



REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAIROBI

COMMERCIAL & ADMIRALTY DIVISION

MISC. CIVIL APPLICATION NO. 159 OF 2014

WEBTRIBE LIMITED T/A JAMBOPAY.....PLAINTIFF

Versus

JAMBO EXPRESS LIMITED.....DEFENDANT

RULING

Infringement of trade mark

[1] This case relates to a claim of infringement of Trade Mark. The Plaintiff claims that its registered trade mark, JamboPay has been infringed by the Defendant. It has, therefore, applied for a permanent injunction to restrain the Defendant from using, trading, advertising, contracting, infringing, running Jambopay Trademark and or engaging in any other way either directly or indirectly interfering with the Jambopay trade mark pending the hearing and determination of the suit. The Motion is dated 11th April 2014 and expressed to be brought under Section 1A, 1B and 3A of the Civil Procedure Act and Order 40 Rule 1 and 2, Order 51 Rule 1 of the Civil Procedure Rules. The Application is premised upon the grounds set out on the face of the Motion and in the two affidavits, the supplementary and further affidavit of Danson Muchemi sworn on 11th April 2014 and 3rd June, 2014 respectively.

The plaintiff's gravamen

[2] The Plaintiff alleges is aggrieved by the Defendant's use and continued use of its registered Trademark, *JamboPay*. According to the Plaintiff, the infringement is in the fact that the Defendant registered and incorporated a company by the name of Jambopay Express Limited and has been running a website known as <http://jambopay-express.com/>. In its affidavit in support of the application, the Plaintiff claim that Jambopay is an online payment gateway that allows for one to securely make and receive payments through one's phone over internet as well as online shopping for goods and services. The service can serve any person resident within East Africa and can sell and receive payments from anywhere in the world. In line with this purpose, the Plaintiff applied and successfully registered the trademark known as *JamboPay* on 11th October, 2012 for commercial use and purposes.

[3] It was contended that in or around 2012, Arrif Manji, a director of the Defendant Company, approached the Plaintiff's director for possible partnership with his consortium known as SAM CONSULTANTS LIMITED, which culminated into a draft share agreement. According to the depositions of the Plaintiff, the draft share purchase agreement outlined how Mr. Ariff Manji and the Plaintiff Company would see the formation of a company by the name Jambopay Express Limited as a subsidiary company of Webtribe Limited. The new subsidiary would be established for the sole purpose of handling online payment services to Jambopay users. In return for a shareholding of 60% of the company, it was contended that Mr. Ariff Manji would invest Kshs, 58,000,000/= in the subsidiary company towards the purchase of necessary infrastructure to run the online payment system. It was further urged that during the negotiation process, as a show of good faith the Defendant's proprietors had complete access and exposure to the management processes, installations, business plans, software and trade secrets of the Plaintiff Company.

[4] However, the Plaintiff claim that the Share Purchase Agreement was not finalized as Mr. Ariff Manji, together with his partners abandoned the negotiations. Soon thereafter, the proprietors of the Defendant Company, including Mr. Ariff Manji registered Jambopay Express Limited which also runs online payment systems similar to those which were proposed for the to be registered subsidiary company of the Plaintiff. To add insult to injury, the Plaintiff avers that the Defendant Company also employed the Plaintiff's former employees who during their employment with the Plaintiff, had access and exposure to the Plaintiff's engagements. The Plaintiff lamented further, that the Defendant's services continue to create confusion among the Plaintiff's customers hence eroding the Plaintiff's goodwill in the online payments services market. In the circumstances, The Plaintiff posit that the Defendant's choice of name and nature of business are so similar to the Plaintiff's and was thus created with the sole purpose to defeat the reasonable consumer's degree of care in the business.

[5] In the written submissions dated 3rd July, 2014, the Plaintiff asserted that it had satisfied all the requirements for injunction orders as laid down in the case of **Giella v Cassman Brown**. It has shown that it has a registered trademark protected by law and that the Defendant operates a company and business in the name similar and resembling the Plaintiff. The Defendant has admitted that it offers services similar to those of the Plaintiff, which means they are in violation of the plaintiff's trademark. The Defendant, should, therefore, be held culpable for infringement of its trademark. These things establish a prima facie case with a high probability of success for which an injunction should issue.

The defendant returned fire

[6] The Defendant opposed the application and filed replying and supplementary affidavit of Ariff Manji sworn on 23rd May, 2014 and 23rd June, 2014 respectively. The deponent averred that the Defendant is a duly registered company that has been trading in legitimate business since its registration on 11th October, 2012. It was further deposed that the Defendant Company was engaged in money transfer services, bill payments and agency banking. According to his affidavit, Mr. Ariff Manji, admitted that there were negotiations between the Plaintiff and an entity known as SAM CONSULTANTS LIMITED, which was a consortium in which he was a lead member. The Plaintiff had sought equity partners for the injection of cash into its business culminating into a draft share agreement with Sam consultants Limited. However, negotiations collapsed owing to various misunderstandings between the parties. It was also contended that the name process and particulars of the Defendant Company were done with the full approval and knowledge of the directors of the Plaintiff Company and that the registration of the Defendant Company was done prior to the collapse of the Share Purchase Agreement envisaged by the parties. Therefore, once the Share Purchase Agreement collapsed the Defendant Company was at liberty to start normal trading in line with its Memorandum and Articles of Association.

[7] On the basis of the foregoing, the Defendant denied having infringed the Plaintiff's trademark as it runs an online system known as *Umojapay* which is an online payment gateway that allowed clients to pay for utilities, goods and services conveniently anywhere over the internet. *Umojapay* was markedly different from *Jambopay* as it had different ways of supporting payment channels and therefore there was no likelihood of confusion in the market. The Defendant, however, confirmed that it employed some of the Plaintiff's former employees but the said employees' contracts did not have any restraint of trade clauses that would prohibit such employment. According to the Defendant, the Plaintiff does not deserve the orders sought as it failed to disclose to court that it was paid a sum of Kshs. 2,000,000/= by Mr. Arrif Manji and was yet to repay the advanced sum since the cheque issued in this regard was dishonored due to lack of funds. Further, the Defendant contended that the Plaintiff was guilty of laches in bringing this suit and application.

[8] The Defendant also filed written submissions dated 18th July, 2014, in which it argued that this court does not have the jurisdiction to adjudicate this matter which relates to a challenge on the registration of a company. It is only the Registrar of companies under section 19 and 20 of the Companies Act could grant the reliefs sought by the Plaintiff. It was also the Defendant's submission that the plaintiff had failed to satisfy the conditions for the grant of an injunction; it has failed to establish a prima facie case with a probability of success as no trademark had been infringed by the Defendant. Further, the words "Jambo" and "Pay" had been disclaimed under section 17 of the Trademark Act in the certificate of registration produced by the Plaintiff. In addition, the Defendant stated that there was no confusion caused by the Defendant's products as contended by the Plaintiff. Similarly, the Plaintiff cannot claim a patent over online payment system as it had not registered such a system with the respective bodies. The Defendant cited the case of **PASTIFICIO LUCIO GAROFALO S.P.A v DEBENHAM & FEAR LIMITED (2013) eKLR** and submitted that any damage caused to the Plaintiff could be adequately compensated by way of damages if there was any infringement of trademark as contended. An injunction was unnecessary. In any case, the balance of convenience, tilts in maintaining the status quo pending the hearing and full determination of the Plaintiff's claim where evidence can properly be tested through cross examination. The Defendant therefore urged the court not to issue the orders as prayed.

THE DETERMINATION

[9] The submissions by counsels and the judicial decisions cited are quite illuminating on the subject of the suit; infringement of a trade mark as well as a challenge to registration of a company. I have carefully considered those submissions, authorities and the affidavits filed together with all the accompanying annexures. There is a small confusion though which emanates from the manner the relief in the application has been styled and or presented. The application seeks for orders of temporary injunction against the Defendant pending the hearing of the application inter partes. It also seeks for orders of permanent injunction against the Defendant pending the hearing of the suit. But in their submission, the Plaintiff has adopted the test applicable on temporary injunction as formulated in the famous case of **GIELLA v CASSMAN BROWN**. Certainly, the test for granting permanent injunction is different from that for temporary injunction. I will, however, go by the submissions of the parties and consider the request for a temporary injunction.

Legal thresholds for temporary injunction

[10] I need not re-invent the wheel. The traditional legal threshold for grant of temporary injunctions are as set out in the case of **GIELLA v CASSMAN BROWN** and as they have developed with time. See what Ojwang J (as he then was) said in **Suleiman vs Amboseli Resort Ltd (2004) e KLR 589 at page 607** that:-

‘...counsel for the defendant urged that the shape of the law governing the grant of injunctive relief was long ago in Giella v Cassman Brown, in 1973 cast in stone and no new element may be added to that position. I am not, with respect, in agreement with counsel in that point, for the law has always kept growing to greater levels of refinement, as it expands to cover new situations not exactly foreseen before.

[11] Ojwang J (as he then was) went on to state that:

“Justice Hoffman in the English case of Films Rover International made this point regarding the grant of injunctive relief (1986) 3 All ER 772 at page 780-781:- “ A fundamental principle of...that the court should take whichever course appears to carry the lower risk of injustice if it should turn out to have been “wrong”....”

Traditionally, on the basis of the well accepted principles set out by the court of Appeal in Giella Vs Cassman Brown the court has had to consider the following questions before granting injunctive relief.

i. Is there a prima facie case....

ii. Does the applicant stand to suffer irreparable harm...

iii. On which side does the balance of convenience lie" Even as those must remain the basic tests, it is worth adopting a further, albeit rather special and more intrinsic test which is now in the nature of general principle. The Court in responding to prayers for interlocutory injunctive relief, should always opt for the lower rather than the higher risk of injustice.....

[12] I will apply that test after I find that the court has jurisdiction to hear and determine this suit. A challenge to the jurisdiction of this Court has been raised by the Defendant. According to the Paragraph 22 of the replying affidavit of Arriff Manji, the defendant stated as follows;

“22. I am advised by our advocates on record that the jurisdiction of this court is disputed and this matter ought to be struck out with costs on that basis and referred to the appropriate forum for being hearing and determination for the following reasons :

(a) That the Plaintiff appears to be challenging the use of the company name “Jambopay Express Limited” by the defendant. That is an issue that is the preserve of the Registrar of companies under the provisions of sections 19 and 20 of the Companies Act and the Plaintiff, if objecting to the name of the Defendant Company, can move the court for appropriate orders under the Companies (High Court) rules;”

[13] From the outset, I observe the dispute here lie in two Acts of Parliament which give protection to proprietorship of names and marks. These are the Companies Act, cap 486 Laws of Kenya, and the Trademarks Act, cap 506, Laws of Kenya. The relevant section cited on names of companies is Section 19 of the Companies Act which provides that pending registration of a company or a change of name by a company, the Registrar may, on written application, reserve the name and this reservation shall remain in force for a period of 60 days during which no other company shall be registered under that name. Thus, as long as the Registrar has reserved a name pending registration of a company or change of name by a company, the name is not available for a period of 60 days for use by any person other than the person in whose behalf the name is reserved for purposes of registration of a company or change of name of a company. And after registration by that name, the protection of exclusive use of the name by

the company subsists for the entire life of the company. See Section 20 of the Companies Act which provides that in the event of registration of a second company through inadvertence or otherwise, by a name that is too like the name by which a company in existence is previously registered, the Registrar may direct the second company to change its name within a specified period. In effect therefore, a name to which a company is registered is only available upon the death of the company either through winding up, liquidation or otherwise, or upon change of name of the company.

[14] If I understood the arguments by the Defendant are that in view of the provisions I have cited above, the Plaintiff should have moved the Registrar of Companies for appropriate relief in the first instance and thereafter in the High Court under the relevant provisions of the Companies (High Court) Rules. But, my understanding of the Plaintiff's claim is not merely in the name of the Defendant Company under the Companies Act but that the registration of the Defendant Company and its essential business undertakings breached and continue to breach the Plaintiff's trademark "Jambopay". The argument, in my view, brings the Trademark Act Cap 506 laws of Kenya into direct focus of this suit. This case is not therefore, purely one on the name of the company which could be cured by a change of name. It is a much wider cause of action of infringement of a trade mark albeit partly, the registration of the company is claimed to be an incident of infringement in itself. I should state also that, the fact that a change of name or deregistration of the Defendant company is one of reliefs the Plaintiff has sought in the plaint does not preclude the Plaintiff from seeking the relief for infringement together with that for deregistration of the company from the High Court. The linchpin claim that confers jurisdiction is the trade mark infringement and this court has jurisdiction over this suit. Consider Section 7 (1) of the Trademarks Act which provides that the registration of a person as the proprietor of a trademark if valid gives to that person the exclusive right to the use of the trademark in relation to the goods or in connection with the provision of services and that such right is infringed by a person who not being a proprietor of the trademark or a registered user of the trademark uses a mark identical with or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade or in connection with the services in respect of which it is registered.

[15] I need not overemphasize that Trademark law deals with the identification of goods or services with a distinctive sign or combination of signs. The protection afforded to a trademark is territorial but buttressed by various international instruments which offer international protection. But, whereas the Companies Act deals with the registration of companies and the responsible office is the Registrar of companies, the Act is often to find itself in conflict with the Trade Marks Act for as long as there is no interlink between the two Acts of Parliament in practical sense. The conflict arises this way. For instance, a trademark is registered in respect of a class of services may conflict with a trade name of a company or company with similar activities or services. This lack of coordination between registering authorities has caused and will continue to cause extreme anxiety to consumers of the two services as well as judges who will be called upon to resolve those conflicts which would otherwise have been avoided were it not for the unhealthy state of institutional operations. See what **Mutava J** said in a masterly fashion in the case of **Nairobi High Civil Case 840 of 2010 Agility Logistics Limited & 2 Others v. Agility Logistics Kenya Limited** that:-

“On the outset, my take on the present application is that the dispute before the court is an indictment of two Acts of Parliament that give protection to proprietorship of names in a manner that suits one legislation a villain and a victim of the other and vice versa. These are the Companies Act, cap 486 Laws of Kenya, on the one hand and the Trademarks Act, cap 506, Laws of Kenya, on the other hand. The present dispute brings into sharp focus the competing interests served by the two Acts vis a vis each other and the gaping lacuna in harmonizing the said interests in such a manner as would smoothen the inherent conflict in the operation allocation of the two legislations. This position is not helped by the appalling lack of coordination

in the institutions charged with the implementation of the respective legislations.”

[16] In another sense, I note that none of these Acts, the Trademark Act and the Companies Act, offer a reconciliation of the apparent source of conflict between the two Acts. And when such conflict arises, rights of persons are involved, which is exactly the case here, and that makes it imperative that the dispute should be resolved by the court. The Registrar of Companies or the Registrar of Trademarks in their lone capacity; none is in a better position to resolve such issues; only a court of law would by bringing all the parties before it and applying both Acts of Parliament. This court has unlimited jurisdiction to hear and determine this suit. I will now proceed to examine the Plaintiff's grievances and the rejoinder by the Defendant.

The merits of the application

[17] The Plaintiff's claim is that the Defendant Company, Jambopay Express Limited infringes on the Plaintiff's trademark Jambopay. From the certificate of registration of trademark annexed to the Plaintiff's application, prima facie, the Plaintiff is the registered proprietor of the trade mark number 67127 consisting of the word 'Jambopay' registered in class 36 (Financial affairs; monetary affairs) which is valid and subsisting from the 17th December, 2009 to 17th December, 2019. On the other hand, however, the Defendant is a company that was registered on 11th October, 2012 by a Certificate of Incorporation number CPR/2012/86453. The Defendant deposed that the said company was registered with the full knowledge of the Plaintiff, prior to the collapse of negotiations which possibly would have sired a partnership between the Plaintiff and an entity known as SAM CONSULTANTS LIMITED. It was further averred that both the Plaintiff and the Defendant run similar businesses that involve online payment systems. And further, the Defendant has confirmed it has employed former employees of the Plaintiff Company. I am alive to the fact that the Plaintiff has contended that the registration of the Defendant Company is in fact a prejudice to the Plaintiff's brand management and the Plaintiff's customers have occasionally recorded complaints of confusion between plaintiff's services and those of the Defendant, and also asking whether there is any affiliation thereof is real. These issues are entangled as in wool and to disentangle them for the sake of just, proportionate and objective resolution thereof, in my view, is only possible at the trial after the court has had the benefit of hearing full evidence.

[18] The Plaintiff's claim of infringement of their trademark is anchored on the plaintiff's claim to exclusive use of the word 'Jambopay'. One other thing; the Plaintiff has produced a certificate showing that 'Jambopay' is a trademark registered in Kenya in the name of the Plaintiff, but the certificate is indicated on the face of it that it is not for use in legal proceedings. The plaintiff is not also claiming a patent or monopoly over its online payment system; what is in issue is whether the Plaintiff has exclusive rights to the use of the name 'Jambopay' to the extent that it can claim infringement of that right by the defendant's trade name that bears the word "Jambopay". Doubtless, a just determination of the issues herein especially of the plaintiff's right and alleged infringement of trademark does not just depend on the registration of the Trademark 'Jambopay' by the plaintiff but includes determination of other issues such as whether the protection provided to the name "Jambopay" by the trademark registered in favour of the Plaintiff overrides the protection of the name "Jambopay Express Limited" secured through the registration of the name as a company; and whether the defendant's intent in registration of its trade name was to cause confusion among consumers and to capitalize in the Plaintiff's goodwill in the online payment services market. Equally, the circumstance in which the Defendant Company was registered is in the center of this suit and whether it is an infringement as alleged. In light thereof, the material before the court is not sufficient for the Court to issue an injunction. More reinforcing evidence is needed and the best mode of delivery is oral as well as documentary evidence. See the case of **Hoswell Mbugua Njuguna t/a Fischer & Fischer Marketing (High Court Civil Case No. 599 of 2010)(unreported)**,

where it was held that in the absence of oral evidence which can be tested by way of cross examination, it would be difficult to ascertain whether a Defendant has infringed on any intellectual property rights of a Plaintiff. I therefore find that as long as the alleged infringement by the defendant is anchored on the existence of the plaintiff's exclusive rights, the registration of the Defendant and its business ventures, and as long as the Defendant is a registered company, no prima facie case that has been established.

[19] The test of damages in view of the serious nature of the issues will not be appropriate measure here. I am guided by the fundamental principle of law "**...that the court should take whichever course appears to carry the lower risk of injustice if it should turn out to have been "wrong"....**" And the balance of convenience will lie in favour of proceeding with this case on a more intrinsic test of the evidence and the law rather than issuing an injunction at this stage. See the case of **Pastificio Lucio Garofalo S.P.A v Debenham & Fear Limited (2013) eKLR**. Accordingly, I decline to issue an injunction and dismiss the Plaintiff's Notice of Motion dated 11th April, 2014. Except I direct this suit to be set down for hearing within 30 days of today. Costs shall be in the cause.

Dated, signed and delivered in court at Nairobi this 6th day of November, 2014

F. GIKONYO

JUDGE



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