

THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
(COMMERCIAL DIVISION)

HCT - 00 - CC - CS - 373 - 2010

OBSESSIONS COMPANY LTD ::::::::::::::::::::::::::::::::::: PLAINTIFF

VERSUS

WARID TELECOM (UGANDA) LIMITED ::::::::::::::::::::::::::: DEFENDANT

AND

DMARK COMPANY LIMITED ::::::::::::::::::::::::::::::::::: THIRD PARTY

BEFORE: THE HON. JUSTICE DAVID WANGUTUSI

JUDGMENT:

Obsessions Company Limited incorporated for authoring and producing songs sued Warid Telecom (U) Ltd for damages for infringement of several pieces of their artistic work as caller tunes.

The Plaintiff which has been in existence since 2004 has authored and produced several songs some of which are 'Feel Me' 'Mwekute' 'Wekume' 'Jukila' 'Jump' and others whose copyright brought them into the bracket of their intellectual property. Being their intellectual property, it is only them who could assign, transfer, license, lease, sell, rent or consent to any use of those products. It is the Plaintiff's claim that in 2008, without their permission, the Defendant recorded

several of their songs in their systems and offered them for sale as caller tunes to their customers who were holders of hand sets. Because of the foregoing, the Plaintiff's music depreciated and they suffered loss; thus this suit.

The Defendant, at first denying liability, claimed that they had not infringed the intellectual property rights of the Plaintiff because they obtained them lawfully. It was the Defendant's contention that they had entered into a contract with DMark Co. Ltd which provided the musical works as theirs. They relied on Annexure 'B' which was the agreement for content provision entered into on 11th August 2008 between Warid Telecom (U) Ltd and DMark Co. Ltd. Under the agreement, DMark had warranted to the Defendant that it had the legal right and capacity to deal with the intellectual property content the way it did. DMark did not deny that it provided the artistic work to the Defendant. The Defendant therefore contended that in the event of being found liable to the Plaintiff, they would be entitled to compensation from DMark.

DMark, hereinafter called the Third Party disputed the Plaintiff's claim and stated that the ownership of the intellectual property by the Plaintiff was in question.

The issues that arose for determination by the Court were 4 namely;

1. Whether the Plaintiff is the owner or assignee of the copyright?
2. Whether the Defendant infringed on the Plaintiff's copyright?
3. Whether the Plaintiff is entitled to any remedies?
4. Whether the Defendant is entitled to be indemnified by the 3rd party?

With regard to the 1st issue, PW1 stated that he was the Managing Director of the Plaintiff company whose other shareholders were Sharon Salmon Nalukenge and Jackline Tusiime. That the Plaintiff was a player of music of repute since its incorporation in the year 2000 or thereabouts. That amongst the songs played and over which they were copyright owners were 'Wekume' 'Jangu' 'Feel Me' 'Mwekute' 'Kalyonso' among others. He added that these songs were both in audio and video. His evidence received support from PW2 Jackline Tusiime who also stated that she was a director in the Plaintiff company and that the Plaintiff was the copyright owner in the artistic works of 'Wekume' 'Jangu' 'Jukira' 'Feel Me' 'Mwekute' 'Kalyonso' and others. These songs were more particularly shown in Annexure 'A' in the form of 3 albums. Their evidence as to ownership of the artistic works mentioned herein above remained undisturbed by the cross-examination of Counsel for the Defendant. Even if there was doubt, that doubt was perforated by the third party which claimed to have had dealings with the Plaintiff.

Furthermore, DW1 also confirmed that the songs belonged to the Plaintiff. When in cross-examination she was asked how many of the songs were attributed to the Plaintiff, she said they were five (5). The foregoing leaves no doubt that the Plaintiff was the owner of the copyright in question.

In relation to whether the Defendant infringed on the Plaintiff's copyright, Section 46(1) of the Copyright and Neighbouring Rights Act 2006 provides that a copyright is infringed by any person who without a valid transfer, licence, assignment or other authorization

under the Act deals with any work or performance contrary to its permitted free use.

DW1, confirmed that the Defendant had used five (5) songs that were attributed to the Plaintiff. She further stated that as at 13th October 2010, the number of downloads of the Plaintiff's music from the Defendant's site was:

24 times	-	Mwekute
848 times	-	Wekume
211 times	-	Jukira
112 times	-	Feel me
145 times	-	Kalina

There was no evidence to show that the Defendant had acquired any permission from the Plaintiff to use its artistic works. That no permission was given is seen further by the letter dated 2nd September 2010 – Annexure 'C' to the Plaint, wherein the Plaintiff wrote to the Defendant about their infringement on the Plaintiff's copyright.

The third party was unable to prove that they had acquired consent from the Plaintiff either. In Paragraph 4(c) of their Written Statement of Defence, they averred that discussions took place between them and the Plaintiff in regard to use of artistic works attributed to the Plaintiff. There is nothing to show that these discussions materialized into any form of consent.

Counsel for the Third Party conceded early on in the proceedings of this case, that his client has always wished to settle which infers that the Third Party conceded to unauthorized use of the Plaintiff's works.

In light of the foregoing, it is clear that the Plaintiff did not permit the Defendant nor the Third Party to use its copyrights. Therefore it is this Court's finding that the artistic works of the Plaintiff protected by copyright were infringed by the Defendant.

In infringing the intellectual property rights of the Plaintiff, the Defendant benefited financially and there was value addition to their product. The issue of value being added to their product was properly brought out by DW1 when she was asked what the effect of using the music was. She stated that since value had been added to the calls, customers were happy, sales had gone up and the Defendant had made some money.

The end result is that the Defendant made money by use of the Plaintiff's intellectual property without its permission. This amounted to unjust enrichment.

The third issue is whether the Plaintiff is entitled to any remedies. Discussing damages in cases of infringement, **Copinger & Shame James on Copyright 13th Edition Pg 343** states:

" the measure of damages is the depreciation caused by infringement to the value of the copyright as a chose in action. Thus if the Defendant has dealt with the Plaintiff's copyright as if he had a licence the Defendant ought to pay

as damages an amount equivalent to the fair fee or royalty which he would have to pay for licence to do the acts, which he has done and damages may be said to be at large."

It is therefore not only the money acquired from the caller tune fee by the Defendant that should be considered but also the depreciation in value of the song. Just as PW2 testified if every time a person uses his phone he hears the same caller tune he is not likely to go to a shop and buy a recording of that music. The caller tune project might popularize a song without increasing the song's sale on the market. The song even in its popularity does not benefit copyright holder, in this case the Plaintiff, because while the song is being heard many times, no CD is leaving the shops. Similarly, while no CD is leaving the shops, the song is depreciating.

In the instant case however, Counsel for the Plaintiff did not assist Court much in assessing how much depreciation of the songs had taken place. This Court however cannot sit and fold its hands in resignation. Where the Plaintiff cannot prove actual damage the correct measure of damages is what the Plaintiff would have charged for the use of his or her property by the Defendant.

The Plaintiff can only recover the actual loss suffered which is proved on the balance of probabilities. **Wrotham Park Estate Company V Parkside Homes Ltd [1974] 2 All ER 321.**

The big question is thus: How much?

Discussing the cost of a song, PW2 during cross-examination listed the avenues to which money is spent to produce a song. She said

when a song is bought from a writer, you would spend money, money is also spent to pay the producer, pay for studio time, pay for vocal training and pay for other services that enable the production of a song. As a singer or producer you put a face on that song. If it is a video recording, your face is put on the audio recording whenever it is played.

In her opinion, going through all these steps costs money. PW1 testified that with proper marketing of a song to big companies like MTN, Airtel, Mango, a song for advertisement could fetch as high as UShs. 80,000,000/=.

He further stated that the Plaintiff had sold a song called 'pollination' at UShs. 45,000,000/= to SMS Media. That it would have gone ahead to sell other songs at UShs. 35,000,000/= each for old albums and UShs. 45,000,000/= for the new albums but this deal fell in when the intending purchasers discovered that the third party was already in possession of the songs and had supplied it for purposes of use as caller tunes.

PW1 did not produce any written evidence to validate the foregoing sums of money but this oral evidence also remained undisputed by the cross-examination of counsel for the Defendant and was on the balance of probabilities, believable.

Considering the figures ranging from UShs. 35,000,000/= to UShs. 80,000,000/=, the long duration that the Defendant used the works of the Plaintiff and also the fact that there were as many as five (5)

songs, I find a sum of UShs. 50,000,000/= suitable award as damages.

The Plaintiff claimed for exemplary damages. Exemplary damages carry a punitive aim at both retribution and deterrence for the wrong doer and others who might be considering the same or similar conduct.

Exemplary damages may be awarded in two cases:

First where there is oppressive, arbitrary or unconstitutional action by the servants of the government and secondly where the Defendant's conduct was calculated to procure him some benefit, not necessarily financial, at the expense of the Plaintiff. **Rookes V Bernard [1964] AC 1129**

In the instant case, there was a financial gain by the Defendant. It would have been understood if the Defendant had stopped the use of the Plaintiff's intellectual property when they were first informed of the infringement on 2nd September 2010. But the Defendant continued the use upto 13th October 2010. This Court takes judicial notice of the fact that intellectual property rights in Uganda are not well observed. **Stella Atal V Ann Abels Kiruta HCCS 967/2004**

The perpetrators do not take into account the trouble that the producers of this intellectual property pass through to produce them. So when they were told that they are infringing, their refusal to stop can only be referred to as impurity. For such infringement therefore where the infringer is making a financial gain from his breach, exemplary damages would be appropriate. Considering all the

circumstances of this case, I find an award of UShs. 10,000,000/= appropriate.

The Plaintiff claimed special damages of UShs. 180,000,000/=. Special damages must not only be specifically pleaded but must also be strictly proved. **Jivanji V Sanyo Co. Ltd (2003) EA 84.**

There was no evidence as to the money lost by the Plaintiff. Counsel for the Plaintiff did not make submissions that were helpful to the Court in reaching the amount of money claimed. In the premises this Court does not find special damages proved and I decline to award the same.

The Plaintiff sought an injunction. This suit was based on infringement. In cases of infringement, even where damages are not proved, the injunction will issue. Since it was my finding that infringement had occurred, Court finds an injunctive order restraining the Defendant, her agents, assignees and transferees from further acts of infringement of the Plaintiff's copyright appropriate.

Court will award interest on general and exemplary damages at Courte rate from date of judgment till payment in full. The Plaintiff is also awarded costs of the suit.

Turning to the Defendant's prayer for compensation from the Third Party, it is the finding of this Court that the Third Party conceded to having supplied the Defendant with the unauthorized artistic works of the Plaintiff. The Third Party through its advocate right from the

start conceded that they were wishing to settle the matter and were anxious to get the terms of the quantum.

Because of this, this Court finds the Defendant entitled to compensation by the Third Party.

In conclusion, judgment is entered in favour of the Plaintiff in the following terms:

- a) It is declared that the Defendant is guilty of infringement of the Plaintiff's copyright.
- b) It is declared that the infringement and the resultant income by the Defendant amounted to unjust enrichment.
- c) Permanent injunction against the Defendant, assignees and transferees restraining them from further acts of infringement of the Plaintiff's copyright.
- d) General damages of UShs. 50,000,000/=.
- e) Exemplary damages of UShs. 10,000,000/=.
- f) Interest on (d) and (e) at Court rate from date of judgment till payment in full
- g) Costs of the suit.

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David K. Wangutusi

JUDGE

Date: 20/11/2014