THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA AT FORT PORTAL

HCT - 01 - CV - MA - 0113 OF 2023

(ARISING FROM COURT OF APPEAL CIVIL APPEAL NO. ... OF 2023)

(ORIGINATING FROM HCT -01 - CV - CS - 0012 OF 2011)

8 VERSUS

BEFORE: HON. JUSTICE VINCENT WAGONA RULING

Introduction:

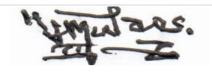
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This application was brought under Section 98 of the Civil Procedure Act, Section 33 of the Judicature Act, Orders 22 and 23, 51 rule 6 and 52 rules 1, 2 and 3 of the Civil Rules seeking an order of stay of execution of the decree in Civil Suit No. 0012 of 2011 pending the disposal of the appeal in the Court of Appeal and costs of taking out the application.

Grounds of the Application:

The application is supported by the affidavit of Mr. Batanda Paul, the Town Clerk of the Applicant who stated as follows:



- 1. That judgment was delivered in HCT 01 CV CS No. 12 of 2011 in favour of the Respondents by Hon. Justice Wilson Masalu Musene.
- 2. That a bill of costs was taxed, consented to by the parties and allowed at shs 300,000,000/= (Three Hundred Million Shillings). That the applicant agreed to a schedule of payment with the Respondent and had so far paid shs 92,000,000/= (Ninety-two Million Shillings).

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3. That the applicant being dissatisfied with the decision and orders of the judge filed a notice of appeal and an application for a certified record of proceedings and a certified copy of the proceedings and taxation ruling.

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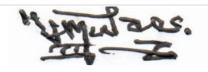
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4. That the applicant is in the process of lodging an appeal to the Court of Appeal since they had been availed a certified copy of the record of proceedings. That on the 30th day of November 2023, this honorable court issued to Kasuku Geofrey, a court bailiff, a warrant of attachment and sale of the applicant's movable properties.

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5. That on the 30th day of November 2023, the court bailiff wrote to the Applicant demanding that the applicant hands over the movable properties as listed in the schedule to the warrant.

6. That as such there is an imminent threat of execution as the warrant of attachment of movable property was advertised in the *Daily Monitor* Newspaper of 5th December 2023.



7. That the applicant has lodged an application for stay of execution which has higher chances of success. That the pending appeal in the Court of Appeal is meritorious and stands high chances of success.

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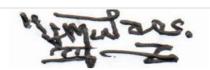
8. That the applicant shall suffer substantial loss if the application is denied. That the applicant is ready and willing to comply with the conditions set by court in granting the application. That it is in the interests of justice that the application was allowed.

Reply of the Respondent:

- In opposition, the Respondent contended as follows:
 - 1. That the application is incurably defective, bad in law, barred by law and the same should be dismissed. That the applicant consciously agreed on the bill of costs of shs 300,000,000/= and entered a consent dated 22nd February 2022 and partially paid a sum of shs 92,000,000/= and agreed to pay the balance in installments which they since defaulted.
 - 2. That subsequently, the applicant defaulted on the terms of the consent and a notice to show cause was issued on 18th January 2023 and the Deputy Registrar gave the applicants one month to pay all the arrears and none was paid; further verbal engagements were made with the applicant who subsequently failed to meet their obligations.

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- 3. That after the knowledge of the commenced execution, no effort was made by the applicant regarding their obligations. That the Ministry of Lands complied with the directions of the decree and issued a lease offer and what is pending is issuance of a title.
- 4. That the application was overtaken by events since the properties were already attached and are in custody of the bailiff as such there is nothing to stay. That the applicant is guilty of dilatory conduct in bringing this application since judgment was delivered four years back and the stay of execution had just been filed.
- 5. That there is no pending appeal and the applicant shall not suffer any prejudice if this application is denied. That the applicant has not brought the application in good faith and not furnished security for costs. That should court be inclined to grant a stay, the applicant should be ordered to deposit full payment of costs as security for costs and failure whereof, the bailiff should proceed to auction the properties attached.

Rejoinder by the Applicant:

In rejoinder, it was averred by Mr. Batanda Paul on behalf of the applicant that:

1. That the judgment in Civil Suit No. 12 of 2011 was delivered by Justice Masalu Musene on 30th September 2020. That the applicant lodged a notice of appeal and asked for certified copies of the proceedings. That the applicant was availed copies of the certified proceedings and is in the process of filing an appeal in the Court of Appeal. That there is a threat of execution of the

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decree to recover a sum of shs 208,000,000/= since a warrant of attachment and sale of movable property was issued on 30th/11/2023.

- 2. That the applicant is not bound by the consent since it was illegally signed by the Respondent's lawyer and the applicant's former town clerk. That upon realizing the anomaly, the applicant instructed the Attorney General's Chambers to appeal the decision to the Court of Appeal.
- 3. That the properties to be attached and sold to wit; garbage truck, a double Cabin Pick up Reg. No. LG 0010-116, office furniture and other equipments will adversely impact on service delivery by the applicant. That the truck attached is used to collect Garbage in the city and thus the execution if allowed would impact sanitation, education and health services in the city.
- 4. That the attachment itself is an illegality as against the applicant. That the pending appeal to the Court of Appeal has high chances of success and a stay is not granted, the same shall be rendered nugatory. That it is in the interests of justice that the application is granted.

20 Hearing and Representation:

Mr. Kawalya Ronald, a state Attorney in the Chambers of the Attorney General at Fort Portal appeared for the applicant while Mr. Robert Luleti of M/s Mugabe – Luleti & Co. Advocates appeared for the Respondents. Both counsel filed written submissions which I have duly considered herein.

Issues:

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All the issues raised by learned counsel for the applicant can be competently resolved in my view under the following issues:

- 1. Whether the current application is proper before this Court.
 - 2. Whether an order of stay of execution of the decree in Civil Suit No. 0012 of 2011 should be granted.
 - 3. Remedies available.

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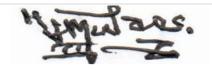
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Submissions for the Applicant:

The conditions for stay of execution are set out under Order 54 rule 4 (3) of the Civil Procedure Rules and were further espoused in the case of Lawrence MusiitwaKyazze v Eunice Businge, SCCA No. 18 of 1990. The same were further elaborated in Hon Theodore Ssekikubo and Ors v The Attorney General and Ors, Constitutional Application No. 3 of 2014, where court observed that: "The applicant must prove that he lodged a notice of appeal; that substantial loss may result to the applicant unless the stay of execution is not granted." This ground is satisfied by the applicant since they lodged a notice of appeal which is an expression to appeal and duly served the same. This ground should be resolved in the affirmative.

The applicant shall suffer substantial loss if the application is not granted. The expression substantial loss was defined by Ogola J (as he then was) in **Tropical**Commodities supplies Ltd & 2 others v International Credit Bank Ltd (in Liquidation [2004] 2 E.A 331 where he observed that the phrase substantial loss



does not represent any particular amount or size. It cannot be quantified by any particular mathematical formula. It refers to any loss great or small of real worth or value as distinguished from a loss that is merely nominal.

In this case the learned trial judge issued orders inter-alia, that the houses in dispute belonged to Ministry of Housing and Urban Development and the plots in the estate were already occupied by the plaintiffs and since none consented to the plots in issue being included on the defendant's title, the same was fraudulently acquired and ordered for cancellation.

The applicant was not entitled to demand any rent from the plaintiffs and divested the houses in issue to the plaintiff plus a permanent injunction. The learned trial judge also granted costs which were taxed and allowed at shs 300,000,000/=. The Respondent has commenced execution of the decree to recover costs and secured a warrant of attachment and sale of movable property of the applicant which will have serious implications on the cash flows of the applicant and to the tax payers as it will affect service delivery.

If the application is not granted, the pending appeal would be rendered nugatory and the denial would cause more hardship than it would avoid. In **Kyambogo University v Prof. Isiah OmoloNdiege, C.A No. 341 of 2013** it was emphasized that the applicant must demonstrate that the pending appeal shall be rendered nugatory and that there is imminent threat of execution. There is a serious threat of execution since a warrant of attachment and sale of the Applicant's property was already issued on 30th December 2023 and advertised on 5th December 2023 and the sale was slated to take place on 20th December 2023.



The general rule as expounded in **National Enterprise Corporation v Mukisa Foods, Misc. Application No. 7 of 1998** is that court has power in its discretion to grant a stay where it appears to be equitable to do so with a view to temporarily preserving the status quo. It is fair and equitable to grant a stay to preserve the subject matter involved.

The items to be attached include two government vehicles and office furniture which will stifle the activities of the applicant. As such there is a glaring injustice calling for a stay until the appeal is determined. The execution is itself illegal and court could not sanction an illegality (see: Makula International Ltd v Cardinal Nsubuga Wamala [1982] HCB 24).

The application was brought without inordinate delay since execution arose on 30th November 2023 when the Respondents issued a warrant of attachment and sale of movable property and further advertised the properties for sale on 5th December 2023. The application for stay was filed on 14th December 2023 thus it was brought without inordinate delay.

The pending appeal has high chances of success. The same is not frivolous and vexatious (see: Gapco Uganda Ltd v Kaweesa&Anor, MA No. 259 of 2013). At this stage it is not necessary to delve into the merits of the case. As such it is just and equitable that an interim stay of execution is granted.

Submissions for the Respondent:

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As a point of law, the current application ought to have been heard by the Court of Appeal and not this Court. The application originates from an appeal in the Court of Appeal and thus should have been filed in the Court of Appeal. The error is not curable under article 126 (2) (e) of the Constitution.

Without prejudice to the point of law, the grounds for stay include; (a) that substantial loss may result to the applicant unless the stay of execution is granted, (b) that the application has not been made with inordinate delay, (c) that the applicant has given security for due performance of the decree or order as may ultimately be binding upon him, (d) that the applicant should have lodged a notice of appeal (e) that there is serious threat of execution, (f) that the application is not frivolous and has a likelihood of success and the refusal to grant a stay would inflict more hardship than it would avoid. (See: Hon. Theodore Ssekikubo& others v A.G & ors, Constitution Application No. 03 of 2014 and Kyambogo University v Prof. Isaiah Omolo Ndiege, CA No. 342 of 2013).

In this case there is no appeal and no civil appeal number is indicated in the application. Even if a notice of appeal was lodged, the same does not exist in perpetuity, the applicant has not taken any effort to have the same prosecuted. Thus there is no appeal to talk about. The current application was maliciously filed since the costs sought to be executed arose from a consent between the parties. In addition, the decree that the applicant seeks to stay was implemented by Ministry of Lands that issued lease offers to the Respondents. As such this application has no merit and was brought with inordinate delay.

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The applicant shall not suffer substantial loss if the application for stay is not granted. This is because the applicant willfully entered into the consent on costs and went

ahead to partially pay a sum of shs 92,000,000/= to the Respondents. The notice to show cause was prompted by the applicant's failure to honor their obligations under the consent. The applicant in the supporting affidavit failed to show substantial loss that is likely to be suffered in the event a stay is not granted.

The applicant has not provided security for due performance of the decree as provided for under Order 43 rule 4 (3) of the Civil Procedure Rules. This is secured by provision of security for costs and this has not been availed. The court should dismiss the application with costs to the Respondent.

DECISION:

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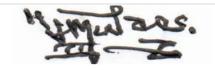
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12 <u>Issue No. 1: Whether the current application is proper before this Court:</u>

It was contended by learned counsel for the applicant that since this application arises from an appeal pending in the Court of Appeal the same ought to have been filed and heard by the Court of Appeal. That as such the same was improper before this Court.

Rule 42 (2) of the Judicature (Court of Appeal Rules) Directions (herein after referred to as the 'court of appeal rules' provides that: Whenever an application may be made either in the court or in the High Court, it shall be made first in the High Court. Rule 2(2) adds that; Nothing in these Rules shall be taken to limit or otherwise affect the inherent power of the court, or the High Court, to make such orders as may be necessary for attaining the ends of justice or to prevent abuse of the process of any such court, and that power shall extend to setting aside judgments



which have been proved null and void after they have been passed, and shall be exercised to prevent abuse of the process of any court caused by delay.

The question whether or not the High Court has the jurisdiction to handle a stay of 4 execution pending an appeal in the Court of Appeal was exhaustively considered by Kakuru (JCA) (RIP) in P.K Sengendo v Busulwa Lawrence & Anor, C.A Civil Application No. 207 of 2014 where he observed thus: An application for stay of execution pending appeal to this court must first be filed in the High Court. It is 8 only when the High Court refuses to grant the stay or where it doubts its jurisdiction or where the disposal of such an application in the High Court would entail substantial delay that an application would be brought first in this court. For this court to entertain such an application, the applicant must satisfy court 12 that rendered special circumstances exist. Those circumstances were set out in the case of Lawrence Musiitwa Kyazze vs Eunice Businghye (Supra). That is where the High Court refuses to accept jurisdiction, where there is great delay in the disposal of the application at the High Court, where there are other special and 16 rare circumstances and it is in the interest of justice to do so.

Therefore the High Court is the Court of first instance as regards applications for stay of orders of decree appealed against in the Court of Appeal. Thus this application is competently before this court and the objection by Mr. Luleti is overruled.

Issue No. 2: Whether an order of stay of execution of the decree in civil suit no. 0012 of 2011 should be granted:



Stay by High Court.

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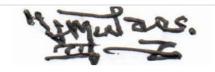
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- 4 (1) An appeal to the High Court shall not operate as a stay of proceedings under a decree or order appealed from except so far as the High Court may order, nor shall execution of a decree be stayed by reason only of an appeal having been preferred from the decree; but the High Court may for sufficient cause order stay of execution of the decree.
 - (2) Where an application is made for stay of execution of an appealable decree before the expiration of the time allowed for appealing from the decree, the court which passed the decree may on sufficient cause being shown order the execution to be stayed.
 - (3) No order for stay of execution shall be made under sub rule (1) or (2) of this rule unless the court making it is satisfied—
 - (a) that substantial loss may result to the party applying for stay of execution unless the order is made;
 - (b) that the application has been made without unreasonable delay; and
 - (c) that security has been given by the applicant for the due performance of the decree or order as may ultimately be binding upon him or her.

In Lawrence Musiitwa Kyazze - Vs - Eunice Busingye, SC. Civil Application No. 18of 1990, it was stated that "Parties asking for a stay" should satisfy the following:

- $\lq\lq(1)$ That substantial loss may result to the applicant unless the order is made.
- (2) That the application has been made without unreasonable delay.



- (3) That the applicant has given security for due performance of the decree or order as may ultimately be binding upon him."
- The Supreme Court in **Dr. Ahmed Muhammed Kisule Vs. Greenland Bank (in Liquidation), Supreme Court Civil Application No. 7 of 2010,** stated that there must be proof of lodgment of an appeal in the appellate court. In the case of the Supreme Court, the applicant should have lodged a notice of appeal in the Court of Appeal.

In **Kyambogo University Vs. Prof. Isiah Omolo Ndiege, C.A.C.A No. 341 of 2013**Justice Kakuru observed that in an application for stay the applicant must prove in addition to other grounds; (a) That there is a serious and imminent threat of execution of the decree or order and (b) That refusal to grant the stay would inflict greater hardship than it would avoid.

I will be guided by the above principles in determining this application.

(i) Proof of lodgment of an appeal:

Rule 76 (1), (2) and (3) of the Judicature (Court of Appeal Rules) Direction provides thus:

Notice of appeal in civil appeals.

(1) Any person who desires to appeal to the court shall give notice in writing, which shall be lodged in duplicate with the registrar of the High Court.



- (2) Every notice under sub rule (1) of this rule shall, subject to rules 83 and 95 of these Rules, be lodged within fourteen days after the date of the decision against which it is desired to appeal.
- 4 (3) Every notice of appeal shall state whether it is intended to appeal against the whole or part only of the decision; and where it is intended to appeal against a part only of the decision, it shall specify the part complained of, state the address for service of the appellant and state the names and addresses of all persons intended to be served with copies of the notice.

Therefore an appeal against a decision of the High Court to the Court of Appeal is commenced by way of a notice of appeal. Once a party lodges a notice of appeal within 14 days from the date of the decision, an appeal is deemed to have been competently filed in the Court of Appeal. What follows thereafter are procedures to progress the appeal already lodged. 'A notice of appeal is a sufficient expression of an intention to file an appeal and that such an action is sufficient to found the basis for grant of orders of stay in appropriate cases' (See: Attorney General of the Republic of Uganda versus The East African Law Society & Another EACA Application No.1 of 2013, cited with approval in Equity Bank Uganda Ltd versus Nicholas Were M.A No.604 of 2013).

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In the present case, the applicant lodged a notice of appeal on 13th October 2020 against the decision of His Lordship Justice Masalu Musene (RIP) delivered on 30th September 2020. The notice was lodged within 14 days from the date of the judgment. The notice was endorsed by the Registrar on 14th October 2020 and served upon counsel for the Respondent. I find that there is a pending appeal lodged against the decision of this Court in the Court of Appeal.

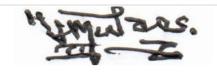


(ii) Substantial loss may result to the applicant unless the order is made:

In Tropical Commodities Suppliers Ltd 2 Others –Vs - International Credit Bank Ltd (In Liquidation), Misc. Application No. 379 of 2003, the term 'substantial loss' for purposes of stay of execution was described thus: "Hence, the question needs to be asked as to what in law constitutes "substantial loss". In my view, substantial loss need not be determined by a mathematical formula whose computation yields any particular amount. Indeed, Jowitt's Dictionary of English Law (2'Edn.) Vol. 2, p. 1713, carefully defines the analogous concept of "substantial damages" as: "damages which represent actual loss, whether great or small, as opposed to nominal damages."

The applicant has pointed out that the items that the Respondent seeks to attach to wit; Lorry Tipper, Double Cabin Pick-up, tables, chairs, printers and file cabins will not only cause loss to the applicant but also inconvenience service delivery. Further that if execution is not stayed, the pending appeal shall be rendered nugatory. On the other hand the respondent asserts that the execution results from a consent on the bill which was willingly entered into with the applicant. That as such no loss shall be suffered.

Substantial loss is any loss or substantial inconvenience that a party may be subjected to. In this case in the warrant of attachment and sale in execution of the decree in Civil Suit No. 12 of 2011, the Respondent sought to sale; lorry Tipper, Reg. No. LG 003-116, Double Cabin No. LG 0010-116, twenty office table, 50 chairs, five printers and fifteen file cabins. These items clearly are central to the



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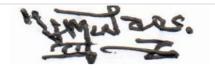
operations and service delivery that the applicant is statutorily mandated to extend to the population. This implies that if execution is allowed to proceed, most offices of the applicant would not operate due to a lack of furniture and equipment; while sanitation services necessary for waste disposal and other services necessary to maintain generally accepted standards of public health within the city would be greatly hampered as the only truck used for garbage removal and disposal within the city would be no more. I find this to be sufficient proof of substantial loss made out on behalf of the applicant. This requirement is thus satisfied.

(iii) Serious and imminent threat of execution of the decree or order:

In this case, there is a warrant of attachment and sale of essential items which are central to the service delivery operations of the applicant. The bailiff had attached motor vehicle Reg. No. LG 0010-116 Double Cabin Ford and court directed that it is parked at police pending the determination of this application. Therefore the threat in this case is real and in motion. I find that the threat of execution in the current suit is imminent and unless stayed, the respondent will go ahead and execute. This ground is therefore proved.

(iv) That the application has been made without unreasonable delay:

The applicant filed the application for stay of execution immediately execution was commenced and the said fact is not disputed by the Respondent. Although the bill may have been taxed 4 years back, a stay could not be filed since there were no steps taken by the respondent to execute the decree of Court. A stay is only filed after the decree holder/ judgment creditor channels efforts to commence execution. The



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current application was filed without unreasonable delay, immediately after execution was commenced as such there was no inordinate delay in filing the application at hand.

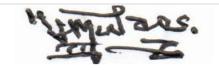
- (v) That the applicant has given security for due performance of the decree or order:
- 8 Order 43 rule 4 (3) (c) of the Civil Procedure rules makes it a requirement that a party who is desirous of securing a stay must be willing to deposit in court security for due performance of the decree.
- In Shem Mpanga Mukasa & Anor Vs. Kizza Clessy Barya, Misc. Application 12 **No. 479 of 2021** the Hon. Lady Justice Nkonge Rugadya stated thus: "The payment of security for costs is intended to operate as a shield against the filing of frivolous and vexatious appeals which may never succeed yet have an effect in escalating trial costs." In Misc. Application No. 105 of 2020, Kisaalu Joseph & 10 others Vs. 16 Nakintu May & Anor, the Hon. Lady Justice Victoria Nakintu Nkwanga Katamba added thus: "The condition requiring an applicant to deposit security for due performance is established under Order 43 Rule 4 (3(c). Security for due performance has been interpreted to mean the entire decretal sum and itis intended 20 to protect the judgment creditor in the event that the appeal is unsuccessful". The Learned Judge further stated that: "Courts though have been reluctant to order security for due performance of the decree. Rather Courts have been keen to order security for Costs (see Tropical Commodities Supplies Ltd and 24 others v. International Credit Bank Ltd (in liquidation) [2004] 2 EA 331and DFCU Bank Ltd v. Dr. Ann Persis Nakate Lussejere, C. A Civil Appeal No.29 of 2003),



because the requirement and insistence on a practice that mandates security for the entire decretal amount is likely to stifle appeals." Security for costs or due performance of the decree operates as an insurance cover that is meant to indemnify the judgment debtor in the event the appeal fails without recourse to vigorous processes of recovering such costs. In Amon Bazira Vs. Maurice Pater Kagimu, Land Division Misc. Application No. 1138 of 2016, the Hon. Justice Henry I. Kawesa stated as follows: "It has been trite that due performance of the decree can only be secured by the provision of security for costs. This position was not altered in anyway by the Supreme Court decision of Lawrence Musiitwa Kyazze versus Eunice Busingye SCA No.18/1990.

The court may in deserving cases order a stay without payment of security for costs if it will frustrate the Applicant's right to prosecute his or her appeal while at ease or where a party is indigent or a pauper as provided for in the Civil Procedure rules. The requirement to deposit security for cost should not be used as a punishment to the Applicant or used as a mechanism to frustrate his appeal by ordering security for costs which the applicant may not be able to pay. Court must make an independent assessment of the facts and the parties before it prior to ordering for security for costs. (See: The New Vision Publishing Corporation & 2 others Vs. Peter Kaggwa, HCMA 127 of 2006).

In this case the applicant is a Local Government, a corporation sole established under the Local Governments Act Cap 243, Section 6 (1) as being a body corporate with perpetual succession and a common seal, and may sue or be sued in its corporate name. It is a Government entity in this case represented by Government legal representatives, the Attorney General.



Order43 rule 6 of the Civil Procedure Rules, is to the effect that no security is required from Government and states as follows: "No such security as is mentioned in rules 4 and 5 of this Order shall be required from the Government or where the Government has undertaken the defence of the suit or from any public officer sued in respect of an act alleged to be done by him or her in his or her official capacity."

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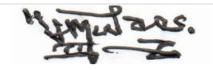
The applicant in the present case is a statutory body whose resource envelop is derived from a prior budget and budgetary allocation from the Central Government with specific budget lines. There is no evidence that the applicant has a budget line from which to charge to enable the payment of security for costs. Therefore ordering the applicant to deposit security for costs would in a way put the applicant in a situation where the applicant is fails to raise the said money and create a clear path for the respondent to proceed with execution to the detriment of the applicant and the public that the applicant is meant to serve.

Therefore, it is my considered view that after the conclusion of the appeal, the applicant has capacity to mobilize any awards and the costs through the budgeting process to satisfy any accrued obligations towards the respondent. I shall thus not order any security for costs.

Consequently, this application succeeds with the following orders:

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1. That an order doth issue staying the execution of the decrees and orders in HCT-01-CV-CS-0012 of 2011, Mali John and 14 others – versus



- Fort Portal Municipal Council pending the determination of the appeal arising there-from in the Court of Appeal.
- 2. That an order doth issue staying the execution of the Warrant of Attachment and Sale of Movable Property in execution issued on 30^{th} November 2023 in HCT 01 CV CS 0012 of 2011.
- 3. That in the interests of continued service delivery by the applicant, the Police is hereby ordered to immediately hand over to the applicant's Town Clerk, motor vehicle Reg. No. LG 0010-116 Pick-up Double Cabin that is presently packed at Fort-portal Central Police Station.
- 4. That the applicant is directed to immediately take all the necessary practical steps leading to the expeditious disposal of the appeal.
- 5. That the costs of this Application shall abide the outcome of the appeal in the Court of Appeal.

It is so ordered.

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Mindows.

Vincent Wagona

High Court Judge

FORT-PORTAL

DATE: 30/01/2024

