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THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
(COMMERCIAL DIVISION)
CIVIL SUIT No. 477 OF 2020

UNITED BREWERIES LIMITED PLAINTIFF

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VERSUS

REST CLUB ONE LIMITED DEFENDANT

BEFORE: HON. LADY JUSTICE SUSAN ABINYO

JUDGMENT

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Introduction

The Plaintiff is the registered owner of the trademark No. 52927 CLUB 5 in class 33 in respect of alcoholic beverages, and produces a premium gin called CLUB 5. That the Defendant has been producing, selling, distributing and supplying a premium gin under the name CLUB One. The Plaintiff instituted this suit against the Defendant for infringement on its trademark No. No. 52927 CLUB 5 in class 33 in respect of alcoholic beverages, and that the Defendant is passing off its goods as those of the Plaintiff. The Plaintiff seeks for remedies that: a permanent injunction be issued to restrain the Defendant, its agents, servants or representatives from infringing the Plaintiff's trademark CLUB 5; a permanent injunction be issued to restrain the Defendant, its agents, servants or representatives from passing off its goods as originating from or associated with the Plaintiff; a permanent injunction be issued to restrain the Defendant, its agents, servants or representatives from using a get-up which is confusingly similar to the Plaintiff's get-up; An order for delivery up, and destruction of all infringing labels, bottles, products and other materials in the possession or control of the Defendant; An order for account of the sales derived from the infringing products; exemplary, punitive, and general damages, and costs of the suit.

5 The Defendant denied the Plaintiff's claim, and contended that the word CLUB is not exclusive to the Plaintiff as the word CLUB is generic, and is extensively used in several other businesses; that the plaint discloses no cause of action, and the suit be dismissed with costs.

Agreed facts

10 During the scheduling proceedings, the facts agreed upon by the parties herein are that:

1. The Plaintiff is the registered owner of the trademark No. 52927 CLUB 5 in class 33 in respect of alcoholic beverages.
2. The Plaintiff is producing and marketing a premium gin using the trademark CLUB 5.
- 15 3. The Defendant has been producing, trading, selling, distributing, and supplying a premium gin under the name CLUB One Premium Gin.

Representation

The Plaintiff was represented by Counsel Nelson Nerima of M/S Nambale, Nerima & Co. Advocates, while the Defendant was represented by Counsel Rashid Babu of M/S Lubega, Babu & Co. Advocates.

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Issues for determination

1. Whether the Defendant has infringed on the Plaintiff's trademark?
2. Whether the Defendant has passed off its goods as those of the Plaintiff?
- 25 3. What remedies are available to the parties?

Counsel for the parties herein, filed witness statements as directed by this Court. During the hearing proceedings, the said witness statements were admitted on record as evidence in chief for the respective parties. The Plaintiff adduced the evidence of Mr. Arjan Modhvadiya (hereinafter referred to as "PW1"), the Sales and Marketing Manager. The Defendant summoned Mr. Kayongo Grace Mukisa (hereinafter referred to as "DW1"), the Industrial consultant working with Elite Industrial Consult. The Registrar of Trademarks was summoned as a Court witness (hereinafter referred to as "CW1")

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Evidence

35 PW1 stated that as a Sales and Marketing Manager of the Plaintiff company since 2016, the Plaintiff's business is well known to him.

- 5 That the Plaintiff produces and markets a premium gin using the trademark CLUB 5, as seen in the copy of the Plaintiff's get-up(PE2), and as a result of the Plaintiff's use of their mark, members of the public associate the mark CLUB 5, and CLUB extensively with the Plaintiff's premium gin, and their products have become well known.
- 10 That in the course of his sales and marketing field work in Mubende, Mityana, Kyenjojo and Kabarole districts, he discovered that the Defendant has been producing, trading, selling, distributing and supplying a premium gin under the name CLUB One Premium Gin, which is confusingly similar to the Plaintiff's trademark CLUB 5, a copy of the Defendant's get-up was marked exhibit PE3.
- 15 During the cross examination of PW1, he stated that the mark CLUB 5, and CLUB is exclusive to the Premium gin, and that if he ordered for CLUB 5 and is given CLUB One, he would not say that he has been given the product he ordered for. That basing on the bottles, there is no possibility of passing off however, one cannot sever the word CLUB from the full name of the product.
- 20 In re-examination, PW1 stated that the word CLUB, and premium gin in the Plaintiff's mark - up of CLUB 5 Premium Gin (hereinafter referred to as "DE1"), and the Defendant's mark- up of CLUB One Premium Gin (hereinafter referred to as "DE2"), is what makes the product confusing.
- 25 DW1 testified that the Defendant company has been in existence since 2016, and since then to date, it still produces a gin called CLUB One(DE2), and that the Defendant applied for registration of its trademark to the Registrar of Trademarks on 24th August, 2020.
- 30 DW1 further testified that before they applied for registration, they presented the mark for preliminary advice on distinguishing features from any other trademarks on 27th May, 2020, in Form No. 28 (DE3), and obtained a response of uniqueness. That the Defendant obtained a Trademark Certificate of Registration on 23rd November, 2020, and by then they had their mark-up.
- 35 It was the Defendant's evidence that a comparison of the Plaintiff's mark-up with the Defendant's mark-up indicates that the two are not similar at all, and are distinguishable in terms of colour, design, and words. That the Defendant has never infringed on the Plaintiff's trademark or passed off its goods as those of the Plaintiff. That CLUB One Premium Gin is clearly different from CLUB 5 Premium Gin.
- During cross examination of DW1, he stated that he does not have any qualifications in either Company Law or Industrialisation.

5 That he is not aware that the Defendant had attempted to apply for registration of a trademark Sky Club One. That the Defendant's trademark was registered after the filing of the suit but they had applied before.

10 In re-examination, DW1 stated that the application for the trademark was made in August, 2020, and that he is not aware that the Defendant had prior to 2020 applied for a similar trademark.

CW1 testified that she has been an Assistant Registrar since 2016. That the words Premium Gin is descriptive, and the name CLUB One would be used to identify the goods. That there is a degree of similarity between CLUB One, and CLUB 5 registered trademarks; both trademarks have the word CLUB as the similarity, and they are in the same class, and that the common feature would be the concept of numbers.

20 CW1 further stated that number one is not the same as number 5, and that when numbers one and five are written, they are not the same in design. That the pronunciation of one, and five are not the same. That CLUB One was registered to mean that the Registrar did not reject the registration.

Decision

Issue No.1: Whether the Defendant has infringed on the Plaintiff's trademark?

I have considered the evidence adduced by the parties, and the submissions of Counsel for the parties herein, to find as follows:

25 A trademark means a sign or mark or combination of signs or marks capable of being represented graphically, and capable of distinguishing goods or services of one undertaking from those of another undertaking. A sign or mark includes any word, symbol, design, slogan, logo, sound, smell, colour, brand label, name, signature, letter, numeral or any combination of these capable of being represented graphically. **(See section 1 of the Trademarks Act, No. 17 of 2010)**

35 Infringement of a trademark occurs when a person, not being the owner of the trademark or authorized by the owner of the trademark, uses in the course of trade a mark identical to or resembling it, in relation to goods or services identical or similar or of the same description with those for which the trademark was registered, and where, the use would result in a likelihood of confusion. **(See sections 36, and 37 of the Act, and Halsbury's Laws of England 4th edition 1984, Butterworths London at pg.61)** (Emphasis is mine)

5 The burden of proof lies with the Plaintiff to prove the fact of infringement to the required standard, which is on a balance of probabilities. **(See sections 101 and 103 of the Evidence Act, Cap 6)**

Decided cases have established that the “test of infringement is likelihood of confusion, which is the probability that a reasonable customer in the relevant
10 market will be confused or deceived, and will believe the infringers’ goods or services to come from or sponsored or endorsed by the complainant or that the two are affiliated. **(See Vision Impex Limited Vs Sansa Ambrose & Goldman Logistice Import and Export, HCCS No. 303 of 2013,** which cited with approval the cases of **Angelo Fabrics (Bolton) Ltd and Anor Vs Africa Queen Ltd and Another, HCCS No. 632 of 2006, and Standards signs (U) Ltd Vs Standard Signs Ltd and Another, HCCS No. 540 of 2006)**, relied upon by Counsel for Defendant.

According to Halsbury's Laws of England(supra), para.70 at Pg.51, the concept of likelihood of confusion is used both for assessing the registrability of a sign, and
20 as a test for infringement. In the context of infringement, the Court must assume that the registered trademark is used in a normal and fair manner in relation to goods or services for which it is registered, and then assess a likelihood of confusion in relation to the way the Defendant uses its sign, discounting added matter or circumstances.

25 Section 36 (5) of the Trademarks Act (hereinafter referred to as the “Act”), provides for the rights given by registration of goods in part A, and infringement that:

“(5) The use of a registered trademark relating to goods, being one of two or more
30 registered trademarks relating to goods which are identical or nearly resemble each other, in exercise of the right to the use of that trademark given by registration in Part A of the register, shall not be taken to be an infringement of the right so given the use of any other of those trademarks. “(Emphasis is mine)

35 In the given circumstances of this case, I find that the two registered trademarks of CLUB 5 under No. 52927 registered on 5th June, 2015 in respect of alcoholic beverages except beers, and Club One Premium Gin No. 68842, registered on 7th September, 2020, in respect of Gin and alcoholic beverages, all in part A of the Act relates to goods in class 33.

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5 It is my understanding that the two registered trademarks of CLUB 5, and Club
One marked CE3, are in respect of goods in class 33(Alcoholic beverages), and
are registered under part A of the Act. This creates some similarity in respect of
the class and registration, however, the use of the trademark Club One given by
10 registration in part A of the register, does not amount to infringement of the use
of CLUB 5 registered trademark within the interpretation of section 36(5) of the Act
above.

I am fortified in my finding above, with the guidance of the renowned author of
Halsbury's Laws of England(supra), paragraph 70 at Pg.51 that in the context of
15 infringement, the Court must assume that the registered trademark is used in a
normal and fair manner in relation to goods or services for which it is registered,
and then assess a likelihood of confusion in relation to the way the Defendant
uses its sign.

The assertion by PW1 that the word CLUB, and Premium Gin in the Plaintiff's mark
20 - up of CLUB 5 Premium Gin (DE1), and the Defendant's mark- up of CLUB One
Premium Gin (DE2), is what makes the product confusing is untenable as will be
considered below.

In regard to the Premium Gin in the Plaintiff's mark - up of CLUB 5 Premium Gin
(DE1), and the Defendant's mark- up of CLUB One Premium Gin (DE2), this Court
25 has taken into consideration the fact that there was a disclaimer on the
Defendant's certificate of registration, where the disclaimer arose out of the
registration of the trademark in respect of which the disclaimer was made. **(See
section 26 of the Act)**

I have taken note of the evidence of CW1 that the words Premium Gin is
30 descriptive, and the name CLUB One would be used to identify the goods; that
there is a degree of similarity between CLUB One, and CLUB 5 registered
trademarks in that both trademarks have the word CLUB as the similarity, and that
they are in the same class. That the common feature would be the concept of
numbers, and that number one is not the same as number 5.

35 That when numbers one and five are written, they are not the same in design; that
the pronunciation of one, and five are not the same. That CLUB One was
registered to mean that the Registrar did not reject the registration.

This Court further finds that the use of the number one, in the Defendant's
registered trademark Club One Premium Gin, is distinctive from the use of the
40 number 5 in the Plaintiff's registered trademark CLUB 5.

5 It is my considered view therefore, that the concept of numbers distinguishes the goods of the Defendant from those of the Plaintiff, and it is therefore, unlikely that the public would be confused with the products produced, traded and supplied by the Defendant's use of the registered trademark Club One Premium Gin. **(See section 9(1) (e), and (2) of the Act)**

10 In addition, I find that the use of the word Club is generic, and would not confer any exclusive rights of use to an owner of a registered trademark, as is the case here with the Plaintiff's registered trademark CLUB 5.

It is noteworthy that the case of **Glaxo Group Limited Vs JB Chemicals & Pharmaceutical Limited CA Civil Appeal No.68 of 2002 [2004] UGCA 5** cited by
15 Counsel for the Plaintiff is distinguishable on facts with the instant matter however, this Court will not delve into the distinction here.

In the result, this Court finds that the Plaintiff failed to discharge the burden of proof to the required standard on the fact of infringement of the registered trademark CLUB 5 by the Defendant's use of the registered trademark Club One
20 Premium Gin.

Accordingly, this issue is answered in the negative.

Issue No.2: Whether the Defendant has passed off its goods as those of the Plaintiff?

The term passing off is defined to mean the representation of one's goods as those of another. **(See Reddaway Vs Banham [1896]AC 199 at pg.204)**
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It's settled law that for a claim by the Plaintiff for passing off to succeed, the following principles must be fulfilled, namely that:

- i. The Defendant impliedly or expressly misrepresented their goods as those of the Plaintiff;
- 30 ii. The Plaintiff's business had acquired good will,
- iii. That the Defendant's misrepresentation was calculated to injure the business or good will, and
- iv. That actual damage was caused to the business or good will, or (in quia timet action) will probably do so.

35 **(See also Reckit & Colman Products Vs Borden [1990] ALLER 873)**

5 The term misrepresentation is defined in **Black's Law Dictionary 7th Edition at pg. 1016**, to mean an act of making a false or misleading statement about something usually with the intent to deceive.

10 In the instant case, I find that the Plaintiff failed to adduce sufficient evidence to prove that the Defendant's use of the trademark Club One Premium Gin, was misrepresented to the traders in the course of trade, that the products they produced, traded, and supplied were originating from the Plaintiff or associated with the Plaintiff's registered trademark CLUB 5.

15 In addition, this Court finds that the Plaintiff neither adduced evidence to prove the fact of good will nor the fact that the Defendant's alleged misrepresentation to its prospective or ultimate customers, resulted into injury or actual damage to their business or good will or the probability of actual damage over time to their business or good will, as the Plaintiff failed to adduce the evidence of the survey report.

For the foregoing reasons, this issue is answered in the negative.

20 Issue No.3: What remedies are available?

This Court having found issues (1) and (2) above in the negative, further finds that the remedies sought for by the Plaintiff are not available.

This suit is dismissed against the Plaintiff with costs to the Defendant.

Dated, signed and delivered electronically this 24th day of February, 2023.

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SUSAN ABINYO

JUDGE

24/02/2023