Republic v Narodhco (Kenya) Limited & 2 others (Criminal Appeal 69 of 2016) [2022] KEHC 10834 (KLR) (31 March 2022) (Judgment)

Neutral citation: [2022] KEHC 10834 (KLR)

REPUBLIC OF KENYA

IN THE HIGH COURT AT MOMBASA

CRIMINAL APPEAL 69 OF 2016

MN MWANGI, J

MARCH 31, 2022

BETWEEN

REPUBLIC ..... APPELLANT

AND

NARODHCO (KENYA) LIMITED ..... 1ST RESPONDENT

BHARAT NARDAS ODHAVJI ..... 2ND RESPONDENT

TIMOTHY NZIOKA ..... 3RD RESPONDENT

(An Appeal from the Judgment by Hon. D. Mochache, Principal Magistrate, in Mombasa Chief Magistrate's Court Criminal Case No. 2128 of 2013 delivered on 21st June, 2016)

JUDGMENT

1. The respondents were charged with the offence of having in possession in the course of trade, counterfeit goods contrary to Section 32(a) as read with Section 35(1)(a) of the *Anti-Counterfeit Act*, 2008, Laws of Kenya in Count 1. Particulars thereof were that on 16th August, 2013 at about 12:00 at KSI Godown in Shimanzi Area within Mombasa County, within the Republic of Kenya, being a limited liability company and its director and Administrative Officer, respectively and with others not before the Court, they did have in their possession in the course of trade counterfeit goods namely 1,222,272 pieces of pencils valued at KES: 55,002,240.00, in violation of Trade Mark Number 545587 owned by J.S. Staedtler GmbH & Co. KG of the Federal Republic of Germany.

2. In Count II, the respondents were charged with the offence of importing into Kenya in the course of trade counterfeit goods contrary to Section 32(f) as read with section 35(1)(a) of the *Anti-Counterfeit Act*, 2008, Laws of Kenya. The particulars were that on or about the 9th day of June, 2012 at Kilindini Port, Mombasa County, within the Republic of Kenya, in Container number GLDU9377300 they did import into the country in the course of trade, counterfeit goods namely 14400 gross each containing

144 pieces of pencils all valued at KES: 93,312,000.00 as per customs entry No. 2012MSA 3516820, in violation of Trade Mark Number 644583 owned by J.S. Staedtler GmbH & Co. KG of the Federal Republic of Germany.

3. The respondents were acquitted under Section 215 of the *Criminal Procedure Code* for reasons that the prosecution failed to prove the charges against them to the requisite standard of beyond reasonable doubt.

4. The appellant was aggrieved by the Trial Magistrate's decision and lodged a petition of appeal dated 4th July, 2016 on the following grounds-

   i. That the learned Trial Magistrate erred in law and fact by holding that the prosecution had not proved the charges against the respondents to the requisite standard of beyond reasonable doubt;

   ii. That the learned Trial Magistrate erred in law and fact by finding that the prosecution had not proved the ingredients of possession of counterfeit goods contrary to section 35(1)(a) of the Anti- Counterfeit Act, 2008 against the 1st, 2nd and 3rd respondents;

   iii. That the learned Trial Magistrate erred in law and fact by misinterpreting and misapplying the provisions of Section 4 of the Penal Code, Cap 63 Laws of Kenya and thereby arriving at an incorrect finding that the prosecution had not proved the charge of being in possession in the course of trade of counterfeit goods contrary to Section 35(1)(a) of the *Anti-Counterfeit Act*, 2008, as against the 1st, 2nd and 3rd respondents;

   iv. That the learned Trial Magistrate erred in law and fact by misinterpreting and misapplying the legal principles and ingredients of possession thereby wrongly acquitting the respondents;

   v. That the learned Trial Magistrate erred in law and fact by failing to find that the prosecution led and produced evidence admitted by the 1st respondent through the 3rd respondent and the other 1st respondent's officials and that the respondents owned and were in possession of the subject counterfeit pencils;

   vi. That the learned Trial Magistrate erred in law and fact by failing to find that the 1st respondent through the actions of the 2nd and 3rd respondents and other 1st respondent's officials admitted ownership and possession of the counterfeit pencils;

   vii. That the learned Trial Magistrate erred in law and fact by failing to find that the respondents were in actual and physical custody of the counterfeit pencils in view of the overwhelming evidence led by the prosecution;

   viii. That the learned Trial Magistrate erred in law and fact by failing to find that the respondents were the importers of the counterfeit pencils in view of the overwhelming evidence led by the prosecution;

   ix. That the learned Trial Magistrate erred in law and fact by failing to find that in law the importer of goods is deemed the owner (sic) of the goods and thereby erroneously finding that the respondents were not the owners and neither were they in possession of the counterfeit pencils;

   x. That the learned Trial Magistrate erred in law and fact by failing to find that in law the 1st respondent is criminally liable through the criminal acts and omissions of its directors being the 1st and 2nd respondents and other officials of the 1st respondent;

xi. That the learned Trial Magistrate erred in law and fact by failing to find that the respondents led prosecution witnesses to the physical premises where the respondents stored the counterfeit pencils;

xii. That the learned Trial Magistrate erred in law and fact by failing to find that once the respondents and their officials admitted ownership and possession of the counterfeit pencils and in fact led prosecution witnesses to the physical premises where they had stored the goods it was superfluous to require the prosecution to lead and produce evidence of ownership by the respondents of the physical premises;

xiii. That the learned Trial Magistrate erred in law and fact by failing to consider the evidence of recovery of the counterfeit goods;

xiv. That the learned Trial Magistrate erred in law and fact by failing to consider the unrebutted prosecution evidence of the inventory of the recovered pencils, inventory signed by the respondents witnessing the recovery;

xv. That the learned Trial Magistrate erred in law and fact by finding that the prosecution evidence was not sufficient on the question of infringement of the complainant's copyright by the respondents;

xvi. That the learned Trial Magistrate erred in law and fact by misinterpreting and misapplying the provisions of Section 2 of the *Anti-Counterfeit Act*, 2008 thereby incorrectly finding that the subject pencils were not identical or similar despite the unrebutted evidence led by the prosecution that they were similar;

xvii. That the learned Trial Magistrate erred in law and fact by failing to find in view of the overwhelming and unrebutted evidence by the prosecution that the complainant's pencils and the respondents' counterfeit pencils were so similar that a common customer on the market would not notice the difference between the complainant's and the counterfeit pencils;

xviii. That the learned Trial Magistrate erred in law and fact by failing to find the respondents' pencils infringed the complainant's copyright in view of the overwhelming and unrebutted evidence led by the prosecution;

xix. That the learned Trial Magistrate erred in law and fact by finding that since Plucon (sic) was contracted to carry out tests on the complainant's products for money consideration that this was a very likely factor to influence or interfere with Plucon's objectivity and independence; and

xx. That the learned Trial Magistrate erred in law and fact by disregarding the complainant's Agent's report on infringement of the complainant's copyright basing its findings on issues not led and not proven in evidence.

5. The appellant prays for the appeal to be allowed, the acquittal of the respondents to be set aside and substituted with a conviction and for the respondents to be sentenced in accordance with the provisions of Section 35 (1)(a) of the *Anti-Counterfeit Act*, 2008, on the 1st Count and Section 32(f) as read with Section 35(1)(a) of the *Anti-Counterfeit Act*, 2008, on the 2nd Count.

6. In the lower Court, PW1 an Inspector of the Anti-Counterfeit Agency testified that sometime in 2013, the Agency received information from their head office that the 1st respondent was having goods suspected to be counterfeit. That upon visiting the 1st respondent's offices in Mombasa, they met the 3rd respondent who informed them that there were allegations that he had suspected counterfeit

goods namely staedtler pencils. That the 3rd respondent directed PW1 and his colleague to the Chief Accountant by the name Nicholas, whom they informed that they wanted to inspect their godowns and he told them that the pencils they were looking for were stored at SKI Shimanzi within Mombasa in a godown owned by the 1st respondent.

7. PW1 testified that he, his colleague and Nicholas proceeded to the godown and recovered pencils packed in 282 cartons, with each carton containing 30 gross and that each gross had 144 pieces, together with 28 gross by 140 totaling 1,222,272 pieces which they placed under seizure in situ since it was bulky. They recorded the said goods in an inventory dated 16th August, 2013. He stated that the inventory was signed by PW1, Nicholas Musau for the company (1st respondent), Casper and the Depot Manager, Francis Gitonga. The said inventory was produced as P.exhibit 1. PW1 further testified that they also recovered a single business permit dated 27th February, 2013 issued to the 1st respondent together with KRA entry document, entry number MSA 3516820 for imported goods dated 9th June, 2013. The same were produced as P.exhibits 2 and 3, respectively.

8. It was stated by PW1 that from the said documents it was clear that the goods were not only imported but also cleared by the 1st respondent. He stated that from invoice No. AHW 12M0960002 dated 9th April, 2012 which was produced as P.exhibit 4, the goods were described as pencils 14400 gross packed in 480 cartons. PW1 testified that on 5th September, 2013, a total of 280 cartons by 30 gross, plus 1 carton of 28 gross were collected and the goods were transferred to an ACA gazetted depot in Nairobi.

9. It was PW1's testimony that by a notice of seizure dated 17th May, 2013, Staedtler was notified that the agency had confiscated 7,222,272 suspected counterfeit Staedtler pencils which were in the possession of the 1st respondent. He stated that on 28th August, 2013, Staedtler company filed a formal complaint to the Managing Director of ACA. The complaint was produced as prosecution exhibit No. 8. He further stated that J.S Staedtler company Ltd complained of trademark infringement by the 1st respondent.

10. PW1's evidence was that on 13th January, 2009, he met Dominic Muriithi Mathenge an authorized agent for Staedtler Company, who applied for samples of the seized pencils and on approval, he was issued with 144 pieces. He stated that the pencils are black and red, with a hexagonal shape they have six edges which are protected as trademarks by Staedtler Company. He further stated that upon examining the seized goods, they were so similar that the common mwananchi (common man) could not differentiate them from the genuine ones and as such, they were sold as genuine products of Staedtler.

11. PW1 relied on a document signed by World Intellectual Property Organization issued to J.S Staedtler Company on 28th September, 1995, meant to expire on 28th September, 2015 stating that at the time of his investigations, the said trademark certificate was valid.

12. On being cross-examined, PW1 stated that at the time he started carrying out the investigation, there was no complaint. He stated that Staedtler is a registered trademark and one cannot use the name without authority of Staedtler. PW1 further stated that Kenya Gazette Notice No. 3890 of 1st November, 1967 did not gazette colours. He also stated that the seized pencils did not have the protected word Steadtler and that one is written HB110 Staedtler, while the other one is written HB on it. He also said that the seized pencils have rubbers (erasers), whereas the Staedtler pencils do not have erasers.

13. In further cross-examination, PW1 averred that Staedtler pencils have got two broad black bands, while the 1st respondent's pencils have got three broad black bands, and a dark red band with a black thin line running through while the Staedtler pencils have two thin lines but on the flat side, PW1 indicated that

the 1st respondent's pencils are not sharpened while the Staedtler pencils are sharpened and while the 1st respondent's pencils pencils are dark red, the Staedtler pencils are light red. He confirmed that the goods were imported and were cleared by the government and KBS. He stated that it was not necessary to take the samples to the Government Chemist since the brand owner is the last person to analyze. On re-examination, PW1 stated that he is allowed to investigate cases suo moto and under Section 25 (of the *Anti-Counterfeit Act*), they are required to issue a notice to the owner once goods are seized.

14. PW2, Dominic Mureithi Mathenge stated that he is the Managing Director of Pollilon (sic) Services (K) Ltd and that they have been appointed by J.S Staedtler as technical agents to iron out issues on counterfeit. He stated that they took 144 pieces (of pencils) to their lab for testing and verification done by visual examination. He stated that after both the Staedtler and the counterfeit pencils were compared, they were found to be too similar for an ordinary customer to differentiate. PW2 produced a report as P.exhibit 20 in which they concluded that the seized pencils are real counterfeits.

15. During cross-examination, PW2 stated that he had been specifically appointed for this case as can be seen from his sampling report where he referred to case No. 2128 of 2013. He further stated that by the time he made the said report, the respondents had already been charged. It was his testimony that he represented Staedtler and his interest in the case was to protect the interest of Staedtler who paid him for production of the said report and to give evidence.

16. PW3, Casper Oluoch who is an Inspector with ACA testified that on 15th August, 2013, he and PW1 received information from the Managing Director to go to the 1st respondent and inspect pencils that were believed to be infringing on Staedtler company. He indicated that on 16th August, 2013, they visited the said premises where they met the 3rd respondent who referred them to one Nicholas Musau. That the said Nicholas took them to the godown at Shimanzi where they met Francis Gitonga the Manager of the store. PW3 stated that the said Francis, PW1 and himself entered the store and conducted an inspection where they found 282 cartons of pencils and additional 28 loose gross. He testified that the said pencils have a black and red colour combination and hexagonal shape and that was the basis of their search since they were informed that the colour and shape is exclusively protected by Staedtler.

17. He further testified that they seized the pencils in situ by filling an inventory of seized goods. It was PW3's testimony that Staedtler was the owner of the trademark and so he notified them through a notice of seizure which was produced as P.exhibit 10. He stated that Pollicon (sic) Services (K) Ltd presented themselves as the appointed agents of Staedtler Germany and that it granted Mureithi (PW2) authority to handle matters on its behalf. He stated that a complaint was received on 28th May, 2013 from J.S Staedtler's Counsel and PW2 went and collected samples for analysis. PW2 testified that he told them that the hexagonal shape together with the colour combination was infringing the trademark by J.S Steadtler.

18. On being cross-examined, while describing the pencils, he stated that one pencil has a rubber (eraser) but the tips of the two types of pencils do not resemble. That one is longer than the other and that while one is sharpened, the other one is not. He explained that the Staedtler pencil has two thread black sides while the other one has two, the Steadler pencil is lighter while the other one has a darker shade of red and the writings are different but both are in gold.

19. The 1st and 2nd respondents did not tender any evidence. The 3rd respondent gave an unsworn statement. He stated that he did not understand the connection between him and the charges.

20. This appeal was canvassed by way of written submissions. The appellant's submissions were filed on 19th June, 2018 by the Director of Public Prosecutions, while the 2nd and 3rd respondents' submissions

were filed on 15th January, 2019 by the firm of Mogaka Omwenga & Mabeya Advocates. Mr. Gakuhi for the 1st respondent adopted the submissions filed by the 2nd and 3rd respondent's Counsel. He also made oral submissions.

21. Mr. Adera, leaned Counsel for the appellant submitted that the Trial Magistrate did not give a determination in regard to Count II which was on importation into Kenya of Counterfeit goods. He relied on the case of *Osman v Republic,* High Court of Kenya Nairobi Criminal Appeal No. 541 of 1985 where the Court observed that it was not suggested that the appellant therein brought the goods into Kenya but the prosecution would have proved its case if it could prove that the appellant caused the goods to be brought into Kenya by sending a written order for them. He submitted that in this case, the prosecution's evidence, more specifically P. exhibit 3, the KRA import declaration form points to the conclusion that the 1st respondent imported the goods into Kenya hence falling within the ambit of an importer as provided under Section 2 of the *Anti-Counterfeit Act*.

22. Mr. Adera further submitted that on the strength of the evidence of PW1 and PW2 and P. exhibits 3, 4 and 5, the offence of importation of Counterfeit goods was proved beyond reasonable doubt. He stated that the evidence of importation was never challenged, the documentary evidence relied on was from the accused persons (respondents) and no questions were put to the prosecution witnesses about the said documents. He relied on the case of *Miller v Ministry of Pensions* [1947] 2 ALL ER 372, where Lord Denning stated that proof beyond reasonable doubt does not mean proof beyond the shadow of a doubt.

23. He submitted that with regard to Count I, the Trial Magistrate at page 5 of the Judgment set out the law on what constitutes possession, but that she proceeded to make an error by departing from the legal position and equated possession with ownership and set a standard that ownership of the godown should have been proved. He cited the case of *Francis Mbogua M'Ringera v Republic* [2014] eKLR, where the Court held that the prosecution needed not prove that the house or land belonged to the appellant, neither did the prosecution need to prove that the appellant occupied the house or land in which the bhang was found and that in any event the appellant therein had the burden to account for his possession or explain how he came to be in the house.

24. In order to define possession, Mr. Adera relied on the provisions of Section 4 of the Penal Code and the Black's Law Dictionary. He also relied on the case of *Peter Mwangi Kariuki v Republic* [2015] eKLR, where the Court laid out the ingredients of possession as being in physical control of the item and the knowledge of having the item. He stated that the appellant also proved that the goods were in the course of trade which is evidenced by the single business permit and the importation documents, he relied on Section 26(8) of the *Anti-Counterfeit Act* which provides for the test for being in the course of trade to be presumed, until the contrary is proved, that such person was in possession of the goods for the purpose of trade if the quantity of those goods is more than that which in the circumstances, reasonably may be required for his private and domestic use. In the present case, PW1 and PW3 testified that they seized 7,222,272 pieces of pencils likely to be confused with Staedtler pencils thus being within the ambit of Section 26(8) of the *Anti-Counterfeit Act*.

25. Mr. Adera submitted that P.exhibit 3 was a delivery note issued by the 1st respondent to the Anti-Counterfeit Authority to show evidence of conveyance of the goods from the godown in Mombasa to Nairobi. He stated that the respondents took PW1 and PW3 to the godown and opened it for them and that the evidence proves possession of the counterfeit goods. He referred to Section 26(3) of the *Anti-Counterfeit Act* which provides that an inventory of seized goods is prima facie evidence of the facts stated therein concerning counterfeit goods. He stated that the goods were seized from the 1st respondent at Shimanzi godown in Mombasa and that the invoice was signed by Nicholas Musau and

Francis Gitonga who were employees of the 1st respondent hence the evidence of PW1 and PW3 proved the offence of possession.

26. Mr. Adera submitted that the Trial Magistrate erred in law and fact in determining what amounts to counterfeit goods. He stated that P.exhibit 14 sets out what the trademark of Staedtler consists of, as being a pencil with red, black and beige. He stated that what constitutes counterfeit does not constitute an exact match but a similar item which is meant to pass off. It was argued by the appellant's Counsel that a trademark is a private right and not a public right hence the owner of a trademark is the only person who can say that a trademark has been violated or imitated. He referred to Section 33(1) of the *Anti-Counterfeit Act* which provides that an owner of a trademark can make a complaint. He indicated that Section 2 of the *Anti-Counterfeit Act* gives the definition of what amounts to counterfeiting and also the test of what constitutes a counterfeit.

27. Mr. Adera also relied on Regulations 22 & 27(3) & (4) of the Anti-Counterfeit Regulations, 2010 which provides that a complainant may be supplied with samples for testing. He explained that the Anti-Counterfeit Agency gazetted approved laboratories through Gazette Notice No. 15892 which authorized testing and analyzing seized goods in various laboratories and any other recognized laboratory. He further submitted that Pollilon services is not only an international accredited laboratory but is also ISO certified. He submitted that the Trial Magistrate ignored PW2's testimony on allegations that no scientific test was done.

28. He argued that all the evidence tendered by the respondent both oral and documentary points to the fact that the respondents were in actual and physical control of the seized goods. He relied on the case of Antony Kariuki Kareri v Republic Court of Appeal at Nakuru, Criminal Appeal no. 110 of 2002, where the Court stated that the fact that the appellant was not in physical or personal possession of a stolen radio cassette did not exclude the application of the doctrine for the first definition of recent possession as Section 4(a) of the Penal Code is wide enough to include constructive possession. He submitted that based on the said principle, the appellant in this case proved constructive possession of the goods by the respondents.

29. Mr. Mogaka, learned Counsel for the 2nd and 3rd respondents relied on the case of *Peter Wafula Juma & 2 others v Republic* [2014] eKLR, where it was held that a Judgment or conviction will not be entered because the defendant or the accused did not call for evidence in rebuttal but because the prosecution has proved its case to the required standard. He also relied on the case of *Republic v Danson Mgunya* [2016] eKLR, where it was held that the burden was on the prosecution to adduce evidence which would prove its case beyond reasonable doubt.

30. He submitted that in Count I of the charge facing the respondents, the pencils were said to have a value of Kshs. 55,002,240.00, and the number of the trademark given for Staedtler pencils is 644583. He submitted that what is registered as a trademark is the word Staedtler and not the pencil itself. He indicated that P.exhibit 23 has got trademark No. 645587, yet P.exhibit 8 which is the complaint made to ACA states the trademark was No. 644583, while P. exhibit 9, an affidavit by Staedtler's Counsel refers to trademark No. 645587. Mr. Mogaka submitted that in light of the contradictions highlighted above, the benefit of the doubt should be given to the respondents. To this end, he relied on the case of *Philip Muiruri Ndaruga v Republic* [2016] eKLR, where the Court held that in order to give an accused person the benefit of doubt in a criminal case it is not necessary that there should be many circumstances creating the doubt as a single circumstance creating reasonable doubt about the guilt of an accused is sufficient.

31. He further submitted that the prosecution witnesses testified on the differences between Staedtler pencils and the seized pencils, and that PW2 during cross-examination said that the two pencils are

different and anyone can differentiate them. He also submitted that PW2 during cross-examination stated that if he went into Nakumatt Supermarket and found the two pencils which were produced as P.exhibits 23 and 24, he would be in a position to tell the difference and no one can be condemned for selling things that are not infringing on the Staedtler trademark.

32. Mr. Mogaka referred to Section 27(4) of the *Anti-Counterfeit Act* and submitted that the person who is supposed to take the samples for testing is an Inspector from the appellant which was not the case herein as the complainant's appointed agent took the samples and undertook the testing. It was contended that the investigative process was in breach of the rule of law, thus unfair to the respondents. He relied on the case of *John Ndungu Kagiri v Republic* [2016] eKLR, where the Court stated that in Kenya criminal jurisprudence, an accused person is presumed to be innocent until proved guilty hence such a person is entitled to fairness and true investigation and the Court is expected to play a balanced role in the trial of an accused person.

33. He stated that P.exhibit 13 which is Gazette Notice No. 3890 dated 9th November, 1967 on the face of it has the trademark as the word Staedtler and not the pencil. He contended that the evidence of the prosecution witnesses creates a lot of doubt and where such doubt arises, the benefit of doubt is accorded to the respondents as was correctly done by the Trial Magistrate who heard and observed the demeanor of the witnesses during trial. Mr. Mogaka submitted that the goods were seized on 10th August, 2013 and 6 years later, they were taken to Nairobi. He urged this Court to dismiss the appeal and issue an order for the release of the goods to the 1st respondent or payment of damages and costs as provided under Section 25(3) & (4) of the *Anti-Counterfeit Act*.

34. Mr. Gakuhi, learned Counsel for the 1st respondent submitted that the prosecution did not prove its case beyond reasonable doubt and that the word Staedtler is the one which has been gazetted as a trademark in Kenya. He stated that the pencils which were recovered did not bear the name Staedtler on them and as such, the said trademark was not infringed. He submitted that it was pointed out clearly that the goods belonged to the 1st respondent. The 2nd and 3rd respondents who were employees of the 1st respondent might have had the goods in physical possession but had no legal possession of the same by virtue of the fact that they were not directors of the 1st respondent.

35. In a rejoinder, Mr. Adera submitted that with regard to Gazette Notice of 3rd January, 1968, by the Registrar of Trademarks, it provides that under the Madrid Agreement, trademarks can be registered at the World Intellectual Property Organization in Geneva, Switzerland and designate the countries where the trademark should be designated. He stated that Kenya was designated on 31st July, 2008. He further submitted that the trademark in issue was not the word Staedtler as the trademark consists of the combination of the colours red, black, white and beige which are the ones that have been infringed on. He argued that Section 2 of the *Anti-Counterfeit Act* provides that what constitutes an infringement is if the goods are identical or substantially similar. He stated that in the present case, the 1st respondent's pencils had black, gold and red colours, while Staedtler ones have black, white and red colours. He submitted that the counterfeit goods were substantially similar since the colour imitation was calculated to be confused with genuine pencils.

36. Mr. Adera submitted that the charge sheet has an error with regard to the trademark instead of No. 645587 as it appears on the exhibits, the charge sheet captured No. 644583. He contended that the primary document with regard to the trademark number is P.exhibit 14 which has the correct number. He submitted that the typing error was not fatal to the prosecution's case. He urged this Court to invoke the provisions of Section 382 of the Criminal Procedure Code. In regard to the testing of the pencils, he stated that since a trademark is a private right, the only person in a position to give conclusive evidence is the owner of the trademark.

37. He argued that on whether the 1st respondent should be awarded damages, Section 25(3) and 25(4) must be read as a whole and that in the present case, there is no application to the effect that the goods are not counterfeit and therefore the Court cannot grant damages. He indicated that Section 16(2) of the *Anti-Counterfeit Act* requires the filing of a formal suit for a claim for damages through a civil suit. He concluded by stating that in law, there is no distinction as to legal and physical possession.

Analysis And Determination.

38. This being the first appeal, this Court has the duty to analyze and re-examine all the evidence adduced before the Trial Court and arrive at an independent finding and conclusions on both the facts and the law. This Court must hoever bear in mind that it neither saw nor heard the witnesses testify and make an allowance for the said fact. This is the principle espoused in various cases including *Kiilu & another v Republic* [2005] 1 KLR 174, where the Court of Appeal held that:

> " An Appellant in a first Appeal is entitled to expect the whole evidence as a whole to be submitted to a fresh and exhaustive examination and to the Appellate Court's own decision in the evidence. The 1st Appellate Court must itself weigh conflicting evidence and draw its own conclusions. It is not the function of the 1st Appellate Court to merely scrutinize the evidence to see if there was some evidence to support the lower Court's findings and conclusions, only then can it decide whether the Magistrate's finding should be supported. In doing so it should make allowance for the fact that the trial Court has had the advantage of hearing and seeing the witnesses."

39. I have considered the Record of Appeal, the grounds of appeal and the submissions made by Counsel on behalf of the parties and the authorities relied on. The issue that arises for determination is whether the prosecution proved its case beyond reasonable doubt.

40. In Count I, the respondents were charged under Section 32(a) of the *Anti-Counterfeit Act*, 2008. The said Section provides that-

> " It shall be an offence for any person to –
>
> (a) have in his possession or control in the course of trade, any counterfeit goods."

41. In Count II, the respondents were charged under Section 32(f) of the *Anti-Counterfeit Act*, 2008. The said Section provides that-

> " It shall be an offence to import into, transit through, transship within or export from Kenya, except for private and domestic use of the importer or exporter as the case may be, any counterfeit goods."

42. Section 2 of the *Anti-Counterfeit Act* defines counterfeit goods as-

> " Goods that are the result of counterfeiting any item that bears an intellectual property right, and includes any means used for purposes of counterfeiting."

43. The word "counterfeiting" is defined under Section 2 of the *Anti-Counterfeit Act* to mean-

> " ....[of] taking the following actions without the authority of the owner of intellectual property right subsisting in Kenya or outside Kenya in respect of protected goods—

a. the manufacture, production, packaging, re-packaging, labelling or making, whether in Kenya, of any goods whereby those protected goods are imitated in such manner and to such a degree that those other goods are identical or substantially similar copies of the protected goods;

b. the manufacture, production or making, whether in Kenya, the subject matter of that intellectual property, or a colourable imitation thereof so that the other goods are calculated to be confused with or to be taken as being the protected goods of the said owner or any goods manufactured, produced or made under his licence;

c. the manufacturing, producing or making of copies, in Kenya, in violation of an author's rights or related rights;

d. in relation to medicine, the deliberate and fraudulent mislabeling of medicine with respect to identity or source, whether or not such products have correct ingredients, wrong ingredients, have sufficient active ingredients or have fake packaging."

44. Bearing in mind the above legal provisions, in order to sustain a conviction in the two counts the respondents were charged with, the Prosecution ought to have proved beyond reasonable doubt the following elements-

a. That the respondents imported counterfeit goods for purposes other than private and domestic use of the importer;

b. That the respondents were in possession of counterfeit goods; and

c. In the course of trade.

45. It is noteworthy that the pencils were found in the 1st respondent's warehouse in Shimanzi. PW1 and PW3 also recovered a single business permit dated 27th February, 2013 issued to the 1st respondent and a KRA entry document, entry number MSA 3516820 for imported goods dated 9th June, 2013. The said documents were produced as P.exhibits No. 2 and 3, respectively. In view of the foregoing and the fact that the appellants did not adduce any evidence to the contrary, it is not in dispute that the goods in question were imported by the 1st respondent, and were found in the possession of the 1st respondent in the course of trade. The only element the prosecution was left to establish beyond reasonable doubt was whether the seized pencils were counterfeit goods. For this to be done, the prosecution needed to prove that-

a. The complainant was the owner of the trademark complained about; and

b. The seized pencils infringed on the trademark of J.s. StaedtlerGmbH & Co. KG of the Federal Republic of Germany.

46. The charge in Count I refers to violation of trademark number 545587 while Count II refers to trademark number 644583. The complaint dated 28th August, 2013 by J.S. Staedtler GmbH & Co. KG refers to trademark infringement international registration number 644583, while the affidavit in support of the complaint refers to trademark number 645587. The copy of the trademark certificate refers to trademark number 645587. From the above it can easily be deduced that the charge before the Trial Court and the evidence adduced in support of the prosecution's case do not refer to one and the same trademark. This Court therefore concludes that the prosecution did not prove beyond reasonable

doubt that J.S. Staedtler GmbH & Co. KG the complainant before the Trial Court was the owner of the trademark complained of as a result of the contradictions in the prosecution's case.

47. Mr. Adera correctly submitted that the primary document with regard to the trademark number is P.exhibit 14, which is a document containing international registration details from WIPO. The said document bears the number 645587 which is very different from the trademark number complained of in the charge against the respondents. In an attempt to cure the variances highlighted herein above, he relied on the provisions of Section 382 of the Criminal Procedure Code which state as hereunder-

> " Subject to the provisions hereinbefore contained, no finding, sentence or order passed by a court of competent jurisdiction shall be reversed or altered on appeal or revision on account of an error, omission or irregularity in the complaint, summons, warrant, charge, proclamation, order, judgment or other proceedings before or during the trial or in any inquiry or other proceedings under this Code, unless the error, omission or irregularity has occasioned a failure of justice:
>
> Provided that in determining whether an error, omission or irregularity has occasioned a failure of justice the court shall have regard to the question whether the objection could and should have been raised at an earlier stage in the proceedings."

48. In this appeal, the appellant's contention is that the error in the charge has occasioned a failure of justice since the respondents were acquitted before the Trial Court. This Court's considered view is that the evidence adduced by the prosecution witnesses was contrary to the trademark complained of, which leads to a conclusion that the charge before the Trial Court was fatally defective and ought to have been amended before the close of the prosecution case. An offence of infringement of a trademark calls for precision in the framing of the charge and the prosecution thereof. A fundamental error like the one made by the prosecution cannot be cured under the provisions of Section 382 of the Criminal Procedure Code. It is common ground that different registration numbers of trademarks represent different goods and/or products or services.

49. On the issue of whether the seized pencils infringed on J.S. StaedtlerGmbH & Co. KG of the Federal Republic of Germany trademark, the prosecution witnesses testified on the differences between the seized pencils and J.S. StaedtlerGmbH & Co. KG pencils. The said differences were noted by the Trial Magistrate at page 9 of her Judgment. PW 2 testified that they conducted a visual test by comparing the seized pencils to Staedtler pencils. He confirmed that no scientific tests were conducted. From the record of appeal, the main differences this Court noted from the seized goods and from Staedtler pencils are that the ones seized have rubbers on one end of the pencils while the Staedtler ones do not, the seized ones are sharpened but the Staedtler ones are not and the latter pencils are written Staedtler HB 110 while the seized ones are written HB 181. P.exhibit 14 talks of the claimed colours as red, white, black and beige, it also refers to pencils with a hexagonal section with red background lacquer comprising two sides and two opposite ridges in black lacquer and that the head of the pencil is dip-coated in such a way as to have a white girdle topped by a black tip.

50. The Deputy Registrar Mombasa, on 21st December, 2020 visited the site where the seized pencils are kept to verify their condition. In her report dated 11th January, 2021, she described the pencils as each being labelled HB 181 pencil, red in colour with 3 large black stripes and 3 small black stripes with 6 red stripes. She reported that each pencil is unsharpened and has an eraser attached at the tip with a golden metal plate attaching it to the pencil stick. From the evidence adduced before the Trial Court, it is apparent that the seized pencils do not match the description given in P.exhibit No. 14 and the said goods cannot be comprehensively said to have infringed on trademark number 645587. The

prosecution was under duty to prove its case beyond reasonable doubt and where any doubt arises, as in this case, the Trial Court was correct when it resolved the doubt in favour of the respondents.

51. This Court therefore holds that the seized pencils cannot be said to be an imitation of Stadtler pencils in that they are substantially similar copies of Staedlter pencils. It is worth stating that there was no independent evidence that was brought before the Court to demonstrate that the seized pencils were an attempt to imitate the Staedtler trademark and not a genuine HB 181. The test and the report relied on by the prosecution were done and prepared by the complainant's agent and not an independent analyst.

52. On the prayer made in the submissions by Mr. Mogaka for the release of the goods to the 1st respondent or for payment of damages and costs by the appellant, Section 25(3) & (4) of the *Anti-Counterfeit Act* provides as follows-

    (3) Any person aggrieved by a seizure of goods under section 23 may, at any time, apply to a court of competent jurisdiction for a determination that the seized goods are not counterfeit goods and for an order that they be returned to him.

    (4) The court may grant or refuse the relief applied for under subsection (3) and make such order as it deems fit in the circumstances, including an order as to the payment of damages and costs."

53. The respondents did not initiate an application in the nature contemplated under Section 25(3) of the *Anti-Counterfeit Act*, and in any event, it would have been premature to do so when the appeal herein was still pending. That being case, there is no application before me for consideration and determination.

54. The upshot is that the appeal herein is without merit and it is hereby dismissed.

DATED, SIGNED AND DELIVERED AT MOMBASA ON THIS 31ST DAY OF MARCH, 2022.

In view of the declaration of measures restricting Court operations due to the Covid-19 pandemic and in light of the directions issued

by his Lordship, the then Chief Justice on the 17th April, 2020 and subsequent directions, the Judgment herein has been delivered through Teams Online Platform.

NJOKI MWANGI

JUDGE

In the presence of:

Ms Kerubo holding brief for Messrs. Mogaka and Gakuhi for the respondents

Ms Keya - Prosecution Counsel for the DPP

Mr. Oliver Musundi – Court Assistant.