THE ANTI—COUNTERFEIT BILL, 2008

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SCHEDULE - PROVISIONS AS TO THE CONDUCT OF THE BUSINESS AND AFFAIRS OF THE BOARD

A Bill for

An Act of Parliament to prohibit trade in counterfeit goods, to establish the Anti-Counterfeit Agency, and for connected purposes

ENACTED by the Parliament of Kenya, as follows–

PART I – PRELIMINARY

Short title and commencement.

1. This Act may be cited as the Anti-Counterfeit Act, 2008, and shall come into operation on such date as the Minister may, by notice in the Gazette, appoint.

Interpretation.

2. In this Act, unless the context otherwise requires–

"Agency" means the Anti-Counterfeit Agency established under section 3;

Cap. 469

"Commissioner" shall have the meaning assigned to it under the Kenya Revenue Authority Act;

"complainant" means a person who is entitled to lay a complaint under section 33(1), or who has laid such a complaint;

"counterfeiting" means taking the following actions without the authority of the owner of any intellectual property right subsisting in Kenya or elsewhere in respect of protected goods—

(a) the manufacture, production, packaging, re-packaging, labelling or making, whether in Kenya or elsewhere, 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 or elsewhere, 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 or elsewhere, in violation of an author's rights or related rights;

"counterfeit goods" means goods that are the result of counterfeiting, and includes any means used for purposes of counterfeiting;

"counterfeit goods depot" means a place designated as such under section 29;

"document" includes a tape recording, a photograph and any electronic or magnetic or other medium on, in, or by means or by way of which, images, sound, data or information may be stored;

"exporter" includes any person who, at the relevant time–

(a) is the owner or is in control or possession of any goods exported or to be exported from Kenya;

(b) carries the risk for any goods so exported or to be so exported;

(c) represents that, or acts as if, he is the exporter or owner of any goods so exported or to be so exported;

(d) actually takes, or attempts to take, any goods from Kenya;

(e) has a beneficial interest, in any manner or of any nature whatsoever, in any goods so exported or to be so exported; or

(f) acts on behalf of any person referred to in paragraph (a), (b), (c), (d) or (e) above, and, in relation to imported goods destined for exportation from Kenya, includes the manufacturer, producer, maker, supplier or shipper of those goods or any person inside or outside Kenya representing or acting on behalf of such a manufacturer, producer, maker, supplier or shipper;

"importer" includes any person who, at the relevant time–

(a) is the owner or is in control or in possession of any goods imported or

to be imported into Kenya;

(b) carries the risk for any goods so imported or to be so imported;

(c) represents that, or acts as if, he is the importer or owner of any goods so imported;

(d) actually brings, or attempts to bring, any goods into Kenya;

(e) has a beneficial interest, in any manner or of any nature whatsoever, in any goods so imported or to be so imported;

(f) acts on behalf of any person referred to in paragraph (a), (b), (c), (d) or (e) above;

"inspector" means a person appointed as such under section 22;

"intellectual property right" includes–

No. 12 of 2001

(a) any right protected under the Copyright Act, 2001;

Cap. 326

(b) any plant breeders' right granted under the Seeds and Plant Varieties Act;

Cap. 506

(c) any right protected under the Trade Marks Act; and

No. 3 of 2001

(d) any right protected under the Industrial Property Act, 2001;

"Minister" means the Minister for the time being responsible for trade and industry;

"owner" in relation to an intellectual property right, includes a person who has the capacity in law to enforce the intellectual property right in his own name;

"package" means any container, wrapping or outer cover and the contents thereof, or any bundle or single piece in the case of unpacked goods;

"prescribed" means prescribed by regulations made under section 38;

"protected goods" means–

(a) goods featuring, bearing, embodying or incorporating the subject matter of an intellectual property right with the authority of the owner of that intellectual property right, or goods to which that subject matter has been applied by that owner or with his authority;

(b) any particular class or kind of goods which, in law, may feature, bear, embody or incorporate the subject matter of an intellectual property right only with the authority of the owner of that intellectual property right, or to which that subject matter may in law be applied, only by that owner or with

his authority, but which has not yet been manufactured, produced or made, or to which that subject matter has not yet been applied, with the authority of or by that owner, whichever is applicable;

"tools" include machinery and equipment;

"trade" includes business and profession; and

"vehicle" includes any motorcar, van, truck, trailer, caravan, cart, barrow, train, aircraft, ship, boat or other vessels, and any other vehicle, craft or means of conveyance of any kind whatsoever, whether self-propelled or not, as well as any pack animal.

PART II –ESTABLISHMENT, POWERS AND FUNCTIONS OF THE AGENCY

Establishment of the Agency.

3. (1) There is hereby established an Agency to be known as the Anti-Counterfeit Agency.

(2) The Agency is a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of–

(a) suing and being sued;

(b) taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;

(c) borrowing and lending money;

(d) charging fees for services rendered by it;

(e) entering into contracts; and

(f) doing or performing all such other things or acts necessary for the proper performance of its functions under this Act, which may lawfully be done by a body corporate.

Headquarters.

4. The headquarters of the Agency shall be in Nairobi.

Functions of the Agency.

5. The functions of the Agency shall be to–

(a) enlighten and inform the public on matters relating to counterfeiting;

(b) combat counterfeiting, trade and other dealings in counterfeit goods in Kenya in accordance with this Act;

(c) devise and promote training programmes on combating counterfeiting;

(d) co-ordinate with national, regional or international organizations involved in combating counterfeiting;

(e) carry out any other functions prescribed for it under any of the provisions of this Act or under any other written law; and

(f) perform any other duty that may directly or indirectly contribute to the attainment of the foregoing.

Board of the Agency.

6. (1) The management of the Agency shall vest in a Board which shall consist of–

(a) a Chairman appointed by the Minister;

(b) the Permanent Secretary in the Ministry for the time being responsible for matters relating to trade and industry or his representative;

(c) the Permanent Secretary in the Ministry for the time being responsible for matters relating to finance or his representative;

(d) the Attorney-General or his representative;

(e) the Director of Industry or his representative;

(f) the Commissioner for Customs and Excise or his representative;

(g) the Executive Director of Kenya Copyright Board or his representative;

(h) the Managing Director of Kenya Industrial Property Institute or his representative;

(i) the Managing Director of the Kenya Plant Health Inspectorate Service or his representative;

(j) the Managing Director of the Kenya Bureau of Standards or his representative;

(k) the Director of the Department of Weights and Measures or his representative;

(l) the Director of the Department of Public Health or his representative;

(m) the Director of Internal Trade or his representative;

(n) the Chief Executive of the Kenya Association of Manufacturers or his representative;

(o) the Executive Director appointed under section 10;

(p) three other persons appointed by the Minister, of whom –

(i) one shall have experience of not less than ten years in the field of industrial property rights;

(ii) one shall have experience of not less than ten years in fair trading and consumer protection matters;

(iii) one shall have experience of not less than ten years in the

copyright industry.

(2) A person shall not qualify to be appointed as Chairman under subsection (1) (a) unless such person is a holder of a degree in law or science from a recognised institution, and has at least five years working experience in the field of trade, industry or intellectual property.

Powers of the Board.

7. The Board shall have all powers necessary for the proper performance of its functions under this Act and in particular, but without prejudice to the generality of the foregoing, the Board shall have power to–

(a) formulate, with approval of the Minister, policies pertaining to the organisation, management and implementation of the objects of the Agency;

(b) control, supervise and administer the assets of the Agency in such manner as best promotes the purposes for which the Agency is established;

(c) determine the provisions to be made for capital and recurrent expenditure and for reserves of the Agency;

(d) receive any grants, gifts, donations or endowments on behalf of the Agency and make legitimate disbursements therefrom;

(e) enter into association with such other bodies or organizations within or outside Kenya as the Board may consider desirable or appropriate and in furtherance of the purposes for which the Agency is

established;

(f) open a banking account or banking accounts for the funds of the Agency; and

(g) invest any funds of the Agency not immediately required for its purposes in the manner provided for in section 21.

Conduct of business and affairs of the Board.

8. (1) The conduct and regulation of the business and affairs of the Board shall be as provided for in the Schedule.

(2) Except as provided for in the Schedule, the Board may regulate its own procedure.

Remuneration of Board members.

9. The members of the Board shall be paid such remuneration, fees, allowances and disbursements for expenses as may be approved by the Minister for the time being responsible for finance, on the recommendation of the Board.

Executive Director.

10. (1) There shall be an Executive Director of the Agency who shall be appointed by the Board, and whose terms and conditions of service shall be determined by the Board in the instrument of appointment or otherwise in writing from time to time.

(2) A person shall not be appointed as an Executive Director under this section unless such person–

(a) has a degree in law, science, information technology or business administration from

a recognized institution and has at least three years working experience in the relevant field; or

(b) has at least seven years' working experience in matters relating to trade or industry.

(3) The Executive Director shall–

(a) be an *ex-officio* member of the Board but shall have no right to vote at any meeting of the Board;

(b) be the secretary to the Board;

(c) subject to the directions of the Board, be responsible for the day to day management of the affairs of the Agency;

(d) be responsible to the Board generally for supervision of inspectors; and

(e) be responsible to the Board generally for the implementation of this Act.

Staff of the Agency.

11. The Board may appoint such officers, agents and other staff of the Agency as are necessary for the proper discharge of its functions under this Act or any other written law, upon such terms and conditions of service as the Board may determine.

The common seal.

12. (1) The common seal of the Agency shall be kept in the custody of the Executive Director or of such other person as the Board may direct, and shall not be used except upon the order of the Board.

(2) The common seal of the Agency, when affixed to a document and duly authenticated, shall be judicially and officially noticed, and unless and until the contrary is proved, any necessary order or authorization by the Board under this section shall be presumed to have been duly given.

(3) The affixing of the common seal of the Agency shall be authenticated by the signature of the Chairman of the Board and the Executive Director:

Provided that the Board shall, in the absence of either the Chairman or the Executive Director, in any particular matter, nominate one member of the Board to authenticate the seal of the Agency on behalf of either the Chairman or the Executive Director.

Delegation by the Board.

13. The Board may, by resolution either generally or in any particular case, delegate to any committee of the Board or to any member, officer, employee or agent of the Board, the exercise of any of the powers or the performance of any of the functions or duties of the Board under this Act or under any other written law.

Protection from personal liability.

14. (1) No matter or thing done by a member of the Board or by any officer, member of staff or agent of the Agency shall, if the matter or thing is done *bona fide* for executing the functions, powers or duties of the Agency, render the member, officer, employee or agent or any person acting on his directions personally liable to any

action, claim or demand whatsoever.

(2) Any expenses incurred by any person in any suit or prosecution brought against him in any court in respect of any act which is done or purported to be done by him under the direction of the Agency, shall, if the court holds that such act was done *bona fide*, be paid out of the general funds of the Agency, unless such expenses are recovered by him in such suit or prosecution.

Liability of the Board for damages.

15. The provisions of section 14 shall not relieve the Agency of the liability to pay compensation or damages to any person for any injury to him, his property or any of his interests caused by the exercise of any power conferred by this Act or by any other written law or by the failure, whether wholly or partially, of any works.

Liability for damage or loss on application of Act.

16. (1) Any person who suffers damage or loss caused by wrongful seizure, removal or detention of goods alleged to be counterfeit goods pursuant to a complaint laid with the Executive Director in accordance with the provisions of this Act, shall be entitled to claim compensation for the damage or loss suffered by him against the complainant:

Provided that compensation shall only be paid where the complaint was false or negligent or laid in bad faith.

(2) The Agency, inspector or person in charge of the relevant counterfeit goods depot shall be liable in respect of a claim mentioned in subsection (1) only if–

(a) in the seizure or removal of the alleged counterfeit goods, the inspector, or, in the detention and storage of those goods, the person so

in charge, depending on the circumstances, has been grossly negligent; or

(b) the inspector or the person so in charge, as the case may be, in the seizure, removal, detention or storage of those goods, acted in bad faith.

(3) Reference in subsection (2) (a) and (b) to an inspector or to a person in charge of a counterfeit goods depot shall be construed to include any person acting on the instruction or under the supervision of the inspector or the person so in charge, as the case may be.

PART III – FINANCIAL PROVISIONS

Funds of the Agency.

17. The funds and assets of the Agency shall comprise of–

(a) such moneys as may be appropriated by Parliament for the purposes of the Agency;

(b) such moneys or assets as may accrue to or vest in the Agency in the course of the exercise of its powers or the performance of its functions under this Act or under any other written law;

(c) such moneys as may be payable to the Agency pursuant to this Act or any other written law;

(d) such gifts as may be given to the Agency; and

(e) all moneys from any other source provided, donated or lent to the Agency.

Financial year.

18. The financial year of the Agency shall be the period of twelve months ending on the thirtieth of June in each year.

Annual estimates.

19. (1) At least three months before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Agency for that financial year.

(2) The annual estimates shall make provision for all estimated expenditure of the Agency for the financial year and in particular, shall provide for–

(a) the payment of salaries, allowances and other charges in respect of the officers, agents or members of staff of the Agency;

(b) the payment of pensions, gratuities and other charges in respect of retirement benefits payable to the members of staff of the Agency;

(c) the maintenance of the buildings and grounds of the Agency;

(d) the maintenance, repair and replacement of the equipment and other property of the Agency; and

(e) the creation of such reserve funds to meet future or contingent liabilities in respect of retirement benefits, insurance, replacement of buildings or equipment, or in respect of such other matters as the Board may deem appropriate.

(3) The annual estimates shall be approved by the Board before the commencement of the financial year to which they relate and, once approved, shall be submitted to the Minister for approval and, after the Minister's approval, the Board shall not increase the annual estimates without the consent of the Minister.

(4) No expenditure shall be incurred for the purposes of the Agency except in accordance with the annual estimates approved under subsection (3), or in pursuance of an authorisation of the Board given with prior written approval of the Minister, and the Minister for the time being responsible for finance.

Accounts and audit.

20. (1) The Board shall cause to be kept proper books and records of accounts of the income, expenditure, assets and liabilities of the Agency.

(2) Within a period of three months after the end of each financial year, the Board shall submit to the Controller and Auditor-General the accounts of the Agency in respect of that year together with–

(a) a statement of the income and expenditure of the Agency during that financial year; and

(b) a statement of the assets and liabilities of the Agency on the last day of that financial

year.

No. 12 of 2003

(3) The accounts of the Agency shall be audited and reported upon by the Controller and Auditor-General in accordance with the provisions of the Public Audit Act, 2003.

Investment of funds.

21. (1) The Board may invest any of the funds of the Agency in securities in which the Board may by law invest trust funds, or in any other securities which the Minister for the time being responsible for finance may, from time to time, approve.

(2) The Board may, subject to the approval of the Minister for the time being responsible for finance, place on deposit with such bank or banks as it may determine, any moneys not immediately required for the purposes of the Agency.

PART IV – INSPECTION

Appointment of inspectors.

22. (1) The Board shall, for purposes of enforcing the provisions of this Act, appoint such number of inspectors as the Board may consider appropriate and shall issue to them, in writing or in such form as may be prescribed, certificates of authority to act as inspectors.

(2) A person appointed as an inspector under subsection (1) shall—

(a) hold office subject to such terms and conditions as the Board may determine;

(b) have full police powers in the exercise of their duties under this

Act

(3) In addition to inspectors appointed under subsection (1), any member of the Board, police officer, authorised customs officer, trade development officer, industrial development officer, trade mark and patent examiner, seed and plant inspector, public health inspector, and inspectors appointed under the Standards Act, the Weights and Measures Act, the Copyright Act, 2001, the Food, Drugs and Chemical Substances Act and the Pest Control Products Act are hereby designated as inspectors for purposes of this Act.

Cap. 496
Cap. 513
No. 12 of 2001
Cap. 254
Cap. 346

(4) The Board may designate other public officers to be inspectors for purposes of this Act.

(5) The Board may amend or withdraw appointment of inspectors or designated inspectors under this section.

(6) Appointment of inspectors under this section shall be by notice in the Gazette.

Powers of inspectors.

23. (1) An inspector may at any reasonable time–

(a) enter upon and inspect any place, premises or vehicle at, on or in which goods that are reasonably suspected of being counterfeit goods are to be found, or on reasonable grounds are suspected to be or to be manufactured, produced or made, and search such place, premises or vehicle and any person found in such place, premises or vehicle, for such goods and for any other evidence of the alleged or

suspected act of dealing in counterfeit goods, and for purposes of entering, inspecting and searching such a vehicle, an inspector may stop the vehicle, wherever found, including on any public road or at any other public place;

(b) take the steps that may be reasonably necessary to terminate the manufacturing, production or making of counterfeit goods, or any other act of dealing in counterfeit goods being performed, at, on or in such place, premises or vehicle, and to prevent the recurrence of any such act in future:

Provided that those steps shall not include the destruction or alienation of the relevant goods unless authorized by an order issued by a court of competent jurisdiction;

(c) seize and detain, and, where applicable, remove for detention, all the goods in question found at, on or in such place, premises or vehicle;

(d) seize and detain, and, where applicable, remove for detention, any tools which may be used in the manufacturing, production, making or packaging of those goods or applying a trade mark or that exclusive mark on such goods;

(e) if he reasonably suspects that a person

at, on or in such place, premises or vehicle may furnish any information with reference to any act of dealing in counterfeit goods–

(i) question that person and take down a statement from him;

(ii) demand and procure from that person any book, document, article, item or object which in any way may be relevant to nature, quantity, location, source or destination of the goods in question, or the identity and address of anyone involved or appears to be involved as a supplier, manufacturer, producer, maker, distributor, wholesaler, retailer, importer, exporter or clearing and forwarding agent of, or other dealer in, the goods in question; and

(f) seal or seal off any place, premises or vehicle at, on or in which-

(i) the goods in question are found, or are manufactured, produced or made, either wholly or in part;

(ii) any trade mark, any exclusive mark or any work which is the subject

matter of copyright, is applied to those goods;

(iii) the packaging for those goods is prepared; or

(iv) the packaging of those goods is undertaken.

(2) Nothing in this section shall be construed as requiring a person to answer any question or give any information if to do so might incriminate him.

(3) An inspector may arrest, without a warrant, any person whom he suspects upon reasonable grounds of having committed any offence under this Act and may search and detain such a person:

Provided that no person shall be arrested under this section unless he obstructs or hinders the inspector or refuses to give his name and address to the inspector or to produce to him satisfactory evidence of his identity, or gives a name and address which the inspector has reason to believe to be false or it appears to the inspector that such a person may not be found or made answerable to justice without unreasonable delay, trouble or expense.

Obstruction and breaking of seal.

24. (1) A person who–

(a) willfully obstructs an inspector in the discharge of his duties;

(b) willfully fails to comply with any requirement properly made to him

by an inspector;

(c) without reasonable cause, fails to give to an inspector any assistance or information which the inspector may reasonably require of that person for the purpose of the performance of his duties under this Act; or

(d) in giving any such information as is mentioned in paragraph (c), makes any statement which he knows to be false or does not believe to be true,

commits an offence.

(2) A person who, without authority –

(a) breaks, damages or tampers with a seal applied by an inspector under this Act; or

(b) removes any goods, documents, articles, items, objects or things sealed or sealed-off by an inspector or detained or stored at a counterfeit goods depot under this Act,

commits an offence.

Duty of inspector upon seizure of goods.

25. (1) An inspector who has seized any suspected counterfeit goods in accordance with section 23 shall –

(a) forthwith seal, clearly identify and categorize the goods and prepare, in quadruplicate, an inventory of such

goods in the prescribed form and cause the person from whom the goods are seized to check the inventory for correctness, and, if correct, cause that person to make a certificate under his signature on each copy of the inventory and if the seized goods are removed under paragraph (c), the inspector shall endorse that fact under his signature on every copy of the inventory, in which case the inventory shall also serve as a receipt;

(b) furnish one copy of the inventory to the person from whom the goods are seized and another to the complainant, if any, within five working days after the seizure;

(c) as soon as possible, remove the goods, if transportable, to a counterfeit goods depot for safe storage, or, if not capable of being removed or transported, declare the goods to have been seized *in situ*, and seal off or seal and lock up the goods or place them under guard at the place where they were found, and thereupon that place shall be deemed to be a counterfeit goods depot; and

(d) by written notice, inform the following persons of the action taken by the inspector under section 23 (1) and of the address of the

counterfeit goods depot where the seized goods are kept–

(i) the person from whom those goods are seized; and

(ii) either the complainant, where the inspector exercised his powers pursuant to a complaint laid in accordance with section 33 (1); or

(iii) the person who, in relation to those goods, qualifies under section 33(1) to be a complainant, but who had not yet so laid a complaint at the time when the inspector exercised those powers on his own initiative in accordance with section 33(4).

(2) An inspector may require a complainant to disclose any additional information, which may be relevant to the action that has been taken.

(3) Any person aggrieved by a seizure of goods under section 23 may, at any time, apply to a court of competent jurisdiction for a determination that the seized goods are not counterfeit goods and for an order that they be returned to him.

(4) The court may grant or refuse the relief applied

for under subsection (3) and make such order as it deems fit in the circumstances, including an order as to the payment of damages and costs.

Evidence and presumptions.

26. (1) Copies of any statement taken down or other documentary evidence procured by an inspector in the course of exercising his powers under this Act, may be made available to a complainant upon an application in the prescribed manner.

(2) In any civil proceedings concerning an act of dealing in counterfeit goods by any person, it shall be permissible to present evidence about that person's conviction or convictions on account of an offence or offences founded on acts of dealing in counterfeit goods.

(3) A statement made by an inspector to the effect that the goods specified in the inventory attached to that statement are goods seized by him from a specified person at a specified place and on a specified date shall be *prima facie* evidence of the facts stated therein concerning the counterfeit goods or any act of dealing therein.

(4) Where the subsistence of an intellectual property right in respect of protected goods or any person's title to or interest in such intellectual property right is in issue in any civil or criminal proceedings concerning counterfeit goods, the substance of, title to or interest in such intellectual property right, where it is alleged to encompass the rights in respect of industrial property as contemplated in the definition of "intellectual property right" in this Act, may be proved in accordance with the provisions of the various industrial property legislation.

(5) Where the subsistence of intellectual property

right in respect of suspected counterfeit goods or the title or interest in intellectual property right is in issue, the complainant shall be presumed to be the owner of the copyright or the related right or, as the case maybe, the exclusive licensee of any such right, until the contrary is proved.

(6) Where a name or mark purporting to be that of the author of a work or the owner of copyright or related rights is either associated with copies of a work or other protected subject matter, or its related packaging, or appears in connection with a work or other protected subject matter, this shall be admissible as evidence of the fact indicated and such evidence shall be presumed to be correct, until the contrary is proved.

(7) Subsections (4), (5) and (6) shall not be construed so as to detract from the power of a court, in relation to any such matter or any aspect thereof–

(a) to require oral evidence to be given;

(b) to order that the evidence of a person who resides or is for the time being outside the area of jurisdiction of the court, be taken by means of interrogatories.

(8) Where any person who trades in protected goods featuring, bearing, incorporating or embodying the subject matter of particular intellectual property right is proved to have been found in possession of suspected counterfeit goods to which the subject matter of the same intellectual property right has been applied, it shall, in any civil or criminal proceedings concerning an act of dealing in counterfeit goods found in his possession, be presumed,

until the contrary is proved, that such person was in possession of the goods for the purpose of trade if the quantity of those goods is more than that which, in the circumstances, reasonably may be required for his private and domestic use.

Storage and access to seized goods.

27. (1) Goods that have been seized under section 23 (1) shall be stored and kept in safe custody at a counterfeit goods depot until the person in charge of the depot–

(a) is ordered by a court to return, release, destroy or otherwise dispose of those goods as specified in the order:

Provided that in case of counterfeit goods, such goods shall either be destroyed or returned to the country of origin if imported, at the expense of the local manufacturer or importer, as the case may be; or

(b) is directed by an inspector under section 28 to release the goods to the person from whom they were seized.

(2) Upon an application in the prescribed manner, goods seized under section 23(1) shall, within five working days, be made available for inspection by the complainant or prospective complainant, if any, the suspect or any other interested person, at the counterfeit goods depot at any reasonable time.

(3) Upon an application in the prescribed manner, the Executive Director may make a sample of the seized goods available within a period of five working days to the applicant for testing or analysis.

(4) An inspector may take, in the prescribed manner, samples of goods in reasonable quantities for testing or analysis.

Release of seized goods.

28. (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 sub-section (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.

(3) The court before which a person is charged with an offence under this Act shall, whether such person is convicted of the offence or not, order that any goods in his possession which appear to the court to be counterfeit goods or to be tools used or intended to be used for making counterfeit goods, be destroyed or otherwise dealt with as

the court may deem appropriate.

Counterfeit goods depot.

29. (1) The Board may, by notice in the Gazette, designate any place to be a counterfeit goods depot for the purposes of this Act.

(2) The Board shall appoint a fit and proper person to be in charge of a counterfeit goods depot.

Conduct of prosecutions. Cap. 75

30. (1) The Attorney-General may, pursuant to the provisions of the Criminal Procedure Code, appoint public prosecutors for purposes of cases arising under this Act.

Cap. 75

(2) The Board shall, for purposes of section 171 (4) of the Criminal Procedure Code, be deemed to be a public authority.

Disclosure of information and impersonation.

31. (1) If any person discloses to any other person–

(a) any information with respect to any manufacturing process or trade secret obtained by him in premises which he has entered by virtue of powers of entry conferred on him under this Act; or

(b) any information obtained by him in the performance of functions under this Act,

such person commits an offence unless the disclosure was

made in, or for the purpose of, the performance by him or any other person of the functions under this Act.

(2) If any person who is not an inspector purports to act as such, such person commits an offence.

PART V – COUNTERFEIT GOODS

Offences.

32. 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 or transit through or

tranship within or export from Kenya, except for private and domestic use of the importer or exporter as the case may be, any counterfeit goods;

(g) in any other manner, dispose of any counterfeit goods in the course of trade.

Laying a complaint.

33. (1) Any holder of an intellectual property right, his successor in title, licensee or agent may, in respect of any protected goods, where he has reasonable cause to suspect that an offence under section 32 has been or is being committed, or is likely to be committed, by any person, lay a complaint with the Executive Director.

(2) The complainant shall furnish, to the satisfaction of the Executive Director, such information and particulars, as may be prescribed, to the effect that the goods with reference to which that offence has allegedly been, or is being, or is likely to be, committed, *prima facie* are counterfeit goods.

(3) Where the Executive Director is reasonably satisfied–

(a) that the complainant is a person entitled to lay a complaint under subsection (1); and

(b) that–

(i) the goods claimed to be

protected goods, *prima facie* are protected goods; and

(ii) the intellectual property right, the subject matter of which is alleged to have been applied to the offending goods, *prima facie* subsists; and

(c) that the suspicion on which the complaint is based appears to be reasonable in the circumstances,

the Executive Director shall cause appropriate steps to be taken in accordance with section 23 (1).

(4) The preceding provisions of this section shall not preclude an inspector from taking any appropriate steps on his own initiative in relation to any act or conduct believed or suspected to be an act of dealing in counterfeit goods, provided the provisions of this Act are complied with.

(5) Nothing in this section shall preclude the Executive Director from causing appropriate steps to be taken in accordance with section 23 (1) in the event of an infringement of an intellectual property right for which no complaint has been lodged by the holder thereof in accordance with subsection (1) of this section.

Powers of the Commissioner.

34. (1) The owner of an intellectual property right, who has valid grounds for suspecting that the importation of counterfeit goods may take place, may apply to the Commissioner in the prescribed manner to seize and detain all suspected counterfeit goods which are–

(a) goods featuring, bearing, embodying or incorporating the subject matter of that intellectual property right or to which the subject matter of that right has been applied; and

(b) imported into or enter Kenya during the period specified in the application:

Provided that the period may not extend beyond the last day of the period for which that intellectual property right subsists.

(2) For purposes of sub-section (1), the applicant may furnish to the Commissioner –

(a) a specimen of the goods to which the subject matter of his relevant intellectual property right relates;

(b) sufficient information and particulars as to –

(i) the subsistence and extent of that intellectual property right; and

(ii) his title to that right.

(3) The Commissioner shall consider and deal with an application under sub-section (1) within three working days and may grant the application if satisfied on reasonable grounds that—

(a) the goods claimed to be protected are *prima facie* protected goods;

(b) the intellectual property right, the subject matter of which relates to the protected goods, *prima facie* subsists; and

(c) the applicant *prima facie* is the owner of that intellectual property right.

(4) When an application made under subsection (1) has been granted and notice thereof given under subsection (5), the counterfeit goods of the type with reference to which that application was made (hereafter called the stipulated goods), or suspected on reasonable grounds to be stipulated goods, and imported into or entering Kenya from time to time during the period determined by the Commissioner, which may be shorter than the period applied for, may be seized and detained by the customs authorities in accordance with the Customs Management Act, 2004 subject to subsections (6) and (7).

(5) The Commissioner shall, by notice in writing, inform the applicant whether the application has been granted or not, and–

(a) if granted, state the period during

which any stipulated goods being imported into or entering Kenya will be made subject to seizure and become subject to detention under subsection (4);

(b) if not granted, state the reasons for refusal to be granted.

(6) For purposes of acting under subsection (4) in relation to goods that are stipulated goods or suspected on reasonable grounds to be stipulated goods–

(a) an authorized customs officer shall seize the counterfeit goods or alleged or suspected counterfeit goods, in accordance with subsection (1) or (4);

(b) the following provisions will apply *mutatis mutandis* in relation to an authorized customs officer—

(i) the provisions in accordance with or subject to which the powers contemplated in section 33(4) may be exercised by an inspector so acting on his own initiative;

(ii) the provisions by which any other power or any right, function, duty, obligation, exemption, indemnity or

liability is conferred or imposed on an inspector so acting:

Provided that the Minister, at the request of the Minister for the time being responsible for finance acting on the recommendation of the Commissioner, may, by notice in the Gazette, exempt an authorized customs officer from any of the provisions made applicable by this paragraph if satisfied that there are suitable and appropriate alternative arrangements made by or under the Customs Management Act, 2004 that cover the purpose of the provision from which exemption is sought.

(7) Any person who suffers damage or loss caused by wrongful seizure, removal or detention of goods alleged to be counterfeit goods pursuant to an application made to the Commissioner shall be entitled to claim compensation for the damage or loss suffered by him against the applicant:

Provided that compensation shall only be paid where the application for seizure and detention was false or negligent or made in bad faith.

(8) The provisions of this Act shall not be construed so as to render the customs authority or any of its staff or agents liable for–

(a) any failure to detect or seize stipulated goods;

(b) the inadvertent release of any such

goods; or

(c) any action taken in good faith in respect of such goods.

(9) For purposes of this section, "customs authority" means the Kenya Revenue Authority established under the Kenya Revenue Authority Act.

Cap. 469

PART VI – MISCELLANEOUS

Penalties.

35. (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;

(b) in the case of a second or any subsequent conviction, to imprisonment for a term not exceeding fifteen years, or to a fine, not less than five times the value of the prevailing retail price of the goods, or both.

(2) A person convicted of an offence under section 24 or 31, shall be liable to imprisonment for a term not exceeding three years, or a fine not exceeding two million shillings, or both.

(3) A court that has convicted a person of an offence under section 32–

(a) shall, when considering which penalty to impose, take into account, *inter alia,* 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;

(b) may take into account, in mitigation of sentence, any evidence to the effect that such person had fully, truthfully and to the best of his ability disclosed to an inspector who investigated that offence, all information and particulars available to that person in relation to any or all of the following–

(i) the source from which the counterfeit goods involved in the commission of the offence, were obtained;

(ii) the identity of the persons

involved in the importation, exportation, manufacture, production or making of those counterfeit goods;

(iii) the identity and, if reasonably demanded, the addresses or whereabouts of the persons involved in the distribution of those goods;

(iv) the channels for the distribution of those goods.

(4) Where an offence under this Act which has been committed by a body corporate is proved to have been committed with the consent and connivance of, or to be attributable to, any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he as well as the body corporate commits an offence.

Exemption from stamp duty. Cap. 480

36. No duty shall be chargeable under the Stamp Duty Act in respect of any instrument executed by, or on behalf of, or in favour of the Agency, which, but for this section, the Agency shall would be liable to pay.

Regulations.

37. (1) The Minister may make regulations generally for the better carrying into effect the provisions of this Act.

(2) Without prejudice to the generality of the foregoing, the Minister may in such regulations prescribe–

(a) anything required by this Act to be prescribed;

(b) any inventory to be prepared or made under this Act;

(c) any matter necessary or expedient for the proper and effective control, management and administration of a counterfeit goods depot and the proper care of the goods detained therein;

(d) the manner and procedures for proper disposal of counterfeit goods;

(e) any other matter that may be necessary or expedient for the proper and effective administration of this Act.

SCHEDULE (r. 8)

PROVISIONS AS TO THE CONDUCT OF BUSINESS AND AFFAIRS OF THE BOARD

Tenure of office.

1. Any member of the Board, other than an *ex-officio* member shall, subject to the provisions of this Schedule, hold office for a period of three years, on such terms and conditions as may be specified in the instrument

of appointment, but shall be eligible for re-appointment, subject to a maximum of three terms of office.

Vacation of office.

2. A member of the Board, other than an *ex-officio* member, may–

(a) at any time resign from office by notice in writing to the Minister;

(b) be removed from office by the Minister if the member–

(i) has been absent from three consecutive meetings of the Board without the permission of the Chairman;

(ii) is convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding ten thousand shillings;

(iii) is convicted of an offence involving dishonesty or fraud;

(iv) is adjudged bankrupt or enters into a composition scheme or arrangement with his creditors;

(v) is incapacitated by prolonged physical or mental illness or is deemed otherwise unfit to discharge his duties as a member of the Board; or

(vi) fails to comply with the provisions of this Act relating to disclosure.

Meetings.

3. (1) The Board shall meet not less than four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.

(2) Notwithstanding the provisions of subparagraph (1), the Chairman may, and upon requisition in writing by at least five members shall, convene a special meeting of the Board at any time for the transaction of the business of the Board.

(3) Unless three quarters of the total members of the Board otherwise agree, at least fourteen days' written notice of every meeting of the Board shall be given to every member of the Board.

(4) The quorum for the conduct of the business of the Board shall be seven members including the Chairman or the person presiding.

(5) The Chairman shall preside at every meeting of the Board at which he is present but, in his absence, the members present shall elect one of their numbers to

preside, who shall, with respect to that meeting and the business transacted thereat, have all the powers of the Chairman.

(6) Unless a unanimous decision is reached, a decision on any matter before the Board shall be by a majority of votes of the members present and voting and, in the case of an equality of votes, the Chairman or the person presiding shall have a casting vote.

(7) Subject to subparagraph (4), no proceedings of the Board shall be invalid by reason only of a vacancy among the members thereof.

Disclosure of interest by Board members.

4. (l) If a member is directly or indirectly interested in any contract, proposed contract or other matter before the Board and is present at a meeting of the Board at which the contract, proposed contract or other matter is the subject of consideration, that member shall, at the meeting and as soon as practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter:

Provided that, if the majority of the members present are of the opinion that the experience or expertise of such member is vital to the deliberations of the meeting, the Board may permit the member to participate in the deliberations subject to such restrictions as it may impose but such member shall not have the right to vote on the matter in question.

(2) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting

at which it is made.

(3) A member of the Board who contravenes subparagraph (1) commits an offence and is liable to imprisonment for a term not exceeding six months, or to a fine not exceeding one hundred thousand shillings, or both.

Execution of instruments.

5. Any contract or instrument which, if entered into or executed by a person not being a body corporate, would not require to be under seal, may be entered into or executed on behalf of the Board by any person generally or specially authorized by the Board for that purpose.

Minutes.

6. The Board shall cause minutes of all resolutions and proceedings of meetings of the Board to be entered in books kept for that purpose.

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Bill is to prohibit trade and all manner of dealings in counterfeit goods.

PART I provides for preliminary matters.

PART II provides for the establishment, powers and functions of the Anti-Counterfeit Agency. The Agency is established as a body corporate and its management is vested in a Board which is to be composed of the members specified in clause 6. It also provides for the appointment of the Executive Director of the Agency who will be responsible for the day to day management of the affairs of the Agency. The Agency is the body charged with the implementation of this Bill once enacted into law.

PART III contains financial provisions in respect of the Agency. Clause 17 defines the sources of funds of the Board. These include money provided by Parliament, donations, gifts, any fees payable in respect of the functions of the Agency and contributions or grants received from various sources. Clause 19 provides for the preparation of annual estimates of the revenue and expenditure of the Agency while clause 20 provides for the auditing of the accounts of the Agency.

PART IV contains provisions on inspection. Clause 22 provides for the appointment of inspectors whose responsibility will be to inspect places and premises suspected of being utilised in dealing in counterfeit goods. Under clause 23, the inspectors will be required to take reasonable steps, including seizure and detention, to bring to an end any dealing in counterfeit goods. Clause 25 requires an inspector, once he has seized goods suspected to be counterfeit goods, to place those goods in a counterfeit goods depot after which he will apply to court for an order to dispose of those goods. Clause 29 provides for the establishment of counterfeit goods depot.

PART V provides for various offences under which a person can be charged for dealing in counterfeit goods and lays down the mechanism for lodging a complaint by a person whose goods are being counterfeited. The offences are provided for in clause 32 while the laying of a complaint is provided for in clause 33. Clause 34 empowers the Commissioner for

Customs and Excise to seize goods that have been imported into the country and which are suspected to be counterfeits.

PART VI contains miscellaneous provisions. Clause 36 provides for penalties for various offences under the Bill once it becomes an Act while clause 37 exempts the Agency from payment of stamp duty in respect of instruments executed by it or in its favour. Clause 38 empowers the Minister to make regulations for the better carrying into effect the provisions of the Bill once enacted into an Act.

The Schedule contains provisions as to the conduct of business and affairs of the Board of the Agency.

The enactment of the Bill shall occasion additional expenditure of public funds which shall be provided for in the estimates.

Dated the 23rd June, 2008.

HENRY KOSGEY,
Minister for Industrialization.