

**IN THE MATTER OF: THE TRADE MARKS ACT CHAPTER 401 OF
THE LAWS OF ZAMBIA**

**IN THE MATTER OF: TRADE MARK APPLICATION NUMBERS 383-
388/2020 'SUPER CANDIES' IN THE NAME OF
TRADE KINGS LIMITED AND OPPOSITION
THERE TO BY PREMIER FMCG (PTY) LIMITED**

**IN THE MATTER OF: AN APPLICATION FOR AN ORDER FOR
SECURITY FOR COSTS PURSUANT TO
SECTION 65 (1) AND REGULATION 56 OF THE
TRADE MARKS ACT, CHAPTER 401 OF THE
LAWS OF ZAMBIA**

BETWEEN

TRADE KINGS LIMITED

APPLICANT

AND

PREMIER FMCG (PTY) LIMITED

OPPONENT

Before Mr. Benson Mpalo : Registrar of Trademarks

For the Applicant: Anthony Mwila Snr, of Messrs Kaunda Kaunda & Mwila
Legal Practitioners

For the Opponent: Jatin Patel, of Messrs Christopher Russell Cook & Co.,

RULING

STATUTES REFERRED TO

Trade Marks Act, Chapter 401 of the Laws of Zambia

Rules of the Supreme Court (White Book) 1999 Edition



High Court Act, Chapter 27 of the Laws of Zambia

CASES CITED

Glocom Marketing Limited v. Contract Haulage Limited [1998/HP/787]

Keen Exchange [Holding] Company v. Ingrid Andrea Loiten Investment Bank Plc [2008/HPC/0284]

Kellog Company Limited V. Best Choice Trading (2023) (Decision of Registrar)

King v Commercial Bank of Australia Limited [1920] HCA 62

Peony Zambia Limited v Shalom Bus Services Limited and Another Appeal No. 103/2015

Sir Lindsay Parkinson & CO. Ltd V. Triplan Limited (1973) 2 ALL ER 273



BACKGROUND

1. On 27th February, 2020 Trade Kings Limited (herein called ‘the Applicant’) applied to register the following trade marks.
 - (i) 383/2020 ‘SUPER CANDIES PEANUT BUTTER Label’ in class 30
 - (ii) 384/2020 ‘SUPER CANDIES KOFFMINT Label’ in class 30
 - (iii) 385/2020 ‘SUPER CANDIES FRUIT BITES Label’ in class 30
 - (iv) 386/2020 ‘SUPER CANDIES FRESH MINTS Label’ in class 30
 - (v) 387/2020 ‘SUPER CANDIES BUTTER MILK Label’ in class 30
 - (vi) 388/2020 ‘SUPER CANDIES BUTTERSCOTCH Label’ in class 30
2. On 26th October, 2020, Premier FMCG (PTY) Limited (hereinafter called ‘the Opponent’), of Building 5, Maxwell Office Park, Magwa Crescent West, Waterfall City, Midrand, Gauteng, South Africa, filed Notices of Opposition in respect of each of the above applications.
3. On the 23rd of November, 2020 the Applicant filed counterstatements in response to the Opponent’s notices of opposition where the Applicant prayed for, inter alia, an order for security for costs. The Applicant also filed an application for an order for security for costs on the same date accompanied by an affidavit sworn by one Anthony Mwila, as counsel seized with conduct of the proceedings on behalf of the Applicant.
4. This Ruling therefore relates to the application for security for costs by Trade Kings Limited made pursuant to section 65 (1) and Regulation 56 of the Trade Marks Act, Chapter 401 of the Laws of Zambia (“the Trade Marks Act”).

RULING

5. I have carefully considered the arguments for and against the request for an order for security for costs by the Applicant. Having carefully studied the arguments, I now deliver my ruling as follows.





6. Section 65 (1) of the Trade marks Act, Cap 401 of the Laws of Zambia provides as follows:

When a party to proceedings before the Registrar is resident outside Zambia, the Registrar may order such party to give security, within such time as may be directed, for the costs of the proceedings.

7. Further, Regulation 56 provides as follows:-

“Where a party giving notice of opposition or an applicant sending a counter-statement after receipt of a copy of such a notice neither resides nor carries on business in Zambia, the Registrar may require him to give security, in such form as the Registrar may deem sufficient, for the costs of the proceedings before the Registrar, for such amount as to the Registrar may seem fit, and at any stage in the opposition proceedings may require further security to be given at any time before giving his decision in the case.”

8. In my earlier ruling in the matter of **Kellog Company Limited V. Best Choice Trading (2023)**, I opined that although the above provisions give the Registrar the discretion to order a party to give security for costs, the Trade Marks Act does state whether that such discretionary power is exercisable at the instance of an application by either party to the proceedings. I drew an example from Order 40 rule 7 of the High Court Rules which makes it clear that an application for an order for security for costs can be made at the instance of the defendant. For the avoidance of doubt, the said rule states as follows:

The court may, on application of any defendant, if it or he sees fit, require any plaintiff in any suit, either at the commencement or at any time during the progress thereof, to give security for costs.

9. I therefore maintain my earlier position that the Trade Marks Act, Cap 401 and the Regulations thereunder, do not entitle a party to proceedings before the Registrar to apply for security for costs. In other words the Trade Marks Act does not permit a party to move the Registrar for an order for security for costs. In this case, the Registrar reserves the right, *suo motu* to order a party to give security for costs. This means that the application lodged by the Applicant on 23rd November 2020 together with its accompanying affidavit are misplaced and cannot be entertained.
10. However, since the Applicant did pray for an order for security for costs in its counter-statement as one of its reliefs and considering that an order for security for costs is a pre-emptive remedy, I will proceed to consider whether the order for security for costs, as prayed for by the Applicant, is one which can be granted in these proceedings.
11. I will start by stating matters which are not in dispute. Firstly, it is not in dispute that the Opponent in this matter is resident outside Zambia. This is clear from the Opponent's address indicated on the Notice of Opposition. The question I must address is whether the fact that the Opponent resides outside Zambia is sufficient ground for me to make an order for security for costs.
12. In the Australian High Court case of ***King v Commercial Bank of Australia Limited [1920] HCA 62***, the Court observed as follows at [292]:

“The legislature [...] has left absolute discretion to the court, and has done so without prescribing any rules for its exercise. In these circumstances, no rules can be formulated in advance by any judge as to how the discretion shall be exercised. It depends entirely on the circumstances of each





particular case. The discretion must, of course, be exercised judicially, which means that in each case the judge has to inquire how, on the whole, justice will be best served...

13. In *Keen Exchange (Holding) Company v Ingrid Andrew Loiten and Investment Bank PLC (2009) ZR 343*, the High Court held that

“ A plaintiff who is abroad is prima facie bound to give security for costs. If a Plaintiff desires to escape from doing so he is bound to show that he has substantial property in the Country not of a floating but of a fixed and permanent nature, which would be available in the event the defendant being entitled to costs in the action.”

14. In *Peony Zambia Limited v Shalom Bus Services Limited and Another Appeal No. 103/2015*, the Supreme Court guided that:-

“the court has absolute or real discretion in the matter and will act in light of all the relevant circumstances of the case; meaning that the court must carefully consider the effect of making such an order, and in the light thereof determine to what extent or for what amount a plaintiff or defendant may be ordered to pay security for costs.”

15. *In Glocom Marketing Limited v Contract Haulage (1998 HP/787)* the Court also considered an application for security for costs which was made pursuant to Order 40, Rule 7, of the High Court Rules, and Order 23 Rule 1 of the Rules of the Supreme Court (White Book). Dr. Matibini S.C, sitting then as a High Court Judge held as follows:

“The order for payment of security of costs is not one that is made freely and will not be made simply because the plaintiff

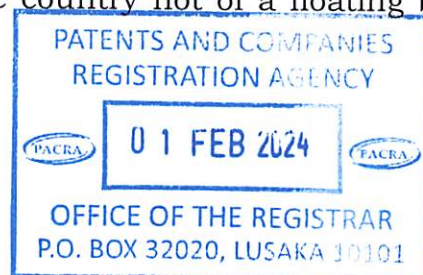
appears impecunious. Before exercising the discretion to order any plaintiff to give security of costs, the Court will have regard to all the circumstances of the case, and will grant the order if it thinks just to do so. (Emphasis mine).

16. It is clear from the foregoing authorities that the decision to order a party to the proceeding to give security for costs is discretionary and depends on the relevant circumstances of the case. The exercise of the court's discretion in applications for security for costs was further considered in **Sir Lindsay Parkinson & Co Ltd V Triplan Ltd [1973] 2 ALL ER 273 (CA)**, in which the Court indicated some of the factors the court may take into account. These included:

- i. whether the claimant's claim was bona fide and not a sham;
- ii. whether the claimant had a reasonably good prospect of success;
- iii. whether there was admission by the defendant on the pleadings or elsewhere that money was due;
- iv. whether there was a substantial payment into court or an "open offer" of a substantial amount;
- v. whether the applicant for security was being used oppressively, for example so as to stifle a genuine claim;
- vi. whether the claimant's want of means had been brought about by the conduct of the defendant's, such as delay in payment or in doing their part of the work;
- vii. whether the application for security was made at a late stage in the proceedings.

17. In casu, the principles which I find relevant in exercising my discretion under section 65 (1) and Regulation 56 of the Trade marks Act maybe condensed as follows:

- (a) Where the Opponent does not reside nor carries on business in Zambia, I am entitled to order the payment of security unless he can show that he has substantial property in the country not of a floating but of a



fixed and permanent nature, which would be available in the event that the Applicant is awarded costs in the matter.

(b) Where an order for security for costs against the Opponent company might result in oppression, in that the Opponent would be forced to abandon its Opposition which has a reasonable prospect of success, then I would be entitled to refuse to make the order for security for costs.

(c) Ofcourse it is important that I also take into account all the circumstances of the case and decide whether it is just to grant an order for security.

18. I will therefore proceed to examine the current request for an order for security for costs on the above premise.

19. Firstly, I have already found as a fact that the Opponent does not reside in Zambia. As argued by the Applicant's counsel, difficulty in enforcing an order for costs overseas against a non-resident party will usually be sufficient to ground an order for security for costs. However, in terms of Regulation 56, I need to also determine if the Opponent conducts its business in Zambia. For this purpose, I have perused through the Opponent's supporting Affidavit filed on 23 June, 2021, and observed the following: -

20. The Opponent stated that it is in a position to meet its financial obligations without any difficulty, and that it would also be in a position to bear a negative costs order that may be issued against it in this matter. In support of this claim, the Opponent averred that it has been distributing its goods in Zambia for over six years. The Opponent further highlighted the various products which it distributes in Zambia and its net value in terms of sales which according to the Opponent exceeds K23 million Kwacha.



21. The Opponent also indicated that it distributes its products through various distributors and provided the names of these distributors and their addresses. In addition, the Opponent indicates that it has forty five (45) trade marks registrations and exhibited an official search result from the Trade Marks Registry.
22. In view of the foregoing the Opponent submitted that it has sufficient trading interests and investment in the country with a viable financial position to be able to meet potential negative order of costs that may be issued against it in these proceedings.
23. The question I ask myself is whether the evidence provided by the Opponent is sufficient to show that it carries on business in Zambia. Firstly, it is important to understand that the rationale for this requirement is basically to ensure that the successful party can execute their Order for costs without difficulty. In the present case, the Opponent has indicated firstly that it distributes its products through various distributors and provided a list of the said distributors at page 16 and 17 of its supporting affidavits. However, there is no evidence to show that there is any economic link between the Opponent and any of its listed distributors and in the absence of such evidence it is difficult for me to find that the Opponent carries on business in Zambia.
24. Having found that the Opponent does not reside nor carry on business in Zambia, its is within my power to order the Opponent to pay security for costs. However, it is important for me to go further and interrogate whether the Opponent has substantial property in the country which the Applicant may have recourse to for purposes of enforcing an order for costs in the event of success. In this regard, I have considered the Opponent's averments that it has sufficient trading interests and investment in the country with a viable financial position to be able to meet potential negative



order of costs that may be issued against it these proceedings. However, apart from mere averments, I have not been availed with tangible evidence to show that the Opponent has substantial property of a fixed and permanent nature to assure me that the Opponent is indeed able to meet an adverse costs order.

25. I have also considered the Opponent's evidence of its trade marks registrations in Zambia. However, even though trademarks constitute property and may indeed have substantial value, I have doubts whether, being intangible in nature, it is the kind of property which can be encumbered for purposes of enforcing an order for costs against a losing party to proceedings such as this one.

26. In view of the foregoing observations, I am perfectly entitled to grant an order for security for costs against the Opponent. However, I must guard against such an order resulting in oppression to the Opponent such that the Opponent is deprived of the opportunity to pursue the opposition, which it is entitled to, to its logical conclusion. In the same vain, I must also consider the right of the Applicant in this matter not to be forced to "waste" money by defending an inevitably hopeless opposition. For this reason, in order to strike a balance between the rights and interests of both parties to these proceedings, I have to consider prospects of success or the genuineness of the Opponent's opposition without necessarily delving into the merits or assessing the proportionate strength of the cases of the parties at this stage.

27. In this matter, the Opponent seeks to oppose the registration by the Applicant of six trade marks comprising the words '**Super Candies**' all in Class 30. The Opponent's claim is that the Applicant intends to register marks that nearly resembles the Opponent's prior registered trade mark, in the same class in which the Opponent's trade mark is registered, and in





relation to the same goods for which the Opponent's trade mark is registered. According to the Notices of Oppositions, the Opponent's registered trade mark in issue is **SUPER C** and images of this product have been shown. The Opponent is relying on both sections 16 and 17(1) of the Trade marks Act.

28. In my view the above claim by the Opponent is prima facie regular on its face and without getting into the depth of the evidence and the law, it is my considered view that the claim is bona fide and has reasonable prospects of success. This notwithstanding, I ask myself whether an order for security of costs would stifle the Opponent's ability to pursue this opposition. This is indeed an important consideration to take into account and for me whether the Opponent would be forced to abandon this Opposition may depend on a number of factors including the ability to pay. However, in this matter the Opponent has categorically stated in its affidavits in support that it is a highly successful and well-known company across southern Africa with an annual turnover of over 10 billion Rands (approximately ZK 15.5 billion). [para 5.2]. The Opponent has also stated that it is a company that is in a viable financial position to meet a potential negative order of costs [para 5.8]. In view of this evidence and the totality of the evidence produced by the Opponent, I am confident the Opponent is not an impecunious party that would be deterred by an order for security for costs.

29. In view of the foregoing, I find that this is a proper case to grant an order for security for costs before the opposition can be heard. However, I have not been availed with evidence of the Applicant's probable recoverable costs in the event that the opposition is successfully defended. In this regard, I am entitled to order the Opponent to pay an amount which in my view represents a fair and just estimate of the amount of costs the Applicant is likely to incur in prosecuting this opposition. Therefore, bearing in mind that that the order should not provide a complete indemnity for costs, I

hereby order that the Opponent pays One Hundred and Fifty Thousand Kwacha (**K150,000.00**) as security for costs.

30. I further order that the said amount shall be paid into the holding account of the registry within 30 days from the date of this ruling. The date of hearing of the opposition shall be 14 days after the date of payment of the security for costs.



Delivered this day of 2024.

[Handwritten signature]

Benson Mpalo

REGISTRAR OF TRADE MARKS