



THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA AT KAMPALA

(COMMERCIAL COURT DIVISION)

CIVIL SUIT NO. 691 OF 2016

COLGATE-PALMOLIVE COMPANY LTD ===== PLAINTIFF

VERSUS

1. BY HIS STRIPES WE ARE HEALED LTD

2. MWESIGYE DICKENS SATURDAY ===== DEFENDANTS

BEFORE HON. MR. JUSTICE RICHARD WABWIRE WEJULI

JUDGMENT

The Plaintiff filed this suit seeking remedies for the infringement of its registered trademark and for passing off by the defendants. The defendants are said to have been selling or offering for sale, at all material times, counterfeit toothpaste products bearing the trademarks and packaging of toothpaste manufactured and sold by the Plaintiff.

As described in their unsigned and undated plaint filed in Court on 13th September 2016, the Plaintiff is an American worldwide consumer products company engaged in the production, distribution and provision of household healthcare and personal products under the brand and trademarks of Colgate which include Colgate Herbal and Colgate Maximum Cavity Protection toothpaste in various sizes under the trademark '*Colgate*'.

The first defendant is a private limited liability company incorporated in Uganda, trading under the same name with a distribution outlet at Jambo Arcade Shop No. 8C-9C Kikuubo lane where they offer for sale, among others, counterfeit toothpaste bearing the Plaintiff's trademark. The second defendant is the sole shareholder and director of the first defendant. The two are sued jointly and severally for infringement of the Plaintiff's trademark and passing off arising from alleged actions by the defendants of distributing large quantities of the said counterfeit toothpaste all over the country, more specifically in the districts of Mukono, Lugazi, Kayunga, Jinja, Iganga, Mbale, Soroti, Lira and Gulu using the second defendant's vehicle.

The Plaintiff avers that it has suffered irreparable loss and injury due to the infringement of its proprietary rights by the defendant's acts of selling the said counterfeit toothpaste and thus seek the following remedies:

- i. A permanent injunction restraining the defendants from infringing the Plaintiff's trademark
- ii. General damages
- iii. Punitive damages
- iv. Interest
- v. Costs of the suit

The defendant filed a written statement of defence on 14th October 2016 denying all the Plaintiff's allegations of infringement of trademark and passing off.

However, when the suit came up for hearing, the defendants did not turn up. Whereupon the Plaintiff's advocates, Kabayiza, Kavuma, Mugerwa & Ali (KMA) Advocates, sought and were granted leave to take out and serve a Hearing Notice through substituted service. The Defendants never turned up despite having been served by substituted service.

The suit proceeded ex-parte and the Plaintiff produced two witnesses namely Mr. Edward Lubega, the Plaintiff's Customer Development Executive and Mr. Paul Bwambale, a private investigator with Scorpion Investigations Limited who conducted the investigation of

the allegations of infringement of Plaintiff's trademark, both of whom had witness statements on record.

The Plaintiff filed written submissions in Court on 20th March 2020 and the Defendants never filed any submissions.

The issues raised for resolution by Court include:

- i. Whether the defendant's actions amount to an infringement of the Plaintiff's registered trademarks.
- ii. Whether the defendant's actions amount to passing off of the defendant's toothpaste as the Plaintiff's.
- iii. Whether the Plaintiff is entitled to the remedies prayed for in the plaint.

Issue 1

Whether the defendant's actions amount to an infringement of the Plaintiff's registered trademarks.

Counsel for the Plaintiff submitted that the Plaintiff is the registered owner and proprietor of Trademark No. 22798 consisting of the words '**Colgate**' registered in Part A in class 03 schedule III of the Trademarks Rules in respect of toothpaste and mouthwash. The Plaintiff's counsel pointed to the evidence of PW1 Edward Lubega which contained the application and certificate of registration as well as the certificate of renewal to prove the ownership and registration of the trademark.

Counsel for the Plaintiff further submitted that according to **section 36 (1)** of the **Trademarks Act, 2010** which grants exclusive right to the use of trademark information to the registered owner of a trademark, it is clear that the defendants infringed the Plaintiff's trademark by selling counterfeit Colgate Herbal and Colgate Maximum Cavity Protection toothpaste.

The evidence of PW2 Bwambale Paul was cited to further prove the issue of infringement by the defendants through their acts of supplying and selling counterfeit products to the market and consumers, using the get-up of the genuine toothpaste manufactured by the Plaintiff.

Some samples and images of the genuine and counterfeit toothpaste get-up were tendered and admitted in Court marked P9, P10, P11 & P12.

Counsel submitted that according to **section 36(2)** of the **Trademarks Act, 2010**, infringement is committed on the registered owner's exclusive right to use their trademark when a person such as the defendants, who without permission of the registered owner uses a matter identical with or so nearly resembling the registered trademark likely to deceive or lead to confusion in the course of trade in relation to goods of the same description.

To buttress his point, counsel cited the case of ***Colgate Palmolive Co. Ltd vs Sombe Supermarket, Civil Suit No. 689 of 2016***, where **Justice Madrama, J** (as he then was) held that:

“By selling the product, the defendant was infringing the registered owner's 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.”

He prayed that in view of the facts and applicable law, this Court answers issue one in the affirmative.

On the other hand, the first and second defendants in their Written Statement of Defence only admit to the identity of the parties as already described but deny dealing, trading in, manufacturing or importing Colgate products. They aver that they only run a general merchandise business which has nothing to do with the Plaintiff's products. The defendants pray for dismissal of the Plaintiff's suit with costs.

Resolution

Paragraph 5 (b) of the plaint states that the Plaintiff is and was at all material times the registered proprietor of the Republic of Uganda registered trademark No. 22798 consisting of the words **'Colgate'** registered in part A in class 03 schedule III of the Trademarks Rules in respect of toothpaste and mouthwash.

Copies of the application for registration, certificate of registration and certificate of renewal of registration of the said marked A1, A2 and A3 respectively.

The documentation (A2) shows that the trademark was first registered on 03rd November 1999 in respect of toothpaste and mouthwash. The initial

registration duration was seven years from the said date, but could be renewed at the expiration of each period of 14 years thereafter.

The renewal was effected and granted as evidenced by the Certificate of Renewal of Registration (A3) for a period of 14 years from 03rd November 2006. The Plaintiff's trademark registration of the word '**Colgate**' was therefore valid at the time the cause of action arose and until 03rd November 2020 when further renewal may be sought.

The evidence of PW1 Edward Lubega corroborates the documentation provided to prove ownership and registration of the trademark in question. The same documents are attached to his witness statement marked P1, P2 & P3.

There is sufficient proof that the registered owner and proprietor of the Republic of Uganda registered trademark No. 22798 consisting of the words '**Colgate**' registered in Part A in class 03 schedule III of the Trademarks Rules in respect of toothpaste and mouthwash.

Section 36 of the **Trademarks Act, 2010** provides for exclusive right to the use of a registered trademark, it states 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."
(Emphasis)

The import of this provision is that the Plaintiff as the registered owner of trademark '**Colgate**' in Uganda has the exclusive right to the use of that registered trademark.

The infringement referred to by the Plaintiff is the distribution and sale of counterfeit Colgate Herbal and Colgate Maximum Cavity Protection toothpaste by the defendants.

Infringement of this right is guided by **Section 36(2)** of the **Trademarks Act** which provides:

“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 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....” (Emphasis)

The facts pleaded in paragraph 5(l) of the plaint are that the defendants distribute large quantities of the said counterfeit toothpaste all over the country using the second defendant’s motor vehicle UAY 076 whose photograph is provided as annexures C2 showing the Plaintiff distribute the counterfeit toothpaste in Jinja.

The Plaintiff provided annexure C1 which is findings of a search carried out at the Registry of Motor Vehicles indicating that indeed confirms the second defendant as the registered owner of motor vehicle UAY 076.

PW1 Paul Bwambale, in paragraph 9 of his witness statement, testified that on 14th April 2016, he went with one, Bonaventure Agaba, an employee of the Plaintiff’s authorized distributor, Charms (U) Ltd, and purchased from the first defendant a carton each of the counterfeit toothpaste distributed by the defendants in the second defendant’s motor vehicle. A receipt of that purchase marked P13 was tendered in evidence.

PW1 further testified that upon inspection of the goods, he noticed that the get-up of the counterfeit Colgate Herbal and Colgate Maximum Cavity Protection toothpaste supplied by the defendants was identical to the get-

up of the genuine Colgate Herbal and Colgate Maximum Cavity Protection toothpaste supplied by the Plaintiff.

Court examined the samples provided marked P9, P10, P11 and P12 respectively and it is indeed difficult to differentiate the genuine get-up from the counterfeit due to their stark resemblance.

It is very likely that consumers were possibly deceived and confused by the counterfeit toothpaste bearing the same get-up as that of the Plaintiff. The public or the Plaintiff's customers bought the counterfeit 'Colgate' toothpaste in the honest belief that they were buying the genuine 'Colgate' toothpaste.

I am satisfied that the Plaintiff has provided sufficient evidence to prove, on a balance of probabilities, acts of infringement of the 'Colgate' trademark by the defendants' sale and distribution of counterfeit 'Colgate' toothpaste. Court answers this issue in the affirmative.

Issue 2

Whether the defendant's actions amount to passing off of the defendant's toothpaste as the Plaintiff's.

On the issue of passing off, counsel for the Plaintiff relied on **Section 35** of the **Trademarks Act** which provides for the right of action against a person for passing off goods or services of another.

He cited the case of ***Supa Brite v Pakad Enterprises Ltd [2001]2 EA 563 (CCK)*** in which the Court of Appeal of Kenya set out principles applicable to passing off, adopted from the decision of the House of Lords in ***Reckitt and Colman Ltd v Borden Inc and Others [1990] 1 WLR 59*** in which it was held that:

"(1) No man was to sell his goods as those of another; that the elements which a Plaintiff had to prove were:

- a) That he acquired a reputation or goodwill connected with the goods or services he supplied in the mind and such goods or services were known to the buyers by some distinctive get-up or feature;*
- b) That the defendants had, whether or not intentionally made misrepresentations to the public leading them to believe that the defendant's goods or services were the Plaintiff's; and*

c) That the Plaintiff has suffered damage because of the erroneous belief engendered by the defendant's misrepresentation, and that all the three elements were questions of fact"

Applying the above general principles of the law of passing off to this case, counsel submitted that it was uncontroverted that on account of long, continuous and extensive use, coupled with high quality standards maintained by the Plaintiff, the trademark 'Colgate' has acquired a distinct and distinguished reputation so much so that the 'Colgate' brand is now one of the most recognized brands as pleaded in paragraph 3(d) of the plaint.

Counsel further submitted that the word 'Colgate' constitutes an integral and dominant part of the Plaintiff's corporate name and trading style, thus becoming distinctive of the Plaintiff's business and products. As pleaded in paragraph 3(e) of the plaint, counsel pointed out that this distinctiveness is entrenched in the minds of the public including the Ugandan population all of whom instantly and unhesitatingly associate the mark with the products and business of the Plaintiff.

Counsel also submitted that it is not in dispute that the defendants intentionally made representations to the public leading them to believe that the defendant's goods were the Plaintiff's according to the testimony of PW1 and PW2 and the samples of counterfeit toothpaste, Colgate Herbal and Colgate Maximum Cavity Protection tendered in Court, which when placed side by side are very difficult to tell apart.

Counsel referred to the evidence of PW1 Edward Lubega in which he stated that the Plaintiff has suffered loss because the defendants notoriously supplied the Plaintiff's customers` and retailers with counterfeit and cheaper toothpaste. As such, that the Plaintiff's customers were misled into buying the defendants counterfeit toothpaste, thereby causing loss to the Plaintiff since every toothpaste sold by the defendants constitutes a loss the Plaintiff.

In view of the foregoing, counsel submitted the Plaintiff has made out a case of passing off on a balance of probabilities and prayed that issue two also be answered in the affirmative.

The defendants in their written statement of defence made general denials as to the allegations of passing off requiring the Plaintiff to strictly prove the said allegations. No evidence was offered in their defence and prayed for dismissal of the suit with costs.

Resolution

Section 1 of the **Trademarks Act** defines “passing off” to mean falsely representing one’s own product as that of another in an attempt to deceive potential buyers.

Section 35 of the **Trademarks Act** preserves the common law cause of action of passing off and states 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 section creates a right of action and remedies to an owner of a trademark against another person for passing off goods and services as those of the rights owner.

The case of ***Reckitt and Colman Ltd v Borden Inc and Others*** (*supra*) lays down the three aspects to be proved in a case of passing off namely; goodwill or reputation connected to the goods, misrepresentations to the public leading them to believe that the defendant’s goods or services were the Plaintiff’s and loss or damage suffered as a result of the deception.

However, another five-tier test in proving the action of passing off was created by **Lord Jauncey of Tullichettle** who 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***. These include:

- i. There has to be a misrepresentation
- ii. The misrepresentation is made by a trader in the course of trade
- iii. It is made to prospective customers of his or ultimate consumers of goods and services supplied by the trader.
- iv. The misrepresentation is calculated to injure the business or goodwill of another trade or as a reasonably foreseeable consequence

- v. It causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so.

I have considered the written evidence and the testimonies of the Plaintiff's witnesses adduced in relation to the requisite ingredients for passing off.

PW1 Edward Lubega in para. 5 of his testimony states that the Plaintiff has an overwhelming presence globally with activities around the world including Uganda. Further evidence is to the effect that knowledge and awareness of the 'Colgate' mark is implicit and therefore, the use of a mark with considerable oral and visual similarity to the Plaintiff's mark by any other entity is bound to create a connection, affiliation or association with the Plaintiff, in the minds of the consumer and the general public.

A decision of this Court made by **Madrama, J (as he then was)** in **Colgate Palmolive Co. Ltd vs Sombe Supermarket Ltd (supra)** held that passing off requires evidence of actual sale of goods as that of the Plaintiff. **Madrama, J (as he then was)** relied on the criteria by **Lord Jauncey of Tullichettle** who further held that:

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

There is sufficient evidence of actual sale in the instant case unlike in the **Colgate Palmolive Co. Ltd vs Sombe Supermarket Ltd (supra)** case.

The oral and written evidence of PW2 Bwambale Paul (para. 9) shows that an actual sale took place when he purchased a carton each of the counterfeit Colgate Herbal and Colgate Maximum Cavity Protection toothpaste and was issued a receipt by the defendants. PW2 testifies (para 8) that he worked closely with officials and agents of the Plaintiff in investigating the defendants and found that they were supplying the Plaintiff's customers with counterfeit toothpaste bearing the Plaintiff's mark and get-up within the areas of Kampala, Mukono, Lugazi, Jinja, Kayunga, Iganga, Mbale, Soroti, Lira and Gulu using the second defendant's vehicle.

Further in para. 16 of the witness statement, a one Kayonga Nixon whom Police found with large quantities of the counterfeit toothpaste, revealed

that he was being supplied by the second defendant. This information is contained in a police statement marked 'A'.

Both witnesses were able to testify to the drop in sales of the genuine Colgate toothpaste all over the country which was a direct result of the sale of counterfeit toothpaste by the defendants.

All the foregoing evidence was not controverted.

In **Colgate Palmolive Co. Ltd vs Sombe Supermarket Ltd** (*supra*), it was also held that:

“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 emphasizes 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 capitalize 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.”

It is my finding that the defendants by selling counterfeit Colgate bearing the marks and resemblance of the Plaintiff’s goods, intended to mislead customers or potential customers into buying the counterfeit in the mistaken belief that they were buying the product of the Plaintiff.

Close resemblance between the marks prima facie proves the cause of action of ‘passing off’ the goods as that of another, whose mark has been imitated

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: “false representation of one’s own product as that of another in an attempt to deceive potential buyers.”

The goods were sold in the defendants' vehicle and shop 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. Finally, the Plaintiff's plaint was not disputed by a defence and the presumption of law is that once what the Plaintiff averred in the plaint is not rebutted it is therefore admitted.

It was averred that the defendant was selling and supplying counterfeit toothpaste in Kampala, Mukono, Lugazi, Jinja, Kayunga, Iganga, Mbale, Soroti, Lira and Gulu using the infringing labels.

Issue 2 is answered in the affirmative.

Issue three

Whether the Plaintiff is entitled to the remedies prayed for in the plaint.

Counsel for the Plaintiff submitted that general and punitive damages be awarded considering the circumstances of the case.

Regarding the issue of general damages counsel relied on the case of ***Mutekanga vs Equator Growers Uganda Ltd [1995-1998] EA 219 (SCU)***, which defined general damages as consisting of all items of normal loss which the Plaintiff is not required to specify in his pleading in order to permit proof in respect of them at trial.

In another case involving the Plaintiff, ***Colgate Palmolive Co. vs Sombe (supra)*** which counsel previously relied on, Court held that *'damages would flow naturally from the act of offering for sale or selling the right infringing goods to members of the public'*

Counsel submitted that the evidence of Edward Lubega shows that the Plaintiff's sales of its Colgate Herbal and Colgate Maximum Cavity Protection toothpaste greatly declined owing to sale of the counterfeit version of the Plaintiff's toothpaste by the defendants.

Counsel further pointed to the evidence of PW2 Bwambale Paul who testified in paragraphs 8 and 9 of his Witness Statement that the

defendants were notorious wholesale suppliers of counterfeit toothpaste in Kampala and in the towns of Mukono, Lugazi, Jinja, Kayunga, Iganga, Mbale, Soroti, Lira and Gulu according to the investigations conducted by the Plaintiff and the private investigators.

PW2 also stated that the defendants also operated a wholesale distribution outlet at Jambo Arcade Shop No. 8C, 9C Kikuubo lane where they offered for sale, large quantities of counterfeit Colgate toothpaste.

Counsel proposed that a sum of UGX 100,000,000 (Uganda Shillings One Hundred Million) be granted in general damages considering that the actions of infringement by the defendants were extensive.

On punitive damages, Counsel submitted that in the case of **Colgate Palmolive Co. vs Sombe** (*supra*), punitive damages were awarded to a retail trader for ‘*deliberately calculating to make profit by committing a tort of passing off*’ against the Plaintiff. He referenced the law on punitive damages as set out in the East African Court of Appeal case of **Haria Industries vs PJ Products Ltd** (*supra*).

Counsel submitted that in the instant case, a sum of UGX 50,000,000 (Uganda Shillings Fifty Million) be awarded by Court as punitive damages. Further prayers by counsel were that costs of the suit be borne by the defendants and that interest be awarded on the damages.

Resolution

The case of **Mutekanga vs Equator Growers Uganda Ltd [1995-1998] EA 219 (SCU)**, defined general damages as consisting of all items of normal loss which the Plaintiff is not required to specify in his pleading in order to permit proof in respect of them at trial. In another case involving the Plaintiff, **Colgate Palmolive Co. vs Sombe** (*supra*) which counsel previously relied on, Court held that:

“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 Plaintiffs 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.”

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.

Evidence by PW1 and PW2 alludes to a drop in sales due to the direct sale by the defendant's counterfeit toothpaste. The defendants were also selling the goods bearing the Plaintiff's mark at a considerably lower price from that of the genuine toothpaste of the Plaintiff.

Having found that there was both infringement of the Plaintiff's mark and passing off of their goods, the loss and injury suffered warrants general damages which I accordingly award in the sum of UGX 75,000,000 (seventy five million only) payable by the Defendants to the Plaintiff, a sum I consider reasonable in the circumstances.

Regarding punitive damages, it is my considered view that in an action where an outrage has been committed against the Plaintiff by the defendant and the court forms the opinion that it should give punitive damages to register its disapproval of the wanton and willful disregard of the law, it is entirely proper to award exemplary damages in addition to general damages and special damages, if any. However, an award of exemplary damages should not be excessive.

The punishment imposed must not exceed what would be likely to have been imposed in criminal proceedings, if the conduct were criminal. All circumstances of the case must be taken into account, including the behavior of the defendant and whether the Plaintiff had been provoked. (*Per Spry V. P in Obongo & Another v Municipal Council of Kisumu [1971] EA 91; O'Connor v Hewiston [1979] Crim LR 46 CA; Archer v Brown [1985] QB 401*)

Taking into account the defendant's actions to deliberately and extensively pass off goods as that of the Plaintiff and as held, I award punitive/exemplary damages. The Plaintiff is awarded a sum of Uganda shillings 50,000,000 (fifty million) as exemplary damages.

Both the general and the exemplary damages shall carry interest at a rate of 8% per annum from the date of judgment till payment in full.

The defendants, whether acting by their directors, officers, servants, and agents or otherwise howsoever are permanently restrained from infringing the Plaintiffs registered marks and passing off the Plaintiff's products.

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

Delivered at Kampala by email to the Parties' respective lawyers and signed copies placed on the Court file this 2nd day of September 2020.

Richard Wejuli Wabwire

JUDGE

Present in Court:

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4.