

South Africa, the Intellectual Property Gateway into Africa

As a region, Africa presents several opportunities for the commercial roll-out of new products and services. There have also been considerable moves to develop trade and industry in countries throughout Africa. These initiatives have formed the subject of bilateral trade agreements as well as the resultant commercial activities for companies wishing to expand their commercial footprint.

South Africa, at the foot of the African continent, is regarded as the hub of, or gateway into, Africa, not only in respect of commercial deals but also with regard to the protection and enforcement of intellectual property owned by international proprietors. As a result, many international companies launch their subsidiary companies and products or services into Africa using South Africa as the point of entry. In this regard, South Africa is likened to Hong Kong, being the gateway into mainland China, or Dubai, being the gateway into the Arab Emirates. Similarly, many local and international brand holders seek the services of a South African legal firm with specialist intellectual property services, skills and knowledge to manage their African intellectual property portfolios.

One-stop-shop

As companies venture into Africa, their first port of call should be a visit to their intellectual property lawyers. Regardless of the governing law of the territory in which trade mark advice or protection is sought, there are very few, if any, intellectual property-related issues which cannot be competently advised on by any one of the world's leading law firms. This includes South Africa's large corporate law firms, 3 of which can confidently boast offering a one-stop-shop service increasingly sought by clients in a bid to ensure quality, continuity and consistency of advice and approach across all areas of expertise, including not only commercial, but all related intellectual property, issues.

From an intellectual property perspective, clients seeking to do business on the African continent can rely on their trusted advisor in the form of a leading South African corporate legal firm, having an in-depth knowledge and understanding of the laws, practices, customs and procedures in each African region, as opposed to having to seek and develop a new advisory relationship in each territory.

In most instances, where intellectual property advice and expertise are sought in Africa, a South African practitioner will be in a position to not just oversee, but to take a lead role in, the protection, maintenance and enforcement of their client's intellectual property and will understand the unique challenges posed by dealing in Africa.

Early registration

Strongly recommended for companies wishing to trade in African countries is that they register their trade marks at the earliest possible opportunity. In those countries in which searching of the Trade Marks Register is possible and reliable, it is advisable to conduct prior clearance searches before incurring the substantial expense of launching a product or service. In fact, clearance searches should form part of any due diligence

investigation prior to investing in a territory. Failure to register a trade mark could place a trade mark proprietor at a serious disadvantage in the event that a third party adopts the company's trade marks or other intellectual property.

In the event of an infringement, a trade mark proprietor may have no other option but to rely on the common law remedy of passing-off or unlawful competition should its trade mark not have been registered. In order to proceed on the basis of passing-off or unfair competition, it is necessary to prove that the proprietor's trade mark has acquired a considerable reputation through adducing evidence of lengthy and extensive past use and that the use of the infringer's trade mark is likely to confuse members of the public into believing that the infringer is in some way related to the trade mark proprietor. The requisite reputation and likelihood of confusion must be proved as a matter of fact which involves filing extensive evidence and is onerous, time-consuming and costly. The registration of a trade mark intended for use in an African country is therefore imperative. A trade mark infringement remedy is far easier to pursue and prove. In addition, the remedies of passing-off and unlawful competition are not available in all African countries, most notably those that are not based on British law.

Protection against agents, distributors and other third party contractors

It is common practice for the appointed agent / distributor within the given country to "borrow" its principal's trade mark by registering it in its own name before the trade mark proprietor has done so. This poses a difficulty when the trade mark proprietor wishes to commence trading and may, in fact, preclude the principal from trading.

It is also advisable for the trade mark proprietor to be pro-active and register in its own name a suitable domain name having the appropriate country code top level domain for the territory of intended operation. It is important to note that domain names are registered on a first come first serve basis and that cybersquatting is on the increase. The practice of allowing the registration of the domain name incorporating the principal's intellectual property in the name of the agent should be discouraged.

An appropriate licence agreement or distributorship agreement should also be entered into in terms of which the agent / distributor is licensed to manufacture, distribute and/or import the intellectual property holder's goods and to use its intellectual property with the necessary strict measures and controls in place.

Counterfeit goods

The prevalence of counterfeit goods in Africa is on the rapid increase. Pro-active steps are required to be taken against counterfeit goods operators in each country in which the counterfeit activity has occurred. It was reported some while ago that the World Customs Organisation regarded African countries as one of the main areas for the sale of counterfeit goods. This is further reason to encourage the registration by trade mark owners of their trade marks in African countries as the action taken against counterfeiters is typically based on the proprietor's trade mark rights.

Regional registration system

It is necessary to carefully consider the strategy to be adopted when embarking on an intellectual property protection programme in Africa. It is advisable to register the trade mark in each country in which use of the trade mark is contemplated. Two regional registration systems are, however, available which together offer trade mark protection in some 24 countries. These are the Organization Africaine de la Propriété Intellectuelle (OAPI) and the African Regional Intellectual Property Organization (ARIPO) and allow for protection in several countries through a single trade mark registration. Registration under these regional systems is obviously less costly than registration at each individual country's registry.

Conclusion

It is envisaged that Africa will enjoy a substantial economic growth and increased economic activity. More often than not, the regional or country specific intellectual property issues are only dealt with after the fact or once the intellectual property rights holder is confronted with conflicting third party rights. This often leads to grave practical, financial and legal conundrums in that the investment is made, the infrastructure is in place but the legal requirements from an intellectual property point of view are wholly inadequate. Intellectual property and its protection, maintenance and enforcement should be at the top of a checklist when commercial activity in Africa is contemplated. Specialist intellectual property skills and advice should be sought for this purpose and ideally these should be provided by the very same legal team who advised on the deal, on its structure and on its financing. Ultimately, those lawyers know their client's business and commercial requirements best.

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ENS (Edward Nathan Sonnenbergs) is based in South Africa and is the largest full-service law firm in Africa.

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