

suit 738/95) seeking to recover US\$365,000, being a total refinancing loan to purchase the respondents' coffee. The applicant obtained a preliminary judgement for US\$211,200 because the respondents admitted this sum. Thereafter a trial was held in the High Court. At the conclusion of the trial, the trial judge gave a decree in favour of the applicant for the total sum, as claimed, of US\$365,500/= with interest and costs. Subsequently the respondents instituted an appeal to the Court of Appeal against the decision of the High Court in respect of the whole final judgment of the High Court. At the instance of the applicant, the Court of Appeal struck out the notice of Appeal. The Court of Appeal condemned the respondents to pay costs to the applicant. Eventually the respondents lodged an appeal to this court against the ruling of the Court of Appeal. The validity of that appeal to this Court is being questioned by the applicant on grounds that it has no chance of success. The respondents as earlier stated deposited Shs.400,000/= as statutory security for costs. The applicant argues, however, that this amount is too low. It now asks that the respondents should be ordered to pay Shs.150m/= as further security for costs.

The applicant listed nine grounds [(a) to (i)] in the notice of motion. Mr.

Babigumira, Counsel for the applicant, argued ground (a) to (d) first. These four grounds state as follows:-

(a) The applicant obtain (sic) judgment in the High Court against the respondents in the sum of US\$360,000 (sic) with interest at 25% from the time of filing until the date of judgment, US\$211,200 being an amount entered on admission and there was no appeal against that sum so entered.

(b) That the respondents' Appeal has no slightest probability of success.

(c) The applicant has been put to undue expenses in defending proceedings filed by the respondents haphazardly/recklessly and or in abuse of Court Process.

(d) The respondents' numerous haphazard/reckless proceedings have resulted in heavy costs which have been taxed and allowed and more yet to be taxed but no cent has been paid towards the taxed and allowed costs.

As will be seen later, the contents of ground (d) are not quite accurate because some payments were made albeit intermittently and through coercive procedures.

Mr. Babigumira, concedes that his client bears the burden of satisfying me that it is proper for me to make the order his client is now seeking. His client cannot merely aver in the motion and or the affidavit that security already deposited for costs is inadequate: A. S. Patel Vs. American Express International Banking Corp. Sup.-Court Civil Appeal No. 9 of 1989 (unreported) is to that effect.

In his submissions Mr. Babigumira relied on the affidavit of Mr. Mwebeembezi, an advocate in their firm, and contends that Shs.27,574,584/= taxed and allowed in the High Court remain unpaid (see paragraphs 13 and 17 of the affidavit (infra). He further contends that Shs.27,447,000/= the amount taxed and allowed on Bills of costs in the Court of Appeal remains unpaid. He argued that Court of Appeal Civil Appeal No. 44 of 1999 has no probability of success because the order of a single Justice of Appeal who gave leave to appeal has since been set aside by the full Court of Appeal as a result of a reference to that Court. Counsel anticipates costs of at least Shs.20m/= from that reference and not less than 30m/= in respect of the present application together with the pending appeal (Supreme Court Civil Appeal No.2/2000). So he has asked me to order the respondents to deposit further security in the sum of shs.150m/= Mr. Babigumira cited G. M. Combined vs. A. K. Detergents Supreme Court, Civil Appeal No. 34 of 1995 reported in Supreme Court Civil Appeal Judgments (1996) in support.

Mr. Kihika, Counsel for the respondents, submitted that G. M. Combined case (Supra) is distinguishable. On this point I agree with Mr. Kihika because G. M. Combined was decided under O.23 Rule 1 of Civil Procedure Rules and S.404 of Companies Act in the High Court. Those two provisions and that case are relevant in instances of seeking for Security for costs during trial stage. The present application was made under Rule 100(3) of the Supreme Court Rules in this court ^{and} pending an appeal.

O.23 Rule 1 reads as follows:-

Both counsel in this application agree that in this application the applicant bears the burden to prove that further security should be given. Mr. Kihika argues that the duty of the respondents is to simply show cause why relief should not be granted. Learned Counsel cited N. M. Abdulla vs. R. Patel (1962) EA 447 where Rule 60 of the 1954 East African Court of Appeal Rules was considered. That rule is similar to the present Rule 100(3). Learned counsel argued that security for costs can be given only for matters before the court but not for what he called extraneous matters which, according to counsel, paragraph 17(1) to (iii) (c) of Mwebembezi's affidavit is about. Counsel attacked paragraph 19 of Mwebembezi's affidavit and ground (d) in the notice of motion contending that the information contained there to the effect that no costs had been paid is false because his client has so far paid Shs.30,463,000/= which amount had been acknowledged in paragraph 6 of Mwebembezi's supplementary affidavit. Mr. Kihika referred to the affidavit of Mrs. Kata where Mrs. Kata indicated that some payments had been made and that three vehicles belonging to the respondents had been attached and sold but that the proceeds of sale had not been accounted for by the applicant. Mr. Kihika relied on Abdulla's case (supra) and Bitaitana Vs Kanamura (1977) HCB 34 for the view

an appeal.

Rule 100(3) of the Rules of the court is produced later in this ruling but that sub-rule shows that a court exercises discretion to order for further security for costs pending

And S.404 of the Companies Act reads as follows:-
"Where a limited company is plaintiff in any suit or other legal proceeding, any judge having jurisdiction in the matter may, if it appears by credible testimony that there is reason to believe that the company will be unable to pay the costs of the defendant if successful in his defence, require sufficient security to be given for those cost and may stay all proceedings until the security is given."

"The Court may if it deems fit order a plaintiff in any suit to give security for the payment of all costs incurred by any defendant"

challenging the decision of the Court of Appeal because that court failed to take into account certain relevant matters when it decided not to grant extension of time.

Initially, Mr. Babigumira made written submissions. I granted him leave to orally

reply to the issues raised by Mr. Kihika. He explained that ground (d) in the notice of motion refers to the harpharza and reckless manner in which proceedings in the High Court and in the Court of Appeal were filed by the respondents. On extraneous matters, he argued that all the matters raised by the application are relevant as they arise from execution proceedings, which sprung from the original civil suit. On payment of shs.30m/= Mr. Babigumira pointed out that the supplementary affidavit by Mwebembezi sworn on 7/7/2000 (especially paragraph 6 thereof) explains the payments referred to by Mr. Kihika. The supplementary affidavit also explained how the three vehicles, which

were attached, were wrecks, attracting no value.

Mr. Babigumira contended that the affidavit of Mrs. Kata is irrelevant and should

not be relied on because she is merely an employee of the first respondent, but is neither a director of, nor a shareholder in, the first respondent. So she can not swear an affidavit in opposition like a party to the proceedings. Learned counsel also argued that because the shares of the first respondent have been sold and have changed hands, and its directors have changed and the second respondent is outside Uganda on an indefinite course of study apparently avoiding arrest warrants issued by the courts below, this is a case in which I should grant an order for further security for costs as prayed for.

I will first dispose of the relevancy of the affidavit sworn by Mrs. Kata.

When Mr. Babigumira crossed-examined Mrs. Kata on her affidavit of 6/7/2000,

she agreed that she swore the affidavit as an officer but not as director of the first respondent. She does not appear to know or could not remember the entire membership of the current directors and or the shareholders of the first respondent. She testified under cross-examination that the respondents' assets now consist only of furniture and equipment in office. No value was placed on such furniture and equipment.

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It does not seem to me that these provisions prohibit lodging of affidavit not sworn by a party. Mr. Babigumira supplied to me the cases of Masaba Vs Republic (1967) EA488 and Joy Kaingana per John Kaingana vs. Dabo Boubon (1986) HCB.59. In the Masaba case, which was an application by notice of motion supported by an affidavit, sworn not by Masaba himself but by a stranger named Danieri Kamoti. The application had been made by an individual (Masaba) and his relationship with the deponent Kamoti is not stated in the judgment, which says that Kamoti was a stranger to the proceedings. Sir Udo Udoma, CJ, rejected the affidavit because Kamoti was not a party to the application. But the learned Chief Justice would have accepted the affidavit if it had been "in corroboration of the affidavit sworn to by the applicant as the one directly affected". The learned Chief Justice did not give authority for his views. However in the absence of a copy of Kamoti's affidavit, I cannot say that Masaba case is helpful. Similarly in the Kaingana case, whose report is in a digest form, the affidavit of Mr. Kaingana, the husband of the applicant, is not reproduced. The judge who heard the application relied on Order 5 Rule 2 of our CP Rules and held that although the deponent swore the affidavit in a representative capacity, there was no authority given to him by Joy Kaingana the applicant to show that he had been authorised to act for her. The learned judge also stated, correctly, that a person is competent to swear an affidavit on matters or facts he knows about or on information he receives and believes. In view of this *W.A.* statement by the judge and in absence of the full ruling, I do not think that Kaingana case is helpful.

- Surrules (1) and (2) of Rule 47 of the Rules of the Court read as follows:-
- "47(1) Any person served with a notice of motion under rule 46 may lodge one or more affidavits in reply and shall, as soon as practicable, serve a copy or copies on the applicant.
- (2) Any person referred to in Subrule(1) may, with the leave of a judge or with the consent of the applicant, lodge one or more supplementary affidavits."

facts of each case must be considered judicially before such an order can be made or refused.

There are three points raised in grounds (a) to (d) of the notice of motion. The first arising from grounds (a) and (b) is the probability of success of the appeal and the second is the adequacy of the security for costs already given. This latter is based on the claim by the applicant that taxed costs have not been paid or perhaps not paid in full and that there are yet more costs to be awarded to the applicant and that the respondents are unlikely to pay the costs awarded or to be awarded or both.

On the first point, namely whether there is or there is not a probability of success

of the appeal, Mr. Babigumira has raised two arguments. He has argued that in the High Court a preliminary decree for US\$211,200 was entered for the applicant on the admission of liability by respondents and that initially there was no appeal against that amount. He referred to various applications, which were filed and argued in High Court and the Court of Appeal and which were dismissed. Mr. Babigumira's view therefore is that there is no probability of success of the appeal on US\$ 211,200. He cited authorities in support. Secondly, he says that the order of a single Justice of Appeal by which the Justice allowed the respondents to appeal against the whole judgment, was subsequently set aside by the full Court of Appeal. Therefore, says Mr. Babigumira, there is no chance of success of the pending appeal. Mr. Kihika did not directly challenge these arguments. Instead he contended that in her affidavit, Mrs. Kata has sworn that a notice of appeal and memorandum of appeal were filed. Learned Counsel further contended that at this stage, I should not go into the details of the merits of the appeal. He argues that even ground (d) contains falsehoods. I have dealt with falsehood. On merits, I agree with learned counsel to the extent that I am now not hearing the appeal and so I am not required to consider the detailed merits of the appeal. But I think that the probability of the success of the appeal is a factor to be born in mind together with the other factors. I notice that Mrs. Kata keeps on stating in her affidavit that "I am reliably informed by my advocates Byenkya, Kihika & Co. Advocates,....." I think that this reference to the whole firm is bad and misleading. A particular advocate should be mentioned. Besides it should be noted that Rule 42(1) refers to a person having knowledge of the facts.

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For extension of time within which to Appeal against the Judgment Decree of the High Court but both were dismissed with costs by a single Judge.

9. THAT instead of making reference to a full bench against the dismissal of the 2 applications, the respondents filed in the Court of Appeal Misc. Application No. 144 of 1998 for yet leave to appeal out of time, which gave rise to these proceedings.

10. THAT after failing to attach the land Title that had been deposited in Court and the 2nd respondent's Mercedes Benz, we applied to the High Court for a warrant of arrest against the 2nd respondent. At the hearing of the Notice to show Cause, Counsel for the Applicants wrongfully applied for Stay of Execution and misled a new Deputy Registrar to stay Execution which powers he did not have.

11. THAT we had to appeal to a Judge of High Court to set aside the illegal Order of the Deputy Registrar.

12. THAT thereafter, the applicants made several applications for The High Court, all of them haphazard and reckless which were dismissed with costs.

13(i) THAT in the meantime, we initiated Execution of Proceedings to recover some of the costs in the Court of Appeal arising out of striking off the Notice of Appeal and the Appeal. We attached Motor Vehicle Registration number 363 UFE but when it was claimed that it belonged to a different person and we reached a payment settlement with the respondents stopping attachment, the respondents still went ahead to refer to a single Judge the

application of Section 70 of civil Procedure Act and Rule 54 of the Court of Appeal Rules which are very clear. The Ruling of a full Bench appears at pages 47-58 of the Record of Appeal".

In reply Mrs. Kata stated in paragraph 6 and 10 of her affidavit

as follows:-

"6 that whereas it is averred in paragraph 16 of the affidavit that Supreme Court Civil Appeal No. 2 of 2000 has not the slightest chance of success, our advocates M/s Byenkya, Kihika & Co. Advocates have reliably informed me, which information I verify believe that we indeed have good chances of success on appeal as the Justices of Appeal addressed their minds to matters not relevant to an application for extension of time when deciding Civil Reference No. 55 of 1999 in favour of the applicants.

10.

That I am further reliably informed by our advocates that in any case, the issues to be determined before the Supreme Court in Civil Appeal No. 2 of 2000 arising out of that (six) the learned Justices of the Court of Appeal erred in law and fact by failing to consider matters relevant in granting an order for extension of time."

I notice that the formulation of the above paragraph (10) is confusing. Mrs. Kata in not a lawyer. Paragraphs 6 and 10 of her affidavit and the submissions of Mr. Kihika do not dispute the claim that a preliminary decree for US\$211,200 was given to the applicant and that that decree remains unsatisfied. Again Mrs. Kata's affidavit and Mr. Kihaka's submissions do not dispute the assertion by Mr Babigumira that the order of a single Justice of Appeal allowing the respondents to appeal out of time which included the said amount of US\$ 211,200 was set aside and makes it improbable that the appeal will succeed

respect of the appeal pending in this court since the court has discretion about awarding costs and if costs are awarded, the taxing officer decides the amount to be awarded. This is also true in another matter in the Court of Appeal. But since his clients worn in that Court and there remains only the issue of taxation, there is no doubt that in the Court of Appeal, the applicant will get costs perhaps not as much as counsel has estimated. The issue raised by grounds (c) and (d) which is that more costs arose out of the institution of various causes in the courts below has not been denied. So these two grounds must succeed.

Ground (e) to (f) were formulated as follows:-

(e) The respondents have exhibited fraudulent conduct that points to their deliberate intention/re-lucancy not to pay the Decretal sum and the taxed and allowed costs.

(f) The Respondents have demonstrated by their conduct that they have no assets from which costs can be realised.

(g) That the Statutory Security for costs deposited in Court is too inadequate as to meet the past costs and the costs of the Appeal.

(h) That the Application has been filed without any delay.

(i) That in the circumstances of this case, it is just and proper for this Court to exercise its discretion and order the respondents to deposit further security for costs at least in the sum of Ug. Shs. 150,000,000/=-----within two weeks or such period as the Honourable Court deems proper and just.

In his written and oral submissions Mr. Babigumira amplified matters sworn to by Mr. Mwebembezi in his affidavit of 4th May 2000. The following paragraphs 17 to 19 are pertinent.

17. (i) THAT as of now, following Bills of Costs in the High Court have been

- (a) Civil Appeal/Reference No. 34 of 1998-----
- (b) Civil Application No. 71 of 1999-----
- (c) Civil Application No. 44 of 1998-----
- (ii) That there is Civil Appeal No. 44 of 1999 still pending in the Court of Appeal but this Appeal was filed upon an Order of a single Judge granting leave to appeal out of time which Order has been set aside by a full bench giving rise to Civil Appeal No. 2 of 2000.

- (iii) The following Bills of Costs are pending Taxation in the Court of Appeal and
 photocopies of the Bills of Costs filed in Court are herewith attached and marked L1-L3.

(a)	Civil Reference/Appeal No. 11 of 1998-----	6,222,000/=
(b)	Civil Application No. 6 of 1998-----	6,147,000/=
(c)	Civil Reference/Appeal No. 55 of 1999-----	15,073,000/=
	TOTAL -----	27,442,000/=

- (ii) THAT as of now, the following Bills of Costs have been taxed and allowed in the Court of Appeal as per attached Certificates of Taxation marked K1-K3.

(a)	Civil suit No. 738 of 1995-----	14,420,082/=
(b)	Civil Application No. 1006 of 1998-----	438,000/=
(c)	Civil Appeal No. 230 of 1999-----	708,000/=
(d)	Civil Application No. 733 of 1998-----	809,500/=
(e)	Civil Application No. 806 of 1998-----	835,000/=
(f)	Civil Application No. 937 of 1999-----	2,364,000/=
	TOTAL -----	27,574,582/=

taxed and allowed as per attached Certificates of Taxation marked J1-J6.

7 Mrs. Kata swore an affidavit in reply. Paragraphs 7 to 14 state as follows:-
 That whereas paragraph 17 of the affidavit in support of the application sets out the bills of costs allowed and taxed, totalling Shs.55,016,582 Mr. Mwebembezi omitted to depose to the fact that the respondents have paid a total of Shs.30,463,000/= between the dates of 5th October 1998 and 13th June 2000. A summary of the amounts paid to counsel for the applicants Babigumira & Co Advocates indicating the dates plus copies of the receipts are collectively attached as annexure 'B'. The statement by Mr. Mwebembezi in paragraph 18 that the respondents have been reluctant to pay the taxed costs is therefore false.

19 THAT the ends of Justice required that the respondents who seem to have no assets according to their conduct either belonging to their company or Henry Kawalya himself and also seeming to their reluctant to pay Decretal sum and taxed costs be ordered to deposit further security for costs for the past costs which are already far in excess of the Statutory security for costs of Ug. Shs.400,000/= and the costs yet to be incurred in Supreme Court Civil Appeal No. 2 of 2000 before their Appeal can be heard.

(ii) THAT if the respondents lose Supreme Court Civil Appeal No. 2 of 2000 which has no slightest probability of success, the 2nd respondent will continue in hiding and the 1st respondent according to the conduct of the respondents has no assets which can be sold and the costs realized.

18. (i) THAT since July 1999, the 2nd respondent Henry Kawalya is on the run/hiding because of the several warrants of arrest issued against him by the High Court and Court of Appeal arising out of the numerous haphazard/reckless applications the respondents were making to the Courts.

8. That in addition to the above mentioned monies already paid, the applicant attached and sold Motor vehicles Toyota Corolla UAS 645, Dyna Truck UAN 775 and Dyna Truck UBJ 920 for amounts that we do not yet know.

9. That contrary to what is averred in paragraph 19 of the affidavit in support, it is not just that respondent do pay security for past costs as the respondents have already paid the major bulk of the costs.

10. That I am further reliably informed by our advocates that in any case, the issues to be determined before the Supreme Court in Civil Appeal No.2 of 2000 arising out of Civil Reference No.55 of 1999 inter alia erred in fact and in law that the learned Justices of the Court of Appeal erred in law and fact by failing to consider matters relevant in granting an order for extension of time.

11. That I am further reliably informed by our advocates that the past bills of costs enumerated in paragraph 17 of the affidavit in support, are not relevant to the pending appeal. That is to say bills of costs arising out of:

a) Civil Suit No. 738 of 1995

b) Civil Application No. 1006 of 1998

c) Civil Appeal No. 230 of 1999

d) Civil Appeal No. 733 of 1998

e) Civil Application No. 806 of 1998

f) Civil Application No. 937 of 1999

g) Civil Reference No. 11 of 1998

h) Civil Application No. 6 of 1998

12. That I am further reliably informed by my advocates that the costs of the pending appeal which arise from an interlocutory matter, i.e., an application for extension of time are likely to be no more than Shs.2,000,000/=.

Mr. Kihika relied on Rule 100(3) of this Court and on the authority of Abudalla (Supra) for the view that security for costs must relate only to matters before the Supreme Court. He contended that in this application the applicant brought in extraneous matters (i.e. causes from High Court and Court of Appeal and costs related thereto) for purposes of asking for further security for costs. He disputes the relevance of claims set out in paragraph 17(i) and 17 (ii)(c) of Mwebembeza's

respondents to deposit Shs. 150,000,000/= as further security for costs.

Mr. Babigumira had proposed that I should grant the application and order the

which the respondents have is office furniture appears to support this last point.

realise the costs. Clearly the oral testimony of Mrs. Kata is the only asset

prison and that the respondents have no assets from which the applicant can

country to avoid ~~the respondents' payments of costs through committing him to~~

effect not dependable; that the second respondent has deliberately gone out of the

respondents have failed to pay past costs and that the ~~land~~ ~~area~~ of Iga's land is in

Mr. Babigumira stressed that what is contained in Mwebembezi's affidavit ~~is~~ ~~and~~

that a substantial portion of past costs remain unpaid.

substantial properties, which could be sold to realise the costs. It is also evident

not know. But certainly this reveals a lot namely that the respondents do not have

other properties because of the fear that the decree holder could attach them I do

furniture. Whether this revelation was deliberate in that she did not want to reveal

The only assets mentioned by Mrs. Kata during the cross-examination were office

affidavit.

As stated earlier in this ruling, Mrs. Kata was cross-examined on part of her

assets".

That it is not true as is stated in paragraph 19 that the Respondents do not have

affidavit. He referred to payment of Shs.30,463,000/= stated in para 7 of Kata's affidavit and contends that his clients have paid past costs.

I accept that some but not all past costs have been paid. Payments of Shs.30,463,000/= stretched over the period 5th October 1995 to 13th June, 1999 apparently with difficulty.

Contrary to Mr. Kihika's contention, Abdulla case is not authority for his proposition that no security for costs for matters dealt with by the lower courts can be made. At page 450F the East African Court of Appeal in that case observed that-

"If the intention was not to include power to order security for unpaid costs in the court below the concluding words (i.e. past costs relating to the matters in question in the appeal) of the rule appear redundant.

The matters in question in the appeal must be the matters in

question in the action (or perhaps only some of them) and the

COSTS AWARDED IN THE COURT BELOW would also

normally be in question in the appeal either consequentially

or, in exceptional cases, directly";

Indeed in Abdulla's case the East African Court of Appeal dismissed the application because (i) there was an existing order made by the lower court ordering the respondent to pay the costs in equal monthly instalments of Kenya shs100/= which the respondent had been regularly paying for more than a year, and (ii) because of the circumstances of that case namely that a novel and important point of law was in issue in the appeal pending before the Court of Appeal and (iii) there had been substantial delay in making the application for the security. These matters clearly show a distinction between Abdulla case and the present application. Moreover having regard to the whole of Rule 100(3), I agree with the opinion in Abdulla case that the words "security be given for payment of past costs relating to the matters in question in the appeal" refer to costs awarded in the courts below relating to the litigation now the subject of appeal to this

court.

Be it noted that in Abulla case the respondent was paying the instalments

regularly in obedience to an order of the court. In the present application there is evidence that a number of coercive procedures have been used to realise payment of some of the past costs. That the second respondent is temporarily out of the jurisdiction of courts of this country and appears to have eluded warrants of arrest for him. The conduct of respondents cannot help in these matters.

The respondents do not appear to own substantial property out of which costs can be realised. Considering all the factors presented in this case, I am satisfied that this is a fit case where I should make an order for provision of further security for costs. In doing so I am conscious of the need for the respondents to pursue their rights in our courts. I allow this application with costs to the applicant. In cases like this one, my general view is that assessment of probable costs for which security is to be provided should normally be made by the registrar. This would involve attendance to the registrar by the two sides. However I take note of the fact there are unpaid past costs. But having seen what has happened in this matter I will myself do the best I can by fixing a figure. Considering all the circumstances of the case I order that the respondents must each provide security in the sum of Shs. 31,000,000/= (Ug. Shs. Thirty one million) within forty five (45) days from the date hereof.

Date this 12th day of October 2000.

Justice of Supreme Court

J. W. N. Tsekoko
J. W. N. Tsekoko

Mr. Musebenzi for Appn Court

Mrs. F. Keta, Director of Operations of the Respondent
Putting seal in chambers in the presence of
the above.

J. W. N. Tsekoko
JSC 17/10/2000