

Court of Appeal upholds High Court decision in *Doshi* case Kenya - **Bowmans**

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Kenya Revenue Authority (KRA) v Doshi Iron Mongers [2016] eKLR (Civil Appeal 162 of 2006) was an appeal by the KRA (or the appellant), a statutory body which assesses, collects and accounts for all revenues for the Kenyan government. The KRA was appealing against the judgment in *Doshi Iron Mongers Ltd v Weights and Measures Department* [2006] eKLR (High Court Case 1206 of 2004) that found in favour of Doshi, a private Kenyan company dealing in general merchandise.

Doshi sued the KRA alongside other state agencies (Weights and Measures Department, Kenya Industrial Property Institute and Kenya Bureau of Standards) for frequently raiding its warehouses in Nairobi and Mombasa between 1996 and 2004 without lawful cause and seizing its goods. Following the raids, the KRA would then institute criminal proceedings against Doshi, alleging it had been dealing in counterfeit goods. However, the complainants, who were called as witnesses in the criminal proceedings, were unable to identify any counterfeits from the goods seized at Doshi's premises. On these facts, Doshi prayed for various declarations of their rights, an injunction barring the KRA and its fellow respondents from infringing on Doshi's rights, special damages and general damages.

In its response, the KRA, the coordinator of the Anti-counterfeit and Substandard Products Secretariat, asserted that the raids were properly conducted by the secretariat which was formed to coordinate the fight against counterfeit products. It was also the KRA's interpretation that Section 5 of the Customs and Excise Act empowered its officers to search premises, arrest suspects and require production of documents and information to ascertain whether duty had been paid or any other statute had been violated.

In making its determination, the High Court of Kenya noted that the KRA officers appointed under the Customs and Excise Act had no authority to enforce trademark or other related infringements as they attempted to do in this case. The right to enforce a trademark, the court stated, belonged solely to the owner of that mark in accordance with Section 7 of the Trademarks Act. The court also noted that customs officials are ill-equipped to identify counterfeit goods by sight – only a trademark holder can clearly identify any infringement and lodge a complaint against the same. This observation reflected the situation on the ground.

The Court of Appeal, in support of the High Court, stated that the words 'counterfeit', 'contraband' and 'uncustomed' are not synonymous, as the appellant used them interchangeably in defending the raids.

The Court of Appeal also agreed with the High Court that the secretariat had no legal mandate or statutory foundation. This is evident from the history of the secretariat. It was an impromptu unit formed by the Kenyan government and private sector players to deal with issues of counterfeiting and piracy at a time when there was no proper legal framework for the protection and enforcement of IP rights. The Court of Appeal held that the law did not empower the secretariat to enforce IP rights without a valid or genuine claim by the right holder. The KRA had therefore violated Doshi's rights and the orders made by the High Court, for payment of general damages of KSh 3.5 million and for the return of all seized goods, were upheld.

This judgment has provided clarity on the status of the secretariat. It is not a body in law but one created out of necessity to meet an urgent need. With the passing of the Anti-counterfeit Act which established the Anti-counterfeit Authority and a procedure by which KRA can seize goods alleged to be counterfeit, the secretariat has become superfluous. It has outlived its use but needed the official conclusion that this judgment so ably provided.

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