

PROMOTING BETTER LEGISLATION AND ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS IN KENYA

KEYNOTE ADDRESS BY HONOURABLE AMOS WAKO, ATTORNEY GENERAL OF KENYA, DURING THE THIRD GLOBAL CONGRESS ON COMBATING COUNTERFEITING AND PIRACY AT THE INTERNATIONAL CONFERENCE CENTRE IN GENEVA, SWITZERLAND ON JANUARY 30 2007.

Your Excellencies, Dr. Kamil Idris, Director General, World Intellectual Property Organisation, Mr. Michel Danet, Secretary General, World Customs Union, Mr. Ronald Noble, Secretary General, International Criminal Police Organisation, fellow Ministers, Distinguished Guests, Ladies and Gentlemen,

I am honoured to be here today to participate in this very important forum, to discuss and share experiences on combating counterfeiting and piracy. As we have heard from previous speakers, the cost of counterfeiting and piracy is not something that can be ignored.

Counterfeiting and piracy are not just issues of concern to the developed countries and the industrial giants of the western countries. Counterfeiting and piracy have a negative impact even in the developing third world countries. In Kenya, it has had a negative effect on foreign direct investment and discouraged the growth of local entrepreneurship. It is estimated that right holders in Kenya lose an estimated 30 Billion shillings (About US \$ 420 million per annum to trade in counterfeit and piracy. Several industries have had to shut down such as the textile industry and the music industry leading to loss of jobs. The Private sector is the engine for economic and social development and to the extent that the private sector is adversely affected by counterfeiting and piracy, it becomes difficult to eradicate poverty.

According to the Kenya Revenue Authority, counterfeiting costs the Government of Kenya shillings 6 billion (about \$ 84 million) in lost revenue annually. This money could be utilised to for the provision of free primary education, access to clean water and the provision of other basic services such as health, food and shelter.

The consumers on their part suffer from substandard which may have negative repercussions. Examples are the substandard

batteries that tend to leak and do not last, the fake drugs, which pose serious health problems in third world countries, pirated music and films, illegal computer software that, will make your system crash and the list continues.

A. LEGISLATIVE INITIATIVES AND IMPLEMENTATION

Ladies and Gentlemen, Kenya, as part of its ambitious law reform programme focussed on reforming its laws on intellectual property to ensure that the intellectual property laws not only conform to the international laws but also incorporate the needs of the local intellectual property industries. The law reform process was also aimed at ;

1. Involving the stakeholders in policy formulation and implementation.
2. Development of capacity for instance training a cadre of investigators and prosecutors who are specialised in intellectual property issues
3. Providing for penalties which are deterrent and punitive
4. Raising awareness of the public on intellectual property issues
5. Creating independent institutions to be the driving force on issues related to intellectual property
6. Harmonised and effective implementation strategy.

The main legal instruments are;

- a) The Industrial Property Act of 2001,
- b) The Copyright Act of 2001,
- c) The Trade Marks Act (which is currently being reviewed),
- d) The Seeds and Plant Variety Act.
- e) The Trade Descriptions Act
- f) The Weights and Measures Act
- g) The Counterfeit of Goods Bill

Other laws that are used to tackle counterfeit and piracy where applicable are the Penal Code, The Criminal Procedure Code, The Evidence Act, the Civil Procedure Act and to a certain extent the Customs and Excise Act (now known as the East African Customs Union Act)

The Industrial Property Act and the Copyright Act, which were enacted in 2001, were passed first and foremost as part of the review process to harmonise the domestic legislation in relation to industrial property matters and to ensure that they were TRIPS compliant. At this point, it is important to note that prior to the TRIPS Agreement, there were no mandatory provisions on the enforcement of intellectual property law at the international level. Enforcement was a matter that was deemed to be the domain of the national legislation. Kenya thus had its own enforcement mechanisms within the confines of national laws. TRIPS, which set the international minimum standards on intellectual property protection forced many countries to review their enforcement regime at national level. This led to the revision of the laws and passing of new laws.

1. INDUSTRIAL PROPERTY ACT

The first Post independence Industrial Property Act was passed in 1989. Apart from providing the legal regime for industrial property, it created the Kenya Industrial Property Office to implement the provisions of the Act. The Act was revised several times to take account the constant developments in the field of industrial property. The 2001 Act was passed to ensure that industrial property laws in Kenya were TRIPS compliant.

Prior to this legislation a Department under the Office of the Attorney General dealt with matters relating to industrial property. The 2001 Act created an independent statutory body The Kenya Industrial Property Institute (KIPI) to consider applications for and grant industrial property rights, promote inventiveness and innovativeness in Kenya and to provide the public with industrial property information for technological and economic development. The stakeholders are represented in the Board of KIPI.

The Act also provides for a Tribunal to deal with the disputes arising from the implementation of the Act. The Tribunal also has the mandate to determine civil cases and grant the appropriate relief such as injunctions, damages or any other remedy that may be provided by the law for infringement of industrial property. The 2001 law also provides for criminal sanctions for infringement. These are however neither punitive nor deterrent. The maximum payable fine is Kenya Shillings 50 000/=

(about US\$ 700) or five years in jail or both.

2. THE COPYRIGHT ACT

Parliament in 2001 passed the Copyright Act. This replaced the 1966 Copyright Act. The Act came into effect in 2003. It provides specifically for administrative and enforcement structures and mechanisms for copyright and related rights. The salient features of the Act include;

- a) The creation of the Kenya Copyright Board, which is charged with the overall administration and enforcement of copyright and related rights in Kenya.
- b) The provision for both civil remedies and criminal sanctions for copyright infringement
- c) The specific provision for Anton pillar orders
- d) The introduction of the anti piracy security device
- e) The appointment of copyright inspectors and special prosecutors to deal with copyright infringement cases

The Act goes further by making it illegal for one to engage in activities that are likely to encourage counterfeiting and piracy such as circumvention of technological devices used to protect copyright rights or the removal of rights management systems. The Act prohibits the sale of audio or audio-visual works without the anti piracy security device. This provision is intended to help in the identification of works. The maximum fine payable under the Act is Kenya Shillings 800 000/= (about US\$ 10 000) and a maximum jail term of 10 years.

3. THE SEED AND PLANTS VARIETY ACT

This Act, which came into force in 1975, provides for the testing and certification of seeds. It further provides for the establishment of an index of names of plant varieties. The Act also reserves the power to impose restrictions on the introduction of new varieties as well as to control the importation of seeds. It provides for the grant of proprietary rights to persons breeding or discovering new varieties. Section 28 of the Act establishes a Seeds and Plants Tribunal to hear matters related to seeds and their propagation.

The Kenya Plant and Health Inspectorate Service (KEPHIS) administer the Act.

The Seeds and Plant Varieties Act provides in Section 28 for the creation of a Seeds and Plants Tribunal. This Tribunal's functions are, among others, are to hear appeals among disputing parties and to provide for the suspension of or the operation of any related activity pending the determination of the appeal. The Act does not impose penalties, but recognises criminal proceedings may be instituted against a person who falsifies seed varieties.

4. THE TRADE MARKS ACT

The Trade Marks Act of 1955 was inherited from the colonial era and has been amended several times with the last major amendment in 2002. The Act unlike the ones discussed before does not create a separate agency to administer trademarks in Kenya. The Act however provides for the appointment of a Registrar of Trademarks and is currently administered by the Kenya Industrial Property Institute. The 2002 amendment introduces criminal offences under the Act. This was not the case in the previous Act. The maximum fine prescribed under the Act is Kenya Shillings 200 000/= and or five years imprisonment. Most counterfeit cases in Kenya involve the infringement of registered trademarks and it is important that the fines are punitive and deterrent, which is not reflected in the current Act.

5. THE TRADE DESCRIPTIONS ACT

Currently, this is the most commonly used Act in the fight against counterfeiting and piracy. This law was passed to prohibit misdescriptions of goods, services, accommodation and facilities provided in the course of trade; to prohibit false or misleading indications as to the price of goods; to confer powers to require information or instructions relating to goods to be marked on or to accompany the goods or to be included in advertisements; and for purposes incidental to and connected with the foregoing. The Act is administered by the Department of Weights and Measures within the Ministry of Trade and industry. This Act was extensively amended in 2002 to provide for severe punishment.

So far this is the only statute that gives a deterrent and punitive sentence that is a maximum fine of Kenya Shilling 2 000 000/=. The custodial sentence, is a maximum of two years. The Trade Descriptions Act has been used to successfully prosecute cases that involve the trade in counterfeit and pirated goods in Kenya.

6. THE WEIGHTS AND MEASURES ACT

This is an Act of Parliament to amend and consolidate the law relating to the use, manufacture and sale of weights and measures and to provide for the introduction of International System of Units (SI) and for connected purposes. Under the legal Notice 24 of 1999, the act makes it illegal for one to sell goods with the wrong description in relation to the quantity and packaging. It has also been used on several cases in relation to counterfeit and pirated goods, although the application is limited.

B. DEVELOPMENTS AND NEW PRACTICAL SOLUTIONS

The laws, as experience has shown, without effective enforcement, have little impact on those they are meant to protect. There is a need to have implementing structures to enforce the laws. The Government has put in place various administrative structures, which include the police department, the Judiciary, the copyright office, the customs department, weights and measures and well as the bureau of standards. These, as many of you will observe, are existing structures that are used for the general enforcement of national laws. Over the years, the Government of Kenya and the rights holders have used the existing structures to implement and enforce the law.

1. THE KENYA COPYRIGHT BOARD

The Kenya Copyright Board is a statutory organisation that has been created by the Copyright Act No.12 of 2001. The Kenya Copyright Board is in the process of de linking from the office of the Attorney General to give it the independence to ensure the effective administration and enforcement of copyright and related right in Kenya. This includes the power to appoint copyright

inspectors. At the moment the Board has two Police investigators attached to the Board as copyright inspectors. Since they assumed the office in November 2006, they have already completed investigation of three major cases which are now pending in court. Under the same Act, the Attorney General has appointed five prosecutors to deal with the copyright cases.

The Kenya Copyright Board will also be introducing the anti piracy security device that will be used to identify the legitimate products especially in the audio and audio-visual works. Trading in works without the anti piracy security device amounts to an offence. The Kenya Copyright Board will work with the Kenya Revenue Authority and other right holders to ensure that the system is put in place.

2. THE KENYA INDUSTRIAL PROPERTY INSTITUTE

The Kenya Industrial Property Institute is charged with the general administration of industrial property in Kenya. The enforcement matters are left to the Industrial Property Tribunal and the courts and other law enforcement agencies. It is also a statutory body that operates independently from the parent Ministry. Like the Kenya Copyright Board, the Board members largely consist of stakeholders from the industry with minimal government representation. This grants it the independence to exercise its mandate freely.

3. WEIGHTS AND MEASURES DEPARTMENT AND THE BUREAU OF STANDARDS

The 2002 amendment to the Act expressly prohibits the importation of goods bearing a false indication of the country of origin and creates an offence. This has been a useful provision as it has helped apprehend importers of counterfeit goods such as cell batteries, union locks, ball point pens, electrical appliances, mathematical instruments among others.

4. THE KENYA REVENUE AUTHORITY (CUSTOMS DEPARTMENT)

Customs authorities play an important role in the fight against counterfeit and pirated products. Border measures have become a

useful tool in dealing with counterfeit. Counterfeiters are known to reproduce or manufacture the counterfeit goods in countries where there are weak intellectual property laws and enforcement mechanisms and exporting them to countries that have high demand for the goods.

Their role in curtailing pirated and counterfeit goods has become increasingly important due to the increased cross border trade in the same. There are certain administrative measures conferred upon the customs officers to help them deal with counterfeit goods. Customs can seize and destroy goods that are prohibited goods, either under the Customs Act, or which are illegal under any other Act, which makes them prohibited under Customs.

By virtue of the goods being infringing under intellectual property law customs officials are empowered to seize and detain suspected pirated goods until a competent court can determine the matter. Their powers to search and seize infringing goods and their efforts complement those of the police and other enforcement agencies both in the public and private sphere.

5. PRIVATE /PUBLIC PARTNERSHIPS

There have been several attempts over the years to deal with counterfeiting and piracy. One such initiative is the Enforcement and Monitoring Unit that deals with counterfeiting and piracy. The Agency works with other law enforcement agencies such as the police, Weights and measures department, the Bureau of Standards, The Kenya Industrial Property Institute, The Kenya Copyright Board as well as the right holders in the private sector to counter piracy and counterfeiting in the country.

The enforcement of intellectual property rights has been a joint effort between the right holders and the various government agencies. A good example is the Anti- Counterfeit and Substandard Products Secretariat. This was a unit housed by the Kenya Revenue Authority and drew its members from other government departments such as Weights and Measures, Bureau of Standards, the Kenya Industrial Property Institute, The Kenya Copyright Board, and the Department of Trade. It also had members from the private sector such as the Kenya Association of Manufacturers, the Music Producers. This secretariat was formed

to deal with the various counterfeit and piracy matters in Kenya. The Secretariat successfully carried out raids on various premises, seized goods and had the cases brought to court. There was however as need to give the secretariat a proper legal structure within which to operate as it was a loose conglomeration of the various stakeholders within the industry.

In the area of copyright, the Kenya Copyright Board has been working with the major stakeholders in the software industry to carry out training on copyright and related rights. This is an ongoing process that will cover the sensitisation of the law enforcement agencies, government departments, right-holders, users and the public in general. Since its inception, the Kenya Copyright Board in conjunction with Microsoft East Africa has held more than eight sensitisation workshops and seminars targeting customs and police, senior government officials, the media and users.

6. THE COUNTERFEIT GOODS BILL

In view of the serious negative repercussions to the economy of Kenya, the Government of Kenya through the Ministry of Trade and Industry, the Office of the Attorney General and various key stakeholders were all agreed of the need to have a comprehensive legislation to deal with this menace. So serious was the need to have this legislation that the Government engaged the key stakeholders in several stakeholders' forums, including two national conferences, to chart the way forward for purposes of enacting an Act of Parliament to prohibit trade in counterfeit goods. The Counterfeit of Goods Bill in Kenya is an attempt by the Government to come up with a legal and institutional framework that would ensure the efficient enforcement of intellectual property rights in the country.

The Counterfeit of Goods Bill seeks to create an Agency that shall be mandated to deal with the enforcement and administration of the rights. The Agency is required to work with the various enforcement agencies such as the police and customs officials. The Agency will be an independent corporate body consisting of representatives of both the private and public sectors. The Counterfeit Goods Agency has as some of its functions combating counterfeiting, trade and other dealings in counterfeit goods. The

Agency will further coordinate with national, regional or international organisations involved in combating counterfeiting.

Other distinct features of the proposed Law include:

3. The Act makes it an offence for anyone to deal in counterfeit goods commercially. This includes sale, manufacture, distribution as well as importation of counterfeit and pirated goods
4. It provides a clear procedure for lodging a complaint and how the same will be handled by the Agency.
5. It specifically provides for Anton Piller orders which will provide expedient procedures for preserving evidence.
6. Provides specifically for border measures granting the Customs authorities with the rights to seize and detain goods that are suspected to be counterfeit.
7. It provides for penalties that are pegged onto the retail value of the legitimate goods. For instance, in the case of the a first offender, the penalty will be three times the market value of the goods and or three years in prison. In the case of a subsequent offender, five times the value of the goods and or five years in prison.
8. The proposed Act also makes it an offence for one to obstruct an inspector in the course of his duties or discloses information that is deemed to be a trade secret. This offence will attract a fine of up to Kenya Shillings 2 000 000/= (about US\$ 28 000/=) and or three years in prison
9. The courts when determining counterfeit cases shall, when considering which penalty to impose, amongst others take into account any risk to human or animal life, health or safety or danger to property, whether movable or immovable, that may arise from the presence or use of the counterfeit goods in question.
10. Apart from establishing the Agency, the Act provides for the appointment of inspectors whose powers include the right to inspect, seize and detain suspected infringing products and even have powers similar to those of the police. It also provides for the appointment of prosecutors to deal with the infringement cases.
11. The Counterfeit Goods Bill 2005 seeks to prohibit the release of counterfeit goods into the channels of commerce.

12. The Proposed Act grants the customs officials with *ex officio* powers to seize and detain goods where they suspect the goods to be counterfeit or pirated.

7. BORDER MEASURES

The Counterfeit of Goods Bill expressly provides for border measures that are to be implemented by the Customs department. This will grant the Customs officials with *ex officio* power to search, seize and detain goods suspected to be counterfeit or pirated goods. It will also indemnify the customs officials especially in cases of malicious prosecution or false reports on counterfeiting and piracy.

C. CHALLENGES

There have been some challenges. First is the lack of sufficient resources, lack of capacity among investigators or law enforcers, among prosecutors and even among judicial officers. Second is the general lack of knowledge and information on intellectual property laws. Third is the issue of identification of counterfeit and pirated products. Fourth is cross border piracy fuelled by weak or non-existent laws and enforcement mechanisms in various jurisdictions across the region.

Fifth, the cost of litigation and the length of time taken to determine infringement cases are lengthy and tedious and the costs in civil cases tend to be prohibitive. The right holders in many circumstances opt not to pursue the matter in court as it might prove to be too expensive in the long run. In the case of criminal infringement, the infringers are likely to be repeat offenders as the fines and custodial sentences are minimal; they are neither punitive nor deterrent. Furthermore, there have been no custodial sentences meted out by the courts as the offenders are often given the option of paying the fine, which they do without hesitation.

Sixth, the identification of the goods, obtaining and preserving evidence has been quite an issue. This is due to the fact that the counterfeiters and pirates are very mobile and have the ability to dismantle their operations and move to other locations and destroy

any material that might be incriminating. The application for Anton Piller Orders has not been fully utilised by the right holders.

Seventh, failure to appreciate the importance of intellectual property is also a contributory factor. Infringement of intellectual property is also seen as a civil matter and not a criminal offence.

D. THE WAY FORWARD; PRIORITIES FOR ACTION IN COMBATING PIRACY AND COUNTERFEITING IN KENYA

Ladies and Gentlemen, the Government of Kenya has taken various steps to remedy the situation and fight counterfeiting and piracy.

One of the priorities by the Government of Kenya is to sensitise and educate the law enforcement agencies, the public, right holders and the users on the importance of protecting and enforcing intellectual property rights. To this end, various intellectual property offices such as the Kenya Industrial Property Institute, The Kenya Copyright Board and KEPHIS have embarked on sensitisation programs in conjunction with various industry players and stakeholders. So far there have been workshops and seminars held for the customs and police officers, the officers from the Bureau of Standards and Weights and measures as well as the various right holders and users. The training will also target the judicial officers who are important players in the judicial enforcement of intellectual property law.

Two, the Government will ensure the constant review of the relevant legal instruments to ensure that they cover the interests of the right owners. The Industrial Property Act, the Seeds and Plant Varieties Act and the Copyright Act are good examples. The Trade Marks Act has undergone substantial amendment. Indeed the current Kenya Industrial Property Institute is already fully operational and has even begun contributing funds to the Exchequer.

Three, the enactment of the Counterfeits of Goods Bill is a priority. My office is committed to ensure that the Bill is published and debated in the National Assembly and enacted by parliament during the course of this year.

Fourth, Ladies and Gentlemen, the Government of Kenya is keen to work with the other countries within the region and other regional organisations such as the East African Community, COMESA, to ensure that the enforcement of intellectual property rights is harmonised.

Fifth, the Government has initiated training for the various categories of officers, from inspectors to customs officers police prosecutors, as well as members of the judiciary who deal with anti-counterfeiting and anti-piracy matters. The enhanced capacity will lead to better policing of this counterfeiting and piracy menace.

Sixth, the Government will continue to work in partnership with the private sector especially in the enforcement of intellectual property rights.

Seventh, the Kenya Bureau of Standards and the Kenya Revenue Authority are on the threshold of entering into Memoranda of Understanding with other countries to carry out inspection of goods on transit to avoid dumping of sub-standard goods in Kenya.

Eight, there is need for a more constructive dialogue on intellectual property rights within the international community; between developed and developing countries to ensure a balanced approach that will benefit all equitably in the interest of global economic and social growth.

In conclusion, may I reiterate that the Government of Kenya is also keen to revise the existing laws to enhance the penalties for infringement so that they are not only punitive but act as a deterrent. Ladies and Gentlemen, we all know that an efficient enforcement mechanism is one that ensures high conformity to the law seeking to be enforced. The Government of Kenya, through the above measures is committed to having efficient enforcement of Intellectual Property laws and containing the levels of counterfeiting and piracy.

THANK YOU