

**REPUBLIC OF KENYA**

**IN THE CHIEF MAGISTRATE'S COURT AT NAIVASHA**

**CRIMINAL CASE NO. 372 OF 2017**

**REPUBLIC.....PROSECUTOR**

**VERSUS**

**FRANCIS NJUGUNAH KARANJA.....ACCUSED**

**JUDGMENT**

**Background**

1. The accused person is charged with the offence of being in possession in the course of trade, counterfeit goods contrary to Section 32(a) as read with Section 35 (1) (a) of the Anti-Counterfeit Act. The particulars were that on 14/12/2016 at about 1500hrs at Mashwa Breweries Limited located at Industrial area in Naivasha town the accused person did have in his possession in the course of trade counterfeit goods namely: 400 masters portable spirit with brandy flavour (250ml) @ KES 150 total value Kshs. 600; 100 masters portable spirit with vodka flavour (250ml) @ Kshs.150 total value Kshs.15,000 all valued at Kshs. 75,000 without the authority of Hari Distributors Ltd the owners of the trademark "MASTER" protected under Trade Mark No. 57851 under Trademark Act.

2. In Count II the accused person is charged with manufacturing for the purpose of trade counterfeit goods contrary to Section 32 (b) as read with sections 35(1) (a) of the Anti-Counterfeit Act. The particulars were that on 14/12/2016 at about 1500hrs Mashwa Breweries being a limited company and the accused person being a director in their plant Mashwa Breweries Limited located at Industrial Area in Naivasha town the accused person was manufacturing in the course of trade counterfeit goods namely: 400 masters portable spirit with Brandy flavour (250ml) @ Kshs.150 total value Kshs. 60,000 and 100 masters portable spirit with vodka flavour (250ml) @Kshs.150 total value Kshs. 15,000 all valued at Kshs. 75,000 without the authority of Hari Distributors Ltd the owners of the trademark "MASTER" protected under Trade Mark No. 57851 under Trademark Act.

**Prosecution's case**

3. PW1 Geoffrey Getanda Gwako testified that he works for the Anti-counterfeit Authority having been appointed vide gazette notice No. 947/19/2/2016 produced as Pexh 1 and 2. That on 14/12/2016 he was issued with inspection file with his colleague in relation to Naivasha town. He stated that a complaint had been lodged on 9/12/2016 and an

operation was planned and they proceeded to Mashwa breweries. That they gained access in the factory where they found suspected counterfeit items relating to a master trademark relating to an alcoholic drink. He further stated that they found liquor indicated as "Masters" which had 20boxes of the spirit and 5 other boxes indicated "Mast\*rs. That they suspected they were counterfeit and asked for a trade licence. That thereafter they wrote an inventory which was signed by the director of the company. That they also found 50 boxes, empty packaging of "Mast\*rs" alcohol, 1 labeling sticker of Masters portable spirit; the inventory was produced as PExh 15. He further stated that they took the certificate of incorporation, the business permit and a copy of the director's identity card. That the complainant later went to their offices to pick the stamps to give a detailed report. He produced a compilation for seized goods and stamps produced as Pexh.7 (a) and (b). He stated that his colleague drafted a letter to the registrar of companies who replied with details of the directors of Mashwa breweries. Further that the boxes were taken by the complainant for sampling. He identified the 2<sup>nd</sup> accused and stated that he met him at the company during the seizure.

4. On cross examination, he stated that a complaint was filed in 2016 and there was an affidavit in support. That he went to the premises on 14/12/2016, several days after the complaint had been lodged. He stated that there was no affidavit initially and an affidavit is made later to complete the complaint which is the foundation of everything. That he had no malice against the accused person. That plea was taken on 29/3/2017, the case was brought to court on 14/3/2017 and Pexh 3 is sworn on 25/9/2017 which is about 6months after the complaint had been lodged. He further stated that there were samples that were released to the complainant on 20/1/2017 and received back on 8/2/2017. That he did not receive back any analysis by an expert and that counterfeit requires a resemblance. He stated that there is resemblance on the stickers that is likely to mislead. That the two stickers are similar in nature but there are some features that are distinct in nature. He stated that he continues to be an inspector until he is degazetted. That his position took effect on 13/10/2015 and that there might have been an error as he had already received his letter of employment before it was gazetted. He further stated that a trademark becomes invalid after three years if it is not renewed.

5. He stated that he was employed in September 2015 and started work officially in February 2016. Further that a complaint is accompanied by various documents and also the fees. He stated that he seized the goods before an affidavit had been made and that the payment fees receipt for Kshs.10,000 is dated 28/12/2016. He stated that the seizure was done on 14/12/2016 and that the complaint was valid at the time of the seizure. He also stated that a complaint must have all the documents and that the complainant said he was the owner of the trademark. He stated that the trademark was valid at the time

the case was lodged in 2015. He stated that he was not the author of the letter dated 10/3/2022 which elicited a response on 6/5/2022, it indicated that there are various proprietors of the trademark master. He stated that the letter does not allude to an infringement and indicates that the word master is not registered in Kenya. He further stated that he recorded his statement and there was loss of money on the part of the complainant. That a public notice was issued by the Kenya Revenue Authority and the products of the complainant were not itemized in the schedule by KRA.

6. He stated that the trademark was operational in Kenya and that he did not go to the ground to confirm that the counterfeit items were on the shelves. He further stated that he did not see any letter of compliance and that MFI-1 is a letter addressed to the Managing Director, Mashwa Breweries. He stated that a permit was issued after use of the trademark and it sets out particulars of what was to be manufactured and various certificates were also issued. He stated that their mandate is to check on trademark infringement. That there are other companies that use the name masters and that the complainant has a trademark for the word master and there was an infringement by the accused person. He stated that the stickers were likely to mislead members of the public. He further stated that the 2<sup>nd</sup> accused was the director of the company and that he did not find him manufacturing. He stated that the goods were counterfeit and they seized them after confirming they were counterfeit. That he received a report from the complainant and no test was conducted on the goods.

7. Upon re-examination he stated that the issue was about branding. That lack of an affidavit does not invalidate a complaint and that in his own estimation the goods were counterfeit. He also stated that mandate of KRA was to collect revenue.

8. PW2 Consilia Were testified that he was an officer at Kenya Industrial Estates. That she had a letter dated 10/3/2022 from Anti-counterfeit Authority which sought to know whether the names "Masters" and "Mast\*rs" are registered as trademarks. She stated that she also had a letter dated 6/5/2022 which was a response to the one dated 10/3/2022 and it indicated that there are several trademarks with the words "Masters" and "Mast\*rs" incorporated in the register of trademarks. She further stated that the letter had indicated several trademarks and the goods they were registered for. She produced the letters as PExh. 11 (a) and (b).

9. On cross examination she stated that the letter of 6/3/2022 confirms that owner of the word masters deals in wines and spirits. She stated that she could not tell if there was infringement of trademark. That one can have a trademark of an English name and the register of trademarks had both words. She stated that item 4 on exhibit 11(b) does not have any logo and the status is indicated as lapsed. She stated that the last page of the

document showed that the word masters is owned by several other entities and that it is not a preserve of one company.

10. On re-examination she stated that sometimes their system does not capture the status of a mark clearly when examining different trademarks there are features that are looked at.

11. PW3 Avichal Amritlal Sevak testified that he hails from Nairobi and a director of Hari Distributors and produced the certificate of incorporation. He stated that on 8/12/2016 he lodged a complaint against Mashwa breweries that was infringing on his trademark. He produced the complaint with other documents as PExh 3(a) (b) (c) and the payment receipts as PExh 4 (a) and (b). That he later received a call that the infringing company had been raided and several drinks had been seized. He stated that he later wrote a letter confirming that there was infringement and that the counterfeit products were infringing on their trademark. He identified the genuine samples PExh 7 (a) and (b).

12. On cross examination he stated that he recorded his statement in the year 2017 and that he bought the company in 2015 and registered the trademark. He stated that the office was based at Airport North road and that they closed the business in Kenya in 2015 and relocated to Uganda. He stated that Marks distributors used to import products on their behalf from Uganda and that they also do manufacturing in Uganda. Further that he had suffered losses running into millions of money and that he could avail audited documents from KRA. He stated that he forwarded various documents to KIPi to complain and that the documents on their trademark had not lapsed. He stated that the logo and the trademark stickers are invalidated in the records as sometimes KIPi fails to update records. He stated that some companies are awaiting payment of fees and there was ~~infringement of his trademark which was registered in Kenya.~~ He further stated that the list relating to Hari Distributors had not been updated and that a foreign company cannot be allowed to export without licensing. He stated that he made the complaint on 8/12/2016 and on 14/12/2016 they proceeded for the raid. That he later filed an affidavit and the case was brought to court in 2017, he denied having made the complaint prematurely.

13. On re- examination he stated that the counterfeit product bears a similar registered brand name to his. He stated that the certificate he had lapses on 11/8/2025. That marked the close of the prosecution case.

#### Defence Case

14. DW1 Francis Njuguna Karanja gave unsworn evidence and stated that he was a businessman and previously a shareholder in Mashwa breweries. That on 14/12/2016 he

was at work when some officers from Anti-Counterfeit agency went and informed them that they were dealing in counterfeit products. That they alleged the products related to an alcoholic beverage and carried away the said products. He stated that he acknowledged the inventory that was taken. Further that the products that the complainant was alluding to have a different name, colour and the picture of a lion. He stated that his products has an asterix and is blue in colour and has no picture and that his products have an "s" at the end. He stated that the products were displayed in court and they do not bear any similarity as a counterfeit should be a proper imitation of the original. He stated that his product has no pictures and the name is different. He was referred to exhibit 11 (a) and (b) and he stated that it has several trademarks listed and on the list produced by KIPI there is a logo and mark name and below it there is another mark name owned by a different company. He stated that the mark name for Hari Distributors is masters and the licensing had lapsed. He further stated that his company was fully licensed and compliant with the law.

15. He stated that in the year 2015 there was an operation on sale of alcoholic beverages and a list of all manufacturers who were compliant was published and anyone not on the list was considered an illegal entity. He stated that he was listed as having complied with the law and their brand name was on the list. He stated that he had certificates relating to the standardization mark and they were in respect to his products. He stated that the allegations against him were not true and he prayed to be acquitted. He further stated that he would not have been paying taxes and obtaining licences if he was producing a counterfeit product. He reiterated that the two products are totally different and there was no counterfeit. Further that the alleged counterfeit product is manufactured in Kampala Uganda, that it is not a Kenyan product and the manufacturer is different. He stated that his company was licensed to produce beverages and that he had a public notice from KRA and other government agencies. He further stated that the complainant was not licensed to produce anything and were not importers. He stated that there is a list of 21 companies allowed to manufacture spirits and his company is listed while the complainant's is not on the list. He stated that he did not counterfeit any product and he had produced the relevant evidence. That the products if counterfeit are not similar and he prayed to be acquitted.

#### Prosecution's submissions

16. The prosecution submitted that the evidence of PW1, PW2 and PW3 was enough to prove that the trademark applied on the seized goods was applied without consent of the Intellectual property owner of the trademark MASTER which is a duly registered mark in Kenya. That the accused person had not tendered any evidence of registration of his trademark by the Registrar at KIPI and his unsworn evidence has no probative or

evidentiary value and it does not displace the mountain and weight of evidence presented by the prosecution.

17. As to whether the seized items were genuine for reasons that the accused person had been licenced by KRA and KEBS the prosecution submitted that the subject of the offenses relate to counterfeiting and not customs and the Anti-counterfeit authority is the only authority with the statutory mandate to prohibit trade or any other dealings in counterfeit goods. The prosecution submitted that there is a difference between substandard and counterfeit goods and relied on the cases of **PAO & 2 others v The Attorney General & another (2012) eKLR** and **Republic v Anti-counterfeit Agency Ex-parte Caroline Mangala T/A Hair Works Saloon [2019] eKLR**. It was submitted that the fact that the accused person was listed as a licenced manufacturer by KRA does not mean that the seized goods were genuine. Further that Dexh 2 and Dexh 3 relied on by the accused does not confer a registrable intellectual property right to the accused person.

18. The prosecution urged the court to disregard the documents produced by the accused person for reasons that he gave unsworn evidence and cited various authorities all of which I have considered. The prosecution cited **Section 28(3) of the Anti-Counterfeit Act** and urged this Court to make a finding that the goods are counterfeit and the same should be forfeited to the state for destruction. In the end, it was submitted that the prosecution had proved its case beyond reasonable doubt and this court should proceed to find the accused person guilty and convict him.

#### Defence submissions

19. The defence cited **Section 33 of the Anti-Counterfeit Act** and submitted that due procedure was not followed for reasons that a raid was conducted on the accused person's premises before the verifying affidavit could be filed and the requisite fees could be paid. That all the actions carried out by PW1 on behalf of the Anti-counterfeit agency were null and void as the process was flawed from the beginning. Reliance was placed on the case of **Odinga & another v Independent Electoral & Boundaries Commission & 2 others (2017)**. They urged the court to find that the charge stemmed from a flawed process which cannot be rectified by any subsequent action and that the procedure employed by the agency to seize the accused person's products did not adhere to statutory requirements resulting in a violation of Articles 40 and 47 of the constitution.

20. The defence relied on the case of **Purity Nyakio Wachira v Republic (2020)** and submitted on the elements of the offence of being in possession in the course of trade, counterfeit goods. As to whether the accused was in possession of the counterfeit goods, the defence submitted that the accused did not possess any counterfeit goods, instead

he was in possession of authentic products belonging to the company. On whether the goods were counterfeit, the defence submitted that the products belonging to the accused person bears no resemblance to the trademark of the complainant. That the accused person's products has distinct characteristics that differentiate them from the complainant's products and the discrepancies unequivocally invalidates the allegations of counterfeiting against the accused person.

21. As to whether the accused was in the course of trade, the defence cited the case of **Match Masters Limited v Kenafri Matches Limited & another [2021] eKLR** and submitted that counterfeiting is different from trademark infringement. Further that the Anti-counterfeit agency committed an error in categorizing the accused person as a counterfeiter in light of the existence of other proprietors who possessed names that were either identical or closely resembled the mark owned by the complainant. The defence further submitted that the prosecution failed to produce evidence from a government analyst regarding the alleged counterfeit bottles and as such the prosecution's assertion that the bottles were counterfeit lacks substantiation.

22. In conclusion, the defence submitted that drawing upon the insufficiency of the evidentiary support, the failure to establish guilt beyond reasonable doubt and the procedural irregularities, the court ought to acquit the accused of all the charges. That the prosecution had not established their case beyond reasonable doubt and prayed that the court grants an acquittal to the accused person.

#### Analysis and determination

23. I have considered the evidence adduced before this court and I am minded that it is always the duty of the prosecution to prove its case against an accused person beyond any reasonable doubt.

24. **Section 32(a) of Anti-Counterfeit Act** provides that;

"It shall be an offence for any person to (a) have in his possession or control in the course of trade any counterfeit goods."

25. In the case of **Purity Nyakio Wachira v Republic (2020) eKLR** the Court established the following elements for the offence of having in possession in the course of trade counterfeit goods:

- i. That the accused was in possession
- ii. of counterfeit goods
- iii. in the course of trade

26. As to whether the accused was in possession, from the prosecution evidence, it is not disputed that he was a director at Mashwa Breweries wherein the wines and spirits were confiscated. There is therefore no dispute that he was in possession of them.

27. As to whether it was in the course of trade, the accused in his defence admitted that he was at work at Mashwa breweries when the anti-counterfeit officers raided the premises. As such the accused was in possession of the goods while in the course of trade.

28. As to whether the goods were counterfeit, **Section 2** of the **Anti-counterfeit Act** defines counterfeit goods as goods that are the result of counterfeiting any item that bears an intellectual property right, and includes any means used for purposes of counterfeiting. Counterfeiting is defined as:

"taking the following actions without the authority of the owner of intellectual property right subsisting in Kenya or outside Kenya in respect of protected goods-

- a) the manufacture, production, packaging, repackaging, labeling or making, whether in Kenya, of any goods whereby whose protected goods are imitated in such manner and to such degree that those other goods are identical or substantially similar copies of the protected goods."

29. PW2 Consilia Were testified that there are several trademarks with the words "Masters" and the words "Mast\*rs". A question then arises whether the complainant can claim exclusive rights to the trademark. The answer is in the negative.

30. I had an opportunity to see the products of the complainant and the accused person. They do not bear any resemblance.

30. As to the 100 MAST\*RS portable spirit the report (PEXh 11(b) indicates that the word MAST\*RS does not appear in the search register and as such the same is not registered in Kenya. Consequently, the complainant in this case cannot claim trademark infringement.

31. In Count II the accused person was charged with manufacturing for the purpose of trade counterfeit goods contrary to Section 32 (b) as read with sections 35(1) (a) of the Anti-Counterfeit Act.

32. **Section 32(a)** of **Anti-Counterfeit Act** provides that;

"It shall be an offence for any person to (b) manufacture, produce or make in the course of trade any counterfeit goods."



33. The prosecution had a duty to prove beyond reasonable doubt that the accused person was manufacturing, producing or making counterfeit goods. PW1 stated that after a complaint had been lodged on 9/12/2016 an operation was planned and they proceeded to Mashwa breweries. That they gained access and in the factory they found suspected counterfeit items relating to a 'Masters' trademark of an alcoholic drink. There was no evidence of manufacturing, producing or making counterfeit goods. As a result, I am not satisfied that the charge against the accused in count II has been proved.

34. In light of the foregoing, I find that the prosecution has not proved both counts against the accused persons and they are acquitted under S. 215 C.P.C. Any security deposited in court to be released to the depositors.

**Dated, signed and Delivered at Naivasha this.....day of.....2023**

.....  
**HON. NATHAN SHIUNDU LUTTA-CHIEF MAGISTRATE**

**Coram**

**Court prosecutor – Ms. Wangele**

**Court Assistant: Ms. Naini**

**1<sup>st</sup> Accused – Present**

**2<sup>nd</sup> Accused – Present**

**Mr. Njenga** – I pray that I be supplied with certified copies of the proceedings and judgment.

**N. S. Lutta**

**CM**

**Prosecutor** - I also apply to be supplied with certified copies of the proceedings and the judgment

**Court** - The prosecution and the defence to be supplied with typed certified copies of the proceedings and judgment.

**N. S. Lutta**

**CM**