

**OVERCOMING CHALLENGES FACING ENFORCEMENT OF TRADE
MARKS IN KENYA**

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DECLARATION

I JAMES KAMAU THUKU do hereby declare that this is my original work and has not been submitted and is not currently being submitted for a degree in any university.

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DEDICATION

I dedicate this work to my parents Joseph and Mary for their love of education and the sacrifices they made to give me the privilege of literacy.

List of Abbreviations

ACA	Anti-Counterfeits Agency
ACE	Advisory Committee on Enforcement of the World Intellectual Property Organization
ACSCPA	United States of America Anti-Cyber Squatting and Consumer Protection Act
ACTA	Anti-Counterfeiting Trade Agreement
AMC	Arbitration and Mediation Center of the World Intellectual Property Organization
ARIPO	Africa Regional Intellectual Property Organization
BIO	Biotechnology Industry Organization
BSA	Business Software Alliance
CA	Competition Authority
CBP	United States of America Custom and Boarder Protection
CEA	Customs and Excise Act Chapter 472 Laws of Kenya
CCPA	United States of America Crimes and Criminal Procedure Act
CFR	United States of America Code of Federal Regulations
CGA	Republic of South Africa Anti -Counterfeits Goods Act
CIPC	Republic of South Africa Companies and Intellectual Property Commission
CLE	Continuous Legal Education
CPA	Consumer Protection Act No. 46 of 2012
CPSC	United States Consumer Product Safety Commission
DCI	Directorate of Criminal Investigations
DPP	Director of Public Prosecutions
DRB	World Trade Organization Dispute Resolution Body
EAC	East Africa Community
EACC	Ethics and Anti-Corruption Commission
EACCMA	East Africa Community Customs Management Act 2004

EACCU	East Africa Community Customs Union
EC	European Commission
ECJ	European Court of Justice
EU	European Union
FBI	United States of America Federal Bureau of Investigations
FDAOI	United States of America Office of Criminal Investigations in the Food and Drugs Administration Agency
FDCSA	Food Drugs and Chemical Substances Act chapter 254 laws of Kenya
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Trade and Tariffs
HISICE	United States of America Homeland Security Investigations within Immigration and Customs Enforcement
IBA	International Bar Association
ICANN	Internet Corporation for Assigned Names and Numbers
IEA	Institute of Economic Affairs
ICC	International Chamber of Commerce
ICT	Information, Communication and Technology
IFAC	United States of America Industry Functional Advisory Committee
IIPA	International Intellectual Property Alliance
INTA	International Trade Mark Association
IP	Intellectual Property
IPA	Industrial Property Act No.3 of 2001
IPEC	United States of America Office of Intellectual Property Enforcement and Coordination
IPRs	Intellectual Property Rights
IPT	Industrial Property Tribunal
JTI	Judicial Training Institute
KAM	Kenya Association of Manufacturers
KCPAC	Kenya Consumer Protection Advisory Committee

KEBS	Kenya Bureau of Standards
KEPSA	Kenya Private Sector Alliance
KIPI	Kenya Industrial Property Institute
KIPO	Kenya Industrial Property Office
KRA	Kenya Revenue Authority
Kshs	Kenya Shillings
LSK	Law Society of Kenya
NAFTA	North American Free Trade Agreement
NCAJ	National Council for Administration of Justice
NIPRCC	United States of America National Intellectual Property Rights Coordination Center
NPS	National Police Service
NPSC	National Police Service Commission
NTPOS	Nairobi Treaty for the Protection of the Olympic symbol
OAPI	African Intellectual Property Organization
OIPE	United States of America Office of the Intellectual Property Enforcement in the Department of State
OIPRC	United States of America Office of the Intellectual Property Rights in the Department of Commerce
PBRs	Plant Breeders Rights
PHO	Public Health Official
PHSB	Public Health Standards Board
PPA	Pharmacy and Poisons Act Chapter 244 Laws of Kenya
PPB	Pharmacy and Poisons Board
RAS	Revenue Authority of the Republic of South Africa
RSA	Republic of South Africa
RSACA	Republic of South Africa Competition Authority
RSATMA	Republic of South Africa Trade Marks Act
RTM	Registrar of trade marks
STA	Standards Act Chapter 496 Laws of Kenya
TDA	Trade Descriptions Act Chapter 505 Laws of Kenya

TI	Transparency International
TLT	Trademark Law Treaty Signed in 1994
TMA	Trade Marks Act, Chapter 506 laws of Kenya
TMDRA Act	United States of America Trade Mark Dilution Revision Act
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights
UDRP	Uniform Domain Name Dispute Resolution Policy
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
URA	Uganda Revenue authority
USA	United States of America
USD	United States of America Dollars
USPTO	United States of America Patent and Trade mark Office
USTA	United States of America Tariff Act
USTMA	United States of America Trade marks Act
USTR	Office of the United States Trade Representative
VIP	Very Important Persons
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
WMA	Weights and Measures Act cap 513 laws of Kenya

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ABSTRACT

Trade marks are a type of intellectual property. Trade marks play an important role in any market. They help consumers to distinguish between competing goods and services in the market. They also act as guarantees of quality of goods and services coming from different sources. The economic role of trademarks in any country is important. This calls for an effective regime for trade marks enforcement. The Kenyan legal and institutional framework for trade mark enforcement is found at international, regional and national levels. International law on enforcement of trade marks is found in international treaties, conventions, and agreements. The main international bodies that play a role in enforcement of trade marks are WTO, WIPO and ARIPO. At the national level, the legal framework constitutes the constitution, statutes, common law and doctrines of equity. There are a number of statutes that make provisions for enforcement of trade marks. Most of these legal provisions create offences for infringement of trade marks. The constitution and the statutes have created several institutions that enforce trade marks. These institutions include the judiciary, NPS, DPP, ACA, KIPI, KRA and KEBS. The legal and institutional framework for enforcement of trade marks has underlying challenges that limit its efficacy. The challenges are legal and institutional. There is need to reform the frame work to make it more effective. An effective trade mark enforcement system will curb infringement of trade marks. This will contribute to market efficiency which in turn helps in economic growth. This is a study to identify challenges that face trade mark enforcement in Kenya and to make recommendations to overcome them.

CHAPTER ONE

INTRODUCTION

1.1 Background to the problem

Trademark rights are a type of IPRs.¹ A trademark is a word, phrase, logo or other graphic symbol used by a manufacturer to distinguish its products from those of others.² Together with trading goodwill trade marks are protected for their function of helping consumers to distinguish between competing products in the market economy.³ Enforcement of trade marks involves the enforcement of laws that protect trade mark rights. In Kenya, trade mark enforcement is provided for under international, regional and national laws. Trade marks are also enforced under the common law and doctrines of equity in Kenya.

The enforcement IPRs is national or territorial in nature. This characteristic has necessitated countries around the world to enter into bilateral and multilateral treaties to enforce IPRs across jurisdictions.⁴ One of the most significant developments in the international effort to enforce IPRs is TRIPS.⁵ This Agreement was a culmination of many years of multilateral trade negotiations of the Uruguay round of trade talks.⁶ The negotiations were conducted under the framework of the GATT, the precursor to the WTO.⁷ Kenya is a member of WTO and therefore under an obligation to implement TRIPS.⁸ The effect of TRIPS was to introduce global minimum standards for enforcement of IPRs.⁹ TRIPS is a WTO agreement and therefore can be enforced using the WTO enforcement mechanisms. In compliance with TRIPS, Kenya amended the

¹ L Bentley and B Sherman, *Intellectual Property Law* 3rd edn p 1.

² Black's Law Dictionary 8th edn p1530.

³ W Cornish D Llewelyn and T Aplin, *Intellectual Property; Patents, Copyright, Trade Marks and Allied Rights*, 8th edn p 9.

⁴ *ibid* pp 5 - 9.

⁵ WT Gallagher, *The International Library of Law and Society; Intellectual Property*, p xvii.

⁶ J Watal, *Intellectual Property rights in the WTO and Developing countries*, p 2.

⁷ WTO <<http://www.wto.org>> (Sourced on 10/1/2015).

⁸ Moni Wekesa and Ben Sihanya (eds), *Intellectual Property Rights in Kenya*, p 6.

⁹ TRIPS arts 15-21.

Trade Marks Act in a number of areas.¹⁰ Some of these amendments related to trade mark enforcement. It can be argued that the Trade Marks Act is TRIPS compliant.¹¹

Kenya is a party to other international treaties that make provisions for enforcement of trademarks such as Nairobi Treaty for the Protection of the Olympic Symbol, Trademarks Law Treaty, Madrid Agreement, Madrid protocol and the WIPO treaty.¹² These international instruments constitute the international legal framework for enforcement of trade marks. It is notable that Kenya's participation in international negotiations is better than most African countries.¹³

Regionally, Kenya is a member of ARIPO established by the Lusaka Agreement.¹⁴ ARIPO administers the Banjul Protocol which provides for a regional trade mark registration system.¹⁵ Under the Banjul Protocol an applicant can file for a single trade mark application either in one of the contracting states or at its offices in Harare, Zimbabwe. The Banjul protocol was domesticated in Kenya through amendments to the TMA.¹⁶ The other regional body that facilitates regional registration of trade marks is Organization of African Intellectual Property.¹⁷ However, Kenya is not a member of OAPI.

In Kenya, the general rules of international law, treaties and conventions are part of the law by virtue of the Kenyan constitution.¹⁸ Under the Kenyan constitution, the state has a duty to protect, promote and support IPRs.¹⁹ The Kenyan Constitution treats IPRs like

¹⁰ Trade Marks Act Chapter 506 Laws of Kenya.

¹¹ Moni (n 8) p 9.

¹² P Mbote, Intellectual Property Protection in Africa: An Assessment of the Status of Laws, Research and Policy Analysis on Intellectual Property Rights in Kenya < <http://www.ielrc.org>> (sourced on 19/1/2015).

¹³ *ibid*

¹⁴ ARIPO < <http://www.aripo.org>> (sourced on 19/1/2015). ARIPO also administers the Protocol on Patents and Industrial Designs (Harare Protocol) and Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore.

¹⁵ *ibid*

¹⁶ The Trade Marks Act Chapter 506 ss 40B, 40C and 40D.

¹⁷ OAPI <<http://www.oapi.int/>> (Sourced on 20/1/2015).

¹⁸ Constitution of Kenya 2010 art 2 (5) and (6).

¹⁹ *ibid* art 11.

land.²⁰ The duty to enforce IPRs is the role of the national government as opposed to the county governments thus underscoring their importance in the Kenyan economy.²¹

TMA and the subsidiary rules there under is the statutory framework for registration of trademarks in Kenya.²² The Trade Marks Act is administered by KIPi.²³ The Director of KIPi is the registrar of trademarks. He is assisted by a deputy registrar of trade marks and assistant registrar of trade marks appointed by the minister responsible for trade.²⁴ The Trade Marks Act makes provisions for the powers of the RTM and the High Court. TMA also creates offences that are important in enforcement of trade marks.

There are other statutes that make provisions for enforcement of trade marks in Kenya. The Kenyan constitution and statutes create institutions that play a role in the enforcement of trade marks. Such institutions include the Anti-counterfeits Agency, Kenya Bureau of Standards, Kenya Revenue Authority, the Police, Competition Authority and the Pharmacy and Poisons Board.

Trade marks are also enforced under the common law and doctrines of equity.²⁵ This is mainly in passing off and trade mark infringement actions.²⁶ It has been said that trade marks are the most litigated form of IPRS in Kenya.²⁷ This makes the judiciary a critical player in the enforcement of trade marks. In most situations, the courts will simultaneously apply statutory law, common law and equitable principles in a given law suit. This is informed by the appropriateness of the remedies of damages and injunction in trade mark enforcement. It has been said that the application of the law of injunctions in Kenyan courts is a subject of controversy and lacks coherence.²⁸ The simultaneous

²⁰ *ibid* art 260.

²¹ E Njuguna, *Intellectual Property Rights in Kenya; Towards a More Effective Dispute Resolution Framework* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2014) p 27.

²² Trade Marks Rules and The Trade Marks (International Registrations) Rules 2003.

²³ Industrial Property Act No. 3 of 2001 s 3.

²⁴ Trade Marks Act chapter 506 laws of Kenya s 3.

²⁵ Judicature Act Chapter 8 laws of Kenya s 3.

²⁶ Moni (n 8) p 250.

²⁷ Mbote (n 12).

²⁸ R Kuloba, *Principles of injunctions* (Nairobi Oxford University Press 1987) p 33.

application of the three sets of legal principles has resulted to lack of clear jurisprudence in trade mark litigation. Courts have given diverse decisions in this area of the law.²⁹

Trademarks are an interface between invention, product innovation and marketing.³⁰ They provide consumers with information on the source and quality of goods and services.³¹ This ensures market efficiency.³² The economic role of trademarks in the market is of great value thus calling for strong system for their enforcement. However, the legal regime for enforcement of trade marks in Kenya has challenges. This study shall investigate these challenges and make appropriate recommendations to overcome them.

1.2 Statement of the problem.

As noted above, the legal framework for enforcement of trade marks is fragmented. It is contained in international treaties, statutes, common law and equitable doctrines. Legal fragmentation presents a numbers of challenges such as difficulties in application and overlapping legal provisions. The application of international law to enforce trade marks introduces challenges inherent in application of foreign doctrines to developing countries. Notable among these is the concept of well-known marks.³³ Kenya has not developed a legal framework to deal with enforcement of well known marks. The simultaneous application of statutory law, common law and doctrines of equity results to inconsistent jurisprudence. This state of affairs is a challenge in trade marks enforcement. Lack of intellectual property policy in Kenya aggravates the situation.³⁴

The institutional framework for trade mark enforcement is also fragmented. There are many enforcement agencies. The institutional framework is characterized by an uncoordinated multi-agency approach. This comes with a myriad of challenges. The different institutions have their own systemic shortcomings that are imported into the

²⁹*Super Brite Ltd v Pakad enterprises Ltd (2002) 2 EA 563 and Beirsdorf Ag v Emirchem Products Limited (2002) 1 KLR 876.*

³⁰ Moni (n 8) p 207.

³¹ Bently (n 1) pp 717- 720.

³² *ibid*

³³ Trade Marks Act Chapter 506 laws of Kenya s 15A.

³⁴ Njuguna (n 21) p 7.

realm of trade mark enforcement. These shortcomings include lack of institutional capacity and corruption e.g. Kenyan courts lack staff with specialized training in IPRs.³⁵

This study will interrogate the Kenyan legal and institutional framework for enforcement of trade marks to identify the underlying challenges and make appropriate recommendations to overcome them.

1.3 Theoretical framework

Enforcement of trade marks is part of public law.³⁶ It involves public enforcement of the law where government agents detect and sanction violators of the law.³⁷ One feature of public enforcement of the law is punishment. There are four principal objectives of punishment i.e. retribution, deterrence, prevention and reformation.³⁸ In the area of enforcement of trade mark rights, punishment is intended to achieve two objectives i.e. deterrence and prevention. Deterrence is intended to discourage people from committing crime out of fear of punishment.³⁹ The offender is punished as an example to the rest of the society. Preventive punishment on the other hand aims at stopping the repetition of the crime by disabling the offender.⁴⁰ It mostly comes in the form of imprisonment or death penalty. Public enforcement of the law is a governance issue. Different government agencies have to co-ordinate to ensure that they achieve maximum results. This study is informed by two theories on enforcement and governance i.e. the theory of enforcement pyramid and the theory of nodal governance.

³⁵ NR Ombija, Case Study of Kenya's Specialized Intellectual Property Rights Courts Regime; International Intellectual Property Institute (Nairobi 2011) <<http://kenyalaw.org>> (sourced on 22/1/2015).

³⁶ William Musyoka, *Criminal Law* p 3.

³⁷ Mitchell Polinsky, The Theory of Public enforcement of la <www.law.harvard.edu> (sourced on 20/3/2015).

³⁸ William (n 36) p192.

³⁹ *ibid*

⁴⁰ *ibid*

1.3.1 Theory of enforcement pyramid

This theory was postulated by John Braithwaite in his discussions on enforcement of coal mine safety.⁴¹ The theory holds that enforcement of laws is like a pyramid where most offences at base of the pyramid receive gentle sanctions and progressively severe penalties are imposed as one goes up the pyramid.⁴² At the apex of the pyramid are offences that attract severe penalties. The idea behind the pyramid is that punishment and persuasion are linked in a sequence that starts with persuasion at the base of the pyramid and ends with the most punitive sanction at the apex.⁴³ The different enforcement levels of the pyramid are aimed at different types of people or offences.⁴⁴ Some people are rational while others are intent to commit crime. Soft tools of regulation such as guidelines, protocols and education strategies are used at the base of the pyramid.⁴⁵ These are generally tools of dialogue and education. As one moves up the pyramid, the tools of regulation become more coercive until at the top of the pyramid there is incapacitation.⁴⁶ In trade marks, different tools of enforcement can be used. At the base of the pyramid, public awareness campaigns and education can be used to inform people to respect the trade marks of others. This would be coupled with warnings for those who innocently infringe on the trade marks of others but with a condition that they undertake not to engage in the activity at a future date. As one moves up the pyramid, severe sanctions can be applied. These would include imprisonment, forfeiture and destruction of infringing goods and the tools of their manufacture.

The severity of punishment is important to deter future breaches.⁴⁷ When there is a serious crime, the penalty should be heavy and stiff. Effective law enforcement and regulation calls for a mix of enforcement strategies and sanctions.⁴⁸ In Kenya, various modes of

⁴¹ John Braithwaite, *To Punish or persuade, enforcement of coal mine safety* p 142 – 147.

⁴² *Ibid* p 142.

⁴³ Peter Drahos, *Securing the Future of Intellectual Property, Intellectual Property Owners and their Nodaly Coordinated Enforcement Pyramid* <<http://heionline.org>> (sourced on 21/3/2015).

⁴⁴ *ibid*

⁴⁵ *ibid*

⁴⁶ *ibid*

⁴⁷ John (n 41) p143.

⁴⁸ *ibid* 147.

punishment are provided for under the law e.g. death, imprisonment, fines, forfeiture, and payment of compensation.⁴⁹ In addition, other measures such as warnings and reprimands can be used by authorities in law enforcement.⁵⁰ The range of options to deal with the different types of offenders is important to law enforcers taking into account that regulatory resources are scarce.⁵¹ There are willful and innocent offenders and each should be punished proportionately.⁵² Those who commit the offences willfully or knowingly should be punished heavily. The same applies for subsequent offenders.

The theory of enforcement pyramid is relevant to this study. The various statutes that make provisions for enforcement of trade marks provide for different types of punishments. There are also different institutions that enforce trade marks. The various sanctions provided for under the law can be seen in the perspective of enforcement pyramid. The enforcement mechanism under the ACA Act illustrates the working of the theory of enforcement pyramid. Measures such as an inspector warning a company not to manufacture anti-counterfeit goods are soft tools of enforcement at the base of the pyramid.⁵³ The inspector has powers to seize the suspected goods and charge the offender with any of the anti-counterfeiting offences.⁵⁴ This is moving a level up the enforcement pyramid. On first conviction for a counterfeiting offence, the penalty is imprisonment for five years or a fine of not less than three times the value of the retail price of the goods.⁵⁵ However upon second conviction, the term of imprisonment is enhanced to fifteen years and so is the fine that increases to not less than five times the value of the retail price of the goods.⁵⁶ In imposing these penalties, the court is enjoined to take into account factors such as cooperation with the inspector.⁵⁷ It is possible for an offender to be treated leniently and possibly be discharged in case he gives information that will enable the inspectors curb counterfeiting at source. This is persuasion aimed at winning the

⁴⁹ William (n 36) p 191.

⁵⁰ *ibid*

⁵¹ John (n 41) 14.

⁵² *ibid* p 143.

⁵³ The Anti-Counterfeits Act No 13 of 2008 s 23 (1) (b).

⁵⁴ *ibid* s 32 (b).

⁵⁵ *ibid* s 35 (1) (a).

⁵⁶ *ibid* s 35 (1) (b).

⁵⁷ *ibid* s 35 (3).

offenders not to commit the crime in future and also to assist in fighting the vice of counterfeiting. Persuasion is one of the tools used at the lower levels of the enforcement pyramid. The ACA has a duty to enlighten and inform the public on matters relating to counterfeiting.⁵⁸ ACA also promotes training programmes on combating counterfeiting. Education and training are some of the enforcement tools applied in the enforcement pyramid.

Drahos gives the USA trade enforcement tools as an example of theory of enforcement pyramids in use at the international level.⁵⁹ The USA will engage in informal dialogue with a state that does not have adequate standards of IP protection. With time the dialogue is formalized and if the state fails to comply, the United States Trade Representative lists the country for serious attention.⁶⁰ The USTR determines the level of non-compliance. Where a state addresses the issue of IP protection, it is taken out of the watch list. However, if the state fails to take any action, the USTR can recommend sanctions such as trade embargos or suspension.⁶¹ The different levels of non-compliance in the pyramid will attract different sanctions.

TRIPS makes provisions for trade marks enforcement. As will be seen in the ensuing chapter, TRIPS provides for civil, criminal and administrative enforcement mechanisms. The choice of any of the enforcement mechanisms depends on the level of breach of the law. WTO dispute resolution mechanisms are available to enforce TRIPS. WTO members have to implement judgments and rulings issued under the WTO dispute resolution mechanisms failure to which retaliatory measures can be authorized. Retaliatory measures can be seen as sanctions at the top of the enforcement pyramid when soft tools of dialogue and persuasion fail to work.

⁵⁸ *ibid* s 5.

⁵⁹ Peter (n 43).

⁶⁰ *ibid*

⁶¹ *ibid*

The enforcement pyramid theory helps to understand how the choice of enforcement mechanism is informed by the gravity of infringement. For minor and innocent infringement, a warning can be given to the infringer asking him to stop the infringement. In case of a positive response to the warning parties can dialogue and settle the matter amicably. However, an adamant infringer can be taken to court for civil or criminal sanctions.

1.3.2 Nodal governance theory

Governance is the management of the course of events in a social system.⁶² Today governance is characterized by a plurality of actors such as states, corporations, institutions and international organizations such as WTO and WIPO.⁶³ Governance is also characterized by a plurality of mechanisms such as force, persuasion, economic pressure and manipulation.⁶⁴ Law enforcement is part of governance.

Nodal governance theory focuses on the role of nodes in governance. This is especially in the way networks can be linked to create concentrations of power to exercise governance.⁶⁵ Nodes are actors within a network.⁶⁶ Nodes are institutions with a set of technologies, mentalities and resources.⁶⁷ They take various forms such as legislatures and government agencies. Examples of nodes in this study are judiciary, parliament, NPS, ACA, KRA, KEBS and KIPI. To be a governing node, it must have some institutional form.⁶⁸ It could be a super structural node that brings together representatives of different nodal organizations to concentrate the members' resources and technologies for a common purpose. An example of a super structural node is the ACA board. The ACA board is comprised of representatives from more than ten

⁶²Scott Burris, Peter Drahos and Clifford Shearing, Nodal governance <<http://papers.ssrn.com>> sourced on (23/3/2015).

⁶³ ibid

⁶⁴ ibid

⁶⁵ Peter (n 43).

⁶⁶ ibid

⁶⁷ Scott (n 62).

⁶⁸ ibid

government departments.⁶⁹ In trade mark enforcement actors are the enforcement agencies. Private sector actors such as KAM and KEPSA provide other nodes. At the international level, states and international organizations such as WTO, WIPO and ARIPO can be seen as nodes.

In a system where there is plurality of actors and mechanisms, governance is constituted in nodes that mobilize the knowledge and capacity of members to manage the course of events.⁷⁰ Nodes have different capacities to interact with and influence other nodes or the course of events.⁷¹ They govern by mobilizing their resources to move those that they wish to govern to comply with the law.⁷² Governance requires information that is in the hands of public and private institutions.⁷³ These institutions have to link networks to share information. The linking of the different institutions produces a network or structures of governance referred to as nodal governance. The networks bring together information, resources and technologies that enable the actors to become centers of governance.⁷⁴ The networks help to understand how information flows, is processed and communicated.⁷⁵ There are various tools available to a node e.g. rules, laws, threats, social pressure, stigma and punishment. These tools help to achieve the intended goal of governance. In this study, enforcement of trade marks would be the desired results of any of the nodes. Therefore, any of the said tools of governance can be used. There are laws and rules that are at the disposal of the different institutions involved in trade mark enforcement.

TRIPS is an example of nodal governance in action.⁷⁶ Under TRIPS all member states are required to adhere to minimum standards for IP enforcement. The developing countries have to reform their domestic laws to conform with TRIPS obligations.⁷⁷ It is said that

⁶⁹ Anti –Counterfeits Act No. 13 of 2008 s 6.

⁷⁰ *ibid*

⁷¹ Scott (n 62).

⁷² *ibid*

⁷³ Peter (n 43).

⁷⁴ *ibid*

⁷⁵ Scott (n 62).

⁷⁶ *ibid*

⁷⁷ *ibid*

TRIPS was initiated by corporations in the USA who lobbied their government to push for global IP standards.⁷⁸ In turn, the US government used its geo-political position to lobby other states to incorporate an international agreement on IP into the GATT framework.⁷⁹ This was to ensure that the agreement would be enforceable under GATT dispute resolution procedures. As a result, TRIPS was signed within the context of WTO. Consequently, the WTO members have to adhere to the same standards of IP.⁸⁰ This illustrates how the USA as a node networked with other states to mobilize resources and information to achieve an intended goal of global governance. The theory of nodal governance helps to explain how information networks become dominant organizational forms. It illustrates the role of the state and private entities in global governance. It also shows that states are not to be conceived as existing at the top of the pyramid of power and influence.

In the USA, nodal governance is seen in the way the different nodes network to enforce IP.⁸¹ Several companies cluster together to form industry based lobby organizations that work with the government to raise issues of concern in the enforcement of their IPRs.⁸² The USA government through USTR liaises with other states to press for IP enforcement.

Nodal governance theory is relevant to this study in explaining how the multi-agency approach to trade mark enforcement can network to achieve maximum results. Nodal governance can be seen in the alliance between KEPSA, KAM and government to fight counterfeit trade. Recently the Chief Justice of Kenya launched an enforcement manual to combat illicit trade in Kenya.⁸³ The chief Justice called on Kenyans to collaborate with KEBS, KRA and the NPS to curb trade in counterfeits. The illicit trade manual was the product of joint effort between the private sector and actors in the justice system.⁸⁴ The

⁷⁸ *ibid*

⁷⁹ *ibid*

⁸⁰ *ibid*

⁸¹ Peter (n 43).

⁸² Examples of the organizations are the International Intellectual Property Alliance with a membership of over 1000 companies, the Biotechnology Industry Organization with a membership of more than 1000 member organizations and the Business Software alliance.

⁸³ Daily Nation Friday March 27, 2015. The speech of the Chief Justice can be accessed at <<http://www.judiciary.go.ke>> (sourced on 2/4/2015).

⁸⁴ *ibid*

different agencies involved in the enforcement of trade marks can nodaly co-ordinate to ensure compliance with the law.

1.4 Literature Review

*Prof. Moni*⁸⁵ gives an overview of IPRs regime in Kenya. He briefly gives the philosophy of IPRs in western world and in traditional communities. He broadly categorizes the western philosophies of property ownership into two schools of thought i.e. deontological school and consequentiality or utilitarian school of thought. The two schools of thought emphasize individual ownership of property and thus protection should be given to the individual. In traditional communities on the other hand, property is communally owned. There is no individual ownership of property. The challenge with this approach, he argues is that it is difficult to identify the ‘rights holder’ for purposes of registration within the context of conventional IPRs. This implies that these forms of IPRs largely remain unregistered. This has resulted to exploitation of traditional knowledge by persons from the north with no benefits to the communities that have nurtured such knowledge. This analysis of the theory of IPRs has gaps as regards theoretical underpinning of trade marks enforcement. It is too general and brief.

Prof. Moni has analyzed the international and regional legal framework for the protection of IPRs. He provides a historical background of the adoption of international treaties and conventions in IP culminating with the entry into force of TRIPS. A summarized overview of the Kenyan IPRs legislative and institutional framework is covered in this article. The summarized coverage of the entire regime of IPRs protection is a good head start as it identifies the applicable laws in each type of IP. However, the article does not cover in detail the Kenyan trade marks enforcement legal regime. This study will fill in this gap.

⁸⁵ Moni (n 8) p 1.

*Prof. Sihanya*⁸⁶ explains the nature of counterfeiting trade. He contextualizes counterfeit trade in Kenya and gives statistics on the impact of counterfeit trade in Kenya. He argues that trade liberalization; globalization and advances in ICT have reinforced counterfeiting. The impact of counterfeiting has been serious health risks, economic losses and loss of reputation for trade mark owners.

Prof. Sihanya's analysis of IP doctrines in relation to counterfeiting is relevant to this study. Of particular interest is the relationship between unfair competition, trade marks, brand development on one hand and counterfeiting on the other hand. This will help to understand the impact of weak system of enforcement of trade marks. The role of WTO, WIPO and ARIPO in combating counterfeiting has been highlighted. The three bodies are involved in trade marks enforcement. The writer has discussed the ACA Act. This is relevant to this study in identifying areas of action to overcome challenges in enforcement of trade marks in Kenya. This article has looked at the interface between counterfeiting and the various types of IPRs including trademarks. However, the writer did not discuss trade marks enforcement. Similarly, the writer did not identify weaknesses of the ACA Act. This study will add information in this regard.

*Eunice*⁸⁷ has done a detailed analysis of the legal and institutional framework of IPRs dispute resolution in Kenya. This includes international, regional and national framework. However, due to the broad nature of the topic under study, trade mark law of enforcement was not considered in detail. The writer has highlighted the constitutional underpinning of the Kenyan IP. This includes both the theoretical exposition of IP under the Kenyan constitution and the state duty to protect, promote and support IPRs.

Eunice has identified some challenges faced by the RTM in the implementation of the TMA. These include; parallel jurisdiction with the High court, interference with RTM's mandate by the High Court, delay in delivery of justice and lack of consistency in implementing TMA. These challenges call for further interrogation in this study to see

⁸⁶ Moni (n 8) p 207.

⁸⁷ Njuguna (n 21).

how they impact on trade mark enforcement. The writer has analyzed other statutes such as the ACA Act, KRA Act and the NPS Act.

Eunice has identified several shortcomings in the Kenyan IPR dispute resolution framework such as policy limitations, legal limitations, digital technology challenges, institutional limitations, multi-agency approach to IPRs enforcement, lack of IPRs awareness in the judiciary, corruption and jurisdictional issues. These are relevant to this study. They provide a starting point in the evaluation of the Kenyan law of trade marks enforcement to identify the underlying challenges. The shortcomings identified by Eunice will be re-evaluated to find out how they impact on trade marks enforcement. A similar approach will be adopted in considering the recommendations made by Eunice in the final chapter of her work.

*Prof. Mbote*⁸⁸ looks at the legislative and administrative framework for IPRs in Kenya. She identifies the major international and local institutional stakeholders. This is an important overview for any study on IPRs in Kenya. She has highlighted some legal and institutional challenges. It is notable that this paper was written ten years ago. A number of things have changed e.g. the TMA has been amended to protect well known marks. This study will help bridge the time gap of the state of trade marks law ten years ago when Patricia wrote this paper.

*Prof. Sihanya*⁸⁹ argues that it is necessary for Kenya to shift from placing too much emphasis on the four factors of production (land, capital, labour and entrepreneurship) and focus on IP and innovation. He states that the Kenyan government, industry, civil society, trade unions and religious sector should protect and promote IP and innovation for Kenya to achieve faster and sustainable industrialization and economic development. He further writes that IP policy and legal infrastructure are tools that Kenya may use to nurture innovation, technology transfer and development. Effective enforcement of

⁸⁸ Mbote (n 12).

⁸⁹ B Sihanya, 'Intellectual Property and Mentoring for Innovation and Industrialization in Kenya' (2008) The University of Nairobi law Journal Volume 4 Issue I p 20.

trademarks is one way to promote IP thereby facilitating innovation and technology transfer.

Sihanya writes on the interface between IP and innovation in Kenya in areas such as cultural innovation, copyright innovation, scientific innovation, technological and industrial innovation and the *Jua kali* sector. Sihanya's paper has not addressed the shortcomings of the IP legal regime and in particular trade marks enforcement. This study will address the shortcomings that under lie trade marks enforcement.

*Watal*⁹⁰ explains in depth the history of TRIPS and the politics of the WTO. The author has traced the WTO from GATT 1947. This article lays emphasis on the history of WTO and the signing of TRIPS. This paper has analyzed the TRIPS compliance in developing countries. However, Kenya is not covered in this analysis. Trade marks law has not been addressed as a separate aspect of IPRs in Watal's writing. However the article is of great help in understanding the globalization of IPRs.

*Susan*⁹¹ elaborates the emergence of the TRIPS Agreement, its origins and its aftermath. She argues that corporate actors in the USA are largely responsible for TRIPS. The political strategies by the American corporate sector before, during and after adoption of TRIPS are covered in detail. She has expounded on post TRIPS industry strategies to enforce IPRs. One of the strategies mentioned is the global regulation of IPRs. However, owing to her broad approach to IPRs, the enforcement of trade marks has not been given due attention either globally or in Kenya. The role played by American corporations in the enactment of TRIPS is an illustration of the theory of nodal governance at work. The political strategy applied to rally support for TRIPS is a form of networking in nodal governance.

⁹⁰ Watal (n 6) Chs I, II and III.

⁹¹SK Sell, *Industry Strategies for Intellectual Property and Trade; The Quest for TRIPS and post TRIPS strategies*.

*Johanna and Munyi*⁹² argues that there has emerged another TRIPS-plus trend in IP law. The new trend seeks to increase the level of IP enforcement in national jurisdictions through two ways. One way is to increase penalties for IP infringement so as to deter future violations. This method includes empowering customs officials to conduct border inspections with or without official complaints by IPRs owners. The second way of increasing the level of IP enforcement is the inclusion of traditionally exempted forms of IP such as patents and Plant Breeders Rights into anti – counterfeiting legislation. Johanna and Munyi have identified the promulgation of the Merchandising Marks Regulations in Tanzania and the enactment of the ACA Act in Kenya as some of the trends in this direction.

The paper discusses the legislative initiatives taken by Kenya and Uganda in fighting counterfeits. It also explores whether some of the legal provisions either enacted or proposed to be enacted are contrary to terms of the TRIPS agreement. At the outset, it is the argument of the authors that while substandard and counterfeit medicines have drastic impacts on public health, broadening the concept of counterfeits to include medicines will have negative effects.

Johanna and Munyi discuss the enforcement provisions in the TRIPS i.e. civil, criminal and administrative enforcement mechanisms. Some of the remedies granted under the TRIPS enforcement mechanisms include injunctions, damages, cross-border measures and criminal sanctions. It is notable that TRIPS distinguishes between trade mark counterfeits, copyright piracy and other forms of IPRs infringement. This was informed by the fact that during TRIPS negotiations, IP infringement in fields such as patents was less obvious than in trade marks and copyrights.

This paper has discussed the problem of definition of the term ‘*counterfeits*’ with regard to generic medicines. Generic drugs are imitations of patented drugs. They are allowed in the developing and least developed countries that cannot afford patented drugs. This is to

⁹² Johanna Von Braun and Peter Munyi, New enforcement Mechanisms Challenge, the Legality of Generics in the Name of Anti-counterfeiting Legislation in East Africa <<http://heinonline.org>> (sourced on 9/3/2015).

facilitate access to affordable health care. Patented drugs are expensive as opposed to generic medicines that are relatively cheap. The ACA Act has a rider in the definition of the term ‘counterfeiting’ to preserve generic medicines. The definition of the term ‘*counterfeiting*’ under the ACA Act is a challenge in trade mark enforcement in Kenya as discussed in chapter three of the study.

Johanna and Munyi agree that equating the term ‘*counterfeit*’ with ‘*IP infringement of all sorts*’ and linking public health concerns to IP infringement is treacherous. This is for the reason that it is not easy to determine patent infringement unlike trade mark infringement or copyright piracy. They argue that the definition of the term ‘*counterfeits*’ provided for in the Kenyan and Ugandan law goes beyond the level of protection offered by TRIPS.

The article takes the position that the confusion in the definition of the term ‘*counterfeit*’ threatens the future of generic medicines. The authors warn that criminal sanctions may be imposed for the import, export, manufacture, transit, depositing or any activity related to generic drugs. It is argued that generic medicines may be made the subject of border and precautionary measures that were traditionally directed towards trade mark counterfeits or pirated copyright goods. Without clear definition of the term ‘*counterfeit*’ with regard to generic medicine, the anti-counterfeits law in Kenya and Uganda limits the flexibilities allowed under TRIPS such as parallel imports and compulsory license. The two mechanisms may become unavailable to developing countries as a way to access patented drugs.

Johanna and Munyi list the following as effects of the anti-counterfeiting laws on health; stifling competition and domestic production of generic drugs, limiting cross-border flow of generic drugs from Kenya/Uganda to the neighboring countries (goods in transit), interference with the mandate of national drug regulatory institutions by the newly formed anti-counterfeit institutions and extending the concept of territorial application of IPRs.

The article gives EAC policy on anti-counterfeiting as a regional initiative to combat counterfeiting. The EAC countries have developed a draft policy on counterfeiting. Another initiative to combat counterfeiting is the ACTA launched by a number of developed countries including USA and Japan. The third initiative is the European custom enforcement mechanism of detaining goods under transit. This is employed by the EC.

Johanna and Munyi conclude that generic drugs and falsely labeled drugs (counterfeit drugs) are two different entities that should be handled separately. The anti-counterfeit laws should be carefully drafted to address this issue.

This article is insightful in addressing the shortcomings of the ACA Act with regard to public health. Some of the issues addressed in this article have been the subject of litigation where the Kenyan government was directed reconsider the provisions of the ACA Act against the constitutional right of access to health care.⁹³ The article is limited to the area of generic medicines and does not offer broad measures that can be taken to address the shortcomings of the ACA Act. This study will fill in this gap.

*Prof. Sihanya*⁹⁴ gives a history of the development of the law of copyrights in Kenya. There is a similarity between the growth of copyrights law and the law of trade marks in that both originated from the UK. He argues that Kenya has sustained a western oriented copyright law. The same can be said of trade marks law. He gives a breakdown of the sources of copyright law which are largely similar to those of trade marks law.

Prof. Sihanya discusses the role of copyrights in innovation, international trade, technology transfer and sustainable development in Kenya. He argues that an efficient and equitable IP regime is the one that guarantees sustainable development. With regard to TRIPS, it is his position that Kenya can benefit from its flexibilities. He goes further to

⁹³ *High Court Petition No. 409 of 2009; Patricia Asero Ochieng & 2 others v The Attorney General* [2012] eKLR <www.kenyalaw.org> (sourced on 10/3/2015).

⁹⁴ B Sihanya, 'Copyright Law, Teaching and Research in Kenya' (2005) *The East Africa Law Journal*, Vol 2.

evaluate economic benefits of copyrights. In this regard, Sihanya raises the issue that *'there are broader questions regarding the role of IP especially trade mark in sustainable development'*. This study will address this question by making recommendations to overcome challenges in enforcement of trade marks. An effective enforcement regime ensures sustainable development.

Lastly Sihanya has given the status of copyright teaching, research and training in Kenya. He identifies universities, CLE programmes under LSK and training of government officials as some of the areas in creating public awareness on copyrights. While offering important lessons in IP, this article has not addressed trademarks law in Kenya. This gap will be filled by this study.

*Drahos*⁹⁵ discusses three theories that help secure compliance with global IP standards. This is to help IPRS owners to overcome challenges that arise during their enforcement across borders. The three theories are; the theory of enforcement pyramids, the theory of forum shifting and the theory of nodal governance. The theories of enforcement pyramids and nodal governance underpin this study.

The idea behind theory of enforcement pyramid is that punishment and persuasion should be linked in a sequence that starts with persuasion at the base of the pyramid and ends with the most punitive sanction at the apex of the pyramid. The different enforcement levels of the pyramid are aimed at the different types of human actors i.e. the rational, virtuous or irrational. At the base of the pyramid are soft tools of regulation such as guidelines, protocols and educational strategies. These are generally the tools of dialogue and persuasion. These tools are based on the notion that humans are disposed to act in the right way and will co-operate in doing the same. As one moves up the pyramid, the tools of regulation assume a more coercive character up to the top of the pyramid where serious sanctions are imposed. Depending with the area of enforcement, these sanctions may involve imprisonment, trade sanctions, loss of license and monetary fines. The enforcement pyramid offers a regulator a set of regulatory strategies that are applicable to

⁹⁵ Peter (n 43).

all types of actors e.g. the virtuous, the rationally calculating, the resistant, the incompetent, the defiant e.t.c. As one strategy fails, another is employed.

Nodal governance theory focuses on the role of nodes in governance. It looks at the way the networks can be linked to create concentration of power for purposes of exercising government. The nodes are either actors within a network or a product of two or more networks joined together for a common purpose. Any type of governance requires information. This information has to be dispersed through networks many of which operate independently. No network whether private or public has information omniscience i.e. knows everything. The actors have to network to bring together more information, resources and technologies to enable them become centers of governance. The actors may be IP owners, non-state actors, government departments or bodies, bilateral or multilateral organizations e.t.c.

Forum shifting is the moving of an agenda from one organization to the other or pursuing agendas simultaneously in more than one organization. The idea behind this is to increase the forum-shifter's chances of victory. At the international level, a state may gain advantage by shifting its agenda from an organization where the agenda will be defeated to the one where there are chances of success. This has been employed by USA. In the 1980s, USA was pursuing bilateral negotiations on IP with countries like South Korea and Brazil. During the period of TRIPS negotiations, there was belief that the USA would ease off negotiation of IP standards bilaterally if developing countries agreed to the agreement. However, after TRIPS the USA intensified the level of bilateral activity. The country concluded more bilateral agreements relating to IP than it had during the pre-TRIPS period. The aim was to secure more protection for its IPRs holders by forum shifting.

Draho uses the three theories to explain how the USA has pursued enforcement of IPRs in the international arena. The USA has applied bilateral, regional and multilateral agreements to secure enforcement of IPRs for its citizens. Bilaterally, the USA has entered into agreements with South Korea and Brazil. Regionally, the USA is a member

of North America Free Trade Agreement and Free Trade Agreement of America. At the multilateral level, the USA is a member of WIPO and TRIPS.

In the enforcement pyramid theory, the USA uses enforcement tools such as informal dialogue, formal dialogue, special 301 investigations and annual reviews, watch list or observations, and at the apex of the pyramid are sanctions. The article argues that private companies in the USA have created networks to utilize the enforcement pyramid. This is under the theory of nodal governance. Many companies have come together to form organizations such as International Intellectual Property Alliance, Biotechnology Industry Organization and Business Software Alliance. These organizations coordinate with government departments to pursue enforcement of IPRs belonging to their members. Some of the state departments involved are the USTR and IFAC. The two departments coordinate government efforts in securing bilateral or multilateral agreements. USTR makes annual reports under section 301 of USA Trade Act of 1974 on trade barriers arising from IP laws in other countries.

As a result of the nodally coordinated enforcement pyramid, the USA has ensured optimal enforcement of IPRs for its companies nationally, regionally and at the global level. This article gives an illustration of an effective IP enforcement system. IP owners can choose the most effective tools of enforcement in the enforcement pyramid depending on the infringer. The article provides a theoretical exposition of enforcement theories. This study is underpinned on two of these theories.

Marshall,⁹⁶ states that the terms ‘*globalization*’, ‘*information age*’, ‘*harmonization*’, ‘*digital challenge*’ and ‘*interests of free trade*’ suggest a vast transnational zero-sum game that creates winners and losers in an accelerating decline of national sovereignty. The winners are western multinational companies who take their investments where labor is cheap to maximize profits while evading unfavorable territorial laws. The losers in this game are the developing countries, unskilled laborers and small businesses. However,

⁹⁶ Marshall A. Leaffer, ‘The New World of International Trade Mark Law’ 2 Intellectual Property L. Rev. (1998) < <http://scholarship.law.marquette.edu> > (sourced on 10/3/2015).

Marshall shows that the world of trade marks is not this gloom with developments such as Madrid Protocol and the Trade mark Law Treaty.

The article outlines the importance of trade marks in a global market. Trade marks have become important with the emergence of electronic commerce and internet as a selling medium. Internet transcends national boundaries and has no physical location. Competition in the international markets has made trade marks become fundamental. This has created intense demands on trade mark owners. They have to create new trade marks as old ones become known and outdated. This is to maintain their niche in the markets. This has led to increase in the number of registered trade marks globally. It therefore follows that there is need for a reliable, stable and efficiently structured trade mark system. Such a system benefits consumers and businesses. However, there has been negative criticism of trade marks e.g. there are those who argue that consumers are exploited by entrenched strong brands, trademarks encourage irrational preferences among the vulnerable and illiterate members of the society and the perceived threat of small businesses by big brands.

Marshall discusses the growth of international law starting with the Paris Convention, the Madrid Agreement, the Madrid protocol and the TLT. He explains regional integration with regard to the EU. He argues that the future of trade mark law is more harmonization at the international level. This is due to technological advancement in trade, communication and movement of information. The territorial mode of trade mark law in such an environment cannot practically exist in a pure form. It is projected that in the year 2017, there will be over three million trade mark fillings in over 150 trade mark offices. This will create pressure for universal adherence to the Madrid Protocol and the Trademark Law Treaty.

This article though not addressing enforcement of trade marks provides an overview of the international trade mark law. In particular, it covers the Paris convention, the Madrid Agreement, the Madrid protocol and the TLT. These are some of the international

instruments that constitute international trade mark law. This study will fill this gap by setting out the international law of trade marks enforcement.

1.5 Objectives of the Research

1.5.1 Main Objective

The general objective of this study is to make recommendations to strengthen the legal regime for enforcement of trade marks in Kenya.

1.5.3 Specific Objectives

1. To analyze the legal and institutional framework for enforcement of trade marks in Kenya.
2. To identify the challenges that face enforcement of trade marks in Kenya
3. To consider the best practices in USA and RSA in enforcement of trade marks.
4. To make recommendations on ways to overcome the challenges that face trade marks enforcement in Kenya.

1.6 Hypothesis

1. There are challenges that exist in the legal and institutional framework for enforcement of trade marks in Kenya.
2. The challenges that exist in the legal and institutional framework for enforcement of trade marks can be overcome through legal and institutional reforms.

3. There is need to undertake reforms to strengthen the legal and institutional framework for enforcement of trade marks in Kenya.

1.7 Research Questions

1. What is the legal and institutional framework for enforcement of trade marks in Kenya?
2. Are there challenges that exist in the legal and institutional framework for enforcement of trade marks in Kenya?
3. Is there need to reform the legal and institutional framework for enforcement of trade marks in Kenya?
4. What reforms should be done to strengthen the legal and institutional framework for enforcement of trade marks in Kenya.

1.8 Methodology

The study will mainly be based on library and desk research. The study shall rely on primary sources of data such as The Constitution, Statutes, and subsidiary regulations, publications of statutory authorities, conventions, treaties and declarations. Secondary sources of data such as books and journals will also be used. The internet will be a great source of information in the study.

1.9 Chapter Breakdown

Chapter one provides the introduction to the research. It sets out the statement of the problem, its background and the methodology of investigating the same. It will also include the hypothesis, the research questions and the objectives of the study. The other component of this chapter is the theoretical framework informing the study.

Chapter Two covers the legal and institutional framework for enforcement of trade marks in Kenya. The international, regional and national legal and institutional frameworks are considered. Of importance in this chapter is the analysis of the national legal and institutional framework for trade mark enforcement to identify underlying challenges.

Chapter Three has identified and discussed the challenges that exist in the Kenyan legal and institutional framework for trade marks enforcement.

Chapter Four looks at lessons to learn from the USA and RSA. This is to get the best practices that Kenya can emulate to strengthen its legal regime for trade marks enforcement.

Chapter five contains the findings, recommendations and conclusion.

CHAPTER TWO

LEGAL AND INSTITUTIONAL FRAMEWORK FOR ENFORCEMENT OF TRADE MARKS IN KENYA.

2.0 Introduction

The legal and institutional framework for enforcement of trade marks consist of laws and institutions. This system provides trade mark owners with mechanisms to enforce their rights. The framework is international, regional and national. Internationally, Kenya is a party to international treaties that make provisions for enforcement of trade marks. There are also regional arrangements that facilitate enforcement of trade marks across borders. Nationally, the constitution, statutes, common law and equitable doctrines provide the framework for enforcement of trade marks. This chapter discusses the international, regional and national legal and institutional framework for enforcement of trade marks.

2.1 International framework

The global IP system comprises of a series of international, regional and bilateral treaties and powerful international institutions.⁹⁷ These treaties and institutions are discussed below.

2.1.1 Convention Establishing WIPO⁹⁸

This convention was signed at Stockholm in the year 1967. WIPO is a global forum for IP services, policy, information and co-operation.⁹⁹ WIPO functions include; promoting the development of measures designed to facilitate the efficient protection of IP through out the world, offering legal assistance in the field of IP, disseminating information

⁹⁷ Moni Wekesa and Ben Sihanya (eds), *Intellectual Property Rights in Kenya*, p 5.

⁹⁸ Convention Establishing the World Intellectual Property Organization signed at Stockholm in 1967 and amended in 1979.

⁹⁹ WIPO < <http://www.wipo.int>> (sourced on 9/3/2015).

concerning protection of IP and to provide for registration of IPRs.¹⁰⁰ The WIPO bureau serves as its secretariat.¹⁰¹ ACE and AMC are two of WIPO organs involved in trade marks enforcement.¹⁰²

AMC plays a role in the implementation of UDRP which is based on the WIPO recommendations to deal with resolution of domain name disputes.¹⁰³ The UDRP was adopted by ICCAN as a mechanism to resolve domain name disputes.¹⁰⁴ UDRP provides trade mark rights holders with an administrative mechanism to enforce their rights in cases of cyber piracy or cyber squatting.¹⁰⁵ However, UDRP is only applicable to generic top level domains and a few country code top level domains. There are only two remedies available under UDRP i.e. transferring or cancellation of the domain name.¹⁰⁶ Monetary and injunctive reliefs are not available to a complainant. Additional remedies can be pursued in the national courts. With regard to administration of country code top level domains, WIPO has published best practices for prevention and resolution of intellectual property disputes.¹⁰⁷ These best practices provide guidelines to domain name national administrators. To succeed in a claim under UDRP, a trade mark owner has to show that the subject domain name is identical or confusingly similar to his trade or service mark, the respondent has no legitimate rights over the domain name and the same has been registered or used in bad faith.¹⁰⁸

The WIPO bureau administers the Madrid agreement and Madrid protocol.¹⁰⁹ It maintains a register of internationally registered trade marks. It also publishes the WIPO gazette of international marks. The register of internationally registered trade marks provides a

¹⁰⁰ Convention Establishing the World Intellectual Property Organization signed at Stockholm in 1967 and amended in 1979, art 4.

¹⁰¹ *ibid* art 9.

¹⁰² WIPO < <http://www.wipo.int> > (sourced on 9/3/2015).

¹⁰³ WIPO, Guide to Domain Name Resolution www.wipo.int/amc/en/domains/guide (sourced on 5/11/2016)

¹⁰⁴ Torsten Bettinger, Uniform Domain Name Dispute Resolution Policy <global.oup.com/booksites/contents> (sourced on 5/11/2016).

¹⁰⁵ WIPO (n 103)

¹⁰⁶ *ibid*

¹⁰⁷ *ibid*

¹⁰⁸ Keith Blackman, The Uniform Domain Name Dispute Resolution Policy; A cheaper Way to Hijack Domain Names and Suppress Critics, Harvard Journal of law & technology.

¹⁰⁹ WIPO (n102)

database from which individuals can seek information on ownership of such trade marks. This is critical in enforcement as a party owning an international trade mark can apply for an extract of the register to prove ownership. The register facilitates proprietary and status searches.

ACE coordinates with public and private organizations to combat counterfeiting and piracy. It is involved in public education, undertaking regional and national training as well as exchange of information on enforcement issues. Counterfeiting is a type of trade mark infringement. This is through production and sale of goods or services that are identical or similar to the legitimate products without the authority of the trade mark owner.¹¹⁰ Trade mark counterfeiting involves the assimilation of all the features of legitimate products including the marks and labels.¹¹¹ It is the highest form of trade mark infringement and passing off.¹¹² ACE helps to fight counterfeiting by providing a forum for member states to share information on ways to enforce IPRs.

AMC provides services in relation to arbitration and mediation of disputes.¹¹³ AMC has promulgated WIPO mediation rules, WIPO arbitration rules and WIPO expedited mediations rules.¹¹⁴ The three types of rules can be used by a national of any country. Parties to a dispute can agree to submit their dispute to AMC for settlement under any of the three types of WIPO rules.¹¹⁵ AMC has a list of neutrals comprising of highly specialized mediators and arbitrators in the entire spectrum of IP.¹¹⁶ This is an important forum of enforcement of trade marks at the international level. Dispute resolution under AMC offers a number of advantages e.g. cost saving, flexibility, expertise and confidentiality. It also provides a single forum where multiple disputes can be resolved.¹¹⁷

¹¹⁰ Moni (n 97) p 6.

¹¹¹ *ibid* p 231.

¹¹² *ibid*

¹¹³ WIPO <<http://www.wipo.int>> (sourced on 9/3/2015).

¹¹⁴ UNCTAD <<http://unctad.org>> (sourced on 12/3/2015).

¹¹⁵ WIPO <<http://www.wipo.int>> (sourced on 9/3/2015).

¹¹⁶ *ibid*

¹¹⁷ *ibid*

2.1.2 Agreement Establishing the WTO¹¹⁸

The WTO agreement was signed at Marrakesh, Morocco in 1994. WTO commenced operations in January 1995.¹¹⁹ Kenya was a founding member of WTO having been a party to GATT.¹²⁰ All agreements made under WTO are automatically binding on the member states.¹²¹ WTO members are under an obligation to abide by the rules and respect judgments made after adjudication under WTO procedures. The DRB establishes panels to consider cases and appeals.¹²² DRB monitors the implementation of rulings, judgments and recommendations made after adjudications. It has power to authorize retaliation when a country does not comply with a decision.¹²³ Retaliation measures include the suspension of a state from concessions and other obligations under any of the WTO agreements.¹²⁴ Disputes under TRIPS fall within the WTO dispute resolution procedures. DRB can authorize retaliation measures in the event that a country fails to comply with a decision e.g. the suspension of country's rights and obligations under TRIPS.¹²⁵ The WTO dispute resolution mechanisms and its enforcement regime can be used to enforce trade marks at the international level. WTO dispute resolution mechanisms are advantageous in that they ensure compliance with decisions.

2.1.3 TRIPS Agreement

The TRIPS agreement came into force in 1995. It provides for global minimum standards for enforcement all forms of IP.¹²⁶ TRIPS required all members to adapt their laws to provide for minimum IP standards. However, no limit was imposed as to the optimal

¹¹⁸ WTO <<https://www.wto.org>> (sourced on 10/3/2015).

¹¹⁹ *ibid*

¹²⁰ Moni (n 97) p 6.

¹²¹ *ibid*

¹²² WTO, <<https://www.wto.org>> (sourced on 10/3/2015).

¹²³ *ibid*

¹²⁴ *ibid*

¹²⁵ ICC <<http://www.iccwbo.org>> (sourced on 11/3/2015). The WTO Dispute Resolution Body authorized suspension of IP rights in the cases of Ecuador vs. European Communities dispute, Antigua Barbuda vs. USA dispute and Brazil vs. USA dispute.

¹²⁶ Moni (n 97) p 6.

level of enforcement of IPRs.¹²⁷ As stated above, TRIPS falls within WTO dispute resolution procedures and enforcement mechanisms.

TRIPS provides for various aspects of trade marks law.¹²⁸ Kenya amended the TMA to comply with TRIPS e.g. amendments to make provisions to deal with well known marks.¹²⁹ TRIPS also provides for minimum standards for IP enforcement.¹³⁰ The member countries are required to make sure that their laws provide for minimum standards for expeditious procedures to settle disputes and to grant deterrent remedies.¹³¹ The procedures should be fair, equitable and decisions arrived at made public. Decisions of administrative bodies should be subject to review by a judicial authority.¹³²

TRIPS provides for the civil remedies of injunctions and damages.¹³³ Judicial authorities should have powers to order the disposal of infringing goods outside channels of commerce or their destruction without compensation to the offender.¹³⁴ The same measures can be applied to materials and implements used to manufacture infringing goods. These measures are made available to the courts for deterrent purposes. However when such measures are taken against an innocent party or in the case of an abuse of the court process, the affected defendant is entitled to indemnification by way of costs.¹³⁵ TRIPS require local laws to authorize courts to act with promptness and grant provisional measures to prevent infringement or to preserve evidence.¹³⁶ This mostly takes the form of interlocutory injunctions.

Under TRIPS, customs authorities should be empowered to take border measures to suspend the release of imported counterfeit trade mark goods into the market.¹³⁷ This is

¹²⁷ *ibid*

¹²⁸ TRIPS arts 15 – 21.

¹²⁹ Trade Marks Act Chapter 506 laws of Kenya s 15A.

¹³⁰ TRIPS Part III.

¹³¹ *ibid* art 41.

¹³² *ibid*

¹³³ *ibid* arts 44 and 45.

¹³⁴ *ibid* art 46.

¹³⁵ *ibid* art 48.

¹³⁶ *ibid* art 50.

¹³⁷ *ibid* art51.

upon application by a rights holder who validly suspects that importation of such goods is about to take place. The application should be supported by adequate evidence to satisfy the authorities that on a *prima facie* basis, there is infringement of the IPRs.¹³⁸ The applicant may be required to give security to protect the alleged infringer or the authorities and to prevent abuse of the procedures.¹³⁹ The duration of suspension of the goods should be reasonable. In the event that the applicant does not take proceedings for a determination of the issues on merit, the goods should be released into the market.¹⁴⁰ In Kenya goods can be suspended for a period of three months.¹⁴¹

TRIPS make it mandatory for members to provide for criminal procedures and penalties to deal with trade mark counterfeiting on commercial scale.¹⁴² The remedies to be provided for in the local laws include imprisonment and monetary fines sufficient to provide a deterrent.¹⁴³ The authorities can order the seizure, forfeiture and destruction of infringing goods and any materials or implements used to commit the offence. These kinds of remedies are to be found in a number of Kenyan statutes that are discussed in this chapter.

Kenya can be said to be TRIPS compliant with regard to enforcement mechanisms. Kenyan courts can grant most of the TRIPS recommended remedies such as injunctions, damages and deterrent criminal sanctions. Courts are also authorized to order the destruction of infringing goods.

2.2 Regional frame work

The Regional legal and institutional frame work for enforcement of trade marks comprises of regional treaties and bodies. However, the same is not as elaborate as the international framework.

¹³⁸ Ibid art 52.

¹³⁹ Ibid art 53.

¹⁴⁰ Ibid art 54.

¹⁴¹ Anti-counterfeits Act s 28, Trade descriptions Act s 31.

¹⁴² TRIPS art 61.

¹⁴³ *ibid*

2.2.1 Lusaka Agreement

The Lusaka agreement was signed 1976.¹⁴⁴ It established ARIPO. One of the objectives for the establishment of ARIPO was to create common organs to coordinate, harmonize and develop the industrial property activities of the member states.¹⁴⁵ The ARIPO secretariat runs its day to day affairs. The ARIPO secretariat is based in Harare, Zimbabwe. ARIPO administers the Banjul protocol. The protocol provides for a regional trade mark registration system. The ARIPO trade marks register provides a data base for all the regional registrations. This is important for trade mark owners when it comes to enforcement of their rights. They can apply and be issued with searches to prove ownership of their trade marks.

2.2.2 The EACCMA¹⁴⁶

EACCMA came into force in January 2005.¹⁴⁷ It is one of the EAC statutes.¹⁴⁸ In Kenya, EACMA is administered by the KRA.¹⁴⁹ EACCMA was enacted pursuant to the establishment of the EACCU in 2004.¹⁵⁰ Two features of the EACCU are important in combating importation of counterfeit goods to the region. These are the common safety measures for regulating the importation of goods from third parties and the application of a common set of rules and procedures at the ports.¹⁵¹

The EACCMA outlaws the importation of prohibited goods.¹⁵² All counterfeit goods are prohibited goods.¹⁵³ Importation of prohibited goods is an offence that attracts punishment

¹⁴⁴ ARIPO < <http://www.aripo.org>> (Sourced on 10/1/2015). ARIPO also administers the Protocol on Patents and Industrial Designs (Harare Protocol) and Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore.

¹⁴⁵ Agreement on the Creation of the African Regional Intellectual Property Organization signed in 1976 as amended in 1996 art III.

¹⁴⁶ East Africa Community Customs Management Act 2004.

¹⁴⁷ East Africa Community Customs Management Act 2004 s 2.

¹⁴⁸ EAC <<http://www.eac.int/>> sourced on 13/3/2015).

¹⁴⁹ Kenya Revenue Authority Act Chapter 469 Laws of Kenya s 5.

¹⁵⁰ EAC <<http://www.eac.int/>> sourced on 13/3/2015).

¹⁵¹ *ibid*

¹⁵² East Africa Community Customs Management Act 2004 s 18.

¹⁵³ *ibid* 2nd Schedule Part A s11 (c).

by imprisonment for a maximum term of five years or a fine equivalent to 50% of the dutiable value of the goods involved.¹⁵⁴ Counterfeit goods can be seized or forfeited.¹⁵⁵ Customs officials or police officers have power to seize goods liable for forfeiture.¹⁵⁶ Upon seizure, the officer involved should give the owner of the suspected goods a written notice of the seizure. The owner of the goods can apply for the release of his goods upon furnishing sufficient security. The release of the goods is at the discretion of the commissioner of the respective revenue authorities of the EAC members. The commissioner may require the owner of the goods to institute recovery proceedings or institute such proceedings *suo moto*.¹⁵⁷ Where goods have been seized and the owner is convicted of the offence complained of, the goods are destroyed.¹⁵⁸ EACCMA takes precedence over the EAC partner states' laws with respect to any matter under its provisions.¹⁵⁹

2.3 National framework.

The national legal and institutional framework for trade mark enforcement comprises of the constitution, statutes, common law, equitable doctrines and the various enforcement agencies.

2.3.1 The Constitution of Kenya 2010¹⁶⁰

The Kenyan Constitution is the supreme law.¹⁶¹ The Kenyan constitution creates three independent and separate arms of government i.e. the executive, the parliament and the judiciary. The Kenyan constitution sets out the applicable law of the land.

¹⁵⁴ *ibid* s 200.

¹⁵⁵ *ibid* ss 210 and 213.

¹⁵⁶ *ibid*

¹⁵⁷ *ibid* s 216.

¹⁵⁸ *ibid* s 215.

¹⁵⁹ *ibid* s 253.

¹⁶⁰ Constitution of Kenya 2010.

¹⁶¹ *ibid* art 2.

Parliament has the legislative duty to enact or amend laws.¹⁶² Parliament has enacted several statutes that make provisions for enforcement of trade marks. The statutes have also established various enforcement agencies. Parliament amends laws to deal with emerging issues and to comply with international standards such as the TRIPS.

The judiciary exercises judicial authority.¹⁶³ The courts provide civil and criminal remedies to enforce trade marks. The courts interpret the laws and adjudicate upon disputes. The courts are guided by the Kenyan constitution, statutes, international law, common law and doctrines of equity. The constitution guarantees that every person has the right to acquire and own property.¹⁶⁴ Property includes IP.¹⁶⁵ The state has a constitutional duty to support, promote and protect IPRs of the Kenyan people.¹⁶⁶

The Kenyan constitution establishes the NPS to enforce the law.¹⁶⁷ The NPS has a duty to maintain law and order.¹⁶⁸ The NPS apprehends and assists in the prosecution of offenders.¹⁶⁹ The NPS has powers to search, arrest, seize and detain goods that infringe on trade marks. The police ensure that criminal sanctions imposed by the courts are implemented. The DCI, a department within the NPS, undertakes investigations, detects and prevents crime.¹⁷⁰ The NPS is an important player in the enforcement of the law.

The office of the DPP is established under the Kenyan constitution to exercise state prosecutorial powers.¹⁷¹ DPP institutes and undertakes criminal proceedings in respect of any offence alleged to have been committed. The DPP has powers to appoint general and special prosecutors.¹⁷² Prosecution of trade mark offences is the duty of the DPP.

¹⁶² *ibid* art 94.

¹⁶³ *ibid* Ch 10.

¹⁶⁴ *ibid* art 40 (1).

¹⁶⁵ *ibid* art 260.

¹⁶⁶ *ibid* art 40 (5).

¹⁶⁷ *ibid* art 243.

¹⁶⁸ National Police Service Act, Act No 11A of 2011 ss 24, 27.

¹⁶⁹ *ibid* s 49.

¹⁷⁰ *ibid* ss 28, 35.

¹⁷¹ Constitution of Kenya 2010 art 157 (6)

¹⁷² Criminal Procedure Code, Chapter 75 laws of Kenya s 85.

2.3.2 Statutory Framework

There are various statutes that make provisions for enforcement of trade marks. They are discussed below.

2.3.2.1 The Industrial Property Act¹⁷³

IPA establishes KIPi.¹⁷⁴ Previously KIPi existed as KIPO.¹⁷⁵ Amongst other statutes, KIPi implements TMA. Apart from trade mark rights, KIPi grants other types of IPRs such as patents and industrial designs.¹⁷⁶ KIPi is headed by a managing director responsible for its day to day management.¹⁷⁷ KIPi is also the receiving office for trade mark application under the Banjul protocol, Madrid agreement and Madrid protocol.¹⁷⁸ In this regard, KIPi works in collaboration with ARIPO and WIPO.¹⁷⁹ KIPi maintains a register for all registered trade marks. The register provides a database on all registered trade marks. KIPi also issues certificates of registration that are useful to prove ownership of trade marks during enforcement proceedings.

2.3.2.2 The Trade Marks Act¹⁸⁰

TMA provides for a registration system of trade and service marks. The managing director of KIPi is the RTM.¹⁸¹ He is assisted a deputy RTM and assistant RTM.¹⁸² TMA provides for the maintenance of the trade marks register where information on all registered trade marks is entered.¹⁸³ This register forms a database for all the registered trade marks. The register is open for public inspection and any person can conduct a

¹⁷³ Industrial Property Act No. 3 of 2001.

¹⁷⁴ *ibid* s 3.

¹⁷⁵ KIPi <<http://www.kipi.go.ke>> (sourced on 15/3/2015).

¹⁷⁶ Industrial Property Act No. 3 of 2001 s 5.

¹⁷⁷ *ibid*

¹⁷⁸ KIPi <<http://www.kipi.go.ke>> (sourced on 15/3/2015).

¹⁷⁹ *ibid*

¹⁸⁰ Trade Marks Act Chapter 506 Laws of Kenya.

¹⁸¹ *ibid* s 3(1).

¹⁸² *ibid* s3 (2).

¹⁸³ *ibid* s 4.

status or a proprietary search.¹⁸⁴ A status search gives information on whether a registered trade mark is in force. On the other hand, a proprietary search shows the details of the registered owner of the trade mark.

Registration of a trade mark gives the proprietor exclusive rights to use it.¹⁸⁵ The use of a mark that is identical or similar to a registered mark without the authority of the registered owner amounts infringement.¹⁸⁶ The owner of an infringed mark can institute legal proceedings to stop the infringement.¹⁸⁷ The registration of a mark similar to another one already in the register is prohibited.¹⁸⁸ This is to avoid the registration of similar marks that belong to different people.

The owner of a registered trade mark is entitled to object to the registration of a similar trade mark by instituting opposition proceedings.¹⁸⁹ These proceedings are conducted by the RTM. A proprietor of a well known mark can also object to the registration of a similar mark.¹⁹⁰ This is in addition to applying for a restraining injunction in court.¹⁹¹ However, the TMA does not have elaborate provisions to deal with well known marks. This is one of the challenges discussed in the ensuing chapter.

The RTM has powers to cancel wrong entries made in the trade marks register in a procedure called expungement.¹⁹² Wrong entries can be made as a result of error, defect or fraud.¹⁹³ The procedure for expungement enables a trade mark owner to challenge a fraudulently registered similar mark. It is a mechanism to enforce trade marks.

TMA provides for trade mark offences. It is an offence to cause a false entry to be made in the trade marks register which upon conviction attracts imprisonment for a term of up

¹⁸⁴ *ibid* s 4(3).

¹⁸⁵ *ibid* s 7.

¹⁸⁶ *ibid*

¹⁸⁷ *ibid* s 5.

¹⁸⁸ *ibid* s 15.

¹⁸⁹ *ibid* s 21.

¹⁹⁰ *ibid* s 15(4).

¹⁹¹ *ibid* s 15 (2).

¹⁹² *ibid* s 35.

¹⁹³ *ibid*

to five years or a fine of Kshs 10, 000.¹⁹⁴ Falsely representing a trade mark as registered attracts a lenient sanction of Kshs 5, 000. A more severe penalty can be imposed for forging a registered trade mark.¹⁹⁵ Any person who sells or imports goods or services using a forged trade mark commits an offence that attract a penalty of imprisonment for up to five years or a fine of Kenya shillings 200, 000.¹⁹⁶ Aiding or abetting the commission of any of the offences under TMA attracts similar sanctions as the corresponding offence.¹⁹⁷

In a departure from general rule of evidence, TMA allows the production of documents by persons other than their makers in offences related to importation of counterfeit goods.¹⁹⁸ This is to facilitate the quick prosecution. Similarly, in a departure from the general rule, the burden of proof for the defence of consent is on the accused person.¹⁹⁹ The goods involved in the commission of an offence under TMA can be forfeited to the government upon conviction.²⁰⁰ This is to guard against a situation where the counterfeit goods find their way into the channels of trade.

2.3.2.3 Anti-Counterfeit Act²⁰¹

The ACA Act deals with trade in counterfeit goods. It provides for mechanisms to combat the vice of counterfeiting. The ACA Act broadly defines the term ‘*counterfeiting*’ to encompass the doing of various actions without the authority of the owner of IPRs.²⁰² The definition is broad in two ways. The ACA Act protects IPRs subsisting in or outside Kenya. Trade marks registered in foreign countries can be enforced in Kenya under the ACA Act. Secondly, the definition covers all types of IPRs and thus all of them can be enforced under the ACA Act.

¹⁹⁴ *ibid* s 57.

¹⁹⁵ *ibid* ss 58C 58D.

¹⁹⁶ *ibid* s 58E.

¹⁹⁷ *ibid* s 58G.

¹⁹⁸ *ibid* s 58G.

¹⁹⁹ *ibid* s 58G (3).

²⁰⁰ *ibid* s 58.

²⁰¹ Anti-Counterfeits act, Act No 13 of 2008.

²⁰² *ibid* s 2.

The ACA Act established the ACA with a mandate to combat counterfeit trade.²⁰³ The ACA board is charged with the management of the ACA. The ACA board is composed of representatives from various government departments.²⁰⁴ The ACA board appoints inspectors to enforce the ACA Act.²⁰⁵ The inspectors have the same powers as the police when enforcing ACA Act.²⁰⁶ Members of the ACA board, police officers, customs officials, trade mark and patent examiners are designated inspectors for the purposes of the ACA Act.²⁰⁷ The inspectors have very wide powers to enforce the ACA Act.²⁰⁸ It is an offence to obstruct or fail to comply with the directions of an inspector in the discharge of his duties. The offence attracts a penalty of three years imprisonment or a fine of Kshs two million.²⁰⁹ The inspectors can enter any premises suspected of holding counterfeit goods and seize them. The seized goods should be returned to the owner within three months if no proceedings are commenced.²¹⁰ The court can order destruction of the goods whether or not the owner is convicted of an offence.²¹¹ Prosecutions under the ACA Act are conducted by the DPP.²¹²

It is an offence to manufacture, produce, hire, expose for sale, exhibit, distribute, import, transit through, transship, or export or be in possession of counterfeit goods.²¹³ The penalty for this offence is imprisonment for a term of up to five years or a fine of not less than three times the value of the retail price of the goods involved.²¹⁴ In case of subsequent conviction, the offence attracts a severe penalty of fifteen years imprisonment or a fine of not less than five times of the value of the retail price of the goods involved.²¹⁵ In considering the penalty to impose, the court should be guided by a number of factors such as risk of the goods to human or animal life, danger posed to property

²⁰³ *ibid* ss 3 and 4.

²⁰⁴ *ibid* s 6.

²⁰⁵ *ibid* s 22.

²⁰⁶ *ibid*

²⁰⁷ *ibid*

²⁰⁸ *ibid* s 23.

²⁰⁹ *ibid* ss 24 and 35 (2).

²¹⁰ *ibid* s 28(1).

²¹¹ *ibid* s 28(2) (3).

²¹² *ibid* s 30.

²¹³ *ibid* s 32.

²¹⁴ *ibid* s 35 (1).

²¹⁵ *ibid* s 35(2).

where the goods are in use and any mitigating factors.²¹⁶ For instance, the court can consider whether the accused made full disclosure of information to the inspector who investigated the offence.

Customs officials can seize and detain counterfeit goods that are infringing on trade marks.²¹⁷ This is upon application by a trade mark owner who suspects that such goods are about to be imported or about to enter into Kenya.²¹⁸ This is to enable the customs department take boarder measures to fight counterfeiting. The customs officials are employees of KRA, an important player in combating counterfeit trade at the boarder points.²¹⁹ KRA has established the market surveillance and smuggling office to coordinate anti-counterfeit activities.²²⁰

The owner of a registered or unregistered trade mark can lodge a complaint with the ACA.²²¹ A complaint can also be lodged with KRA where the suspect goods involved are imports.²²² The complaint should contain enough information to show that on a *prima facie* basis the goods involved are counterfeit goods.²²³ The ACA must be satisfied that the complainant is the owner of the trade mark and the goods involved are infringing on the trade mark.²²⁴ The ACA can take steps without a complaint where it is suspected that an act of dealing with counterfeits has been committed.²²⁵

²¹⁶ *ibid* s 35 (2).

²¹⁷ *ibid* s 34.

²¹⁸ *ibid*

²¹⁹ *ibid* s 2.

²²⁰ E Njuguna, *Intellectual Property Rights in Kenya; Towards a More Effective Dispute Resolution Framework* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2014) p 37.

²²¹ *ibid* s 33.

²²² *ibid* s 34(1)

²²³ *ibid*

²²⁴ *ibid*

²²⁵ *ibid* s 33 (4) (5)

2.3.3 Other statutes

Other than the TMA and the ACA Act, there are other statutes that make provisions which create offences to enforce trade marks. It should be note that IPRs is not the core subject matter of these statutes.

2.3.3.1 Penal Code²²⁶

Under the penal code, it is an offence to forge or counterfeit a trade mark or to apply a trade mark on goods other than those of the owner of the trade mark.²²⁷ The definition of a trade mark under the penal code is shallow.²²⁸ The offence attracts imprisonment for a term of two years or a fine.²²⁹ However, the amount of fine is not specified and it is entirely at the discretion of the court. In case of conviction, the court can order the forfeiture of the counterfeit goods and any instrument used in their manufacture.²³⁰

2.3.3.2 Trade Descriptions Act²³¹

TDA provides for offences related to trade descriptions. Trade marks are used to identify goods and services in the market. Trade marks are a form of trade description in that they give information on the origin of goods or services. It is an offence to apply a false trade description to goods or services.²³² It is also an offence to give a false indication that any goods supplied by a person are of a kind supplied by another.²³³ It is also an offence to make a false statement as to the provision, nature, time or manner of the provision of services.²³⁴ The importation of goods bearing false indication of source is prohibited.²³⁵

²²⁶ Penal Code Chapter 63 Laws of Kenya.

²²⁷ *ibid* s 381.

²²⁸ *ibid* s 380. Trade mark is defined to imply a mark other than those registered under the trade marks Act that is used to denote goods produced or manufactured by that person or a mark that is to be placed on goods produced pursuant to a registered design.

²²⁹ *ibid* s 36.

²³⁰ *ibid* s 381 (2).

²³¹ Trade Descriptions Act Chapter 505 Laws of Kenya.

²³² *ibid* s 3.

²³³ *ibid* s 5.

²³⁴ *ibid* s 6.

Conviction of any of these offences attracts a penalty of imprisonment of up to five years or a fine of Kshs two million.²³⁶

False trade description is defined to include use of trade marks to goods.²³⁷ Trade marks contained in trade descriptions can be false trade description when applied to goods.²³⁸ TDA is enforced by inspectors appointed under the Weight and Measures Act.²³⁹ These inspectors have powers to seize and detain goods to which a false trade description is applied.²⁴⁰ The seized goods should be returned to the owner if no action is taken within a period of three months.²⁴¹ However, in the event of conviction the goods are forfeited to the government.²⁴² The inspectors have powers to arrest without a warrant any person suspected of having committed an offence under the TDA.²⁴³ The inspectors also conduct prosecution of offences committed under the TDA.²⁴⁴

2.3.3.3 Standards Act²⁴⁵

The Standards Act establishes KEBS to promote standardization in industry and commerce. KEBS controls the use of standardization marks and distinctive marks.²⁴⁶ A standardization mark is a mandatory certification scheme for locally manufactured goods.²⁴⁷ This mark cannot be similar to a trade mark registered under the TMA.²⁴⁸

Any person who desires to manufacture goods under the standardization mark is required to apply for a permit from KEBS.²⁴⁹ The permit is issued upon proving that the applicant

²³⁵ *ibid* s 7.

²³⁶ *ibid* s 15.

²³⁷ *ibid* s 9 (2).

²³⁸ *ibid* s 25.

²³⁹ *ibid* s 21.

²⁴⁰ *ibid*

²⁴¹ Trade Descriptions Act Chapter 505 s 31.

²⁴² *ibid*

²⁴³ Weights and measures Act Chapter 513, s 58.

²⁴⁴ *ibid* s 64.

²⁴⁵ Standards Act, Chapter 496 Laws of Kenya s 3.

²⁴⁶ *ibid*.

²⁴⁷ KEBS <<http://kebs.org>> (sourced on 20/2/2015).

²⁴⁸ Standards Act, Chapter 496 laws of Kenya s10.

²⁴⁹ *ibid* s10.

can manufacture goods in accordance with the relevant standard. It is an offence to apply the standardization mark without a permit or to fail to comply with the conditions set out in the permit. The offence attracts imprisonment for twelve months or a fine of Kshs 100,000.²⁵⁰ In case of subsequent conviction the term of imprisonment is three years.²⁵¹ Where the offence is of a continuing nature, the applicable fine is Kshs ten thousand for each day during which the offence continues.²⁵² The permit can be cancelled for failure to comply with its conditions or failure to observe the standard specified on it.²⁵³

STA inspectors have powers to enter any premises and take samples of products, inspect the process of manufacturing and seize and detain goods or documents for evidence.²⁵⁴ An inspector can order the destruction of detained goods if he is satisfied that they do not meet the relevant standard.²⁵⁵ The inspector may require the owner of the goods to meet the cost of destruction of the goods including transport and storage charges. The decision of the inspector is subject to appeal to the Standards Tribunal with a further appeal to the High Court.²⁵⁶

2.3.3.4 Competition Act²⁵⁷

The Competition Act is intended to promote and safeguard competition in the economy. It is also intended to protect consumers from unfair or misleading market conduct. One of the objects of the Competition Act is to promote innovation.²⁵⁸ The CA, established under the competition Act, receives and investigates complaints relating to consumer welfare.²⁵⁹ It is an offence to make a false or misleading representation that goods or services are of a particular standard or quality.²⁶⁰ Trade marks safeguard quality of goods

²⁵⁰ *ibid* s 15.

²⁵¹ *ibid*

²⁵² *ibid*

²⁵³ *ibid* s 10A.

²⁵⁴ *ibid* s14.

²⁵⁵ *ibid* s 14A.

²⁵⁶ *ibid* ss 14A (4), 16G.

²⁵⁷ Competition Act Chapter 504 laws of Kenya.

²⁵⁸ *ibid* s 3(b).

²⁵⁹ *ibid* s 9(b).

²⁶⁰ *ibid* s 55.

through assuring consumers that goods or services originate from a given manufacturer. It is an offence to make a false or misleading representation concerning the place of origin of goods.²⁶¹ Trade marks are indicators of origin. It is infringement if a trade mark is used to indicate origin of goods other than that of the registered owner. Another offence under the Competition Act is failure to comply with prescribed standards for safety and information.²⁶² The CA has a duty to consult with KEBS in this regard to ensure compliance with standards.²⁶³ The general penalty for conviction for any of the above offences is imprisonment for three years or a fine of Kshs 500, 000. Decisions of the CA can be challenged at the Competition tribunal with a further right of appeal to the High Court.

2.3.3.5 Consumer Protection Act²⁶⁴

The CPA makes provisions for consumer protection and prevention of unfair trade practices. The CPA aims to achieve a fair and efficient market, fair and ethical business practices, protection of consumers from deceptive or misleading or fraudulent conduct and encouraging informed consumer choice and behavior.²⁶⁵ Trade marks provide the consumer with information on origin and quality of goods and services. This information facilitates market efficiency. It is an unfair trade practice to make false, misleading or deceptive representations.²⁶⁶ KCPAC facilitates investigation of consumer complaint and conflict resolution on consumer issues.²⁶⁷ KCPAC can refer complaints to the CA. In consultation with the chief justice, county governors and other relevant institutions can establish dispute resolution mechanisms. CPA provides for a penalty of imprisonment for three years or a fine of Kshs one million.²⁶⁸ However, the CPA does not create any offence. Trade mark infringement is a form of unfair trade practice.

²⁶¹ *ibid*

²⁶² *ibid* ss59 and 60.

²⁶³ *ibid* s 67.

²⁶⁴ Consumer Protection Act No. 46 of 2012.

²⁶⁵ *ibid* s 4.

²⁶⁶ *ibid* s12.

²⁶⁷ *ibid* s 90.

²⁶⁸ *ibid* s 92.

2.3.3.6 Pharmacy and Poisons Act²⁶⁹,

PPA regulates the sale and use of pharmaceutical products. Under the PPA, it is an offence to undertake misleading advertisement of drugs.²⁷⁰ The offence attracts a penalty of one year imprisonment or a fine of Kshs 20, 000.²⁷¹ In the event of subsequent conviction, the fine is Kshs 50, 000 or two years imprisonment. It is an offence under the PPA to mislabel medicines and upon conviction the penalty is Kshs 10, 000 for a first offender.²⁷² Subsequent conviction attracts a fine of Kshs 20, 000 or imprisonment for one year.²⁷³ A police officer with a search warrant may enter, search or detain drugs in any premises if there is reasonable ground to suspect that an offence has been committed under the PPA.²⁷⁴ Where obtaining a search warrant would cause delay an authorized officer²⁷⁵ may without a search warrant enter any premises and seize or detain drugs or documents.²⁷⁶ Goods seized are to be detained for a period of one month or until the conclusion of any proceedings instituted. Where the goods are of a perishable nature or the market of the drugs is seasonal, the court may authorize sale or forfeiture or destruction of such drugs.²⁷⁷ The PPB registers all pharmacists and drugs sold in Kenya. The register of drugs helps to identify the individuals who are authorized to distribute them as well as their formulations. Pharmaceutical products are marketed under trade marks. PPA enables players in this industry enforce their trade marks with the help of PPB.

2.3.3.7 Food Drugs and Chemical Substances Act²⁷⁸

FDCSA regulates sale of drugs and food. Under the FDCSA it is an offence to label, package, treat, process, sell or advertise any food, drug, device or chemical substance in a

²⁶⁹ Pharmacy and Poisons Act Chapter 244 Laws of Kenya.

²⁷⁰ *ibid* ss 39, 40.

²⁷¹ *ibid*

²⁷² *ibid* s 41.

²⁷³ *ibid*

²⁷⁴ *ibid* s 45(1).

²⁷⁵ *ibid* s 2.

²⁷⁶ *ibid* s45(2).

²⁷⁷ *ibid* s 46.

²⁷⁸ Food Drugs and Chemical Substance Act, Chapter 254 laws of Kenya.

manner that is false, misleading or deceptive as regards its character, value, quality, composition, merit or safety.²⁷⁹ A conviction of the offence attracts a fine of up to Kshs 500, 000 or imprisonment for two years or both. In the case of subsequent conviction, the fine is up to Kshs 700, 000 while the imprisonment is a term of up to five years. In addition to these penalties, the court may order the cancellation of any license issued under the FDCSA.²⁸⁰ The PHSB helps to implement the FDCSA.²⁸¹ The County governments also have a duty to implement the FDCSA.²⁸² The prosecution of offences under the FDCSA is carried out by authorized officers.²⁸³ The authorized officers are mainly medical officers or PHOs. They have powers to enter premises, seize and detain offending products.²⁸⁴

2.3.3.8 National Flag, Emblems and Names Act²⁸⁵

This statute makes provisions to prevent the improper use of the national flag, certain emblems and names.²⁸⁶ The Act prohibits the registration and use of a trade mark that is similar to the national flag and emblems.²⁸⁷ Under the Paris Convention, countries are required to communicate to the international Bureau a list of state emblems, official signs and hallmarks that they desire to be protected under the Convention.²⁸⁸ The Paris convention provides for the protection of state emblems, and official hallmarks. Arguably the national flag and emblems are marks that identify Kenya. The emblem and official seal of the UN are also protected under this statute. The police have a mandate to enforce this statute. The police have powers to seize and apply for forfeiture of any article that infringes the provisions of the Act. The state therefore can enforce the state symbols. However, this statute cannot be said to be a framework for enforcement of trademark in

²⁷⁹ *ibid* ss 4, 9, 17, 21 and 27.

²⁸⁰ *ibid* s 34.

²⁸¹ *ibid* s 27.

²⁸² *ibid* s 32.

²⁸³ *ibid* s 35.

²⁸⁴ *ibid* s 30.

²⁸⁵ Chapter 99 laws of Kenya

²⁸⁶ *ibid* ss 2A, 3

²⁸⁷ *Ibid* ss 3, 4

²⁸⁸ Paris Convention for the protection of industrial property, article 6*ter*

light of the definition of trade marks as provided for under the TMA.²⁸⁹ Trade marks are defined to imply marks used to identify goods and services in the market. The national flag and emblems are not meant for trading but as national symbols.

2.3.4 Common law and doctrines of equity

The substance of the common law and doctrines of equity are part of the Kenyan law.²⁹⁰ These two sets of legal principles are mainly applied in civil suits.²⁹¹ It has been argued that trade marks are the most litigated area of IPRs in Kenya.²⁹² In civil claims for enforcement of trade marks, the courts grant the remedies of general damages and injunction. The common law remedies are important in enforcement of unregistered trade marks e.g. Courts have used the flexibility of common law to uphold rights in an unregistered trade mark.²⁹³ The TMA recognizes the right to institute a passing off claim.²⁹⁴ The TMA also recognizes the common law rights of prior use of a trade mark irrespective of whether or not the trade mark is registered.²⁹⁵ In most instances, the courts will simultaneously apply statutory law, principles of common law and equity in a given case.²⁹⁶ The simultaneous application of the three sets of legal principles is informed by the appropriateness of the remedies damages and injunction in civil enforcement of trade marks. This has presented challenges as discussed in chapter three of the study.

2.3.5 Alternative dispute resolution

The framework for ADR is provided for under the constitution.²⁹⁷ The constitution recognizes a number of forms of alternative dispute resolution such as reconciliation,

²⁸⁹ The Trademarks Act chapter 506 laws of Kenya s 2.

²⁹⁰ Judicature Act Chapter 8 Laws of Kenya s 3.

²⁹¹ Moni (n 97) p 250.

²⁹² P Mbote, Intellectual Property Protection in Africa: An Assessment of the Status of Laws, Research and Policy Analysis on Intellectual Property Rights in Kenya < <http://www.ielrc.org>> (sourced on 19/1/2015) p 23.

²⁹³ *Saudia Arabian Airlines Corporation v Saudia Kenya Enterprises Ltd* (1986) KLR 102.

²⁹⁴ Trade Marks Act Chapter 506 Laws of Kenya s 5.

²⁹⁵ *ibid* s 10.

²⁹⁶ *Giella v Cassman Brown & Co Ltd* (1973) EA 358.

²⁹⁷ The Constitution of Kenya, art159 (1) (b)

mediation, arbitration and traditional dispute resolution mechanisms.²⁹⁸ In Kenya, there is a statutory framework for arbitration which guides arbitration process.²⁹⁹ It is possible for a trade mark owner to utilize any of the ADR mechanisms to enforce his rights. This is especially where the offending party is cooperating.

Domain name disputes in Kenya are administered by KENIC under its alternative dispute resolution policy.³⁰⁰ KENIC is a non-profit organization that manages and operates the .ke country code top level domain.³⁰¹ KENIC licensed registrar can hear and determine a domain name dispute under its dispute resolution policy. A trade mark owner can file a complaint in case of infringement of his rights by the registration of a domain name. The policy applies with respect to the .ke domain space. The policy allows resolution of disputes through arbitration or mediation. The remedies available under KENIC policy are the same as the one available under UDRP.³⁰²

2.3.6 Conclusion

This chapter has given a break down of the international, regional and national legal and institutional frame work for enforcement of trade marks in Kenya. The national legal framework is scattered in several statutes. These statutes create several offences with different penalties. Some of the penalties provided for are too lenient e.g. the offence of forging a trade mark attracts a penalty of two years with an option of a fine.³⁰³ The amount of fine is not provided for. Most of the penalties are set with a cap at maximum with no minimum threshold. This gives courts a wide discretion. One cause of corruption in the judiciary is abuse of discretion by judicial officers.³⁰⁴ The legal framework was found to lack provisions on some areas such as well known marks. In other instances the

²⁹⁸ *ibid*

²⁹⁹ The arbitration Act No. 4 of 1995.

³⁰⁰ KENIC, <<http://www.kenic.or.ke/index.php/en/background>> (sourced on 5/11/2016)

³⁰¹ *ibid*

³⁰² *ibid*

³⁰³ Penal Code Chapter 63 Laws of Kenya s 381.

³⁰⁴ James Sitienei, Corruption in the Judiciary. L Muthoni, *Corruption in the Kenyan Judiciary, will the vetting of judges and magistrates solve this problem?* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2013) pp 35 - 36.

legal provisions are not elaborate e.g. provisions on well known marks. The institutional framework is fragmented and disjointed. The institutions do not have a mechanism to work in a harmonized manner. Officers from some institutions have similar powers resulting to duplication of roles. Other institutions are characterized by overlapping mandate e.g. the ACA and the KRA. This can create turf wars and create inefficiency in enforcement.³⁰⁵ The analysis helped to identify a number of challenges that are explored in a wider extent in the next chapter.

³⁰⁵ L. Mbatia, *the role of customs in the enforcement of intellectual property rights in Kenya: a case for the efficient and effective compliance with border measures as per section 4 of part III of the TRIPS Agreement* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2013) p 52.

CHAPTER THREE

CHEALLENGES FACING ENFORCEMENT OF TRADE MARKS IN KENYA

3.0 Introduction

This chapter will discuss challenges that face enforcement of trade marks in Kenya. The challenges are broadly clustered into either legal or institutional. Legal challenges include lack or inadequate legal provisions and lenient penalties. The mix of statutory law, common law and doctrines of equity presents other legal challenges. Institutional challenges include overlapping mandates, corruption and limited institutional capacity.

3.1 legal challenges

Legal challenges in the Kenyan trade mark enforcement regime relate to lack of legal provisions, inadequate legal provisions and application of the law. The legal challenges discussed in this chapter will be limited to the national framework for enforcement discussed in chapter two. The challenges relate to the statutory law, common law and doctrines of equity.

3.1.1 Fragmented statutory provisions

The statutory provisions for trade mark enforcement are scattered in different statutes. The provisions mainly provide for trade mark infringement offences. In some instances, different statutes provide for the same offence the only difference being the language used e.g. a given conduct can amount to the offence of forging a trade mark,³⁰⁶ dealing in counterfeits,³⁰⁷ false trade description³⁰⁸ or importation of prohibited goods.³⁰⁹ This invites the different enforcement agencies to assume jurisdiction over a single

³⁰⁶ Trade Marks Act Chapter 506 Laws of Kenya s 58, The Penal Code Chapter 63 Laws of Kenya s 381.

³⁰⁷ Anti Counterfeits Act 2008 s 32.

³⁰⁸ Trade Descriptions Act s 3.

³⁰⁹ East African Customs Management Act 2004 s 18.

occurrence. This presents a challenge in drafting of charge sheets. One cause of low success rates in IP criminal prosecutions is poorly drafted charge sheets. Poorly drafted charge sheets are struck out on technicalities.³¹⁰

3.1.2 Lack of adequate law on well known marks

The protection of well known trade marks is important in international trade relations.³¹¹ Enforcement is a key component in protecting IPRs. A well known mark is known to a large section of the public.³¹² The TMA has incorporated the provisions of the Paris Convention and the WTO Agreement to protect well known marks.³¹³ The owner of a well known trade mark is entitled to restrain its unauthorized use by injunction.³¹⁴ However the criteria for determining whether or not a mark is well known is not provided for under the TMA. An assistant RTM has appreciated this in opposition proceedings.³¹⁵ It is common for parties to claim that their trade marks are well known marks. This is even in the remotest of cases e.g. a party claiming that the sale of 2610 pieces of products in the city of Nairobi is sufficient to prove that a trade mark is well known in Kenya.³¹⁶

Due to the legal lacunae, parties make reference to different standards for assessing whether or not a mark is well known. In one case, a party relied on the INTA Board resolution.³¹⁷ In a different case a party relied on the WIPO recommendations on well

³¹⁰ E Njuguna, *Intellectual Property Rights in Kenya; Towards a More Effective Dispute Resolution Framework* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2014) p 39.

³¹¹ Alisa Cahan, *Chinas Protection of Famous and Well Known Marks: The Impact of China's Latest Trade Mark Law Reform on Infringement and Remedies* <<http://heinonline.org>> (sourced on 9/3/2015).

³¹² *ibid*

³¹³ Trade Marks Act Chapter 506 laws of Kenya S 15A (1).

³¹⁴ *ibid* s 15A (2).

³¹⁵ Elvin Apiyo in her ruling In the matter of an application to expunge from the register trade mark No. KE/T/2007/0062653 in class 3 Unilever Plc (Applicant versus Emami Limited (registered proprietor).

³¹⁶ Ruling In the matter of application to register TMA No. 50149 SENSATIONS & DEVICE in class 26; in the matter of Stripes Limited and Opposition thereto by Hair Zone Inv. The owner of trade mark SENSATIONAL (stylized) in class 26 by Prof. Otieno – Odek.

³¹⁷ Ruling in the matter of TMA No. 65912 (GULF ENERGY Follow us to the future – logo) and TMA No. 68113 (GULF ENERGY – logo), in the name of Gulf Energy Limited and opposition thereto by Gulf International Lubricants Limited by Dr. Henry Kibet Mutai <<http://www.kipi.go.ke/index.php/rulings/135>> (sourced on 20/4/2015).

known marks.³¹⁸ An analysis of decisions by the RTM show that the WIPO recommendations on well known marks are largely adopted as a guide to determine whether a mark is well known.³¹⁹ However, the RTM is cognizant of the fact that the WIPO recommendations on well known marks are not binding on Kenyan courts.³²⁰ Currently, there is no legal criterion for determining whether or not a trade mark is well known. The Kenyan law should have clear provisions on the standards to be applied to determine whether a mark is well known. The enforcement of well known marks is important.

3.1.3 Inadequacy of criminal sanctions

Kenya's IP law has been said to be TRIPS-incompatible for lack of adequate penalties to deter infringement.³²¹ Insufficient criminal sanctions contribute to illicit trade.³²² In a lenient penalty regime, the balance of risk and reward is not weighed against the offender. One objective of punishing crime is to deter future offenders.³²³ It is against this backdrop that lenient penalties fail to be effective in enforcement of trade marks. For instance, it was noted in chapter two of this study that the offence of falsely representing a trade mark attracts a fine of a paltry sum of Kshs 5,000 while a serious offence of selling goods using a forged trade mark is punishable with a fine of Kshs 200, 000.³²⁴ Selling goods using a forged trade mark is a counterfeiting offence that should be punished under the ACA Act. A similar discrepancy is to be found under the penal code, where the offence of counterfeiting a trade mark attracts a lenient penalty of

³¹⁸ Ruling in the matter of TMA Nos. KE/T/2008/64107 'PRESIDENT' and KE/T/2008/64506 'PRESIDENT SPECIAL EDITION LAGER' in the name of East African Breweries Limited and opposition thereto by Cerveceria Nacional Dominicana C. Pora by Dr. Henry Kibet Mutai <<http://www.kipi.go.ke/index.php/rulings/135>> (sourced on 20/4/2015).

³¹⁹ Prof. Otieno Odek (see note 34), Elvin Apiyo (see note 33) and Dr. Henry Kibet Mutai (see notes 35, 36 and 38).

³²⁰ Ruling in the matter of trade mark application No. KE/T/2009/065928 'ARTEQUICK ARTEPHARMA & STAR DEVICE' in the name of East & West Pharmaceuticals and opposition thereto by Mepha Ag by Dr. Henry Kibet Mutai <<http://www.kipi.go.ke/index.php/rulings/135>> (sourced on 20/4/2015)

³²¹ International Intellectual Property Alliance (n 27).

³²² NCAJ, Enforcement Manual to Combat Illicit Trade in Kenya With Highlights on Laws Prohibiting Illicit Trade in Kenya p 9 <www.judiciary.go.ke> (sourced on 18/4/2015).

³²³ *ibid* p 27.

³²⁴ Trade Marks Act Chapter 506 laws of Kenya ss 57 and 58.

imprisonment for up to two years or an unspecified fine.³²⁵ This is not enough to deter counterfeiting.

The courts have a wide discretion to determine the form and extent of penalty to impose upon convicting an offender.³²⁶ The courts mainly opt for imprisonment or fines. The statutes do not provide for a minimum term of imprisonment. Related to this, the statutes do not require the imposition of a mandatory custodial sentence irrespective of the flagrancy of the offence e.g. in cases of habitual offender.³²⁷ The longest term of imprisonment for a counterfeiting offence is fifteen years.³²⁸ However, a court has discretion to impose any number of years provided it does not exceed the maximum. The courts can exploit this loophole to impose a nominal term of imprisonment of one month for a serious offence. It is possible for a habitual offender to be sentenced for a lesser jail term than a first offender.³²⁹

The law does not provide for compensation of the IPRs holder or the victims of the offences. Counterfeit trade negatively impacts on manufacturers, government and consumers.³³⁰ Criminal sanctions do not redress the negative effects of counterfeit trade. This discourages IP owners from pursuing criminal processes to enforce their IPRs.³³¹ The net effect is that criminal remedies are rendered inadequate to enforce trade marks. There is need to amend the law to make criminal sanctions punitive enough to deter infringement of trade marks. Additionally, courts should have powers to order compensation in IP offences.

³²⁵ Penal Code Chapter 63 laws of Kenya s 381.

³²⁶ Njuguna (n 310) p 36.

³²⁷ B.Ongola, *Efficacy of Anti-Counterfeiting Laws in Kenya* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2014) p 43.

³²⁸ Anti-Counterfeits Act No. 13 of 2008 s 35(2).

³²⁹ Ongola (n 327) p 43.

³³⁰ Moni Wekesa and Ben Sihanya (eds), *Intellectual Property Rights in Kenya* pp 213 – 218.

³³¹ Ongola (n 327) p 43.

3.1.4 Lack of law on cyber squatting

IPRs are constantly destabilized by technological advancement.³³² The internet is a technology that has presented challenges in law enforcement. It has brought with it cyber based legal violations. In trade marks, name jacking is a common occurrence.³³³ The most common type of name jacking is cyber-squatting.³³⁴ This involves securing a top level domain consisting of a trade mark without authority.³³⁵ It also involves reserving a domain name using a trade mark belonging to another with the intention of making profit by selling or licensing the name to the legitimate owner.³³⁶ Cyber squatting also involves the bad faith registration of another's trade mark in a domain name.³³⁷ The main objective of cyber-squatters is to sell the domain name to the legitimate owner of the trade mark. Kenya has no law to deal with cyber squatting. In the absence of law to deal with cyber-squatting, litigants rely on the law of trade mark infringement or common law. It is also possible to submit a domain name dispute to the WIPO center for adjudication under the UDRP for generic top level domains as set out in chapter two of this study. Similarly, KENIC handles domain name disputes for the .ke country code top level domain. However, the two systems of domain name dispute resolution are limited in the remedies available. They only give two reliefs i.e. transferring or cancellation of the domain name. The remedies of damages and injunction are not available. The two systems of domain name dispute resolution are not provided for under the Kenyan law. This limits their scope of application to enforce trade marks. Lastly, the two systems are generally based on ADR mechanisms which are largely not legislated upon. This is not adequate to address the problem of cyber squatting and other cyber related trade mark infringement torts. With the wide use of internet and electronic commerce, there is need for law to deal with cyber squatting as well as other cyber related trade marks violations.

³³² W Cornish D Llewelyn and T Aplin, *Intellectual Property; Patents, Copyright, Trade Marks and Allied Rights*, 8th edn p 35.

³³³ *ibid* p 643.

³³⁴ *ibid*

³³⁵ *ibid*

³³⁶ Black'Law Dictionary 8th edn p 414.

³³⁷ ICANN <<https://www.icann.org>> (sourced on 18/4/2015).

3.1.5 Inadequate law on trade mark trafficking

Trade mark trafficking is dealing in a trade mark primarily as a commodity in its own right and not for purposes of identifying the source of goods.³³⁸ It is also the practice of stockpiling trade marks without the intention of using them for goods or services but to treat them as commodities. The practice involves registering a trade mark with the intention of selling it.³³⁹ The TMA only mentions trade mark trafficking as a ground to refuse an application to register a license.³⁴⁰ The TMA does not define trade mark trafficking. The practice should be properly defined. The law should discourage trade mark trafficking not only through licensing but also through registration. Fraudulent individuals can locally register trade marks that belong to foreigners and later extort funds from the genuine owners when they launch businesses in Kenya.

3.1.6 Problem of transit goods at the customs

Under customs laws, transit is the movement of goods from a foreign country to a foreign destination through Kenya.³⁴¹ The EACCMA is the applicable law of customs in Kenya and takes precedence over the CEA.³⁴² Counterfeit goods are prohibited goods under EACCMA.³⁴³ Transit goods are exempt from legal provisions applicable to prohibited goods.³⁴⁴ This implies that the counterfeit goods in transit are exempt from the provisions of EACCMA. Transit goods are also exempt from customs duty. As a consequence, there is tendency by customs officials to give less attention to transit goods. This presents opportunities for counterfeit goods to enter into Kenya without detection.

³³⁸ Kunal Ambasta, Trade Mark Licensing and Trafficking in Trade Marks, Does the Law Promote it <<http://www.commonlii.org>> (sourced on 18/4/2015).

³³⁹ *ibid*

³⁴⁰ Trade Marks Act Chapter 506 Laws of Kenya s 31 (6).

³⁴¹ East African Community Customs Management Act 2004 s 2, The Customs and Excise Act cap 472 s 2.

³⁴² *ibid* s 253.

³⁴³ East Africa Customs Management Act 2004 s 18 and The Customs and Excise Act cap 472 s 14.

³⁴⁴ East African Community Customs Management Act 2004 s 20 and Customs and Excise Act chapter 472 Laws of Kenya s 16.

The exemption of goods in transit from the EACCMA makes it easy for illicit traders to import and dump counterfeit goods into the Kenyan market.³⁴⁵ In the case of HACO highlighted at the onset of this chapter, most of the counterfeit *bic* ball points were labeled as transit goods to pass through Kenya. Transit goods account for about 20% of total goods imported into Kenya.³⁴⁶ KRA focuses on revenue collection to the detriment of IP enforcement.³⁴⁷ As a result customs officials will be less interested with goods labeled transit goods. This problem affects other jurisdictions e.g. the ECJ has held that IPRs subsisting in the country of transit do not apply to goods in transit.³⁴⁸

3.1.7 Lack of limitation on the quantity of items under the *de minimis* principle

Under Article 60 of the TRIPS agreement, members may exclude from the application of the boarder measures small quantities of goods of a non-commercial nature contained in travelers' personal luggage or sent in small consignments. This standard has been adopted by many countries including Kenya under the *de minimis* principle. Though it is an offence to import counterfeit goods into Kenya,³⁴⁹ the importation of goods for private or domestic use is exempt from this offence as a result of the application *de minimis* legal principle. Consumers are exempted from checks at the boarder point if the infringing products in their possession are not large scale traffic. The principle has been reflected in the ACA Act whereby goods for private or domestic use are exempt from application of the Act. However the words '*private use*' or '*domestic use*' are not defined. Similarly, the quantity of exempted goods is not set out in the statute. It is possible for individuals to import counterfeit goods on pretence that they are for domestic use then use them to mass produce counterfeits.³⁵⁰ The law should make it clear that

³⁴⁵ Business Daily 12th October 2013, KRA Steps up the War on Dumping of Transit Goods <<http://www.businessdailyafrica.com>> (sourced on 19/4/2015).

³⁴⁶ IEA, Trade Facilitation, Issues for Kenya and Kenya's position at the WTO <www.ieakenya.or.ke> (sourced on 19/4/2015).

³⁴⁷ L. Mbatia, *the role of customs in the enforcement of intellectual property rights in Kenya: a case for the efficient and effective compliance with border measures as per section 4 of part III of the TRIPS Agreement* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2013) p 46.

³⁴⁸ Sisule F. Musungu, The Potential of the Proposed East African Community Anti-Counterfeiting Policy and Bill on Access to Essential Medicines <www.undp.org> (sourced on 19/4/2015).

³⁴⁹ Anti-Counterfeits Act 2012 s 32.

³⁵⁰ Mbatia (n 347) p 72.

goods for private use should not be resold. In the event they are resold appropriate sanctions should be imposed. The quantity of goods that can be imported under the *de minimis* exemption should be limited under the ACA Act.

3.1.8 Problem of definition of the term ‘counterfeit’ in relation to generic medicines

Counterfeiting in relation to medicine is defined to mean the deliberate and fraudulent mislabeling of medicine irrespective of whether or not the drugs have the correct ingredients.³⁵¹ It has been argued that this definition outlaws generic drugs.³⁵² The definition is said to bring about legal uncertainty on the status of generic drugs. Trade in generic drugs can amount to a counterfeiting offence under the ACA Act. The definition is seen as an affront to the right to access to affordable health care a position upheld by the Constitutional Court in Kenya.³⁵³ The Court is of the view that the definition is a threat to the constitutional rights to life, dignity and health.³⁵⁴ The definition of the term ‘*counterfeiting*’ lays a basis for the counterfeiting offences under the ACA Act. The finding by the court potentially rendered the ACA Act unconstitutional. The court directed the government of Kenya to amend the definition of the term ‘*counterfeiting*’ to conform to the Kenyan Constitution. At the time of undertaking this study, no amendments had been effected on the ACA Act. The finding by the court opens a door by suspects to challenge criminal charges based on the ACA Act. It is a potential danger to enforcement of trade marks under the ACA Act. The fear of criminalizing trade in generic drugs has been raised in opposition to the proposed EAC anti-counterfeiting policy.³⁵⁵ It is notable that the EACCMA does not define the term ‘*counterfeiting*’. This implies that definition under the ACA Act is to apply when dealing with imports.³⁵⁶ This

³⁵¹ Anti-Counterfeits Act s 2.

³⁵² J Johanna Von Braun and Peter Munyi, New enforcement Mechanisms Challenge, the Legality of Generics in the Name of Anti-counterfeiting Legislation in East Africa <<http://heinonline.org>> (sourced on 9/3/2015).

³⁵³ *PAO and 2 others v Attorney General* [2012] eKLR.

³⁵⁴ *ibid*

³⁵⁵ Sisule (n 348).

³⁵⁶ East African Customs and Management Act 2004, Customs and Excise Act chapter 472 and Kenya Revenue Authority Act Chapter 469 Laws of Kenya.

subjects generic drugs to border and precautionary measures.³⁵⁷ Manufacturers of generic drugs can be arrested and subjected to criminal sanctions related to trade mark infringement. The ACA officials have acknowledged the need to address the issue of generic drugs in the ACA Act.³⁵⁸ The definition of the term ‘*counterfeiting*’ should exclude generic medicines to avoid the confusion.

3.1.9 Conflict between the TMA and the Companies Act

A mark can be the name of a company, individual or a firm.³⁵⁹ The registrar of companies can reserve any name to register a company.³⁶⁰ A name to register a company is reserved for up to sixty days. During this period no other company can be registered using the reserved name.³⁶¹ Under the repealed Companies Act,³⁶² it was possible to register a company using the name of a registered trade mark. This presented a challenge in that the name of a registered company could be the same as that of a registered trade mark that belongs to a different entity. The law allows a company to trade using its registered name. The courts had not settled whether the use a company name similar to a registered trade mark that belong to a different entity amounts to infringement of the trade mark. In the case of *Agility Logistics Limited*, the judge appreciated that the provisions of TMA and the repealed Companies Act created an impasse that should not favor any party to the case.³⁶³ The judge stated that the repealed Companies Act did not protect the intellectual property in a name as is the case with the TMA. He concluded that the protection provided to a name registered as a trade mark overrides the protection secured through registration of the name as a company.³⁶⁴ The author identifies with this reasoning. Similar reasoning obtained in the case of *Glaxo Plc and another* where the court condemned the pre-emptive registration of a company name to cash in on the goodwill in

³⁵⁷ Johanna (n 352).

³⁵⁸ KAM, Step up Efforts in the Fight Against Counterfeits <<http://www.kam.co.ke>> (sourced on 26/4/2015).

³⁵⁹ Trade Marks Act Chapter 506 Laws of Kenya s 12.

³⁶⁰ Companies Act No. 17 of 2015s 48 (1)

³⁶¹ *ibid* s 48 (2)

³⁶² The Companies Act Chapter 486 laws of Kenya (repealed)

³⁶³ *Agility Logistics Limited & 2 Others v Agility Logistics Kenya Limited* [2012] eKLR.

³⁶⁴ *ibid*

a registered trade mark.³⁶⁵ However, a different reasoning was applied in the case of *Webtribe Limited* where the judge was of the view that the issue to be determined was whether the defendant intended to cause confusion when he registered the company name.³⁶⁶ The judge found that there was confusion between the TMA and the repealed Companies Act. He blamed the registrar of companies and RTM for failure to coordinate to avoid the conflict.

The new companies Act recognizes IPRs which are defined to include patents, trademarks, copyrights and any license granted over any of these rights.³⁶⁷ The registrar of companies has powers to reject an offensive or undesirable name to incorporate a company.³⁶⁸ One of the criteria to determine whether a name is offensive or undesirable is the adoption of a registered trade mark.³⁶⁹ However, the owner of a trade mark can consent in writing to the use of his registered trade mark to register a company.³⁷⁰ The registrar of companies now has powers to direct a company to change its name if it was registered through misrepresentation.³⁷¹ Trademark owner can utilize this provision to enforce their rights. However, the procedure for invoking the registrar's powers to direct the change of a company name has not been provided for and it is left to parties to use the court processes to protect their marks.

The new companies Act has made steps to safeguard the use of a registered trade mark to incorporate company. The underlying shortcoming is in the implementation of the law in this regard. The companies and trademarks register are managed separately. The companies' registry is a department within the office of the Attorney General while the trade marks registry is managed under KIPI. The two registries are not linked and the registrar of companies lacks the capacity to vet proposed names for incorporation on the basis of a registered trademark. The author is of the view that the two registries should be

³⁶⁵ *Glaxo Plc and Another v Glaxowellcome Limited and Others* [2010] eKLR.

³⁶⁶ *Webtribe Limited T/a Jambopay v Jambo Pay Express Limited* [2014] eKLR.

³⁶⁷ Companies Act No. 17 of 2015s 3

³⁶⁸ *ibid* s 49 (1) (c)

³⁶⁹ The Companies (General) Regulations 2015 Rule 11 (f)

³⁷⁰ *ibid*

³⁷¹ *ibid* s 60

interlinked to help the registrar of companies access the database for registered trade marks.

3.1.10 Challenges in the application of common law

The substance of common law and doctrines of equity are part of the Kenyan law.³⁷² The two sets of legal principles are not written and are mainly sourced from judicial decisions. The law of passing off and injunctions are the most applied in trade mark enforcements civil suits. This is due to the suitability of the remedies of damages and injunction in enforcing trade marks. The law of passing off protects goodwill of traders.³⁷³ Goodwill is created with the help of trade marks.³⁷⁴ Enforcement of trade marks is therefore critical in protecting the goodwill of traders.

Kenyan courts have not developed a consistent jurisprudence on the law of passing off. This problem also affects courts in the UK.³⁷⁵ The inconsistency in interpretation of common law is partly attributable to its flexibility.³⁷⁶ The elasticity of common law makes it difficult to state the law of passing off with clarity. It has been said that common law contains nooks and crannies that make it difficult to formulate a definition.³⁷⁷ The other side of the coin is that common law flexibilities make it attractive to deal with situations not covered by statutes.³⁷⁸ In Kenya the flexibility and elasticity of common law has been used to uphold rights in unregistered trade marks.³⁷⁹

In most instances, a trade mark infringement suit will seek the remedies of damages and injunction. The court has to simultaneously consider the statutory law of trade marks, common law and equitable doctrines. A fusion of the three sets of legal principles has

³⁷² Judicature Act Chapter 8 Laws of Kenya s 3.

³⁷³ Cornish (n 332) p 652.

³⁷⁴ *ibid*

³⁷⁵ *ibid* p 653. *Reckitt & Colman v Borden (1990) R.P.C 341 HL* (popularly known as Jif Lemon case) held that the claimant must establish three requirements. In *Erven Warnick v Townend (1980) R.P.C 31 HL* (popularly known as the advocaat) it was held that the claimant must establish five requirements.

³⁷⁶ Bentley and B Sherman, *Intellectual Property Law* 3rd p 727.

³⁷⁷ *ibid*

³⁷⁸ *ibid*

³⁷⁹ *Saudia Arabian Airlines Corporation v Saudia Kenya Enterprises Ltd* (1986) KLR 102.

born an incoherent jurisprudence. The problem is compounded by the fact that Kenyan courts are run by judges of general legal training.³⁸⁰ They do not have training in IP law. To such judicial officers, IP law is secondary to the general law. They tend to be influenced by the general law such as common law and equity. A fusion of statutory law, common law and equity results to a unclear jurisprudence.

The court of appeal in Kenya has held that the law of injunction is to guide a court in determining whether to grant an injunction in a passing off claim.³⁸¹ This ignores the fact that a trade mark case cannot be determined on the basis of law of injunctions only. The high court has held that trade mark infringement is a tort of strict liability.³⁸² This finding is based on the general law of torts as opposed to statutory law of trade marks. A holding that passing off is a tort of strict liability implies that the intention of the defendant does not matter in infringement suit. This ousts the defence of honest concurrent use despite the TMA providing for it.³⁸³

The courts have not settled with certainty the test for determining whether or not a defendant is liable for passing off. In *Super Brite Limited v Pakad Enterprises Limited*, it was held that the plaintiff must prove three things to succeed in a passing off claim.³⁸⁴ This test was varied in the case of *Beirsdorf Ag v Emirchem Products Limited*.³⁸⁵ In *Super Brite Limited* the words ‘*identifying get-up*’ were used while in *Beirsdorf Ag* the court used the words ‘*distinctive get-up*’. The words ‘*Identifying*’ and ‘*distinctive*’ have different connotation in the realm of trade mark law. ‘*Distinctiveness*’ is a prerequisite for registration of a trade mark.³⁸⁶ The word ‘*distinctive*’ has no application in a passing off claim as goodwill can be generated by unregistered trade marks. It is also notable that the state of the mind of the defendant was not considered in *Beirsdorf Ag*. This appears to be an adoption of the holding that trade mark infringement is a strict

³⁸⁰ Ongola (n 327) p 45.

³⁸¹ *Cut Tobacco (K) Ltd v British American Tobacco (2001) 1 EA 24.*

³⁸² *Pharmaceutical Manufacturing Co v Novelty Manufacturing Ltd (2001) 2 EA 521.*

³⁸³ Trade marks Act Chapter 506 Laws of Kenya s 15 (2).

³⁸⁴ *Super Brite Ltd v Pakad Enterprises Ltd (2002) 2 EA 563.*

³⁸⁵ *Beirsdorf Ag v Emirchem Products Limited (2002) 1 KLR 876.*

³⁸⁶ Trade marks Act Chapter 506 laws of Kenya s 12.

liability tort.³⁸⁷ These are some of the inconsistencies that arise in the application of common law.

Some Kenyan judges have cited with approval the English decision in the case of *Reckitt and Colman Products Limited* as the test for passing off claims.³⁸⁸ Other judges are of the view that the English decision in *Erven Warnick* offers the better test.³⁸⁹ However, the two English decisions are in very different terms in that one sets three requirements while the other has five requirements to succeed in a passing off claim.³⁹⁰ Common law lacks uniformity in its application. Legal certainty is a characteristic of an effective system of law enforcement.

General damages is a common remedy in trade mark enforcement suits e.g. Kshs 30, 000 has been awarded for infringement of a trade mark.³⁹¹ Costs of the suit are in most instances granted to the successful plaintiff. The RTM has powers to award costs to successful litigants.³⁹² Recovery of the damages and costs has been a challenge to the successful litigants. This is due to tricks applied by some of the losing defendants. These include ceasing trading or going into liquidation. This renders the award of damages or costs an exercise in futility.³⁹³ In other instances, the losing defendant is impecunious. Low prospects of enforcing judgments discourage trade mark owners from pursuing civil remedies. Similar challenges face successful litigants before the RTM. There is no procedure for recovering costs from foreign companies when they lose in opposition or

³⁸⁷ *Pharmaceutical Manufacturing Co v Novelty Manufacturing Ltd* (2001) 2 EA 521.

³⁸⁸ (1990) 1 WLR 491, (1990) R.P.C 341 HL. The dictum in this case was adopted in the Kenyan case of *Super Brite Ltd v Pakad enterprises Ltd* (2002) 2 EA 563 and *Beirsdorf Ag v Emirchem Products Limited* (2002) 1 KLR 876. Recently, the dictum was adopted by Justice E.Ogola in *Weetabix Limited v Manji Food Industries Limited* [2015] eKLR.

³⁸⁹ (1979) 2 All ER 927, (1980) R.P.C 31 HL, *Gibert Kyuma Mutulu & 2 others v Oscar Omurwa Rosana & 4 others* [2014] eKLR,

³⁹⁰ Bently (n 376) pp 727 – 728, Cornish (n 315) p 653.

³⁹¹ *Chrolide Exide (K) Limited & Another v Zakayo Muchai Wainaina T/a Chrolide Exide solar* [2008] eKLR.

³⁹² Trade marks Act Chapter 506 laws of Kenya s 45.

³⁹³ Ongola, (n 327) p 42.

expungement proceedings.³⁹⁴ Proposals have been made for attachment of registered IPRs belonging to the losing party.³⁹⁵

3.2 Institutional challenges

An institution is an established organization of a public character.³⁹⁶ There are many institutions that are involved in the enforcement of trade marks. These institutions are faced with shortcomings that in turn negatively impact on effective enforcement of trade marks. These challenges are discussed below.

3.2.1 Fragmented institutional framework

Various institutions such as NPS, DPP, KRA, KIPI, ACA, KEBS, CA, PPB, PHSB and the judiciary are involved in trade mark enforcement. These agencies are created by different statutes and for different purposes. In chapter two of the study it was noted that there is no single institution primarily tasked with the role of enforcing trade marks. It was also noted that the core function of most of the enforcement is not enforcement of trade marks e.g. KRA is a revenue collection agency and enforcement of non-tax statutes is incidental in its daily work. In other cases, the enforcement agencies have similar roles leading to duplication of functionality. This can lead to laxity or turf wars. In calling for the merger of some of these institutions, it was noted that common individuals sit across their boards of management.³⁹⁷ It is proposed that the merger of some of these institutions will lead to optimal performance. Similar sentiments have been expressed by the IPT.³⁹⁸ It is the argument of the author that the multi-agency approach to trade mark enforcement will be more effective if there is nodal governance to avoid the pitfalls of

³⁹⁴ Njuguna (n 310) p 46.

³⁹⁵ *ibid*

³⁹⁶ Black' Law Dictionary 8th edn p 813.

³⁹⁷ Republic of Kenya, Report of the Presidential Taskforce on Parastatal Reforms (2013) <<http://www.cofek.co.ke>> (sourced on 24/4/2015).

³⁹⁸ Njuguna (n 293) p 47.

overlapping mandates and jurisdictional conflicts. Lack of coordination amongst the institutions has been blamed for weak enforcement of IP law in Kenya.³⁹⁹

3.2.2 Overlapping mandates

Chapter two of the study outlined the various trade mark enforcement agencies. It was noted that the mandates of some of these institutions overlap. In other instances there is duplication of roles. Some of these are highlighted in the following discussion.

The RTM has parallel jurisdiction with the High Court in rectification proceedings.⁴⁰⁰ A party can apply for rectification of the register either to the RTM or to the High court.⁴⁰¹ This is not consistent with the hierarchy of the court system in that the RTM's decision should be subject to review or appeal by the High Court. The High Court should not have original jurisdiction in rectification proceedings. The hierarchy is seen in that the RTM cannot rectify the register on his own motion and has to seek permission of the High Court.⁴⁰² This is despite the appreciation by the High Court that the RTM is an expert in trade mark issues.⁴⁰³ It is a contradiction to give the High Court original Jurisdiction in rectification proceedings. The parallel jurisdiction has resulted to parties filing separate suits relating to the same issue.⁴⁰⁴ It has also resulted to interference of the exercise of the RTM's mandate in rectification proceedings by parties who move to the High Court in the course of such proceedings.⁴⁰⁵ This causes delay, derails the RTM and leads to wastage of resources as the RTM has to attend court to defend his position.⁴⁰⁶

Most of the statutes outlined in chapter two are enforced by inspectors.⁴⁰⁷ The different inspectors tend to have similar powers. This presents a trade mark owner with the

³⁹⁹ IIPA 2003 Special 301 Report, Kenya <www.iipa.com> (sourced on 16/4/2015).

⁴⁰⁰ Trade Marks Act chapter 506 laws of Kenya s 35.

⁴⁰¹ *ibid*

⁴⁰² *ibid* s 35 (3).

⁴⁰³ *Weetabix Limited v Manji Food Industries Limited [2015] eKLR.*

⁴⁰⁴ Njuguna (n 310) p 31.

⁴⁰⁵ *ibid*

⁴⁰⁶ *ibid*

⁴⁰⁷ These are inspectors appointed under the Anti-Counterfeits Act No. 13 of 2008 s 22, Trade Descriptions Act Chapter 505 Laws of Kenya s 21 and Standards Act Chapter 496 Laws of Kenya s 14.

challenge of deciding which of the enforcement agencies to report an infringement. The inspectors have powers to arrest like the NPS.⁴⁰⁸ This results to a situation where several officers have power to intervene in respect to a single occurrence. This may create confusion as to which agency should take action when a violation is reported e.g. the ACA has a branch at the KRA offices in Mombasa.⁴⁰⁹ This implies that either the ACA or the KRA can seize and detain imported counterfeit goods. This amounts to duplication of roles in enforcement of IPRs at the port. This scenario can lead to turf wars if not properly managed.⁴¹⁰ Duplication of roles causes wastage of governance resources. Lack of inter-agency collaboration between the various enforcement agencies compounds the problem of duplication of roles.⁴¹¹ Lack of coordination is sometimes occasioned by institutional competition or protection of institutional turf.⁴¹² The overlapping mandate between KEBS, ACA, PPB and KRA has been blamed for the proliferation of counterfeits in the Kenyan market.⁴¹³

3.2.3 Corruption

Corruption is the act of doing something with intent to give some advantage inconsistent with the official duty and the rights of others.⁴¹⁴ Corruption permeates all sectors of public life in Kenya.⁴¹⁵ It is not unique in trade mark enforcement. Kenya is always ranked poorly in corruption perception indices.⁴¹⁶ A detailed study on corruption in Kenya is beyond the scope of this study. Corruption in this study is discussed in the way it affects the enforcement of trade marks.

⁴⁰⁸ Anti-Counterfeits Act No. 13 of 2008 s 2, Trade Descriptions Act Chapter 505 Laws of Kenya s 58, Standards Act Chapter 496 Laws of Kenya s 14 and East African Community Customs Management Act 2004 ss 210, 213

⁴⁰⁹ Mbatia, (n 347) p 50.

⁴¹⁰ *ibid* p 52

⁴¹¹ KAM <www.co.ke> (sourced on 26/4/2015).

⁴¹² The Standard, 16th may 2014, Kenya Loses Kshs 69 Billion to Counterfeit Goods Annually <www.standardmedia.co.ke> (sourced on 26/4/2015).

⁴¹³ Lawrings Otini, Daily Nation 28th July 2013 <<http://www.nation.co.ke>> (sourced on 25/4/2015).

⁴¹⁴ Black'Law Dictionary 8th edn p 371.

⁴¹⁵ TI <<https://www.transparency.org>> (sourced on 26/4/2015).

⁴¹⁶ *Ibid*. Kenya has been ranked numbers 154, 139, 136 and 145 in years 2011, 2012, 2013 and 2014 respectively. The ranking is done on a scale of 0- 100 where 0 is the most corrupt and 100 is the least corrupt. On average, 175 countries are considered every year implying Kenya is always ranked very poorly.

The police and the judiciary have been ranked among the most corrupt institutions in Kenya.⁴¹⁷ In 2013, these two institutions were reported to be the institutions where bribery incidences were likely to be encountered in the East African region.⁴¹⁸ The police have been leading in the bribery index for years.⁴¹⁹ The police are involved in the arresting, prosecution and ensuring custody of convicted offenders. The police will take bribes to allow counterfeit goods pass through border points, to avoid arresting offenders and to bungle prosecutions. In Kenya, rampant corruption in the NPS was one of the reasons behind the vetting of all its members serving before 30th August 2011 by the NPSC.⁴²⁰ Goods are smuggled through the Kenyan borders with Tanzania or Somalia through bribing security officers manning the border points.⁴²¹ Kenya was included in the special mention category of the USA international alliance special 301 reports due to corruption in the police.⁴²² One of cited grounds for this was the disappearance of detained counterfeit good from police custody.⁴²³ In other instances, police are compromised and information about impending raids is leaked thus assisting suspected perpetrators to escape.⁴²⁴

Corruption in the judiciary is phenomenon and extra ordinary.⁴²⁵ Prevalence of corruption in the judiciary is attributable to several factors such as non-merited recruitment and promotion of judicial officers, delayed determination of cases and existence of wide judicial discretion in both civil and criminal matters.⁴²⁶ As stated elsewhere in this chapter, wide discretion can be abused to impose lenient penalties in trade mark

⁴¹⁷ Ouma Wanzala, Business Daily December 3 2014 < <http://www.businessdailyafrica.com>> (sourced on 26/4/2015).

⁴¹⁸ TI < <https://www.transparency.org>> (sourced on 26/4/2015).

⁴¹⁹ Ouma Wanzala, the business daily December 3 2014 < <http://www.businessdailyafrica.com>> (sourced on 26/4/2015).

⁴²⁰ National Police Service Act Chapter 84 laws of Kenya s 7(2).

⁴²¹ Moses Mwathi, the Standard 16th November 2011, Counterfeiters Up their Game, <www.standardmedia.co.ke> (sourced on 26/4/2015).

⁴²² IIPA 2006 special 301 report <<http://www.iipa.com>> (sourced on 26/4/2015).

⁴²³ *ibid*

⁴²⁴ KAM <www.co.ke> (sourced on 26/4/2015).

⁴²⁵ IBA, Restoring Integrity: An Assessment of the Needs of the Justice System in the Republic of Kenya February 2010, a report of the international legal assistance consortium and international bar association human rights institute, supported by the law society of Kenya.

⁴²⁶ L Muthoni, *Corruption in the Kenyan Judiciary, will the vetting of judges and magistrates solve this problem?* (A thesis submitted in partial fulfillment of the requirements for the award of masters of laws (LLM) degree at the university of Nairobi 2013) pp 35 - 36.

infringement offences.⁴²⁷ The remedy of injunction is granted on discretionary basis. This can be abused to deny orders in deserving cases. Bribery, extortion and political consideration have been noted to influence the outcome in a large number of civil cases in Kenya.⁴²⁸ In the history of the Kenyan judiciary several efforts have been made to stem out corruption.⁴²⁹ The efforts culminated with the radical move to vet all judges and magistrates serving as at 27th August 2010.⁴³⁰ Corruption in the judiciary leads to lack of faith in the judicial system, inefficiency, delayed court processes, undesirable court outcomes and proliferation of crime.⁴³¹ It negatively affects effective enforcement of trade marks law. Counterfeiters generate a lot of profits. They can use their financial gains to influence court decisions in their favour.

Corruption is also found amongst enforcement officers and customs officials. KRA employees engage in corruption at the port of Mombasa.⁴³² Customs officials in collusion with police officers secretly release impounded counterfeit goods in police custody.⁴³³ Bribery of customs officers at Kenyan/Tanzania border has enabled the smuggling of counterfeit goods across the border.⁴³⁴ Corruption at border entry points contributes to widespread proliferation of trade in counterfeit goods in the East African Region.⁴³⁵ In an effort to curb corruption, KRA established a 24 hour complaints and information centre under the office of the Commissioner General equipped with hotlines, fax line, voice mails and e-mail facilities to receive complaints and information on irregularities.⁴³⁶ KEBS officials work in conjunction with manufacturers to protect them when they

⁴²⁷ Njuguna (n 310) p 36.

⁴²⁸ USTR 2014 report <<https://ustr.gov>> (sourced on 27/4/2015).

⁴²⁹ IBA (n 425). Earlier efforts included reports such as; report of the committee on the administration of justice 1998 (the Kwach report), report of the integrity and anti-corruption committee of the judiciary 2003 (the Ringera report), Governance, Justice, law and order sector-wide reform programme 2003 (GJLOS), report of the sub-committee on the Ethics and Governance of the judiciary January 2006 (The Onyango Otieno report), vetting of judges and magistrates under the vetting of judges and magistrates act 2011.

⁴³⁰ The Constitution of Kenya 2010, Sixth Schedule s 23, The Vetting of Judges and Magistrates Act 2011

⁴³¹ IBA (n 425).

⁴³² Business Anti-Corruption portal <<http://www.business-anti-corruption.com>> (sourced on 28/4/2015).

⁴³³ USTR, IIPA 2006 special 301 report <<http://www.iipa.com>> (sourced on 26/4/2015).

⁴³⁴ Moses Mwathi, the Standard 16th November 2011, Counterfeiters Up their Game, <www.standardmedia.co.ke> (sourced on 26/4/2015).

⁴³⁵ Anti-counterfeit Agency and Business Action to Stop Counterfeiting and Piracy (n 19).

⁴³⁶ KRA <<http://www.kra.go.ke>> (sourced on 27/4/2015).

release substandard goods into the Kenyan market.⁴³⁷ KAM has on several occasions received reports of corruption among the various enforcement agencies.⁴³⁸ This could be attributed to the culture of corruption and its social tolerance amongst Kenyans that make it difficult to have corrupt free institutions.⁴³⁹

There is corruption in the judiciary, the NPS and amongst the various enforcement agencies mentioned in chapter two of this study. This hampers effective enforcement of trade marks. Fighting corruption is a huge challenge in Kenya. The author acknowledges that proposing comprehensive measures to address the menace of corruption in Kenya is beyond the scope of this study.

3.2.4 Limited institutional capacity

The institutions that enforce the trade mark law face incapacity challenges in the areas of staffing, training and funding. These are discussed as follows.

3.2.4.1 Lack of training in IP law

An effective IPRs system requires a supportive infrastructure to implement laws and policies.⁴⁴⁰ This requires trained personnel and office resources. There should be IP knowledgeable staff in all the enforcement agencies. The judiciary, legal practitioners and the public should be aware of developments in IP law. Lack of expertise and knowledge in IP is a challenge to most African countries. Most of the enforcement agencies have inadequate trained personnel. Retaining trained human resource is a challenge for most enforcement agencies.⁴⁴¹ They are unable to offer competitive pay packages compared to international or regional organizations that require IP expertise.⁴⁴² It is a common occurrence for people trained under government staff development

⁴³⁷ Lawrings Otini, Daily Nation 28th July 2013 < <http://www.nation.co.ke>> (sourced on 25/4/2015).

⁴³⁸ Njuguna (n 310) p 50.

⁴³⁹ Muthoni (n 426) pp 19, 36, 51.

⁴⁴⁰ P Mbote, Intellectual Property Protection in Africa: An Assessment of the Status of Laws, Research and Policy Analysis on Intellectual Property Rights in Kenya < <http://www.ielrc.org>> (sourced on 19/1/2015).

⁴⁴¹ *ibid*

⁴⁴² *ibid*

programmes to quit government service upon completion of their training.⁴⁴³ This negatively impacts on the capacity of the institutions.

Most judicial officers have little or no training in IP law and do not appreciate the core issues that affect IPRs.⁴⁴⁴ This is compounded by the fact that the courts do not prioritize IP issues. As noted in this chapter, Kenyan courts have failed to develop a consistent jurisprudence in passing off law. Due to lack of training, the courts have held that the RTM is an expert in trade mark law.⁴⁴⁵ The rigidity of judges on the application of traditional legal principles has made it hard to keep pace with the fluidity and dynamism of IP law.⁴⁴⁶ This renders the service of justice by mainstream courts unsatisfactory to many IPRs holders who feel disenfranchised.⁴⁴⁷ There has been misapplication of legal principles in IP cases due to lack of training e.g. a judge concentrated on human rights law and failed to appreciate the role of IPRs thereby arriving at a wrong conclusion that the ACA violates the constitution.⁴⁴⁸ In another case, a judge laid emphasis on principles of tort law where the issue was trade mark infringement.⁴⁴⁹ It is in this regard that it has been recommended that the judiciary should appoint IP knowledgeable judges. They should be provided with constant training to keep up with the ever evolving IP law and technology.⁴⁵⁰

The judiciary adjudicates on civil and criminal cases. In most instances civil cases are handled by privately hired advocates who could be well versed with IP law. Conversely, criminal cases are facilitated by the police. Generally, the police have little knowledge of IP law. They experience difficulties collecting relevant evidence, identifying the appropriate offences to charge offenders and in drawing up charge documents.⁴⁵¹ Poorly

⁴⁴³ *ibid*

⁴⁴⁴ NR Ombija, *Case Study of Kenya's Specialized Intellectual Property Rights Courts Regime*; International Intellectual Property Institute (Nairobi 2011) <<http://kenyalaw.org>> (sourced on 22/1/2015).

⁴⁴⁵ Judge Ogola in *Weetabix Limited v Manji Food Industries Limited* [2015] eKLR at para 39.

⁴⁴⁶ Ombija (n 444).

⁴⁴⁷ *ibid*

⁴⁴⁸ *PAO and 2 others v Attorney General* [2012]eKLR.

⁴⁴⁹ *Pharmaceutical Manufacturing Co v Novelty Manufacturing Ltd (2001) 2 EA 521*.

⁴⁵⁰ Mbote (n 440).

⁴⁵¹ IIPA 2003 Special 301 Report, Kenya <www.iipa.com> (sourced on 16/4/2015).

drafted charges are dismissed on technicalities e.g. a court dismissed a case on the grounds that the charge sheet was faulty.⁴⁵² The inspectors lack expertise in detecting infringing goods and rely on the manufacturers.⁴⁵³ Customs officials are not properly trained to identify infringing goods such as counterfeit products.⁴⁵⁴ Mostly, customs officials will act when the goods are blatantly infringing.⁴⁵⁵ They will also act on a complaint by the IPR holder. Customs officials lack awareness on the value of IPRs in the economy which hampers their role in enforcement.⁴⁵⁶

Lack of IP awareness on the part of the public limits effective enforcement of IPRs. The public is an important player in law enforcement.⁴⁵⁷ Sometimes the public will innocently facilitate trade mark infringement due to lack of knowledge e.g. when they innocently buy counterfeit goods.⁴⁵⁸ This hampers investigations as vital information will not be supplied to the enforcement agencies. With a knowledgeable public, it is easy to identify infringing products and report the same to the police. This provides vital support to the enforcement agencies as well as to the trade mark owners.⁴⁵⁹

3.2.4.2 Limited funding and personnel

The enforcement agencies face the challenge of limited resources in terms of funds and personnel. This affects the judiciary and the various enforcement agencies. There is insufficient budgetary allocation in most of these institutions. This limits their capacity to hire enough staff members. It also limits the operational capacity of the serving personnel. The war against counterfeiting in East Africa is hampered by inadequate funding of enforcement agencies by the governments.⁴⁶⁰

⁴⁵² Njuguna (n 310) p 39.

⁴⁵³ Moses (n 421).

⁴⁵⁴ Mbatia (n 347) p 45.

⁴⁵⁵ *ibid*

⁴⁵⁶ Njuguna (n 310) p 38.

⁴⁵⁶ *ibid*

⁴⁵⁷ NCAJ <<http://www.judiciary.go.ke>> (sourced on 25/4/2015).

⁴⁵⁸ *ibid*

⁴⁵⁹ *ibid*

⁴⁶⁰ Moses (n 421).

One of the causes of corruption in the judiciary is excessive workload due to insufficient personnel.⁴⁶¹ In 2013, there were a total of 540 judges and magistrates serving in the judiciary.⁴⁶² In 2014, the number of High court judges was 79 serving a population of over 40 million people which was blamed for delay in determination of cases.⁴⁶³ Lack of enough judicial staff is one cause of a back log of cases in the judiciary e.g. in 2004, the magistrates courts through out Kenya were handling a backlog of 450, 000 civil and criminal cases.⁴⁶⁴ To date the judiciary suffers a serious staff shortage. This results to huge workload on the few serving judicial officers. This in turn compromises efficiency and independence of the judiciary.⁴⁶⁵ In the process, trade mark enforcement cases are negatively affected. Delay in determination of IP cases can lead to unrepairable damage.

The police are confronted with the challenge of understaffing resulting to under policing in Kenya.⁴⁶⁶ In 2012, Kenya had a police force of approximately 70, 000 law enforcers serving a population of around 40 million people.⁴⁶⁷ A big percentage of the officers are engaged in administrative duties such as guarding the political elites and driving top government officials.⁴⁶⁸ Another group of the law enforcers are permanently engaged in guarding VIPs.⁴⁶⁹ This significantly reduces the number of officers in active duty. Understaffing is compounded by constraints of budget allocation.⁴⁷⁰ With limited funds, the police cannot engage in effective enforcement of the law.

⁴⁶¹ Muthoni, (n 426) pp 35 - 36.

⁴⁶² *ibid* p14.

⁴⁶³ Jacob Ngetich, Sunday Standard 19th January 2014, The Justice on Trial as Case Backlog Returns to Haunt the Judiciary <<http://www.standardmedia.co.ke>> (sourced on 4/5/2015).

⁴⁶⁴ Muthoni (n 426) p 52.

⁴⁶⁵ *ibid*

⁴⁶⁶ Kenneth Omeje & John Mwangi Githigaro, The Challenges of State Policing in Kenya <<http://www.review.upeace.org>> (sourced on 4/5/2015) and Kennedy Mkutu and Gerald Wandera, Policing the Periphery, Opportunities and Challenges of for Kenya Police Reserves <<http://www.smallarmssurvey.org>> (sourced on 4/5/2015).

⁴⁶⁷ David Herbling, Business Daily, 31st October 2012 <<http://www.businessdailyafrica.com>> (sourced on 4/5/2015)

⁴⁶⁸ Kenneth Omeje & John Mwangi Githigaro, The Challenges of State Policing in Kenya <<http://www.review.upeace.org>> (sourced on 4/5/2015)

⁴⁶⁹ *ibid*

⁴⁷⁰ *ibid*

The funds available for KRA operational activities are limited to 2% of the actual amounts collected every year.⁴⁷¹ These funds are not enough to hire enough staff members, train them and modernizing KRA ICT system.⁴⁷² KRA suffers from acute staff shortage that negatively affects service delivery.⁴⁷³ IPRs enforcement is not the core function of KRA. With limited human resource, IPRs enforcement is unlikely to receive due attention. To illustrate, KRA publishes quarterly revenue reports on revenue collection.⁴⁷⁴ However, KRA has never published a report on IPR enforcement as it happens with other jurisdictions such as the EU or USA.⁴⁷⁵ Underfunding of the KRA has led to delay in establishing an anti-counterfeits unit.⁴⁷⁶

The ACA and KEBS also face the challenges of limited resources. The chairman of the ACA board recently claimed that the agency receives Kshs 200 million annually which is insufficient to fund its operations.⁴⁷⁷ He stated that the ACA would require an additional Kshs 300 million. In appreciation of the underfunding at ACA, KAM has tried to lobby the Kenyan government for more budgetary allocation.⁴⁷⁸ Recently, the ACA was reported to be experiencing challenges on delivering its mandate due to a shortage of human capital and resources.⁴⁷⁹ Geographically, Kenya is divided into 47 counties. The ACA has offices in the counties of Nairobi and Mombasa only leaving out 45 counties. The ACA cannot win the war against counterfeits in Kenya unless it opens more offices in the country.

3.3. Conclusion

This chapter has discussed the various challenges that exist in the legal and institutional framework for enforcement of trade marks. The challenges are either legal or

⁴⁷¹ KRA Act s 16 (1).

⁴⁷² Mbatia (n 330) p 45.

⁴⁷³ KRA <<http://www.kra.go.ke>> (sourced on 5/5/2015).

⁴⁷⁴ *ibid*

⁴⁷⁵ Mbatia (n 330) p 46.

⁴⁷⁶ *Ibid* p 45.

⁴⁷⁷ Moses Mwathi, the Standard 16th November 2011, Counterfeiters Up their Game, <www.standardmedia.co.ke> (sourced on 26/4/2015).

⁴⁷⁸ KAM <www.co.ke> (sourced on 26/4/2015).

⁴⁷⁹ The Star <<http://www.the-star.co.ke>> (sourced on 7/5/2015).

institutional. Some of the challenges can be dealt with by amendments to the relevant statutes. Examples of these include the enhancement of the penalties for trade mark infringement offences, the conflict between the TMA and the companies Act, a clear demarcation of the mandates of the different enforcement agencies. Other challenges can only be dealt with at the policy level. For example, enhancing institutional capacity is a policy decision. Kenya has not developed an IP policy. There is a draft policy on IP that has never been adopted. This policy should be adopted and implemented. IP awareness in within the enforcement agencies and the public would go a long way to improve the implementation of IP law. The ensuing chapter will look at how USA and RSA have dealt with some of these challenges. This is with a view to identifying the best practices.

CHAPTER FOUR

TRADE MARK ENFORCEMENT IN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF SOUTH AFRICA; BEST PRACTICES

4.0 Introduction

This chapter shall look at trade mark enforcement in the USA and RSA. This is to get the best practices from the two the jurisdictions. The chapter shall focus on areas that present challenges in Kenya.

4.1 United States of America

The USA is a federal constitutional Republic comprising of around fifty states.⁴⁸⁰ The country uses the common law legal tradition.⁴⁸¹ The USA law comprises of the constitution, statutes, treaties, regulations promulgated by federal agencies and case law.⁴⁸² Various statutes and institutions constitute the framework for enforcement of trademarks in the USA. The law in the USA provides for administrative, criminal and civil mechanisms for the enforcement of trade marks.

4.1.1 Legal framework

The USA legal framework for trade mark enforcement is contained is a number of statutes such as the USTMA,⁴⁸³ TMDRA,⁴⁸⁴ ACSCPA,⁴⁸⁵ USTA,⁴⁸⁶ CFR⁴⁸⁷ and CCPA.

⁴⁸⁰ The USA Government, <www.theusgovt.com> (sourced on 15/5/2015).

⁴⁸¹ WIPO, Outline of the Legal and Regulatory Framework for Intellectual Property in the USA <<http://www.wipo.int>> (sourced on 15/5/2015).

⁴⁸² *ibid*

⁴⁸³ Trademark Act 15 U.S.C chapter 22.

⁴⁸⁴ Trademark Dilution Revision Act of 2006 15 U.S.C s 1125.

⁴⁸⁵ Anti-Cyber Squatting and Consumer Protection Act of 1999 15 U.S.C s 1125.

⁴⁸⁶ Tariff Act 19 U.S.C chapter 4.

⁴⁸⁷ Code of Federal Regulations 19 U.S.C chapter 1.

⁴⁸⁸ These statutes have legal provisions for criminal and civil enforcement of trade marks. These are looked at below.

The USTMA makes express provisions on trade mark infringement suits and the remedies available to a litigant. Infringement is defined in broad terms to include counterfeiting and bad faith registration of domain names.⁴⁸⁹ The remedies provided for include injunctions, seizure of infringing goods, damages, profits and destruction of infringing articles.⁴⁹⁰ The USTMA allows litigants to elect between actual damages and statutory damages.⁴⁹¹ Actual damages constitute the actual loss suffered by the plaintiff and are based on the evidence adduced in court. On the other hand, the USTMA provides for a formula to assess statutory damages.⁴⁹² The statutory damages can be punitive as the figure can be as high as USD 2, 000, 000 per counterfeit mark per type of goods and services involved.⁴⁹³

The USTMA has elaborate provisions on enforcement of famous marks, the equivalent of well known marks in Kenya. The USTMA prohibits dilution of famous marks. The USTMA provides for criteria to determine whether or not a mark is famous mark.⁴⁹⁴ This provides a statutory framework for enforcement of famous marks.

The registration of a domain names that infringe on a trade mark is prohibited.⁴⁹⁵ Some of the factors considered to determine whether a domain name is registered in bad faith include; use of a registered trade mark to register a domain name, intention to divert customers online and offering to sell or assign the domain name to the mark owner.⁴⁹⁶ In an action to challenge the registration of an infringing domain name, the court can order the cancellation or transfer of the domain name to the owner of the mark.⁴⁹⁷ A trade mark

⁴⁸⁸ Crimes and Criminal Procedure Act 18 U.S.C.

⁴⁸⁹ Trademark Act 15 U.S.C chapter 22 s 22.

⁴⁹⁰ *ibid* ss 32, 34, 35, 36.

⁴⁹¹ *ibid* s 35 (c).

⁴⁹² *ibid* s 35 (c) (1) & (2), (d).

⁴⁹³ *ibid*

⁴⁹⁴ The Trademark Act 15 U.S.C Chapter 22 s 43 (2).

⁴⁹⁵ *ibid* s 43 (6) A (ii).

⁴⁹⁶ *ibid* s 43 (6) B.

⁴⁹⁷ *ibid* s 43 (6) C.

owner is allowed to file a civil action *in rem* against the registrar of domain names in the event that the defendant cannot be traced.⁴⁹⁸ In an action *in rem*, the court can only order the forfeiture, cancelation or transfer of the domain name to the owner of the trade mark.⁴⁹⁹

The ACSCPA deals with cyber piracy conduct such as cyber squatting, name jacking, cyber diversion and domain name trafficking.⁵⁰⁰ ACSCPA protects all trade marks including famous marks. Under the ACSCPA a famous mark is defined as a mark that is widely recognized by the general consuming public of the USA as designating the source of goods and services of the mark's owner.⁵⁰¹ The registration, use or trafficking in domain names that are confusingly similar to a trade mark or a famous mark is outlawed.⁵⁰² Trafficking in a domain name is defined as transacting with the same for a consideration.⁵⁰³ This includes sale, purchase, loan pledges or license.

In the USA anti-counterfeiting legal provisions are encompassed within the CCPA.⁵⁰⁴ The CCPA specifically deals with the offence of counterfeiting trade marks. This reduces the problem of defining the term '*counterfeiting*' that presents some challenges in Kenya. The ACA Act defines counterfeiting to encompass infringement of all types of IPRs.⁵⁰⁵ In the USA, the offence of trafficking in counterfeit product attracts serious penalties. On first conviction, the penalty is a fine of up to USD 2 million or ten years imprisonment for an individual offender or a fine of up to USD 5 million in case of a corporate offender.⁵⁰⁶ Subsequent conviction attracts a fine of up to USD 5 million or twenty years imprisonment for an individual offender or a fine of up to USD 15 million for a corporate offender.⁵⁰⁷ In line with the theory of enforcement pyramid espoused in this study, the penalties for counterfeiting offences are enhanced where the counterfeit products cause

⁴⁹⁸ *ibid* s 43 (6) E (ii).

⁴⁹⁹ *ibid*

⁵⁰⁰ The Anti-Cyber Squatting and Consumer Protection Act of 1999 15 U.S.C s 1125.

⁵⁰¹ *ibid* s 1125 (c) (2).

⁵⁰² *ibid* s 1125 (d) (1) (A).

⁵⁰³ *ibid* s 1125 (d) (1) (E).

⁵⁰⁴ Crimes and Criminal Procedure Act 18 U.S.C s 2320.

⁵⁰⁵ Anti-Counterfeit Act 2008 s 2.

⁵⁰⁶ Crimes and Criminal Procedure Act 18 U.S.C s 2320 (b) (1) (A).

⁵⁰⁷ *ibid* s 2320 (b) (1) (B).

bodily harm or death. In case of bodily harm an individual offender can be fined up to USD 5 million or imprisoned for 20 years and a corporate offender can be fined up to USD 15 million.⁵⁰⁸ In case of death resulting from use of the counterfeit products, an individual offender can be sanctioned with life imprisonment.⁵⁰⁹ The effect of counterfeit products can be gathered from victim impact assessment statements filed in court by the trade mark owner.⁵¹⁰ The authorities can order the forfeiture or destruction of counterfeit goods. Transshipment or exportation of counterfeit goods is prohibited under the CCPA.⁵¹¹

The USA government places a lot of importance in the war against trafficking in counterfeits. The government collects data on all enforcement efforts put to deal with counterfeits. The Attorney General is under a statutory obligation to make annual reports to the congress on the actions taken by the department of justice in the area of trafficking in counterfeit goods. The report gives details of investigations, cases referred to the department of justice by the customs service and the outcome of the cases. Possible outcome of cases include settlements, sentences, recoveries and penalties.⁵¹²

The USA customs laws have clear provisions to enforce trade marks. The USTA prohibits the importation of merchandise that infringe on trade marks.⁵¹³ The USA customs authorities have powers to seize and forfeit such merchandise.⁵¹⁴ A person dealing in merchandise that infringe on a trade mark can be enjoined from such conduct by an order of injunction or ordered to export or destroy the merchandise or to remove or obliterate the trade mark.⁵¹⁵ The offending party is also liable for damages and profits as provided for under USTMA.⁵¹⁶ Similar to the Kenyan ACA Act, articles for personal use are exempted from the prohibited merchandise.⁵¹⁷ However, the quantity of exempt

⁵⁰⁸ *ibid* s 2320 (b) (2) (A).

⁵⁰⁹ *ibid* s 2320 (b) (2) (B).

⁵¹⁰ *ibid* s 2320 (e).

⁵¹¹ *ibid* s 2320 (h) (2) (C) (i).

⁵¹² *ibid* s 2320 (h).

⁵¹³ Tariff Act 19 U.S.C chapter 4 s 1526 (a), The Trademark Act 15 U.S.C chapter 22 s 42.

⁵¹⁴ Tariff Act 19 U.S.C chapter 4 s 1526 (b).

⁵¹⁵ *ibid* s 1526 (c).

⁵¹⁶ Trademark Act 15 U.S.C chapter 22 ss 32, 34, 35, 36.

⁵¹⁷ Tariff Act 19 U.S.C chapter 4 s 1526 (d).

articles is limited to one article of the type bearing the protected mark.⁵¹⁸ The exempted articles are not for sale and if the importer sells them within one year of the date of importation, the article or its value becomes subject to forfeiture.⁵¹⁹ The owner of the trade mark is to be compensated with an amount equal to the sale price of the article sold.

The owners of registered trade marks are encouraged to record them with the customs. This is to help in detection of imported merchandise that infringe on trade marks. The process of registering trade marks with the authorities is referred to as customs recordation. It involves giving details of the trade marks, the names and residence of the owners, the name of the locality where the goods are manufactured and a copy of the certificate of registration of the mark.⁵²⁰ The details are recorded in a book kept at the department of the treasury and are readily available to the customs department.⁵²¹ The customs department also maintains an on-line recordation system known as IPRs e-recordation. This helps rights owners to electronically record their trade marks with the customs. The advantages of IPRs e-recordation include; paperless application process, online uploading of images of the protected rights and reduced time of filing the application.⁵²² The importance of customs recordation is to enable the authorities to notify the owner of trade mark when infringing products are detected at the port of entry.

The USA has legislated in a number of areas that have not been legislated upon in Kenya. These include; criteria for determining whether or not a mark is a famous mark, cyber piracy, formula for assessment of damages in civil claims, annual reporting on IP infringement cases, a clear definition of counterfeiting, customs recordation, limitation on prohibited merchandise under *de minimis* exception and prohibition of transshipment of counterfeit goods. Kenya can draw lessons from the USA in dealing with some of the legal challenges identified in chapter three of this study.

⁵¹⁸ Code of Federal Regulations U.S.C 19 chapter 1 part subpart 148 s 148.55 (c).

⁵¹⁹ *ibid* s 148.55 (b) (2).

⁵²⁰ Trademark Act 15 U.S.C chapter 22 s 42.

⁵²¹ *ibid*

⁵²² USA Customs and Border Protection <www.cbp.gov> (sourced on 16/5/2015).

4.1.2 Coordinated multi-agency approach to enforcement

Like in Kenya, there are many institutions involved in the enforcement of trade marks in the USA. There are over 23 federal and international agencies.⁵²³ Some of them are discussed below

OIPRC helps trade mark owners to enforce their rights in foreign markets. This is through multilateral and bilateral initiatives. OIPRC monitors compliance with IP agreements in other countries and suggests enforcement strategies.⁵²⁴ CBP combats IP theft with an aggressive strategy based on facilitation, enforcement and deterrence.⁵²⁵ To effectively enforce IP, CBP checks the entire process of international trade i.e. pre-entry, entry and post-entry of goods into the USA.⁵²⁶ HISICE is the largest investigative arm of the department of homeland Security with a presence in over 200 cities in the USA and 47 countries around the world.⁵²⁷ HISICE special agents investigate and enforce violations of federal trade marks. OIPE is situated within the department of state to help in enforcement of IP around the world.⁵²⁸ The USA department of state is in charge of foreign affairs and therefore OIPE plays a major role in foreign enforcement of IPRs.⁵²⁹

The NIPRCC coordinates the efforts of the various enforcement agencies to ensure they work in harmony. The NIPRCC brings together over 23 federal and international partner agencies to combat IPRs infringement.⁵³⁰ The agencies work in a task-force setting to leverage on resources and skills. The NIPRCC uses the resources and expertise of the member agencies to share information, coordinate investigations and to provide training to the staff members of these agencies.⁵³¹ The NIPRCC approach to enforcement is

⁵²³ USA Immigration and Customs Enforcement <www.ice.gov> (sourced on 16/5/2015).

⁵²⁴ USA Government <<http://www.stopfakes.gov>> (sourced on 19/5/2015).

⁵²⁵ UAS Customs and Border Protection <www.cbp.gov> (sourced on 20/5/2015).

⁵²⁶ *ibid*

⁵²⁷ USA Immigration and Customs enforcement <www.ice.gov> (sourced on 16/5/2015).

⁵²⁸ USA Department of state <<http://www.state.gov>> (sourced on 16/5/2015).

⁵²⁹ *ibid*

⁵³⁰ USA National Intellectual Property Rights Coordination Center <www.iprcenter.gov> (sourced on 16/5/2015).

⁵³¹ *ibid*

characterized by investigations, interdiction and training.⁵³² To ensure effective investigations, the IP headquarters of the FBI are housed at the NIPRCC.⁵³³ The NIPRCC is a crucial focus point to harness the resources bestowed on each of the agencies and to avoid a fragmented approach to enforcement. This promotes efficiency.

Further coordination of enforcement efforts is facilitated by two offices in the office of the president i.e. IPEC and USTR. IPEC makes sure that the federal government takes the most appropriate action to discourage and stop IP theft.⁵³⁴ IPEC coordinates the work of the federal government to stop IP infringement. It works with other federal agencies, foreign governments and private companies to come up with policies to curb IP infringement. USTR is charged with the responsibility of developing and coordinating international trade, investment policy and negotiating international trade agreements.⁵³⁵ USTR prepares annual reports to review IP protection and market access practices in foreign countries under section 301 of the US trade Act of 1974.⁵³⁶ This report is popularly known as special 301 report. The USTR special 301 report helps USA companies to know the status of IP enforcement in other countries.

The USA institutional framework is coordinated through initiatives such as the NIPRCC, IPEC and USTR. This has resulted in an effective and efficient enforcement system of IPRs within and outside the USA. Coordination ensures efficient utilization of the resources committed to the fight against infringement of IPRs.

4.3 Republic of South Africa

RSA is a democratic Republic with a written constitution.⁵³⁷ The country has a three-tier government structure comprising of national, provincial and local level of government.⁵³⁸

⁵³² USA Immigration and Customs enforcement <www.ice.gov> (sourced on 16/5/2015).

⁵³³ USA Federal Bureau of Investigation <<https://www.fbi.gov>> (sourced on 16/5/2015).

⁵³⁴ USA Government <<https://www.whitehouse.gov/omb/intellectualproperty>> (sourced on 18/5/2015).

⁵³⁵ USTR <<https://ustr.gov>> (sourced on 18/5/2015).

⁵³⁶ *ibid*

⁵³⁷ RSA Government <<http://www.gov.za>> (sourced on 3/6/2015).

⁵³⁸ *ibid*.

RSA has a mixed legal system comprising of statute law, common law and case law.⁵³⁹ The supreme law in RSA is the constitution that binds all the organs of government. The legal system for enforcement of trade marks is composed of statutory provisions and institutions. RSA is classified as a developing country within the WIPO.⁵⁴⁰ This makes it an appropriate reference point for Kenya.

The RSATMA provides the main statutory law of trade marks.⁵⁴¹ It defines conduct that amount to infringement of a trade mark.⁵⁴² Under RSATMA, it is not necessary to prove likelihood of deception or confusion when a well known mark is infringed.⁵⁴³ RSATMA provides for remedies available to a plaintiff in an action for infringement of a trade mark.⁵⁴⁴ Statutory remedies ensure consistency in litigation. In RSA, registered trade marks can be attached and sold in execution of a judgment.⁵⁴⁵ It is also possible to hypothecate a trade mark by a deed of security.⁵⁴⁶

The RSA Companies Act prohibits the registration of a company name that is identical or confusingly similar to a trade mark.⁵⁴⁷ It is infringement for a company to use a name similar to a registered trade mark if its registration came after the trade mark.⁵⁴⁸ This ensures that the name of a registered trade mark or a well known mark is not used to register a company. Ensuring compliance with this law is not difficult as the registration of companies and trade marks is administered by one body, the CIPC.⁵⁴⁹ This institution is also charged with the responsibility of promoting education and awareness on IP

⁵³⁹ Supreme Court of Appeal of South Africa <<http://www.justice.gov.za>> (sourced on 3/6/2015).

⁵⁴⁰ Louis Harms, 'The Role of the Judiciary in Enforcement of Intellectual Property Rights; Intellectual Property Litigation under the Common Law with Special Emphasis on the Experience in South Africa' <<http://www.wipo.int>> (sourced on 4/6/2015).

⁵⁴¹ Trade Marks Act No 194 of 1993.

⁵⁴² *ibid* s 34 (1).

⁵⁴³ *ibid* s 34 (1) (c).

⁵⁴⁴ *ibid* s 34(3).

⁵⁴⁵ *ibid* s 41 (2).

⁵⁴⁶ *ibid* s 41(1).

⁵⁴⁷ Companies Act, No. 71 of 2008 s 11 (2) (a) (iii).

⁵⁴⁸ Trade marks Act, No 194 of 1993.

⁵⁴⁹ Companies Act, No. 71 of 2008 s 185, The Trade marks Act, No 194 of 1993 s 6 (1).

laws.⁵⁵⁰ Other state organs are enjoined to assist CIPC to perform its functions so as to promote harmony in enforcement of IPRs.⁵⁵¹

It is the duty of CIPC to advise on national IP policy and recommend necessary amendments to the law.⁵⁵² In addition CIPC is required to make annual reports on IPRs enforcement activities⁵⁵³ To coordinate with other government agencies, CIPC is allowed to exchange information or receive information from other regulatory authorities pertaining to complaints or investigations.⁵⁵⁴ CIPC can negotiate agreements with other state agencies to coordinate and harmonize its work. CIPC can refer a matter to the RSACA or the RAS for action.⁵⁵⁵ This fits in with the nodal governance theory where government agencies achieve the intended goal more efficiently when they work in a coordinated network.

Under the CGA, courts are empowered to grant *ex parte anton pillar* orders to preserve evidence.⁵⁵⁶ The courts are also empowered by statute to grant *ex parte* conservatory orders to stop infringement of trade marks.⁵⁵⁷ Proceedings for *anton pillar* orders are conducted in camera to ensure secrecy. In Kenya *anton pillar* orders are administered under the common law. In RSA, the conditions for the grant of the *anton pillar* orders are set out in the CGA.

RSA has an elaborate legal framework for domain name administration and dispute resolution. The Electronic Communications Act of 2002 creates the Domain name Authority which is an incorporated company charged with the administration of the domain name .za.⁵⁵⁸ One of the functions of the authority is to license and to regulate registrars and their registries.⁵⁵⁹ The authority makes regulations on the licensing

⁵⁵⁰ *ibid* s 186 (1) (c).

⁵⁵¹ *ibid* s 185 (3).

⁵⁵² Companies Act, No. 71 of 2008 s 188 (1) (a).

⁵⁵³ *ibid* s 188 (1) (b).

⁵⁵⁴ *ibid* s 188 (3) (a).

⁵⁵⁵ *ibid* s 188 (5).

⁵⁵⁶ Counterfeit Goods Act No. 37 of 1997 s 11 (1).

⁵⁵⁷ *ibid*

⁵⁵⁸ Electronic Communications and Transactions Act No. 25 of 2001 ss 59, 60

⁵⁵⁹ *ibid* s 65

requirement for the registrars and their registries. The minister for communications in consultation with the minister for trade and industry has the responsibility to formulate regulations for alternative dispute resolution mechanisms for domain names.⁵⁶⁰ In exercise of this mandate, the minister in charge of communications gazetted the alternative dispute resolution regulations in the year 2006.⁵⁶¹ These regulations provide for rules and procedure in the adjudication of domain name disputes. The disputes are heard and determined by accredited adjudicators who are drawn from among experienced IP law practitioners. A party can lodge a complaint if a domain name infringes on a registered trade mark or is a well known trade mark.⁵⁶² The ADR system provided for under the regulations is cost effective and expeditious.⁵⁶³ Unlike in Kenya, domain name administration is enshrined within the law in RSA.

4.3 Conclusion

The workings of the legal and institutional framework for enforcement of trade mark in USA and RSA provide a number of lessons for Kenya. In the USA, there are laws to deal with issues such as criterion for determining whether or not a mark is well known. The USA laws also have provisions to deal with cyber piracy, trafficking in counterfeit goods, transit goods, definition of counterfeit trade mark, and *deminimis* exceptions. The USA trade mark law for enforcement is not scattered in many statutes. It is mainly found in the USATMA, the CCPA and the USTA. The nodal governance theory has worked in the USA to bring together many agencies in the enforcement of IPRs. The coordination of different government agencies has been given the highest attention by institutions in the office of the USA president i.e. IPEC and USTR. Information on enforcement of IP is important. It helps in policy formulation to ensure an effective enforcement system. In the USA, the Attorney General makes annual reports to the congress on the activities taken to deal with trafficking in counterfeits. The USTR also makes the special 301

⁵⁶⁰ *ibid* s 69

⁵⁶¹ Alternative Dispute Resolution Regulations Gazette No. 29405 of 2006,

⁵⁶² South Africa Institute of Intellectual Property Law, <<http://www.domaindisputes.co.za/index.php>> (sourced on 6/11/2016)

⁵⁶³ *ibid*

reports to review IP protection in foreign countries. This goes a long way to inform policy decisions.

In RSA the law provides for attachment and sale of registered IPRs. This gives alternative mechanisms to enforce court judgments. The management of the companies and trade marks register is done by one body, the CIPC. This can help to curb against the fraudulent registration of companies using names of registered trade marks. The law allows CIPC to coordinate with other government agencies to realize its objectives. This is incorporation of nodal governance theory in the statute. The CIPC is under a statutory obligation to make annual reports on IPRs enforcement.

The USA and RSA have lessons that Kenya can learn to improve its system of trade mark enforcement. The next chapter makes recommendations for reform of the Kenyan system of trade mark enforcement that will draw from the experience in USA and RSA.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The main objective of this study is to make recommendations to strengthen the Kenyan legal regime for enforcement of trade marks. The study was premised on the assumption that there are challenges that exist in the legal framework for trade mark enforcement in Kenya. The study was also informed by an assumption that these challenges can be addressed by appropriate legal and institutional reforms. Three of the research questions have been addressed in the study. This chapter will address the fourth research question. The chapter sets out the reforms that can be undertaken to strengthen the legal framework for trade mark enforcement in Kenya. Vital lessons have been drawn from the experience in the USA and RSA.

5.2 Legal reforms

The study established that Kenyan law has gaps that weaken the enforcement of trade marks. In other instances, the law is inadequate. The various statutes that require amendments are set out below.

5.2.1 Amendments to the Trade Marks Act

TMA is the main statute dealing with trade mark issues in Kenya. It requires a number of amendments to address some of the challenges identified in the study.

Section 2 should be amended to define the terms; counterfeit trade mark, trade mark trafficking and cyber squatting. This is to expound the laws to be introduced to deal with cyber squatting and trade mark trafficking. The definition of counterfeit trade mark will

distinguish trade mark infringement from infringement of other types of IPRs. This is seen in the USA trade marks statute and the anti-cyber squatting law.⁵⁶⁴

Section 15A should be amended to provide for a criterion to determine whether or not a mark is well known. This will resolve the problem of lack of laws to determine whether a given trade mark is well known. As seen in chapter four of this study, the USA trade marks Act has a legal framework for protection of famous marks.⁵⁶⁵

Section 7 (1) should be amended to define forms of trade mark infringement. The following should be included as types of infringement, trade mark counterfeiting, cyber squatting, use of company or business name confusingly identical or similar to a registered trade mark and unauthorized use of well known marks. This is intended to expand the statutory law on trade mark infringement. It will also curb the fraudulent registration of companies using trade marks. In the USA trade marks statute has a wide definition of trade marks infringement which includes counterfeiting and bad faith registration of domain names.⁵⁶⁶

Section 7 should be amended to provide for remedies available in trade mark infringement lawsuits. These should include injunctions; seizure, detention, forfeiture and destruction of infringing goods; damages and account for profits as provided for in the USA trade marks Act.⁵⁶⁷ The criteria for granting each remedy should be well set out in the statute to ensure consistency and predictability in trade mark litigation. The amendments should also set out a formula for assessing damages. The objective of this is to overcome the challenges associated with common law and equity.

Sections 31(6) should be amended to list actions that amount to trade mark trafficking. This will give a legal framework to deal with trade mark trafficking.

⁵⁶⁴ Trademark Act 15 U.S.C chapter 22 and Anti- cyber squatting and consumer protection Act.

⁵⁶⁵ Trademark Act 15 U.S.C chapter 22 s 22

⁵⁶⁶ Trademark Act 15 U.S.C chapter 22 s 22

⁵⁶⁷ *ibid* ss 32, 34 - 36

Section 35 should be amended to give the RTM original jurisdiction in rectification proceedings. This is to avoid parallel jurisdiction between the RTM and the High Court.

Sections 7, 8 and 45 should be amended to make provisions for attachment of registered trade marks as a mode of execution to enforce judgments and rulings. This is to be borrowed from the law of trade marks in RSA.⁵⁶⁸ This is to encourage IPRs holders to pursue legal proceedings to enforce their rights.

Part XI should be amended to enhance penalties for trade mark offences. The part should also be amended to provide for the offence of trade mark counterfeiting. This is to make the penalties deterrent.

5.2.2 Amendments to the Anti-counterfeits Act

The ACA Act should be amended in a number of areas to strengthen the fight against trade mark counterfeiting.

Section 2 should be amended to limit the definition of the term ‘counterfeiting’ to violation of trade mark rights and copyrights. Patent infringement should be dealt with under the IPA. This will avoid the definitional challenges of the term ‘counterfeiting’ as regards generic medicines. It will also reduce the scope of application of the ACA Act. KIPi should enforce patent infringement as it has the technical capacity to detect it.

Section 35 (1) (a) should be amended to enhance the term of imprisonment to ten years. The fine should be a minimum of Kshs 1 million or not less than three times the value of the prevailing retail price of the goods whichever is higher. This will make the penalties deterrent. The stiff penalty regime is seen in USA as found in chapter four of the study.

Section 35 (1) (b) should be amended to enhance the term of imprisonment to twenty years. Upon conviction under this provision, the penalty should be a mandatory sentence

⁵⁶⁸ Trade Marks Act No. 194 of 1993 s 41 (2)

and the imposition of a fine should be in addition to the sentence. The fine should be a minimum of Kshs 2 million or not less than five times the value of the prevailing retail price of the goods whichever is higher. This is to curb on abuse of judicial discretion in sentencing.

Section 35 should be amended to provide for impact assessment of offences under section 32. Where bodily harm or death results due to use of the counterfeit product the penalty should be imprisonment for life as is the case the crimes and procedure Act of the USA.⁵⁶⁹ This is for deterrent purposes.

Section 35 should be amended to provide for compensation of the IPRs holder by the convicted offender. This is to encourage IPR holders to pursue criminal proceedings as an enforcement mechanism and as an alternative to civil and administrative mechanisms.

Section 32 (f) should be amended to limit the quantity of personal items under the *de minimis* exception as is the case under the USA customs laws.⁵⁷⁰ The quantity should be one item of each type of goods. The law should make it clear that the exempted goods are not for sale and in the event they are sold, the importer of the goods should be liable to compensate the owner of the IPRs infringed. This is to deal with the challenge of unlimited personal items that can be exempted from scrutiny at the port of entry.

Section 23 should be amended to provide for the grant of *anton pillar* injunctive orders upon application by the inspectors or the owner of the IPRs. This section should set out the requirements to succeed in an application for these orders. This will entrench *anton pillar* injunction as a statutory remedy.

⁵⁶⁹ Crimes and Criminal Procedure Act 18 U.S.C s 2320 (b) (1) (A)

⁵⁷⁰ Code of Federal Regulations U.S.C 19 chapter 1 part 1 subpart 148 s 148.55 (c)

5.2.3 Amendments to the East African Community Customs Management Act and the Customs and Excise Act

Sections 18 of the EACCMA and section 14 of the CEA should be amended to prohibit importation of merchandise that infringe on trade marks. The definition of merchandise that infringe on trade marks should be the one provided under TMA. This is to empower the customs in the fight against trade mark infringement.

Sections 18 of EAMCCMA and section 14 of CEA should also be amended to provide for customs recordation. Customs recordation was seen as a good practice in the USA.⁵⁷¹ The information required for customs recordation should be set out in subsidiary legislation. Such information should include; details of the trade marks, the names and residence of the owners, the name of the locality where the goods are manufactured and a copy of the certificate of registration of the mark. There law should allow both manual and electronic customs recordation. This will facilitate customs to curb trade mark infringement. It will also reduce the challenge of limited IP knowledge on the part of customs officials.

Section 200 of the EACCMA and 185 of the CEA should be amended to make it an offence to import merchandise that infringe on trade marks a common feature of the customs regulations in the USA.⁵⁷² The penalty for this offence should be the same as that proposed by amendments to section 35 of the ACA Act. This is to empower customs officials in enforcement of trade marks.

5.2.4 Amendments to the Penal Code

Sections 380 and 381 of the penal code should be amended to repeal all references to trade marks. Trade mark offences should be provided for under the TMA, ACA Act

⁵⁷¹ Trademark Act 15 U.S.C chapter 22 s 42

⁵⁷² Tariff Act 19 U.S.C chapter 4

EACCMA and CEA to cut down on fragmentation of the legal framework for trade mark enforcement.

5.2.5 Amendments to the Companies Act and the Registration of Business Names Act.

Section 19 of the Companies Act and section 4 of the Registration of Business Names Act should be amended to prohibit the registration of a company or a business using a name that is identical to or confusingly similar to a registered trade mark or a well known mark as it happens in RSA⁵⁷³. However, the owner of the trade mark or well known mark should be allowed to use his mark or well known mark to register a company or a business name.

Section 19 of the Companies Act and section 4 of the Registration of Business Names Act should be amended to require the registrar of companies to counter-check with the trade marks register before reserving a name for use to register a company or a business.

Section 20 (2) (a) of the Companies Act and section 9 of the Registration of Business Names Act should be amended to empower the registrar of companies to change or remove from the register names that infringe on trade marks.

The above two amendments will eliminate the fraudulent registration of companies using trade marks. It will provide a mechanism to check whether a given name will infringe on IPRs belonging to a different party.

5.3 Institutional reforms

In chapter three, the study identified a number of institutional challenges that hamper trade mark enforcement in Kenya. Recommendations for institutional reform are made as follows,

⁵⁷³ Companies Act, No. 71 of 2008 s 11 (2) (a) (iii)

5.3.1 Establishment of IPRs enforcement centre within the ACA

The study noted that the primary role of most of the enforcement agencies is not trade mark enforcement. There is no single institution dedicated to enforce trade marks. With such a scenario, the approach should be to enhance coordination amongst the agencies in line with the theory of nodal governance enumerated in chapter one of the study.

The draft national IP policy notes that the fight against counterfeit and contraband products in Kenya is disjointed and unstructured for efficiency and effectiveness.⁵⁷⁴ It proposes the rationalization of the mandate of the ACA as the apex body to coordinate issues relating to counterfeiting.⁵⁷⁵ However, to date, this policy has not been adopted. The draft national IP policy should be enhanced before adoption. The draft IP policy should recommend the establishment of IPRs enforcement centre within the ACA. The role of the IPR enforcement centre will be to coordinate the efforts of the enforcement agencies. This is to maximize use of resources and expertise of the enforcement agencies. Kenya can borrow from the coordinated multi-agency approach seen in the USA under chapter four of the study. The USA has several bodies that are meant to coordinate the efforts of the various agencies involved in IP enforcement.

Section 5 of the ACA Act should be amended to elaborate the coordination role of the ACA in areas such as information sharing, investigations and training. The coordination role of the ACA will be taken up by the IPR enforcement center. This will help in ensuring that there is no duplication of roles by staff of the various enforcement agencies. It will also avoid turf wars attributable to overlapping mandates. A coordinated enforcement effort will promote efficiency and maximize the utilization of resources.

Section 6 of the ACA Act should be amended to provide for an overhauled composition of the ACA board to include staff manning the IPRs enforcement centre. The

⁵⁷⁴The Government of Kenya, National Intellectual Property Policy and Strategy <www.wipo.int> (sourced on 25/2/2015) p 19.

⁵⁷⁵ *ibid*

amendments should outline the manner in which the various national, regional and international enforcement agencies are to work in a task force setting.

The IPRs enforcement centre will be responsible for IP training in all enforcement agencies. It will promote inter-agency training to enhance capacity building. The police can train customs officials on investigations. The customs officials can train police on border control. IP specialized agencies such as KIPI, KOCOBO and KEPHIS can train other enforcement officers on IP issues. With a coordinated IP enforcement system, the challenge of limited resources will be reduced. The various agencies will rely on their strengths to combat IP theft. They will also share resources and tap on each others strengths.

Availability of information and data on enforcement is critical to achieve an efficient and effective enforcement regime. The IPRs enforcement center should be required to publish an annual report on IPRs enforcement. This report is to be presented to the minister responsible for trade and commerce as well as to the national assembly. The report should provide details on the number of IP infringement cases reported, investigated, prosecuted, resolved and settled. This information is important to help identify areas that require attention.

5.3.2 Specialized judicial officers

The judiciary plays a major role in enforcement of IPRs. The judiciary should hire judicial officers with training in IP law to address the problem of lack of capacity in terms of expertise. The existing staff of the judiciary should undergo training. This can be achieved through collaboration with IP specialized agencies such as KIPI, KOCOBO and KEPHIS. The JTI should partner with local and international universities to train judiciary staff on IP law. JTI can also engage regional and international bodies such as ARIPO and WIPO to offer training on IP law and enforcement.

5.4 Conclusion

The study has identified some of the challenges that exist in the Kenyan legal regime for trade mark enforcement. This chapter has made a number of recommendations that would strengthen the legal and institutional frame work for trade mark enforcement in Kenya. An efficient and effective enforcement system of IPRs is important to foster trade and innovation. In turn this will spur economic growth. It is therefore important that the recommendations are adopted.

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