



Upon this agreement, the Plaintiff proceeded with the detailed design stage and this was communicated to the Defendant by email.

In the meantime, the Management of the Defendant School changed and the new head of the school revitalized the project and held a meeting at the Plaintiff's offices. New changes were made on the Master Plan. The Plaintiff agreed on a discount from the initial fee in the contract; and also sent an email to the Defendant clarifying on the action points of the meeting.

After agreeing on a new fees structure and to changes in the project, the Defendant remained silent; and instead engaged a USA based Firm (Fransburg) to advise on the Master Plan outside the Plaintiff's scope of work. This resulted into a decision to abandon the Plaintiff's scheme and start a new design with a different scope of work.

On 28. 01. 13, the Plaintiff submitted a fee note for work done on the detailed design stage, which the Defendant refused to pay on the ground that the Plaintiff had not obtained the requisite authority before proceeding with the detail design stage. Also that the Plaintiff had in March, 2013, been asked to limit its involvement to the outline stage for budget reasons, but despite the stop order and in total breach of the terms of the contract, the Defendant proceeded to the detail design stage **"at its own risk"**, without communicating to the Defendant in any way. The Defendant then terminated the contract, hence this suit.

The Defendant asserts that the Plaintiff is not entitled to any of the reliefs sought, and that the suit ought to be dismissed with costs.

At the hearing of the case, each party called its witnesses.

As already indicate in this judgment, the evidence shows that the parties entered into a contract whereby the Plaintiff was to provide architectural services—Exhibit P1. The parties agree that the Plaintiff did the first stage that is the outline proposal and was paid. However, it is contended by the Plaintiff's witnesses that after completion of the outline design stage, the Defendant changed the budget whereupon the parties had verbal and email discussions about the budget issues. The email from Sarah Prinsloo dated 4<sup>th</sup> March, 2010, expressed fears of working beyond the envisaged budget of US\$ 800,000, but the Managing Director and Board Member of the Defendant Scott Groves was informed that the Plaintiff had decided to carry on work to detailed design stage while incorporating suggestions.

PW1 emphasized that the detailed design stage was not done for free. That at the meeting held with the Defendant's officials the Plaintiff made it clear that the presentations entailed the detailed design stage, and the emails of 09<sup>th</sup> March, 2010, of Tonny Cockyane made it clear that the project had not been halted. Discussions were made on the way forward and it was agreed to draft a master plan as per the new scope of construction and it was agreed to sign an addendum incorporating the changes. The Board of the Defendant confirmed that they would proceed with the Plaintiff and indicated that they were working with Fransburg Architects of USA to integrate the Plaintiff's plans with their standards.

It was further stated by PW1 that the Plaintiff obtained consent to proceed with the detailed design stage after presentation of the scheme, receiving clients comments and incorporating them. There was no email stopping the Plaintiff from proceeding with the work and the email of 09<sup>th</sup> March, 2010, was sent 6 months after the Plaintiff had proceeded with the work. In the email Annexure FF, the Plaintiff was requested to limit itself to the first stage outline design.

PW2 Enoch Kibamu the expert witness explained what is meant by a detail design stage and what it involves. He explained that in practice there are informalities on both sides where work can be done and delivered without written contracts. And that if a scheme design is submitted to the client and feedback is awaited, detail design stage can commence. Even where there is formal communication, sometimes there is informal communication, but either way, the Architect is entitled to be paid. He explained that when an architectural plan is sent to a client and comments are made and sent back to the architect, it is an acknowledgment that certain works have been done. Changes will be incorporated and sent back to the client and the architect will then proceed with the work. But he emphasized that, if the contract expressly provides for approval in writing then it has to be expressly in writing.

PW3 confirmed that presentations were made to the Defendant's officials about 3 times after which the Plaintiff went up to the detail design stage.

For the defence it was testified by DW1 that, one Phillip Curtin from the Plaintiff Company made two presentations of the design work and he was given a feed back and requested to incorporate the feed back in the outline design stage. The witness further stated that the presentation was objected to by some faculties and was not approved by the Defendant for the next stage. Also that there was no presentation of the incorporated comments or the detailed design stage and when the Plaintiff presented the estimated cost for the outline design stage it was beyond what the Defendant had considered. Later the witness stated that

a presentation of the conceptual design was made in 2009 and the Defendant gave feedback to be incorporated in the design stage.

However, this witness admitted that he did not know the contents of the agreement and was not aware if the Defendant approved it.

5 DW2 Christopher Maggio insisted that the Plaintiff was supposed to obtain authority before proceeding to the detail design stage and was requested by the Defendant to limit its involvement to the first design stage due to budget reasons. In 2013 when the Defendant wanted to start a new project, a meeting was held with the Plaintiff to discuss the new project and that is when the Plaintiff informed them that he had never been paid for the detailed  
10 design stage; but that the Plaintiff failed to prove that it had been approved.

The witness added that available documents indicate that the Plaintiff was told not to proceed with the second stage having been fully paid for the outline design stage. The witness denied that any presentation of the detailed design stage was ever made adding that the Defendant is unaware of it. Further that the project was not moving due to dissatisfaction with the outline  
15 design stage, disagreement on the overall look of the architectural design and the cost, yet the intention was to be within the budget limit. At the same time, the witness expressed ignorance of the cost of the project in the contract.

Denying knowledge of the Plaintiff giving the Defendant copies of the detailed design stage, he asserted that when the plaintiff demanded for payment, the Defendant refused and  
20 terminated the contract.

The Plaintiff insists that the second stage of the contract was performed which is disputed by the Defendant; following which a fee note was submitted requiring the Defendant to pay, which the Defendant refused to do and instead terminated the contract.

The following issues were framed for determination:

- 25
1. **Whether there was breach of the terms of the agreement executed between the parties, and if so, who breached the agreement?**
  2. **Whether the Defendant wrongfully terminated the contract between it and the Plaintiff.**
  3. **Whether there was a variation in the contract between the parties.**
  - 30 4. **What remedies are available to the parties?**

After hearing evidence from the parties, both Counsel were required to file written submissions and time lines were set. Counsel for the Plaintiff filed submissions on 04.05.15, but none were forthcoming from Counsel for the Defendant. When the notice for judgment was issued for 21.03.16, Counsel for the Defendant informed court in writing that he had  
5 inadvertently forgotten to file submissions. – Letter is dated 18.03.16. He prayed court to be allowed to file submissions in the interests of justice.

Counsel for the Plaintiff endorsed the letter of Counsel for the Defendant, indicating that he was not objecting to the late filing of submissions in the interest of having all issues arising out of the case concluded.

10 Both Counsel appeared before Court on 21.03.16 and reaffirmed their agreed position. Counsel for the Defendant undertook to file submissions by 23.03.16, and Counsel for the Plaintiff to file a rejoinder by 24.03.16. They were then informed that judgment would be delivered on notice.

In his submissions, Counsel for the Defendant raised what he termed as a preliminary  
15 observation and prayed Court to give directions on the matter.

He stated that the parties had entered into an arbitration agreement under clause 9.2 of the contract between the parties – Exhibit PW1. The clause requires any dispute between the parties to be sent for arbitration.

Counsel argued that while the Defendant submits to the unlimited jurisdiction of the High  
20 Court under the Constitution, nonetheless the practice of the courts is to refer such matters to arbitration. The case of **Uganda Telecom Ltd vs. Dmark Ltd Misc. Application 120/14** was cited in support.

In that case, Justice Kainamura referred the dispute to arbitration in accordance with the agreement between the parties; and observed that there was no need to have the matter stayed  
25 in the High Court as the dispute would be wholly resolved.

It was then prayed that despite the stage the present case had reached, it ought to be referred to arbitration.

In his response, Counsel for the Plaintiff contended that the preliminary observation was intended to deny the Plaintiff the reliefs sought in the suit and to continue to frustrate the  
30 company.

Court was urged to look at Article 139 (1) of the Constitution. The article gives the High Court unlimited original jurisdiction in all matters before it.

It was further pointed out that the case was referred to mediation which eventually failed due to the uncompromising stance of the Defendant. Counsel also observed that, it was cause for suspicion that the Defendant was raising the issue at this stage after the case had been heard and all the witnesses have testified. He emphasized that by raising the matter at this stage, the Defendant intended to cause more harm and misery to the Plaintiff by delaying justice contrary to Article 126 (2) (e) of the Constitution.

Court was urged to take cognizance of the fact that notice for judgment had been issued for 21.03.16, and the Plaintiff's Counsel accommodated Counsel for the Defendant to file late submissions. However, that for the Defendant to seek to refer the matter to arbitration after 3 years was unfair.

It was then prayed that Court exercises its unlimited original jurisdiction under the Constitution and delivers judgment in the matter.

The submissions of both Counsel have been given due consideration.

An arbitration clause is **“a clause that requires parties to resolve their disputes through an arbitration process. Although such a clause may or may not specify that arbitration occur within a specific jurisdiction, it always binds the parties to a type of resolution outside the courts, and is therefore considered a kind of forum selection clause”** – Wikipedia, the Free Encyclopedia

In the present case, the agreement entered into by the parties provided under clause 9.2 that **“any dispute between the parties be sent for arbitration”**.

Under S. 5 of the Arbitration and Conciliation Act, **“a Judge or Magistrate before whom proceedings are being brought in a matter which is subject of an arbitration agreement shall if a party so applies after the filing of a statement of defence and both parties have been given a hearing, refer the matter back to arbitration”**.

However, neither of the parties in the present case made any application to refer the matter back to arbitration, after the proceedings had been filed. Indeed, the issue of arbitration was never brought to the attention of Court until after the case was heard and parties filed their

submissions. That is when Counsel for the Defendant raised the issue as a preliminary observation.

And as already pointed out in this judgment, Counsel for the Defendant did not remember to file his submissions until after notice for judgment had been issued.

5 This Court therefore finds that, at this stage when the case has been fully heard, it would be an abuse of Court process to refer the matter to arbitration. By remaining silent until the stage of filing submissions, the parties are deemed to have waived their right to have the matter arbitrated.

10 Both Counsel agree that the High Court has unlimited original jurisdiction in all matters before it. - Article 139 of the Constitution. And the fact that parties agreed to refer disputes to arbitration does not oust the jurisdiction of Court. This Court has the jurisdiction to completely and finally determine all the matters in controversy between the parties and to grant all the remedies any of the parties is entitled to. - S. 33 Judicature Act.

15 The case of **Uganda Telecom Ltd vs. Dmark Lt (Supra)** relied upon by Counsel for the Defendant is distinguishable from the circumstances of the present case. In that case, the issue of arbitration was raised immediately after the pleadings had been filed and before full hearing of the case had taken off.

The preliminary observation is accordingly rejected for all those reasons and court goes ahead to determine the issues raised by the parties in the order that they were presented.

20 **Whether there was a breach of the terms of the Agreement between the parties, and if so, who breached the Agreement?**

*Breach of contract is defined as “a violation by failing to perform ones promise, by repudiating it, or by interfering with another party’s performance”.* – **Black’s Law Dictionary, 8<sup>th</sup> Edition, page 202.**

25 In the present case both parties agree that they entered into a contract whereby the Plaintiff was to provide architectural services to the Defendant. The contract was in writing – **Exhibit P<sub>1</sub>.**

The contract provided for the works to be executed in different stages that included the following: - appraisal stage, strategic briefing stage, outline proposal stage, detail design stage and final proposal stage among others.

5 The parties agree that the outline proposal stage was completed presented to the Defendant's Board, was adopted and paid for.

The disagreement between the parties arose when the Plaintiff claimed payment for the detail design stage and sent a fee note to the Defendants requiring payment.

10 The Defendant terminated the contract between the parties, contending that the Plaintiff was not entitled to payment as it had been required to limit its work to the outline proposal stage due to budgetary constraints of the Defendant: However, the Plaintiff contends that by then, the detail design stage had been completed with the knowledge of the Defendant – **Exhibit P<sub>4</sub>** dated 28.01.13 is the fee note. While **Exhibit P<sub>3</sub>** – the detail design stage indicates that it was completed by 17.02.10.

15 However, the Defendant insists that, for the Plaintiff to advance to the detail design stage required the Defendant's written consent as per clause 2.3 of the contract – **Exhibit P<sub>1</sub>**.

The clause provides that ***“in relation to the services, the Architect should first obtain the consent of the client before proceedings with the services or initiating any work stage. The Architect shall first confirm such authority in writing.”***

20 The Defendant insists that Plaintiff obtained no such written consent and indeed provided no such written confirmation.

From the evidence available, it is apparent that there were a number of communications between the parties both verbal and by email. – See **Annexure FF to the plaint and ID<sub>2-25</sub>**.

25 In the email dated 09.03.10 – by one Philip Curtin of the Plaintiff Company to Doral Scott Grooves – the Plaintiff indicates that ***“officially as Peter has asked us to limit our involvement for budget reasons to the first stage outline design. We have only committed to working within what was agreed as the budget of US Dollars 800,000. However, as you will be aware, we have actually at “our own risk” carried the process to detail design stage, we have incorporated all the comments and suggestions mainly the increase in the area of preparation and staff use and remodeling of the DT laboratory and the plan shown in the***



***presentation are now detail design layout. We have also had our quality surveyor do a full measure of the building....”***

While the above evidence supports the Defendant’s contention that the Plaintiff was required to limit involvement to the project outline design stage, due to budgetary constraints, it is  
5 contradicted by the Defendants proposal to sell adjacent land to obtain funding in order to proceed with the project; and also by making comments and suggestions that were then incorporated by the Plaintiff in the detail design stage.

Indeed, having received the email of the Plaintiff in those terms, and the Defendant taking no other step to stop the Plaintiff from continuing with the work on the detail design stage, the  
10 Defendant is deemed to have given its consent to the Plaintiff to go ahead with the work.

The Plaintiff was given the impression that the project would continue as soon as funding was available and the Defendant is estopped from denying that it’s conduct implied consent to the Plaintiff to go ahead with the detail design stage. The lack of funds to continue with the project cannot now be said to amount to a stop order not to proceed with the detail design  
15 stage; when the plaintiff was given the impression that once adjacent land was sold and funding obtained the project would continue. – Refer to S.114 of the Evidence Act which provides that ***“when a person has by his or her declaration, act or omission, intentionally caused or permitted another person to believe a thing to be true and to act upon that belief, neither he/she nor his/her representative shall be allowed in any suit or proceedings***  
20 ***between the parties to deny the truth of that thing.”***

The Defendant by indicating that the contract would continue after more funding was obtained which intimation was relied upon by the Plaintiff to continue with the detail design stage, is estopped from arguing that the Plaintiff had no permission to continue with the work. – See the case of **Central London Property Trust Ltd vs. High Trees House Ltd**  
25 **[1947] KB 130** which held that ***“for one to succeed in the principle of estoppel, he must show that there was a representation or fact made by the opposite party, relied on and acted upon by the other party to his or her detriment.”***

See also the case of **Riddoch Motors Ltd vs. Cast Regian Corporation [1971] EA 33** - where a party who had received a tractor repair service and never protested nor returned the  
30 spares for five weeks and yet had opportunity to reject or accept the supply was held liable.

The Defendant in this present case had the opportunity to tell the Plaintiff not to continue with the detail design stage after being informed by the Plaintiff by email that work was being done, but did not do so. The defendant is accordingly estopped from denying that it permission was granted to the Plaintiff to do the work. The same principle is restated in the  
5 case of **Edward Makubuya t/a M Edward Engineering Works vs. Kampala City Council, Kawempe Division HCCS 59/2003.**

In the circumstances of the present case, the Plaintiff only waived the right to insist on the time limits within which the contract was to be performed by accepting to hold on until further funding was obtained by the Defendant; but did not waive the right to be paid for  
10 work done. This court therefore finds that, the Defendant breached the contract when it refused to pay the Plaintiff for the detail design stage work and instead terminated the contract.

The next issue is **whether the Defendant wrongfully terminated the contract between the**  
15 **parties.**

Under clause 8.5 of the contract between the parties- **Exhibit P<sub>1</sub> “either party had discretion to give written notice to the other so as to determine any or all the architects services/ obligations under part 2 while stating the ground.”**

The Defendant terminated the contract in this case on the ground that the Plaintiff never  
20 obtained the necessary written consent to advance to the detail design stage of the works. - See the letter of the Defendant’s lawyer to the Plaintiff dated 19<sup>th</sup> February, 2013. The Plaintiff claimed that this was a fundamental breach of the contract.

Having found that it was the Defendant who breached the contract, for reasons already stated herein, it follows that the termination of the contract was wrongful. There was no  
25 fundamental breach on the part of the Plaintiff entitling the Defendant to terminate the contract and when the obligations of the Plaintiff had been performed at the time of termination. Under Clause 8.8 of the contract, **“the termination of the services or architects obligation was to be without prejudice to the accrued rights of either party”.**

To therefore terminate the contract and refuse to pay the Plaintiff for work already performed  
30 was wrongful.

The next issue for determination is **whether there was a variation of the contract between the parties.**

Both parties agree that there was never a variation of the terms of the contract between the parties. The parties had agreed that any variation of the contract had to be in writing.

- 5 What the evidence indicates was an attempt by the parties to vary the contract. There were discussions between the parties about a new master plan for the project, but both parties agree that this was never concluded as the terms of the new engagement were never agreed upon.

The Plaintiff sent draft proposal of the amended terms, upon becoming aware that there was a change from the original scheme given to the Defendant; including the construction cost, approved design and instructions from the Defendant to incorporate a new master plan of Fransburg. But as submitted by the Plaintiff, **“the same never saw the light of day”**.

Court therefore finds that there was no variation of the contract.

**What remains for court to determine are the remedies the parties are entitled to if any.**

- 15 The Plaintiff sought to recover US Dollars 14,160 as the fee for work done on the detail design stage, general damages, and costs of the suit.

The Defendant contends that the Plaintiff is not entitled to any of those remedies.

**Fee for work done: US Dollars 14,160** – The Plaintiff claims that it is entitled to payment of US \$ 14,160, as the fee for work done on the detail design stage.

- 20 Counsel for the Plaintiff submitted that under the principle of Quantum Meruit, the Plaintiff is entitled to his payment. The case of **Fire Masters Ltd vs. BAT (U) Ltd HCCS 431/2012** was cited in support.

Counsel for the Defendant argued on the other hand that the Plaintiffs prayer for the sum amounts to a prayer for special damages. And that 0.6 r.3 C.P.R requires that the particulars of the said special damages to be stated in the pleadings and that the law requires them to be proved.

He argued that, apart from stating the sum in the pleadings, the Plaintiff did not specifically plead the sum nor was it proved. He prayed court to strike out the claim.

Commenting about the alternative prayer for Quantum Meruit, Counsel stated that the work for which the sum is claimed has never been completed as they were never submitted to the Local authorities and to the Defendant and have never been approved by the Board of the Defendant, and therefore the sum cannot be claimed.

- 5 The plaint in the present case does not specifically plead the particulars of US \$ 14,160. However, under the principle of Quantum Meruit, the Plaintiff is entitled to reasonable remuneration for works done upon the breach of contract by the Defendant. – See **Halbuys Laws of - 4<sup>th</sup> Edition – Re -issue Volume 9 (1) paragraph 1155.**

10 The Plaintiff, this court has already found was unjustly prevented by the other party from completing the contract. The Plaintiff was requested to hold on while the Defendant found more funds; in the meantime work was carried on to the detail design stage without any complaint from the Defendant. Then Defendant tried to vary the contract by introducing a third party to sign the amended design of work done by the Plaintiff. When Plaintiff asked for payment, the contract was wrongfully terminated. The submission of Counsel for the  
15 Defendant that the plaintiff never submitted the work to the Local Authorities and to the Defendant for approval by its Board cannot therefore be sustained.

In any case, as already pointed out in this judgment, while the contract between the parties could be terminated, it was *without prejudice to the accrued rights of either party*. The Plaintiff who had already done the work at the time the contract was terminated is  
20 accordingly entitled to payment of US\$14,160.

**General Damages:** As rightly submitted by Counsel for the Defendant general damages are *“damages the law presumes to be a natural or probable consequence of the act complained of as they are its immediate, direct or proximate result.”*

- 25 They are meant to put the injured party in almost the same position it would have been had the wrong complained of not occurred.

Counsel for the Plaintiff proposed the sum of US \$ 50,000 as general damages, while the Defendant maintains that they have not wronged the Plaintiff in any way and general damages are therefore not justified.

Under **S.61 (1) Contracts Act**, Court is obliged to award compensation for any loss or damage caused to one party due to the breach of contract.

Court has found in this case that the Defendant breached the contract and they are therefore liable to pay damages to the Plaintiff.

- 5 ***“General damages are assessed according to the opinion and judgment of a reasonable man”***- See case of **Haji Asuman Mutekanga vs. Equator Growers (U) Ltd SCCA 07/1995.**

Looking at the circumstances surrounding this case, court finds that the figure of US Dollars 50,000 proposed by Counsel for the Plaintiff is excessive. ***“General damages should not be***  
10 ***too high as to discourage litigants from bringing their disputes before court.”***

Secondly under **S.17 (1) of the Bank of Uganda Act** – the unit of currency of the shilling and under sub-section **(2)** thereof ***“all monetary obligations or transactions shall be expressed, recorded and settled in the shilling unless otherwise provided for under any enactment, or is lawfully agreed between the parties to an agreement under any lawful***  
15 ***obligation.”***

While the payment for the contractual work was agreed to by the parties to be in dollars, the general damages will be awarded in Uganda Shillings, more so considering that they were not a foreseen item between the parties and also because that interest will be awarded on the sum already allowed to the Plaintiff for work done.

- 20 Court finds in this case that the sum of Shs. 20,000,000/- will suffice as general damages, considering that the plaintiff has been deprived of payment since 2010, when the fee note was presented.

**Interest:** - Counsel for the Plaintiff prayed for interest to be granted in all pecuniary awards at the rate of 25% from the date of signing the contract until payment in full.

- 25 Under S.26 (2) C.P.A. - Court has discretionary powers to award interest even where it was not agreed upon, as in the present case.

Refer also to the case of **Crescent Transportation Co. Ltd vs. B.M Technical Services Ltd CACA 25/2000** – where it was held that ***“where no interest rate is proved, the rate is fixed at the discretion of court.”***

The rate of 25% proposed by Counsel for the Plaintiff would be excessive in the circumstances. – Refer to case of **Nipunnorathan Bhatia vs. Crane Bank Ltd CACA 75/2006** – where it was held that **“interest allowed on amount to be paid where there was no agreement should be simple interest.”**

5 In that case, the Court of Appeal reduced the payment of interest at the rate of 36% on the amount of \$57,500 that was to be refunded, to 6% per annum from the date of judgment until payment in full.

The Court pointed out that, **“The interest rate charged on the US Dollar is far less than interest charged on Uganda Shillings. That this seems to be as a result of the exchange rate; and the law prohibits award of interest that would amount to unjust enrichment or benefit to one of the parties”.**

Applying the holding in the above case to the circumstances of the present case, Court will allow interest at 6% on the US \$14,160, from the date of filing the suit, until payment in full.

As regards interest on general damages, court takes into account the established principle that **“interest on general damages is compensatory in nature against the person in breach of the contract.”** Under **S.26 (3) C.P.A** what amounts to simple interest is a matter for discretion of the court.

The Plaintiff is therefore awarded interest on general damages at the rate of 10% from the date of judgment till payment in full.

20

**Costs:** - Applying for the costs of the suit, Counsel for the Plaintiff submitted that costs follow the event and is a matter of discretion of the court to be exercised judiciously. He relied on the case of **Superior Construction and Engineering Ltd vs. Nopay Engineering Industries Ltd HCCS 702/1989.**

25 Counsel also referred to clause 9.9 of the contract, where the parties agreed that the Defendant would indemnify the Plaintiff in respect of his legal and other costs in any action or proceedings together with a reasonable sum in respect of time spent.

Counsel for the Defendant on the other hand prayed court to dismiss the suit with costs to the Defendant.

Decided cases have confirmed the principle that ***“costs of any cause or action or matter shall follow the event unless court for good cause orders otherwise.”*** – See S.27 (2) C.P.A.

In the present case, the Plaintiff being the successful party is entitled to costs of the suit and they are hereby allowed.

5 For all the reasons set out herein, judgment is entered for the Plaintiff against the Defendant in the following terms:-

1) The Plaintiff is awarded the sum of US Dollars 14,160 against the Defendant as remuneration for work done on the principle of quantum meruit.

2) General damages of the sum of Uganda Shillings 20,000,000/-.

10 3) Interest is awarded of the sum of US Dollars 14,160 at the rate of 6% per annum from the date of filing the suit until payment in full and on the general damages at the rate of 10% per annum from the date of judgment until payment in full.

4) Costs of the suit are also awarded to the Plaintiff.

15 **Flavia Senoga Anglin**  
**JUDGE**  
**30.05.16**

20