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Newsletter

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STARTUP AND E-COMMERCE NEWS



Kenya's Competition Authority reviews its buyer power standards to ensure transparency, predictability, and uniformity in the application of law

■ Back in 2017, the Competition Authority of Kenya issued the Buyer Power Guidelines to clarify on the provisions on the abuse of power in the Competition Act 2016. It has been five years since then. The authority went back to the drawing board to review the guidelines after a number of considerations. Part of the factors arising to this necessity include the demand to equip stakeholders with a better understanding of the standards, process and tools used by the authority to analyse if an enterprise has buyer power and that it has abused this power. The Consumer Authority has included new provisions in the reviewed guidelines which cater to this clarification. Other provisions added include a specification of the criteria used to identify that an industry requires a standard code of practice to regulate abuse of buyer power. The Authority will also publish a code of practice for various sectors geared towards the same goal of preventing instances of abuse of buyer power. Access the reviewed buyer power guidelines [here](#).



Kenya's insurtech startup, Lami Technologies, raises an extra \$3.7m seed round to expand its insurance product offerings

■ Lami Technologies, a Kenyan insurtech startup, has this week raised a \$3.7 million seed round extension to expand its insurance product offerings. Harlem Capital led the funding round. Participants included Newtown Partners, Peter Bruce-Clark, Caribou Honig, and Jay Weintraub. Through an Application Programming Interface (API), Lami enables businesses to offer digital insurance products to their users, which partner businesses can also use to manage their insurance needs. For example, Lami collaborates with Senty, a Kenyan startup that builds fulfillment infrastructure for eCommerce and consumer brands, to provide per-trip transit insurance to freight carriers in Kenya, Uganda, and Tanzania. It also partners with Kwara, a Kenyan fintech startup, to make insurance products available to members of the Savings and Credit Co-Operative Society (SACCO). Lami will use the funds to hire, fast-track its expansion plans, and drive underwriter partnerships. The CEO also disclosed that the startup has expanded into Egypt and Nigeria.



Youverify, an identity verification startup, closes an additional \$1 million seed to verify 2 billion identities



Photo: Techpoint Africa

■ Youverify, a Lagos and San Francisco-based identity verification startup, has announced this week a \$1 million seed round extension to expand the number of identities it can verify from 400 million to 2 billion. In 2020, the company raised a \$1.5 million seed, bringing its total seed funding to \$2.5 million. Orange Digital Ventures (ODV) and LoftyInc Capital led the extension round. Octerra Capital, Plug & Play Venture, Syntax Ventures, HTTP Investors, Afer Group, and Fronesy Capital also participated. Gbenga Odegbami, CEO and Founder, launched Youverify in 2018 to provide API for address and identity verification to various financial institutions. Youverify facilitates the automation of Know Your Customer (KYC) and other compliance procedures for African banks and startups, combining KYC and compliance products like transaction monitoring to address issues like anti-money laundering (AML) and fraud. It combats fraud by identifying transaction patterns to flag fraud, blocking virtual cards, and tracing them back to the perpetrators of multiple false chargebacks. Currently, the company operates in Ghana, Côte d'Ivoire, South Africa, Kenya, and Uganda and plans to expand its footprint to 30 countries over the next 18 months, focusing on the southern, eastern, and francophone parts of Africa, where the CEO says the company will be “recruiting aggressively.”

No plans to suspend Facebook by the government, says CS Mucheru

■ Earlier on July 29th, the National Cohesion and Integration Commission announced that it gave Facebook a 7 day ultimatum notice to comply with hate speech prevention guidelines or have its use suspended in the country. NCIC's warning to the big tech company came after a report by the Global Witness- an advocacy group, and Foxglore- a non-profit organization outlined that Facebook has been unable to detect hate speech weeks before the Kenyan elections. “They have allowed themselves to be a vector of hate speech and incitement, misinformation, and disinformation,” David Makori, NCIC commissioner, made a statement implying that the Meta owned company contravened the country's laws. Later on 30th July 2022, ICT CS Joe Mucheru gave a counterargument to NCIC's ultimatum in a tweet stating “Media, including social media, will continue to enjoy PRESS FREEDOM in Kenya. Not clear what legal framework NCIC plans to use to suspend Facebook. Government is on record ‘We are NOT shutting down the Internet’”. Around the same time, Meta publicly shared on work done by its subsidiary company Facebook in ensuring safe elections. This generally includes scraping harmful content, protecting political activists and regulating misinformation.

Media, including social media, will continue to enjoy PRESS FREEDOM in Kenya.

Joe Mucheru
 ICT CS



Photo: County Government of Bomet

Big win for Kenyan government as ICT Authority launches the country's first software Factory in Bomet County

■ Back in April, ICT CS Joe Mucheru officiated the launch of the Kenya National Digital Master Plan (2022-2032). This plan assembled together all of the government's ICT initiatives in a 10 year plan. Part of these initiatives include setting up infrastructure to promote the software industry. On 1st of August, the ICT Authority officiated the launch of Kenya's first software factory in Mulot, Bomet County. The decision was informed by Bomet harboring an appreciable number of promising software engineers.



Photo: Marcelo Justo

Uber eats South Africa introduces Motion ads on bikes that will enable riders earn extra cash

■ The e-commerce platform in partnership with Motion Ads will work together with interested riders to display ads for business brands as they make deliveries. Statistics by Motion Ads estimate that this venture will be able to achieve about 300,000 impressions per ad.

DATA PROTECTION NEWS

Report by Kaspersky exposes rampant scamming activities in African countries 2022



Photo: Techtrends Africa

■ According to the Russia based cybersecurity firm, in the past 3 months Kenya reported 5,098,534 phishing attacks, 4,578,216 cases were reported in South Africa and they detected 1,046,136 instances in Nigeria. The company owes this rise in scamming activities to the growth in tech firms in the region. Most of the attacks posed as fraudulent booking services offering catchy deals.

New EU ruling could possibly change standards on sharing sensitive data, specifically involving data indirectly revealing one's sexual orientation

■ On 1st August 2022, in a Lithuanian case, the Court of Justice of the EU issued a ruling on the interpretation of special categories of personal data under the GDPR. The case involved the publication of the name of a spouse who happened to be a user of the grinder application. The use of the application implicitly suggests one's sexual orientation. The complainant filed a claim against Grindr alleging its unlawful data sharing with 3rd parties users profile data, GPS location and the fact that they use Grindr. In this case, the Norwegian data protection Authority concluded that the processing of personal data out of which an inference of one's sexual orientation can be drawn constitutes processing of special categories of personal data and filed the application 6.5 million for not complying with consent rules. Before this ruling, other data protection authorities such as the Spanish Data Protection Authority had divergent views stating that it did not find Grindr to have processed any special category of personal data. The ruling by CJEU clears the dissonance and assumption that "inferred data is not data and expressly targets the advertising industry. This assertion is expected to change standards in the digital ad ecosystem towards more privacy centric efforts.

LEGAL-TECH NEWS

RegTech Provider Compliance.ai Announces \$6 Million Investment, New CEO

■ Today, San Francisco founded RegTech provider Compliance.ai, announced it had secured \$6 million in funding from existing investor Cota Capital and new investor JAM FINTECH. The new investment comes two years after the company also secured \$3 million from Cota Capital in a November 2020 Series A funding round. In addition to the new capital infusion, Compliance.ai also announced it appointed Asif Alam as its new CEO, replacing former CEO and co-founder Kayvan Alikhani, who will now serve as the company's chief product/strategy officer. Launched in 2016, Compliance.ai provides a regulatory change management platform that looks to help financial industry enterprises identify and respond to regulatory changes in their market. In a press release announcing the investment, Compliance.ai said that it is focusing on "growth and expansion," noting that it recently announced the expansion of its tool to over 25 countries globally. RegTech solutions are becoming increasingly vital for many organizations, given the growing regulatory focus on emerging financial markets such as NFTs and cryptocurrency, among other areas.

UK Government Gives LawtechUK £4m To Continue Its Work



Photo: Flatworld Solutions

■ LawtechUK, the taxpayer-funded legal tech organisation, has been given £4m by the British Government so that it can continue its work. The move comes as Alexandra Lennox takes over as Director, following the departure of Jenifer Swallow. The Ministry of Justice – the department through which the taxpayer funds are being funnelled for this project – said that this would enable 'a second phase of the LawtechUK programme'. The move follows an initial £2m funding for the group, which started in 2019. Justice Minister, Lord Bellamy QC, said: 'A thriving lawtech sector will help ensure the UK continues as a world-leading legal services centre and attracts the very best talent. 'This investment will support the market to develop the technology it needs to drive modernisation and deliver first-class legal services.' The LawtechUK programme has been delivered by growth platform Tech Nation – which is also Government-backed. As noted before, the UK and Singapore are two of just a handful of countries where the government directly funds legal tech projects.

DIGITAL ID NEWS



Photo: Simon Maina/AFP/Getty

NGO's sue Idemia for failing to take human rights risks into account in Kenyan Digital ID projects

■ Relying on France's due diligence law, which requires companies to assess any threats to human rights. A group of civil society organizations led by Data Rights filed a complaint with the Paris Tribunal against Idemia, a French firm contracted to supply the Kenyan government with biometric contract capture kits, alleging that the latter failed to conduct a risk assessment to ensure adequate human rights protection. According to the claimants, the centralized database for biometric data is vulnerable to exploitation such as surveillance. In an email addressed to BiometricUpdate.com a representative from Idemia noted, "Idemia strongly contests the terms and purpose of this lawsuit from the NGO Data Rights. The law provides that the due diligence plan on the French law concerns the risks resulting from the activity of the company and its subsidiaries, and not the risks resulting from the use by their clients of the goods and services that the company and its subsidiaries provide, namely, in this case, the Kenyan government. We would also like to remind that Idemia fully adheres to the principles of the United Nations Global Compact, and that respect for human rights and fundamental freedoms is at the heart of its commitments. Moreover, the facts on this case have been made public since 2017. No new facts have emerged since then."

BLOCKCHAIN AND DIGITAL CURRENCIES

SEC investigation into whether Coinbase is offering unregistered securities



Photo: Bitcoin.com News

■ Following news about insider trading allegations by ex Coinbase product manager and other involved employees, the company is now facing heat from the Security Exchange Commission investigations into whether the exchange platform is offering data assets that have not been registered as securities. This year alone, the company's stocks have lost more than 75% of their value. The debate over how to classify cryptocurrency tokens is heated. In general, cryptocurrencies would be governed by the Commodity Futures Trading Commission if they were commodities (like other types of currency). However, many crypto projects are funded through the sale of speculative tokens. According to SEC Chair Gary Gensler, "many of these underlying tokens have the characteristics of securities" and must be regulated as such to protect investors.

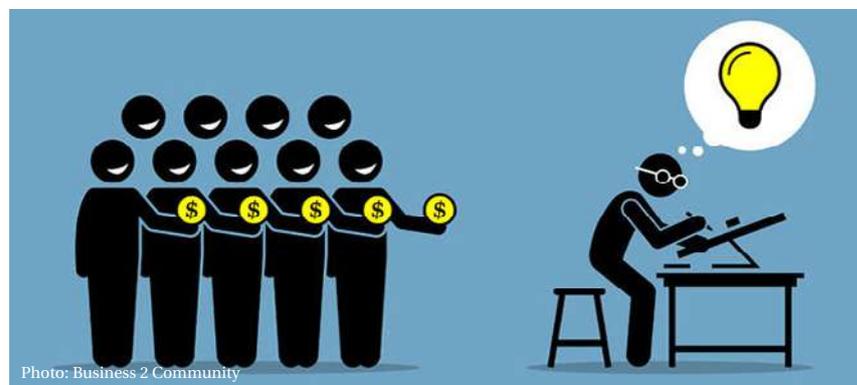


Photo: Business 2 Community

The Nigerian Securities Exchange Commission warns investors against unregistered crowdfunding platforms

■ Nigerian Securities Exchange Commission communicated in a circular dated August 3rd 2022 acknowledging the existence of unregistered crowdfunding platforms while also warning investors about dealing with them. The circular noted; "The Commission by this circular hereby notifies the general public and operators of unregistered crowdfunding platforms, that operating any crowdfunding platform that is not registered by the Commission is illegal and may lead to prosecution of such operators and loss of investment by their clients. Members of the public are further advised to confirm the registration status of any entity soliciting their participation in any investment scheme by contacting the Commission through its website: sec.gov.ng"

In January 2021 the SEC published crowdfunding rules urging genuine crowdfunding platforms to register with the Commission and make steps towards compliance by June 30th. The rules make specifications for private companies with the required structure and mechanism in place to raise capital from the public through crowdfunding. According to the rules; Micro, Small and Medium Enterprises (MSMEs) incorporated as a company in Nigeria with a minimum of two years of operating track record are eligible to raise funds through a crowdfunding portal registered by the commission.

INTELLECTUAL PROPERTY



Multi choice Kenya Vs Safaricom and others

Multi Choice filed a complaint in court, citing the Kenyan Copyright Act and takedown notices issued to Jamii Telecom and Safaricom to remove allegedly infringing content from their sites. MultiChoice Kenya owns audio-visual broadcast and transmission rights to several football events. The aforementioned ISPs allegedly hosted over 141 pirating sites broadcasting the previously stated football events. Section 35A of Kenya's Copyright Act requires ISPs to remove allegedly infringing content from their sites if the exclusive license notice provides adequate notice. Safaricom and Jamii Telecom failed to comply, resulting in charges brought against them. This case clearly outlines the friction between the popularity of the Internet that allows for pirating sites and the commercialisation of sports with exclusive corporate deals. Internet service providers going forward ought to tread carefully in this realm given the precedent set by the Multichoice case.



Copyright ownership of memes

Kenya Copyright Board issued advisory on the use of memes under copyright law on 5th of August. This was largely prompted by several altered memes trending from videos generated by two Kenyan comic artists; Arap Marinich and Tula that provided comic relief in the election campaign period. A meme is an image, video, or text that is shared on social media for humour or political banter related to the topic at hand. They are copyright protected. Under the act, a copyright holder has exclusive rights to copy, reproduce, adapt, publish, and broadcast their work for a set period of time. The owner can use them to promote NFTs or for advertisement. While the use of memes on social media is permissible, altering them for commercial purposes may result in significant civil liability and must be approved by the authors. In rare cases, meme content may be in the public domain or licensed under a creative commons license.



PSU vs. Varsity Brand: A Case Which Might Redefine Sports Merchandising

In the case, Penn State sued Varsity Brand for selling merchandise with the words 'Penn State' and a Lion on it, claiming the symbols are their legal trademarks. The court denied PSU's motion, stating that the claimant failed to demonstrate that consumers perceive the two symbols as identifying the product's owners rather than being merely ornamental. The court stated in its conclusion that a symbol does not qualify as a trademark simply because it creates an association between it and the trademark holder.

PRODUCT UPDATE



Instagram will soon test ultra-tall photos to match its full-screen reels

■ Instagram might have halted its controversial redesign, but that doesn't mean the company plans to stop focusing on full-screen content. During his weekly Ask Me Anything this Friday, CEO Adam Mosseri confirmed that Instagram will begin testing ultra-tall 9:16 photos "in a week or two." "You can have tall videos, but you cannot have tall photos on Instagram," Mosseri said. "So we thought maybe we should make sure that we treat both equally." Currently, Instagram tops out around 4:5 when displaying vertical images that've been cropped accordingly. But introducing support for slimmer, taller 9:16 photos will help them fill the entire screen as you scroll through the app's feed. Instagram's TikTok-like redesign was criticized by some photographers for the way it forced all photos to awkwardly display in a 9:16 frame. The new feed also added overlay gradients to the bottom of posts so that text would be easier to read. The company's own data showed that Instagram's overhauled design was so disliked by some people that they began using the app less frequently.

The US Senate gets one precious step closer to approving Big Tech antitrust bill

■ Facing pressure from progressives and tech hawks on both sides of the aisle, Senate Majority Leader Chuck Schumer plans to hold a vote on the bipartisan antitrust bill targeting tech giants as early as this fall, according to a new report from the New York Post on Thursday. The bill — the American Innovation and Choice Online Act (AICO) — would restrict dominant tech platforms, like Amazon, Apple, Google, and Facebook's parent company Meta, from favoring their own products and services on their platforms over those of their competitors. Earlier this year, Schumer vowed to hold a vote on the legislation this summer so long as there were 60 senators who would approve it. But as Congress' August recess approached, at least a dozen senators, including necessary Democrats like Sen. Jon Ossoff (GA), was still on the fence, The Washington Post reported last month



Photo: Senate Television via AP

EVENTS

Afric Arena East Africa Summit

On 4th and 5th October, AfricArena will host four hybrid events across four regions in Africa, including Nairobi, leading up to the annual Afric Arena Summit in Capetown. About 20 startups in the seed stage and growth stage will be selected to pitch at the regional event which will act as a semi-final before the grand summit in Cape Town in November 2022. The event will bring together investors, startups, techies and interested corporations. Get your early bird tickets [here](#).

AfricaMoni & Defi Summit West Africa

The Summit is organised by Africa Tech Summits and is set to take place on 27th and 28th September. It brings together industry leaders from the African Fintech and Crypto ecosystem. The event will take place in Accra Ghana at Hotel Accra and MovenPick Ambassador. Buy tickets [here](#).

Legal Tech Vacation Scheme

The event is curated to offer technologists, current and future lawyers with problem solving skills, solution building skills and a walk through on how to utilize technology for more efficiency to build their professional skills. All this has been thoughtfully condensed to be covered from 22nd to 24th August online. Access link [here](#).

12th Annual European Data Protection and Privacy Conference

The 12th Annual European Data Protection and Privacy Conference is set to take place on 1st December 2022. Contact dataprotectionconference@forum-europe.com for more information as their site is still under development.