

**IN THE HIGH COURT OF ZAMBIA
AT THE COMMERCIAL REGISTRY
HOLDEN AT LUSAKA**
(Commercial Jurisdiction)

2009/HPC/0728

**IN THE MATTER OF: SECTION 51 OF THE TRADE MARKS ACT CAP
401 OF THE LAWS OF ZAMBIA**

**IN THE MATTER OF: AN APPEAL AGAINST THE DECISION OF THE
REGISTRAR OF THE TRADE MARKS**

BETWEEN:

SOCIETIÉS DES PRODUITS NESTLÉ SA

APPELLANT

AND

KINGDOM INVESTMENTS LIMITED

RESPONDENT

BEFORE THE HON. MR. JUSTICE C. KAJIMANGA THIS 1ST DAY OF JULY, 2011.

FOR THE APPELLANT: Mr. N. Makayi, Messrs Christopher Russell Cook & Co.

FOR THE RESPONDENT: N/A

J U D G M E N T

Cases referred to:

1. Attorney-General v Roy Clarke (2008) Z. R. 38
2. Nicholson v Bass [1931] 2 Ch
3. Zambia Sugar Plc v Fellow Nanzaluka SCZ Appeal No. 82/2001

Legislation referred to:

Trade Marks Act Cap 401 of the Laws of Zambia Sections 9, 16, 17(1), 22(3), 25, 37(1), 38 and Regulations 65, 66 and 67.

Other works referred to:

1. S. A. de Smith, *Judicial Review of Administrative Action*, 2nd edition
2. *Halsbury's Laws of England*, Vol. 1, 4th edition

This appeal arose from the decision of the Registrar of Patents and Trade Marks ("the Registrar") delivered on 5th August, 2009 where she held that the removal of the Appellant's mark was null and void on account of being out of time; and that the Appellant's mark was not entitled to protection as a well-known mark. She consequently dismissed the Appellant's objection to the registration of trade mark 206/2007 IDEAL in Class 5 in the name of Kingdom Investments Limited, the Respondent herein.

The summary background facts which led to this appeal are that the Respondent sought registration in respect of pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use and food for babies; plasters and materials for dressings; material for stopping teeth and dental wax; disinfectants; preparations for destroying vermin, fungicides and herbicides.

The Appellant's grounds of opposition were that it was the registered proprietor in Zambia of trade mark 755/59 IDEAL label in Class 29 in respect of condensed milk and has made extensive use of the mark and several others, in Zambia, through sales advertising and promotion of milk and milk based products from a date prior to 17th April, 2007 when the Respondent's application was lodged. The Appellant further contended that as a result of the foregoing, it had acquired reputation and goodwill in Zambia and that consequently its mark was entitled to protection as a well-known mark pursuant to Article 6 bis of the Paris Convention for the protection of Industrial Property

of 1883 ("the Paris Convention") as well as Article 16 of the World Trade Organization (WTO) Agreement on Trade Related Aspects of Intellectual Property Rights 1995 ("the TRIPS Agreement").

The Appellant also argued that the Respondent's mark and the goods in respect of which registration was sought, particularly 'dietetic substances adapted for medical use' and 'food for babies' were so similar, identical or so nearly resembled those of the Appellant as to be likely to cause confusion or deception. The Appellant accordingly contended that the Respondent's application violated Sections 16 and 17(1) of the Trade Marks Act Cap 401 of the Laws of Zambia ("the Act") or was otherwise liable to be disentitled to protection in a court or was contrary to law or morality and should therefore be refused under Section 22(3) of the Act, with costs.

The Respondent contended that the mark in issue was not confusingly similar as alleged and that the Applicant had not registered rights in respect of goods for which it had applied for the "IDEAL" mark. The Respondent further contended that the Applicant did not prove possession of any vested rights in any mark identical with the Respondent's mark or the corresponding goods it sought to protect. The Respondent argued that there was no relationship between pharmaceutical/medical products on one hand and dairy products on the other which were allegedly being marketed by the Appellant and that consequently, the Respondent's mark did not violate the Act. The Registrar dismissed the Appellant's objection, hence this appeal.

The memorandum of appeal comprised four grounds as hereunder:

1. The learned Registrar misdirected herself in law and fact when she held that the renewal of the Appellant's mark "IDEAL" be declared null and void due to its late renewal notwithstanding that the Registrar did not notify the Appellant or advertise on the expiration of the mark pursuant to the Trade Marks Regulations.
2. The learned Registrar misdirected herself in law and fact when she held that the renewal of the Appellant's mark "IDEAL" be declared null and void

notwithstanding that the Registrar was *functus officio* after her office accepted the renewal fees from the Appellant and renewed the registration of the trade mark.

3. The learned Registrar misdirected herself in law and fact when she held that the Appellant's mark "IDEAL" is not entitled to protection on account of non-renewal or registration of the mark despite the fact that the Appellant had demonstrated sufficient prior use and also the mark being a well known mark.
4. The learned Registrar misdirected herself in law and fact when she held that the renewal of the Appellant's mark "IDEAL" be declared null and void notwithstanding that she did not give adequate notice to the Appellant of the non-renewal or give the Appellant an opportunity to be heard regarding the renewal of the mark in accordance with the Trade Marks Regulations thereby making her declaration of nullity of the Appellant's mark *ultra vires*.

On the first ground of appeal, Mr. Makayi on behalf of the Appellant, contended that the Registrar did not follow the provisions of Section 25(1) and (3) of the Act or show any proof of notice as prescribed by this section before removing the trade mark from the register. Section 25(1) states as follows:

"The registration of a trade mark shall be for a period of seven years but may be renewed from time to time in accordance with the provisions of this section."

And section 25(3) provides that:

"At the prescribed time before expiration of the last registration of the trade mark, the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration and the conditions as to payment of fees and otherwise upon which a renewal of registration may be obtained, and, if at the expiration of the time prescribed in that

behalf those conditions have not been duly complied with, the Registrar may remove the trade mark from the register, subject to such conditions, if any, as to its restoration to the registrar as may be prescribed."

Mr. Makayi submitted that Section 25(3) makes it mandatory and not optional or merely directory, for the Registrar to send a notice in a prescribed manner to the registered proprietor of a mark regarding the date of expiration of a mark.

The Court was also referred to regulations 64 to 70 of the Trade Marks Regulations on directions to the proprietor of a mark and the Registrar on renewal of a trade mark. Counsel submitted that Regulations 64 and 65 direct that the Registrar shall, ***"at a date not more than six months before expiration of the last registration of a mark, if no fee... has been received notify the registered proprietor in writing of the approaching expiration."*** He also submitted that a second notice may, not less than fourteen days or not more than one month before expiration of the last registration of the mark, be sent in writing to the registered proprietor. Counsel further submitted that under Regulation 67, the Registrar is bound to advertise in the Trade Marks Journal the fact that the renewal fee has not been paid at the date of expiration of the last registration.

Mr. Makayi submitted that the Registrar did not comply with any mandatory provisions before removing the Appellant's mark from the register despite having accepted the registration and that therefore, her declaration of the Appellant's mark being null and void was wrong at law and in fact and must be overturned by the Court.

On the second ground of appeal, Mr. Makayi submitted that Sections 37(1) and 38 of the Act direct that an application by a person aggrieved must be made to the Registrar who is to make an order to expunge and vary an entry on the register. Counsel argued that it was clear from the Registrar's decision that no such application was made and the issue of late payment or registration by the Appellant for the renewal

of the mark was only raised as an argument in the submissions of the Respondent with regard to the Appellant's opposition to the Respondent's application for registration of a trade mark.

According to Mr. Makayi, the Registrar concedes at page 11 of the Decision that her office erroneously renewed the Appellant's mark by accepting the fees that were paid but she proceeded to declare this action as the fault of the Appellant and not her office. Counsel contended that by accepting the overdue or late renewal and without opposition either from her officers or any other person, or without advertising or notifying the Appellant prior to the expiration of the mark of its impending expiration, the Registrar was *functus officio* and she could not alter her own decision at will without recourse to the regulations. He submitted that the regulations and sections of the law are designed to direct and accord parties concerned an opportunity to be heard at all stages of the process and that the action by the Registrar to declare the Appellant's mark null and void without formally giving the Appellant proper audience or avenue to show cause why the mark should remain on the register goes against the spirit of the law.

On ground three, Mr. Makayi submitted that it is clear from the decision being appealed against that the Appellant's name and products have been in existence for well over one hundred years and are a household name in Zambia. He argued that although the TRIPS Agreement and the Paris Convention have not been domesticated in Zambia, the Act provides for the registration of "*defensive marks*" under Section 32(1) in an attempt to cater for well-known marks. Counsel submitted that the Appellant's mark "*NESTLE IDEAL*" is a well-known mark internationally and within Zambia as shown on pages 35 to 86 of the record of appeal.

Mr. Makayi submitted that international conventions which are not domesticated can be relied upon for guidance or are of persuasive value and he relied on the case of

Attorney-General v Roy Clarke(1) where the Supreme Court stated at page 61 as follows:

"In applying and controlling Zambian statutes, courts of law can take into account international instruments to which Zambia is a signatory. However, these instruments are only of persuasive value, unless they are domesticated in the laws."

Counsel argued that the Registrar misdirected herself when she ignored the evidence shown by the Appellant with regard to proof of sufficient prior use of the mark "IDEAL" and further, that pursuant to the international conventions to which Zambia is a signatory, the Appellant's mark is or can be considered a well-known mark that deserves protection in Zambia.

Mr. Makayi also referred the Court to the case of ***Nicholson v Bass(2)*** where Lawrence L J held at page 42 as follows:

"What is required for that purpose is proof that the mark before that date was in fact used as a trade mark, that was used by traders in his business upon or in connection with his goods, and it is not necessary to prove either the length of the use or the extent of the trade. In other words, the character and not of length or extent of the user is the only thing that has to be established."

Counsel accordingly submitted that the use of the mark "IDEAL" by the Appellant has been sufficiently proved, especially that it was once registered and proof of sales in Zambia has been shown. He urged upon the Court that the registration of the Appellant's mark be reinstated and that of the Respondent refused.

On ground four, Mr. Makayi referred the Court to the following definition of the doctrine of *ultra vires* by S. A. de Smith, *Judicial Review of Administrative Action*, 2nd edition at page 83:

"Ultra vires doctrine is a principle that a public body or authority has acted in excess of its powers."

Counsel argued that the Trade Marks Registry and the office of the Registrar of Trade Marks are public bodies and that the Registrar is a public officer conferred with procedural powers pursuant to the Act under which the Appellant's appeal falls. He thus contended that the administrative actions, or lack thereof, of the Registrar can come under scrutiny of this Court with respect to them being *ultra vires*. He also referred the Court to Halsbury's Laws of England, Volume 1, 4th edition at paragraph 28 on the following circumstances when an act can be rendered *ultra vires*: where a public body exercises authority not conferred upon it; where power granted for one purpose is used to achieve another extraneous purpose; non-compliance with statutory provisions to give notice; non-compliance with statutory requirements to give reasons for the decision made; failure to consult and conduct an inquiry; unauthorized sub-delegation of power; breach of the rules of natural justice; absence of facts on which the exercise of the power must be based (i.e. absence of jurisdictional facts); unreasonableness of the decision; and non-compliance with statutory requirements as to the composition of authority exercising the power.

Mr. Makayi submitted that the Registrar acted *altra vires* the regulations of the Act when her office neither gave the notice as required by statute on the renewal or non-renewal of the Appellant's mark nor did she adhere to the rules of natural justice by not complying with the regulations on giving the Appellant the appropriate and formal opportunity to show cause why the mark should be expunged from the register or declared null and void.

Counsel accordingly submitted that the Appellant's appeal should be allowed and

it's mark "IDEAL" reinstated to the register of trade marks and further, that the Respondent's mark "IDEAL" cannot be registered in favour of the Respondent. He also prayed for costs.

On behalf of the Respondent, Mr. Mosha submitted on ground one, that the Registrar was on firm ground when she held that the renewal of the Appellant's mark "IDEAL" be declared null and void on account of being renewed late notwithstanding that she did not notify or give the Appellant an opportunity to be heard or advertise on the expiration of the mark pursuant to the Act. He argued that Section 25(2) of the Act places the onus of renewing a trade mark on the registered proprietor and the application must be made in the prescribed manner within the prescribed period. Counsel contended that the purpose of giving notice under subsection (3) of Section 25 of the Act is to inform the registered proprietor of the date of expiry of his mark and most importantly, conditions as to the payment of fees and upon which renewal of a mark will be allowed. He also submitted that regulations 64, 65 and 66 of the Act have the same effect as Section 25.

Counsel further contended that the non-renewal of a mark does not prevent other people from using and applying the mark for their own commercial benefit as clearly reflected and set out in Section 9(1) of the Act in the following terms:

"Subject to the provisions of this section and of sections twelve and thirteen, the registration of a person in Part A of the register as proprietor of a trade mark in respect of any goods shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trade mark in relation to those goods and, without prejudice to the generality of the foregoing words, that right shall be deemed to be infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of the permitted use, uses a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion in the course of

trade in relation to any goods in respect of which it is registered and in such manner as to render the use of the mark likely to be taken either-

(a) as being used as a trade mark; or

(b) in a case in which the use is use upon the goods or physical relation thereto or in an advertising circulation or other advertisement issued to the public, as referring-

(i) to some person having the right either as proprietor or as registered user to use the trade mark; or

(ii) to goods with which such as person as aforesaid is connected in the course of trade."

Mr. Mosha argued that for regulation 67 which governs advertising to be of any relevance, it must be read with Section 9(1) of the Act. He submitted that advertising of the expiration of the mark is only necessary where the holder of a registered mark has failed to renew his application at the date of expiration of the last registration of the mark as it ceases to be protected any more.

Regarding ground two, Mr. Mosha submitted that the Registrar was not *functus officio* when she held that the renewal of the Appellant's mark "IDEAL" be declared null and void notwithstanding that her office had accepted the renewal fees from the Appellant and renewed the registration of the trade mark. He contended that to treat the Appellant's mark as being validly renewed would entail perpetuating illegality and that the law only allows for renewal of an expired mark within one year from the date of expiration of the last registration of a mark. Counsel submitted that inadvertent late receipt of renewal fees would not make an application for renewal legal as the renewal should be in the prescribed manner and within the prescribed time. He argued that

Section 25(1) and (5) are very instructive in this respect. Subsection (5) provides as follows:

"(5) Where a trade mark has been removed from the register for non-payment of the fee for renewal, it shall, nevertheless, for the purpose of any application for the registration of a trade mark during one year next after the date of the removal, be deemed to be a trade mark that is already on the register:

Provided that the foregoing provisions of this subsection shall not have effect where the Registrar, or the High Court in the event of an appeal from a decision of the Registrar, is satisfied either-

- (i) That there has been no bona fide trade use of the trade mark that has been removed during the three years immediately preceding its removal; or***
- (ii) That no deception or confusion would be likely to arise from the use of the trade mark that is the subject of the application for registration by reason of any previous use of the trade mark that has been removed."***

On ground three, Mr. Mosha submitted that the Registrar was on firm ground when she held that the Appellant's mark "IDEAL" is not entitled to protection by reason of non-renewal or registration of the mark. He also contended that the TRIPS Agreement and the Paris Convention not having been domesticated cannot apply to Zambia and cited the case of ***Zambia Sugar Plc v Fellow Nanzaluka(3)*** where the Supreme Court held that international instruments on any law, albeit ratified and assented to by the State cannot be of any force but merely of persuasive value. Mr. Mosha further submitted that Section 32(1) of the Act also allows a trade mark owner which has become well-known in relation to goods to which it has been used or applied

to register a defensive trade mark thereby preventing any one from using or applying the trade mark in relation to other goods. The section provides as follows:

"32(1) Where a trade mark registered in Part A of the register has become so well known as respects any goods in respect of which it has been used that the use thereof in relation to other goods would be likely to be taken as indicating a connection in the course of trade between those goods and a person entitled to use the trade mark in relation to the first-mentioned goods, then, notwithstanding that the proprietor registered in respect of the first mentioned goods does not use or propose to use that trade mark in relation to those other goods and notwithstanding anything in section thirty-one, the trade mark may, on the application in writing in the prescribed manner of the proprietor registered in respect of the first-mentioned goods, be registered in Part D of the register in his name in respect of those other goods as a defensive trade mark and, while so registered, shall not be liable to be taken off the register in respect of those goods under section thirty-one."

I note from the Respondent's skeleton arguments that the Respondent did not argue ground 4. On the date of hearing this appeal, Mr. Makayi, the only counsel in attendance informed the Court that the Appellant would rely on the written skeleton arguments in toto.

I have carefully considered the arguments of both parties on each ground of appeal. I have also had occasion to navigate through the record of appeal including the affidavit evidence deposed by the witnesses before the learned Registrar. I have also read the Decision of the Registrar being appealed against. Grounds one, two and four are intertwined. It is therefore appropriate to consider them together.

The first limb of these grounds relates to Section 25 of the Act and in particular, the Registrar's obligation under subsection (2) to send a notice to a registered proprietor of a mark in respect of its renewal. The position of the Appellant as submitted by Mr. Makayi is that under Section 25(3) of the Act, it is mandatory for the Registrar to send a notice to the registered proprietor of a mark notifying him or her of the date of expiration of its registration. I cannot agree more with Appellant. Section 25(3) is as clear as it can be. Above all, I believe that from the wording of subsection (3) the intention of the legislature was to make the process of renewing trade marks Registrar-driven, rather than registered proprietor-driven. I can only assume that the legislature had in mind the fallibility of human beings – the propensity to forget. According to this subsection ***"... before expiration of the last registration of the trade mark the Registrar shall send notice... to the registered proprietor of the date of expiration and the conditions as to payment of fees... upon which renewal of registration may be obtained... if at the expiration of the time prescribed on that behalf those conditions have not been duly complied with, the Registrar may remove the trade mark from the register..."*** (underline my emphasis).

By the use of the word ***"shall"*** this statutory provision makes it mandatory for the Registrar to notify the registered proprietor of a trade mark of the impending expiry of his or her trade mark. It follows therefore, that the Registrar can only remove the trade mark from the Register after failure by the registered proprietor to comply with the conditions contained in the notice. In the instant case the Registrar did not comply with the mandatory statutory provision before declaring the renewal of the Appellant's trade mark null and void. And this is not the end of the saga.

The Appellant did not sit on its laurels for ever. Having received no notification from the Registrar, the record shows that four years after expiry of registration of its

trade mark, the Appellant paid the renewal fees. The Registrar's Decision at page 9 reads as follows in paragraph two:

"Whereas the lodgment schedule that accompanied the renewal fees could not be traced, records suggest that the fees were paid either on 30th January or 1st February, 2007."

And on page 11 in paragraph two, the Registrar stated as follows:

"Accordingly, a proprietor of a mark whose term has expired, as is the case with unregistered trademarks, lacks the basis upon which to prevent registration of another mark on grounds of potential confusion. In the instant case, it is obvious that the renewal fell due in 2003 but was only effected four years later in 2007. Whereas this office erroneously renewed the mark, it was first the fault of the Opponent in filing for renewal far out of time. If the fees were paid in time but the renewal delayed by this office, the situation could probably be different. Under the circumstances, the renewal is declared null and void and I accordingly hold that the Opponent lacks the basis to challenge registration under Sections 16 and 17(1). In the premises, it would be academic for me to consider whether Sections 16 and 17(1) also cover confusion arising from goods in different classes."

In the above extract, the Registrar faulted the Appellant for the 'erroneous' renewal of its trade mark out of time. I think that it was improper for the Registrar to do so. The view I take is that the fault lies squarely on the Registrar for not sending a notice to the Appellant as mandated by Section 25(3) of the Act before expiry of its trade mark. This, in my opinion, was a serious dereliction of a statutory duty. Mr. Mosha submitted that Section 25(2) places the onus of renewing a trade mark on the registered proprietor. Of course he was right. In my considered opinion however, the registered proprietor's responsibility under section 25(2) must be preceded by the

Registrar's responsibility under Section 25(3) and Regulations 65, 66 and 67. Regulation 65 reads:

"At a date not less than three months and not more than six months before the expiration of the last registration of a mark, if no fee with Form T. M. No. 12 has been received, the Registrar shall notify the registered proprietor in writing of the approaching expiration"
(underline my emphasis).

Regulation 66 even provides for a second notice in the following terms:

"At a time not less than fourteen days and not more than one month before the expiration of the last registration of a mark, the Registrar may, if no fee as aforesaid has been received, send a notice in writing to the Registered proprietor at his trade or business address as well as at his address for service, is any."

And Regulation 67 also states in relevant part that:

"If at the date of expiration of the last registration of a mark the renewal fee has not been paid, the Registrar shall advertise the fact forthwith in the Trade Marks Journal..." (underline my emphasis).

Under these circumstances, I am of the firm opinion that the Registrar's nullification of the renewal of the Appellant's trade mark "IDEAL" was made in error and her decision must be reversed. It was ultra vires the statutory provisions.

In the first sentence of the paragraph in the passage I have quoted above, the Registrar stated that a proprietor of a trade mark whose term has expired, like unregistered trade marks, cannot prevent registration of another mark on grounds of potential confusion. In the fourth sentence she declared the renewal null and void, holding that the Appellant lacked the basis to challenge registration under Sections 16 and 17(1) of the Act. Having already determined that the Registrar's decision to nullify

the renewal of the Appellant's trade mark was irregular, it is necessary for the Court to look at the propriety or lack of it, of the registration of the Respondent's trade mark. The record shows that the Respondent lodged its application for registration of its trade mark 206/2007 "IDEAL" in class 5 on 17th April, 2007 about four months after the Appellant's trade mark 755/59 in class 29 had its registration renewed. Never mind the classes because these are only known to the registered proprietors and the Registrar. What matters to a customer is the visual mark on a product.

Section 16 reads:

"It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice or would be contrary to law or morality, or any scandalous design."

And Section 17(1) states:

"Subject to the provisions of subsection (2), no trade mark shall be registered in respect of any goods or description of goods that is identical with a trade mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or that so nearly resembles such a trade mark as to be likely to deceive or cause confusion."

Both trade marks are indicated as "IDEAL". Simple common sense counsels that these are identical marks belonging to different proprietors. It is quite plain to me that the Respondent's trade mark is likely to deceive or cause confusion in the minds of ordinary customers in respect of the merchandise or products of the respective proprietors. The Appellant's mark had prior registration. It must be protected. From the facts of this case my mind is clear and settled that the registration of the Respondent's trade mark flies in the teeth of Sections 16 and 17(1) of the Act. In the

premises it is directed that the Appellant's mark be and is hereby reinstated and that of the Respondent expunged from the register. The first, second and fourth grounds of appeal are therefore successful.

In view of the conclusion I have reached above, it is otiose for me to consider the third ground of appeal.

This appeal is therefore allowed. Costs follow the event and will be taxed in default of agreement.

Leave to appeal to the Supreme Court is granted.

DELIVERED THIS 1ST DAY OF JULY 2011.

**C. KAJIMANGA
JUDGE**