



**Legal Alert**



## **UGANDA TRADEMARK LITIGATION ALERT**

**HIGH COURT HOLDS THAT PASSING OFF LAWSUITS CAN BE FILED  
CONTEMPORANEOUSLY WITH TRADEMARK OPPOSITION PROCEEDINGS BETWEEN  
THE SAME PARTIES OVER THE SAME MARK**

***GLOBAL CENTER LTD T/A COSTCO SUPERMARKET VS PRICE COSTCO  
INTERNATIONAL, INC MISC. APPLICATION NO. 0766 OF 2023***

The High Court of Uganda has ruled that a lawsuit based on the tort of passing off can be contemporaneously filed and adjudicated at the same time as trademark opposition proceedings before the Trademark Registry, at Uganda Registration Services Bureau (“URSB”) over the same mark and between the same parties.

The High Court's ruling in this case is of significant importance as it settles a longstanding legal question, providing clarity on the validity of parallel proceedings in trademark opposition cases. This ruling sets a precedent for future cases, guiding legal professionals and businesses operating in Uganda.

**MMAKS Advocates** successfully acted for the Respondent, Price Costco International Inc., in defending its proprietary rights over the global and well known “Costco” trademark.

### **Background**

The Applicant, *Global Center Ltd*, a Uganda-based company operating as *Costco Supermarket Uganda* (not affiliated with the US-based chain store), filed an application before the Registrar of Trademarks at the URSB to have the “COSTCO” mark registered as its trademark. The Respondent/Opponent (Price Costco International Inc) opposed the registration on the basis that it was designed to infringe on Price Costco’s established, well-known global “Costco” trademark.

Pending the adjudication of the trademark opposition proceedings before URSB, Price Costco also filed a lawsuit against Global Center before the Uganda High Court (Commercial Division), asserting Global Center’s liability under the tort of passing off.

Subsequently, Global Center filed an application before the High Court seeking to strike out Price Costco’s passing off lawsuit on the basis that it could not be sustained whilst parallel trademark opposition proceedings were being undertaken before the Registrar of

Trademarks between the same parties over the same mark. Global Center argued that the parallel proceedings risked the delivery of opposing rulings.

In resisting the strike-out application, Price Costco successfully argued that trademark opposition proceedings and passing off lawsuits serve distinct purposes and can be pursued concurrently.

While trademark opposition proceedings are intended to bar the registration of offending marks on the basis of statutorily enacted grounds, the tort of passing off is larger in scope and is intended to protect Price Costco from Global Center's conduct in misrepresenting its goods and services as those of Price Costco in misappropriation of its goodwill.

### **Court's Ruling**

Upon a detailed and harmonious consideration of Sections (1), 12, 35, 57 and 79 of the Trademarks Act, 2010 and the import of the prefatory phrase "*Nothing in this Act*" under Section 35 of the Trademarks Act, the High Court dismissed Global Center's application to strike out Price Costco's passing off lawsuit on the basis that the Trademarks Act clearly anticipates both opposition proceedings before the Registrar of Trademarks and passing off actions before the High Court and that nothing in the Act limits the right to institute a passing off action.

The Court juxtaposed its jurisdiction with the Registrar of Trademark's jurisdiction and the extent of their respective powers to grant legal remedies and held/found that:

- (i) whereas the Registrar's quasi-judicial role under Section 12 of the Trademarks Act is limited to determination of oppositions to trademark registration applications, nothing in the Trademarks Act limits the High Court's unlimited original jurisdiction to handle passing off actions;
- (ii) whereas the Registrar can only make findings as to whether the mark in issue can be registered (with or without conditions) and to award costs for the opposition proceedings, the High Court can entertain passing off actions, award damages and issue injunctions to prevent further infringement.

The High Court held that the actions in passing off and trademark oppositions before the Registrar of Trademarks are substantially distinct, noting that, "*...an opposition focuses on the distinctiveness of a mark or its ability to distinguish the goods with which it is associated from those of another source while on the other hand a passing off action focuses on the existence of goodwill, reputation and a clear track record for the mark in the market.*"

The Court thus concluded that Price Costco's passing off action was properly instituted and can be adjudicated notwithstanding the pendency of the trademark opposition proceedings.

## Relevance of the Decision

The Court's ruling confirms that the Trademarks Act does not grant priority to trademark oppositions over actions in passing off and that both proceedings can be contemporaneously pursued between the same parties and in respect of the same mark.

The ruling confirms that trademark oppositions and passing off actions are distinct proceedings with different subject matter and are adjudicated by different officers/bodies with significantly different mandates clearly exhibited by the difference in their jurisdiction and the extent of their remedial powers. This distinction further shows that success in one action does not guarantee success in the other, the subject matter and considerations being different.

## Conclusion

The Court's ruling underscores the complexities inherent in trademark disputes particularly in competing actions in passing off before High Court and opposition proceedings before the Registrar of Trademarks. It, however, creates clarity in what has previously been a grey area, confirming that the two proceedings can be contemporaneously pursued.

The concurrent jurisdiction of the Registrar of Trademarks (in opposition proceedings) and the High Court's jurisdiction over passing off actions will be advantageous to litigants, providing them with a comprehensive set of remedial options, particularly for affected proprietors who in addition to launching trademark registration oppositions, often require immediate injunctive relief to bar continued infringement as well as- ultimate awards of damages to remedy the commercial harm done to them.

**KEY CONTACTS:** Should you require any more information, please do not hesitate to contact:



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