

UNIVERSITY OF NAIROBI

SCHOOL OF LAW

**THE EFFICACY OF ANTI COUNTERFEIT LAWS IN THE DIGITAL AGE IN
KENYA.**

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Declaration

I declare that *this research project is* my original work and has not been submitted for an award to university or institution.

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Dedication

To my dear dad who has been my greatest support during this journey and my late mum with whom we have not been able to finish this journey with, it hurts to know you will not be able to see me achieve this milestone. My lovely siblings Isaac and Margaret I appreciate you all.

Acknowledgement

To my God, thank you for your gift of wisdom and favour on this journey and above all life.

Psalms 9:1 I will give thanks to you Lord, with all my heart, I will tell of your wonderful deeds.

Special thanks go out to my supervisor Dr Peter Munyi for your invaluable support and guidance throughout this study, may the good surely bless you.

I would also love to appreciate Professor Ben Sihanya for his invaluable and unwavering output and guidance throughout this journey.

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Abbreviation and Acronyms

ACA	Anti-Counterfeit Authority (Kenya).
ACTA	Anti-counterfeiting Trade Agreement.
ADR	Alternative Dispute Resolution.
ARIPO	African Regional Intellectual Property Organization.
BASCAP	Business Action to Stop Counterfeiting and Piracy.
CBP	Customs Border Protection
Cap	Chapter
CEDAW	Convention of the Elimination of all forms of Discrimination Against Women, 1979.
EA	East Africa.
EAC	East African Community.
EALA	East African Legislative Assembly.
FDI	Foreign Direct Investment.
ICESCR	International Covenant on Economic, Social and Cultural Rights, 1966.
ICC	International Chamber of Commerce.
ICT	Information and Communication Technology.
DMCA	Digital Millennium Act.
IP	Intellectual Property.

IPRs	Intellectual Property Rights.
IPT	Industrial Property Tribunal.
ISP	Internet Service Provider.
KAM	Kenya Association of Manufacturers.
KEBS	Kenya Bureau of Standards.
KECOBO	Kenya Copyright Board.
KES	Kenya Shillings.
KIPI	Kenya Industrial Property Institute.
KLR	Kenya Law Report.
KP & TC	Kenya Posts and Telecommunications Corporation.
MCSK	Music copyright Society.
OECD	Organisation of Economic Co-operation and Development.
PCT	Patent cooperation Treaty
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, Apr.15, 1994.
USA	United states of America.
VPN	Virtual Private Network
WHO	World Health Organisation.
WIPO	World Intellectual Property organization.

WTO World Trade Organisation.

USA United states of America.

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Panyahululu & Co Ltd V ACA & the Director of Public Prosecutions & Societe Bic Petition No 59 of 2013.

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Patent Cooperation Treaty, June 19, 1970

Paris Convention for the Protection of Industrial Property, March 20, 1883.

Swakopmund Treaty for the Protection of Traditional Knowledge, Folklore and Expressions of Culture 2010

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ABSTRACT

The internet is of utmost importance for companies and organisations to boost their online presence worldwide. The Internet represents a way to reach customers via online marketplaces and social media in a cost-effective manner. However, this medium is increasingly being a threat for intellectual property rights which have to fight against the phenomenon of online trade of counterfeit goods. Counterfeiters have also seen the online environment as the easiest way to sell unlawful replicas of products without having to expose their identities.

The general objective of the study is to critically examine the effectiveness of the Anti-counterfeit laws in the digital age in Kenya and to suggest recommendations intended to strengthen the relevant enforcement agencies. Specifically, the research sought to identify the following: the gaps in the existing anti-counterfeiting legal and institutional frame work in Kenya in the digital age, and the practical solutions to counterfeiting in Kenya in the digital age.

The data and information pertaining to this study was obtained through a mixed research approach; relevant literature from books, academic papers, journals, newspapers, the internet, and a comparative study with the USA.

The findings of this study reveal that although there is a framework dealing with counterfeiting, there is a need to further strengthen the framework to ensure the protection and enforcement against counterfeiting in the digital environment.

CHAPTER ONE

INTRODUCTION

1.0. Background of the problem

Like most of its African counterparts, Kenya is embracing the Digital Revolution mainly through two agents the internet and mobile phone technology¹. This has spurred significant developments in nearly every area of the country's socio-economic and cultural profile.² The ever expanding access to and the use of digital technologies and the internet³ has opened up opportunities for new economic ventures in various industries, improved the activities and services performed by the public sector, facilitated access to vast amount of information and encouraged the creation of vibrant online community that defies geographical boundaries.⁴

But the same internet has proven to be the most widely used as counterfeit trade medium and has allowed for the proliferation of intellectual Property infringing goods⁵.

Counterfeiting has become a global epidemic leading to a significant drain on business and global economy, jeopardising investments in creativity, innovation, consumer health, and safety risks.⁶ Kenya has the largest market in East Africa and serves as the major distributing point to

¹ World Bank, 'World Development Report 2016: Digital Dividends (The World Bank 2016)' <<http://www.wds.worldbank.org/external/default/WDScontent/server/WDSP/IB/2016/01/13/090224b08405e05/2-0/rendered/PDF/Word0developm000digital0dividends.PDF>> accessed 9th /01/ 2019.

² ibid

³ Communications Authority of Kenya, 'Quarterly Sector statics Report; Second Quarter of the financial Year 2017/18' <<http://ca.go.ke/imagesd/downloads/STASTICS/Quaterly%20Sector%20Stastics%20report%FY%202015:2016%20ctober-December%202015%20Final.pdf>> accessed 9th /01/ 2019.

⁴ World Bank (n1)

⁵ World Intellectual Property Office, 'IP infringement online: The Dark Side of Digital' (WIPO magazine April 2011) <<http://www.wipo.int/wipo-magazine/en/2011/02/article-0007htm//>> accessed on 10th /01/ 2019

⁶ Business Action to stop counterfeiting and piracy and Kenya Anti-counterfeiting Agency, 'Promoting and Protecting Intellectual Property in Kenya' (International Chamber of Commerce 2013)

Uganda, Rwanda and Ethiopia.⁷ Like other countries Kenya has been facing disturbing increase in trade in counterfeit products and smuggled goods, the illicit industry is estimated at approximately US \$835 million even rivalling foreign exchange earners like tourism tea and coffee.⁸ At least 70% of Kenyans or consumers in Kenya have purchased or handled counterfeits, of these 19% have purchased these products knowing very well that they were counterfeits; however 81% unknowingly purchased counterfeit products.⁹ The Kenya Association of Manufactures estimates that 40% of the local market share is lost to counterfeits with the government losing atleast 200 billion in potential revenue annually.¹⁰

In Kenya the number of counterfeit goods being sold by virtual shopping websites such as electronics, cosmetics cigarettes, and alcoholic drinks has significantly increased.¹¹ This is majorly due to the increasingly effective and coordinated efforts in the dismantling of the traditional counterfeit distribution networks, criminals thus resort to more innovative ways of selling their counterfeits on the internet trade platforms¹² as the internet is borderless, anonymous and neutral. The issue of online trade of counterfeit goods is a major issue for policy makers¹³ and right holders and this trend is also challenging the enforcement of the law as well as the proper defence of right holders. In recent years, internet auctions have become the hottest phenomenon on the web facilitating a virtual market, in turn these have become a new distribution channel for counterfeit goods¹⁴ and digital technologies have contributed immensely

<<http://www.icc.wbo.org/Data/documents/Bascap/international-engagement-and-advocacy/country-initiatives/kenya/value-of-ip-in-Kenya> >accessed on 10/05/2019

⁷ Ibid

⁸ Ken Opule , 'Merchants of Fakes Reap Shs 70 Bn and Put Lives and Jobs at Great Risk', Daily Nation ,November 21,2009

⁹ Maguire Duncan & Paul. R , 'Counterfeiting in Africa: An A-Z Guide'.

<<https://www.spoor.com/en/counterfeitinginafrica> >accessed on 5th/ 05/2017

¹⁰ Ibid

¹¹ Wainana wambu (2018), 'Online Firms targeted in war against fake goods', The Standard, June 25 2018

¹² Ibid

¹³ Ibid

¹⁴ International chamber of Commerce also warns that Modern technologies ,not only make it easier to produce counterfeit goods but also facilitate the mass production and open up potential new distribution channels for

to the proliferation of counterfeit goods which perform almost as well as the original products but retail at a fraction of the cost of the genuine product. Their circulation channels are more widespread among the low-income products were genuine products do not ordinarily reach and if they do, are normally too expensive for the people in such areas.¹⁵ Moreover, the rise of counterfeit goods on the internet is an issue which threatens consumers, trademark and patent owners, and internet platforms. Such imitations are usually clones or falsified products, labels and packaging designed to look like those of genuine products. The aim is to confuse or deceive consumers as to the quality, source, origin or legitimacy. Whilst the demand for branded goods and the instances of infringing and counterfeit goods are on the increase, the various intellectual property rights protections measures available to brand holders differ from country to country and are largely inadequate¹⁶

1.1 Statement of the problem

Although Kenya has a robust system when it comes to the protection and enforcement of intellectual property rights and has ratified most transnational and regional agreements and treaties for the protection and enforcement of IPRs, the same are not efficient in the curbing of counterfeit goods majorly propagated by the digital age because of the various opportunities it presents to counterfeiters and thus there is an increasing surge of counterfeit goods.¹⁷ This is partially due to the ever-expanding access and use of digital technologies which has opened up opportunities for new economic ventures and in various activities and services performed by the public sector. This has created a vibrant online community that even defies geographical

pirated products ,*counterfeiting in the New millennium* (January 2009)
<http://www.iccwbo.org/ccs/cib_bureau/overview.asp> (Accessed on 15/05/2019)

¹⁵ The East African Community Policy on Anti-Counterfeiting, Anti-Piracy and other Intellectual Property violations, September 2009.<<https://documents.jdsupra.com/e7ed4e7-oba4-40fc-abso-15ff7719a.pdf>> accessed on 21st/02/2019

¹⁶ Wolmarans Jadon, "An Ideal market for Brand Holders & Counterfeits"
<<https://www.golegal.co.za/intellectualpropertylaw>>. accessed on 21st/02/2019

¹⁷ Supra n 11

boundaries. Digital technologies have led to a surge in counterfeit goods in the following ways; the advancements in technology have facilitated the production and distribution of larger quantities of counterfeited goods in shorter periods of time and have made it easier for counterfeiters to profit while successfully escaping detection.¹⁸

1.2 Justification of the study

This study identifies and addresses the shortcomings of Kenya's legal and institutional framework in the enforcement of anti-counterfeit laws with specific focus on digital platforms such as online markets, social media, search engines and mobile applications which act as the major distribution channels of counterfeits on the internet. It studies the framework put in place by a leading jurisdiction (USA) and approaches they have taken to deal with the challenges posed by the digital revolution in order to obtain insights on how to improve Kenya's legal and institutional framework

1.3. Research objective

To evaluate the efficacy of anti-counterfeit laws in the digital age.

1.3.1 Specific research objectives

1. To evaluate the efficacy of the current anti-counterfeit legal and institutional framework in curbing the trade of counterfeits in the digital age.
2. To identify the loopholes and challenges in the enforcement of anti-counterfeit laws in the digital age in Kenya.
3. To identify best practices that Kenya can emulate from the United States in dealing with counterfeits in the digital age.

¹⁸ Roy Fenoff & Jeremy Wilson (2009) " Africa's Counterfeit Pharmaceutical epidemic: the road ahead "Anti-counterfeiting and product protection program ,Michigan state university, at <<https://www.ncjrs.gov/app/pblications/Abstract.aspx?id252370> >accessed on 5th /05/2019

4. To make recommendations and measures that can be used in the problem of dealing with counterfeits in Kenya in the digital age.

1.4. Research questions.

1. What is the current legal and institutional framework in combating counterfeit goods in the digital age in Kenya?
2. What are the loopholes and challenges faced in the enforcement of anti-counterfeit laws in the digital age in Kenya?
3. What are the best practices that Kenya can emulate from the United States to deal with the problem of counterfeits in the digital age?
4. What are the necessary measures and recommendations Kenya can take to deal with the problem of counterfeiting in the digital age?

1.5 Theoretical framework

A number of theories have been propounded to lay the grounds for justification of IPRs but four theories stand out that is the Natural rights theory, the utilitarian theory, personality theory and the economic theory. This study mainly focuses two theories that is the natural rights theory and personality theory.

1.5.1. Natural rights or labour theory

The study will use the natural rights theory or Labour theory.¹⁹ The Labour theory propagates that ‘a person is entitled to the fruits of his labour’. It originates from the writings of John Locke, particularly his *Second Treatise of Government*.²⁰ Locke’s Labour theory confers on a person who Labours upon resources that are either unowned or held in common a natural right to the fruits of his or her Labour, recognizing the transformation and added value of the finished

¹⁹ William Fischer, ‘Theories of Intellectual property’, in Stephen Muzered (ed) *New Essays in legal and Political theory of property* , (2001) at 1-5 < <http://www.harvard.edu/faculty/fischer/iptheory.html>> accessed on 5th /02/2019

²⁰ John Locke, *Second Treatise of Government* (CB Macpherson ed ,1st ed, Hackett publishing 1980).

product resulting from the mixing of the Labour with the unused resources.²¹ According to Locke, the acquisition of property rights in this manner is limited to “where there is enough, and as good, left in common for others” after the appropriation of resources has been made. Consequentially this means a person who has IPRs is entitled to the fruits of his labour and therefore they should not be misused through counterfeiting. Additionally, Locke argues that since a person has a natural property right to the fruits of his or her efforts, the state has a duty to respect and enforce that natural right.²² It can therefore be said that state is responsible to ensure proper legal and institutional framework are in place to safeguard intellectual property right. This study is based on the argument that proper legal and institutional framework is key to combat counterfeit trade in the digital age.

However, critics of the Labour theory argue that its application to intellectual property becomes problematic upon closer inspection of the very elements constituting the theory. Fischer argues that it is uncertain whether the theory provides support for any intellectual property rights as it does not specifically define “intellectual Labour” and the resources “held in common” that are mixed in order to produce intellectual products.²³

1.5.2 Personality theory

Also, the study will be based on the personality theory.²⁴ The major proponent is George Wilhelm Friedrich Hegel²⁵ who conceived the idea of property being the extension of an individual’s personality. This theory postulates that the act of creation entails the inalienable embodiment of the creators personality in his/her work and therefore it is essential that the

²¹ ibid

²² ibid

²³ Fischer(n 19)

²⁴ Ibid (n 18)

²⁵ George Wilhelm Friedrich Hegel (17170-1831) was a German philosopher. See Justin Hughes. *The Philosophy of Intellectual property* (1988) Georgetown University law centre and George Law journal.http://pages.uoregon.edu/koopman/courses.readings/phil123_el/property/hughes_phil-ip-pdf > accessed on 15/05/2019.

creator has control over the work.²⁶ This theory justifies the exclusive rights of intellectual property with some moral and ethical aspect. Indeed, the ethic requires a fair and proportional contribution for the effort that the creator has made for the social utility. The exclusive rights are “an expression of gratitude to an author for doing more than society expects or feels that they are obliged to do”.²⁷ In relation to counterfeits, the fact that intellectual property owners invest a lot of time in creating their own work the same need to be protected and therefore counterfeiting should be prohibited on that moral ground that it infringes on as it is an extension of their own personality.

1.6 Research methodology

The author used a mixed research methodology in which subsidiary and related legislation providing for the protection and enforcement of anti-counterfeit laws in the digital environment through were analysed. The legislation studied included the Constitution of Kenya 2010, Act the Anti-Counterfeit Act, Trade Mark Act, Copyright Act, Industrial Property Act, and various international agreements and treaties. The study also relied on other secondary sources such as case reports, textbooks, journal articles, periodicals, newspaper and magazine articles, market research insight papers, and other relevant articles and documents obtained physically from various libraries or the internet.

The study also undertook a comparative study to obtain insights on the best approaches to take in further improving Kenya’s legal and institutional framework. The jurisdiction chosen for this particular comparative study was the United States (US).

²⁶ Michael Spence, Intellectual Property (Oxford University Press, 2007)

²⁷ L Bently & B. Sherman, Intellectual property Law. (Oxford University Press,2001)

1.7 Literature review

The study reviews literature regarding the efficacy of anti-counterfeit laws in the digital age. The literature reviewed will be from relevant books, laws and various articles. In doing this, the researcher will demonstrate the gaps within the literature which the research seeks to address.

The basis of the protection of intellectual property rights in Kenya has its roots in the Constitution of Kenya 2010. Article 40(5) of the Constitution of Kenya 2010 provides for the right to property. As already noted, the protection of the intellectual property right plays a great role in curbing counterfeit trade. Article 46 also provides to the right to consumer protection, and this the basis for the protection against counterfeit goods. Allan Tuli²⁸ discusses the provisions of the Constitution of Kenya, 2010 relating to intellectual property. His focus being on the protection of intellectual property. The study will be guided by the argument presented by Allan Tuli. It will further seek to find out any other provision of the Constitution of Kenya, 2010 that deals with recognition and promotion of intellectual property rights. This is to demonstrate the constitutionalisation of intellectual property rights in Kenya.

Additionally, statutory provisions in this regard of counterfeits are primarily found in the: Anti-counterfeit Act, Copyright Act; Industrial Property Act, Protection of traditional knowledge and Cultural expressions Act; and the Seeds and plant varieties Act amongst others.

The literature mainly focusses on counterfeits in the digital age. Digitisation refers to "the ability of a person or system to convert a piece of information, a representation of a reality or recording of some matter in to digital form"²⁹. Digitisation enables materials to be used in different media, to be copied at the same quality as an original, to be manipulated and distorted and to be

²⁸ Allan Tuli(2014) , 'The constitution framework for the Protection of intellectual property Rights in Kenya' <www.academai.edu> accessed on 13th /05/2019

²⁹ Pat Liebetrau & Jean Mitchell (2010) Managing Digital collections: A Collaborative Initiative on the South African Framework, <<http://www.archivalplatform.org/Resources>> accessed 16th /05/2019

distributed cheaply, easily and speedily.³⁰ Angela Bowne³¹ emphasizes the same and observes that through digitisation, goods and services are passed from a physical medium to a digital medium. This enables intellectual property to be used in different media, to be modified copied at the same quality as original, to be modified, manipulated and distorted, and to be easily distributed throughout the world cheaply, easily and speedily. Also, the advancements in technology have facilitated the production and distribution of larger quantities of counterfeited goods in shorter periods of time and have made it easier for counterfeiters to profit while successfully escaping detection.³²

Manuel Castells' comprehensive study of what came to be known as the Digital Revolution in his book *The Rise of the Network Society* serves as a useful background that contextualizes the information-based and technology-centric Digital Age currently being experienced.³³ He maps out the progression of the Digital Revolution beginning with the technological advancements in computing and telecommunications taking place largely in the US throughout the 1970s and 1980s; followed by the widespread adoption of personal computers and the internet in the 1990s which transformed the global economy into one centred on information and technology.³⁴

Michael Tyler, Janice Hughes and Helena Renfrew's³⁵ study of the Kenyan telecommunications sector in the late 1980s and 1990s, as well as Mureithi Muriuki's³⁶ more recent consideration of Kenya's rapid growth in internet adoption provide ample evidence of Kenya's digital revolution.

³⁰ Adam. Mambi (2010) ICT Law book :A Source Book For information and Communication Technologies and Cyber law in Tanzania & East African Community African Books Collective, Mkuki na Nyota publishers ,Dar-es -alaam Tanzania ,at 197

³¹ Angela Bowne (1997) "Trade marks and Copyright on the Internet" media & Arts Law Review, at 135

³² Roy S.Fenoff & Jeremy M. Wilson (2009) "Africa's counterfeit pharmaceutical epidemic: the road ahead", <<https://www.ncjrs.gov/publications/abstract.aspx?=&id=252370> > accessed on 23rd /05/2019

³³ Manuel Castels, *The Rise of the Network Society* (2nd ed,Willey-Blackwell 2010)

³⁴ Ibid

³⁵ Michael Tyler, Janice Hughes and Helen Renfrew, 'Kenya: Facing the Challenges of an Open Economy' in Eli M Noan (ed) *Telecommunications in Africa* (Oxford University Press 1999.)

³⁶ Mureithi Muriuki ,'The internet Journey for Kenya: The Interplay of disruptive innovation and Entrepreneurship in Fuelling Rapid Growth' in Bitange Ndemo and Tim Weiss (eds),*D Kenya :An Entrepreneurial Revolution In the Making* (Palgrave Macmillan UK 2016)

These studies trace the path of Kenya's telecommunications sector from heavy regulation and monopolization by the government state characterized by a rapid growth in internet adoption through mobile phone technology.³⁷ The communications authority of Kenya Quarterly sector statics³⁸ presents a consistent trend of increasing internet uses each year since it begun documenting data communications use in 2008.

While the Digital Age has opened up opportunities for the holders of IPRs, it has also introduced several challenges to protecting and enforcing IPRs. These challenges originate in the very nature of the means by which information exists on and is distributed through digital networks; and the norms and attitudes of users of these networks seeming to clash with the restrictive objectives of IPRs protection. Schaltcher's seminal study of the attributes of the Internet which pose a threat on copyrights is just as descriptive of other digital networks.³⁹ He identifies the ease of unauthorized copying of copyrighted material at minimal costs without loss of quality, increasing anonymity of users, ignorance of users of the harm of their activities, and a culture of unfettered sharing of resources which conditions users to expect intellectual property for free.⁴⁰

Literature on the effectiveness of Kenya's legal and institutional framework in facing the challenges posed by the digital age have largely been dealt with the question in two ways – either as a small subset of general studies of the framework; or as an assessment of a specific part of the framework within context of a sector of the creative or ICT industries. As a result, fully mapping out the shortfalls in the framework and how the shortfalls inter-relate across the various sectors; and studies of specific sectors are not fully fleshed out

³⁷ William Onyange Auma 'Copyright in The Digital Age: An Assessment of Kenyans Legal and Institutional Framework for the protection and Enforcement of Copyright A Thesis submitted in partial Fulfilment of the Requirements of the Degree of Master of Laws of the University of Nairobi LLM' (University of Nairobi 2017)

³⁸ Communications Authority of Kenya, 'Statics' <<https://www.ca.go.ke/index/php/stastics>. > accessed on 23rd /02/2019)

³⁹ Eric Schlachter, 'The Intellectual Property Renaissance in the Cyberspace: Why Copyright law could be Unimportant on the Internet' (1997)12 Berkeley Technology Law Journal 5.

⁴⁰ Ibid

Ben Sihanya⁴¹ discusses a three prolonged strategy to the end of counterfeit goods. He discusses the nature and extent of counterfeit trade in Africa in the context of trade liberalisation, the effects of trade in counterfeit goods in stifling economic growth and innovation and he also examines the anti-counterfeit laws, he explores how the law can be reformed to ensure sustainable development by protecting innovators. In discussing this typology⁴² he briefly discusses the effects of ICT on counterfeits but tends not to discuss the legal framework in regulating and enforcing the anti-counterfeit in Kenya in the digital age.

Ben Sihanya⁴³ also discusses the institutional profile in intellectual property and innovation. He points out some of the institutions charged with the responsibility of enforcing anti-counterfeit laws for example KIPI, also The National council for administration of Justice⁴⁴ discusses the legal and institutional framework for IP protection, and argues that the same is deficient and enforcement of the existing IP legislation continues to be a serious challenge. However, they both don't discuss other administrative measures employed in Kenya to enforce anti-counterfeit laws in the digital age nor does he point out the challenges faced by these institutions.

Martin Luther⁴⁵ argues that the Anti-Counterfeit Act 2008 was made slightly before the advent of online counterfeiting. The offences and penalties in the act do not take care of technological aspects in online counterfeiting. He points the issue on jurisdiction which is a key issue in determining matters in court. The online availability of goods and services presents complex enforcement issues in relation to the IP owner, the infringer and the internet service provider, in

⁴¹ Ben Sihanya (2016) " intellectual Property and Innovation in Kenya and Africa: Transferring technology for Sustainable Development, Innovative Lawyering and Sihanya Mentoring, Nairobi and Siaya, Chapter 20(parallel Importation in Kenya and Africa) & 21 (Trade in Counterfeit products in Kenya and Africa).

⁴² Ibid

⁴³ Ben Sihanya "Combating Counterfeit Trade in Kenya", In Moni Wekesa & Ben Sihanya (eds) Intellectual Property rights in Kenya, Konrad Stifting, Nairobi pp 207-266 (chap 8)

⁴⁴ National Council for Administration of Justice (Ke) (2014) , 'Enforcement Manual to Combat illicit Trade in Kenya', (National Council for the Administration of Justice).< <https://www.ac.ke/.../ENFORCEMENT -MANUAL-TO -COMBAT-ILLICIT TRADE> > accessed on 3th /05/2019

⁴⁵ Luther Martin, 'Fighting Counterfeits in the Digital age' (KECOBO) 10 issue 27

addition the place where the advertisement or offer for sale is posted on the internet, can prove difficult in determining jurisdiction. Thus, online counterfeiting seriously limits old means of prevention and requires intellectual property owners to invest further technology to detect and counter infringements.

Duncan and Maguire⁴⁶ discuss the overview and problems that exist in the enforcement of counterfeits in Africa, in Particular they discuss the legal and institutional framework for the enforcement of anti-counterfeit laws in Kenya, and they discuss the Anti-counterfeit Act of 2008 and the functions of the anti-counterfeit agency which is established under the anti-counterfeit Act. They argue that this is sufficient for the curbing of counterfeiting, however they do not put into consideration the technological advancements presented by the digital age which makes it easier for counterfeiters to market their goods without detection and the various traditional methods for the enforcement and protection against counterfeit goods cannot combat such.

Shaluma Ongola⁴⁷ discusses the efficacy of anti-counterfeit laws in Kenya; he argues that both the institutional and legal framework in Kenya for curbing counterfeits, is not efficient in the protection and enforcement against counterfeiting as there have been an increasing surge of counterfeits in Kenya. However his discussion is limited to the traditional ways of counterfeiting and does not take into consideration the opportunities presented by the digital age that make counterfeiting easier and thus does not provide recommendations that can work in the digital age.

Von Braun and Peter Munyi⁴⁸ discuss the various intellectual property law enforcement mechanisms in addition to the substantive ones; the different mechanisms include increasing

⁴⁶ Maguire Duncan & Paul. R , 'Counterfeiting in Africa: An A-Z Guide'.

<https://www.spoor.com/en/counterfeitinginafrica> (Accessed on 5th/ 05/2017)

⁴⁷ Shalma Ongola, 'The Efficacy of Anti-Counterfeit Laws in Kenya A Thesis Submitted in Partial Fulfilment of The Requirement of the Degree the of Master of Laws of the University of Nairobi, (University of Nairobi 2014)

⁴⁸ Von Braun ,J and P ,Munyi , 'New enforcement mechanisms challenge the legality of generics in the name of public health: The emergence of anti-counterfeiting legislation in East Africa'(2010) 18 African Journal of International and Comparative Law accessed on heinonline.com.

enforcement of intellectual property at the national level in two broad ways that is seeking to increase the level of penalty associated with copyright infringement or the distribution of pirated goods .The enforcement mechanisms discussed do not capture what can be done to curb counterfeiting in the digital space.

Blakeney⁴⁹ argued that, the final draft of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) introduced a comprehensive regime for criminal procedures and penalties at least in cases of wilful trademark counterfeiting on a commercial scale. He argues that concrete steps to promote and uphold laws, regulation and/or procedures to strengthen effective intellectual property enforcement, are appropriate, in areas such as the seizure and retention of suspected counterfeit goods, the destruction of such goods and the equipment used to produce them, and the use of clear, transparent and predictable judicial proceedings, policies and guidelines related to intellectual property enforcement. He therefore limits himself to the traditional methods of intellectual property rights enforcement which does not enforcement in the digital age.

Also, the BASCAP report⁵⁰ on the promoting and protection of intellectual property rights in Kenya discusses the legal and institutional framework on counterfeiting and also points out the gaps and offers recommendations to the gaps in the legal and institutional framework. However, what are majorly addressed are the traditional methods of counterfeiting and thus leaving out the counterfeiting in the digital space.

⁴⁹ Michael Blakeney (2012) 'Guide book on Enforcement of Intellectual Property Rights', Queen Mary Intellectual Property institute, University London, <www.academia.com.> accessed on 24/05/2019

⁵⁰ Business Action to Stop Counterfeiting and Piracy and the Anti-Counterfeit Agency(n 6)

The BASCAP report⁵¹ discusses an overview of counterfeiting on online auction sites. They argue that internet auction sites have become the new distribution channel for counterfeit goods and among the most popular ones, although auction sites prohibit the sale of counterfeiting and infringing merchandise in their “terms and conditions” or “user agreements” and investigate complaints. However smaller auction sites often fail to enforce their own terms and conditions and attempt to shift responsibility for listings solely to the seller. Additionally, auction sites do not monitor listings to ensure that counterfeit or infringing merchandise is not being offered for sale on their systems. However, with all the precautions listed by the online auction sites, counterfeits are still listed on their sites. This report does discuss the enforcement mechanisms to curb online trade of counterfeits.

Miller and Jentz⁵² in considering the United States legislation on combating counterfeiting argued that, the penalties which are provided under the law are strong enough to combat counterfeiting due to the fact that, counterfeiters are being prosecuted and when found guilty being imprisoned for up to ten years or more if they are repeat offenders or fine up to two million US Dollar. Not only that the court upon found the person guilty order the defendant to forfeit product which are then destroyed as well as any property used in the commission of the crime. However they do not consider the limits of criminal-law based solutions which would require stricter levels of proof for success, leading to a more time-consuming and costly mechanism; as well as the negative effect increased criminal sanctions would have on a public that already has a skewed perception of intellectual property rights within digital networks.⁵³

⁵¹Business Action to Stop Counterfeiting and piracy, ‘Roles and Responsibilities of Intermediaries: Fighting Counterfeiting and Piracy in the Supply Chain (2015). <<https://icc.wbo.org/global-issuestrends/bascap-counterfeiting-piracy>> accessed on 24/05/2019

⁵² Miller RL & G.A Jentz, ‘ Fundamentals of Business Law: Excerpted cases’ Western Cengage Learning (2002) <www.academia.com> accessed 24/05/2019

⁵³ Christophe Geiger, ‘The Rise of Criminal Enforcement of Intellectual Property Rights . . . and Its Failure in the Context of Copyright Infringements on the Internet’, *The Evolution and Equilibrium of Copyright in the Digital Age* (Cambridge University Press 2014) 128–132.

Don Tomlinson⁵⁴ argues that much as technological advancement has been good for the intellectual property field in the United States in regards to creation, storage and marketing, it has also made piracy and counterfeiting easy and much better easier because of the ease with which counterfeiters and pirates are able to use the same technological advancements to carry out pirating in the digital domain. He discusses solutions to the problem of counterfeits in the digital age and suggests the using international treaties such as WIPO agreements and bi lateral treaties but he argues that these have not been efficient in curbing counterfeiters and pirates in the digital domain.

The Anti-counterfeit Act, 2008 establishes the Anti-Counterfeit Authority. In order to perform their mandate, the Anti-Counterfeit Act has further outlined the powers of the officers under the agency. The law as provided sounds palatable however, whether the said agency performs its mandate as provided by the law is debatable. However, the law was made slightly before the scourge of online counterfeiting the country and thus has blurred provisions against online counterfeiting.⁵⁵

1.8 Hypothesis

The study is premised on the hypothesis that the legal and institutional framework in Kenya is not adequate for the enforcement and protection against counterfeits in the digital age due to the various opportunities presented to counterfeiters such as having as the various sites on which counterfeiters can market their goods, the ease with which goods can be made and duplicated.

1.9 Chapter breakdown

Chapter one provides an introductory background to the study and presents the problem surrounding the adequacy of Kenya's legal and institutional framework for curbing the trade in

⁵⁴ Don E Tomlinson, 'Intellectual Property in The Digital age: The Piracy /counterfeiting problem and Anti-counterfeiting measures', INT'L Trade L.J. Summer (1999)

⁵⁵ Supra n 37

counterfeits in the digital environment, forming the basis of the study's research questions, objectives, and hypotheses. This chapter also lays the theoretical framework behind the study and reviews literature from various sources to provide an insight into the continuing scholarly discussions on counterfeits and the challenges posed by the digital age.

Chapter two discusses counterfeiting in the digital age. The chapter analyses the concept of counterfeiting and gives a brief historical background of digitisation both internationally and in Kenya and concludes by discussing the opportunities and challenges presented by the digital age which make counterfeiting possible and easy.

Chapter three explores the shortcomings of Kenya's legal and institutional framework in addressing the challenges posed by digital technologies as identified in Chapter 2. The chapter analyses the legislative and policy gaps as well as institutional and enforcement challenges hindering the implementation of anti-counterfeit laws in digital age.

Chapter four is a comparative study of the legal and institutional framework of counterfeiting in the United States of America with the view of identifying the best practices Kenya can emulate or copy.

Chapter five is a summary of the study's finding and recommendations for developing a more effective legal and institutional framework that can sufficiently address the challenges posed by the digital age.

CHAPTER TWO

COUNTERFEITING IN THE DIGITAL AGE

2.0 Introduction

This chapter explores the concept of counterfeiting as defined by various authors and statutes. It also highlights the various forms of counterfeiting and various channels used for counterfeiters in the digital space. This chapter also gives a brief history and overview of digital technologies and seeks to explore the opportunities and challenges posed by the digital age on Intellectual property rights and how it can lead to counterfeiting and concludes and thus lays a background for identifying the gaps in Kenya's legal and institutional framework on combating counterfeiting in the digital age.

2.1 The concept of counterfeiting

Etymologically counterfeiting is from two Latin words “contra” (in opposition) and “facere” (make).⁵⁶ Counterfeiting is therefore defined as “the unlawful forgery, copying or imitation of an item...or the unauthorized possession of such an item, with the intent to declare or defraud claiming or passing as genuine”.⁵⁷

“Counterfeit trade is the production and sale of goods, technologies and related services that are similar or substantially identical, to legitimate products without the authorization of the owner or licensee of the IP which undergirds the legitimate product”⁵⁸

⁵⁶ Online Living Dictionary 'Definition of counterfeit'.< <https://en.oxforddictionaries.com/definition/counterfeit>>. accessed on 31st /07/2019).

⁵⁷ Blacks Law Dictionary 376 (8th ed 2004)

⁵⁸Ben sihanya (n 41)

Counterfeiting is thus a general concept which covers patent law, trade mark law, and copyright law. Thus, from the above definition, counterfeiting means the infringement of intellectual property rights. However, there have been various criticisms to that definition labelling it too broad, the criticisms have mostly arisen in the area of pharmaceuticals and efforts related to ensure quality and efficacy in delivery of medicines.⁵⁹ It has been argued that attempts to stretch the meaning of the term counterfeiting may lead to violation of human rights to health and life.⁶⁰ A case in point is case of *Patricia Asero Ochieng & 2 others V Attorney General*⁶¹ where the petitioners raise an issue on the Anti-counterfeit Act 2008 severally limiting access to drugs and medicines including generic medicines for HIV/AIDS and thus infringing on the petitioners right to life, human dignity and health guaranteed in Article 26(1) and 43 of the constitution of Kenya. Mumbi Ngugi J. granted a conservatory order, staying the application of Sections 32 (offences) and Section 34 (powers of seizure of goods suspected to be counterfeit) of the Anti-Counterfeit as it relates to importation of generic medicines.

The court cited the right to health standard set in international human rights instruments such as the IESCR: the CEDAW and the convention on the Rights of the child 1989. It stated that “the Kenyans obligation regarding the right to health encompasses not only the positive duty to ensure that citizens have access to health care and medicines but also encompass the negative duty not to do anything that would in any way affect access to such healthcare services and essential medicines. Any legislation that would render the cost of essential drugs unaffordable to citizens would be thus in violation of the state’s obligation under the constitution.”⁶²

⁵⁹ United Nations Development Programme Discussion Paper -Anti- Counterfeit Laws & Public Health. <<http://www.undp.org> > accessed on 29th/07/2019

⁶⁰ Ibid

⁶¹ Petition No 3409 of 2008

⁶² Ibid

2.2. Forms of counterfeiting

2.2.1. Infringement of industrial property.

This refers to the use of a brand name, patent, industrial design, trademark or utility model without the authority of the registered owner. This is defined in the various laws that govern industrial property rights such as Patents, utility models, industrial design, and geographical indications. For example, patent infringement under the Industrial Property Act⁶³ and under the Trade marks Act⁶⁴ Section 58 provide for offences that are committed under trade mark infringement.

2.2.2. Passing off

This is a common law tort. It is closely related to trade mark infringement save for passing off action, trade mark registration is not required which is based on a statutory right acquired by registration of the trade mark.⁶⁵ There must be deception, which is often dependent on the sophistication of the consumer and the nature of the product. In the case of *Brooke Bond V Chai Ltd*⁶⁶ Spry Ag. P. observed that the court can properly take judicial notice of the fact that there is substantial number of illiterate persons in Kenya. In his opinion, the fact was a matter to be borne in mind in passing off actions relating to goods that are likely to be brought by such persons.⁶⁷

2.2.3. False description

This refers to giving wrongful or misleading information regarding product content or its operational details. This is usually done by posting the information on the label package.

⁶³ No 2001 Section 105 Any Act performed by a person other than the owner or without the owner's authorization, in relation to a product or process, falling within the scope of a validly granted patent constitutes infringement.

⁶⁴ Cap 506

⁶⁵ Ben Sihanya (n 41).

⁶⁶ [1971] EA 10

⁶⁷ However, in the Kenya case of *E.A Industries Ltd V Truoods Ltd* [1972] EA 420 Spry, VP was of the opinion that sophistication or otherwise of Kenyan shoppers was a matter of evidence and not judicial notice.

2.2.4. Misrepresentation

This means falsely describing a product to have been manufactured in a given destination when it e.g. made in Germany while it's made in Umoja, Nairobi.

2.2.5. Piracy

This is unlawful reproduction of audio-visual products and software.⁶⁸ In Kenya this is a rampant phenomenon which has rendered many budding artists destitute. There are many talented musicians who have lost out to pirates who have reproduced their music and are openly selling these products in various parts of the country.

2.2.6. Transit goods to neighbouring countries

This also plays a vital role in the proliferation of counterfeits ,goods that pass of as genuine destined to neighbouring countries such as Uganda ,Rwanda ,South Sudan and Congo ,end up being diverted into the Kenyan market.⁶⁹

2.3. History and Over view of digital Technologies

The Digital Age (or the Information Age) is a term used to refer to the current era in human civilization characterized by a shift from a global economy and society formerly driven by industrialization to one driven by access and control of information that is primarily in digital forms.⁷⁰ Just as the Industrial Age was ushered in by technological developments in machines and the rise of the factory system, the Digital Age was sparked by the Digital Revolution towards the end of the twentieth century.⁷¹

Manuel Castells contends that the true starting point for the Digital Revolution is when a new technological paradigm organized around information technologies began to emerge in the 1970s as major technological advancements in and convergences between micro-electronics,

⁶⁸ Ben sihanya (n 41)

⁶⁹ National Council for Administration of Justice (Ke) (44)

⁷⁰ William Auma (n 37)

⁷¹ Castells (33)

computers, and telecommunications were made.⁷² These events were followed by the development of single-chip computers with significant processing power from the 1980s, and then a shift in computing based on centralized data storage and processing to networking technologies as well as the global diffusion of cellular technology in the 1990s.⁷³ The other significant catalyst for the Digital Revolution was the creation and development of the internet, starting with the first computer network called ARPANET developed by the US Defence Department and various research centres in 1969.⁷⁴ ARPANET later evolved into NSFNET in 1990 and what later became the original building blocks for the Internet; followed by the development of the TCP/IP protocol as the basic communication language of the Internet and the HTTP protocol using the Uniform Resource Locator (URL) as a standard addressing system to locate resources on the internet.⁷⁵

Other technological advancements emerged as the potential of the internet was harnessed further from the 1990s. These advancements continue to be refined and further developed to this very day.⁷⁶ The diffusion of personal computers which exponentially increase their computing power and information storage capabilities and the improvements in communication over this digital network and constant development of computer programs and applications that perform various tasks have had a profound impact on nearly every aspect of human life. E-mails, instant messaging and social media have revolutionized communication and facilitated an unprecedented flow of information of information and knowledge. This connectivity has led to the creation of online communities that defy geographical boundaries. More importantly, it has

⁷² Ibid 39-45

⁷³ Ibid

⁷⁴ Ibid 45-51

⁷⁵ Ibid

⁷⁶ William Auma (n 37).

had a significant effect on the priorities and conceptualization of the global economy, transforming it to one centred on information and technology.⁷⁷

As the infrastructure of economies continues to rely more and more on digital technologies and these technologies are adopted in every realm of human activity at an accelerating pace, new socio-technical and techno-economic paradigms begin to form.⁷⁸ The main indicators of such a new paradigm are technologies that act on information; the pervasiveness of effects of new technologies; the increasing complexity and flexibility in the interaction between technologies; and the convergence of specific technologies into a highly integrated system.⁷⁹

The most significant technological trends driving the digital economy today include e-commerce, Big Data, cloud computing, social interaction technologies, the Internet of Things, and artificial intelligence.⁸⁰ E-commerce entails the distributing, buying, selling, marketing, and servicing of products or services over digital networks.⁸¹ Big Data involves the identification, processing, and analysis of data to glean business insights used to improve efficiency, production, sales, and marketing while cloud computing includes remote data storage, retrieval, processing and analysis solutions.⁸² Social interaction technologies are various technologies that facilitate the activities of business that have become socialized such as social media networks, blogs, wikis, and e-Portfolios. Social interaction technologies are various technologies that facilitate the activities of business that have become socialized such as social media networks, blogs, wikis, and e-Portfolios.⁸³ The Internet of Things involves the communication between

⁷⁷ ibid

⁷⁸ Castels(33) 69

⁷⁹ Ibid 69-79

⁸⁰ Shaw Kachina ,'What Makes Up the Digital Economy-Techbytes Blog' (Webodia 16th September 2015) <<http://www.webodia.com/Blogthe-digital-economy.html>> accessed on 25th /07/2019

⁸¹ Sihanya 'Copyright in E commerce and the Music Industry in Kenya

⁸² Shaw (n 80)

⁸³ Teofilo Redondo 'The Digital Economy: Social Interaction Technologies An Overview(2015)3 International Journal of interactive Multimedia and Artificial Intelligence

machines through cloud computing and networks of data-gathering sensors,⁸⁴ while and artificial intelligence is the science and engineering of making intelligent machines.⁸⁵

Like every other sector of the traditional economy, industries based on intellectual property have had to embrace the Digital Age due to the significant opportunities the exploitation of digital technology offers for growth and due to its characteristic of spurring innovation which, by complementary coincidence, is the ultimate *raison d'être* of intellectual property rights.⁸⁶ Digital technology or digitisation is defined as the ability of a person or system to convert a piece of information or a representation of reality or a recording of some matter in digital matter into digital form.⁸⁷ Digitisation constitutes two main steps, the first step involves developing a digital surrogate from a physical original, the second step entails launching the surrogate on the internet to enable millions of users to access the material.⁸⁸ Therefore as a consequence of digitisation, goods and services are passed from a physical to a digital medium. This enables materials that may be subject to intellectual property to be used in many different media copied at the same quality as original, to be altered, distorted and distributed throughout the world cheaply, easily and speedily.⁸⁹

⁸⁴ Daniel Burrus , , 'The Internet of Things is Bigger than Anyone Realises' (WIRED 21 November 2014) < <https://www.wired.com/insights/2014/11/the-internet-of-things-bigger/> > accessed on 5th June 2019

⁸⁵ John McCarthy, 'what is Artificial intelligence?' (Stanford University 12 November 2007) <<http://www.formal.stanford.edu/jmc/whatsai/> > accessed on 10th July/2019)

⁸⁶ Ian Hargreaves, 'Digital Opportunity :Review of Intellectual property and Growth (2011) 10-11.< <http://autoblog-lesibres.org/autoblogs/creativecommons.org.weblog/6f723748a4b5dd872fd534o4eoe6aa8a/media/16ae/2ee.ipreview-finalreport.pdf> > accessed on 30/07/2019

⁸⁷ Liebetrau Mitchell J (2010). 'Managing Digital Collections: A Collaborative Initiative on the South African Framework. < <http://www.archivalplatform.org/resources> accessed on 22/07/2019

⁸⁸ Dunning A (2004) 'Copyright and Other Rights Issues in Digitization'. <<http://www.adhs.ac.uk/creatinf/information-papers/copyright-introduction> > accessed on 21/07/2019

⁸⁹ Mambi A (2010). 'ICT Law Book" (Mukukina Byot Tanzania) P 197

2.4.The Digital Age and Counterfeits in the Kenya context

Kenya began to embrace the digital revolution through the modernization and extension of telecommunication services in the 1970's and 1980's.⁹⁰ It was highly regulated and there were no private companies as it was all state controlled under the Kenya posts and telecommunications Corporation (KP& TC) which was under the Kenya Telecommunications and telecommunications Act Cap 411.⁹¹ The technologies used during this period were primarily centred on fixed telephone services, also infrastructure for other valued added network services such as fax, telex and data communications was being developed.⁹² The communication sector was partly liberalised in 1991, allowing for new entrants in the terminal equipment or customer premises equipment market.⁹³ There was an emergence of private networks and closed use communication groups operated by private enterprises, NGOs and Inter-Governmental Organizations.⁹⁴ This in turn led to the development of data-driven-international value added network services such as the use of modems, paging services, electronic mail and leased lines through packet-switched data network known as kenpac.⁹⁵

These were majorly used by NGO's and intergovernmental organizations because the data services had been opposed by the government as they were viewed as a challenge to its leader's power and control over information flow.⁹⁶ In 1995, there was a full page advertisement by the Kenya posts and telecommunications declaring internet services as amounting to resale and thus were illegal.⁹⁷

⁹⁰ Mureithi Muriuki (n36)

⁹¹ Michael Tyler, Janice Hughes and Helena Renfrew (n 35)

⁹² Ibid

⁹³ Bernard Sihanya, 'infotainment and Cyberlaw in Africa: Regulatory Benchmarks for the third Millennium (2000)10 Transnational law & Contemporary problems 583 ,603

⁹⁴ Michael Tyler, Janice Hughes and Helena Renfrew (n 35)

⁹⁵ Mureithi Muriuki (n 36)

⁹⁶ Ibid

⁹⁷ Ibid

The developments were seen in being used in various industries. A case in point was the agricultural sector with some farms using online data links to obtain market prices rather than use foreign exchange traders in the financial markets, computerized reservation systems began to be used by players in the tourism industry and electronic payments became part and parcel of the financial sector.⁹⁸ Digital networks were also employed in educational and research institutions through facilities like the East and Southern African Network (ESANET) and the GreenNet conferencing system which was accessible from the University of Nairobi; as well as pilot email projects at the University of Nairobi and the Kenya Medical Research Institute.⁹⁹The decade between 2000 to 2010 unleashed the full capacities of the internet and by the end of 2000; it was clear that the local had grown rapidly but experienced issues of infrastructure and costed a lot.¹⁰⁰

The major turning point in Kenya's internet history was in October 1995 when a leased line connection as established for the very first time.¹⁰¹Thereafter two ISP's serving the commercial and personal markets joined that is Africa-online (prodigy USA) and Form-net started offering the service and thus for the first time competition entered the market.¹⁰²By the end of 1995, there were more than 10 advertising for services and reported accounts totalled to approximately 5000.¹⁰³ By the end of 1998, the initial stages of Kenya's internet boom were underway with 600 dial-up lines in operation, in addition to the presence of 458 Internet hosts and 292 .ke domain names.¹⁰⁴However it faced challenges because of the low levels of locally available content on the internet, also the regulatory restrictions were high as it was highly regulated by the

⁹⁸ Ibid

⁹⁹ Ibid

¹⁰⁰ Ibid

¹⁰¹ Ibid

¹⁰² Ibid

¹⁰³ Ibid

¹⁰⁴ Ibid

KP&TC¹⁰⁵ this in turn made it expensive and thus most people could only access it through cyber cafes.¹⁰⁶

The second break after the leased line was the arrival of fibre optic cable networks, which was to enable all the 47 counties of Kenya, be able to access in internet. In 2007 there was a big break with the advent of mobile money transfer system through MPESA.¹⁰⁷ The mobile money transfer system (MPESA) lead to the steady increase in mobile phone penetration.¹⁰⁸ The fibre optic cable networks facilitated the spread of third-generation (3G) mobile technology and quickly began to become Kenyan's preferred internet access point as soon as affordable internet enabled mobile phones were successfully introduced to the market.¹⁰⁹

With the increase in mobile phone penetration and the advent of smart phones and the falling cost of mobile internet band width have been the driving force of the exponential increase in the use of the internet being witnessed today. The communications Authority of Kenya reported an increase in the total number of active internet subscriptions down from 41.1 million subscriptions to 42.2 million and thus a growth rate of 2.7%.¹¹⁰

The positive implications of greater internet connectivity are evident in the improvement of government services through e-government facilities, the expansion of e-commerce and the positive economic and social impact on key sectors including financial services, education, health and agriculture.¹¹¹ A report by the McKinsey Global Institute found the internet's

¹⁰⁵ *ibid*

¹⁰⁶ Mark Kaigwa, 'From the Cyber to Smartphone: Kenya's social Media Lens Zooms in on the Country and out to the world' in Bitange Ndemo and Timm Weiss(eds), *Digital Kenya: An Entrepreneurial Revolution in the making* (Palgrave Macmillan UK) 188

¹⁰⁷ William Jack & Tavneet Suri, 'mobile Money: The economics of MPESA (National Bureau of economic Research 2011) <<http://www.nber.org/papers/w16721>> accessed on 5th /08/2019

¹⁰⁸ *ibid*

¹⁰⁹ *ibid*

¹¹⁰ Communications Authority of Kenya "Quarterly statics 2018/2019' <<https://ca.go.ke-content/uploads/.../sector-statics-Report-Q1-2018-2019>> accessed on 5th/08/2019.

¹¹¹ James Manyika and Others, 'Lions Go Digital: The Internet's Transformative potential in Africa' (McKinsey Global institute 2013)9

contribution to Kenya's overall economy to be at 2.9% of its Gross Domestic Product (GDP) as of November 2013, a level comparable to developed countries such as France and Germany.¹¹²

Also, the report elucidates the fact that this contribution to GDP is primarily driven by primary consumption unlike economies like Morocco whose internet contributed to its GDP as a trade surplus from its business process outsourcing.¹¹³ Some of the activities carried out by Kenyans include online shopping, Social networking, email, instant messaging and accessing music or videos.¹¹⁴ Online shopping has thus led to the growth of many e-commerce platforms for selling and purchasing goods such as market.Jumia.co.ke, kilmall.co.ke, search engines such google and yahoo and social networking sites such as WhatsApp, Facebook and so many others.

Online Markets have benefited immensely from the exponential growth of internet penetration. The net worth of the industry is at 4.3 billion as per the statics of the communications Authority of Kenya.¹¹⁵ These industries are making use of the opportunities provided by digital networks to promote their brands and expand the market for their works beyond the geographical confines of Kenya. Many companies are thus taking advantage of this digitisation and a couple of them have moved to open store online in which people can purchase their products and services.¹¹⁶

With the exponential growth of e-commerce sites and online markets, it has also presented loop holes and channels in which counterfeit goods are being produced and channelled and therefore targeting innocent buyers. Most buyers do not have the opportunity to inspect these goods sold

<http://www.mckinsey/high%20tech/20internet/lions%20go%20dugital/mg_lions_go_digital_full_report_nov2013_ashx> accessed on 5th /08/2019.

¹¹² ibid

¹¹³ ibid

¹¹⁴ Wainana Wambu (n11)

¹¹⁵ Anne Njanja, 'Survey Shows One in Every 4 Kenyans shops online'. (Business Daily, March 14,2018)

<<https://www.businessafrica.com> > accessed on 30th /07/2019

¹¹⁶ A joint report by the Communications Authority of Kenya and the Kenya National Bureau of Statics found that more firms about 27% sold their products online and those that don't it's because the products they sold can't be sold online. <<https://www.capital.co.ke/.../e-commerce-contributed-6pc-of-all-purchases-in-Kenya>> accessed on 06/08/2019

on online market and thus making them more susceptible to counterfeits. In the case of *Consumer Federation of Kenya V Fones express*¹¹⁷The plaintiff purchased a mobile phone and two computes from the defendant company, the defendant refused to replace the faulty products and thus the plaintiff sought the support to the Consumer Federation of Kenya (COFEK) because the plaintiffs internal procedure did not sufficiently address the concerns of the consumer.

The digital age has brought immense difficulty in the enforcement of anti-counterfeit laws on digital networks as it has already become apparent in Kenya. The Anti-Counterfeit Authority estimates that most of bulk of household counterfeit are sold online¹¹⁸,also it is estimated that 98% of the total revenue of the Kenyan music industry is earned by pirates.¹¹⁹

Kenya's legal framework for the protection and enforcement of against counterfeits is primarily contained in the Anti-counterfeit Act 2008 and many other statutes such as the Copyright Act 2008, Industrial Property Act, and the Trade Marks Act, however the same do not seem to address some of the challenges presented by the Digital Age, it falls short in several important areas.

The response of the government to these challenges has been lacklustre at best. Several policy documents meant to provide a framework for stimulating growth and effectiveness of various sectors of the economy through digital technology have been published, namely the Kenya National ICT Masterplan;¹²⁰ the Ministry of Information, Communications and Technology

¹¹⁷ (2014) unreported

¹¹⁸ Wainana wamu (n 11)

¹¹⁹Dickson Nyariki and others, 'The Economic Contribution of Copyright-Based Industries in Kenya' (WIPO 2009) <http://www.wipo.int/copyright/en/performance/pdf/econ_contribution_cr_ke.pdf> accessed 16th /08/ 2014

¹²⁰ ICT Authority, The National ICT master plan 2013/2014-2017/2018'

<<http://www.wict.go.ke/wpcontent/uploads/2016/04/The-National-ICT-Master-Plan> >accessed on 27th/08/2019

Strategic Plan;¹²¹ and the National Broadband Strategy.¹²² These documents do not consider the role of the creative industries as a significant source of employment and their contribution to the country's GDP. No consideration is made of the opportunities and challenges posed on the creative industries by digital technology and digital networks. As a result, the policy documents merely recognise the general weakness of the legal framework for protecting and enforcing intellectual property rights but do not provide and policy interventions or legislative proposals to remedy the problem.

2.5. Challenges and opportunities presented by digital technologies

Digitisation has presented various opportunities and challenges in the field of intellectual property. Digitisation has presented an opportunity for creators and rights holders of works to be able to distribute, sell and licence their use over the digital platforms and thus this has led to the birth of online markets for the sale of goods online. The online markets include amazon, e-bay and in the Kenya context there is Kilimall, Jumia, biashara.biz and many others. The Communications Authority of Kenya estimates the industry to be worth 4.3 billion.¹²³ This can be attributed to the increased number of phone users and the internet.¹²⁴ The online markets have modernized the traditional way of selling, buying and marketing goods, now users order goods from the comfort of their homes and the same are delivered and pay using mobile money

¹²¹Ministry of Information Communications and Technology, 'Ministerial Communications and Technology Strategic Plan 2013 - 2017' <<http://www.ict.go.ke/wp-content/uploads/2016/04/MinistryStrategic.pdf> > Accessed 27th /08/ September 2019

¹²²Ministry of Information Communications and Technology, 'National Broadband Strategy' <<http://www.ca.go.ke/images//downloads/PUBLICATIONS/NATIONAL%20BROADBAND%20STRATEGY/National%20Broadband%20Strategy.pdf> > Accessed 27th /08/ 2019.

¹²³ Samuel Gitonga 'E-Commerce: The multibillion Industry In Kenya' Business Daily September 25.2018. <<https://businesstoday.co.ke/e-commerce-multi-billion-industry-kenya/> > accessed on 30th /07/2019

¹²⁴ As at 31st March 2019 the number of active mobile subscriptions in the country stood at 51.0 million up from 49 million registered at the second quarter. Communications Authority of Kenya 'Sector statics Report Q3 2018-19. <<https://ca.go.ke>>. accessed on 30th/07/2010.

payments, banking system or e-platforms of payment. This has been reflected in the significant drop the number of people queuing in the traditional shops.¹²⁵

Advancements in technology have facilitated the production and distribution of larger quantities of counterfeited goods in shorter periods of time and have made it easier for counterfeiters to profit while successfully escaping detection.¹²⁶ Thus modern technologies not only make it easier to produce counterfeit goods but also open up potential new distribution channels.¹²⁷ The most popular way of selling counterfeits over the web is through auction sites as millions of consumers flock them daily hoping to find the best bargain and what even makes it more prone to counterfeiting is the fact that consumers don't get to physically inspect the goods prior to them purchasing.¹²⁸

However, most auction sites prohibit the sale of counterfeit and infringing merchandise in their “terms and Conditions” and many do investigate complaints brought by owners of intellectual property and even remove listings and sellers accounts, some even have feedback bulletin boards where buyers can post complaints about purchases. However, some auction sites do not have some measures and some do not monitor listings to ensure that counterfeit merchandise is not being sold online and thus making them hotbeds for counterfeiting online. In the case of *Tiffany (NJ) Inc. and Tiffany and Company V E-bay Inc*¹²⁹ Tiffany a company dealing in the sale of branded jewellery sued eBay an online market. Before 2004, Tiffany became aware that counterfeit Tiffany merchandise was being sold on eBay's site .Prior and during the course of

¹²⁵ Anne Njanja (n 115)

¹²⁶ Roy S. Fenoff & Jeremy M. Wilson (2009) “Africa's counterfeit Pharmaceutical epidemic: the road ahead, Anti-counterfeiting and product protection program, Michigan state university, <<https://www.ncjrs.gov/app/publications/Abstract.aspx?id=252370>> Accessed on 30th /07/2019

¹²⁷The International Chamber of Commerce, 'Counterfeiting in the New millennium' (January 2000) <http://www.iccwbo.org/ccs/new_archives/2000/counterfeiting_in_the_new_millennium_acp> accessed on 30th July 2019

¹²⁸ Statement on the International Trade Mark association on the Green paper on Consumer protection. (January 15 ,2002)< http://www.inta.org/policy/cmnit_grpaper.shtml> accessed on 30th July 2019

¹²⁹ 600 F. 3d 93 (2dCir.2010).

this litigation, Tiffany conducted two surveys known as “Buying Programs”, in 2004 and 2005 in order to determine how much counterfeit of its product were out there, It found about 73%.The Court decided that e-bay had significant amount of counterfeit Tiffany jewellery being sold on their website during the period in which the buying programmes were in effect. a significant portion of the Tiffany sterling Jewellery listed on eBay website were counterfeit. This case thus shows that counterfeit goods can still be sold online despite the measures put in place.

Another challenge posed by digital platform is that they provide cyber criminals with a feeling of anonymity that traditional counterfeiting methods cannot provide and thus making it desirable business venture for syndicates of organized crime. The anonymous counterfeiters have access to a wide range of resources such as Virtual private Networks (VPNs), seed boxes, anonymous remailers, encrypted web browsing and thus making it hard for the counterfeiters to be known.

Also, digitalisation especially ICT technologies and media are already targets of or media used in counterfeiting.¹³⁰ There has been development of several digital platforms on which illegal file sharing and unauthorized use of copyright material is shared. The development of the peer -peer file sharing makes file sharing among networks easy and thus facilitates the easy access of files located in computers within the networks.Music pirates can now upload and download music free on charge on the internet without getting licenses from the rightful owners. A case in point is the case of *A&M Records incorporation V Napster Inc*¹³¹.The case was brought by various recording companies all belonging to the Recording Industry Association of America (RIAA) suing Napster a business started in 1999 by Shawn Fanning, then a freshman computer science student at the North eastern University provided a platform for users to access and download compressed digital music files, specifically MP3’s from other users machines. Unlike many peer

¹³⁰ Ben Sihanya (n 41)

¹³¹ 239 F. 3d 1004 (9th Cir 2001)

to peer servers Napster included a central server that indexed connected users and files available on their machines, creating a searchable list of music available across Napster's network.

Napster's ease of use compared to other peer to peer services quickly made it popular for music enthusiasts to find and download digital song files for free. The United States Court of Appeal for the Ninth Circuit affirmed the ruling of the United States District of California, holding that Napster's peer-to-peer (P2P) file sharing service is contributory infringement and vicarious infringement of the plaintiffs' copyright.

Also, digital audiotapes, digital broad casting, optical Character recognition (OCR) scanners, CDS, electronic cameras and high-quality computers have made counterfeiting and pirating cheaper, faster and simpler and more rewarding.¹³² Tedious and repetitive tasks are now easily accomplished through computer aided design and computer aided manufacturing, as well as online distribution. These processes are more productive and easier to copy than the Fordist, industrial revolution technologies.¹³³

2.6. The various actors in cases of counterfeiting in the digital age.

Internet Service providers and online are the major conduits through which online sell and trade in counterfeits is carried out. In Kenya internet service providers are defined under the Computer Misuse and Cyber Crimes Act¹³⁴ "as public or private entities that provide to users its services that means to communicate by use of a computer system: and any other entity that processes or stores data on behalf of that entity". With the deep penetration of mobile phone networks, mobile service providers have become some of the leading ISPs and some even carry activities retailing as in the case of *John Boniface Maina V Safaricom limited*¹³⁵ which concerned the unauthorised

¹³² *ibid*

¹³³ M. Bernard (1994) "Post-Fordism, Transnational production and the changing global political economy ,"

¹³⁴ 2018, Sec 2(e)

¹³⁵ Civil suit 808 of 2010 [2013] eKLR

aggregation and transmission of musical works through a CRBT device services owned by Safaricom Ltd.

2.6.1. Online markets

“These are websites that provide businesses and consumers with a place through which to offer, sell and purchase goods and services.”¹³⁶ These sites use a range of business models such as consumer-to-consumer, business-to-consumer and business-to-business transactions.¹³⁷ They are sometimes referred to as online auction sites.¹³⁸ A report examining online offers of five luxury brands found these brands to be offered on 1100 suspicious e-commerce sites. These sites enjoyed almost 120million annual visits representing almost half of the traffic to legitimate sites of the study.¹³⁹ Counterfeit stores often operate multiple seemingly unrelated stores simultaneously to disguise the size of the operation, and if one store is closed, one is still in use.¹⁴⁰

2.6.2. Social media

Marketing campaigns are launched on social media, being the new medium to socialise and to connect brands with customers.¹⁴¹ However, the same can also be used to promote sales of counterfeit goods due to the huge potential promotion that social media provides.¹⁴² Counterfeiters trade on social media using techniques such as flash sales or heavy discounts on the products. Targeted ads used on Instagram and Facebook are intended to directly connect the product with the external link where goods are placed. Social media sites also offer their users

¹³⁶ Business Action to Stop Counterfeiting and Piracy (n 51)

¹³⁷ *ibid*

¹³⁸ Todd E Lerner, ‘Playing the Blame Game, online: Who is Liable when Counterfeit Goods are Sold Through Online Auction Houses. *Pace International Law Review*.2010, P.242.

¹³⁹ *ibid*

¹⁴⁰ International Trade mark association, ‘Addressing the Sale of Counterfeits on the Internet’.

<[https://www.inta.org/...Adressing the sale of counterfeits on-the-internet-021518.pdf](https://www.inta.org/...Adressing_the_sale_of_counterfeits_on-the-internet-021518.pdf) > accessed on 1st August 2019

¹⁴¹ Sisira Neti, ‘Social Media and its role in Marketing’ *international Journal of Enterprise Computing and Business Systems* Vol 1 Issue 2, (2011)

¹⁴² WIPO, ‘Study on approaches to online trademark infringement.

the option of selling goods directly to other users. This makes it hard to fight online counterfeit goods. Most social media sites policies which ask users to respect intellectual property rights however on some sites, the procedure to be followed is very explicit; however, few of the top-ranking sites have a readily accessible policy for combating the sale of counterfeit goods¹⁴³

2.6.3. Search Engines

Search engines crawl and index trillions of webpages on the Internet.¹⁴⁴ Search engines allow for advertisements, which counterfeiters take advantage of to promote the sale of counterfeit goods. Search engine advertising platforms generally have policies against counterfeits, some have even developed complex engineering methods to detect and root out advertisers that use tactics indicating fraud, including by counterfeiters. An example is google. Google is the largest search engine under Google Incorporation and runs an advertisement system called “AdWords” which enables adverts to be displayed alongside natural results, in response to key words. Through AdWords, Google allows advertisers to select keywords so that their ads are displayed to internet users in response to the entry of those keywords in Google’s search engine. Every time an internet user subsequently clicks on the ad’s link, Google is remunerated in accordance with a price agreed beforehand (‘price per click’).¹⁴⁵ Google provides a ‘Trademark complaint procedure’ under which it investigates trademark complaints, however google does not operate a notice and takedown policy but advises the trademark owners to contact the individual advertisers and does not have a complaint procedure for trademark complaints regarding natural results.¹⁴⁶

¹⁴³ Ibid 136

¹⁴⁴ Ibid

¹⁴⁵ Katja Weckston, ‘Liability of Trade mark infringement for Internet Service Providers’ (Marquette Intellectual Property Law Review)16 <<https://www.law.columbia.edu/.../liability-for-trademark-infringemen-internet>> accessed on 2nd /08/2019

¹⁴⁶ Google Inc, ‘What Google AdWords and AdSense Trademark policy?’ Google <<http://Adwors.google.com/support/awbin/answer.py?hl=en&answer=6118>> accessed on 2nd /08/2019

2.6.4 Mobile Applications

Mobile application (app) marketplaces are another e-commerce platform that enables counterfeiting.¹⁴⁷ Some apps facilitate user access to infringing content and are used to gain access to the various services, such as P2P file-sharing sites for uploading and downloading materials, as well as sites for streaming, and searching. These apps can be found on the major app stores operated by Google, Apple and Microsoft.¹⁴⁸

Like many other e-commerce services, some app stores do not pre-approve app content. Unscrupulous vendors, therefore, are free to include or update apps that facilitate copyright infringement, encourage purchases of counterfeit goods, or utilize unlicensed movie content, images, music, and video clips.

However, the law on intermediaries seems to limit their liability as provide in Section 56¹⁴⁹ and thus the legal framework governing intermediary liability is limited as illustrated in the case *Bernsoft Interactive & 2 Others v. Communications Authority of Kenya & 9 Others*¹⁵⁰ The case is a constitutional petition by music industry stakeholders seeking injunctive orders to compel the major internet service providers (ISPs) to block access to websites that transmit or distribute material that infringes copyright held by the petitioners.

¹⁴⁷ Sue Zeidler, 'Hollywood targets Rogue Mobile apps in war on pirates Content' February 2013. <http://www.reuters.com/article/2013/03/01/net_US_Hollywood_apps-idUSBRE92003Y20130301>. accessed on 31st/July 2019)

¹⁴⁸ Ibid

¹⁴⁹ Computer misuse and Cyber crimes Act 2008. A Service provider shall not be subject to any civil or criminal liability unless it is established that the service provider had actual knowledge, or willfully and malicious intent and not merely through omission or failure to act, had thereby facilitated, aided or abetted the use by any person of any computer system controlled or managed by a service provider in connection with a contravention of this Act or any other written law.

¹⁵⁰ Petition No 600 of 2014: Victor Nzomo, 'Test Case Liability for Online Copyright Infringement: Music Industry Players Sue ISP's, Telecoms and Government' <<https://ipkenya.wordpress.com/2014/12/15/test-case-on-liability-for-online-copyright-infringement-music-industry-players-sue-isps-telecomsandgovernment>> accessed on 18/06/2019.

2.5.Conclusion

The Digital Age has ushered in various opportunities and challenges for Intellectual Property rights and placed a bigger burden on the fight against counterfeiting. This chapter has explored how the challenges, in particular, are having a significantly negative effect on the fight against counterfeiting. At the same time, advancements in digital technologies also provide the opportunities to open up markets for creative content, enhance the collective administration of copyright, and improve access to knowledge and information. It is imperative that the legal and institutional framework in place adequately meets these opportunities and challenges. The following chapter analyses and critiques the adequacy of Kenya's framework in this regard.

CHAPTER THREE

KENYA'S LEGAL AND INSTITUTIONAL FRAMEWORK IN THE REGULATION OF COUNTERFEITS

3.0. Introduction.

This chapter seeks to provide an analysis of Kenya's legal and institutional framework in dealing with counterfeiting with particular emphasis on the adequacy of this framework in protecting and enforcing Anti Counterfeit laws in the digital age.

The chapter will analyse the transnational regime: the TRIPS Agreement, the WTO agreements the regional regimes and the national legislative provisions of the framework found in the Constitution 2010, Anti-Counterfeit Act, Trade Marks Act, Copyrights Act, Industrial property Act, The institutional bodies mandated with the authority of curbing counterfeiting: Anti counterfeit Authority, Kenya Copyright Board (KECOBO), the judiciary, the Kenya Revenue Authority and other bodies such as the National Police Service.

3.1. Transnational regimes.

The increasing awareness of the adverse character and adverse consequences of counterfeiting and trade in counterfeit goods has invoked quite a number of transnational policy and institutional policies. Some of these measures are quite evidential the international level through the work of the World Trade Organization (WTO), the World Intellectual Property Organisation (WIPO), the Organisation for Economic Co-Operation and Development (OECD).¹⁵¹

¹⁵¹ Ben Sihanya (n 41)

3.1.1. Convention Establishing the World Intellectual Property Organisation. (WIPO).¹⁵²

The Convention establishes the World Intellectual Property Organization as a global forum for IP policy, services, information and cooperation. It administers about 23 IP treaties, including the Paris Convention on the Protection of Industrial property, (1883) (Paris), the Berne Convention on literary and Artistic Work, 1886(Berne), the Madrid System for the International registration of Marks established under the Madrid Agreement, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty

Kenya is a party to the Paris Convention.¹⁵³ Article 1 provides for that industrial property shall include patent, trademarks, industrial designs and geographical indications. The convention provides that any imported goods that infringe on a registered trademark or a geographical indication should be seized in compliance with the law of the respective member state.¹⁵⁴ Member states are required to provide appropriate remedies to deter infringement of trademarks and geographical indications.¹⁵⁵

Kenya is also a party to the Berne convention¹⁵⁶ which provides for automatic protection of copyright and prohibits formalities such as registration as a prerequisite to the subsistence, enjoyment, protection and enforcement of copyright.¹⁵⁷ The convention provides for the seizure of imported copies that infringe on copyrighted works of a copyright holder in accordance with the law of the respective member state.¹⁵⁸

¹⁵² WIPO Convention (1967 Stockholm Sweden). Currently WIPO has 187 member states. Kenya became party to the Convention on 5th July 1971.

¹⁵³ Paris Convention for the protection of industrial property :(WIPO: 1883, Paris, France) Kenya acceded to the convention in 1965 < <http://www.wipo.int/treaties/en/ip/paris>> accessed on 13/06/2019.

¹⁵⁴ Ibid Article 9

¹⁵⁵ Article 10ter

¹⁵⁶ Berne Convention for the Protection of literary and Artistic works: (WIPO: 1886, Berne Switzerland) Kenya ratified the Berne Convention in 1993. < http://www.wipo.int/treaties/en/text.Jsp?file_id=283698>. accessed on 13/06/2019

¹⁵⁷ Ibid, Article 5(2).

¹⁵⁸ Ibid, Article 16.

Kenya has also ratified the Madrid system¹⁵⁹ which is comprised of the Madrid Agreement¹⁶⁰ and the Madrid Protocol¹⁶¹. These facilitate ease in the registration and administration of marks internationally and among member states. It provides that once a mark is registered by the International Bureau of WIPO, it will be protected in each of the contacting countries as if it had been filed directly in each respective country.¹⁶²

Kenya is also a party to the WIPO Copyright Treaty¹⁶³ (WCT) and the WIPO Performance and Phonograms Treaty¹⁶⁴ (WPPT) (internet treaties). These were majorly passed in the 1980s and 1990s and were majorly meant to strengthen IP especially in the context of technological advancements and trade liberalization. In 1996, the WIPO Diplomatic Conference agreed on two major legal instruments intended to address issues on copyrights and related rights on the internet and these the WIPO Copyright treaty and the WIPO Performance and phonograms Treaty.

WCT provides for the distribution, rental, right of communication to the public, limitations and exceptions as well as technological protection measures and rights management information.¹⁶⁵ It addresses copyright protection in the light of technological developments like the internet.

The WPPT provides for the exclusive right of making available copies of performances fixed in phonograms and the phonograms.¹⁶⁶ The WPPT provides for technological protection measures and electronic rights management systems. It makes the circumvention of technological

¹⁵⁹ Kenya ratified the Madrid System on 26th June 1998

<<http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid-markspdf>>. Accessed on 15th / 06/2019

¹⁶⁰ Madrid Agreement on the International Registration of Marks (WIPO: 1891, Madrid, Spain)

<http://www.wipo.int/wipolex/en/wipo_treaties/text.js?file_id283530>. Accessed on 15th /06/2019

¹⁶¹ Madrid Protocol on the Madrid Agreement on the International Registration of Marks (WIPO: 1891 Madrid Spain) http://www.wipo.int/treaties/en/registration/madrid_protocol/. (Accessed on 15th /06/2019)

¹⁶² Ibid, Article 4

¹⁶³ WIPO Copyright Treaty: (WIPO:1996, Geneva Switzerland)

http://www.wipo.int/export/sites/www/treaties/en/ip/wct/pdf/trdocs_wo033.pdf (Accessed on 1st /07/2019)

¹⁶⁴ WIPO Performances and Phonograms Treaty: (WIPO:1996, Geneva ,Switzerland)

http://www.wipo.int/treaties/en/text.jsp?file_id=295477 (Accessed on 1st /07/2019)

¹⁶⁵ Articles 6-12, WCT.

¹⁶⁶ Articles 8 and 12 WPPT

measures illegal¹⁶⁷. These treaties in effectively curbing piracy on the internet, provide two types of technological adjuncts to copyright¹⁶⁸. The first is the “anti-circumvention” provision¹⁶⁹ that deals with the problem and requires countries to provide adequate legal protection and effective remedies against circumvention of technological measures such as encryption used by copyright holders to protect their rights.¹⁷⁰

It also requires countries to prohibit alteration or deletion of electronic information which accompanies any protected material, and which identifies the work of its creators, performer, or owner and the terms and conditions for its use.¹⁷¹ The treaties are said to be an important step forward in the global attempt to bring copyright and enforcement in the digital age.¹⁷²

However, the technological problem measures provided in the treaties are against the copyright exceptions that the Berne convention and most of the global copyright laws provide for, especially with regard to access to copyrighted materials for education and research¹⁷³

3.1.2 TRIPS Agreement¹⁷⁴

The agreement was adopted as part of the WTO agreement on the 15th April 1994 at Marrakesh in Morocco. The agreement came into force on January 1 2000. It provides for the protection of copyright and related rights, trade marks, geographical indications, industrial design, patents,

¹⁶⁷ Articles 18 and 19 WPPT

¹⁶⁸ Eunice Njuguna, Intellectual property Rights: Towards a more Effective Dispute Resolution Framework, A Thesis Submitted in Partial fulfilment of the Requirements for the Award of Master of Laws at the University of Nairobi (University of Nairobi 2014)

¹⁶⁹ Ibid 67

¹⁷⁰ Ibid 68

¹⁷¹ Ibid

¹⁷² Christopher Johnson and Daniel J. Walworth US. International trade Commission: *Protecting US Intellectual Property Rights and Challenges of Digital Piracy* (2003, US, International Trade Commission, Washington DC) <http://www.usite.gov/publications/333/workingpapers/wp_id_os.pdf> accessed on 1st /07/2019

¹⁷³ Marisella Ouma, and Ben Sihanya [2010], “Access to Knowledge in Africa: The Role of Copyright: ‘Kenya’ a study of the African Copyright and Access to knowledge (ACA2K) project and International Development Research Centre (IDRC) Acacia Initiative for Africa and Shuttleworth Foundation Intellectual Property Rights programme in C. Armstrong. De Beer, D Kawooya, A Prabhala, T Schonwetter (eds)

¹⁷⁴ Agreement on Trade Related Aspects of Intellectual property rights (WTO: 1995, Geneva, Switzerland) <https://www.wto.org/english/docz_e/legal_e/27_trips> accessed on 2nd/07/2019

layout designs of integrated circuits and protection of undisclosed information.¹⁷⁵ It provides that member states are required to legislate on minimum standards with regard to enforcement of IPRs including effective border measures and penalties for IPR infringement.¹⁷⁶ The Agreement requires member states to enable a right holder, who has valid grounds for suspecting that importation of counterfeit trademark or pirated goods to lodge an application to a competent authority for the suspension by the customs authority of the release into free circulation of such goods.¹⁷⁷ The agreement requires member states to avail adequate remedies to compensate IPR holders. The member states are also required to ensure that border measures are effective and seizure and forfeiture and destruction of infringing goods are availed to IPR holders.¹⁷⁸ Where criminal proceedings are filed, the penalties should be deterrent and the enforcement proceedings should be affordable and prompt.¹⁷⁹

3.2 Regional framework

The regional framework is the African Regional Intellectual property Institute (ARIPO) and the East African Community.

3.2.1 ARIPO

ARIPO facilitates administration of IPRs.¹⁸⁰ The main objective for its establishment was to pool resources together for the coordination of IP policies, development and harmonization of IP law in the English-speaking African countries.¹⁸¹ The Agreement administers the Harare protocol on

¹⁷⁵ Ibid Article 1(2)

¹⁷⁶ Ibid Part III

¹⁷⁷ Ibid Article 51

¹⁷⁸ Ibid, Article 61

¹⁷⁹ Ibid, Article 41

¹⁸⁰ ARIPO was established through the Agreement on the creation of the African Regional Intellectual property Organization (1976,Lusaka Zambia) adopted in Lusaka, Zambia on 9th December, 1978 and came into force on 15th February 1978. Currently ARIPO has nineteen member states including Botswana ,Gambia , Kenya , Malawi , Mozambique , Namibia, Sao Tome and Principe ,Sierra Leone ,Somalia ,Sudan, Swaziland ,Tanzania ,Zambia , Zimbabwe. <http://www.aripo.org> accessed on 4th/7/2019.

¹⁸¹ <http://www.aripo.org> accessed on 4th /7/2019

patents and industrial designs¹⁸² and the Swakopmund protocol on Traditional knowledge and expression of Folklore¹⁸³.

The Harare Protocol on patents and industrial designs¹⁸⁴ provides for patent, utility designs and industrial designs and also provides that protection in each member state is by designation where the applicant indicates the respective state in which protection of the desired IP right is required.¹⁸⁵ Once ARIPO examines the application, it notifies the designated member states and the latter have six months within which to refuse protection of the respective right in the member state.¹⁸⁶ If the patent is granted, it is then by ARIPO and the same is treated as a national right for purposes of enforcement.¹⁸⁷

The Swakopmund treaty of Traditional knowledge and Expression of folklore¹⁸⁸ protects the holders of traditional knowledge against infringement of rights and protecting expressions of folklore against misappropriation, misuse and unlawful exploitation beyond their traditional context.¹⁸⁹

3.2.2 East African Community Treaty.¹⁹⁰

One of the agendas of the East African community is to facilitate the smooth flow of trade between the partner states, thus leading to the conclusion of a protocol on the establishment of

¹⁸² Harare Protocol on Patents and Industrial Designs (ARIPO:1982, Harare, Zimbabwe).< <http://www.aripo.org>> accessed on 4th /7/2019)

¹⁸³ Swakopmund Treaty for the protection of Traditional Knowledge, Folklore and expressions of Culture (ARIPO: 2010, Swakopmund, Namibia) It was adopted at a Diplomatic Conference of ARIPO August 9 2010, in Swakopmund Namibia. The Protocol entered int force on May 11 2015. The signatories include Botswana, Ghana, Kenya, Lesotho, Liberia, Mozambique, Namibia, Zambia and Zimbabwe. <http://www.aripo.org> (Accessed on 4th /7/2019).

¹⁸⁴ Ibid 173

¹⁸⁵ Ibid Section 1.

¹⁸⁶ Ibid Section 3.

¹⁸⁷ Ibid

¹⁸⁸ Ibid 174

¹⁸⁹ Ibid Section 1.

¹⁹⁰ The East African community Treaty was signed on 30th, November, 1999 and entered into force on 7th, July 2000, amended on 14th December 2006 and 20th August 2007. The original members were Uganda, Tanzania and Kenya but later were joined by Rwanda, Burundi and South Sudan and thus making them six member countries.

the East African community Common Market (common market protocol)¹⁹¹. It was signed at the EAC summit in December 2009 and was ratified by the parliaments of the then partner states in April 2010 which paved way to its implementation from 1st July 2010.¹⁹² The common market protocol aims to remove barriers to trade in goods and services as well as liberalizing the movement of other factors of production.¹⁹³ This is in line with IP, the rights to which are embodied or associated with the goods and services.¹⁹⁴

The EAC recognizes the importance of Intellectual Property under Article 103(1) which provides that “recognizing the fundamental importance of science and technology in economic development, the partner state undertakes to promote cooperation in the development of science and technology within the community and in particular the harmonization of policies on commercialization of technologies and promotion and protection of intellectual property rights”¹⁹⁵.

Article 29 of the protocol provides for the protection of cross border investments. This Article advocates for the promotion of cooperation in the field of IPRs within the region. Article 29(4) of the protocol defines investment as “any kind of asset owned or controlled by an investor of a particular state in another state in accordance with the national laws and investment policies of that partner state”. Article 29(4) (f) listed IPRs as investments.

Article 43(4) of the protocol provides for the protection of quasi IP rights. It provides that “partner states shall establish mechanisms to ensure the legal protection of traditional cultural expressions ,genetic resources and national heritage: the protection and promotion of cultural

¹⁹¹ The common market protocol was signed pursuant to Articles 5(2) and 76(1) of the EAC Treaty

¹⁹² The east African common Market Protocol

¹⁹³ The preamble of the Protocol on the Establishment of the East African common Market.

<http://www.eas.int/treaty>. (Accessed on 4th /7/2019)

¹⁹⁴ Anthony Kakooza, ‘Back to the Drawing board: Assessing priorities for Intellectual Property Rights in the EAC countries.’ www.academia.com (Accessed on 4th/7/2019).

¹⁹⁵ The common Market Protocol, Article 103(1).

industries :the use of protected works to the benefit of the communities in partner states and the cooperation in public health ,food security ,research and technological development”.

Also, the East African customs management Act 2004 ¹⁹⁶recognizes the adverse effects of counterfeit goods and prohibits the importation of counterfeit goods of all kinds in the EAC region.

3.3 National Framework

3.3.1 Constitution¹⁹⁷

The constitution is the primary law on which intellectual property law protection is premised. It is the supreme law of the land and binds all persons and state organs. It provides in Article 2(6) that “any treaty or convention ratified by Kenya forms part of the law of Kenya”, therefore the TRIPS Agreement, the Paris convention for the Protection of industry Property 1883 among others form part of Kenyan law.

The constitution also in Article 11(2) provides that the state shall:

- (i) Promote all forms of national and cultural expression through literature, the arts publications, libraries and other cultural heritage.
- (ii) Recognize the role of science and indigenous technologies in the development of the nation; and
- (iii) Promote the intellectual property rights of the people of Kenya.

Intellectual property rights expressly recognized and protected under Article 40(5), which places an obligation on the State to support, promote and protect the intellectual property rights of the people of Kenya in the same breath Article 69 (1) (c) and (e) mandates the state to protect and

¹⁹⁶ 2004

¹⁹⁷ 2010

enhance intellectual property, traditional indigenous knowledge of bio diversity and genetic resources of communities and protect genetic resources and bio diversity. The inadequacies of the state to carry out its mandate under Article 40 and Article 69 (1) (c) and (e) can be contested before the High court within its jurisdiction to determine matters involving the violation of fundamental rights and freedoms and within its supervisory jurisdiction over any person, body or authority exercising a judicial or quasi-judicial function This was demonstrated in the case of *Bernsoft interactive & 2 others V Communications Authority of Kenya & 9 Others*.¹⁹⁸ A constitutional petition was filed seeking declaratory orders that the state through its relevant organs: The Communications Authority of Kenya, the Kenya Copyright Board and the office of the Attorney general has failed its legal and constitutional obligations to protect the intellectual property rights holders by not putting in place an adequate legal policy in response to online rampant infringement

The state therefore is mandated to support, promote and protect the intellectual property rights of the people of Kenya.

3.3.2. Anti-counterfeit Act¹⁹⁹.

This is the main instrument dealing with Counterfeiting in Kenya. The Act establishes the Anti-Counterfeit Authority (ACA)²⁰⁰, which is a body corporate with perpetual succession and a common seal. The body is mandated²⁰¹ to, coordinate with national regional and international organizations in combating counterfeits; enforce the provisions of the Anti-counterfeit Act 2008, to educate the public on counterfeits and to promote training programs on combating counterfeits. This was also emphasized in the case of *Panyahululu & Co Ltd V ACA & the*

¹⁹⁸ Petition No 600 of 2014 :Victor Nzomo,'Test Case Liability for Online Copyright Infringement: Music Industry Players Sue ISP,s ,Telecos and Government <https://ipkenya.wordpress.com/2014/12/15/teat-case-on-liabilty-for-online-copyright-infringement-music-industry-players-sue-isps-telocosandgovernment> (Accessed on 18/06/2019).

¹⁹⁹ No 13 of 2008.

²⁰⁰ Ibid Sec 3

²⁰¹ Ibid Sec 5

*Director of Public Prosecutions & Societe Bic*²⁰² were the court stated that the function of the Anti-counterfeit Act 2008 is to prohibit trade in counterfeits. The Act also provides for the appointment of inspectors to investigate and prosecute infringement of all intellectual property Rights protected in Kenya ²⁰³and designation of inspectors from other institutions whose roles include trade in counterfeit goods or protection of IPR such as the Kenya police and Kenya Copyright Board²⁰⁴. The rationale is that the enactment of the Act would not remove the mandate of other public institutions with powers to combat trade in counterfeit in Kenya. The Act empowers ACA to coordinate all activities relating to combating counterfeit trade in Kenya. The Act provides for offences under Sec 32²⁰⁵and for penalties under Section 35.²⁰⁶The commissioner for customs services²⁰⁷ is empowered to upon application by an IPR holder, seize, and detain all suspected counterfeit goods.²⁰⁸

However, the Act has various loopholes. The first, the Act doesn't have a mandatory custodial sentence irrespective of the flagrancy of the offence and does not provide for minimum penalties within the result that too much discretion is left to the courts²⁰⁹and thus it is possible for a habitual offender to be sentenced to a lesser fine or jail term.

Secondly, the Act does not also provide the Anti-counterfeit officers with the power to prosecute cases, the inspectors powers are limited and thus have to seek courts directions in counterfeiting disputes. Section 30(1) of the Anti-counterfeit Act provides that the Attorney general appoint public prosecutors for the purpose of counterfeit cases.

²⁰² Petition No 59 of 2013

²⁰³ Ibid Sec 22(1)

²⁰⁴ Ibid Sec 22(3) provides for the designation of police officers, customs officers, trade development officer, industrial development officer, trade mark and patent examiner, Seed and plant varieties inspector, public health inspector, inspectors under the Standards Act (Cap 496), the Food, Drugs and chemical Substances Act (Cap 254), the Pharmacy and Poisons Act (cap 244) and the Pest Control products Act (cap 346).

²⁰⁵ Anti-Counterfeit Act 2008

²⁰⁶ Ibid

²⁰⁷ Appointed under the Kenya Revenue Authority act Cap 469 Kenya.

²⁰⁸ Ibid 189, Sec 34

²⁰⁹ BASCAP Report (n 6)

Also the law is silent on border measures as far as exports and goods in transit are concerned and this can create a loophole through which goods can get into the country, looking at the fact the Kenya is major transit route in the East African region.²¹⁰

The law is also silent on the liability of internet intermediaries. It should be noted that the law majorly focuses on the traditional modes of counterfeiting and thus leaves out internet intermediaries such as internet service providers, online markets, websites, applications and many others.

3.3.3 The Industrial property Act²¹¹

The Act provides for the protection of patents, utility models and industrial designs. The Act establishes the Kenya Industrial property institute²¹² and the industrial property Tribunal.²¹³It provides for infringement; it provides that “any Act specified in section 54 or 92 and performed by a person other than the owner of the patent or the registered utility model or industrial design without the owner’s authorisation, in relation to a product a process or falling within the scope of a validly granted certificate of registration constitutes infringement”²¹⁴.

However, the Act lacks provisions in regard to the determination of disputes that may arise before a patent is granted and in cases where such disputes arise, KIPRI lacks the powers to resolve such disputes and thus refers them to the Industrial Property Tribunal which has no mandate to determine such disputes. Section 103 provides that “any person who desires to file revocation proceedings before the Tribunal should do so within nine months of the publication of grant of a patent or registration of a utility model or industrial design”.

²¹⁰ BASCAP Report (n 6)

²¹¹ No 3 of 2001.

²¹² Ibid Section 3

²¹³ Ibid section 113

²¹⁴ Ibid Sec 105

3.3.4 The Trade Mark Act²¹⁵

The Act provides for registration of trademarks and service marks. The Act defines as trade mark to include a symbol. Word, sign letter, numerical, coloured mark and audible signs. The main purpose of trade mark and service mark is to protect innovators and traders in legitimate products, consumers and the industry.²¹⁶This is achieved through distinguishing goods of one person from another.²¹⁷Trade marks are registered at KIPi and administered its managing director who is the registrar of Trademarks .Section 15A²¹⁸ provides for the protection of marks protected under the Paris Convention of the WTO agreements and TRIPs. The Act also provides for infringement of trademarks and what amounts to infringement.²¹⁹

However, the Trademark Act has challenges, one being in trademark enforcement, the law provides that infringement actions must be pursued in the High court as the court of first instance;²²⁰ this is problematic because there is a general lack of judicial capacity in handling Intellectual property law matters.

Secondly, the fees payable for trademark registration are relatively high and among the highest on the continent and this is particular for foreign applicants which turns out prohibitive when it comes to IPR protection in Kenya.²²¹

3.3.5 The Copyrights Act²²²

The Act provides for the protection of literary, musical, artistic works, audio visual works, sound recordings and broadcasts.²²³This Act repealed the Copyright Act 1966; the copyright Act

²¹⁵ Cap 506 Kenya

²¹⁶ Bentley & Sherman (2009) *Intellectual Property Law*, op cit.

²¹⁷ Ibid

²¹⁸ Ibid

²¹⁹ Ibid, Section 46

²²⁰ Ibid, Section 20(4) and 21(6)

²²¹ BASCAP Report (n 6)

²²² No 12 of 2001

embodies some aspects of protection of copyright in the digital space and actually meets some of the requirements of the WIPO internet treaties: the WPPT and WCT. The Act establishes the Kenya Copyright board which is charged with the mandate of the overall administration and enforcement of copyright and related rights in Kenya.²²⁴ It provides for both civil and criminal sanctions for copyright infringement.²²⁵ The Act also provides for Anton Pillar orders in case of infringement.²²⁶ It also provides for the appointment of copyright inspectors and special prosecutors to deal with copyright infringement.²²⁷ The Act makes it illegal for one to engage in activities that are likely to encourage counterfeiting and piracy such as circumvention of technological devices used to protect copyright rights or the removal of rights management system.²²⁸ The Act prohibits the sale of audio-visual works without anti-piracy security device.

3.4. Institutional Framework

3.4.1. Anti-counterfeit Authority

The Anti-counterfeit authority is established under the Anti-counterfeit Act²²⁹ as a state corporation with the mandate to enlighten and inform the public on matters relating to counterfeiting, combat counterfeiting trade and other dealings in counterfeit goods, devise and promote training programs to combat counterfeiting and coordinate with national, regional or international organizations involved²³⁰.The Act provides for the appointment of inspectors who may enter and inspect any premises or vehicle in which goods are suspected for being counterfeit, manufactured or produced²³¹ and it also empowers inspectors to seize ,detain or

²²³ Preamble of the Act

²²⁴ Ibid Section 3

²²⁵ Ibid section 35(3) and 38(4).

²²⁶ Ibid Section 36

²²⁷ Ibid Section 39

²²⁸ Ibid Sec 35(3)

²²⁹ 2008

²³⁰ Ibid, Section 5

²³¹ Ibid, Section 23

remove for detention all goods in question found at the premises²³² as was in the case of *Republic V Peter Mwangi*²³³ were after a raid by the Anti-Counterfeit officials, the accused was found in possession of 12 mobile phones valued at 220,000, which were calculated to be taken as Samsung electronics company Limited of South Korea.

However, the ACA in discharging its duties is faced with challenges. First is the powers given to inspectors are limited as they have to seek courts directions in counterfeiting disputes and they do not have the ability to prosecute cases that they have initiated. Section 30(1) of the Anti-counterfeit Act provides that the Attorney general appoint public prosecutors for the purpose of counterfeit cases.

The second challenge is that the Authority does not have power to settle matters out of court, impose fines, and destroy goods thus making the authority's powers are limited.

3.4.2. Kenya Industrial Property Institute.

The body is established under the provisions of the Industrial Property Act.²³⁴ It is a body corporate with perpetual succession and a common seal. The body administers both the Trade marks Act²³⁵ and the Industrial property Act.²³⁶ It establishes the position of Managing Director of the institute.²³⁷ He is the secretary of the board and also an ex officio member of the board and in charge of the day today running of KIPI. The functions of the institute are; to consider applications for and grant industrial property rights, screen technology transfer agreements and

²³² Ibid, Section 23(1)

²³³ Criminal case No 3269 of 2014.

²³⁴ Section 3

²³⁵ Cap 506

²³⁶ No 3 of 2001

²³⁷ Ibid Sec 11

licenses, provide to the public, industrial property information for technological and economic development, promote inventiveness and innovativeness in Kenya.²³⁸

3.4.3 Kenya Copyright Board.

KECOBO is a body established pursuant to the Copyrights Act.²³⁹ It is mandated to enforce copyright and related rights protection in Kenya. KECOBO is comprised of members drawn from both the public and private sectors. The members from the private sector are nominated by associations representing software producers of sound recordings, publishers, performers, broadcasting stations, musicians and audio-visual industry²⁴⁰ and also representatives from various government offices such as; the Attorney General ,the commissioner of police or a representative ,permanent secretary of the ministry of information ,permanent secretary of the ministry of heritage and culture and the permanent secretary ministry of finance.²⁴¹ KECOBO performs the following functions;²⁴² registering copyright, facilitates the implementation of the anti-piracy security device(APSD), inspection and enforcement actions, facilitate training and awareness creation on copyright and related rights in Kenya ,prosecution of copyright cases ,offering free legal advice to the public on copyright law, licensing and supervision of collective management organizations (CMOs),implement copyrights including provisions of international treaties ,liaise with national and regional and international organizations on matters of copyright and related rights, advise the government on matters of copyright and related rights and reviewing copyright legislation. This was reiterated in the case of *David Kasika & 4 others V Music Copyright Society of Kenya*²⁴³ :The learned judge in this case stated that the mandate of

²³⁸ Ibid Section 5

²³⁹ Section 3, Cap No 12 of 2001

²⁴⁰ Ibid Section 6.

²⁴¹ Ibid

²⁴² Ibid Section 7

²⁴³ Petition No 320 of 2015 <https://ipkenya.wordpress.com/tag/copyright-tribunal/> (accessed on 12/07/2019)

licensing, supervising and overseeing the functions of CMO's lies with KECOBO under section 46 of the Copyright Act.

The Act empowers KECOBO to appoint an appropriate number of inspectors to investigate copyright infringement.²⁴⁴ The Attorney general is empowered to appoint public prosecutors to prosecute matters arising under the Act.²⁴⁵

KECOBO apparently has a legal enforcement department that has five prosecutors and ten copyright inspectors.²⁴⁶ The investigators are attached from the National Police Service and trained in investigation of copyright and related rights. However, KECOBO has not been efficient its mandate of curbing counterfeits and piracy in the digital age which could be because of the lack of capacity. BASCAP report on counterfeiting ²⁴⁷ also noted that the piracy problem is too high for the current human capacity at KECOBO to cope.

3.4.4. The Judiciary.

Courts in Kenya are created under Chapter 10 of the constitution²⁴⁸: Article 159(1)²⁴⁹ provides that “judicial authority is derived from the people and vests in and shall be exercised by the courts and tribunals established by or under the constitution”. In addition, Article 161(1)²⁵⁰ provides that “the judiciary consists of judges of superior courts, magistrates’ other judicial officers and staff”. Kenya has various specialized IPR courts and tribunals established under

²⁴⁴ Ibid Section 39

²⁴⁵ Ibid Section 43

²⁴⁶ Kenya Copyright Board, ‘Enforcement Bulletin’. <<https://copyright.go.ke/17.about-copyright.html> > accessed on 16th /07/2019

²⁴⁷ BASCAP Report (n 6)

²⁴⁸ 2010

²⁴⁹ Constitution 2010

²⁵⁰ ibid

various laws to deal with disputes that arise in the course of the regulation and administration of specific IP matters.²⁵¹ There are five specialized IPR tribunals²⁵²:

3.4.4.1. Managing director

He is charged with discharging the functions of KIPIT, he makes decisions on whether or not to grant industrial property rights, he also makes decisions on whether or not to register technology transfer agreements. The reason for this is to make ensure that industrial property rights which were registered earlier were not infringed.

The Managing Director also conducts opposition hearings against industrial design applications whenever an application to register a design is objected.²⁵³ In the discharge of these functions, decisions are made. These decisions determine the nature and extent of claims recognized with regards to patents, utility models, industrial designs and technovations.

The managing director has been instrumental in handling quite a number of cases a case in point is *Stripes Limited V Hair Zone Inc*²⁵⁴ where the registrar of trademarks addressed the controversial issue of protection of well-known marks in Kenya. In his ruling, the registrar pointed out that being a well-known mark is not expressly stated as a ground for registration of a mark under section 14 and 15 of the Trade marks Act.²⁵⁵

However, the role of the Managing Director in enforcement of patents, industrial designs, and utility models is very limited. The role is purely administrative with regards to making the decision to grant or refuse to grant the respective rights. With regard to industrial design applications, the Managing Director has a very limited enforcement role in opposition

²⁵¹ Nicholas Ombija, ' Case study of Kenya's Specialized Intellectual Property Rights Court Regime' (Kenya Law, December 2011) < <http://kenyalaw.org>> accessed on 12th /07/2019

²⁵² Ibid; the managing Director, Industrial Property Tribunal, Registrar of Trade marks, Copyright Tribunal.

²⁵³ Rule 49(1)- (20) of the Industrial Property Regulations,2002

²⁵⁴ Trade Mark Opposition case No 50148 of TMA No 50149.

²⁵⁵ Section 14 of the Trade Marks Act provides for prohibition of identical or resembling marks and Section 15 provides for the protection of well-known marks.

proceedings where the application forms part of prior art of an existing industrial design. Substantively, it can be stated that the Managing Director of the Institute has no role to play in enforcement of patent rights, utility model rights, and industrial design rights.²⁵⁶

3.4.4.2. Industrial property tribunal

It is established under the Industrial Property Act.²⁵⁷ The IPT consists of a chairman and four members appointed by the minister of industrialization.²⁵⁸ The purpose of the tribunal is to hear and determine appeals from the decision of the managing director under section 112.²⁵⁹ In exercise of its jurisdictional powers the IPT has made some decisions such as in the case *Power Technics Limited v Power Engineering International Limited*²⁶⁰ where Power Technics Limited sought to protect its industrial design and thus filed a request under Section 106 of the Industrial Property Act seeking an injunction to prevent infringement of its registered Industrial Design No. 296. In its Statement of Case, the Power Technics limited stated that it had designed Sectionalized tapered columns for street lighting sometime in 1998 and supplied them to various customers in Kenya and Tanzania. It was alleged that the Respondent had infringed the Industrial Design No. 296 by making, manufacturing and selling similar or identical streetlights.

The, Industrial Property Tribunal found that the Respondent had not infringed the design. It stated “evidence showed that tapered Sectionalized street poles were in existence in Kenya and elsewhere prior to Design 296 being registered”. The Tribunal concluded that the evidence on record left no doubt that the invention embodied in Design 296 was in the public domain well before it was registered.

²⁵⁶ Otieno Odek, ‘Enforcement of Intellectual property rights in Kenya’ (Kenya Industrial Property Institute 2010)

²⁵⁷ 2001 Section 113

²⁵⁸ Ibid Section 113(2).

²⁵⁹ Ibid section 113(1)

²⁶⁰ IPT case no 42 of 2003

However, in the enforcement of anti-counterfeit laws, the IPT experiences challenges in their operation. First, the location of the tribunal is an issue. The tribunal is situated in Nairobi and only sits in Nairobi; this makes it difficult for any person desiring to litigate before it in any other part of the country as they must travel to the city. Obviously, the cost implications of this are high thus low incentive to right owners.

Secondly, the sittings of the tribunal are discretionary as it sits at such times as it may appoint. In practice the Tribunal's sittings are not as frequent and consistent as they should be. There is no known calendar of sittings of the Tribunal and neither does the Tribunals have a fully equipped and functional registry that administers matters before it. Instead the Tribunal operates with a secretary who must be a legal officer and who therefore administers the Tribunal's matters. The discretion to decide when to sit coupled with the fact the members are not employed on a full time basis greatly affects their capacity and commitment to the proper functioning of the Tribunal and this in turn impacts on the quality of rulings and decisions of the Tribunals.

3.4.4.3. Registrar of trademarks

The registrar of trademarks is provided for under Section 11(1) Of the Industrial property Act. The Registrar presides over matters such as; trade marks searches, screening of trade marks licences, assignment of trade marks and general advisory opinions on registrability of Trade Marks. The Register also presides over opposition hearings.²⁶¹ In such proceedings the Registrar under has the following powers; award to any party such costs as he may consider reasonable, direct how parties are to be compensated and any such order with leave of court.²⁶²

The Registrar has made several decisions that have greatly influenced the protection of trademarks, in particular those belonging to vulnerable foreigners. Of particular significance is

²⁶¹Opposition hearings happen where a person wishes to oppose the registration of the trademark in Kenya.

²⁶² Section 45(1) of the Trade Mark Act

the Registrar's decision in the case of *Stripes Limited v Hair Zone Inc.*²⁶³ where the Registrar of Trade Marks addressed the controversial issue of protection of well-known marks in Kenya.

In delivering the ruling, the Registrar discussed the law on well-known. The registrar pointed out that being a well-known mark is not an expressly stated ground for refusing registration of an unregistered or a registered mark under sections 14 or 15 of the Trade Marks Act.²⁶⁴

However, under the said Sections, a well-known mark may be a ground to disentitle a mark to protection in court. Further, an Applicant attempting to register a well-known mark may be prohibited on the ground of likelihood to deceive or confuse the purchasing public. The Registrar stated that "unlike in the normal opposition case under section 14 and 15 of the Trade Marks Act, the burden of proving the existence of reputation and goodwill and whether a mark is well known in Kenya lies with the proponent that the mark is well known". The Registrar ruled that in order to determine whether a mark is well known in Kenya, guidance shall be taken from the Joint Recommendation Concerning Provisions of the Protection of Well-known Marks.²⁶⁵

It should be noted that the unique characteristic of the Managing Director as the chief administrator of KIPi, the Registrar of Trade Marks and the secretary to the Board of KIPi is a major challenge in proper discharge of his duties. For purposes of efficiency and professionalism, the Managing Director may not be able to satisfactorily discharge his professional duties to the optimal capacity expected of him due to his several responsibilities. It goes without saying that specialization and division of labour are fundamental formulae for efficiency and excellence.

²⁶³ Trademark opposition Case No 50148 of TMA no 50149

²⁶⁴ Section 14 of the Trademarks Act provides for the prohibition of identical and resembling trademarks. Section 15 of the Trademarks Act addresses the protection of well-known marks.

²⁶⁵ As adopted by the Assembly of the Paris union and General Assembly of WIPO on 10th to 29th September 1999

3.4.4.4 The copyright tribunal/competent authority

It is established under the Copyright Act²⁶⁶ which provides for the appointment of a competent authority for the purposes of exercising jurisdiction to determine certain matters brought under the Act. The authority is principally intended to function as an independent arbiter of disputes arising from KECOBOs decisions on licensing of collecting societies and disputes arising from the levies charged by collecting societies.²⁶⁷ The authority members were gazetted as the Copyright Tribunal in 2009²⁶⁸ and the same was reconstituted in 2012²⁶⁹

However, the tribunal has not been operationalized since its inception and thus not determined any dispute. This could be likely because rights holders have no information of its existence²⁷⁰ and also the tribunal has a narrow mandate²⁷¹ and thus several disputes arising between KECOBO, CMO's and users over licensing conditions and tariffs have been wrongly directed to courts without proper relief.²⁷² This failure has been held as amounting to an abdication of constitutional duties imposed on the state.²⁷³ In the case of *Republic V Kenya Association of Music producers(KAMP) & 3 others ex-parte Pubs, Entertainment and Restaurants Association of Kenya*²⁷⁴ the court stated that plans for putting in place a compulsory licensing scheme for audio-visual performers could potentially give rise to more complicated disputes requiring the presence of a fully functioning copyright tribunal and in the same case it was stated that the only reason advanced by KECOBO as to why the competent body is not operational is due to budgetary and administrative challenges.

²⁶⁶ Ibid Section 48(1)

²⁶⁷ Ibid Section 48(2), also statement was made during the second reading of the Copyright Bill on November 2001, and recorded in the Hansard at P 3186.

²⁶⁸ Attorney General, 'Gazette Notice No.6385' The Kenya Gazette (26 June 2009) 1588

²⁶⁹ Attorney General, 'Gazette Notice No.4339' The Kenya Gazette (5th April 2012) 1105

²⁷⁰ Nicholas Ombija , ' Case study of Kenya's Specialized Intellectual Property Rights Court Regime'(Kenya Law, December 2011) <<http://kenyalaw.org> > Accessed on 12/07/2019

²⁷¹ Ibid

²⁷² William Auma (n 37)

²⁷³ Ibid

²⁷⁴ [2014] eKLR

3.4.5. Kenya Bureau of Standards

The Kenya Bureau of Standards (KEBS) is a body corporate, established under the Standards Act.²⁷⁵ The Act was enacted primarily to promote standardization and specification of commodities.²⁷⁶ The functions include but are not limited to; promoting standardization in the industry and commerce, it provides facilitates for testing and calibration of precision instruments, gauges and specific apparatus ,it provides facilities for the examination and testing of commodities and any material or substance from which and the manner in which they may be manufactured ,produced ,processed are treated, it controls the use of the standardization marks and distinctive marks²⁷⁷ and it also provides for the testing of locally manufactured and imported commodities with a view of determining whether such commodities comply with the law dealing with standards as to quality or description.²⁷⁸ Thus the KEBS plays a major role in fighting counterfeits through inspection and testing of locally manufactured and imported goods based on local standards thus keeping away counterfeits.²⁷⁹

3.4.6. The National Police Service.

This is established under the National Police Service Act²⁸⁰ and under the Constitution.²⁸¹ The functions of the police include; investigating crime and enforcing all laws and regulations accordingly.²⁸² The police service has a trained sect of the police who help in the enforcement of IPR rights. The Anti-Counterfeit Act recognizes police officers as inspectors and thus provides for their role in IPR enforcement.²⁸³ Under the Copyright Act, the board is s empowered to appoint copyright inspectors and to conduct investigations. These officers are attached to the

²⁷⁵ Cap 496, Section 3

²⁷⁶ Ibid ,Section 9

²⁷⁷ This is one of the points of convergence between standards and IP, especially trademark.

²⁷⁸ Ibid, Section 4

²⁷⁹ Ben Sihanya(n 41)

²⁸⁰ No 11A of 2001

²⁸¹ Article 239(1)(c) Constitution of Kenya

²⁸² Section 24, National Police Act

²⁸³ Section 22, No 13 of 2008

National Police service.²⁸⁴ Also, any police officer may perform the functions of a copyright inspected under the Act.²⁸⁵ Section 40²⁸⁶ empowers inspectors to enter and search any premises within which infringement is suspected to be ongoing and Section 42²⁸⁷ empowers police officers to arrest without warrant any person suspected to be committing an offence under the Act.²⁸⁸

However, there are various challenges facing this. First there are very few police officers trained to do this, the Anti-counterfeit Authority has about five inspectors and KECOBO has about 10 police officers trained to enforce copyrights, this in a way inhibits their work because they are few and thus can't run anti-counterfeit enforcement in the whole country.²⁸⁹

Also the Music Copyrights Society observes that the prosecution of piracy in Kenya is greatly hampered by the fact that the police who are entrusted with the function are not knowledgeable in copyright law. MSCK is of the view that the provisions of the Copyright Act relating to enforcement are actually adequate but the problem is the implementation mainly due to lack of capacity by the Kenya police and prosecutors under the copyright Act.²⁹⁰

3.4.6 Kenya Revenue Authority

It is a body corporate established under Kenya Revenue Authority Act.²⁹¹ The authority is charged with the responsibility of collecting revenue on behalf of the government of Kenya. However, its functions are not only limited to collecting revenue but also has a big role to play in the fight against counterfeiting. The customs authorities play an important role in the fight against counterfeits. The administrative measures conferred upon the customs officers to help them deal with counterfeits such as customs officers can seize and destroy goods that are prohibited

²⁸⁴ Section 39

²⁸⁵ Section 39(2)

²⁸⁶ Copyright Act

²⁸⁷ *ibid*

²⁸⁸ *ibid*

²⁸⁹ Comment made by Prof Ben Sihanya in the Copyrights Class on 16/07/2019

²⁹⁰ Eunice Njuguna, *Intellectual Property Rights: Towards a more Effective Dispute Resolution Framework*, *op cit*

²⁹¹ Cap 469

under the Customs act or which are illegal under any Act which makes them prohibited under customs. Thus, by virtue of goods being infringing under intellectual property law, customs officers are empowered to seize and detain suspected counterfeited and pirated goods until a competent court can determine the matter.

However these border measures in Kenya, face a myriad of challenges, one being that the law on border measures is inadequate, whereas section 34²⁹² provides for border enforcement mechanisms by providing that the owner of intellectual property rights may apply to the commissioner only when he has valid grounds for suspecting that the importation of counterfeit goods ,This means that the commissioner can only take action after receiving a complaint from the right owner who suspects the importation ,this shows that if the right owner is not aware of the importation of the counterfeit goods ,then they will be allowed into the country.

Also, the law is silent on border enforcement measures for exports and goods in transit²⁹³. Kenya is one of the main transit routes in East Africa especially for Burundi, Uganda Rwanda and South Sudan²⁹⁴ and thus can be a loophole through which counterfeits can infiltrate the country.

3.4.7 Communications Authority of Kenya/ KENIC

The Communications Authority of Kenya (CAK) is the chief regulator for the communications sector in Kenya and is established by the Kenya Information and Communications Act of 1998 (later revised in 2009). One of the core functions of CAK is to license all systems and services in the communications industry, including licensing persons to administer a sub-domain in the country code top-level domain.²⁹⁵ The CAK has facilitated the establishment of the Kenya Network Information Centre (KENIC), a non-profit organization responsible for the management

²⁹² Anti-Counterfeit Act 2008

²⁹³ Shaluma Ongola (n 47))

²⁹⁴ BASCAP report (n 6)

²⁹⁵ Kenya Information and Communications Act 2009, Section 83F.

of the .ke Country Code Top-Level Domain (ccTLD) name.²⁹⁶ Every organization in the business of registering .ke domain names have to be approved and licensed as a registrar by KENIC.²⁹⁷

In the context of online counterfeiting, KENIC plays a significant role in facilitating domain seizure as one of the enforcement mechanisms springing from forthcoming internet intermediary liability laws and even currently existing enforcement actions against online marketplaces through which counterfeit goods are traded.²⁹⁸ Once domain seizure is authorized through due process arising from civil action or criminal prosecution, KENIC orders the relevant registrar to sever the link between a domain name and the infringing website or provide information regarding the domain name owners.²⁹⁹

3.5. Conclusion

The chapter interrogated the argument the legal and institutional framework on anti-counterfeiting in Kenya is not efficient. The study analysed the various laws and institutions counterfeiting put in place to guard and fight counterfeiting. The study established these laws and institutions have challenges that make them insufficient in dealing with counterfeiting.

The study found that the Anti-Counterfeit Authority cannot effectively handle counterfeit cases because of its limited power. It was noted that the inspectors in the Anti-Counterfeit Authority cannot prosecute counterfeit cases initiated by them. They end up forwarding the case to the appointed public prosecutor who has no facts on the case. Additionally, the Anti-Counterfeit Authority has no powers to settle disputes out of court. If such powers can be vested to the Anti-Counterfeit Authority then this will expeditiously dispose counterfeit cases.

²⁹⁶ KENIC, 'About Us' KENIC < <http://www.kenic.or.ke/index.php/en/background> >. accessed on 11th /11/2019

²⁹⁷ KENIC, 'How to Become a Registrar' < <https://www.kenic.or.ke/index.php/en/background/how-to-become-a-registrar/kenic> > accessed on 11th /11/2019.

²⁹⁸ BASCAP Report (n 51)

²⁹⁹ Ibid 287

The study found out that the judiciary under its various quasi-judicial institutions such as the managing director, the industrial property tribunal and the copyright tribunal lacks capacity to handle these cases presented before it.

Also the study found that the law on border measures is not adequate. The law is silent as far as export and good-in transit are concerned. Additionally, the commissioner cannot properly execute his duties because of lack of information as to a genuine or counterfeit good

CHAPTER FOUR

BEST PRACTICES FROM THE UNITED STATES OF AMERICA'S ANTI-COUNTERFEITING POLICY IN THE DIGITAL SPACE

4.0 Introduction.

This chapter seeks to further illuminate the gaps in Kenya's legal and institutional framework for the protection and enforcement of anti-counterfeit laws in the digital space by examining a leading approach implemented by the United States of America (USA) in its endeavour to curb counterfeiting in the digital space. The ideal comparators of this study would be South Africa or Nigeria but the same seem to be facing the same issues when it comes to enforcement of anti-counterfeit laws in the digital age and therefore there would be no best practices that Kenya would pick.³⁰⁰

The chapter therefore aims at identifying useful provisions and best practices within the framework provided by the Lanham Act, 15 USC Section 1051, the Trade Counterfeiting Act 1984 (Codified at 18 USC 2320) and the Digital Millennium Copyright Act (DMCA) 1998 and other policies used by the USA that could provide useful insights and guidance for the improvement of Kenya's anti-counterfeiting legal regime in the digital age.

There are several reasons why the author settled on the United States of America for the comparative study. The first reason being that the US is one of the leading exporters of cultural

³⁰⁰ The International chamber of Commerce's Business Action to Stop Counterfeiting and Piracy has described Nigeria as the gateway for the rest of Africa for counterfeit products. It also makes an assessment of Nigeria's legal capacity and discovers that Nigeria's IP protection is still of low capacity as there is no proven protection by judicial precedents and slow court proceedings

and creative products and also one of the forefront runners in the development and adoption of new technologies and it has one of the most progressive intellectual property legal regimes.³⁰¹

Also, the United states score of the protection of Intellectual property Rights has rose from 93% (with a score of 36.62 out of 40) to 95% (scoring 37.48 out of 40).³⁰² These results are majorly improvements from the enforcement of IP rights at the border.³⁰³ According to the international property law index; the United States is one of the leading countries in intellectual property ranked at number two in North America and twelfth globally with the protection of intellectual property rights ranked at number thirteen, patent protection at number two and copyright piracy at one.³⁰⁴ Therefore the US is the best country for which a comparative analysis can be done.

Statistic	Score	Global	Region	<input type="text"/>
Overall	8.780	2	1	2019
Perception of IP Protection	8.091	13	1	2019
Patent Protection	9.750	1	1	2019
Copyright Piracy	8.500	1	1	2019
Statistic	Score	Global	Region	Year

Table: Property Alliance Statics 2019

However, the study is also alive to differences in the economic, cultural and political contexts within which Kenya and the US have applied anti-counterfeit laws. As of 2018, the US had a

³⁰¹ Property Rights Alliance, 'The International Property Law Index 2019(IPRI, 2019).

<<https://www.theglobalipcentre.com/wp-content/uploads/.../GIPC-IP-Index-2018.pdf>> accessed on 15th /08/2019

³⁰² Ibid.

³⁰³ Ibid

³⁰⁴ Ibid

GDP of \$62.904 per capita, this is almost 40 times higher than Kenya's.³⁰⁵ This economic advantage coupled by high political power has enabled the US create a robust legal framework to support its IPR industry, and thus asserting its trade dominance and thus coercing others to adopt intellectual property laws that align with its interests. This explains the US dominance in the IPRs³⁰⁶ while Kenya's IPRs regime and industry is still struggling. Also, the difference in development of the two countries implies a difference in the way both countries develop laws.

This therefore reflects the difference in laws, while the legislative provisions of developed countries tend to lean more towards stronger intellectual property law to safeguard their dominant positions of their knowledge-based industries to the detriment of developing countries. It has been argued that it is more beneficial for developing countries to adopt lower levels of protection for intellectual property in order to promote technology transfer, promote research and development and ensure low prices for vital products such as medicines and agricultural products.³⁰⁷ Due to the difference in levels of development, the study will therefore employ caution so as not to encourage the transplanting of laws that would be detrimental and inapplicable to the sector it wishes to regulate.

Transplanting of laws is a term developed in 1970s³⁰⁸ and it implies the moving of a rule or a system of law from one country from another.³⁰⁹ For transplanting to be effective, more so in modern transplants of laws developed in past decades there should be a good fusion between the legal systems and ensure that there are satisfactory conditions for the legal transplant and

³⁰⁵ World Bank 'GDP per Capita (Current US \$)' World Bank, 2018. <<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD> > accessed on 22nd /08/2019.

³⁰⁶ Supra n 287

³⁰⁷ Jean-Frederic Morin and Richard Gold, 'An Integrated Model of Legal Transplantation: The Diffusion of Intellectual Property Law in Developing Countries (2014) 58 International studies Quarterly 781, 785

³⁰⁸ Maria Paula Reyes Gaitan, 'The Challenges of Legal Transplants in a Globalized Context: A Case study on "working "Examples, Dissertation Submitted in Partial Fulfilment of the Requirements for the Masters of Laws Degree in International Economic law at the University of Warwick (University of Warwick 2014). <<https://ssrn.com/abstract=2530811> >accessed on 25th/08/2019.

³⁰⁹ Watson, Allan , 'Legal Transplants: An Approach to Comparative Law, Edinburgh 1994 . <<http://www.alanwatson.org/legaltransplants>> accessed on 25th /08/2019

systems of both countries and also ensure that laws align with the specific interests of the destination country.³¹⁰ They should also take into account the effect of emergent factors such as globalisation, which may bring about convergences in certain areas like culture and social contracts but also promote detrimental ideas like liberalization of markets which favour economic efficacy over social welfare: access and substantive equality.³¹¹

4.1 Anti-counterfeit Legal Framework in the USA

In chapter 3 the author illustrated the various gaps in the Kenyan legal and institutional framework in the curbing of counterfeiting in the digital space, this will further illuminate the gaps in the Kenyan legal framework whilst mapping out the best practices Kenya can emulate.

Just like Kenya, the USA does not have a sui generis legal framework dealing with counterfeiting in the digital space but however unlike Kenya, the USA has dealt with the issue of counterfeiting in the digital age majorly through other laws such as the Lanham Act USC§ 1051, Trademark Counterfeiting Act 1984 18 USC§ 2320, The Digital Millennium Act (DMCA) and strengthening its border control measures.

4.1.1. Lanham Act USC§1051

This Act was passed by congress in 1946 The Act defines a counterfeit “as a spurious mark which is identical to or substantially indistinguishable from a registered mark”. The Act basically provides for civil remedies for trade mark infringement and counterfeiting. The goal of the Lanham Act is to eliminate consumer confusion by assuming the application of appropriate legal framework; allow trademark right holders to exercise control over the reputation of their product by providing civil remedies and also providing brand owners with protection through registering with the US Customs and Border control to prevent the import of products illegally bearing the

³¹⁰ *ibid.*

³¹¹ *ibid*

marks.³¹² The Act prohibits false designations, advertising and descriptions as well as selling of one's goods under the name of another.³¹³ The Act gives a wide range of civil remedies for counterfeiting, including injunctions³¹⁴, the confiscation of the defendant's profits³¹⁵, treble damages³¹⁶, destruction of all labels and signs with the offending trademark, and the destruction of all plates, moulds, and other equipment used to reproduce the mark.³¹⁷ A temporary restraining order may be issued ex-parte³¹⁸ and also enabling the US Marshalls to search and seize counterfeits.³¹⁹ In the case of *Tiffany & Co V Costco Wholesale Corp*³²⁰ the defendant company was ordered to pay Tiffany treble damages for the infringement on Tiffany's trademark Kenya can adopt some of the civil remedies provided by the Lanham Act such as the hefty fines as Kenya's fines are too low and are at the discretion of the courts and thus are not punitive or deterrent in nature.

4.1.2 Trademark Counterfeiting Act 1984(Codified at 18 USC §2320).

This Act was passed in 1984 by the congress, with it the congress intended to deter product counterfeiting by criminalising counterfeit activity. This Act implements two basic elements: First it imposes criminal sanctions to counterfeiters. To commence criminal enforcement of trademark counterfeiting, the trademark owner may report the crime to various state law enforcement law authorities such as the National Intellectual Property Rights Coordination Centre (IPR) Centre who on receipt of a report, gather evidence of the counterfeiting operation.

³¹² Jeremy Wilson ,A.Sullivan , 'Product Counterfeiting Legislation in the United states: A Review and Assessment of Characteristics ,Remedies ,and Penalties' (2016)106(3) Journal of Criminal Law and Criminology <https://www.finnegan.com>insights>major-anti-counterfeiting-legislation>. (Accessed on 30th /September/2019)

³¹³ Lanham Act §§1051-1141

³¹⁴ Ibid §1116

³¹⁵ Ibid § 1117

³¹⁶ Ibid

³¹⁷ Ibid § 1118-19

³¹⁸ Ibid § 1116(a)

³¹⁹ Ibid § 1116(d)(9)

³²⁰ 274 SUPP. 3d 216(S D N Y 2015)

On conviction of an individual, the standard penalties include up to ten years imprisonment and a fine of up to \$2million for a first time offender and up to ten years of imprisonment and a fine of \$5million for a repeat offender, for a corporation they may be fined up to \$5million for first time offenders and \$15million for repeat offenders.³²¹ Secondly the Act also contains remedial devices for trademark counterfeiting including awards of treble damages³²² and grant of ex-parte seizure orders.³²³ Kenya under the Anti-Counterfeit Act 2008 has some criminal sanctions such as fines and penalties and criminal convictions, however these are deficient and not stiff enough to deter counterfeiting and therefore there is need to have stiffer criminal sanctions such as mandatory custodial sentences.

4.1.3 The Digital Millennium Copyright Act 1998

This Act was passed in 1998 with the aim of implementing the WIPO internet treaties and make several alterations to the US Copyright Act in response to the challenges posed by the digital environment. In compliance with the WIPO Treaties' requirement for adequate legal protection and effective legal remedies against the circumvention of technological measures (TPMs), the DMCA added a new Chapter 12 to the US Copyright Act. Section 1201 of Chapter 12 prohibits the circumventing of technical measures used to prevent unauthorized access to copyrighted works, including computer programs. Section 1201 also prohibits the manufacture or sale of devices used to circumvent measures that prevent unauthorized access to protected works. This provision does not prohibit the circumvention of measures that prevent unauthorized copying of works as such actions may fall within fair use.³²⁴ The DMCA provides for limitations on the liability of online service providers. It also provides that that a service provider must adopt and

³²¹ 18 USC §§2320(a)-(d)

³²² 15 USC §111(b)

³²³ Ibid 1116(d)

³²⁴ United States Copyright Office, 'The Digital Millennium Copyright Act of 1998: US Copyright office Summary. <<http://www.copyright.gov/legislation/dmca.pdf> > accessed on 5th/11/2019.

reasonably implement a policy of terminating in appropriate circumstances the accounts of subscribers who are repeat infringers; and must accommodate and not interfere with standard technical measure used by copyright owners to identify and protect copyrighter's works to be eligible for any limitations.³²⁵ To prevent unnecessary breaches of subscribers' privacy by service providers, copyright owners are required to obtain a subpoena from a federal court ordering a service provider to disclose the identity of a subscriber who is allegedly engaging in infringing activities.³²⁶ Section 512 provides a notice and takedown procedure for the removal of infringing content hosted by service providers. This procedure is initiated by the copyright owner, on good faith belief that the hosted material is infringing, submitting to the service provider a takedown notice.³²⁷ The service provider is required to expeditiously remove or prevent access to allegedly infringing material once the notice is received.³²⁸ The affected subscriber may then post a counter notification essentially stating under penalty of perjury that the subscriber has a good faith belief that the material was removed or disabled as a result of mistake or misidentification of the material to be removed or disabled.³²⁹ On receipt of the counter notification, the service provider is required to restore the material within 10-14 business days, unless it receives notice that the copyright owner has filed an action in court seeking to prohibit the user from engaging in the allegedly infringing activity.³³⁰

The DMCA provides useful lessons for further improving Kenya's legal and institutional framework for copyright protection and enforcement. The DMCA's implementation of the WIPO Internet Treaties emphasizes the inclusion of express limitations and exceptions to the protection of TPMs to balance out owners' and users' interests. The Section 1201 rulemaking

³²⁵ US copyright Act Section 1201 (a) (2)

³²⁶ Ibid Section 512(h)

³²⁷ Ibid Section 512 (c)

³²⁸ Ibid

³²⁹ Ibid Section 512 (g)

³³⁰ Ibid

process not only emphasizes the importance of regularly reviewing and refining non-infringing uses within fair dealing in line with developments in technology and consumer practices, but it also provides an example of a model for public participation in which such a review may be undertaken. The DMCA provisions on ISP liability highlight Kenya's lack of data protection legislation and lack of provisions providing for counter notifications or judicial for ISP liability.

4.2 Administrative measures

4.2.1. US Customs and Border Protection (CBP).

The US has established stringent border measures through the CBP which is a branch of the Homeland security. It was majorly formed to address counterfeit goods at the United States border.³³¹ One of the major mandates of the CBP is to inspect all persons, baggage and merchandise entering the United States.³³² The CBP relies on information provided by the trademark owners to identify counterfeit goods and it maintains its own searchable, online data base of recorded Intellectual property rights for that purpose.³³³ The CBP may detain goods it deems counterfeit and thereafter notify the importer of the detention of his goods within a span of five days. The importer then has a maximum of seven days to respond to the claim. In the event that the importer does not respond to such claims or fails to prove that the goods are not counterfeit, the CBP will go ahead and notify the trademark owner of the detained goods and invite him to make an examination of the goods.³³⁴ The notification includes the import date, the

³³¹ Ibid 313

³³² 19 Electronic Code of Federal Regulations §162.6 All persons, baggage and merchandise arriving in the customs territory of the United states from places outside thereof are liable to inspection and search by a customs office. Port directors and special agents in charge are authorized to cause inspection, examination and search to be made.

³³³ Ibid 313

³³⁴ Bett Heavner and W.Yinfei, 'Procedures and Strategies of Anti-Counterfeiting: United states, World Trademark Organisation op,cit

port of entry, the country of origin, the description of the goods and their quantity as provided in entry documentation, and redacted images of the goods.³³⁵

The CBP also employs a ‘custom risk assessment approach’. This a system where the CBP determines a counterfeit through the great difference in price between the authentic product and the counterfeit, the system is used to flag up any imports of certain products that fall below a certain declared value.³³⁶

The CBP in conjunction with the US Immigration and Customs Enforcement (CIE) seized 38810 containing goods that violated intellectual property rights, arrested 381 individuals, received 296 indictments and received 260 convictions in the year 2018.³³⁷

In Kenya, Custom risk assessment tools should be employed to enhance border measures where the great differences in prices between authentic and counterfeit products can be used to determine a counterfeit product and thus flagging up any imports of certain products that fall below certain declared

4.2.2 Judiciary

The judiciary in the United States has been at the forefront in the fight against counterfeit goods in the digital space. The US courts have come up with various mechanisms to enforce and fight counterfeiting. First they allow for special procedures to be used in identifying unidentifiable counterfeiters such as allowing a trademark owner to sue using an alias name; allowing the trademark owners to conduct discoveries of the third parties³³⁸ ; they allow counterfeiters to be identified through various identifying characteristics that link them to known individuals for

³³⁵ *ibid*

³³⁶ U.S Customs and Border Protection (2012-2016) border Patrol strategic Plan.

<http://www.cbp.gov/sites/default/files/document/bp-strategic-plan-pdf> accessed on 11th/11/2019

³³⁷ U.S Customs and Border protection: Intellectual Property Rights Fiscal Year 2018 seizure Statics

<https://www.stop.gov/trade/priority-issues/ipr> accessed on 27th / 09/2019

³³⁸ *ibid*

example frequently used screen names, base location and selling patterns.³³⁹The courts also allow service to a known counterfeiter through email in case service to the counterfeiter cannot be done through the traditional means of service. The courts also grant remedies such as temporary restraining orders and temporary injunctions to freeze assets of counterfeiters, these orders can be granted ex-parte in case the defendants are most likely to interfere with the evidence in case they are given notice.³⁴⁰ Injunctions and restraining orders are granted under the following conditions: the plaintiff is likely to succeed on the merits of the claim. The plaintiff is likely to suffer irreparable damage and the absence of the preliminary relief, the balance of hardships tip is in the plaintiff's favour, the preliminary injunction is in the public interest.³⁴¹The courts also allow for the cancellation of domain names and seizure by the US law enforcement such as the national Intellectual Property Coordination Centre, where the counterfeiter is using the website to sell his goods.³⁴²

It should be noted that the digital age has presented the Kenyan courts with complex and ever-evolving issues to grapple with. Kenyan courts will require judges with a clear understanding and interpretation of the limitations and exceptions available to users and how they play out in the digital space. They will also require knowledge of the intricacies surrounding internet intermediary liability, an appreciation of differentiated sentencing policies regarding counterfeiting. Capacity building will only be possible by putting in place a continuous training programme for the Judiciary to keep its judges and magistrates up to speed with all aspects of intellectual property law at local, regional and international levels.

4.2.3 International Trade Commission (ITC)

³³⁹ *Ibid*

³⁴⁰ 15 USC § 1117

³⁴¹ *Ibid* 325

³⁴² *ibid*

This is an independent quasi-judicial body.³⁴³ It investigates and makes determinations on claims regarding the importation of counterfeit goods.³⁴⁴ In ITC investigations the trademark owner, the accused counterfeiter and the ITC investigative attorney participate. The ITC has the power to; exclude infringing goods from entry into the United States³⁴⁵, grant cease and, or desist orders and may impose fines for the violation of its cease and desist orders.³⁴⁶ Its exclusion orders are enforced by the CBP and may be applied to infringing imports of specific respondents (limited exclusion orders) or to all infringing imports (general exclusion orders). Cease and desist orders are enforced by the ITC and, if necessary, through federal litigation initiated by the ITC.³⁴⁷

In Kenya the Anti-counterfeit Authority doesn't any quasi-judicial powers to settle matters out of court and thus a need to empower to be able to hear and settle matters out of court.

5.0 Conclusion.

The chapter analysed the legal and institutional framework of the US on combating counterfeiting in the digital age with the aim of picking useful lessons which Kenya can employ in order to improve its legal and institutional framework on enforcement and combating counterfeiting in the digital age. The study found that the US has a full arsenal of weapons which are employed to combat counterfeiting which Kenya can pick from such as the take down requests to ISPs to stop online sale of counterfeits, using the custom risk assessment approach to identify counterfeits at different ports of entry, using criminal enforcement mechanisms that punish counterfeiters and civil enforcement mechanisms that provide for compensation of victims. The study thus concluded that Kenya can pick out these useful lessons.

³⁴³ Supra n 237.

³⁴⁴ Tariff Act 1930, Section 1930

³⁴⁵ *ibid*

³⁴⁶ *ibid*

³⁴⁷ Bett Heavner and W.Yinfei, 'Procedures and Strategies of Anti-Counterfeiting: United states, World Trademark Organisation op,cit

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS.

5.0. Introduction

This study sought to investigate whether current legal and institutional framework on counterfeiting is sufficient to meet the challenges posed by increased uptake and use of the Internet and other digital networks in Kenya.

Chapter one gave a background to the problem of counterfeiting in the digital age; it briefly highlighted the challenges posed by the digital age on IPR protection and enforcement. These challenges included the ease by which copies of unauthorised content can be made and sold without detection and, the problem of determining the extent of liability of internet service providers and the difficulty of enforcement in the digital space. The literature review established that although there is a wealth of literature on counterfeiting there is a scarcity when it comes to literature focusing on the digital age and thus there is need for more literature and a need for an updated and more extensive study of the existing legal and institutional framework as a whole. The chapter also gave a hypothesis to be tested and the various research questions to be dealt with.

Chapter two laid the groundwork for discussing the core research questions of the study through a discussion of the general concepts in counterfeiting. The chapter gave an overview of the Digital Age, the Digital Revolution and the Digital Economy globally and in Kenya and further elaborated on the opportunities and challenges presented by the Digital Age thus making counterfeiting viable.

Chapter three entailed an analysis of the existing legal and institutional framework of the anti-counterfeiting regime in the digital age. The Chapter identified several legal and institutional gaps that hindering the effective and enforcement of anti-counterfeit laws in the digital space.

Chapter four further illuminated the gaps in Kenya's legal and institutional framework for the protection and enforcement of anti-counterfeit laws in the digital space by examining a leading approach implemented by the United States of America (USA) in its endeavour to curb counterfeiting in the digital age. It basically explored the legal and institutional Framework of counterfeiting in the USA and highlighted the best practices Kenya could pick from the USA.

The study therefore proved the hypothesis that Legal and institutional framework currently operational in Kenya is not sufficient enough to curb counterfeiting in the digital age due to the various gaps that it has and the various opportunities and challenges presented by the digital age.

5.1 Legislative recommendations.

The study has established that there are various gaps in the current legal framework in place for the enforcement of anti-counterfeiting legal regime and therefore the legislative recommendations will focus on finding solutions to those gaps.

5.1.1. Amendments to the Anti-counterfeit Act 2008

It is proposed that the Act be amended to introduce a mandatory custodial sentence in regards to offences related to counterfeiting. It was noted in the preceding chapters that The Anti-counterfeit Act does not provide a mandatory custodial sentence and thus reducing the deterrent effect of the law and thus a deficiency.

The study proposes that there be a review of the current enforcement measures in regards to fines imposed to counterfeiters. The current fines are quite low and therefore do not have a deterrent

effect on offenders and thus a review of the fines upwards would scare away would be counterfeiters.

The study proposes that there be an amendment to the Anti-Counterfeit Act to grant powers to the ACA to be able to settle cases out of court with the consent of the complainant and the defendant, given the time that it takes to resolve court cases and the bureaucracy involved and also have grant them the power to destroy goods and impose fines. A legal framework for disposing counterfeit cases will enhance the turnaround time; including saving on unnecessary costs when it comes to settling such cases.

5.1.2. Amendments to the Trademark Act 2001.

In regards to the Trade mark Act 2001, it is proposed that there be an amendment to the amount of fees payable for trademark and patent registration especially by foreign entities. The reduction in such fees would therefore encourage more entities to register their trademarks and patents.

It is proposed that there be clear cut guidelines and rules that regulate the issues of parallel imports and exhaustion of rights under IPR's.

5.1.2. Amendments to the Copyright Act 2001.

The study proposes that criminal enforcement measures and the sanctions attached to infringement offences should give more priority to targeting infringement carried out on a commercial scale and those with an element of organized crime. Instead of relying on blanket minimum penalties and fines, judicial discretion in assessing appropriate penalties as well as limiting criminal enforcement to measures where civil litigation is futile could prove a much more efficient way of ensuring criminal enforcement achieves the desired deterrent effect

It is also proposed that there be delineation in role between the Anti-Counterfeit Authority and the Kenya Copyright Board, this is so that they should avoid duplicity of roles and

inefficiencies under the ACA as there seems to be an overlap in their roles and thus causing duplicity in roles of both authorities.

5.2. Policy recommendations.

These recommendations will focus on the various policies that are aimed at taking some broader initiatives to support and implement the enforcement of anti-counterfeit legislation in the digital space.

The study proposes that there be specialised police training included in the training programme of the National Police Service to produce a certain quota of specialized officers or a specific unit of officers capable of carrying out specialized investigative and enforcement roles in relation to IPRs in order to deal with counterfeiting.

The study also proposes for a specialised court division to handle Intellectual property matters and also encourage continuous training programme for judges and magistrates on matters of Intellectual property both at the local, regional and international levels. This in turn will build the judiciary's capacity in handling IPRs matters.

The study proposes the enhancement of border enforcement procedures through the effective sharing of information among owners of intellectual property rights, and other agencies responsible for combating counterfeiting against. Information shared with the competent customs authorities should include relevant information. This relevant information is vital as it will assist in identifying shipments suspected of containing counterfeit goods.

The study also proposes the use of the interface public members' database program of the World Customs Organization. This program will help facilitate communication and information exchange between right holders and Kenyan customs authorities. It also offers access to training and product information on the 'genuine/fake' database.

The study also recommends the use of Custom risk assessment tools to enhance border measures. These can be used where, given the great differences in prices between authentic and counterfeit products, a system can be set up to flag up any imports of certain products that fall below a certain declared value.

5.3. Conclusion.

The specific objective of this study was to assess whether the legal and institutional framework put forth to curb counterfeit trade in the digital age in Kenya is efficient. The study found out that there whereas there is a legal and institutional framework put forth to curb counterfeit trade, there are various challenges facing the enforcement of anti-counterfeit laws in Kenya in the digital age. Indeed the lack of proper legal and enforcement mechanism in Kenya provides a thriving environment for counterfeit trade. Despite having proper legal and enforcement mechanism in place, public awareness is also necessary to combat counterfeit trade. The right owner's should be educated about their right so that they can be aggressive enough to protect them and report its infringement in the proper institution, reforms to the legal and institutional framework should seek to enhance the protection of IPRs in the digital space whilst also encouraging the use of technology (ICT) because of the various opportunities it presents.

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