

BRAND
empowering people to choose



Case Study - Kenya Publishers Association Enforcement; Moving from Data to Action

February 2018

1. Introduction

Background

Kenya's publishing business, the biggest in the region, is threatened by piracy and illegal imports. The government of Kenya is not able to cope in stopping the flood of fake copies of books. Defrauded consumers are exposed to poor product performance or other risks through funding of illegal/criminal activities.

As far back as 2013, it was believed that close to Kshs 2 billion was lost to book piracy¹. The biggest challenge is that quick-selling titles are reprinted without the publisher's permission and sold wholesale/retail shops or schools by the 'entrepreneurs' at lower trade discounts. At times, booksellers will collude with rogue printers to reprint these fast-selling titles and will quickly supply school orders before the peak selling period (January to March) is over. Some of this printing is done overseas in countries such as India and China. Additionally, some printers will overrun publishers' orders and channel the extra copies into the market via 'willing' booksellers and at attractive discounts. Also, there is involvement of rogue staff in the piracy racket.

Companies often employ one or all (at the same time) brand protection techniques through targeting consumer behaviour influences of warnings statements and technical package label specifications, including tamper resistance packaging (for tamper evidence). In the example of publishers, various responses have been adopted in response to the vice – mostly in the form of holograms. Other publishers have also adopted other security features, holograms and watermarks but these have not deterred piracy. Even in other sectors, litigation has been problematic because there was heavy reliance on 'expert witnesses' who could distinguish between genuine and counterfeit products. In any case, on the part of the consumers – which is where it matters most, making this distinction is almost impossible. Holograms require expertise to distinguish – they have not prevented infringing products from deceiving customers² and exposing them to poor and in many cases harmful products.

In 2016, KPA launched a 'Say No To Piracy' Campaign – it was a first and aimed at curbing piracy through the use of unique, single-use PINs appearing on every book. Using mobile technology, this initiative makes it possible for parents, teachers and students to clearly distinguish between pirated and genuine books by tracking each and every uniquely serialized book. The distinction facilitates police enforcement and subsequent prosecution.

Purpose

This document outlines a project by Brand ID technologies that included the systematic collation of data, and how our team moved from data to skilled investigations and enforcement that has yielded outcomes in the post-enforcement stage.

2. Case Study

Methodology

The diagram below summarizes the overall methodology employed for the case study and which is the overall proposed for KPA

¹ Daily Nation, 2013. <http://www.nation.co.ke/news/Publishers-sound-alarm-over-piracy/1056-1703508-25k8uvz/index.html>

² Daily Nation 2017. Fake Mathematics Log tables were discovered in Kisii town on Monday 28/07/2017 which is very damaging for exam candidates if they contain the wrong information. <http://www.nation.co.ke/news/education/Alarm-as-fake-maths-books-flood-market-/2643604-4077484-ilck8gz/index.htm>



Figure: Methodology

1. Data dive

Having looked at the data over a period of 1 year:

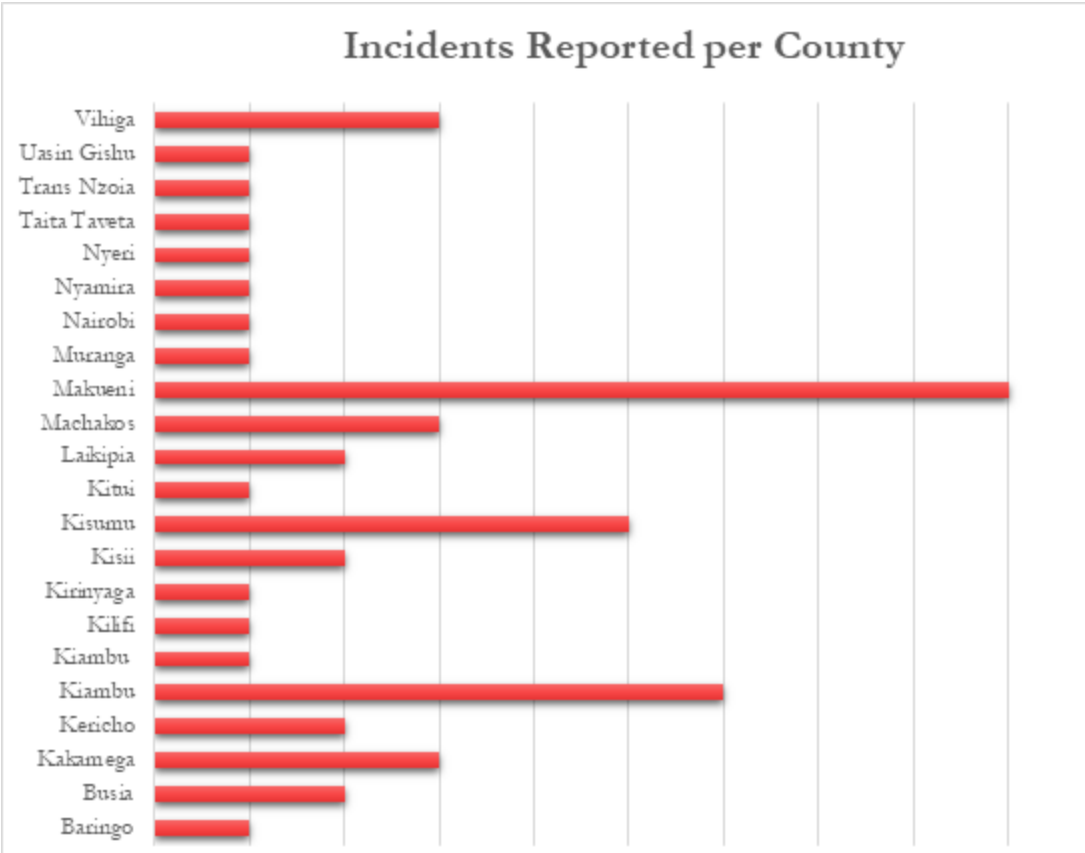
1. There were counterfeit PINs being verified multiple times in the system.
2. The preliminary investigations also confirmed what the data had indicated – that piracy vice was rampant.

To collect data, we identified the invalid PIN verifications and flagged the response for this PINs specifically to request additional data via SMS from the consumers, namely that they report: where the books had been purchased. Below are the main observations from the data.

1. Per day on average for 54 books were counterfeit and 163 were genuine
2. 1 in every 4 books that had a tag was counterfeit.
3. It is not apparent from the data what quantities occur for photocopied tags (unscratchable) or untagged.
4. Counterfeit tags appeared to be placed across multiple titles.

2. Investigations and prioritization

The incidents reported for the duration of the project were spread across the country as shown in the figure below.



As a result, Makeni was highly prioritized for enforcement.

The enforcement team discovered 3 main ways in which piracy manifests is shown in the diagram below.

1. Pirated book sold more expensively than the original book (no CHKTAG applied)

2. Figure: A completely Fake PIN via a Counterfeited CHKTAG



3. Figure: No scratch panel – a black strip in the place of

3. Enforcement

In summary, where a raid was successfully conducted, the targeted key infringers were arrested and the infringing products ceased by the regulatory officials. To facilitate a successful raid/enforcement process, brand owners were contacted and retained the services of a legal firms, and/or brand protection firm to provide technical supports and external professional assistance to the relevant regulatory agencies during this phase.

4. Outcomes.

Upon completion of the enforcement phase, the next step was to commence the post enforcement phase. This is another critical stage for a successful enforcement campaign as it is key to deterring (and in some cases) punishing the infringers, while extracting monetary damages. The steps under this phase may include criminal prosecution or civil action.

Criminal Prosecution

Usually, the relevant regulatory agency, for instance, (Kenya Copyright Board) KECOBO or the Anti-Counterfeit Agency (ACA) at this stage initiates the prosecution of the key infringer under the applicable law. However these agencies appear unable to pursue these infringements effectively. Thus, as individual right owners it would be upon us as the agents to pursue this course. This may be at the High Court, or at the Magistrate Court depending on the jurisdiction.

Furthermore, at this stage, external legal counsel is usually retained by the brand owner to provide technical support to the prosecuting officers and “watching brief” on behalf of brand owners in criminal matters. The brand owner may also initiate private criminal proceedings (with the fiat of the Attorney-General) where necessary.

From experience, the aim of the criminal prosecution is not majorly to jail the infringers, but to extract a cease and desist undertaking from the infringer. Experience has also shown that such infringers where properly managed, may turn around and serve as informants to the brand owner on other potential violations. During the pilot, the investigation was done from data analysis and arrests were made both in Makeni and Nairobi County. The Police were assisted in formulating the Charge sheet particularly the relevant Sections of the Anti-Counterfeit Act and The Copyright Act to ensure Maximum Penalties would be imposed.

The Court deferred the sentencing in Makeni to 15th February 2018 after the owners of the bookshops plead guilty. In Nairobi the arrested parties have a court date on 7th February 2018. One of the cooperating parties may assist in establishing the source of the products and with such cooperation, the complaint may be withdrawn. The rest did not turn up in court on the named date and a warrant of arrest was issued by the court.

During the pendency of the cases against the offenders, they can be monitored, to ensure that they do not violate the terms of their bail, and if they do then the same can be brought to the attention of the court, thereby their bail terms are revoked.

In this respect the prosecution may be assisted further by us creating a database of the infringing party, the case they are charged in, to enable the prosecutor raise the issue of second time offenders, thereby ensuring stiffer penalties and /or cancellation of bail terms and the preference of court for a custodial sentence. Even if an offender pleads guilty and is fined, the same offender can be monitored, and if they again breach the law, or infringe on the brand, then the aspect of being a second offender can be brought to the attention of the court.

The process will be an ongoing process and cannot be piecemeal raids, until the effects are felt and the counterfeiting is drastically reduced.

Civil Action

The brand owner may institute civil court actions in protection and enforcement of its rights against the infringers, and seek damages against them. The cause of action may be predicated on trademark infringement, the tort of passing off, copyright infringement etc.

An injunction may be obtained from the court against the offenders, pending the hearing and determination of the case and contempt proceeding within the case if the infringer violates the injunction orders.

Particularly Anton Piller orders³ help to enter the premises of persons suspected to be the main suppliers of the materials, and to cease the materials pending the hearing and determination of the suit. In the pilot project, especially in Nairobi, several major bookshops were identified as suspected distributors, especially considering that they refused to sell books to our investigators. These ones fit perfectly within the scope for Anton Piller orders. When enforcing such orders the relevant agency may be requested to assist per the court order.

General damages may be calculated at an estimate of the revenue lost, and ultimately a permanent injunction may issue. Given the length of time cases do take the most important orders are the preliminary orders including a Temporary Injunction and Anton Piller orders, the aspect of damages shall follow the suit.

3. Challenges

Below are the main challenges identified during the project

1. Lack of complainants. Enforcement is not possible without IPR owner cooperation
2. The fieldwork reveals that infringements occur across multiple products. The only criteria are the cost barriers to entry. However, if the trade is lucrative enough, counterfeiters will counterfeit the particular product..
3. There is need for continuous consumer education: publicity and use of local vernacular radio stations
4. Enforcement is an ongoing process; piecemeal raid events as previously done will not be effective to reduce illicit trade.

4. Summary

In summary, where a raid is successfully conducted, the targeted key infringers were arrested and the infringing products ceased by the regulatory officials. To facilitate a successful raid/enforcement process, brand owners were contacted and retained the services of a legal firms, and/or brand protection firm to provide technical supports and external professional assistance to the relevant regulatory agencies during this phase.

³ Anton Piller orders derive their title from the ground breaking decision in Anton Piller K G vs Manufacturing Process Limited [1976] Ch 55. The plaintiff in the suit owned copyright in the design of a high frequency converter used to supply computers. The plaintiff had learnt that their English agents, the defendant, wanted to supply information to a rival of the plaintiff. They made an ex-parte application to enter the defendant's premises to inspect, remove or make copies of documents belonging to the plaintiff. An order for damages may be obtained against such suppliers.