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Wrestling with Counterfeits in Africa and the Position of Unregistered

Trademarks: Republic v Anti Counterfeit Agency and Caroline Mangala t/a Hair Works Salona

For many African countries and Africa as a whole, one could easily say that the fate of fair competition and Intellectual Property (IP) rights protection in trade development is largely dependent on the fight against counterfeits.

This stream of consciousness comes in the wake of reports of the high volumes of counterfeit goods in Africa. According to a 2017 joint report from Organization for Economic Cooperation and Development (OECD) and the European Intellectual Property Office (EUIPO), 3.3% of world trade is in fake goods, whilst the World Health Organization (WHO) reports that 42% of fake drugs reported from 2013 to 2017 were from Africa. The International Chamber of Commerce puts the nail on it by projecting that the value in the rise of counterfeits in Africa by 2022 could be as high as \$991 billion. All these facts point to the issue that counterfeit goods in African countries are not just cutting down the revenue of businesses but are also threatening the sustenance and development of IP rights.

Fortunately, in Kenya, the government took a decisive step in 2008 to pass into law the maiden Anti-Counterfeit Act (Act) and IP right owners, both local and foreign would be thankful for this brave step. It is because of this important piece of legislation and the case of Republic v Anti Counterfeit Agency and Caroline Mangala t/a Hair Works Salon, that the war against counterfeits in Kenya has gotten a recent boost.

The Facts of the Case

Caroline Mangala, trading in the name and style of “Hair Works Salon” (Applicant) has a shop in Nairobi, where she traded in beauty and cosmetic products. These products were counterfeits of the Makari De Suisse, a brand created and well-known with the Complainant (JO Global Venture Limited) in this case. The Respondent is the Anti-Counterfeiting Agency established under the Counterfeit Act to investigate counterfeiting activities in Kenya and prosecute the same. The Complainant had lodged a complaint with the Agency about the counterfeit goods being sold by the Applicant and relying on the information, the officers from the Agency conducted a raid and took inventory of the seized goods.

The Issues Raised for Determination

To challenge the actions of the Agency, the Applicant relied on two major arguments:

- *That she had obtained necessary approval from the Kenya Bureau of Standards (KEBS), the relevant Authority for certifying the standard/quality of the product.*
- *That the name or brand of the Complainant was an unregistered trademark and did not qualify for the protection afforded registered trademarks under Section 5 of the Trademarks Act or under Section 23(db) of the Anti-Counterfeit Act.*

Substandard Products Vs. Counterfeiting: Explaining the Court’s Decision

In her arguments, the Applicant contended on the evidence of an approval report from the KEBS, that her goods had passed the test required for standard products and therefore, could not be regarded as a counterfeit.

The Court, in agreeing with the Respondent, discountenanced the Applicant’s argument on the ground that the two Agencies performed different functions. The KEBS is charged with the responsibility of certifying the standard of products while the Agency has the responsibility to investigate and combat counterfeits. The court, relying on the definition of “counterfeiting” in the Act ruled that a product can be standard but counterfeit or substandard and not counterfeit or substandard and counterfeit.

In the context of this case, the Court summed up the definition of “counterfeiting” as infringement on IP rights.

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Tolu is resourceful with the different laws and regulations concerning the protection of IP rights in Africa. She has been involved with several registration of trademarks in the two-regional system in Africa: OAPI and ARIPO and other Africa countries.

She is passionate about Intellectual Property protection and enforcement in Africa and always glad to provide solutions to clients’ issues.

Her exploits have contributed to her JEE’s recognition as the IP and Technology Firm of the Year 2016 by the Africa Law Digest Awards, Intellectual Property Team of the Year by the Nigeria Esquire Legal Awards for 2016, 2018 and 2019. With a large team comprising of some of Nigeria’s most brilliant and creative legal minds, JEE provides bespoke solutions for the management, commercialisation and protection of IP, anti-counterfeiting, IP opposition, litigation, and audit, etc.

The Locus Standi of Unregistered Trademark Owners in Cases of Counterfeits

The most hotly contested and perhaps the foundation of the Applicant’s argument was that the IP right which was claimed by the Complainant to be infringed upon was unregistered and therefore, non-existent. A search conducted at the Trademark Registry revealed that the Complainant only filed for its trademark registration in 2018 and the status was still pending. The Court, firstly commenting on the failure of the Applicant to join the Complainant in the action as a necessary party to the determination of the case, pointed out that the common law right of IP protection in well-known trademarks is recognized in Kenyan legal jurisprudence. Further to this, a trademark owner, although with its trademark unregistered but armed with evidence of use, goodwill, and reputation has the locus standi to maintain an action of Passing Off against any infringing party or counterfeiter. Therefore, IP rights under the Act cannot be strictly construed to only mean registered owners since the spirit of the legislation and intent of the Parliament (literary & mischief rule) was to combat counterfeits of IP rights in the Kenyan economic system.

Could it Have Gone South?

A pertinent question to ask is whether the court would have reached the same decision had the Applicant contested the proprietorship of the trademark with evidence and joined the Complainant as a Respondent?

Conclusion: Benefits of Trademark Registration

One of the vital lessons to draw from the Kenyan case was that the proprietorship of the trademark was never in dispute. It is perceived that the court would have considered this matter differently if the Applicant had joined the complainant in the suit and challenged her proprietorship with evidence of prior use. It is also viewed that brand owners need to be more proactive and decisive about trademark registration. Local and foreign brand owners with interests in the African market should first of all; conduct searches and seek registration of their trademarks before entry into the market. Thus, as an IP specialist, I am available to assist with the protection and enforcement of trademarks in Africa.

In all, it is crystal clear that for local industries and foreign trade investments to thrive in jurisdictions across Africa, the government (legislature, executive and judiciary) must take the matters head on and prevail in the war against counterfeits. Thus, it is hoped that the incoming Agreement on African Continental Free Trade Area (AfCFTA) would address these concerns with a single and decisive voice.

Although a question of facts, such contest would have been laid to rest if the brand owner had secured her goodwill and reputation with a trademark registration. Proof of trademark registration is always a better and stronger route to enforcement of IP rights against counterfeiters.

What to Know in Other African Jurisdictions

Nigeria

Nigeria remains the most populous country in Africa and an attractive market for counterfeit goods produced locally and imported. Unlike Kenya, Nigeria does not have a single or uniform legislation that addresses the problem of counterfeiting. Thus, IP rights owners have to rely on different law enforcement agencies and legislations to protect their brands. The situation is even more difficult due to porous borders, weak administrative controls, government bottlenecks, corruption and collusion, and many more. However, the situation is quite better for brand owners who are proactive about registration of their IP rights with relevant government institutions. This is because it is easier to enforce IP rights when there is evidence of statutory ownership such as trademark certificates, letters of patent, industrial design certificates, etc.

Ghana

Like Nigeria, Ghana also lacks a specific legislation on counterfeits and brand owners have to rely on several IP legislations to be able to enforce their IP rights and defend same.



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¹OECD, "Trade in fake goods is now 3.3% of world trade and rising", (2019) accessed via <https://www.bbc.com/news/world-africa-51122898>
²Paul Mwai, "Fake drugs: How bad is Africa's counterfeit medicine problem?" (2020) accessed via <https://www.bbc.com/news/world-africa-51122898>
³ICCWBO, "The Economic Impacts of Counterfeiting and Piracy – Report prepared for BASCAP and INTA" (2017) accessed via <https://iccwbo.org/publication/economic-impacts-counterfeiting-piracy-report-prepared-bascap-inta/>
⁴No. 13 (2008)
⁵(2019) eKLR, accessed via <http://kenyalaw.org/kenyalaw/cases/view/185214/>
⁶S. 3 of the Act
⁷There are rather several government agencies that regulate the standard of products sold in the local market but are weak against IP counterfeits e.g. NAFDAC, EFCC, the Police, SON, etc. The Customs are yet to fully cooperate and coordinate with the IP national offices with a view to bring the perpetrators to justice.
⁸The second round of negotiations which had begun in 2019 is expected to address issues in the IP space with regard to the Continental Agreement.