THE REPUBLIC OF UGANDA IN THE HIGH COURT OF UGANDA AT KAMPALA

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(CIVIL DIVISION)

MISCELLANEOUS CAUSE No. 234 OF 2019

[ARISING OUT OF MISCELLANEOUS CAUSE NO. 176 OF 2018]

VERSUS

BEFORE: HON. MR. JUSTICE BASHAIJA K. ANDREW RULING:

The Applicant brought this application under Section 98 of the Civil Procedure Act Cap. 71; Order 9 rule 23 (1) and (2); and Order 42 rules 1, 2 and 3 of the Civil Procedure Rules SI 71-1; seeking orders that the dismissal of Miscellaneous Cause No. 176 of 2018 be set aside and the aforesaid Miscellaneous Cause be reinstated; and costs of this application are provided for.

The grounds of the application are contained in the affidavit in support by Mr. Michael Mafabi, a lawyer for the Applicant, but are briefly that he was at all material times counsel in conduct of Miscellaneous Cause No. 176 of 2018 and t conversant with the facts pertaining to this matter and he deposes this affidavit in that

capacity with due authorization of the Applicant Company. That in July 2018 through the law firm of M/s. Enoth Mugabi Advocates, the Respondent herein, issued a statutory demand dated 11th July 2018 against the Applicant. (A copy of the statutory demand is attached as Annexture "B"). That pursuant to the provisions of the relevant law, the Applicant filed Miscellaneous Cause No. 176 of 2018 between Tourvest WWL Limited vs. Cameron Grant Macleay, to set aside the said statutory demand. That the application was filed in court on 25th July 2018 and was numbered Miscellaneous Cause No. 176 of 2018 (A copy of the application is Annexture "B"). That upon filing the Miscellaneous Cause, as a law firm they courteously wrote a letter to M/s. Enoth Mugabi Advocates & Solicitors, the retained lawyers of the Respondent to the application to inform them about the fact of filing the application to set aside the Applicant's statutory demand issued against the Respondent. (A copy of the letter duly received by the Advocates is Annexture "C"). That after the application had been filed, through their law clerks they made routine follow up to have the application endorsed and fixed for hearing to enable them serve the Respondent.

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That on 30th October 2018, they took further steps by writing to the Registrar (with a copy to the firm of M/s. Enoth Mugabi Advocates) requesting a fixture of the application to enable them serve the application on the Respondent. (A copy of the letter is Annexture "D"). That he was then informed by Mr. John Ssozi Kikomeko, a litigation clerk and process server in their firm, that at the time and for some strange reason, the file could neither be traced in the Court Case Administration System (CCAS) nor in the physical Miscellaneous Cause Book in the Registry. Further, that he was informed by the said Mr. John Ssozi Kikomeko, that according to the CCAS System, the file bearing the particulars as Miscellaneous Cause No. 176 of 2018 instead had parties as Nelson Boaz Akampurira vs. Makerere University Kampala.

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That on 7th November 2018, they were served with an affidavit in reply to Miscellaneous Cause No. 176 of 2018 deposed by Jimmy Muyanja responding to the application. (A copy of the reply is Annexture "E"). That through their litigations clerks, they continued to make routine follow up for a fixture of the application and to establish the whereabouts and status of the Applicant's application

before they could raise any issue or queries with the court as to what was happening to the whereabouts of the Applicant's application and physical file. That he was informed by their said litigation clerk and process server in our firm that at the end of February 2019, it was confirmed to him by the Registry staff that the Applicant's file Miscellaneous Cause No. 176 of 2018 with *Tourvest WWL Limited vs. Cameron Grant Macleay* as parties, could neither be traced in the CCAS nor in the Miscellaneous Cause Register book, in the application Register book and in the allocation Register book.

That in an effort to thoroughly search and establish the whereabouts of the Applicant's application, he personally paid a courtesy visit to the court Registry on 14th March 2019 and he established that the physical file could not be traced at all because there was none and to date there is no record in the CCAS of Miscellaneous Cause No. 176 of 2018 with *Tourvest WWL Limited vs. Cameron Grant Macleay* as parties. That he insisted that the Registry staff should manually cross-check with each clerk attached to a Judge at the Division and he personally moved with a one

Shamim Namaganda (a Court Clerk) to each clerk in the court and after much searching, they eventually discovered that without any record or trace of a record of the file, the same was before the Honourable Mr. Justice Dr. Andrew Bashaija. Further, that he shockingly discovered that the Applicant's application was, without our notice, was fixed for hearing on 5th December 2018 and subsequently on 25th February 2019 it was dismissed with costs for want of prosecution. (A copy of the order is Annexture "F"). That he has had the opportunity to peruse the court record wherein the Respondent's Counsel, Mr. Enoth Mugabi informed court, inter alia, that the Applicant is not interested in their application. That the aforesaid submission was made in bad faith and is therefore not true as it was a misrepresentation considering that as a law firm, they have in the past, on instructions of the Applicant, been keen on following up this matter and other matters in which they have been involved with Mr. Mugabi and his client.

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That it is baffling that counsel for the Respondent did not even have the courtesy and/or professional ethic to notify them of the application having been fixed for hearing when they at all material time knew the whereabouts of the Applicant's file and obtained dates for hearing from the court, but did not bother to notify or serve them with notice as required by law. That at no time were they ever notified or did they come across their application as having been fixe for hearing on 5th December 2019. That he has also established that on 5th December 2019 and 25th February 2019 when the application came up, none of them was cause-listed before any Judge attached to the court. (Copies of cause lists are attached as Annextures "G1" and "G2"). That in a surprise turn of events, he also discovered that the CCAS now displays taxation case No. 033 of 2019 which taxation proceedings arising out of the Applicant's Miscellaneous Cause No. 176 of 2018: Tourvest WWL Limited vs. Cameron Grant Macleay) that has never been displayed in the CCAS system. That to the prejudice of the Applicant, the Respondent has now filed a bill of costs in excess of UGX. 25,000,000 having benefited from the dismissal of the Applicant's application. (copy of the bill of costs is Annexture "H").

That on 15th March 2019, on the instructions of the Applicant, a complaint was lodged with the court narrating the circumstances

that led to dismissal of the Applicant's application. (A copy of the complaint is Annexture "I"). That as a law firm acting for the Applicant that they were prevented from attending court on the 5th December 2018 and 25th February 2019 by sufficient cause as demonstrated above. That given the history of this matter and indeed the conduct of the Respondent and/or his counsel, it is clear that there has been a deliberate attempt by the Respondent to take advantage of the court's failed system and/or process to benefit from a process wherein the Applicant is being shut out of its honest right to be heard. That based on the order of dismissal of Miscellaneous Cause No. 176 of 2018, the Respondent has now filed a Creditors' petition for bankruptcy in the Commercial Court seeking to liquidate the Applicant on account that the Applicant has not complied with the statutory demand upon which Miscellaneous Cause No. 176 of 2018 is premised. (A copy of the Respondent's petition is Annexture *"J"*).

That the above actions of the Respondent are prejudicial to the Applicant and likely to result in irreparable loss should the Applicant be liquidated in a manner resulting from a process

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occasioned by an injustice to the Applicant. That to the best of his knowledge, the Applicant has always been and is still interested in pursuing its application to set aside the Respondent statutory demand issued and that Miscellaneous Cause No. 176 of 2018 raises serious questions for determination by the court which relates to liability of the Applicant to the Respondent in terms of the statutory demand issued. That Miscellaneous Cause No. 176 of 2018 has a high likelihood of success. That by virtue of his legal training, he knows that this court has inherent power to determine this application given that all the factual narrative above happened within the division and at no fault of the Applicant and that the Applicant has filed this application without undue delay. That the interests of justice dictate that Miscellaneous Cause No. 176 of 2018 is reinstated and disposed of in accordance with the law and on its own merits.

In reply, Cameron Grant Mcleay, the Respondent, swore an affidavit in reply and states that on 11th July 2018 he issued a *statutory demand*, and not the abridged version not bearing a receipt stamp attached at paragraph2 of Michael Mafabi's affidavit. (*Attached*

"SD1"). That under the statutory demand, the Respondent owes a sum of US\$250, 000 plus interest thereon of 12% per annum, still outstanding and unpaid since 12th August 2013.

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Neil Renwick also swore a supplementary affidavit and stated that he is an adult of South African National and a Director in the Applicant Company, and knowledgeable and conversant with the facts pertaining to this matter and deposed this affidavit in that capacity with due authorization of the Applicant Company. That he has read the contents of Miscellaneous Application No. 234 of 2019 together with the supporting affidavit of Michael Mafabi Michael who was at the material time their instructed counsel in the conduct of Miscellaneous Cause No. 176 of 2018. That the said Mafabi Michael is and was at the material time duly authorized to depone affidavits in this application and other matters related to this matter since he possesses full knowledge of the facts of the matter. That he wishes to supplement the matters and facts deponed by was at the material time Mafabi Michael as hereunder.

That the Applicant's application has merit and that the Respondent has orchestrated and began to engage in a spurious scheme to disrupt the Applicant's business by filing several frivolous claims against the Applicant in bad faith with the hope that the courts in Uganda will not have a chance to determine matters on their merits. That he wishes to categorically state that the Applicant is still interested and is keen to have a full determination on the merits of its Miscellaneous Cause No. 176 of 2018 on the merits. That the Respondent is neither a director, shareholder nor creditor of the Applicant Company. (Copies of the Respondent and the transfer of shares and the notification of change of directorship are attached and marked "A1", "A2", and "A3").

That the Respondent is fully aware that he, in his individual capacity, has never lent any money to the Applicant and does not therefore have any locus to issue a statutory demand against the Applicant. That it is only fair and just that Miscellaneous Cause No. 176 of 2018 ought to be heard on the merits since the alleged debt, which is the basis of the statutory demand is disputed. That the debt owed by Wild Waters Lodge Limited to Housing Finance Bank was fully settled. That following this, the shareholders agreed to split that liability and make it an equity loan with 60% to the

majority shareholder and 40% to the minority shareholders in the Applicant Company. (A copy of a special resolution is attached and marked as "A4"). That in any event, none of the shareholders has made a demand pertaining to the equity loans because the payment date was left undetermined and therefore the same are not yet due and immediate payable. That none of the shareholders entitled to the equity loans has been paid with regards to these specific debts.

That in any event, this obligation to the minority shareholders is at best a contingent and or prospective liability because any commitment by the Applicant Company to settle the same is dependent on fulfilment of certain obligations detailed in several correspondences between the parties. (Copies of these correspondences are marked "A5").

That the Respondent's statutory demand which is the basis of Miscellaneous Cause No. 176 of 2018 is tainted with falsehoods and riddled with fraudulent claims being made by an individual who is not shareholder, creditor or director of the Applicant. The demand is made in bad faith and is purely aimed at inducing the payment of a debt which the Respondent is not entitled. (Copies of email

correspondences are marked "A6"). That the statutory demand which is the basis of Miscellaneous Cause No. 176 of 2018 is incompetent, frivolous and vexatious to the extent that the Applicant is solvent and is very capable of paying all its debts to the proper and rightful creditors as and when they fall due.

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That as averred by Mafabi Michael in paragraph 27 of his supporting affidavit, the above actions of the Respondent are prejudicial to the Applicant and shall result in irreparable loss should the Applicant be liquidated under a bankruptcy petition filed by the Respondent in the Commercial Court resulting from the dismissal of Miscellaneous Cause No. 176 of 2018. That the proceedings in the Commercial Court by which the Respondent purports to seek remedies in bankruptcy would substantially injure the good-will of the Applicant Company if the dismissal of Miscellaneous Cause No. 176 of 2018 is not reinstated. That neither the Applicant's nor its instructed lawyers on record were ever served with notice of the hearing on 25th February 2019 in accordance with the law. That the interests of just and fairness

dictate that this Miscellaneous Cause No. 176 of 2018 is reinstated and disposed of in accordance with the law and on its own merits.

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In reply to paragraphs 3 to 15 of Michael Mafabi's affidavit, it is stated that the Respondent was notified by Respondent's 26th July 2018 (Annexture "C") letter that Miscellaneous Cause No. 176 of 2018 had been filed in the High Court Civil Division. That it was incumbent upon the Respondent to send notice that Miscellaneous Cause No. 176 of 2018, was a prejudicial stay of the statutory demand until the application had been determined and that the print-out of the Cover Page Case Citation No. HCT-00-CV-MC-0176-201 on the 7/25/2018 4:49PM. http://judccas/ccas/coversheet.php? currnt case id 002201808589, is only undertaken after the Applicant compiled with a due process of filing and recording a file, after satisfying the Registry staff, that all pre-filing procedures have ben complied with and also that on 12th September 2018 during the hearing of MC 132 of 2018 Tourvest WWL Limited vs. Cameron Grant Macleay, Michael Mafabi informed his Advocates MC No. 176 of 2018 was before Hon. Dr. Justice Bashaija K. Andrew. That on 17th October 2018, Counsel Enoth Mugabi after follow-up, discovered

MC No. 176 of 2018 has been sanctioned by the court Registrar on 26th July, 2018 and was fixed for hearing on 5th December 2018 and that Counsel Enoth Mugabi requested to receive a copy of the pleadings and signed confirming receipt of MC No. 176 of 2018 under the supervision of the clerk to the Trial Judge. That the Applicant's representative who filed the 30th October 2018 letter, must have noted that, MC No. 176 of 2018 had been sanctioned by the court Registrar and fixed for hearing on 5th December 2018. That the Applicants' Counsel Michael Mafabi was aware before whom which court had been allocated MC No. 176 of 2018. That it is reckless to claim that MC No. 176 of 2018 would not be traced in the register of the CCAS System.

That On 7th November 2018, the Applicant was served with the Respondent's affidavit in reply to MC No. 176 of 2018. That on the 30th November 2018, whilst, attending the Applicant's Annual General Meeting, he informed their Directors and Company Secretary that MC No. 176 of 2018 would be heard on 5th December 2018. That no proof has been furnished to substantiate the allegations "without any record or trace of a record of the file"; which

are intended to scandalize. The integrity of the CCAS System which generated the Court Case File Cover. The integrity of the Registrar's office, which sanctioned and allocated the MC No. 176 of 2018 based on the CCAS File Cover which indicated that the matter had been duly registered. The integrity of the chambers of the Learned Trial Judge, Hon. Dr. Justice Bashaija K. Andrew where MC No. 176 of 2018, was after due allocation of MC No. 176 of 2018, heard and determined the Application.

That he believes that since he had informed the Applicant's Directors and Company Secretary of the MC No. 176 of 2018, hearing date, their unwise absence can only be traced to the self-proclaimed stay of liquidation process, merely be filing the setting aside application.

That it is true, that Applicant was never interested in pursuing MC No. 176 of 2018 as pointed out by his Advocates and that the current application is pursued by Michael Mafabi who is not the Applicant, who has not proved which Applicant's Director authorized or informed him to depose the affidavit. That Michael Mafabi admits negligence by assigning counsel duties to supervise

the case file to the clerks. That he made the Applicant aware of the hearing of MC No. 176 of 2018 at our AGM o 30th November 2018. (Attached is a CD "SD4" and Transcript marked "SD5". That on the 18th April 2019, while he attended to a complaint raised by the Applicant's Advocates, he learnt and he states that, there was no record of follow-up made by the instructed Advocate to the letter of the 30th October 2018 with the Registrar of Court. (*Complaint marked as "SD2" and response thereto marked "SD3"*). That it was the Applicant's obligation to be vigilant and pursue MC No. 176 of 2018 which they did not do.

That neither him nor his Advocate control the CCAs System, and that the presence of Taxation No. 033 of 2019, is clear manifestation of the CCAS integrity and error-free status. Also that the allegation that there is an error in the CCAS System, is unsubstantiated and baseless. That the costs are discretionary award by court, after due consideration of out-standing matters.

Further in reply Jimmy Muyanja Mbabali swore an affidavit and he stated that he is of c/o *M/s*. *Enoth Mugabi Advocates*, and he deposes this affidavit pursuant to the Powers of Attorney from the

Respondent. (Attached as "PA") and on behalf of Cam Mclean. That an affidavit in rejoinder deposed by Michael Mafabi, dated 10th May 2019, was brought to the attention of the Respondent, he has read and understood the same and replies that the Respondent recapitulates his averment in his affidavit in reply. That further to the Respondent's reply at paragraph 27, the Respondent brings to the attention of court the determination of Petition No. 1 of 2019 by the Commercial Court on 22nd May 2019, filed following an order of this court of 25th February 2019, from which the current application arises. (Decree attached and marked as "D"). That MC 234/2019 is moot, having been overtaken by events.

In rejoinder Michael Mafabi states that it is not in dispute that the respondent issued a Statutory Demand dated 11 July 2018. That prior to issuance of the aforementioned statutory demand, the Respondent together with his wife (both being resident in New Zealand) had earlier issued two statutory demands dated 17" May 2018 and 26 May 2018 through the law firm of Enoth Mugabi Advocates & Solicitors. (A Copy of the Statutory Demand of 17 May 2018 is attached and marked as "A"). That it is not in dispute that

the earlier statutory demand referred to above, the Respondent and the said Kate McLeay had precisely the same claim as the claim made in the statutory demand of 11th July 2018 out which Miscellaneous Cause No. 17 of 2018 arises.

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That in respect of the two statutory demands referred to in paragraph 5 and 6 above, the Respondent and his wife through the firm of M/s. Enoth Mugabi Advocates & Solicitors abandoned both statutory demands after the applicant had filed Miscellaneous Cause No. 132 of 2018 seeking to set aside the statutory demand of 17 May 2018. The reason cited was that they were not interested in pursuing either of the statutory demands, moreover the Respondent had yet again filed a third statutory demand dated 11th July 2018. (A copy of Miscellaneous Cause no. 132 of 2018. (The letter from Enoth Mugabi Advocates are attached and marked as "B" and "C"). That it is therefore true that the Respondent has orchestrated and began to engage in a spurious scheme to disrupt the Applicant's business by filing several frivolous claims against the Applicant in bad faith with the hope that the courts in Uganda will not have a chance to determine matters on their merits. That he is informed by the Applicant that contrary to what is stated in paragraph 4 of the Respondent's affidavit, the Applicant does not owe the Respondent any money as claimed. That in rejoinder to paragraph 8, it is not true and it is highly inconceivable that he ever informed the Respondent's Advocate that MC No. 176 of 2018 was before the Hon.

Dr. Justice Bashaija K. Andrew because at that time, he did not know the whereabouts of the file as he has explained in paragraphs 8 to 14 of the supporting affidavit.

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That in rejoinder to paragraphs 9, 10, 11 and 12, he states that at no time did he or any member of *M/s*. *Sebalu & Lule Advocates* were counsel on record in MC No. 176 of 2018 become aware of the whereabouts of MC No. 176 of 2018. That they only found out about the endorsement of 26th July 2018 on the application, after they had established the whereabouts of the court file. That in rejoinder to paragraph 14, he states that *M/s*. *Sebalu & Lule Advocates* were counsel on record in MC No. 176 of 2018 and therefore information passed on in an Annual General Meeting did not amount to service.

That in rejoinder to paragraph 15, it is true that all reasonable endeavors were made by the firm to locate the court file until they found it, only to realize that their client's application had inadvertently been dismissed by court. That this application is made in good faith and is not intended to scandalize the court as alleged by the Respondent. That in rejoinder to paragraph 17, 18, 19, 20, 21, 22 23, 24, 25 and 26, he states that the application herein is the applicant's application who maintains that they are still interested in pursuing MC No. 176 of 2018 on the merits of its logical conclusion.

That to the best of his knowledge and by virtue of his legal training, service of court process is evidenced by documents filed and issued by the court and not verbally. That as stated in his supporting affidavit, there was consistent follow up to ensure the fixture of MC No. 176 of 2018. That Respondent clearly admits that there was no service on the Applicant of MC No. 176 of 2018. That to the best of his knowledge and by virtue of his legal training, this application is properly before this court. That the interest of justice dictate that

MC No. 176 of 2018 is reinstated and disposed of in accordance with the law and on its own merits.

Determination by court:

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Court has reproduced the evidence of the parties in detail so that facts could speak for themselves and court only has the duty to pronounce on the outcome of the facts based on the evaluation and law applicable in the circumstances. *Order 9 r. 23 CPR* under which this application is brought is provides as follows;

"Where a suit is wholly or partly dismissed under Rule 22 of this Order, the plaintiff shall be precluded from bringing a fresh suit in respect of the same cause of action. But he or she may apply for an order to set the dismissal aside, and, if he or she satisfies the court that there was sufficient cause for nonappearance when the suit was called on for hearing, the court shall make an order setting aside the dismissal, upon such terms as to costs or otherwise as it thinks fit, and shall appoint a day for proceeding with the suit."

Miscellaneous Cause No. 176 of 2018 which the Applicant herein seeks to be reinstated had been dismissed under **Order 9 r.22 CPR** which provides that;

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"Where the defendant appears, and the plaintiff does not appear, when the suit is called on for hearing, the court shall make an order that the suit be dismissed, unless the defendant admits the claim, or part of it, in which case the court shall pass a decree against the defendant upon such admission, and, where part only of the claim has been admitted, shall dismiss the suit so far as it relates to the remainder."

Upon reading provisions of *Order 9 r. 23 CPR*, it is clear that for court to consider an application such as the instant one, the Applicant ought to show that there was sufficient cause for his or her non- appearance when the suit was called for hearing. Sufficient cause must relate to the party's inability to take the essential step in the proceedings as required under the law.

In the instant case, Michael Mafabi deposes in his affidavit, that in July 2018 through the law firm of *M/s.Enoth Mugabi Advocates*, the

Respondent herein issued a statutory demand dated 11th July 2018 against the Applicant. That pursuant to the provisions of the relevant law, the Applicant filed Miscellaneous Cause No. 176 of 2018 between Tourvest WWL Limited vs. Cameron Grant Macleay to set aside the said statutory demand. That the application was filed in court on 25th July 2018 and registered as Miscellaneous Cause No. 176 of 2018. That after the application had been filed, through their law clerks, they made routine follow up to have the application endorsed and fixed for hearing to enable them serve the Respondent. That on 30th October 2018, they took further steps by writing to the Registrar (with a copy to the firm of M/s. Enoth Mugabi Advocates requesting for the fixture of the application to enable them serve it on the Respondent. A copy of the letter was enclosed as Annexture "D". That he was then informed by their litigation clerk and process server in their firm, that at the time and for some strange reason, the file could neither be traced in the CCAS System nor in the physical Miscellaneous Cause book in the Registry. That through their litigation clerks, they continued to make routine follow up for a fixture of the application and to establish the whereabouts and status of the Applicant's application before they

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could raise any issue or queries with the court as to what was happening to the whereabouts of the applicant's application and physical file. That he insisted that the Registry staff should manually cross-check with each clerk attached to a Judge at the Division. That he personally moved with a one Shamim Namaganda (a Court Clerk) to each Clerk in the court and after searching, they eventually discovered that without any record or trace of a record of the file, the same was before the Justice Andrew Bashaija.

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From just the above events as narrated and sworn to, it can be concluded that the Applicant's counsel exercised extreme due diligence in trying to locate and check for the status of Miscellaneous Cause No. 176 of 2018. Therefore, he cannot be faulted for non- appearance of himself or his client when the application was called for hearing as the same was fixed without any notice to him or the Applicant.

In coming to the above conclusion, this court is guided by the position in *Banco Arabe Espanol vs. Bank of Uganda SCCA No. 8*of 1998 where it was held that courts do not exist for the sake of

discipline, but for the determination of matters in controversy. The administration of justice should normally require that the substance of all disputes be investigated and decided on their merits and errors, lapses should not necessarily debar a litigant from the pursuit of his rights, unless the other party will be greatly prejudiced and cannot be taken care of by an order of costs. Hearing and determination of disputes should be fostered rather than hindered.

In the instant case, this court is satisfied that the Applicant's counsel was prevented from attending court by a sufficient cause. Counsel for the Applicant averred that he was prevented from attending court when Miscellaneous Cause No. 176 of 2018 was called for hearing because the Applicant's application was without their notice, fixed and heard on 5th December 2018 and subsequently on 25th February 2019 when it was dismissed with costs for want of prosecution. Court finds that to be sufficient case and in the interests of justice of this case demand that the order of dismissal be set aside so that the matter is heard and determined on its merits. Accordingly, the order of dismissal of Miscellaneous

cause No. 176 of 2018 is set aside and Miscellaneous Cause be reinstated. Costs of this application shall be in the cause.

BASHAIJA K. ANDREW JUDGE 20/03/2020