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Empowering Kenya's Anti-Counterfeit Authority to Combat Transnational Organised Crime: A Call to Implement the Anti-Counterfeit Act, 2008

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Abstract

This paper delves into the multifaceted landscape of countering transnational organized crime through the lens of Kenya's Anti-Counterfeit Act, 2008. My exploration combines an analysis of progressive legislative aspects and a critical examination of defective implementation. The legislative framework, while exhibiting commendable strides in intellectual property rights protection, grapples with significant challenges in execution. From limited integration of information and communication technology (ICT) to a lopsided emphasis on trademark protection, the discussion exposes the gaps demanding urgent rectification. The paper advocates for a proactive stance, emphasizing Section 34B for the recordal of intellectual property rights and proposing a Technology-driven National Anti-Counterfeit Information Management System. Insights from international experiences, particularly the United Kingdom, guide the recommendations to fortify Kenya's defences against counterfeiting. Border control measures, inspired by Israel's enforcement rules, and lessons from South Africa's civil and criminal litigation enforcement underscore the need for comprehensive rules, mandatory custodial sentences, and an inter-agency approach. The abstract concludes by advocating for empowering Kenya's Anti-Counterfeit Authority with extrajudicial reliefs, including settling disputes out of court, to complement its power to destroy counterfeit products. Collectively, these recommendations present a transformative approach to safeguarding

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Kenya's economy, consumers, and intellectual property rights from the pervasive threat of transnational organized crime driven by counterfeiting.
Key Words: *Anti-Counterfeit Authority, Kenya, Transnational Organised Crime, Anti-Counterfeit Act, Intellectual Property Rights, Implementation.*

1. Introduction

Counterfeiting, a thriving form of transnational organized crime, poses a formidable threat to economies, consumer safety, and intellectual property rights.¹ In response, Kenya enacted the Anti-Counterfeit Act, a pivotal legal framework designed to stem the tide of counterfeit goods.² This comprehensive exploration navigates the intricate terrain of Kenya's Anti-Counterfeit Act, weaving through the progressive aspects, the defective implementation, and the critical imperatives for effective enforcement.

The paper commences with a meticulous analysis of the Progressive Aspects of Kenya's Anti-Counterfeiting Legislation. I dissect the legal intricacies of the Act, assessing its alignment with international standards and delving into the broader intellectual property landscape in Kenya. This includes a comprehensive examination of relevant statutes and case law that collectively shape the anti-counterfeiting framework, with a particular focus on the role and functions of the Anti-Counterfeit Authority (ACA).

Transitioning seamlessly, the discourse navigates towards the Defective Implementation of the Anti-Counterfeit Act. Identifying

¹ National Action Plan and Implementation Framework to Combat Illicit Trade 2019-2022 (2019) A Publication of the State Department of Trade available at <https://www.aca.go.ke/images/downloads/publications/national-action-plan-to-combat-illicit-trade.pdf> accessed 11 January 2024

² Ibid

shortcomings such as limited use of ICT, narrow consumer-focused actions, and a skewed balance between trademark protection and safety interests, I advocate for holistic reforms and proactive measures to fortify the Act's efficacy against the multifaceted challenges of transnational organized crime.

The narrative then pivots to a Call for the Effective Implementation of Kenya's Anti-Counterfeit Act, proposing preventive measures and strategies. Section 34B of the Act takes center stage, advocating for the pro-active recordal of intellectual property rights. International experiences, particularly lessons drawn from the United Kingdom, serve as a valuable resource to inform potential improvements. In the quest for enhanced effectiveness, the paper delves into the prospect of a Technology-driven National Anti-Counterfeit Information Management System. Drawing inspiration from global models, I examine the United Kingdom's approach and distil lessons applicable to strengthening the Anti-Counterfeit Authority Integrated Management System in Kenya.

Further, the analysis encompasses Border Control Measures, drawing insights from Israel's comprehensive rules for border enforcement. Lessons for Kenya include empowering customs authorities to intervene in goods-in-transit and export cases, adding a crucial layer to the nation's defence against transnational organized crime. Turning attention to Civil and Criminal Litigation Enforcement, the South African experience provides a poignant case study. The '*Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd*' case³ becomes a focal point, emphasizing the importance of mandatory minimum custodial sentences and the adoption of an inter-agency approach to

³ [2010] ZASCA 140

enforce intellectual property rights.

The exploration culminates with an examination of the Availability of Extrajudicial Reliefs. Making reference to South Africa's Counterfeit Goods Act, I advocate for empowering the Anti-Counterfeit Authority in Kenya to settle disputes out of court, complementing its existing power to destroy counterfeit products. In this comprehensive exploration, the paper asserts the urgent need to empower Kenya's Anti-Counterfeit Authority, presenting nuanced recommendations to fortify the nation's defence against the perils of transnational organized crime facilitated by counterfeiting.

2. The Statutory Role of Kenya's Anti-Counterfeit Authority

2.1 Objectives of the Anti-Counterfeit Act, 2008

Long Title of the Anti-Counterfeit Act, 2008:

"An Act of Parliament to prohibit trade in counterfeit goods, to establish the Anti-Counterfeit Authority, and for connected purposes."

Objectives of the Anti-Counterfeit Act, 2008:

The primary objective of the Act is to prevent and prohibit the trade in counterfeit goods.⁴ Counterfeit goods refer to imitations or replicas of genuine products, often produced with the intent to deceive consumers by misrepresenting the quality or origin of the goods.⁵

⁴ Anti-Counterfeit Act 2008, long title

⁵ National Action Plan and Implementation Framework to Combat Illicit Trade 2019-2022 (2019) A Publication of the State Department of Trade available at <https://www.aca.go.ke/images/downloads/publications/national-action-plan-to-combat-illicit-trade.pdf> accessed 11 January 2024

The Act establishes the Anti-Counterfeit Authority (ACA) as a key institution to oversee and enforce measures against counterfeit activities.⁶

2.2 The Role of the Anti-Counterfeit Authority

According to Section 5 of the Act, the functions of the Anti-Counterfeit Authority include:

(a) Enlightening and Informing the Public:

The ACA is tasked with the responsibility of enlightening and informing the public on matters related to counterfeiting.⁷ This involves raising awareness among the public about the risks and consequences of dealing with counterfeit goods, as well as educating them on how to identify and avoid such products.

(b) Combating Counterfeiting:

The primary function of the ACA is to combat counterfeiting, trade, and other dealings in counterfeit goods within the borders of Kenya.⁸ This involves taking measures and implementing strategies outlined in the Act to prevent, investigate, and prosecute those involved in counterfeiting activities.

(c) Devising and Promoting Training Programmes:

The ACA is mandated to devise and promote training programs aimed at equipping relevant stakeholders, including law enforcement agencies, with the necessary skills and knowledge to effectively combat counterfeiting.⁹

⁶ Anti-Counterfeit Act 2008, long title

⁷ Ibid, sec 5

⁸ Ibid

⁹ Ibid

(d) Coordinating with Organizations:

The Authority is expected to coordinate with national, regional, or international organizations that are involved in combating counterfeiting.¹⁰ This emphasizes the importance of collaboration and information-sharing on a global scale to address the transnational nature of counterfeiting activities.

(da) Advising the Government:

The ACA is required to advise the government, through the Cabinet Secretary, on policies and measures concerning the necessary support, promotion, and protection of intellectual property rights, as well as the extent of counterfeiting. This reflects the role of the Authority in influencing and guiding policy decisions related to intellectual property and counterfeiting issues.¹¹

(db) Conducting Inquiries, Studies, and Research:

The ACA is empowered to carry out inquiries, studies, and research into matters relating to counterfeiting and the protection of intellectual property rights. This function underscores the importance of staying informed and updated on emerging trends and challenges in the realm of counterfeiting.¹²

2.3 Expanded powers under the Statute Law (Miscellaneous Amendment) Act, 2018

The Statute Law (Miscellaneous Amendment) Act, 2018 expanded the powers of the Anti-Counterfeit Authority, particularly in relation to advising the government and conducting inquiries, studies, and research. The relevant sections are as follows:

¹⁰ Ibid

¹¹ Ibid

¹² Ibid

(da) Advising the Government:

Under the amended Act, the ACA's role in advising the government through the Cabinet Secretary was strengthened. This includes providing recommendations on policies and measures related to the necessary support, promotion, and protection of intellectual property rights, as well as addressing the extent of counterfeiting.¹³ This expanded advisory role enhances the Authority's influence on intellectual property policies at the national level.

(db) Conducting Inquiries, Studies, and Research:

The amended Act maintained and possibly reinforced the Authority's authority to carry out inquiries, studies, and research into matters concerning counterfeiting and the protection of intellectual property rights.¹⁴ This underscores the importance of a research-driven approach in understanding and addressing the evolving challenges posed by counterfeiting.

***Republic v Anti-Counterfeit Agency Ex Parte Caroline Mangala t/a Hairworks Salon* [2019] eKLR:**

In this case, the court considered the functions of the Anti-Counterfeit Authority as outlined in Section 5 of the Anti-Counterfeit Act. The court held that the Authority's functions, including advising the government and conducting inquiries, studies, and research, are crucial for fulfilling its mandate.¹⁵

The court's decision emphasized the importance of the ACA's role in advising the government on policies related to intellectual property

¹³ Statute Law (Miscellaneous Amendment) Act, 2018

¹⁴ Ibid

¹⁵ *Republic v Anti-Counterfeit Agency Ex Parte Caroline Mangala t/a Hairworks Salon* [2019] eKLR:

rights and counterfeiting. Additionally, the recognition of the Authority's authority to conduct inquiries, studies, and research reflects the judiciary's acknowledgment of the need for a comprehensive and informed approach to combating counterfeiting. The case underscores the significance of the Anti-Counterfeit Authority's functions in contributing to the overall objectives of the Anti-Counterfeit Act. It reinforces the legal basis for the Authority's involvement in policy recommendations and research activities as essential components of its efforts to combat counterfeiting effectively.

2.4 Statutory Regulations

Anti-Counterfeit (Recordation) Regulations, 2021

The Anti-Counterfeit (Recordation) Regulations, 2021 outline procedures and requirements for recording intellectual property rights related to goods imported into Kenya¹⁶. Here's a brief overview of key provisions:

1. Application for Recordation

Intellectual property owners seeking to record their rights for goods imported into Kenya must submit an application in the specified Form ACA1B along with the prescribed fee. The Anti-Counterfeit Authority (ACA) is required to notify the applicant within thirty days of the approval or denial of the application. Importers are responsible for ensuring that intellectual property rights related to the imported goods are recorded.¹⁷

¹⁶ Anti-Counterfeit (Recordation) Regulations, 2021

¹⁷ *Ibid*, reg 3

2. Submission of Particulars of Imported Goods:

Individuals intending to import goods, excluding registrants, must notify the Authority using Form ACA 2B, accompanied by the prescribed fee.¹⁸

3. Change of Ownership:

In case of a change in ownership of a recorded intellectual property right, the new owner must apply to continue with the recordation using Form ACA 3B, along with the fee. If the new owner wishes to discontinue the recordation, they must notify the Authority within thirty days using Form ACA 4B.¹⁹

4. Change of Name:

In the event of a change in the name of the registrant, the registrant must immediately inform the Authority using Form ACA 5B, accompanied by the specified fee.²⁰

5. Renewal of Recordation:

An application for the renewal of recordation must be submitted in Form ACA 6B, along with the fee, not later than thirty days before the expiration of the current recordation.²¹

6. Cancellation or Revocation of Recordation:

The Authority is required to notify the registrant within thirty days if the recordation of an intellectual property right is cancelled or revoked.²²

¹⁸ Ibid, reg 4

¹⁹ Ibid, reg 5

²⁰ Ibid, reg 6

²¹ Ibid, reg 7

²² Ibid, reg 8

7. Appointment of Agents:

Intellectual property rights owners can appoint agents to act on their behalf in recordation processes, following the provisions outlined in the Anti-Counterfeit Regulations, No. 126 of 2010.²³

8. False Declaration:

Providing false information or committing certain offenses in relation to applications under the regulations may lead to fines or imprisonment.²⁴

Anti-Counterfeit (Amendment) Regulations, 2021

The Anti-Counterfeit (Amendment) Regulations, 2021 introduce amendments to the Anti-Counterfeit Regulations and focuses on the appointment and regulation of agents, the development of a Code of Conduct, de-registration of agents, exemption from certain requirements, and the compounding of offenses. Here's a brief overview of the key amendments:

1. Appointment of an Agent:

Intellectual property right owners can appoint agents by completing Form ACA 15 and paying the specified fee. Applicants residing outside Kenya or having a principal place of business outside Kenya may be represented by an agent. Individuals seeking to operate as agents must apply for admission using Form ACA 17, with a yearly renewal requirement. The Authority maintains a register of all admitted agents. Owners can revoke agent appointments by notifying the Authority.²⁵

²³ Ibid, reg 12

²⁴ Ibid, reg 13

²⁵ Anti-Counterfeit (Amendment) Regulations, 2021 reg 18

2. De-registration of Agents:

The Authority may de-register an agent on grounds such as gross misconduct, non-compliance with the Act or Code of Conduct, non-performance for at least six months, in the interest of the public, or other reasonable causes. Agents have the right to be heard before de-registration, and they can apply to the High Court for judicial review.²⁶

3. Compounding of Offenses

Individuals charged with offenses under the Act can apply for compounding of the offense using Form ACA 20 and paying the specified fees. The Executive Director may either approve the application, making an order in Form ACA 21, or reject it within fourteen days. Out-of-court settlements between complainants and suspects require the concurrence of the Authority. The Executive Director may allow the payment by instalment of fees arising from alternative dispute mechanisms under appropriate circumstances, not exceeding twelve months.²⁷

2.5 Anti-Counterfeit Agency Strategic Plan 2017-2022

The Anti-Counterfeit Agency's Strategic Plan for 2017-2022 outlines the organization's commitment to fulfilling its mandate by addressing various challenges related to counterfeiting.

Vision:

A Counterfeit-Free Kenya.²⁸

Mission:

²⁶ Ibid, reg 18B

²⁷ Ibid, reg 20A

²⁸ Anti-Counterfeit Agency Strategic Plan 2017-2022

Prohibit Counterfeiting through Promotion and Enforcement of Intellectual Property Rights.²⁹

Key Objectives and Result Areas:

The plan focuses on four key result areas: Enforcement, Awareness, Market Research, and Institutional Capacity. These result areas are actioned through nine strategic objectives: To strengthen efforts in enforcing protected intellectual property rights; To increase public awareness and outreach initiatives to combat counterfeiting; To build the capacity of stakeholders in understanding and addressing counterfeiting issues; To provide information that supports the development of effective policies, enforcement strategies, and awareness campaigns; To improve the satisfaction of stakeholders and clients involved in anti-counterfeiting activities; To invest in the development and capacity building of the agency's personnel; To practice prudent financial management for effective resource utilization; To leverage Information and Communication Technology (ICT) for efficient agency operations; To adhere to principles of good governance in the agency's operations.³⁰

The plan aligns with Kenya's Vision 2030, the Constitution of Kenya, 2010, and other legal and policy documents. It reflects the agency's commitment to supporting the national goals and ongoing public sector reform process for enhanced service delivery. The plan acknowledges the complex challenges posed by poverty, crime, corruption, and unfair business practices, calling for a coherent and comprehensive approach. It aims to consolidate institutional and management capacity to effectively implement policies and

²⁹ Ibid

³⁰ Ibid

programs. The plan covers the period from 1st July 2017 to 30th June 2022, guiding the agency's operations and demonstrating its role in achieving national goals.³¹

3. Progressive Aspects and Defective Implementation of Kenya's Anti-Counterfeiting Legislation

3.1 Progressive Aspects of the Anti-Counterfeit Act and Statute Law (Miscellaneous Amendment) Act, 2018

3.1.1 Regulatory complaints mechanism

The regulatory complaints mechanism is a progressive aspect of the Anti-Counterfeit Act, as outlined in Section 33. It empowers various stakeholders to take action when they have reasonable cause to suspect that an offense under the Act is being committed. Any holder of an intellectual property right, successor in title, licensee, or agent is authorized to lay a complaint. The complaint can be filed in respect of protected goods where there is a reasonable cause to suspect an offense under Section 32 (offenses related to counterfeiting) is being committed, has been committed, or is likely to be committed. The complaint is lodged with the Executive Director of the Anti-Counterfeit Authority.³²

The amendment introduced by the Statute Law (Miscellaneous Amendment) Act, 2018 expands the scope of complainants, extending the regulatory complaints mechanism to consumers and purchasers of goods. Notwithstanding the provisions for intellectual property rights holders, consumers, and purchasers of goods are granted the

³¹ Ibid

³² Anti-Counterfeit Act, sec 33

authority to lay complaints. Similar to the original provision, a complainant, whether an intellectual property rights holder or a consumer, must have reasonable cause to suspect an offense under the Act. The complaint is still directed to the Executive Director of the Anti-Counterfeit Authority. The Executive Director is obligated to cause appropriate steps to be taken in accordance with the provisions of the Act.³³

The inclusion of consumers and purchasers as potential complainants is a progressive aspect, broadening the range of individuals who can contribute to the enforcement of anti-counterfeiting measures. This expansion aligns with consumer protection and ensures that those directly affected by counterfeit goods can actively participate in reporting and addressing potential offenses.

The regulatory complaints mechanism, therefore, facilitates a collaborative approach to combating counterfeiting, involving both intellectual property rights holders and end consumers. This inclusivity enhances the effectiveness of enforcement measures and contributes to a more comprehensive anti-counterfeiting strategy.

3.1.2 Warrantless search and seizure

Paul Nduba v Attorney General and Anti-Counterfeit Agency [2016] eKLR

In the case of *Paul Nduba v Attorney General and Anti-Counterfeit Agency*³⁴, the petitioner challenged the constitutionality of Section 23(c) of the Anti-Counterfeit Act No. 13 of 2008. The section

³³ Statute Law (Miscellaneous Amendment) Act, 2018

³⁴ *Paul Nduba v Attorney General and Anti-Counterfeit Agency* [2016] eKLR

empowered inspectors to conduct warrantless searches and seizures. The petitioner sought several declarations, including the unconstitutionality of Section 23(c). The petitioner, Paul Kihara Nduba, operated a business known as 'Shikanisha Shoe Collection.' Inspectors from the Anti-Counterfeit Agency seized various goods (shoes) worth about Ksh 1.0 million from the petitioner's shop on March 27, 2015. The petitioner contested the legality of the seizure, arguing that he was only a retailer and not the manufacturer of the goods, and the inspectors had no authority to confiscate the goods without charging him. The petitioner further claimed that the inspectors threatened to destroy the seized goods without a court order.³⁵

The court found that the petition was partly incompetent as the petitioner failed to demonstrate how Section 23(a) and (b) of the Anti-Counterfeit Act were inconsistent with the Constitution. However, substantive issues regarding the legality of the actions of the Anti-Counterfeit Agency were deemed competent. The petitioner argued that the inspectors needed a complaint from the owner of intellectual property before entering and searching premises. The court clarified that Section 34(4) of the Act allows inspectors to act on their initiative without a prior complaint. The court emphasized that the inspector's actions did not amount to an invasion of privacy as they were acting pursuant to the law to combat counterfeiting. The continued detention of seized goods for up to three months, as provided by Section 28(1) of the Act, was deemed lawful. The petitioner had filed the petition within this period. The court concluded that the inspector's actions were lawful, and the petitioner failed to demonstrate any infringement of his rights. The petitioner's

³⁵ Ibid

argument that he was neither the manufacturer nor importer of the goods did not satisfy the conditions for the return of seized goods under Section 25(3) of the Act.³⁶ The petition was dismissed in its entirety.

The court's decision upheld the legality of warrantless searches and seizures conducted by the Anti-Counterfeit Agency, emphasizing the agency's statutory authority. The judgment highlighted the importance of the Anti-Counterfeit Act in combating counterfeiting, protecting intellectual property rights, and allowing inspectors to act proactively. The dismissal of the petition affirmed the constitutionality of Section 23(c) and supported the agency's role in enforcing anti-counterfeiting measures.

3.1.3 Statutory presumptions in favour of IP rights holder

The concept of progressive aspects and statutory presumptions in favour of IP (Intellectual Property) rights holders is rooted in the legal framework established to protect intellectual property rights. These aspects are designed to provide a proactive and advantageous environment for those holding intellectual property rights, such as patents, trademarks, copyrights, and trade secrets.³⁷

Intellectual property laws evolve to keep pace with technological advancements and changes in society. Legislation often incorporates mechanisms that can adapt to emerging challenges in the digital age or new forms of intellectual property.³⁸

³⁶ Ibid

³⁷ Mutua, N. (2011). *Counterfeiting in Kenya: The KEBS Challenge*. Nairobi: Longhorn Publishers.

³⁸ Ibid

Some legal systems establish presumptions that favour IP rights holders, shifting the burden of proof to alleged infringers. Certain actions might be presumed as infringing unless proven otherwise, making it more straightforward for rights holders to assert their claims. Statutory presumptions act as protective measures, recognizing the inherent value of intellectual property and the need to provide effective remedies against infringement.³⁹

Examples of Statutory Presumptions

Trademark Infringement: Presumption that the unauthorized use of a registered trademark constitutes infringement.

Copyright Infringement: Presumption that the reproduction, distribution, or public display of copyrighted works without authorization is an infringement.

Patent Rights: Presumption that the patent owner has the exclusive right to make, use, and sell the patented invention.⁴⁰

While statutory presumptions benefit rights holders, there's an ongoing effort to strike a balance that prevents misuse and abuse of intellectual property claims. Courts may still consider the specifics of each case to ensure fairness and prevent unwarranted or overly aggressive enforcement.

³⁹ Ibid

⁴⁰ Ibid

3.2 Defective Implementation of the Anti-Counterfeit Act

3.2.1 Restriction of border control enforcement measures

The restriction of border control enforcement measures is a concept often associated with the implementation of laws related to combating counterfeiting and intellectual property rights infringement, such as the Anti-Counterfeit Act⁴¹. Border control measures are implemented to prevent the entry or exit of goods that infringe on intellectual property rights, including counterfeit products. These measures typically involve inspections, searches, and seizures of goods at border points to identify and detain counterfeit or infringing products. In certain situations, the law may impose restrictions on the extent to which border control measures can be enforced.⁴²

There is often a need to balance the enforcement of intellectual property rights with other legal considerations, such as the free flow of legitimate trade and protection of individual rights. The specific provisions within the Anti-Counterfeit Act or similar legislation may outline the scope and limitations of border control enforcement. Countries may be bound by international agreements that provide guidelines for border control measures to ensure consistency in the global enforcement of intellectual property rights.⁴³

Insufficient resources, both in terms of personnel and technology, can hinder effective border control enforcement. Deficiencies or ambiguities in the legal framework can lead to challenges in implementing and enforcing border control measures. Defective

⁴¹ Ibid

⁴² Ibid

⁴³ Ibid

implementation may increase the risk of counterfeit or infringing products entering the market, causing financial losses and reputational damage to rights holders. If border control measures are restricted, the deterrent effect on potential infringers may be diminished. Countries may undertake legal reforms to address gaps or ambiguities in existing legislation, strengthening the framework for border control enforcement. Investments in training and technology can enhance the capacity of border control authorities to effectively implement and enforce measures.⁴⁴

3.2.2 Duplicity of roles of Anti-Counterfeit Agency and Kenya Copyright Board

Match Masters Limited v Kenafric Matches Limited and Anti-Counterfeit Agency [2021] eKLR

In the case of *Match Masters Limited v Kenafric Matches Limited and Anti-Counterfeit Agency*⁴⁵ Match Masters Limited (MML), the plaintiff, and Kenafric Matches Limited (Kenafric), the first defendant, were involved in a trademark dispute related to safety matches. MML sought various orders against Kenafric, including injunctions to restrain Kenafric from manufacturing, marketing, selling, distributing, trading, or dealing in safety matches branded "Big Five." MML owned several brands of safety matches, including Rhino, Kifaru, Simba, and 'Paka', which incorporated the names of Kenya's "big five" animals. Kenafric applied to register two marks, "Big Five" (word mark) and "Big Five" (word and device), which were opposed by MML through proceedings before the Registrar of Trademarks.⁴⁶

⁴⁴ Ibid

⁴⁵ *Match Masters Limited v Kenafric Matches Limited and Anti-Counterfeit Agency* [2021] eKLR

⁴⁶ Ibid

MML claimed that Kenafric commenced production and sale under the contested get-ups before the opposition proceedings were determined. MML accused Kenafric of infringing its trademarks by copying base yellow colours, matchbox design, slogans, and other elements. MML sought orders, including an injunction against Kenafric and an order for the Anti-Counterfeit Authority to seize and confiscate all "Big Five" branded safety matches. The Anti-Counterfeit Agency (the second defendant) was accused by MML of failing to institute investigations and proceedings against Kenafric, endorsing counterfeiting, and not fulfilling its mandate under the Anti-Counterfeit Act.⁴⁷

Kenafric argued that the main issue was whether its marks were similar or confusingly similar to MML's marks and whether they were registrable under the Trade Marks Act. The court considered the elements of passing off and trademark infringement, emphasizing the need for MML to establish goodwill and reputation associated with its marks. The court observed similarities in the get-ups of matchboxes and wrappings between MML's marks and Kenafric's marks, potentially leading to confusion among consumers. While the court did not find Kenafric's products to be counterfeits, it granted an injunction against Kenafric from continued sale of products with the contested marks, pending the determination of the main suit. The court required MML to furnish an undertaking as to damages for a specified amount within a given timeframe. Prayer 6 of MML's application, which sought to have the Anti-Counterfeit Authority seize and confiscate Kenafric's products, was declined.⁴⁸

⁴⁷ Ibid

⁴⁸ Ibid

This case highlights the complexities of trademark disputes, involving issues of similarity, likelihood of confusion, passing off, and the role of regulatory bodies such as the Anti-Counterfeit Authority.

3.2.3 Limited use of ICT and technological tools

In the context of the Defective Implementation of the Anti-Counterfeit Act, the limited use of Information and Communication Technology (ICT) and technological tools can pose significant challenges. The effective enforcement of anti-counterfeit measures requires a robust technological infrastructure and the integration of digital tools. Limited use of ICT may result in inadequate data management and analysis capabilities. Efficient handling of data related to counterfeit activities, investigations, and legal proceedings is crucial for informed decision-making.⁴⁹

Counterfeiters often exploit gaps in tracking and monitoring systems. With limited use of technology, it becomes challenging to implement effective tracking mechanisms for goods, making it easier for counterfeit products to enter the market unnoticed. ICT plays a vital role in facilitating coordination and communication among relevant stakeholders, including law enforcement agencies, regulatory bodies, and businesses. Limited technological tools may hinder seamless information sharing, reducing the overall effectiveness of anti-counterfeit efforts. The rise of e-commerce platforms as channels for counterfeit goods requires advanced technological solutions. Limited use of ICT may result in difficulties in monitoring online marketplaces, identifying illicit activities, and taking prompt action

⁴⁹Wekesa, M. & Sihanya, B. (2009). Intellectual Property Rights in Kenya. Konrad Adenauer Stiftung, Sportslink Limited.

against online counterfeiters.⁵⁰

Technologies such as holograms, QR codes, and RFID tags are essential for product authentication. Limited integration of these technologies makes it easier for counterfeiters to replicate products and deceive consumers. Effective anti-counterfeit measures often involve digital enforcement strategies, including online brand protection and digital forensics. The absence of robust technological tools may hinder the ability to combat counterfeiting in the digital realm.⁵¹

3.2.4 Narrow consumer-focused actions

Narrow consumer-focused actions, such as consumer awareness programs, play a crucial role in addressing the defective implementation of the Anti-Counterfeit Act. These initiatives aim to educate and empower consumers, fostering a sense of awareness and responsibility in their purchasing decisions.⁵² Consumer awareness programs should focus on educating the public about how to identify counterfeit goods. This includes recognizing signs of fake products, understanding packaging details, and being aware of common counterfeit practices. Knowledgeable consumers act as a frontline defence against counterfeit products entering the market.⁵³

Consumers may be unaware of the potential health and safety risks associated with counterfeit goods. Consumer-focused actions should highlight instances where counterfeit products have led to health hazards, emphasizing the importance of buying from legitimate

⁵⁰ Ibid

⁵¹ Ibid

⁵² Ibid

⁵³ Ibid

sources. Encouraging responsible purchasing habits is vital. Consumers need to understand the impact of buying counterfeit goods on the economy, legitimate businesses, and employment. Consumer awareness campaigns can emphasize the role individuals play in supporting a counterfeit-free market through responsible buying behaviour.⁵⁴

Consumer awareness programs should utilize various channels such as social media, traditional media, and community events to reach a diverse audience. Engaging content, testimonials, and real-life stories can effectively convey the message about the dangers of counterfeit products.

Consumer awareness can be enhanced by incorporating technology-driven tools. QR codes, mobile apps, and online platforms can empower consumers to verify the authenticity of products before making a purchase. These tools make it easier for consumers to differentiate between genuine and counterfeit items.

Consumer-focused actions should include information on legal rights and recourse mechanisms available to individuals who unknowingly purchase counterfeit goods. Empowering consumers with knowledge about reporting mechanisms and legal remedies strengthens the overall fight against counterfeit trade.⁵⁵

3.2.5 Skewed balance between trademark protection and safety interests

The defective implementation of the Anti-Counterfeit Act may

⁵⁴ Ibid

⁵⁵ Ibid

manifest in a skewed balance between trademark protection and safety interests. This imbalance often involves an excessive focus on safeguarding trademarks and intellectual property without adequately addressing the adverse consequences associated with counterfeit products.

In some instances, authorities might prioritize the protection of trademarks and intellectual property over other crucial aspects of public interest. While trademarks are essential for brand integrity and economic considerations, an excessive focus on this aspect alone can result in neglecting the broader implications of counterfeit goods. Counterfeit products, beyond infringing on trademarks, often pose serious threats to consumer safety. Defective materials, substandard manufacturing processes, and improper quality controls in counterfeit goods can lead to health hazards and safety risks.⁵⁶ A defective implementation of the Anti-Counterfeit Act might not adequately address these pressing safety concerns.

The primary focus should be on protecting consumers from potential harm caused by counterfeit products. This includes counterfeit pharmaceuticals, electronics, and other items that may pose health and safety risks. A defective implementation that tilts heavily towards trademark protection may overlook the urgent need to address these risks, leaving consumers vulnerable. Effective enforcement should strike a balance between protecting trademarks and prioritizing public health and safety. A myopic focus on intellectual property alone might lead to insufficient efforts in

⁵⁶ Yager, L. (2010). *Intellectual Property: Observations on Efforts to Quantify the Economic Effects of Counterfeit and Pirated Goods*. Diane Publishing Co.

monitoring and preventing the distribution of counterfeit goods that endanger consumers.⁵⁷

4. A Call for the Effective Implementation of Kenya's Anti-Counterfeit Act

4.1 Preventive Measures and Strategies

4.1.1 Pro-active Recordal of IP Rights

In the context of preventing counterfeiting, pro-active recordal of intellectual property (IP) rights is a critical preventive measure. This involves the systematic registration and documentation of trademarks related to goods that are to be imported into the country⁵⁸. The Anti-Counterfeit Act, through Section 34B, establishes a framework for this pro-active recordal. Trademarks related to imported goods must be recorded with the Authority, regardless of their place of registration. This is a pro-active step to create a comprehensive database of trademarks associated with imported products.⁵⁹

The Act outlines a detailed application process, specifying the information that must be included in the application, such as the trademark owner's details, places of manufacture, and details of authorized users. Once an application for recordation is approved, the protection under the Act becomes effective. This ensures that recorded trademarks receive legal safeguards against counterfeiting activities. The Act includes provisions for the renewal of recordation, ensuring that the information remains current. It also allows for

⁵⁷ Ibid

⁵⁸ Ibid

⁵⁹ Anti-Counterfeit Act, sec 34B

updates in case of changes in ownership or names, promoting the accuracy of the recorded data.⁶⁰

The Authority is empowered to issue a certification mark in the form of an anti-counterfeit security device for goods that comply with the recordation requirements. This serves as a visible indicator of authenticity. The Authority is granted the authority to seize and destroy goods found within the country that lack the prescribed anti-counterfeit security device. This strengthens enforcement mechanisms against counterfeit products.⁶¹

4.1.2 Lessons for Kenya - Implementation of Section 34B

Kenya can draw valuable lessons from Section 34B to enhance its anti-counterfeit strategies. Kenya can benefit from a comprehensive recordal system that gathers detailed information about trademarks associated with imported goods. This aids in creating a robust database for effective monitoring. The Act's provision for notifying applicants of the approval or denial of their application in a prescribed manner ensures transparency. Kenya can implement a similar system to keep applicants informed.

Extending the provisions to cover copyrights, trade names, and other forms of intellectual property ensures a holistic approach. Kenya can consider adopting similar measures to address a wide range of IP-related challenges. The issuance of a certification mark as an anti-counterfeit security device adds an extra layer of protection. Kenya can explore incorporating such visible markers to distinguish genuine products.

⁶⁰ Ibid

⁶¹ Ibid

Granting the Authority, the power to seize and destroy non-compliant goods within the country acts as a deterrent. Kenya can strengthen its enforcement capabilities by adopting similar measures.

4.2 Technology-driven National Anti-Counterfeit Information Management System

The United Kingdom has demonstrated a commitment to combating counterfeiting through the implementation of a robust Technology-driven National Anti-Counterfeit Information Management System⁶². The UK employs digital platforms to centralize information related to counterfeit activities. This involves the integration of databases, surveillance systems, and communication networks to create a comprehensive information management system. The system in the UK allows for real-time monitoring of intellectual property infringements. This involves the use of advanced technologies such as artificial intelligence and data analytics to identify, track, and combat counterfeiting activities as they occur.⁶³

The UK's approach emphasizes collaboration between law enforcement agencies, regulatory bodies, and private stakeholders. Information sharing is facilitated through the technology-driven system, enabling a coordinated response to counterfeiting challenges.⁶⁴

⁶² Julia Dickenson, Jason Raeburn and Katrina Thomson (2019) Procedures and strategies for anti-counterfeiting: United Kingdom. *Baker McKenzie*

⁶³ *Ibid*

⁶⁴ *Ibid*

Lessons for Kenya - Strengthening the Anti-Counterfeit Authority Integrated Management System

Kenya can draw valuable lessons from the UK's experience to enhance its own Anti-Counterfeit Authority Integrated Management System.

Kenya can focus on further integrating its various anti-counterfeit initiatives into a centralized digital platform. This involves connecting databases, surveillance systems, and communication channels to create a unified information management system.

Leveraging advanced technologies like artificial intelligence and data analytics can enable real-time monitoring of counterfeiting activities. This enhances the authorities' ability to respond promptly and effectively to emerging threats.

Strengthening collaboration between different stakeholders, including law enforcement agencies, regulatory bodies, and private industries, is crucial. Kenya can explore the development of digital collaboration platforms to facilitate seamless information sharing and joint efforts.

Furthermore, embracing mobile applications, websites, and social media platforms can enhance public awareness campaigns. Kenya can develop user-friendly digital resources to educate consumers about the dangers of counterfeit products and promote a culture of authenticity.

As the information management system becomes more technology-driven, Kenya should prioritize robust data security measures. This involves implementing encryption, access controls, and regular

cybersecurity assessments to safeguard sensitive information.

Finally, training and supporting users, including law enforcement personnel and other relevant stakeholders, on utilizing the integrated management system is crucial. Kenya can invest in training programs and user-friendly interfaces to ensure effective utilization of the technology-driven platform.

4.3 Border Control Measures

Israel

Israel has implemented robust border control measures to combat counterfeiting effectively. Israel has introduced comprehensive rules for border enforcement. These rules empower customs authorities to proactively identify and detain suspected counterfeit goods at border entry points. This involves close collaboration between customs officials and intellectual property rights holders to ensure a swift and decisive response.⁶⁵

Israel has empowered its customs authorities to intervene in goods-in-transit and export cases. This allows for the inspection and potential seizure of goods suspected of being counterfeit, even if they are in transit or intended for export. Such measures act as a preventive mechanism to stop counterfeit products from entering or leaving the country. The use of advanced technologies, including scanning equipment and data analytics, enhances Israel's ability to identify and intercept counterfeit goods at border checkpoints. This proactive approach leverages technology to streamline the inspection

⁶⁵ Dor Cohen Zedek, Yossi Markovich and Omri Ben-Natan (2021) 'Procedures and strategies for anti-counterfeiting: Israel'. *Pearl Cohen Zedek Latzer Baratz*

process and improve the accuracy of detecting illicit goods.⁶⁶

Lessons for Kenya

Kenya can learn from Israel's effective border control measures and consider the following strategies:

Kenya should consider introducing comprehensive rules for border enforcement, clearly outlining the procedures and authorities involved in identifying and detaining suspected counterfeit goods. Collaboration between customs authorities and rights holders should be emphasized to strengthen the overall enforcement framework.

Empowering Kenya's customs authorities to intervene in goods-in-transit and export cases is crucial. This grants them the legal authority to inspect, detain, and seize goods suspected of being counterfeit, irrespective of their destination. This intervention capability acts as a deterrent and prevents the transit of counterfeit products through Kenyan territory.

Kenya can explore the integration of advanced technologies at border checkpoints. Implementing scanning equipment, data analytics, and other technological tools enhances the efficiency of customs inspections. This modernization allows for quicker and more accurate identification of counterfeit goods, reducing the risk of illicit products entering the market.

In addition, providing training to customs officials on identifying counterfeit goods and enforcing border control measures is essential. Building the capacity of customs authorities ensures that they are

⁶⁶ Ibid

well-equipped to handle the challenges posed by counterfeiters effectively.

4.4 Civil and Criminal Litigation Enforcement

South African Experience: 'Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd [2010] ZASCA 140'

In the case of *Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd*⁶⁷, Puma, a renowned sportswear brand, took legal action against Rampar Trading for trademark infringement. Rampar Trading was found to be importing and distributing counterfeit Puma products in South Africa. The case highlighted the economic harm and damage to the brand's reputation caused by counterfeit activities. The South African Supreme Court of Appeal ruled in favour of Puma, emphasizing the importance of protecting intellectual property rights. The decision reinforced the legal consequences for trademark infringement and counterfeiting.⁶⁸

Lessons for Kenya

Introduction of Mandatory Minimum Custodial Sentences:

Kenya can consider introducing mandatory minimum custodial sentences for individuals convicted of intellectual property (IP) rights infringement, including counterfeiting. This serves as a strong deterrent and emphasizes the seriousness of IP-related offenses. The South African experience demonstrates that a robust legal framework, coupled with strict penalties, contributes to a more effective deterrence against counterfeit activities. Kenya can learn from this and explore legislative amendments to introduce

⁶⁷ *Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd [2010] ZASCA 140*

⁶⁸ *Ibid*

mandatory minimum custodial sentences for convicted offenders.

Adoption of Inter-Agency Approach to Enforce IP Rights:

Collaborative efforts among various government agencies, law enforcement, and IP rights holders are crucial for effective enforcement. Kenya can adopt an inter-agency approach, where relevant bodies work together to combat counterfeiting comprehensively. South Africa's experience showcases the importance of cooperation between authorities and rights holders. Kenya can establish mechanisms for seamless information sharing, joint operations, and coordinated efforts to address counterfeiting at both civil and criminal levels. Training programs and awareness initiatives can be implemented to enhance the capabilities of law enforcement agencies, prosecutors, and the judiciary in handling IP-related cases.

4.5 Availability of Extrajudicial Reliefs

South Africa's Counterfeit Goods Act

South Africa's Counterfeit Goods Act provides for extrajudicial reliefs to address counterfeit issues efficiently. The Act empowers rights holders and authorities to take swift actions outside the traditional court processes. The Counterfeit Goods Act allows for extrajudicial measures such as the seizure and destruction of counterfeit goods by customs officials, rights holders, and designated officers without the need for a court order. The Act facilitates a quicker resolution of disputes related to counterfeit goods, enabling rights holders to protect their intellectual property without lengthy legal proceedings.⁶⁹

⁶⁹ Counterfeit Goods Act, 1997

Lessons for Kenya

Kenya can consider empowering the Anti-Counterfeit Authority (ACA) to settle disputes related to counterfeit goods out of court. This extrajudicial authority would be in addition to the existing power to seize and destroy counterfeit products. Providing ACA with the authority to mediate and resolve disputes efficiently can lead to a more streamlined process for rights holders. This would contribute to a faster response in combating counterfeiting and protecting intellectual property.

Implementing measures similar to South Africa's Counterfeit Goods Act can enhance the overall effectiveness of the Anti-Counterfeit Act in Kenya. Extrajudicial reliefs can act as a complementary tool for rights holders and authorities in addressing counterfeiting issues promptly.

Conclusion

In navigating the complex landscape of countering transnational organized crime facilitated by counterfeiting, this exploration of Kenya's Anti-Counterfeit Act, 2008 reveals both promising aspects and critical shortcomings. The legislative framework, while progressive in its intent, grapples with defective implementation, necessitating urgent and comprehensive reforms. The analysis of progressive aspects unveils the intricate legal landscape governing intellectual property rights in Kenya. Through an examination of relevant statutes, case law, and the functions of the Anti-Counterfeit Authority (ACA), the paper recognizes the foundational elements aimed at curbing counterfeiting.

However, the defective implementation of the Anti-Counterfeit Act

unravels a series of challenges. From limited use of information and communication technology (ICT) to narrow consumer-focused actions and a skewed emphasis on trademark protection at the expense of safety concerns, the gaps in implementation demand swift attention. The call for effective implementation is rooted in pragmatic strategies. Section 34B emerges as a focal point, advocating for the proactive recordal of intellectual property rights. Drawing lessons from international experiences, particularly the United Kingdom, offers a roadmap for Kenya to bolster its defences against transnational organized crime.

The proposition for a Technology-driven National Anti-Counterfeit Information Management System further strengthens this call. Insights from the United Kingdom provide valuable ideas for enhancing the Anti-Counterfeit Authority Integrated Management System, ensuring a technologically robust defence against counterfeit threats. Border control measures, inspired by Israel's comprehensive enforcement rules, present an additional layer of defence. The empowerment of Kenya's customs authorities to intervene in goods-in-transit and export cases emerges as a critical imperative to safeguard against illicit trade.

In the realm of civil and criminal litigation enforcement, the South African experience, exemplified by the '*Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd*' case, underscores the need for mandatory minimum custodial sentences and an inter-agency approach to fortify intellectual property rights enforcement. The availability of extrajudicial reliefs, as demonstrated by South Africa's Counterfeit Goods Act, propels the advocacy for empowering the Anti-Counterfeit Authority in Kenya. This involves granting the authority the ability to settle disputes out of court, complementing its

existing power to destroy counterfeit products.

In summation, empowering Kenya's Anti-Counterfeit Authority is not merely a legal imperative; it is a strategic necessity in the face of evolving transnational organized crime networks. Through a nuanced approach that combines legal reforms, technological advancements, and international best practices, Kenya can fortify its defences, ensuring that the Anti-Counterfeit Act becomes a formidable deterrent against the perils of counterfeit-driven criminal activities. The collective implementation of these recommendations marks a transformative step towards safeguarding the nation's economy, consumers, and intellectual property rights from the pervasive threat of counterfeiting.

Empowering Kenya's Anti-Counterfeit Authority to Combat Transnational Organised Crime: A Call to Implement the Anti-Counterfeit Act, 2008: Michael Sang

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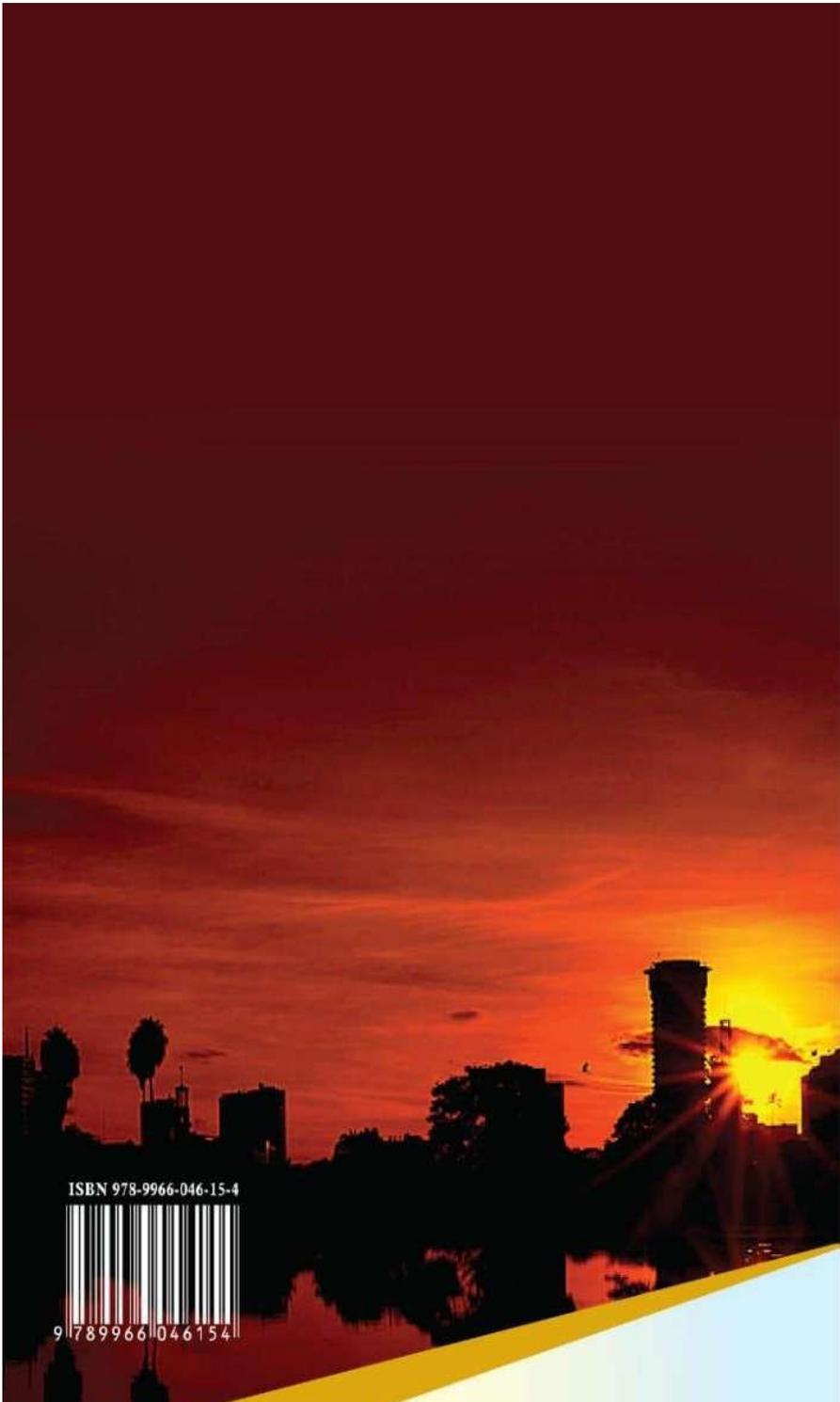
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