

THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
(COMMERCIAL DIVISION)
MISC APPLICATION NO. 195 OF 2005
ARISING FROM HCCS NO. 205 OF 2005

1. CONGO TOBACCO COMPANY	]	
2. LEAF TOBACCO AND COMMODITIES (U) LIMITED	]	APPLICANTS/
3. BURUNDI TOBACCO COMPANY	]	PLAINTIFFS

VERSUS

OASIS ELECTRONIC LIMITED :::::::::::::: RESPONDENT/DEFENDANT.

BEFORE: HON. MR. JUSTICE GEOFFREY KIRYABWIRE

RULING.

This is an application for a Temporary Injunction to issue and restrain the Respondents, their Directors, Officers and or Servants or otherwise howsoever, from infringing class 34, super match cigarettes, registered under Trade Mark No. 879/84, 180/CL and 17633. The application further seeks that the Respondents Super Match Cigarettes loaded on Truck Registration No. UAE 151L/UAF 274; UAD 157B/322 – UBK and UAB 766B/TZ 72189 which are now held by URA in Multiple Bonded Warehouse in Nakawa, Kampala on transit to Ariwara, be held pending the disposal of High Court Civil Suit No. 203 of 2005. They also have applied for costs.

Mr. Mwebembezi for the applicant argued the application along the 3 tests for granting such an application as laid out in the case of Giella Vs. Cassman Brown & Co limited [1973] EA 358.

On the first test that the applicant must show a prima facie case with a probability of success counsel for the applicant argued that the applicants as Trade Mark owners and or users were having their rights infringed by the Respondent. It is alleged that the said infringement was taking place both in Uganda and Congo. This is because the Respondents were not registered trademarks owners or users. In Uganda it is alleged that the said cigarettes were being smuggled from Kenya and dumped in Uganda and Congo. The applicants have complained about this to the Respondent who have ignored the complaints and instead increased their volume of exports.

Currently the Respondent has 3 lorries of cigarettes said to be in transit being held by the URA. Actually it would appear that the lorries are being held by the URA as a result of an Interim Order made by the Registrar of this court dated 10th March 2005 pending the disposal of the Main Suit HCCS No. 203 of 2005.

As to the second test that the applicant shall suffer irreparable injury, counsel for the applicant said it was difficult to quantify the loss. However annexure E1 – E3 of the affidavit in support of the application show that the cigarettes are about to be released by the URA.

As to the third test that if the court is in doubt then it should decide the application on the balance of convenience counsel for the applicant argues that the cigarettes are already held by reason of the Interim Order. Furthermore there is a prayer in the plaint that the cigarettes be surrendered and destroyed and if the court would allow their release before the hearing the case, that prayer would be nugatory.

Counsel for the applicant also attacked annexure E1 to the affidavit in rejoinder by Franco Mugabe which is a letter from on Jerome Kakwavu Bukande a Customs Officer of Aru in the DRC that the Respondents Imports various goods into the DRC including cigarettes which are in no way subject to return to Uganda. Counsel for the applicant argued that such a customs officer had no powers over a Trademark.

Counsel for the Applicant then drew my attention to the case of **Potomac Tobacco Co Ltd & 3 others Vs. James Nyakuni t/a Petty Kaugagyo & another** M.A 815 of 2004 a ruling of this very court which he argued was on all fours with this present application and where I had granted the Temporary Injunction. He asked me therefore to follow my earlier ruling.

Mr. Kiwanuka for the Respondent opposed the application. He argued that his client's goods were in lawful transit through Uganda to the DRC. He said Annexure E1 to the affidavit in reply by Mr. Franco Mugabe showed that his client had authority to deal in goods of this nature i.e. Cigarettes. He said that Mr. Mugabe in his affidavit in reply Para 15 deponed that he was not aware of any lawful order revoking the said Annexure 'E1" which is referred to as a "licence".

Counsel for the Respondent strongly argued that his client had no intention to infringe the applicants Trademark in Uganda or Burundi. In reply to the applicant's chances of success in the Main Suit, Counsel for the Respondent has argued that the onus is on the applicants to provide material to court to show that they will succeed in the Main Suit. In their case the Respondents have shown that they are entitled to deal in the goods i.e. Cigarettes.

Secondly on the authority of Upmann Vs. Elkan (1871) 7 AC 130 an injunction will not be granted where a Defendant admits to the rights of an applicant.

Counsel for the Respondents argues his clients do not deny the rights of the 2nd and 3rd applicants and that is why the goods are simply transiting Uganda.

However when it comes to the 1st applicant M/S Congo Tobacco Company Limited Counsel for the Respondent argues that if they do have a trademark right in the DRC then they cannot use a Ugandan court to enforce it. Any order given by a Ugandan court to be used in the Congo would be in vain.

There is no immediate evidence to show that the cigarettes are to be dumped in Uganda.

As to my earlier decision in the Potomac case (Supra) Counsel for the Respondent argues that in that case the cigarettes had been already been impounded by the Uganda Revenue Authority (URA) and the Special Revenue Police Service (SRPS) on suspicion that they were being smuggled/or were contraband which is not so in this case. Here the cigarettes are in transit with a transit bond of Shs. 500,000,000/= (Five hundred million shillings only) given by Paramount Insurance Co. Limited.

As to the second and third test in the Cassman Brown Case My Kiwanuka did not specifically address me on them. He however argued in the alternative that court could make a declaration as to the parties' rights with the option by the applicants to take out an Injunction against the Respondent if there is evidence of deliberate infringement.

In rebuttal counsel for the Applicant said that he was not asking court to make an order in the Congo but rather in Uganda where the cigarettes though said to be in transit normally end up. Even then counsel for the applicant argues that Annexure 'A' to the affidavit in support of the application clearly shows that in

the DRC Potomac Tobacco Company Limited and Congo Tobacco Company are the only Companies authorized by the Ministry of Industry and SME(s) to manufacture, Import and market super match cigarettes. No mention is made of the Respondent M/S Oasis Electronics Limited.

I have studied the application by way of Chamber Summons and the affidavits for and against it. I have also listened to the arguments of both counsels for the parties for which I am grateful.

It is now becoming apparent to court that case involving the transit of super match cigarettes by persons other than the applicants are leading to disputes, which are on the increase. The applicants have repeatedly come together to defend what they consider to be an infringement of their trademark or their right to use it. The cause of action in this case rests in infringement and passing off. The Applicants plead that the Respondents without colour of right or authority from the Applicants have started exporting, marketing and/or dealing in super match cigarettes. The evidence of this is in paragraph 7 of the affidavit of Mrs. Ruth Mubiru Sebatindira the company secretary of the 2nd applicant where she depones

"That the Respondents/Defendants smuggles, markets and/or dumps super match cigarettes from Kenya to Uganda and the DRC without any authority from the applicants/Plaintiffs".

Paragraph 6 (f) of the plaint mirrors this allegation but goes further to plead in para 6 (g)

"Several truck loads have continuously been smuggled and in some cases impounded by the Anti-Smuggling Unit of the Uganda revenue authority (URA) and the DRC".

It would appear that the Respondents do not contest the Trade Mark rights of the 2nd and 3rd Applicants/Plaintiffs, which are to be enjoyed in Uganda. Indeed that is why they have taken the necessary customs measures to show that the said cigarettes are not for use in Uganda but are in transit to the DRC. However the Respondents are less generous with their concessions when it comes to the 1st Applicant i.e. Congo Tobacco Company Limited who claim to enjoy the trademark rights in the DRC. The Respondents rely on annature E1 to the affidavit in reply from the customs office at ARU check point on the Uganda/DRC border as their authority to deal in super match cigarettes in the DRC. The Respondents argue that annexure E1 of the affidavit in reply is evidence that annexure 'A' of the affidavit in support which is from the Ministry of Industry and SME(s) in Congo does not give exclusive rights to the 1st Applicant and another company M/S Potomac Tobacco Company Limited (not a party to the suit) to manufacture, import and market super match Cigarettes in the DRC. Of course the suggestion here is that there is more than one authority in the DRC, which can authorize the importation of super match cigarettes into the DRC. In any event it has been argued by the Respondents that is a DRC problem, which this court should not look at. I think it is evidential but affecting the DRC more than Uganda.

Mr. Kiwanuka argued that the onus is on the Applicants to prove the infringements and or to show that they have a prima facie case with a probability of success. That is true. In the case of **Potomac Tobacco Co. Limited & 3 others and James Nyakuni t/a Betty Kaugayo & another** M.A 815 of 2004 which was a similar case before my court I did grant the Temporally Injunction.

In that case which included the present 4 Applicants in this application, prima facie evidence of smuggling was presented to court. Mrs. Ruth Mubiru Sebutindira the Company Secretary of 3rd Applicant in the Potomac Case (and 2nd Applicant in this application) did depone in para 11 of her affidavit of 10th

November 2004 that the cigarettes in that case had been impounded on the 26th October, 2004 by the Anti Smuggling Unit known as SRPS of the URA on suspicion of being smuggled. There was also produced before court a copy of a Search Warrant issued by the Chief Magistrates Court in Aru against the importer of those cigarettes James Nyakuni to search for "*suspected smuggled super match cigarettes (made in Kenya)...*"

In this present application no such prima facie evidence has been presented. What however is curious is the reliance by the Respondents on a letter from a customs checkpoint in Aru in the DRC as a "*licence*" to import the cigarettes (which are not even named) in the DRC.

The said letter seem to me to be more of a certification of the type of goods that M/S Oasis Electronics Limited Imports into the DRC as opposed to a "*licence*" to deal in the said goods as deponed by Mr. Mugabe in para 15 of his affidavit in reply. I would agree with Mr. Mwebembezi that on the face of it annexure 'A' (from the Ministry of Industry and SME(s) in The DRC) to Mrs. Sebutindira's affidavit is more of the licence one would expect the Respondents to have.

The circumstances of the owners of the transit cigarettes in the Potomac case and this one are fairly similar however it would appear that URA has treated the present Respondent differently. In a letter dated 10th March 2005 to counsel for the applicants (Annexure 'D' to Mr. Mugabe's affidavit) the Commissioner, Legal Services & Board affairs writes

"While we appreciate your clients concerns about trademark infringement... URA is unable to grant your request on account of the absence of any legal authority that binds it to hold the goods imported by M/S Oasis Electronics Limited, Particularly also since the goods are in transit to another country (emphasis mine)"

In the light of this letter and in absence of prima facie evidence of smuggling or dumping in Uganda by these particular Respondents of super match cigarettes I do not see that a prima facie case with a probability of success has been made out.

The goods as the evidence appears, are in transit so the only other place they can be impeached is at their final destination, which is Aru in the DRC. If the Respondent does not have the right to import them into the DRC they can be impounded there or sent back to Kenya.

As to the test of irreparable injury/damage I find that goods in transit cannot lead to irreparable injury/damage. It may however be wise for this particular consignment to be escorted while in transit through Uganda to Aru in the DRC given the level of suspicion in the dispute with regard to dumping.

As to the balance of convenience it is clear from the letter from the URA that the said cigarettes are viewed as transit goods and there is no legal authority for them to hold the goods. The only reason why the goods are being held is because of the Interim Order.

The grant of a Temporary Injunction is an act of judicial discretion which discretion must be exercised judiciously. The facts of each case have to be independently evaluated though the law must be seen to be applied uniformly. In this case unlike the Potomac case no sufficient prima facie evidence of infringement has been brought to court and so I disallow the application with costs. The Interim Order of 10th March 2005 is hereby vacated.



JUDGE
24/03/05

24/03/2005

4:00pm.

K. Kiryowa for Respondent.

G. Babihuga for applicant.

Parties

Representatives for both, in Court.

Rose Emeru Court Clerk.

Court

I shall read my ruling.

Ruling read and signed.



Geoffrey Kiryabwire
JUDGE

24/03/05