REPUBLIC OF UGANDA IN THE SUPREME COURT OF UGANDA AT KAMPALA

(CORAM: OWINY-DOLLO, CJ; MWONDHA; TIBATEMWA-EKIRIKUBINZA; TUHAISE; CHIBITA; JJ.S.C)

CIVIL APPEAL NO: 25 OF 2020

(ARISING OUT OF CIVIL APPEAL NO. 201 OF 2014)

BANK OF UGANDA :::::: APPELLANT

VS

- 1. MARGARET NANTALE
- 2. JANUARIO NDYANABO KERERE :::::: RESPONDENTS

(Arising from the Decision of the Court of Appeal of Uganda, at Kampala before Hon. Justices Kenneth Kakuru, JA, Geoffrey Kiryabwire, JA and Hon. Christopher Madrama, JA delivered on the $11^{\rm th}$ August, 2020, in the Civil Appeal No. 201 of 2014)

JUDGMENT OF MIKE J. CHIBITA, JSC

BACKGROUND

This is an appeal arising out of the judgment of the Court of Appeal in Court of Appeal Civil Appeal No. 201 of 2014. The respondents filed HCCS No. 132 of 2001, in the High Court of Uganda, against the appellant, seeking recovery of pension benefits, gratuity and arrears thereof from April 1995.

They sought, in the alternative, a declaration that they are entitled to pension and gratuity, general damages for breach of contract, interest on the pension and gratuity, costs of the suit and interest on the damages.

The High court held that the respondents were entitled to pension benefits that had accrued as at April 1995. It also awarded interest on the pension benefits for each of the respondents.

On appeal, the Court of Appeal dismissed the appeal and maintained the decision of the trial Court. In addition, the Court of Appeal awarded general damages equivalent to the pension benefits from the date of judgment until payment in full.

The Court also awarded interest on general damages at 8% per annum from 1995 until payment in full.

The appellants thereafter appealed to this Court.

Grounds of Appeal:

- 1. That one of the learned Justices of Appeal erred in law in not recusing himself from the panel upon admitting to having been a victim of Retirement Benefit Schemes.
- 2. That the learned Justices of Appeal erred in awarding damages on the basis of legitimate expectations, which issue was neither the subject of the appeal nor the appellant being afforded an opportunity to be heard on it.
- 3. That the learned Justices of the Court of Appeal erred in law in awarding the respondents an unquantified and uncertain general damages equivalent to the pension benefit/annuity as would have accrued to them at their 50th birthday within sixty (60) days from the date of judgment without the respondents having filed a cross appeal.
- 4. That the learned Justices of the Court of Appeal erred in law in awarding the respondents interest on general damages at the rate of 8% p.a. from April 1995 until payment in full.

REPRESENTATION

The appellants were represented by Learned Counsel Ernest Sembatya from MMAKS Advocates and Mr. Eric Mugarura Legal Officer from Bank of Uganda.

The respondents were represented by Learned Counsel Wilfred Nuwagaba from Nuwagaba Advocates & Solicitors.

They filed written submissions.

GROUND ONE

On ground one, learned Counsel for the appellants submitted that justice should not only be done but must be seen to be done. He cited **R vs Sussex Justices exp MC Carthy** (1924) 1 KB 256.

He contended that Justice Madrama having stated that he had ever been a victim of a pension scheme displayed apparent bias and therefore ought to have recused himself from hearing the instant appeal.

He referred court to Christopher Martin Madrama Izama vs Attorney General SCCA No. 01 of 2016 and R vs Gough (1993) 2 All ER 724 at 728.

Learned Counsel also referred to The Constitution (Recusal of Judicial Officers) (Practice) Directions, 2019 and R Vs Bow Street Metropolitan Stipendiary Magistrate & Others Ex Parte Pinochet Ugarte (No.2) (1999) All ER 586, to highlight the meaning of the term "apparent bias."

Finally, on ground one, he referred court to R Vs Inner West London Coroner, ex parte Dallaglio and Anor (1994) 4 All ER 39 and Metropolitan Properties Co. (FGC) Ltd vs Lannon & Others 1968 (3) All ER 304.

He prayed that court finds that Justice Madrama displayed imputed bias during the course of proceedings and therefore should have recused himself, failure of which, injustice was suffered by the appellant.

GROUND TWO

Learned Counsel submitted that the issue before the Court of Appeal was whether or not the respondents were entitled to pension benefits having left the Bank's service under the Voluntary Benefits Scheme.

He submitted that the Court of Appeal found that the respondents were not entitled to pension under the Scheme. Yet, counsel continued, the Court went ahead to award the same amount of money they would have earned in pension.

Counsel contended that the decision was contrary to Rule 102 (c) of the (Court of Appeal Rules), Directions, which prohibit the Court from allowing an appeal on any ground not set out in the pleadings without affording the other party an opportunity to be heard.

He referred court to Crane Bank Ltd Vs Belex Tours & Travel Ltd (SCCA No. 1 of 2014), Interfreight Forwarders (U) Ltd vs East African Development Bank, Civil Appeal No. 33 of 1992, Attorney General vs Paul Ssemogerere & Zachary Olum, Constitutional Appeal No. 3 of 2004, Julius Rwabinumi vs Hope Bahimbisomwe SCCA No. 10 of 2009 and Hotel International Ltd Vs the Administrator of the Estate of Robert Kavuma SCCA No.

From the foregoing cases, learned Counsel contended that pleadings are necessary and that court would be wrong to base its decision on such matters as were not raised and determined by court.

To bolster his case in reference to Rule 102 (c) of the (Court of Appeal Rules), Directions, Counsel cited **Mohammed Mohammed Vs Roko Construction Ltd** Civil Appeal No. 1 of 2003 and **H Singh Vs SS Dhiman** (1951) 18 EACA 75.

He asked court to find that the Court of Appeal erred in making an award in favour of the respondents who had not filed a Cross Appeal,

neither had the appellants been accorded an opportunity to be heard on the matter.

GROUND THREE

Learned Counsel submitted that having found that the respondents were not entitled to benefits under the scheme, court could not make any awards in their favour.

He cited **Kengrow Industries Ltd vs Chandran** SCCA No. 7 of 2001. He also referred court to Rule 90(1) of the Court of Appeal Rules to contend that no discretion exists to justify an award that was not pleaded.

In the result, learned counsel for the appellant prayed for the appeal to be allowed and for court to set aside the judgment of the Court of Appeal and of the High Court with costs to the appellant.

In reply, learned Counsel for the respondents submitted as hereunder:

GROUND ONE

Learned Counsel for the respondents submitted that the allegation of bias levelled against Justice Christopher Izama Madrama was baseless.

In support of his argument, Counsel cited the **Constitution (Recusal of Judicial Officers) (Practice) Directions** 2019, which set out instances where a judicial officer can recuse himself on his own motion.

He also referred court to **Locabail (UK) Ltd vs Bayfield Properties Ltd & Anor** 2000 2 KILR, 870 where it was held that disqualification occurs where a judge has a particular and substantial personal interest, which must be direct but not too remote.

He also cited Obiga Kania vs Electoral Commission & Anor Election Petition No. 3 of 2013 and Federation of Railway Officers

Association vs Union of India (2003) 4 SCC 289. It was emphasized in the two cases that there must appear real likelihood of bias not mere surmise or conjecture.

He also objected to the raising of the issue of recusal at this point of the proceedings. He cited Rule 7 of the Directions (supra) to submit that the issue of recusal should have been raised at the hearing of the appeal not at this point.

Counsel therefore prayed that court finds the ground without merit.

GROUND TWO

On ground two, learned Counsel contended that their Lordships rightly awarded general damages to the respondents. He referred court to the Judicature Act section 11 and Elizabeth A Martin Oxford Dictionary of Law, 5th Edition, Oxford University Press, 133.

On the powers of the 1st Appellate court, learned Counsel referred court to **Fr. Narsensio Begumisa and 3 others vs Eric Kibebaga** SCCA No. 17 of 2002 in support of the assertion that the Court acted within its rights to award the general damages to the respondents.

In that regard, he submitted that **Rwabinumi vs Bahimbisomwe** (supra), cited by learned Counsel for the appellant, was inapplicable.

In further support of his contention that the award of damages was rightly done, he referred court to **Active Automobile Spares Ltd vs Crane Bank and Rajesh Patel** SCCA No. 442 of 2003.

GROUND THREE

Learned Counsel for the respondents cited Luciano De Sancis vs Jack Wavamuno & North & South Co. (U) Ltd (2009) 1 HCB to contend that damages are aimed at putting the injured party in as good a position as if the matter complained of had not occurred.

Additionally, he cited section 11 of the Judicature Act, which empowers the court to award damages.

GROUND FOUR

Learned Counsel referred court to section 26(2) of the Civil Procedure Act, which grants court powers to award interest at such rate as the court deems reasonable. He also referred court to **Sancis vs Wavamuno** (supra) to emphasize that the basis for awarding interest was that the defendant had kept the plaintiff away from his money while the defendant enjoyed it.

He concluded by submitting that given that the respondents were denied their proprietary rights to pension since 1995 it was right for the court to award interest at a rate of 8% per annum.

He prayed that the court be pleased to dismiss the appeal with costs.

CONSIDERATION BY COURT

Regarding the issue of whether Justice Madrama was biased or not and if so whether he should have recused himself, the Constitution (Recusal of Judicial Officers) (Practice) Directions, 2019 provide as follows:

"apparent bias" means a scenario where a judicial officer is not a party to a matter and does not have an interest in its outcome, but through his or her conduct or behavior gives rise to suspicion that he or she is not impartial;

"bias" means inclination or prejudice for or against one person or a group of persons especially in a way considered unfair, whether actual, imputed or apparent."

In Inner West London Coroner (supra) it was held, inter alia:

"...The applicant accordingly has to demonstrate not a real possibility that the Coroner's decision would have been different but for the bias, but that the real danger of bias had affected the

decision in the sense of having caused the decision maker albeit unconsciously, to weigh the competing contentions and so decide the merits unfairly.

"On the facts, expressions used by the Coroner that one of the relatives was unhinged and some others were mentally unwell indicated a real possibility that he had unconsciously allowed himself to be influenced against the applicants..."

In Metropolitan Properties (supra) it was held, inter alia:

"It is not merely of some importance but of fundamental importance, that justice should both be done and be manifestly seen to be done.

"Even if he was as impartial as could be, nevertheless, if right minded persons would think that, in the circumstances, there was real likelihood of bias on his part, then he should not sit. And if he should sit, his decision cannot stand.

"Nevertheless, there must appear to be a real likelihood of bias. Surmise or conjecture is not enough."

Learned Counsel also cited R Vs Bow Street Metropolitan Stipendiary Magistrate and Others, ex parte Pinochet Ugarte (No. 2) (1999) 2 All ER 586, to further expound on the meaning of apparent bias.

Rule 6(3) of the same Rules (supra) provides:

"A judicial officer shall, on his or her own motion, recuse himself or herself in the following circumstances:

(a) Where it comes to the knowledge of the judicial officer before the date of the hearing that, for any reasonable cause, he or she cannot handle the matter, the judicial officer shall recuse him or herself and shall notify the parties and the matter shall be reallocated to another judicial officer; or (b) Where it comes to the knowledge of the judicial officer during the course of hearing that for any reasonable cause he or she cannot continue handling the matter, the judicial officer shall state on record, the reasons for recusal, notify the parties, and return the file for reallocation to another judicial officer."

The import of Rule 6(3) above, in my view, is to provide for a situation where a judicial officer, of his own volition, after it has come to his or her knowledge that he or she cannot handle a matter, makes the decision to recuse him or herself.

This rule does not call for other people to prompt the judicial officer to recuse him or herself. The onus lies on the judicial officer not on parties or third parties to point out or prompt the judicial officer to recuse him or herself.

There is no room or provision under this rule for court to determine that the judicial officer should have recused him or herself but did not and therefore irregularly heard a matter.

It is rule 7 of the Directions that gives a party or a third party the opportunity to apply to court asking for a judicial officer to recuse him or herself.

Rule 8 provides the procedure for recusal at the instance of parties.

Rule 8 (2) provides as follows:

"A judicial officer against whom recusal is sought under sub paragraph (1) shall be given an opportunity to respond to the concerns raised by the party."

The import of rules 7 and 8 is that the application for recusal must be made before the judicial officer during the pendency of the hearing. The intention being that the judicial officer must be given an opportunity to respond to the allegations of bias. Indeed, rule 8 (5) provides for an appeal where a party is dissatisfied with the decision of the judicial officer not to recuse himself or herself.

Rule 5 provides as follows:

"A judicial officer may, on application by any of the parties or on his or her own motion, recuse himself or herself from any proceedings in which his or her impartiality will reasonably be in question."

The Rules (supra) envisage only two scenarios for recusal. Either the judicial officer does so on his or her own volition. Or, a party makes an application asking the judicial officer to recuse himself or herself.

The rules don't seem to provide a procedure for another court to determine that the judicial officer should have recused himself or herself but did not and therefore wrongly heard the matter.

Where a party fails or neglects to raise the matter of recusal before the judicial officer, the rules do not provide a procedure for the party to raise that matter subsequently.

This is understandable because the judicial officer would not be given a chance to defend himself or herself. The rules of natural justice demand that each party is given a chance to defend himself or herself. Judicial officers too are entitled to protection under this renowned principle of law.

The judicial officer should not, and cannot, be defended by Counsel on the other side, or by the party on the other side. The allegations levelled against him or her are very personal in nature. An opportunity must therefore be given to him or her to respond to the allegations of bias.

Having failed or neglected to raise the matter of recusal before Justice Madrama at the time he was hearing the matter at hand, there is no procedure under the Rules (supra) or under the principles of natural justice by which the recusal can be raised.

Ground one therefore fails.

GROUND TWO

The issue for determination under this ground is whether the Court of Appeal erred in awarding of general damages that were neither pleaded nor amply canvassed by the parties.

The main argument of learned Counsel for the appellants is that the Court of Appeal having found that the respondents were not entitled to pension under the scheme should not have gone ahead to award the same amount of money they would have earned in pension, on the basis of legitimate expectations.

Learned Counsel for the respondents contended that the issue of general damages for breach of contract was included in the Plaint and cannot therefore be referred to as a fresh matter. He therefore disputed the argument by learned Counsel for the appellants that the matter of general damages was neither pleaded nor canvassed.

He went ahead to distinguish the cases cited by counsel for the appellants as being inapplicable since they were not addressing a matter in which general damages had been pleaded in the plaint.

Was the issue of general damages pleaded in the plaint, if so, was that an ample foothold to give the Court of Appeal traction to deal with it?

Under paragraph 3 of the plaint, the claim is stated to be as follows:

"The plaintiffs claim against the defendant is for recovery of their pension benefits, (since retirement) arrears and/or alternatively a declaration that they are entitled to pension in accordance with the defendant's existing pension Insurance Scheme (at the time of early retirement of the plaintiff), **general damages for breach**

of contract and/or for terminal retirement benefits in accordance with the defendant's Retirement Benefits Scheme." (Emphasis mine)

Furthermore, under paragraph 7 of the same Plaint:

"WHEREFORE the plaintiffs pray for judgment in their favour for;

- "(a)
- "(b) General damages for breach of contract."

There is ample evidence that the plaint contained a claim for general damages for breach of contract. This would make it a matter that was already in the arena of the hearing of this case. It cannot therefore be referred to as a fresh matter.

On whether the parties canvassed it amply, or not, is another matter. To canvass or not to canvass a matter is a question of choice by the parties or their counsel.

However, once a matter is included in the pleadings then court has a right and a duty to address it, canvassed or not canvassed by counsel.

This is more so where the matter is of such grave importance that it determines the rights and interests of the parties before court. Which is why **Fr. Begumisa** (supra) is good law in the present case because it sets out the powers of the 1st appellate court, as follows:

"It must weigh the conflicting evidence and draw its own inference and conclusions. Even where the appeal turns out on a question of fact the Court of Appeal has to bear in mind that its duty is to re-hear the case and must reconsider the materials before the judge with such other materials as it may have decided to admit.

"The Court must then make up its own mind not disregarding the judgment appealed from."

I agree with learned Counsel for the respondents that the cases cited by learned Counsel for the appellants, to wit, **Crane Bank Ltd** (supra), **Interfreight Forwarders (U) Ltd** (supra), **Rwabinumi** (supra), can therefore be distinguished.

The ratio in those cases is that the court must not base its decision and orders on matters and issues that were not pleaded. In the instant case the matter of general damages for breach of contract was pleaded in the Plaint.

The fact that general damages for breach of contract was pleaded in the Plaint, therefore, brings this case outside the ambit of the aforementioned authorities.

Having found that the matter of general damages for breach of contract was pleaded in the Plaint. Having found too that the duty of the 1st appellate court as set out in **Fr. Begumisa** (supra) includes re-evaluating the evidence, I find that the Court of Appeal rightly awarded the general damages to the respondents.

Ground two of appeal therefore fails.

GROUND THREE

Learned counsel for the appellants contended that the Court of Appeal could not award damages in their re-evaluation of evidence since the respondents had not cross appealed. It was his contention that the role of the Court was only limited to the grounds of appeal set out in the Memorandum of Appeal.

For their part, learned Counsel for the respondents responded by affirming that the court rightly awarded general damages to the respondents having found that they were entitled to their pension benefits due to breach of their employment contracts.

He cited the Judicature Act section 11, which we reproduce hereunder:

"For the purposes of hearing and determining an appeal, the Court of Appeal shall have all the powers, authority and jurisdiction vested under any law in the Court from the exercise of the original jurisdiction of which the appeal originally emanates."

That provision of the law empowers the Court of Appeal to deal with any matter at hand as if it were exercising original jurisdiction. There is no need of a cross appeal to entitle the Court to delve into award of damages

The legal principles governing the award of compensation for damage, loss or injury suffered was discussed in the case of **Robert Coussens vs. Attorney General**, SCCA No.8 of 1999. Oder JSC stated as follows:

"The object of an award of damages is to give the plaintiff compensation for the damage, loss or injury he or she has suffered. The heads or elements of damages recognized as such by law are divisible into two main groups: pecuniary and non-pecuniary loss. The former comprises all financial and material loss incurred, such as loss of business profit, loss of income, or expenses such as medical expenses. The latter comprises all losses which do not represent inroad upon a person's financial or material assets such as physical pain or injury to feelings. The former, being a money loss is capable of being arithmetically calculated in money, even though the calculation must sometimes be a rough one where there are difficulties of proof. The latter,

however, is not so calculable. Money is not awarded as a replacement for other money, but as a substitute for that which is generally more important than money: it is the best that a Court can do, damages have to be measured in order to arrive at what compensation should be awarded."

It is clear from the foregoing that damages are classified under two heads namely:

- 1. Pecuniary damages which include all financial, material loss incurred such as loss of profit, income, or expenses incurred that can take the form of medical expenses.
- 2. Non-pecuniary damages on the other hand are not financial or material but rather physical pain or injury to feelings.

The respondent's prayers in the Plaint which formed the foundation of the trial judge's orders included a claim for general damages for breach of contract, among others.

The Court of Appeal had the following to say in justification of the award of general damages:

"I find that the claim in general damages is justified. General damages are compensatory in nature and they should offer indemnification to the injured party.

I find that the quantum of damages should be equal to the pension benefit that each of the respondents would have got at the time they could have got at their fiftieth birthday in early retirement."

The Court of Appeal therefore rightly awarded general damages because the Court found that the respondents were entitled to their pension due to breach of their employment contracts by the appellant.

Ground three of appeal therefore fails.

GROUND FOUR

Learned Counsel for the appellants did not make substantive submissions on this ground of appeal. He only prayed that the court allows the appeal, set aside the judgment of the Court of Appeal and for costs in this Court and the Courts below.

The respondent asked court to uphold payment of interest on general damages at the rate of 8% p.a from April 1995 until payment in full. He cited section 26(2) of the Civil Procedure Act, which grants court powers to award interest at such rate as court deems reasonable.

Learned Counsel also referred to the case of **Luciano De Sancis** (supra) to bolster the position that the basis for awarding interest is that the defendant has kept the plaintiff away from his money and the defendant has had use of it.

I agree with the submissions of learned Counsel for the respondents.

I do not see any reason why Court should depart from the position of the Court of Appeal given their reasoning and the authorities cited. I find that by not submitting on this ground the appellant has tacitly withdrawn it. Ground four of appeal therefore fails.

Having failed on all four grounds, the appeal is hereby dismissed with costs in this court and the courts below.

The judgment and orders of the Court of Appeal are hereby upheld.

Dated at Kampala this ... 25 th day of ... J. 2023

Hon. Justice Mike J. Chibita

JUSTICE OF THE SUPREME COURT

THE REPUBLIC OF UGANDA IN THE SUPREME COURT OF UGANDA AT KAMPALA

CORAM: OWINY-DOLLO, CJ; MWONDHA; TIBATEMWA; TUHAISE; CHIBITA JJSC

CIVIL APPEAL NO. 25 OF 2020

JUDGMENT OF OWINY - DOLLO; CJ

I have had the benefit of reading the judgment of my learned brother Chibita, JSC; in draft. I agree with his findings; and the conclusion and as well as the orders he has proposed.

Since Mwondha, Tibatemwa and Tuhaise, JJSC also agree, orders are hereby issued in the terms proposed by Chibita JSC in his judgment.

Dated, and signed at Kampala this 25-th day of 2023

Chief Justice

Alfonse C. Ówiny - Dollo' -

THE REPUBLIC OF UGANDA

IN THE SUPREME COURT OF UGANDA AT KAMPALA

(Coram: OWINYI-DOLLO, CJ, MWONDHA, TIBATEMWA-EKIRIKUBINZA, TUHAISE, CHIBITA, JJ.SC)

CIVIL APPEAL NO. 25 OF 2020

(Arising from Civil Appeal No. 201 of 2014)

BETWEEN

BANK OF UGANDA :::::APPELLANT

AND

- 1. MARGARET NANTALE
- 2. JANUARIO NDYANABO KERERE::::::RESPONDENT

JUDGMENT OF MWONDHA, JSC

I have had the opportunity to read in draft the Judgment of my learned brother, Mike Chibita, JSC.

I agree with the decision and the proposed orders.

Dated at Kampala, this Of July 2023

Mwondha

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Justice of the Supreme Court

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THE REPUBLIC OF UGANDA IN THE SUPREME COURT OF UGANDA AT KAMPALA

[CORAM: OWINY-DOLLO, CJ; MWONDHA; TIBATEMWA-EKIRIKUBINZA; TUHAISE; CHIBITA; JJ.S.C.]

CIVIL APPEAL No. 25 OF 2020

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BETWEEN

BANK OF UGANDA :::::: APPELLANT

AND

- 15 1. MARGARET NANTALE
 - 2. JANUARIO NDYANABO KERERE::::: RESPONDENTS

[Appeal arising from the judgment of the Court of Appeal at Kampala dated 11th August 2020 before (Kenneth Kakuru, Kiryabwire and Madrama, JJA) in Civil Appeal No. 201 of 2014.]

JUDGMENT OF TIBATEMWA-EKIRIKUBINZA, JSC.

I have had the benefit of reading the judgment of my learned brother, Hon. Justice Mike Chibita, JSC. I agree with his analysis and conclusion as well as the orders he has proposed.

Dated at Kampala this 25th day of July 2023.

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HON. JUSTICE PROF. LILLIAN TIBATEMWA-EKIRIKUBINZA JUSTICE OF THE SUPREME COURT.

THE REPUBLIC OF UGANDA

IN THE SUPREME COURT OF UGANDA AT KAMPALA

(CORAM: (CORAM: OWINY-DOLLO CJ, MWONDHA, TIBATEMWA, TUHAISE, CHIBITA, JJ.SC.)

CIVIL APPEAL NO.25 OF 2020

(ARISING OUT OF CIVIL APPEAL NO.201 OF 2014)

BETWEEN

- 1. BANK OF UGANDA ::::::APPELLANT AND
- 1. MARGRET NANTALE
 2. JANUARIO NDYANABO KERERE :::::::::::::::::::::::RESPONDENTS

[Arising from the Decision of the Court of Appeal of Uganda, at Kampala before Hon Justices, Kenneth Kakuru, JA, Geoffrey Kiryabwire, JA, and Christopher Madrama, JA.] Delivered on the 11th August 2020, in the Civil Appeal No. 201 of 2014.

JUDGMENT OF TUHAISE, JSC.

I have had the benefit of reading the lead judgment of Hon Justice Mike Chibita JSC.

I agree with the decision, and the order therein.

Dated at Kampala, this -- day of ---- 2023

Percy Night Tuhaise

JUSTICE OF THE SUPREME COURT