

THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
(COMMERCIAL DIVISION)
MISCELLEANOUS APPLICATION NO. 573 OF 2020
(ARISING FROM MISCELLENEOUS APPLICATION NO. 425 OF 2020)
(ARISING FROM CIVIL SUIT NO. 376 OF 2020)
LINYI HUATAI BATTERY MANUFACTURING CO. LTD ::::::::::: APPLICANT
VERSUS
MUSE AF ENTERPRISES CO. LTD ::::::::::: RESPONDENT

BEFORE: HON. JUSTICE BONIFACE WAMALA

RULING

Introduction

[1] This application was brought by Notice of Motion under Section 98 of the Civil Procedure Act (CPA) Cap 71, Section 33 of the Judicature Act Cap 13 and Order 52 Rule 1 of the Civil Procedure Rules S.I.71-1 for orders that:

- a) The Honorable Court exercises its inherent jurisdiction to make such further orders as may be necessary for the ends of justice in the matter of Miscellaneous Application No. 425 of 2020.
- b) Costs of this application be provided for.

[2] The application was supported by an affidavit sworn by **Kandiho Abel**, an advocate with the Firm representing the Applicant; which together with the Notice of Motion set out the grounds of the application. Briefly, the grounds of the application are that Miscellaneous Application No. 425 of 2020 was filed by the Applicant seeking an Anton Piller Order and the same came up for hearing *ex parte* on the 13th day of July 2020 whereupon the Anton Piller Order was issued in the terms set out in the Court Order annexed to the affidavit in support of the application. It was a condition in the Ruling of the Court that

the Applicant files an application for the hearing *interpartes* for this Honorable Court to exercise its inherent power to make such further orders as may be necessary for the ends of justice in the matter to which the Applicant has without prejudice obliged. It is in the interest of justice that this application be allowed and the status quo as to the subordinate subject matter in the Miscellaneous Application No. 425 of 2020 be maintained.

[3] The application was opposed through an affidavit in reply deposed by **Muse Afewerk**, the Managing Director of the Respondent, who stated that in 2013, the Respondent instituted proceedings against the Applicant's agent for trademark infringement vide Civil Suit No. 102 of 2013 in respect of trademark No. 29015 (PANASUPER). The Applicant in turn instituted proceedings for fraudulent registration of trademark No. 29015 (PANASUPER) against the Respondent vide Civil Suit No. 271 of 2013. This Court consolidated the above two suits and ordered that an amended plaint be filed. On 16th June 2015 the suits were determined in favor of the Applicant, its subsidiary and an agent. The Respondent, being dissatisfied with the decision of the Court, instituted an appeal in the Court of Appeal vide Civil Appeal No. 13 of 2016. The Respondent sought and obtained an order staying execution of the judgement and decree pending the determination of Civil Appeal No. 13 of 2016.

[4] The Respondent further stated that on 10th November 2017, the Applicant instituted HCCS No. 900 of 2017 against the Respondent for trademark infringement, under which the Applicant sought, obtained and enforced an Anton Piller order against the Respondent. The Respondent applied for an order staying proceedings in HCCS No. 900 of 2017 and all pending applications thereunder; which order was granted by the Court on 13th March 2018 pending determination of Civil Appeal No. 13 of 2016. Then on 30th June 2020, the Applicant instituted other proceedings for trademark infringement vide HCCS No. 376 of 2020 but did not effect service of the summons onto the

Respondent until 9th September 2020. On 13th July 2020, this Court granted an Anton Piler Order against the Respondent vide Misc. Application No. 425 of 2020; which is the Order subject of this application.

[5] The Respondent avers that the institution of M.A No. 425 of 2020 and Civil Suit No. 376 by the Applicant constitutes an abuse of the court process. The Respondent concluded that it is in the interest of justice that the said Anton Piller Order is rescinded and the goods seized by the Applicant are returned to the Respondent.

[6] The Applicant filed an affidavit in rejoinder deposed by **Abel Kandiho** which they filed together with a supplementary affidavit in support of the application deposed by **Temesgen Teame**, an Operations Manager of the Applicant's Agent Company. Consequent to the filing of the supplementary affidavit by the Applicant, the Respondent filed two affidavits in rebuttal to the supplementary affidavit. I will address myself to these filings later on in this Ruling. I will take into consideration the averments in these affidavits in as far as they are admissible and relevant to the matters before the Court.

Background to the Application

[7] Sometime in March 2013, the Respondent Company (Muse AF Enterprises Co. Limited) lodged Civil Suit No. 102 of 2013 in this Court against Bilen General Trading Limited, an agent of the present Applicant, for a permanent injunction against the defendant, inspection, seizure and removal of all unauthorized or infringing goods and or materials in the defendant's custody, possession, power or control, damages and costs of the suit. The cause of action was in respect of the PANASUPER trade mark and goods. On 29th May 2013, the present Applicant instituted Civil Suit No. 271 of 2013 still in this Court, against the current Respondent seeking a declaration that the Plaintiff is the lawful and registered proprietor of the PANASUPER trademark and is

entitled to registration, an order for cancellation of the defendant's trademark for fraud, an injunction against the defendant ordering them to cease all use of the said trademark, damages and costs of the suit.

[8] When the two suits came up before the Court, they were consolidated and the parties were directed to amend the pleadings to that effect. The amended plaint was filed on 7th January 2014 with the current Respondent as the plaintiff and the defendants being Bilen General Trading Ltd, Linyi Huatai Battery Co. Ltd and Linyi Huatai Battery Manufacture Co. Ltd. The 3rd named defendant is the current Applicant and a related company to the 2nd named defendant. The 1st named defendant was at the material time an agent of the 3rd defendant. The matter was heard and on 16th June 2015, it was decided in favour of the defendants with a declaration that the plaintiff registered the PANASUPPER trademark fraudulently, an order that the said trademark be removed from the register of trademarks in Uganda, for payment by the plaintiff to the 1st defendant of general damages of 10,000,000/= with interest thereon at 10% from the date of judgment till full payment and with costs to all the defendants.

[9] The plaintiff (now Respondent) lodged an appeal in the Court of Appeal vide Civil Appeal No. 13 of 2016. The present Respondent also claims they secured an order of stay of execution of the above stated judgment and decree. Meanwhile, on 29th June 2015, the present Applicant had applied for registration of the PANASUPPER trademark with the Uganda Registration Services Bureau (URSB) and the same was granted by a Ruling of the Asst. Registrar Trademarks dated 9th March 2016. It was claimed by the Applicant that the Respondent continued with acts of infringement of the said trademark and passing of their goods as those of the Applicant through continued use of the PANASUPPER trademark and introduction of another trade name known as "PANE SUPER". Consequently, on 10th November 2017, while the above said

appeal was still pending, the present Applicant brought another suit vide HCCS No. 900 of 2017 to counter the above said acts of infringement and passing off. The Applicant applied for, obtained and enforced an Anton Piller Order against the Respondent. The Respondent then applied for an order staying proceedings in HCCS No. 900 of 2017 and the applications thereunder, which was granted by the Court on 13th March 2018 pending the determination of Civil Appeal No. 13 of 2016.

[10] On 30th June 2020, the Applicant instituted the current proceedings vide HCCS No. 376 of 2020 seeking remedies for allegedly new actions of infringement of the said trademark and passing off of the Respondent's goods as those of the Applicant. Vide M.A No. 425 of 2020, the Applicant sought, obtained and enforced an Anton Piller Order against the Respondent which, among others, directed the Applicant to file an application for hearing *inter partes* within 15 days from the date of the ruling; thus this application.

Representation and Hearing

[11] At the hearing, the Applicant was represented by Mr. John P. Barenzi and Mr. Okode Gilbert while the Respondent was represented by Mr. Oscar Kamusiime. It was agreed that the hearing would proceed by way of written submissions which were duly filed by Counsel. I have reviewed and considered the respective submissions in the course of determination of this matter.

Determination by the Court

[12] I will first deal with the preliminary issues raised by either side before considering the merits of the application.

[13] Counsel for the Respondent challenged the supplementary affidavit in support of the application filed on behalf of the Applicant. Counsel contended that the said affidavit was filed in breach of procedure since pleadings would

have closed with the filing of the affidavit in rejoinder. Counsel submitted that the said affidavit should have been filed and served together with the application and before the rejoinder in order to give the Respondent an opportunity to dispute and challenge its contents. Alternatively, Counsel submitted, the Applicant should have sought the Court's leave before filing and serving the said supplementary affidavit. Counsel invited the Court to strike out the said affidavit. He further prayed that should the Court be inclined to allow the same, the Court should as well allow to consider the affidavits in rebuttal that were filed on behalf of the Respondent.

[14] In reply to the said point of objection, Counsel for the Applicant submitted that at the hearing, Counsel for the Respondent raised the same objection to the supplementary affidavit and was overruled by the Court. Counsel submitted that the option available to the Respondent's Counsel was either to seek leave to file affidavits in rebuttal or to appeal the decision of the Court; neither of which he did. Counsel argued that by this objection, the Respondent's Counsel seeks to ask this Court to "sit on appeal in its own decision" which is not permissible under the law.

[15] It is true as pointed out by Counsel for the Applicant that this same point of objection was raised before the Court on the day the matter came up for hearing in Court. Counsel for the Applicant justified the need for the affidavit. The Court overruled the objection and allowed the supplementary affidavit on record. It was open to the Respondent's Counsel to seek leave of the Court to file any rebuttals if he believed the Respondent would be prejudiced by the contents of the supplementary affidavit. Counsel did not do so. Nevertheless, Counsel for the Respondent went ahead and filed two affidavits in rebuttal to the supplementary affidavit. I would believe that this would have cured any potential prejudice. I am therefore unable to see any point in the move by the Respondent's Counsel to raise the same point over which the Court already

made a decision and where they have seized the opportunity to respond. The Court simply cannot revisit the same point of objection in the manner sought by the Respondent's Counsel. This point of objection therefore bears no merit and is rejected.

[16] For the Applicant, Counsel for the Applicant objected to the subsequent affidavits in rebuttal to the supplementary affidavit on two grounds. One, that the Respondent's Counsel who was in Court when the supplementary affidavit was allowed on record ought to have sought leave of the Court to file any such rebuttals. Counsel argued that the said affidavits in rebuttal cannot be allowed on record without an order of Court permitting their production. The second ground was that one of the affidavits was deposed by Oscar Kamusiime who was the Counsel in personal conduct of the matter; which conduct is in breach of *Regulation 9 of the Advocates (Professional Conduct) Regulations*. Since these objections were raised in the submissions in rejoinder, the Respondent's Counsel had no opportunity to respond to them. I am, however, in position to make a finding on the same going by the facts that are available on record.

[17] It is true that Counsel for the Respondent who attended the Court when the supplementary affidavit was accepted by the Court did not seek leave for the Respondent to file rebuttals. It can however be understood that the Respondent's Counsel had no ample time to make such a decision. He ordinarily would also need to seek instructions from his clients on the matter. He further had to assess the contents in the supplementary affidavit to determine their effect to the case. It cannot be reasonably expected that the Respondent's Counsel would do all that during the court sitting. I find that in the circumstances, the Respondent was entitled to file the belated affidavits in rebuttal to the supplementary affidavit, which itself was filed belatedly. This ground of the objection by the Applicant's Counsel is therefore devoid of any merit and is overruled.

[18] The second ground of the Applicant's objection is in regard to the affidavit in rebuttal deposed by Oscar Kamussiime, who was Counsel in personal conduct of the matter and who represented the Respondent on 02/10/2020 when the matter came up for hearing in Court. The provisions of *Regulation 9 of the Advocates (Professional Conduct) Regulations* come in issue. *Regulation 9 thereof* provides as follows –

“Personal involvement in a client’s case.

No advocate may appear before any court or tribunal in any matter in which he or she has reason to believe that he or she will be required as a witness to give evidence, whether verbally or by affidavit; and if, while appearing in any matter, it becomes apparent that he or she will be required as a witness to give evidence whether verbally or by affidavit, he or she shall not continue to appear; except that this regulation shall not prevent an advocate from giving evidence whether verbally or by declaration or affidavit on a formal or non-contentious matter or fact in any matter in which he or she acts or appears.”

[19] The above provision is meant to bar an advocate from appearing before a court on behalf of a client when he/she is, at the same time, a witness or a potential witness in a contentious matter. According to the guidance in the decision of ***Uganda Development Bank vs. Kasirye Byaruhanga & Co. Advocates, SCCA No. 35/1994***, an advocate who finds him/herself in such a situation has to choose whether to act as a witness or as Counsel. As such, where an advocate depones to an affidavit in support of an application in a contentious matter, his/her professional duty is not to, at the same time, appear in personal conduct of the matter. In my view, the reverse is true. Where an advocate has appeared in personal conduct in a contentious matter, he cannot lawfully depone to an affidavit in the same matter. According to the

above cited regulation, that is only permissible in a formal or non-contentious matter or fact.

[20] On the facts before me, the matter before the Court is a highly contentious one. Counsel Oscar Kamusiime was counsel in personal conduct of this matter when it came up for hearing. He indicated that fact to the Court when the matter came up for hearing and he, indeed, argued a point of law at the hearing, opposing the filing of the supplementary affidavit herein in issue. He cannot be the same person to swear an affidavit in rebuttal to the said supplementary affidavit. If it were not for the peculiar circumstances in which these affidavits were filed, it is clear to me that Oscar Kamusiime would have been liable for cross examination on the contents of the affidavit in rebuttal. This makes him a potential witness in the matter and fully offends the provision under Regulation 9 cited above. For this reason, the affidavit in rebuttal deposed by Counsel Oscar Kamusiime is fatally defective and is accordingly struck out. For the reason given earlier on above, the other affidavit in rebuttal deposed by Muse Afewerk is allowed on record and will be relied upon.

[21] Turning now to the merits of the application, I will begin with the necessity and purpose of this application. Counsel for the Applicant in their submissions questioned whether it was necessary to have this application filed and considered in view of the law that allows an Anton Piller Order to be granted *ex parte*. On their part, Counsel for the Respondent submitted that the application was necessary and was appropriately ordered by the Court to be filed.

[22] In my consideration, I need to point out that as indicated in the background, the Applicant applied for, secured and enforced an Anton Piller Order *ex parte*. The Order contained, among others, a condition for the

Applicant to file an application within 15 days for an *inter partes* hearing. The reasons were clearly given in the said decision rendered on 13th July 2020 in M.A No. 425 of 2020. In that matter, I pointed out the justification under the law for considering an application for an Anton Piller Order *ex parte*. I went ahead to state that despite the Order issuing *ex parte*, the law would require the other party to be heard before the hearing of the main suit because, under our law, it is not permissible or even expected that an order passed *ex-parte* should subsist till the determination of the main suit. There could be issues that if the same were drawn to the court's attention, the court would not have issued the *ex parte* order. Actually, as a matter of fact, none of the authorities cited herein support the view that an Anton Piller Order shall be considered and granted *ex parte*. What the authorities show is that, owing to the peculiar circumstances involved, the court may exceptionally and peculiarly issue the order *ex parte*. This remains entirely within the discretion of the court. The court therefore is entitled to set any conditions that are necessary to ensure the said order is not abused or used out of context. That is what informed the necessity and purpose of the requirement to file this application.

[23] The purpose of an Anton Piller Order is to ensure that offending materials are inspected, seized and brought into the court for purpose of ensuring that the alleged infringer of a trademark does not cause their disappearance or destruction by the time the case comes up for hearing. Such materials, when seized, are kept in custody as per the order of the court and they constitute evidence in the main suit when considering whether the alleged infringement of a trademark indeed happened. For that purpose, when the Anton Piller Order is issued, it appears an order in finality but it is in fact not. It is capable of being and should in fact be evaluated by the Court for propriety and necessity. If facts are brought to the court's attention that makes the Order to have been improperly issued or no longer necessary in the circumstances, then the court may review, discharge or rescind such an order. An order passed *ex parte*

cannot be let to stand simply because it was issued and enforced. The court ought to hear both parties before it can be satisfied that, as the court investigates the main suit, no party has been subjected to potential prejudice or unfairness.

[24] In view of the foregoing therefore, the issue for determination by the court in this application is simply whether the Anton Piller Order issued by the Court vide M.A 425 of 2020 was properly issued by the Court, is necessary and should be left to stand until the hearing and disposal of the main suit vide C.S No. 376 of 2020. The substance of the submissions by Counsel for the Applicant is that the above issue should be answered in the affirmative. Counsel for the Respondent raised a number of contentions and I propose to handle them one by one.

[25] The first contention by Counsel for the Respondent is that the issue should be answered in the negative because the underlying suit offends the provision under Section 6 of the CPA for being *lis pendens*, for being an abuse of the court process and for being improperly before the court. I have considered the elaborate submissions of the Respondent's Counsel on this point and the response by the Applicant's Counsel in their submissions in rejoinder. I need to point out that this is not an application for stay of the main suit and there is no application before the court to that effect. I do not agree that this application, or the response to it by the Respondent, can constitute an application for stay of the main suit in issue. I am alive to the possibility that the Respondent is raising this matter as a point of law that may be considered by the court whenever it is raised. My view, however, is that this kind of point of law requires to be properly pleaded, evidence led and considered by the court before the court can make a decision that affects a suit that is now not in issue before the Court. I am not satisfied that the matters raised by the Respondent's Counsel were such that once they were indicated to

the Court, the Court would not in the first place have issued the Anton Piller Order. In my view, that is the test that has to be passed if the point raised by the Respondent's Counsel is to be taken by the Court.

[26] On the facts and circumstances before me, the matters raised need to be pleaded in a proper application based on Section 6 of the CPA, formally responded to by the opposite party and properly decided by the court. This application and the way it was heard and considered cannot constitute that form of application. I am not prepared to turn it into such, as it is clear to me that the Applicant would have been denied of their right to a fair hearing. For the above reason, the arguments regarding the pendency of other suits similar or connected to the present matter are not relevant to the determination of this application and are accordingly disregarded.

[27] The second contention by Counsel for the Respondent is that the Anton Piller Order issued by the Court *ex parte* should be set aside and its consequences duly vacated for having been a result of abuse of the court process and a derogation from the purpose of Anton Piller Orders. Counsel for the Respondent submitted that to answer this contention, the Court should investigate two questions, namely; One, are the circumstances between the parties so exceptional as to justify the kind of intervention sought by the Applicant by way of an application for an Anton Piller Order; and two, are the circumstances between the parties the kind that should have justified *ex parte* intervention or should the court recall its orders upon hearing the other side?

[28] Counsel for the Respondent submitted that under the law, an Anton Piller Order must be granted only in exceptional circumstances and should not be issued where it is clear to the court that it might become an instrument of oppression. Counsel relied on the decisions in ***Anton Piller KG V Manufacturing Processes Ltd & Ors [1976] 1 All ER 779***; and ***Uganda***

Performing Rights Society Ltd V Fred Mukubira HC Misc. Application No. 818 of 2003. Counsel submitted that in the instant case, there was no evidence of the fact that any confiscated materials were under threat of destruction before the parties were heard. Counsel argued that since there was no Order from the previous proceedings restraining the Respondent from dealing in the goods in issue, the Respondent had continued doing so legally. Counsel further argued that the issue of ownership of the trademark in issue is the central question in Civil Appeal No. 13 of 2016 and if the appeal succeeds, the Respondent will have its trademark restored.

[29] Although I will not delve into the substance of the relationship between HCCS No. 376 of 2020 and the previous suits in connection to the trademark in issue, I need to point out that there are circumstances that have been disclosed by the Applicant on record that were not in existence at the time of consideration of consolidated HCCS No. 102 of 2013 and 271 of 2013 as well as HCCS No. 900 of 2017 which was stayed. It is on record that the trademark PANASUPER was registered in Uganda since 29th June 2015 in the names of the Applicant. It was stated by the Applicant and not disputed by the Respondent that the Respondent never took any measures to challenge the said registration. As such, as far as the law is concerned, the Applicant is the registered owner of the said trademark, the pendency of any suits notwithstanding. In terms of the law, that position has to be respected. *Section 36 of the Trademarks Act 2010* gives such a registered owner exclusive rights to use the trademark in relation to the specified goods. Also see *Section 58 of the Trademarks Act*.

[30] Indeed, it is clear to me that even if the said Civil Appeal is determined in favour of the Respondent, it cannot contain an order for deregistration of the said trademark from the Applicant's name since that issue is not before the Court of Appeal. The said registration was done pursuant to the judgment and

decree in the consolidated civil suits cited above and before any order of stay of execution was issued. As such, although the decree from the Court of Appeal may pronounce itself as to who owns the trademark in issue, the successful party would have to follow the law if the Order is to affect the said registration.

[31] That being the case, the law does not envisage duality of ownership and use of a trademark. In view of the clear position of the law and the evidence as to ownership of the same, it is not right, in my view, for the Respondent to claim an entitlement to using the same trademark. That is contrary to the law and thus illegal. The Respondent cannot claim rights where none exist. Neither can the Court condone explicit and blatant abuse of the rights of a trademark owner simply because the said trademark is still subject of a dispute. I also need to point out that I have not seen any evidence of an order of stay of execution of the judgement and decree in the consolidated civil suits. All I have seen are correspondences from the Respondent's advocates referring to a consent order of stay and to a bank guarantee as a condition of the stay order. There is however no evidence that any order ever issued or that it indeed exists. Under the law, such an order whether by consent of the parties or granted by the court has to be recorded, signed and sealed by the court. Where it was reached by consent, evidence of a signed consent or the record of the court entering the consent must be produced. None is available in the instant case. As such, the arguments made by the Respondent's Counsel based on existence of a stay of execution are not made out.

[32] Flowing from the above and in light of the law and the evidence establishing, prima facie, that the Applicant is the registered owner of the trademark, I am in position to find that the Applicant was entitled to protection of its rights. The continued use of the said trademark by the Respondent, which the Respondent admits to and justifies, in absence of any legal clearance, prima facie entitles the Applicant to interlocutory remedies as the

issues in the main suit, or indeed the fate of the main suit, are considered. The Court in M.A No. 425 of 2020 was also satisfied that exceptional circumstances existed that necessitated the grant of the Anton Piller Order. I accordingly find ample justification to uphold and extend the Anton Piller Order till the determination of HCCS No. 376 of 2020 or any other orders of the court. In my finding, the failure by the Applicant to bring this application within the 15 days ordered by the Court is an issue that can and should be ignored by the Court as it did not materially affect its competence or the merits of the matter before the Court.

[33] In the circumstances, this application is allowed with the following orders:

- a) The Anton Piller Order issued vide M.A 425 of 2020 was properly issued, was necessary and is accordingly extended pending determination of HCCS No. 376 of 2020 or any other orders of the court.
- b) The costs of this application shall abide the outcome of the main suit.

It is so ordered.

Dated, signed and delivered by email this 12th day of August 2021.



Boniface Wamala

JUDGE