

THE ANTI-COUNTERFEIT GOODS AND SERVICES BILL, 2023



INTRODUCTION

In July 2023, Members of Parliament, Hon. Asuman Basalirwa and Hon. Jonathan Ebwalu, introduced the Anti-Counterfeit Goods and Services Bill of 2023 (referred to as the Bill). This Bill, inter alia, aims to ban counterfeit goods that infringe on intellectual property, focusing on copyrights and trademarks.

This article examines the implications of the Bill on the goods and services manufactured, produced, imported, and distributed in Uganda among other things. The article also weighs in on other similar laws in the region and analyses their similarities and differences to the Bill in order to draw recommendations that may be adopted by the legislators to realize the full potential of the Bill.

EXISTING LAW

Currently, the Copyright and Neighboring Rights Act, 2006, the Trademarks Act, 2010 and the East African Community Customs Management Act (EACCMA), 2004 make provisions for counterfeiting goods.

Specifically, section 47 of the Copyright and Neighbouring Rights Act prohibits the unauthorized publication, distribution of copyright work or the performance, broadcasting importation of protected works. Section 71 of the Trademarks Act, 2010 prohibits the counterfeiting of trademarks, and section 18(a), paragraph 12 of Schedule A of the EACCMA prohibit importation of all kinds of counterfeit goods.

Nevertheless, these legal provisions fall short majorly because they do not provide for an implementing body or bodies to combat counterfeiting and the definitions of counterfeiting in the aforementioned statutory provisions are limited and do not cover a range of other actions that could constitute counterfeiting. Among these actions are the manufacture, production, composition, blending, processing, treatment, packaging, re-packaging, labelling, selling, or marketing of counterfeit goods. Additionally, these provisions hardly provide for counterfeit services and which actions may add up to counterfeiting services.

As a result, of these inadequacies in the law, there has been a hindrance to innovation, legitimate trade, and public safety.

Thus, owing to these defects in the legal framework and their far-reaching effects, there was a need for the legislators to formulate a profound law that specifically addresses counterfeit goods and services, provides for a broad definition of counterfeiting, and provides for a collaboration of all implementing bodies to fight counterfeiting of goods and services.

It is also pertinent to note that there have been several previous attempts to enact anti-counterfeit law especially in the years 2010 and 2015. However, this did not come to fruition for various reasons. For instance, in 2010, there was a fear that the anticipated East African Anti-Counterfeit Bill of 2010 would supersede all national legislations hence the focus should have been diverted to perfecting the regional legislation over the national one. In 2015, there were arguments that the existing laws were insufficient and there was indecision regarding the institution, which would be in charge of enforcement.

OBJECTIVES OF THE BILL

The Bill aims to address an array of issues and among them are;

- a) To establish regulatory framework to combat dealings in counterfeit goods and services.
- b) To provide an extensive definition of counterfeiting.
- c) To provide for the functions and powers of the implementing bodies.
- d) To eliminate the risks and dangers that result from consuming counterfeit goods through the promotion of the buying and selling of genuine and quality products.
- e) To create the offences and penalties for the manufacture, production, packaging, repackaging, labelling, marketing, blending, processing, treatment, importation, and exportation of counterfeiting of goods and services.
- f) To encourage intellectual property holder and the private sector to contribute in the efforts against counterfeiting of goods and services.
- g) To establish a cost-efficient inter-government collaboration against counterfeiting of goods and services.

KEY ELEMENTS OF THE BILL

Counterfeit Services

Among the notable developments of the Bill is the addition of counterfeit services. One hardly thinks of services when talking about counterfeiting. The interpretation clause then proceeds to define what may constitute counterfeiting services. Counterfeiting services includes;

- a) the production, reproduction, copying, duplication, distribution, or redistribution of a service,
- b) the sale, offer for sale, availing, making available or streaming of any service to a member of the public, or
- c) the communication, transmission, broadcasting, downloading or the utilization of the service without the authority of the owner or licensee of intellectual property rights in respect of the services.

Counterfeiting Defined

Under the interpretation clause (section 2 of the Bill), the definition of counterfeiting is broken down to encompass various aspects because fitting the definition in one sentence would limit the scope of what needs to be covered.

Considering goods, the Bill has given a wide description of the actions that make up counterfeiting of goods and these include: the manufacturing to cover manufacturing, production, packaging, importation, sale, re-packaging, labelling, marketing, blending, processing, treatment and exportation of goods or services which are subject to intellectual property rights; the provision of which is regulated by law; and for which standards have been prescribed by a national standards body or any other body authorized by law to set standards.

The Bill makes a number of provisions to further the aims and objectives for which it was formulated, and they are examined below.

The Implementing Bodies

These are provided for under Section 4 of the Bill and listed under Schedule 2. Some of these bodies include; the Uganda Registration Services Bureau, Plant Varieties Protection Committees, Uganda Revenue Authority, Uganda National Bureau of Standards, among others.

For an implementing body or authorized officer acting in good faith, no proceedings or suit shall be brought against them.

Powers of the Implementing Bodies

These are provided for under section 5 of the Bill and they include the power to enter and inspect premises or vehicles upon complaints, the power to take reasonable steps to terminate the dealings in counterfeit goods and the power to seize goods suspected to be counterfeit and the tools used to produce them. However, the reasonable steps shall not extend to destruction or alienation except when authorized by court.

The court shall order compensation for goods and services destroyed on the presumption that they were perishable, dangerous or a risk to health but this is disproved after conducting an inquiry.

Cooperation With Other Agencies.

The implementing body shall collaborate with police and other agencies or organizations to fulfill its functions. One of these private agencies could be the Anti-Counterfeiting Network (ACN).

Treatment of Seized Goods.

After seizing goods, the implementing body shall prepare inventory of the goods, provide a copy of the inventory to person from whom the goods were seized and take the goods to a place of safe custody at the cost of the person from whom they were seized if transportable or seal off and lock up goods that are not transferable. This should occur within five working days from the day of seizing the goods.

Any person aggrieved by the seizure may apply to court for a declaration that the goods are not counterfeit and an order for them to be returned. However, the court reserves the discretion to grant or reject the application for a declaration and subsequently make any orders necessary.

Storage of Seized Goods.

Seized goods should be kept in safe custody. The seized goods shall stay in custody until the court orders for their return, release, destruction, or disposal. The implementing body may also take reasonable samples for testing.

Upon ascertaining that the goods are not counterfeit they shall be returned to the person from whom they were seized.

Upon conviction of any of the offences in the Bill, the court may order such person to relinquish the goods to the state once they are confirmed to be counterfeit or destroyed if they are a risk to public health.

Forfeiture of Goods

After court orders for forfeiture of goods, the goods shall be destroyed after three months from the date of the decision by implementing body or they shall be returned to the country of origin for goods that were imported.

Before destroying the goods required to be destroyed, there should be environmental impact assessment.

A person from whom the goods are seized shall bear the costs for destruction or re-export of the counterfeit goods.

Any aggrieved person may seek for redress.

Suspension, Termination, Forfeiture, and Restoration of Services

If an implementing body suspends services, the person responsible for the services shall be informed in writing the reasons for the suspension of services not later than five days.

The implementing body shall ascertain whether services are counterfeit, terminate services, confiscate the equipment or tools used in the services and transport confiscated equipment or tools to safe custody before the five days from the date of suspension elapse.

Once services are suspended, they shall remain suspended until the court orders permanent termination or restoration.

The confiscated equipment and tools used in services shall stay confiscated until court orders forfeiture to the state or restoration to the person from whom they were confiscated.

Once suspended services are ascertained to be counterfeit, the implementing body which suspended the services may permanently be removed from being available to the public.

Offences

The Bill under section 12 provides for the offences in dealing with counterfeit goods and services.

Upon convicting a person, the court may order forfeiture to the state, destruction of counterfeit goods and services that are dangerous to health skill, equipment and tools, closure of premises where the offence was carried out, removal of any counterfeit goods and services from premises, disqualifying the offender from practicing and cancellation of a trading license or permit.

A court that convicts a person of an offence under this section may:

- a) When considering which penalty to impose, bear in mind the risk to human or life, dangers or health or safety to property, whether movable or immovable.
- b) In mitigation of the sentence, take into account, any evidence to the effect that that person, fully, truthfully and to the best of his or her knowledge, had disclosed to the implementing body or authorized officer who investigated that offence, all information and particulars available to that person in relation to any or all of the source of counterfeit goods and services, the persons dealing in counterfeiting, the identity and addresses of distributors and the channel for the distribution of the counterfeit goods and services.

Disposal of Fines

The fines imposed and recovered by the courts in respect of the contravention of any of the provisions of the Bill or of any regulations made under the Bill shall be distributed in a way that both the owner or licensee and Consolidated Fund shall get fifty percent (50%) each.

Other Key Elements

Authorized officers shall be appointed by the Minister of Justice & Constitutional Affairs and the Minister responsible for the relevant implementing body. The implementing body can designate any of its functions to an authorized Officer. This law shall prevail and take precedence over any other conflicting laws.

COMPARATIVE ANALYSIS

In the region, other countries also enacted anti-counterfeit laws albeit earlier than Uganda. For instance, Kenya and Tanzania both enacted its Anti-Counterfeit Act, No. 13 of 2008 and the Merchandise Marks Act of, respectively.

Objectively, the Ugandan Bill bears more similarities with Kenyan Act between the two statutes.

The Kenyan Anti-Counterfeit Act, No. 13 of 2008

Much of the provisions of the Kenyan Act are mirrored by the Bill.

However, there are two outstanding differences between the two. These are:

1. Under the Kenyan Act, section 3 establishes the Anti-Counterfeit Authority, which is responsible for implementing the functions listed under the Act whereas in the Bill, there is no sole authority or body established to implement the functions in the Act rather a number of implementing bodies are enlisted for that purpose under Schedule 2.
2. The Bill provides for counterfeiting and counterfeit services whereas the Kenyan Act is silent.

The Merchandise Marks Act of Tanzania

The Tanzanian Act holds little similarity with the Bill in the sense that it governs the use of marks and trade descriptions in relation to merchandise and other related marks whereas the Bill covers a broader ground considering counterfeiting not merely concentrating on trademarks.

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