REPUBLIC OF KENYA

IN THE HIGH COURT OF KENYA AT NAKURU

CRIMINAL APPEAL NO. 12 OF 2017

KENNEDY OSORO NYOKA.....APPELLANT

VERSUS

REPUBLIC.....STATE

(Being an appeal from the Judgment of Honourable J.N. Nthuku – Senior Resident Magistrate, delivered on 26th day of January, 2017 at Nakuru Chief Magistrate's Criminal Case No. 724 of 2012)

JUDGMENT

1. Gitau Mwangi is the Marketing Manager for Petreshah General Suppliers ("Petreshah"). Among other things, Petrashah deals with incubators. It holds the trademarks for certain incubators in Kenya. Among the trademarks Petreshah holds is one for an egg incubator known as JN5-60. In its promotional materials which were produced as exhibits in Criminal Trial in Nakuru ***Chief Magistrate's Criminal Case No. 724 of* 2012**, Petreshah described JN5-60 as a

> "manual incubator."

2. In the Criminal Trial, the Appellant herein, Kennedy Osoro Nyoka, was charged with the offence of being in possession, in the course of trade, counterfeit goods contrary to section 32(a) as read together with section 35(1) of the Anti-Counterfeit Act, 2008. The facts stated in the charge sheet were that on 28/02/2012 at 10:30am, in Section 58 within Nakuru town, the Appellant had in his possession and in the course of trade counterfeit goods namely 16 pieces of egg incubators in violation of trademark JN5-60, Class 7, No. 71117 belonging to Petrishah General Supplies, the said goods having a total retail value of Kshs. 256,000/-.

3. During the Criminal Trial, Petreshah's proprietor, Peter Ngige, testified and produced an agreement with the worldwide owner of the JN5-60 trademark, China Yuquing Janoen making Petreshah the sole distributor of the egg incubator in Kenya. Mr. Ngige also produced a Certificate for use in legal proceedings and the trademark as registered in Kenya. There is no contest that Petreshah was the owner of JN5-60 trademark in Kenya in the period 2011-2012. As such, Petreshah had the legal right to enforce the trademark including making complaints to the Anti-Counterfeit Authority (ACA) about any infringements on the trademark.

4. In early 2012, both Mr. Ngige and Mr. Mwangi, his Marketing Manager, began receiving information or complaints that someone other than Petreshah was distributing and selling JN5-60. The information was that the incubators were of low quality. Naturally, Petreshah was concerned.

5. Petreshah zeroed in on the source of the "offending" incubators, which they suspected to be counterfeit goods, to Nakuru. They came up with a plan to confirm the source and identity of the distributor.

6. Mr. Gitau got some flyers with information on whoever was selling the incubators. He called one of the numbers and talked to one, Gilbert Osoro. In the conversation, Mr. Gitau posed as a buyer. Gilbert directed Mr. Gitau to travel to Nakuru. He did this. Still posing as a customer, he purchased an incubator from the said Gilbert; and was issued with a receipt. He travelled back to Nairobi and consulted with Mr. Ngige. They came to the conclusion that the incubator he had purchased in Nakuru was counterfeit and an infringement of the trademark Petreshah held for JN5-60. They went to ACA offices and filled a complaint form.

7. ACA contacted Mr. Ngige and Mr. Gitau and facilitated their recording of a statement. Together, they, then, hatched a plan. Mr. Ngige would still pose as a customer and try to purchase more incubators from the same people who had sold to him before and then have ACA backed up by law enforcement officers move in.

8. The date selected for the operation was 28/02/2012. On that day, Mr. Gitau Mwangi travelled again to Nakuru. He had earlier made a call to the same Gilbert he had earlier purchased the incubator from and was directed to Kennedy Osoro Nyoka. That is the Appellant herein. Mr. Gitau obliged. Upon getting to Nakuru, he called the Appellant. They agreed to travel to a house in Section 58 Estate in Nakuru to see the incubators for sale. This they did. Mr. Gitau then feigned that he was going to collect cash to pay for the incubators. This gave him an

opportunity to get in touch with the ACA officers with whom he had planned the sting operation. They moved in backed up by some Police Officers. They recovered fifteen incubators in the house. They seized them. They also arrested the Appellant in the house.

9. The two ACA officers who seized the incubators on 28/02/2012 were Thomas Joseph Odek and Sawel Entikai Sarich. Both are gazetted ACA inspectors. They both testified in the trial of the Appellant. Summarized, their testimonies backed up that of Mr. Gitau, who testified as PW1 in material respects. Mr. Joseph testified that when seizing the incubators, they noticed that the packaging was like that of Petreshah but that it had no KEBS stamp. He also testified that the incubators were the same to the eye except the plug: the plug of the seized incubators had two pins while the prototype incubator provided by Petreshah had three pins. Mr. Joseph then sent the incubator to KEBS for analysis. He produced the KEBS analysis report despite objections from the Defence. His colleague, Mr. Sarich corroborated the testimony of Mr. Joseph.

10. Put on his defence, the Appellant did not contest the basic facts of the case: that he was, indeed, in possession of the 16 incubators which were seized from him at a house in Section 58 in Nakuru. However, he vehemently protested that the incubators were counterfeit or otherwise an infringement of the trademark held by Petreshah. He testified that the incubators in question were, instead, JN2-60 which is a different model. He testified that the incubators in question were legally imported from China by his Principal, Moses Maragia. He further testified that the goods were tested in China before importation and KEBS issued a Certificate showing that they were of acceptable quality. He produced a Pre-export Verification of Conformity Certificate (PVOC) issued in the name of Moses Nyandusi Maragia for the importation of 124 pieces of "incubators". On the standard/normative reference column, the PVOC says "As per manufacturer's specifications." Unfortunately, we are unable to tell the actual model of the imported incubators therefore. However an Invoice issued by Yueqing City Full Imp. And Exp. Co. Ltd, also produced as an Exhibit by the Defence, shows that there were 100 pieces of JN2-60 incubators; 14 pieces of JN5-60 incubators and 10 pieces of JN7-56 incubators.

11. The Appellant also produced a letter addressed to the OCS, Central Police Station, Nairobi requesting the OCS to refund to Moses Maragia his bail money because it would be impossible to sustain a charge of counterfeiting in the face of the importation documents he had supplied to ACA. That letter is purportedly signed by a Mr. Stan Manthi of ACA. Its authenticity was not questioned by ACA or Prosecution. Neither were the other documents produced by the Appellants – including ACA forms showing that JN2-60 incubators seized from Moses Maragia were released back to him; the PVOC; and the invoices.

12. The Appellant's theory of the case was that he was found in possession of lawful JN2-60 incubators and not JN5-60 incubators. He argued that the evidence presented did not prove beyond reasonable doubt that what he had were JN5-60 incubators. He argued that what Petreshah is trying to do using the case is to enforce an industrial design and other forms of intellectual property through the backdoor: by using trademark law. He further argued that JN2-60 is an earlier, analogue model of the same incubator to which Petreshah has a Kenyan trademark; and that it is protected by a worldwide trademark.

13. In the trial, the Learned Trial Magistrate was not persuaded by these arguments by the Appellant. She analyzed the evidence thus:

> *On whether JN5-60 incubators were seized from the Accused Person, all the four Prosecution witnesses said that 16 incubators were seized from the Accused Person. The inventory of seized goods shows that among the seized incubators were JN5-60. The Accused Person in his defence said that he was trading in JN2-60 not JN5-60 but the inventory says otherwise. It is even among the defence exhibits showing JN5-60 among others. The Accused Person further introduced the issue of internationally registered trademark and documents to show the incubators were imported from China. However, the invoice he produced is for one Moses Maragia, a total stranger in this case. He never even attempted to tell Court who Maragia was or what relationship he had with the Accused so the documents belonging to Maragia have no bearing at all in this case.*

14. With that dispositive analysis, the Learned Trial Magistrate convicted the Appellant of the offence charged. She sentenced him to pay a fine of Kshs. 768,000/- or in default to serve three (3) years in prison.

15. The Appellant is aggrieved by both the conviction and sentence. His present lawyer, Mongeri & Co. Advocates, filed a Petition of Appeal with an astonishing 24 grounds of appeal. They followed it up, upon instructions from the Court, by filing Written Submissions in which they expounded sometimes in a painfully peremptorily manner on 18 of these grounds. In truth, most of the grounds were repetitive.

16. As a first appellate Court, the Court has the duty to re-evaluate all the evidence given at trial and come to its own independent conclusions. This Court is not to merely confirm or disconfirm particular hypothesis made by the Trial Court. Even then, this Court must be acutely aware that it neither saw nor heard the witnesses as they testified and, therefore, it must make an allowance for that. See ***Okeno v R [1972] EA 32*** and ***Kariuki Karanja v R [1986] KLR 190***.

17. The appeal was argued by way of written submissions followed by oral highlighting. I have carefully read the filed submissions by both the Appellant's Counsel and the Prosecution. In my view, the case presents two issues for resolution:

a. Whether sufficient evidence was produced to prove the charge beyond reasonable doubt;

b. Whether the Trial Court shifted the burden of proof in resolving the case as it did on the question of whether the impugned incubators were model JN5-60 or JN2-60.

18. The Appellant's submissions argue ponderously on two points which I would like to deal with summarily. First, an argument is raised in different guises that it was an error for the Trial Magistrate to convict yet the impugned incubators were not produced in evidence. There is ample evidence in the Court record to show that the impugned incubators were actually produced as exhibits. They were marked and examined by the Trial Magistrate who even made remarks about them in her judgment. At the conclusion of the case, she ordered for the incubators to be destroyed. That is all one needs to say about these lines of arguments.

19. There is also an argument pursued quite vigorously that it was improper for the Trial Magistrate to convict without the testimonies of the Registrar of Trademarks and an expert from KEBS who did the analysis of the incubators. This argument fails for two reasons.

First, the Appellant's lawyer had been served with the Trademark Certificate as well as the KEBS report. He did not protest either or demand for the authors to be present to produce them at the time of trial, though he belatedly attempted to do so and was overruled by the Trial Court. Second, and more importantly, these documents were properly admitted under section 77 of the Evidence Act. The Appellant and his lawyer were, of course, at liberty to call the makers of the documents for cross-examination if they contested their authenticity.

20. I will now turn to the more substantive complaints about the conviction. Was evidence beyond reasonable doubt presented in the case to convict the Appellant? And, in analyzing the evidence, did the Learned Trial Magistrate impermissibly shift the burden of proof to the Appellant?

21. The Appellant was charged under section 32(a) of the Anti-Counterfeit Act, 2008. That 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*.

22. "Counterfeit goods", on the other hand, is defined in section 2 of the ACA to mean:

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

23. Finally, "counterfeiting" is defined in section 2 of the 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 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*:

24. To sustain a conviction, the Prosecution needed prove, beyond reasonable doubt, three elements:

> a. That the Appellant was in possession;
>
> b. Of counterfeit goods;
>
> c. In the course of trade.

25. The first and third elements were not in contest in the trial. Indeed, in his defence, the Appellant freely admitted that he was found in possession of the incubators; and that he was in the business of distributing them. The only question for determination was whether the incubators seized from the Appellant were proved beyond reasonable doubt to be counterfeit goods.

26. For this element to be established, the Prosecution needed to prove that:

> a. The Complainant was the owner of the trademark JN5-60;
>
> b. The seized incubators were, in fact, JN5-60 incubators.

27. There is no doubt that the Prosecution established beyond any reasonable doubt that Petreshah was the owner of the trademark JN5-60. The final question, though, was whether it was established beyond reasonable doubt that the seized incubators were, in fact, JN5-60.

28. The Learned Trial Magistrate became persuaded that the seized incubators were JN5-60 for three reasons recorded in the judgment. First, she says that the inventory form says that what was seized was JN5-60 incubators. Second, she ruled that the documents related to a Mr. Moses Maragia which were produced in the case were of no probative value in the case and thus did not rely on them. Third, the Learned Trial Magistrate ruled that even some of the Defence exhibits mentioned JN5-60.

29. In my view, the Learned Trial Magistrate fell into error on all three points. First, the fact that the inventory filled out by the ACA inspectors before analysis stated that the seized goods were JN5-60 should not have been dispositive of that question. What the Inventory

Form shows is the *prima facie* impression of the ACA inspectors based on the complaints received. It is this actual issue which is on trial. Mere recording that what has been seized is particular counterfeit goods cannot preempt the judicial trial of that question. A recordation by ACA inspectors that what was seized was counterfeit JN5-60 does not, without more, miraculously transform the seized goods into counterfeit JN5-60 goods.

30. Second, it was an error to rule that the documents produced by the Appellant were irrelevant to the case. In his testimony, the Appellant contextualized the documents he produced by this telling statement:

> *I produce KEBS Test Report as Exhibit D-5. I had import standardization stamps through my principal in Nairobi. ACA impounded the same at some point. I produce Exhibit D-6. I produce the invoice for the incubators to show they were imported from China – Exhibit D-7.*

31. It is important to recall that the Appellant was acting in person at this point. Yet, in my view, he makes it very clear that the relationship between him and the documents he was producing were that the person named in the documents was his "Principal." This is Moses Magaria. Immediately the Appellant produced this evidence and assumed that argument, it behooved the Prosecution to disprove that the said Moses Magaria was not, in fact, the Appellant's Principal; and that the documents produced did not cover the seized incubators.

32. It is a cardinal principle of Criminal law that the Defence never bears the burden to prove anything – including the defence theory. At most, the Appellant bore the burden of production: to put enough material on the table to indicate a plausible theory of the defence. Once the Appellant had done this, the burden shifted back to the Prosecution to demonstrate the implausibility of the defence theory. The Prosecution failed to do so here. It was incumbent upon the Prosecution to demonstrate that the documents produced by the Appellant were spurious and unrelated to the seized incubators. This was especially important given that the Appellant's theory was that the seized incubators were, in fact, not JN5-60 incubators but JN2-60 incubators.

33. It also does not follow that the fact that some of the Defence documents showed that some JN5-60 incubators were imported renders the Appellant's defence implausible or futile. In fact, the most relevant document in this regard is the Invoice from Yueqing City Full Imp. And Exp. Co. Ltd. As pointed out above, that invoice shows that there were 100 pieces of JN2-60 incubators; 14 pieces of JN5-60 incubators and 10 pieces of JN7-56 incubators in the consignment to Moses Maragia. What this means, then, is that even if all the JN5-60 incubators in that consignment ended up in the Appellant's hands, they would have been less than the 16 seized from him. This raises real doubt whether the incubators seized from him were, in fact, JN5-60 if the Invoice is believed as the Learned Trial Magistrate implied.

34. It is worth pointing out that there was no independent evidence that was brought before the Court to demonstrate that the seized incubators were an attempt to imitate JN5-60 trademark and not a genuine JN2-60. All the Prosecution evidence was singularly focused at proving was that the seized incubators were not genuine JN5-60 incubators which only Petreshah is permitted to import into the country. In the end, it seemed that what was stake was a contest on whether the incubators imported by the Appellant into the country was an earlier analogue model of the incubator to which Petreshah holds a trademark; and whether the trademark in question covers that earlier model. Either way, it appears that the blunt tool of criminal law would be the wrong one for resolving that dispute.

35. The upshot is that at the conclusion of the case, there was real doubt whether the seized incubators had, in fact, infringed the trademark JN5-60 locally owned by Petrishah or whether they were covered by the trademark JN2-60. In the face of those doubts, a verdict of not guilty should have been returned.

36. **In the circumstances of this case, it is the duty of this Court to quash the conviction and set aside the sentence imposed which I hereby do. In its place, judgment shall be entered acquitting the Appellant.**

37. Orders accordingly.

Dated and delivered at Nakuru this 14th day of May, 2020

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JOEL NGUGI

JUDGE

NOTE: This judgment was delivered by Video-conference facility pursuant to the various Directives by the Honourable Chief Justice asking Courts to consider use of technology to deliver judgments and rulings where expedient due to the Corona Virus Pandemic. This resulted in Administrative Directives dated 01/04/2020 by the Presiding Judge, Nakuru Law Courts authorizing the delivery of judgment by video-conferencing. This avoided the need for the participants to be in the same Court room for the delivery of the judgment. The Appellant attended by video-conference from Prison while the Prosecutor, Ms. Verne Odero, and the Court Assistant were in attendance by video-conference set up at the Court's Boardroom. Representatives of the media were able to access the proceedings by watching at the Court's Boardroom. Accordingly, the proceedings met the constitutional requirement of public hearing.a