV vs. J Townend & Sons (Hull) Ltd [1979] 2 All ER 927 at 932–933** which gives five essential ingredients of a passing off action namely: There has to be a misrepresentation. Secondly, the misrepresentation is made by a trader in the course of trade. Thirdly, it is made to prospective customers of his or ultimate consumers of goods or services supplied by the trader. Fourthly the misrepresentation is calculated to injure the business or goodwill of another trade or as a reasonably foreseeable consequence and fifthly it causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so. The plaintiff of course has to prove that his or her goods have acquired a reputation in the market and are known by some distinguishing feature. **Lord Jauncey of Tullichettle** further held that:

“the proprietary right which is protected by the action is in the goodwill rather than in the get-up distinguishes the protection afforded by the common law to a trader from that afforded by statute to the registered holder of a trade mark who enjoys a permanent monopoly therein.”

Furthermore, passing off requires evidence of actual sale of goods as that of the plaintiff. The tort is in the goods rather than in the mark.

That conclusion is consistent with the Ugandan statutory definition which emphasises that the action is in the act of “passing off one’s product” as that of another with the intention to deceive. My conclusion is that the use of the phrase “one’s product” is wide enough to include a trader who buys goods from another source with the intention of passing off the goods as that of another whose goods have acquired a distinct reputation. The trader’s intention may be to capitalise on that reputation though it may not have to be for profit. It can be used to dilute or bring into disrepute a product which has acquired a distinct reputation. In the premises even if the defendant imported the goods, the evidence is that in the defendants Mbale Supermarket, the goods were displayed in such a way as to mislead customers or potential customers into buying it as the product of the plaintiff. Furthermore, close resemblance between marks prima facie prove the cause of action of ‘passing off’ the goods as that of another whose mark has been imitated.

*Decision of Hon. Mr. Justice Christopher Madrama Izama *^*~ *&*\$\$# xtra+ maximum735securityx 2017 style*

I have considered the evidence on the ingredient of whether the goods were passed off. PW1 did not have any evidence of sale of the products. He did not adduce any records of sales. He was only able to prove the close resemblance or the identical features of the two products namely Colage Double Action toothbrushes and the Colgate Double Action toothbrushes. The two items are identical. The inspectors seized 30 dozens and 5 pieces of the right infringing toothbrushes and demonstrated how they were displayed on the defendant's shelves. I watched the video and examined the still photos.

PW2 on the other hand testified about the average sales the plaintiff used to make in each of the defendants supermarkets and he testified that the sales went down from 70 dozen per month of the product. He testified that there was a big drop in sales attributable to the introduction of Colage Double Action in the defendant's supermarkets. He testified that they stopped supplying the defendant with the colgate double action toothbrushes and thereafter the defendant kept selling colage double action toothbrushes.

While the evidence is general and credible, no attempts were made to adduce the testimony of customers or records of sales. The plaintiff's action on passing off hangs on the close resemblance and presumptions. In terms of sections 35 and 1 (1) of the Trademarks Act, the statutory ingredients have been proved. In terms of the definition under section 1 (1) there was: "falsely representing one's own product as that of another in an attempt to deceive potential buyers." The goods were displayed in such a manner as to make them indistinguishable from that of the plaintiff. Secondly, the goods are identical or in the least closely resemble as to be indistinguishable. Thirdly the plaintiff proved that its sales were affected by going down. Last but not least the plaintiff's claim was not disputed by a defence and the presumption of law is that what the plaintiff averred in the plaint is not rebutted and therefore admitted. It was averred that the defendant was selling and supplying toothbrushes in Mukono, Mbale and Lugazi using the infringing labels. Order 8 rule 3 of the Civil Procedure Rules provides that every averment of fact not rebutted is deemed to be admitted in the following words:

"Every allegation of fact in the plaint, if not denied specifically or by necessary implication, or stated to be not admitted in the pleading of the opposite party, shall be deemed taken to be admitted, except a against a person under disability; but the court may in its discretion require such facts so admitted to be proved otherwise than by such admission."

The provision restates the rule of evidence found in Section 57 of the Evidence Act which provides that:

57. Facts admitted need not be proved.

No fact need be proved in any proceeding which the parties to the proceeding or their agents agree to admit at the hearing, or which, before the hearing, they agree to admit by

any writing under their hands, or which by any rule of pleading in force at the time they are deemed to have admitted by their pleadings; except that the court may, in its discretion, require the facts admitted to be proved otherwise than by such admissions.”

A fact deemed to be admitted by any rule of pleading need not be proved unless the court otherwise deems at its discretion that it should. In the premises and taking into account the evidence summarised above, the plaintiff’s assertion that the defendant passed off its goods as that of the plaintiff is undisputed and proved and therefore issue number 2 is answered in the affirmative.

Remedies:

The plaintiff's counsel relied on the evidence of PW2 on the effect of the passing off to the sale of the plaintiffs "Colgate double action" toothbrushes declining as a consequence of the counterfeit “Colage double action" toothbrushes of the defendant. Furthermore PW2 testified that the plaintiff used to supply each of the defendants supermarkets with 70 dozens of the Colgate double action toothbrushes and in paragraph 13 he testified that the defendant sold the counterfeit toothbrushes at Uganda shillings 24,000/= each or per dozen. The defendant made sales worth Uganda shillings 26,880,000/= between February to September 2016. He proposed a sum of Uganda shillings 26,880,000/= as general damages for passing off.

Counsel further prayed for general damages for infringement of trademark. He submitted that the defendant was motivated by the need to make profit at the expense of the plaintiff and the damage that the plaintiff’s trade Mark may have suffered as a result of the use of the mark by the defendant and other related factors. He proposed Uganda shillings 20,000,000/= as general damages for infringement of the plaintiffs trade Mark.

With regard to passing off, the plaintiff's counsel further prayed for punitive damages. He relied on the case of **Haria Industries versus PJ Products Ltd (1970) 1 EA 367**. He submitted that where an award of general damages considers *restitutio in integrum* or compensation for the loss suffered; in the above case it was held that the rule for *restitutio in integrum* has two exceptions. The plaintiff may become entitled to pecuniary damages in excess of the actual amount that is suffered where the action complained of was committed deliberately with a view to making a profit out of the action. In that case it was held that the nature of the "get up" chosen by the defendant was chosen deliberately with a view to commit a wrong in order to benefit. In that case in addition to the compensatory damages, the court may add an element to show its displeasure of the act of the defendant. Under this heading counsel proposed that damages of Uganda Shillings 50,000,000/=.

Counsel further prayed for an order for delivery for destruction of all the infringing toothbrushes found in possession of the defendant.

Lastly the plaintiff seeks for costs of the suit and interest from the date of judgment on the other awards till payment in full.

I have carefully considered the submissions of the defendants counsel and I agree that where there has been infringement, the plaintiff whose trademark has been infringed is entitled to compensation on the principles of *restitutio in integrum*.

I do not however agree that the plaintiff can claim under the same heading of *restitutio in integrum* for infringement of trademark as well as for passing off. The basis for compensation in terms of *restitutio in integrum* is the same. This is an understanding that the plaintiff suffered loss as a consequence of the passing off and the infringement of a trademark. I must add that there is no evidence that the defendant was responsible for manufacturing or counterfeiting the plaintiff's products. Evidence merely shows that the defendant was selling goods which infringe the plaintiff's trade Mark "Colgate double action". Damages would flow naturally from the act of offering for sale and selling the right infringing goods to members of the public.

I also noted that the evidence adduced by the plaintiff was inadequate on the question of actual sales achieved by the defendant which conversely would prove the loss to the plaintiff on the premises that customers are deemed to have intended to buy the plaintiff's "Colgate double action" but instead erroneously or mistakenly bought what the defendant put up for sale in the names of "Colgate double action". In the case of **Attorney General versus Blake [2000] UK HL 45 [UK]** cited in **The Enforcement of Intellectual Property Rights: A Case Book LTC Harms 2nd Edition 2012 at page 436** it was held that just like breaches of contract or tort, the general principle regarding assessment of damages is that they are compensatory for loss or injury. The general rule is that the measure of damages is to be, as far as possible, the amount of money which will put the injured party in the same position he would have been in had he not sustained the wrong. In the case of **Tommy Hilfiger v McGarry & Others [2008] IESC 36** cited in **The Enforcement of Intellectual Property Rights: A Case Book LTC Harms 3rd Edition 2012 at page 438** while agreeing that the basic principle for assessment of damages is *restitutio in integrum*, it was held that the assessment of damages for infringement and passing off follow the same lines and both claims are frequently taken together with a single award being made. The plaintiff need not show damage and the law presumes that any interference with goodwill by infringement or passing off will result in damage. Restating damage by way of loss of profits may be caused by diversion of customers to the defendant. This requires evidence that the sales achieved by the defendant would necessarily have been obtained by the plaintiff.

I have considered the testimony of Edward Lubega, the East African Business Custom Development Executive in Uganda who testified as PW2. In paragraph 5 of his written testimony, he testified that the plaintiff used to make monthly sales of 70 dozens of the toothbrushes to each of the defendant's supermarkets branches at Mukono and Mbale. In February 2016 they noticed a drop in sales of the said toothbrushes in the branches of the

*Decision of Hon. Mr. Justice Christopher Madrama Izama *^*~ *&*\$\$\$# xtra+ maximum735securityx 2017 style*

defendants supermarkets quoted above. They established through investigations that the defendant was selling counterfeit toothbrushes bearing the Mark "Colgate Double Action" in the same shelves as "Colgate Double Action". They further established that customers bought the counterfeited toothbrushes in the honest belief that they were buying the plaintiffs Colgate double action toothbrushes. He established a drop in sales as a direct result by the counterfeit toothbrushes. They stopped supplying the defendant's Colgate double action toothbrushes in April 2016. The counterfeit was being sold at Uganda shillings 24,000/= per dozen.

The plaintiffs witness did not adduce in evidence the extent of the damage and the evidence is clear that the plaintiff's products were still being displayed at the Mbale and Mukono supermarkets of the defendant. In fact no counterfeit product was found in Mukono supermarket. The products were only seized in Mbale supermarket.

Finally in the case of **ARO MFG Co v CONVERTIBLE TOP REPLACEMENT CO. 377 U.S. 466 [US Supreme Court]** it was held that damages constitutes the difference between the plaintiffs pecuniary condition after the infringement and what the condition would have been if the infringement had not occurred. The question to be asked in determining damages is how much had the patent holder and licensee suffered by the infringement. Had there been no infringement what would have the license holder made? This principle is repeated in **General Tire and Rubber Company versus Firestone Tire and Rubber Company Ltd [1976] RPC 197 (HL)** the general rule is that the measure of damages is to be so far as possible the sum of money which would put the injured party in the same position as he would have been in if he had not sustained the wrong.

While the above two cases deal with patents, the principles for the award of damages is the same and evidence needs to be adduced to support the loss of profits on account of the infringement. Doing the best I can, because the plaintiffs suit is uncontested an award of Uganda shillings 20,000,000/= would be reasonable in the circumstances for both heads of damage namely passing off of the defendant's goods as that of the plaintiff as well as the infringement of the plaintiffs trademark. The plaintiff is awarded general damages of Uganda shillings 20,000,000/=.

Claim for punitive damages;

I agree that this court has jurisdiction to enforce the Trademarks Act by way of raising awareness about the seriousness of trademark infringement. I further agree that the defendant displayed the counterfeit goods in such a way as leads to the conclusion that it was calculated to deceive innocent customers that the counterfeit goods were the goods of the plaintiff. Punitive damages were prayed for in the plaint. The word punitive may mean exemplary damages or damages to punish or deter. According to the Oxford **A Dictionary of Law Fifth Edition Edited by Elizabeth A. Martin** punitive damages are exemplary or vindictive damages given to punish the defendant:

*Decision of Hon. Mr. Justice Christopher Madrama Izama *^*~ *&*\$\$# xtra+ maximum735securityx 2017 style*

“Exemplary damages (punitive damages, vindictive damages) Damages given to punish the defendant rather than (or as well as) to compensate the claimant for harm done. Such damages are exceptional in tort, since the general rule is that damages are given only to compensate for loss caused. They can be awarded in some tort actions: (1) when expressly authorized by statute; (2) to punish oppressive, arbitrary, or unconstitutional acts by government servants; (3) when the defendant has deliberately calculated that the profits to be made out of committing a tort (e.g. by publishing a defamatory book) may exceed the damages at risk. In such cases, exemplary damages are given to prove that "tort does not pay". Exemplary damages cannot be given for breach of contract.”

In this case the defendant deliberately calculated to make profit by committing the tort of passing off “Colage Double Action” toothbrushes as “Colgate Double Action Toothbrushes.

According to **Halsbury’s Laws of England, 4th Edition Volume 12 (1) Paragraph 811** ‘exemplary damages’ are punitive and not intended to compensate the plaintiff for any loss, but rather to punish the defendant. In **Rooks v Barnard [1964] AC 1129** the House of Lords per Lord Devlin held that:

"English law recognised the awarding of exemplary damages, that is, damages whose object was to punish or deter and which were distinct from aggravating damages.”

The House of Lords decision in Rooks vs. Barnard was cited with approval by the East African Court in **Obongo & Another vs. Municipal Council of Kisumu [1971] EA 91** by Spry and is good law in Uganda.

Taking into account the attempt to deliberately pass off goods as that of the plaintiff and as held, I award exemplary damages. The Plaintiff is awarded a sum of Uganda shillings 30,000,000/= as exemplary damages.

The above sums carry interest at 17% from the date of judgment till payment in full.

Costs follow the event and the Plaintiff is awarded costs of the suit

Judgment delivered in open court on the 10th of February 2017

Christopher Madrama Izama

Judge

Judgment delivered in the presence of:

Lou Jarvis holding brief for Siraje Ali Counsel for the Plaintiff

*Decision of Hon. Mr. Justice Christopher Madrama Izama *^*~ *&*\$\$# xtra+ maximum735securityx 2017 style*

No person for the Defendant

Charles Okuni: Court Clerk

Julian T. Nabaasa: Research Officer Legal

Christopher Madrama Izama

Judge

10th February 2017