



KIPi Centre, Kabarsiran Avenue, Off Waiyaki Way,
Lavington
P.O. Box 51648-00200, Nairobi.
Tel : 020-6002210/11 6006326/29/36
Mobile: 0702002020, 0736002020
E-mail: info@kipi.go.ke
www.kipi.go.ke

IN THE MATTER OF THE TRADE MARKS ACT CAP 506 OF THE LAWS OF KENYA

AND

**IN THE MATTER OF TRADE MARK APPLICATION NO. 128019 “NEXGO” (WORD &
DEVICE) IN CLASSES 9 & 42**

IN THE NAME OF XGD.INC

RULING BY ASSISTANT REGISTRAR OF TRADE MARKS

BACKGROUND

On 24th May 2023, XGD.INC. (hereinafter referred to as “the Applicant”) filed an

application to register the mark , T.M.A No. 128019. The application was filed in respect to goods and services in classes 9 & 42 of the International Classification of Goods and Services as follows:

Class 9: Money counting and sorting machines; Quantity indicators; Counters; Card reading equipment; Computer programs for remote connection to computers or computer networks; Computer software for controlling and managing access to server applications; Credit card terminals; Face recognition device; Thermal printers; Point-of-sale machine [pos machine]; Electronic terminal equipment for expressway toll collection; Card readers for credit cards; Chip card readers; Smart card readers; Optical code reader; Fingerprint scanners; Digital wallet (downloadable computer software); Downloadable e-wallets; Barcode scanners; Security tokens [encryption devices]; Interactive touch screen terminals; Computer software platforms, recorded or downloadable; Electronic credit card readers; Central Processing Unit(CPU) for information, data, sounds and images processing; Cash registers; Computer program for cash register system; Computer software for controlling self-service terminals; Computer software for database management; Computer software for authorizing access to the database; Downloadable mobile applications for cash register system; Mobile terminals; Point of sale terminals; Electronic payment ciphers; Smart speakers; Loudspeakers.

Class 42: Technological research; computer rental; computer programming; computer software design; consultancy in the design and development of computer hardware; rental of computer software; maintenance of computer software; rental of web servers. , Creating and maintaining websites for others; hosting computer sites [web sites]; installation of computer software; Computer system remote monitoring; software as a service [SaaS]; server hosting; off-site data backup; electronic data storage; IT services provided by outsourcers; Design of computer software for controlling self-service terminals; Design and development of application software for mobile phones; Data migration service; Data encryption and decoding services; Research and development of new products for others; monitoring of computer systems to detect breakdowns; creating and designing website-based indexes of information for others [information technology services]; electronic monitoring of credit card activity to detect fraud via the internet; monitoring of computer systems for detecting unauthorized access or data breach; platform as a service [PaaS]; user authentication services using technology for e-commerce transactions.

The application was duly examined in accordance with the provisions of the Trade Marks Act, Cap 506 of the Laws of Kenya. By a letter dated 21st July 2023, the Trade Marks Examiner issued a refusal notice indicating that the mark had been refused registration on the grounds that it is similar to another mark existing on the Trade Marks Register with the following particulars:

TM No. 121161 - 'NEXGO'(word), in class 9 in the name of NEXGO EAST AFRICA LIMITED, existing on the register as from 1st February 2022.

On 19th October 2023, the Applicant filed written submissions against the Trade Mark Examiner's refusal notice and submitted inter alia as follows:

1. That at the onset, the Applicant acknowledges that the Registrar of Trademarks enjoys the discretion of allowing the registration of a similar mark in respect to similar goods or description of goods and relate to more than one proprietor pursuant to Section 15 (2) of the Trade Marks Act (Chapter 506, Laws of Kenya.
2. That it is the Applicant's considered view that the present application warrants the exercise of discretion to maintain the applied mark on account of the following grounds -
 - (i) Whilst the applied mark and registered mark relate to a similar class, class 9, the twin marks relate to different goods;

- (ii) The nature and style of the business of the Applicant and that of the Proprietor are altogether different; and
 - (iii) Prior use by the Applicant over the applied mark.
3. That on the first limb, same class but different goods, the Applicant invites the Honourable Registrar of Trademarks to the holding by the Supreme Court of India in *M/S Nandhini Deluxe u Karnataka Cooperative Milk Producers Federation Ltd [Civil Appeal No. 2943-2944 of 2018]* that a proprietor of a trade mark cannot enjoy monopoly over the entire class of goods particularly when he is not using the said trade mark in respect of certain goods falling under the same class.
 4. That drawing from the aforementioned precedent, it may well be reasonable to infer that the monopoly under a trade mark only extends to the goods which are falling in a particular class and not the entire class of goods which are falling within the same class but are not identical to those of the previously registered mark.
 5. That the Applicant's applied mark is intended to be used in classes 9 and 42 of the Nice Classification of Goods and Services. In class 9, the Applicant intends to use its applied mark to the following goods; digital wallet (downloadable computer software), downloadable e-wallets, computer software applications downloadable , downloadable mobile applications, POS (Point of Sale) machines, credit card terminals, electronic and magnetic ID cards for use in connection with payment for services, thermal printers, radio-frequency identification [RFID] tags, smart speakers, interactive touch screen terminals, computer software platforms, recorded or downloadable, authentication software, chip card readers, wired and wireless computer peripherals, devices for recording; transmitting or reproducing sounds or images, cash registers, data processing software, face recognition devices, and electronic agendas. The Applicant's core product being Point of Sale Machines. On the other hand, the registered mark is largely traded in electronic tax registers.
 6. That in light of the different description of goods, it would be unjust if not incorrect to hold that simply because the registered mark is similar to the

applied mark should bar registration of the applied mark however dissimilar and disconnected its application to different goods.

7. That while putting this matter to rest, the Applicant also invites the Honourable Registrar to the holding in *International Foodstuffs Co. LLC v Parle Products Private Limited & Anor (Suit No. 2497 of 2012)* that a proprietor's registration and rights are in any case restricted to the only goods in which it has used them.
8. The Applicant indicated that the nature and style of the business of the Applicant and that of the Proprietor are altogether different.
9. That the Applicant herein XGD INC., formerly known as Nexgo Inc., is a China-based company founded in 2001 with a primary focus on comprehensive financial technology solutions. Its core competencies encompass research, design, development, manufacturing, distribution, and leasing of cutting-edge financial point-of-sale (POS) terminal software and hardware products. In addition, the Applicant excels in delivering an array of advanced services, including bank card electronic payment technology solutions, biometrics, credit reporting, and large-scale data analysis and processing services.
10. That the Applicant's diverse product portfolio features a wide range of offerings, such as innovative financial POS terminals, readers, state-of-the-art biometric products, and other related solutions. It is the Applicant's commitment to excellence extends to both domestic and international markets, where they diligently distribute its products and services, ensuring accessibility and convenience for its valued customers worldwide.
11. That moreover, the Applicant has over the years expanded with incredible speed characterized by healthy and stable revenue increases enabling it to venture to the international scenes including Kenya where several consignments have been dispatched including on 23rd October 2022. In the said period, the Applicant has been ranked amongst the top most manufacturers of Point of Sale (POS) Terminals in Canada, United States, Latin America, Middle East-Africa, Europe and Asia-Pacific regions. This merely connotes that the Applicant has a wider market across globe and a diversified business model.

12. That on the other hand, the Proprietor herein Nexgo East Africa Limited, is merely a company registered under the Companies Act of Kenya as PVT-9XUG35YE and was registered in 2021, being twenty years after the Applicant's company was incorporated.
13. That clearly on cursory look, it is evident that the Applicant's and the Proprietor's businesses are fundamentally distinct. The Applicant contends that the Proprietor would experience minimal, if any, harm to its trade if the applied mark were to be registered in the Trademarks Register.
14. That at the onset the Applicant wishes to assert that it heavily relies on the provisions of Section 10 of the Trademarks Act which in summary posits that a registered user cannot prevent a third party from making use of their registered brand if the third party has been making consistent use of the trademark for an earlier date/prior date.
15. The Applicant highlighted the provisions of Section 10 of the Trade Marks Act.
16. That the Applicant is of the considered view that the import of the said section confers a subordinated status to a registered user over a third party who has previously before used a mark that is similar to that of the registered user.
17. That for purposes of setting the scene, the Applicant herein has established itself globally as a manufacturer in goods in class 9, to wit, Smart Point of Sale (POS) Terminal Machines, Portable Desktop, PIN Pad Mini POS, mPOS Unattended Kiosk, Smart ECR, QR Terminals; and services in class 42. Whilst its Kenyan Application is rather late to the registration race, nothing would be further from the truth if the said notion would carry to its use of the applied mark.
18. That in reality, the Applicant having begun trading as Nexgo in early 2001 in China; in which period it launched the first wireless POS of China, over the years the POS has been improved and in 2016 Nexgo launched N5 Smart POS Terminal. In the pendency of this improvements, the Applicant formerly Nexgo protected its products in various jurisdictions including China, Brazil, United Kingdom, United States (Federal) and under WIPO.
19. That during the subject period, the Applicant had invested significantly in research, development, design, manufacture, advertisements and sales; with

its products trading in the aforementioned regions cited in paragraph 19 herein. The growth trajectory continued and in a span of three successive years; 2017, 2018 and 2019, Nexgo expanded its business through subsidiary companies in Sau Paulo, Brazil; Dubai and India, respectively.

20. That as at 2021, Nexgo was celebrating 20 years of existence and increase in revenue and NEXGO trademark registrations in the territories of Hong Kong, Macau and Taiwan.
21. That sometime in 2022, the Applicant sought and obtained registration of the mark in class 9 for electronic tax registers on 1st February 2022. Oblivious of the registration, the Applicant continued in its trade within and without Kenya and on occasion imported its products into the country on diverse dates, to wit, 28th June 2022, 29th July 2022, and 16th July 2022.
22. That the Applicant aware of the magnitude of the penetration of its goods and services within Kenya sought to regularize its brand awareness by seeking the registration of the applied mark in classes 9 and 42 which was filed on 22nd May 2023. This Application was upon examination by the Honourable Registrar of Trade Marks found to have been similar to one appearing in the Register of Marks under TMA No. 121161 in class 9 in the name of NEXGO EAST AFRICA LIMITED; a position which brought the Applicant who has over years worked on its brand to distraught and dismay.
23. That the Applicant acknowledges that it indeed may be cited as having sought registration of the applied mark after the Proprietor herein, however, this delay should not be the basis upon which its applied mark should be refused, noting that as at the date of the registered mark was included in the register, the Applicant was already and is in continuous use of the mark.
24. That in *Solpia Kenya Limited v Style Industries Limited & Another [2015] eKLR*, the Honourable Court at paragraph 29 while entertaining an application for injunction espoused that -
“Therefore, as a principle of law, the fact of registration of trademark per se does not entitle the proprietor of a trademark to an automatic injunction to restrain the use of the trademark by a person who has continuously used the trademark prior to, during and after the registration of trademark. In other words, in the face of a claim of prior user of trademark, and absent

other strong and cogent evidence, the fact of registration of trademark does not invariably constitute a prima facie case with a probability of success in the sense of the case of Giella v Casman Brown. Where Section 10 is called into play, the Court should be careful not to use the fact of registration of trademark as the sole basis for restraining the use of the trademark by the person claiming prior use of the mark.”

25. That additionally, in *Clips Limited v Brands Imports (Africa) Limited formerly named Brands Import Limited [2015] Eklr*, the Court held that Section 10 of the Trade Marks Act contains two requirements; firstly, the Plaintiff used the mark prior to registration by the Defendant and secondly there must have been continuous and bona fide use of the mark by the Plaintiff.
26. That against the background set herein above, the Applicant wishes to close on the limb of prior use by impressing upon the Registrar that the registered mark as weighed against the prior usage of the Applicant renders the registered mark contestable. Further, by dint of the registered mark being contestable, renders it eligible for expungement and/or cancellation from the Register of Marks where the registered mark is barely 5 years of age post-registration. The registered mark in question is only 1 year and 5 months old since it was included in the register. It is on that basis that the Applicant is persuaded to regularize the danger of similarity between the applied and registered mark the proper approach would be to cancel the registered mark on account of the Applicant being in prior bona fide and continuous use of the applied mark.
27. That penultimately, the Applicant wishes to conclude by urging the Honourable Registrar to withdraw the refusal notice against the registration of the applied mark and issue directions for the cancellation of the registered mark on account of the prior bona fide and continuous use of the applied mark.

RULING

I have studied the documents on record and considered the Applicant's submissions against the Examiner's refusal notice. I am of the view that the issue for determination is as follows:

Is the Applicant's mark T.M.A No. 128019,



similar to the

cited mark TM No. 121161,



?

Section 15(1) of the Trade Mark Act provides as follows:

‘Subject to the provisions of subsection (2), no trade mark shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or in respect of services is identical or nearly resembles a mark belonging to a different proprietor and already on the register in respect of the same services or description of services.’

To make a determination on the above issue, I shall consider the following factors;

1. Similarity of the marks in appearance; and
2. Similarity of the goods.

1. Similarity of the marks in appearance

In considering the issue of similarity of the marks, it is important to consider that the marks in question should be compared in their entirety. The overall or net impression of the two marks should be considered.

In the case of *Lloyd Schuhfabrik Meyer & Co. GmbH V. Klijsen Handel BV (1999)* **ECR 13819** at paragraph 29 it was held:

‘...a sign is identical to a trade mark where it reproduces, without any modification or addition, all the elements constituting the Trade Mark or where viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.’

The Applicant's mark is  . The cited mark is  .The distinction between the Applicant's mark and the cited mark lies in the fact that the cited mark is blue in colour while the Applicant's mark is black in colour.

In analysing the phonetic similarity relating to the Applicant's mark and the cited mark, both marks have the same pronunciation and are therefore phonetically similar.

On the conceptual similarity, I am of the view that both marks are conceptually similar.

2. Similarity of the goods

Romer J in *Jellinek's Application*¹, proposed a three-fold test when assessing whether goods and services are similar to other goods and services, namely the nature and composition of the goods, the respective uses of the goods, and the trade channels through which the goods are bought and sold. It was indicated that no one factor was considered conclusive and it was not considered necessary for all three factors to apply.

In the **Intellectual Property Law** book by Lionel Bentley and Brad Sherman (2nd Edition) at page 859 the authors state as follows:

'The question of whether goods or services are similar depends on the facts of the case. When deciding whether or not a Trade Mark Application falls foul of the relative grounds for refusal, the comparison is normally between the goods or services to which the application relates.... This requires the Court to interpret the specification and then to characterize the goods or services and see if they fall within the specification.'

The WIPO Intellectual Property Handbook: Policy Law and Use, at page 86 states that:

"...identical marks are unlikely to create confusion as to the origin of the goods if the goods are very different. As a general rule, goods are similar if, when offered

¹ (1946) 63 RPC 59 at 70

for sale under an identical mark, the consuming public would be likely to believe that they came from the same source. All the circumstances of the case must be taken into account, including the nature of the goods, the purpose for which they are used and the trade channels through which they are marketed, but especially the usual origin of the goods, and the usual point of sale.”

In this matter, the Applicant seeks to register its mark in respect to goods and services in classes 9 & 42 of the International Classification of Goods and Services as follows:

Class 9: Money counting and sorting machines; Quantity indicators; Counters; Card reading equipment; Computer programs for remote connection to computers or computer networks; Computer software for controlling and managing access to server applications; Credit card terminals; Face recognition device; Thermal printers; Point-of-sale machine [pos machine]; Electronic terminal equipment for expressway toll collection; Card readers for credit cards; Chip card readers; Smart card readers; Optical code reader; Fingerprint scanners; Digital wallet (downloadable computer software); Downloadable e-wallets; Barcode scanners; Security tokens [encryption devices]; Interactive touch screen terminals; Computer software platforms, recorded or downloadable; Electronic credit card readers; Central Processing Unit(CPU) for information, data, sounds and images processing; Cash registers; Computer program for cash register system; Computer software for controlling self-service terminals; Computer software for database management; Computer software for authorizing access to the database; Downloadable mobile applications for cash register system; Mobile terminals; Point of sale terminals; Electronic payment ciphers; Smart speakers; Loudspeakers.

Class 42: Technological research; computer rental; computer programming; computer software design; consultancy in the design and development of computer hardware; rental of computer software; maintenance of computer software; rental of web servers. , Creating and maintaining websites for others; hosting computer sites [web sites]; installation of computer software; Computer system remote monitoring; software as a service [SaaS]; server hosting; off-site data backup; electronic data storage; IT services provided by outsourcers; Design of computer software for controlling self-service terminals; Design and development of application software for mobile phones; Data migration service; Data encryption and decoding services; Research and development of new products for others; monitoring of computer systems to detect breakdowns; creating and designing website-based indexes of information for others [information technology services]; electronic monitoring of credit card activity to detect fraud via the internet; monitoring of computer systems for detecting unauthorized access or data breach; platform as a service [PaaS]; user authentication services using technology for e-commerce transactions.

The cited mark on the other hand is registered in respect to class 9 of the International Classification of Goods and Services covering the following:

Class 9: Electronic tax register.

In Kerly's Law of Trade Marks and Trade Names 12th Edition, at paragraph 10-12, the test whether or not goods or services are "of the same description" would seem to be supplied by the question -Are the two sets so commonly dealt in by the same trade that his customers, knowing his mark in connection with one set and seeing it used in relation to the other, would be likely to suppose that it was so used also to indicate that they were his? That the matter should be looked at from a business and commercial point of view.

In considering the Applicant's specification of services as far as class 42 is concerned, I am of the view that the Applicant's specification of services is not similar to the specification of goods of the cited mark.

In *American Steel Foundries v Robertson*² it was stated that nothing prevents the use of a similar or an identical trade mark by different proprietors provided that the respective goods and services are of a different description. The only property in a trade mark is the business or trade in connection with which the trade mark is used. Goods or services are generally considered to be similar when offered under a similar trade mark and where the purchaser may be likely to believe that the goods and services originate from the same source and where the channels used for the goods are similar.

Bentley and Sherman³ state that when determining whether or not a trade mark application is similar to an earlier mark, the comparison ought to be between the goods or services for which the earlier mark has been registered and the goods or services to which the application relates. An interpretation of the specification and characterization of the goods and services is then required to determine if the goods are of a similar description.

² 269 U.S. 372 (1926),

³ Bentley L, and Sherman B, Intellectual Property Law (3rd edn, Oxford University Press), 859.

According to the Kenya Revenue Authority website at <https://www.kra.go.ke/news-center/blog/1691-what-you-should-know-about-the-upgraded-electronic-tax-registers-etrs>, Electronic Tax Register (ETR) is a cash register with fiscal memory that keeps a record of all transactions for purposes of the trader accounting for VAT charged at the time of making a sale.

In analyzing the Applicant's specification of goods proposed to be registered in respect to class 9 of the International Classification of Goods and Services and the specification of goods relating to the cited mark, which is also in class 9, the goods the Applicant seeks to register are more, in comparison to the goods of the cited mark.

However, as initially highlighted above, goods are similar if, when offered for sale under an identical mark, the consuming public would be likely to believe that they came from the same source. It is important to consider the nature of the goods, the purpose for which they are used and the trade channels through which they are marketed, but especially the usual origin of the goods, and the usual point of sale.

According to technology advice at <https://technologyadvice.com/blog/sales/what-is-pos/>, a point of sale system integrates hardware and software to streamline transactions, manage inventory, and provide valuable business insights.

Some Electronic Tax Registers are designed to integrate with other trader systems such as ERP, accounting software and Point of Sale (POS) systems.

Looking at nature of the specification of goods relating the Applicant's mark, the purpose for which they are used and considering the trade channels through which they are marketed, I am of the view that the public would likely believe that the Applicant's goods come from the same source as the cited mark's goods as far as goods in class 9 are concerned.

The Applicant had requested the Registrar to issue directions for the cancellation of the registered mark on account of the prior bona fide and continuous use of the applied mark. The Trade Marks Act and Trade Marks Rules make provision for the procedure that should be followed in cancellation of a registered mark. The

Applicant should therefore, if aggrieved, make a request in the prescribed manner for the Registrar's consideration.

DECISION

For the reasons set out above and having taken into account all the circumstances of this case, I rule as follows:

1. The Applicant to file an amendment to its specification of goods to delete goods in class 9 of the International Classification of Goods and Services; and
2. The Applicant's application for the registration of T.M.A No. 128019 will be allowed to proceed to publication in the Industrial Property Journal in respect to services in class 42 of the International Classification of Goods and Services.

The Applicant should however note that this decision and the subsequent decisions are not a bar to any opposition proceedings that may be filed under the provisions of the Trade Marks Act once the mark is duly published in the Industrial Property Journal. Should an opposition be filed, the same will be considered on its merits by the Registrar of Trade Marks in accordance with the provisions of the Trade Marks Act.

Ruling delivered at Nairobi this 29th day of May 2025



.....

CONCILIA WERE

ASSISTANT REGISTRAR OF TRADE MARKS