



Jackson, Etti & Edu

JACKSON, ETTI & EDU WINS FOUR APPELLATE DECISIONS THAT IMPACT ON TRADEMARK PROTECTION FOR BRAND OWNERS



Obafemi Agaba, who leads the firm's Intellectual Property Litigation team, has commented as follows:

"These cases have brought about clarity on fundamental questions for determining infringement: who has the requisite locus standi to sue in a trademark infringement action? Where does goodwill lie as between a local distributor and an international brand owner? In one of the cases, brand owners are given more confidence to seek Anton Pillar orders against infringers, as the Court has now established that that even where an Anton Pillar order is discharged, the Brand Owner would not automatically be required to pay for damages – the Defendant must prove it."





Introduction

In a spate of four appellate decisions, the Court of Appeal and the Federal High Court, agreeing with the submissions and contention of JEE, have further strengthened the Nigerian trademark jurisprudence in relation to fundamental issues of importance to local and international brand owners.

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Short synopsis on each of the cases are provided here.

“USE IN THE COURSE OF BUSINESS” - A FUNDAMENTAL REQUIREMENT FOR INFRINGEMENT: Toyota Motor Corporation VS. Subaya Metalware Nigeria Limited

This was an appeal challenging the decision of the lower court to award damages of NGN500,250,00.00 (Approximately USD1,390,000.00) against Toyota Motor Corporation (“Toyota”). Subaya Metalware Nigeria Limited (“Subaya”) had registered LEXUS as a trademark in classes 9 and 11, amongst other classes. Toyota had also filed trade mark applications to register LEXUS & DEVICE in classes 9 and 11. The lower court held that filing the said trade mark applications and the Registrar of Trademarks’ publication of the same in the Trademarks Journal are acts of trademark infringement and passing off by Toyota. The lower court further held that a car stereo (which was detached from an unknown vehicle and not in any way linked to Toyota by evidence) falls under class 9 of the classification of goods, where Subaya had registered, and as such, amounted to trademark infringement.

However, the Court of Appeal overturned the lower court’s decision and agreed with JEE’s submissions that, unless a Defendant uses an offending trade mark in the course of trade, such use would not amount to trademark infringement. The Court of Appeal consequently held that Toyota’s trade mark applications for LEXUS and the publication of the same in the Trademarks Journal by the Registrar, do not amount to use in the course of trade and,





therefore, cannot constitute trademark infringements. The Court of Appeal further held that a car stereo being purposely built to function in a vehicle and in no other manner cannot be classified as goods in classes 9 or 11; rather, it is suited for class 12 (which covers vehicles; apparatus for locomotion by land, air or water). The Court held that a car stereo is an integral part of vehicles under class 12.

In the light of these findings, the Court summarily set aside the award of damages alongside the judgment of the lower court and allowed Toyota's appeal as canvassed by JEE.

LOCUS STANDI TO SUE FOR TRADEMARK INFRINGEMENT: Nkiru Emchebe V Ceto International Nigeria Limited

This appeal sought to challenge the decision of the Federal High Court which granted an interlocutory injunction to restrain the Appellant from trading or dealing in alcoholic products branded ALIZE. The interlocutory injunction was granted in favour of the Respondent, a competitor of the Appellant in the local market, who instituted a trademark infringement action against the Appellant on the basis of a Power of Attorney issued to the Respondent by the foreign licensor.

In a well-considered judgment, the Court of Appeal observed that the Respondent had sought to protect the justiciable interest of its Principal, but that the Power of Attorney donated to it covered only registration of products with National Agency for Food and Drug Administration and Control (NAFDAC), and not commencement of a court action. Therefore, the action ought to have been brought in the name of the Principal or in a representative capacity, not as an agent of a disclosed Principal. The Court of Appeal held that the Respondent lacked the requisite locus standi to institute the trademark infringement action in its own name at the Lower Court. The Court subsequently struck out the suit and vacated the Lower Court's order for interlocutory injunction made against the Appellant.

AS BETWEEN LOCAL DISTRIBUTOR & INTERNATIONAL BRAND OWNER: WHO OWNS GOODWILL ARISING FROM USE OF A TRADEMARK? - Piaggio C.S.P.A. vs. Autobahn Techniques Limited & Registrar of Trade Marks

This was an appeal which flowed from the decision of the Registrar of Trade Marks to the Federal High Court. The Applicant had initiated consolidated opposition proceedings against the registration of seven trade mark applications for APE and PIAGGIO in classes 6,7, 12, 16 and 39 filed by the Respondent, a former Licensee/Exclusive distributor of the Applicant. The Registrar of Trade Marks held that the goodwill attached to the APE and PIAGGIO trademarks reside in the Respondent (i.e. the Applicant) and not the Appellant, since the trade in PIAGGIO and APE branded products in Nigeria was carried on by the Respondent. On the strength of





this conclusion, the Tribunal went further to cancel and expunge the Applicant's existing trademark registrations for APE and PIAGGIO on the Register.

Appealing this decision, for and on behalf of the Appellant, JEE contended that in view of the undisputed fact that all trading activities carried out by the Respondent in respect of the PIAGGIO branded products in Nigeria were pursuant to the authorization and active support of the Appellant, the goodwill in the business resides in the Appellant as the true proprietor of the trademark. The Appellate Court agreed with JEE's submissions and held that the goodwill in the business of PIAGGIO branded products in Nigeria vests on the Appellant who is the true proprietor and was actively involved in the trading activities for PIAGGIO products within Nigerian. To this end, the Court held that the Respondent's trademark applications were unlawful and must be refused.

Instructively, the Appellate Court also agreed with JEE's submissions that the Trademarks Opposition Tribunal adjudicating on the registrability of trademark applications lacked the requisite jurisdiction to cancel and expunge subsisting registered trademarks, especially in the face of non-compliance with **Sections 31(1) and 38(1) of the Trademarks Act**, as well as Regulation 83 of the Trademarks Regulation, which lay down the grounds and procedure cancellation of trademarks. Consequently, the Court reversed the Tribunal's decision removing the Applicant's subsisting registered trademarks from the Register.

DAMAGES ARE NOT AUTOMATIC UPON DISCHARGE OF INTERIM INJUNCTION: British American Tobacco (Nigeria) Ltd VS. International Tobacco Company Plc & Habanera Limited Appeal

The grant of interim injunctions and Anton Pillar order is fundamental to trademark owners. It is however associated with the risk that the court may award damages against the trademark owner should the Anton Pillar order be discharged for any reason by the court. The above decision allays the fears of brand owners in relation to this risk.

JEE represented the Respondent in this appeal. The Appeal which arose from the judgment of the Federal High Court on an 'Inquiry as to Damages', following the discharge of an Anton Pillar order of search and seizure earlier made in favour of the Appellant. The Court of Appeal agreed with JEE's submissions that a party against whom an Anton Pillar order was obtained but later discharged is not automatically entitled to exemplary and aggravated damages. The issue which the court would consider in determining eligibility for exemplary or aggravated damages is whether the Claimant's application for Anton Pillar order was tainted with malice, fraud, insolence, cruelty or flagrant disrespect of the law, or whether the execution of the order of court was done contrary to the terms of the order.





The court further held that although a party may pray for special damages in relation to a discharge of Anton Pillar orders against it, the party seeking special damages must prove his entitlement to such special damages by credible evidence of such character as would suggest that he is indeed entitled to the award.

Flowing from this general and trite principle of law, the Court of Appeal further held, in agreement with our submissions, as follows:

- That the lower court was wrong to have awarded special damages based on 'loss of gross income' including expenses. The proper computation ought to have been only loss of profit and not gross income.
- The nature of special damages suffered must not be speculated or approximated but must be particularized.
- A document annexed to a Written Statement on Oath as an exhibit does not form part of the evidence to be relied on by the court in assessing damages if such document was not tendered through oral evidence at trial.

In the light of these fundamental observations captured in various principles of law, the Court of Appeal held that the Respondent was neither entitled to special damages nor aggravated damages as claimed.

For further information, questions and clarification please contact:



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