

PROCEDURES UNDER THE COUNTERFEIT GOODS ACT: THE IMPORTANCE OF A PROPER COUNT

Since its enactment on 1 January 1998, the Counterfeit Goods Act (“the CGA”) has become the primary tool for brand holders in combating counterfeiting in South Africa. A unique feature of this Act is that it allows a complainant to pursue both a criminal and/or civil legal route against an offender. Due to the nature of counterfeiting activities, it would appear that criminal measures are the most effective means of combating counterfeiting activities. However, what is clear is that, irrespective of the action adopted by the brand holder (i.e. civil or criminal), the procedures and formalities under the Act should be strictly complied with to ensure success. This is evident in the recent review decision of *Johnson & Johnson v Magistrate N Setshogoe NO and others (unreported) (2010) ZAGPPHC 125 (29 September 2010)*.

The facts of that case are briefly as follows. Johnson & Johnson (“trade mark proprietor”) had obtained a search and seizure warrant under the CGA authorizing the seizure of goods from the 2nd to 4th Defendants (“the defendants”). The trade mark proprietor lodged both a criminal complaint and issued civil summons under the Counterfeit Goods Act. The South African Police Services (the SAPS), with whom the complaint was lodged, withdrew the charges and the Magistrate in the criminal matter ordered that the goods be released to the defendants, and this was done.

The trade mark proprietor sought an order setting aside the Magistrate’s order and sought an order for the return of the seized goods to the counterfeit goods depot, pending the outcome of the civil proceedings. Some of the arguments raised by Counsel for the Defendant were that:

1. Whatever was returned to the Defendant was removed from the bags (in which the SAPS has sealed the goods) and that the defendants were unable to verify what was originally seized;
2. The inventory that was prepared was of no use in that there was no correlation between what was taken and what was authorized to be taken.

In terms of section 7 of the CGA, an inspector who has seized any suspected counterfeit goods must seal, clearly identify and categorise these goods and prepare, in quadruplicate, an inventory of them.

In terms of section 10 (b) of the CGA, a court may order the seized goods to be released to any person.

The court considered the inventory and found that the items appearing on the inventory were not clear and in some places “nonsensical”. The court found that it was impossible to put together against whatever is referred to in the inventory. The court held that the trade mark proprietor had not made out a case for the relief sought.

The release of the goods while a civil matter is ongoing could be detrimental for the trade mark proprietor. The ultimate goal of the trade mark proprietor is to remove the alleged counterfeit goods from the market until the goods can be destroyed (depending on the decision of the court). It could take up to two years before a matter is heard and given the nature of anti-counterfeiting activities, it is unlikely that the trade mark proprietor will find the alleged counterfeit goods after they are released.

This case emphasizes the importance of ensuring compliance with the procedures in terms of the CGA, in particular, that the state and trade mark proprietor (assisting the State as knowledgeable persons) do not take for granted the nature and quality of the inventory. The inventory forms part of the chain of evidence which, if broken, makes it very difficult for the Investigating Officer and the prosecutor to prosecute the matter.

The case also illustrates the importance of the State perusing the criminal charges, particularly where there is also a civil matter pending. In practice, withdrawal of criminal charges is not uncommon which is influenced by a number of factors. The State should ensure that all relevant notices in terms of the CGA are issued and that all evidence is properly before the court in counterfeit cases. There is also a duty on other interested parties, such as SARS officials and trade mark proprietors, who are often involved in the seizure to give the State as much co-operation as the State requires for prosecuting the case. The State officials should remain persuaded throughout the process that a reasonable case has been made out in the complaint.

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