THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA HOLDEN AT KAMPALA

(COMMERCIAL DIVISION)

MISCELLANEOUS APPLICATION 2072/2025

CROCS INC……………………………………………………APPLICANT

VERSUS

LANDY INDUSTRIES LIMITED……………………RESPONDENT

BEFORE: HON. LADY JUSTICE SUSAN ODONGO

<u>RULING</u>

<u>BACKGROUND</u>

The Applicant filed Civil Suit No. 0909 of 2025 seeking a permanent injunction to restrain the Respondent from infringing her trademark.

The Applicant had previously filed Miscellaneous Application No.1653 of 2025 for an *Anton-Piller Order* to inspect the Respondent's factory situated at Mbalala Industrial Zone and Sale Outlet situated at God's Grace Building William Street for removal of 10 pairs of infringing footwear which was issued on the 29th August 2025 and the same executed by Applicant who filed a return of account. It was demonstrated that a large quantity of infringing footwear was found at the Respondent's factory where the 10 pairs had been obtained as per photographs taken at the factory, and that nothing was retrieved from the sale outlet at God's Grace Building William Street.

APPLICATION AND AFFIDAVIT IN SUPPORT.

The application is made by Chamber summons under section 79(1) of the Trade Marks Act Cap. 225, for orders that:

1. A temporary injunction doth issue restraining the Respondent /Defendant from continuing to infringe the Applicant's **CROCS** trade marks by manufacturing, importing, exporting, selling, and or/offering or advertising for sale or distributing **CROCS** branded footwear in or from the territory of Uganda, pending the outcome of the main suit;
2. A Bailiff of the Court be appointed, at the Respondent's cost, to immediately seize and remove all CROCS branded footwear, as well as the manufacturing machinery, tools, and moulds, from the Respondent's factory situated at Mbalala Industrial Zone and from its sales outlets situated at God's Grace Building, William Street, Kampala;
3. The Respondent and/or it representatives or agents deliver to the Applicant or to the Custody of the Honourable Court all the CROCS branded footwear in its possession and/or under its control and/or kept at all other locations and/or premises including all such goods present and/or stored at the abovementioned premises, residence, distribution centres, storage facilities, containers, affiliated stores or entries, owned or managed by the Respondent and/or its directors anywhere in Uganda, where the Respondent is hiding the CROCS branded footwear;
4. The Respondent and/or its representative to disclose and/or provide documentary evidence and/or sales records of all CROCS branded footwear since its inception, including the quantities sold, to whom, when, at what price, and total income generated thereto; and
5. The Respondent to pay the costs of this Application.

The application was supported by an affidavit and supplementary affidavit deponed by Siraj Ali and Amar Ali, respectively, both advocates of the Applicant's representative firm, where the latter affirmed the Respondent's infringement on the Applicant's trade mark, having taken part in the execution of the Anton Pillar Order and taken photographs showing the massive manufacture of infringing footwear at the Respondent's factory.

They affirm that Applicant is the proprietor of the trademark renewed in 2018 for 10years, thus running up to 2028. And that such infringement led to this application to prevent the Respondent from further infringement on the trademark, delivery of infringing footwear, manufacturing machinery, and documentary evidence of sales.

AFFIDAVIT IN REPLY

The respondent opposed the application by an affidavit deponed by Mr. Lu Tianen, the authorized representative of the respondent. The respondent stated that whereas at the time of execution of the Anton Pillar Order there might have been footwear branded "CROCS" at the respondent's factory, the same is no longer at the factory and at the outlets. That in response to paragraph 9 and 11 of the affidavit in support the digital images annexed to the applicant's affidavit do not establish that the footwear allegedly seized emanates from the respondent's factory. The respondent has never embossed entirely all its products with the applicant's mark on its goods, if at all. That the applicant has no known market in Uganda, the profits made by the respondent cannot convert into losses on the applicant (paragraph 11). The injury suffered by the applicant if any can be atoned for in damages (paragraph 12). That the respondent concedes partially by surrendering the moulds with "CROCS". However, the said machinery is used to produce a wide range of products, not just the infringing footwear. If seized the respondent's entire factory operations would collapse, causing irreparable harm to its business, employees and the public who rely on its affordable footwear (paragraph 14). That injunctive reliefs do not extend to providing documentary evidence and or sales records of the respondent.

REPRESENTATION AND HEARING

At the hearing, the Applicant was represented by counsel Kavuma Terence of M/s Kabayiza, Kavuma, Mugerwa & Ali Advocates, and the Respondent was represented by counsel Nakato Juliet of M/s NAN Advocates.

Both Counsel submitted orally, which submissions I have carefully considered as to the law and authorities cited and all other materials on the record in deciding this application.

APPLICANT'S SUBMISSION

The Applicant relied on the authority in ***Miscellaneous Application 244 of 2018, John Mubiru and others versus Christina Kayaga,*** to relay the conditions for grant of temporary injunction. Counsel argues that the Applicant is the proprietor of the trademark CROCS which she renewed in 2018 running upto 2028 and that she has exclusive use of the same as per section 36(1) of the Trademarks Act Cap. 225. The Respondent's admission to having used her trademark without authority satisfies that she has a prima facie case against the Respondent.

The Applicant adds that while executing the Anton Pillar Order, large quantities of the CROCS footwear were found at Respondent's premises evidenced in the photographs and that if the Respondent is not prevented from further manufacture, she will definitely affect the Applicant's market which damage/injury cannot be atoned by damages because her business is based on reputation which Respondent's infringing stock will have affected. Lastly, on the temporary injunction, Counsel argues that the Respondent will not be affected by the stoppage of production of the infringing products and that the balance of convenience should favor the Applicant.

Counsel argued the second and third remedies together, premised on section 79 of the Trademarks Act, and demonstrated that this court is clothed with the mandate to order seizure of the infringing CROCS footwear and machinery used to manufacture the same. He adds that the same be deposited with the court in that the Respondent should not be allowed to keep in custody the offending stock since the same is illegal.

Lastly, Counsel argued that in the main suit, the Applicant prays for damages which can only be determined by the Respondent's disclosure of the sales records she has made out of the sale of infringing stock as rooted in Order 10 of the Civil Procedure Rules S.I. 71-1.

RESPONDENT'S SUBMISSIONS

The Respondent submitted that since the service of the *Anton-Pillar* and the pleadings of the main suit on the 9th day of September, 2025, they stopped production of the said footwear and that there is no more of the kind and that the grant of the temporary injunction is a wastage of the court's time. And consequently, the appointment of a bailiff will be of no value since there will be nothing to enforce.

The Respondent argued that the huge consignment found at her premises was already ordered for. She adds that it was ready to surrender the molds, but not the manufacturing machinery, since it is used to manufacture other products like tick-tock, cocoa. She adds that the mold is just attached to the bigger machinery, therefore separable from the bigger machine.

In relation to the delivery of documentary evidence of the sales, the Respondent argued that there are no sales to which the records relate since the production was stopped immediately it was brought to her attention.

ISSUES FOR DETERMINATION

In the framing of issues, this court is enjoined to consider all or any of the following materials; (a) allegations made on oath by the parties or by any persons present on their behalf, or made by the advocates of the parties; (b) allegations made in the pleadings or in answers to interrogatories delivered in the suit; and (c) the contents of documents produced by either party *(Order 15 rule 3 of the Civil Procedure Rules S.I 71-1).* Guided by the said provision, the issues for determination are:

1. Whether the Applicant has raised grounds sufficient for the grant of a temporary injunction?
2. Whether the delivery of documentary evidence and manufacturing machinery is appropriate in the circumstances?
3. What remedies are available to the parties?

COURT'S DETERMINATION

Issue 1: Whether the Applicant has grounds sufficient for the grant of a temporary injunction?

It is indeed established by the law and judicial decisions that, the main purpose for issuance of a temporary injunction order is the preservation of the suit property and the maintenance of the *status quo* between the parties pending the disposal of the main suit. The measures contemplated may require a party to either maintain or restore the status quo until the dispute is resolved, or to act or refrain from acting in order to prevent imminent harm or prejudice to the proceedings or to preserve the assets from which a future award may be satisfied, or to secure evidence relevant and material to the resolution of the dispute.

The conditions for the grant of an interlocutory injunction are now, well settled. Before a court exercises its discretion to grant an interlocutory injunction, certain well established conditions must be satisfied, as articulated in numerous judicial decisions. Primarily the Applicant must demonstrate a *prima facie* case with a probability of success, showing that their claim is not frivolous and vexatious. Additionally, the court must consider whether an award of damages would be adequate remedy for the harm likely to be suffered by the applicant should the injunction not be granted. Finally, where in doubt in respect of the preceding 2 considerations, then the application will be decided on a balance of convenience. The balance of convenience must favour the grant of the application, meaning the potential harm to the applicant if the injunction is not granted outweighs any inconvenience or harm to the respondent if it is granted. **(see *Fellowes and Son v. Fisher [1976] I QB 122*; *American Cyanamid Co v. Ethicon Limited [1975] AC 396*; *Geilla v Cassman Brown Co. Ltd [1973] E.A. 358* and *GAPCO Uganda Limited v. Kaweesa and another H.C. Misc Application No. 259 of 2013; John Mubiru & Ors Vs Christina Kayaga & Ors Miscellaneous Application 244 of 2018).***

<u>Prima facie case with likelihood of success</u>

One of the civil remedies for a person whose rights under Trademarks Act is in imminent danger of being infringed or are being infringed is the institution of civil proceedings in the court for an injunction to prevent the infringement or to prohibit the continuation of the infringement. ***(Section 79(1) Trademarks Act).***

In an application of this nature, a preliminary assessment must be made of the merits of the suit that has been filed against the respondent, to ensure that there is a "serious question to be tried." One of the criteria to be applied when considering whether or not to grant a temporary injunction is disclosure by the applicant's pleadings, of a "serious triable issue," with a possibility of success, not necessarily one that has a probability of success **(see *American Cyanamid v. Ethicon [1975] AC 396; [1975] ALL ER 504; Godfrey Sekitoleko and 4 others v. Seezi Peter Mutabazi and 2 others, [2001 –2005] HCB 80*; *Nsubuga and another v. Mutawe [1974] E.A 487*).** There is no need to be satisfied that a permanent injunction is probable at trial; the court only needs be satisfied that the claim is not frivolous or vexatious; in other words, that there is a serious question to be tried. A serious question is thus any question that is not frivolous or vexatious. As long as the claim is not frivolous or vexatious, the requirement of a *prima facie* case is met.

Under ***paragraph 3 of the Applicant's affidavit in support***, the Applicant filed Civil Suit No.0909 of 2025 seeking for permanent injunction restraining the Respondent from infringing its CROCS trademark. The Applicant's evidence in ***paragraph 3 and 4 of her supplementary affidavit*** deponed by Amar Ali demonstrates that the Applicant is the owner of the CROCS footwear trade which was renewed on the 20th day of July 2018 and is to run up to 2028. That due to infringement of her rights by the respondent, the applicant obtained an Anton-Pillar order from the court which led to recovery of 10 pairs of CROCS footwear at the Respondent's factory and a return of account was filed with this Honourable court. It should be noted that the Respondent does not contest the recovery of the infringing stock from her premises as deponed ***paragraphs 6 and 7 in her affidavit in reply*** as well as Counsel's admission in her oral submissions in court.

The developments relayed from the time of filing the main suit, wherein the Applicant claims infringement of its CROCS trademark by the Respondent, and by the investigations mounted on the premises of the Respondent, 10 pairs embodied with the Applicant's trademark are recovered amongst the huge consignment which is not contested but rather admitted by the

Respondent, shows that Applicant's main suit has prospects of success and so a prima facie case is established.

Therefore, the claim contains serious questions of law and fact to be tried and is as such not frivolous and vexatious. Accordingly, a *prima facie* case has been established. The applicant therefore has discharged their onus of proof in this respect.

Irreparable damage if application is not granted

Irreparable damage has been defined by *Black's Law Dictionary*, 9th Edition page 447 to mean; "damages that cannot be easily ascertained because there is no fixed pecuniary standard of measurement**.**" It has also been defined as "loss that cannot be compensated for with money" (**see *City Council of Kampala v. Donozio Musisi Sekyaya C.A. Civil Application No. 3 of 2000*).**

A temporary injunction is issued to preserve the legal rights or condition of property until the court can decide on legal ownership or remedy. It does not determine who owns the property but prevents changes or potential harm that could affect the parties' rights during litigation. Without it, the applicant's rights may be compromised, especially if third parties become involved, leading to losses that money cannot fix. The Court can grant a temporary injunction if it seems the respondent is about to act or is acting in a way that would harm the applicant's rights. The court should consider whether the applicant has an adequate remedy at law or will suffer irreparable harm if the injunction is not issued. If monetary damages or other legal remedies can fully compensate the applicant for any loss, then an injunction is typically unwarranted

The Applicant through her affidavit in support in ***paragraph 8 and 9*** affirmed that there were several consignments branded with the Applicant's

Trademark at the Respondent's factory even when none was found at the sale outlet. It is confirmed and admitted by the respondent's evidence that the Respondent manufactures the infringing footwear. In the respondent's oral submissions, the same is admitted though suggesting that there was no more production of the infringing brands.

Therefore, the Respondent's submission confirms that she has the capacity to produce the infringing stock and that it has an available market. Further, through her oral submission, she admits that the huge consignment left at the factory during the execution of *Anton-Pillar order* was ordered for and sold off. This indeed shows that she has the capacity to antagonize the market of the Applicant, if any.

It is the respondent's evidence at paragraph 11 of the affidavit in reply, that the applicant has no known market in Uganda, therefore the profits made by the respondent cannot convert into losses on the applicant. While the applicant had the opportunity to controvert this evidence by rejoinder, they did not. The law maintains that uncontroverted evidence is presumed to represent the truth, and in this particular case, the applicant has failed to challenge the position presented by the respondent.

The authority in ***Kiyimba Kaggwa versus Haji N. Katende [1985] HCB 43*** is to the effect that the damage should be a substantial one and that cannot be adequately compensated for in damages if the applicant were to succeed at trial.

In the absence of any evidence to show the applicant's market presence and as such injury, the court is compelled to conclude that the applicant lacks commercial footprint in Uganda sufficient to substantiate their claim of potential irreparable loss. Without evidence demonstrating a substantive business presence or ongoing commercial activities within the jurisdiction, the applicant's argument rests on unproven assertions rather than verified facts. From the foregoing, the applicant has not proved that they will suffer loss that cannot be atoned for by an award of damages.

Balance of convenience

The other principle to consider in such an application is the balance of convenience. Since the court is in doubt considering the outcome of its consideration of the first two factors, the third part of the test involves the court assessing whether the harm an applicant may suffer without an injunction is greater than the harm a respondent may face if an injunction is granted. The court should consider whether the balance of convenience lies in favour of granting or refusing the interlocutory relief that is sought.

In ***Gapco (U) Ltd v Kaweesa Badru HCMA No. 259 of 2013*** it was held that the term balance of convenience literally means that if the risk of doing an injustice is going to make the applicant suffer then probably the balance of convenience is favourable to him or her and the court would most likely be inclined to grant to him or her the application for a temporary injunction.

Where the purpose for which the injunction is sought no longer exists, then the issuance of the injunction would be in vain. It is trite that court orders are not issued arbitrarily, in vain. Each order is crafted with the intention of addressing a particular issue. Orders as relate to injunctions are to preserve status quo.

It is the Respondent's evidence that following the Anton Pillar Order, they have stopped the manufacture of the infringing stock. This would imply that issuance of the injunction is not necessary. However, the Respondent has not adduced evidence to prove that production has since ceased but merely presents allegations of the existence of such facts. It would not be prudent for this Honourable court to rely on such unsubstantiated statements especially where the findings of the *Anton-Pillar Order* have been brought to the attention of this court revealing that the infringing stock was found at the Respondent's premises and there were still more products.

In light of this, restraining the Respondent from continued production of infringing stock will not prejudice her in anyway but rather protect the interests of the Applicant who own the Trademark. Therefore, the order, if not granted, would inflict greater hardship than it would avoid, hence the balance favours granting the order for temporary injunction.

This issue is resolved in the affirmative.

<u>Issue 2: Whether the delivery of documentary evidence and manufacturing machinery is appropriate in the circumstances?</u>

It is important to note that the court's authority in interlocutory applications is inherently limited to addressing urgent or procedural matters that may impede the just and fair determination of the main suit. The interlocutory proceedings should not determine the main suit in any way.

<u>Delivery of Documentary Evidence</u>

The Applicant seeks orders that the Respondent deliver up documents relating to the sales of the infringing stock premised on Order 10 rule 12 of the Civil Procedure Rules S.1 71-1. The said rule provides that any party may, without filing any affidavit, apply to the court for an order directing any other party to the suit to make discovery on oath of the documents, which are or have been in his or her possession or power, relating to any matter in question in the suit. On the hearing of the application the court may either refuse or adjourn the hearing, if satisfied that the discovery is not necessary, or not necessary at that stage of the suit, or make such order, either generally or limited to certain classes of documents, as may, in its discretion, be thought fit; except that discovery shall not be ordered when and so far as the court shall be of opinion that it is not necessary either for disposing fairly of the suit or for saving costs.

It is the applicant's prayer that the court orders the Respondent and/or its representative to disclose and/or provide documentary evidence and/or sales records of all CROCS branded footwear since its inception, including the quantities sold, to whom, when, at what price, and total income generated.

For their part, the respondent avers at paragraph 16 of the affidavit in reply that no records of the sales specifically attributed to crocs, exist. That since the respondent produces goods other than crocs, the records of sales are all mixed up. That injunctive reliefs do not extend to providing documentary evidence and or sales records of the respondent.

The applicant submitted that the argument of the Counsel for Respondent that there exists no record of the sales is one intended to defeat the ends of justice. The Respondent admitted in her oral submissions and affidavit in reply that she manufactured the infringing stock, which she sold out. It is therefore, illogical to say that there exist no records of the alleged sales.

It is the submission of Counsel for Applicant that delivery of such records in the custody of the Applicant shall be availed to the trial Court in determining the damages which the Applicant is entitled to in the main suit as a result of the infringement on her trade mark.

I agree that the records will be crucial for the proceedings in the main suit and the same will be ably dealt with in the main suit whereby specific details will be set out on the documents to be produced by the respondent. It is premature at this stage.

Delivery of manufacturing machinery

The applicant has sought for orders that a Bailiff of the Court be appointed, at the Respondent's cost, to immediately seize and remove all CROCS branded footwear, as well as the manufacturing machinery, tools, and molds, from the Respondent's factory situated at Mbalala Industrial Zone and from its sales outlets situated at God's Grace Building, William Street, Kampala.

At paragraph 14 of the affidavit in reply, the respondent concedes partially that they will surrender the molds with "CROCS". However, they use the machinery to produce a wide range of products, not just the infringing footwear. If seized the respondent's entire factory operations would collapse, causing irreparable harm to its business, employees and the public who rely on its affordable footwear

In ***HCT-00-CC-CS-0695-2006 Nice House of Plastics Ltd versus Hamidu Lubega***, the court guided that delivery up of products and machines used in manufacture of infringing products arises from a final finding of court where a party is held to have infringed on another's trademark.

Therefore, it would be premature for this Honourable court to consider ordering for delivery of machinery used in the manufacture of infringing stock where such should emanate from a final determination of the main suit.

In addition, such an order in this case, would cripple the Respondent's business since the same machines are used to manufacture other products like cocoa, tick-tock, among others, in its business as submitted by Counsel for Respondent.

In light of the forgoing, and in the interest of justice, this court cannot permit the respondent to benefit from a trademark infringement. Therefore, the infringing materials and the mold used in making the "CROCS" brand be retrieved from the respondent's premises. In respect to the manufacturing machinery, the same shall not be retrieved.

Consequently, I find that this application partially succeeds and order as follows;

a. A temporary injunction is issued restraining the Respondent/Defendant from continuing to infringe the Applicant's CROCS trade marks by manufacturing, importing, exporting, selling and or/offering or advertising for sale or distributing CROCS branded footwear in or from the territory of Uganda, pending the outcome of the main suit;
b. A Bailiff appointed by the applicant, at the Respondent's cost, immediately seize and remove all CROCS branded footwear from the Respondent's factory situated at Mbalala Industrial Zone and from its sales outlets situated at God's Grace Building William Street, Kampala within 48 hours of this ruling;
c. The Bailiff is directed to file a return in this court within 3 days after completing the retrieval of the all CROCS branded footwear from the Respondent's factory situated at Mbalala Industrial Zone and from its sales outlets situated at God's Grace Building William Street, Kampala;
d. The Respondent and/or it representatives or agents deliver to the Custody of the Honourable Court all the CROCS branded footwear in its possession and/or under its control and/or kept at all other locations and/or premises including all such goods present and/or stored at the abovementioned premises, residence, distribution centres, storage facilities, containers, affiliated stores or entries, owned or managed by the Respondent and/or its directors anywhere in Uganda, where the Respondent is hiding the CROCS branded footwear;

e. The costs are in the main cause.

Dated, signed and delivered electronically this 27th day of October, 2025.

Susan Odongo

JUDGE