

CIPIT & IPCHECK-IN

INTELLECTUAL PROPERTY LAW MOOT COURT COMPETITION 2014

QUESTION

I

Hashmels Ltd. a registered South African company dealing in confectionary introduced a new ice-cream brand 'Fudg'. It has distinct red and purple colour shades of packaging. After successful launch, distribution begun to all major retail outlets along with advertisements on their website. They successfully filed and registered the trademark 'Fudg' in Kenya.

A holidaying tourist from South Africa was out shopping in Nairobi and in a rush to finish her shopping saw 'Fudg' ice-cream and was glad to see that her favourite brand was available in ice-cream in the country. Due to the similar and familiar packaging, she picked and paid for a 3 litre tub of 'Fudg' for sharing with her family back at the hotel. On the first bite, she realised it did not taste the same as the usual one and was actually salty. Upon looking at the packaging she realised it was not in fact her favourite brand 'Fudge'.

Cadbury, a world renowned chocolate manufacturer with business presence in all 7 continents, is a registered trade mark in Kenya under the Trade Marks Act; Class 30 of the Nice Classification. After surveying the Kenyan market, Cadbury settled on it as the location for its next manufacturing and distribution headquarters in East Africa for its various chocolate and confectionery brands including its famous brand "Fudge" which is not registered in Kenya. During the survey, the Cadbury Marketing Manager came across the "Fudg" ice cream by Hashmels Ltd. in the supermarket. Upon further inspection, he noted that Hashmels' Fudg ice cream had the same packaging design and colour as Cadbury's globally distributed Fudge.

Cadbury, the Plaintiff, has written cease and desist letters to Hashmels in favour of their "Fudge" brand which has retailed in the global market for over a decade. They have demanded for the destruction of all 'Fudg' packaging as it is likely to confuse customers as to the source of the product. Hashmels, the Defendant, on the other hand claims exclusive right to sell their 'Fudg' brand in Kenya as it is a duly registered trademark. They argue that Cadbury should not interfere as they were the first to enter the Kenyan Market and has a duly registered trademark to show for it.

Cadbury claims amongst other things:

1. Infringement of Cadbury's Fudge trademark.
2. Passing off by Hashmels.
3. Damages suffered by them due to Hashmels' actions.
4. Account of profits from Hashmels.

You are required to defend the parties in the Trademark Infringement suit.

II

Hashmels Ltd. has also registered 'MaDisks' businesses in Nairobi's city. They sell block buster film DVD's, music CD's and DVD players; which are imported unbranded and later rebranded with the trademark of popular global electronic giant 'Samtech Ltd'. Samtech found out about this practice on the DVD players and brought a suit against Hashmels three and a half years later.

Last year Hashmel Ltd. made a profit of Ksh.2, 000,000 from the sale of DVD's alone. All the film DVD's are pirated copies of blockbuster movies selling for Ksh.50 each. There are similar competitive businesses next door offering the same product. To be the top of their game, 'MaDisks' also has a website 'MaDiskfilms' (MDF) which has over one thousand links to other sites where clients can download or stream free movies. The website has huge traffic due to the popular free content earning Hashmel Ltd. an advertising revenue of ksh.50, 000 monthly.

The Kenya Copyright Board (KECOBO) as mandated under the Copyright Act, appointed inspectors from the 'Copyright Society of Kenya' to carry out investigations of copyright violations. Last week a group of inspectors from the Copyright Society of Kenya raided the 'MaDisks' premises and confiscated all the Pirate DVD's, CD's, computers, disc burning machines and a home video hand camera with personal private recordings. Some of the private recordings include a compilation of various clips of films which had been banned in Kenya which were intended for use at a *Media and Theatre Conference* lecture. The Kenya Copyright Board intends to shut down the website claiming that the content on the website infringes copyright and that Hashmel Ltd. was conducting an illegal business in Kenya by copying, producing and selling of the pirated materials.

Hashmel Ltd. argued that the DVD's were not actually for sale and were freely given to the public if they bought the accompanying disc cases for Ksh.50. Furthermore, they argued that many businesses are legitimately registered in Kenya and carry out the sale of pirated discs as a source of income to their families and also as a source of taxation income to the Kenya Revenue Authority. They also maintained that, the authors of the copyright films were unknown as they had no presence in Kenya, therefore they were free to distribute the work as they saw fit.

You are required to defend the parties in the Copyright suit.

Plaintiff: Kenya Copyright Board

Defendant: Hashmel Ltd.

Interested Party: Samtech Ltd.

