

THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA
AT KAMPALA
COMMERCIAL COURT DIVISION
HCT-00-CC-CS-0333-2012

GAUNGZHOU TIGER HEAD BATTERY GROUP CO LTD.... PLAINTIFF

VERSUS

UGANDA REVENUE AUTHORITY }
IN CARGO FREIGHTERS AGENTS LTD DEFENDANTS

BEFORE HON. MR. JUSTICE MASALU W. MUSENE

JUDGMENT

The plaintiff, Gaungzhou Tiger Head Battery group Co. Ltd, filed this suit as the registered user in Uganda of registered Trade Mark No. 19462 consisting of the trade words “Tiger Head” registered in class 9 part A of the Trade Marks Register. The suit was filed against Uganda Revenue Authority and Incargo Freighters Agents Ltd. But before the hearing could take off, Uganda Revenue Authority undertook to abide by the outcome or Judgment of the court. So the main contention is between the plaintiff and Incargo Freighters Agents Ltd.

The plaintiff's case was that the 1st Defendant, Incargo Freighters Agents Ltd. has infringed the said Trade Mark and has wrongfully imported into the country for sale and passed off six containers of "Tiger Head" batteries not being of the plaintiff's manufacture as those of the plaintiff. However, and by a bill of lading Number GZ728710 dated 22nd May 2012, the Defendant imported six containers numbers TTNU 3268736, TRLU 2924823, FSCU 3563820. ECMU 1667567, TRLU 9662427 and CMAU 1395595 of Tiger Head batteries from Yick's Industrial Limited, Hong Kong with the destination declared as Uganda, pursuant to statutory instrument No 23, of 2011. The plaintiff sued for the following reliefs:

- (1) A permanent injunction to restrain the defendant, their servants or agents from importing, manufacturing, selling or offering for sale Tiger Head batteries.*
- (2) A permanent injunction restraining the Defendant from passing off their goods as goods of the plaintiff.*
- (3) An order for immediate delivery up for destruction upon oath, all Tiger Head Batteries in the possession of and under control of the Defendant, the import and sale of which would be in breach of the foregoing injunction.*
- (4) An account for profits*
- (5) Costs of the suit.*

The plaintiff was represented by Mr. Peter Kauma of M/s Kiwanuka & Karugire Advocates, while Mr. Cephas Birungi from M/s Birungi, Barata and Associates represented the 1st Defendant. In the meantime, the 1st Defendant paid taxes for the goods with Uganda Revenue Authority and was cleared by the Uganda National Bureau of Standards but the goods were impounded. The plaintiff obtained a temporary injunction order from this court restraining the 1st defendant from importing, manufacturing selling or offering for sale "Tiger Head batteries and

passing off its goods as the goods of the plaintiff until the disposal of the main suit. The said goods are currently in the hand of 2nd Defendant, Uganda Revenue Authority. At the pre-trial Scheduling Conference, the following issues were framed for determination:

- 1. Whether the actions of the 1st defendants amount to an infringement of the plaintiff's rights as the registered user of the trade mark and whether the 1st defendants has passed off the goods as those of the plaintiff?*
- 2. What are the remedies available to the parties?*

As far as the first issues is concerned, counsel for the plaintiff submissions were that it was not in dispute that the plaintiff is the registered user and is enjoined with rights to trade in bearing the "Tiger Head" Trade Mark. It was further submitted that the plaintiff adduced Trade Mark Lincence contract between Guangzhou Light holdings limited, the trademark owner and plaintiff, the registered user. The said lincence contacts date from 2006 up-to-date and were tendered in evidence and marked P8, P9, P10, and P11. The plaintiff also submitted that whereas the 1st Defendant imported in Uganda six containers of "Tiger Head" Brand Batteries, on the basis of a lincence from the ministry of Tourism, Trade and Industry vide statutory instrument No 23 of 2011, that the importation was an infringement of the plaintiff's rights as a registered user. It was further submitted on behalf of the plaintiff that the goods the subject of the suit are not of the manufacture though they are deceptively similar to the plaintiff's goods. Reference was made to PW1, Bob Kabonero's witness statement which was a follows:-

“that upon identifying the above container numbers, I established from the plaintiff factory in Guangzhou that the batteries in the said containers were not manufactured by the plaintiff and did not originate from the plaintiff’s factory.”

Counsel for the 1st Defendant on the other hand submitted that the 1st Defendant imported a consignment of Tiger Head Batteries pursuant to statutory instrument No 23 of 2011. He added that the Defendant is not a manufacturer of batteries but a trader who purchased goods from an open international market. This court has carefully considered the submissions by both counsels on either side and the evidence on record as far as the issue of whether the 1st Defendants actions amounted to an infringement of the plaintiff’s right as a registered user of the Trademark. The basis of the 1st Defendants instrument No . 23 of 2011 signed by Maj. Gen. Kahinda Otafire, Minister of Tourism and Trade and Industry. Section 2 thereof provides:-

“Incargo freighters and Agents Ltd is granted a license to import Tiger Head Brand Batteries manufactured by Guangzhou Tiger Head Battery Group Company Ltd China.”

And although the 2nd, Defendant Uganda Revenue undertook to abide by the decree and order of the court, they had in alternative under paragraph 6 (g) of their written Statement of Defence stated

“ 6 (a) That the 2nd Defendant actions in the clearing of the 1st Defendants goods were based on the Statutory Instruments issued by the ministry of Tourism, Trade and Industry and were lawful

and Justified. (A copy of the External Trade Act (import Licence (Tiger Head Brand Batteries Order, 2011 is attached as Annexure A))”

As far as this court is concerned it is glaringly clear that the 1st Defendant imported the Tiger Head Batteries in question after being granted the license by the Minister. Counsel for the plaintiff stated that during the hearing, licence contracts between the trade mark owner and the plaintiff the registered user came out whereby the plaintiff rights as the exclusive user of the trade mark were spelt out. However, what did not come out of the plaintiff’s evidence was whether the 1st Defendant was aware of those contracts so as to be said to have infringed the said trade mark. Secondly, the allegation by the plaintiff that the 1st Defendant wrongfully imported into the country for the sale and passed off 6 containers of Tiger Head Batteries not being of the plaintiff manufacture has not been proved on the balance of probabilities. That was because in the first instant, the 1st Defendants imported the batteries after the permission and licence granted by the Minister responsible for Trade.

The moment the Minister Responsible for trade granted the 1st Licence to import them 1st Defendant cannot be said to have imported those batteries wrongfully. The 1st Defendant in such circumstances properly imported Tiger Head batteries **Manufactured by Guangzhou Tiger Heal Battery Group Limited China.**

If there was any wrong doing, then it was the minister Responsible for trade to be blamed by the plaintiff for having issued the licence to the 1st Defendant. And so the correct party to have been sued was the Attorney General in a representative capacity of a wrong done by an Government Minister responsible for trade, and not

the 1st Defendant, a lawfully trader who purchased after licence from the Minister and went through proper channels of tax clearance by Uganda Revenue Authority.

Secondly, the argument by Counsel for the plaintiff that PW1, Bob Kabonero is evidence that the he established the batteries were not manufactured by the plaintiff from the container number is not convincing at all. In the first place, PW1 evidence on record was that he did not see any of the batteries imported by the 1st defendant. When PW1 was asked whether he had seen the batteries, the said

“physically no, but in the description on the invoice and parking they are similar.”

The mode of establishing that the goods were not manufactured by the plaintiff by mere comparison of container numbers with alleged records of the plaintiff by PW1 cannot stand. Pw1 did not even open the said Batteries and apart from orally stating so in court, he did not produce any records to back up his claim. As submitted by counsel for the 1st Defendant, it is indeed astonishing how one can determine the manufacture of goods using the container numbers and seal numbers where goods are bought from an open international market.

Furthermore, it is the finding and holding of this court that PW1 was not an expert in the field of batteries manufacturing and neither did he state so. The plaintiff's side should have called upon an expert witness from China to confirm to this court that the imported batteries were not manufactured by Guangzhou Tiger Head Batteries Group Company Limited. The assertion by the plaintiff's Counsel that the goods in issue were counterfeit cannot therefore stand as it is not borne out of evidence. Instead, it was submitted for the plaintiff that 1st Defendant's reliance on the statutory instrument could be alright if 1st Defendant proved that the goods are

of the plaintiff's manufacture. It is quite correct that S. 101 of the evidence Act provides:-

“Whoever desires any court to give judgment as to any legal right or liability dependant on the existence of fact which she or he asserts must prove that those facts exist.”

In this case, it was the plaintiff who asserted that the imported batteries were not manufactured by the plaintiff. And it is the plaintiff who filed the suit against the 1st Defendant. It was therefore the duty of the plaintiff to prove that the batteries imported were not manufactured by the plaintiff through an expert witness in the field of batteries manufacturer. The plaintiff failed to do so and cannot shift the burden to the 1st Defendant. The burden of proof is on the plaintiff and not the other way round.

Counsel for the plaintiff invoked or quoted S.71 of the Trade marks Act, 2010 which states:-

“Any person who with intention to defraud or enable another defraud any person, forges or counterfeits a trade mark commits an offence and is liable on conviction to a fine not exceeding forty eight currency points or imprisonment not exceeding two years or both.”

As already noted the plaintiffs did not adduce any evidence to show that 1st defendant forged or counterfeited the plaintiff's trade mark with intention to defraud. Furthermore, section 79 (2) of the trade marks Act provides:-

“Upon an exparte application by a right owner, the court may in chambers make an order for the inspection of or removal from

the infringing person's premises or control of the right infringing, materials which constitute evidence of infringement by that person."

The said inspection is carried out by inspectors as provided under S82 of the Trade Marks Act, 2010. The plaintiff in this case did not adduce evidence of the infringing material and failure to do so leaves the plaintiff's action for infringement in the balance or hanging.

In the circumstances, and in view of what I have outlined herein above I find and hold that the 1st Defendant was a bonafide purchaser of a consignment of Tiger Head Batteries in an open international market pursuant to statutory instrument No 23 of 2011, and did not infringe the plaintiff's trade mark.

The next sub issue to consider is whether the 1st defendant has passed off the goods as those of the plaintiff. Counsel for the plaintiff quoted the case of **Reddaway Vs Banhan 1896 Ac 199** where Lord Hulsbury L.C. held:

" The principle of Law may be plainly stated that nobody has any rights to represent his goods as the goods of somebody else. How far the use of particular words, signs or pictures does not does not comes up to the proposition enunciated in each particular case must also be a question of evidence."

And in another **case of Napro Industries Ltd Vs Five Star Ltd and Another HCCS No 325 of 2004**, it was held that for the plaintiff to succeed in an action of passing off, he /she must prove that following:

- (i) *he must establish good will or reputation to the goods or services which he supplies in the mind of purchasing public. Secondly he must demonstrate a misrepresentation by the defendant to the public to believe that the goods and services offered to them are goods and services of the plaintiff. And lastly, he must demonstrate that he suffers or he is likely to suffer damage.*

In the present case the plaintiff adduced evidence of trademark of trade mark licence contracts between Guangzhou light Holdings Ltd being the owner of the “ **Tiger Head**” Trade mark and licencing the plaintiff to use the Trade mark. In such circumstances, the good will is owned by Guangzhou light holding Ltd being the owner of the Trade mark. And since the said goods are up to now in the custody of the 2nd Defendant, Uganda Revenue Authority, they cannot be said to have been misrepresented to the public.

And as there was no misrepresentation by the 1st Defendant to the public, then I am inclined to agree with the submissions by the counsel for 1st Defendant that the plaintiff cannot be said to have suffered damage or likely to suffer damage as a result of passing off. The submissions by counsel for the plaintiff that the goods were of poor quality is therefore not applicable as passing off is confined to deceptive use of trade names, marks letters and other indications.

Lastly, it was submitted on behalf of the plaintiff that in addition to the statutory instrument the 1st defendant would still require the registered owner’s consent which was not given.

In view of the clear and straight wording and of statutory instrument No 23, of 2011 it was in my view not necessary for the 1st Defendant to be the plaintiff consent to trade in goods manufactured by the plaintiff. And as submitted by the 1st Defendant White Show Mans Ltd is not the only importer of Tiger Head Batteries in Uganda. During cross examination PW1 conceded that Kampala modernity imports Tiger Head batteries in its own names.

The question is what about the 1st Defendant who imported on the Authority of the Minister. If there was any mistake then the plaintiff should have blamed the Minister Responsible for Trade and / or even added attorney General as a party. In the premises, I find and hold that the actions of the 1st Defendant did not amount to an infringement of the plaintiff's rights as the registered user of the trade mark. Secondly, there was not passing off of the 1st Defendants goods as those of the plaintiff. The first issue is therefore resolved in the negative.

In now turn to the remedies available. The first remedy prayed for was a permanent injunction. However having found and held that the 1st defendant was dully authorized by statutory instrument No 23 of 2011 to import batteries manufactured by the plaintiff, then I find no wrong doing on 1st defendant's part hence no need of injunction.

The plaintiff if he wants a permanent injunction should challenge the powers of the minister responsible for Trade who issued the import lincence under statutory instrument No 23 of 2011, as opposed to 1st Defendant, a lawful and bonafide trader who purchased the goods from an open international market.

And since the goods in question have not been found to be counterfeit, then they cannot be delivered for destruction. And the remedy of Accountability also fall by the way side in conclusion therefore, I do hereby dismiss the suit against the 1st defendant and further order that the 2nd defendant, Uganda Revenue Authority release the hitherto impounded goods to the 1st Defendant. However, I decline to award general damages of Shs300,000,000/= to the Defendant as they are to get back their goods as ordered. Nevertheless, the costs of the suit are awarded to the 1st Defendant. I so order.

Justice W. M. Musene

HIGH COURT JUDGE

24th/5/2013