

REPUBLIC OF KENYA
IN THE PRINCIPAL MAGISTRATE'S COURT AT MSAMBWENI

CRIMINAL CASE NO. E061/2020

REPUBLIC

-VS-

KUSHAL ALKESH SIMZIA.....1ST ACCUSED

PREMAL ALKESH SIMZIA.....2ND ACCUSED

JUDGEMENT

The accused people, Kushal Alkesh Simzia & Premal Alkesh Simzia, have been charged for the offence of Importing into Kenya Counterfeit Goods contrary to Section 32(f) as read with Section 35(1)(a) of the Anti-Counterfeit Act, 2008, Laws of Kenya.

Particulars of the offence are that on 18th July 2020 at around 1153hours in the verification area at Lungalunga one Stop Border Point (OSBP) within the County of Kwale, using a motor vehicle registration numbers KCC 165X, KCH 326H and KBV 525S you did import into Kenya Counterfeit goods, to wit 1,628 cases with each containing 24 bottles and totalling to 39,072 bottles of counterfeit 300ml Afia Juice each valued at Kes. 30/- making a total of Kes. 1,172,160/- without the authority of Kevian Kenya Limited the registered owner of Afia Fruit Drink a registered trademark registered under Trademark Registration Number 110930 in Class 32 which good imitated the protected goods in such manner and to such a degree that those in the counterfeit goods are substantially similar copies of the protected goods.

PW1 was Kimani Rugendo, the Managing Director of Kevian Kenya Limited. He stated that they are based in Nairobi and manufacture fruit based juices namely "Afia".

He said that on 17th July 2020 counterfeit goods similar to his brand were stopped at Lungalunga and the goods seized on 18th July 2020 by the Anti Counterfeit Authority based on a complaint he filed on 17th July 2020 after he was informed of the seizure. He said the goods were inspected for similarities and differences on 6th August 2020 and he was present for it. He testified that the

similarities were the picture of it, that their picture Afiya matched his and he testified that having viewed the 2 marks he was of the view that the 2 marks were so similar that the seized goods could be easily confused to be the goods that they produce. He said that the seized goods were so similar that there was intent to pass them off as the protected goods.

On cross examination he confirmed that he was the one that initiated the complaint. He also confirmed that the business trademark was registered in 2020. He confirmed that the trademark was approved on 24th March 2020 and advertised on 30th April 2020 in the Trademark Journal as belonging to them. He also confirmed that he did not ascertain when the accused placed their order for the seized good. He also confirmed that he never requested for a sample of the seized goods to be analysed. He said that they requested for the analysis of the label.

PW2 was Charles Kimani, an advocate practising at Muchiri Kimani & Associates Advocates in Thika. He testified that the material time he was an Inspector of the Anti-Counterfeit Authority based at the One Stop Border Post at Lungalunga and his work included inspecting cargo to ensure that no Intellectual Property is infringed. He said that the advocates of the complainant laid a complaint on 17th July 2020 about cargo infringing on their Intellectual Property. He said that seizure of the accused people trucks at the post revealed carbonated drinks named "Afiya". He said that he was aware that there was a drink with a similar name "Afia" and thus he suspected these of being counterfeit. He testified that he ordered for seizure of the goods which he quantified as 1,628 cases of carbonated soft drinks, each case carrying 24 bottles, each 300ml. He testified that among the documents they requested from the complainant was an analysis report on the genuineness of the goods and that they received one back. He confirmed that the report was done by the Managing Director himself and that he was satisfied with it. He said that he invited the complainant to inspect the goods and that he did and an inspection report done dated 27th July 2020. He said that premised on this he was satisfied that an offence of importing counterfeit goods had been committed and he proceeded to charge the directors of the company who were behind the importation of the goods.

On cross examination he stated that it is not entirely true that he recommended prosecution of the accused people. But he also admitted that he recommended prosecution because there was

infringement. He said that the decision to charge was done the Director Public Prosecution after ACA investigated. He confirmed that the accused were never called for an interview or their statements taken after the goods were seized.

PW3 was Job Nyagoto Gitembe. He testified that he works as an Inspector at the Anti Counterfeit Authority. His testimony was that he and PW2 inspected the trucks carrying the seized goods on 18th July 2020 at 1153hours and they found a consignment of Afiya juices, 1628 crates with 24 bottles in each crate totalling 39,072 bottles. That together they seized the same and took them to their warehouse. He confirmed the complaint of the complainant, that he felt that the seized goods "Afiya" could cause confusion with their goods "Afia" which were already in the market.

On cross examination he stated that he relied on brand owners to inform him if there is a breach of their trademark. He confirmed that statements of the accused were never taken. He stated that in his opinion the two items do not look alike in terms of shape, size and the brand (sticker).

The prosecution closed its case at this juncture and the accused people put to their defence. They each gave sworn testimony and did not call any witnesses. They each denied the charge.

DW1 was A1 Kushal Alkesh Simzia. He said he and A2 used to handle distribution business under Peekay Distributors and were established around June 2008. He testified that they trade in local and imported Fast Moving Consumer Goods (FMCG). He testified that they imported the goods from Watercom Company, an established Tanzanian company that deals with among other things the production of Afiya Carbonated soft drinks. He testified that they initiated the import of the goods in February 2020 and made part payment in March 2020. He testified that after the import and on them getting to the border they paid duty tax for the goods. He testified that he was aware that Afia was a fruit drink while they imported a carbonated soft drink, apple flavour. He also stated that at the time they started the process they carried out due diligence and confirmed from the IP journal that there was no registered trademark for Afia as at 30th April 2020.

He also stated that the shapes of the bottles were not similar. He said they imported 300ml while Afia has 300ml and 500ml bottles. He further stated that they imported a carbonated soft drink while Afia is purely a fruit drink. He testified that their wrappers are equally different with "afiya" being green with the letters in blue while "afia" was in multiple colours depending on the flavour.

On cross examination he stated that by the time the process of importation the trademark of "afiya" had not been registered. He also confirmed that at time of importation there were no "Afiya" products and that they would be the first suppliers. He maintained that they imported carbonated soft drinks and not juices.

DW2 was A2 Premal Alkesh Simzia. He confirmed that A1 was his younger brother. He reiterated the testimony of DW1 and stated that they imported a carbonated soft drink while the complainant deals with fruit juices. He denied that the items were counterfeit as they are produced locally in Tanzania for local and import use. He stated that they never repackaged the goods to make them counterfeit.

On cross examination he stated that they had paid duty. He also stated that the carbonated drink does not affect the juice market as they are 2 different products.

On re-examination he stated that KRA would not allow entry of goods without paying of tax and the fact that they were allowed entry means that they had paid tax.

The defence filed submissions that the court considered.

Determination

The Law

Section 32(f) of the Anti-Counterfeit Act provides:

It shall be an offence for any person to—

- a) have in his possession or control in the course of trade, any counterfeit goods;
- b) manufacture, produce or make in the course of trade, any counterfeit goods;

- c) sell, hire out, barter or exchange, or offer or expose for sale, hiring out, barter or exchange any counterfeit goods;
- d) expose or exhibit for the purposes of trade any counterfeit goods;
- e) distribute counterfeit goods for purposes of trade or any other purpose;
- f) import into, transit through, transship within or export from Kenya, except for private and domestic use of the importer or exporter as the case may be, any counterfeit goods;

The penalty section is Section 35(1) (a) which provides:

1. A person convicted of an offence under section 32, shall be liable—
 - a) in the case of a first conviction, to imprisonment for a term not exceeding five years, or to a fine, in respect of each article or item involved in the particular act of dealing in counterfeit goods to which the offence relates, not less than three times the value of the prevailing retail price of the goods, or both;

The court in Kennedy Osoro Nyoka v Republic [2020] eKLR while dealing with the issue of importing counterfeit goods stated: -

“ the Appellant was charged under section 32(a) of the Anti-Counterfeit Act, 2008. That section provides that:

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

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

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

23. Finally, “counterfeiting” is defined in section 2 of the Act to mean:

...[of] taking the following actions without the authority of the owner of intellectual property right subsisting in Kenya or outside Kenya in respect of protected goods—

(a) the manufacture, production, packaging, re-packaging, labelling or making, whether in Kenya, of any goods whereby those protected goods are imitated in such manner and to such a degree that those other goods are identical or substantially similar copies of the protected goods;

(b) the manufacture, production or making, whether in Kenya, the subject matter of that intellectual property, or a colourable imitation thereof so that the other goods are calculated to be confused with or to be taken as being the protected goods of the said owner or any goods manufactured, produced or made under his licence;

(c) the manufacturing, producing or making of copies, in Kenya, in violation of an author's rights or related rights;

(d) in relation to medicine, the deliberate and fraudulent mislabelling of medicine with respect to identity or source, whether or not such products have correct ingredients, wrong ingredients, have sufficient active ingredients or have fake packaging;

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

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

While the above case dealt with importation only, the principles are the same because the crux of the issue is whether the accused herein brought in counterfeit goods. Borrowing from this authority the court deems that the elements the prosecution needed to prove were: -

- a) That the accused imported the goods;
- b) That they were counterfeit.

Importation of the goods

The first issue is not contested. The accused admitted that they are in the business of selling local and imported Fast Moving Consumer Goods (FCMG) which includes drinks such as the subject matter in this one.

Were they Counterfeit?

The next issue for consideration is whether the same were counterfeit.

Section 2 of the Act defines counterfeiting as: -

means 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—

So the prosecution first duty was to establish that the goods being referred to were protected goods under the Act.

The evidence by PW1 was the goods were similar to his protected brand "Afia". The accused denied this. The prosecution in support of this assertion produced an excerpt of the Industrial Property Journal No 2020/04 dated 30th April 2020 as exhibit 8 that shows that the word "Afia" is a protected trademark. Exhibit 9 is a letter form KIPI dated 24th March 2020 informing the complainant that their request to have the "Afia" as their trademark has been approved and would proceed for advertisement in the Industrial Property Journal.

The court's understanding of this is that even though they got approval for their trademark, the same was only made public on 30th April 2020 when it was advertised in the journal. The brand name may have been protected from February as they state but it was only made published in the Industrial Property Journal in April 2020, meaning that that was when the public was made aware that it is a protected brand. The only way the public knows it is a protected brand is from the date it is published and not before that. The public is not made aware that that someone had sought to protect it before it is made aware, thus how would the accused know that they had started the process of trademarking the word "Afia" earlier than when it was advertised to the public?

Be that as it may, the accused contended that they started the importation process in February 2020 and it was the responsibility of the prosecution to show that the accused were well aware

that there existed a protected brand at the time they started the importation process. They failed to do so. Instead they relied on the consignment documents that showed when the goods landed at the border, on 17th July 2020, and not when the process started or even when the items left Dar es Salam.

But beyond that, beyond proving that it was a protected brand as at the time the importation process started, they also had the task of proving that the accused had engaged in all the instances listed in Section 2 of the Anti-Counterfeit Act as acts done of counterfeiting. That is: -

- a) *the manufacture, production, packaging, re-packaging, labelling or making, whether in Kenya, of any goods whereby those protected goods are imitated in such manner and to such a degree that those other goods are identical or substantially similar copies of the protected goods;*
- b) *the manufacture, production or making, whether in Kenya, the subject matter of that intellectual property, or a colourable imitation thereof so that the other goods are calculated to be confused with or to be taken as being the protected goods of the said owner or any goods manufactured, produced or made under his licence;*

The prosecution has proved that the items were stopped at the border point entry at Lungalunga, meaning that the goods were in transit. They however failed to show how the accused were engaged in any of the counterfeit acts shown above. There is no evidence that they manufactured, produced, packaged, repackaged, or labelled any of the goods. The prosecution's documents Exhibit 19 was the consignment document and it showed that the goods came from Tanzania and the exporter was Watercom Limited based in Dar-Salam. The accused produced as Defence exhibit 1 a business registration name from Tanzania that shows that Watercom (T) Limited is a registered proprietor in their country. Defence exhibit 2 was a letter dated 6th November 2018 from Tanzania Foods and Drugs Authority to Watercom Limited informing them that they had been approved for Afiya carbonated drinks of various flavours one of them being the Apple flavoured one, which Prosecution exhibit 19 confirms is what the accused were importing. The court can thus conclusively state that the accused did not

manufacture and or produce, and or package and or re-package the products, which are all acts constituting counterfeit.

The prosecution equally had a duty to prove that the items could be confused with the protected mark here in Kenya. One of the ways to get this done is take one of the seized items for sampling or analysis. The prosecution presented as Exhibit 4 the analysis report. The same was done by the complainant itself through its managing director, PW1. Even at a glance one can see what the problem with that analysis report is. It was done by the one who instituted the complaint in the first place. It was not done by an impartial party. Meaning that the results are definitely going to be in favour of the one that brought the complaint in the first place

Secondly, the report only refers to the outward look of the bottle that is "Afiya" and not its contents., the accused were adamant that the item was a carbonated soft drink in a different category than "afia" was, which is a fruit juice. Again, this evidence to differentiate the two was not done so as to confirm whether indeed the impugned items were fruit juices and not carbonated soft drinks as the defence alleged.

Thirdly, the court had opportunity to look at the shapes of both items to ascertain if there any similarities. A quick glance of the bottles show that they are shaped differently. With the protected trade mark being a round bottle from the top to bottom while the contested item has a neck, albeit a short one. Secondly, the branding on the bottles are inherently different. The contested item has a green band with blue writings while the protected one is different coloured depending on the flavour. Even PW3, one of the officers who seized the goods stated that they were inherently different. If he as an inspector of the Anti-Counterfeit Authority stated they were different, and it is their responsibility to safeguard against counterfeit goods, why were these branded counterfeit then and seized?

Section 28 of the Anti-Counterfeit Act provides: -

- 1) Where any goods are seized and detained under section 23, they shall be returned, less any portion thereof which has been reasonably utilized for the purpose of any test or analysis, to the person from whom they were seized within a period of three months after the date of seizure unless, within such period, some person is charged with an offence under this Act and it is alleged that such offence was committed in relation to or in connection with such goods.
- 2) Where a prosecution for an offence under this Act is commenced within the period mentioned in subsection (1), and any person is convicted of that offence, the court which made the conviction may order that any goods seized and detained in relation to or in connection with which such offence was committed shall be forfeited to the Government for destruction at the expense of the person so convicted.

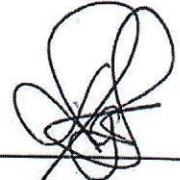
The court's understanding of this section is that the authority has 3 months within which to commence criminal proceedings after seizure if they feel that the goods are counterfeit. In the current charge, the charge sheet was amended on 15th February 2021 to include the 2 accused people. And amendments are allowed. However, the initial charge from whence the amendment arose was filed on 17th November 2020. If the goods were seized on 17th July 2020, then the period within which to bring the criminal charges would have ended 17th October 2020. The charges were preferred a month later on 17th November 2020. 4 months later and 1 month more than provided for by the act. The inspectors who brought these charges were not able to explain why there was a delay in filing by more than a month. Even after one inspector stated that the seized goods do not look similar to those that are protected under the "Afia" brand.

All these did was to raise doubt to the court as to the credibility of the seizure and as to whether the goods were actually counterfeit.

Noting all these, the upshot is that the court determines that the prosecution has failed to show beyond reasonable doubt that the accused people imported counterfeit goods and they stand acquitted of the charge of Importing into Kenya Counterfeit Goods contrary to Section 32(f) as

read with Section 35(1) of the Anti-Counterfeit Act 2008 under the provisions of Section 215 of the Criminal Procedure Code. Cash bail to be returned to the rightful depositors.

The seized consignment to be released to the accused people upon lapse of 14 days right of appeal if no appeal is lodged by then.



SANDRA OGOT
PM

Dated, signed and delivered in open court at Msambweni this 7th day of July 2023

Delivered by: 

Present

CA:

Grace

SC:

Geetha (Ms)

1st Accused:

J Both P

2nd Accused:

Counsel for the Accused:

Mr. S.oo