



# **A Practical Guide on Anti-Counterfeiting Measures in Nigeria**

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## INTELLECTUAL PROPERTY

**“In Nigeria, an important area of discuss, especially within commercial circles in relation to IP, is with regards to the wanton violation of IP rights belonging to right-holders”**

**I**ntellectual Property (IP) generally, refers to intangible property that is the result of the creations of the mind, such as names and images, inventions, literary and artistic works, designs, and symbols.<sup>1</sup> The rights accruing from the ownership of these intangible properties which are resulting from creativity, are meant to serve as the reward to its owner.

Broadly speaking, there are several types of IP, which include copyrights, patents, trade marks and trade secrets<sup>2</sup>, and the resultant IP rights allow creators or owners to benefit from their own work or investment in a creation<sup>3</sup>. Thus, a violation/infringement of an IP right occurs where there is an interference with the exclusive rights of the owner/holder of the right by a third party not duly authorised by the owner/right holder.

In Nigeria, an important area of discuss, especially within commercial circles in relation to IP, is with regards to the wanton violation of IP rights belonging to right-holders. This is not unconnected with the fact that Nigeria, being a leading market for all categories of goods and services in Africa has had its fair share of counterfeiting problem. This paper therefore seeks to offer a practical guide towards combating counterfeiting issues in Nigeria.

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<sup>1</sup> 'What is Intellectual Property' (WIPO, 2020) [http://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo\\_pub\\_450.pdf](http://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo_pub_450.pdf) accessed 31 July 2021.

<sup>2</sup> Ibid

<sup>3</sup> Ibid



# Why Does Counterfeiting Thrive in Nigeria



**A**ccording to the United Nations (UN) data, Nigeria, being the world's most populous black nation with an estimated population of over 200 million people, is recognized as a leading market in Africa.<sup>4</sup> Nigerians also have a deep appetite for a wide range of goods and services and as such, there is a thriving market for the unending influx of imported and locally manufactured goods and materials. Over the years, there has also been an exponential growth within the e-commerce space and with the Covid-19 pandemic giving birth to a new normal for purchasing goods and services, the country has seen increased activities on E-commerce platforms.

The Covid-19 pandemic heralded bad times for the Nigerian economy as with most economies around the world. The oil funded Nigerian economy witnessed a sharp decline as fuel prices were at an 18-year low at less than 22 dollars per barrel.<sup>5</sup> At the height of the pandemic, there was a 6.1 percent decline in the economy in the 2<sup>nd</sup> quarter of 2020. This was worsened by the lockdown which depressed economic activities.<sup>6</sup> These developments triggered massive pay cuts and layoffs which adversely affected the demand for non-essential commodities.<sup>7</sup> The informal economy – which accounts for 65 percent of the Nigerian economy was worse hit by the economic contraction.

Now with the collapse of the purchasing power and the skyrocketing cost of essential commodities, consumers now turn to cheaper options – both in the open markets and on E-commerce platforms. On the internet for instance, research has shown that 65 percent of shoppers use these e-commerce platforms mostly because they are drawn to discounts and special offers by the online vendors.<sup>8</sup> With low-income levels, there is therefore an eagerness to purchase counterfeit products at cheaper prices, especially given the weak IP rights enforcement structures. Nigeria has thus earned an unfortunate reputation as one of the key destinations for counterfeit products in Africa.<sup>9</sup> This results in part from the large market it affords for counterfeit and pirated products. Our experience, which is corroborated by a study conducted by the International Chamber of Commerce<sup>10</sup> indicates other factors which contribute in the expansion of the illicit trade in Nigeria as:

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<sup>4</sup> 'Nigeria – Country Commercial Guide' (*International Trade Administration*, 14 September 2021)

<https://www.trade.gov/country-commercial-guides/nigeria-market-overview> accessed 31 July 2021.

<sup>5</sup> Olatokewa Ayoade, 'The Economic Repercussion of Coronavirus Pandemic on Nigerians' (*Pulitzer Center*, 11 June 2020) available at <https://www.pulitzercenter.org/stories/economics-repercussion-coronavirus-pandemic-nigerians>. accessed 6 August 2021

<sup>6</sup> 'Impact of Covid-19 on Nigeria's Economic Outlook in H2 2020' (*Stanbic IBTC*, 30 September 2020) available at <https://www.stanbicibtcbank.com/Nigeriabank/personal/news/impact-of-covid%E2%80%9319-on-nigeria%E2%80%99s-Economic-outlook-in-H2-2020>. accessed 6 August 2021

<sup>7</sup> Ibid


<sup>8</sup> 'How E-Commerce platforms facilitate online counterfeiting' (*Incopro*, 2020) <https://incorpio.com/how-ecommerce-platforms-facilitate-online-counterfeiting/> accessed 29 July 2021.

<sup>9</sup> International Chamber of Commerce, *Promoting and protecting Intellectual property in Nigeria* (2015) Business Action to stop counterfeiting and piracy, p. 3

<sup>10</sup> Ibid

- a. The large informal economy;
- b. Untamed corruption at borders and other points of entry.
- c. Outdated intellectual property legislation;
- d. The absence of a comprehensive national anti-counterfeiting policy;
- e. Weak enforcement mechanism.

This state of affairs can then be said to be responsible for the remarkable growth of an illicit market, in which unscrupulous vendors have taken undue advantage of the waning economic situation within the country to sell varieties of counterfeited products at a comparatively cheaper price to meet the demands of Nigerians. The Nigerian government has however over the years enacted Laws aimed at protecting *inter alia*, the intellectual property rights of proprietors while maintaining the safety and standards of products and services within the commercial space.



**"The fight against counterfeits involves the creative application of the various laws that affect right-holders in one way or another"**

Presently, Nigeria has no specific anti-counterfeiting law – at least, not one broad enough to cover all classes of goods and all species of anti-counterfeiting. Hence, the fight against counterfeits involves the creative application of the various laws that affect right-holders in one way or another<sup>11</sup>.

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<sup>11</sup> Kasim Musa Waziri, "The Law of Trademarks and the Economic Implication of Counterfeiting in Nigeria", (2009) SSRN Available at <http://dx.doi.org/10.2139/ssrn.1874687> accessed 6 August 2020

# Legal Framework



The following legislations are instrumental in fight against counterfeiting in Nigeria:

- Copyright Act
- Companies and Allied Matters Act
- Federal Competition and Consumer Protection Act
- Counterfeit and Fake Drugs and Unwholesome Processed Foods (Miscellaneous Provisions) Act
- Criminal Code Act
- Customs and Excise Management Act
- Cybercrime (Prohibition, Prevention, Etc.) Act
- Merchandise Marks Act
- National Agency for Food and Drugs Administration and Control (NAFDAC) Act
- National Information Technology Development Agency (NITDA) Act
- Nigerian Police Act
- Patent and Industrial Designs Act
- Penal Code Act
- Standards Organisation of Nigeria (SON) Act
- Trade Marks Act (CAP T13, 2004)

Furthermore, some of the legislations establish regulatory and administrative bodies that play key anti-counterfeiting roles<sup>12</sup>. They are as follows:

- Nigerian Copyright Commission (NCC)
- Corporate Affairs Commission (CAC)
- Federal Competition and Consumer Protection Commission (FCCPC)
- Nigerian Customs Service (NCS)
- National Agency for Food and Drugs Administration and Control (NAFDAC)
- National Information Technology Development Agency (NITDA)
- Nigeria Police Force
- Standards Organisation of Nigeria (SON)
- Trade Marks, Patents and Designs Registry

## Sectors with High Rate of Counterfeited Products



These Industries/sectors amongst others are the worse hit by the activities of this illicit trading in counterfeited products<sup>13</sup>:

- Fast-Moving Consumer Goods (FMCG)
- Spare Parts and Car Accessories
- Electronics, electrical components and electricity generating machines
- Luxury Goods and Fashion Apparels
- Pharmaceutical products

<sup>12</sup> NLIPW "Regulatory Agencies and Research Institutions" Available on <https://nlipw.com/regulatory-agencies/> accessed on 10<sup>th</sup> of August, 2021.

<sup>13</sup> Some of the biggest markets in Nigeria are in Lagos, Onitsha, Aba, Kano amongst others.

# Understanding the dynamics of Counterfeiting in Nigeria



It is fairly easy to understand counterfeiting in the brick and mortar space.<sup>14</sup> In our experience, brick and mortar counterfeiting takes place in within the open markets, roadside vendors, supermarkets, etc. The products are either imported<sup>15</sup> or manufactured locally by the infringers, the vendors make these illicit products available to a wide range of consumers. While many of these consumers are unsuspecting, many others patronise the vendors knowing that the product is counterfeited. This is rife for instance in the case of luxury goods (jewelleries, clothing etc) and also essential commodities, including household items (This drives home the correlation between low income and counterfeiting). Many of these counterfeit products are colloquially referred to as 'original fake'.

On the internet, it is typical for counterfeiters to incorporate registered and mostly well-known trade marks into a domain name. The more recent method employed in peddling counterfeit items over the internet space is the display of these products as genuine products on e-commerce platforms that are available in Nigeria like Jumia, Konga and over social media platforms such as Facebook and Instagram.

E-commerce platforms inadvertently provide a breeding ground for the proliferation of counterfeiting as they avail counterfeiters a wider reach and anonymity.<sup>16</sup> Hence, counterfeiters are provided with a smokescreen with which somewhat unsuspecting consumers are drawn to with the prospect of getting the 'best deal'.<sup>17</sup> The poverty level makes these products attractive to the Nigerian consumers<sup>18</sup> and with the anonymity and reach that the internet affords, one can sell virtually anything to anyone. Also, from experience, advancements in technology (photography, photo editing and graphics design) allows the easy misrepresentation of counterfeits and fakes as original. The customer is afforded no chance at inspection as he/she typically has no physical contact with the vendor<sup>19</sup>. He/she is therefore left with whatever is delivered due to practical difficulties mostly encountered in seeking redress against the vendor – especially in the instances of counterfeit products over social media platforms like Facebook, Twitter and Instagram.

Liability for counterfeiting over the internet in Nigeria is a knotty issue. It is settled that where a domain name is used to offer counterfeit products to the public, the proprietor is liable for those

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<sup>14</sup> The term "brick-and-mortar" refers to a traditional street-side business that offers products and services to its customers face-to-face in an office or store that the business owns or rents. The local grocery store and the corner bank are examples of brick-and-mortar companies. 'Brick and Mortar'

<https://www.investopedia.com/terms/b/brickandmortar.asp>

<sup>15</sup> Our experience shows that many of the counterfeit products imported into the country are from China

<sup>16</sup> Inter-Governmental Action Group against money laundering in West Africa, *Anti-money laundering and combating the financing of terrorism – Typologies studies on matters arising from electronic counterfeiting and Intellectual Property theft in Nigeria* (2017).

<sup>17</sup> 'How E-Commerce platforms facilitate online counterfeiting' (Incopro, 2020) <https://incorpip.com/how-e-commerce-platforms-facilitate-online-counterfeiting/> accessed 29 July 2021.

<sup>18</sup> 'How to combat counterfeit drugs in Nigeria' (UC Berkeley Master of Development Practice, 2016) <https://mdp.berkeley.edu/how-to-combat-counterfeit-drugs-in-nigeria/> accessed 30 July 2021

<sup>19</sup> Mavlanova T., Benbunan-Fich R. "Counterfeit Products on the Internet: The Role of Seller-Level and Product- Level Information. (2010) *International Journal of Electronic Commerce*, 15(2), pp 79-104.

infractions. But it is far from settled who bears responsibility for the sale or offer of sale of counterfeit products over an E-commerce platform.

The Nigerian legal framework fails to provide a settled direction in this respect. However, a perusal of case law from jurisdictions in Europe and the United States are helpful in navigating this knotty issue. The European Union E-Commerce Directive provides that hosting providers (including E-Commerce platforms) are not liable for third-party infringements which occur on their platforms provided the following conditions exist:

- a. The host had no knowledge of the infringement of the IP rights by a third party;
- b. Upon getting notice any infringement, the host must have acted expeditiously to take down such content.<sup>20</sup>

The principles of this Directive have been applied to a variety of counterfeiting cases. In *Tiffany v. eBay*<sup>21</sup>, the Plaintiff sued for direct and contributory trade mark dilution, unfair competition and false advertising. It was the case of the Plaintiff that the Defendant had knowingly facilitated the sale of counterfeited 'Tiffany' jewellery on its platform and derived profit from it. In deciding whether or not eBay was liable, the Court applied the *Inwood test*.<sup>22</sup> By the application of this test, the Court had to determine whether eBay had continued to provide its services to the counterfeiters after they knew or had reason to believe that their platform was used to facilitate illegal transactions. The Court cleared eBay of any liability on the basis of this principle.

Conversely, the French Supreme Court in *LVMH v. eBay*,<sup>23</sup> held the Respondents liable in a Suit where the Appellant alleged that counterfeited versions of products bearing the LVMH brand were offered for sale on the eBay platform. The Court held the Respondents liable firstly on account of its negligence leading to the violation of exclusive rights of the Appellant and then, for its failure to fashion effective means to curtail the infringement. In reaching the decision, the Court refused the classification of eBay as a mere host. The company was adjudged an active participant in the commercialization of counterfeit products and as such, could not rely on the exemptions under Art. 14 of the E-Commerce Directive.

In Nigeria, E-commerce platforms in Nigeria provide for terms and conditions as well as 'Authentic Items Policy' to vendors registered on their platforms. This is more or less a device to absolve the platforms from liability for the sale of counterfeited products. This is however not enough in pursuit of the responsibility of these platforms to provide safe commerce avenues for customers. One is left to grope in the dark in determining these questions, given the dearth of legislation or case law regarding counterfeiting over the internet. The author shall however give practical tips on combating infringement on the e-commerce platform based on his experiences in this area. It is however important to note that there are two classes of persons or entities with potential liability in cases of counterfeiting on E-Commerce platforms – the proprietor of the E-Commerce platform and the seller of counterfeit products on the E-Commerce platform

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<sup>20</sup> Council Directive (EC) 31/2004 on E-Commerce OJ L17/8, art 14

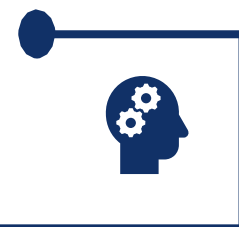
<sup>21</sup> *Tiffany (NJ) Inc. v. eBay Inc.* [2010] 2<sup>nd</sup> Circuit 600 F. 3d 93

<sup>22</sup> The test was propounded in *Inwood Lab. Inc. v. Ives Lab* [1982] 456 US 844. Under this test, a service provider will be liable for the infringing conduct of another if either the service provider intentionally induces another to infringe a trademark or the service provider continues to supply it services to another knowing such person or entity or having reason to believe that such person or entity is engaging in trademark infringement.

<sup>23</sup> *SA Louis Vuitton Malletier v. eBay Inc.* [2012] Cour de Cassation (Supreme Court of Judicial Matters) aff. g



# Practical Strategies for combating Counterfeiting in Nigeria



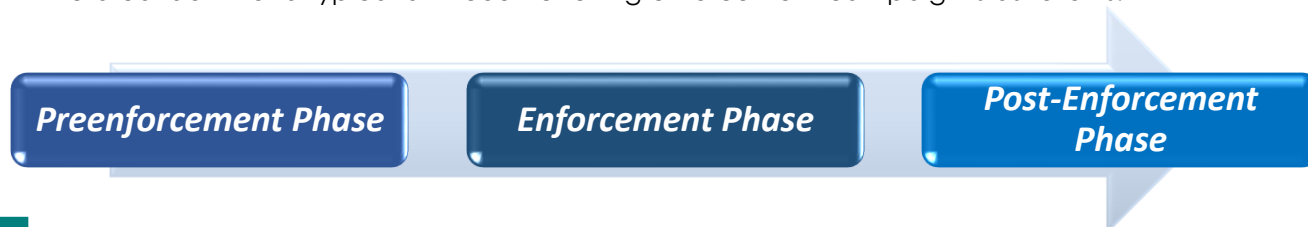
## Practical Strategies for Executing an Anti-Counterfeiting Enforcement Campaign in Brick-and-Mortar Markets

An anti-counterfeiting enforcement campaign in Nigeria's brick and mortar markets, can be broadly categorised into three phases. It should be quickly noted that Nigeria does not have an all-embracing IP right legislation that deals specifically with anti-counterfeiting but as outlined earlier, there are a plethora of laws which can be effectively utilised in crafting a bespoke campaign against anti-counterfeiting for each scenario within the brick and mortar markets. Much, therefore depends on the ability of the brands and its IPR enforcement team to efficiently blend the laws with the peculiar circumstances of each case in fashioning out the best steps for the campaign.

Ordinarily, an anti-counterfeiting campaign should be carried out by the responsible regulatory agency. However, experience has shown that there may be challenges inhibiting the ability of a regulatory agency to act such as inadequate logistics and manpower, lack of in-depth technical understanding of IPR violation issues relating to the particular brand in question etc. It becomes important that the brand owner assemble an IP enforcement team to supplement the efforts of the regulatory agencies.

The point should also be frankly made that policing an IPR against counterfeiting is not a one-off campaign but should be undertaken frequently as the need arises.

The breakdown of a typical anti-counterfeiting enforcement campaign is as follows:<sup>24</sup>



### Pre-enforcement Phase:

This stage involves the conduct of a thorough investigation into the activities of the infringer within the market. The aim would be to determine the source of the infringing or counterfeit product within the market and the key infringers.

<sup>24</sup> The steps below are tailored for such instances where the brand opts to take the initiative, given the repercussions of inaction in this regard, in protecting its IPR. It should also be noted that the strategies outlined below is a general overview of the usual strategies for enforcing the IPR of a brand, as each campaign would usually have its peculiar dynamics.


Our experience is that to achieve maximum results, it is better to determine the warehouse or major shop where the products would be packed, which shop may not be within the market. Brand owners usually contact either Law Firms with a specialist practice for IP rights enforcement in Nigeria, and which have trained paralegals that have specialty in conducting investigations of this nature, or investigation companies specialising in monitoring IPR violations to carry out these investigations. These investigations are very important as it would be necessary to put the information gathered therefrom, in the Court processes or petition to the enforcement agencies during the enforcement stage.

## Enforcement Phase:

Upon gathering sufficient evidence and information on the activities of the key infringer(s) within the market, the next step will be to initiate actions geared towards arresting the activities of the infringers, and this can be achieved either through a criminal, civil action or a combination of both.

If the brand owner elects to take a criminal action, usually, the evidence and information resulting from the investigations are presented to the relevant regulatory agency who then conducts its confirmatory checks to ascertain the veracity of the information and evidence supplied to it.

Typically, the presentation of the information is by way of petition to the relevant regulatory agency outlining amongst other things, the key infringers and their location. It is crucial that useful evidence and evidence of registration of IP rights in Nigeria should be attached to the petition and these are usually authored on behalf of the brand owner by its retained legal counsel.



**“...upon presentation of the petition and subsequent confirmatory checks by the regulatory body, a raid is conducted to seize the counterfeit products at the identified locations identified locations”**

The choice of the relevant regulatory agency is essentially dependent on the sector in which the brand owner operates. For instance, if the brand is a NAFDAC regulated product, it is usual that the infringer or counterfeiter will be operating using a fake NAFDAC registration number or operating with no NAFDAC registration number at all. This will influence the choice of NAFDAC to act pursuant to its functions and powers under sections 5 and 24 of the NAFDAC Act. The same applies to such other regulatory agencies like the SON, NCC etc. However, it should be noted that the Nigerian Police has the general powers under section 4 of the Police Act<sup>25</sup> to act in respect of crimes committed in Nigeria and to enforce all Laws. These powers extend to the enforcement of the provisions of the Merchandise Marks Act, by virtue of section 4(1)(d) of the Act. Hence, the Nigerian Police has the power to act on IP issues under the Merchandise Marks Act.

Upon presentation of the petition and subsequent confirmatory checks by the regulatory body, a raid is conducted to seize the counterfeit products at the identified locations.

Where the raid is successfully conducted, the targeted key infringers are usually arrested and the infringing products seized by the regulatory officials. To facilitate a successful raid/enforcement process, brands have increasingly contacted and retained the services of specialist Law Firms, and in some cases, brand protection companies to provide technical supports and external professional assistance to the relevant regulatory agencies during this phase. This is because the outcome of these raids may be unpredictable owing to the activities of some unscrupulous market Unions and traders who may become resistant and unruly. Thus, a Law Firm/brand protection company will be required to firstly undertake a risk impact assessment study and develop an effective strategic plan for the raid. The strategy may then require a piecemeal raid on key infringers, surprise wholesale raid etc.

Conversely, the brand owner may opt for a civil action and obtain Anton Piller injunctions/orders of search and seizure of infringing products<sup>26</sup>. This has its advantages and is sometimes recommended as the brand owner is directly driving the enforcement process (usually through its Lawyers). This Order and seizures will be carried out by the brand owner in conjunction with the Bailiffs of the Court and the Police while the seized items would be taken to the Court and subsequently destroyed on the Order of the Court.



<sup>25</sup> The Nigeria Police Act, 2020

<sup>26</sup> In Nigeria, by virtue of section 251(1)(f) of the Constitution of the Federal Republic of Nigeria, 1999, the Federal High Court is vested with exclusive original jurisdiction over matters relating to IP. The Federal High Court alone has power to issue these Anton Piller Orders.

## Post-Enforcement Phase:

Upon completion of the enforcement phase, the next step is to commence the post enforcement phase. This is another critical stage for a successful anti-counterfeiting 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**

The relevant regulatory agency at this stage initiates the prosecution of the key infringer under the applicable Law. Furthermore, at this stage, external legal counsel is usually retained by the brand owner to hold "watching brief" on behalf of brand owners in criminal matters and report proceedings. The brand owner may also initiate private criminal proceedings (with the fiat of the relevant 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 source of information on other potential IPR violations.

- **Civil Action**

The brand owner may upon obtaining an Anton Piller Order from the Court prove its IP rights against the infringers and make a claim for damages or accounts for profit. The cause of action may be predicated on trade mark infringement, the tort of passing off (for unregistered trade marks) or any of the other economic torts, etc. A cease-and-desist letter may be sent to the infringer without the need for a Court action depending on the scale of such a violation.

## Anti-Counterfeiting Awareness and Orientation Campaigns:

As a strategy for effectively policing the brand owner's IPR, there is an increasing need for brand owners (and/or its retained representatives) to carry out awareness and orientation campaigns aimed at enlightening the general public on the ills and dangers of consuming counterfeited products. This campaign may be carried out through engagements with market unions, online and social media campaigns etc. and would usually be in conjunction with the relevant regulatory agency<sup>27</sup>.

## Cost Consideration and Return on Investment for an Anti-Counterfeiting Enforcement Campaign:

There are usually concerns by brand owners on issues relating to returns on investment on the anti-counterfeiting enforcement campaigns being undertaken on their behalf, cost implications of maintaining an IPR enforcement team in Nigeria and general effectiveness of these campaigns. These concerns have sometimes discouraged brand owners from enforcing their IPRs in Nigeria.

As a way of assuaging these concerns, service providers in Nigeria are increasingly willing to negotiate bespoke billing mechanisms such as a lowered capped fee or retainer arrangements for all the stages involved in a typical anti-counterfeiting enforcement campaign, usually in return for frequent IPR enforcement activities by the brand owners. Furthermore, recent experience has shown that brand owners are now negotiating contingency fee proposal for civil actions on their behalf.



Considering that the pharmaceutical industry seems to be the most affected in this market<sup>28</sup> despite the concerted effort of the Nigerian government, it has even been suggested that the Direct Selling Model which gave birth to the 'Avon Lady' method should be considered.<sup>29</sup> It is anticipated that this process will ensure that consumers have access to these products from familiar and trusted sources as well as be beneficial to the government (as the counterfeit drugs decrease, funds needed for enforcement will be saved or probably diverted towards more crucial economic development projects).

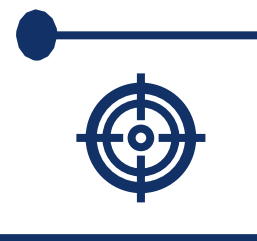
However, regarding concerns by brand owners on effectiveness of the anti-counterfeiting enforcement campaigns, much will still depend on the ability of brand owners to engage and assemble an efficient IPR enforcement team.

<sup>28</sup> Ines D. Tavares, "Nigeria: Fighting Counterfeiting in Nigeria: Where we stand on this issue" Published on 4<sup>th</sup> June, 2019. Available on <https://www.mondaq.com/nigeria/trademark/811694/fighting-counterfeiting-in-nigeria-where-we-stand-on-this-issue> accessed on 10<sup>th</sup> of August, 2021.

<sup>29</sup> This structure allows companies to train and employ workers to sell life-saving medications door-to-door at below market price and has been proven to be successful in Kenya and Uganda.



# Practical Steps for Combating Online Counterfeiting



**G**iven the state of the body of our laws pertaining to counterfeiting, the online counterfeiting sphere is largely left unpoliced. This creates a level of difficulty in ascertaining the extent (if any) of the liability of an E-Commerce platform on which counterfeit products are peddled. No specific laws regulate the E-Commerce market to curb counterfeiting practices. However, the provisions of the Cybercrimes Act<sup>30</sup> may be helpful.

The Cybercrimes Act in criminalizing computer related fraud, makes it an offence for a person to send a misleading electronic message for which he expects the recipient to rely on and such message causes damage or loss.<sup>31</sup> The Act also creates an offence where a person uses the business name, trade mark or other registered mark of another without authority of the owner.<sup>32</sup> These provisions may be applied to prosecute counterfeiters in the online market.

**“....the Trade Marks Act, unlike the Copyright Act, makes no provision for direct or indirect infringement of trade marks”**



<sup>30</sup> Cybercrime (Prohibition, Prevention, etc.) Act 2015

<sup>31</sup> The offence of Computer related fraud – S. 14(2)

<sup>32</sup> The offence of Cybersquatting – S. 25(1)

In practice, a brand owner may take a number of steps to protect their rights from counterfeiters. Although not contained in any legal instruments, these are effective.

1. The brand must actively monitor the online market place to seek out vendors who put out products purporting to be theirs for sale. This may be done with the aid of legal representatives or brand protection companies with experience and training on these matters.
2. The brand owner must ascertain that the product put up for sale are indeed counterfeit. As this may not be identifiable by the advertorial information on the platforms, there may be a need for the purchase of a sample to be tested. Where it is ascertained that the product is a counterfeit, the owner may write the proprietor of the platform a cease and desist letter detailing the infraction and demanding that the product be taken down from the platform. This is effective in combating counterfeiting as the platforms have a responsibility to create a safe haven for commercial transactions.
3. The terms and conditions of the E-Commerce platforms shield them from liability for counterfeit products sold or displayed for sale on their platforms. However, this protection cannot extend to cases where the proprietor or management of the platform have been notified of the breach and fail, neglect or refuse to act.

The foregoing however is not a dictate of any particular Nigerian law. The Trade Marks Act, unlike the Copyright Act, makes no provision for direct or indirect infringement of trade marks. Such failure, negligence or refusal makes the platform complicit in the infringing activities. The European Court in *L'Oréal v eBay*<sup>33</sup> recognized the duty of a host (E-Commerce platform) to ensure that the platform is not used for unlawful purposes. Similarly, in the *LVMH* case, eBay was held liable as an 'active broker' in the infringing activities where it failed to ensure that its platform did not generate illegal transactions. From that case, it could be gleaned that platforms are required to set up effective means to curtail counterfeiting, e.g.

- Demand from vendors purchase invoices or certificates of authenticity of such product displayed on their platforms
  - Terminate the accounts of vendors found to have been peddling counterfeit products
  - Withdraw any misleading advertisements of the counterfeit product upon notification by the owner.<sup>34</sup>
4. A trade mark proprietor or brand owner may enforce its rights against the platforms through actions in tort for negligence, interference with trade or deceit. The principles of duty of care, breach of duty and consequential damages may be applied to attach liability to the E-Commerce platform in these instances. Away from the principles of tort, the owner may enforce his rights with respect to the counterfeiting by making recourse to

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<sup>33</sup> *L'Oréal SA v. eBay International AG* [2011] ECR I-6011

the Federal Competition and Consumer Protection Commission Act and the Merchandize Acts.<sup>35</sup>Typically, online stores registered on the ecommerce sites do not include their corporate names, registered address or contact in advertising their products. Even on the purchase receipts, these details are usually missing. With these details it would have been easier to proceed against the proprietor of the online store offering the counterfeit product. However, since these details are within the special knowledge of the e-commerce site alone, it is necessary to obtain the details from the proprietors of the site. Considering that the E-Commerce platforms are often reluctant to release these details and delist the concerned store without more, it becomes necessary for the Federal Competition and Consumer Protection Commission to be called in these instances.

Furthermore, the provisions of the Merchandize Marks Act support the proposition above. The E-Commerce platforms are liable under the provisions of the Merchandize Marks Act, specifically section 3 (2) of the Act which provides as follows:

*“Every person who sells, or exposes for, sale, or any purpose of trade or manufacture, any goods or things to which any forged trade mark or false trade description is applied, or to which any trade mark or mark so nearly resembling a trade mark as to be calculated to deceive is falsely applied, as the case may be, shall, unless he proves either-*

- (a) That, having taken all reasonable precautions against committing an offence against this Act, he had, at the time of the commission of the alleged offence, no reason to suspect the genuineness of the trade mark, mark or trade description, and that, on demand made by or on behalf of the prosecutor, he gave all the information in his power with respect to the persons from whom he obtained such goods or things; or*
- (b) That otherwise he had acted innocently, be guilty of an offence against this Act.*

Subsection 3 of section 3 of the Act further makes provisions for the various degrees of punishment for the offence described above. Thus, a proprietor of an E-Commerce platform who has been written to by a brand owner notifying it of the sale of counterfeits on its website but fails to act, cannot escape liability by virtue of the aforementioned provisions of the law. The platform can only escape liability if it discloses the details about the online stores selling the counterfeit products on its site.

In concluding, given Nigerian pride of place as both the largest black nation in the world and the largest economy in Africa, and the rise of E-commerce, it is pertinent that while the government makes provisions for a holistic legal framework covering counterfeiting, brand owners should take proactive steps towards the protection of their rights by actively policing same in line with the recommendations made hereinabove.

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<sup>35</sup> This piece of legislation is over a century old and cannot adequately cater for offences committed in the 21<sup>st</sup> Century.  
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# IP rights Enforcement for Brands that are not Set Up in Nigeria



It is important for brands to police their IP rights even where they have not developed a full business in Nigeria. It is suggested that Brand owners that have not developed a full business in Nigeria but given the essential nature of an IPR enforcement team, may engage service providers (through a Power of Attorney) to police their rights, such that the brand will not be adversely affected by activities of infringers/counterfeiters by the time they are ready to enter the Nigerian market. Indeed, having an effective IPR strategy can be the turning point to an increased market share in Nigeria.



## Conclusion



**N**igeria provides a humongous market for counterfeit products; this is worsened by the role the internet plays in the industry for counterfeit products and the absence of a consistent framework to address this menace.

The government alone cannot be saddled with the task of reducing this practice to the barest minimum. Rather, all stakeholders – government, manufacturers and trademark owners, payment service providers, logistic companies, retailers and consumers can achieve the eradication of counterfeiting through concerted effort towards the formulation and implementation of a holistic national anti-counterfeiting policy i.e all hands must be on deck.





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