



REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA
AT NAIROBI (MILIMANI COMMERCIAL COURTS)

Civil Case 154 of 2009

CELLULANT KENYA LTD..... PLAINTIFF

VERSUS

MUSIC COPYRIGHT SOCIETY OF KENYA LTD.....DEFENDAT

RULING

The plaintiff is in the business, *inter alia*, of offering mobile phone value added services of such musical and artistic works such as phone ringtones, logos and pictures. According to the plaintiff, to facilitate this aspect of its business, it had entered into various mobile content distribution agreements with music artists in relation to the songs to be used in the said business. For the use of the said music content, the plaintiff paid royalties to the said music artists.. A difference arose between the plaintiff and the defendant, a collection society duly appointed under **Section 46(2)** of the **Copyright Act, 2001**. The defendant was of the view that, as a collecting society for music composers, authors and publishers, the plaintiff is required to pay royalties to it in respect of the music that it uses in the ringtones that it sells to the public. In December 2008, a series of meetings were held between the plaintiff and the defendant, and at some stage with the Kenya Copyright Board, with a view to resolving the dispute. Unfortunately, the negotiations did not result in an amicable settlement of the difference.

On 16th December 2008, with the aid of the police, the officials of the defendant raided the premises of plaintiff and seized four of the plaintiff's computers on allegations that the plaintiff had breached the copyright of its members. Three of the plaintiff's employees were arrested and taken to Kilimani Police Station where they were obliged to record statements after which they were released on a cash bail each of Kshs.15,000 /=. Thereafter, despite effort to resolve the matter out of court, the parties reached a stalemate. On 9th March 2009, the plaintiff filed suit seeking various orders from the court including *inter alia*, a declaration that the plaintiff had not at any time infringed upon the performance rights or any other rights of the defendant's members or any other copyright owner.

Contemporaneous with filing suit, the plaintiff moved the court by notice of motion made pursuant to the provisions of **Order XXXIX Rules 1, 2 and 3** or the **Civil Procedure**

Rules and under the inherent powers of the court seeking orders of interlocutory injunction to restrain the defendant by itself, its servants, agents and or employees from trespassing into the plaintiff's premises and interfering with the plaintiff's business, or from seizing any of the plaintiff's property without a lawful court order or from demanding royalties from the plaintiff in respect of an alleged public performance rights and or communication to the public of the sound recordings it had contracted with the artists to deal with or harassing or intimidating or threatening the plaintiff, its clients or its business associates by the use of police force over an alleged claim of payment that is disputed, pending the hearing and determination of the suit. The plaintiff further sought an order of the court to compel the defendant, by mandatory injunction to cause all the property belonging to the plaintiff, and in particular the plaintiff's four computers, to be returned to the plaintiff in the state in which they were prior to the alleged unlawful removal on 16th December 2008. The ground in support of the application are stated on the face of the application and is supported by the annexed affidavit of Kennedy Njoroge, a director and the chief executive officer of the plaintiff. The application is opposed. Maurice Okoth, the general manager of the defendant, swore a replying affidavit in opposition to the application.

Prior to the oral hearing of the application, the parties agreed by consent to file skeleton written submissions. They duly complied and filed the said submissions. At the hearing of the application, I heard the rival arguments made by Miss Kirimi for the plaintiff and Miss Njeri Thuku for the defendant. I have carefully read the pleadings filed by the parties herein. I have also considered the submissions made by learned counsel for the parties herein. I have benefited from the authorities cited by the said counsel in support of their respective clients' cases. The issue for determination by this court is whether the plaintiff established a case to entitle this court grant it the orders sought of interlocutory and mandatory injunctions. The principles to be considered by this court in determining whether or not to grant the interlocutory injunction sought are well settled; the court must consider if the plaintiff has established a prima facie case, and whether he would suffer irreparable damage that is unlikely to be compensated by an award of damages. Where the court is in doubt, it will determine the application on a balance of convenience. (*See **Giella vs Cassman Brown [1973] EA 358***).

As regard mandatory injunction, the principles to be considered by this court were set out by the Court of Appeal in **Shariff Abdi Hassan vs Nadhif Jama Adan [2006] eKLR** where at page 8 of its judgment, it stated as follows:

*"The law as regards the principle to be applied when considering the two prayers is different from the principles set out in **Giella's** case for the standard of approach when considering whether or not to grant mandatory injunction is higher than in respect of prohibitory injunction. The case of **LOCABAIL INTERNATIONAL FINANCE LTD V AGRO-EXPORT AND ANOTHER [1986] ALL ER 901** sets out the principles applicable in cases of mandatory injunction". It states as follows;*

'A mandatory injunction ought not to be granted on an interlocutory application in the absence of special circumstances and then only in clear cases either where the court thought that the matter ought to be decided at once or where the injunction was directed at a simple and summary act which could easily be remedied or where the defendant had attempted to steal a march on the plaintiff. Moreover, before granting a mandatory injunction the court had to feel a high sense of assurance that at the trial it would appear

that the injunction had rightly been granted, that being a different and higher standard than was required for a prohibitory injunction

*“These principles have been consistently applied in Kenya. In the case of **Kamau Mucuha vs The Ripples Ltd (Civil Application No. Nai. 186 of 1992 (unreported)**, where Cocker JA stated after referring to **Locabail** case as follows:*

‘A party, as far as possible, ought not to be allowed to retain a position of advantage that it obtained through a planned and blatant unlawful act and, without in any way attempting to pre-decide the intended appeal or to influence a decision thereon, I am of view that the order of the learned judge, granting the prohibitory and mandatory injunctions ought not to be disturbed at this stage.’

The courts have been reluctant to grant mandatory injunction at the interlocutory stage. However, where it is prima facie established as per the standards spelt out in law as stated above that the party against whom the mandatory injunction is sought is on the wrong, the courts have taken action to ensure that justice is meted out without the need to wait for full hearing of the entire case.”

In **Diamond Trust Bank (K) Ltd vs Jaswinder Singh Enterprises [1999] 2EA 72** at page 80 Owuor JA, reading the judgment of the court, held as follows:

“...Did the learned judge properly address his mind to the mandatory injunction that he gave” As was stated by Megarry J (as he then was) in the case of **Shepherd Homes Ltd vs S and Ham [1971] Ch 340:**

‘At the end of the action the court will, of course grant such injunction as justice of the case require, but at the interlocutory stage, when the final result of the case cannot be known and the court has to do the best it can, I think the case has to be unusually strong and clear before a mandatory injunction will be granted even if sought to enforce a contracted obligation’

I wholly agree with Megarry J’s view that in the cases of mandatory injunction indeed a higher standard is required by way of establishing certain special circumstances before the same is granted.”

My evaluation of the facts of this application as is evidenced by affidavit evidence filed herein is as follows:

As stated earlier in this ruling, the plaintiff is in the business of developing, reproducing and offering for sale to the public digital ringtones adapted from the artistic works of various music artists. On 19th March 2004, the plaintiff and the defendant entered into an agreement by which, on behalf of its members, the defendant licensed the plaintiff to communicate artistic works of the said members for the purposes of ringtones from the plaintiff’s equipment to the plaintiff’s customers’ mobile equipment on condition that further communication of the tones be prevented from the said mobile phones. The licence was for a period of five (5) years. In exchange for the licence, the plaintiff was required to pay to the defendant royalty based on the gross revenue of 3%. The said royalties were supposed to be paid every quarter and with every passing year, the plaintiff was to benefit from some discount. It appears that differences emerged between the plaintiff and the defendant in regard to the payment of the said royalties. These differences escalated to an extent that the

licence agreement was terminated. The defendant chose to deal with the music artists directly instead of dealing with the defendant.

According to the plaintiff, it had entered into separate agreements with 650 music artists whereby it had agreed to pay them royalty of 10% of any ringtone that is downloaded by the plaintiff's customers. A sample of the agreements entered between the plaintiff and the said music artists was annexed to the plaintiff's chief executive officer's affidavit. It was the plaintiff's case that since it had entered into individual agreements with the music artists, the allegation by the defendant that it had infringed the copyrights of the said musicians is therefore unsustainable. The plaintiff concedes that some of the music artists it entered agreements with were members of the defendant while some were not. On the other hand, it is the defendant's case that as a collection society duly registered under the **Copyright Act, 2001**, it was entitled to collect royalty from the plaintiff on behalf of its members. The said members had signed agreements with the defendant authorizing the defendant to collect the said royalties on their behalf. The defendant annexed a copy of the list of its members as of 31st December 2008. The members of the defendant were over 1,650.

The issue that triggered the defendant's raid of the plaintiff's premises had been simmering for sometime. It appears that after the agreement between the plaintiff and the defendant was terminated, the defendant was of the view that the plaintiff still owed it royalties on account of the agreement that it had previously entered with the plaintiff. The plaintiff was of the contrary view. The plaintiff formed the firm view that since it had entered into individual agreements with the artists themselves, it was not entitled to pay any royalty to the defendant. This was especially so in view of the plaintiff's insistence that its work in producing ring tones did not entail public performance as envisaged under the **Copyright Act, 2001**. Correspondence was exchanged between the plaintiff on the one hand, and the executive director of the Kenya Copyright Board on the other, indicate that the plaintiff was advised to deal with the defendant as the collecting agent of the artists recognized by the law. For instance, in her letter dated 20th January 2009, Dr. Marisella Ouma, the executive director of Kenya Copyright Board, in response to an inquiry made by the plaintiff in regard to whether ringtones and real tones constitute public performance, she had this to say:

"The author/composer/publisher has the right to authorize the fixation of their work onto a specific medium including digital media. This forms the basis of the mechanical right which is also administered by the collective management organization for authors, composers and publishers. Thus any time a work is fixated into a medium; the person doing the fixation has to pay for the mechanical right of the author through the collective management organization. The producer of the sound recording has the exclusive right to control the reproduction, distribution, rental, hire, public performance and broadcasting of his sound recording. Reproduction here includes the reproduction of the work in any (sic) many or form including the digital and ephemeral recordings. Thus in the case of real tones, your client will be expected to pay the producer of the sound recording as indicated in my previous letter. I hope this gives you the distinction between a mechanical right and the right of reproduction."

It seems to this court that the plaintiff is confusing the copyright of the artist that arises from its fixation, with the copyright that accrues to the artist from its communication to the public by public performance. In the present application, there is no dispute that the plaintiff converts the music of the artist into a digital form that can be downloaded as a ringtone. **Section 26(1)** of the **Copyright Act, 2001**, provides as follows:

“Copyright in a literary, musical or artistic work or audio-visual work shall be the exclusive right to control the doing in Kenya of any of the following acts, namely the reproduction in any material form of the original work or its transition or adaptation, the distribution to the public of the work by way of sale, rental, lease, hire, loan, importation or similar arrangement, and the communication to the public and the broadcasting of the whole work or a substantial part thereof, either in its original form or in any form recognizably derived from the original;...”

According to **Section 28(1)** of the **Copyright Act, 2001**, the copyright in sound recordings shall be the exclusive right of the copyright owner in respect of direct or indirect reproduction of the sound, or the distribution to the public of copies by way of sale, rental, lease, hire, loan or in any similar arrangement, or the importation into Kenya or the communication to the public or the broadcast or the sound recording in whole or in part either in its original form or in any form recognizably derived from the original. “*Fixation*” is defined under **Section 2** of the **Copyright Act, 2001**, as “*the embodiment of sounds or images, or of the representation thereof from which they can be perceived, reproduced or communicated through a device*”. “*Reproduction*” is defined under the said section as “*the making of one or more copies of a work in any material form and includes any permanent or temporary storage of such works in electronic or any other form*”.

What is clear therefore is that the defendant, as the collecting society on behalf of the music artists, had the authority to deal with the plaintiff in regard to the music that the plaintiff converted into ring tones. The plaintiff, irrespective of whether it entered into individual agreements with the music artists, is required in law to deal with their legal representative i.e. the defendant. Although the **Copyright Act, 2001**, does not specifically prohibit any party from entering into an individual agreement with a copyright owner, upon careful evaluation of the **Copyright Act, 2001**, it was clear to the court that the law deemed it necessary that a Copyright Collection Society be established for the purposes of coordinating and administering the collection of royalties from persons who have been licensed by the copyright owners to exploit the copyright.

The necessity of a Copyright Collecting Society such as the defendant is imperative on account of the fact that such society has the expertise and means of monitoring copyright users for the purposes of assessing royalties that is required to be paid to individual copyright owners. It would be impossible for an individual artist, like in the instance case relating to music, to monitor the various media that exploit the copyright of such artists to determine the level of royalty that should or ought to be paid. I have perused the documents annexed to the affidavit sworn in support of the plaintiff’s application. I did not see a document establishing the fact that the plaintiff had indeed paid the individual artists royalties in the manner provided in the individual agreements as it alleged in its pleadings. This court wondered why the plaintiff was prepared to pay the individual artists royalty of 10% while on the other hand it had declined to pay to the defendant the lesser royalty of 3%.

It was apparent to the court that the plaintiff was exploiting the individual music artists by taking advantage of their ignorance by dangling the carrot that it would pay them a higher percentage of royalty than that offered by the defendant. The plaintiff would rather deal with individual artists who have no mechanism of verifying whether any of their artistic output had been sold as ring tones to the members of public, than deal with the defendant which has the technical knowhow and expertise to exact the royalties due to its members from the plaintiff.

It is conceded by the plaintiff that the music artists should be paid royalties on account of copyright of their music. The issue in actual fact is who between the artists themselves (whom the plaintiff claims it had entered into individual agreements) and the defendant ought to be paid royalty. Having evaluated the facts of this application, it is clear to this court that the plaintiff has no choice but to pay royalty to the defendant on behalf of its members. The defendant is affiliated to the International Confederation of Copyright Societies (CISAC) and therefore entitled to collect royalties on behalf of foreign artists. The plaintiff cannot therefore avoid dealing with the defendant because it has not exhibited any agreement between itself and foreign music artists whose music it has converted into ring tones. The plaintiff cannot use the excuse of individual agreements it has entered with some music artists to frustrate the defendant from undertaking a function assigned to it by the law. It is not the duty of the plaintiff to be concerned whether or not the defendant is fulfilling its obligations to its members. The plaintiff has a duty to pay royalty to the copyright owners, through their legal representative, the defendant, anytime it exploits the artistic output of the members of the defendant. I therefore hold that the energy expended by the plaintiff's and the defendant's counsel in arguing whether ring tones are public performance or not is or was misdirected.

It is therefore clear that the plaintiff's application, in so far as it seeks to restrain the defendant from performing a duty donated to it by statute, cannot succeed. The defendant is allowed under the **Copyright Act, 2001**, to enforce the right of its members. That right of enforcement includes visiting the premises of the plaintiff to establish whether there has been any infringement of the copyright of its members. I think it would be advisable for the plaintiff to abide by the advice that it was offered by the executive director of the Kenya Copyright Board. It is not up to this court to advise the plaintiff on the best way to conduct its business. However, in the present application, it is apparent that the issues in dispute between the plaintiff and the defendant are issues which can be resolved amicably if there is goodwill on both sides. I do not agree with the plaintiff that it has a prima facie case with high chances of success to entitle this court grant it the interlocutory injunction sought. Its application for interim orders of injunction therefore, cannot succeed. It is dismissed with costs.

As regard its application for mandatory injunction, the plaintiff is on firmer grounds. It was evident that the defendant exceeded its legal mandate when it raided the plaintiff's premises and confiscated the plaintiff's four computers. The plaintiff was required to approach the court and request for the issuance of an Anton Piller order under **Section 37** of the **Copyright Act, 2001**, to be allowed to collect the items in question to secure evidence in a case to be launched for the enforcement of the copyright of its members. By seeking police assistance to confiscate the plaintiff's computers, the defendant was acting unlawful.

At the hearing of this application, the defendant explained that it had invoked the provisions of **Section 42** of the **Copyright Act, 2001**, when it sought assistance of the police to raid the business premises of the plaintiff. I have read the said section. It authorizes an official of the Kenya Copyright Board to obtain police assistance to arrest and detain any person where there are reasonable grounds that such a person ought to be made answerable to justice without a reasonable delay, trouble or expense. That section does not authorize any person, including the Kenya Copyright Board or the defendant to seize any property of any person who is allegedly infringing the copyright of any copyright holder in execution of its statutory duties. There was no legal justification for the defendant to take possession of the plaintiff's computers in the circumstances that it did without a court order. It is trite that any unlawful act that can be reversed, is reversible by order of mandatory injunction.

The plaintiff has established special circumstances to enable this court grant the mandatory injunction sought. The defendant, by itself or its agents, is ordered to deliver to the plaintiff the four computers in the condition that they were in at the time they were unlawfully seized from the plaintiff. The defendant is ordered to return the said computers to the plaintiff within seven (7) days of today's date or in default thereof the plaintiff shall be at liberty to commence contempt of court proceedings. It is so ordered.

DATED AT NAIROBI THIS 8TH DAY OF JULY 2009.

L. KIMARU

JUDGE



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