P.1219

SELECTED JUDGMENT NO. 34 OF 2016

IN THE SUPREME COURT OF ZAMBIA HOLDEN AT NDOLA

Appeal No. 003/2015 SCZ/8/145/2014

(Civil Jurisdiction)

BETWEEN:

GARRICK REFRIGERATION
AND AIR-CONDITIONING

APPELLANT

AND

FRESH DIRECT ZAMBIA LIMITED

RESPONDENT

Coram:

Malila, Musonda, and Mutuna, JJS

On 6th September, 2016 and 9th September, 2016

For the Appellant:

N/A.

For the Respondent:

Mr. M.D. Lisimba., of Messrs Mambwe, Siwila &

Lisimba Advocates

JUDGMENT

MUSONDA, JS, delivered the Judgment of the Court.

Cases referred to:

- 1. Nkongolo Farms Limited vs. Zambia National Commercial Bank Limited, Kent Choice Limited (in receivership), Charles Haruperi (2007) Z.R. 149.
- 2. J.K. Rambai Patel vs. Mukesh Kumar Patel (1985) Z.R. 220.
- 3. Lombe Chibesakunda vs. Rajan Mahtani (1998) Z.R. 60.
- 4. Industrial Gasses Limited vs. Waraf Transport Limited Mussah Mogeehaid (1995/97) Z.R. 183.
- 5. Attorney General vs. Valantine Shula Musakanya (1981) Z.R. 1.

- 6. Tembo vs. Hybrid Poultry Farm (Z) Limited (2003) Z.R. 98.
- 7. Mutale vs. Zambia Consolidated Copper Mines (1993/94) Z.R. 94.
- 8. YB and I Transport Limited vs. Supersonic Motors Limited (2000) Z.R. 22.
- 9. Wilson Zulu vs. Avondale Housing Project Limited (1982) Z.R. 172.
- 10. Mhango vs. Ngulube (1983) ZR 61.
- 11. Khalid Mohamed vs. A G (1982) Z.R. 49.
- 12. Kuta Chambers (sued as a Firm) v. Concillia Sibulo (Suing as Administratrix of the estate of the late Francis Sibulo: Selected Judgment No. 36 of 2015.

Legislation referred to:

1. Order 40, Rule 6 of the High Court Rules, CAP 27.

Other Materials referred to:

1. Halsbury's Laws of England 4th edition paragraph 1175 and 1176.

When we heard this appeal, Counsel for the Appellant was not in attendance as they had filed a Notice of Non-attendance pursuant to Rule 69(1) of the Rules of the Supreme Court, Chapter 25 of the Laws of Zambia.

This is an appeal against a judgment on assessment of damages which was handed down by the honourable Deputy Registrar sitting at Ndola on the 29th day of May, 2014. In terms of that judgment, the learned Deputy Registrar assessed, as damages in favour of the Respondent on account of loss of business, a total sum of K1,222,405.00. The assessing Registrar also determined that a sum

of US\$2,000, by way of a counter-claim, was due from the Respondent to the Appellant on account of the costs which the Appellant had incurred in relation to the purchasing of equipment or the undertaking of extra works which had been done by the latter, at the request and instance of the former, in connection with the extension of the capacity of a chiller and which sum was to be netted-off against a sum of US\$10,000 which the Plaintiff had availed to the Appellant on account of the said costs and works.

The judgment on assessment arose from an order which was embedded in a High Court judgment dated 30th April, 2013 in terms of which that Court determined that a liquidated sum of US\$22,000.00 together with interest was recoverable by the Respondent against the Appellant following the latter's breach of its contract with the former. The High Court also entered judgment in favour of the Respondent for damages which were to be assessed on account of loss of business over a period of three months. As earlier noted, a like judgment was entered in favour of the Appellant on

account of the extra works which had formed the basis of the Appellant's counter-claim.

The facts leading to this appeal are largely incontestable and can be briefly recounted.

At all material times, the Respondent was engaged in the business of importing and exporting of fresh farm produce while the Appellant was involved in the business of supplying, repairing and servicing of refrigeration and air-conditioning equipment.

In July, 2006, the Respondent engaged the Appellant to construct a 40 ton chiller and 2 cold rooms with a holding capacity of up to 50 tonnes each at Plot No. 687 Pelican Road, Makeni, Lusaka at a cost of USD85,000. At the time of the Appellant's engagement, the Respondent had already agreed with Messrs Lease Finance to disburse a sum of US\$85,000 to the Appellant.

Following the commencement by the Appellant of the works relating to the construction of the chiller and the cold rooms, the Respondent requested the Appellant to increase the capacity of the chiller from 40 tonnes to 80 tonnes for which the Appellant was paid

an extra US\$10,000 over and above the payment earlier alluded to above.

Following the Appellant's failure to complete the works in question in accordance with the terms of their engagement, the Respondent sought to have the Appellant refund USD30,000.00 out of the money that the Appellant had initially been paid on account of the construction works in question. As a result of the failure by the Appellant to install the chiller and cold rooms as had been agreed with the Respondent, the latter was forced to reduce the prices of its imported fruit for fear that they would go bad due to lack of refrigerated storage facilities.

Arising from the Appellant's breach as aforestated, the Respondent instituted legal proceedings in the High Court seeking damages for breach of contract, a refund of the afore-mentioned US\$30,000.00, and damages for loss of business plus interest. For its part, the Appellant launched a counter-claim for damages and for the recovery of US\$10,000.00 being moneys that the Appellant had spent on purchase of equipment to extend the chiller.

As earlier indicated, the High Court Judge entered judgment as set out above.

At assessment, the learned Deputy Registrar determined that the Appellant was entitled to recover damages for loss of business over a period of 27 trading days for each month and for a total period of three months as ordered by the trial Court and on the basis of the rates which were prevailing in November, 2008. In this regard, the assessing Deputy Registrar upheld the following claims on account of loss of business which were contained in Martin Tuwelile Simumba's Affidavit in Support of Summons for Assessment of Damages:

(A) Bananas:

K8.00 profit per 20kg crate X 150 crates (average sales per day) X 27 (working days per month) X 3 months (being period of loss). **TOTAL:** K97,200.00

(B) Apples:

K15.00 (profit per 18kg box) X K2,548 boxes (per week) X 27(working days per month X 3 months (being period of loss). **TOTAL:** K442,260.00

(C) Oranges:-

- (i) 10kg Bags -K6.5 profit per 10kg bag) X 6000 bags (average sales per week) X 27 days X 3 months (period of loss). TOTAL: K451, 285.83
- (ii) 18kg Boxes-K5.50 (profit per 18kg box per day) X 3,640 boxes per

week X27 days 3 months. TOTAL: K231,660.00

TOTAL AMOUNT ASSESSED FOR LOSS OF BUSINESS: K1,222,405.00

As regards the Appellant's counter-claim, the assessing Deputy Registrar awarded US\$2,000 on account of the additional works which the Appellant had undertaken in relation to the cold rooms/chiller. The assessing Deputy Registrar directed that the US\$2,000 be netted-off against the US\$10,000 which the Plaintiff had availed to the Defendant for the additional works which were not undertaken.

Dissatisfied with the awards by the assessing Deputy Registrar as reflected above, the Appellant has appealed to this Court advancing three Grounds of appeal which were set out in the Memorandum of Appeal as follows:-

- (i) The learned Deputy Registrar erred in law and in fact when he found that the daily average sales as per the Plaintiff's prayer in paragraph 12 of the Affidavit in Support were proved notwithstanding that there was no evidence on record showing the daily average sales to support the said prayer.
- (ii) That learned Deputy Registrar misdirected himself in law and in fact when he found that (SIC) 27 trading days for each month contrary to evidence on record.
- (iii) The court below erred in law and fact when he did not order that costs of the assessment proceedings be borne by the Plaintiff in any event."

Learned Counsel for the Appellant filed written Heads of Argument to buttress their Arguments as set out in their Appellant's Memorandum of Appeal. Counsel argued Grounds one and two together while Ground three was argued separately.

In support of Grounds one and two, Counsel for the Appellant contended that the lower court's finding that the daily average sales as per the Respondent's prayers were proved was not supported by evidence. Counsel cited the case of Nkongolo Farms Limited vs. Zambia National Commercial Bank Limited, Kent Choice Limited (in receivership), Charles Haruperi1 where it was held that, as a general rule, an appellate Court rarely interferes with findings of fact by the lower court, unless such findings of fact are not supported by the evidence on Record or the lower court erred in taking into account matters which ought not to have been taken into account. Counsel argued that in the case at hand, the learned Deputy Registrar made a finding that the Respondent's prayer was proved when there was no evidence to support that finding and that, consequently, this superior Court must interfere with the erroneous findings.

As regards Ground two, Counsel submitted that the court's finding that the Respondent was to be paid for 27 days in a month was contrary to the evidence on Record and that, in as far as the evidence on Record showed, the Respondent's average number of trading days in a month was around 10 days or less. Counsel argued that even the Respondent's bank deposit slips relating to its sales only covered 11 days for the month of July, 2006 and that, similarly, stock movements for the months of July and August, 2008 only showed 21 and 10 trading days respectively. Counsel accordingly contended that the evidence on Record did not support the finding by the learned Deputy Registrar relating to the 27 trading days which the Court ordered.

In support of Ground three, the Appellant's Counsel argued that the learned Deputy Registrar misdirected himself when he failed to exercise his discretion in favour of ordering the Respondent to pay the costs notwithstanding its success in the action because of the irregular manner in which the Respondent's Affidavit in Support of the Application for the Assessment of Damages dated 7th November,

2013 was filed into Court. To support this argument, Counsel relied on the case of J.K. Rambai Patel vs. Mukesh Kumar Patel² in which this Court offered guidelines as to when a successful party in a suit can be condemned to pay the costs of the losing party. Counsel recounted the principle which was highlighted in J.K. Rambai Patel vs. Mukesh Kumar Patel² to the effect that a successful party in a suit will not normally be deprived of his costs unless there is something in the nature of the claim or in the conduct of the party which makes it improper for him to be granted the costs.

The Appellant's Counsel further submitted that the manner in which the Respondent mishandled the filing and numbering of the Affidavit in Support of the Assessment of Damages Application left much to be desired and that the same had the effect of doubling the cost of the assessment. Counsel also contended that the Respondent had to file two sets of the Affidavit relating to the Assessment owing to numerous errors in the numbering and repetition of exhibits and that this still did not rectify the errors as the problems persisted.

Counsel drew our attention to the fact that the said Affidavit in Support of Assessment of Damages runs into over 500 pages.

Counsel concluded by stating that this was a proper case where the successful party should be condemned to pay costs to the other party. Counsel prayed that the appeal be allowed with costs to the Appellant.

The learned Counsel for the Respondent also relied on the Respondent's Heads of Argument as filed. He begun by responding to Grounds one and two together before moving on to Ground three.

In response to Grounds one and two, Counsel's starting point was the Judgment of the trial court wherein the learned Judge held as follows:-

"Judgment is further entered for the plaintiff for loss of business for the period of three months, on the sale of bananas, oranges and apples at the time of the breach, that is, the rates applicable in November, 2008. The same is referred to the Deputy Registrar for assessment."

It was Counsel's submission that, in arriving at the loss for the period in issue, the Deputy Registrar was to use an aggregate amount basing his findings on a sample of income made over the period in question. Counsel submitted that the Deputy Registrar's reliance on deposit slips covering 11 days was in order, as they showed on average what the Respondent was capable of making per day. Counsel argued that it is not in dispute that there was evidence before the Deputy Registrar that, for over 20 days there was stock movement and that in arriving at the correct quantum of damages the assessing court was on point in using average income and sales figures to determine or decide with reasonable certainty what the Respondent would have made over the three-month period which the trial Court had directed.

Counsel argued that it was not open to the court to make a definitive finding on what was actually made during the three-month period in issue, given that there was no business being conducted at that time due to the Appellant's breach. According to Counsel, all that the Court had to demonstrate was what the Respondent would have made had there been no breach such as the Appellant had committed in the case at hand. Counsel cited *Halsbury's Laws of England*, 4th edition, paragraph 1175 where it is stated that:

"The requisite degree of foresight may be attributed to the contract breaker under what is known as the rule in Hadley vs. Baxendale either because the damage is such as may fairly and reasonably be regarded as arising naturally, that is to say according to the usual course of things, from the breach or because of special knowledge which he had at the time of making the contract."

Counsel further quoted paragraph 1176 of *Halsbury's Laws* (ibid) as follows:-

"Subject to the principles governing the degree of likelihood necessary to render a contract breaker liable for damage a contract breaker should be presumed to have had knowledge of the facts of everyday life when making the contract, and this includes knowledge of the general course of business and of the general circumstances of the business of the parties at the time and place."

It was Counsel's further argument that the Appellant was aware of the type and frequency of the Respondent's business and the intended use of the facilities which the Respondent had sought to have the Appellant erect. He contended that the learned Deputy Registrar properly directed himself when he decided, on the basis of the sample income and daily stock movement which had been deployed before him by the appellant, to award the Respondent the damages which he awarded. Citing **Lombe Chibesakunda vs. Rajan Mahtani**³ wherein the respondent was awarded damages based on

the estimated loss directly and naturally resulting in the ordinary course of events from the appellant's breach, Counsel submitted that the Court in the present case estimated the loss on a sample of income and sales which had been adduced in evidence by the Respondent's witnesses. Counsel argued that there was no evidence or argument advanced by the Appellant to suggest that the award by the learned Deputy Registrar was so high as to warrant intervention by this Court let alone, to disturb his findings. Counsel buttressed his arguments by citing the case of Industrial Gases Limited vs. Waraf Transport Limited Mussah Mogeehaid4 in which we observed and held, in relation to an assessment on account of loss of profits, that we could not interfere with an award by a Judge where it had not been demonstrated that the assessed award was too high as to be totally unreasonable.

The Respondent's counsel accordingly submitted that, in the case at hand, the Appellant had not demonstrated that factors existed which warranted interference with the award. Counsel opined that the amount which the Deputy Registrar had awarded was not

without basis as the Respondent produced evidence which showed earnings in previous transactions which, had it not been for the Appellant's breach, the Respondent would have been in a position to achieve.

In conclusion, Counsel urged this Court to dismiss Grounds one and two of this appeal for lack of merit.

In opposing Ground three, Counsel submitted that the learned Deputy Registrar properly exercised his discretion when he ordered that costs be borne by the Appellant. Counsel argued that the main trial Judge had awarded the Respondent costs and that the assessment was a mere extension of the Judgment of the trial court and that, under those circumstances, the costs for the assessment had to be borne by the Appellant. In support of his position, Counsel referred this Court to the following cases that espoused the principles around the awarding of costs:-

> Attorney General vs. Valantine Shula Musakanya5;

> Tembo vs. Hybrid Poultry Farm (Z) Limited6;

Mutale vs. Zambia Consolidated Copper Mines⁷; and

> YB and I Transport Limited vs. Supersonic Motors Limited8.

Counsel submitted that the Respondent was the successful party in the proceedings and that, consequently, it is the Respondent who is entitled to costs in any event.

In conclusion, Counsel submitted that the whole appeal was without merit and must be dismissed with costs.

As we earlier noted, when we heard the appeal, counsel for the Appellant was not in attendance and had filed a Notice of Non-attendance pursuant to Rule 69(1) of the Rules of the Supreme Court, Chapter 25 of the Laws of Zambia and indicated that they were relying on the Appellant's filed Heads of Argument.

Mr. M.D. Lisimba, learned Counsel for the Respondent, appeared before us and he too confirmed that he was entirely relying on the Respondent's filed Heads of Argument.

We are greatly indebted to Counsel for their sustained and able arguments and submissions. We propose to deal with Counsel's respective Arguments in the same manner in which they deployed the same before us.

Under Ground one, Counsel for the Appellant attacked the assessing Deputy Registrar's finding in terms of which he upheld the Respondent's claims on account of loss of business on the basis of what had been deposed to by the Respondent's witness via his Affidavit in Support of the Application for Assessment of Damages. According to the Appellant's Counsel, no evidence was deployed before the assessing Court to support the claims relating to the daily average sales which the Deputy Registrar granted.

We have given anxious consideration to Counsel's contention around Ground one in relation to the proceedings before the learned trial Judge and the learned assessing Deputy Registrar and have noted that, in terms of the main judgment of the Court below, the entry of judgment in favour of the Respondent for "loss of business" related to "a period of three months." However, at assessment, the Deputy Registrar decided to put the actual trading days in each month at 27 days.

With regard to the issue of 'Daily average sales', the evidence of the Respondent's witnesses, namely, PW1(Martin Tuwelile Simumba)

and PW2 (Philip Simumba) addressed this matter. Quite apart from what he had deposed to in paragraph 12 of his Affidavit in Support of the Respondent's application for Assessment of Damages, PW1 testified during cross-examination as follows:

- "We operated 7 days a week..."
- "We sold a minimum of 150 crates per day"
- F "The 150 is the number of crates sold per day"
- ▶ I sold 180 crates of bananas per day and made K8 per crate per day as
- "I would make K9 profit on average per day per crate of 20kg. K1,200.00 per day'
- Fig. "The K8 profit I made on a crate was as a result of having reduced the price... If I had not reduced the price I would have made between K15-K16 per crate"
- Per day I was making K1,200..."
- For the apples, I sold between 2,500 and 3,000 boxes per day... K38,220.00 was what I made per day.."
- For oranges in K18kg boxes, I made a profit of K5.50 per day per box"
- Per day I lost K20,020.00 profit"
- > "The business was informal ...K1,200 for bananas apples...K38,000 per day, for oranges it was K39,000,... for the other types of orange it was K20,000.00 per day. The total is K98,000.00"
- "We sold our goods every day, Sunday to Sunday".

For his part, PW2 also referred to the Respondent's "daily total sales."

In the face of the evidence which has been outlined above, the Respondent's only witness, "DW1" (Clinton L. Roger) confessed that he "...did not have any counter figures to the ones that the Plaintiff gave", besides his opinions.

Having regard to what we have narrated above, it is extremely difficult for us to fault the conclusion which the learned Deputy Registrar had reached in the way of his findings of fact. Simply put, we are unable to reverse the findings of fact by the Deputy Registrar which could have inspired the first Ground of appeal.

As we said in Wilson Zulu vs. Avondale Housing Project Limited9:

"Before this court can reverse findings of fact made by a trial judge, we should have to be satisfied that the findings in question were either perverse or made in the absence of any relevant evidence or upon a misapprehension of the facts or that they were findings which, on a proper view of the evidence, no trial court acting correctly could reasonably make".

Accordingly, Ground one cannot possibly succeed. It is dismissed.

As regards the second Ground of Appeal, Counsel for the Appellant complained that the Deputy Registrar's finding that the Respondent was trading for 27 days in a month was "contrary to

It is, of course, for any party claiming a special loss to prove that loss and to do so with evidence which makes it possible for the court to determine the value of that loss with a fair amount of certainty. As a general rule, therefore, any shortcomings in the proof of a special loss should react against the claimant. However, we are aware that, in order to do justice, notwithstanding the indifference and laxity of most litigants, the courts have frequently been driven into making intelligent and inspired guesses as to the value of special losses on meagre evidence. In this case, it would have been the easiest thing to call can expert witness, but the first plaintiff chose not to do so. The result is that the evidence presented to the court was unsatisfactory, and, in our opinion, the learned trial judge would have been entitled either to refuse to make any award or to award a much smaller sum if not a token amount, in order to remind litigants that it is not part of the judge's duty to establish for them what their loss is. Be that as it may, the learned trial judge in this case had agreed to do the best he could on the available and unchallenged evidence. He was perfectly entitled, in his discretion, to enter into the sort of exercise to which we have already referred. In asking this court to reduce the amount, Mr. Zulu is in effect inviting us to do our best and to substitute our conclusion for that of the learned trial judge. We do not think that the award made in respect of the value of this car was manifestly so high as to be utterly unreasonable, and, in any event, we can find no authority for interfering in the manner suggested."

In the context of this appeal, the Appellant failed to mount even the most feeble of resistances to the claims which the Respondent, via its two primary witnesses, namely, PW1 and PW2 had deployed before the Court. To borrow from *MHANGO* (supra), the learned Deputy Registrar had to do "...the best he could on the available and unchallenged evidence" of the Respondent.

In arriving at this conclusion, we are not suggesting any departure from what we said in **KHALID MOHAMED vs. A G**¹¹ (and have repeated in countless subsequent decisions), namely that "a Plaintiff must prove his case and if he fails to do so the mere failure of the opponent's defence does not entitled him to judgment."

In the context of the present appeal, the learned Deputy Registrar reasoned that the material or evidence which the Plaintiff (now Respondent) had deployed before him at assessment was sufficient to entitle the Plaintiff to the relief it was seeking.

With regard to the third and final Ground of Appeal, the Appellant's Counsel contended that the learned Deputy Registrar should have condemned the Respondent in costs, in spite of the fact that it had succeeded in its action.

We have noted from the judgment on assessment now appealed against that the learned Deputy Registrar did not pronounce himself upon the issue of costs. This having been the case, Order 40 Rule 6 of the High Court Rules, CAP 27 comes into play. It provides as follows:

"40. 6. The cost of every suit or matter and of each particular proceeding therein shall be in the discretion of the court or judge; and the court or a judge shall have full power to award and apportion costs, in any manner it or he may deem just, and, in the absence of any express direction by the court or judge, costs shall abide the event of the suit or proceeding.

Provided that the court shall not order the succession party in a suit to pay to the unsuccessful party the costs of the whole suit; although the court may order the successful party, notwithstanding his success in the suit, to pay the costs or any particular proceeding therein."

The above Rule of Order 40, CAP. 27 makes it amply clear that the awarding of costs resides in the discretionary domain of the court.

Subject to the foregoing, one basic rule of our civil procedure is that a successful litigant has a prima facie right to his costs.

One meaning which clearly emerges from a reading of Rule 6 of Order 40 and which is of particular relevance to the matter at hand is that "...in the absence of any express direction by the Court or a Judge, costs shall abide the event of the suit or proceeding."

On the basis of the above meaning, the success of the Respondent in its suit meant that it was entitled to costs. However, the matter does not end there because the proviso to Rule 6, Order 40, clearly envisages that although a successful party cannot be ordered to pay to the unsuccessful party the costs of the whole suit, the Court "may (emphasis ours) order the successful party, notwithstanding his success in the suit, to pay the costs of any particular proceeding therein."

Two meanings emerge from the above proviso, namely that, under no circumstances can a successful party to a suit be ordered to pay to the unsuccessful party the costs of the whole suit. Secondly, a successful party *may* be ordered to pay the costs of any particular *proceeding* to the unsuccessful party (emphasis ours).

To the extent that the assessment of damages which is the subject of the present appeal represents a "proceeding", it does seem to us that Ground three was well conceived. However, it cannot be doubted that the exercise of the power available to a Court pursuant to the proviso in question is discretionary while the nature and character of that discretion is judicial.

In arguing Ground three, Counsel for the Appellant suggested that the Respondent mishandled or mismanaged the assessment application by way of committing numerous errors which had the effect of "doubling the cost of the assessment." We propose to pause here to refresh our memory on what we have previously said in relation to the issue which Ground three raises.

In YB and F Transport Ltd. Vs. Supersonic Motors Limited⁸ we observed, at page 26, as follows:

"The general principle is that costs should follow the event; in other words, a successful party should normally not be deprived of his costs."

In the same case, we went on to describe the awarding of costs against a successful plaintiff as an "...an unusual turn of events (which) should have an explanation, for example, if the successful party did something wrong in the action or in the conduct of it" (at page 26).

In Mutale vs. ZCCM7 we put the same matter thus:

"With regard to the argument as to costs, the general rule is that a successful party should not be deprived of his costs unless his **conduct** in the course of the proceedings merits the court's displeasure unless his success is more apparent than real, for instance, only were nominal damages are awarded" (at p. 96)

More recently, that is, in Kuta Chambers (sued as a Firm) v. Concillia Sibulo (Suing as Administratrix of the estate of the late Francis Sibulo¹² we observed, after reviewing a number of cases on costs, that:

"We do not think that the respondent's conduct in the present case was such as to disentitle the respondent, as the successful party in that Court, to the costs of that action."

Turning to the present appeal, we do not consider that there was anything which the Respondent, then Plaintiff, did, be it in the

assessment proceedings or in the conduct of the same which can properly or legitimately disentitle it to the costs as the successful party. Ground three must, consequently, fail.

The net result is that this appeal has failed on all grounds and, accordingly, stands dismissed. The Respondent will have its costs and the same will be taxed if not agreed.

M. MALILA, SC SUPREME COURT JUDGE

M. MUSONDA, SC SUPREME COURT JUDGE

N. K. MUTUNA SUPREME COURT JUDGE