

UGANDA / JUDGMENT

A-Plus Funeral Management Limited v A-Class Funeral Services (U) Limited and Another (Civil Suit 355 of 2020) [2023] UGHCCD 186 (30 June 2023)

[2023] UGHCCD 186

COURT

HC: Civil Division (Uganda)

BEFORE

Musa Ssekaana, J

CASE / FILE NUMBER

Civil Suit 355 of 2020

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THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA AT KAMPALA

(CIVIL DIVISION)

CIVIL SUIT NO. 355 OF 2020

A-PLUS FUNERAL MANAGEMENT LTD-----PLAINTIFF

VERSUS

1. A-CLASS FUNERAL SERVICES (U) LTD-----DEFENDANTS

2. UGANDA REGISTRATION SERVICES BUREAU

BEFORE: HON. JUSTICE SSEKAANA MUSA

JUDGMENT

The plaintiff's claim against the defendants is jointly and severally for declaratory orders that the 1st defendant's name is a pass off of the plaintiff's business name and business and its registration was wrongfully and negligently done, a permanent injunction against the use of the name *"A-Class Funeral Services (U) Ltd"* names and costs of the suit.

The plaintiff was incorporated in 2003 and has since been conducting the business under the name and fashion of A-Plus Funeral Management Ltd. The plaintiff has over the 17 years acquired goodwill in its business and its business names as A-Plus Funeral Services Management Ltd as its services and business are well known to the public generally by the said name.

Sometime in September 2020, the plaintiff came to know that another company-A-Class Funeral Services (U) Ltd was incorporated by the 2nd defendant under a business name that is confusingly similar to its name of A-Plus Funeral Management Ltd. The plaintiff raised objections to the registration of the 1st defendant but they got no positive response.

The plaintiff contended that the 1st defendant's use of the name "A-Class Funeral Services (U) Ltd is a wrongful attempt to pass off the plaintiff's business name and thus mislead the public into the belief that the 1st defendant is the plaintiff or otherwise related to the plaintiff.

The 1st defendant contended in their defence that they followed steps on the 2nd defendant's website on how to register a local company under a reserved name, lodged the required documentation, paid the required fees and were duly issued a certificate of incorporation in the names of A-Class Funeral Services (U) Ltd.

The 1st defendant contends that they conduct business under the name of fashion A-Class Funeral Services (U) Ltd and has never carried on any trade or business under a "business name" that is allegedly confusingly similar to the name of the plaintiff.

The names A-Class Funeral Services (U) Ltd and A-Plus Funeral Management Ltd when considered holistically and as a whole are conceptually dissimilar and are not sufficient enough to give rise to a likelihood of confusion or even passing off.

The get up and public appeal designs of A-Class Funeral Services (U) Ltd are very distinctive within the funeral service industry in Uganda.

The 2nd defendant in their defence contended that they registered the 1st defendant in compliance with the law governing registration of companies. The name of the 1st defendant was found to be desirable and hence passed the test for registration of company names.

The 2nd defendant denies that the plaintiff's name is confusingly similar to the 1st defendant since the test of 'confusingly similar' is applicable if the plaintiff had registered a trademark, to which they did not.

The 2nd defendant as a statutory regulatory body mandated to register and regulate companies adhered to the relevant legal test and the claim of negligence on their part is therefore unfounded. ,

The parties filed a Joint Scheduling Memorandum with the following agreed facts and issues and documents.

Agreed Facts

- 1. The plaintiff company was incorporated in 2003 and has been conducting its business under the name and fashion of A-Plus Funeral Management Ltd since the date of registration.
- 2. The 1st defendant was incorporated on the 31st August 2020 under the name and fashion A-Class Funeral Services (U) Ltd.
- 3. The 1st defendant company carries on and conducts business under the name and fashion A-Class Funeral Services (U) Ltd.
- 4. The 2nd defendant allowed and registered both the plaintiff company and the 1st defendant company under their respective names in 2003 and 2020 respectively.

AGREED ISSUES.

- *(a) Whether the 1 st Defendant's name is an infringement and constitutes passing off of the plaintiff's name?*
- *(b) Whether the 1st defendant is liable for passing off its business and/or services as the plaintiff's business and/or services.*
- *(c) Whether the plaintiff's claim raises a cause of action against the 2nd defendant?*
- *(d) Whether the 2nd defendant's registration of the 1st defendant under the disputed name was negligent?*
- *(e) What remedies are available to the parties?*

The plaintiff was represented by *Counsel Luke Kasakya* while the 1st defendant was represented by *Counsel Kiwa Francis Frank* and the 2nd defendant was represented by *Counsel Birungi Dennis*

Determination

Whether the 1st Defendant's name is an infringement and constitutes passing off of the plaintiff's name?

The plaintiff's counsel submitted that the plaintiff incorporated their company in 2003 and its registration was a novel name crafted by the founders of the company as they entered into the funeral management and estuarial space as pioneers in the sector.

The plaintiff grew an insurmountable dominance in the market and also transformed the funeral services and estuarial space. The plaintiff's name was already notoriously known in the market and associated with excellent service in the funeral management.

Counsel for the plaintiff relied on the two Ugandan cases of *Standard Signs (U) Limited v Fred Ogwang T/A Shandard & Shandard Signs Ltd HCCS No. 240 of 2006 and Pentecostal Assemblies of God Limited v Pentecostal Assemblies of God Lira Limited HCCS No. 97 of 2015[2019] UGHCCD 217* to buttress his submission that the name of the 1st defendant infringes on the plaintiff's name and its registration is more likely to cause confusion.

The plaintiff submitted further that the 1st defendant's name is confusing to the public in the Ugandan market in which both the plaintiff and the 1st defendant are operating and that the 1st defendant was indeed incorporated and registered under the name A-Class Funeral Services (U) Ltd purposely to cause the said confusion or ride on the good will of the plaintiff since it has *similar phonetic sound.*

The plaintiff contended that the issue of the similarity of the 1st defendant and plaintiff's names amount to the 1st defendant passing off of the plaintiff's names and ergo its services as those of the plaintiff.

The 1st defendant counsel submitted that number of years in any business may be illustrative of reputation but not good will in the terms revered or

distinct or excellent funeral service. The said evidence is only relevant to show reputation but not necessarily good will. It is possible to have a reputation without a good will. The plaintiff has not shown synergies indicative of good will associated with its purported reputation of 17+years of being involved in business of funeral management at the time the 1st defendant started trading.

1 st defence counsel further submitted that the issue of confusion of marks, names at issue must not be considered from the point of view of the average hurried consumer having an imperfect recollection of the opponent's mark who might encounter the trademark of the plaintiff in association with the plaintiff's wares in the market-place.

It was submitted further by the defendant that the goods in the funeral industry are dead people who are prepared for their final resting place at a fee and it is not for an ordinary mourner or bereaved customer. Such customer is one who can financially afford to hire a funeral service provider. The customer is generally attentive, discerning, well-informed, reasonably observant and circumspect. Such a user is less likely to be confused as to particulars of a funeral service provider than an ordinary mourner or bereaved customer or someone procuring services on behalf of a bereaved client.

Counsel submitted that there was no actual or threatened misrepresentation, no evidence of actual or perceived deception by the 1st defendant in incorporating its name or trading under its own name.

The 2nd defendant counsel submitted that the plaintiff failed to lay evidence before court that they had exclusive rights to use the trade name " A-Plus Funeral Management Ltd"

The test for registration of companies under section 36 of the Companies Act, 2012 was complied with by the Senior Registration Officer of the 2nd defendant. The test for desirable names was conducted and the names could be distinguished from each other. The 1st defendant would have been liable to a claim for passing off or trademark infringement if the plaintiff had registered their business name as a trademark.

Section 36(1) of the Companies Act, 2012 gives the registrar discretion to reserve a name wherein in his or her opinion is desirable. It is the 2nd defendant's submission that the Registrar exercised her discretion judiciously in reserving both names. Phonetic similarity between two companies does not apply in company registration but rather in registration of trademarks.

Analysis

The present dispute is premised on the registration of a company-1 st defendant-*A-Class Funeral Services (U) Ltd* while plaintiff's company has been in existence under a name *A-Plus Funeral Management Ltd*.

The Registrar of Companies is guided by the Companies Act in registration of Companies and names are approved on basis of desirability of the name.

***Section 36 of the Companies Act* provides:**

- *(1)The registrar may, on written application, reserve a name pending registration of the company or a change of name by an existing company, any such reservation shall remain in force for thirty days or such longer period, not exceeding sixty days as the registrar may, for special reasons, allow and during that period no other company is entitled to be registered with that name.*
- *(2)No name shall be reserved and no company shall be registered by a name, which in the opinion of the registrar is undesirable.*

***Section 37* provides further;**

(1)Where in the registrar's opinion the name by which a company is registered gives misleading indication of the nature of its activities as to be likely to cause harm to the public, the registrar may direct it to change its name.

The registration of companies is not determined on phonetic similarity but rather whether the name may be misleading to the public. The two company names as registered are not in my view similar with the exception of only letter *"A"* and word *"Funeral"*. *A-Class Funeral Services (U) Ltd* and *A-Plus Funeral Management Ltd*. The plaintiff tried to make objections as to the registration of the 1st defendant but the 2nd defendant rejected the complaint since in their opinion the names are not similar or likely to confuse or mislead as contended by the plaintiff.

"The law guards against double registration and existence of two companies with similar identical names and the purpose is to protect the owners of the first registered company and the members of the public against confusion and contradiction. The existence of two companies bearing identical names is likely to cause confusion among the members of the public" See Pentecostal Assemblies of God Limited v Pentecostal Assemblies of God Lira Limited HCCS No. 97 of 2015[2019] UGHCCD 217

The plaintiff seems to agree that the names two names are not similar on the face of it when read as registered but they are only contending that the 1 st defendant's company name has a *similar phonetic sound.* Therefore, this will likely cause confusion to the public since they are in the same industry of funeral service or burying dead persons.

This court does not agree that the similar phonetic sound is likely to cause confusion to the public in the funeral service industry. The customer in the nature of business is generally attentive, discerning, well-informed, reasonably observant and circumspect. Such a user is less likely to be confused as to particulars of a funeral service provider than an ordinary mourner or bereaved customer or someone procuring services on behalf of a bereaved client.

The issue of confusion of marks, names at issue must not be considered from the point of view of the average hurried or confused consumer having an imperfect recollection of the opponent's mark or name who might encounter the name of the plaintiff.

That does not mean a rash, careless or unobservant purchaser(customer) on one hand, nor on the other does it mean a person of higher education, one possessed of expert qualifications. It is the probability of the average person endowed with average intelligence acting with ordinary caution being deceived. The standard is not that of people "who never notice anything" but of persons who take more than "ordinary care to observe that which is staring them in the face".

See Mattel, Inc v 3894207 Canada Inc 2006 SCC 22 page 803-811

PWIII (Drake Edward Wasswa) testified that while he was attending a funeral at Butambala on 13th September 2020 he saw the 1st defendant company and in his mind he was confused whether it the plaintiff company. The courts would not consider a confused or unobservant mourner like DWIII but rather a reasonable and intelligent mourner who is conversant with the details of companies engaged in the business of funeral services in Uganda.

The plaintiff's claim that the 1st defendant's name is a pass off of the plaintiff's business name cannot be sustained in the circumstances of this case. Passing off is a form of a tort based on common law *(It is an actionable wrong to pass off goods or business as and for the goods or business of another person by whatever means that result may be achieved)*.

The basis of the cause action lies squarely in *misrepresentation*, for its underlying rationale is to prevent commercial dishonesty. The tort of passing off protects the business of the plaintiff with its many facets: its assets, goodwill and reputation. It stops persons gaining a commercial advantage through wrongfully taking the attributes of another's business if it causes or likely to cause that other person's business some damage. *See ConAgra Inc v McCain (Aust) Pty Ltd (1992) 23 IPR 193 at 231*

No man is entitled to represent his goods as being the goods of another, and no man is permitted to use any mark, sign or symbol, device, or other means whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such a purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer. See definition in case of *Capital Estate & General Agencies (Pty)Ltd and Others v Holiday Inns & Others 1977 (2) SA 916(A) at 929 C.*

The basis of a passing off action being a false misrepresentation by the defendant, it must be proved in each case as a fact that the false representation was made. In this case, there two companies duly incorporated under the laws of Uganda-Companies Act 2012. As found earlier the names in court's view are not similar and do not cause any confusion to any reasonable mourner or customer who may be observant. No prospective customer in the funeral industry would mistake *A-Plus Funeral Management Ltd* for *A-Class Funeral Services Ltd.*

The two trade names of the plaintiff and 1st defendant as shown earlier are distinct and the plaintiff's submission that they similar phonetic sound has been found baseless. It is very true that the reputation and goodwill of the business which often attached to the trade name will be protected by courts. Equity would intervene to provide relief to a plaintiff whose customers had been misled by his competitors.

The question is whether the use by the 1st defendant of its trade name or trading cycle is calculated to lead to the belief that its business is the business of the plaintiff. The court mainly guided by possibility of actual confusion to a reasonable customer in the business although the nature of the words which are used in the trade name or the peculiarities of the trade, motives proved or presumed of the trader who would use the words and other factors must be considered in determining whether the plaintiff can succeed on the claim for passing off.

The plaintiff had a duty to prove that the 1st defendant has adopted such a name as may lead people who have dealings with the plaintiff to believe that the 1st defendant's business is a branch of or is associated with the plaintiff's business. No such evidence was led in court apart from DWIII who saw the 1st defendant offering services at a funeral service at Butambala. It was never proved to court that the mourners at funeral obtained the services of the 1st defendant as a result of the confusion with the plaintiff or as an associate of the plaintiff. It may also be true that the 1st defendant is struggling in the business and has not even had any breakthrough in the business with the said name.

In an action for passing off, a distinction should be drawn between a misrepresentation causing 'mere confusion' and a misrepresentation causing 'deception'. The former is not sufficient to found an action for passing off, whilst the latter is. Generally, courts are willing to accept that as matter of fact some degree of confusion always exists in the market place and in appropriate cases, the law is prepared to tolerate this. *Lord Green* in *Marengo v Daily Sketch and Sunday Graphic Ltd [1992] FSR 1* observed as follows:

"No one is entitled to be protected from confusion as such. Confusion may result from the collision of two independent rights or liberties, and where that is the case* neither party can complain; they must put up with the results of the confusion as one of the misfortunes that occur in life."

It bears emphasis however, although the Companies Act has provision to ensure that a new company is not registered under a name closely resembling an existing registered company, this is not very effective. Hence a passing off action may be launched to prevent the registration of a newly proposed company or to change the name of an existing company whose name is confusingly similar to another company with established business and reputation. *See Pentecostal Assemblies of God Limited v Pentecostal Assemblies of God Lira Limited HCCS No. 97 of 2015[2019] UGHCCD 217*

An action for passing off may succeed where the integral part of the names of the two companies are synonymous with each other. *A-Plus* and *A-Class* are not at all synonymous with each other apart from the first letter *A with hyphen*. Where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. The court will accept comparatively small differences as sufficient to avert confusion. *See Montari Industries Ltd v Montari Overseas Ltd 1995 PTC 399 (Del)*

The 1 st defendant's name is not confusingly similar to that of the plaintiff and the same does not constitute passing off of the plaintiff's name.

The determination of this issue determines the rest of the issues in this suit. The suit is dismissed with no order as to costs as between the plaintiff and 1 st defendant. The 2nd defendant is awarded half of the costs of the suit.

It is so ordered.

SSEKAANA MUSA JUDGE 30th June 2023

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Prepared on 14 October 2026 · Esheria