

The Counterfeit Goods Act 37 of 1997

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Introduction

The Counterfeit Goods Act¹ is a measure intended to enable owners of certain forms of intellectual property, including copyright, to act against the counterfeiting (in other words, the cloning or impersonation) of their products and to provide for streamlined and effective enforcement measures to achieve this end. It is also designed to bring South Africa into compliance with certain of the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS),² to which South Africa is a party. It is in many respects complementary to the Copyright Act,³ in particular to its criminal provisions, and to those provisions dealing with the seizure of goods by the customs authorities.

The enactment of the Counterfeit Goods Act has gone hand in hand with substantive amendments made to the Merchandise Marks Act.⁴ This Act has in the main, with the Copyright Act, been the weapon used in the past to deal with the problem of counterfeit goods. The amendments to the Merchandise Marks Act have been made by the Intellectual Property Laws Amendment Act,⁵ especially ss 1–18. All provisions of the Merchandise Marks Act which dealt with essentially counterfeiting of goods have been stripped out of that Act. They now find their counterparts in the Counterfeit Goods Act. It has become the manual for dealing with the problem of counterfeit goods. The Counterfeit Goods Act and the Intellectual Property Laws Amendment Act were promulgated on 1 October 1997. The Counterfeit Goods Act and the relevant sections of the Intellectual Property Laws Amendment Act amending the Merchandise Marks Act came into operation on 1 January 1998.⁶

Dealing in Counterfeit Goods

Section 2 creates an offence called 'dealing in counterfeit goods'. The term 'counterfeit goods' is defined in s 1 to connote goods that are the result of counterfeiting. It includes any means used for purposes of

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¹ Act 37 of 1997.

² TRIPS constitutes annex 1C of the Marrakesh Agreement Establishing the World Trade Organization (WTO). It was concluded on 15 April 1994 and came into force on 1 January 1995. This suite of agreements arose out of the Uruguay round of the General Agreement on Tariffs and Trade (GATT).

³ Act 98 of 1978.

⁴ Act 17 of 1941.

⁵ Act 38 of 1997.

⁶ Proc R94 and R93 GG 18573 (*Reg Gaz* 6067) of 19 December 1997, respectively.

counterfeiting. The goods protected against counterfeiting by the Act ('protected goods') are goods featuring, bearing, embodying, or incorporating the subject of an intellectual property right, or to which such subject matter has been applied, by or with the authority of the owner of that intellectual property right, and goods which may legitimately embody or incorporate, or have applied to them, the subject matter of an intellectual property right only by or with the authority of the owner of that right.⁷

The term 'intellectual property right', in turn, connotes the rights in respect of a trade mark conferred by the Trade Marks Act,⁸ the copyright in any work in terms of the Copyright Act, or an exclusive right of use in relation to goods conferred by a notice published in terms of s 15 of the Merchandise Marks Act.⁹ This meaning of the term 'intellectual property' is narrower than the normal meaning of the term. 'Intellectual property' normally also embraces patents and designs. For the purposes of the Act, however, these two forms of intellectual property are not in contention.

'Counterfeiting' is defined to connote:

- (a) without the authority of the owner of any intellectual property right subsisting in South Africa in respect of protected goods, manufacturing, producing, or making, whether in South Africa or elsewhere, any goods whereby those protected goods are imitated in such manner and to such a degree that the derivative goods are substantially identical copies of the protected goods;
- (b) without the authority of the owner of any intellectual property right subsisting in South Africa in respect of protected goods, manufacturing, producing, or making, or applying to goods, whether in South Africa or elsewhere, the subject matter of that intellectual property right, or a colourable imitation of it, so that the other goods are calculated to be confused with or to be taken as being goods manufactured, produced, or made by the said owner or under his licence; or
- (c) where, by a notice under s 15 of the Merchandise Marks Act, the use of a particular mark in relation to goods, other than by a person specified in the notice, has been prohibited, without the authority of the specified person, making, or applying that mark to goods, whether in South Africa or elsewhere,

if such act constituted an infringement of the intellectual property right in question.¹⁰ (The term 'apply to' is defined to connote use upon or in physical or other relation to any goods.¹¹ It normally includes 'embody' or 'incorporate' in any goods.)

⁷ Section 1 sv 'protected goods'.

⁸ Act 194 of 1993.

⁹ Section 1 sv 'intellectual property right'.

¹⁰ Section 1 sv 'counterfeiting'.

¹¹ Section 1 sv 'apply to'.

In essence, therefore, counterfeit goods are imitations of goods embodying an intellectual property right, or goods bearing spurious marks, being infringing articles in respect of an intellectual property right. In other words, the person manufacturing, producing, or making goods, or applying the subject matter of an intellectual property right to them, must in so doing commit an act of copyright or trade-mark infringement, or an act of contravention of s 15 of the Merchandise Marks Act. In a copyright context, this means that reproducing a work within the parameters of an exemption from infringement (for example, reverse engineering a product as permitted by s 15(3A) of the Copyright Act) will not render the reproduction a counterfeit item, even though such reproduction otherwise would in principle be caught by the definition of counterfeit goods.

The offence of dealing in counterfeit goods entails doing any of the following in relation to counterfeit goods:

- (a) possessing them or having them under control in the course of business for the purpose of dealing in them;
- (b) manufacturing, making, or producing them for a purpose other than private and domestic use;
- (c) selling, hiring, bartering, or exchanging them or offering or exposing them to this end;
- (d) exhibiting them in public for purposes of trade;
- (e) distributing them for purposes of trade or for any other purpose to such an extent that the owner of the intellectual property right embodied in them suffers prejudice; or
- (f) importing them into or through South Africa, or exporting them from or through South Africa, except for the private and domestic use of the importer or exporter,¹² respectively.

¹² Section 2(1). The terms 'importer' and 'exporter' and their derivatives are defined widely in s 1. The term 'exporter' includes any person who, at the relevant time —

- (a) is the owner or is in control or possession of any goods exported or to be exported from South Africa;
- (b) carries the risk for any goods so exported or to be so exported;
- (c) represents that or acts as if he or she is the exporter or owner of any goods so exported or to be so exported;
- (d) actually takes or attempts to take any goods from South Africa;
- (e) has a beneficial interest, in any manner or of any nature, in any goods so exported or to be so exported; or
- (f) acts on behalf of any person referred to in (a)–(e).

With respect to imported goods destined for exportation from South Africa, the term includes the manufacturer, producer, maker, supplier, or shipper of those goods, or any person inside or outside South Africa representing or acting on behalf of such a manufacturer, producer, maker, supplier, or shipper.

The term 'importer' includes any person who, at the relevant time —

- (a) is the owner or is in control or possession of any goods imported or to be imported into South Africa;
- (b) carries the risk for any goods so imported or to be so imported;
- (c) represents that or acts as if he or she is the importer or owner of any goods so imported or to be so imported;
- (d) actually brings or attempts to bring any goods into South Africa;
- (e) has a beneficial interest, in any manner or of any nature, in any goods so imported or to be so imported; or
- (f) acts on behalf of any person referred to in (a)–(e).

In addition, the doer of the act either must know, or have had reason to suspect, that the goods in question were counterfeit or must have failed to take all reasonable steps to avoid performing or being engaged in one of the restricted acts with reference to counterfeit goods. Effectively, the State is required to show mens rea in the form of culpa as an element of the offence.¹³

Apart from what one normally understands by the description 'counterfeit goods', the Act encompasses, for example, the following as counterfeit goods: pirate records, compact discs, and tapes; pirate video tapes; pirate computer programs and games; pirate copies of books; goods bearing marks which are blatant infringements of registered trade marks; and goods bearing marks prohibited under the Merchandise Marks Act used without authority.

The act of possession of counterfeit goods referred to in paragraph (a) above effectively extends the ambit of s 27(1) of the Copyright Act (this section deals with criminal offences under the Act) to include possession of infringing copies. For the rest, s 2(1) of the Counterfeit Goods Act largely restates s 27(1) of the Copyright Act, save that it lays down mens rea in the form of culpa, whereas s 27 has been held to require mens rea in the form of dolus.¹⁴

Procedure for Initiating Action in Respect of Counterfeit Goods

Provision is made for the appointment of 'inspectors'. These inspectors include any police official¹⁵ with the rank of sergeant or higher, certain customs and excise officials,¹⁶ and any person designated as an inspector by the Minister of Trade and Industry in a notice published in the *Government Gazette*.¹⁷ In other words, the Minister is free to designate any person or category of persons which he considers fit as inspectors under the Act. These categories could include officials of the Department of Trade and Industry, court messengers and sheriffs, attorneys, and even private investigators. Inspectors have wide ranging powers to search for, seize, and detain goods suspected to be counterfeit.

A person with an interest in protected goods (including the attorney, agent, or representative of such a person), whether as the owner¹⁸ or licensee of an intellectual property right, or as an importer, exporter, or distributor of protected goods, has locus standi to lodge a complaint in

¹³ Section 2(2).

¹⁴ *S v Nxumalo* 1993 (3) SA 456 (0).

¹⁵ As defined in s 1(1) of the Criminal Procedure Act 51 of 1977.

¹⁶ The South African Revenue Service in its Division: Customs and Excise, the members of which are the commissioner and those officials who are 'officers' within the definition of 'officer' in s 1(1) of the Customs and Excise Act 91 of 1964 (s 15(9)).

¹⁷ Section 1 *sv* 'inspector' read with s 22. The Minister may, in terms of s 22, appoint any fit and proper person to be an inspector or he may designate any specified class or category of persons to be inspectors. The Minister must issue a certificate of appointment to each inspector.

¹⁸ The term 'owner' in relation to an intellectual property right is stated in s 1 to include a person who has the capacity in law to enforce the intellectual property right in his own name. This includes an exclusive licensee under copyright.

respect of counterfeit goods.¹⁹ A complainant in respect of counterfeit goods can lay a complaint of dealing in counterfeit goods with an inspector. Such complaint may refer to the activities of an individual or of persons generally, or to a multiplicity of acts. The complainant must allege that an act of dealing in counterfeit goods has been, is being, or is likely to be committed; such allegation must be based on a reasonable suspicion.²⁰ The complainant must furnish information and particulars to the satisfaction of the inspector to the effect that the alleged counterfeit goods are prima facie counterfeit goods. He can do so by showing the inspector a specimen of the genuine protected goods (if they exist) and the counterfeit goods. If it is not reasonably possible to produce a specimen of the counterfeit goods, he can furnish sufficient information and particulars from which the essential physical and other distinctive features, elements, and characteristics of the alleged counterfeit goods may be ascertained. Also, the complainant must furnish sufficient information and particulars as to the subsistence and extent of the relevant intellectual property right and his title to or interest in that right.²¹

An inspector who is reasonably satisfied that the person laying the complaint prima facie qualifies as a complainant, that the intellectual property right in question prima facie subsists, and that the goods claimed to be protected goods are prima facie protected goods, is entitled to take various steps if the suspicions of the complainant appear to be reasonable in the circumstances.²² An inspector who suspects that an act of dealing in counterfeit goods has taken place, is taking place, or is likely to take place, can of his own accord also take these steps, provided that the above requirements are met.²³

Warrants

Except in certain circumstances, when a warrant is not necessary, before an inspector can take action in respect of counterfeit goods he must seek a warrant entitling him to conduct a search-and-seizure raid.²⁴ A warrant may be issued by a magistrate who has jurisdiction where the offence of dealing in counterfeit goods occurs or by a judge of the High Court in chambers, including a judge with jurisdiction in an area besides that within which the offence occurs.²⁵

Before a judicial officer can issue a warrant, it must appear to him from information on oath or affirmation that there are reasonable grounds for believing that an act of dealing in counterfeit goods is taking, or is likely

¹⁹ Section 3(1).

²⁰ Section 3(1) read with s 6(2).

²¹ Section 3(2).

²² Section 3(3).

²³ Section 3(4).

²⁴ Section 4(2).

²⁵ Section 6(1).

to take, place. An inspector seeking a warrant may be asked to specify which of the powers vested in him are likely to be exercised.²⁶ A warrant may be issued either with reference to one separate suspected act of dealing in counterfeit goods, or with reference to any number of such acts, whether any such act involves only one alleged offender or any number of them, irrespective of whether such offender or number of offenders is identified specifically by name or reference to any particular place or circumstances, and any moment in time.²⁷ A warrant may be issued on any day of the week. It will remain in force until it has been executed, is cancelled by a judicial authority, the expiry of three months from the date of issue, or when the purpose for which it was issued no longer exists, whichever happens first.²⁸

A warrant may be executed by day only, unless the person issuing it authorizes its execution at night at reasonable times. Entry authorized in terms of a warrant into any place, premises, or vehicle specified in the warrant must be conducted with strict regard to decency and order, and, in particular, must have regard to, and respect and protect, a person's right to his dignity, the freedom and security of his person, and his personal privacy.²⁹ When executing a warrant, an inspector must before the commencement of the procedure identify himself to the person in control of the place or the like to be entered, if he is present, and must hand him a copy of the warrant; if that person is not present, the inspector must affix a copy of the warrant to a prominent spot at the place or the like. Upon request, the inspector must furnish the said person with his authority to execute the warrant. He may be requested to produce his certificate of appointment issued by the Minister in terms of s 22(3).³⁰

Subject to certain conditions, an inspector may during the day without a warrant enter any place, premises, or vehicle, after having identified himself, and exercise those powers of seizure, removal, detention, collecting evidence, and search which he has when acting under a warrant (except the power to search any person). This may be done in the following circumstances:

- (i) when a person who is competent to consent to the entry and search, seizure, removal, detention, and the like gives that consent; or
- (ii) when the inspector on reasonable grounds believes that a warrant would be issued to him if he were to apply for it and the delay which would ensue by first obtaining the warrant would defeat the object or purpose of the entry, search, seizure, removal, detention, collection of evidence, and the like. These powers to act without a warrant do not, save where the inspector acts with consent as mentioned above, entitle an inspector to enter and search any private dwelling nor to seize and remove suspected goods or collect evidence at such place.³¹

²⁶ Section 6(1).

²⁷ Section 6(2).

²⁸ Section 6(3).

²⁹ Section 6(4).

³⁰ Section 6(5).

³¹ Section 5(2) and (3).

Where an inspector acts without a warrant, any steps taken by him will cease to have any legal effect unless the complainant or the inspector applies to the court for confirmation of the action taken, either formally or *pendente lite*, within ten days and the court grants such application.³²

The constraints, directions, and procedures applicable to an inspector acting in terms of a warrant apply *mutatis mutandis* to an inspector acting of his own accord.³³

Powers and Duties of Inspectors

The primary function of an inspector is to carry out search-and-seizure raids on suspected counterfeiters and operations concerned with counterfeit goods. He may take action where he has reasonable grounds to suspect that the offence of dealing in counterfeit goods has been, or is being, committed, or is likely to be committed, or to believe that an act of dealing in counterfeit goods has taken, or is taking, place, or is likely to take place. He can make his decision on the grounds of a complaint laid with him or on the strength of any other information at his disposal.

Generally, an inspector is empowered to enter any place, premises, or vehicle³⁴ to inspect any relevant goods and seize any suspected counterfeit goods. He may seize and detain such goods and, where applicable, remove them for the purposes of detention. He may also collect or obtain evidence relating to the suspected counterfeit goods or an act of dealing in them. He may conduct whatever search (including of a person) may be necessary at the place, premises, or vehicle in question to give effect to his powers. Also, he may take whatever steps may be reasonably necessary to terminate the relevant act of dealing in counterfeit goods.³⁵ These powers may be executed wherever the suspected act of dealing in counterfeit goods takes place or may take place.³⁶

In exercising his powers, an inspector must act at a reasonable time. He may enter or inspect any place, premises, or vehicle on, or in, which goods that are reasonably suspected of being counterfeit are to be found, or on reasonable grounds, are suspected to be manufactured, produced, or made, and he may search such place, premises, or vehicle for such goods and any other evidence of the suspected act of dealing in counterfeit goods. An inspector who is a police official may stop a vehicle, if necessary by force, for purposes of entering, inspecting, and

³² Section 5(4)(a).

³³ Section 5(5).

³⁴ The term vehicle is defined in s 1 to include any 'motor car, van, truck, trailer, caravan, cart, barrow, train, aircraft, ship, boat or other vessel, and any other vehicle, craft or means of conveyance of any kind whatsoever, whether self-propelled or not, as well as any pack animal'. Section 1(2) states that, unless clearly inappropriate, any reference to any place or premises must be construed also as referring to any freight container at the place or premises; any reference to any vehicle also refers to a freight container on or in the vehicle.

³⁵ Section 4(1).

³⁶ Section 4(2).

searching it wherever it may be found, including on any public road or at any other public place. In taking steps reasonably necessary to prevent or terminate the unlawful activity at, on, or in the place, premises, or vehicle in question and to prevent the recurrence of any such act in future, the inspector may exercise the powers discussed in the next paragraph, but he may not destroy or alienate the relevant goods unless authorized by the court.³⁷

The inspector may seize and detain, and where applicable remove, all goods found at, on, or in a place, premises, or vehicle which he has entered or inspected. He may seal off any place, premises, or vehicle where those goods are found or are manufactured, produced, or made, either wholly or in part, or where any trade mark or prohibited mark or work which is the subject matter of copyright is applied to such goods or the packaging³⁸ of such goods is prepared or is undertaken. The tools³⁹ which may be used in the manufacture, production, making, or packaging of goods, or in applying a trade mark or prohibited mark to them, may be seized, detained, or removed for detention.⁴⁰

An inspector who is entitled to enter and search any place, premises, or vehicle or person there present may use such force as may reasonably be necessary to overcome any resistance to the entry and search.⁴¹ Before entering, an inspector must audibly first demand access to the place, premises, or vehicle and must notify the purpose of the entry unless on reasonable grounds he is of the opinion that any goods, document, article, or item may be destroyed or lost by taking these steps.⁴²

In undertaking any search for inspection and seizure of suspected counterfeit goods, an inspector may be assisted by the complainant or any other knowledgeable person in identifying goods as suspected counterfeit goods.⁴³

Any person at, in, or on, a place, premises, or vehicle being inspected by an inspector, and who is reasonably suspected by him to be in a position to furnish any information with reference to any act of dealing in counterfeit goods, may be questioned by him and a statement obtained from him. He may also demand and procure from any such person any book, document,⁴⁴ article, item, or object which may be relevant to the nature, quantity, location, source, or destination of the goods in question, or to the identity and address of anyone involved, or ostensibly involved, as a supplier, manufacturer, producer, maker, distributor, wholesaler,

³⁷ Section 5(1)(a) and (b).

³⁸ 'Packaging' connotes, as a verb and a noun, any container, wrapping, or outer cover and its contents, or any bundle or single piece, in the case of unpacked goods (s 1).

³⁹ The term 'tools' is defined in s 1 to include machinery.

⁴⁰ Section 5(1)(c), (d), and (e).

⁴¹ Section 6(6).

⁴² Section 6(7).

⁴³ Section 6(9).

⁴⁴ The term 'document' includes a tape recording, photograph, and any electronic or magnetic or other medium on, in, or by means or by way of which, images, sound, data, or information may be shared (s 1).

retailer, importer, exporter, or forwarding agent, or in some other capacity, in dealing in, the goods in question.⁴⁵ No answer given or statement made by any person interrogated by an inspector will, if self-incriminating, be admissible as evidence against that person in criminal proceedings initiated in any court against him, except in proceedings where that person is arraigned for an offence under the Act for giving information or an explanation knowing it to be false or misleading in terms of s 18(d)(ii), and then only to the extent that such answer or statement is relevant to prove the offence charged.⁴⁶

Save for his powers to seize, detain, and remove tools, and to interrogate persons who may furnish information relevant to an act of dealing in counterfeit goods, which are unqualified, the exercise of an inspector's other mentioned powers is qualified to the extent that any action taken in that regard falls away and is of no force or effect unless the court confirms such steps, either finally or *pendente lite*, on the application of the inspector or the relevant complainant brought within ten court days of the day on which those steps were taken.⁴⁷

When during a search by an inspector a person claims that any goods, document, article, or item, present contains privileged information and refuses its inspection or removal, the inspector must act in a set manner: If he is of the opinion that the goods, document, article, or item may be relevant to, and necessary for, the investigation of any complaint or any alleged or suspected act of dealing in counterfeit goods, he must request the registrar or deputy registrar of the High Court having jurisdiction to seize and remove the contentious material for safe custody until the court has made a ruling on whether the information in question is privileged.⁴⁸

Post-raid Procedure

Once an inspector has undertaken a search and seizure raid he must immediately give written notice of the seizure to the dispossessed person and to the complainant, where the raid has taken place at his request, or to a person entitled to be a complainant, where the raid has taken place on the inspector's own initiative. Such notice must specify the address of the place (called a 'counterfeit goods depot') where the seized goods are located.⁴⁹ (The term 'counterfeit goods depot' is defined in s 1, read with s 23, to connote a place designated by the Minister by notice in the *Government Gazette* for storing suspected counterfeit goods, or if suspected counterfeit goods are not transportable, the place where they are found and attached.⁵⁰) An inspector may require a complainant to

⁴⁵ Section 5(1)(f).

⁴⁶ Section 5(4)(b).

⁴⁷ Section 5(4)(a).

⁴⁸ Section 6(8).

⁴⁹ Section 7(1)(d).

⁵⁰ Section 7(1)(c) read with s 1 *sv* 'counterfeit goods depot'. In terms of s 23, the Minister may designate any place as a counterfeit goods depot by notice in the *Government Gazette*. He may also amend or withdraw that notice. He must appoint a fit and proper person to be in charge of such depot.

disclose any information which may be relevant to the action which he has taken.⁵¹

The notice issued to the complainant must notify him of his right to lay a criminal charge against the dispossessed person ('the suspect') within three days after the date of the notice. Where an inspector acts on his own initiative in conducting a search-and-seizure raid, the notice to a prospective complainant must invite that person to lay a complaint with him and to lay a criminal charge with the South African Police Service; such action should be taken not later than three days after the date of the notice.⁵²

An inspector who has seized any suspected counterfeit goods must immediately seal those goods and make an inventory of them, in quadruplicate. This inventory must be certified as correct by the dispossessed person on each original version of that inventory. One original version of the inventory must be furnished to the dispossessed person and another to the complainant, if any, within 72 hours after the seizure. The inspector must then as soon as possible remove the goods, if they can be transported, to a counterfeit goods depot for safe storage; if they cannot be removed or transported, he should declare the goods to have been seized and secure them at the place where they were found, after which that place is deemed to be a counterfeit goods depot.⁵³

Any person prejudiced by seizure of goods by an inspector may at any time apply to the court on notice of motion for a determination that the seized goods are not counterfeit and for an order that they be returned to him. The court may refuse or grant the relief applied for and make such an order as it deems just and appropriate in the circumstances, including an order as to the payment of damages and costs. Where the court refuses an order sought in these circumstances, it may direct that the complainant furnishes security to the applicant in respect of these goods in an amount and manner determined by the court. This facility is available only where the inspector has acted pursuant to a complaint.⁵⁴

Any person suffering injury or prejudice caused by the wrongful seizure of goods alleged to be counterfeit, or by any action taken by an inspector in effecting the seizure, may claim compensation. The compensation must be claimed against the complainant and, subject to what follows, not against the inspector, the person in charge of the counterfeit goods depot, or the state.⁵⁵ An inspector, the person in charge of the counterfeit goods depot, and/or the state can be liable in respect of such a claim only in the following circumstances:

- (a) if the inspector, or person in charge of the counterfeit depot (or any person acting on the instruction or under the supervision of such

⁵¹ Section 7(3).

⁵² Section 7(2).

⁵³ Section 7(1)(a), (b), and (c).

⁵⁴ Section 7(4).

⁵⁵ Section 17(1).

- person), or any servant of the state has been grossly negligent in the execution of the seizure or removal of the goods or in their detention or storage; or
- (b) where the person in question has acted in bad faith in performing functions empowered under the Act.⁵⁶

Detention and Release of Seized Goods

Goods that have been seized by an inspector, must be stored and kept in safe custody at a counterfeit goods depot until the person in charge of that depot is ordered by the court to return, release, destroy, or otherwise dispose of those goods as specified in that order, or is instructed by the inspector concerned in the matter in the circumstances discussed below to release those goods to the suspect.⁵⁷

If, after the seizure of goods, the complainant or a prospective complainant wishes to lay a criminal charge against the suspect with the South African Police Service for having committed an act of dealing in counterfeit goods and to request that a criminal investigation into the matter be undertaken, he must do so within three days after the date of the notice given by the inspector reporting on his seizure action. If no charge has been laid by the expiry of this period, the relevant seized goods must be released to the suspect, unless the complainant exercises his right to institute civil proceedings against the suspect in accordance with the procedure discussed below.⁵⁸

Where a criminal charge is laid against a suspect, the state must, within ten working days of the inspector's original written notice, inform the suspect by written notice of its intention to institute a criminal prosecution against him for having committed an act of dealing in counterfeit goods. If this notice is not given, the seized goods must be returned to the suspect.⁵⁹ If a complainant or a prospective complainant wishes to institute civil proceedings against a suspect, he must likewise give written notice within ten days of the original notice of his intention to do so; if he fails to do so, the seized goods must be returned to the suspect.⁶⁰ Having given such written notice to the suspect, the state, or the prospective plaintiff in civil proceedings, must actually commence the threatened proceedings within ten court days after having given the said written notice. If this notice is not given, the seized goods must be returned to the suspect.⁶¹

The complainant may in writing instruct an inspector to release seized goods to a suspect, provided that such an instruction may not be given, and the relevant seized goods may not be released, after a criminal

⁵⁶ Section 17(2) and (3).

⁵⁷ Section 8(1).

⁵⁸ Section 9(1).

⁵⁹ Section 9(2)(i).

⁶⁰ Section 9(2)(a)(ii).

⁶¹ Section 9(2)(b).

prosecution involving those goods has been instituted against the suspect.⁶²

Where counterfeit goods bearing an infringing trade mark or a mark which violates a prohibition issued under s 15 of the Merchandise Marks Act are ordered by the court to be delivered up to any person, those goods may not be released into the channels of commerce after merely removing the infringing mark, or if imported, may not be exported in an unaltered state, unless the court on good cause shown has ordered otherwise.⁶³

Except where seized goods are to be released pursuant to an order of the court, the release must be effected by the inspector who seized the goods. He must do so by giving notice to the person in charge of the counterfeit goods depot where the goods are stored directing that the relevant goods, as specified in the copy of the inventory attached to that notice, be released to the person specified in it. The person in control of the counterfeit goods depot must then release the goods in accordance with the notice on the fourth day after the date of the notice, unless the court has ordered otherwise.⁶⁴

Goods which have been seized and are being stored in a counterfeit goods depot are available for inspection by the complainant or prospective complainant, the suspect, and any other interested person on any working day during normal office hours.⁶⁵ When a request that the goods be made available for testing or analysis is made, the person in charge of the counterfeit goods depot must comply if, having taken account of (a) the nature of the seized goods, (b) the nature of the tests or analyses to be conducted, and (c) the competence and suitability of the person by whom the tests or analysis are to be conducted, he is satisfied that the request is reasonable. If the person in charge of the counterfeit goods depot is not willing to comply with such a request, he must refer the matter to the complainant or prospective complainant, who must either confirm or reverse that decision within forty eight hours. If the complainant confirms the decision, he must convey his decision in writing to the suspect, who may then apply to the court for an order rescinding that decision and allowing those goods to be made available as requested. The court must grant such an application if it finds the decision to refuse the analysis for testing of the goods to be unreasonable in the circumstances.⁶⁶

Orders that May Be Issued by a Court

The court is given powers to issue certain specific orders in relation to counterfeit goods and ancillary matters. The court has may order the

⁶² Section 9(2)(c).

⁶³ Section 10(2).

⁶⁴ Section 9(3).

⁶⁵ Section 8(2).

⁶⁶ Section 8(3), (4), and (5).

release of seized goods at any time.⁶⁷ It may order that goods found to be counterfeit be delivered up to the owner of the relevant intellectual property right or to a complainant deriving title from such owner, irrespective of the outcome of the proceedings. It may also order that the goods be released to any specified person. The complainant may be ordered to pay damages in an amount determined by the court and costs to the dispossessed person. The accused or the defendant may be ordered to disclose the source from which counterfeit goods have been obtained as well as the identity of the persons involved, or ostensibly involved, in the importation, exportation, manufacture, production or distribution, of the counterfeit goods, and the channels of distribution of those goods.⁶⁸

A court convicting a person of an offence of dealing in counterfeit goods may order the destruction of counterfeit goods and their packaging and, where applicable, any tools used by the convicted person for the manufacture, production, or making of those or any other counterfeit goods, or for the unlawful application to goods of the subject matter of any intellectual property right. Alternatively, the court may declare the counterfeit goods in question to be forfeited to the state.⁶⁹

Evidence and Presumptions

There are certain special provisions regarding matters of evidence in proceedings brought under the Act and presumptions which facilitate the proof of various essential factual issues.

While an inspector will generally play a limited role in litigation in respect of counterfeit goods, he may be called as a witness by any party to any proceedings, or by the court, when his conduct, the manner of the exercise of his powers or functions, or the nature of the circumstances or activities in relation to which he has exercised his powers, is in issue.⁷⁰ Where a statement is taken or other documentary evidence is procured by an inspector in the course of carrying out his duties, upon request by a complainant, that statement or evidence may be made available to him and he may make and retain copies of it but must return the originals to the inspector.⁷¹

A statement in the prescribed form, made under oath or affirmation by an inspector, to the effect that the goods specified in an annexed inventory are goods seized by him from a specified person at a specified place and on a specified date is admissible in evidence and is sufficient proof of the facts stated in it, provided that the inventory has been prepared by the inspector and certified by him to be correct. Still, the court may at its discretion order that the inspector making the statement

⁶⁷ Section 9(2)(d).

⁶⁸ Section 10(1).

⁶⁹ Section 20(1).

⁷⁰ Section 16(2).

⁷¹ Section 16(1).

be directed or subpoenaed to appear before the court to give oral evidence concerning any matter dealt with in the statement.⁷²

The subsistence of an intellectual property right and proof of title to it can be proved in proceedings under the Act as follows:

- (a) In the case of a registered trade mark, a certified extract from the register of trade marks can be adduced in accordance with the provisions of ss 49, 50, and 51 of the Trade Marks Act.
- (b) In the case of copyright in a work, the relevant facts can be adduced by way of affidavit in accordance with s 26(12) of the Copyright Act, which applies *mutatis mutandis*. The mere production of such affidavit in those proceedings will be *prima facie* proof of the facts stated in it.
- (c) In the case of a prohibited mark under s 15 of the Merchandise Marks Act, evidence may be adduced by producing to the court a copy of the *Government Gazette* in which the prohibition on the use of the mark was published, and a statement made under oath or affirmation by the Minister of Trade and Industry, or any official of that department designated by the Minister, to the effect that the notice has not been withdrawn or amended in its essence.

Despite the above provisions, the court may require oral evidence to be given in relation to any such facts or, in the case of a High Court, may order that the evidence of a person who resides, or is for the time being, outside the area of jurisdiction of the court be taken by means of interrogatories.⁷³

To facilitate proof of the issue, any person who conducts business in protected goods relative to a particular intellectual property right and who is found in possession of suspected relevant counterfeit goods, is presumed, until the contrary is proved, to have been in possession of such goods for the purposes of dealing in them. This provision is subject to the proviso that the quantity of those goods must be greater than that which may be reasonably required for the suspect's private and domestic use. This presumption applies to criminal and civil proceedings; in regard to criminal proceedings, however, it is specifically provided that the presumption will be rebutted only if credible evidence in rebuttal is tendered.⁷⁴

Where a person has been convicted of a criminal offence for dealing in counterfeit goods and civil proceedings are later instituted on the same set of facts, the plaintiff may lead evidence concerning the conviction for the criminal offence.⁷⁵

Offences and Penalties

The Act creates various subordinate offences in addition to the principal offence. More particularly, it is an offence to fail to comply with any request, directive, demand, or order made or given by an inspector in

⁷² Section 16(4).

⁷³ Section 16(5).

⁷⁴ Section 16(6).

⁷⁵ Section 16(3).

carrying out his functions or to obstruct or hinder him in carrying out his functions.⁷⁶ It is also an offence for a person to refuse or fail to give information or an explanation relating to a matter within his knowledge, or to furnish information or an explanation in the knowledge that it is false or misleading, when asked by an inspector to do so.⁷⁷ Any person who without authority breaks, damages, or tampers with a seal applied by an inspector, or who removes goods, documents, articles, items, objects, or things sealed off or by an inspector, or detained or stored at a counterfeit depot, commits an offence.⁷⁸

In imposing penalties upon conviction for an offence of dealing in counterfeit goods, the court must take account of any risks to human or animal life, health, safety, or danger to property that the presence, or the use, of the counterfeit goods may cause.⁷⁹

A person convicted of the offence of dealing in counterfeit goods is liable, in the case of a first conviction, to a maximum fine of R5 000 or to imprisonment for up to three years, or both, for each article to which the offence relates. In the case of a subsequent offence, the maximum fine increases to R10 000, and the maximum period of imprisonment to five years.⁸⁰ A person convicted of a subordinate offence is liable to a fine of up to R1 000 or imprisonment for up to six months.⁸¹

The amounts of these penalties may be increased by the Minister of Trade and Industry by notice in the *Government Gazette*. Such notice must be tabled in the House of Assembly for its consideration and approval within fourteen days of publication, or if it is not in session, within fourteen days of the commencement of the next session.⁸²

A court convicting a person of an offence of dealing in counterfeit goods may take the following into account in mitigation of sentence: the fact that such person fully, truthfully, and to the best of his ability disclosed to an inspector acting against him in carrying out a search-and-seizure action, or to a member of the South African Police Service investigating the offence in question, all information and particulars available to that person in relation to

- (a) the source from which the relevant counterfeit goods were obtained;
- (b) the identity of the persons involved in their importation, exportation, manufacture, production, or making;
- (c) the identity and, if reasonably demanded, the addresses or whereabouts of the persons involved in the distribution of those goods; and/or
- (d) the channels of distribution of those goods.⁸³

⁷⁶ Section 18(a) and (b).

⁷⁷ Section 18(d).

⁷⁸ Section 18(c).

⁷⁹ Section 19(3)(a).

⁸⁰ Section 19(1).

⁸¹ Section 19(2).

⁸² Section 19(4).

⁸³ Section 19(3)(b).

In addition to the conventional penalties, the Act provides for an unusual system of rewarding persons who have purchased counterfeit goods and who assist in a conviction being obtained against the seller of the goods. Any person who purchased and paid for counterfeit goods (called an 'aggrieved person') can submit the counterfeit goods purchased by him, with proof of the price paid, to an inspector. Provided he co-operates fully in the prosecution of the seller, the court is obliged to issue an order making a monetary award in his favour (a) upon the seller's conviction for the offence of dealing in those particular counterfeit goods, or (b) the making of an order that such goods be delivered up to the owner of the intellectual property right or to a complainant deriving title from him. This reward consists of a sum of money three times the amount of the price paid by him for the counterfeit goods. The payment of the reward must be made by the seller to the aggrieved person and it is in addition to any conventional fine imposed on him by the court.⁸⁴ The above applies mutatis mutandis to any transactions other than sale and purchase of counterfeit goods where counterfeit goods are given to an aggrieved person in consideration for value.⁸⁵

This reward system effectively can make 'bounty hunters' out of members of the public. It can be a very effective anti-counterfeiting measure. Ample incentive is provided to members of the public to seek out and purchase counterfeit goods and then to collaborate with the police or inspectors to secure a conviction for dealing in counterfeit goods and obtain a generous reward. It should be a considerable disincentive to a dealer in counterfeit goods to know that he might in due course have to pay each purchaser of goods three times the amount of the purchase price in addition to any other penalties which may be imposed upon him if he is convicted of an offence.

Civil Remedies

Statutory Anton Piller Order

Apart from creating the offence of dealing in counterfeit goods and providing for effective search and seizure proceedings for the purpose of criminal prosecutions, the Act also provides for civil proceedings. An extraordinary procedural remedy is available in proceedings for the infringement of an intellectual property right which amounts to a statutory procedure for obtaining what is effectively an Anton Piller order — a civil-law procedure for search and seizure of evidence and other items.⁸⁶

⁸⁴ Section 20(2).

⁸⁵ Section 20(3).

⁸⁶ *Shoba v Officer Commanding, Temporary Police Camp, Wagendrift Dam & another; Maphanga v Officer Commanding, South African Murder and Robbery Unit, Pietermaritzburg & others* 1995 (4) SA 1 (A). In this case the history of the development of the Anton Piller order is set out concisely. The judgment actually deals with two separate cases: one, *Shoba*, was unsuccessful and the other, *Maphanga*, was successful. These cases gave the court the opportunity to settle the law on Anton Piller orders.

The owner of an intellectual property right who is aware or has reasonable grounds to believe that an act of dealing in counterfeit goods has taken place, is taking place, or is about to take place, may apply ex parte to a judge in chambers for an order:

- (a) directing the sheriff or another person designated by the court (referred to as a 'designated person'), accompanied by such other persons as the court may specify, to enter a specified place or premises, and there (i) search such premises for and seize documents, (ii) remove records or other materials specified by the court and specified goods alleged to be counterfeit goods (called 'subject goods'), and (iii) attach such materials and goods;
- (b) directing the respondent to point out to the sheriff or designated person executing the order all subject goods and to disclose and make available to him all documents and materials relevant to the determination of whether the goods in question are counterfeit or to any dealings in such goods (called 'ancillary materials') at the place or premises or elsewhere, and permitting the person executing the order to attach such items and remove them for detention in safe custody;
- (c) restraining the respondent from interfering with the state of the subject goods or ancillary materials during the search, seizure, attachment, or removal and carrying out or continuing with the relevant act of dealing in counterfeit goods; and
- (d) granting any further or alternative relief which the court considers appropriate.⁸⁷

This statutory version of an Anton Piller order is additional to any other remedy which the applicant may have at his disposal, such as the common-law Anton Piller order.⁸⁸

Before a court grants the order, it must be satisfied (a) that the applicant has a prima facie claim against the respondent for the infringement of an intellectual property right, and (b) that, whether on account of the nature of the goods with which the application is concerned, or other circumstances, the applicant's right to discovery of documents in proceedings to be instituted is likely to be frustrated, or the goods in issue in such proceedings, or evidence pertaining to dealings in such goods, is likely to be altered or destroyed, disposed of, or otherwise placed beyond the access of the applicant if the normal court procedure is implemented or followed.⁸⁹

The court hearing such an application has a general discretion to refuse it, grant it subject to such terms and conditions as it considers appropriate, or to make any other appropriate order.⁹⁰ Without derogating from these general powers, the court may order the following:

⁸⁷ Section 11(1).

⁸⁸ Section 21.

⁸⁹ Section 11(3).

⁹⁰ Section 11(4).

- (a) the sheriff or designated person is authorized to rely on the assistance of specified knowledgeable persons in identifying the subject goods and the ancillary material;⁹¹
- (b) the applicant must furnish security to the respondent in an appropriate amount equal to a specified percentage of the value of the goods attached;⁹²
- (c) the respondent is restrained *pendente lite* from infringing the applicant's intellectual property right;⁹³
- (d) issue a rule nisi calling upon the respondent to show cause on a specified day within twenty court days of the granting of the order why an interdict restraining the respondent from the infringing of the applicant's intellectual property right and further relief, including delivery up of the subject goods to the applicant, should not be granted or confirmed;⁹⁴ and
- (e) should he wish to pursue the matter further, the applicant must institute an action against the respondent based on the infringement of his intellectual property right not later than the date specified in the order,⁹⁵ or if no such date is specified, within twenty court days of the date of such order.⁹⁶

If the applicant does not timeously institute proceedings against the respondent for the infringement of his intellectual property right or if his claim is ultimately dismissed by the court, the court may on the application of the respondent or some other interested person claiming entitlement to the seized materials, order that such materials be released to such person.⁹⁷

An application for this statutory Anton Piller order should be heard in chambers unless the court is satisfied that the attendance of the proceedings by members of the public, or any class or group of such members, will not cause the applicant to suffer any prejudice, or to be prejudiced, when seeking to protect or enforce his intellectual property right, and that such attendance will not impair or detract from the efficacy of the order or its execution should it be granted.⁹⁸

When the statutory Anton Piller order is executed, the respondent is entitled to have his attorney present during the search and further execution of the order if the attorney can be present with due speed after the sheriff or designated person has arrived at the place of execution of the order in order to proceed with the execution. For the purpose of conducting the search, the sheriff or designated person must be accompanied by the applicant's attorney who, after service of the court

⁹¹ Section 11(5)(a).

⁹² Section 11(5)(b).

⁹³ Section 11(5)(c).

⁹⁴ Section 11(5)(d).

⁹⁵ Section 11(5)(e).

⁹⁶ Section 11(6).

⁹⁷ Section 14.

⁹⁸ Section 11(2).

papers, must explain the terms of the order to the respondent or the person upon whom service takes place at the premises to be searched, and he must inform him as to the respondent's right to have his attorney present, provided that his presence can be secured with due speed.⁹⁹

The sheriff or designated person conducting the search must prepare an inventory of the subject goods and ancillary materials attached by him on the authority of the order, and must furnish a copy of the inventory to the applicant and to the respondent. He must allow the parties to peruse the ancillary materials that have been attached and to make copies of them or excerpts from them. He must also allow the parties to inspect the subject goods and to have those goods tested or analysed.¹⁰⁰

After completion of the search, the applicant's attorney must without delay make a statement under oath or affirmation reporting fully on the conduct of the search and on any other steps taken by him in connection with the search with a view to complying with the terms of the order and the requirements discussed above. Where any subject goods or other materials have been attached in terms of an order, he must annex a copy of the inventory prepared in relation to those materials to his statement and he must file the original of the statement with its annexure at the office of the registrar of the court and serve a certified copy of it on the respondent.¹⁰¹

If the infringement proceedings to which the statutory Anton Piller procedure gives rise are not successful, the court may order the applicant to pay appropriate compensation to the respondent for any injury or prejudice caused to or suffered by him as a result of the measures taken in terms of the procedure.¹⁰²

Common-Law Anton Piller Order

The question which arises from a consideration of the statutory Anton Piller order is to what extent, and in what manner, it differs from the common-law Anton Piller order. The position of the common-law Anton Piller order (which has had a long and tortuous history) has finally been settled in the *Shoba* case.¹⁰³ There the Appellate Division approved an Anton Piller order with the following elements:

- (a) An applicant must show the following:
- (i) that he has a cause of action against the respondent which he intends to pursue;
 - (ii) that the respondent has in his possession specific (and specified) documents or things which constitute vital evidence in substantiation of the applicant's cause of action;

⁹⁹ Section 12(1) and (2).

¹⁰⁰ Section 12(3).

¹⁰¹ Section 12(4).

¹⁰² Section 13.

¹⁰³ *Supra* note 86.

- (iii) that there is a real and well-founded apprehension that this evidence may be hidden or destroyed or in some manner spirited away by the time that the matter comes to trial or to the stage of discovery.
- (b) The availability of the procedure is not confined to intellectual property cases.
- (c) The court may dispense with the provisions of the normal rules of court and the application may be brought without notice to the respondents and be heard in camera.
- (d) The court has a discretion whether or not to grant the remedy, and if so, on what terms. In exercising this discretion, the court will pay regard, inter alia, to the cogency of the prima facie case established by the applicant, the potential harm that will be suffered by the respondent if the remedy is granted as compared with, or balanced against, the potential harm to the applicant if the remedy is withheld, and whether the terms of the order sought are no more onerous than is necessary to protect the interests of the applicant.
- (e) The order relates merely to procedural relief — the preservation of evidence, to be used for ultimately securing the substantive relief.
- (f) Any interested party must be given leave to apply to the court, on not less than 24 hours' written notice, for the variation or setting aside of the order or for any other appropriate relief, and can file such affidavits as may be necessary in connection with the application.
- (g) The order must be executed only in the presence of the deputy sheriff. He can be accompanied by the applicant's attorney.
- (h) The deputy sheriff must prepare a detailed inventory of the items and materials found on the premises and he must provide the applicant's attorney and the respondent with a copy of this inventory.
- (i) The applicant's attorney must file with the court an affidavit setting out the manner in which the order was executed, the portion of the premises inspected, and the observations made by him in the course of such inspection. A copy of this affidavit, with the documents filed in the proceedings and the court's order, must be served on the respondent.
- (j) The cost of the application can be reserved for decision in the pending proceedings to which it is a prelude. If such proceedings are not instituted within three weeks of the date of the order, the applicant is required to pay the costs of the application.

The court was at pains to state that it was not prescribing a model order and that it was not suggesting that the procedure approved could not be improved upon. However, I believe that the order granted in this case at least lays down the minimum requirements for the granting of future orders. The order did not include an interim interdict or a rule nisi

operating as an interdict. It merely related to procedural relief. That is not to say, however, that in appropriate circumstances the court will not in the future grant an interim interdict, or a rule nisi operating as an interim interdict, along with an Anton Piller order. The interdict will, however, be supplementary to the Anton Piller order and not part of the order itself in the strict sense.

Comparison of Statutory and Common-Law Anton Piller Orders

It will be apparent from a comparison of the elements of the statutory and the common-law Anton Piller order that they have much in common. There are, however, the following differences:

- (a) In contrast to the statutory Anton Piller order, the common-law order, as approved, does not restrain the respondent from interfering with the state of the materials seized and from continuing to carry out the relevant offending acts.
- (b) The statutory order allows for someone else (a 'designated person') besides the sheriff or deputy sheriff to execute the order, and for that person to rely on the assistance of a specified knowledgeable person in identifying the goods to be seized. The common-law order as approved does not provide for this, although I believe that in appropriate circumstances a similar measure may be ordered by the court in granting a common-law order.
- (c) The statutory procedure requires the applicant to furnish security to the respondent and no such provision was included in the approved common-law order, although it is conceivable that circumstances requiring such a provision may occur in the future.
- (d) As previously mentioned, unlike the statutory order, which provides for an interdict or a rule nisi granting or confirming an interim interdict, the common-law order as such does not include such a provision.
- (e) There is a slightly longer period laid down for an applicant to pursue his claim against the respondent in the statutory order (twenty court days) than in the common-law order as approved (three weeks).
- (f) In the statutory version of the order the applicant is obliged to inform the person on whom the order is executed of the respondent's right to have his attorney present while no such requirement is laid down in the approved common-law order.
- (g) The statutory version requires the sheriff to allow the parties to peruse the items which have been attached and to make copies of them and excerpts from them, and to have them tested or analysed. No such direction was given in the approved common-law version.
- (h) The availability of the statutory Anton Piller order is confined to intellectual property matters (as defined in the Act). No such limitation applies to the common-law version.

There is not much to choose between the two forms of the order but I believe that, on the whole, the statutory version is more advantageous to an intellectual property owner because of its enshrinement of the principle of the availability of an interim interdict to restrain the respondent from continuing with the conduct complained of. On the strength of *Shoba*,¹⁰⁴ an intellectual property owner cannot necessarily assume that he will be entitled to obtain an interim interdict as a supplement to the Anton Piller order.

Importation of Counterfeit Goods

A facility is granted to the owner of an intellectual property right to enter into an arrangement with the Commissioner for Customs and Excise in terms of which the commissioner must restrict the importation of goods which, in respect of the intellectual property right in question, are counterfeit. The customs authorities contemplated by the Counterfeit Goods Act are the South African Revenue Service in its division Customs and Excise, the members of which are the commissioner and those officials who are 'officers' within the contemplation of the definition of 'officer' in s 1(1) of the Customs and Excise Act.¹⁰⁵

In order to avail himself of this facility, the owner of an intellectual property right may apply to the commissioner to request him to seize and detain all goods which are counterfeit in respect of the relevant intellectual property right and which are imported into, or enter, the country during the period specified in the application. This period may not, however, extend beyond the duration of the term of protection of the intellectual property right.¹⁰⁶

The commissioner must deal with the application without delay and must grant it if, on reasonable grounds, he is satisfied that the application relates to prima facie protected goods, the relevant intellectual property right subsists, and the applicant is prima facie the owner of that intellectual property right.¹⁰⁷ The applicant may furnish the commissioner with a specimen of the protected goods in respect of his intellectual property right and sufficient information and particulars as to the subsistence of that intellectual property right and as to his title to it in order to satisfy him that the requirements for granting the application are satisfied.

After considering the application, the commissioner must by written notice given within a reasonable time after his decision on the application notify the applicant whether the application has been granted or refused. If the application is granted, the written notice must state the period during which the targeted counterfeit goods (called 'the stipulated goods')

¹⁰⁴ Supra note 86.

¹⁰⁵ Section 15(9).

¹⁰⁶ Section 15(1).

¹⁰⁷ Section 15(3).

being imported into or entering the country will be made subject to seizure and detention. If the commissioner refuses the application, he must state his reasons for the refusal.¹⁰⁸

When an application to the commissioner has been granted, all goods which are stipulated goods, or are suspected on reasonable grounds to be stipulated goods, imported into, or entering the country during the period specified by the commissioner (which may be a shorter period than the period of protection sought by the applicant) may be seized and detained by the customs authorities under the Customs and Excise Act, as varied by the Counterfeit Goods Act.¹⁰⁹ In general terms, in carrying out their functions, customs authorities will act *mutatis mutandis* as though they are inspectors exercising their powers on their own initiative.¹¹⁰ This means that requirements and procedures regarding an inspector obtaining a warrant do not apply to the customs authority. It can act without any such warrant. Those provisions in terms of which any power, right, function, duty, obligation, exemption, indemnity, or liability is conferred or imposed on an inspector apply to the customs authorities in this context. The Minister can, however, at the request of the Minister of Finance, acting on the recommendation of the Commissioner for Customs and Excise, by notice in the *Government Gazette*, exempt members of the customs authorities from any of the provisions of the Counterfeit Goods Act, if he is satisfied that there are suitable and appropriate alternative arrangements in terms of the Customs and Excise Act which enable officials to act as contemplated in the Counterfeit Goods Act.¹¹¹

In approving an application, the commissioner may require an applicant to furnish security in a manner and amount specified by him to indemnify the customs authorities against any liability that may be incurred pursuant to the seizure and detention of goods or anything done by them in relation to goods when acting or purporting to act under their powers conferred by the Counterfeit Goods Act. Such security may also cover any expenses which may be incurred or anticipated to effect the seizure and detention of goods. In the absence of appropriate security being given, the customs authorities can decline to seize or detain any suspected counterfeit goods.¹¹²

The customs authorities are not liable under the Act for any failure to protect or seize suspected counterfeit goods, for the inadvertent release of any such goods, or for any action taken in good faith in respect of such goods.¹¹³

¹⁰⁸ Section 15(5).

¹⁰⁹ Section 15(4).

¹¹⁰ In terms of s 3(4) read with s 4(1) of the Counterfeit Goods Act.

¹¹¹ Section 15(6).

¹¹² Section 15(7).

¹¹³ Section 15(8).

Minister's Powers to Make Regulations

The Minister has a general power to make regulations in relation to any matter which may or must be prescribed in terms of the Act and in relation to any other administrative or procedural matters that may be necessary or expedient for the proper and effective administration of the Act. More specifically, he is entitled to make regulations (a) prescribing any inventory to be prepared or made in terms of the Act, (b) for the proper and effective control, management, and administration of the counterfeit goods depot and the proper care of the goods detained in it, and (c) in relation to the manner or form in which any application besides a court application is to be made in terms of the Act; he may prescribe forms for that purpose.¹¹⁴

Miscellaneous Provisions

Subject to the Constitution of the Republic of South Africa¹¹⁵ and the Criminal Procedure Act, the provisions of the Act do not detract from a person's civil or criminal liability under any other law dealing with infringement of any intellectual property right and from the capacity or competence to institute civil or criminal proceedings in respect of such infringement under any law.¹¹⁶

The Act binds the state.¹¹⁷

Conclusion

The Counterfeit Goods Act is supplementary to existing remedies available to copyright and other intellectual property right owners to protect and enforce their rights. As previously mentioned, nothing in the Act affects or detracts from any civil or criminal remedy or procedure available to the owner of an intellectual property right. Accordingly, a copyright owner can still rely on the criminal provisions of the Copyright Act. Also, the common-law criminal offences, such as fraud and theft, continue to apply in tandem with the counterfeiting remedies. With regard to civil-law copyright infringement, the Counterfeit Goods Act provides the additional facility of the statutory Anton Piller procedure to supplement the common-law procedural remedy.

With its streamlined procedure for enabling law-enforcement authorities to seize and detain goods and instigate criminal prosecutions in respect of counterfeit goods, the Act is a useful and practical addition to the armoury of the copyright owner who suffers from the unwelcome attention of counterfeiters.

The basic approach of the Act is to impose a relatively low threshold for the availability of relief (and thus to facilitate taking prompt and

¹¹⁴ Section 24.

¹¹⁵ Act 108 of 1996.

¹¹⁶ Section 21.

¹¹⁷ Section 25.

effective action to curtail dealing in counterfeit goods with a minimum of formalities) and to reduce as far as possible the potential liability of the police or other inspectors in seizing counterfeit goods; the risk of action being taken against police and other inspectors for unjustified seizure and detention of goods is thus reduced. However, responsibility for the action of seizing and detaining goods is placed squarely at the door of the complainant. If action is taken without justification, or the position of a dispossessed person is unduly prejudiced, responsibility and liability accrue to the complainant. Be it on his head if he acts in an unjustified, improper, or reckless manner in causing the seizure and detention of alleged counterfeit goods. This approach ought to go some way towards dispelling the reluctance of the police to take effective action in intellectual property matters, due to their unwillingness to expose themselves to possible damage claims, and at the same time inhibit intellectual property rights holders from acting irresponsibly in enforcing their rights or perceived rights.

A FACT OF LIFE

'Conflict is a fact of life. It was there when we painted ourselves blue and lived in caves; it will be with us until our planet finally dissolves into the celestial void.

What really matters is how we deal with it. Do we go to law — or to war — to resolve our differences with others? Or do we find some other means to deal with our disputes: means which are quicker, cheaper and less corrosive of our nerves, relationships and resources?

[Andrew Floyer Acland *A Sudden Outbreak of Common Sense* (1990) 1]