

**IN THE COURT OF APPEAL OF ZAMBIA
HOLDEN AT LUSAKA**
(Civil Jurisdiction)

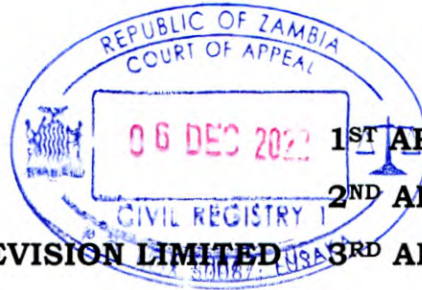
APPEAL NO. 238/2020

BETWEEN:

AIRTEL HOLDINGS LIMITED

AIRTEL LIMITED

AIRTEL HIGH DEFINITION TELEVISION LIMITED



1ST APPELLANT

2ND APPELLANT

3RD APPELLANT

AND

**PATENTS AND COMPANIES REGISTRATION
AGENCY**

1ST RESPONDENT

BHARTI AIRTEL DEVELOPERS FORUM LIMITED

2ND RESPONDENT

CORAM: CHASHI, SIAVWAPA AND BANDA-BOBO JJA

On 11th October and 6th December 2022

For the Appellants:

MR. P.G. KATUPISHA & MISS M. P.
NKUNIKA, BOTH OF MESSRS MILNER
AND PAUL LEGAL PRACTITIONERS

For the 1st Respondent:

MISS B.L. MUSOPELO SIANKUMO, IN-
HOUSE COUNSEL

For the 2nd Respondent:

MISS E. CHIBAMBO CHOMBA OF
MESSRS MANDO AND PASI ADVOCATES

J U D G M E N T

SIAVWAPA JA delivered the Judgment of the Court.

Cases referred to:

1. *Clarke v Sharp (1898) 15 RPC 14*
2. *Trade Kings Limited v Unilever PLC, Cheesebrough ponds (Zambia) Limited, Lever Brothers (Private) Limited and Another (SCZ Judgment No 2 of 2000) (2002) ZMSC 9 (8th February 2002)*
3. *LA Group Limited v United States Polo Association, SCZ Appeal No. 06/2019 (2020) ZMSC 132*

Legislation referred to:

The Companies Act, Chapter 388 of the Laws of Zambia

1.0 INTRODUCTION

- 1.1 This appeal is against the Judgment of the Honourable Mrs. Justice P.K. Yangailo dated 31st January 2020.
- 1.2 By the said Judgment, the learned Judge found that the Registrar of Patents and Companies properly exercised his discretion to register the 2nd Respondent.
- 1.3 The learned Judge opined that the Appellant had not demonstrated that they had acquired any good will because they were not operational. The learned Judge was also of the view that the Appellants and the 2nd Respondent could operate in the same space without causing confusion to the public.

2.0 BACKGROUND

- 2.1 Between 17th February and 3rd August, 2010, the 1st Respondent issued Registration Certificates to the Appellants as

limited liability entities with the 1st Appellant being the holding Company to operate as a group in Zambia.

2.2. During or about the same period, the 2nd Respondent acquired the shares in Celtel Zambia and embarked upon the process of registering two Companies in Zambia namely; Airtel Networks Zambia Limited and Airtel Money Limited.

2.3 In light of the above stated processes by the 2nd Respondent, the Appellants were apprehensive that registering the said two companies would cause confusion to the public because of the inclusion of the word "Airtel" in the proposed companies, which word is prominent in the Appellants.

3.0 ACTION BEFORE THE HIGH COURT

3.1 On 10th November 2010, the Appellants filed a writ of summons and a statement of claim in the High Court, against the Respondents containing the following claims;

- (i) *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 a group of companies.*
- (ii) *An order that the 1st Defendant be prohibited from registering another Company in Zambia bearing the name Airtel Networks Zambia Limited or Airtel Money Limited or other such similar name to that of the Plaintiffs.*

- (iii) *An order of injunction restraining the Defendants and each one of them whether by themselves, their servants, agents or whosoever from either registering or attempting to register or using in any way in Zambia the name Airtel Networks Zambia Limited or Airtel Money Limited or such other name similar to that of the Plaintiffs until determination of this matter or until further notice of the Court.*
- (iv) *Any other relief the Court may deem fit*
- (v) *Costs*

3.2 At the hearing, the main arguments by the Appellants were that the 2nd Appellant was registered earlier than the 2nd Respondent and that the confusion created by the registration of the other Company was brought to the fore when a parcel intended for the Appellants was delivered at the premises of the 2nd Respondent because of similarity in names.

3.3. The only witness for the defendants was from the 1st Respondent's Inspector of Companies whose duties included approving company names.

3.4 His evidence in the main was that there was no confusion between the Appellants and the 2nd Respondent even if they all carry the word "Airtel" in their registered names. He premised

his argument on the fact that the word “Airtel” in the names of the Companies had other accompanying words.

4.0 THE APPEAL

4.1 As stated in the introduction, the learned Judge dismissed all the claims in the statement of claim. The Appellants were displeased by the Judgment and filed their Notice and Memorandum of Appeal on 23rd July 2020.

4.2 The Memorandum of Appeal contains four grounds of appeal set out as follows;

1. *The learned trial Judge misdirected herself when she held that the Registrar properly used his discretion in allowing the registration of the 2nd Respondent whose name includes “Airtel”. The trial Judge further misdirected herself when she held that the Appellants and the 2nd Respondent are all entitled to operate and use the name “Airtel” in Zambia in their respective company names as was registered by the 1st Respondent.*
2. *The learned trial Judge misdirected herself when she held that the Appellants’ evidence shows that they are not operational and have not had any viable transactions to suggest that they have developed sufficient good will to warrant the de-registration of the 2nd Respondent when the evidence on record showed otherwise.*

3. *The learned trial Judge misdirected herself when she held that the Appellants had failed to show that there has been any confusion created by the registration of the 2nd Respondent by the 1st Respondent when sufficient evidence of such confusion was presented to the Court.*
4. *The learned trial Judge misdirected herself when she held that there is no merit in the Appellants' claim demanding the Registrar to de-register the 2nd Respondent Company.*

5.0 ARGUMENTS IN SUPPORT

- 5.1 In their arguments in support of the grounds of appeal, the Appellants have largely relied on sections 37(3) and 41(i) of the now repealed Companies Act Chapter 388 of the Laws of Zambia under which the Appellants and the 2nd Respondent were registered.
- 5.2 Both sections gave the 1st Respondent, through its Registrar, mandatory power not to register a name of a Company if in the Registrar's opinion the name was likely to cause confusion or was undesirable or to change such Company's name.
- 5.3 It is the Appellants' view that the 2nd Respondent's name was caught up by the two sections as it caused confusion demonstrated by the delivery of a parcel from Switzerland addressed to the Appellants at the 2nd Respondent's business address.

- 5.4 The Appellants also cited several authorities defining “good will” to argue that the Appellants had in fact, been operational and built good will as opposed to the learned Judge’s findings to the contrary in her Judgment.
- 5.5 In their closing arguments, the Appellants make the point that their claim for the de-registration of the 2nd Respondent had merit based on the powers vested in the Registrar by section 41(1) of the repealed Companies Act and given that the Appellants were registered earlier than the 2nd Respondent.

6.0 1ST RESPONDENT’S ARGUMENTS

- 6.1 The 1st Respondent filed its heads of argument on 24th December, 2012, by which it endorsed the findings of facts by the learned Judge.
- 6.2 The gist of the argument in ground one is that the Registrar, was satisfied that the use of the word “Airtel in combination with other words created distinctive characteristics that would not cause confusion to the customers. Further, that the Appellants have no monopoly of the use of the word “Airtel because it is not their registered trade mark while the 2nd Respondent registered it as its trade mark in India.

- 6.3 In ground two, the 1st Respondent agreed with the learned Judge that the Appellants did not adduce any evidence that they were conducting business to the public in line with the objectives of the company. On the basis of the above view, the 1st Respondent also agrees with the learned Judge's view that no goodwill attached to the Appellants.
- 6.4 According to the 1st Respondent, the documents exhibited by the Appellants such as the invoices, for the purchase of razor wire, tyres and the Dealer's certificate were not evidence that the Appellants were conducting business but that they only showed intent and invitation to treaty.
- 6.5 In ground three, the 1st Respondent disputes the alleged confusion created by the delivery of a parcel intended for the Appellants to the offices of the 2nd Respondent by DHL. The 1st Respondent contends that DHL did not give evidence to that effect and that the evidence in that regard by the Appellants amounts to mere unsubstantiated allegations.
- 6.6 In ground four, the argument is that the Registrar did not discriminate against the Appellants by registering the 2nd Respondent and refusing to de-register it.

7.0 2ND RESPONDENT'S ARGUMENTS

- 7.1 The arguments proffered by the 2nd Respondent in ground one are not materially different from those advanced by the 1st Respondent, we will therefore, not be repetitive.
- 7.2 In ground two, the argument advanced is that in the absence of a registered trade mark, the Appellants placed reliance on the doctrine of "Passing-off" which allows a plaintiff to protect the goodwill of its business. However, just like the 1st Respondent, the 2nd respondent has argued that the Appellants failed to prove the basis of their claim of goodwill
- 7.3 The 2nd Respondent argued grounds three and four together to the effect that the case of Clarke v Sharp¹ relied upon by the Appellants dealt with trade-marks which is not the case with the Appellants who did not register "Airtel" as a trade-mark.
- 7.4 As regards the learned Judge's findings of fact that the registration of the 2nd respondent caused confusion, it is argued that the findings cannot be reversed by the appellate Court because PW1, in cross-examination admitted that he had no proof that the Appellants were operational at the time.

8.0 ANALYSIS AND DECISION

- 8.1 At the centre of the dispute in this appeal is the question whether or not the Registrar exercised his authority properly

pursuant to section 37(3) of the repealed Companies Act Chapter 388 of the Laws of Zambia. We will therefore, not base our analysis and decision on the specific grounds of appeal as set out in the Memorandum of Appeal.

8.2 Section 37(3) provided as follows;

"The Registrar shall not register as the name of a company a name which in his opinion is likely to cause confusion or is otherwise undesirable" (emphasis ours).

8.3 The above section is clearly couched in express mandatory terms prohibiting the Registrar from registering as a name of a company. This prohibition is however, dependent upon the Registrar's opinion that the name is either likely to cause confusion or it is undesirable.

8.4 The basis upon which the Registrar was to form his opinion in this case was the inclusion of the word "Airtel" in the 2nd Respondent's name. In forming the opinion on the two factors, the Registrar was required to use his objective judgment given the other words used together with the word "Airtel" by the parties and their scope of business.

8.5 The issues in the Court below were whether the Appellants had exclusive rights to the use of the word "Airtel" and whether its use in combination with other words was likely to cause

confusion in the market. The learned Judge answered both questions in the negative.

- 8.6 In making the above findings, the learned Judge considered the doctrine of pass off which protects a business against use of title or appearance by another entity that would lead the public to believe they are dealing with the claiming party thereby causing injury to the claiming party's business.
- 8.7 The learned Judge was of the view that the Appellants had not been in viable business operations thereby accruing no goodwill. The learned Judge also found that confusion had not been established by evidence.
- 8.8 In our considered view, and based on the evidence before her, the learned Judge could not have arrived at a different conclusion. The Registrar acted within the powers conferred on him by the Act to form the opinion that registering the 2nd Respondent was not likely to cause confusion and neither was it undesirable.
- 8.9 The only basis upon which the Registrar's decision could be overturned by the trial Court is if the appellants had provided sufficient evidence that in fact, contrary to the Registrar's opinion, confusion had arisen in the market or that the customers had been deceived.

8.10 We agree with the argument that the inclusion of the word “Airtel” in the 2nd Respondent’s name and in its intended subsidiaries cannot be said to be likely to cause confusion among the public because the word “Airtel” in both the Appellants and the 2nd Respondent is accompanied by other words to create a distinction among the entities.

8.11 In the case of Clarke v Sharpe (supra), which was cited with approval by the Supreme Court of Zambia in the case of Trade Kings Limited v Unilever PLC, Cheesebrough ponds (Zambia) Limited, Lever Brothers (Private) Limited and Another², it was put as follows;

“First, it must always be kept in mind that the actual issue, is not whether or not the Judge or members of the Jury determining it would, would not, have personally been deceived, but whether or not, after hearing the evidence, comparing the articles, and having had all the similarities and dissimilarities pointed out, the true conclusion is that the ordinary customer of the retail dealers is likely to be deceived.”

8.12 We think that the same test can be applied in a case such as this one where the challenge is not on the use of a similar trade mark but on the registration of a similar business name.

8.13 In the case of LA Group Limited v United States Polo Association³, delivered on 10th July 2020, the Supreme Court allowed the appeal against our Judgment upholding the decision of the Registrar of Trade Marks to register a Mark that was “Confusingly similar” to that of the Appellants.

8.14 We wish to acknowledge at the outset that the LA Case, just like the Clarke case, is somewhat dissimilar to the appeal before us in that while the former dealt with the Registration of Trade Marks, the latter deals with the Registration of Company names.

8.15 The similarities we wish to draw from the two cases are that they both speak to the element of goodwill and likelihood of confusion by the Market (public). In dealing with the issue of similarity, the Supreme Court stated as follows at J32;

“We agree with this argument as the two marks cannot be easily told apart visually”.

8.16 In applying the same reasoning as did the Supreme Court, we pose the question; can the same be said of the names of the Appellants and the 2nd Respondent?

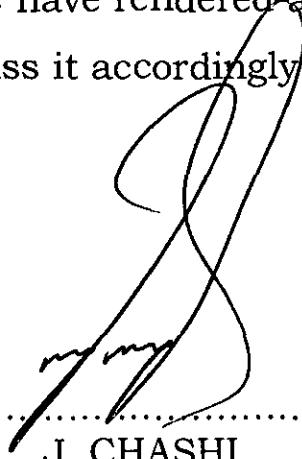
8.17 We think the question ought to be answered in the negative for the reasons stated earlier namely; that the names only have one element in common, the word “Airtel”. The said word does not occur in isolation but in combination with other words capable of creating a distinction rather than confusion in the public.

8.18 The argument about the letter from Switzerland that is said to have been delivered to the address of the 2nd Respondent by DHL does not provide sufficient evidence of confusion. This is in light of the fact that the said letter was neither produced nor

was any witness from DHL called to testify to that effect. The learned Judge was therefore, on firm ground to find that there was insufficient evidence of confusion.

9.0 CONCLUSION

9.1 From the analysis we have rendered above, we find no merit in the appeal and dismiss it accordingly with costs to be taxed in default of agreement.



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J. CHASHI
COURT OF APPEAL JUDGE



.....
M. J. SIAVWAPA
COURT OF APPEAL JUDGE



.....
A.M. BANDA-BOBO
COURT OF APPEAL JUDGE