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Customs Custody Is No Delivery: *How an Unpaid Exporter Reclaimed Goods in Customs Custody, and What the Ruling Means for Uganda's International Trade*

A buyer's identity is cloned, payment never arrives, and the goods are already in Uganda. Can an overseas exporter still recover its shipment? A recent High Court decision says yes, clarifying when an unpaid seller can stop goods in customs custody and what this means for exporters, custodians and businesses engaged in international trade with Uganda.



Frederick J. Mpanga
Partner



Apolo Katumba
Senior Associate



Yusuf Mawanda
Senior Associate

What happens when an overseas exporter ships goods to a Ugandan buyer, only to discover that the buyer's identity has been cloned and payment will never arrive? More importantly, can the exporter recover the goods once they've entered a customs warehouse in Uganda?

A recent High Court decision provides an important answer. On 19 October 2026, Susan Odongo Ag. J. ordered the release of seven containers of telecommunications towers, valued at USD 261,658.41, from an Inland Container Depot to an unpaid exporter based in China.

In *Jiangsu Guohua Tube Tower Manufacture Co. Ltd v Uganda Revenue Authority & MSC Mediterranean Shipping Company S.A. (Agents)*, Miscellaneous Cause No. 0081 of 2026, the Court recognised that goods held in customs custody had not necessarily been delivered to the buyer. The unpaid seller could therefore exercise its right to stop the goods in transit.

The decision has implications beyond the recovery of one shipment. It clarifies the position of unpaid foreign sellers, the responsibilities of customs custodians and the risks facing businesses involved in cross-border trade with Uganda.

7

Containers of telecommunications towers released to the exporter

8 weeks

From filing on 24 August 2026 to the final ruling on 19 October 2026

CASE

Jiangsu Guohua Tube Tower Manufacture Co. Ltd v Uganda Revenue Authority & MSC Mediterranean Shipping Company S.A. (Agents)

Miscellaneous Cause No. 0081 of 2026 · High Court of Uganda · Susan Odongo Ag. J.

How a cloned buyer put *an international shipment at risk*

The exporter agreed to sell telecommunications towers worth USD 261,658.41 on open-account terms. Payment was due 20 days after the date of the bill of lading, the shipping document that records the contract of carriage and provides important evidence of entitlement to the goods.

The exporter manufactured the towers and shipped them from Qingdao on 19 May 2026.

The buyer's identity had, however, been cloned to impersonate a UK company. The exporter was dealing with people who purported to represent the legitimate company, but the transaction was fraudulent. Payment was never made.

People claiming to act for the buyer pressed the exporter to surrender the original bills of lading to facilitate payment. Contrary to the sale contract, the bills of lading had been altered to name a Ugandan company as consignee. The goods were subsequently entered into customs storage in that company's name.

As payment delays continued, the exporter grew increasingly concerned about the transaction and engaged AF Mpanga for urgent legal assistance.

Investigations revealed that the named consignee and the wider transaction formed part of an organised corporate identity-cloning scheme intended to defraud the exporter.

The immediate challenge was to prevent the goods from being released to the purported buyer while they remained in customs custody. The exporter issued written stoppage notices to the relevant custodians and applied to the High Court for relief.

The central legal question was whether the exporter could still exercise its right to stop the goods after they had arrived in Uganda and entered an Inland Container Depot.

Why customs custody did not *extinguish the seller's rights*

The Court's decision turned on five important points.

01

Goods in a customs warehouse *can remain in transit*

The fact that goods have arrived in Uganda does not, by itself, mean that they have been delivered to the buyer.

The Court considered the status of goods held in a bonded Inland Container Depot or warehouse that had not yet been entered for home consumption. Such goods remained under customs control and in the custody of the Uganda Revenue Authority and the Inland Container Depot.

For the purposes of the seller's right to stop goods in transit, their physical arrival at a warehouse did not amount to delivery to the buyer.

> **Physical arrival at a warehouse *did not amount to delivery to the buyer.***

This distinction matters. An exporter may still have a legal remedy even after the goods have reached their destination country, provided the conditions for exercising that right remain satisfied.

02

A stoppage notice must be *respected by the custodian*

A seller's right to stop goods in transit does not become ineffective simply because a carrier has transferred the goods to a warehouse or another custodian.

Relying on earlier High Court authority, the Court held that a carrier or other bailee (a person or entity holding goods on behalf of another) who receives a valid stoppage notice must respect it and deal with the goods in accordance with the seller's directions.

For customs authorities, Inland Container Depots and other custodians, the practical implication is significant: receiving goods into storage doesn't give them an unrestricted right to release those goods to the named consignee.

03

A contract procured through identity cloning *does not transfer ownership*

The Court also considered the identity of the contracting buyer.

The exporter intended to contract with the genuine UK company. It did not intend to contract with an imposter using that company's identity.

The Court found that the purported contract obtained through the identity-cloning scheme was void. Consequently, no title or property in the goods passed to the imposter or to the consignee it had nominated.

The distinction is pertinent for international trade. A fraudulent party cannot necessarily acquire rights to goods merely by assuming another company's identity and arranging for shipping documents to name a local consignee.

04

A struck-off company cannot *claim ownership of the goods*

The named Ugandan consignee had been struck off the Register of Companies years before the transaction.

The Court treated the company's removal from the Register as meaning that it no longer existed and had no capacity to hold title to or claim the goods. Naming that company as consignee in the bill of lading therefore gave it no interest in the shipment.

This reinforces the importance of verifying a counterparty's corporate existence and status, particularly where goods are being shipped across borders on credit.

05

The seller was entitled to *recover and re-export the goods*

Having considered the contractual arrangements, the identity fraud and the status of the consignee, the Court declared the exporter to be the owner of the goods and the unpaid seller. It ordered that the goods be released to the exporter or its agents for re-export. It also permanently restrained their release to the named consignee or any other person.

The order was subject to compliance with applicable statutory customs export formalities and payment of administrative storage charges.

The decision therefore provided a practical remedy: rather than leaving the exporter to pursue a potentially difficult claim for payment against fraudulent parties, the Court enabled it to recover the goods themselves.

What the decision means for *Uganda's international trade*

The judgment addresses a specific cargo-fraud dispute, but its implications extend to several participants in Uganda's international trade system.

Customs warehouses are not *a safe harbour for cargo fraud*

Fraudsters may exploit the period between the arrival of goods and their final clearance. By introducing a false consignee into the shipping documentation, they may seek to obtain control of goods before the overseas seller discovers that payment will not be made.

The Court's approach limits the opportunity to use customs warehouses in this way.

Where goods remain under customs control and have not been delivered to the buyer, their presence in an Inland Container Depot or bonded warehouse does not automatically defeat the seller's right to stop them in transit.

For custodians and clearing agents, this means that a seller's stoppage notice cannot simply be disregarded because the goods have arrived or the shipping documents name another consignee. The validity of the notice and the competing claims to the goods must be addressed before release.

Foreign exporters have *a remedy within Uganda*

For overseas sellers, one of the principal risks of international trade is the difficulty of recovering goods after a transaction has been compromised by fraud.

The judgment demonstrates that an unpaid foreign seller can seek effective protection from the Ugandan courts, even where the goods have already arrived in Uganda and entered customs storage.

The decision is particularly relevant to exporters selling on open-account terms or relying on shipping documentation to facilitate international transactions.

It also highlights the importance of acting promptly. The ability to identify the fraud, notify the relevant custodians and obtain judicial intervention before the goods are released can determine whether recovery remains possible.

The decision builds on *existing legal protections*

The judgment is consistent with earlier High Court authority protecting unpaid foreign sellers against fraudulent or cloned buyers.

For exporters, insurers and trade financiers assessing the risks of transactions involving Uganda, this developing body of authority provides a clearer basis for understanding the legal remedies available when cargo fraud occurs.

Timely judicial intervention can *limit commercial losses*

Time is a material consideration in cargo disputes.

Goods held in customs warehouses and Inland Container Depots may attract storage and demurrage charges, which can accumulate while the parties dispute ownership or entitlement to delivery.

In this case, AF Mpanga filed the application on 24 August 2026. The Court delivered its final ruling on 19 October 2026, approximately eight weeks later.

The timeline illustrates the value of preparing and presenting an application that identifies the relevant legal issues and the urgency of the commercial circumstances.

For an exporter whose goods are accumulating charges while remaining inaccessible, the ability to obtain judicial relief within a commercially meaningful period can make a substantial difference.

Protecting exporters also *protects legitimate Ugandan businesses*

The implications are not limited to foreign sellers.

Ugandan importers depend on international suppliers being willing to extend credit, accept open-account arrangements and ship goods into the country.

Cargo fraud undermines that confidence. As exporters become more cautious about the risks of selling into Uganda, they may demand advance payment, additional security or more expensive trade-finance arrangements.

Those costs can ultimately fall on legitimate local businesses.

What should international exporters do *to protect their goods?*

The case highlights several practical measures for businesses exporting goods to Uganda and other markets where goods may pass through customs-controlled storage.

01

Verify the buyer independently

Confirm the buyer's legal identity, corporate status and authority to enter into the transaction. Consider engaging local counsel to conduct due diligence and advise on the transaction before shipment.

02

Control the original bills of lading

Avoid surrendering original shipping documents before payment or without an appropriate alternative security arrangement. Pressure to release documents in exchange for assurances of payment should be treated with caution.

03

Keep contractual and shipping documents consistent

Check that the identity of the contracting buyer matches the consignee and other parties named in the shipping documentation. Investigate any unexplained changes to those details.

04

Act on warning signs

Unexplained payment delays, pressure to release documents, the introduction of unfamiliar intermediaries, lookalike email domains and inconsistencies in company documents or stamps may indicate fraud. Investigate these warning signs before the goods are released.

05

Respond quickly when fraud is suspected

Obtain legal advice, establish where the goods are located and notify the relevant carriers, custodians and authorities. Where appropriate, seek urgent court intervention to prevent delivery to an unauthorised party.

06

Factor in the cost of delay

Storage and demurrage charges can accumulate while goods remain in custody. Early action may protect both the goods and the commercial value of the transaction.

The case also demonstrates why prevention and recovery planning should form part of an exporter's broader risk-management strategy. Legal protection is available, but its effectiveness may depend on the quality of the documentation and how quickly the seller responds.

The broader lesson: *act before custody becomes delivery*

The *Jiangsu Guohua* decision highlights an important distinction in international trade: the arrival of goods at their destination does not necessarily mean that the seller has lost control of them. Where goods remain in customs custody and have not been delivered to the buyer, an unpaid seller may still have legal remedies to protect its ownership.

For exporters, the lesson is to treat control of shipping documents, verification of counterparties and prompt action on suspected fraud as essential parts of managing cross-border trade risk. For carriers, customs authorities and other custodians, the decision is a reminder that the arrival of goods and the naming of a consignee do not, on their own, resolve competing claims to cargo.

Ultimately, the protection of international trade depends not only on preventing fraud, but also on ensuring that legal remedies remain effective when fraud occurs. The decision reinforces the importance of acting quickly, establishing the true ownership of goods and seeking appropriate relief before an unauthorised party takes delivery.

> **For an unpaid exporter, the critical question is not simply where the goods are, *but whether they have legally been delivered.***

That distinction can determine whether the goods are lost or recovered.