

**THE REPUBLIC OF UGANDA**  
**IN THE COMMERCIAL COURT OF UGANDA AT KAMPALA**  
**(COMMERCIAL COURT DIVISION)**  
**CIVIL SUIT NO. 102 & 271 OF 2013 (CONSOLIDATED)**

**MUSE AF ENTERPRISES CO. LTD .....PLAINTIFF**

**VERSUS**

**1. BILLEN GENERAL TRADING LIMITED**

**2. LINYI HUATAI BATTERY CO., LTD**

**3. LINYI HUATAI BATTERY**

**MANUFACTURE CO.LTD .....DEFENDANTS**

**BEFORE HON. LADY JUSTICE HELLEN OBURA**

**JUDGMENT**

The plaintiff company being the registered owner of trademark No. 29015 (PANASUPER) in class 9 sued the 1<sup>st</sup> defendant company, the agent of the 2<sup>nd</sup> defendant who claims to be the registered owner of the PANASUPER trademark in China for trademark infringement and passing off. The suit was filed on 4<sup>th</sup> March 2013 as H.C.C.S. No. 102 of 2013. Subsequently, on 29<sup>th</sup> May 2013 the 3<sup>rd</sup> defendant also instituted a suit against the plaintiff for fraudulent registration of the PANASUPER trademark vide H.C.C.S. No. 271 of 2013. When the parties first appeared before this court on 8<sup>th</sup> November 2013 they prayed for consolidation of the two suits because the issues for determination were the same. Court granted the prayer and the plaintiff in HCCS No. 102 of 2013 was maintained as the plaintiff in the consolidated suits and the 2<sup>nd</sup> defendant was added as a necessary party for this court to conclusively and effectually resolve the dispute between the parties. The pleadings were amended accordingly to reflect the parties as agreed.

At the scheduling conference the following issues were framed and agreed upon by the parties;

1. (a) Whether the plaintiff registered the PANANSUPER trademark fraudulently; and if so  
(b) Whether the Plaintiff's action infringed the 2<sup>nd</sup> and 3<sup>rd</sup> defendants' trademark?
2. Whether the 1<sup>st</sup> and 2<sup>nd</sup> Defendants infringed the said trademark or passed off the batteries as those of the Plaintiff?
3. What are the remedies available to the parties?

The 1<sup>st</sup> defendant in reply to the plaintiff's submission belatedly raised a preliminary point of law which I will deal with first before addressing the issues for trial. It was contended that there is no cause action between the plaintiff and the 1<sup>st</sup> defendant. This objection was based on **Order 7 rule 1 (e)** of the Civil Procedure Rules which provides that a plaint shall contain facts constituting the cause of action and when it arose and **rule 11 (a)** of the same Order which provides that a plaint shall be rejected where it does not disclose a cause of action. Reference was also made to the case of Auto Garage Vs Motokov (1971) EA 314 where it was held that there are three essential elements to support a cause of action, namely that;

1. the plaintiff enjoyed a right,
2. the right has been violated,
3. the defendant is liable.

It was submitted that to determine whether the 1<sup>st</sup> defendant is liable this Court must look at the relationship that exists between the defendants and the plaintiff. It was then contended that the 1<sup>st</sup> defendant was a mere agent of a disclosed principle who is the 2<sup>nd</sup> defendant and could therefore not be held liable or sued as it is an established principle of law that where the principal is disclosed the agent cannot be sued.

To support this point, counsels relied on the general rule stated in the case of **Pheneas Agaba vs Swift Freight HCCS No. 1000 of 1999** where **Arach – Amoko J** (as she then was) stated:

*“The general rule is that where an agent makes a contract on behalf of his principal, the contract is that of the principal not that of the agent, and prima facie at common law the only person who can sue is the principal and the only person who can be*

*sued is the principal” Per Wright J, in Montgomerie vs United Kingdom Mutual Steamship Association (1891) 1 QB 370 at 371.”*

They also cited the case of *Friendship Container Manufacture Ltd vs Mitchell Cotts (K) Ltd (2001)2 EA 338* where the Court considered the issue whether a disclosed agent was liable for a principal’s breach of contract and held, citing *Ram vs Singh (1933)5 ULR 76*, that “*a person who acts as a disclosed agent is not liable to the Plaintiff in respect of particular transactions.*”

It was then contended that in the instant case there was a disclosed principle who was known to the Plaintiff. According to counsels, Exhibit D 2 (iv), the 1<sup>st</sup> defendant’s Bill of Lading, clearly shows Linyi Huatai Battery Co. Ltd as the Shipper and Bilen General Trading Ltd (1<sup>st</sup> Defendant as the consignee). They pointed out that Exhibit D2 (xiv), the Plaintiff’s Bill of Lading also clearly shows Linyi Huatai Battery Co. Ltd as the Shipper and Muse- Af Enterprises Co. Ltd (Plaintiff) as the consignee. They argued that from the foregoing the Plaintiff had dealt with the principal before instituting the suit and as such the 1<sup>st</sup> defendant cannot be a party to this suit since the principal is disclosed and well known to the Plaintiff.

Furthermore, it was contended that the 1<sup>st</sup> defendant entered into a distributorship agreement with Linyi Huatai Battery Co. Ltd (Exhibit D16.) and as such became an agent of the 2<sup>nd</sup> Defendant on the 21/11/2012 and that relationship was not denied or contested by the Plaintiff. Counsels referred to the evidence of PW1 Muse Aferwoki during cross examination that from 2012 they stopped importing PANASUPER when Linyi started dealing with Bilen.

They submitted that from the above it’s clear that the Plaintiff knew the principal and was fully aware that the 1<sup>st</sup> defendant was only an agent but however went ahead to sue it. They argued that to retain the 1<sup>st</sup> Defendant as in this suit would be acting contrary to the holdings in *Ram vs Singh (Supra)* and *Friendship Container Manufacture Ltd vs Mitchell Cotts (K) Ltd (Supra)*. They therefore prayed that the 1<sup>st</sup> defendant be struck out from these proceedings as the plaintiff has no cause of action against it and all allegations in the Plaint referring to the 1<sup>st</sup> Defendant be disregarded and struck out as well.

In reply to the objection, the Plaintiff's counsel submitted that the 1<sup>st</sup> Defendant is jointly and severally liable for infringement of the Plaintiff's registered trademark. He referred to Order 1 rule 3 of the CPR which states as follows;

*“All persons may be joined as defendants against whom any right to relief in respect of or arising out of the same act or transaction or series of acts or transactions, is alleged to exist, whether jointly, severally or in the alternative, where, if separate suits were brought against those persons, any common question of law or fact would arise.”*

He submitted that under section 36 (2) of the Trademarks Act 2010, the exclusive right to the use of a trademark is taken to be infringed by a person who, not being the owner of the trademark or a registered user of the trademark uses by way of permitted use, a mark identical with or so nearly resembling it, as to be likely to deceive or cause confusion in the course of trade in relation to any goods of the same description where the use would result in a likelihood of confusion and in such a manner as to render the use of the mark likely to be taken as a trademark relating to goods or as importing a reference to some person having the right as owner or as registered user of the trademark or to goods with which that person is connected in the course of trade.

The Plaintiff's counsel submitted that the objection of the 1<sup>st</sup> Defendant is brought in bad faith arguing that it is trite law that preliminary objection should be raised at the earliest opportunity and not when the case has been called a number of times and a scheduling conference has been completed. He referred to the case of **Nassan Wasswa & 9 others vs Uganda Rayon Textiles [1982] HCB 137** where the court held that:-

*“The preliminary objection itself was misconceived as it was raised at the wrong time. A preliminary objection by its very nature should be raised at the commencement of the proceedings. Since it is proper to bring to the notice of the Court an alleged irregularity which must be cured before the case proceeds. In the present case, it was raised when Court had concluded hearing the case during the course of submissions by Counsel. Further it contravenes the provisions of O. 6 rule 6 of the Civil Procedure Rules in that it was a clear departure from the original proceedings.”*

It was submitted for the Plaintiff that the 1<sup>st</sup> Defendant was part of the process that resulted in the consolidation of the suits to which it was a party with the current case against the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants. No objection to this consolidation was raised at that time. It was contended that the Plaintiff has led evidence to show why it is proceeding against all the Defendants both separately and jointly and therefore the objection of the 1<sup>st</sup> Defendant has no merit and ought to be dismissed with costs to the Plaintiff.

I have carefully considered the above objection and I do find that this was a surprise turn of events since the 1<sup>st</sup> defendant did not raise this in the written statement of defence. It even went ahead to participate in the proceedings including its managing director giving evidence and the matter was merely raised as an afterthought in the final submissions. If indeed the 1<sup>st</sup> defendant was convinced that it was being wrongly sued it could have pleaded lack of a cause of action and raised it as a preliminary issue at the commencement of the trial or soon thereafter so as to avoid surprising the plaintiff in the reply to submissions on the issues canvassed before this court. That approach would be in line with Order 6 rule 6 of the CPR. In the alternative, the matter could have been framed as the first issue for determination by this court. For the above reason, I overrule the objection as being an afterthought and a surprise to the plaintiff and proceed to deal with the substantive issues.

### **ISSUE 1(a)**

#### **Whether the Plaintiff registered the PANASUPER trademark fraudulently?**

The plaintiff submitted that it obtained the trademark from the 3<sup>rd</sup> defendant and lawfully registered it in Uganda. The plaintiff's witness, Mr. Afeworki, testified as to how the plaintiff obtained and registered the trademark. He stated that during the Canton Trade Fair he met a one Mr. Shore (who acted for the 2<sup>nd</sup> and 3<sup>rd</sup> defendants) with whom they discussed an arrangement under which the plaintiff would own the PANASUPER trademark in Uganda and an OEM agreement would be entered into to formalize the relationship between the plaintiff and the 3<sup>rd</sup> defendant.

The witness further testified that upon obtaining authorization from the 3<sup>rd</sup> defendant the plaintiff filed an application for registration of the PANASUPER trademark on 3<sup>rd</sup> August 2006 but the

application was opposed by Matsushita Electronic Industrial Co. Ltd of Japan, the registered proprietors of Trademarks No. 25731 and 28536 PANASONIC. It is also the plaintiff's evidence that since the registration of the trademark had been opposed, the plaintiff requested Mr. Shore to formalize the authority under which the plaintiff was empowered to register the PANASUPER trademark following which Mr. Shore procured a power of attorney from the 3<sup>rd</sup> defendant authorizing the plaintiff to register the trademark in its name and for its own use.

It is the plaintiff's submission that upon obtaining the trademark from the 3<sup>rd</sup> defendant, it registered the trademark in accordance with the Trademarks Act Cap 217 (hereinafter called Cap. 217) and the Trademark Rules SI 217-1 (hereinafter called the Rules). He referred to sections 19 (1) and 20 (1) of Cap. 217 and rule 42 (1) of the Rules which require that the application should be made and advertised in the Gazette while rule 46 and 47 provide for opposition of registration of a trademark. He also referred to section 21 (1) (b) of Cap. 217 which provides that when a trademark is registered it shall be registered as of the date of the application for registration and that date shall be deemed for the purposes of the Act to be the date of registration.

To prove that the plaintiff registered the trademark in accordance with the law, counsel for the plaintiff relied on Exhibits D15, P1, D12 and P2 being the application for registration of the trademark, the Gazette in which the application was published, the ruling disposing of the opposition of registration of the trademark by Matsushita Electronic Industrial Co. Ltd and the Certificate of Registration of the trademark respectively. He submitted that the allegation by DW1 that the plaintiff was requested to register the trademark in the 3<sup>rd</sup> defendant's name is not conceivable because of the following reasons:-

- The OEM Cooperation Agreement which was executed on 11<sup>th</sup> September 2006 by Mr. Shore on behalf of the 2<sup>nd</sup> defendant clearly states in clauses 2 and 5 that the Plaintiff is the owner of the PANASUPER trademark in Uganda.
- The power of attorney executed by Mr. Shore on behalf of the 3<sup>rd</sup> defendant and in favour of the plaintiff clearly states that the plaintiff should register the PANASUPER trademark in its (plaintiff) name and for its own use.
- The 2<sup>nd</sup> defendant owns trademark No. 28773- PAIR TIGER (Exhibit P7) which was registered prior to the PANASUPER trademark.

- The 3<sup>rd</sup> defendant owns trademark No.30972-POWER FLASH (Exhibit P8) which was registered after the PANASUPER trademark.
- The 2<sup>nd</sup> and 3<sup>rd</sup> defendants were aware of the dispute between the plaintiff and Matsushita Electronic Industrial Co. Ltd.

Counsel for the plaintiff referred to the definition of fraud as set out in the case of ***Fredrick Zaabwe v Orient Bank & Ors*** SCCA No. 04 of 2006 as follows:-

*“An intentional perversion of truth for the purpose of inducing another in reliance upon it to part with some valuable thing belonging to him or to surrender a legal right. A false representation of a matter of fact, whether by words or by conduct, by false or misleading allegations, or by concealment of that which deceives and is intended to deceive another so that he shall act upon it to his legal injury. Anything calculated to deceive, whether by a single act or combination, or by suppression of truth, or suggestion of what is false, whether it is by direct falsehood or innuendo by speech or silence, word of mouth, or look or gesture...”*

Counsel submitted that the plaintiff cannot be said to have registered the trademark fraudulently because it obtained the trademark from the 3<sup>rd</sup> defendant and registered it in accordance with the provisions of Cap. 217 & the Rules and it is inconceivable that the plaintiff was requested to register the trademark in the 3<sup>rd</sup> defendant's name.

In reply, the defendants' counsels referred to the definition of the terms fraud and fraudulent as per ***Black's Law Dictionary 6<sup>th</sup> Edition at Page 660*** and also referred to the case of ***Kampala Bottlers Ltd vs Domanico (U) Ltd (S.C Civil Appeal No 22/92)*** where the appellate court accepted the definition of fraud as meaning actual fraud or some act of dishonesty. The defendants' counsels also referred to the cases of ***Uganda Posts and Telecommunications vs Lutaaya*** SCCA No. 36 of 1995, ***Sejaka Nalima vs Rebecca Musoke*** Civil Appeal No. 12 of 1985 and ***Fredrick Zaabwe v Orient bank & Ors*** SCCA No. 04 of 2006 where the Courts were

of the view that if such knowledge is accompanied by a wrongful intention to defeat a lawful interest that would amount to fraud.

They then submitted that in the instant case the plaintiff knew that the 3<sup>rd</sup> defendant was the registered owner of the trademark PANASUPER in China as stated in Exhibit D10 being a statutory declaration that was submitted to the Registry of Trademark while applying for registration of this trademark. More so, the Plaintiff had knowledge of the 3<sup>rd</sup> defendants' registration in WIPO and AIPO.

It was contended that the plaintiff was issued with a power of attorney to register the 3<sup>rd</sup> defendant's trademark in Uganda in the 3<sup>rd</sup> defendant's name. The definition of a power of attorney as per **Black's Law Dictionary** was quoted as; *"an instrument in writing whereby one person, as principal, appoints another as his agent and confers authority to perform certain specified acts or kinds of act on behalf of a principal.... An instrument authorizing another to act as one's agent or attorney.... Such power may be general (full) or special (limited)."*

It was argued that from the above definition, the only relationship that a power of attorney can create is that of a principal-agent relationship. Thus by entering into a power of attorney with the plaintiff automatically became an agent of the 3<sup>rd</sup> defendant. Therefore, the 3<sup>rd</sup> defendant intended to have the trademark registered in its names and not in the names of the plaintiff.

It's the plaintiff's contention that if the 3<sup>rd</sup> defendant intended to have the plaintiff own the trademark it would have signed a sale agreement, an assignment or transmission of their intellectual property rights in the PANASUPER trademark in Uganda to the plaintiff and this is not the case as the trademark was issued on the basis of the said power of attorney.

Counsels relied on the case of ***Rehema Namuli vs James Mulwana and 3 ors H.C.C.S No. 613 of 2004*** where fraud was defined to include: *"anything calculated to deceive whether by a single act or combination or suppression of truth or suggestion of what is false, whether it is by direct falsehood or innuendo by speech or silence, word of mouth or look or gesture."*

They submitted that according to the facts on record the plaintiff/respondent refused to disclose to the 1<sup>st</sup> and 2<sup>nd</sup> counter claimant/2<sup>nd</sup> and 3<sup>rd</sup> defendants about the Certificate of Registration of the 3<sup>rd</sup> defendant's trademark in Uganda. To support this point, they alluded to the evidence of DW1, Mr. Yin Lei that when they appointed Muse-Af Enterprises to register their PANASUPER trademark in Uganda its managing director said he was busy and they did not get any response regarding the trademark until later in 2012 when they appointed another agent Mr. Tekle who told them that the Trademark had been registered in the names of Muse-Af Enterprises and not the 3<sup>rd</sup> defendant. They contended that these deceitful acts and suppression of truth amounted to fraud as they were calculated to deprive the 2<sup>nd</sup> and 3<sup>rd</sup> defendants of their right in the PANASUPER trademark in Uganda.

Furthermore, that the plaintiff in his written statement dated 28<sup>th</sup> March 2014 under paragraph 20 stated that the plaintiff has never entered into a distributorship agreement with the 2<sup>nd</sup> defendant and yet he attached the agency agreement to the application for a trademark at the Registry of Trademarks. It was therefore submitted that the plaintiff unscrupulously and fraudulently procured and caused registration of the PANASUPER trademark in Uganda well knowing that he is a mere agent by virtue of the power of attorney and the agency agreement submitted to the Registry of Trademarks while registering the PANASUPER trademark. This argument was supported by a passage from **Halsbury's Laws of England 3<sup>rd</sup> Ed. Vol. 38 Para 909** to the effect that:-

*"...the person who first designed or used the mark is subject to any rights subsequently acquired by others, entitled to claim proprietorship in it. No person is entitled to put the mark of another person on the register. An agent or representative may not register the trademark of a principal in his own name... An importer of goods may register as his own a trade mark used abroad by a foreign manufacturer of those goods but not previously used in the United Kingdom..." (Emphasis mine).*

On the OEM Cooperation Agreement relied upon by the plaintiff, it was contended that the agreement is a forgery and is void for lack of consideration and a creation of the plaintiff to

defeat the 2<sup>nd</sup> and 3<sup>rd</sup> defendants' interest in the trademark. Counsels submitted that if the OEM Cooperation Agreement existed at the time it was executed on 08<sup>th</sup> November 2006 then the plaintiff would not have required a power of attorney from the 3<sup>rd</sup> defendant when the application for registration of trademark was contested. This court was urged to note that this document which purports to transfer all the rights in the trademark PANASUPER in Uganda to the plaintiff was not produced or presented to the Registrar of Trademarks when the application was opposed. It was contended for the defendants that the agreement was fraudulently procured and produced by the plaintiff upon filing of this suit challenging the trademark by the defendants which goes to show fraud on the part of the plaintiff. Furthermore, that Mr. Muse Aferwoki was cross examined on the same and he said that the OEM was not witnessed and no consideration was paid which makes it void for lack of consideration. Counsels therefore prayed that this agreement be struck off the court record.

Basing on the evidence of PW1 on cross examination that he stopped importing PANASUPER batteries from 2012 and now imports PAN SUPER from another company in China called Xinda Battery which manufactures Pan Super batteries, it was argued that it is apparent that the Plaintiff is neither a manufacturer nor an importer of the said PANASUPER brand and therefore does not have any claim of right in it as he is not the proprietor of the mark as envisaged under S.19 (1) of Cap.217.

Counsels relied on the case of *Shri Chander Mohan Kapoor T/A British Herbal Cosmetics vs Amin Chavania T/A Jaskar Enterprises H.C.C.S No. 12 of 2005* wherein an importer of goods registered a trademark which was in the process of being registered in India by the manufacturer and **Kiryabwire. J** (as he then was) held that: *"Taking all the evidence and authorities into consideration I find that it is fitting that the mark be registered a fresh so that the proprietor and in particular the manufacturer of the products 'Eldena' be allowed to register the said trademark."*

It was submitted that the above case law and common law principles have been adopted by the new Trademarks Act of 2010 under S.44 which states that;

*"subject to subsection (3), the registrar may refuse to register a trademark relating to goods in respect of goods or description of goods if it is proved to his*

*or her satisfaction by the person the application for registration that the mark is identical with or nearly resembles a trademark which is already registered in respect of;*

- a) the same goods*
- b) the same description of goods;*
- c) in a country or place from which the goods originate.”*

It is therefore the defendants’ case that prior registration of the PANASUPER trademark by the 2<sup>nd</sup> and 3<sup>rd</sup> defendants in China, WIPO and AIPO invalidates the subsequent registration by the plaintiff of the same PANASUPER trademark in Uganda. This court was urged to find that the renewal of the certificate of the suit trademark by the plaintiff was unlawful, null and void and the same should not be condoned by this court as was held in the case of ***Uganda Broadcasting Corporation vs Simba (K) Ltd Civil Appeal No. 12 of 2014.***

I have carefully considered the above submissions as well as the documents relied upon by the parties. It is not in dispute that the 2<sup>nd</sup> defendant is the registered proprietor of the suit trademark in China having registered the same on 7<sup>th</sup> February 2003. What is in dispute is whether the said company by a power of attorney dated 15<sup>th</sup> February 2007 authorised the plaintiff to register the said trademark in Uganda in its name. The answer to this issue in my view lies squarely on the construction of the power of attorney given to the plaintiff as well as some other documents relied upon by the plaintiff like the OEM Agreement whose validity is even challenged by the defendant.

I will first deal with that OEM Agreement which according to the plaintiff recognised its ownership of the suit trademark. That agreement was executed on 8<sup>th</sup> November 2006 when the application for registration of the suit trademark which was filed on 3<sup>rd</sup> August 2006 and advertised in the Uganda Gazette of 4<sup>th</sup> August 2006 was still pending due to an objection application that was filed against the registration of the mark by M/S Matsushita Electronic Industrial Co. Ltd of Japan. The objection application was determined in favour of the plaintiff and the mark was accordingly registered on 13<sup>th</sup> May 2008 but according to section 21 (1) (b) of Cap. 217 the trademark upon its registration was deemed to be registered on the date of

application, that is, 3<sup>rd</sup> August 2006. I wish to emphasize that it is only upon registration that the date of the application is deemed to be the date of registration.

Therefore in this case it is only when the mark was registered on 13<sup>th</sup> May 2008 that the date of application became the date of its registration. It is the firm view of this court that prior to entry of the mark onto the register that retrospective application of the date of registration would not apply and in effect until the entry onto the register the plaintiff in this case would not be the registered proprietor of the mark.

It would therefore not be possible for the plaintiff to contract in respect of the said mark as its owner before the entry of the mark onto the register.

Any purported agreement in respect of the same would be a nullity. I have also had the opportunity to look at the Statutory Declaration declared by Mr. Muse Afeworki the managing director of the Plaintiff Company on 27<sup>th</sup> March 2008 in reply to the Statutory Declaration in support of the objection application. The Plaintiff's managing director stated in paragraph 3 thereof that the respondent (plaintiff in this suit) was a lawfully appointed attorney of the M/S Linyi Huatai Battery Manufacture Co. Ltd (the 3<sup>rd</sup> defendant in this suit), the registered owner of the PANASUPER trademark No. 52384 in China. He even attached a copy of the Certificate of Registration and a power of attorney.

If indeed the plaintiff was the owner of that trademark as at the date of the OEM Agreement, why didn't its managing director state so in the Statutory Declaration and attach the agreement as proof? Why would it also require a power of attorney to prove that it is an attorney of the 2<sup>nd</sup> defendant? It is not legally possible that the Plaintiff was the lawful attorney of the registered proprietor of the PANASUPER trademark and at the same time the owner of the same trademark. For that reason, I find that the OEM Agreement could not have been competently entered into when the plaintiff's managing director in his own statement on oath acknowledged that the plaintiff was the lawful attorney of the owner of the mark which it was just seeking to register by the application being objected to and as at that time the mark had not yet been registered in Uganda. I would therefore agree with the defendants that the OEM Agreement is a

forgery with no legal consequence and I so find. It therefore cannot be relied upon by this court because it is an illegality which cannot be sanctioned by this court.

As regards the power of attorney, first of all by definition it is; “*an instrument in writing whereby one person, as principal, appoints another as his agent and confers authority to perform certain specified acts or kinds of act on behalf of a principal.... An instrument authorizing another to act as one’s agent or attorney.... Such power may be general (full) or special (limited).*” **Black’s Law Dictionary** as quoted in ***Frederick J.K Zaabwe vs Orient Bank Ltd & 5 Others Supreme Court Civil Appeal No. 4 of 2006.***

By its very nature, a power of attorney authorises a donee (attorney) who is the agent to act on behalf of the donor who is the principal. Elaborating on this point Karureebe, JSC (now CJ) had this to say in the leading judgment in ***Frederick J.K Zaabwe (supra)***:

*“The point to note here is that the donee of a power of attorney acts as agent of the donor. He cannot use the power of attorney for his own benefit. The Privy Council decision, on an appeal arising from the Supreme Court of Canada, in the case of **IMPERIAL BANK OF CANADA –Vs- BEGLEY [1936] 2 All ER 367** is good authority for the principal that where an agent, who has been given a power of attorney to do certain things, uses the power to do something for a proper purpose, but the act done is for the agent’s own purposes to the exclusion and detriment of the principal, the actions of the agent will be outside the scope of the power of attorney and are not even capable of ratification by the principal.”*

In the instant case, I have carefully considered the arguments for the parties and as stated hereinabove, the construction of the power of attorney is key in assisting this court to understand its effect. In ***Bryant, Powis and Bryant Limited v. LA Banque Du Peuple [1893] A.C. 170 at 177***, (cited in ***Gold Trust (U) Ltd (Now DFCU Bank Ltd) vs Josephine Zalwango Nsimbe, Administratrix of the estate of the late Sam Nsimbe (Now deceased) Civil Suit No. 226 of 1992***) the Privy Council stated thus;

*“Nor was it disputed that **powers of attorney are to be construed strictly**-that is to say, that where an act purporting to be done under a power of attorney is challenged as being in excess of the authority conferred by the power, **it is necessary to show that on a fair construction of the whole instrument the authority in question is to be found within the four corners of the instrument, either in express terms or by necessary implications.**” [Emphasis added].*

Applying the strict construction rule to the instant case, I have looked at the recitals in the power of attorney which is stated as follows:

*“.....KNOW ALL YE MEN IT MAY CONCERN  
That we the undersigned M/S LINYI HUATAI BATTERY MANUFACTURE CO. LTD of Tangtou Town, Linyi City, Shandong, China. (hereinafter called “DONOR”) a company carrying on business in China and the proprietor of “PANASUPER BRAND MARK” DO HEREBY APPOINT, NOMINATE AND ORDAIN MUSE-AF ENTERPRISES CO. LTD of P.O. Box 30638 Kampala, Uganda (hereinafter called “Our Attorney”) **to be our true and lawful Attorney and in its names and for its own use to execute the following acts:**”*

I have put some of the words that are in controversy in bold so as to critically examine them before I look at the specific powers conferred upon the attorney. *Black’s Law Dictionary 8<sup>th</sup> Edition at page 138* defines the term attorney as; “Strictly, one who is designated to transact business for another; a legal agent.-Also termed attorney –in-fact; private attorney.”

It is clear from the words used in the recital that the power of attorney was granted to the donee as the lawful attorney of the donor. However, it is the plaintiff’s case that the acts to be done as per the authority conferred by the donor was to be **in its name** and **for its own use**. Indeed if one merely stops at the recitals without looking at the specific acts to be done as well as the import generally, that would be the meaning. However, I wish to reproduce what was to be done as I do herebelow so that the authority is looked at in its context.

*“1. Register **our “PANASUPER”** mark as a trademark in Uganda **and oppose any unlawful registration** in respect to the mark.*

*2. To perform and execute all such acts, deeds, matters and things whatsoever, as shall be requisite, or by him deemed to be expedient to be done, performed and executed **with respect to the protection of the PANASUPER TRADEMARK.***

*3. To generally adopt and prosecute all such lawful ways and means touching or relating to the matters aforesaid as shall be considered necessary or desirable **to protect our mark as we could do** or might do and so as to give effect to any of the above.*

*4. The powers herein granted shall be given the widest possible interpretation.”[Emphasis mine].*

I have closely scrutinised the acts the lawful attorney was authorised to do so as to evaluate whether it is in line with what was actually done. The first clause clearly indicates that the attorney was to register the donor’s mark and in that clause the attorney was given authority to oppose any unlawful registration of the same. The second clause gave the attorney authority to do all things it deemed expedient to be done, performed and executed with respect to the protection of the PANASUPER TRADEMARK. The third clause gave the lawful attorney authority to generally adopt and prosecute all such lawful ways and means as it considered necessary or desirable to protect the donor’s mark as they could **do** or might do and so as to give effect to any of the above.

Curiously, if the donor intended the mark to be registered in the donee’s (plaintiff’s) name and for its use, why would it again talk of registration of “our PANASUPER” and protection of “our mark”? To my mind once the mark was donated to the plaintiff as it would want this court to believe its protection would not be the concern of the donor and for that matter it would not have taken the trouble to authorise certain things to be done in a bid to protect the same.

I must also point out that at the bottom of the power of attorney the donor undertook to ratify, allow or confirm all such acts, matters and things whatever done pursuant to the powers given.

The doctrine of ratification was considered in *Imperial Bank of Canada (supra)* (which was quoted with approval in *Frederick J.K Zaabwe (supra)*). In that case, Lord MAUGHAM at page 374 stated:

*“The first essential to the doctrine of ratification, with its necessary consequence of relating back, is that the agent shall not be acting for himself, but shall be intending to bind a named or ascertainable principal. If the suggestion of ratification in this case is analysed it comes to this, that the agent having put some of the principal’s money in his pocket, the latter “ratifies” the act. For the reasons given this is not possible as a legal conception, since the agent did not take, and could not be deemed to have taken, the money for himself as agent for the principal.”*

Applying the same analogy to this case, it could not be deemed that the donee in this case acting as the donor’s agent registered the trademark in its name as agent of the principal. I have specifically addressed my mind to the effect of that purported authority and I find that it would be illogical that a person would appoint another its agent by a power of attorney for the purpose of transferring its legal rights to that person and more so, ownership of a trademark. If indeed the 3<sup>rd</sup> defendant in this case had intentions to allow the plaintiff to register its trademark in its name in Uganda, the deed would have taken another form other than a power of attorney.

To that end PART III of Cap. 217 under which the suit trademark was registered provided for assignment and transmission of trademarks. It laid down the types of trademarks that are assignable and transmissible, the power of the registered proprietor to assign the same and the procedure for registering the assignments and transmissions. I do not see why the donor did not opt for assignment or transmission and instead went for a power of attorney which as stated above only allows an agent to act on behalf of the principal.

In conclusion of this matter, based on the above wealth of authorities and the true construction and effect of the power of attorney, I find that the donee by registering the trademark in its name exceeded the authority granted to it by the power of attorney. The question is therefore whether it

did so fraudulently. As I deal with this question it is pertinent to define the term fraud and fraudulent.

In **Frederick J.K Zaabwe (supra)** a very elaborate definition of fraud was given from **Blacks Law Dictionary 6<sup>th</sup> Edition Page 660** as follows:-

*“An intentional perversion of truth for the purpose of inducing another in reliance upon it to part with some valuable thing belonging to him or to surrender a legal right. A false representation of a matter of fact, whether by words or by conduct, by false or misleading allegations, or by concealment of that which deceives and is intended to deceive another so that he shall act upon it to his legal injury. Anything calculated to deceive, whether by a single act or combination, or by suppression of truth, or suggestion of what is false, whether it is by direct falsehood or innuendo by speech or silence, word of mouth or look or gesture.....A generic term, embracing all multifarious, means which human ingenuity can devise, and which are resorted to by one individual to get advantage over another by false suggestions or by suppression of truth, and includes all surprise, trick, cunning, dissembling, and any unfair way by which another is cheated, dissembling, and any unfair way by which another is cheated. “Bad faith” and “fraud” are synonymous, and also synonymous of dishonesty, infidelity, faithlessness, perfidy, unfairness, etc.....*

*As distinguished from negligence, it is always positive, intentional. It comprises all acts, omissions and concealments involving a breach of a legal or equitable duty and resulting in damage to another. And includes anything calculated to deceive, whether it be a single act or combination of circumstances, whether the suppression of truth or the suggestion of what is false whether it be by direct falsehood or by innuendo, by speech or by silence, by word of mouth, or by look or gesture.....”*

The term fraudulent was also defined in the same case as:-

*“to act with intent to defraud means to act willfully, and with the specific intent to deceive or cheat; ordinarily for the purpose of either causing some financial loss to another, or bringing about some financial gain to oneself.”*

I wish to point out from the onset that the plaintiff applied for registration of the suit trademark way before the power of attorney was granted to it. The application was filed on 3<sup>rd</sup> August 2006 and according to the evidence of PW1, when the registration was opposed the plaintiff requested for a power of attorney to formalise the authority. This is stated in paragraphs 13 & 14 of the plaintiff's managing director's (PW1) Witness Statement (WS) filed on 31<sup>st</sup> March 2014 as well as paragraphs 4, 5 and 6 of his Supplementary Witness Statement (SWS) filed in court on 23<sup>rd</sup> June 2014. According to paragraphs 1 & 3 of the SWS, the plaintiff's relationship with the 2<sup>nd</sup> and 3<sup>rd</sup> defendants started in 2006 when its managing director met a one Mr. Shore at the Canton Trade Fair in Guangzhou (China) and they had discussions in which they agreed that the plaintiff would own PANASUPER trademark in Uganda. The said Mr. Shore acted for the 2<sup>nd</sup> and 3<sup>rd</sup> defendants who according to paragraph 2 of the SWS had various brands of batteries displayed at their stalls including PANASUPER, PAIR TIGER, POWERSHIBA and POWER FLASH.

It is the plaintiff's evidence that its application for registration of the suit trademark in Uganda was based on the discussions and agreement it had with Mr. Shore at a trade fair in China. No document was tendered in court as proof of that agreement, suggesting that the agreement, if any, was oral at least up to the point when the application was filed. Subsequently, there was a purported formal agreement in the form of an OEM Agreement whose fate this court has already determined herein above.

If the application for registration had not been objected to, the plaintiff would have quietly registered the 3<sup>rd</sup> defendant's trademark without any formal authority from it. The power of attorney was only got because of the objection. Even then the same was drafted by M/S KMSO Attorneys & Legal Consultants the plaintiff's then lawyers and just sent to the 3<sup>rd</sup> defendant for its signature.

I must also point out that the plaintiff denied ever being appointed as an agent /distributor of the 2<sup>nd</sup> defendant's PANASUPER brand batteries in Uganda and alleged that the letter of distributorship tendered in evidence as Exhibit D7 is a forgery because its managing director did not sign the same. A handwriting expert's opinion that was obtained as proof of the forgery was

expunged from the records upon the plaintiff's counsel informing court that they were dispensing with the same because the handwriting expert who made the report was indisposed.

The defendants allege that the said letter of distributorship was attached to the application for a trademark in the Registry of Trademarks. Counsel for the Plaintiff submitted that the same is not mentioned anywhere in the Statutory Declaration of the Plaintiff's managing director. It is indeed true that the letter of distributorship is not mentioned in the Statutory Declaration but if at all it was attached to the application itself one would not expect it to appear in the Statutory Declaration that was made later.

In addition, I have found some coincidences which attracted my attention and in my view strengthens the defendants' contention that the letter of distributorship was signed between the parties. First of all, it is the evidence of PW1 that the plaintiff started dealing with the 3<sup>rd</sup> defendant in 2006 when PW1 met Mr. Shore in China. He also stated during cross examination that the Plaintiff was importing PANASUPER batteries from the 3<sup>rd</sup> defendant from 2006 until 2012 when it stopped because Linyi started dealing with Bilen and now the plaintiff imports PAN SUPER batteries from another company in China called Xinda battery which manufactures PAN SUPER batteries although it does not own the PAN SUPER trademark in China. He stated that the plaintiff does not also own that trademark in Uganda.

Later PW1 also testified that the plaintiff stopped importing PANASUPER batteries because Mr. Shore told him that they stopped producing the same as a result of a problem Linyi got with Panasonic Japan in China. Some emails were tendered in evidence as Exhibits P9 (i) & P9 (ii) as proof of communication between Mr. Shore and PW1. I must however observe that a critical look at the alleged communication from Mr. Shore about having a dispute with Panasonic Company is a print out of a forwarded email from Almuse Afeworki whose address is [almuse2002@gmail.com](mailto:almuse2002@gmail.com) to muse afework [almuse2002@yahoo.com](mailto:almuse2002@yahoo.com). The subject is *Fwd; documents for 2x20'fcl of R20 Powershiba battery*.

During cross examination, PW1 explained that the document was an email from Mr. Shore to him which he had forwarded to his counsel. He however conceded that the communication was according to the subject in respect of Powershiba batteries which is not the same as PANASUPER. While PW1 stated that the email was from Mr. Shore, there is nothing on the address to suggest that the said Mr. Shore sent that email. It is common knowledge that even

when an email is forwarded the address of the original sender of the email remains intact unless deliberately tampered with. In this case there is also nothing to show that the email was forwarded to the plaintiff's lawyers unless the plaintiff's lawyers are also called Muse Afework which is the name of PW1. As far as the records are concerned, the plaintiff was at first represented by M/S KMSO Attorneys & Legal Consultants but later the firm of M/S Birungyi, Barata & Associates took over conduct of the case. If at all the said email was forwarded to the plaintiff's lawyers as alleged, I would have expected the name of any of the two law firms to appear on the email. It cannot therefore be true that the email is a print out of what was forwarded to the plaintiff's lawyers. It is also not convincing that the plaintiff would prefer to tender in evidence the forwarded copy and not the original email from Mr. Shore to PW1.

For the above reasons, I do find that Exhibit P9 (i) is a forgery which this court cannot rely upon to prove the alleged communication between Mr. Shore and PW1 and to justify why the plaintiff stopped importing the PANASUPER batteries. Instead I find the reason that the plaintiff stopped because the 2<sup>nd</sup> & 3<sup>rd</sup> defendant started dealing with the 1<sup>st</sup> defendant more convincing. That also leads me to the conclusion that the plaintiff was indeed the agent of the 2<sup>nd</sup> defendant having been duly appointed vide the letter of distributorship admitted in evidence as Exhibit D7 which though the Plaintiff denied, clearly stated that the contract was valid from April 2006 to March 2012. It is no wonder that when that contract expired in March 2012 the 1<sup>st</sup> defendant was appointed the new agent vide Exhibit D 16 and the Plaintiff stopped importing the PANASUPER batteries because the owner of that trademark who is the manufacturer stopped supplying the same to the Plaintiff.

I was further fortified to come to the above conclusion by the fact that the only reason for denying Exhibit D7 is that PW1 did not sign it. The plaintiff did not adduce any evidence to show that its managing director is the only officer who is authorised to sign all its documents. It is noteworthy that the plaintiff is a limited liability company which under the company law must have a secretary. In the absence of any proof that the managing director was the only person authorised to sign on behalf of the plaintiff company it is possible that the secretary or any other senior officer of the company could have signed the distributorship agreement and therefore it would be binding.

It is also my firm view that even without that letter of distributorship it is clear that the relationship between the plaintiff and the 2<sup>nd</sup> and 3<sup>rd</sup> defendant as relates to the suit trademark was that of agent–principal. The plaintiff therefore could not purport to apply for registration of the said trademark in its name as it did on 3<sup>rd</sup> August 2006 without any express authority from the registered proprietor. The power of attorney that was sought for and issued later was meant to ratify an act that was done dishonestly to have an unfair advantage over the registered proprietor and manufacturer.

This dishonest intention came out clearly when the plaintiff initially sued the 1<sup>st</sup> defendant for allegedly infringing its trademark and passing off its goods as the plaintiff's when it knew very well that the 1<sup>st</sup> defendant was the agent of the 2<sup>nd</sup> and 3<sup>rd</sup> defendants who are the owners of the said trademark in China where the goods are also manufactured from and just shipped to Uganda. The Plaintiff also knows very well that it does not manufacture PANASUPER batteries and so the sole purpose of registering that trademark in its name would only be the human ingenuity of its managing director, who personally met the representative of the 2<sup>nd</sup> and 3<sup>rd</sup> defendants, devised to unfairly take advantage of the situation and block their PANASUPER batteries from being imported to Uganda by any other dealer.

The elaborate definition of fraud quoted above from ***Frederick J.K Zaabwe (supra)*** include:-

*“.....all multifarious, means which human ingenuity can devise, and which are resorted to by one individual to get advantage over another by false suggestions or by suppression of truth, and includes all surprise, trick, cunning, dissembling, and any unfair way by which another is cheated. “Bad faith” and “fraud” are synonymous, and also synonymous of dishonesty, infidelity, faithlessness, perfidy, unfairness, etc....”*

That definition brings the conduct of the plaintiff as highlighted above within the ambit of fraud. In the result, I find that the defendants have proved to the required standard that the plaintiff registered the PANASUPER trademark fraudulently and that answers issue 1 (a) in the affirmative.

Before I take leave of this issue, I wish to make the following observations:

Firstly, I need to clarify that registration of trademarks is territorial and therefore even though the suit mark had already been registered in China the plaintiff could have still legally registered it in Uganda if only it had not used a fraudulent means. What is faulted here is therefore the means of procuring the registration and not the registration *per se*.

Secondly, even if the power of attorney had authorised the plaintiff to register the suit trademark in its name, this court would have still found a problem with the registration and ordered for its removal from the register. This is because a critical look at the Certificate of Registration, that is, Exhibit P2, shows that the entity registered is MUSE AF ENTERPRISES and not MUSE-AF ENTERPRISES CO. LTD the donee of the power of attorney.

Thirdly, I also wish to point out that even if the said trademark had been genuinely registered, section 46 of the Trademarks Act provide for removal of a trademark from the register on the ground of non-use. Under subsection (1) (a) a trademark can be removed from the register if the applicant who is an aggrieved person proves that the mark was registered without a bona fide intention on the part of the applicant for registration that it should be used in relation to those goods or services by him or her/it and that there has in fact been no bona-fide use of the mark in relations to those goods or services by the owner up to the date one month before the date of the application.

Similarly, the trademark can be removed under subsection (1) (b) if it is proved that at least one month prior to the date of the application a continuous period of three years or more elapsed during which the trademark was a registered trademark and during which there was no bona-fide use in relation to those goods or services by any owner.

It is clear from the evidence of PW1 that ever since the suit trademark was registered the Plaintiff has not used it for any serious purpose other than when it was the solely importer and distributor of the 2<sup>nd</sup> and 3<sup>rd</sup> defendants' batteries with that brand. When a new agent was appointed in 2012 the plaintiff according to the evidence of PW1 ceased importing those batteries and it has since then not used that mark.

It is therefore my firm view that this is a proper case where a trademark can be removed from the register on the ground of non-use or lack of bona-fide use even if this court had found that it was properly registered.

## Issue 1 (b)

### Whether the Plaintiff's action infringed the 2<sup>nd</sup> and 3<sup>rd</sup> defendant's trademark?

It is important to note from the outset that counsels of both sides did not address court on this issue. In fact counsel for the plaintiff did not even include it among the issues and yet it was agreed upon. That notwithstanding, generally in intellectual property law infringement is defined as, “*an act that interferes with one of the exclusive rights of a patent, copyright or trademark owner.*” More specifically, “*trademark infringement means the unauthorised use of a trademark or of a confusingly similar name, word, symbol, or any combination of these in connection with the same or related goods or services and in a manner that is likely to cause confusion, deception, or mistake about the source of the goods or services.*” (See ***Black's Law Dictionary 8<sup>th</sup> Edition.***)

Based on the evidence and submissions discussed under issue 1 (a), it is the finding of this court that the plaintiff fraudulently registered the 2<sup>nd</sup> defendant's trademark with the intention of infringing it. But I must hasten to add that the 2<sup>nd</sup> and 3<sup>rd</sup> defendants cannot sue for infringement because it is not the registered proprietor of the trademark in Uganda. Under section 36 of the Trademarks Act 2010 exclusive right to the use of a trademark only accrues to and the right to sue for infringement of the same is only conferred to the registered proprietor under the Act. Section 34 of the Trademarks Act 2010 whose head note is, “No action for unregistered trademark” also provides thus:

*“A person may not institute proceedings to prevent or to recover damages for unregistered trademark.”*

Section 35 however allows action to be brought for passing off goods or services as the goods or services of another.

For the above reason of non-registration of the suit trademark in Uganda by the 2<sup>nd</sup> and 3<sup>rd</sup> defendants, I find that under the Trademarks Act 2010 the issue of the plaintiff infringing the 2<sup>nd</sup> and 3<sup>rd</sup> defendants' trademark does not arise much as the plaintiff fraudulently registered the same in its name. Even if the action were to arise there would not be any evidence before this court to prove the infringement on a balance of probabilities since it is clear from the evidence

and submissions that the plaintiff stopped dealing in PANASUPER batteries in 2012 when its distributorship contract expired and a new agent was appointed.

In the result, issue 1 (b) is answered in the negative.

## **Issue 2**

**Whether the 1st and 2<sup>nd</sup> Defendants infringed the said trademark or passed off the batteries as those of the Plaintiff.**

Both counsels argued this issue in two parts. The first part is on infringement and the second one on passing off. I will follow the same approach in dealing with the issue.

### **(i) Infringement**

It is the plaintiff's case that the 1<sup>st</sup> and 2<sup>nd</sup> defendants by entering into a distributorship agreement in respect of PANASUPER batteries well aware that the plaintiff is the registered proprietor of the mark in Uganda are infringing its trademark.

The defendants on the other hand contend that the 2<sup>nd</sup> and 3<sup>rd</sup> defendants supplied PANASUPER batteries to the plaintiff up until 2012 when the distributorship agreement between the plaintiff and the 2<sup>nd</sup> defendant was terminated. It cannot be said that there was infringement as the PANASUPER batteries sold were those of the manufacturer i.e. the 2<sup>nd</sup> and 3<sup>rd</sup> defendant.

Section 36 (1) of the Trademarks Act 2010 provides that, "*Subject to sections 41 and 24, the registration before or after the commencement of this Act, of a person in Part A of the register as owner of a trademark other than a certification mark in respect of any goods shall, **if valid**, give or be taken to have given that person the exclusive right to the use of the trademark in relation to those goods.*" [Emphasis added].

Under section 36 (2) the exclusive right to the use of a trademark is taken to be infringed by a person who, not being the owner of the trademark or a registered user of the trademark uses by way of permitted use, a mark identical with or so nearly resembling it, as to be likely to deceive or cause confusion in the course of trade in relation to any goods of the same description where the use would result in a likelihood of confusion and in such a manner as to render the use of the

mark likely to be taken as a trademark relating to goods or as importing a reference to some person having the right as owner or as registered user of the trademark or to goods with which that person is connected in the course of trade.

It is clear from the provision of section 36 (1) that the right to exclusive use given by registration is only available if the registration is valid, that is, it is only when there is a valid registration that the right to sue for infringement accrues. If the validity of registration is successfully challenged like in this case, there would be no right conferred which can be sued upon.

Following the finding of this court on the first issue that the trademark was fraudulently registered, and in view of the requirement for validity of registration, it is my finding that the plaintiff cannot sue for infringement of the PANASUPER trademark because the purported registration did not confer upon it the exclusive right of using that mark. For that fundamental reason, the claim for the alleged infringement would fail without considering the merits of the arguments.

## (ii) Passing off

*According to Black's Law Dictionary, passing off is the act or an instance of falsely representing one's own product as that of another in an attempt to deceive potential buyers.*

In the case of *Abercrombie & Kent Ltd v Abercrombie & Kent (U) Ltd and Others H.C.C.S No. 1035 of 1995 [1997-2001] UCLR 157* at page 161, *Byamugisha, J* (as she then was (RIP)) quoted with approval a passage from *Parker Knoll Ltd v Knoll International Ltd [1962] RPC 265* which stated the legal basis for an action of passing off as follows:

*"The legal basis for an action of passing off is that it is wrong for the defendant to represent, for trading purposes, that his/her goods on the market or the business is that of the plaintiff. It is immaterial whether the representation made is effected by direct statement or by using badges or get-ups by which the goods or business of the plaintiff are known by the ordinary consumers".*

It is the plaintiff's case that the 1<sup>st</sup> & 2<sup>nd</sup> defendants are passing off their goods as goods of the plaintiff. The plaintiff's counsel relied on the case of *NAPRO Industries Ltd v Five Star Ltd*

**&Anor HCCS No. 325 of 2004** which set out what the plaintiff needs to prove in order to succeed in an action for passing off, namely; (i) establish a good will or reputation to the goods or services which he supplies in the mind of the purchasing public, (ii) demonstrate a misrepresentation by the defendant to the public to believe that the goods and services offered to him are goods and services of the plaintiff, and (iii) demonstrate that he suffers or he is likely to suffer damage.

It was argued for the plaintiff that all that need to be proved as per the case of **NAPRO Industries Ltd** (Supra) has been proved in this case because the plaintiff has since 2006 marketed PANASUPER batteries through various media and has conducted various promotion activities in respect of the said brand of batteries and as a result PANASUPER batteries have gained popularity in Uganda. This shows that the Plaintiff's batteries have over the years gained a good reputation but the 1<sup>st</sup> defendant is selling and offering for sale batteries whose packaging, colour, print-design (get up) and marks are identical to those of the Plaintiff. It is contended that the Plaintiff has suffered damage as a result of the 1<sup>st</sup> and 2<sup>nd</sup> defendants' selling of batteries bearing the registered trademark of the plaintiff.

For the defendants, it was submitted that according to the case of **NAPRO Industries Ltd** (Supra) the issue of passing off does not arise in this case as the goods in question are made in China and on the packaging the manufacturer is Linyi Huatai Battery Co. Ltd and as such in the mind of the purchasing public the name Muse-Af Enterprises cannot be connected to the said goods. Therefore no misrepresentation can arise in such circumstances as the plaintiff is not the person named as manufacturer or owner of PANASUPER batteries on the packaging.

Furthermore, it was submitted that there has been no evidence produced to court to prove passing off, good will or confusion caused in the purchasing public and thus passing off cannot stand in the above circumstances.

I have carefully considered the above submissions and I wish to point out that PW1 testified that it was importing the PANASUPER batteries from the 2<sup>nd</sup> and 3<sup>rd</sup> defendants who manufacture the same. He conceded that the plaintiff does not manufacture PANASUPER batteries. He further testified that the plaintiff company started importing PAN SUPER batteries from Xinda Batteries when the 2<sup>nd</sup> defendant started dealing with the 1<sup>st</sup> defendant. It is therefore clear that

apart from the PANASUPER trademark which this court has already found to have been fraudulently registered, the plaintiff does not manufacture any product by that name.

It is therefore the well considered view of this court that, firstly, in the absence of any PANASUPER product belonging to the plaintiff the claim of passing off which by definition is “... *falsely representing one’s own product as that of another in an attempt to deceive potential buyers*” is not sustainable. The plaintiff was merely an importer of the product from the 2<sup>nd</sup> defendant who is the producer. This is confirmed by PW1’s evidence that the first time he met Mr. Shore who was acting for the 2<sup>nd</sup> and 3<sup>rd</sup> defendant at a trade fair in China there were different brands of batteries displayed at their stalls including PANASUPER. Therefore the 2<sup>nd</sup> and 3<sup>rd</sup> defendants were manufacturers and exporters of PANASUPER batteries long before the Plaintiff’s managing director had any dealings with them.

Secondly, as I already stated under the first issue the plaintiff was the agent of the 2<sup>nd</sup> defendant in Uganda from 2006 to 2012 when a new agent who is the 1<sup>st</sup> defendant was appointed as per Exhibit D16. The defendants are therefore lawfully dealing in the goods and cannot be said to be passing off.

Thirdly and most importantly, following my finding that the plaintiff fraudulently registered the suit trademark, there is no basis for its claim of passing off.

On the whole, it is the finding and conclusion of this court that the 1<sup>st</sup> and 2<sup>nd</sup> defendants have not infringed the suit trademark or passed off their batteries as those of the plaintiff. This answers the 2<sup>nd</sup> issue in the negative.

### **Issue 3**

#### **What are the remedies available to the parties?**

The plaintiff prayed that this honourable court be pleased to grant it the following orders;

- i. A permanent injunction restraining the 1<sup>st</sup> & 2<sup>nd</sup> defendants by themselves and/ or their agents from using the “PAN SUPER” and or “PANASUPER” trademark;
- ii. An order for the delivery up or the destruction upon oath of all infringing articles in the 1<sup>st</sup> defendant’s custody, possession, power or control;

- iii. An account of the 1<sup>st</sup> and 2<sup>nd</sup> defendant's profits, and an order for the payment of all sums due, together with interest thereon at a commercial Bank rate of 25%;
- iv. General damages;
- v. Punitive damages; and
- vi. Interest
- vii. Costs

Following my findings and conclusion on the above issues, this court is unable to grant any of the above prayers of the plaintiff and it is accordingly denied.

The 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> defendants in their counter claim jointly and severally prayed that judgment be entered in their favor and for:-

- (a) A declaration that the 2<sup>nd</sup> counter claimant is the lawful and registered proprietor of the PANASUPER trademark.
- (b) An order of cancellation of the respondent's trademark.
- (c) An order directing the registrar of trademarks to issue a PANASUPER trademark certificate in favor of the 2<sup>nd</sup> counter claimant.
- (d) A permanent injunction restraining the respondent from use of all PANASUPER brands.
- (e) Punitive and exemplary damages.
- (f) General damages.
- (g) Granting further and alternative reliefs
- (h) Costs of the suit.

This court is only able to declare that the suit trademark was registered fraudulently and order for its removal from the register as well grant the prayers for general damages and costs of the suit for the reasons stated below. The declaration and the order for removal from the register are based on this court's findings that the trademark was fraudulently registered. As regards the 3<sup>rd</sup> prayer, the procedure for registration of a trademark in Uganda is clearly laid down in sections 14, 15 & 16 of the Trademarks Act 2010. This court cannot usurp the power of the Registrar of Trademarks by issuing an order directing registration of a trademark without the applicant going

through the legal process. I therefore decline to make any such order because it has no legal basis. If the 2<sup>nd</sup> and 3<sup>rd</sup> defendants wish to register their trademark in Uganda let formally apply under the law.

I also decline to grant the prayer for a permanent injunction restraining the plaintiff from using of all PANASUPER and PAN SUPER brands because as I stated above the right to exclusive use of a trademark is only given by registration but the 2<sup>nd</sup> & 3<sup>rd</sup> defendants are not registered proprietors of the mark in Uganda.

On punitive and exemplary damages, it was submitted for the defendants that upon this suit coming up for hearing the parties were advised by court to have the matter settled out of court however the plaintiff was not willing to settle well knowing that it was not importing or manufacturing PANASUPER brands and as such, the plaintiff should pay punitive damages. This submission was supported by the holding of Madrama, J in *Angela Katatumba vs Anti-Corruption Coalition of Uganda HCCS No. 307 of 2011* that punitive or additional damages may be awarded where the court considers the flagrancy of the infringement and any benefit accruing to the defendant by reason of the infringement.

I have considered my finding that the plaintiff has not infringed the 2<sup>nd</sup> and 3<sup>rd</sup> defendants' trademark, and I do find that the circumstances of this case does not merit award of exemplary/punitive damages. I therefore decline to award the same.

As regards general damages, it is my finding that the 1<sup>st</sup> defendant was greatly inconvenienced by the plaintiff's fraudulent registration of the suit trademark in Uganda for two reasons. Firstly, at one point the plaintiff obtained an interim order restraining the 1<sup>st</sup> defendant from importing and dealing in PANASUPER batteries manufactured and supplied by the 2<sup>nd</sup> and 3<sup>rd</sup> defendants. Although that interim order was subsequently set aside by this court, the defendants' business had been interrupted for sometime.

Secondly, this court upon application by the plaintiff, granted an Anton Pillar order authorising the plaintiff to enter upon the 1<sup>st</sup> defendant's business premises with the purpose of inspecting all the goods and items sold and branded under the brand PAN SUPER and remove the unauthorised products/items into the custody of this court. Because of the above inconveniences, I have found it necessary to award general damages of Shs. 10,000,000/= (Ten million shillings

only) to the 1<sup>st</sup> defendant. I have not awarded any to the 2<sup>nd</sup> and 3<sup>rd</sup> defendants because they came on board after the above orders were already issued.

Lastly, costs of the suit are awarded to the defendants as the successful parties on their counterclaim. In the result, the plaintiff's suit is dismissed for lack of merit and instead judgment is entered on the counterclaim in the following terms:-

1. It is declared that the plaintiff registered the PANASUPER trademark fraudulently.
2. It is ordered that the PANASUPER trademark be removed from the register of trademarks in Uganda.
3. The plaintiff shall pay the 1<sup>st</sup> defendant general damages of Shs. 10,000,000/=.
4. Interest is awarded on the general damages at 10% per annum from the date of this judgment until payment in full.
5. Costs of the suit are awarded to the defendants.

I so order.

Dated this 16<sup>th</sup> day of June 2015.

Hellen Obura

**JUDGE**

Judgment delivered in chambers at 3.00 pm in the presence of;

1. Mr. Oscar Kansiime h/b for Mr. Cephas Birungyi for the plaintiff.
2. Mr. Innocent Talemwa and Mr. John Barenzi for the Defendants.
3. Mr. Muse Aferwork- managing Director of the plaintiff.
4. Mr. Tekle Tim- Managing Director of 1<sup>st</sup> defendant.

**JUDGE**

16/06/15