THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA HOLDEN AT KAMPALA

COMMERCIAL DIVISION

MISC. APPLICATION No. 1080 of 2016

(Arising from Civil Suit No. 823 of 2016)

FORTUNE BET LIMITED =========================== APPLICANT

VERSUS

GRAND VICTORIA (U) LIMITED ==================== RESPONDENT

BEFORE: HON. LADY JUSTICE ANNA B. MUGENYI

RULING

This application is brought by Chamber Summons under **Section 98** of the **Civil Procedure Act** and **Order 41 rules 1, 2 & 9** of the **Civil Procedure Rules** seeking for orders that a temporary injunction restraining the defendant, its agents, employees, assignees or servants from using and soliciting for money through the use of the 'FORTUNE BET' Trademark. This application was supported by an affidavit of **MR. STUART SHANGI** the applicant/plaintiff's Managing Director.

The brief facts are that the applicant was issued with the trademark in issue by the Registrar of Trademarks in June 2016 in compliance with the Trademarks Act No. 17 of 2010. The respondent, which was incorporated in May 2012 and licensed by the National Lotteries Board to engage in the business of slot machines and betting, claims it designed and coined the mark Fortune Bet upon incorporation and has used the mark since 2012 to carry on its business. The applicant, on the other hand, alleges that in September, 2016 while carrying out its business of entertainment and sports betting it discovered that the respondent was using its trademark "fortune bet" without its consent and was confusing the public through its receipts and invoices on the nature, status and ownership of the Trademark; and that the applicant to lose business. The applicant brought this application for a temporary injunction to restrain the respondent from infringing on its mark.

REPRESENTATIONS

The applicant was represented by **MR. KAROORO FRANCIS** while the respondent was represented by **MR. JOSEPH WANDABWA.**

SUBMISSIONS

The plaintiff's counsel raised three issues to wit;

1. Whether the applicants have shown a prima facie case with a high likelihood of success
2. Whether the applicant will suffer irreparable damage if the temporary injunction is not granted to prevent the respondents from the continuous use of the Trademark
3. Whether the applicant is entitled to the temporary injunction on a balance of convenience

Issue one

Counsel for the applicant submitted that the principles for which a temporary and/or interlocutory injunction are granted have been reiterated by the courts in countless number of cases. He cited the case of **M/s Epsilon (U) Ltd v Dr. Joseph Kibuyaga Misc. Application No. 139 of 2011**, where it was held that the granting of a temporary injunction is an exercise of judicial discretion and it for preserving the status quo **Noor Mohammed Janmohamed v Kassamali Virji (1953) 20 EACA** and the case of **Geilla v Cassman Brown Co. Ltd [1973] E.A 358** it was held that the applicant must show a prima facie case with a probability of success.

Counsel argued that the applicants have shown this honourable court that they have a prima facie case with a high likelihood of success. He submitted that paragraph 3 of the applicant's application averred that the applicant while carrying out its business of entertainment and sports betting discovered that the respondent was using its trademark "fortune bet" without its consent. In paragraph 14 the applicant shows that the respondent confused the public through its receipts and invoices on the nature, status and ownership of the Trademark.

He contended that the use of this trademark by the respondent amounted to infringement of the applicant's right to use the trademark. He submitted that the applicant have proved that they have a prima facie case with a high likelihood of success.

Issue two

Counsel submitted that an injunction will normally be granted unless the applicant might otherwise suffer irreparable injury which would not adequately be compensated by an award of damages **Noor Mohammed (supra).** The respondent used the trademark in respect to MTN mobile money transfers, online transactions and agents' shops countrywide and made profits from these various transactions.

Counsel contended that the attached receipts showed that the respondent confused the public through its receipts and invoices on the nature, status and ownership of the Trademark. He made profits from the use of the applicant's mark.

He submitted that the use of this trademark by the respondent amounted to infringement of the applicant's right to use the trademark and caused the applicant to lose his customers that confused his services with those of the respondent.

Issue three

Counsel cited the case of **E.A Industries v Trafford's [1972] E.A 420** and the case of **E.L T Kiyimba-Kaggwa v Hajji Abdu Nasser Kasule [1985] HCB 43** where it was held that the applicant must satisfy court that the balance of convenience lies in his or her favour.

He submitted that the applicant's affidavit in support of the temporary injunction clearly shows that the balance of convenience lies in his favour. Counsel relied on paragraph 13 and 14 of the affidavit in support in which the applicant states that the respondent benefitted from his trademark and used it without his consent.

He submitted that on a balance of convenience the applicant stood to lose more than the respondent if the injunction was not granted. He argued that the respondent's transactions over the country through the use of the applicant's trademark had caused the applicant to lose customers.

He prayed that the court grants a temporary injunction restraining the respondent, its agents, employees, assignees or servants from using and soliciting for money through use of the Trademark Fortune Bet pending the disposal of the main suit.

In reply the respondent's counsel raised four issues to wit;

1. Whether there is a status quo to be preserved
2. Whether the applicant has shown a prima facie case with a high likelihood/probability of success
3. Whether the applicant will suffer irreparable damage if the temporary injunction is not granted
4. Whether the balance of convenience is in favour of the applicant.

Counsel submitted that in answering the issues above he was to rely on the case of **Legal Brains Trust Ltd v Attorney General & Anor Misc. Application No. 638 of 2014** on what guides courts when reaching a decision for a temporary injunction. He also cited **Section 38** of the **Judicature Act (Cap 13)**.

Issue one

Counsel submitted that paragraph 3 of the affidavit in reply the respondent company through its CEO, Vaclav Merunka, states that it engages in the business of slot machines and sports betting which business it has operated under the mark Fortune Bet since its incorporation in Uganda in 2012. He argued that the respondent was actively engaged in the business and was using this mark Fortune Bet and evidence of this could be found in the trading licenses attached on the respondent's affidavit in reply.

He argued that other than the applicant alleging in paragraph 2 and 3 of its affidavit that it was engaged in the business of Sports betting and entertainment, there was no proof that it was licensed to carry out this business under the mark Fortune Bet which was coined by the respondent company.

He argued that the National Lotteries Board could not have licensed two companies to use the same mark. He contended that the status quo as it was now was that the respondent company was using the mark Fortune Bet throughout its agency outlet and lawfully did so. He further argued that there was no status quo to preserve since the mark had been used by the respondent from the year 2012 when it was incorporated. He contended that the applicant instead sought to prevent the respondent from lawfully using the mark it designed. He prayed that the court be pleased to find that there was no status quo the applicant sought to maintain since the mark had been used by the respondent since 2012.

Issue two

He submitted that for a temporary injunction to be granted there must be a prima facie case in the main suit with a high probability of success. He referred to paragraphs 3, 4,5,6,9 and 10 of the affidavit in reply. The respondent clearly stated that it was incorporated in 2012 and was licensed by the National Lotteries Board to carry on business of sports betting and slot machines.

He argued that in carrying on its business it was using the mark Fortune Bet which it coined or designed at its inception in 2012. He contended that the respondent had been comfortably and peacefully using this mark until 2016 when the applicant with the intention to extort money from the respondent, fraudulently registered the mark as its own. He argued that the applicant was not engaging in the business of sports betting but unscrupulously and purposely registered the respondent's mark with the hope of soliciting and extorting money from the respondent.

Counsel submitted that paragraph 3 of affidavit in support of the application was a mere allegation not backed by any evidence. The applicant had never engaged in any business as it was not licensed to do so. The respondent had averred in paragraph 14 of his affidavit in reply that it was a sole entity conducting business under the mark Fortune Bet and it was the only known company by National Lotteries Board carrying out business under that mark.

He argued that in answering the question whether there was a prima facie case the applicant was required to show that the claim was not frivolous or vexatious.

He had to show that there was a serious question to be tried. Counsel cited the case of **Robert Kavuma v M/s Hotel International SSCA No. 8 of 1990**.

He submitted that the applicant also had to satisfy court that there was merit in the case, that is, that there was a triable issue which raised a prima facie case for adjudication. Counsel cited the case of **Kiyimba Kaggwa v Abdu Nasser Katende (supra), Wanendeya v Norconsult [1987] HCB 89, Devon v Bhades [1972] EA 22.**

Counsel also submitted that the applicant had to demonstrate that there were serious issues to be tried. He cited the case of **Daniel Mukwaya v Administrator General HCCS No. 630 of 1993 [1993] IV KALR 1** and the case of **Francome v Mirror Group Newspapers [1984] 1 WLR 892**.

Counsel argued that in order for the applicant to register a mark which had been used by the respondent for over four years now without any protest and then run to court seeking an injunction to stop the respondent from using its own mark is an abuse of court process and cannot be better categorised than extortion and blackmail by aid of the legal process.

He contended that the applicant had not shown this court a prima facie case with a high likelihood of success. He argued that the applicant had blatantly lied to court that the trademark was its own or that it was engaged in the business of entertainment and sports betting yet it had no license. He contended that the applicant had not demonstrated a prima facie case with a high probability of success and prayed that the court be pleased to so find.

Issue three

Counsel submitted that the applicant had to demonstrate to court that he/she would suffer irreparable injury if court did not grant the application. He cited the case of **Giella (supra)**. Counsel argued that by irreparable injury it did not mean that there had to be physical possibility of repairing the injury, but it meant that the injury or damage had to be substantial or material one that is; one that could not be adequately atoned for in damages. He relied on the cases of **Tonny Wasswa v Joseph Kakooza [1987] HCB 79, NTCO Ltd v Hope Nyakairu [1992-1993] HCB 135.**

Counsel submitted that paragraph 15 of the affidavit in reply sated that it would be greatly affected if an injunction was granted stopping it from using its mark Fortune Bet. He further submitted that the respondent owned outlets throughout the country operating under the mark Fortune Bet, whereas the applicant did not even have a license to operate any business.

Counsel contended that the respondent company was already suffering heavy financial losses following an interim injunction issued by court stopping it from using the mark while the applicant is not operating any business in Uganda using the same mark which the respondent has been restrained from using.

In response to the applicant's submission that the respondent used the trademark in respect of MTN Mobile money transfers, online transactions and agent shops countrywide and made profits from this transaction, counsel submitted that this was not an indication of irreparable damage that could be suffered in case the injunction was not granted.

He argued that on the contrary, the respondent was and is the proprietor and is entitled to use it. The allegation that the respondent confused the public through use of the mark was unfounded as the respondent was a sole entity conducting business under the mark Fortune Bet. He argued that the applicant had not demonstrated or come close to proving that it will suffer irreparable damage i.e. damage that could not be atoned for in damages.

He submitted that the applicant had prayed for general damages in the plaint, an indication that the damage can be quantified. Counsel cited the case of **American Cyanamid Co. v Ethicon [1975]1 ALLER 504**. He argued that the applicant had asked for damages in the main suit and it could not have done so if the court was not able to assess the damages it is entitled to if it succeeded in the main suit.

Counsel contended that apart from the applicant registering the mark fraudulently, it does not use the mark anywhere in Uganda and it was even unimaginable that it can suffer any damages when it is not conducting any business under the mark Fortune Bet. He argued that there would be no damage let alone irreparable damage suffered by the applicant if the injunction is not granted and hence prayed that the issue is answered in the negative.

Issue four

On this issue, counsel contended that how could the balance of convenience tilt in favour of an applicant who registered a mark in 2016, had no license to engage in sports betting business, who did not even own a single outlet with the mark Fortune Bet? On the other hand it is the respondent who designed the mark and had used it over four years now, owned sports betting outlets throughout the country and beyond the borders of Uganda with the mark Fortune Bet, has licenses from National Lotteries Board to engage in this business and is actively doing so.

He invited the court to hold that the balance of convenience tilted significantly in favour of the respondent in case of any doubt and pray that the order sought was not granted to the applicant. He prayed that this application be dismissed with costs.

RULING

I have read the submissions of both counsel and studied the pleadings on court record. The issue for resolution before this court is **whether this is a proper case for grant of a temporary injunction.**

0rder 41 rules (1) and (2) of the Civil Procedure Rules (CPR) provides for instances when a temporary injunction may be granted. **Section 38 of the Judicature Act** empowers the High Court to grant injunctions as specified by the court.

In the case of **Viola Ajok & Anor Vs Andrew Ojok & Anor Miscellaneous Application No.179 of 2007** the conditions for the grant of a temporary injunction were stated to be;

1. The applicant must show that there is a *prima facie* case with probability of success,
2. That the applicant might otherwise suffer irreparable damage which cannot be easily compensated in damages, and

3. That in case court is in doubt; it will decide the application on the balance of convenience.

Similarly in the case of Ganafa **Peter Kisawuzi v DFCU Bank Limited CACA 64 of 2016** and citing **Robert Kavuma Vs Hotel International; SCCA No.8 of 1990,** it was held that:

"It is generally accepted that for a temporary injunction to issue, the court must be satisfied:-

i. That the Applicant has a prima facie case with a probability of success.

ii. That the Applicant might otherwise suffer irreparable damage which would not be adequately compensated for in damages.

iii. If the court is in doubt, on the above two points, then the court will decide the application on a balance of convenience. In other words, whether the inconveniences which are likely to issue from withholding the injunction would be greater than those which are likely to arise from granting it".

The purpose of a temporary injunction is to maintain the status quo of things pending the determination by court of serious triable issues brought before it. In the case of **Clovergem Fish & Foods Ltd Vs International Finance Corp & 7 Ors [2002-2004] UCLR 132**, court stated as follows:

"Indeed the court needs to know the status quo intended to be preserved by the application before applying the three conditions laid down...if the status quo has changed before the application, then the application would be rendered useless since there will be no status quo to preserve".

The applicant submitted that the status quo was that they registered the trademark in June 2016 and discovered that the respondent was trading in that name in September 2016. On the other hand the respondent submitted that it registered its company in 2012 and since then had been trading under the name

Fortune Bet. The respondent attached receipts that showed different offices in different districts trading under the name Fortune Bet and the receipts were issued in 2014. This court issued an interim order dated 9th November 2016 restraining the respondent etc from using and soliciting for money through the use of the FORTUNEBET trademark thereby changing the status quo as it were.

In applying the first condition for granting a temporary injunction, there must be a serious question to be tried and the claim must not be frivolous or vexatious. (**American Cynamide v Ethicon [1975] ALL ER 504**). Both parties claim for various reasons that they own the mark Fortune Bet and the respondent has raised issues of fraud against the applicant, which in the view of this court, all which raise triable issues that can only be determined by adducing evidence during a trial. I, therefore, find that serious issues for trial have been raised by the parties.

With regard to the second condition that the applicant might otherwise suffer irreparable damage which would not be adequately compensated for in damages, the applicant has availed proof of registration of the mark Fortune Bet in June 2016 but no evidence of a licence to carry out business or of an office anywhere in the country while the respondent has shown evidence of its presence countrywide and active use of the mark Fortune Bet since 2012.

I agree with counsel for the respondent that the applicant failed to demonstrate that it will suffer irreparable damage and that it only registered its trademark in June 2016 and any infringement, if at all, can be adequately compensated in damages if it were successful in the main suit. Further, the alleged loss suffered by the applicant could be assessed since the applicant has sought for damages in the main suit. The respondent, on the other hand, has demonstrated that it will be greatly affected if an injunction is granted stopping it from using the mark Fortune Bet. I believe the respondent when they submit that they coined and used the mark solely for four years and during which they must have built a reputation and goodwill for themselves using the mark in issue. For this court to grant an injunction restricting them from using the mark would cause a miscarriage of justice because loss of reputation/goodwill built over years, in my view, would result in irreparable damage that cannot be compensated by an award of damages. This is also aggravated by the difficulty in computing what would amount to damages because the business has been going on for so many years back and there is a likelihood of all records not being available at this point to do so.

In the case of **Pan African Commodities Ltd v Aya Biscuits (U) Ltd Misc. Application No. 385 of 2007 (arising from HCCS No. 528 of 2007)** it was held that if the applicant can be compensated in damages and the respondent is in a position to pay then no injunction should issue.

Regarding the third condition on the balance of convenience, counsel for the applicant argued that the respondent's transactions over the country through the use of the applicant's trademark had caused the applicant to lose customers. In reply counsel for the respondent argued that the balance of convenience could not tilt in favour of an applicant who had registered a mark in 2016, had no license to engage in sports betting business and who did not even own a single outlet with the mark Fortune Bet.

He also contended that it was the respondent who designed the mark and had used it over four years, owned sports betting outlets throughout the country and beyond the borders of Uganda with the mark Fortune Bet, had licenses from National Lotteries Board to engage in this business and was actively doing so.

I find that the balance of convenience does indeed tilt in favour of the respondent who will suffer more if the injunction is granted. In the result and for all the reasons above, I find that the applicant has not satisfied the conditions for grant of a temporary injunction and therefore decline to grant the same. This application is accordingly dismissed with costs to the respondent.

I so order.

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HON. LADY JUSTICE ANNA B MUGENYI

DATED: 6/2/2017