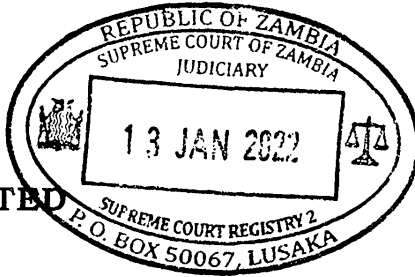


IN THE SUPREME COURT OF ZAMBIA
HOLDEN AT KABWE
(Civil Jurisdiction)

Appeal No.61/2016



BETWEEN:

NATURAL VALLEY LIMITED

APPELLANT

AND

FAIRLY BOTTLING (Z) LIMITED

1ST RESPONDENT

AQUAEVA LIMITED

2ND RESPONDENT

AQUARITE LIMITED

3RD RESPONDENT

GURLIZ LIMITED

4TH RESPONDENT

TOP ICE ENTERPRISES LIMITED

5TH RESPONDENT

TOLP ENTERPRISES LIMITED

6TH RESPONDENT

SPECTRUM CLEAR LIMITED

7TH RESPONDENT

CORAM: Malila CJ, Kaoma and Kajimanga, JJS
On 9th August 2016 and 13th January 2022

For the Appellant:

Mr. C. P. Chuula of Messrs Chibesakunda
& Co

For the 1st, 2nd & 5th Respondents: Mr. E. Silwamba, SC with Mr. J. Jalasi of
Messrs Eric Silwamba, Jalasi & Linyama
Legal Practitioners

For the 3rd Respondent: N/A

For the 4th Respondent: N/A

For the 6th Respondent: N/A

For the 7th Respondent: N/A

J U D G M E N T

Kajimanga, JS delivered the judgment of the court.

Cases referred to:

1. *Shell & B.P. Zambia Limited v Conidaris and Others* (1975) Z.R. 174

2. *Tawela Akapelwa (Sued as Induna Inete) and Others v Josiah Mubukwanu Litiya Nyumbu – Appeal No.4 of 2015*
3. *Fellowes & Sons v Fisher* [1976] 1 QB 122
4. *Chrispin Lwali and Others v Edward Mumbi and Others* (2009) Z.R. 63
5. *Ahmed Abad v Turning Metals Limited* (1987) Z.R. 86
6. *Aristogerasimos Vangelatos v Demetre Vangelatos and Others* (2005) Z.R. 132
7. *Turnkey Properties v Lusaka West Development Company Ltd and Others* (1984) Z.R. 85
8. *Zambia Revenue Authority v Hitech Trading Company Limited* (2001) Z.R. 17
9. *Jamas Milling Company Limited v Imex International (Pty) Limited* (2002) Z.R. 79
10. *C & S Investments Limited and Others v Attorney General* (2004) 216
11. *American Cynamid Company v Ethicon Limited* [1975] A.C. 396
12. *Constantine Line v Imperial Smelting Corporation* [1942] A.C. 154
13. *Akashambatwa Mbikusita Lewanika and Others v Frederick Jacob Titus Chiluba* (1998) Z.R. 79
14. *Anderson Kambela Mazoka and Others v Levy Patrick Mwanawasa and Others* (2005) Z.R. 138
15. *Khalid Mohamed v Attorney General* (1982) Z.R. 49
16. *Blazer v Yardley* (1992) F.S.R 501
17. *Wilheim Roman Buchman v Attorney General* (1994) Z.R. 76
18. *Mususu Kalenga Building Limited and Another v Richman's Money Lenders Enterprises* (1999) Z.R. 27
19. *Milorad Saban (Being sued as Administrator for the Estate of the late SAVO SABAN) and Another v Gordic Milan* (2008) Z.R. 233

Legislation:

1. Standards Act Chapter 416 of the Laws of Zambia
2. Trade Marks Act, Chapter 401 of the Laws of Zambia; Section 57
3. Merchandise Marks Act, Chapter 405 of the Laws of Zambia; Sections 3, 5 and 18

Other Works referred:

1. Phipson on Evidence, 14th Edition. 1990. London: Sweet & Maxwell
2. Kerly's Law of Trade Marks and Trade Names, 15th Edition. 2011. London: Sweet & Maxwell.

Introduction

- [1] The Court regrets the delay in delivering this judgment. The delay was occasioned by a heavy workload.
- [2] This is an appeal against dismissal by the High Court (Mweemba, J), of the plaintiff's summons for an interim injunction.

Background

- [3] The appellant issued a writ of summons against the respondents claiming:
- (i) *An order for the delivery up to the appellant, or such other person as the Court may direct, of all infringing goods, material or articles in the possession, custody or control of the respondents and directions for the disposal thereof by destruction or forfeiture to such person as the Court may deem fit;*
 - (ii) *Inquiry into damages for trade mark infringement by the respondents and an account of profits and an Order for payment of all sums found due upon making of such inquiry and the taking of such account together with interest thereon;*
 - (iii) *Damages for passing off by the respondents;*
 - (iv) *A detailed account of the respondents' list of customers, stocks in transit and lists of distributors for verification purposes;*
 - (v) *Further or other relief;*
 - (vi) *An interim injunction restraining the respondents from continuing to use the "MANZI VALLEY" mark as embossed on the appellant's 18.9 litre bottles which mark is owned by the appellant AND restraining*

the respondents whether by their directors, officers or agents or otherwise howsoever from infringing the Registered Trade Mark No.1148/2000 in Class 32;

- (vii) An injunction to restrain the respondents from passing off or attempting to pass off or causing or enabling or assisting others to pass off any water which is not that of the appellant as being such goods of the appellants;*
- (viii) An order for erasure, removal or obliteration from all infringing goods, material or articles in the possession, custody or control of the respondent which infringing items are placed onto the appellant's 18.9 litre water bottle which contains the word MANZI VALLEY; and*
- (ix) Costs.*

Summons for interim injunction and affidavit evidence

- [4] The appellant then applied for an interim injunction and obtained an *ex parte* order. The affidavit in support of the application disclosed that the appellant and respondents are in the business of producing bottled water for commercial sale and distribution in Zambia and foreign countries. The appellant had invested a significant amount of money in equipment for the local manufacture of unique, and peculiar to the appellant, large 18.9 litre fully recyclable bottles which are used for holding of the appellant's water. The bottles were lent for returnable deposit to customers on the market primarily for

them to be attached to water dispensers.

- [5] During the course of 2003, the appellant registered a trade mark in the name of Manzi Valley at the Patents and Companies Registration Agency (PACRA) in Lusaka and the same was later renewed for a further period of 14 years with effect from 22nd December 2007. The trade mark exclusively belongs to the appellant and the 18.9 litre bottles manufactured by it are conspicuously embossed with the words “MANZI VALLEY”. At the bottom of the bottles, there is additional wording that states “PROPERTY OF NATURAL VALLEY LIMITED”, “STRONG” and “MANZI VALLEY”.
- [6] The appellant also contended that it has significant goodwill and a positive reputation in the bottled water market across Zambia. However, it came to its attention that the respondents had been using the appellant’s bottles for purposes of marketing, distributing and selling their own products. According to the appellant, the respondents would put adhesive stickers in their names on the appellant’s bottles and were marketing and selling their water in the appellant’s bottles throughout numerous retail outlets. The bottles belong to the

appellant as they have its registered trade mark but the product being provided by the respondents in the bottles is identical with the product for which the registered trade mark was acquired. In spite of the bottles bearing the respondents' adhesive stickers and also stating in no uncertain terms whom they belonged to, there exists a likelihood of confusion on the part of the public.

- [7] The appellant alleged that the respondents were conducting themselves in a manner contrary to honest practice in commercial matters and were taking unfair advantage of the distinctive character and reputation of the registered trade mark thereby causing significant injury to the appellant. That injunctive relief was therefore necessary because the respondents would continue infringing on the appellant's registered trade mark which is and continues to be compromised. Consequently, the respondents must be restrained from marketing their bottled water in the appellant's bottles and further, that any such bottles in their possession be surrendered as they were the appellant's property and protected by the trade mark.

- [8] In opposing the application, the 1st, 2nd and 5th respondents refuted the appellant's claims and asserted that they had not used the logo that had been registered as a trade mark. The water storage containers marked "PROPERTY OF MANZI VALLEY", which the appellant was seeking an order to restrict and restrain the respondents from using, is not a legal entity. Also, the said encryption was not a duly registered trade mark and bore no similarity whatsoever, with the appellant's logo which was registered pursuant to the Trade Marks Act.
- [9] The affidavit in opposition also disclosed that for one to assert an exclusive right to use a chattel, an industrial design of a storage bin, bottle or cup, they must be the registered inventor or designer of the said product. However, when the 1st, 2nd & 5th respondents wrote to PACRA inquiring as to whether the appellant had duly registered the 18.9 litre water bottle, they were informed that the appellant had not registered any trade mark, industrial design or a patent bearing the features of the 18.9/20 litre bottle. Thus, the appellant was precluded from asserting an unregistered trade mark, industrial design or patent. Further, that the appellant's action against the

respondent was wholly premised on a registered logo which had not been infringed upon, invariably making the cause of action and the right to relief unclear.

[10] The 1st, 2nd and 5th respondents accordingly contended that they have a meritorious defence to the appellant's claims. Moreover, the appellant has outlined a claim of delivery of goods/chattels without proof that the respondents currently had in their possession, the bottles in question and that the lower court could only grant such a relief when a party had shown that the chattel in issue was in the possession of the party to whom the order was directed. That contrary to the assertions that the bottles are for its exclusive use, the said bottles are sold together with their contents and at the point of sale, title and ownership of the bottle containing the water is transferred to the respective purchasers who are at liberty to deal with the same as they please.

[11] Further, that it is the practice in the industry that empty bottles circulate from one water purifying company to another as in most cases the exchange of these bottles is done at the retail sites and managed by intermediaries like supermarkets and

outlets. In most cases, the customers basically identify their desired brand of water by the logo which would be affixed onto the bottle. The appellants' admitted that they would place an adhesive of their respective logos on any containers bearing their purified water which logos bore no similarities with the appellant's logo. Consequently, there exists no form of prejudice, confusion or deception that could arise from a consumer buying water from an outlet as the stickers were clearly distinctive.

[12] The 1st, 2nd and 5th respondents accused the appellant of suppressing material facts relating to a long-standing practice in the industry on usage of the bottles in question which has been in place for a period exceeding 10 years and that this action had not been commenced timely. The appellant has also not demonstrated the irreparable damage it would suffer if the lower court did not grant an interim order of injunction which is a condition precedent for the grant of this equitable relief.

[13] The 7th respondent's affidavit evidence was that it had been part of the system whereby exchange and circulation of empty bottles was accepted and practised by all players including the

appellant. It contended that the practice has always been that once a supply of water is made to supermarkets or retail outlets the customers would buy the water in bottles and pay a deposit which is refundable on their return or if the customers already had bottles, they would exchange them upon buying and getting the ones with water regardless of the type and or labels of the suppliers on the respective bottles. At times the customers could even decide to keep the bottles and not collect the deposit. The 7th respondent, just like other suppliers and or dealers, would then collect the empty bottles from the retail outlets regardless of the label if any, on the bottles. Then it would re-use the bottles and stick its own label on them just like all the other suppliers.

- [14] This practice, according to the 7th respondent's evidence, was widely accepted by the players including the appellant and at no point did the appellant notify the 7th respondent that it no longer wanted to be part of the practice nor was there communication received by the 7th respondent from the retail outlets restricting the use of the appellant's bottles to the appellant only.

- [15] The 7th respondent contended that the appellant had no valid legal protection to exclusive use of the bottle in issue as no registered industrial design for the bottle had been produced before court by the appellant and further, that the appellant was estopped by its conduct, from denying that for a long time it participated in and allowed the exchange of bottles with other players in the industry including the 7th respondent. By applying for an injunction, the appellant was attempting to create a situation suitable to itself and not to maintain the status quo or restore an earlier one.
- [16] Moreover, the 7th respondent has never used the appellant's logo or trade mark to market its products and the appellant lamentably failed to produce any evidence to that effect. The 7th respondent's affidavit evidence also disclosed that different bottles had been used and exchanged by the players in the industry and the appellant continued to collect bottles for other players even after obtaining the injunction.
- [17] Replying to the 1st, 2nd and 5th respondent's allegations, the appellant's evidence was that there was never a practice of exchanging bottles among the industry players. It denied ever

interchanging bottles with those of the 1st, 2nd and 5th respondents and arbitrarily engaging in collecting the 1st, 2nd and 5th respondents' bottles from retail outlets and placing its own adhesive logo on their bottles. The appellant highlighted that the 1st, 2nd and 5th respondents had admitted to using the appellant's bottles and putting their own adhesive logo on them. It denied any suppression of facts on its part, adding that the bottle with "Manzi Valley" wording moulded onto its body was only brought into circulation in or around October 2014.

[18] The appellant clarified that it was not claiming infringement of an industrial design of the 18.9 litre bottle as purported by the 1st, 2nd and 5th respondents. On the contrary, the appellant was trying to comply with the requisite statutory requirements which say that the public should be supplied with the right quantity of water. That it was untrue as alleged by the 1st, 2nd and 5th respondents that the amount of water being supplied was 20 litres.

[19] The appellant dispelled assertions that there was some kind of practice of interchanging bottles and denied ever entering into any kind of agreement which even implied such a practice. The

appellant had a system of registering the date and name of the customer to whom the 18.9 litre bottles were supplied with the deposit paid and the refunded deposit on returned bottles. Thus, the property in the bottles did not pass to the customers as stated by the respondents.

[20] Furthermore, the appellant denied the allegation that the bottles were sold on an open market and it implied that the appellant was involved in VAT evasion as the empty bottles when sold attract VAT which in this case they did not because they were assets of the appellant. The appellant stated further that prior to these proceedings, the respondents had been using bottles marked "Manzi Valley" and if they were allowed to continue, not only would they be infringing on the appellant's trade mark and misleading the public but they would also be committing an illegality.

[21] In response to the 7th respondent's allegations, the appellant's evidence was that its old bottles were misused by its competitors to the extent that certain competing water suppliers would use a blow torch to remove the Manzi Valley name. The appellant contended that the respondents were free to

manufacture bottles of a similar design with that of the appellant provided they did not include features that formed part of the appellant's trade mark. The appellant denied the assertion that it was trying to create conditions favourable to itself. Instead, it was trying to prevent unlawful conduct.

- [22] The appellant also stated that the 7th respondent admitted that it had been part of the practice that allowed the use of the appellant's bottles and that there had been no suppression of facts because the registered trade mark and the manner of its abuse by the respondents was clearly spelt out in the affidavit in support of the application. It further denied collecting bottles belonging to the respondents.

Consideration of the matter by the trial judge and decision

- [23] After considering the affidavit evidence and arguments of the parties, the learned trial judge started by observing that the legal authorities on the granting of an interlocutory injunction require that the appellant should show the court that there is a serious question to be tried; that it has a right to relief; that damages would be inadequate or that the respondent would not be able to pay them; that the balance of convenience tilts in its

favour; and that it will suffer irreparable injury if the injunction is not granted.

[24] On the evidence before him, the trial judge found that the appellant had raised serious questions which suggested that it had a good arguable claim to the right it was seeking to protect. As to the question of the balance of convenience, the learned trial judge found that the appellant had not shown that it would suffer the greater inconvenience if the injunction was not allowed. He added that there was nothing to show that it would not be adequately compensated by an award of damages for any loss it would sustain between now and the trial of the matter.

[25] He also found that the practice of interchanging bottles between the parties without the consent of the appellant had subsisted for a number of years and if this were to continue for the duration of the trial, it would not cause any irreparable damage. Thus, the appellant would not suffer any prejudice if the injunction was lifted.

[26] It was his further finding that the appellant had not shown that it would suffer any irreparable injury that damages would not

be able to atone for should this injunction be lifted and neither had it shown that the respondents would fail to settle the damages should these be awarded to it at the end of the trial.

[27] Having so found, the learned trial judge concluded that this was not an appropriate case for the grant of injunctive relief and he accordingly discharged the *ex parte* order of interim injunction he had earlier granted.

Grounds of appeal to this court and arguments

[28] The appellant has now appealed to this court on three grounds as follows:

[28.1] *That the Learned High Court Judge erred in law and fact when he held that the appellant could be atoned for in damages and discharged the interim injunction without considering the adequacy of damages.*

[28.2] *The Learned High Court Judge erred in law and fact when he held that the Appellant failed to show that it would suffer the greater inconvenience if the injunction was not allowed and discharged the injunction when in fact the Appellant had discharged its burden of proof in this respect.*

[28.3] *The learned High Court Judge erred in law and fact when he held that the Appellant had established a prima facie case yet still discharged the interim injunction tentatively allowing the Respondents to continue infringing the Appellant's trade mark which is contrary to the Standards Act, Chapter 416, Merchandise*

Act, Chapter 406, Weights and Measures Act, Chapter 403 and the Trade Marks Act, Chapter 401.

[29] In support of ground one, Mr. Chuula, the learned counsel for the appellant submitted in the appellant's heads of argument, that it is trite law that an injunction will generally not be granted where damages would be an adequate remedy. The issue is not whether they would be a remedy but whether they would be an adequate remedy, an issue which the lower court should have given due consideration to. He contended that had the trial court addressed its mind to this consideration, it would have arrived at the inevitable conclusion that the appellant could not be adequately atoned for in damages and would therefore not have discharged the injunction. He relied on *Shell & B.P. Zambia Limited v Conidaris and Others*¹ and *Tawela Akapelwa (Sued as Induna Inete) and Others v Josiah Mubukwanu Litiya Nyumbu*².

[30] It was argued that the difficulty that comes with ascertaining the exact value of the appellant's damage, if it succeeded at the trial leads to the inevitable conclusion that damages are not an adequate remedy. According to counsel, the appellant cannot

be adequately atoned for in damages for the following reasons:

- [30.1] The damage to the goodwill of the appellant is something which cannot be adequately quantified and further, in the event that the respondents produced water that opened them up to legal action from the consumers or third parties, there is a real imminent and grave danger that the consumers or third parties could take out civil and or criminal actions against the appellant due to the fact that the appellant's bottles which bear its registered trade mark were being used by the respondents;
- [30.2] In the event that the appellant was successful at the end of the proceedings the respondents have shown their impecunious nature by using a competitor's bottles for the purpose of marketing their own product which infers that they would not be in a financial position to cover the damages done to the appellant;
- [30.3] The duty to account and ascertaining the exact quantity of the respondents' water that had been sold

through the use of the appellant's 18.9 litre trade mark bearing bottles would be the subject of much speculation and without clear certainty; and

[30.4] In the event of the appellant not being afforded the protection of the court, there would be serious mischief perpetuated by the offending respondents which could not be atoned in damages.

[31] In arguing ground two, counsel submitted that the learned trial judge erred in law and fact when he held that the appellant failed to discharge its burden of showing that it would suffer the greatest inconvenience when the evidence before him clearly demonstrated this. He argued that the appellant had demonstrated that it is the lawful owner of the trade mark "Manzi Valley" and the respondents' *prima facie* use of this trade mark was unjustified.

[32] It was also his contention that damages would not suffice, even though the law recognizes that the atonement in damages would not preclude a party from obtaining an injunction, the Court is then in a position to look at where the balance of convenience lies. The case of *Fellowes & Sons v Fisher*³ was cited

in support of this argument. Counsel submitted that the trade mark of the appellant is in itself property which is vested in the appellant and section 57 of the Trade Marks Act shows that the possession of the certificate of registration of a trade mark is *prima facie* evidence of the validity of the registration of the trade mark.

[33] In arguing ground three, it was submitted that the trial court erred in law and fact when it failed to recognise that the appellant did not only establish a *prima facie* case but that the respondents also flagrantly breached the law, namely; the Standards Act, the Merchandise Marks Act, Weights and Measures Act and the Trade Marks Act.

[34] According to counsel, there is no consideration of the adequacy of damages or balance of convenience when it comes to the obedience or non-obedience of the law. He called in aid the case of *Chrispin Lwali and Others v Edward Mumbi and Others*⁴ where this court held that:

“There is no need to consider injury when it comes to obeying the law nor need of consideration of balance of convenience. The nature of this case was such that the learned trial judge should have allowed the interim injunction to remain until the main action is tried because it

involves the obedience or no-obedience of the law.”

[35] It was argued that in the matter before this Court, the respondents are *prima facie* guilty of non-obedience of the law as they have substantially breached various provisions of the law which include sections 3, 5 and 18 of the Merchandise Marks Act.

[36] In response to ground one, Mr. Silwamba SC, the learned counsel for the 1st, 2nd and 5th respondents submitted in the said respondents' heads of argument, that a review of the pleadings revealed that the main cause of action arises from the tort of passing off and the reliefs thereunder lay in the realm of damages. He argued that the appellant had lamentably failed to show any irreparable damage or injury that it may be occasioned with if the injunction is not granted and neither had it demonstrated that damages would not atone for any loss it may suffer. Our attention was drawn to paragraphs 4, 5 and 18 of the appellant's affidavit in support of the summons for an interim injunction whose contents, according to State Counsel, related to the loss of business revenue, a matter that could be atoned for by an order for damages as the loss suffered was

easily quantifiable. The cases of *Ahmed Abad v Turning and Metals Limited*,⁵ *Aristogerasimos Vangelatos v Demetre Vangelatos and Others*⁶ and *Turnkey Properties v Lusaka West Development Company Ltd and Others*⁷ were cited in support.

[37] He went on to submit that although there was an attempt by the appellant's counsel to enlist the loss that the appellant would suffer in the event that the interim order of injunction was not granted, the same amounted to producing evidence from the bar which is proscribed by this Court. He relied on *Zambia Revenue Authority v Hitech Trading Company Limited*⁸, *Jamas Milling Company Limited v Imex International (Pty)*⁹ and *C & S Investments and Others v Attorney General*¹⁰ in support of his argument.

[38] It was therefore, argued that this was a clear case where the appellant failed to discharge its burden of demonstrating that damages would not be sufficient to atone for any loss to be suffered by it. We were referred to *American Cynamid Company v Ethicon Limited*¹¹ on the principle that the burden of proof that the inconvenience which the plaintiff will suffer by the refusal of the injunction is greater than that which the defendant will

suffer if it is granted lies on the plaintiff. Relying on the learned authors of *Phipson on Evidence (14th Edition)*, State Counsel submitted that it was trite law that the burden of proof lies upon the party who substantially asserts the affirmative of the issue.

[39] Our attention was also drawn to *Constantine Line v Imperial Smelting Corporation*,¹² *Lewanika and Others v Chiluba*,¹³ *Anderson Kambela Mazoka and Others v Levy Patrick Mwanawasa and Others*¹⁴ and *Khalid Mohamed v Attorney General*¹⁵ in support of his argument. It was also his contention that the claims in paragraphs (ii), (iii) and (iv) of the writ of summons confirm that the appellant seeks damages in the present action. As such, ground one must fail.

[40] In response to ground two, it was submitted that the essence of an injunction is to maintain the status quo. To buttress this argument, we were again referred to *Turnkey Properties*⁷ and *Ahmed Abad*⁵ which directed that an interim injunction must not be used to create a new state of circumstances designed for the benefit of a litigant. State Counsel contended that matters relating to the registration and enforcement of the appellant's trade mark go to the merits of the case at a substantive hearing

and it is for this reason that the learned trial judge chose not to address this issue in his ruling.

[41] He, however, argued that where a purported trade mark enjoys a long history of circulation in the public domain, the court must consider the inconvenience to be suffered by the market if an order of interim injunction was to be granted. It was his submission that the appellant had failed to establish that it was bound to suffer the greater inconvenience, thus, the court below was on firm ground to maintain the *status quo*. We were referred to page 752 of *Kerly's Law of Trade Marks and Trade Names*, 15th edition where the learned authors state that:

"In Blazer v Yardley,¹⁶ where the defendant had recently launched a product which the plaintiff alleged amounted to passing off, it was held that granting an injunction would not preserve the status quo. The status quo was not limited to the presence or absence of the defendant from the market, but also included the state of the market, which would be changed by the grant of the injunction."

State Counsel, therefore, submitted that ground two should fail as it lacks merit.

[42] In response to ground three, State Counsel submitted that the appellant's arguments under this ground are misplaced as they

go to the merit of the case and should therefore be decided at the hearing of the main matter. He argued that the court below did not make any finding to the effect that the respondents had breached any law or that there was disobedience or obedience of the law. The appellant had consequently come to this Court seeking it to determine matters that have not been pronounced upon by the court below.

[43] Further, he pointed out that although the appellant has relied on the Standards Act, Weights and Measures Act and Trade Marks Act in arguing ground three, the issues advanced by the appellant concerning these Acts were not raised by it in the court below and therefore, it cannot attempt to rely on them before this Court. As authority for this proposition, he cited *Wilhelm Roman Buchman v Attorney General*,¹⁷ *Mususu Kalenga Building Limited and Another v Richman's Money Lenders Enterprises*¹⁸ and *Milorad Saban (Being sued as Administrator for the Estate of the late Savo Saban) Machinist Engineering Limited v Gordic Milan*¹⁹. State Counsel accordingly submitted that the appeal lacks merit and should be dismissed with costs.

[44] The 3rd, 4th, 6th and 7th respondents neither filed heads of

argument nor appeared at the hearing of this appeal.

Consideration of the matter by this Court and decision

[45] We have considered the record of appeal, the ruling appealed against, the heads of argument filed by the appellant and the 1st, 2nd and 5th respondents as well as the oral submissions by their respective counsel at the hearing.

[46] The appellant's grievance in ground one is that the judge in the court below misdirected himself when he held that the appellant could be atoned in damages and discharged the interim injunction without considering the adequacy of damages. The argument being that the issue is not whether damages would be a remedy but whether they would be an adequate remedy and further, that they would be difficult to quantify. On their part, the 1st, 2nd and 5th respondents' contention is that the appellant has failed to discharge its burden of demonstrating that damages would not be sufficient to atone for any loss to be suffered by the appellant.

[47] The evidence of the appellant is that the respondents have been using its bottles for purposes of marketing, distributing and

selling their own water. That they have been doing this by putting adhesive stickers in their names on the appellant's bottles and selling their water in those bottles throughout numerous retail outlets. This allegation is not denied by the respondents. Their only justification is that the practice of interchanging bottles is acceptable in the industry. This assertion was, of course, denied by the appellant.

[48] The principles governing injunctive relief are well settled and have been espoused in numerous authorities. In the famous English case of *American Cyanamid Co. v Ethicon*¹¹ Lord Diplock stated as follows at page 408:

"... the governing principle is that the court should first consider whether, if the plaintiff were to succeed at the trial in establishing his right to a permanent injunction, he would be adequately compensated by an award of damages for the loss he would have sustained as a result of the defendant's continuing to do what was sought to be enjoined between the time of the application and the time of the trial. If damages in the measure recoverable at common law would be adequate remedy and the defendant would be in a financial position to pay them, no interlocutory injunction should normally be granted, however strong the plaintiff's claim appeared to be at that stage."

Similarly in our own case, *Shell & BP Zambia Limited*¹, we explained the principle in the following terms (quoting the

headnote):

“A court will not generally grant an interlocutory injunction unless the right to relief is clear and unless the injunction is necessary to protect the plaintiff from irreparable injury; mere inconvenience is not enough. Irreparable injury means “injury which is substantial and can never be adequately remedied or atoned for by damages...”

[49] We take judicial notice that the appellant’s bottles being used by the respondents to sell their own water as per the evidence highlighted in paragraph 47 are marketed and distributed throughout the country. In our considered view, it would be practically impossible to physically find and account for each of those bottles in the custody of the respondents, their customers or in circulation throughout numerous retail outlets in the country, for purposes of quantifying damages if the appellant were to succeed at the trial. We cannot agree more with the appellant that accounting and ascertaining the exact quantity of the affected bottles would be subject of much speculation and lack of certainty.

[50] The argument by the 1st, 2nd and 5th respondents that the loss of revenue that may be incurred by the appellant is easily quantifiable is plainly unsustainable on the facts of this case.

For these reasons, we reject the finding by the trial judge that the appellant would not suffer irreparable injury which damages would not be able to atone for if the *ex parte* order of injunction was discharged. We consequently find merit in ground one.

[51] In ground two, the appellant assails the trial judge for holding that the appellant failed to show that it would suffer the greater inconvenience if the injunction was not allowed when the appellant had discharged its burden of proof in this respect. According to the appellant, it had demonstrated that it is the lawful owner of the trade mark “Manzi Valley” and the respondents’ *prima facie* use of this trade mark was unjustified.

[52] The position of the 1st, 2nd and 5th respondents is that an interim injunction should not be used to create a new state of circumstances designed for the benefit of a litigant. Further, that where a purported trade mark enjoys a long history of circulation in the public domain, the court must consider the inconvenience to be suffered by the market if an order of interim injunction is to be granted.

[53] In our consideration of ground one, we observed in paragraph

47 that the respondents do not dispute using the appellant's bottles to sell their water. According to the appellant's evidence which is admitted by the 1st, 2nd, 5th and 7th respondents, this is done by putting adhesive stickers bearing the respondents' names on the appellant's 18.9 litre bottles which are embossed with the words 'MANZI VALLEY', its registered trade mark. The appellant also alleges that it has significant goodwill and a positive reputation in the bottled water market across Zambia. Further, that while the bottles bear adhesive stickers of the respondents, they also state in no uncertain terms that they belong to the appellant and consequently there exists a likelihood of confusion on the part of the public.

[54] We accept that whether the appellant has significant goodwill and positive reputation in the bottled water market across Zambia and whether there was a likelihood of confusion on the part of the public, are issues to be determined by the trial judge at the main hearing. However, it is safe at this interlocutory stage, for us to observe that from the evidence on the record, the appellant has demonstrated that it is the lawful owner of the trade mark "Manzi Valley" which is embossed on its 18.9

litre bottles. It is on these bottles that the respondents affix their logos and use them to sell their water. The appellant's concern is that the product being provided by the respondents in the bottles is identical with the product for which its registered trade mark was acquired. The other concern is that the use of the appellant's bottles by the respondents in this manner has the potential to expose the appellant to lawsuits because of its trade mark embossed on the bottles.

[55] We think that the appellant's concerns are genuine. We are therefore satisfied that the appellant has demonstrated that it would suffer the greater inconvenience if the injunction was not allowed. We do not think, as contended by the appellant, that granting the injunction, on the peculiar facts of this case, would be creating a new state of circumstances designed for the benefit of the appellant. We accordingly conclude that ground two also has merit.

[56] Before we leave this ground we need to say this. There was no need for the trial judge to consider the balance of convenience when the affidavit evidence clearly shows that the appellant would suffer irreparable injury which cannot be atoned for in

damages. The balance of convenience can only be considered where there is doubt as to the adequacy of remedies in damages. We are fortified in our opinion by the *American Cyanamid*¹¹ case where Lord Diplock further stated at page 408 that:

"It is where there is a doubt as to the adequacy of the respective remedies in damages available to either party or to both, that the question of balance of convenience arises."

[57] In ground three, the appellant's complaint is that notwithstanding the trial judge's holding that the appellant had established a *prima facie* case, he still proceeded to discharge the *ex parte* order of injunction thereby allowing the respondents to continue infringing the appellant's trade mark contrary to the Standards Act, Merchandise Marks Act, Weights and Measures Act and Trade Marks Act. The appellant's argument is that the appellant did not only establish a *prima facie* case but that the respondents were also in flagrant breach of the law. That there is no need to consider the balance of convenience when it comes to obedience or non-obedience of the law.

[58] On the other hand, the 1st, 2nd and 5th respondents' contention is that the appellant's arguments are misplaced because they

go to the merits of the case and should be determined at trial. Further, that the issues advanced by the appellant concerning the statutes were not raised in the court below and it cannot therefore rely on them before this Court.

[59] We have no hesitation in agreeing with the 1st, 2nd and 5th respondents that the issues canvassed by the appellant in relation to those statutes and the alleged infringement of its trade mark are matters fit for determination at trial. But this is not all there is to this ground of appeal.

[60] The question is whether the trial judge was on firm ground to discharge the *ex parte* order of injunction, having found that the appellant had raised serious questions and established that it had a good arguable claim to the right it sought to protect.

[61] While we agree that raising serious questions or establishing a good arguable claim to the right sought are important, authorities such as *Shell & BP Zambia Limited*¹ make it clear that the overarching principle in considering whether to grant injunctive relief or not, is the irreparability of the injury likely to be suffered by the applicant. Therefore, the mere fact that an applicant has raised serious questions or has established a

good arguable claim to the right sought, may not in all cases be sufficient to sustain an application for injunctive relief. To that extent, we do not think that this ground can succeed. However, we consider that the failure of this ground is *de minimis*, given the success of grounds one and two.

Conclusion


[62] In the result, we allow the appeal and set aside the ruling of the trial judge. We consequently make the following orders pending determination of this matter, if it has not yet been determined:

- (i) The appellant is granted an interim injunction restraining the 1st, 2nd, 3rd, 4th, 5th, 6th and 7th respondents from marketing or distributing their water in the appellant's 18.9 litre bottles which bear the appellant's duly registered trade mark 'MANZI VALLEY', which trade mark is registered in Class 32 under No. 1148/2000 in the Patents and Companies Registry.
- (ii) The 1st, 2nd, 3rd, 4th, 5th, 6th and 7th respondents must not, until after judgment in this action, part with any bottled water in their possession, power and control that is

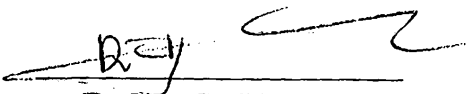
contained in the appellant's 18.9 litre bottles bearing the appellant's trade mark unless ordered by the court.

- (ii) All bottles as described herein, in the 1st, 2nd, 3rd, 4th, 5th, 6th and 7th respondents' possession, be surrendered to the appellant.

[63] Costs follow the event and shall be taxed in default of agreement.



M. Malila
CHIEF JUSTICE



R. M. C. Kaoma
SUPREME COURT JUDGE



C. Kajimanga
SUPREME COURT JUDGE