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**MADRID IN AFRICA
IPAS SEARCH & EXAMINATION
CHALLENGES**

10 JULY 2017 | STEPHEN HOLLIS | GABORONE

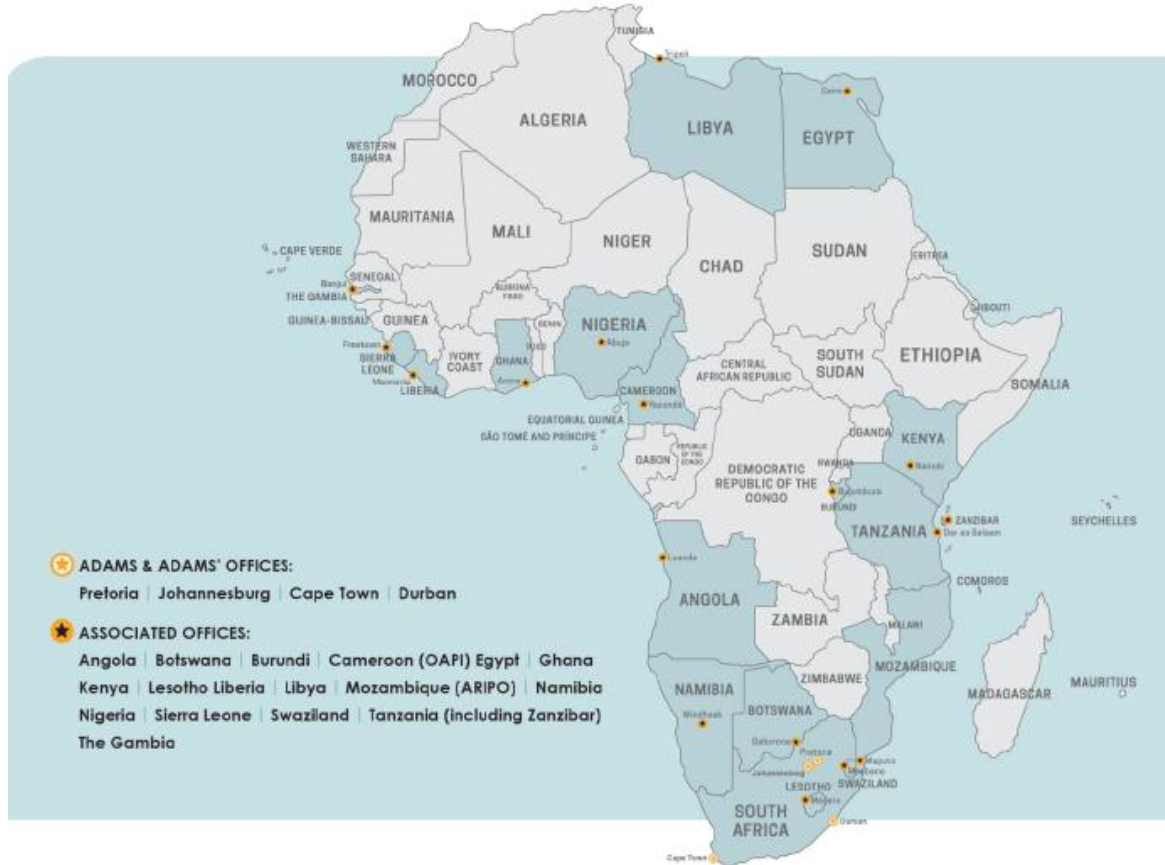
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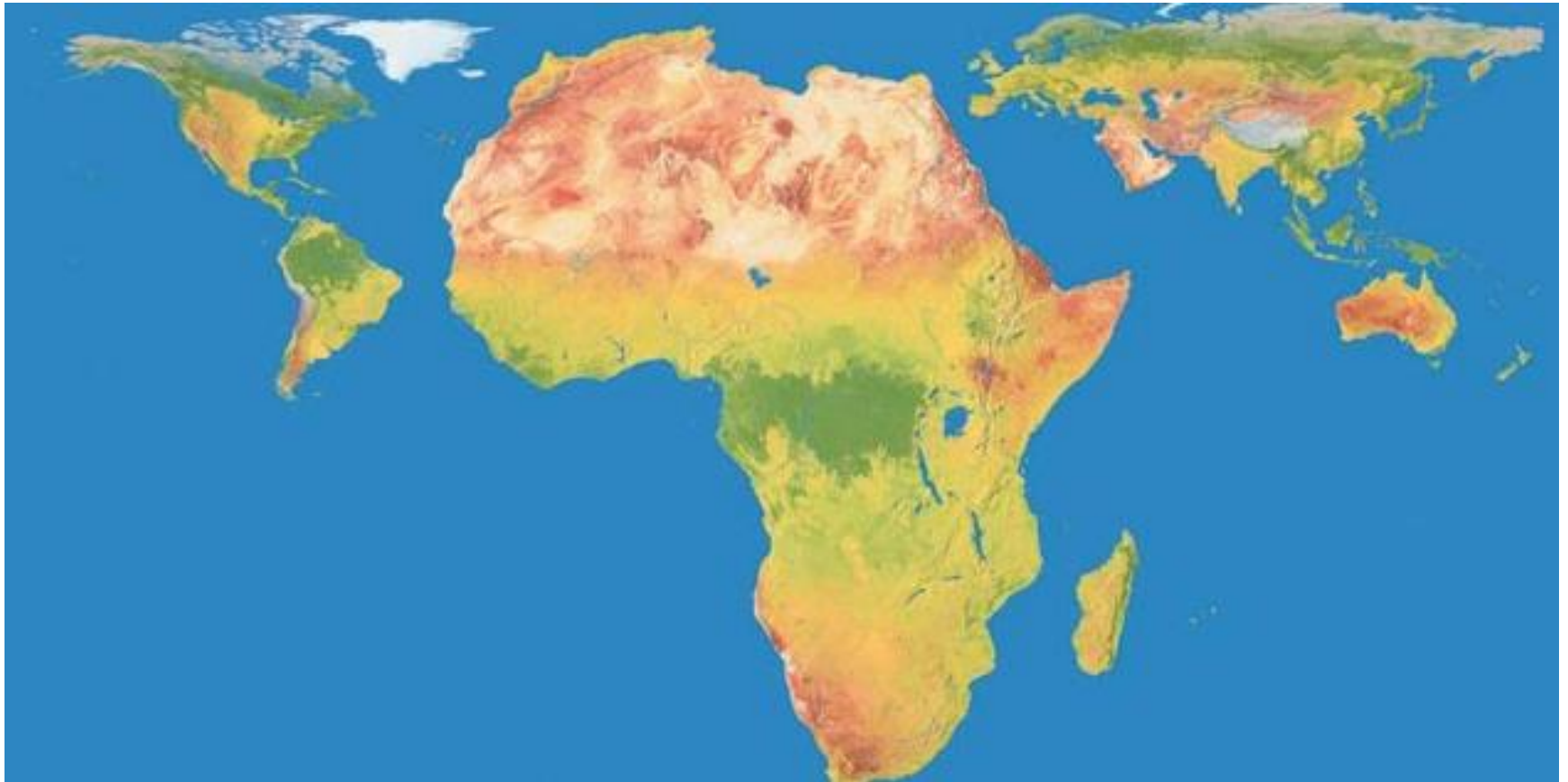
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Adams & Adams Fast Facts

- Established in 1909 – A&A has an unrivalled Africa footprint.
- Largest IP firm in the Southern Hemisphere with over 700 professionals supporting 70 partners.
- Managing IP's "*African IP firm of the year award*" since 2015.
- A&A holds offices in 17 jurisdictions, including OAPI (covering 33 countries in Africa).
- A&A constantly engages with IP practitioners, Registrars, government officials and international organizations (such as WIPO and the EPO) to ensure that we remain at the coalface of IP and related legal developments on the continent.
- A&A advises the world's top businesses on IP protection and enforcement strategies in Africa.

AFRICA- THE FINAL FRONTIER



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AFRICA'S ECONOMIC PULSE QUICKENS

- Investors and global executives should take heed that the rate of return on foreign investment is higher in Africa than in any other developing region.
- GDP rose by almost 5% every year since 2000.
- 6 of the Top 10 fastest growing economies in 2017 are African.
- Telecoms, banking, retailing, construction, private investments are flourishing.
- More than a resource boom.
- Of course, many challenges remain – poverty, wars, poor government policies can derail a country's eco growth.
- Critical question: whether this surge represents a one-time event or an economic lift-off.

What is driving the economic boom?

- International interest in massive untapped consumer bases.
- Saturated international markets.
- Increased foreign private equity and other investments.
- Improved trade conditions resulting from regional integration.
- Improved governance and accountability.
- Private sector reforms.
- Large emerging middle classes.
- Urbanization
- Improved legal and regulatory systems



The importance of effective IP registration systems

- Appropriate foreign investment and technology transfer is a key building block for a healthy economy in a developing country.
- Businesses may delay investment or business activities in a new market if they feel that their valued IP cannot be protected.
- Effective IP protection does not only establish trust with international investors that their valued IP assets and related rights can be protected, recognized and enforced – it also assists growth of local industries.
- Foreign entities may own most statutory (IP) monopolies in developing countries, leading to royalty payment streams out of the countries – this is the price to pay for vital tech transfer.

BRAND VALUE



- 30 Years ago, IP assets may have accounted for about 30% of a company's perceived net value.
- Today, IP assets may account for 70% or higher.
- Coca-Cola CEO claimed recently that he will rebuild the business in one year if all physical assets are destroyed – as long as the company still has ownership of their IP.
- One can see why brand owners are hesitant to invest in markets where their IP cannot be protected and enforced effectively.
- Situations of possible risk affects perceived brand value.
- Effective registration and enforcement systems are key.

So, what is deal with brand value?



- Uber brand is valued at US\$70 billion
- The most valuable assets to their business is their business model and their brand.
- A business model may be copied by others – their brand cannot.
- The most successful taxi business in the world yet they own no taxis.

Other examples of branding giants

The Facebook logo, consisting of the word "facebook" in a white, lowercase, sans-serif font, centered on a solid blue rectangular background.

facebook

- The world's most popular media company does not create any content.
- The brand is valued at over US\$33

More branding giants



- The world's largest accommodation provider owns no property.
- Brand valued at over US\$30 billion.
- Startup expanded business into 190 countries in 8 years.

The importance of effective IP OFFICES

- Considering the massive value of brands, it is clear how important it is for businesses to secure statutory protection for their most valuable commercial assets.
- Businesses often delay investment into a new market until such time as their assets are protected.
- From a trade mark registration point of view, the role of IP Offices in Africa is critical as effective and efficient trade mark search, examination and registration procedures will not only invite direct foreign investment, but stimulate the continued growth of the economies of our emerging African market.
- The work done to ensure that IP Offices modernize their systems and retain skilled and trained staff is key for continued economic growth.

The Madrid Protocol.



- The Protocol relating to the Madrid Agreement Concerning the International Registration of Marks is an international treaty that allows a trade mark owner to seek registration in any of the 137 countries that have joined the Madrid Protocol by filing a single application.
- Administered by the World Intellectual Property Organization (WIPO) from Geneva since 1989.
- With Algeria's recent accession to the Protocol, Madrid is now a single treaty system (from 31 October 2015).
- All international registrations will be exclusively governed by the Madrid Protocol.
- WIPO recently hailed the registration of 1.25 million IRs.

The Madrid System - Benefits



- The Madrid system (administered by WIPO in Geneva) is a one stop solution for registering and managing trade marks worldwide.
- File one application, in one language and pay one set of fees to protect a trade mark in the 137 member countries (80% of world trade – and growing).
- Simplifies further management – changes and renewals
- As business strategy evolves, the Madrid System can be used by IP owners to expand protection into new markets.
- Cost effective – no need to pay for translations into multiple languages or for administrative procedures of different national offices.

The Role of Madrid in Africa

- Businesses understand that true commercial success in Africa is linked with expansion across many countries; regional trade and diversification – this assists with alleviation of risk.
- Effective regional IP registration systems is an important component – especially for brand protection.
- Madrid has a big role to play in Africa, along with the other two regional registration systems, OAPI and ARIPO.
- At the moment, 37 of the 54 African countries can be covered through a single Madrid registration.
- WIPO is getting involved in Africa on a large scale – assisting countries with the digitization of their records (IPAS System) and development of more updated IP Policies.



- OAPI Member States
- Countries that have acceded to the Banjul Protocol
- Madrid Agreement / Protocol Countries

INDUSTRIAL PROPERTY AUTOMATION SYSTEM (IPAS)

- IPAS has an integrated IP administration system than can automate the processing of trade marks, patents and industrial designs.
- Flexibility: Its modular design can be scaled up or down in terms of IP office size, IP legislation, functionality, workflow complexity, IP data volumes and any other national IP requirements (ALSO PCT and MADRID). Future enhancements are installed seamlessly from Geneva (online push).
- Extensive customization is possible, including national IP legislation, workflow processes, actions and statuses, legal time-periods and deadlines, templates of official correspondences, certificates, gazettes, language, calendar support, data migration from legacy databases.

Benefits of IPAS to African IP Offices

- With the installation of IPAS, Registries begin with the digitization of their records and strive to reach a point where all records are captured in the IPAS system.
- This will ensure that the system works as intended and new, incoming Madrid designations are received automatically via the system and can be examined and published seamlessly and effectively.
- Risk assessments (trade mark searches) become more meaningful and access to the records of IP offices becomes more efficient and effective.
- The IPAS system has gone a long way to improve IP practice on the continent.

The critical value of trade mark searches

- Full trade mark registrability searches offer the only opportunity for brand and IP owners to determine whether a third party may have secured statutory trade mark rights which could prevent the use of a brand in a new market and even expose the brand owner to costly litigation proceedings which could lead to the forced withdrawal of products and services and significant financial losses.
- Trade mark infringement may occur if the searched mark is identical or confusingly similar to a trade mark already registered or filed earlier in time.
- To determine confusingly similarity, marks are compared as to sound, sense and appearance.

When are marks confusingly similar?

- Prevailing test cited perhaps the most in international trade mark litigation matters is the decision by the ECJ in *Sabel v Puma* that the assessment of confusing similarity in trade mark opposition, infringement or validity cases under European trade mark law requires a “global appreciation” of all factors, in particular **the visual, aural and conceptual similarities** of the marks under analysis. Account should be taken of the perception of the average consumer, who is reasonably well informed and reasonably observant and circumspect.
- The key question is whether there exists a likelihood that consumers who encounter the brands in trade would be confused as to trade origin, so the goods/services concerned are very relevant as well.

Trade Mark Searches on IPAS

- Relevant information to be extracted by Registry officials attending to searches on IPAS are of marks which may possibly pose registration and/or commercial difficulties for the searched mark.
- Data that clients need to conduct an appropriate risk assessment would be of marks incorporating the searched mark and also marks that are similar as to sound, sense and appearance.
- Also, they need information on the goods/services concerned.
- At Registries where not all records have been digitized yet, it is of course necessary for registry searchers to also have regard to the manual records.

Example of IPAS search

Search results

Search criteria: Mark Name sounds like evor ty, Min Similarity = 30, Search Classes contain NCL(10)1 5, Include reclassified classes

159 items found, displaying 16 to 30.

1 2 3 4 5 6 7 8

| <u>File No</u> | <u>Percent</u> | <u>Filing date</u> | <u>Mark name</u> | <u>Classes</u> | <u>Owner name</u> | <u>Status</u> |
|-------------------------|----------------|--------------------|------------------|----------------|---|---------------|
| <u>MA/T/0001/047966</u> | 41 | 17/09/1998 | VORTERA | NCL(0) 5 | AMERICAN HOME PRODUCTS CORPORATION, (a Delaware Corporation) [US] | Registered |

RECOMMENDED IPAS SEARCH CRITERIA

Default search criteria on most IPAS systems

- MARK NAME SOUNDS LIKE TRADEMARK; OR
- MARK NAME CONTAINS TRADEMARK

Optimum criteria

1. MARK NAME SOUNDS LIKE TRADE MARK
 2. MARK NAME CONTAINS = TRADE*
 3. MARK NAME CONTAINS = *MARK
- IP Offices should not charge more in official fees and should not have to decide themselves which criteria to search on. The instructing attorneys need to make it clear.
 - An extract confirming the full particulars of very pertinent marks would be ideal.

Proprietor Searches are possible on IPAS

By Numbers | By Dates | **By Person** | By Mark | By Others

| | |
|--|--------------------------------|
| Owner Name Contains Word1 | <input type="text"/> |
| Owner Name Contains Word2 | <input type="text"/> |
| Owner Name Contains Word3 | <input type="text"/> |
| Owner Name Contains Word In Other Lang | <input type="text"/> |
| Person Group | <input type="text" value="▼"/> |
| Residence Country | <input type="text" value="▼"/> |
| Residence State | <input type="text" value="▼"/> |
| Nationality Country | <input type="text" value="▼"/> |
| Representative Name Contains Word1 | <input type="text"/> |
| Representative Name Contains Word2 | <input type="text"/> |
| Representative Name Contains Word3 | <input type="text"/> |
| Representative Name Contains Word In Other Lang | <input type="text"/> |
| Representative Type | <input type="text" value="▼"/> |

The importance of timeous examination

- Unless any objections to the grant of the registration of a Madrid-designation is communicated to WIPO within the agreed 12-18 month (depending on the jurisdiction) timelines, WIPO is entitled to confirm the registration of the mark in terms of the provisions of the Madrid Protocol.
- At most African IP Offices, significant backlogs of pending cases make it difficult for the Registries to examine all applications within a relatively short timeline.
- At many African Registries, Madrid marks are registered by default or refused outside of the timelines which could pose serious risks for the owners of the international registrations as they could encounter a situation of commercial conflict or find that they do not have enforceable statutory rights.

Specialist Madrid Examination Units

- A recommended consideration to ensure that Madrid marks are examined timeously for IP Offices where there are significant backlogs of pending cases; publications of Journals do not occur frequently enough; the process of digitization is not advanced enough; etc., consideration should be given to the establishment of a specialist unit of Madrid application/designation examiners who are well trained on IPAS; who understands the Madrid system and who can execute the requirements set by the Madrid Protocol to ensure that the system functions well.
- Mozambique set a good example in their TM Act, as they introduced a 'special/expedited registration procedure for Madrid marks' – in my view this is commendable.

How is Madrid functioning in Africa?












Issues with the effectiveness of the system:

1. The records of most African Trade Marks Offices are yet to be computerized fully.
2. Most Registries are still struggling to cope with massive backlogs which built up over the years and it is not always practical to examine and advertise a mark within the required 12-18 months.
3. Not all members have fully domesticated the Madrid Protocol by amending local legislation to give proper force and effect to Madrid registrations – possible enforcement issues may arise.
4. Without enabling regulations, local Registries do not have proper guidance as to how to process IRs

How do Madrid members shape up?

| | | |
|-------------------|--|---|
| Algeria | No implementing regulations, but some degree of formal recognition since 2005. |  |
| Botswana | Full force and effect. |  |
| Egypt | National laws not amended. |  |
| Gambia | Full force and effect. |  |
| Ghana | Full force and effect. |  |
| Kenya | Full force and effect. |  |
| Lesotho | National laws not amended. |  |
| Liberia | Full force and effect. |  |
| Madagascar | National laws not amended. |  |
| Morocco | Full force and effect. |  |
| Mozambique | Full force and effect. |  |

How do Madrid members shape up?

| | | |
|--------------------------------|----------------------------|---|
| Namibia | National laws not amended. |  |
| OAPI | Bangui Accord not amended. |  |
| Rwanda | National laws not amended. |  |
| Sao Tome & Principe | National laws not amended. |  |
| Sierra Leone | National laws not amended. |  |
| Sudan | National laws not amended. |  |
| Swaziland | National laws not amended. |  |
| Lesotho | National laws not amended. |  |
| Tunisia | Full force and effect. |  |
| Zambia | National laws not amended. |  |
| Zimbabwe | Full force and effect. |  |

DANGER – A RIGHT WITHOUT REMEDY



- In countries where domestication has not yet occurred, brand owners could face difficulties when attempting to enforce IRs.
- In such countries, reliance may need to be placed on constitutional arguments that Madrid registrations are effective as international treaties form part of local law automatically – this is not ideal.

FIRST-TO-FILE JURISDICTIONS



- OAPI
- Algeria
- Angola
- Djibouti
- Egypt
- Ethiopia
- Lesotho
- Liberia
- Libya
- Madagascar
- Morocco
- Mozambique
- South Sudan
- Swaziland
- Sudan
- Zambia

CONSTITUTIONAL ARGUMENTS DO NOT CONVINC

- An argument could be made that domestication of Madrid Protocol is not necessary in a country where the Constitution recognizes force and effect of international treaties on ratification.
- Three issues with this argument:
 1. Many African countries are considered to be so-called dualist states (from an international law perspective) where international law and local law are regarded to be separate.
 2. From a brand enforcement view, it is preferable to rely upon a statutory right that is expressly recognized by local law.
 3. Trade mark registration and opposition processes require detailed regulations – without enabling regulations, trade mark legislation is considered not to be enacted properly.

Madrid is changing IP practices in Africa



- WIPO is driving positive change in IP practices, policies and protection strategies in Africa .
- Currently, however, the system is not as effective as it is elsewhere in the world.
- User confidence and effectiveness will improve if better search data is generated, examination timelines are met and national domestication occurs.

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Thank You

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