THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA AT KAMPALA

COMMERCIAL DIVISION

MISCELLANEOUS APPLICATION NO. 0738 OF 2022

ARISING FROM MISCELLANEOUS. APPLICATION NO. 1108 OF 2021

ARISING FROM MISCELLANEOUS APPLICATION NO. 0573 OF 2020

ARISING FROM MISCELLANEOUS APPLICATION NO. 0425 OF 2020

ARISING FROM HCCS NO. 0376 OF 2020

MUSE AF ENTERPRISES CO. LTD. :: APPLICANT

VERSUS

LINYI HUATAI BATTERY MANUFACTURING

CO. LIMITED :: RESPONDENT

BEFORE HON. LADY JUSTICE HARRIET GRACE MAGALA

RULING

Application for leave to appeal

Sections 27 & 98 of the Civil Procedure Act, Section 33 of the Judicature Act, Order 44 rule 1(2), (3) & (4) and Order 50 rules 1,2 & 3 of the Civil Procedure Rules as amended

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[1] BACKGROUND

1.1 This is an application for leave to appeal the Ruling of the Learned Judge in ***Miscellaneous Application No. 1108 of 2021: Muse AF Enterprises Co. Ltd. – vs – Linyi Huatai Battery Manufacturing Co. Limited.*** The Application (MA 1108 of 2021) sought the following orders:

(a) That the Plaint in HCCS 0376 of 2020 and all pending proceedings including applications, orders and reliefs granted thereunder be struck out, set aside,

vacated or otherwise dismissed on grounds of offending the *Lis pendens Rule* and as an abuse of court process;

(b) That HCCS 0376 of 2020 is *res judicata* and the same be dismissed on all orders, reliefs and any pending proceedings thereunder be set aside;

(c) A declaration that HCCS 0376 of 2020 is abated on account of the Plaintiff's failure to take out Summons for Directions. Consequently, that suit was incapable of giving rise to any subsequent interim or other reliefs;

(d) That the Anton Pillar Order issued in and confirmed by the Ruling of this Court on 12th August 2021 in *Miscellaneous Application No. 0573 of 2020* be vacated and set aside as having been issued in a suit that was bad in law and, that in any event, abated by operation of the law;

(e) All goods seized pursuant to the extension of the Anton Pillar Order issued in HCCS 0376/2020 be unconditionally released to the Applicant;

(f) The Respondent and its agents, affiliates, assignees, successors in title or anyone dealing with or claiming rights from or otherwise associated with the Respondent be restrained from commencing any subsequent actions that relate to the matters in issue in HCCS 0376 of 2020, HCCS 900 of 2017 or Civil Appeal No. 13 of 2016 until the final determination and disposal of the said Civil Appeal No. 13 of 2016; and

(g) The Respondent and its agents, affiliates, assignees, successors in title or anyone dealing with or claiming rights from or otherwise associated with the Respondent be required to deposit substantial sums sufficient to atone for all grievances and interruptions of business arising from their routine filing of suits that raise the same matters substantially in issue in Civil Appeal No. 13 of 2016.

1.2 The Learned Trial Judge in determining MA 1108 of 2021 gave the following orders and directions:

(a) That HCCS No. 0376 of 2020 was not *res judicata* and did not offend the *Lis pendens Rule* and not an abuse of the court process;

(b) That an injunction is hereby issued preventing the Applicant, its assignees, agents, servants, related persons and all others acting under its instructions from importing or authorizing the importation and sale of 'PANE SUPER' or 'PANASUPER' batteries or any other batteries with marks and descriptions related to the Respondent's PANESUPER mark which are likely to bring rise

to further infringement claims by the Respondent until the determination of Civil Suit No. 0376 of 2020 or the determination of Civil Appeal No. 13 of 2016 whichever comes first;

(c) A summons for directions hearing be held within 30 days of the date of this Ruling to determine the progress of Civil Suit No. 0376 of 2020 and to guide the parties on the next step; and

(d) The costs of this application shall abide the result of the main suit.

1.3 This Application is for orders that:

(a) The Applicant be granted leave to appeal to the Court of Appeal against the whole decision of this Court in Miscellaneous Application No. 1108 of 2022;

(b) Proceedings in High Civil Suit No. 0376 of 2020 be stayed pending the determination of the Appeal; and

(c) Costs of this application be provided for.

1.4 The Application was supported by two affidavits deposed by Moses Muziki, an advocate practising with M/s Kirunda & Wasige Advocates and conversant with the facts of the Application. The affidavit in reply opposing the Application was deposed by Mike Okua, an advocate practising with M/s Okua & Associates; fully conversant with the facts pertaining to the Application.

1.5 The grounds of the Application are that:

(a) The Applicant was aggrieved by the Orders of this Honourable Court in Miscellaneous Application No. 1108 of 2021;

(b) The Applicant does not have a direct right of appeal against the decision of this Honourable Court;

(c) The Applicant intends to appeal to the Court of Appeal against the decision and orders of this Court;

(d) The Applicant's intended appeal raises substantial questions of law to be decided by the Appellate Court;

(e) The Application meets the requirements for stay of proceedings;

(f) The Applicant's intended appeal is highly meritorious with a likelihood of success; and

(g) The Applicant will suffer great injustice if the door of justice is closed against her.

1.6 The Respondent opposed the Application. The Affidavit in Reply contained twenty-seven (27) paragraphs and of which the following stood out:

(a) That the Applicant is a repeat infringer of the 'PANASUPER 'trademark which is validly registered in the Republic of Uganda;
(b) That the question of who is the rightful owner of the PANASUPER trademark was the subject of consolidated Civil Suits Nos. 102 of 2013 and 271 of 2013 between the parties herein;
(c) That in her judgement in the said consolidated suits, the trial judge held that the Plaintiff (Muse AF Enterprises Co. Ltd.) had registered the PANASUPER trademark fraudulently; and accordingly the Court ordered that the trade mark so fraudulently registered by the Applicant therein be struck off the register of trademarks;
(d) That the Applicant immediately preferred an appeal to the Court of Appeal against the decision of the trial Court in the consolidated suits vide Civil Appeal No. 13 of 2016 which appeal has not been heard to-date;
(e) That following the judgement of the trial court in the aforementioned consolidated civil suits, the Respondent applied for and was duly registered as the owner and holder of the PANASUPER trademark in respect of dry cell batteries as evidenced by the Certificate of Registration;
(f) That sometime in or about mid – 2017 the Applicant imported a consignment of dry cell batteries labelled PANESUPER which triggered the Respondent to file HCCS No. 900 of 2017 against the Applicant for passing off and infringement of the PANASUPER trademark;
(g) That following an incident of a fresh trademark infringement by the Applicant herein, the Respondent instituted HCCS No. 0376 of 2020 to protect its trademark from further infringement by the Applicant;
(h) That clearly from the foregoing, it is apparent that it is the persistent repeat infringements of the PANASUPER trademark by the Applicant which have triggered fresh suits (namely, HCCS No. 0900 of 2017 and HCCS No. 0376 of 2020) by the Respondent (as the trademark holder) against the repeat infringer (the Applicant);
(i) That I believe the real question and issue to be resolved between the Applicant and the Respondent is the already pending appeal before the

Court of Appeal vide Civil Appeal No. 13 of 2016 which is concerned with the ownership of the PANASUPER trademark

(j) That the technical legal objections of *lis pendens* rule, *res judicata,* abuse of process among others, were argued by the Parties and resolved by this Honourable Court in Miscellaneous Application No. 1108 of 2021, and what remains is to set down the suit for further progress;

(k) That the Respondent's lawyers have recently received fresh instructions to (i) commence contempt proceedings against the Applicant, and (ii) file a fresh suit against the Applicant for trademark infringement all because of disobedience of the Orders of this Court by the Applicant; and

(l) That unless the Orders of this Court in Miscellaneous Application No. 1108 of 2021 restraining the further infringement of the PANASUPER trademark are upheld, I verily believe that the Applicant shall wantonly continue their acts of infringement and passing off under the guise of pending appeal(s), to the detriment of the Respondent.

[2] REPRESENTATION AND HEARING

2.1 The Applicant was represented by M/s Kirunda, Wasige & Associates and the Respondent was represented by M/s Okua Associates.

2.2 The Parties were given schedules by court to file their pleadings and written submissions. The Court has relied on the pleadings and submissions in determining this matter.

[3] ISSUES

3.1 Whether the Applicant should be granted leave to appeal

3.2 What other remedies are available to the Parties?

[4] LAW APPLICABLE

4.1 The statute law that governs applications of this nature is found in the provisions of Section 98 of the Civil Procedure Act, Section 33 of the Judicature Act, Order 44 rule 1(2), (3) & (4) and Order 50 rules 1,2 & 3 of the Civil Procedure Rules as amended.

4.2 **Order 44 rule 1(2) of the CPR as amended** states that:

"*An appeal under these Rules shall not lie from any other order except with leave of the court making the order or of the court to which an appeal would lie if leave were given".*

[5] DETERMINATION

5.1 Whether the Applicant should be granted leave to appeal

In the case f **Sango Bay Estates Limited – vs – Dresdner Bank and the Attorney General [1971] EA 17,** Spry V.P stated the principle upon which an application for leave to appeal may be granted as follows:

> "*As I understand it, leave to appeal from an order in civil proceedings will normally be granted prima facie if it appears that there are grounds of appeal which merit judicial consideration…"*

Leave to appeal will be given where the court considers that the appeal would have prospects of success or there is some compelling reason why the appeal should be heard. In the case of **Swain vs Hillman [2001] 1 All ER 91,** Lord Woolf, MR noted that:

> "*That a real prospect of success means that the prospect for the success must be realistic rather than fanciful. The court considering a prospect for permission is not required to analyse whether the grounds of the proposed appeal will succeed, but merely whether there is a real prospect of success".*

The Applicant averred that the intended appeal raises substantial questions of law to be decided by the appellate court. The substantial questions of law pointed out by the Applicant were eight, key of which were:

(a) That the Learned trial judge erred in law and fact when she held that HCCS 0376 of 2020 did not offend the *lis pendens Rule;*
(b) That the learned trial judge erred in law and fact when she found that HCCS 0376 of 2020 was not *res judicata*;

(c) Whether the learned trial judge erred in law and fact when she fixed the summons for directions in HCCS 0376 of 2020 after it had abated.

In my considered opinion, ground (c) above is the most significant. A finding on whether HCCS 0376 of 2020 had abated or not would consequently have a direct result on the other technical issues raised by the Applicant on the *lis pendens* Rule, *r*es *judicata* and all the subsequent orders and directions made by this honourable court arising from the said civil suit. This now leads me to **Order 11A on Summons for Directions of the Civil Procedure (Amendment) Rules, 2019. Order 11A rule 1 (2)** states that:

> "*Where a suit has been instituted by way of a plaint, the plaintiff shall take out summons for direction within 28 days from the date of the last reply or rejoinder referred to in rule 18(5) of Order 8 of these Rules.*

Order 11A 1 (4) lays down the exceptions to Order 11A rule 1(2). It states that this rule applies to all actions instituted by way of a plaint, except –

(a) An action in which the plaintiff or counterclaimant has applied for a default judgment under Order XXXVI or where application for leave to file a defence under Order XXXVI is refused;
(b) An action in which the plaintiff or defendant has applied under Order VI rules 29 or 30 or Order XV rule 2 for determination of the suit on a point of law;
(c) An action in which an order for the taking of an account has been made under Order XX;
(d) An action in which the application for transfer to another division, court or tribunal has been made; or
(e) An action in which a matter has been referred for trial to an official refree or arbitrator.

What then happens when the Plaintiff does not take out summons for directions as instructed under Order 11A 1(2) and the exceptions laid out in Order 11A 1(4) do not apply? The answer lies in **Order 11A 1(6)** which states that:

"*If the plaintiff does not take out a summons for directions in accordance with sub rules* (2) or (6), the suit shall abate".

I will first address my mind to the provisions of **Order 11A rule 1 and sub rule (4)(d) and (e)** which my learned sister relied on amongst other reasons as gleaned from her ruling to arrive at the decision that HCCS 0376 of 2020 was not an abuse had not abated.

Order 11A 1(4)(d) applies where there has been an application to transfer the matter to another division (for instance from Land Division to Commercial Division), court (for instance from Chief Magistrates' Court in Entebbe to High Court – Commercial Division) or tribunal. The Respondent argued that the summons for directions could not be taken out in time because the file was being transferred from one judge to another. I doubt this is what was envisaged as an exception under this Order since the file was still in the same Division and summons for directions are handled by the learned registrar of the court regardless of which judge the file has been allocated to.

Order 11 1(4)(e) applies to instances where a matter has been referred for trial to an official referee (in this case a mediator) or arbitrator. The ruing of my learned sister does not indicate when the matter was referred for mediation and before which mediator. I took upon myself to formally ask the Registrar in charge of mediation to confirm whether this matter was ever the subject of mediation. I was informed that it was never referred to mediation.

In my view the Respondent failed both tests and now this brings me to the interpretation and application of Order 11A rule 1 and sub rule (6). Is the use of the word **"shall"** when it comes to interpretation of statues an imperative command, thereby indicating that certain actions are mandatory, and not

permissive? This contrasts with the word **"may,"** which is generally used to indicate a permissive provision, ordinarily implying some degree of discretion. In my considered opinion, unless the exceptions laid out in Order 11A rule 1 sub rule (4) apply to a plaintiff, filing of summons for directions as set out under Order 11A rule 1 sub rule (2) is mandatory and failing which, a suit abates.

The Black's Law Dictionary, 11th Edition at page 3 defines abatement (noun) as:

> "*The act of eliminating or nullifying. The suspension or defeat of a pending action for a reason unrelated to the merits of the claim".*

As rightly observed by learned counsel for the Applicant, which observation I associate with, this court has two different or conflicting decisions on the interpretation and application of Order 11A. These are the decisions of Hon. Mr. Justice Boniface Wamala in the case of **Carlton Douglas Kasirye versus Sheen Ahumuza Bagaine *a.k.a* Tasha, HCMA No. 0150 of 2000** and Hon. Mr. Justice Stephen Mubiru in the case of **Seruwu Jude versus Swangz Avenue Limited, Civil Appeal No. 0039 of 2021.** This is a matter that calls for judicial consideration by the Court of Appeal and perhaps it's about time the Court of Appeal helped put this matter to rest. Learned Counsel for the Applicant buttressed this observation by citing and relying on the case of **Kilama Tonny and Another versus Grace Perpetua Otim, Civil Appeal No. 13 of 2019** where Hon. Justice Stephen Mubiru held that:

> "*the test to be applied before leave to appeal is granted is whether the question of law or equity before the court is of sufficient difficulty or importance to warrant or require the decision of or consideration by the court. If the question raised be one in respect of which there is no authoritative decision, that would be a guide to the parties, then the circumstances favour granting leave".*

I therefore find that the interpretation and application of Order 11A rule 1 sub rules 4 and 6 is proper for guidance by the Court of Appeal. I accordingly grant

leave to the Applicant to appeal the Ruling of the learned trial judge in Miscellaneous Application No. 1108 of 2021.

Before I take leave of this issue, I would like to comment on the case of **Alley Route Ltd versus Uganda Development Bank Limited, HCT-00-CC-MA-634 of 2006** that was cited by learned counsel for the Applicant. The Hon. Justice Lameck N. Mukasa relying on the case of **The Commissioner General Uganda Revenue Authority versus Meera Investments Ltd. Miscellaneous Application No. 359 of 2006** held that:

> "*at this stage, court should refrain from considering matters which may in any way prejudge the issues which may rise at the appeal or amount to a review of its own ruling. So it is not open to this court to determine whether the intended appeal would succeed or not. If the applicant has raised arguable grounds of appeal and there are serious matters which merit consideration on appeal, and is not guilty of dilatory conduct then court should exercise its discretion and grant the applicant leave to appeal".*

With due respect, I beg to differ. As court, I find myself in a pickle where in this case the Applicant does not have an automatic right of appeal. One wonders whether court is expected to determine the application on a balance of convenience. I highly doubt that the role of court in matters such as these is perfunctory. There must be a reason as to why in matters such as these the right of appeal is not automatic. As such, the court is called upon to address its mind to the grounds of the application and decide whether to allow the application or not. I am confident that my opinion or views on the interpretation and or application of Order 11A shall in any way bias the Court of Appeal.

5.2 What other remedies are available to the Parties?

5.2.1 As rightly pointed out by learned counsel for the Respondent, the issue at hand is ownership of the PANASUPER trademark. This is the subject of Civil

Appeal No. 13 of 2016. Until this appeal is heard and determined, in law, the Respondent is the recognized and registered owner of the Trademark. Court therefore finds that it is improper, offensive and deplorable that the Applicant even after this court pronounced itself on the ownership of the trademark in consolidated civil suits number 102 of 2013 and 271 of 2013 and the Respondent proceeded to register it as its own, the Applicant continued to infringe and pass off the trademark.

Therefore, until the appeal against the ruling of this Court in Misc. Application 1108 OF 2021 of this court is filed, heard and determined, I hereby order that:

a) An injunction is hereby issued preventing the Applicant, its assignees, agents, servants and all persons acting under its instructions from importing or authorizing the importation and sale of PANE SUPER or PANASUPER batteries, or any other batteries with marks and descriptions related to the Respondent's PANASUPER trademark which are likely to bring rise to further passing off or infringement claims by the Respondent;
b) The proceedings in High Court Civil Suit No. 0376 of 2020 be stayed pending the determination of the Appeal; and
c) The Anton Piller Order issued vide *Misc. Application No. 0425 of 2020* and extended vide *Misc. Application No. 0573 of 2020* shall remain valid and enforceable.

5.2.2 Costs

It is a general rule that costs shall follow the event unless the court or judge shall for good reason otherwise order.

Section 27 (1) of the CPA states that:

> *"subject to such conditions and limitations as may be prescribed, and to the provisions of any law for the time being in force, the costs of and incident to all suits shall be in the discretion of the court or judge, and the court or judge shall have full power to determine by whom and out of what property and to what extent those costs are to be paid, and to give all necessary directions for the purposes aforesaid".*

Since this Applicant is challenging the being of HCCS 0376 of 2020 which shall form the grounds of the intended appeal against the Ruling of this Court in Misc. Application No. 1108 of 2021, the costs shall abide the outcome of the appeal.

Delivered electronically this 30 day of JUNE 2023 and uploaded on ECCMIS.

Harriet Grace MAGALA

Judge

30th June 2023