**IN THE FAIR COMPETITION TRIBUNAL**

**AT DAR ES SALAAM**



**TRIBUNAL APPEAL NO. 01 OF 2020**

**ZENGCHEN BENMA INDUSTRIAL CO. LIMITED.....APPELLANT**

**VERSUS**

**WHO ZHOU INVESTMENT CO. LIMITED.....1ST RESPONDENT**

**FAIR COMPETITION COMMISSION (FCC).....2ND RESPONDENT**

**JUDGMENT**

The Appellant, ZENGCHEN BENMA INDUSTRIAL CO. LIMITED aggrieved by the decision of a Hearing Committee of the Fair Competition Commission (hereinafter referred to as the hearing committee) dated 16th January, 2020 appeals to this honourable Tribunal against the whole decision on the following grounds of appeal, namely:

1. That the Fair Competition Commission erred in law and fact by failing to consider evidence that the 1st respondent used appellant's trade mark in selling 1st respondent's counterfeited products.

2. That the Commission erred in law and fact by failing to decide on the main issue that was raised on whether the goods were counterfeited.

3. That the Commission erred in law and fact in opposing the seizure notice by going the order of seized goods be restored to the 1st respondent without deciding on the issue whether the goods were counterfeited.

4. That the commission erred I law and fact by failing to consider on the evidence that the 1st respondent was selling the products of the appellant without any legal authorization whatsoever from the appellant.

On totality of the above grounds, the appellant prays that this Tribunal be pleased to reverse the decision of the Commission and declare that the 1st respondent counterfeited the products of the appellant, order for general damages to be paid to the appellant and any other direction or orders as the Tribunal deems fit.

Upon being served with the memorandum of appeal, the respondents filed their respective replies to the memorandum of appeal by stating that the instant appeal is without merits and invited the Tribunal to dismiss the appeal with costs.

The brief fact of this appeal are simple and straightforward that on 27th August, 2019 the Chief Inspector received a formal complaint from KKB Attorneys at Law acting on behalf of

ZENGCHEN BENMA INDUSTRIAL CO. LIMITED that there is counterfeited goods of SanLG MOTORS in the market contrary to section 3(1)(c) of the Merchandise Marks Act, 1963 as amended for infringement of the brand owner SanLG MOTORS. The letter from the law firm showed that the brand SanLG Motors was registered with Brela since 2015 and that there are counterfeited goods on market using the name of SanLG WUZHOU. On 1st October, 2019 the Chief Inspector searched the two companies allegedly selling and supplying the counterfeited goods which were WUZHOU and MAKERA LIMITED. Upon that surprise search, their goods were seized and seizure notices were equally issued accordingly. The two companies lodged a claim before the Chief Inspector, necessitating the establishment of a hearing committee; to hear the complaints and which after hearing parties, issued a ruling in favour of the respondent. Aggrieved by that ruling, the appellant lodged an appeal in this Tribunal, hence this judgment.

When this appeal was called for hearing, the appellant before this Tribunal was enjoying the legal services of Ms. Lucy Kiango and Ms. Esther Peter, learned advocates. On the other hand, the 1st respondent was enjoying the legal service of Mr. Haji Litete, learned advocate and the 2nd respondent was enjoying he legal services of Ms. Hadija Ngasongwa, learned advocate. All learned advocates for parties were ready for hearing.

Ms. Peter started arguing the appeal by informing the Tribunal that they will argue all four grounds raised in the memorandum of appeal. The learned counsel equally informed the Tribunal

that they filed written skeleton arguments which they prayed that be adopted to form part of their submissions. On the first ground of appeal which was couched that; the Fair Competition Commission erred in law and fact by failing to consider evidence that the 1st respondent used appellant's trade mark in selling 1st respondent's counterfeited products, according to Ms. Peter, under the provisions of section 32 of the Trade and Services Marks act [Cap 326 R.E. 2002] a person who is registered owner of the trade mark enjoys exclusive rights of the mark and anyone using it without his permission infringes that mark, if it is identical or resembles, as such situation confuses the clients.

According to Ms. Peter, the appellant's trade mark SANLG MOTORS was registered on 29th September, 2015 with Brela and the 1st respondent alleges to register its logo which resembles and cause confusion in the market on 2nd November, 2018. Further submissions by Ms. Peter were that despite all evidence tendered showing the similarities and resembleness, save for substituting the word 'Motor' and in its place put the word "WUZHOU" but the hearing committee failed to consider the main issue which was counterfeited goods but decided that the issue was that of infringement of trademarks even after being presented with loud and clear evidence of counterfeited goods. The learned advocate cited the case of **AGRO-PROCESSING AND ALLIED PRODUCTS LIMITED V. SAID SALIM BHAKHRESA CO. LIMITED AND OTHERS, COMMERCIAL CASE NO. 31 OF 2014**, in which the Registrar refused to registered the trade mark of the defendant with trademarks

"UNGA POA". "NGANO POA" and "SEMBE POA' for they were there to cause confusion to the public with the plaintiff's trade mark of "POA" as both of them were carrying similar business of which will confuse and deceive clients.

Another case cited by the learned advocate for appellant was that of **SONG CORPORATION V. SONY HOLDING LIMITED, CIVIL APPEAL NO.376 OF 2015** in which it was held that the adding of the word '**HOLDING'** the defendant company do not aid to distinguish the applicant's trade mark from the defendant's trade mark.

The learned counsel for appellant implored this Tribunal to find merits in this ground by finding and holding that the act of the 1st respondent is non other than counterfeit goods using the registered trade) of the Merchandise Marks act, 1963 as amended in 2012.

On the other hand, Mr. Litete, learned advocate for 1st respondent did not file skeleton arguments but orally argued in reply of the 1st ground that in order to prove counterfeited goods the one claiming infringement of his trade mark must prove registration of the trade mark and unlawful use of the registered trade mark by another. According to Mr. Litete, the two-dispute marked were registered for different purposes; the one by the appellant was registered as trade mark, and the one by the 1st respondent was registered as logo. So, to him, the hearing committee was right in its decision to decide that the matter be dealt with by Brela first as there was no proof of counterfeited

goods in the circumstances. Further arguments in reply by Mr. Litete was that the hearing committee had no powers to decide on trademarks but only on counterfeited goods which was not proved before the hearing committee. On that note the learned counsel for 1st respondent prayed that this Tribunal finds no merits in the 1st ground of appeal.

In regards to the 2nd respondent, Ns. Ngasongwa on the 1st ground of appeal prayed that her reply to memorandum of appeal and skeleton arguments filed be adopted to form part of the submission she is about to make. Basically in her written skeleton arguments, Ms. Ngasongwa started by reffering the Tribunal to Regulation 2 which defined the word 'Counterfeiting' to mean without authority of the owner of any intellectual property rights subsisting in Tanzania or elsewhere in respect of the protected goods the manufacturing, producing, packaging, labelling or making whether in Tanzania or elsewhere by imitation in such a manner and to such degree that makes them identical or substantially similar copies, or are calculated to cause confusion with or be taken as being the protected goods of the said owner, or the making of copies in violation of authors rights or related rights. To buttress her point, Ms. Ngasongwa cited the case of **KIWI 'EUROPEAN HOLDING V. SAJAD ALI LIMITED [2005] TLR 434,** which insisted that the exclusive rights arises upon registration of the trade mark and that it is identical with the registered mark or resembles the registered mark and that it is likely to deceive or cause confusion in relation to the goods in respect of the trade mark is registered.

According to Ms. Ngasongwa, for the hearing committee to establish that the goods in dispute are counterfeit, the two conditions must be proved. So, to her since it was argued that there was principal agent relationship between the appellant and the 1st respondent and a pending dispute in China, the hearing committee was justified not to entertain the issue.

Ms. Ngasongwa when probed by the Tribunal if there was a decision made on counterfeited goods as demonstrated in the trial by the hearing committee, the learned advocate was candid enough to admit that the hearing committee did not make any finding on the point. When further probed by the Tribunal as to what is the way forward, the learned advocate replied that this Tribunal returns the matter to the hearing committee for the determination.

In rejoinder, Ms. Peter argued that the contract the 1st respondent is alleging was terminated way back in November, 2018, so the respondent had no legal legs to sale the goods of the appellant in a counterfeited form as proved, so the argument by the learned counsel for 2nd respondent on that point is misplaced.

Having listed careful to the rival arguments by learned advocates on this point and having gone through the proceedings of the hearing committee, it is the considered opinion that this ground is merited. We will endeavour to give reasons. **One**, the evidence on record and the testimonies of witnesses of both sides, on the part of the appellant and that of the respondents

are loud and clear that what the 1st respondent was distributing were counterfeited goods. This was proved by the certificate of registration that was marked as exhibit 9 dated 29th September, 2015 which has an upper hand over the registration by the 1st respondent registered in 2018. The second registration was invalid and inoperative in the circumstances. In the case of **TANZANIA CIGARETTE CO. LTD V. MASTERMIND TABACCO (T) LIMITED [2006] TLR 142**, at page 165 it was held that:-

> ***"In my view in the light of the provisions of section 20(1) and 28 of the Act and the evidence of DW2 the Assistant Registrar of Trade and Services Marks, the plaintiff's mark would appear to be not validly registered by reason of prior application for registration of the defendant's mark. So apparently in the words of section 28 of the Act, the application of the plaintiff's SAFARI trade mark and exhibit p6 was accepted/issued in error, and therefore apparently invalid."***

Guided by the above holding of the court, the sequence of events in this appeal clearly shows that what was registered by the Assistant Registrar of Trade and Services Marks on the part of the 1st respondent was invalid and cannot validly operate to goods that resembles and are similar in nature and which obviously create confusion in the market. **Two,** the reason advanced by the hearing committee in not giving the decision was uncalled because the issue before it was counterfeit and just

by chronological of events there was clear evidence that the 1st respondent was selling counterfeited goods by any standard of imagination. **Three**, since the evidence on record is loud and clear that the goods in dispute were identical with that of appellant who is the registered owner of the trade mark SanLG Motors, then the counterfeited goods by the 1st respondent were for obvious reasons deceiving and confusing in the market in relation to the original SanLG Motor goods.

For the above reasons, the arguments of the learned counsel for 1st and 2nd respondents are far from convincing this Tribunal to decide otherwise. The 1st ground is therefore merited and we allow it.

Having found as we have done above on the 1st ground, the learned counsel for 2nd respondent implored this Tribunal to return this appeal to the hearing committee to reconsider the matter and make a finding before the same is brought here. But guided by the provisions of Rule 35(1)(a) of the Fair Competition Tribunal Rules, 2012 G.N. 219, this Tribunal is of the considered opinion that the evidence on record suffices to make its own findings. The said Rule provides as follows: -

Rule 35(1) in respect of any appeal, the Tribunal may-

(b) re-appraise the evidence ad draw inferences of facts.

Therefore, on the re-appraisal of the evidence on record and the finding of this Tribunal in respect of the 1st grounds of appeal, we are inclined not to return this matter to the hearing committee and instead based on the holding above of grounds

number one, we are of the strong considered opinion that by allowing ground number 1 as done hereinabove, we have drawn an inference to the fact that evidence on record suffice to determine this matter by making a firm finding that the 1st respondent goods were counterfeited goods and affirm the seizure notices of the Chief Inspector for the reasons stated above.

Therefore, our holding above answer grounds number two and three and the order to return the goods to the 1st respondent is hereby reversed and vacated. The counterfeited goods are to remain at the disposal and dealing of the Chief Inspector in accordance with the law.

The appellant prayed for general damages to be assessed by this Tribunal. This prayer was not prayed before hearing committee and it has just cropped up herein in this appeal. This Tribunal has seriously considered this prayer but apart from this prayer being pegged in the memorandum of appeal as one of the reliefs, the appellant did not show how he was affected to be entitled to general damages. In the absence of how he was affected this Tribunal decline to grant this prayer for want of evidence to its justification.

In the upshot, this appeal is hereby allowed in its entirety with costs to be borne by 1st Respondent and the seizure notices of the Chief Inspector are upheld.

It is so ordered.

Dated at Dar es Salaam this 30th day of April, 2020.

**Hon. Judge Stephen M. Magoiga – Chairman**

**Hon. Yose J. Mlyambina – Member**

**Hon. Dr. Theodora Mwenegoha – Member**

**30/04/2020**

Judgment delivered this 30th day of April, 2020 in the presence of Ms. Ganjatumi Kilemile, Advocate for the 1st Respondent, Ms. Hadija Ngasongwa, Advocate for the 2nd Respondent and in the absence of Appellant.

**Hon. Judge Stephen M. Magoiga – Chairman**

**Hon. Yose J. Mlyambina – Member**

**Hon. Dr. Theodora Mwenegoha – Member**

**30/04/2020**