

TANZANIA / JUDGMENT

20160127 TZHC Dar es Salaam

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IN THE HIGH COURT OF TANZANIA (Dar es Salaam District Registry) AT DAR ES SALAAM CIVIL
CASE NO. 58 OF 2010 NATIONAL BIYCLCS COMPANY LIMITED PLAINTIFF VERSUS
SHANGAI PHOENIX IMPORTS AND EXPORTS COMPANY LIMITED
DEFENDANT 18/11/2015 & 29/01/2016

JUDGMENT

MWANDAMBO,J:- The dispute giving rise to the suit emanates from the alleged infringement of a trade mark. "Phoenix" owned by the Plaintiff. By reason of the alleged infringement, the Plaintiff prays for an assortment of reliefs including perpetual injunction against the use of the trade mark and payment of a sum of US \$ 2,740,160 being the amount of money representing the goods said to have been sold by the Defendant which would otherwise have accrued to the Plaintiff but for the said infringement. According to the plaint, the Plaintiff is a limited liability company duly registered in Tanzania. The Company deals with, amongst others, engineering, manufacturing and importation and exportation of bicycles, vehicles with their spare parts and all products associated with equipment for locomotion by land. The Defendant on the other hand is said to be a limited liability company, incorporated in the People's Republic of China whose business is not disclosed. The Plaintiff avers further that it has, at all material times been a registered owner of a trademarked initially known as "PHONEX1" registered with the Registrar of Trade Marks on 21 st September 1993 but issued on 10 March 1994. That trade Mark was subsequently altered to PHOENIX as evidenced by the certificate of Registration admitted in evidence as exhibit Pl. It is common ground that the Plaintiff has been doing bicycle manufacturing importation and distribution by using Phoenix trade mark throughout without any complaint or interference whatsoever. The plaint goes further that between unknown dates in June 2008 to May 2010 when the Plaintiff instituted the suit, the Defendant infringed with the Plaintiff's trade mark by importing into Tanzania a large number of bicycles and spare part. Without consent from the Plaintiff who had an exclusive right to use the trademark. The Plaintiff avers further that the infringement was calculated to make huge profits in that the Defendant fraudulently enriched itself by deceiving consumers of the origin of the trademark and hence compromising the quality of the Plaintiff's goods bearing that trade mark. In consequence, the Plaintiff alleges to have suffered substantial losses of profit in the sum of US \$ 2,740,160 and thus it claims payment of that sum from the Defendant over and above other reliefs set out in the plaint. The Defendant who, according to the record was served by OHL, not defaulted only

appearance but also filing its written statement of defence. Consequently, at the Plaintiff's request, the Court (Kaijage, J -as he then was) ordered hearing of the suit by ex parte proof in terms of the provisions of Order VIII Rule 14 (2) (b) of the Civil Procedure Code, Cap. 33 R.E. 2002. It is perhaps not completely irrelevant to point out at this stage that by reason of change of judges necessitated by transfers etc, hearing could not take place sooner than 11 November, 2015.

2 The case for the Plaintiff was presented by two of its witnesses. The first was Sweetbert Kutaga (PW1) who is employed as a Desk officer by Mohamed Enterprises Ltd. According to PW1, the Plaintiff is a sister company with Mohamed Enterprises dealing with importation and manufacture of bicycles by use of Phonexi trade mark initially until 2006 when the trade mark was changed to Phonexi per exhibit P1 which he (PW1) himself dealt with at the Registrar of Trade and Service Mark. PW1 testified that he knew no other person than the Plaintiff claiming to be a registered owner of Phonexi Trade Mark but to his surprise he "heard" a company known as Shanghai Phonexi China importing bicycles into the country using the same trade mark the Plaintiff had registered as its exclusive user. Upon such information, PW1 was subsequently instructed by his employers to look for a lawyer to serve a demand letter to restrain the Defendant from using the Plaintiff's trademark but to no avail. The witness produced in evidence a copy of a letter from Juristconsult Law Chambers dated 1 July 2008 and the same was admitted as ex. P2. PW1 continued with his testimony that as a result of the Defendant's unauthorized use of the Plaintiff's trademark, the Plaintiff was losing \$10 for each bicycle and as of the date of institution of the suit, the Defendant had sold in excess of 200,000 bicycles for which the Plaintiff claims compensation for loss sustained in excess of US \$ 2,000,000. Second with less was Sunday Remtulla who testified as production supervisor with the Plaintiff whose duties include receipt of materials from store and convey them to factory for manufacture of bicycles under phoenix 3, trade name. According to PW2, the Plaintiff's market was good and they used to produce about 5000 pieces of bicycles per month between 2008 and September 2010. However, at some stage PW2 got knowledge that the Defendant was importing another brand of bicycles using Phonexi & Trade mark by Shanghai Phonexi from China. Since it was not known how many bicycles had been imported by the Defendant, the Plaintiff requested for importation statistics from the Commissioner for Customs and Excise, Tanzania Revenue Authority (TRA). The letter to TRA and a reply thereto were admitted as exhibits P3 and P4 respectively. With regard to the loss sustained as a result of the Defendant's unauthorized use of the trade mark, PW2 stated that the same must be measured with reference to the current price of each piece of bicycle which was Tshs. 125,000/= exclusive of Value Added Tax (VAT) leaving a profit margin of TShs 25,000/= per piece. The witness did not, however, produce documentary proof to back up his figures. Besides, he could not recall the prices of bicycles in 2010. In fine, PW2, like PW1 prayed for compensation for the loss sustained as a result of infringement of the Plaintiff's trade mark because the Plaintiff was no longer able to sell its products amidst competition from the Defendant. With that, the Plaintiff closed its case and so the trial was marked closed paving a way for final submission which I ordered to be in writing. Dr. Masumbuko Lamwai learned Advocate filed submissions as ordered. Despite the fact the Defendant did not file its defence from which the court could frame issues for determination, I still think that the suit will succeed if the Plaintiff can prove on balance probabilities the following:- 4

- 1) That the Plaintiff had an exclusive right to the use of the Trade Mark Phoenix
- 2) That the Defendant infringed on the Plaintiff's trade mark as alleged
- 3) That the Plaintiff has suffered damage by reason of the infringement of its trade mark and,
- 4) The Plaintiff is entitled to the reliefs in the plaint. To start with, I think the first issue can be easily disposed of in favour of the Plaintiff. The evidence of PW1 supported by exhibit P1 points out to only one irresistible conclusion that the Plaintiff was a registered owner of the Trade Mark (phoenix) who, by virtue of section 31 of the Trade Mark and Service Mark Act, [Cap 326 R.E. 2002] had exclusive right to the use of it in relation to any goods including sale, importation and after for sale or importation. Accordingly, the first issue is determined in favour of the Plaintiff. That takes me to the second aspect. Before I answer that question, I find it necessary to put on record that notwithstanding the Defendant's failure to file its defence the Plaintiff's burden of proof is not thereby diluted. The court must be satisfied by evidence rather than the absence of a defence that there was indeed such infringement of a trade mark by the Defendant. Now let us examine the testimony of the two witnesses for the Plaintiff. PW1 who testified as a desk officer responsible for corporate matters stated on oath and to put the record straight let me reproduce the relevant part of his evidence. 11 ... As far as I know this registration is still valid. I have heard of a company known as Shangai 5 phoenix, the Defendant in the course of my duties that the company was importing bicycles using our trade mark/~~ (emphasis added) For his part, PW2 whose duties include receipt of materials from store for onward transmission to the factory stated. 11 ... I know another phoenix brand in the market distributed in the market by Shanghai phoenix China. I know about this brand spread in the market..... // In my view, the testimony of the two witnesses fails far below proving that there was indeed an infringement of the Plaintiff's trade mark and if so, it is the Defendant who did so. PVV1's evidence is wholly hearsay which does not meet the test of admission where as that of PVV2 is no less than a sweeping statement. This witness who is not involved in the distribution and sale of his employer's bicycles in the market did not tell the court how he came to know about the existence of another brand using the Plaintiff's trade mark. His attempt to establish importation of bicycle into the court through exhibit P4 did not have any added value because contrary to the request for statistics bicycles using phoenix trade mark through exh. P3, the Commissioner for Customs and Excise provided general statistics without singling out which of the bicycles per statistics of provided here imported by the Defendant. Accordingly, notwithstanding the absence of a defence from the Defendant, the evidence produced by the Plaintiff to establish infringement falls short of the required standard. It is not by itself sufficient to prove that the Defendant or any other person imported and /or offered for sale bicycles using the Plaintiff's trade mark. In any case, if there was any such infringement one wonders why did the Plaintiff fail to produce witnesses who either bought those bicycles or distributors of such products to give evidence on its behalf. In the circumstances, I am satisfied that the Plaintiff has not proved infringement of its trade mark and I thus the second question is answered in the negative. Having determined the second question as I have, the

determination nation of the third question becomes fairly simple. I agree with Dr. Lamwai, learned Counsel that cases of trade mark infringement or passing off such as this one, proof of infringement of a trade mark is actionable without proof of damages in the light of Colgate Palmolive Company V. Zakaria Provision Stores and Three Others. Civil Case No. 1 of 1997 (unreported). That case, Msumi JK (as he then was) cited Drapper V. Trist and Others [1939] 3 AH. ER 513 for the proposition that award of damage in trade mark infringement or passing off such as this one is not predicated upon the Plaintiff proving actual damages. The statement of Lord Goddard, LJ gives an apt Guidance worth reproducing here:- This class of case (passing off/ howeve0 forms n_ •• an exception or an apparent exception to the ordinary action of deceit because in an ordinary action of deceit/ the Plaintiffs cause of action is false representation. In passing off cases/ howeve0 the true basis of the action is that the passing off by the Defendant of his goods as the goods of the Plaintiff injures the right of property in the Plainti~ that right ofproperty being his right to the good will of his business, The law assumes/ or presumes/ that if the good will of a mans 7 business has been interfered with by the passing off of goods, damage results therefrom. He need not wait to show that damage has resulted. He can bring his action as soon as he can prove the passing off because it is one of the class of cases in which the law presumes that the Plaintiff has suffered damage. .. /(at P.525) With respect, it is clear from the foregoing and the majority judgment of their Lordships that a Plaintiff whose trade mark has been infringed need not prove actual damage because damage is imputed in which case the court can award any sum in damages as may appear to it to be reasonable. To get more the Plaintiff has to lead evidence of the actual loss suffered be it by way of loss of profits or otherwise. As I have already found and held that there is no evidence of infringement of the Plaintiff's trade mark by the Defendant, I decline the invitation by Dr. Lamwai to make any determination of the alleged damage either by reason of infringement per se or otherwise. In the upshot, I find no merit in the Plaintiff's suit which I hereby dismiss in its entirety. Since the Defendant defaulted in filing its defence, I make no order for costs. Order accordingly, ~ ~ .. ~.....-UDGE

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