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LEGAL ALERT

URSB REGISTERED IT. THE COURT REJECTED IT. NOW WHAT?: ANALYSIS OF THE SPOT CLEAN V SPOT WASH DECISION.

Introduction

For many businesses, the process appears straightforward. You think of a name, conduct a search, submit it to the Uganda Registration Services Bureau (URSB), receive a certificate of incorporation and start building your business around that name. If you go a step further and register your trademark, the sense of security becomes even greater.

But what happens when, years later, a Court says that the name or mark should never have been used in that form in the first place?

That is the uncomfortable question arising from the recent High Court Commercial Division decision in Spotclean Dry Cleaners Limited v Spot Wash (SMC) Limited & Another, Civil Suit No. 0908 of 2019, [2026] UGCommC 405, delivered on 29 June 2026 delivered by Justice Susan Odongo

The case is ostensibly a dispute between two businesses in Uganda's laundry and dry-cleaning industry. But beneath the dispute lies a much broader lesson about the relationship between company registration, trademark protection, goodwill, consumer confusion and regulatory responsibility.

Most importantly, the case challenges a common business assumption: if URSB registered my name or trademark, surely, I am entitled to use it.

The answer, as this case demonstrates, is: not necessarily.

The Dispute Behind the Headline.

Spotclean Dry Cleaners Limited was incorporated in 2002 and had operated under that name for more than two decades. Its trademark, No. 28335, was registered in 2005. By the time the dispute reached Court, Spotclean had established substantial goodwill in its name and branding through its network of outlets, advertising and continued presence in the Ugandan market.

Spot Wash, on the other hand, was incorporated as Spot Wash (SMC) Limited in February 2019, almost seventeen years after Spotclean. Its trademark, No. 63056, had been registered in 2018.

Spot Wash argued that its use of the name was not an attempt to copy Spotclean. It maintained that the "Spot Wash" name had been used as a sole proprietorship since 2012 and that the trademark registration merely formalised an existing business. It also argued that "SPOT", "WASH" and "CLEAN" were common or descriptive words and that the two logos contained sufficient visual differences to distinguish them.

On paper, therefore, there were arguments to be made on both sides.

But trademark disputes are rarely decided simply by putting two names next to each other and counting the differences.

The real question is what those differences mean in the marketplace.

What Does The Customer See?

The Court approached the dispute through the perspective of the average consumer and the likelihood of confusion.

That is important because consumers do not interact with brands like lawyers or trademark examiners. They do not normally stop to compare every letter, colour or design feature. They rely on memory, impressions and the dominant features of a brand.

The Court therefore considered the overall visual and aural similarity between the two marks. It noted that both prominently featured "SPOT", that the "O" was stylised in a visually similar way, and that both used "DRYCLEANERS" in their presentation. Although "CLEAN" and "WASH" were different words, the Court considered them conceptually similar in the context of the same laundry business

The Court's reasoning is commercially significant. A business cannot necessarily escape a claim of infringement simply because it has changed a word, altered a font or added another graphic to its logo.

The question is not simply whether differences exist.

The question is whether, looking at the marks as a whole and considering the relevant market, those differences are enough to prevent a reasonable likelihood of confusion.

In Spotclean, the Court found that they were not. Indeed, there was evidence of actual confusion. A customer testified that he had taken his clothes to a Spot Wash outlet believing it was a branch of Spotclean. The Court also heard evidence that Spotclean received complaints from customers about clothes allegedly damaged by Spot Wash, with the customers only later discovering that they had dealt with a different business.

That evidence transformed the dispute from an abstract comparison of logos into a real commercial problem.

Registration Did Not Save Spot Wash.

This is perhaps the most important lesson for businesses. Spot Wash had a registered trademark. Yet the Court found that the registration was invalid because it conflicted with Spotclean's earlier registered mark. The Court ordered the Spot Wash trademark, No. 63056, to be expunged from the Register of Trademarks under section 88 of the Trademarks Act.

This does not mean that trademark registration is meaningless. Far from it. It means that registration should not be confused with an absolute guarantee that the registered mark can never be challenged.

The Court found that the earlier Spotclean mark had priority and that the later mark was sufficiently similar to create a likelihood of confusion in relation to the same services.

The practical message for businesses is therefore simple: A certificate of registration is not a substitute for proper intellectual-property due diligence.

A Company Name And A Trademark Are Not The Same Thing.

The case also demonstrates why businesses need to distinguish between registering a company name and protecting a brand. A company name gives a company its corporate identity. A trademark protects a distinctive sign used to distinguish goods or services.

Passing off, meanwhile, protects the goodwill and reputation a business has built in the marketplace. These protections overlap, but they are not interchangeable. A business can therefore find itself in difficulty even after successfully navigating the company incorporation process.

That is precisely why businesses should not ask only:

"Can URSB register this name?"

They should also ask:

"Do I have the legal right to build my business around this name?"

That second question requires a much broader assessment.

The URSB Dimension Makes The Case Even More Interesting.

There is another important fact in the Spotclean case. The Registrar of Companies had itself identified the similarity between the two corporate names. On 22 July 2019, URSB informed Spot Wash that it had been inadvertently incorporated under a name confusingly similar to the earlier Spotclean name and directed it to change the name to one that was more distinct.

The Court subsequently enforced that directive. The Court held that section 38(2) of the Companies Act provides an administrative mechanism for correcting a company name where a later registered name is too similar to an existing one. It further held that the Registrar's directive was a statutory exercise of regulatory authority and that Spot Wash could not simply ignore it.

Does This Mean URSB Is Liable?

Not necessarily. The judgment is important, but it should not be read as a finding that URSB is liable for the losses suffered by Spotclean. The Court did not award damages against URSB, nor did it make a finding that URSB was responsible for the infringement or passing off. Instead, the substantive orders were directed at Spot Wash, whose use of the disputed name, trademark, signage and get-up was found to infringe Spotclean's rights. The Court ordered the Spot Wash trademark to be expunged, permanently restrained its continued use of the offending branding, ordered the surrender of infringing materials and required the company to change its name.

That distinction matters because registration and infringement are legally different questions. A name or mark may have passed through the registration process, but that registration does not necessarily confer an unfettered right to use it where its use conflicts with an earlier protected right. In Spotclean, the Court found that the later trademark conflicted with the earlier registered mark and was therefore invalid. The fact that Spot Wash had obtained registration did not, therefore, shield it from the consequences of its subsequent commercial use.

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The more difficult question is ***what responsibility,*** if any, may arise from the registration process itself. The case is particularly interesting because the Registrar of Companies had ultimately recognised the similarity between the two company names and directed Spot Wash to change its name under section 38(2) of the Companies Act. The Court subsequently enforced that directive. But the judgment did not determine whether the earlier registration of the conflicting name amounted to a breach of any duty owed by URSB to Spotclean, or whether such a breach could support a claim for damages.

That remains an open and more complex legal question. It is one thing to establish that a registry has made an error. It is another to establish that the error gives rise to legal liability to a particular business. Such a claim would require careful consideration of the statutory framework governing URSB, the nature and scope of any duty owed, the information available to the registration authority at the relevant time, causation, the loss suffered, and any statutory protections or immunities that may apply. A subsequent finding by a Court that two names or marks are confusingly similar does not, by itself, establish that the registration process was negligent or unlawful at the time it occurred.

Yet that should not end the conversation.

The real policy question is whether a business that has already built substantial goodwill around a registered name should bear the entire commercial burden of a registration conflict that could, arguably, have been identified and addressed earlier. Where a conflicting name enters the register, the consequences can extend far beyond the register itself. The affected business may have to incur legal fees, spend management time, respond to customer confusion, protect its reputation and engage in lengthy litigation simply to preserve rights it had already established.

Correction Is Not The Same As Compensation

This is the point at which the case has implications beyond Spotclean and Spot Wash. The law provides mechanisms for correcting a problematic company name, and the Court in this case ultimately required Spot Wash to comply with the Registrar's directive and change its name. But correcting the register does not necessarily reverse the commercial consequences that may have accumulated before the correction takes place.

Consider a business that has operated under a registered name for many years and invested heavily in developing its reputation. A later entrant adopts a confusingly similar name, obtains registration and begins trading. By the time the original business discovers the conflict and obtains a legal remedy, the competing business may already have opened outlets, advertised extensively and attracted customers who believe the two businesses are connected.

Even where the original business ultimately succeeds, the damage may already have occurred. The business may have incurred substantial legal and professional costs, lost customers, suffered reputational harm or been forced to undertake additional marketing simply to distinguish itself from the later entrant.

This highlights an important distinction: correcting the register addresses the administrative problem; it does not necessarily compensate the business for every consequence flowing from that problem.

That does not mean that URSB should automatically be required to compensate every business affected by a problematic registration. Such an approach would go far beyond what the Spotclean judgment decided and would overlook the legal questions that would have to be established in any independent claim.

It does, however, mean that the case raises a legitimate question about administrative accountability. If an authority is entrusted with maintaining a system on which businesses rely when making significant commercial investments, what should happen where a demonstrable failure in that system contributes to foreseeable loss? At what point does an ordinary administrative error become a legally actionable failure?

Those questions require a much more careful analysis than simply asking whether "URSB registered the name."

The stronger question is whether the registration process was carried out in accordance with the applicable law, whether the relevant conflict ought reasonably to have been identified, and whether any failure caused legally recoverable loss. Those issues were not determined in Spotclean, but the facts of the case make them difficult to ignore.

The broader lesson is therefore not that URSB is liable because it registered the name. The more nuanced lesson is that registration creates expectations of legal and commercial certainty, but those expectations do not automatically eliminate the possibility of error, nor do they resolve the question of who should bear the consequences when an error occurs.

For businesses, this reinforces the need to carry out independent brand and trademark due diligence rather than treating registration as the final word. For the registration system, it raises a broader institutional challenge: how can Uganda make business registration sufficiently reliable to give entrepreneurs confidence, while also providing effective and timely mechanisms where the system itself fails?

The Cost Of Getting Branding Wrong

The consequences in Spotclean went well beyond an instruction to stop using the disputed branding. The Court ordered the Spot Wash trademark expunged, issued a permanent injunction against infringement and passing off, ordered the surrender of infringing promotional materials and required the company to change its name within six weeks. It also awarded Spotclean UGX 40 million in general damages and UGX 20 million in exemplary damages, together with interest and costs.

For businesses, however, the real cost of a branding dispute can be significantly greater than the damages awarded by a Court. A forced rebrand can require the replacement of signage, websites, social-media identities, promotional materials and other investments already made around the disputed brand. It can also disrupt customer relationships and erode goodwill built over years. The commercial lesson is therefore straightforward: the cost of clearing a brand before investing in it is usually far lower than the cost of defending or rebuilding a brand after a conflict emerges.

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What Should Businesses Do Differently?

Businesses should treat brand clearance as part of the initial commercial process, not as an afterthought. A company-name search is important, but it should be supplemented by checks of existing trademarks, business names and relevant market usage, particularly where the proposed business will operate in the same sector as an established player.

This is especially important when launching a new product or service, entering a new market, acquiring a business or undertaking a rebrand. A name that appears available for incorporation may still present intellectual-property or passing-off risks. The distinction is therefore important: registration tells you that a name has been entered on a register; clearance asks whether you can safely build a business around it.

In our view, branding should be approached as both a marketing decision and a legal risk-management exercise. A creative agency can design the brand and a registration agent can process the name, but neither step necessarily answers the broader legal question of whether the proposed identity conflicts with existing rights.

For Start-Ups: Search Before You Build

For a start-up, the temptation is to choose a name quickly, register it and begin investing in the brand. That approach can be expensive if a conflict emerges later. A name may be registrable but still be too close to an existing trademark, business identity or established goodwill.

The safer commercial sequence is simple: search, clear, register, protect and then invest. Discovering a problem before printing signage, launching a website or spending heavily on advertising is considerably easier than rebuilding a business around a new identity after the brand has become established.

For Established Businesses: Protection Requires Vigilance

Established businesses face a different risk: complacency. Registration provides important legal protection, but it does not enforce itself. Businesses should continue to monitor the market for confusingly similar names, trademarks, logos and other branding that may dilute their identity or create an impression of association.

Spotclean's case also demonstrates the importance of evidence. Its long-standing use of the brand, advertising investment, evidence of customer confusion and evidence of reputational impact all contributed to its case. Goodwill is therefore not simply something a business builds; it is an asset that should be documented, monitored and actively protected.

The Registration System: The Broader Question

The case also raises an institutional issue. Businesses rely on official registration systems because those systems are intended to provide a degree of commercial certainty. Yet the Spotclean judgement shows that registration cannot eliminate the possibility of a conflict. In this case, the Registrar ultimately identified the similarity between the company names and directed Spot Wash to change its name under section 38(2) of the Companies Act, a directive which the Court subsequently enforced.

That does not mean that every registration error makes URSB liable for the resulting loss. The Spotclean judgment did not make such a finding. Rather, it highlights the importance of effective search, registration and correction mechanisms and raises a broader policy question: how should the system respond where a registration conflict is identified only after an existing business has already incurred significant commercial disruption?

Correction is necessary, but correction and compensation are not the same thing as ealier discussed. The former addresses the register; the latter raises more difficult questions of duty, causation, loss and legal accountability. Those questions were not determined in Spotclean, but the case brings them into sharper focus.

The Taslaf Take

The significance of Spotclean Dry Cleaners Ltd v Spot Wash (SMC) Ltd extends far beyond the laundry industry. It demonstrates what can happen when company registration, trademarks, consumer perception and commercial goodwill collide.

For businesses, the central lesson is clear: do not confuse registration with clearance. A company name can be registered and still create legal risk. A trademark can be registered and still be challenged. And a successful brand can still lose value if it is not actively monitored and protected.

For start-ups, the advice is to undertake the legal checks before substantial investment is made. For established businesses, it is to treat goodwill as an asset requiring continuous protection. And for regulators and policymakers, the case raises the broader question of how registration systems can provide the commercial certainty on which businesses rely while ensuring that conflicts are identified and corrected as early as possible.

Ultimately, the smartest time to discover that a proposed brand conflicts with an existing right is before the first sign is printed, not after the tenth branch is opened.

Because when the certificate says “registered”, the more important question may be: “Is it legally safe to build my business around it?”

ABOUT TASLAF ADVOCATES

TASLAF Advocates provides blended legal and tax services to the most impactful entities operating in Uganda & East Africa. We are driven by a desire to create social impact and harness the interconnectedness of the African eco-system in our provision of blended legal & tax services. Our clients include leading private equity/impact funds, construction and oil & gas companies, tech companies, leading NGOs and social enterprises looking to set up or expand in Uganda and East Africa.

Our team combines a breadth of experience, education, and training in the best institutions in the world. We are always on the lookout for the most talented and ambitious professionals to join the team. With a mix of lawyers and accountants across the board, our service offerings are unequalled in both tax & legal assignments.

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