

**IN THE FAIR COMPETITION TRIBUNAL
AT DAR ES SALAAM**



APPEAL NO 08 OF 2019

**TORCH GENERAL COMPANY LIMITEDAPPELLANT
VERSUS
CHIEF INSPECTOR OF MERCHANDISE
MARKS ACT.....RESPONDENT**

JUDGEMENT

The appellant, TORCH GENERAL COMPANY LIMITED being aggrieved by the decision of the above named respondent appeals to this Honourable Tribunal against the whole decision on the following grounds, namely:-

1. The Respondent erred in law by failing to evaluate all evidence provided by the appellant hence reaching an erroneous conclusion and decision.
2. The Respondent erred in law by unduly delaying to complete the investigation and perpetually withholding a decision on the seized goods for over 8 months.

3. The Respondent erred in law by admitting into evidence, patently false declarations that Zhong Shan Xishini Photoelectric Technology Co. Limited was the only and unique authorized manufacturing factory in China.
4. The Respondent erred in law and occasioned bias against and great injustice to the appellant by permitting Nana Focus Co. Limited to be represented by Mr. John Mponela, a former employee of the Respondent.
5. The Respondent erred in law by disregarding Regulation 35 (1) of the Merchandise Marks Regulations, 2008 (as amended), which required the Respondent to serve a notice on the owner of the goods concerning the suspected counterfeited goods.
6. The Respondent erred in law by disregarding evidence on the source of seized goods especially to the effect that the appellant and Nana Focus Co. Limited, continued trading long after termination of their sale agreement

7. The Respondent's decision is unfair, excessive and disproportionate to any mischief alleged to have been occasioned by the appellant.

On above grounds the appellant prays that this Honourable Tribunal be pleased to make the following orders, namely:-

1. The Ruling of the Hearing Committee of the Chief Inspector of Merchandise Marks Act delivered on 10th July 2019 be quashed.
2. The appellant's seized goods be released without further delay.
3. Damages be awarded in light of the financial loss suffered by the appellant.

Upon being served with the memorandum of appeal, the Respondent filed a reply to the memorandum of appeal in which he disputed all grounds of appeal raised by putting the appellant into strict proof of the raised grounds. Consequently, the Respondent humbly prayed that the Tribunal be pleased to issue the following orders, namely:-

- (a) That this Honourable Tribunal affirms the decision of the Chief Inspector of the Merchandise Marks Act, 1963 as amended and dismiss this appeal in its entirety;
- (b) Costs of this appeal be awarded to the Respondent.
- (c) Any other relief as may Tribunal deem fit and just to grant.

The appellant at all material time has been enjoying the legal services of Mr. Gasper Mwakanyemba, learned advocate from Dar es Salaam legal clinic of Yakubu and Associates Chambers. On the other hand, the Respondent has at all material time been enjoying the legal services of Ms. Hadija Ngasongwa, learned advocate.

The facts of this appeal are simple and straightforward that on 27th September, 2018, the officials from the office of Chief Inspector from Fair Competition Commission acting on complaint by NANA FOCUS COMPANY LIMITED that goods suspected to be counterfeit or offending the provisions of sections 3 (1) (a) and 6 of Merchandise Marks Act, [Cap 85 R.E.2002] are stored and sold by the appellant in their godown and shop respectively situated at Chang'ombe Chamwenyewe street and a shop operated at

Narung'ombe and Sikukuu Street, Kariakoo, within the city of Dar es Salaam. Acting on those complaint, they conducted search in those two above named places and issued a seizure note no. FCC/SN/2289 in accordance with Regulation no. 31(3) of the Merchandise Marks Regulations, 2008 as amended seizing 1,121 boxes of electric bulbs.

The facts go that following that seizure, a Hearing Committee of the Chief Inspector of the Merchandise Marks Act in respect of claim no. 5 of 2019 was done and determined the claim in disfavour of the appellant, hence this appeal and judgement.

The respective learned advocates for parties in prove and disprove of this appeal respectively, filed skeleton written arguments and list of authorities to support their respective stances. When this appeal was called for oral hearing, the learned advocate for appellant, Mr. Mwakanyembe, brief to the point submitted to all seven grounds raised and eventually invited this Tribunal to allow this appeal based on the skeleton arguments and oral submission made as prayed in the memorandum of appeal.

On the other hand, the learned advocate for Respondent with equal force orally argued that based on evidence on record and the skeleton written arguments which she adopted, strongly submitted that this appeal is without any useful merits and prayed that same be dismissed with costs as prayed in their reply to the memorandum of appeal.

Having heard, read and considered dutifully both the skeleton arguments and oral submissions without unnecessarily repeating them in our judgement, this Tribunal is now duty bound to determine each and every ground raised and make a finding on the same based on the evidence available on record of appeal.

The first ground of appeal is that FCC erred in law by failing to evaluate all evidence provided by appellant hence reached an erroneous conclusion and decision. In support of this ground Mr. Mwakanyemba submitted that the appellant submitted evidence to the Hearing Committee that declaration only and unique authorized manufacturing factory in China - Zhong Shan Xishini Photoelectric Technology Co. Limited was false and misleading and should have not been acted and relied upon. He further

submitted that the registered ownership of the disputed marks in China was registered from 28th December, 2011 to 27th December 2021 and lastly that the Hearing Committee ignored the testimony that indicated that NANA FOCUS COMPANY LIMITED had refused EFD receipts for the good in storage, as such hindering the appellant from selling them.

On the other hand, the learned advocate for Respondent submitted that its decision was based on evidence adduced and the merits of the case. The learned counsel went on to argue that the appellant failed to dispute with rebuttable evidence to the submissions by NANA FOCUS CO.LTD, which proved that the goods in dispute are counterfeited ones. To buttress this point the learned counsel for Respondent cited the cases of **ISMAIL RASHID v. MARIAM MSATI, CIVIL APPEAL NO 75 OF 2015 AND KIWI EUROPEAN HOLDINGS BV v. SAJAD ALI LIMITED [2005] TLR 434.**

This Tribunal has tirelessly and carefully gone through the Hearing Committee proceedings and the Ruling subject of this appeal, the rival arguments for and against this ground of appeal but without

much ado this ground is akin to fail. The Tribunal's reasons are not far to fetch. One, there is no dispute that the alleged counterfeited goods were seized from the appellant and the record is clear from pages 12- 13. The Hearing Committee considered and evaluated all evidence on record and reached a conclusion that were not supplied by the NANA FOCUS CO.LTD. Two, it is on record that the packaged boxes did not indicate that the goods' consignor was NANA FOCUS CO.LTD. Three, no evidence was placed before the Hearing Committee that the appellant ever ordered such goods from NANA FOCUS CO. LTD despite not given EFD receipts.

Therefore on the totality of the above, it is the considered opinion of this Tribunal that this ground is devoid of any useful merits and same stand to fail miserably.

The second ground is that it was illegal for the FCC to seize and detain the appellant's goods beyond the required statutory period without instituting investigations for over 8 months. On this ground, the learned advocate submitted that Regulation 20 of the Merchandise Marks Regulations, 2008 (as amended) succinctly

states that goods detained under this Part of the Regulations should be released to the owner where it is determined by Chief Inspector that the applicant, in this case, NANA FOCUS CO. LTD and its associates have not produced sufficient proof within 10 working days that such goods are the offending goods. According to Mr. Mwakanyemba, the withholding of such goods to date is illegal, unwarranted and unreasonable.

On the other hand, the learned advocate for Respondent argues that the delay, if any, was caused by the appellant who failed to fill Form No. L under Regulation no. 34A of the Merchandise Marks Regulations, 2010, instead he used a letter which was not acted upon and it was upon filing of that form when the Chief Inspector acted upon. The learned counsel cited the case of **TANGA FRESH v. FCC, Tribunal Appeal no 05 of 2014** to buttress his point.

This ground will not detain this Tribunal much and is akin to fail in this appeal. It is the strong considered opinion of this Tribunal that the issue of late determination of the seized goods was not among the issue that was raised and determined by the Hearing Committee. To entertain it at this stage will tantamount to

opening the hearing and this Tribunal has no such powers being an appellate Tribunal. That said and done, therefore, the second ground is hereby held to be of no merit in this appeal and same is dismissed in its entirety.

The third ground of appeal is that the FCC erred in law by admitting into evidence, patently false declarations that Zhong Shan Xishini Photoelectric Technology Co. Ltd was the only and unique authorized manufacturing factory in China. This ground was ingeniously dropped in the skeleton arguments and during oral hearing by the learned counsel for appellant. On the other hand, the learned counsel framed it in a language that was not in the memorandum of appeal and argued it.

It is the strong considered opinion of the Tribunal that since the appellant's counsel did not argue this ground both in his written skeleton and oral submissions nor did he pray to amend it, then it is considered dropped and even though the Respondent countered it, it was wrong and in the circumstances same stand to have been abandoned to that extent.

This take this Tribunal to the fourth ground which is to the effect that the Respondent erred in law and occasioned bias against and great injustice to the appellant by permitting NANA FOCUS CO. LTD to be presented by Mr. John Mponela, a former employee of the Respondent. On this ground the learned counsel for appellant dropped it silently for not arguing it both in his skeleton arguments and oral submissions. Despite being argued by the Respondent, this Tribunal finds this ground suffering from the same fate as the third ground above suffered and it is declared as abandoned ground by the appellant's counsel for reasons known to him.

This again takes the Tribunal to fifth ground which is couched that the respondent erred in law by disregarding Regulation 35 (1) of the Merchandise Marks Regulations 2008 (as amended), which required the Respondent to serve a notice on the owner of the goods concerning the suspected counterfeit goods. In this ground the learned counsel for appellant argued that the respondent should have served the appellant with notice concerning the suspected counterfeited goods. According to the learned counsel,

since this was never done it affected all subsequent adjudication processes and as such the appellant was denied right to be heard. The learned counsel urged this Tribunal to find merit in this ground,

On the other hand, the learned counsel for respondent argued that the respondent analyzed the submission of the appellant and complied with the law in this regard.

Having revisited the provision of Regulation 35 (1) of the Merchandise Marks Regulations, 2008 (as amended) which we find it apposite to reproduce hereunder for easy of reference, it provides:-

Upon an application being filed with the Chief Inspector concerning suspected counterfeited goods on payment of the prescribed fees, the Chief Inspector shall give notice of such reference to the owner with a request to such owner to make a submission in response to the application.

The above provision is clear and to the point that once an application (complaint) is filed with the Chief Inspector, concerning counterfeited goods, he has to do two things, namely; **one**, the applicant must pay prescribed fees to enable his application be acted upon, **two**, the Chief Inspector must give a notice of such complaint to the owner requesting the owner to make submission in reply to the application.

Now back to this appeal, the complaint of the learned counsel for appellant is that this Regulation was not complied with and as such his client (the appellant) was denied a right to be heard. We have carefully gone through the whole proceedings to see what happened during the hearing of determination number 05 of 2019. We are of the strong considered opinion that this ground has no iota of merits. The whole procedure was complied with as provided in the said provision. The appellant was duly heard and represented by his advocates before the Hearing Committee of the Chief Inspector. Another reason we find no merit in this ground is that it was not raised and determined by the Chief Inspector to make a ground of appeal. The appellant participated

at all material time and was represented at all material time. It is unheard to raise it now and this Tribunal is inclined to dismiss this ground for the reasons stated above.

The sixth ground of appeal is couched that the Respondent erred in law by disregarding evidence on the source of the seized goods especially to the effect that the appellant and NANA FOCUS COMPANY LIMITED continued trading long after the termination of their sale agreement. The learned counsel for appellant submitted that even after the termination of the contract on 14th April, 2017, parties went on with the business and the disputed goods were supplied by NANA FOCUS COMPANY LIMITED with hand written receipt and the goods could not be sold for want of EFD receipt. It was further the argument of the learned counsel for appellant that while communicating with the supplier, Chief Inspector intervened and seized the disputed goods. The learned counsel strongly submitted that no counterfeited goods were ever proved at all.

On the other hand, the learned counsel for respondent submitted strongly in reply to this ground that the disputed goods were

found in the store of the appellant and had no any mark or relation with the NANA FOCUS CO. LTD as alleged by failure to produce any receipt even the alleged hand written receipt; and other details that could associate the said disputed goods with NANA FOCUS CO LTD. Further the learned counsel submitted that even when compared with the same goods by NANA FOCUS CO LTD same had distinctive features from that produced by NANA FOCUS CO LTD but surprisingly look similar to the Torch itself. To buttress his point the learned counsel for respondent cited the case of **DELHI LAKME LTD v. SUBHASH TRADING (1996) PTC (16) 567** in which it was held that:-

"the plaintiff was selling cosmetic products under the registered trademark LAKME. Defendant was using the trademark LIKEME for the same class of products. It was held that there was striking resemblance between the two works. The two words are also phonetically similar. There is every possibility of deception and confusion being caused in the mind of the prospective buyer of the plaintiff's products."

This ground will not detain this Tribunal much. There is ample evidence on record the disputed goods were counterfeited goods as correctly found by the Respondent. There were conspicuous marks when compared to the products by NANA FOCUS CO LTD and that alone negated the allegations of the appellant. The appellant did not produce any receipt of delivery note to substantiate his claim and no grudges were ever proved. Therefore, this ground has to fail miserably as well.

The last ground of appeal was couched that the respondent's decision is unfair, excessive and disproportionate to any mischief alleged to have been occasioned by the appellant. It was the submission of the learned counsel for appellant that the appellant did not contravene any provisions of the law or in the alternative if it did, the seized goods were supplied by NANA FOCUS CO LTD and that the appellant was not aware that same were counterfeited goods. According to the learned counsel for appellant, the Hearing Committee decision was to sanction NANA FOCUS CO LTD and not the appellant.

On the other hand, the learned counsel for respondent strongly replied that the decision of the Chief Inspector was fair in the circumstances as the respondent had strong evidence before Hearing Committee that the disputed goods were counterfeited, hence contravening sections 3 and 6 of the Merchandise Marks Act, 1963 (as amended). The learned counsel cited the case of **CANON KABUSHIKI KAISHA v. METRO GOLDWYN MAYER INC. [1998] ECR 1-5507**, in which it was held that:-

“there is important to establish essential functions of the trademarks is to guarantee the identity of the origin of the marked products to the consumer or end user by enabling him, without any possibility to distinguish the product or service from others that have another origin.”

This ground is akin to fail as well in this appeal. It is the considered opinion of this Tribunal that once it is established as in this appeal that the disputed goods are counterfeited, then the only decision is to upheld the seizure notice as correctly decided by the respondent. To vary or lift the seizure notice means we

allow back to market the counterfeited goods for sale. This cannot happen.

That said and done and for the reasons stated above, this Tribunal is inclined to dismiss this appeal in its entirety with costs.

It is so ordered.

Dated at Dar es Salaam this 13th Day of December, 2019.



Hon. Stephen M. Magoiga - Chairman



Hon. Dr. Theodora Mwenegoha - Member



Hon. Susan Mkapa - Member

Judgement delivered this 13th day of December, 2019 in the presence of Ms. Kakile, Mr. Gaspar Mwakanyemba Advocates for the Appellant and Ms. Celina Mloge, Mr. Wambie Malata Advocates for the Respondent.



Renatus I. Rutatinisibwa

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