



THE REPUBLIC OF UGANDA  
UGANDA REGISTRATION SERVICES BUREAU  
THE TRADEMARKS ACT, CAP 225

IN THE MATTER OF CONSOLIDATED APPLICATION FOR  
REMOVAL/CANCELLATION OF TRADEMARKS NO. 045697 "TORA BIKA",  
043533 "ROMA" AND 032264 "DANISA" ALL IN CLASS  
30 IN THE NAME OF INDO-BALI DISTRIBUTORS LTD  
AND  
IN THE MATTER OF APPLICATION FOR REMOVAL/CANCELLATION  
THEREOF MADE BY ELITE GOLD LIMITED



ELITE GOLD LIMITED:..... APPLICANT  
VERSUS  
INDO-BALI DISTRIBUTORS LIMITED:..... RESPONDENT

**RULING**

**Before: Birungi Denis: Asst. Registrar Trademarks**

*Background.*

1. The Respondent is the registered proprietor of three trademarks which are the subject of this application. The trademarks are numbers 043533 "ROMA" and the device, 45697 "TORA BIKA" and 032264 "DANISHA" all in class 30 of the Nice International Classification of Goods and Services. TORA BIKA is registered in respect of coffee, while ROMA and DANISHA are registered in respect of Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments);spices; ice. The Respondent’s trademarks are indicated below;

Trademark No.	Trademark	Goods	Registration date
043533	ROMA 	Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice	20 <sup>th</sup> July 2011
45697	TORA BIKA	Coffee	2 <sup>nd</sup> July 2012
032264		Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice	26 <sup>th</sup> November 2009

2. The Applicant seeks cancellation of the three trademarks on grounds that at registration, the Respondent omitted to disclose material facts and that registration should not have been effected because the applicant has rights over the disputed marks as the registered proprietor in Malaysia and other countries since 2009. The applicant contends that the Respondent, despite having knowledge of this, proceeded to register the trademarks fraudulently and in bad faith, all aimed at prohibiting the applicant's licensees from exporting goods bearing the trademarks into the territory of Uganda.
3. The Applicant contends that being the registered proprietor of the three marks in Malaysia and other countries, it licensed PT Mayora to use its trademarks in class 30 in manufacturing of its products.

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4. PT Mayora uses the licensed trademarks for manufacture and sale of biscuits, cookies, chocolate, chocolate wafer and confectionaries. That the Respondent was or still is the distributor of PT Mayora products in Uganda. The Respondent registered the disputed trademarks in Uganda, without the consent of the applicant, which fact, the applicant discovered when it attempted to register its marks in Uganda vide application numbers UG/T/2018/63707 for ROMA, application number UG/T/2018/061903 and UG/T/2018/061905 for DANISHA, all of which were rejected.
5. The Applicant contends that the unauthorized registration of the disputed marks was fraudulent and an act done in bad faith. It avers that owing to reciprocal obligations contained under the Paris Convention for the Protection of Industrial Property, the Respondent's marks should be cancelled and the applicant be allowed to complete registration of those marks as its own, within three months.
6. In its counterstatement, the Respondent states that it is a Ugandan incorporated company and a widely recognized distributor of PT Mayora goods in Uganda. That in order to safeguard its territorial rights, the Respondent registered the disputed marks in Uganda and as such it is the rightful owner of the trademarks. The Respondent denies allegations of fraud and bad faith.

7. While the Respondent acknowledges the distributorship relationship between itself and PT Mayora, it denies any business relationship with the applicant and contends that neither the applicant, nor PT Mayora registered the disputed trademarks in Uganda. The Respondent instead argues that it registered the trademarks to safeguard its business interests in Uganda, and that such registration was not opposed by the applicant or anybody. The Respondent also contends that it followed due process for registration of trademarks and did so in good faith. The Respondent relies on the principle of territoriality, to support the proposition that the Applicant did not have any rights in Uganda at the time it applied for the registration of the trademarks. Consequently, the Respondent registered the three trademarks and acquired rights in the territory of Uganda. That after registration, the Respondent spent a considerable amount of money in marketing the goods bearing the disputed trademarks, to a level that those trademarks are now associated with it. The Respondent disputes the applicant's claim of protections accorded to trademarks registered in the country of origin and avers that the Applicant does not meet the requirements of section 45, particularly that it has made the application 13 years later, yet that section provides for the application to be made within 7 years from the date of registration in Uganda.

### **Representation and hearing**

8. When the application came up for hearing on the 24<sup>th</sup> April 2024, the applicant was represented by Counsel Alituha Jacob of Angulia Busiku & Co Advocates, while the Respondent was represented by Counsel Kajubi Brian of MMAKs Advocates. The following issues were raised for determination;
- (i) Whether the Respondent's trademarks should be cancelled on grounds that they were registered in bad faith?
  - (ii) Whether the applicant is entitled to protection accorded to prior rights based on registration in the country of origin.
  - (iii) Remedies
9. The advocates of both parties addressed the issues by way of written submissions which were duly filed. In his submissions, Counsel for the

applicant raised an objection against the admission of the supplementary evidence filed by the Respondent out of time. He avers that the Respondent filed the evidence out of the time granted by the hearing officer during the scheduling conducted on 24<sup>th</sup> April 2024. On that day, Counsel for the Respondent sought leave to file supplementary evidence, which was granted with directions to file and serve by 13<sup>th</sup> May 2024. The record shows that the supplementary evidence was instead filed on 21<sup>st</sup> May 2024. While the practice of filing evidence out of the time granted by the Registrar is unacceptable as it not only delays the process but also undermines the efficiency of the office, in this case I do not see how the applicant was prejudiced by such a delay. The applicant was given time to file a reply by 27<sup>th</sup> May 2024 in response to the Respondent's supplementary statutory declaration but did not do so. Between 21<sup>st</sup> and 27<sup>th</sup>, there was ample time of up to 7 days to file a response. Moreover, filing a response would not be deemed to have taken away the Applicant's right to object to the Respondent's late filing.

10. The Applicant also did not appear for scheduling. During the hearing of 24<sup>th</sup> April 2024, I adjourned the matter for scheduling to the 4<sup>th</sup> June 2024 at 9am. On that day, Counsel for the Respondent appeared, while Counsel for the applicant did not nor did he send another advocate to watch brief for him. I ruled that the scheduling would proceed *ex parte* and directed Counsel for the Respondent to notify him of what transpired, including informing him of timelines for filing written submissions. At this stage, evidence closed and the matter proceeded for submissions. Had Counsel for the applicant appeared for scheduling, he would have raised the issue of late filing and the same would have been resolved at that stage, either by consent or mutual understanding or by determination vide a ruling of the Registrar. Counsel did not appear and now raises the issue at this stage.

11. Issues of which evidence should be admitted or not are part of what is discussed during scheduling. Scheduling is an important part of case management. Its primary purpose is to organize and streamline the proceedings, ensuring that the case progresses efficiently and fairly. During scheduling, key issues such as timelines, deadlines, evidence, agreed facts,

disputed facts, issues for determination and the scope of the case are discussed and agreed upon. This helps to avoid unnecessary delays and ensures that all parties are prepared for trial. After the presiding officer has given directions for submissions, evidence closes at that stage and the case proceeds for arguments.

12. Moreover I don't see any material relevancy of the additional evidence filed by Respondent to the case. All it did was to clarify that the Respondent did not have any business relationship with the Applicant but only had it with PT Mayora. This fact was already well-established in the pleadings of both parties and was not in dispute. Considering that no prejudice is caused by the late filing of the supplementary evidence, I overrule the preliminary objection and admit the supplementary evidence pursuant to the discretion of the Registrar under Regulation 79 of the Trademark Regulations, 2023. The time is deemed accordingly extended with effect from 13<sup>th</sup> May 2024, to 28<sup>th</sup> May 2024.

### **Determination**

13. The applications for cancellation of the three trademarks were filed independently. The office on its own motion decided to consolidate them because they arise from similar fact and raise the same questions of law. Consolidation of suits is a procedural mechanism that allows the court or other tribunal to combine two or more pending cases into a single proceeding when they involve common questions of law or fact. This is done to avoid multiplicity of suits, reduce costs, save time, and ensure consistency in judicial decisions. In **Nyati Security Guards & Services Ltd Versus Municipal Council of Mombasa [2000] eKLR**, the court held;

*the situation in which consolidation can be ordered include where there are two or more suits for matters pending in the same court where; some common questions of law or fact arises in both or all of them, the right or reliefs claimed in them are in respect of the same transactions and for some other reasons, it is desirable to make an order for consolidating them*

14. The consolidation of cancellation applications or oppositions is yet another procedure that the hearing officer may adopt for efficient resolution of trademark disputes filed before the Registrar. Having stated the basis for consolidation of the applications, I now proceed to determine the issues.

15. I will begin with issue two, which is *whether the applicant is entitled to protection accorded to prior rights based on registration in the country of origin*. The Trademarks Act, under sections 44 and 45, sets two frameworks for protection of trademarks registered in another country (the country of origin) where a trademark similar to it is sought to be registered or is already registered in Uganda with respect to similar or identical goods or services. The first framework, set out under section 44, applies with regard to opposition proceedings filed by a person who has registered a trademark in the country of origin and seeks to object to the registration of the same or an identical mark for the same or related goods or services, in Uganda. Under section 44, the registrar has discretion to refuse registration of the trademark if the opponent meets all the requirements of that section. The section provides;

*“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 opposing 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; or(c)services or a description of services which are associated with those goods or goods of that description, in a country or place from which the goods originate...”*

16. From the reading of the highlighted words, clearly this dispute is not one that can be premised on section 44. The three disputed trademarks are all already registered in Uganda and hence cannot be the subject of opposition proceedings to give the applicant locus to oppose registration. Consequently, the first framework does not apply in this situation.

17. The second framework for protection of trademarks registered in the country of origin, contained in section 45, applies to cancellation proceedings, but grants jurisdiction to the High Court and not to the Registrar. It states;

*Subject to subsection (3), the court may, on application in writing within seven years from the registration in Uganda of a trademark relating to goods by a person aggrieved by the registration, remove that trademark from the register if it is proved to the satisfaction of the court that the trademark is identical with or nearly resembles a trademark which was, prior to the registration in Uganda of the trademark, registered in respect of...*

18. Considering that the applicant seeks cancellation of the three disputed trademarks so that it can register the same in the territory of Uganda, the appropriate section is 45, for which the forum is the High Court. I agree with the submissions of Counsel for the Respondent that the Registrar of trademarks does not have jurisdiction to entertain an application for cancellation of trademarks under section 45 of the Trademarks Act.

19. Jurisdiction of a hearing officer is a serious issue. A decision taken without jurisdiction is null and void. Jurisdiction is a creature of statute and cannot be conferred by either consent or complacency of the parties nor by acquiescent of the hearing officer. Exercising jurisdiction, which is not conferred by statute, is a usurpation of powers and an act done ultra-vires. Any questions of jurisdiction being so central to the authority of a hearing officer to undertake proceedings in a case before him or her, must be addressed at the earliest opportunity so that the hearing officer does not engage in a futile exercise (see **Owners of the Motor Vessel "Lillian S" v Caltex Oil (Kenya) Ltd [1989] KLR 1**).

20. Jurisdiction takes many forms, but in this matter it is subject matter jurisdiction. Subject matter jurisdiction is the requirement that a given court or tribunal has the power to hear the specific kind of claim that is brought to it. In **Ozuo**



**Brothers Enterprises v Ayikoru Civil Revision No.2 of 2016**, Justice Stephen Mubiru explained jurisdiction as involving many features. He noted at page 4 of the ruling;

*The term may have different meanings in different contexts. It has been defined as the limits imposed on the power of a validly constituted court to hear and determine issues between persons seeking to avail themselves of its process by reference to the subject matter of the issues or to the persons between whom the issues are joined or to the kind of relief sought (See: A.G of Lagos State v Dosunmu (1989) 3 NWLR pt.111, pg. 552 S C). It therefore means and includes any authority conferred by the law upon the court to decide or adjudicate any dispute between the parties or pass judgment or order. A court cannot entertain a cause which it has no jurisdiction to adjudicate upon. A court must have both jurisdiction and competence in order to be properly seized of a cause or matter. Whereas Jurisdiction is a creature of statute and is the power conferred on a court by statute or the Constitution, a court is competent when:*

*It is properly constituted with respect to the number and qualification of members. (2) The subject matter of the action is within its jurisdiction and there is no feature in the case which prevents the court from exercising its jurisdiction (such as limitation or lack of capacity of the parties). (3) The action is initiated in compliance with the rules of procedure and (4) any condition precedent to the exercise of its jurisdiction has been fulfilled.*

21. With regard to the nature of disputes that can be entertained by the Registrar of trademarks, the Trademarks Act clearly spells out in detail which disputes can be handled by the Registrar and which ones are the preserve of Courts of law. In the two frameworks set by Parliament under sections 44 and 45, the Registrar is only granted jurisdiction under section 44, to adjudicate oppositions to registration of marks similar to those registered in the country of origin. The Registrar cannot usurp powers of court expressly granted under section 45. Parliament must have been alive to other sections such as section 88 that grant the Registrar powers to cancel trademarks on some grounds such as registration in error. However, with regard to cancellation of already registered trademarks on account of prior similar marks registered in the country of

origin, such jurisdiction was granted to the High Court. Consequently, I find that the Registrar has no jurisdiction to adjudicate claims based on section 45 and accordingly, I dismiss the claims.

*Second issue: Whether the Respondent's trademarks should be cancelled on grounds that they were registered in bad faith?*

22. The Applicant accused the Respondent of registering the disputed marks in bad faith and fraudulently. Before I delve into the question of bad faith, let me first address the allegation of fraud. The leading authority in this country on the definition and meaning of fraud is the Supreme Court decision in **Civil Appeal No. 4 of 2006 - Fredrick J. K Zaabwe Vs Orient Bank Limited & Others**. Although the Supreme Court was dealing with fraud in land transactions, the principles are the same in every transaction where fraud is alleged and may applied mutatis mutandis. The Supreme Court, citing the Black's law dictionary defined fraud 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....."*

23. The Court went ahead to explain what it means to be "fraudulent"; *"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".* Commenting on the seriousness of claims based on fraud, the learned Chief Justice Bart Katureebe (as he then was), noted; *"in my view, an allegation of fraud need to be fully and carefully inquired into. Fraud is a serious matter, particularly where it is alleged that a person lost his property as a result of fraud committed upon him by others."*

24. Consequently, due to the seriousness of the issue of fraud, in land transactions where allegations of fraud are made, Courts have stated that such questions can only be interrogated by the High Court and not the Commissioner Land Registration. (*See Olivia Sanyu & Anor Vs Commissioner Land Registration Civil Appeal No. 6 of 2013*). Fraud is fraud whether it is alleged to be committed in a land transaction or with regard to trademark registration. Moreover, I find these authorities of useful guidance, not only because of the detailed definition of fraud but also because land, just like trademarks, is a propriety right. Both trademarks and land ownership are usually maintained on a national register and the law governing both registers accord some quasi-judicial power to the Registrar to adjudicate certain categories of disputes, however both Act do not expressly provide for the Registrar's jurisdiction to adjudicate claims based on fraud. Can the Registrar of Trademarks adjudicate claims based on fraud?

25. In answering the above question, I refer to section 88 (3) of the Trademarks Act which states that; *"In case of fraud in the registration, assignment or transmission of a registered trademark,*

*the registrar may himself or herself apply to the court under this section". This section gives the Registrar discretion to apply to court to rectify the Registrar in instances of fraud. The use of the word "may" is indicative of the discretion the Registrar has in matters of fraud. The Registrar has a choice—whether to apply to Court or to determine the claims of fraud himself or herself.*

26. The High Court in **Civil Appeal No.12 of 2005: SHRI CHANDER MOHAN KAPOOR T/a British Herbal Cosmetics V Amin Chavania T/a Jasker Enterprises** offers some guidance on the issue of fraud when raised before the Registrar of Trademarks. This was an appeal against the decision of the Registrar of trademarks, where court considered the question as to whether the Registrar of Trademarks could admit evidence of fraud tendered vide a statutory declaration, to which the Court answered in the affirmative. I reproduce the dictum of the learned judge below for better context;

*Now let me address the issue of whether the claim before the Registrar was inter alia founded on fraud. I agree with the position of the Registrar that for a claim before to be found on fraud then it has to be pleaded with particulars. This is the only way the Registrar can properly investigate the allegation. It appears to me looking at the form TM 25 and the statutory declarations the appellant did clearly inter alia base his claim upon fraud. Of course he was limited by the format provided for in the rules which do not necessarily provide for the detail that would be found in say a plaint in a normal suit. That notwithstanding. I am of the view that the Appellant provided sufficient particulars of his claim of fraud by virtue of form TM 25 and the statutory declarations for the learned Registrar to make the necessary inquiries. In fact that is in my view what the learned Registrar went on to do at page 5 -7 of her ruling while answering the issue...*

27. The above decision, together with the provisions of section 88 (3) confirm the view that the Registrar has jurisdiction to determine claims based on fraud. Having found that the Registrar can determine claims based on fraud, was the conduct of the Respondent therefore fraudulent? Fraud, must be specifically

proved and pleaded, and the standard of proof is slightly higher than balance of probability applicable in civil actions. (See **Fredrick Zabwe supra**). The same principle was re-echoed in **Dr. Joseph Kabuubi and another v Wilson Kashaya and 3 others Civil Suit No. 0385 of 2020**, where Court noted that;

*Fraud must be proved strictly. The burden of pleading and proving that fraud lies on the plaintiff alleging it, and the standard of proof is beyond mere balance of probabilities required in ordinary civil cases though not beyond reasonable doubt as in criminal cases (see *Sebuliba v. Cooperative bank Limited [1987] HCB 130 and M. Kibalya v. Kibalya [1994-95] HCB 80*).*

28. In this case, the Applicant bears the burden of proving fraud to the required standard. In the application and the supporting statutory declaration, the applicant lists the following as particulars of fraud; (i) the fact that the Respondent did not coin the words (disputed marks), and that the Respondent registered the disputed marks without the consent of the Applicant. In my view, none of these allegations prove fraud against the Respondent. First, merely not coining the words in and of itself does not prove any fraudulent intent. Secondly, there is no requirement either by agreement or by law that the Respondent was meant to obtain the consent of the Applicant before registering those marks. Thirdly, the Applicant did not have any relationship—contractual or otherwise with the Respondent, giving an obligation to the Respondent not to register the marks.
29. The fact remains that the Applicant did not have protection for the disputed trademarks in Uganda at the time the Respondent applied to register them. The Respondent was within its right to apply and register the same for its commercial interests. As to whether the Respondent had knowledge that the three trademarks were registered by the Applicant in Malaysia in my view, is not necessary for determination of fraud in this case. While in land law, notice of prior rights—whether constructive or actual, is material for determination of fraudulent intent, in this case it is not material for the reason that those rights were not protected in the territory of Uganda—per the principle of territoriality discussed earlier in this ruling. The ground of fraud therefore fails.

30. I now proceed to discuss the ground of bad faith which is the basis of the second issue for determination. In determination of the ground of bad faith, I will be guided by the following questions; first, what is bad faith in the context of trademark law and how is it determined? Second, is bad faith a ground for cancellation of trademarks under the Trademarks Act? And third, if the second question is answered in the affirmative, did the Respondent register the disputed marks in bad faith?

31. With regard to the first question, I note the Trademarks Act does not define the word bad faith nor is it provided under any of the sections. However, court decisions have attempted to explain the concept of bad faith in the context of trademark law. I have found useful guidance in the English Supreme Court decision in the case of *Sky Kick UK Ltd v Sky Ltd* [2024] UKSC 36. The UK Supreme Court, after reviewing various decisions of the European Court of Justice (ECJ), explained the concept of bad faith in trademark law as follows;

*“While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention, the concept must also be understood in the context of trade mark law, which involves the use of marks in the course of trade. Further, it must have regard to the objectives of the EU law of trade marks, namely the establishment and functioning of the internal market, and a system of undistorted competition in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trademarks signs which enable consumers, without any possibility of confusion, to distinguish those goods or services from those which have a different origin...”*

32. The Court went further to state that bad faith is subjective and is assessed by examining the intention of the proprietor at the time of filing, but also considering other circumstances. In this regard, the Court noted;

*“..., the objection will be made out where the proprietor made the application for registration, not with the aim of engaging fairly in competition but either (a) with the intention of undermining, in a manner*

*inconsistent with honest practices, the interests of third parties; or (b) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, and in particular the essential function of indicating origin...”*

33. At para 155 of the judgement, the Court summarized two instances that give rise to bad faith;

*(i) where the application was made, not with the intention of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties and;*

*(ii) where the application was made with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin – and so enabling the consumer to distinguish the goods and services of one undertaking from others which have a different origin.*

34. In summary, bad faith arises where a person registers a trademark not for purposes of using it as a badge of origin of his goods or services or, as defined under the Act, to distinguish his or her goods or services from those others. Further, bad faith may be inferred from intentional registration to acquire a right, without the intention to use the trademark for the purpose for which trademarks are used. The Sky Kick decision goes ahead to list some of the instances, including registration of a mark without any intention of using it in any business, although the consideration of bad faith in this regard should start after the grace period of 3 years as provided in section 46 of the Trademarks Act, after which a trademark may be cancelled for non-use. The assessment of bad faith is determined at the time of the application and is determined by examining the intention of the proprietor. Hence, the court added, *“The intention of the applicant is a subjective matter, but it must be capable of being established objectively by the competent administrative or judicial authorities having regard to the objective circumstances of the case”*.

35. The list of circumstances giving raise to bad faith is not closed. Hence, in **Blue Bell, Inc v Farah Mfg. Co., United States Court of Appeals, Fifth Circuit, 1975 508 F.2d 1260, 185 U.S. P.Q.1.** cited with approval by the High Court of Uganda in **Techno Telecom ltd v Kigalo Investments Ltd Misc. Application 0017 of 2011**, court stated that: *“While goods may be identified by more than one trademark, the use of each mark must be bona-fide. Mere adoption of a mark without bona-fide use, in an attempt to reserve it for the future, will not create trademark rights...”*

36. Further reference was made to the elaborate comparison of genuine use vis-à-vis dishonest use in Paragraph 113 of Halsbury’s Laws of England, Volume 48 (2007) Re-issue 2 where it was stated that:

*There is genuine use of a trademark where the trademark is used in accordance with its essential function, which is to guaranty the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark”: Case C-40/01 Ansul BV v Ajax Brandbeveiling BV (2005) Ch 97 (2003) ECR 1-2439, ECJ; Case C-259 La Mer Technology Inc. v Laboratories Goemar SA (2004) ECR 1-1159, (2004) FSR785,...*

*When assessing whether use of a trademark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market of the goods or services protected by the mark, the nature of those goods or services, the characteristics of the label and the scale and frequency of the use of the mark: Case C-40/01 Ansul BV v Ajax Brandbeveiling BV (supra), Case C-259 La Mer Technology Inc. v Laboratories Goemar SA (supra)*

37. The Ugandan High Court in Techno (supra), agreed with the elaborate explanation in Halsbury’s laws of England (supra) on the genuine use of trade



and hence implying that lack of genuine use may be one of the circumstances that can be relied on to indicate registration in bad faith. The learned judge noted;

*As stated in Halsbury's Laws of England (supra), there is bona-fide/genuine use of a trademark where it is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services.*

38. As opposed to genuine use of trademark, which should be that which is consistent with its purpose—identifying the origin of a product or service or distinguishing goods of one enterprise from those of another, registration or use in bad faith connotes to the registration or use in a manner contrary to honest commercial practice and hence, an act of unfair competition, which is defined under article 10 *bis* of the Paris Convention on the Protection of Industrial Property of 1883 to include any “*any act of competition contrary to honest practices in industrial or commercial matters*”. Having explained the concept of bad faith in trademark law, I now turn to the second question: is bad faith a ground for cancellation of trademarks under the Trademarks Act?
39. I have carefully perused the Trademarks Act. There is nowhere bad faith is stated as a ground for which the applicant or any aggrieved party may seek cancellation of a trademark. In resolving the first issue, I extensively discussed the question of jurisdiction of the Registrar, particularly subject matter jurisdiction. Jurisdiction is a creature of statute and cannot be implied or assumed. Save for the High Court, which the Constitution grants unlimited jurisdiction in different subject matter, other quasi-judicial entities/offices such as the Registrar of Trademarks have strict limitations in the subject matter they can handle. With regard to cancellation of trademarks, the Trademarks Act clearly spells out circumstances or grounds upon which the Registrar may cancel a trademark. For example, under section 46, both the Registrar and High Court have concurrent jurisdiction to remove a trademark from the Register on grounds of lack of *bonafide use* by the proprietor for a period of 3 years. Further, in section 88, the grounds are clearly listed. It states;

*A person aggrieved by an omission, entry, error, defect or an entry wrongly remaining on the register, may apply in the prescribed manner to the court and subject to [section 64](#), to the registrar, and the court or the registrar may make an order for making, expunging or varying the entry as the court or the registrar, as the case may be, may think fit.*

40. In interrogating the basis of claims based on bad faith, I have found useful guidance in the Sky Kick decision (supra). At para 141 and 142, the court recounts the origins of the concept of bad faith, from the European Union Directive 89/104, which the UK Trademarks Act, 1994 incorporated in two sections—3(6) and 47(1). Under section 3 (6), the UK Act provided that; “*A trade mark shall not be registered if or to the extent that the application is made in bad faith*”. While under section 47 (1) it provides that: “*The registration of a trademark may be declared invalid if the registration was in breach of section 3 or any provision referred to in that section.*” Section 3 of that Act contains all absolute grounds for refusal of registration.

41. The Ugandan trademark Act does not have the equivalent of section 3 (6) and 47 (1) of the UK Trademarks Act of 1994 which clearly spells out registration in bad faith both as a ground for refusal of registration and cancelation of an already registered trademark. However, the Act spells out two instances; the first, in section 46 which provides for removal of a trademark where there is no bona fide use for 3 years, and this is clearly specific as the bad faith may be inferred in the non-use of the trademark and hence does not extend to the circumstances of this case, where the Respondent registered trademarks, which are registered and owned by a foreign entity in its country of origin, and which they use in business pursuant to a business arrangement with the authorized distributor (PT Mayora). On the other hand, section 88, which is the second section dealing with cancelation of already registered marks by the Registrar, lists a series of grounds upon which the Registrar may cancel an already registered trademark. The grounds are; “*omission, entry, error, defect or an entry wrongly remaining on the register*”. The question is, does bad faith fall

among any of these? To answer this, I examine the dictionary meaning of those words.

42. The online Cambridge dictionary defines the word “omission” as “*the act of not including something or someone that should have been included, or something or someone that has not been included that should have been*”. The word “error” is defined as “*a mistake, especially one that can cause problems*”. And the word “wrongly” is defined as; “*not correctly or not accurately*”. While the word “defect” is defined among others to mean; “*something that is lacking or that is not exactly right in someone or something*”. I find these definitions helpful. A person who registers a trademark in a manner contrary to the purpose of trademarks—namely identifying the origin of the goods or services, or as the term is defined under the Uganda Trademarks Act, ability to distinguish goods of one undertaking from those of the others, or where one registers the same with no intention of genuine use, (although that is already addressed by section 46), or registers a trademark for the purpose of defeating a third party from its genuine use, in my view such a trademark is wrongly entered on the register, or is defective, or can even be deemed to be registered in error because the motive for registration is contrary to honest commercial practice. Consequently, the three grounds listed under section 88, namely, defect, error and wrongful entry maybe a consequence of registration motivated by bad faith. Hence, in this instance, bad faith is deemed the cause, and the “error”, “defect” or “wrongful entry”, the effect caused on the register.
43. The decision of the Supreme Court in Fredrick Zabwe (supra) made it clear that bad faith is synonymous with fraud. I have already determined that taking into account the provisions of section 88(3) together with the decision of the High Court in **Civil Appeal No.12 of 2005: SHRI CHANDER MOHAN KAPOOR T/a British Herbal Cosmetics V Amin Chavania T/a Jasker Enterprises**, claims based on fraud can be handled by the Registrar, I see no reason why bad faith, which although synonymous, is less serious than fraud, cannot be adjudicated by the Registrar as a cause of error, defect or wrongful entry under section 88. Based on this, I therefore conclude that claims based on bad faith can fall within the grounds for cancellation listed under section 88 (1) and under section 88 (3),

the Registrar has discretion whether to determine issues of fraud or apply to the High Court. I now proceed to third question; did the Respondent act in bad faith when it registered the disputed trademarks?

44. The Applicant, in its application and the supporting statutory declaration, allege that the Respondent registered the disputed trademarks in bad faith because they are not the manufacturers of the products. PT Mayora, the licensee of the disputed marks, is the manufacturer of the goods and that PT Mayora, through an oral distributorship engaged the Respondent to distribute the goods in Uganda. The case for the applicant, as I understand it from the application, evidence and submission filed by their Counsel, is that the Respondent's act of registering the disputed trademarks without consent, which trademarks are already registered in Malaysia and other countries by the applicant, is evidence of bad faith by the Respondent and as such, the respondent's mark should be cancelled to pave way for the Applicant to register them in Uganda. Further, it is argued that the applicant, who licensed PT Mayora, is the rightful person to apply and register the trademarks in Uganda.
45. In response to these arguments, Counsel for the Respondent submitted that the Respondent and the Applicant had no business relations that could give rise to any inference of bad faith, that the Respondent only had an oral distributorship agreement with PT Mayora, who was aware of the Respondent's trademark rights in the three disputed trademarks. Further, that the applicant's claim of trademarks rights in Uganda is unsustainable as the Applicant did not register them in Uganda, and as such the principle of territoriality contained in the Paris Convention in the protection of Industrial Property, limits the Applicant's trademark rights to those countries where it obtained registration.
46. This issue raises important questions that need careful consideration. I will begin with arguments of Counsel for the Applicant that because the Respondent is not the manufacturer of the goods, it is not the rightful owner of the marks. In support of this argument, Counsel has relied on two authorities.

The first case is **Vision Impex Limited V Sansa Ambrose & another (Civil Suit No. 303 of 2013) [2017] UGCOMMC 159** where it was held that a trademark is a badge of origin or source and that the function of a trademark is to distinguish goods having a business source from goods having a different business source. The second case is **Arsenal Football Club versus Matthew Reed Case - 206/01**, where the European Court of Justice held that the function of trademarks is to guarantee the identity of the origin of the trademarked goods or services to the consumers or end-user by enabling them, without any possibility of confusion, to distinguish the goods and services from others with another origin. I agree with the submissions on the purpose of the trademark as a badge of origin. However, I note that besides being a badge of origin, the Trademark Act defines a trademark as *“a sign or combination of signs or marks capable of distinguishing goods or services of one undertaking from those of another”*.

47. The above definition clarifies that differentiation is the main purpose of a trademark. This definition is more practical as it is possible that a licensee of a trademark can produce its own goods under the same licensed trademark, without the goods necessarily originating from the owner of the mark (the licensor). It is also possible that an owner of a trademark may not be manufacturing any goods but licenses others to do so under the trademark. In fact, the facts of this case are exactly in tandem with this view. According to the evidence of the applicant, PT Mayora is the manufacturer of the goods, which it markets under the three trademarks licensed to it by the Applicant.
  
48. Clearly, in this case, the owner of the trademarks in Malaysia (the applicant) is different from the manufacturer of the goods (PT Mayora) and as such it cannot be said that the three trademarks are badges of origin, indicating that the goods originate from the Applicant. Due to the evolving modes of commercialization of trademarks including the ability to license a trademark to another entity which can then manufacture goods under that brand, I am inclined to follow the definition of a trademark in the Trademarks Act, which emphasizes the function of a trademark to be that of distinguishing goods or

services of one undertaking from those of another, as opposed to mere badges of origin of the goods.

49. The argument of Counsel for the Applicant seems to suggest that the manufacturer of the goods is the one who has the right to register, yet in this case, the Applicant is in fact not the manufacturer of the goods, yet seeks to register the disputed marks in Uganda. I find this argument unsustainable for the reason that first, trademarks are territorial. Consequently, a person who has not registered in a given country does not have protection in that country and hence cannot argue, as Counsel for the Applicant does, that another person who has registered the same trademark in Uganda, is infringing. The principle of territoriality is a key pillar for the functioning of intellectual property system globally. For trademarks, the principle is stipulated under Article 6 of the Paris Convention for the Protection of Industrial Property 1883, to which Uganda is a signatory. It provides;

*“Article 6 [Marks: Conditions of Registration; Independence of Protection of Same Mark in Different Countries]*

- (1) The conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation.*
- (2) However, an application for the registration of a mark filed by a national of a country of the Union in any country of the Union may not be refused, nor may a registration be invalidated, on the ground that filing, registration, or renewal, has not been effected in the country of origin.*
- (3) A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.*

50. The principle of territoriality, set out under Article 6 (3), and provided under section 36 (3) of the Ugandan Trademark Act, implies that protection in one country does not extend to another country. A person who considers a given country important for its business must seek protection in that country, and cannot rely on the protection in a different country to claim rights, except as provided under the laws of that country. This view is supported by the principle provided under article 6 (1) of the Paris Convention (supra) which

provides that the conditions for filing and registration are to be determined by each country of the Union in its domestic legislation. Consequently, section 7 of the Trademarks Act of Uganda allows “a person who claims to be the owner of a trademark, used or proposed to be used by him or her” to apply for registration. The Act goes ahead to put safeguards to protect interests of third parties. These include opposition procedures by which an aggrieved party can lodge an opposition to protect its interests. For third parties originating from other countries, the Trademarks Act sets a clear framework under section 44 and 45.

51. For section 44, an aggrieved party may oppose if the mark sought to be registered is similar to his or her mark registered in the country of origin. The section however has stringent requirements, which include an undertaking to register in Uganda, and also the country of origin must provide similar protections to Ugandan nationals. With regard to cancellation of already registered marks, section 45 provides for similar provisions but gives jurisdiction to the High Court. Hence, in balancing the territoriality principle vis-à-vis legitimate interests of owners of trademarks registered in other countries, Uganda in its domestic legislation, namely the Trademarks Act, has provided for mechanisms for protection of foreign registered marks but under stringent conditions.
52. In addition to section 44 and 45 which allow for opposition and cancellation of domestic trademarks to pave way for foreign registered trademarks, section 47 allows for owners of well-known marks to register defensively in all classes (if they so wish) to protect their marks. The defensive registration option is available to all enterprises that wish to protect their brands against dilution.
53. Therefore, a foreign person or entity seeking to protect its trademark has a couple of options; (i) to register its mark in Uganda for goods in classes it is interested in; (ii) to register it defensively under section 47 in all classes if it so wishes and (iii) to oppose or seek cancellation under section 44 or 45 respectively by proving that the conditions set thereunder are satisfied. However, where a foreign applicant alleges bad faith under section 88, the circumstances giving raise to bad faith must be clearly particularized and

proved to the required standard. Outside this framework, an owner of a foreign trademark has no basis to challenge the rights of a locally registered trademark. I should have to add that a person can only grant a license over a trademark in a territory where they have protection, and for emphasis sake, in Uganda trademark protection is acquired through registration. Where a license is granted in a territory where there is no trademark protection, such a license is of no legal effect. Consequently, while PT Mayora may hold a valid license in Malaysia, it does not have one in Uganda. The applicant, having not registered its trademarks in Uganda, does not have rights to license in this territory.

54. With the above provisions in mind, did the Respondent act in bad faith when it registered the disputed trademarks in Uganda? Bad faith, as already explained in the Sky Kick decision (*supra*), is a subjective state of mind. It is therefore not possible to clearly ascertain the state of mind of a person to determine whether they acted in bad faith or not. The only way is to examine the circumstances and the conduct of the person with regard to the acts alleged to be done in bad faith. In this case, the Respondent denies having registered the trademarks in bad faith and submits that it did so to protect its legitimate commercial interest having marketed the goods extensively in Uganda. The Respondent agrees to have had an oral distributorship relationship with PT Mayora but avers that there was no relationship between itself and the Applicant. In the application and statutory declaration, the particulars provided are those of fraud—which I have already held are insufficient to prove fraudulent intent.

55. The applicant does not state particulars of bad faith. In the case of *Nsubuga v Badru Kigundu and Others Misc. Cause No. 148 of 2015*, it was held that “It is trite law that a cause of action based on bad faith or fraud must particularize aspects that constitute those allegations to give the respondent or defendant opportunity to prepare defense”. While in *Fredrick J. K Zaabwe Vs Orient Bank & 5 Others SCCA No.4 of 2006* even though it was held that “bad faith” and “fraud” are synonymous, in my view they are not exactly the same as fraud is considered more serious and grave. As such, the applicant should have particularized actions of the Respondent giving rise to bad faith even though they may



overlap or be the same as those of fraud. Even if I was to consider the particulars of fraud which the Applicant states in the application to be the same giving rise to bad faith, they do not prove bad faith to the required standard.

56. The Applicant lists the following as particulars of fraud; that the Respondent did not coin the words, that it does not manufacture the products and that it registered the disputed marks without the consent of the applicant. In my view, these are not sufficient to demonstrate that the Respondent acted in bad faith. The Respondent categorically stated that it registered the trademarks to protect its business interests and its investment in advertising the products. In absence of any connection with the Applicant, or any other compelling evidence, I do not see how these actions impute bad faith on the Respondent.

57. Bad faith, is a subjective state of mind. To prove bad faith, the Applicant must adduce evidence that point to ill intention of the Respondent in applying for the mark at the time of application. In **Chocoladefabriken Lindt & Sprüngli Ag V Franz Hauswirth GmbH** CASE-529/07, the EC noted, at para 40 of the judgment, that *“the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith”*. Rather, the Court guided that each case must be determined on its own circumstances. It listed three critical considerations non- of which is conclusive on its own;

- (i) the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought.
- (ii) the applicant’s intention to prevent that third party from continuing to use such a sign; and
- (iii) the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.

58. Before I briefly comment on how those principles apply in the present case, I note that the case has to be interpreted considering the communitary nature of

the European Union Trademark system, for which a community trademark registered by the then Office for Internal Harmonization (OHIM) and currently the European Union Intellectual Property (EUIPO), obtains protection in all the 27 members states of the European Union. As such, in that case, the principle of territoriality may not be relevant because the European Union is considered a single territory, yet in the circumstances of this case, the principle of territoriality applies strictly since there is no such legal arrangement between Uganda and Malaysia.

59. Turning to the considerations, there is no evidence that the Respondent had knowledge of the Applicant's rights in Malaysia. The only relationship, proved and admitted by the Respondent, is an oral distributorship arrangement with PT Mayora, which was the manufacturer of the products bearing the disputed trademarks. It is not proved that PT Mayora informed the Respondent that it used the marks pursuant to a licensee with the Applicant. In absence of this, there was is no way to ascertain whether the Respondent had knowledge that the trademarks were licensed to PT Mayora by the Applicant. Regarding intention of the Respondent, the Applicant does not submit any evidence that imputes wrongful intention by the Respondent when it applied for the disputed marks. While intention is subjective, it can be proved by circumstantial evidence, which the Applicant has not adduced, save for only stating that the Respondent registered the trademarks without consent of the Respondent. In my view this argument does not hold, for reasons I have already stated, namely that there is no evidence that the Respondent knew about the Applicant's ownership of the disputed trademarks in Malaysia. Thirdly, considering the degree of legal protection enjoyed, this factor weights in favor of the Respondent, who has proved that it has traded under the disputed marks for the last 13 years, hence building brand recognition and reputation in the Ugandan market.

### **Remedies**

60. In conclusion, I find that the Applicant has failed to prove bad faith or fraud against the Respondent. The Applicant is therefore not entitled to any remedies. Consequently, the applications for cancellation of trademark

numbers 043533 "ROMA" and the device, 45697 "TORA BIKA" and 032264 "DANISHA" all in class 30 of the Nice International Classification of Goods and Services, are all dismissed with costs.

I so order.

Given under my hand, this 1<sup>st</sup> day of **April** 2025

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Birungi Denis  
Ass. Registrar of Trademarks