

**IN THE HIGH COURT OF ZAMBIA**

**2010/HP/1216**

**AT THE PRINCIPAL REGISTRY**

**HOLDEN AT LUSAKA**

*(Civil Jurisdiction)*

BETWEEN:

**AIRTEL HOLDINGS LIMITED**

**1<sup>ST</sup>**

**PLAINTIFF**

**AIRTEL LIMITED**

**2<sup>ND</sup>**

**PLAINTIFF**

**AIRTEL HIGH DEFINITION**

**3<sup>RD</sup>**

**PLAINTIFF**

**TELEVISION LIMITED**

**AND**

**PATENTS AND COMPANIES**

**1<sup>ST</sup>**

**DEFENDANT**

**REGISTRATION AGENCY**

**BHARTI AIRTEL DEVELOPERS**

**2<sup>ND</sup>**

**DEFENDANT**

**FORUM LIMITED**

*Before the Hon. Mr. Justice Dr. P. Matibini, SC, this 27<sup>th</sup> day of August 2012.*

*For the plaintiff:*

*Mr. N. J. Katolo of Messrs Milner Katolo and Associates.*

*For the 1<sup>st</sup> defendant:  
Companies*

*Mr. C. Mapani, Legal Counsel for the Patents and  
Registration Agency.*

*For the 2<sup>nd</sup> defendant:*

*Mr. M Mutembo with Mr. Hamweela of Messrs MNB Legal  
Practitioners.*

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**R U L I N G**

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**Cases referred to:**

1. R Johnston and Company v Archibald Orr Ewika and Company [1882] 7 A.C.219.
2. Meux's Brewery Company v City of London Electric Lighting Company Shelter v Same [1891 - 94] ALL E.R. 838
3. Buirberrys v Cording [1909] 26 R.P.C. 693.
4. Draper v Trist [1939] 3 ALL E.R. 513.
5. American Cynamid Company v Ethicon Limited [1975]. A.C. 396.
6. Erven Waranink BV v J Townsend and Sons Hull Limited Advocates" [1979] A.C. 731.
7. Porzelack K.G. v Porzelack (U.K) Limited [1987] F.S.R. 353.
8. Reckitt and Coleman Products Limited v Barden Inc. [1990] 1 W.L.R. 491.
9. British Telecommunications Plc v One Million Limited [1998] 4 ALL E.R. 476.
10. Caterham Car Sales v Birikin Cars (Pty) Limited [1998] SA 938.
11. Maxis Sdn Bhd Bhd v The Registrar of Companies Malaysia [2004] part 1 case 6 [Hem].
12. Contech Building Products Ltd v Walsh and Others [2006] 1 EHC 45.
13. Shell BP Zambia Limited v Conidaris and Others (1975) Z.R. 174.
14. Star Industrial Company Limited v Yap Kwe Kor (1976) FRS 256.
15. Imperial Group v Phillip Morris [1982] F.S.R. 72.
16. Mobil Zambia Limited v Msiska (1983) Z.R. 66.
17. Turnkey Properties v Lusaka West Development and Others (1984) Z.R. 85.
18. Shamwana v Mwanawasa (1993 - 1994) Z.R. 149.
19. Trade Kings Limited v Uniliver (2000) Z.R. 16.
20. A.G. Spalding and Brothers v A. W. Gamage Limited [1915] 32 BPC 273.
21. Tau Capital Partners Incorporation and Another v Mushinge and Others (2008) Z.R. Vol. 2, 179.
22. Calieanese Corporation v A.K. Chemie U.K. Limited [1976] F.S.R. 273.
23. Series 5 Software v Clarke [1996] 1 ALL E.R. 853.
24. Stacy v 2020 Communications PLC (1991) F.S.R. 49.

**Legislation referred to:**

1. Patents and Companies Registration Agency Act Number 15 of 2010.
2. Trade Marks Act cap 401, s.9.
3. Companies Act, cap 88, ss.11, 22, and 37.
4. Companies Act Number 2006 of the United Kingdom s. 66 (1).
5. High Court Act, cap 27, Order 27, rule 4.

**Woks referred to:**

1. *W.R. Cornish Intellectual Property; Patents, Copyright, Trademarks and Allied Rights 3<sup>rd</sup> Edition (London, Sweet and Maxwell 1996).*
2. *Salmond and Henston Law of Torts 12<sup>th</sup> Edition.*
3. *T.A.B. White and R Jacob Kerlys Law of Trademarks and Trade Names 11<sup>th</sup> Edition (London, Sweet and Maxwell)*
4. *Gower and Davies Principles of Modern Company Law, 7<sup>th</sup> Edition (London, Sweet and Maxwell).*
5. *Michael A. Jones, Clerk and Lindsell on Torts Twentieth Edition (London, Sweet and Maxwell, 2010).*
6. *David Bean, Injunctions 10<sup>th</sup> Edition (London, Sweet and Maxwell, 2010).*
7. *Rules of the Supreme Court Order 29, Rule 1.*

This action was commenced by way of writ of summons. And the plaintiff's claims are for the following:

- (1) An order that the plaintiffs are the only duly registered companies in Zambia entitled to operate and use the name "Airtel" as part of a group of companies;
- (2) An order that the 1<sup>st</sup> defendant be prohibited from registering another company in Zambia bearing the name(s) "Airtel Networks Zambia Limited", or "Airtel Money Limited", or such other similar name(s) to that of the plaintiffs;
- (3) An order of injunction restraining the defendant and each one of them whether by themselves, their servants or agents or whomsoever from either registering or attempting to register using in any way in Zambia the name "Airtel Networks", or "Airtel Money Limited", or such other similar name(s) to that of the plaintiffs, until determination of this matter, or until further order of the Court;
- (4) Any other relief the Court may deem fit; and
- (5) Costs.

The writ of summons is accompanied by a statement of claim. In the statement of claim it is averred that the plaintiffs are limited liability companies incorporated under the Companies Act, and are operating in Zambia a group of companies, with the 1<sup>st</sup> plaintiff as the holding company. The 1<sup>st</sup> defendant is an agency established as such under the Patents and Companies Registration Agency Act No. 15 of 2010. Although the plaintiffs are registered as limited liability companies, they all share the common word of "Airtel."

The chief complaint of the plaintiffs is that the 2<sup>nd</sup> defendant attempted to register with the 1<sup>st</sup> defendant two other companies similar in name to the plaintiffs. Namely, bearing the names of "Airtel Networks Zambia Limited, and "Airtel Money Limited." As a consequence, the plaintiffs contend that any attempt to register or authorize the use of the name; "Airtel Networks Zambia Limited", or such other similar name(s) is likely to cause confusion in the public, and will injure and infringe the goodwill established by the plaintiff. And may pass off the companies as part of the Airtel Group of Companies.

Further, the plaintiffs contend that the 2<sup>nd</sup> defendant is desirous and anxious to register with the 1<sup>st</sup> defendant the names of "Airtel Networks Zambia Limited," and "Airtel money Limited", because of the acquisition of shares by Bharti Airtel Limited of India in Celtel Zambia Plc trading as, "Zain Zambia". Furthermore, the plaintiffs contend that the 1<sup>st</sup> defendant has a matter of fact proceeded to clear the names of "Airtel Networks Zambia Limited," and "Airtel Money Limited", in readiness for incorporation by 2<sup>nd</sup> defendant. Finally, the plaintiffs contend that any registration of a company name similar to the plaintiff's names by the 1<sup>st</sup> defendant amounts to a breach of the 1<sup>st</sup> defendant's statutory duty under section 37 of the Companies Act, chapter 388 of the laws of Zambia.

The 1<sup>st</sup> defendant filed a memorandum of appearance and defence on 1<sup>st</sup> December, 2010. In the defence, the 1<sup>st</sup> defendant admits that the plaintiff's are incorporated under the Companies Act. However, the 1<sup>st</sup> defendant intends to put them to strict proof that they have commenced operations. The gist of the 1<sup>st</sup> defendant's defence is that the names "*Airtel Networks Zambia Limited*, and or "*Airtel Money Limited*", are not confusingly similar with any of the plaintiff's companies.

Further, the 1<sup>st</sup> defendant contends that the use of the word "*Airtel*" by any person, in combination with any other words would not cause confusion in the market place, and that the plaintiff's do not in any event enjoy exclusive rights of or any combination of words bearing the word "*Airtel*." The word "*Airtel*" is not in any case the invention of the plaintiff. Lastly, that the plaintiffs have no basis for sustaining an action for pass off. The 1<sup>st</sup> defendant confirmed that it has cleared the names "*Airtel Networks Zambia Limited*," and or "*Airtel Money Limited*" for incorporation.

The 2<sup>nd</sup> defendant also filed the memorandum of appearance, and defence on 1<sup>st</sup> December, 2010. The 2<sup>nd</sup> defendant averred that it is a subsidiary of *Celtel Zambia PLC*, not a party to this action. The 2<sup>nd</sup> defendant was incorporated on 11<sup>th</sup> February, 2010, under the name *Zain Developers Forum Limited*. The 2<sup>nd</sup> defendant further avers that in August, 2010, it changed its name to *Bharti Airtel Developers Limited*, following the acquisition of *Zain Africa Holdings BV*, the majority shareholder of *Celtel Zambia* on 30<sup>th</sup> March 2010, by *Bharti Airtel Limited* of India, which commonly operates under the well known trademark of *Airtel*.

The 2<sup>nd</sup> defendant contends that whilst negotiations were underway for the acquisition of *Zain Africa Holdings BV*; the majority shareholder of *Celtel Zambia Plc* by *Bhahti Airtel Limited*, early in 2010, a matter which was notoriously in the public domain in Zambia, the 2<sup>nd</sup> plaintiff company,

\_\_\_\_\_ *Airtel Zambia Limited* \_\_\_\_\_ was incorporated on 17<sup>th</sup> February, 2010. The 2<sup>nd</sup> defendant avers that the records at the Patents and Companies Registration Agency show that the shareholders of the 2<sup>nd</sup> plaintiff are; Brian Kawina, Samba Kawina, Sandra Chilubi, and Siphon Jere.

The 2<sup>nd</sup> defendant further avers that on 9<sup>th</sup> March, 2010, another similar company, namely, *Airtel Holdings Limited*; the 1<sup>st</sup> plaintiff in this action, was incorporated by Messrs *Airtel Holdings Limited*; promoted by Nelson Chongo and Moomba Mambo. The 2<sup>nd</sup> defendant denies that it ever attempted to register a company by the name of "*Airtel Networks Limited*", as alleged by the plaintiffs. The 2<sup>nd</sup> defendant however admits that it applied for name clearance in respect of "*Airtel Money Limited*."

The 2<sup>nd</sup> defendant contends that no confusion can occur from the registration of a name on the 1<sup>st</sup> defendant's companies register bearing the word "*Airtel*" in combination with other words by the mere fact that the plaintiffs names embody that word. The 2<sup>nd</sup> defendant maintains that the plaintiffs shall be put to strict proof of any alleged goodwill acquired by them in any trade, business or profession in Zambia.

Alternatively, the 2<sup>nd</sup> defendant contends that the three plaintiff companies are not entitled to exclusive use of the word "*Airtel*", because the plaintiffs were incorporated in bad faith, maliciously, and as an instrument of fraud, extortion, and passing-off. And without any intention that they be utilized for any other purpose apart from frustrating the incorporation of a Company under the name "*Airtel*", singularly or in combination with other words by the 2<sup>nd</sup> defendant and or *Bharti Airtel Limited*, following the news of the intended acquisition of *Zain Africa Holdings BV*; the majority shareholder of *CelTel Zambia Plc*, by *Bharti Airtel Limited*, a transaction which was consummated on 30<sup>th</sup> March, 2010.

On 10<sup>th</sup> November, 2010, the plaintiffs filed an *ex parte* summons for an order of interim injunction. The application was filed pursuant to Order 27, rule 4 of the High Court's Rules chapter 27 of the laws of Zambia. The terms of the summons were for an order of an interim injunction restraining the defendants from either registering or attempting to register or using in any way in Zambia the name(s) "*Airtel Networks Zambia Limited,*" or "*Airtel Money Limited*", or such other similar name(s) to the plaintiffs, until determination of this matter or until further order of the Court.

I declined to hear the application on *ex parte* basis. Instead, I directed that the matter be heard *inter partes*, on 19<sup>th</sup> November, 2010. My refusal to hear the matter *ex parte* was in keeping with the counsel of the erstwhile Chief Justice in the case of *Shamwana v Mwanawasa (1993-1994) Z.R. 149*. Namely, that the granting of *ex parte* injunction is the exercise of very extraordinary jurisdiction. An *ex parte* injunction should only be granted if the Court is satisfied that the delay caused by proceeding in the ordinary way might entail irreparable damage, or serious mischief. I did not consider on the facts of this case that such irreparable damage, or serious mischief would result if I did not grant the *ex parte* injunction. In any event, as was pointed out in *Shamwana v Mwanawasa (supra)*, it is an elementary requirement of fairness and justice that as a general rule both sides need to be afforded the opportunity to be heard before an injunction is granted. Whenever it is sought to depart from this norm, strong grounds must exist, and be shown to justify the grant of *an ex parte* injunction.

The summons for an interim injunction are accompanied by an affidavit dated 10<sup>th</sup> November, 2010. The affidavit in support is sworn by one Brian Mukazo Kawina. Mr. Kawina deposed as follows. That he is a director and shareholder in the plaintiff companies. Following the registration of the companies, the 2<sup>nd</sup> plaintiff proceeded to register with the Zambia Information and Communications Technology Authority as an importer and

distributor of ICT equipment. The 2<sup>nd</sup> plaintiff is also registered with the Zambia Revenue Authority as a tax payer. And was accordingly issued with a tax payer identification certificate.

Mr. Kawina further deposed that, the 2<sup>nd</sup> defendant is desirous of registering a number of companies, bearing the name "*Airtel*". That so far, the 2<sup>nd</sup> defendant has applied to the 1<sup>st</sup> defendant for the names. Namely, "*Airtel Networks Zambia Limited*," and "*Airtel Money Limited*". In view of the foregoing, by a letter dated 12<sup>th</sup> October, 2010, the plaintiff's advocates; Messrs Milner Katolo and Associates, wrote to the 1<sup>st</sup> defendant informing it that the plaintiffs intend to object to the registration of a company in the name of "*Airtel Networks Zambia Limited*". The Plaintiffs advocates advised Mr. Kawina that they have not received any reply from the 1<sup>st</sup> defendant in response to the letter of 12<sup>th</sup> October, 2010.

In the meanwhile, in order to be absolutely sure that the 1<sup>st</sup> defendant had actually cleared "*Airtel Networks Zambia Limited*", Mr. Kawina sought to clear the name "*Airtel Newworks Zambia Limited*" amongst other names, with the 1<sup>st</sup> defendant. The result of the search was that the name, "*Airtel Networks Zambia Limited*" is not available. Mr. Kawina contends that the registration of another company bearing the name, "*Airtel Zambia Limited*" is likely to cause confusion in the market.

To continue with the narration, following the failure by the 1<sup>st</sup> defendant to reply to the letter of 12<sup>th</sup> October, 2010, the plaintiff's advocates, sent a reminder on 3<sup>rd</sup> November, 2010, and urged the 1<sup>st</sup> defendant not to register another company bearing the name "*Airtel*", in order to avoid confusion. In response, the Acting Registrar of the 1<sup>st</sup> defendant advised that the plaintiffs cannot claim monopoly of the word "*Airtel*". And consequently, the 1<sup>st</sup> defendant would not be inhibited from registering another company bearing



the name "*Airtel*". In the premises, Mr. Kawina contends that unless restrained by an order of injunction, the defendants will proceed to register the companies in the name of "*Airtel Works Zambia Limited*", and "*Airtel Money Limited*", when they are already in existence a group of duly registered companies operating under the name of "*Airtel Group of Companies*".

The *inter parte* hearing was held on 19<sup>th</sup> November, 2010. On the material date, Mr. Nchito indicated to me then that he had just been appointed to act for the 2<sup>nd</sup> defendant. And the Notice of Appointment had been filed into Court the previous day on 18<sup>th</sup> November, 2010. As a consequence, he also filed a Notice to Adjourn on the same day; 18<sup>th</sup> November, 2010. In the circumstances, Mr. Nchito sought leave to adjourn the matter to enable his client file an affidavit in opposition. Mr. Katolo, Counsel for the plaintiff had no objection to the application. Accordingly, I allowed the application. Further, I directed the 1<sup>st</sup> and 2<sup>nd</sup> defendants to file the affidavits in opposition on or before 26<sup>th</sup> November, 2010, together with the written submissions. And the plaintiff's were also directed to file a reply, if any, on or before 1<sup>st</sup> December, 2010. The matter was adjourned to 2<sup>nd</sup> December, 2010, to enable me confirm that the directions were complied with. On 2<sup>nd</sup> December, 2010, the parties confirmed that they had complied with my directions.

The affidavit in opposition to the interim injunction by the 1<sup>st</sup> defendant was filed on 22<sup>nd</sup> November, 2010. It was sworn by Mr. Joseph Namuchoko Moola. Mr. Moola is the Acting Assistant Registrar in charge of company registration. Mr. Moola recalls that sometime in February, 2010, an application was lodged by Messrs David Jeremy Holiday, and Nawa Mataa, for the incorporation of *Zain Developers Forum Limited*. The company was

incorporated on 11<sup>th</sup> February, 2010. Later, the company changed its name to *Bharti Airtel Development Forum*; the 2<sup>nd</sup> defendant in this action.

According to Mr. Moola, sometime in February, 2010, an application was lodged for the incorporation of "*Airtel Zambia Limited*", supposedly by the 2<sup>nd</sup> plaintiff. The company was incorporated on 17<sup>th</sup> February, 2010. Mr. Moola confirmed that the shareholders of the 2<sup>nd</sup> plaintiff are messrs Brian Kawina, Patricia Sumba Kawina, Sandra Chilubi, and Siphon Jere. The directors are Messrs Brian Kawina, Patricia Samba Kawina, and Sandra Chilumbi. Mr. Moola further recalls that sometime in March, 2010, another application was made for the incorporation of *Airtel Holdings Limited*; the 1<sup>st</sup> plaintiff in this action. The incorporation of the company was effected on 9<sup>th</sup> March, 2010. The shareholder of the 1<sup>st</sup> plaintiff company are messrs Brian Kawina, George Matoka, and Siphon Jere. The directors of the company are Messrs Brian Kawina, and George Matoka Kawina. Furthermore, Mr. Moola recalls that sometime in August, 2010, another application was made for the incorporation of *Airtel High Definition Television Limited*; the 3<sup>rd</sup> plaintiff in this action. The company was incorporated on 3<sup>rd</sup> August, 2010. The shareholders of the 3<sup>rd</sup> plaintiff are messrs Moomba Maimbo and Nelson Chongo, who are also its directors.

Mr. Moola also deposed that prior to the incorporation of the "*Airtel Companies*", Messrs Brian Mukuzo Kawina and George Matoka Kawina, had in September, 2009, lodged an application for the incorporation of *Orange Zambia Limited*. The company was incorporated on 10<sup>th</sup> September, 2009. A further application for incorporation of *Orange Holdings Limited*, was made in October, 2010, by messrs Brian Mukuzo Kawina, Ephraim Sakala, George Matoka Kawina, Joseph Hantebe Simachela, Pearson Sakala, and Siphon Jere. The company was incorporated on 7<sup>th</sup> October, 2009. Mr. Moola believes that the plaintiffs have not demonstrated any trading action, and have only been

registered for a period of less than one year. As such, they have not built any reputation, or goodwill. Further, Mr. Moola believes that the use of the word "Airtel" by any person in combination with any other word would not cause confusion in market place; the word "Airtel" is not the invention of the plaintiff; and that "Airtel Networks Limited, and "Airtel Money Limited", are not confusingly similar with the plaintiff company names. Lastly, Mr. Moola contends that the acquisition of shares by *Bharti Airtel Limited*, in *Celtel Zambia* has been preceded by wide publicity in both the print and electronic media.

The affidavit in opposition to the interim injunction by the 2<sup>nd</sup> defendant is dated 29<sup>th</sup> November, 2010. And it is sworn by Mr. Nawa Mataa. Mr. Mataa is the Company Secretary for the 2<sup>nd</sup> defendant. Mr. Mataa deposed as follows: the 2<sup>nd</sup> defendant which is a subsidiary of *Celtel Zambia PLC* was incorporated on 11<sup>th</sup> February, 2010, under the name *Zain Developers Forum Zambia Limited*. Sometime in August, 2010, the 2<sup>nd</sup> defendant changed its name to *Bharti Airtel Developers Forum Limited*, following the acquisition of *Zain Africa Holdings BV*; the majority shareholders of *Celtel Zambia PLC*, by *Bharti Airtel Limited* of India. The acquisition took place on 30<sup>th</sup> March, 2010.

Whilst negotiations were underway in early 2010 for the acquisition of *Zain Africa Holdings BV*, by *Bharti Airtel Limited, Airtel Zambia Limited*; the 2<sup>nd</sup> plaintiff in this action was incorporated on 17<sup>th</sup> February, 2010. In March 2010, another similar company, namely *Airtel Holdings Limited*, the 1<sup>st</sup> plaintiff in this action was also incorporated. Further, sometime in August, 2010, *Airtel High Definition Television Limited*; the 3<sup>rd</sup> plaintiff in this action was incorporated by *Airtel Holdings Limited*. Mr. Mataa believes that the three companies were incorporated in bad faith, and without any intention that they be utilized for any other purpose apart from frustrating the

incorporation of any Company under the name “Airtel”, singularly, or in combination with other words by the 2<sup>nd</sup> defendant. This belief by the 2<sup>nd</sup> defendant is founded on the following grounds. First, the same individuals behind the plaintiff companies, incorporated *Orange Zambia Limited*, and *Orange Holdings Limited* in September, and October, 2009, respectively. The 2<sup>nd</sup> defendant contends that this was after the French Telecoms giant “Orange” had made public entreaties to acquire the ZAIN group to which *Celtel Zambia PLC* belonged.

Second, the *Bharti* group has a television business arm called *Bharti Airtel DTH Holdings BV*. And the 2<sup>nd</sup> defendant’s parent company *Celtel Zambia PLC* did in accordance with the law publish a notice of its intention to apply for a broadcasting licence. These notices were published on 9<sup>th</sup> and 10<sup>th</sup> July, 2010, in the *Post* and the *Zambia Daily Mail* newspapers respectively. Mr. Mataa believes that the incorporation of the 3<sup>rd</sup> plaintiff; *Airtel High Definition Television Limited*, was effected after the advertisements were published. And was clearly intended to frustrate registration by the 2<sup>nd</sup> defendant, and or any other person of a related television company. Mr. Mataa contends that the 1<sup>st</sup> defendant in fact rejected an application for registration of *Bharti Airtel DTH Holdings BV* a broadcasting entity, and member of the *Bharti Airtel Group*.

Third, Mr. Mataa contends that Mr. Sipho Jere, a shareholder in the 1<sup>st</sup> and 2<sup>nd</sup> plaintiffs, as well as the *Orange companies*, is an employee of the 1<sup>st</sup> defendant. And he is therefore privy to certain information which is not in the public domain.

Fourth, Mr. Mataa maintains that none of the plaintiffs have established that they are involved in any trade or business, a fact which in any case a bank statement would have simply demonstrated, or confirmed. Mr. Mataa believes that the two companies, *Orange Zambia Limited*, and *Orange Holdings Limited*, were incorporated by the same group of persons as an

instrument of fraud, extortion, and passing off. And further Mr. Mataa believes that the plaintiffs and the persons behind those companies have exhibited bad faith and are not entitled to the equitable relief sought. Lastly, Mr. Mataa contends that the plaintiffs have not demonstrated any irreparable damage they would suffer if the injunction was not granted.

On 30<sup>th</sup> November, 2010, the plaintiffs filed a reply to the affidavits in opposition. The affidavit in reply was sworn by Mr. Brian Mukazo Kawina. Mr. Kawina is a director and shareholder in the plaintiff companies. Mr. Kawina contends that the *Orange* Companies were incorporated with a view of setting up the fourth mobile phone provider in Zambia. However, because of the government decision not to issue any more licences in the telecommunication industry, the *Orange* companies became redundant. Mr. Kawina denies the assertion by Mr. Moola that the plaintiffs have not demonstrated any trading activity and therefore have not built any reputation or goodwill. Mr. Kawina contends in this regard that the 1<sup>st</sup> defendant is not privy to all the business activities the plaintiff's are involved in. And it is also not within their remit to supervise the day to day activities of the registered companies, save to process annual returns of the companies. The plaintiffs also deny the assertion by the Mr. Moola that the use of the word "*Airtel*" by any person in combination with any other word would not cause confusion in the market place. The plaintiffs contend that the 2<sup>nd</sup> defendant is actually using the word "*Airtel*", and not its full name of *Bharti Developers Forum Limited*. Further, the plaintiffs contend that the 2<sup>nd</sup> defendant is actually representing itself to the public as merely "*Airtel*" and "*Airtel Zambia*", which is actually endangering confusion.

The plaintiffs also contend that the 2<sup>nd</sup> defendant has proceeded to install billboards along the roads in Lusaka advertising itself as "*Airtel*", when it is

not registered as such in Zambia. As a result, the plaintiffs have been receiving numerous queries from their clients, and members of the public about the Airtel group of companies. As regards the assertion that “Airtel” is not their invention, the plaintiff’s contends that, that is neither here or there because “Airtel” is also not an invention of the 2<sup>nd</sup> defendant. Be that as it may, the plaintiffs contend that it is for the 2<sup>nd</sup> plaintiff to hold and use, as its sole name because it is duly registered as such in Zambia. And any one using it without other combinations will create confusion in the public eye. The plaintiffs contend that although “Airtel Networks Limited”, and “Airtel Money Limited”, may not be confusingly similar with other plaintiff companies, the plaintiffs still believe that confusion may likely arise on account of wrong association with the 1<sup>st</sup> plaintiff company as a holding company.

On 30<sup>th</sup> November, 2010, the plaintiffs filed into Court, their skeleton arguments. In the skeleton arguments, Mr. Katolo contended on behalf of the plaintiffs that in considering an application for an interim injunction, I have a rather limited discretion. Mr. Katolo urged that it is not part of my function at this stage of litigation to try either to resolve conflicts of evidence on affidavit, or to decide difficult questions of law calling for detailed argument and mature consideration. Rather, Mr. Katolo further urged, that I must be satisfied, and determine, on the authority *American Cynamid Company v Ethicon Limited [1975] A.C. 396*, whether;

- (a) the plaintiffs have raised a serious and *bona fide* question to be tried;
- (b) if they have, in the event of being refused an injunction and succeeding in the action would they be adequately compensated by damages;

- (c) if they would not, in the event of the injunction being granted and the plaintiff's failing to succeed in the action, the defendants would be adequately compensated by damages; and
- (d) the balance of convenience lies in favour of granting or refusing the injunction.

Mr. Katolo went on to elucidate the preceding questions. The first question he addressed is whether there is a serious question to be tried. On the facts of this case, Mr. Katolo submitted that the allegation is that the 2<sup>nd</sup> defendant is passing off, or seeking to pass off the plaintiff's name "*Airtel Zambia*" as its own. Mr. Katolo argued that the distinctive names and brands of the companies in issue are valuable business assets. Because they are valuable, they ought to be protected by actions at common law for passing off. Mr. Katolo argued further that in terms of section 11 of the Companies Act, chapter 388 of the laws of Zambia, a company name is a mark of identity that distinguishes one company from the other. And each company has the right and duty to protect its name from being used by an entity not registered as such. Section 11 enacts as follows:

*"On and from the date of incorporation specified in the certificate of incorporation, but subject to this Act, there shall be constituted an incorporated company by the name set out in the certificate."*

Mr. Katolo argued that following the incorporation of especially the 2<sup>nd</sup> plaintiff, it acquired a legal right to use the name, and be known as "*Airtel*" to the exclusion of any other entity. Thus Mr. Katolo argued that the 2<sup>nd</sup> plaintiff has demonstrated a violation of its right to the sole use of the name "*Airtel Zambia*". Mr. Katolo went on to argue that in resolving the initial question whether there is a serious question to be tried, the test to be applied is the one suggested by Lord Oliver in the case of *Reckitt and Coleman Products Limited v Burden Inc [1990] 1 W.L.R. 491*, at page 499, as follows:

*“My Lords when an application for interlocutory injunction to restrain a defendant from doing acts alleged to be in violation of the plaintiff’s legal right is made upon contested facts, the decision whether or not to grant an interlocutory injunction has to be taken at a time when ex hypothesi the existence of the right or the violation of or both, is uncertain, and will remain uncertain until final judgment is given in the action. It was to mitigate the risk of the injustice to the plaintiff during the period before that uncertainty could be resolved that the practice arose granting him relief by way of interlocutory injunction. The object of the interlocutory injunction is to protect the plaintiff against injury by violation of his right for which he could not be adequately compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial.”*

Mr. Katolo reiterated that there is a serious question to be tried granted that the 2<sup>nd</sup> plaintiff has clearly established violation of its exclusive use of its registered name; *Airtel Zambia Limited*.

The next question that falls to be considered, Mr. Katolo submitted, is whether damages will be an adequate remedy if the injunction is not granted. Mr. Katolo strenuously argued that it is axiomatic in cases of passing off, that damages would not be an adequate remedy. In this regard, Mr. Katolo drew my attention to the case of *Contech Building Products Ltd v Walsh and Others [2006] 1 EHC 45*, where it was opined that:

*“I think, in particular following a decision of Castello J in Mitechelstown Creamery that it was axiomatic in cases of passing off that damages would not be an adequate remedy.”*

Mr. Katolo submitted that the position or decision in *Cotech Building Products* case is in tandem with the Malaysian case of *Maxis Sdn Bhid v The Registrar of Companies, Malaysia [2004] part 1, case 6 Sitcms*, where James C.Y. Foony J. held that:

*“I hold the view that neither is damages on the loss suffered by the applicants would be an adequate compensation for the applicants at the end of the day if they are successful in their claim against the defendants for a permanent injunction nor are the defendants in a financial position to pay them even though damages in measure recoverable is adequate. When dealing with damages or injury to goodwill and reputation, which is*



*intangible and abstract in nature, the amount of damages, and injury caused is exceedingly difficult to identify and ascertain.”*

Mr. Katolo argued that the position in the two cases referred to above; *Contech Building Products (supra)* and *Maxis Sdn Bhd (supra)*, is that damages are never an adequate remedy to compensate a party in a passing off case.

Further, Mr. Katolo drew my attention to the case of *Meux’s Brewery Company v City of London Electric Lighting Company Shelter Same [1891-94] ALL E.R. 838*, in which A.L Smith made the following observation at pages 847-848:

*“Many judges have stated, and I emphatically agree with them that a person committing a wrongful act (whether it be a public company for public purposes or a private individual) is not entitled to ask the Court, by assessing damages in that behalf, to sanction his doing so by purchasing his neighbors rights leaving his neighbour with the nuisance or his rights diminished, as the case may be. In such cases, the well known rule is not to accede to the application, but to grant the injunction sought, for the plaintiff’s legal right has been invaded and he is prima facie entitled to an injunction. There are however cases in which this rule may be relaxed, and in which damages as authorized by the section may be awarded... In my opinion it may be stated as a good working rule that:*

- (i) if the injury to the plaintiff’s legal rights is small;*
- (ii) and is one which is capable of being estimated in money; and*
- (iii) is one which can be adequately compensated by a small money payment; and*
- (iv) the case is one in which it would be oppressive to the defendant to grant an injunction, damages in lieu of an injunction may be awarded...*

*They may also be cases in which though the four above mentioned requirements exist, the defendant, by his conduct as, for instance hurrying up his buildings so as if possible to avoid an injunction or otherwise acting with a reckless disregard to the plaintiff’s rights has*

*disentitled himself from asking that damages may be assessed in substitution for an injunction."*

On the basis of the preceding authority, Mr. Katolo submitted that the question of adequacy of damages only arises if the injury to the plaintiff's rights is small and the plaintiff can be adequately compensated by a small payment. Mr. Katolo argued that in this case, the invasion of the plaintiff's rights is not small. And also argued that since the 2<sup>nd</sup> defendant has hurried into representing itself in the market as "*Airtel Zambia*", in total disregard of the plaintiff's rights, it has disentitled itself from asserting that damages would be an adequate remedy.

The last question that falls to be considered is whether or not the balance of convenience lies in favour of granting an injunction. Mr. Katolo argued that the question of balance of convenience does not arise on the facts of this case, because the plaintiff's have disclosed a *prima facie* case for the grant of an interim injunction. Mr. Katolo submitted that the fact that the plaintiffs have disclosed a *prima facie* case can be discerned from the case of *British Telecommunication Plc v One in a Million Limited [1998] 4 ALL E. R 476*, where it is pointed out that the Court of appeal concluded that the defendant's registration of well-known trading names as domain names constituted trade mark infringement and passing off, because the names had been registered as instruments of fraud.

In the *British Telecommunications Plc*, case (supra) Aldous L.J. observed as follows at page 495:

*"No doubt the primary purpose of registration was to block registration by the owner of the goodwill. There was according [counsel for the defendants], nothing unlawful in doing that. The truth is different. The registration only blocks registration of the identical domain name, and therefore does not act as a block to registration of a domain name that can be used by the owner of the goodwill in the name. The purpose of the so called blocking registration was to extract money from the owners of the goodwill in the name chosen.*

*Its ability to do so was in the main dependent upon the threat expressed or implied, that the defendants would exploit the goodwill by either trading under the name or equipping another with the name so he could do so."*

Mr. Katolo stressed that the specific holding in the *British Telecommunications Plc (supra)* case was as follows:

*"The Court has jurisdiction to grant injunctive relief in passing off action where a defendant was equipped or was intending to equip another with an instrument of fraud. A name which would, by reason of its similarity to the name of another, inherently lead to passing off was such an instrument... it followed that injunctive relief was appropriate."*

Mr. Katolo argued that in this case, the 2<sup>nd</sup> defendant is trading deceptively by falsely representing to the public that it is "*Airtel Zambia*", when in fact it is not. And is therefore causing confusion in the market. In the circumstance, Mr. Katolo submits that the grant of injunctive relief is appropriate.

Mr. Katolo also pointed out that the 1<sup>st</sup> defendant has argued that the plaintiffs cannot monopolise the use of the word "*Airtel*". Yet, Mr. Katolo argued, it was laid down in *Purzelack K.G. v Porzelac (UK) Limited [1978] F.S.R. 353*, that: "*the monopoly assumption is the basis of every passing off action*". The essence of the action for passing off, Mr. Katolo went on, is a deceit practiced upon the public, and can be no answer in a case where it is demonstrated that the public has been, or will be deceived, that they would not have been, if they had been more careful, more literate, or more perspicacious. Mr. Katolo stressed that customers have to be taken as they are found. Thus in *R Johnson and Company v Archbaidorr Ewing and Company [1882] 7 A.C 219*, Lord Blackburn observed as follows at 229:

*"If the plaintiff had proved that purchasers had actually been deceived by the use of the mark B, and that the defendants after being told of this had*

*persisted in using this mark B, the plaintiffs would surely have been entitled to an injunction to prevent the continued use of B, and it could not be answered that the purchasers so deceived were incautious; the loss to the plaintiffs of the custom of an incautious purchaser is great a damage as to the loss of that cautious one."*

Mr. Katolo argued that if I were to consider the balance of convenience, it is self-evident that the balance of convenience was clearly in favour of the grant of an injunction, because there is a real prospect that the continuance of the 2<sup>nd</sup> defendant's activities in holding itself out to the public as "*Airtel Zambia*," or "*Airtel*" would seriously interfere with the plaintiff's business, and that damages would be inadequate remedy, even if the defendants could pay damages. Whereas an injunction would not prevent the defendants from pursuing their campaign by other legitimate means, and the plaintiff's undertaking as to damages would constitute adequate compensation in the event of the defendants being successful at the trial.

In view of the foregoing, Mr. Katolo urged me to grant an injunction to the plaintiffs to restrain the 2<sup>nd</sup> defendant from carrying on or representing itself as "*Airtel Zambia*", or from registering any entity that bears similar names with those of the plaintiffs. In this respect, Mr. Katolo invited me to take cognizance of section 37 (3) of the Companies Act, cap 388, which is in the following terms: "*The Registrar shall not register as the name of a company which in his opinion is likely to cause confusion with the name of another company or is otherwise undesirable*".

Mr. Katolo submitted that the preceding provision must be read together with section 11 of the same Act referred to above; in order to appreciate fully the protection of the law that is attended to registered companies. Ultimately, Mr. Katolo argued that denying the plaintiffs an injunction, would be tantamount to denying them the protection they are entitled to under sections 11 and 37 of the Companies Act.

On 22<sup>nd</sup> November, 2010, Mr. Mapani filed into Court submissions on behalf of the 1<sup>st</sup> defendant. Mr. Mapani submitted that the general principles relating to the grant or refusal to grant injunctions as laid down in the *American Cyanamid* case (supra), and as enshrined in Order 29, rule 1 of the Rules of the Supreme Court, are that before a Court can grant an injunction it must first consider whether there is a serious question to be tried. Second, whether damages would be an adequate remedy for the injured party and third, whether there is an arguable claim. Lastly, where the balance of convenience lies.

Further, Mr. Mapani submitted that in the case of *Mobil Zambia Limited v Misiska* (1983) Z.R. 86, the Supreme Court observed at page 93 that: “....the Court will grant an injunction only if the right to relief is clear, and the injunction is necessary to protect the plaintiff from irreparable injury which cannot be atoned for by damages.”

Mr. Mapani observed that the 2<sup>nd</sup> defendant’s contention in this case is that the plaintiff’s have no arguable claim to the right they seek to protect. And consequently, no right (s) of the plaintiff would be violated by the registration of the names “*Airtel Networks Limited*,” and or “*Airtel Money Limited*,” to warrant the grant of an interim injunction. Further, Mr. Mapani opined that section 37 of the Companies Act upon which the plaintiff’s rely on, does not confer exclusive rights or a statutory monopoly; a right to exclude others with similar companies.

Conversely, Mr. Mapani argued that the rights arising or accruing from incorporation are those stipulated under section 22 of the Companies Act. Section 22 is in the following terms:

*“22 (1) A company shall have subject to this Act and to such limitations as are inherent in its corporate nature, the capacity, rights, powers and privileges of an individual.*

*(2) A company shall have the capacity to carry on its business and exercise its powers in any jurisdiction outside Zambia to the extent that the laws of Zambia and of that jurisdiction permit.*

*(3) A company shall not carry on business or exercise any power that is restricted by its articles from carrying on or exercising, nor exercise any of its powers in a manner contrary to its articles.”*

Mr. Mapani argued that the plaintiffs would not in any way be hindered in the enjoyment of the rights and privileges outlined above by the refusal of an interim injunction ,or indeed the incorporation of *“Airtel Networks Limited”*, and or *“Airtel Money Limited.”* Mr. Mapani contends that if the legislature had intended to confer a statutory monopoly on incorporated companies *visa-avis* similar company names, it would have expressly stated so as provided for in section 9 of the Trade Marks Act. Section 9 is in the following terms:

- 1. subject to provisions of this section and of section twelve and thirteen, the registration of a person in Pat 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 use 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 in physical relation thereto or in an advertising circular 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 a person as foresaid is connected in the course of trade.

2) the right to use a trade mark given by registration as aforesaid shall be subject to any conditions or limitations entered on the register, and not be deemed to be infringed by the use of any such mark as aforesaid in any mode in relation to goods to be sold or otherwise traded in any place, in relation to goods to be exported, to any market or in any other circumstances to which, having regard to any such limitations, the registration does not extend.

3) the right to the use of a trade mark given by registration as aforesaid shall not be deemed to be infringed by the use of any such mark as aforesaid by any person.

a) in relation to goods connected to the course of trade with the proprietor or registered user of the trade mark if, as to those goods or a bulk of which they form a part, the proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it or has at any time expressly or impliedly consented to the use of the trade mark; or

b) in relation to goods adapted to form part of, or to be accessory to, other goods in relation to which the trade mark has been used without infringement of the right given as aforesaid or might for the time being be so used, if the use of the mark is reasonably necessary in order to indicate that the goods are so adapted and neither the purpose nor the effect of the use of the mark to indicate otherwise than in accordance with the fact a connection in the course of trade between any person and the goods.

4) the use of a registered trade mark, being one of two or more registered trade marks that are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration as aforesaid shall not be deemed to be an infringement of the right to the use of any other of those trade marks”.

Further, Mr. Mapani relied on the *dicta* of Parker J in *Burberrys v Cording* [1990] 26 R.P.C. 693 when he stated as follows at page 701:

“... apart from the law as to trade marks, no one can claim monopoly rights in the use of a word or name.”

In addition, Mr. Mapani argued that if any exclusive rights exist, the rights exist in respect of the exact registered name. Mr. Mapani contends that this is in fact the practice internationally. In aid of this submission, Mr. Mapani drew my attention to section 166 (1) of the Companies Act of 2006 of the United Kingdom which stipulates as follows:

*“A company must not be registered under this Act by a name that is the same as another name appearing in the registrar’s index of company names.”*

As regards, the claim of passing off, Mr. Mapani contends that the action cannot succeed on the facts of this case for the following reasons. First, the ingredients of what constitutes passing off have neither been established by evidence, nor can they be established at trial. Second, the plaintiffs have not demonstrated that they have earned any business reputation or goodwill. Third, the plaintiffs have not demonstrated the misrepresentation(s) that the 2<sup>nd</sup> defendant has made, and how those misrepresentations were calculated to benefit from such reputation or goodwill. In this regard Mr. Mapani drew my attention to the case of *Trade Kings Limited v Unilever and Others (2000) Z.R. 16*. In the *Trade Kings case* (supra), the erstwhile Chief Justice Ngulube upheld the five requirements laid down by Lord Diplock in *Erven Warnk BV and Others v J Townsend and Sons Hull Limited and Others [1977] 2 ALL E.R. 932*, that require to be proved in an action for passing off as follows:

*“AG Spalding and Brothers v AW Gamage Limited [1915] 32 RPC 273, and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off:*

- (i) a misrepresentation;*
- (ii) made by a trader in course of trade;*
- (iii) to prospective customers of his or ultimate consumers of goods or services supplied by him;*
- (iv) which is calculated to injure the business or goodwill of another trade (in the sense that this is a reasonably foreseeable consequence);*



(v) *which causes actual damage to the trader by whom the action is brought or (in a quia timet action) will probably do so.*"

Mr. Mapani submitted that no evidence has been adduced to show that the plaintiffs have commenced business activities which could constitute the basis of any goodwill or reputation. Yet, Mr. Mapani argued, it is clear from the certificates of incorporation that the 2<sup>nd</sup> plaintiff, is the first of the plaintiff companies to be incorporated after mid-February 2010. And was issued with a tax registration certificate, and dealership certificate by the Communications Authority on 10<sup>th</sup> and 14<sup>th</sup> May, 2010, respectively.

Mr. Mapani argued further that while the foregoing, do not constitute evidence of commencement of business activities, a reasonable inference that can be drawn is that the earliest the 2<sup>nd</sup> plaintiff could have commenced business, is after May, 2010. Mr. Mapani opined that at best the 2<sup>nd</sup> plaintiff could have only operated for a period of six months. Against this backdrop, Mr. Mapani submitted that there was no business injured, and that on the authority of *Star Industrial Company Limited v Yap Kwerkor [1976] F.R.S. 256 (PC)*, submitted that: *"goodwill as the subject of proprietary rights is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached."* (Per Lord Diplock).

Mr. Mapani went on to argue that in his considered view six months is not sufficient time within which the plaintiff's could have established sufficient goodwill either in their trade names or goods and or services to constitute a basis for attracting customers. Again, quoting from the South African case of *Caterham Car Sales v Birkan Cars (Pty) Limited [1998] SA 938 (SCA)*, Mr. Mapani submitted that:

*"goodwill is the totality of tributes that lure or entice clients or potential clientele to support a particular business... the only component of goodwill*

*that can be damaged by means of a passing off is its reputation and it is for this reason that the first requirement for a successful passing off action is proof of the relevant reputation."*

Mr. Mapani also submitted that according to the learned authors of Intellectual Property: Patents, Copyright Trademarks and Allied Rights 3<sup>rd</sup> Edition, at page 597:

*"in the normal case of passing off, the appellant has to prove reputation sufficient for members of the public to be misled by the respondent's conduct into thinking that they are seeking the goods or services of the appellant."*

Mr. Mapani submitted that the learned authors of Salmond and Heuston on the Law of Torts, 12<sup>th</sup> Edition, posit at page 395 that:

*"the legal and economic basis of this tort (passing off) is to provide protection for the right of property which exists not in a particular name, mark or style, but in an establishment business, commercial, or professional reputation or goodwill."*

Further, learned authors of Salmond and Heuston, on the Law of Torts, (supra) opine at page 398 as follows:

*"The true basis of the action (passing off) is now held to be that the passing off injures the right of property being his right to the goodwill of his business."*

To this end, Mr. Mapani also drew my attention to the case of *Draper v Trust* [1939] 3 ALL E.R. 513. In the Draper case (supra), it was held at page 518 that:

*"The gist of the conception off passing of is that the goods are in effect telling a falsehood about themselves, are saying something about themselves which is calculated to mislead."*

Thus, Mr. Mapani argued strenuously that proof of false representation is a mandatory requirement in a passing off action. To underscore this point, Mr. Mapani relied on the dicta by Lord Parker in the case of *British Telecommunication PLC* case as follows:

*“... the basis of passing off action being a false representation by the defendant, it must be proved in each case a fact that the false representation was made.”*

In addition, Mr. Mapani, contends that the Registrar properly exercised his discretion under section 37 (3) of the Companies Act in accepting the names “*Airtel Networks Limited*”, and “*Airtel Money Limited*” submitted by the 2<sup>nd</sup> defendant for incorporation. Mr. Mapani recapitulated that section 37 (3) enacts that:

*“The Registrar shall not register as the name of a company, a name which in his opinion is likely to cause confusion with the name of another company or is otherwise undesirable.”*

Mr. Mapani argued that assuming I was to hold that section 37 (3) confers exclusive rights on registered companies, the plaintiffs cannot claim monopoly or exclusive rights to the use of the word “*Airtel*”, because it is common cause that the 2<sup>nd</sup> defendant is also incorporated with the word “*Airtel*,” and would as such also be entitled to the exclusive use of the word. In view of the foregoing, Mr. Mapani submitted that it would be absurd for the plaintiffs to be allowed such monopoly. Mr. Mapani contends that it is common knowledge that “*Airtel*” is the abbreviation for “*Air Telecommunication*”. And is therefore descriptive of the nature of the business. Accordingly, Mr. Mapani urges that it cannot be monopolised by an individual entity. Mr. Mapani submits that according to T.A. Blaco White and Robin Jacob, the learned authors of Kerlys Law of Trademarks and Trade Names 11<sup>th</sup> edition, (London, Sweet and Maxwell) at page 361:

*“... where a trader adopts a trading name containing words in common use, some risk of confusion may be inevitable...”*

Thus, Mr. Mapani contends that the word “*Airtel*” is not an invention of the plaintiffs. The word “*Airtel*” Mr. Mapani argued is descriptive of the nature of the business. As such, Mr. Mapani contends that it ought to be common to the trade. Accordingly, Mr. Mapani submits that the risk of some confusion is inevitable. Furthermore, Mr. Mapani argued that it would be unreasonable and set a bad precedent if the plaintiffs were allowed to claim monopoly on every company name bearing the word “*Airtel*”; irrespective of whether it is used in combination with other words. Mr. Mapani stressed that exclusive rights can only subsist in the exact registered name.

Mr. Mapani submitted that the mischief which section 37 (3) of the Companies Act seeks to cure or avert is the likelihood of confusion ensuing in the market arising out of registration of names. Mr. Mapani pointed out that the practice in the United Kingdom is instructive. Mr. Mapani submitted that according to the learned author of Gower and Davies, Principles of Modern Company Law, 7<sup>th</sup> edition, (London, Sweet and Maxwell) at pages 75-76, the Secretary of State in exercising his power under section 67 of the Companies Act of 2006, to order a company to change a name amongst other reasons, for causing confusion, the Secretary of State is guided by the phrase whether it is “*likely to cause harm to the public.*”

As a *sequitur*, Mr. Mapani argued that in determining whether confusion is likely to ensue, the Registrar is entitled to take into account all the factors that can compound or mitigate the likelihood of confusion. Mr. Mapani further argued that whether or not confusion is likely to ensue is a question of fact to be determined on a case by case basis. Thus in the this case, in

determining the likelihood of confusion, Mr. Mapani submitted, I must bear in mind the nature of the business; the nature of the consumers; the reputations of the parties concerned, and generally the potential for unfair competition. Mr. Mapani argued that is not enough for the plaintiffs to simply assert that two company names bear similarities, or resemblance.

Mr. Mapani also contends that neither the name "*Airtel Networks Limited*," nor "*Airtel Money Limited*," are identical or confusingly similar with either of the plaintiff's names. Further, Mr. Mapani submitted that as the Registrar's powers under section 37 (3) of the Companies Act are discretionary, the controversy or issue turns on challenging the exercise of his discretion. And since the matter was not commenced by way of judicial review, Mr. Mapani submitted that the challenge is wrongly before me. In any event, Mr. Mapani argued that there is no evidence which has been adduced to suggest that the Registrar's conduct was irregular or proof of the alleged confusing similarity. Thus Mr. Mapani contends that on the facts of this case, the Registrar was within his rights to accept the contested names for registration.

In the last leg of the submissions, Mr. Mapani contends that if the interim injunction is not granted, the plaintiff's can only suffer loss of business, and which loss can in any event be adequately compensated for by an award of damages. As a consequence, Mr. Mapani contends that the balance of convenience tilts against granting the interim injunction. In advancing the preceding proposition, Mr. Mapani relied on the observation in the *American Cynamid case* (supra) as follows:

*"The object of the interlocutory injunction is to protect the plaintiff against injury by violation of his rights for which he could not be adequately*

*compensated in damages recoverable in the action if the uncertainty was resolved in his favour at the trial.”*

Further, Mr. Mapani drew my attention to the case of *Shell BP Zambia Limited v Conidaris and (1975) Others Z.R. 174*. In the *Shell BP case (supra)* the Supreme Court laid down the often quoted principle that:

*“A Court will not generally grant an injunction unless the injunction is necessary to protect the plaintiff from an irreparable injury; mere inconvenience is not enough. Irreparable damage means injury which is substantial and can never be adequately remedied or atoned for by damages, not injury which cannot possibly be repaired.”*

In addition, Mr. Mapani drew my attention to the case of *Turnkey Properties v Lusaka West Development and Others (1984) Z.R. 85*. In the *Turnkey Properties case (supra)*, the Supreme Court held that an interim injunction is appropriate for the preservation or restoration of a particular situation pending trial. However, the grant of an interim injunction should not be regarded as a device by which an applicant can attain or create new conditions favourable only to an applicant. Further, the *Turnkey Properties case (supra)* stressed that the possibility of damages being an adequate remedy should always be borne in mind.

Mr. Mapani also drew my attention to the case of *Tau Capital Partners Incorporation and Another v Musihinge and Others (2008) Z.R. Volume 2 at page 179*. In the *Tau Capital case (supra)*, Mr. Mapani submitted that Wood, J, after reviewing the *Shell B.P. Zambia Limited (supra)* and the *Turnkey Properties cases (supra)*, held that the object of an injunction is to maintain the *status quo*. That is, to keep matters in check, so that if after the hearing a plaintiff obtains a judgment in his favour, a defendant will have been

prevented from dealing in the meanwhile with the property in such a way as to make a judgment ineffectual.

Ultimately, Mr. Mapani submitted that in addition to the preceding arguments relating to the award of damages, (as an adequate remedy) in lieu of an injunction, the integrity of the final decision by the Court is to be preserved by the fact that the Court has inherent jurisdiction to reverse the Registrar's decision to incorporate the constituted names or indeed order a change of name. In the premises, Mr. Mapani urged me to dismiss the application for the interim injunction.

On 29<sup>th</sup> November, 2010, Mr. Nchito filed the submissions on behalf of the 2<sup>nd</sup> defendant. Mr. Nchito observed that the primary issue in this case is that the plaintiffs seek an injunction to restrain the 1<sup>st</sup> defendant from registering any company name that incorporates the name "*Airtel*"; including the names which the 2<sup>nd</sup> defendant has obtained name clearance. Mr. Nchito contends that the plaintiff companies were incorporated in contemplation of the acquisition of *Celtel Zambia Plc* by *Bharti Airtel Networks Limited*. And therefore the sole intention was that of frustrating *Bharti Airtel Networks*, and its affiliates in Zambia in the use of the word "*Airtel*." To augment this contention, Mr. Nchito argued that the promoters of the plaintiff companies were similarly architects of a scheme to register *Orange Zambia Limited*, and *Orange Holdings Limited*, when it appeared that the telecommunication conglomerate, *Orange* of France, would acquire *Celtel Zambia Plc*.

Further, Mr. Nchito contends that the plaintiffs have not demonstrated any goodwill upon which to found an action for passing off. The 2<sup>nd</sup> defendant

suggests instead that the persons behind the incorporation of the plaintiff companies are passing off as affiliates of the *Bharti Airtel* Group.

Mr. Nchito submitted that the law relating to injunctions is clear. Citing the case of *Shell BP Zambia Limited v Conidaris (supra)*, Mr. Nchito reiterated the proposition referred to earlier on, that a Court will not grant an interlocutory injunction unless the right to relief is clear, and unless the injunction is necessary to protect the plaintiff from irreparable injury. And where any doubt exists as to the plaintiff's right or if the violation of an admitted right is denied, the Court takes into consideration the balance of convenience to the parties; the burden of showing the greater inconvenience is on the plaintiff.

Mr. Nchito also submitted that the primary purpose of an injunction is to maintain the status quo in the period between the issue of the proceedings, and the trial of the action. The injunction, Mr. Nchito argued, is intended to prevent the party against whom the injunction is sought from continuing with the course of conduct which it is alleged is wrongful in the main action. Mr. Nchito contends that the Courts have consistently held that an interim injunction cannot be employed to create rights which the applicant did not have to begin with. Or in other words to create conditions favourable to the applicant. In this vein, Mr. Nchito also relied on the case of *Turnkey Properties (supra)*, where Chief Justice Ngulube as he was then, observed at page 88 as follows:

*"An interlocutory injunction is appropriate for the preservation or restoration of a particular situation pending trial. It cannot in our considered view be regarded as a device by which the applicant can attain or create new conditions favourable only to himself which tip the balance of the contending interests in such a way that he is able to more likely to influence the final outcome by bringing about an alteration to the prevailing situation which may weaken the opponent's case, and strengthen his own."*



Further, Mr. Nchito drew my attention to the dicta by Lord Diplock in the *American Cyanamid* case (supra) at page 399 as follows:

*“On an application for an interlocutory injunction, the Court must look at the respective situations of the two contending positions. The first question to ask is why the plaintiff should not be left to fight his action and get relief by succeeding. The normal rule of English litigation is that a person gets no relief till he has gone to trial and persuaded the Court that he has been infringed. He is not entitled to an interlocutory injunction just because he has a strong case. He is only so entitled if it is shown that there could be injustice if the defendant is left unfettered, and that there is a serious risk of irreparable damage to the plaintiff.”*

Mr. Nchito argued that an interim injunction should only be granted if it, in the interim protects the rights which the applicant would enjoy should they succeed at trial. Mr. Nchito submitted that on the facts of this case, the question that arises is this: are the plaintiffs companies which were clearly incorporated to perpetuate a fraud, and to extort money from the *Bharti Airtel* group and or its affiliate companies in Zambia, entitled to the injunction they seek?. Mr. Nchito posed another question: can the plaintiffs who have not demonstrated any goodwill succeed in obtaining the relief they seek in the main matter?. Mr. Nchito submitted that the answers to both questions are in the negative.

Mr. Nchito noted that the plaintiffs helpfully cited the case of *British Telecommunications Plc* case (supra) where it was held as follows:

*“The Court has jurisdiction to grant injunctive relief in a passing off action where a defendant was equipped or was intending to equip another with an instrument of fraud. A name which would by reason of its similarity to the name of another, inherently lead to passing off was such an instrument of fraud. Moreover, an injunction would be appropriate, if taking into account the circumstances including the similarity of names, the intention of the defendant, the type of trade, and all the surrounding circumstances, the Court concluded that the name was produced to enable passing off. In the instant case, the names registered by the defendants were instruments of*

*fraud since the registrations were made with the purpose of appropriating the plaintiff's property their goodwill. It followed that injunctive relief was appropriate."*

Mr. Nchito submitted that the plaintiff's contentions fly in the teeth of the *British Telecommunications Plc* case (supra).

Mr. Nchito further argued that the plaintiffs have not demonstrated any goodwill because the plaintiffs never intended to use the companies. Mr. Nchito contends that the companies were registered in order to extort funds. Mr. Nchito drew an analogy from trade mark law, where it is laid down that absent of a genuine intention to use a trade mark is ground for challenging a trade mark. To this end, Mr. Nchito drew my attention to the case of *Imperial Group v Phillip Morris [1982] F.S.R. 72*, where it was held that that a party claiming monopoly over a trade mark must demonstrate, or show an intention to use the trade mark.

Mr. Nchito also submitted that the remedy of an injunction is an equitable remedy. And therefore, "*he that comes to equity must come with clean hands.*" Further, "*he that seeks equity must do equity.*" Mr. Nchito submitted that the plaintiff's agents in this case, the directors are tainted with impropriety. Mr. Nchito described the initiative to incorporate the *Orange and Airtel* Companies as predatory behavior. Thus Mr. Nchito argued that equity precludes the plaintiff from obtaining injunctive relief.

Lastly, Mr. Nchito submitted that the balance of convenience lies in favour of not granting the injunction as opposed to granting the injunction. In this respect, Mr. Nchito posed the following question: what do the respective parties stand to lose if the interim injunction is granted or is not granted? Mr.

Nchito submitted that the 2<sup>nd</sup> defendant; an affiliate of the *Bharti Airtel* brand stands to lose immensely if the injunction is granted to the plaintiffs. Conversely, Mr. Nchito submitted that the plaintiffs stand to lose nothing since they have not adduced an evidence of use of the name “*Airtel*.” In view of the foregoing, Mr. Nchito urged me to dismiss the application for the interim injunction.

I am indebted to counsel for their spirited arguments and submissions. I must state at once that the submissions by counsel for the plaintiffs and the 1<sup>st</sup> defendant ranged far and wide. As I see it, the question that falls to be determined is whether or not I should grant the plaintiffs an interim injunction to restrain the defendants from registering the name(s) “*Airtel Networks Zambia*,” or “*Airtel Money Limited*,” or such other name similar to that of the plaintiff, until determination of this matter, or until further order of the Court. The grant of an interim injunction has always been considered the grant of a relief of somewhat exceptional character, and it is therefore inappropriate to grant the relief of this nature, unless it is absolutely vital in order to protect the legitimate interests of the plaintiff that such relief be granted. (See *Clieanese Corporation v AK 30 Chemie UK Limited 1976 F.S.R. 273*). Thus in order for an applicant to be granted an interim injunction, he must demonstrate a pressing injury. The corollary of this is that relief by way of interim injunction is a relief which should never be lightly granted.

Needless to mention that the object of an interim injunction is to protect a claimant against injury by violation of his right for which he could not be adequately compensated in damages. Therefore, if an applicant can be fully compensated by an award of damages, no interim injunction should be granted at all. In sum, in considering whether or not an interim injunction should be granted, the most important consideration is whether or not

damages are an adequate remedy. (See *Mobil Zambia Limited v Misiska* (supra) at page 93 per Gardner JS).

The celebrated base of *American Cyanamid* (supra) is renowned, through Lord Diplock, for developing a series of questions which are widely used to calibrate whether or not an interim injunction should be granted in a particular case. The questions may be summarized as follows:

- a) the first and primary question is to establish whether or not there is a serious question to be tried.
- b) Assuming that there is a serious question to be tried, the Court must proceed, to consider the question of the inadequacy of damages to either side. That is, the Court should go on to consider whether if the claimant 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 would be an adequate remedy and the defendant would be in a financial position to pay them, no interim injunction should normally be granted, however strong the claimant's claim appeared to be at that stage. (*American Cyanamid* at 408 - B - C)
- c) It is where there is 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. (*American Cyanamid* at 408 E). The question of balance of convenience is considered in three stages. As follows:
  - i) First, if the applicant would be adequately compensated by an award of damages if he succeeded at trial, then no injunction should be granted however strong the applicant's case. As stated earlier

on, this is the most important consideration in the exercise of the discretion to grant or not to grant an interim injunction.

- ii) Second, assuming the claim survives the hurdle referred to above, the Court must then consider whether if an interim injunction is granted, but the defendant succeeds at trial, the defendant would be adequately compensated in damages, which would then have to be paid by the applicant.
- iii) Third, if there is doubt as to the adequacy of damages available to either or to both, the Court must then consider the wide range of matters which go to make up or tilt the balance of convenience. These include the need to maintain the status quo, relative strength of cases, and special factors.

All said and done, it is therefore essential for an applicant for an interim injunction to clearly demonstrate that he would suffer substantial prejudice or hardship in a material respect if he were confined to an award of damages.

Before I proceed to apply the law relating to interim injunctions to the facts of this case, I will briefly consider the cause of the subject matter of this action. This cause of action is founded on the common law tort of passing off. The learned authors of Clerk and Lindsell on Torts, twentieth edition, (London, Sweet and Maxwell, 2010) elucidate the tort of passing off in the following terms in paragraph 26 - 01, at page 1817:

*“By the tort of passing off it is an actionable wrong for a trader so to conduct his business as to lead to the belief that his goods, services or business are the goods, services, or business of another. The claimant must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public. The goodwill may arise from a brand name, features of labeling or packaging or trade description. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading to or likely to lead the public to believe*

*that the goods or services offered by him are the goods or services of the claimants. Thirdly, he must demonstrate that he is likely to suffer damages by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the claimant."*

The basis of the action of passing off, the learned authors of Clerk and Lindsell on Torts, (supra) point in paragraph 26 - 03 at page 1818 is the classic trinity of:

1. A reputation (or goodwill) acquired by the [claimant] in his goods, name, mark, etc;
2. A misrepresentation by the defendant leading to confusion (or deception) causing; and
3. Damage to the [claimant].

As I pointed out earlier on, in *Evern Worknik BV v Townsend and Sons (Hull) Ltd ("Advocaat")* (supra), Lord Diplock set out the essential five requirements of the tort in the following terms:

"(1) a misrepresentation;

(2) made by a trader in the course of trade;

(3) to prospective customers of his or ultimate consumers of goods or services supplied by him;

(4) which is calculated to inure the business or goodwill of the trader (in the sense that this is a reasonably foreseeable consequence); and

(5) which causes actual damage to the business or goodwill of the trader by whom the action is brought."

The learned authors of Clerk and Lindsell on Torts (supra) observe that although the preceding case is of the highest authority, it does not give the same degree of assistance in analysis and decision as the classical trinity test referred to above. (See paragraph 26 03 at 1819).

It is also important to note and stress that the tort of passing off does not protect the mark, get up etc as such. A passing off protects a proprietary interest in goodwill. Goodwill has in turn been defined as the benefit, and advantage of the good name, reputation, and connection of a business. (See Clerk and Lindsell on Torts (supra) paragraph 26 - 05 at page 1820).

As regards the remedies, in an action for passing off, the learned authors of Clerk and Lindsell on Torts, observe in paragraph 26 - 19 at page 1831 that:

*“The remedies in an action for passing off are similar to those available in an action for the infringement of a registered trade mark, principally damages or an account of profits and an injunction.”*

The learned authors of Clerk and Lindsell on Torts (supra) go on to observe in paragraph 26 - 20 at page 1831 that:

***“Injunctions.*** *Final injunctions are commonly granted in passing off cases. An appropriate form of injunction may be limited to restraining the defendant from using the work in question... Interim injunctions are granted in passing off cases on the usual American Cynamid principles.”*

Applying the series of questions laid down in the *American Cynamid* case, the first question that falls to be considered is whether or not the plaintiffs have posited a serious question to be tried. According to David Bean, in his book entitled Injunctions 10<sup>th</sup> Edition (London, Sweet and Maxwell, 2010), in

paragraph 3.15 at page 32, at this juncture of the proceedings, an applicant does not need to show a *prima facie* case, in the sense of convincing the Court that on the evidence before it he is more likely than not to obtain a final injunction at trial. It is also important to observe that the evidence available to the Court at the hearing of the application for an interim injunction is incomplete. It is given on affidavit. And has not been tested by oral examination. Be that as it may, the Court no doubt must still be satisfied that there is serious question to be tried (See *American Cyanamid* case (supra) at 406 - 407).

The old rule had been that the claimant had to show a better than 50 percent chance of success; now it was thought to have been replaced by the rule that, once the claimant showed a serious question to be tried, any further, reference to the relative strength of the parties cases was prohibited. This interpretation was widely held in the 20 years after *American Cyanamid* (supra). See David Bean, **Injunctions** (supra) paragraph 3.16 at page 33.

However, Laddie J, in *Series 5 Software v Clarke* [1996] 1 ALL E.R. 853, in a detailed and devastating analysis held that where on an application for an interim injunction the Court is able from reading the evidence to form a clear view as to the relative strengths of the parties case, it should take that view into account in deciding whether to grant or refuse the injunction. The proper approach Laddie J held was as follows:

1. The grant of an interim injunction is a matter of discretion and depends on all the facts on the case
2. There are no fixed rules as to when an injunction should or should not be granted. The relief must be kept flexible .



3. Because of the practice adopted on the hearing of applications for interim relief the Court should rarely attempt to resolve complex issues of fact or law.
4. Major facts the Court can bear in mind are (a) the extent to which the damages are likely to be an adequate remedy for each party and the ability of the other party to pay, (b) the balance of convenience (c) the maintenance of the status quo, and (d) any clear view the Court may reach as to the relative strength of the parties cases.

Judge Laddie J, added that there is great value to most parties in having an early, non-binding view of the merits from a judge, and giving such a view assists in reducing the cost of litigation. On the facts he found the claimants case arguable, but weak and refused an injunction.

In this case, the cause of action is for an order that the plaintiffs are the only duly registered companies in Zambia entitled to operate under and use the name "Airtel" as part of the group of companies. As a result, there are seeking an interim injunction to restrain the defendants from registering the name "Airtel Networks Zambia Limited", or "Airtel Money Limited," or such other name(s) similar to that of the plaintiffs. From the analysis of the affidavit evidence and submissions, it is debatable or arguable as to whether or not the plaintiff's will succeed at trial. And in the context of this application, I will of course not attempt to resolve this question. To the extent that it is arguable or debatable as to whether or not the plaintiff's will succeed at trial, I will proceed to consider the adequacy or inadequacy of damages to either side if the matter were to proceed to trial.

In order to make an informed assessment, it is instructive to refer to the case of *Stacy v 2020 Communications PLC [1991] F.S.R. 49*. The facts in the *Stacy* case were as follows: Both parties carried on business in the

telecommunications field, though arguably in different areas. The plaintiff had traded as "20/20 Telecom" for two years. The defendants had traded for 18 months when they changed their business name to "20/20 Communications". Despite having started trading later, the defendant's business had about ten times the turn over of the plaintiff. Any confusion between the two businesses appeared to be the opposite from the usual way, so that it was customers of the defendants who inadvertently telephoned the plaintiff, rather than vice versa. The plaintiff therefore had been able to correct the confusion.

Having established that there was clearly a serious question to be tried as whether there was a risk of confusion between the two businesses, Millet J, went on to consider whether damages would be an adequate remedy for the plaintiff. This is what he, said:

*"Clearly damages are not fully adequate remedy for the plaintiff. They rarely are in a case of this kind. For there is a risk of loss of sales through confusion the damages would be unquantifiable. Moreover, there is always the added risk that there will not only be a loss of recommendations from satisfied customers whose recommendations have gone awry because the recipients of the recommendations have mistaken the parties, but that there will be actual positive recommendations not to use 20/20 Telecom from dissatisfied customers of the defendant. That is often an argument that is put forward in these cases. It think it has relatively little force in the present case, where it appears that the defendants work is strictly regulated and its standards are supervised and monitored by mercury. The real risk of loss which Mr. Stacey identifies is the loss of referrals from satisfied customers."*

In the Stacy case the judge came to his decision on the balance of convenience on the basis that if an injunction were granted, the probable effect would be to deprive the defendants permanently of the right to use their chosen name, whereas he doubted whether there was a real risk of significant loss to the plaintiff until the trial if no injunction were granted. He therefore refused an injunction.

The practical question which presents itself in matters of this kind Sir W. Greene M.R. observed in *Draper v Trist* (supra) at 518 is this:

*“The defendant in a passing off action has in the normal case, the simple case, sold a quantity of deceptive goods. He sold those goods direct to the public, the ultimate purchaser, or he may have sold them to a middleman who is himself going to sell them to members of the public or perhaps to some other trader, who in his turn, deals directly with the public. The defendant therefore, has put upon the market; a quantity of goods which, on the face of them ex hypothesis, are saying something about themselves which is calculated to mislead, that is the very gist of the conception of pass off. It is manifest that, if the plaintiff before he could recover damages, had to show that in the case of each sale, the purchaser was deceived\_ because it is on the assumption that purchases are deceived that the plaintiffs damages are based\_\_ then his task, save in very exceptional circumstances, would be quite impossible one.”*

The 1<sup>st</sup> defendant in this action averred in paragraph 14 of the affidavit in opposition dated 22<sup>nd</sup> November, 2010, that plaintiffs have only been registered for a period of less than one year; have not demonstrated any trading activity; and consequently have not built any reputation or goodwill. Apart from asserting in their submissions that is not the business of the 1<sup>st</sup> defendant to superintend business activities of registered companies, the 1<sup>st</sup> defendant’s evidence has gone unchallenged. I therefore find that the plaintiff companies have been registered for less than one year have not been trading and have not built any reputation or goodwill. In the circumstances, it is unlikely that there would be any basis for the plaintiff to claim damages after the action is tried.

Assuming, I am wrong in my assessment, I still opine that on the basis of the *American Cynamid case* (supra), if the plaintiff were to succeed in establishing their cause of action, they would be adequately compensated by an award of damages for any loss they will sustain as result of the 2<sup>nd</sup>

defendant registering and using the name “Airtel” singularly or in combination with other words.

Further, the plaintiffs have not demonstrated that they would suffer substantial prejudice or hardship in any material respect if they were confined to the remedy of damages. In view of the foregoing, I refuse the application for an interim injunction. Costs follow the event. And leave to appeal is granted.

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**Dr. P. Matibini, SC**  
**HIGHT COURT JUDGE**