

REPUBLIC OF KENYA
IN THE CM'S COURT AT MILIMANI
CR NO 409 OF 2017

REPUBLIC.....PROSECUTOR

VS

WILKA TIMERS AND GENERAL MERCHANTS LIMITED
HURUMA KARURI
WILSON GIKONYO
JOHN KAMAU.....ACCUSED PERSONS

JUDGEMENT

Introduction

Initially when this matter was first brought to court on 13/3/2017 the 1st and 2nd accused persons herein were both charged in count one with the offence of Having in Possession in the course of trade counterfeit goods contrary to Section 32A as read with Section 35 (1) (a) of the Anti-Counterfeit Act. It was alleged that on 28/11/2016 at about 12.56 p.m. the two accused persons did have in their possession in the course of trade counterfeit goods namely 694 pieces of Casio watches bearing the brand name CASIO calculated to be taken as protected goods made by Casio Computer Company Limited the owners of the registered trade mark number 20135 of class 14 retailing at Ksh. 208,200.

In count two the accused persons were charged with the offence of Having 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. It was alleged that 28/11/2016 at about 12.56 p.m. the two accused persons did have in their possession in the course of trade counterfeit goods namely 100 pieces of Puma watches bearing the brand name PUMA calculated to be taken as protected goods made by Puma Way 1 the owners of the registered trade mark number

32829 of class 14 retailing at Ksh. 30,000.

On 2/10/2018 the charges were amended. In count one, Huruma Karuri, Wilson Gikonyo Kimani and John Kamau Kanyuga were jointly charged with the offence of Having 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. It was alleged that 28/11/2016 in their business premises at stall number 12, Pramukh Plaza, Sheikh Karume road in Nairobi the accused persons being an employee and directors of Wilka Timers and General Merchants Limited did have in their possession in the course of trade counterfeit goods namely 694 pieces of Casio watches bearing the brand name CASIO calculated to be taken as protected goods made by Casio Computer Company Limited the owners of the registered trade mark number 20135 of class 14 valued at USD 13,151.30.

On count two the accused persons were jointly charged with the offence of Having 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. It was alleged that 28/11/2016 in their business premises at stall number 12, Pramukh Plaza, Sheikh Karume road in Nairobi the accused persons being an employee and directors of Wilka Timers and General Merchants Limited did have in their possession in the course of trade counterfeit goods namely 100 pieces of wrist watches bearing the brand name PUMA calculated to be taken as protected goods made by Puma Way 1 the owners of the registered trade mark number 20135 of class 14 valued at USD 5,000.

On count three the accused persons were jointly charged with the offence of Having 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. It was alleged that 28/11/2016 in their business premises at stall number 12, Pramukh

Plaza, Sheikh Karume road in Nairobi the accused persons being an employee and directors of Wilka Timers and General Merchants Limited did have in their possession in the course of trade counterfeit goods namely 117 pieces of wrist watches bearing the brand name GUCCI calculated to be taken as protected goods made by Guccio Gucci S.P.A the owners of the registered trade mark number 20135 of class 14 valued at Kshs. 9,153,198.99

In count four the accused persons were jointly charged with the offence of Exhibiting for the Purposes of Trade counterfeit goods contrary to Section 32 (d) as read with Section 35 (1) (a) of the of the Anti-Counterfeit Act. It was alleged that 28/11/2016 in their business premises at stall number 12, Pramukh Plaza, Sheikh Karume road in Nairobi the accused persons being an employee and directors of Wilka Timers and General Merchants Limited did exhibit for the purposes of trade 694 pieces of Casio watches bearing the brand name CASIO calculated to be taken as protected goods made by Casio Computer Company Limited the owners of the registered trade mark number 20135 of class 14 valued at USD 13,151.30.

In count five the accused persons were jointly charged with the offence of Exhibiting for the Purposes of Trade counterfeit goods contrary to Section 32 (d) as read with Section 35 (1) (a) of the of the Anti-Counterfeit Act. It was alleged that 28/11/2016 in their business premises at stall number 12, Pramukh Plaza, Sheikh Karume road in Nairobi the accused persons being an employee and directors of Wilka Timers and General Merchants Limited did exhibit for the purposes of trade 100 pieces of wrist watches bearing the brand name PUMA calculated to be taken as protected goods made by Puma Way 1 the owners of the registered trade mark number 20135 of class 14 valued at USD 5,000.

In count six the accused persons were jointly charged with the offence of Exhibiting for the Purposes of Trade counterfeit goods contrary to Section 32 (d) as read with Section 35 (1) (a) of the of the Anti-Counterfeit Act. It was alleged that 28/11/2016 in their business premises at stall number 12, Pramukh Plaza, Sheikh Karume road in Nairobi the accused persons being an employee and directors of Wilka Timers and General Merchants Limited did exhibit for the purposes of trade 117 pieces of wrist watches bearing the brand name GUCCI calculated to be taken as protected goods made by Guccio Gucci S.P.A. The owners of the registered trade mark number 20135 of class 14 valued at USD 5,000.

Prosecution Case

PW 1 represent the brand owner in this case. He presented a powers of attorney from the brand owners authorizing him to lodge complaints on behalf of the company in Intellectual Property matters. He stated that he had a complaint dated 10/1/2017 from the Anti-Counterfeit Agency (ACA) where he complained against Wilker Timers and General Merchants as an agent for Casio. The complaint was in regard to casio, puma and Gucci rights that were violated. Kshs. 18,000 was paid to the ACA for the complaint and a receipt issued. After he was informed of the seizure he was sent digital images by Joseph Alwala which he analyzed. He sent a report to the three clients and the goods were confirmed to be counterfeit. PW 1 told the court that the registration of a trademark gives the proprietor gave the proprietor exclusive rights to use the trademark. He stated that Puma, Gucci and ^{Casio} Gucci had registered trademarks in Kenya. It was his testimony that as at 28/11/2016 the casio trademark was subsisting. It had been registered on 14/3/1973. The certificate was issued on 5/5/2017. He analyzed the digital images and filed an affidavit dated 19/1/2017. He stated that he had seen the seized goods and they all packaged their goods differently. He presented a sample of a casio watch and explained its salient

features with a serial number 593. According to him the seized watches did not match the seized ^{sample} goods which he said were counterfeits. He stated that the seized watches did not originate from Casio Japan. He further stated that the packaging for the original casio watches were different and each watch was packaged in its own package. The same explanation was given for Puma watches. However, no sample Puma watch was availed. He stated that the company was in the process of changing their licence to distribute their watches and therefore there were no Puma watches in South Africa. He told the court that the IP right infringed upon was in relation to the webmark Puma and the leaping cat in class 14. He presented a sample watch to be compared with the seized goods which he indicated were counterfeits. PW 1 also laid a complaint against the accused person for counterfeiting Gucci watches dated 10/1/2017. He stated that for Gucci watches they needed to bear the word "Swiss made". He told the court that the samples in court were counterfeit. They did not package their watches in the way the seized ones were packaged. It was his evidence that the use of the trademark without consent made the goods counterfeit. He did tell the court that his complaint to ACA was based on examination of digital images and he did not get the samples from the seized goods. Further he stated that he had referred to training manuals and there were many models of the watches brands in question.

PW 2 stated that he worked for Spoor and Fisher taking care of their brands in Kenya. He told the court that all the items in question were under his protection in Kenya. Having gathered information and intelligence, on 28/11/2017 he together with officers including PW 3 herein visited Wilka Timers. The shop dealt with watches. PW 2 assisted the officers in identifying the watches that were infringing on the trademarks of their clients. The same were seized and entered into an inventory. The same were escorted to the ACA Exhibit Depot. According to the inventory they seized 694 pieces of Casio watches, 117 pieces

of Gucci watches and 100 pieces of Puma watches were seized. They had found the watch attendant in the shop and business was going on as usual. The attendant called the owner who went to the shop. He stated that the brand watches had to be in individual boxes which was not the case with the seized watches. They also needed to have a warranty card, user manual, serial number and country of origin.

PW 3 worked for the ACA based in Busia as an Inspector. He was part of the team that seized the goods that were suspected to be counterfeits from the shop. The goods were taken to the go down on 9/12/2016 having been seized on 28/11/2016. He told the court that when the out of court settlement process was not successful he registered the case in court. PW 1 inspected the seized goods in their go down on 30/3/2017 and did an analysis. He was able to establish from the Company Registry that the directors of Wilka Timers were John Kamau and Wilson Kimani the 2nd and 3rd accused persons herein. according to PW 3, the 1st accused person was at the shop at the time of the raid who was working as an employee.

At the close of the prosecution case the accused persons were found to have a case to answer and they were placed on their defence. They each elected to give sworn evidence and call no witnesses.

Defence Case

DW 1 was the 1st accused person herein. He told the court that on 28/11/2016 he was in Nairobi working in the Wilka Timers shop. he was selling wrist watches. He stated that he was not one of the owners of the company neither was he a shareholder. He brought to court two sample receipts that they would use in the shop. He told the court that the complainant's quoted prices were exaggerated and the prices for the watches they sold was as they sold them.

When the ACA agents went to their shop, they indicated some of their watches were counterfeit. They then requested DW 1 to countercheck and sign for what they collected from the shop. He did as he was requested so as to give an account to his employer. He stated that he was not a signatory to the account of the company. He also was not aware where the goods he sold were sourced from. He therefore believed that he was selling genuine watches.

DW 2 was the 2nd accused person herein. He told the court that Wilka Timers was a registered company and he was in the business of selling watches. He would import watches which they would source from China. They would place orders and the goods would be delivered. He presented to court the certificates for conformity and the orders for consignment. He also presented the invoices and delivery notes to customs in Kenya which showed the goods had been cleared by KEBS, ACA and KRA. He told the court that the goods he imported were manufactured in China by known suppliers. They were then cleared to be sold in Kenya. It was his assertion that for KRA and KEBS and ACA to have cleared the goods they must have been genuine. In his view, it was therefore the clearing agents who clear such goods who were to be held liable and not traders. DW 2 stated that the goods that were held had not been technically analyzed as there was no analysis report. The affidavit PW 1 filed was done in South Africa. He also took issue with the complainants not being the ones who filed their complaint with the ACA. According to him, the goods were genuine having passed all the tests by ACA, KEBS and KRA.

DW 3 told the court that he was a director of Wilka Timers Limited. He told the court that they issued receipts for value of the watches they sold in their shop. He associated himself with the evidence of DW 2, his co-director.

Analysis and Findings

I have carefully analysed the evidence adduced herein presented by the prosecution and the defence.

It is trite law that the burden of prove in criminal cases is always on the prosecution to prove the elements of an offence which an accused is charged with. The standard of prove is always that of beyond reasonable doubt (See section 107 of the Evidence Act Cap 80 Laws of Kenya, Woolington v DPP 1935 AC 462 and Miller v. Minister of Pensions 2 ALL 372-273.

The accused persons herein were jointly charged in count one, two and three with the offence of being in possession of counterfeit goods contrary to Section 32(a) as read with Section 35(1) (a) of the Anti-Counterfeit Act No. 13 of 2008. The purpose of the Anti-Counterfeit Act No.13 of 2008 is to prohibit trade in counterfeit goods. Section 32(a) provides for the offence the accused persons had been charged with. It 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."

To sustain a conviction, the prosecution needed prove, beyond reasonable doubt, three elements: -

- a) *That the accused persons were in possession;*
- b) *of counterfeit goods;*
- c) *in the course of trade.*

The question which then needs to be answered is whether the prosecution tendered sufficient evidence to prove all the above elements? As to whether the accused persons were in possession, from the accused person's evidence, it is not disputed that the 1st accused person was employed at Wilka Timers and General Merchants shop wherein the watches the subject matter of this case

were confiscated. When the 1st accused person was at work, the ACA officers raided the shop. The 1st accused person called the 2nd accused person who went to the shop. The 2nd and 3rd accused persons also did not deny that they were directors of Wilka Timers Limited. As such, it is not in dispute that the accused persons were in possession of the same.

As to whether it was in the course of trade; trade is defined under section 2 to include business and profession. The 1st accused person admitted to having been arrested while working in the shop selling watches having been employed by the 2nd and 3rd accused persons herein. As such, the accused persons were in possession of the goods while in the course of trade.

As to whether the said goods were counterfeit, Section 2 of the 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, 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.. "

As such, the prosecution had a burden to prove that the goods (watches in question) were as a result of counterfeiting of any item that bears an intellectual property right. To do so, the prosecution was required to tender sufficient evidence that the watches were manufactured, produced, packaged, re-packaged, labelled or made in imitation of protected goods in such manner and to such a degree that those other goods are identical or substantially similar copies of the protected goods. The prosecution further had a duty to tender evidence to the effect that all that was done without the authority of the owner of intellectual property right subsisting in Kenya or outside Kenya in respect of protected goods.

PW1 testified that he did not physically examine the goods seized being Puma, Gucci and Casio watches but was sent digital photographs which he analysed. Upon examination, he found that the watches were counterfeits. He stated that he later physically checked the goods after the accused persons had been charged in court. He produced in court a sample of a Casio watch but did not provide a Gucci watch sample stating that the said luxury watch was not found in South Africa. For Puma he stated that the said sample was also not available. PW 1 did admit that the three brands of watches are manufactured in different countries including Italy, Switzerland and France and he was based in South Africa. What PW 1 provided before the court was his affidavit which was an analysis report and price lists for various watches. He did not provide to the court various models of the brand watches to show their distinctions and for them to be compared to the control sample and that, in his view, they were counterfeit.

DW 2 did demonstrate to the court that Wilka Timers was a registered company and he was in the business of selling watches. He would import watches which they would source from China. They would place orders and the goods would

be delivered. He presented to court the certificates for conformity and the orders for consignment. He also presented the invoices and delivery notes to customs in Kenya which showed the goods had been cleared by KEBS, ACA and KRA. He told the court that the goods he imported were manufactured in China by known suppliers. They were then cleared to be sold in Kenya. It was his assertion that for KRA and KEBS and ACA to have cleared the goods they must have been genuine. In his view, it was therefore the clearing agents who clear such goods who were to be held liable and not traders. The question becomes how were the said goods cleared by the named agencies including the complainant herein if the same were counterfeits?

In my opinion, the mere fact that the said watches were found to differ from the control sample PW 1 provided for Casio watches does not make the same counterfeit. For a good or product to be said to be counterfeit, more was required from the prosecution. The allegations facing the accused persons herein has been made in relation to the watches themselves. He stated that the watches were not in individual boxes and had unique characteristics that were absent in the seized watches. The evidence ought to be tendered as to how the seized watches were different from the control sample so as to make the control sample to have been imitated in such manner and to such a degree that the said watches were identical to the control samples. There was no evidence as to how the watches in question were counterfeits of the control sample. No samples were availed for Puma and Gucci watches in any event. In my opinion, the difference in packaging and place of manufacturing in the said Casio sample may be unlawful but that does not make the goods counterfeit goods in terms of section 32 (a) and Section 2 of the Act which deals with counterfeiting.

Taking all the evidence into account, the prosecution failed to prove their case to the required standard in counts one to three as charged. The accused persons are acquitted as charged as per the provisions of Section 215 of the CPC.

In counts four, five and six the accused persons were charged with the offence of exhibiting for trade the various watches of Puma, Gucci and Casio brands contrary to the Act.

Indeed, in their defence, the accused persons freely admitted that they were found in possession of the watches; and that they were in the business of distributing them. The only question for determination was whether the watches seized from the accused persons' shop were proved beyond reasonable doubt to be counterfeit goods.

For this element to be established, the Prosecution needed to prove that:

- a. The Complainant was the owner of the trademarks for Casio, Puma and Gucci watches;
- b. The seized watches were, in fact, the trademark watches.

There is no doubt that the Prosecution established beyond any reasonable doubt that PW 1 herein had the powers of attorney to represent the owners of the stated trademarks in question. The final question, though, was whether it was established beyond reasonable doubt that the seized watches were, in fact, of the said trademarks. In my view, the fact that the inventory filled out by the ACA inspectors before analysis stated that the seized goods were counterfeits. What the Inventory Form shows is the *prima facie* impression of the ACA inspectors based on the complaints received. It is this actual issue which is on trial. Mere recording that what has been seized is particular counterfeit goods cannot pre-empt the judicial trial of that question. A recordation by ACA

inspectors that what was seized was counterfeit does not, without more, miraculously transform the seized goods into counterfeit goods.

In DW 2's testimony, he produced documents which he named as certificates for conformity and the orders for consignment. He also presented the invoices and delivery notes to customs in Kenya which showed the goods had been cleared by KEBS, ACA and KRA. He told the court that the goods he imported were manufactured in China by known suppliers. They were then cleared to be sold in Kenya. It was his assertion that for KRA and KEBS and ACA to have cleared the goods they must have been genuine. It is important to recall that DW 2 was acting in person at this point. Yet, in my view, he makes it very clear that the relationship between him and the documents he was producing were that issued to him at the point of entry of his goods into Kenya from China. It behoved the Prosecution to disprove that the said goods were not properly cleared by the agencies responsible at the port of entry and that the same agencies cleared counterfeit goods for sale in the country.

It is a cardinal principle of Criminal law that the Defence never bears the burden to prove anything – including the defence theory. At most, the accused persons bore the burden of production: to put enough material on the table to indicate a plausible theory of the defence. Once the accused persons had done this, the burden shifted back to the Prosecution to demonstrate the implausibility of the defence theory. The Prosecution failed to do so here. It was incumbent upon the Prosecution to demonstrate that the documents produced by DW 2 were unrelated to the seized watches. This was especially important given that the accused person's theory was that the seized watches were, in fact, genuine watches.

It was in evidence that the ACA inspectors led by PW 3 herein did not seize all the goods that were in the shop at the material time. He stated that the watches they would sell had boxes and they would not display all of them. An inventory was drawn up of the seized goods. There was no valuation report filed in court. What was filed was a price list issued via email. The seized goods were also not properly analysed in order for an analysis report to be filed.

Taking all the evidence into account, the prosecution failed to prove their case to the required standard in counts four to six as charged. The accused persons are acquitted as charged as per the provisions of Section 215 of the CPC.



HON C M NJAGI

SENIOR RESIDENT MAGISTRATE

Dated, signed and delivered in Nairobi on 27th May 2022

In the presence of:

Ms Kihamba MB for KA
Ms Nune for State
1st - 3rd Accused persons
CIA Amen