



REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAIROBI

MILIMANI LAW COURTS

CONSTITUTIONAL AND HUMAN RIGHTS DIVISION

PETITION NO. 146 OF 2020

KENAFRIC MATCHES LIMITED.....PETITIONER

VERSUS

ANTI-COUNTERFEIT AGENCY.....1ST RESPONDENT

MATCH MASTERS LIMITED.....2ND RESPONDENT

JUDGMENT

1. Through the petition dated 29th April, 2020, Kenafric Matches Ltd seeks orders as follows:-

“A. AN ORDER OF CERTIORARI to remove and bring to this Honourable Court and quash the Respondent’s decision to issue a Seizure Notice and impose a ban contained in the Notice of 23rd April, 2020 or any other date.

B. AN ORDER OF MANDAMUS directing the Respondent to await the determination of the dispute involving TMA No. 106617 before the Kenya Industrial Property Institute and first seek the decision of the said Institute on the mark before imposing any ban and/or seizure of goods.

C. A DECLARATION do issue that the actions and decisions of the Respondent in respect of the ban on the Petitioner’s TMA 106617 “Big 5 Safety Matches” in the Seizure Notice dated 23rd April, 2020 purporting to declare a ban on the use of the said mark is null, void and unconstitutional for lack of a fair hearing and a decision from the Kenya Industrial Property Institute as mandated by the Constitution of Kenya.

D. A DECLARATION do issue declaring the order by the Respondent made on 23rd April, 2020 to ban the manufacture, exportation, supply, distribution and use of the MARK TMA 106617 “Big 5 Safety Matches” without the decision of the Kenya Industrial Property Institute and giving the Petitioner an opportunity to be heard is contrary to the provisions of Article 40 and 47 of the Constitution and therefore unconstitutional.

E. AN ORDER compelling the Respondent to await the decision of the Kenya Industrial Property Institute and in the meantime to permit the Petitioner to continue operating in the system and regime applicable before the imposition of the ban pending the determination of the dispute between the Petitioner and the Interested Party before the Kenya Industrial Property Institute.

2. The Respondent is the Anti-Counterfeit Agency and the Interested Party is Match Masters Ltd.

3. The Petitioner’s case is that the Respondent acting on a complaint by the Interested Party raided its premises located at Baba Dogo, Industrial Area within Nairobi and the premises of its distributors and impounded various consignments of its product in the name and style of “*Big 5 Safety Matches.*” It is the Petitioner’s case that it has invested millions of shillings in designing the get up and setting up the manufacturing and distribution process of the said “*Big 5 Safety Matches.*”

4. According to the Petitioner, it had applied to the Registrar of Trade Marks (“the Registrar”) for the registration of the trademark “*Big 5 Safety Matches*” and the application was approved but upon gazettelement the Interested Party filed objection proceedings before the Kenya Industrial Property Institute (“KIPI”) over the registration of the trademark. The Petitioner avers that KIPI has not determined the dispute and the *status quo* should be maintained pending its determination.

5. The Petitioner's case is that despite the pending dispute, the Interested Party has moved the Respondent to impound its goods in an attempt to muzzle it and stifle genuine competition. The Petitioner faults the seizure notice issued by the Respondent for failing to take into account the dispute pending before KIPi.
6. The Petitioner states that it had invested heavily in the manufacture and distribution of its product after the Registrar indicated the availability of the mark. Its case is that the seizure notice issued by the Respondent and the subsequent notice to cease all manufacture, exportation, distribution, and use of the mark "*Big 5 Safety Matches*" and the product is unconscionable and irrational as the Respondent has by default attempted to make a finding on the trademark dispute pending before KIPi. The Petitioner further avers that the action of the Respondent also violates the principle of natural justice as it fails to take cognizance of the dispute before KIPi and the laws applicable to such disputes. The Respondent is also accused of exceeding its statutory remit by purporting to determine a dispute on trademarks.
7. It is the Petitioner's assertion that the Respondent acted contrary to the principles of proportionality and legitimate expectation.
8. The Respondent opposed the petition through a replying affidavit sworn on 18th May, 2020 by its Senior Inspector Elina Mrari. Her averment is that the Respondent is, among other things, mandated to combat counterfeiting, trade and other dealings in counterfeit goods in Kenya pursuant to the Anti-Counterfeit Act, 2008 ("AC Act"). Further, that the Respondent is mandated to take action on counterfeit matters based on a formal complaint or *suo moto* pursuant to information received under Section 33 of the AC Act.
9. It is Mrari's deposition that she was assigned the duty of investigating an alleged intellectual property infringement of KIFARU and RHINO trademarks belonging to the Interested Party. Upon perusal of the documents she established that the Interested Party had filed a complaint with the Respondent on 22nd April, 2020. It is averred that the complaint form was accompanied by proof that the Interested Party was eligible to lay a complaint as required under Section 33 of the Act. Additionally, that the Interested Party had submitted an affidavit sworn on 20th April, 2020 in support of the complaint hence complying with the statutory requirement that an affidavit be filed together with the complaint.
10. Mrari also avers that the Interested Party submitted a duly filled indemnity form dated 20th April, 2020 to indemnify the Respondent against complaints made in bad faith that may lead the Respondent to conduct operations that are perpetuated by ill motives or ill intentions. Further, that the Interested Party had paid all the requisite statutory fees to the Respondent.
11. Mrari deposes that having been satisfied that the statutory requirements had been met, she led a team to the premises identified by the Interested Party as holding the counterfeit goods. Upon search they seized assorted cartons of match boxes from the Petitioner's premises and those of its three distributors. The goods were then recorded in the inventory of goods seized in situ as permitted by Section 25(1)(c) of the AC Act. Further, that the seized goods were deemed to be under the custody of the Respondent for a period of three months from the date of seizure by dint of Section 28(1) of the AC Act to allow for further investigations and possible prosecution.
12. It is therefore Mrari's averment that the Respondent has acted within its statutory mandate and in compliance with the provisions of the AC Act. The alleged violation of the Petitioner's constitutional rights is therefore denied.
13. Kushal Shah, the Managing Director of the Interested Party swore an affidavit on 15th May, 2020 in opposition to the petition. He states that the instant case has the face of a petition but the heart of a commercial dispute. His averment is that this Court lacks the subject matter jurisdiction as well as procedural jurisdiction to hear and determine the dispute herein.
14. According to Shah, the decision of whether or not a trademark is registrable absolutely or with necessary modifications or upon appropriate disclaimers is the sole mandate of the Registrar pursuant to Section 21 as read together with Section 3 of the Trade Marks Act, Cap. 506 ("TM Act"). He therefore asserts that the Petitioner has not exhausted the alternative reliefs.
15. Still urging that this Court has no jurisdiction, Shah avers that intellectual property matters fall into the jurisdiction of the Commercial Division of this Court as per the Practice Direction issued by Hon. Chief Justice Majid Cockar EGH on 18th November, 1997.
16. Another ground upon which the petition is opposed is that the Petitioner has not established a cause of action for adjudication by this Court. Shah avers that the Petitioner has not demonstrated how the carrying out of constitutional and statutory mandate by the Respondent amounts to violation of its rights. According to him, the petition does not raise any constitutional or human rights question and the fact that the Petitioner may have been inconvenienced by a statutory process or procedure does not necessarily amount to violation of its human rights and fundamental freedoms.
17. The Interested Party's case is that the Petitioner has not pleaded or shown that the Respondent is biased against it; that any procedure prescribed by statute has been ignored or violated to its detriment; and that it is impossible to get any justice before the Registrar.
18. Shah avers that the Petitioner commenced the registration of the offending trademark but did not allow the conclusion of the process before manufacturing and selling under the offending trademark. According to Shah, the availability of a trademark is not the last stage in determining whether it is registrable. He opines that the Petitioner is asking this Court to interfere with the mandate of another statutory body but the Court should exercise deference to the mandate and jurisdiction of other statutory bodies. He urges the Court to allow the proceedings before the Registrar to proceed to conclusion so that any party dissatisfied with the outcome of those proceedings can appeal the decision. He stresses that the Petitioner ought to have waited for the registration of the trademark before commencing production and sales.
19. The Interested Party rejects the Petitioner's claim that it has been trading throughout East Africa for a long time under the offending trademark and asserts that the offending trademark has never been in the market trading in safety matches or at all. Instead, the Interested Party accuses the Petitioner of having "*an industry reputation for its fatal attraction to well-known trademarks*" where its business strategy borders on "*counterfeiting, passing off and infringing established brands.*" Three incidences are cited in support of the allegation. First is

that the Petitioner introduced a shoe brand in the market called “*Fuma*” which was counterfeiting the famous shoe brand known as “Puma” but later withdrew it. Second is that the Petitioner has wrappers with the brands “*Spryte*” and “*Fanty*” which appear to infringe on Coca Cola Company’s “*Fanta*” and “*Sprite*” trademarks. Third is that the Petitioner has infringed intellectual property rights of Time Warner’s Cartoon Network by producing “*Ben 10 Chewing Gum*” which mirrors “*Ben Ten Cartoons*”.

20. The Interested Party also oppose the petition on the ground that the Petitioner has not suffered and will not suffer prejudice. Shah deposes that the Petitioner commenced sales less than one month prior to the institution of this case and does not have any market presence. His view is that it is necessary for the Petitioner to halt further sales under the impugned brand at this point rather than later as it does not have any goodwill in the market so far.

21. It is further the Interested Party’s averment that the raw materials for production of matches are not perishable and can last for over five years. Additionally, that the Petitioner has the alternative of processing and packaging its product under a different brand without the use of the term “*Big Five*” and the images of the big five animals.

22. According to the Interested Party, the Court will be perpetuating an illegality to its prejudice if it allows the continued use of the impugned trademark and get up by the Petitioner. The Interested Party states that one of the defences by the Petitioner in the opposition proceedings before the Registrar is that of concurrent use in the market and allowing the Petitioner to continue trading under the impugned trademark will allow it to establish the defence of concurrent use in the market to its detriment. Further, that allowing the Petitioner to sell under the impugned trademark will tie the hands of the Registrar hence prejudicing the right of appeal to the High Court.

23. The Interested Party accuses the Petitioner of passing off its matches as though they are those of the Interested Party. The Court is urged to adhere to the public policy that leans in favour of the fight against counterfeits. The Interested Party states that the Petitioner should wait the determination of the dispute by the Registrar and only commence production once it acquires proprietary rights through registration.

24. It is further the Interested Party’s case that the seizure was conducted in accordance with the procedure laid down in the AC Act. The AC Act, according to the Interested Party, does not envisage prior notices and any hearing takes place after the seizure and before the institution of criminal proceedings.

25. As for the prayers sought, the Interested Party asserts that an order cannot issue to quash a valid statutory process. The Court is therefore asked to dismiss the petition.

26. In the further affidavit sworn on 22nd May, 2020 by Lorna Solopian, the Petitioner denies that it is trying to solve a commercial dispute through a constitutional petition.

27. It is the Petitioner’s case that Section 5 of the TM Act recognizes the existence of unregistered trademarks and the Interested Party’s assertion that the Petitioner ought not to have commenced manufacturing before completion of the registration process goes against the spirit of the said Act and should be rejected. It is Petitioner’s position that the argument by the Interested Party that the use of the trademark should wait for the hearing of the objection and any appeal from the decision of the Registrar is only meant to stifle genuine competition. The Petitioner reiterates that it is already trading in the market and this fact is acknowledged by the impounding of its goods.

28. On the claim by the Interested Party that it specializes in counterfeiting products of other companies, the Petitioner vehemently denies the allegation stating that the Interested Party has made reference to Kenafric Industries Ltd which is a total stranger to it. The Petitioner denies having any other case pending in Court. The Petitioner accuses the Interested Party of attempting at all costs to stay the process of its entrance in the market.

29. The Petitioner points out that the Registrar has already made a decision that upon searching the database, the trademark it seeks to register is registrable. According to the Petitioner, this initial decision by the Registrar gives it the right to use the trademark pending registration.

30. The Petitioner accuses the Interested Party of failing to disclose to the Respondent that the Registrar had found its trademark to be available for registration and the existence of opposition proceedings in regard to that decision. Further, that the Interested Party also failed to disclose to the Respondent that the Registrar had not made a decision on the objection.

31. The Petitioner also asserts that the procedure used by the Respondent to seize its product did not meet the statutory requirements hence a violation of Articles 40 and 47 of the Constitution.

32. Through submissions dated 11th May, 2020 and further submissions dated 25th May, 2020, counsel for the Petitioner submits that the Petitioner having applied for a trademark which is awaiting the determination of an objection by the Interested Party cannot be said to be manufacturing counterfeit products. According to counsel for the Petitioner, the Respondent has a duty to establish that the goods are counterfeit; that the seizure is based on sound factual basis; and that the action is based on sound legal basis. It is urged that the Respondent also has a duty to determine whether the intention of the Interested Party is to scuttle genuine competition. The decision in the case of **Kenya Human Rights Commission & another v Non-Governmental Organizations Co-ordination Board & another [2018] eKLR** is cited as holding that the right to be heard before action is taken is not discretionary.

33. It is the Petitioner’s submission that the power to determine whether a trademark is likely to confuse or infringe another trademark is by law vested upon the Registrar. The Petitioner submits that the Registrar has already made a preliminary finding on the Petitioner’s trademark and the Respondent should wait the finding on the Interested Party’s objection before acting on the Interested Party’s complaint. According to the Petitioner, the Respondent acted on misinformation from the Interested Party and had a constitutional duty to give the Petitioner a chance to be heard before seizing its goods. Reliance is placed on Article 2 of the Constitution in support of the submission that the Respondent can only exercise power as provided by the Constitution.

34. The Petitioner contends that the actions of the Respondent violated its right to property as protected by Article 40 of the Constitution. According to the Petitioner, the goods seized are not counterfeit and pending the adjudication of the opposition by the Interested Party, the goods cannot be said to be counterfeit goods. Pointing to Section 22 of the TM Act, counsel submits that a trademark takes effect from the date of the application for registration of the trademark. Further, that the Petitioner has a legitimate expectation to own the trademark until and unless the registration is rejected.
35. In its further submissions the Petitioner stresses that the Respondent ought to await the decision by the Registrar before acting as there is already a dispute over the trademark. According to counsel for the Petitioner, the mandate of the Respondent can only be engaged after the Registrar has upheld the Interested Party's objection considering that the compliant will become superfluous if the opposition is dismissed by the Registrar.
36. The Petitioner contends that by acting before the Registrar has made a decision, the Respondent violated Article 50 of the Constitution which protects its right to a fair hearing before the Registrar. The Petitioner views the actions of the Respondent as an attempt to pre-empt the decision of the Registrar and in essence usurp the authority and mandate of the Registrar. Section 26(4) of the AC Act is cited as providing the manner of determining a dispute in respect of an industrial property right.
37. The Respondent is faulted for not adhering to Regulation 13(2)(b) of the Anti-Counterfeit Regulations, 2010 which requires that a complaint laid before the Respondent shall be accompanied by the fee specified in the 2nd Schedule. This, in the Petitioner's opinion, means that at the time its goods were seized on 23rd April, 2002 or 22nd April, 2020 there was no valid complaint as the prescribed fee was paid on 24th April, 2020 after the fact.
38. Additionally, the Petitioner submits that although Section 23 of the AC Act empowers an inspector to enter any place, premises or vehicle in respect of counterfeit goods, action must be based on reasonable suspicion. The Petitioner asserts that its product has not been declared counterfeit as the decision of the Registrar is being awaited. The decision in the case of **Francis John Wangange & another v Anti-Counterfeit Agency & 3 others [2018] eKLR** is cited for the proposition that the mandate under Section 23 of the AC Act can only be exercised upon reasonable grounds that the goods are counterfeit.
39. On the issue of jurisdiction, the Petitioner insists that this Court has jurisdiction in the circumstances of this case considering that the Court is being asked to resolve jurisdictional issues between two statutory bodies.
40. Through written submissions dated 19th May, 2020, counsel for the Respondent rebuffs the Petitioner's claim that the seizure of its product was done without observing principles of natural justice and that the action was not backed by law hence an abuse of power. Based on the holding in **Daniel Ingida Aluvaala & another v Council of Legal Education & another [2017] eKLR**, counsel for the Respondent concedes that public bodies can only do that which the law empowers them to do. Counsel, however, goes ahead to assert that the Respondent's actions were backed by law and specifically points to Section 33(3) of the AC Act as donating the power to seize suspected counterfeit goods. Counsel stresses that the complainant was entitled to lay a complaint that the goods were protected goods, that there was an intellectual property, and that there was reasonable suspicion hence all the requirements of Section 33 the AC Act were met. The Respondent points out that the Interested Party as the propriety of the *RHINO* and *KIFARU* trademarks was entitled to lay a complaint and had indeed submitted registration certificates which confirmed existence of the intellectual property rights.
41. On the requirement that the complaint must be based on reasonable suspicion, the Respondent cites the decision of **Republic v Anti-Counterfeit Agency Ex-parte Caroline Mangala t/a Hair Works Saloon [2019] eKLR** as defining what the term "*reasonable suspicion*" means. According to the Respondent, the complaint documents lodged with the Respondent were sufficient to found a reasonable suspicion that an offence may have been committed warranting action in accordance with Section 23 of the AC Act which empowers an inspector to search, inspect, seize and detain goods. The Court is urged to follow the decision in **Republic v Anti-Counterfeit Agency & 2 others Ex-parte FRM (EA) Packers Limited & another [2017] eKLR** and find that a valid complaint had been laid before the Respondent.
42. As to whether the Respondent was obligated to hear the Petitioner prior to the seizure of goods, the Respondent submits that the AC Act does not envision that a person suspected of committing an offence under the Act should be granted a hearing prior to inspection and seizure of goods. In support of this argument, reliance is placed on **Republic v Anti-Counterfeit Agency & 3 others Ex-parte Omega Chalk Industries (1993) Limited & another [2015] eKLR**, and **Republic v Anti-Counterfeit Agency & 2 others Ex-parte FRM (EA) Packers Limited & another [2017] eKLR**. The argument is firmed by reference to Section 25(3) of the AC Act which provides that any person aggrieved by the seizure of goods may apply to a court of competent jurisdiction for a determination that the seized goods are not counterfeit goods and for an order that the goods be returned to him. The Respondent's position is that it had no obligation to hear the Petitioner prior to seizing the suspected counterfeit goods.
43. The Respondent denies that its actions breached the principle of proportionality. The Respondent cites the decision in **Okiya Omtatah Okoiti v Communication Authority of Kenya & 8 others [2018] eKLR** as outlining the principle of proportionality and submits that the decision to seize the suspected counterfeit goods was not only in line with the provisions of the AC Act but also intended to meet the objectives of the Act. Further, that the law requires an inspector not only to seize suspected counterfeit goods but to also stop any continued manufacture of the suspected goods pending investigations to be concluded within a period of three months.
44. The Petitioner's claim that the Respondent breached its legitimate expectation is denied. The decision in the case of **Republic v Anti-Counterfeit Agency & 2 others Ex-parte FRM (EA) Packers Limited & another [2017] eKLR** is cited as explaining how the doctrine of legitimate expectation is applied. Based on the cited decision, it is urged that there cannot be a legitimate expectation against clear provisions of a statute. The Respondent contends that it cannot act against the provisions of statute in order to meet the Petitioner's expectations since that would be an illegality. The Respondent stresses that it is only after investigations that it would be in a position to make an informed decision on the matter.
45. As for the pending opposition proceedings before KIPi, the Respondent appreciates that the Institute is best placed to determine the grant of trademark rights through registration. The Respondent, however, submits that it should not escape this Court's mind that a *bona fide*

complaint is pending investigation before it. The Court is urged to strike a balance in the matter bearing in mind that the opposition proceedings may either go in favour of or against the Petitioner. The Court is persuaded not to place weight on the arguments by the Petitioner that it has expended millions of shillings in design of the trademark, manufacturing and distribution of the “*Big 5 safety matches*”. According to the Respondent, this is a risk the Petitioner willingly took which risk remains alive even if the Respondent had not been involved in the matter.

46. In what appears to be an alternative argument, the Respondent contends that should the Court find that the KIPi ought to first determine the opposition proceedings, its investigations should not be terminated and it should be allowed to complete the investigations and make its own objective determination of the matter based on its statutory mandate. The Court is consequently urged to dismiss the petition.

47. The Interested Party filed written submissions dated 15th May, 2020. The Interested Party’s take off point is that this Court lacks subject matter and procedural jurisdiction to hear the instant petition. According to the Interested Party, the issues before this Court can only be dealt with by a Court hearing criminal matters and by the Registrar. Reliance is placed on the decision of **Owners of the Motor Vessel “Lillian S” v Caltex Oil (Kenya) Ltd [1989] KLR 1** in urging this Court to abandon this matter.

48. The Interested Party contends that in order for this Court to engage the jurisdiction granted to it by Article 165(3)(d)(i) of the Constitution to determine the question whether anything said to be done under the authority of the Constitution or of any law is inconsistent with, or in contravention of the Constitution, it must be shown that the act complained of is an act said to be done under the authority of the Constitution or any law, or that the act was done in contravention of the Constitution and the law. The Interested Party contends that the Petitioner has made unsubstantiated allegations that its rights to property and fair hearing have been violated. It is the Interested Party’s case that at the heart of the petition is a commercial dispute relating to intellectual property rights. Reliance is placed on Practice Directions published in November 1997 by Chief Justice Cockar which provides that matters of intellectual property rights should be heard by the Commercial Division of this Court.

49. On the claim by the Petitioner that its right to property has been violated, the Interested Party cites the case of **Patrick Njiru Kuria v Director of Criminal Investigations & 4 others [2019] eKLR** for the proposition that the exercise of the powers of an inspector under the AC Act does not amount to violation of the rights to privacy and property. Also cited is the decision in the case of **Paul Kihara Nduba t/a Shikanisha Shoes Collection v Attorney General & another, Nakuru HC Petition No. 17 of 2015** for the holding that seizure of goods is in line with the objective of protecting intellectual property and does not amount to invasion of private property.

50. The Interested Party points to Section 25 of the AC Act as granting the Respondent three months from the date of seizure of goods to process the case and arraign the counterfeiter in court. It is stated that three months have not lapsed and the Petitioner should patiently wait for its day in court. It is submitted that the other alternative available to the Petitioner is to move the court under Section 25(3) of the AC Act for a declaration that the goods are not counterfeit goods.

51. The Interested Party contends that the original jurisdiction to hear cases on whether a product is counterfeit or not vests in a magistrate’s court exercising criminal jurisdiction and this Court does not have jurisdiction to deal with the matter. The Interested Party urges that the procedure laid down in the law has so far been followed by the Respondent. Further, that although the Petitioner complains that it has not been heard, it has not pointed out the legal provisions allegedly violated.

52. On the prayer by the Petitioner that it be allowed to continue producing and selling its product pending the hearing and determination of the opposition proceedings, the Interested Party asserts that an applicant for registration of a trademark does not have any proprietary rights. Relying on Section 12 of the TM Act, the Interested Party submits that a trademark may be registered unopposed, subject to disclaimers or upon conclusion of opposition proceedings.

53. It is the Interested Party’s case that the Petitioner ought to have waited for conclusion of the opposition proceedings before making a decision whether to produce and sell safety matches under the offending trademark. It is the submission of the Interested Party that the TM Act and the AC Act are complete and independent statutes with separate procedures and there is no requirement in law to await the conclusion of proceedings under one Act before commencing proceedings under the other.

54. Turning to a different issue, the Interested Party urges the Court not to usurp the jurisdiction of the subordinate courts or tribunals. Reliance is placed on the decision in **Sony Corporation v Sony Holding Limited [2018] eKLR** for the proposition that the hearing of opposition proceedings is an exclusive jurisdiction of the Registrar. The decision of the Supreme Court in **Samuel Kamau Macharia v Kenya Commercial Bank & 2 others, Civil Appeal No. 2 of 2011** is quoted as stating the importance of jurisdiction. The Court of Appeal in **Bethwell Allan Omondi Okal v Telkom (k) Ltd (Founder) & 9 others [2017] eKLR** is quoted on the need for parties to exhaust other statutory mechanisms for resolution of disputes before moving the High Court by way of constitutional petitions.

55. The Interested Party also accuses the Petitioner of failing to cite the provisions of the Constitution allegedly violated by the Respondent and the manner of violation of the provisions. Further, that the Petitioner commenced sales less than one month prior to the institution of the petition and has not suffered any prejudice as it has no presence in the market. The Interested Party submits that it will suffer prejudice as concurrent use in the market is one of the defences to opposition proceedings and allowing the Petitioner to operate in the market will make it establish the defence of concurrent use.

56. According to the Interested Party, allowing the petition will derive it of the right to appeal against the decision of the Registrar and will usurp the role of the magistrate’s court. The Court is urged to find that this petition has no merit and dismiss it.

57. A perusal of the pleadings and submissions filed before this Court narrows the issue for the determination of this Court to the question whether the Respondent has acted within its statutory mandate.

58. It is necessary to state from the onset that this Court has not been asked to determine the issue of the registrability of the trademark

which the Petitioner is in the process of registering and which has attracted opposition proceedings from the Interested Party. The Court has also not been formally asked to consider whether or not the product seized from the Petitioner and its distributors is counterfeit or not.

59. The Court's duty is simply to determine whether the Respondent acted within its statutory mandate by seizing the Petitioner's product. The allegation by the Petitioner that its rights to property and fair administrative action were violated by the Respondent will be addressed in the process.

60. Does the Petitioner have a registered trademark? The Petitioner appears to submit that the fact that the Registrar has indicated that the trademark it seeks to register is available for registration means that the trademark will be registered from the date of the application. The Interested Party holds a contrary view.

61. Part III (sections 20-24) of the TM Act provides the procedure for and duration of registration. Section 22(1) provides:-

“(1) When an application for registration of a trade mark in Part A or in Part B of the register has been accepted, and either

(a) the application has not been opposed and the time for notice of opposition has expired; or

(b) the application has been opposed and the opposition has been decided in favour of the applicant, the Registrar shall, unless the application has been accepted in error, register the trade mark in Part A or Part B, as the case may be, and the trade mark, when registered, shall be registered as of the date of the application for registration, and that date shall be deemed for the purposes of this Act to be the date of registration:

Provided that the provisions of this subsection, relating to the date as of which a trade mark shall be registered and to the date to be deemed to be the date of registration, shall, as respects a trade mark registered under this Act with the benefit of any enactment relating to international or inter-imperial arrangements, have effect subject to the provisions of that enactment.”

62. The cited provision shows that even though the registration of a trademark commences from the date of the application for registration, it is clear that where opposition proceedings have been commenced, registration can only occur once the opposition proceedings are concluded. Opposition proceedings are therefore part of the registration process and a trademark can only be deemed to be duly registered after the opposition proceedings have been concluded in favour of the person seeking to register the trademark. All the parties agree that the Interested Party has filed opposition proceedings before the Registrar and the proceedings are pending determination. The outcome of those proceedings will determine whether the Petitioner's trademark will be registered or not. It therefore follows that the Petitioner's seized product was not manufactured under a registered trademark and was therefore exposed to a complaint that it is counterfeit. This takes me to the AC Act.

63. Section 2 of the AC Act defines “counterfeiting” as follows:-

“counterfeiting” means taking the following actions without the authority of the owner of intellectual property right subsisting in Kenya or elsewhere in respect of protected goods-

(a) the manufacture, production, packaging, re-packaging, labelling or making, whether in Kenya or elsewhere, 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 or elsewhere, 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 or elsewhere, in violation of an author's rights or related rights;

(d) in relation to medicine, the deliberate and fraudulent mislabelling 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;

Provided that nothing in this paragraph shall derogate from the existing provisions under the Industrial Property Act.”

64. At Section 3 of the AC Act there is established the Anti-Counterfeit Authority whose functions as per Section 5 are:-

“(a) enlighten and inform the public on matters relating to counterfeiting;

(b) combat counterfeiting, trade and other dealings in counterfeit goods in Kenya in accordance with this Act;

(c) devise and promote training programmes on combating counterfeiting;

(d) co-ordinate with national, regional or international organizations involved in combating counterfeiting;

- (da) 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;
- (db) to carry out inquiries, studies and research into matters relating to counterfeiting and the protection of intellectual property rights;
- (e) carry out any other functions prescribed for it under any of the provisions of this Act or under any other written law; and
- (f) perform any other duty that may directly or indirectly contribute to the attainment of the foregoing.”

65. Section 22 of the AC Act provides for the appointment of inspectors and Section 23(1) empowers the said inspectors to:-

(a) enter upon and inspect any place, premises or vehicle at, on or in which goods that are reasonably suspected of being counterfeit goods are to be found, or on reasonable grounds are suspected to be manufactured, produced or made, and search such place, premises or vehicle and any person found in such place, premises or vehicle, for such goods and for any other evidence of the alleged or suspected act of dealing in counterfeit goods, and for purposes of entering, inspecting and searching such a vehicle, an inspector may stop the vehicle, wherever found, including on any public road or at any other public place;

(b) take the steps that may be reasonably necessary to terminate the manufacturing, production or making of counterfeit goods, or any other act of dealing in counterfeit goods being performed, at, on or in such place, premises or vehicle, and to prevent the recurrence of any such act in future:

Provided that the steps shall not include the destruction or alienation of the relevant goods unless authorized by an order issued by a court of competent jurisdiction:

(c) seize, detain and, where applicable remove for detention all the goods in question found at, on or in such place, premises or vehicle:

(d) seize, detain and, where applicable, remove for detention any tools which may be used in the manufacturing, production, making or packaging of those goods or applying a trade mark or that exclusive mark on such goods:

(e) if he reasonably suspects that a person at, on, or in such place, premises or vehicle may furnish any information with reference to any act of dealing in counterfeit goods-

(i) question that person and take down a statement from him:

(ii) demand and procure from that person any book, document, article, item or object which in any way may be relevant to nature, quantity, location, source or destination of the goods in question, or the identity and address of anyone involved or appears to be involved as a supplier, manufacturer, producer, maker, distributor, wholesaler, retailer, importer, exporter or clearing and forwarding agent of, or other dealer in the goods in question; and

(f) seal or seal off any place, premises or vehicle at, on or in which-

(i) the goods in question are found, or are manufactured, produced or made, either wholly or in part;

(ii) any trade mark, any exclusive mark or any work which is the subject matter of copyright, is applied to those goods;

(iii) the packaging for those goods is prepared; or

(iv) the packaging of those goods is undertaken.”

66. Section 33 of the AC Act provides the procedure for laying of a complaint by the holder of an intellectual property as follows:-

“(1) Any holder of an intellectual property right, his successor in title, licensee or agent may, in respect of any protected goods, where he has reasonable cause to suspect that an offence under section 32 has been or is being committed, or is likely to be committed, by any person, lay a complaint with the Executive Director.

(2) The complainant shall furnish, to the satisfaction of the Executive Director, such information and particulars, as may be prescribed, to the effect that the goods with reference to which that offence has allegedly been, or is being, or is likely to be, committed, prima facie are counterfeit goods.

(3) Where the Executive Director is reasonably satisfied—

(a) that the complainant is a person entitled to lay a complaint under subsection (1); and

(b) that—

(i) the goods claimed to be protected goods, prima facie are protected goods; and

(ii) the intellectual property right, the subject matter of which is alleged to have been applied to the offending goods, prima facie subsists; and

(c) that the suspicion on which the complaint is based appears to be reasonable in the circumstances, the Executive Director shall cause appropriate steps to be taken in accordance with section 23(1).

(4) The preceding provisions of this section shall not preclude an inspector from taking any appropriate steps on his own initiative including receiving and acting on consumer complaints in relation to any act or conduct believed or suspected to be an act of dealing in counterfeit goods, provided the provisions of this Act are complied with.

(5) Nothing in this section shall preclude the Executive Director from causing appropriate steps to be taken in accordance with section 23(1) in the event of an infringement of an intellectual property right for which no complaint has been lodged by the holder thereof in accordance with subsection (1) of this section.

(6) Notwithstanding the provision of subsections (1) and (2) of this section, a consumer or purchaser of goods may, where he has reasonable cause to suspect that an offence under this Act has been committed, is being committed or is likely to be committed by any person, lay a complaint with the Executive Director who shall cause appropriate steps to be taken in accordance with the provisions of this Act.”

67. I have cited the AC Act at length in order to show the extensive powers given to the Respondent in matters touching on counterfeit goods. The Petitioner claims violation of constitutional rights without showing how the Respondent has acted contrary to its statutory mandate. How can one say a statutory body has violated the Constitution when it is complying with its establishing law?

68. The Petitioner alleges that it was not heard by the Respondent. As pointed out by the Respondent, Section 28(1) of the AC Act provides that seized goods be released within a period of three months after the date of seizure unless a person has been charged with an offence under the Act in connection with goods. The Respondent is therefore given a period of three months from the date of seizure to hold onto the goods as it carries out investigations. Section 25(3) nevertheless provides an antidote to any abuse of that power by stating that:-

“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.”

69. I find merit in the submission by the Respondent that the hearing in a case of seizure of suspected counterfeit goods comes after the act. To notify a counterfeiter of a planned raid is likely to defeat the object of the statute. A raid is conducted with a view to seizing and preserving evidence. It is at the time of the seizure or after the seizure of the goods that the person found with the goods is given an opportunity to explain why the goods are not counterfeit. That explains the provision in Section 28(1) of the AC Act that the goods should be returned to the person from whom they were seized unless a person has been charged with an offence under the Act. The law envisages a situation where mistakes can be made. What the Petitioner did in this case is to dash to Court without bothering to explain its position to the Respondent. In such circumstances, the Respondent cannot be accused of failing to afford the Petitioner an opportunity to be heard. There is therefore no reason for holding that the Respondent did not hear the Petitioner. At this point in time, it is not known whether the product seized from the Petitioner and its distributors is counterfeit. If it is counterfeit then the Petitioner cannot be heard to say that it has been deprived of its property. On the other hand, if the Respondent establishes that the product is not counterfeit then it is obligated to return the goods to the Petitioner. The continued retention of the Petitioner’s property by the Respondent in line with the provisions of the AC Act is therefore not a violation of the Petitioner’s right to property.

70. In proceeding to manufacture and sell a product without having registered a trademark for the product, the Petitioner exposed itself to the operations of the AC Act. The act of rushing to Court without first attempting to explain itself before the Respondent renders the Petitioner’s case premature as it is yet to be determined whether the product seized was counterfeit or not. The Respondent was yet to act in violation of the Petitioner’s right to be heard and the right to property at the time the Petitioner moved to this Court.

71. There is the complaint by the Petitioner that the procedure for laying a complaint was not complied with as the payment of the statutory fee was made after the raid. The Respondent did not address this allegation. Nevertheless it is noted that an inspector is mandated to act *suo moto* where an offence under the AC Act is reasonably suspected to have been committed. In any case the statutory fee was actually paid. I therefore do not find merit in this complaint.

72. In short, the instant petition is without merit. The same is dismissed with costs to the Respondent and the Interested Party.

Dated, signed and delivered through video conferencing/email at Nairobi this 25th day of June, 2020.

W. Korir,

Judge of the High Court