

# **THE REGIONAL INTEGRATION OF AFRICAN TRADE MARK LAWS: CHALLENGES AND POSSIBILITIES**

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the degree of Doctor of Laws (LLD) in the Faculty of Law,  
University of the Western Cape**

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# DECLARATION

I

.....  
hereby declare that ‘**The regional integration of African trade mark laws: Challenges and possibilities**’ is my own work, and that it has not been submitted before for any degree or examination in any other university. Where another person’s work has been used, it has been duly acknowledged.

Student

Signature: .....

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Supervisor

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Above all I thank God. To Him is the glory.

## DEDICATION

To Brighton, Kupa and Carl Mupangavanhu

You are forever special.



## KEY WORDS

Intellectual property protection

Trade marks

Regional integration

Harmonisation

Unification

African Union

Trade Mark Directive

TRIPS

Similarities

Differences



## ABSTRACT

The need to harmonise laws in Africa has grown in importance in view of the envisaged African common market. Economic integration cannot flourish without an effective regional legal framework. There is fragmentation in trade mark protection in Africa as evidenced by the existing two sub-regional organisations namely, the African Regional Intellectual Property Organisation (ARIPO) and the *Organisation Africaine de la Propriété Intellectuelle* (OAPI). The absence of a single regional legal framework has resulted in African countries not having a coherent strategy for advancing their common interests in regional and multilateral negotiations. African countries have acceded to agreements which do not reflect their interests such as Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). African countries have also been signing Regional Trade Agreements (RTAs) which contain higher intellectual property protection standards than the minimum standards prescribed by TRIPS.

The purpose of this study is to formulate a proposal for the integration of trade mark laws in Africa, with a view to strengthening the regional legal framework. A consolidated regional position, based on an integrated legal framework, will strengthen Africa's participation in negotiations. This will in turn ensure greater regard for, and better protection of, Africa's interests and concerns. Trade mark laws are important as they can hinder or promote trade. Harmonised trade mark laws will create legal and commercial certainty as well as predictability, which is crucial for the promotion of trade and foreign direct investment. The central argument advanced is that the areas of convergence in the laws under study and in the way the laws are interpreted can form the basis for the harmonisation of Africa's trade mark laws.

## ABBREVIATIONS

<b>ARIPO</b>	African Regional Intellectual Property Organisation
<b>AU</b>	African Union
<b>BRICS</b>	Brazil, Russia, India, China and South Africa
<b>CCJA</b>	Common Court of Justice and Arbitration
<b>CISG</b>	Convention on Contracts for the International Sale of Goods
<b>CJAU</b>	Court of Justice of the African Union
<b>CJEU</b>	Court of Justice of the European Union
<b>CTM</b>	Community Trade Mark
<b>CTMR</b>	Community Trade Mark Regulation
<b>EAC</b>	East African Community
<b>EC</b>	European Community
<b>ECD</b>	Enabling Clause Decision
<b>ECOWAS</b>	Economic Community of West African States
<b>ECSC</b>	European Coal and Steel Community
<b>EPA</b>	Economic Partnership Agreements
<b>ERSUMA</b>	Regional Training Centre for Legal Officers
<b>EU</b>	European Union
<b>GATS</b>	General Agreement on Trade in Services
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>GDP</b>	Gross Domestic Product
<b>GPA</b>	Global Political Agreement
<b>GSP</b>	Generalised System of Preferences
<b>IP</b>	Intellectual Property
<b>IPR</b>	Intellectual Property Rights
<b>MFN</b>	Most Favoured Nation
<b>NAFTA</b>	North American Free Trade Agreement
<b>NEPAD</b>	New Partnership for Africa's Development
<b>OAMPI</b>	<i>Organisation Africaine et Malgache de la Propriété Intellectuelle</i> – (English: African and Malagasy Office of Industrial Property)

<b>OAPI</b>	<i>Organisation Africaine de la Propriété Intellectuelle</i> (English: African Intellectual Property Organisation)
<b>OAU</b>	Organisation of African Unity
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OHADA</b>	<i>Organisation pour l' Harmonisation du Droit des Affaires en Afrique</i> referred (English: Organisation for the Harmonisation of Business Laws in Africa)
<b>OHIM</b>	Office for Harmonisation in the Internal Market
<b>PAIPO</b>	Pan African Intellectual Property Organisation
<b>RECs</b>	Regional Economic Communities
<b>RTAs</b>	Regional Trade Arrangements
<b>SADC</b>	Southern African Development Community
<b>SMEs</b>	Small and Medium enterprises
<b>TEU</b>	Treaty on the European Union
<b>TFEU</b>	Treaty on the Functioning of the European Union
<b>T-FTA</b>	Tripartite-Free Trade Area
<b>TMD</b>	Trade Mark Directive
<b>TRIPS</b>	Agreement on Trade-Related Aspects of Intellectual Property Rights
<b>UK</b>	United Kingdom
<b>UNCITRAL</b>	United Nations Commission on International Trade Law
<b>UNIDROIT</b>	International Institute for the Unification of Private Law
<b>WIPO</b>	World Intellectual Property Organisation
<b>WTO</b>	World Trade Organisation

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# CHAPTER 1

## INTRODUCTION AND OVERVIEW OF THE STUDY

### 1.1 Background to the research

The protection of intellectual property (IP), of which trade marks are one of its forms, is at the forefront of some of the major controversies regarding the impact of globalisation. African countries have in recent years participated in both international and bilateral initiatives dealing with IP to an unprecedented degree. The negotiating positions have been varied and from a regional perspective, have not been coherent at some levels, with different countries advancing different positions.<sup>1</sup> The lack of coherence results in part from the different national interests and different IP laws that exist in Africa.<sup>2</sup> The laws of most African countries were derived from the laws of their former colonial masters.<sup>3</sup> Lack of coordination has detrimental consequences as it weakens the participation of African countries in IP negotiations resulting in them agreeing to make important concessions in terms of reforms of their IP legislation, without obtaining any compensating concession from developed countries.<sup>4</sup> It also limits their ability to influence negotiations in a manner which takes into account their concerns.<sup>5</sup> In addition, lack of coherence undermines regional development in that negotiations result in outcomes that undermine development goals.<sup>6</sup>

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<sup>1</sup> Cullet & Kameri-Mbote 'International property protection and sustainable development-Towards a common African institutional framework and strategy: Background study for NEPAD's steering committee for science and technology (2005) *International Environmental Law Research Centre* part II para B.

<sup>2</sup> The reality of Africa's past is that the region was colonised by different colonial masters: see chapter 4 part 4.5.

<sup>3</sup> Adewopo 'Trademark systems in Africa: A proposal for the harmonisation of the ARIPO and the OAPI Agreements on Marks' (2005) 6 *The Journal of World Intellectual Property* 483, hereafter Adewopo (2005) 6 *The Journal of World Intellectual Property*. Fombad 'Botswana and the dynamics of legal modernisation within a dual English Common law/ Roman-Dutch law legal heritage' (2005) 13 *Afr. J. Int'l & Comp. L* 7, hereafter Fombad (2005) 13 *Afr. J. Int'l & Comp.* See also Joireman 'Inherited legal systems and effective rule of law: Africa and the colonial legacy' (2001) *Journal of Modern Studies* 571, hereafter Joireman (2001) *Journal of Modern Studies*.

<sup>4</sup> Correa *Intellectual property rights, the WTO, and developing countries: The TRIPS Agreement and policy options* (2000) 3, hereafter Correa *Intellectual property rights*

<sup>5</sup> International Centre for Trade and Sustainable Development (ICTSD) (2005) available at [www.southcentre.org/index.php?gid=30&option=com](http://www.southcentre.org/index.php?gid=30&option=com) (accessed 3 July 2011).

<sup>6</sup> This does not further the AU goals such as: To establish the necessary conditions which enable the continent to play its rightful role in the global economy and in international negotiations, to promote and defend African common positions on issues of interest to the continent and its peoples, to promote sustainable development at

African countries are, therefore, urgently in need of coherent and coordinated negotiations in international IP rule-making so as to ensure that existing and new rules are balanced, supportive and in line with their development goals.<sup>7</sup>

Regional integration is consequently important in ensuring that African countries develop a common African position on global and emerging IP issues. It is acknowledged that the focus on harmonisation and coordination of negotiating positions constitutes part of a strategic approach for strengthening the participation of African countries in the World Intellectual Property Organisation (WIPO),<sup>8</sup> the World Trade Organisation (WTO)<sup>9</sup> and in regional trade agreements including preferential trade agreements.<sup>10</sup> Despite increased active participation, African countries have not been influential in some substantive debates whether under WIPO or the WTO.<sup>11</sup> Lack of very clear governmental positions has been one of the reasons for the limited influence in the negotiations.<sup>12</sup> Kessie and Apea rightly argue that African countries react to proposal tabled by other countries instead of tabling proposals that reflect their interests.<sup>13</sup> The authors further suggest that a 'proactive strategy is likely to yield positive results...'<sup>14</sup> Limited influence on the part of African countries has resulted in treaties (or

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the economic, social and cultural levels as well as the integration of African economies, to achieve greater unity and solidarity between the African countries and the peoples of Africa, to coordinate and harmonise the policies between the existing and future Regional Economic Communities for the gradual attainment of the objectives of the Union and to advance the development of the continent by promoting research in all fields, in particular in science and technology. African Union in a nutshell: Progress in the implementation of the Constitutive Act, available at

[http://www.africa-union.org/root/au/aboutau/au\\_in\\_a\\_nutshell\\_en.htm#progress](http://www.africa-union.org/root/au/aboutau/au_in_a_nutshell_en.htm#progress) (accessed 11 July 2011).

<sup>7</sup> Latief 'Developing country coordination in international intellectual property standard-setting' Working paper 24 International Centre for Trade and Sustainable Development (ICTSD) (2005) available at [www.southcentre.org/index.php?gid=30&option=com](http://www.southcentre.org/index.php?gid=30&option=com) (accessed 3 July 2011).

<sup>8</sup> WIPO is the principal organisation responsible for the administration and regulation of IP. It has expertise in the field of IP. Examples of treaties administered by WIPO are: The Paris Convention for the Protection of Industrial Property of March 20 1883 as amended and Madrid Agreement concerning the International Registration of Marks of April 14, 1900, as amended on September 28, 1979 available at [http://www.wipo.int/madrid/en/legal\\_texts/trtdocs\\_wo015.html](http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo015.html) (accessed 11 December 2012).

<sup>9</sup> The WTO is an institution tasked with a comprehensive framework of rules regulating the international trading regime. The WTO is relevant due to the link between trade and intellectual property. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) falls under the WTO and, therefore, it is essential to review its role in relation to IP protection. The WTO dispute settlement is an essential tool which members can use to enforce TRIPS obligations backed by the threat of trade sanctions.

<sup>10</sup> Blackhurst, Lyakurwa & Oyejide 'Options for improving Africa's participation in the WTO' (2002) 23 *World Economy* 497, hereafter Blackhurst *et al* (2002) 23 *World Economy*.

<sup>11</sup> Kessie & Apea 'The participation of African countries in the multilateral trading system' *African Yearbook of International Law* (2004) 33.

<sup>12</sup> Musungu 'International intellectual property standard setting: A review of the role of Africa in shaping the rules for the regulation of the knowledge economy' *African Yearbook of International Law* (2004) 185-186.

<sup>13</sup> Kessie & Apea 'The participation of African countries in the multilateral trading system' *African Yearbook of International Law* (2004) 33, hereafter Kessie & Apea *African Yearbook of International Law*.

<sup>14</sup> Kessie & Apea *African Yearbook of International Law* (2004) 33.

outcomes) that do not necessarily reflect the contributions or needs of African countries especially on ‘sticking’ issues.<sup>15</sup>

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)<sup>16</sup> is one of the main international treaties that African countries negotiated. The Agreement is by its coverage, the most comprehensive international instrument on IP rights.<sup>17</sup> Ironically, TRIPS does not cover traditional knowledge and folklore an IP component which is critical for African countries.<sup>18</sup> Correa correctly observes that ‘the adoption of the TRIPS Agreement represented a major victory for industrialised countries and for their most active industrial lobbies.’<sup>19</sup> This is because the TRIPS provisions mirror the standards of IP rights protection that are suitable for developed countries in terms of their current level of development.<sup>20</sup> TRIPS is correctly criticised for overwhelmingly reflecting the interests and perspectives of developed countries (producers), as opposed to developing countries (users).<sup>21</sup> Stiglitz concurs that TRIPS was not balanced and, therefore, the underlying problem of an agreement that does not reflect the interests of developing countries remains.<sup>22</sup> This problem could, however, have been ameliorated if African countries, (most of which are developing countries) had negotiated as a regional group. Regionalism is seen as having the potential to increase the bargaining power of the Member States that constitute the regional group.<sup>23</sup> A

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<sup>15</sup> Sticking issues refer to the controversial issues.

<sup>16</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights WTO *The Legal Texts-Results of the Uruguay Round of Multilateral Trade Negotiations*, Annex 1C (1994) 321-353, hereafter WTO *The Legal Texts*.

<sup>17</sup> Correa *Intellectual property rights* 1.

<sup>18</sup> Traditional knowledge and folklore form part of the traditional intellectual property category. It should, however, be noted that World Intellectual Property Organisation (WIPO)'s Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore is in the process of developing a legal instrument for the effective protection of traditional knowledge and traditional cultural expressions that would be international in scope: WIPO ‘Intergovernmental Committee’ Intergovernmental Committee (IGC) mandate for the 2010-2011 biennium available at <http://www.wipo.int/tk/en/igc/index.html> (accessed 24 June 2011).

<sup>19</sup> Correa *Intellectual property rights* 1.

<sup>20</sup> Correa *Intellectual Property Rights* 1.

<sup>21</sup> The inequalities that marked the negotiations and outcomes under the GATT systems have largely remained and have even been carried over to the WTO negotiations. It is contended that TRIPS does not necessarily reflect international standards *per se*: Kongolo ‘The African Intellectual Property Organisations: The necessity of adopting one uniform system for all Africa’ (2000) 3 *The Journal of World Intellectual Property* 268, hereafter Kongolo (2000) 3 *The Journal of World Intellectual Property*. A discussion on TRIPS follows in chapter 3 part 3.3.4.

<sup>22</sup> Stiglitz *Globalisation and its discontent* (2002) 8 and Kongolo ‘The WTO Dispute Settlement Mechanism: TRIPS ruling and developing countries’ (2005) 4 *The Journal of World Intellectual Property* 268, hereafter Kongolo (2005) 4 *The Journal of World Intellectual Property*.

<sup>23</sup> Tussies ‘Regionalism: Providing a substance to multilateralism?’ in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 113.

united Africa would accordingly be in a strategically superior position to negotiate with another economic bloc than could any one Member State alone.<sup>24</sup>

There has also been a proliferation of agreements such as Economic Partnership Agreements (EPAs)<sup>25</sup> which have resulted in many African countries committing to protection standards higher than the minimum standards required in terms of the TRIPS; they therefore have the so called TRIPS-plus standards.<sup>26</sup> These agreements have generated frustrations among the African countries that are obliged to adopt TRIPS-plus standards,<sup>27</sup> despite the far reaching economic and social implications.<sup>28</sup> These agreements include, for example, an ‘ever-greening clause’ which extends the patent life of pharmaceuticals to any type of ‘new use’ discovered.<sup>29</sup> There is no provision for ‘new uses’ of products under TRIPS.<sup>30</sup> Any further research which results in ‘new use’ of a patented drug does not, therefore, warrant extension of the patent period under TRIPS. It should be noted that the extended protection provided in these agreements, which have ever-greening clauses, result in delays regarding the introduction of generics in the market. In addition, it creates significant profits for the pharmaceutical industry whilst forcing developing countries to pay high prices for the drugs that are critically needed to protect domestic health. It is estimated that one third of the world lacks access to essential drugs, with the number rising above fifty percent in Africa and Asia.<sup>31</sup> The WTO, in the Declaration on the TRIPS Agreement and Public Health (Doha

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<sup>24</sup> Foroutan ‘Regional integration in Sub-Saharan Africa: past experience and future prospects’ in De Melo & Panagariya (eds) *New dimensions in regional integration* (1993) 265.

<sup>25</sup> They are a form of regional trade agreements aimed at creating a free trade area between the European Union and the African, Caribbean and Pacific Group of State (ACP): Aaronson ‘Human rights’ in Chauffor & Maur (eds) *Preferential Trade Agreement Policies for development: A Handbook* (2011) 453.

<sup>26</sup> Olejko ‘Charming a snake: Open source strategies for developing countries disillusioned with TRIPS’ (2006) *25 Penn St. Int’l L. Rev* 856, hereafter Olejko (2006) *25 Penn St. Int’l L. Rev*. Also see Fink & Reichenmiller ‘Tightening TRIPS: Intellectual Property Provisions of US Free Trade Agreements’ in Newfarmer (ed) *Trade, DOHA, and development: A window into the issues* (2005) 290, hereafter Fink & Reichenmiller ‘Tightening TRIPS: Intellectual Property Provisions of US Free Trade Agreements’.

<sup>27</sup> Most Economic Partnership Agreements (EPAs) signed so far, favour developed countries and have provisions that allow developed countries to increase patent protection for example the agreements between the US and Morocco which contains an ‘ever-greening’ clause that extends the patent life for pharmaceutical companies. EPAs are regional free trade agreements between the European Union (EU) and African Caribbean and Pacific (ACP) countries. Their objective is to promote sustainable development and contribute to the eradication of poverty by helping ACP countries to integrate into the world economy. See ‘Economic Partnership Agreements’ available at <http://www.africa-union.org/root/au/AUC/Departments/TI/EPA/epa.htm> (accessed 19 August 2010).

<sup>28</sup> Fink & Reichenmiller ‘Tightening TRIPS: Intellectual Property provisions of US free trade Agreements’ 294.

<sup>29</sup> Cimolic ‘The impact of regional trade areas on international intellectual property rights’ (2008) 48 *IDEA* 59, hereafter Cimolic. (2008) 48 *IDEA*. See s 25(2) of South Africa’s Patents Act 57 of 1978 excludes discoveries from patentability.

<sup>30</sup> Malhotra & Grewal ‘TRIPS-plus: Free Trade Agreements jeopardising public health in developing countries’ in Hoa & Harvie (eds) *Regional Trade Agreements* (2008) 222.

<sup>31</sup> World Health Organisation ‘Diseases of the poverty and the 10/90 gap’ available at <http://www.who.int/intellectualproperty/submissions/InternationalPolicyNetwork.pdf> (accessed 13 July 2010).

Declaration) reinforced Article 31 of TRIPS which provides that ‘each member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licenses are granted.’<sup>32</sup> WTO Member States are allowed to take measures aimed at protecting public health in the Doha Declaration.<sup>33</sup> Despite these flexibilities recognised in the Doha Declaration, if a regional trade agreement grants TRIPS-plus protection, developed countries are able to increase the degree of protection given to IP rights.

Regional Trade Agreements (RTAs) such as the EPAs have, and will continue to be part of a ‘divide and conquer’ strategy,<sup>34</sup> in that, where developed countries like the United States of America (USA) fail to obtain protection above the minimum standards prescribed in TRIPS at the multilateral level, RTAs become a mechanism through which such protection is achieved. RTAs are consequently becoming a substitute to what could be perceived as a ‘difficult’ multilateral system.<sup>35</sup> In order to gain freer access to the markets of the developed world, African countries are compelled to agree to such agreements, all the while accepting higher IP protection standards.<sup>36</sup>

RTAs have a significant impact on socio-economic factors such as access to technology for African countries, food security<sup>37</sup> and access to medicine.<sup>38</sup> This is because developed countries, such as the USA, have used RTAs to ensure that developing countries are restricted in their use of TRIPS flexibility mechanisms, such as compulsory licenses to produce generic substances, and are using RTAs to apply pressure to secure very strong copyright,<sup>39</sup> trade marks and industrial design protection. Similarly, the EU is seeking greater IP protection than TRIPS provides. For example, the European Union (EU) in its negotiations<sup>40</sup> with the Southern African Customs Union (SACU) including Mozambique and Angola, was putting

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See also International Forum on Globalisation ‘Trade Related Intellectual Property Rights: WTO threat to public health’ available at <http://www.ifg.org/pdf/cancun/issues-TRIPSpubhealth.pdf> (accessed 13 July 2010).

<sup>32</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights: WTO *The Legal Texts* 321-353.

<sup>33</sup> WTO ‘Declaration on the TRIPS Agreement and public health’ available at [http://www.wto.org/english/thewto\\_e/minist\\_e/min01\\_e/mindecl\\_trips\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_trips_e.htm) (accessed 13 July 2012).

<sup>34</sup> Matsushita ‘Proliferation of free trade agreements and development perspectives’ (2010) available at <http://www.lawanddevelopment.net/img/matsushita.pdf> (accessed 7 July 2011).

<sup>35</sup> Matsushita ‘Proliferation of free trade agreements and development perspectives’ (2010) available at <http://www.lawanddevelopment.net/img/matsushita.pdf> (accessed 7 July 2011).

<sup>36</sup> Cimboric (2008) 48 *IDEA* 53.

<sup>37</sup> Cullet ‘Intellectual property rights and food security in the South’ (2004) 7 *Journal of World Intellectual Property* 261.

<sup>38</sup> Shadlen ‘Exchanging development for market access? Deep integration and industrial policy under multilateral and regional bilateral trade agreements’ *Review of International Political Economy* (2005) 768.

<sup>39</sup> Nicholson ‘Impact of TRIPS-Plus on African countries’ (2006) *International Federation of Library Associations and Institutions (IFLA) Journal* 318.

<sup>40</sup> The Economic partnership Agreement negotiations have been on-going with a new conclusion target as July 2011.

pressure for the adoption of TRIPS-plus provisions on public health,<sup>41</sup> but the SACU resisted these measures on the basis that they would ‘jeopardise poor African countries’ access to necessary medicines’.<sup>42</sup> The European Union (EU) has been negotiating for TRIPS-plus provisions with all the other existing regional trading groups in Africa and even those in the Caribbean and Pacific countries.<sup>43</sup>

The mounting pressure being applied by developed countries will probably result in most African countries being forced, sooner or later, into these agreements in exchange for market access, despite the potentially adverse consequences of the RTAs. With the proliferation of regional agreements,<sup>44</sup> African countries cannot afford to shy away from regional integration. The global trading community is in a state of deep crisis; with the Doha Round stalemate<sup>45</sup> most countries have resorted to regional trading blocs.<sup>46</sup> This necessitates the need for regional integration in Africa.<sup>47</sup> There is likelihood that African countries may be able to derive substantial benefits from regionalism,<sup>48</sup> as regional integration will promote regional coherence and coordination in negotiations.



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<sup>41</sup>The measures included a five-to-ten year data protection period for clinical tests data and five year patent extensions to brand-name drugs.

<sup>42</sup> Cho ‘Defragmenting World Trade’ (2006) *Northwestern Journal of International Law and Business* 72, hereafter Cho (2006) *Northwestern Journal of International Law and Business*.

<sup>43</sup> Cho (2006) *Northwestern Journal of International Law and Business* 72.

<sup>44</sup> Cho (2006) *Northwestern Journal of International Law and Business* 40 and, Crawford & Laird ‘Regional Trade Agreements and the WTO’ (2001) 12 *The North American Journal of Economics and Finance* 193.

<sup>45</sup> Cho ‘The demise of the Doha Round negotiations’ (2010) 31 *Texas International Law Journal* 574 and 582-583.

<sup>46</sup> Cho (2006) *Northwestern Journal of International Law and Business* 40.

<sup>47</sup> This is despite the concerns that have been raised about regional integration. It is argued that regionalism appears to be associated with an unequal power structure and exploitation of smaller members by greater economic powers as this can be more acute within a regional trade block. It can also result in the weakest countries being marginalised. Bhagwati & Krueger argue that RTAs divert attention from the multilateral trade system, as they offer an alternative to countries who would otherwise have concentrated on getting the multilateral negotiations moving forward: Bhagwati and Krueger *The Dangerous Drift to Preferential Trade Agreements* (1995) 18 and Sally ‘Whither the WTO? A progress report on the DOHA Round’ available at <http://www.freetrade.org/pubs/pas/tpa-023.pdf> (accessed 19 August 2010) 4. See also Abebe *Regional Trade Agreements and Its impact on Multilateral Trading System: Eroding Preferential Treatment of developing countries* LLM Thesis, University of the Western Cape (2005).

<sup>48</sup> The benefits would include the economic benefits of fostering trade and investment opportunities: Cattaneo ‘Regional Trade Agreements and South-South FDI: potential benefits and challenges for SACU-Mercosur investments relations available at [http://www.tralac.org/cgi-bin/giga.cgi?cmd=cause\\_dir\\_news\\_item&cause\\_id=1694&news\\_id=87489&cat\\_id=1031](http://www.tralac.org/cgi-bin/giga.cgi?cmd=cause_dir_news_item&cause_id=1694&news_id=87489&cat_id=1031) (accessed 25 July 2010). See also WTO News ‘Globalising regionalism: A new role for Mercosur in the multilateral trading system’ available at [http://www.wto.org/english/news\\_e/spmm\\_e/spmm45\\_e.htm](http://www.wto.org/english/news_e/spmm_e/spmm45_e.htm) (accessed 25 July 2010).

Laws are an important component of regional integration.<sup>49</sup> The protection of IP in regional economic groupings is an emerging phenomenon; the experiences of the North American Free Trade Agreement (NAFTA) and the EU suggest that IP protection is even stronger and more harmonised within the regional economic groupings compared to the global scale.<sup>50</sup> The integration of IP, including trade mark laws, is imperative as it advances economic integration by ensuring coherence in the laws. It also creates legal certainty and predictability which is needed to promote trade and attract foreign direct investment.<sup>51</sup> Regional trade mark protection will accordingly enhance deeper integration for African countries. In brief, regional integration is one way in which African countries can cope with the demands of ever-increasing competitiveness in the rapidly globalising world. Africa as a region needs to remain competitive.<sup>52</sup>

## 1.2 Scope of thesis

The lack of coherence in negotiations for IP protection, in part due to differences in trade mark or IP laws, is a factor that undermines Africa's regional development.<sup>53</sup> This thesis is a case study of the trade mark laws of selected African States namely: South Africa, Zimbabwe, Kenya and Cameroon, which are analysed with a view to making suggestions for their integration into a single regional law.<sup>54</sup> These countries are selected based on memberships to regional systems; the adoption of new trade mark law<sup>55</sup> and also on the legal systems (whether it's civil and common). Zimbabwe and Kenya are common law systems and Member States of the African Regional Intellectual Property Organisation (ARIPO).

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<sup>49</sup> Dlagnekova 'The need to harmonise trade-related laws within countries of the African Union: An introduction to the problems posed by legal divergence' (2009) 15-1 *Fundamina* 2, hereafter Dlagnekova (2009) 15-1 *Fundamina*..

<sup>50</sup> Maskus 'Implications of regional and multilateral agreements for intellectual property rights' Policy Discussion Paper 97/10 (1997) 16.

<sup>51</sup> The importance of integration of laws is discussed in detail in chapter 2 part 2.7.

<sup>52</sup> A region is defined as a group of countries which created a legal framework of protection; covers an extensive economic relationship and is based on an indefinite duration: Page 'Regionalism and/or globalisation' in Nordic Africa Institute 'Regionalism and regional integration in Africa: A debate of current aspects and issues' Discussion Paper (2001) 5.

<sup>53</sup> Cullet 'International Property Protection and sustainable development-Towards a common African institutional framework and strategy' *International Environmental Law Research Centre*: Background study for NEPAD's steering committee for science and technology (2005) available at [http://www.nepadst.org/doclibrary/pdfs/doc23\\_022005.pdf](http://www.nepadst.org/doclibrary/pdfs/doc23_022005.pdf) (accessed 13 July 2010).

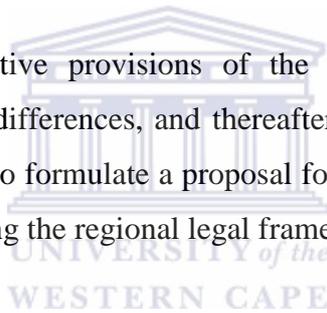
<sup>54</sup> Regional integration is a process whereby two or more countries in a particular area join together to pursue common policies and objectives in matters of general economic development or in particular economic field of common interest to the mutual advantage of all participating states: Mukamunana & Moeti 'Challenges of Regional integration in Africa: Policy and administrative implication' (2005) *Journal of Public Administration: Conference Proceedings* 92.

<sup>55</sup> Kenya has a fairly new legislation which was amended in 2002.

Cameroon is a mixture of civil law and common law system;<sup>56</sup> and is a Member State of the *Organisation Africaine de la Propriété Intellectuelle* (English: African Intellectual Property Organisation (OAPI)). South Africa is a mixed legal system which is at present a non-member State of the two existing African IP law organisations.

OAPI requires its Member States to ‘renounce’ their national sovereignty to a limited extent in adopting a single uniform trade mark law.<sup>57</sup> This means the OAPI system comes as a package which does not allow nations to choose which of the laws or treaties they will adopt or reject.<sup>58</sup> OAPI created a regional body that practically undertakes all forms of registration and acts as the national office for the Member States. This is meant to save costs and ensures high level of expertise.<sup>59</sup> ARIPO Member States maintain their national IP laws, and are required to ratify the ARIPO laws.<sup>60</sup> South Africa’s IP provisions are closer to the ARIPO positions than those of OAPI, by virtue of South Africa’s similar colonial origins to some of ARIPO Member States.

The thesis analyses the legislative provisions of the four selected African countries, highlighting the similarities and differences, and thereafter suggests necessary amendments. The ultimate aim of the thesis is to formulate a proposal for integration of trade mark laws in Africa with a view to strengthening the regional legal framework.



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<sup>56</sup> Cameroon has a common law tradition in the Anglophone provinces and a civil law tradition in the Francophone provinces: Vubo *State of the Union: The half century of Cameroon’s Bicultural experience* (2012) 90, hereafter Vubo *State of the Union: The half century of Cameroon’s Bicultural experience*.

<sup>57</sup> Asmah ‘Historical threads: Intellectual property protection of traditional designs: The Ghanaian experience and African perspective’ available at <http://journals.cambridge.org/action/displayAbstract;jsessionid=24B4C11D0D76DCAA49CBD3D5168A8CA.A.tomcat1?fromPage=online&aid=2189744> (accessed 13 July 2010).

<sup>58</sup> Adewopo ‘Developments in intellectual property rights in Africa’, available at [www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc](http://www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc) (accessed 9 July 2010).

<sup>59</sup> See chapter 3 part 3.5.2.

<sup>60</sup> Agreement on the Creation of the African Regional Industrial Property Organisation as amended (known as Lusaka Agreement). Banjul Protocol on Marks was adopted by the Administrative Council in 1993 and Botswana, Lesotho, Malawi, Namibia, Swaziland, Tanzania, Uganda and Zimbabwe are currently party to the protocol. More so, the Member States have to ratify or accede to the Protocol on Patent and Industrial Designs within the Framework of the African Regional Industrial Property Organisation (the Harare Protocol) which was adopted by the Administrative Council in December 1982, in Harare, Zimbabwe. See ARIPO ‘Legal Framework: The ARIPO protocols’ available at [http://www.aripo.org/index.php?option=com\\_content&view=article&id=18&Itemid=55](http://www.aripo.org/index.php?option=com_content&view=article&id=18&Itemid=55) (accessed 19 August 2012).

### 1.3 Statement of the problem

An individual country is far more limited in its ability to negotiate in regional or at the international level, than a collection of countries, with each country relying on a regional IP legal framework. The demand for stronger IP laws has created a pressing need for the African countries to undertake regional integration of their IP laws.

The first question that arises in attempting to establish a regional trade mark law is what are the areas of convergence between and areas of divergence from each of the trade mark laws of the legal systems under consideration? The thesis not only argues, but attempts to demonstrate, that a regional approach can only realise its full potential if it is based on a clear understanding of the areas of convergence and divergence in Africa's IP laws.<sup>61</sup>

The complexities of dealing with the numerous national trade mark laws and procedures which substantially affect trade mark protection opportunities and strategies in Africa, have been exacerbated by the absence of a harmonised enforcement institution. The thesis argues that even if there is a Court of Justice,<sup>62</sup> similar to the European Court of Justice (CJEU)<sup>63</sup>, a dedicated periodic IP Court could play an important role in the process of harmonising Africa's trade mark and other IP laws. The rationale is that such a specialised court would probably be more effective in consistently upholding the supremacy of the harmonised law over national laws and in ensuring a uniform application and interpretation of the law.<sup>64</sup> It should, however, be noted that even though the EU and AU have structural similarities they differ in material respects. For example, the EU has adopted a system of Qualified Majority Voting (QMV)<sup>65</sup> which prescribes that in the Council, Member States votes are weighted according to the population size of Member States,<sup>66</sup> whereas all Member States in the AU are treated as equals,<sup>67</sup> but AU decisions are not necessarily enforceable on Member States.<sup>68</sup>

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<sup>61</sup> The issue is discussed in chapter 4 part 4.8.

<sup>62</sup> Article 18 of the Constitutive Act of 2000. The Constitutive Act of the African Union is available at [http://www.africa-union.org/root/au/aboutau/constitutive\\_act\\_en.htm#Article20](http://www.africa-union.org/root/au/aboutau/constitutive_act_en.htm#Article20) (accessed 24 October 2011).

<sup>63</sup> Loewenheim 'Harmonisation and Intellectual Property in Europe' (1996) 2 *Colum.J.Eur.L.*481, hereafter Loewenheim. (1996) 2 *Colum.J.Eur.L.*

<sup>64</sup> The CJEU is reported to have had even a significant influence on European legislation, especially on the directives harmonising IP laws: Loewenheim (1996) 2 *Colum.J.Eur.L.* 481.

<sup>65</sup> Olivier & Olivier 'Models of regional integration: The European Union and the African Union' (2004) 19 *SA Public Law* 361, hereafter Olivier & Olivier (2004) 19 *SA Public Law*.

<sup>66</sup> For example, France, Germany, Italy and the United Kingdom are allotted 10 votes each, while Spain has 8 votes.

<sup>67</sup> The AU does not have a QMV as part of its decision-making and voting process.

<sup>68</sup> Olivier & Olivier (2004) 19 *SA Public Law* 62.

The AU Constitution<sup>69</sup> provides that Member States failing to comply with decisions and policies of the AU ‘may’ be subjected to sanctions.<sup>70</sup> These sanctions are, however, not compulsory.

The second question is: how do we utilise the areas of congruency between the trade mark laws as a foundation for trade mark integration within the African region? The thesis seeks to set out the proposed provisions of a regional trade mark law.

The current position with regards to registration of trade marks in Africa, is that, a trade mark owner wishing to ensure protection for a trade mark throughout the region, has to file separate applications with ARIPO and OAPI, as well as in the national offices of all the other countries not affiliated to the two organisations, like South Africa and Nigeria. The trade mark owner has to also deal with different languages since OAPI uses French and ARIPO uses English as the medium of communication.<sup>71</sup> In contrast, the issue of language is no longer such a challenge<sup>72</sup> in the EU’s Office for the Harmonisation in the Internal Market (OHIM)<sup>73</sup> since there are four ‘languages of the Office’ and an application can be filed in any one of them. The languages of the office are English, French, German and Spanish.<sup>74</sup> It is submitted that the two existing organisations dealing with IP and the planned Pan African Intellectual Property Organisation (PAIPO) need to adopt some of the AU official languages.<sup>75</sup> The thesis also supports the importance of establishing a single regional body for Africa where an application is centrally filed and examined; and the trade mark owner acquires community-wide protection.<sup>76</sup> This is particularly important as it reduces costs and is less cumbersome.

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<sup>69</sup> Article 23 (2) expressly states ‘...any Member State that fails to comply with the decisions and policies of the Union may be subjected to other sanctions, such as the denial of transport and communications links with other Member States, and other measures of a political and economic nature to be determined by the Assembly: Art 23 (2) of the Constitutive Act of 2000.’

<sup>70</sup> The use of the word ‘may’ implies that non-compliance with AU decisions would not under all circumstances necessarily result in the imposition of sanctions. The use of the word ‘may’ poses a potential problem regarding the legal status of AU decisions.

<sup>71</sup> Lusaka Agreement which came into force November 13 2004.

<sup>72</sup> The language problems had to be resolved in a meeting of the Presidents of the EU member countries in Brussels on 29 October 1993: Duran ‘The new European Union Trademark Law’ (1994) 23 *Denv.J.Int’L. & Poli’y* 492, hereafter Duran (1994) 23 *Denv.J.Int’L. & Poli’y* 492.

<sup>73</sup> OHIM is established in terms of Art 2 of the Council Regulation (EC) No 207/2009 *Official Journal of the European Union* L78/2.

<sup>74</sup> Duran (1994) 23 *Denv.J.Int’L. & Poli’y* 492.

<sup>75</sup> These are Arabic, English, French, and Portuguese: Art 11 of the Protocol on Amendment to the Constitutive Act available at

[http://au.int/en/sites/default/files/PROTOCOL\\_AMENDMENTS\\_CONSTITUTIVE\\_ACT\\_OF\\_THE\\_AFRICAN\\_UNION.pdf](http://au.int/en/sites/default/files/PROTOCOL_AMENDMENTS_CONSTITUTIVE_ACT_OF_THE_AFRICAN_UNION.pdf) (accessed 8 October 2013). See also Art 25 of the Constitutive Act of 2000.

<sup>76</sup> The issue is further discussed in chapter 3 part 3.8.

Apart from OAPI's laws that require partial relinquishment of sovereignty from its Member States,<sup>77</sup> the present system of IP laws in Africa are basically founded on the sovereignty principle. This results in each country's laws, reflecting its national interests and differing from country to country. A trade mark owner cannot, therefore, consolidate his or her rights and possibly expand them across Africa, in the same manner in which someone in Europe can. The EU Community Trade Mark Regulation (CTMR)<sup>78</sup> allows trade mark owners to secure trade mark protection throughout the EU, by means of a single application, registration fee and renewal fee per mark.<sup>79</sup> The CTMR also allows a trade mark owner to maintain trade mark rights throughout the EU by actually using the mark in only one EU Member State.<sup>80</sup> The CTMR, therefore, provides protection of trade marks in all EU countries by means of single filing resulting in single registration.<sup>81</sup>

Regional integration aims to create uniform or similar laws,<sup>82</sup> which are appropriate to the needs of the people; such laws should unify, not divide Africa. The thesis supports the establishment of PAIPO which is tasked to harmonise the IP laws including trade mark laws.<sup>83</sup> Harmonisation of the laws of Africa is a stated objective of the Pan-African Parliament (PAP): Article 11(3) of the Protocol to the Treaty Establishing the African Economic Community Relating to the PAP entrusts PAP with the function and power to 'work towards the harmonisation or co-ordination of laws of Member States'.<sup>84</sup> PAP is, therefore, an institution with full legislative powers meaning that it is vested with the power to enact and enforce measures directed towards the achievement of the objective of harmonisation.<sup>85</sup> The thesis argues that PAIPO should focus on harmonising trade mark laws

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<sup>77</sup> The question about whether OAPI serves as an example of integration is discussed in chapter 3 part 3.5.

<sup>78</sup> Regulation No 40/94 of 20 December 1993.

<sup>79</sup> Article 1 (2) of the Council Regulation (EC) No 40/94.

<sup>80</sup> Morcom, Roughton and Graham *The Modern Law of Trade Marks* (1999) par a23.2.

<sup>81</sup> The disadvantage is that if a CTM is declared invalid for any reason, it is invalidated in the entire EU: Blakely 'Beyond the international harmonisation of trade mark law: The community trade mark as a model of unitary transnational trade mark protection' (2000) 149 *U Pa. L Rev* 339, hereafter Blakely (2000) 149 *U Pa. L Rev* .

<sup>82</sup> Dinwoodie 'The integration of international and domestic intellectual property lawmaking' (2000) *Columbia-VLA Journal of Laws & the Arts* 307.

<sup>83</sup> Article 6 of the Final Draft establishing PAIPO available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 13 October 2013).

<sup>84</sup> The Pan-African Parliament was established in March 2004, by Article 17 of the Constitutive Act of the African Union, as one of the nine organs provided for in the Treaty Establishing the African Economic Community signed in Abuja, Nigeria, in 1991: See Pan-African Parliament, available at <http://www.pan-africanparliament.org/> (accessed 13 July 2010).

<sup>85</sup> Article 2 (3) of the Protocol To The Treaty Establishing the African Economic Community Relating to the Pan-African Parliament available at . [http://www.africa-union.org/Official\\_documents/Treaties\\_%20Conventions\\_%20Protocols/protocol-panafrican-parliament.pdf](http://www.africa-union.org/Official_documents/Treaties_%20Conventions_%20Protocols/protocol-panafrican-parliament.pdf) (accessed 12 July 2013).

and other IP laws as it is a specialised IP institution,<sup>86</sup> to circumvent an overlap in the harmonisation functions of PAP and PAIPO.

An integrated approach to laws is an essential prerequisite to sound regional economic development.<sup>87</sup> The thesis argues that economic development in Africa depends on, among other factors, the introduction of homogenous laws which will result in Africa adopting a regional approach to negotiations in concluding regional or multilateral agreements. The thesis will thus attempt to illustrate the areas of congruency that can be utilised in establishing a regional position on IP issues.

#### 1.4 Significance of study

Regional integration promotes trade,<sup>88</sup> because of the close relationship between IP and trade, evidenced by how a prohibition of the use of a trade mark on a product can affect the price. This is because the 'value of a trademark lies in its selling power, and the selling power is in turn based on its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity'.<sup>89</sup> The closeness of the relationship between IP and trade is also evidenced by the inclusion of IP protection in many RTAs, as well as by the enactment of the TRIPS Agreement under the WTO. It is against this background that this study argues for the integration of trade mark laws within the African common market.<sup>90</sup>

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<sup>86</sup> Article 2 Of The Final Draft Statute of the PAIPO reads '...the Organisation shall be a specialised agency of the African Union that responsible for intellectual property and other emerging issues related to intellectual property in africa': See Final Draft Establishing Paipo available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 13 October 2013).

<sup>87</sup> McMillan 'Does regional integration foster open trade? Economic Theory and GATT's Article XXIV' in Anderson & Blackhurst (eds) *Regional Integration and the Global Trading System* (1993).

<sup>88</sup> Piotraut 'European national IP laws under the EU umbrella: From national to European Community IP law' (2004-2005) 2 *Lyuch. l. LR* 61.

<sup>89</sup> Schechter 'Rational basis of trade mark protection' (1927) 40 *Harvard Law Review* 831.

<sup>90</sup> The development of a common market is one of the stated aims of the AU. Art 6 of the Treaty establishing the African Economic Community (Abuja Treaty of 1991) lays the six stages at which regional integration is to be pursued in Africa. As it stands now, the region seems to be in phase/stage 3 which is aimed at the establishment in each regional economic community of a free trade area and customs union by means of adopting a common external market. The negotiations for a tripartite free trade area (T-FTA) between COMESA, SADC and EAC is an example of a move towards stage 5 which is aimed at creating an African common market: Art 6 of the Treaty establishing the African Economic Community (Abuja Treaty 1991) available at [http://www.wipo.int/wipolex/en/regeco\\_treaties/text.jsp?file\\_id=173333](http://www.wipo.int/wipolex/en/regeco_treaties/text.jsp?file_id=173333) (accessed 13 October 2013). The establishment of the African common market is consistent with the AU's object to accelerate the political and socio-economic integration of the continent: Art 3 of the Constitutive Act of 2000.

A common market is about the removal of barriers so as to allow free movement of goods and services; trade mark laws play a crucial role as it may facilitate or act as a barrier to trade.<sup>91</sup> A registered trade mark prevents the co-existence of confusingly similar trade marks and serves as proof of ownership when a dispute arises.<sup>92</sup> Radler rightly contends that ‘the primary benefit derived from the Community Trade Mark (CTM) legislation [was] the furtherance of the EU common market goal.’<sup>93</sup> Therefore, a consolidated regional trade mark protection which creates community-wide rights will further AU goals and will be aligned to its objectives.<sup>94</sup>

A regional system will also be an effective, efficient and more cost-effective way of providing trade mark protection. The cost effectiveness of regional systems can be evidenced by the fact that in 2009 the EU’s Office for the Harmonisation in the Internal Market (OHIM)<sup>95</sup> was able to reduce application fees for EU trade marks.<sup>96</sup> The creation of a one-stop shop for registration of trade marks in Africa, will eliminate the high cost of applying for trade mark protection in various national IP offices, and, make protection more readily available for Africans.

More so, regional integration could help Africa secure better access to major markets,<sup>97</sup> through having ‘one voice’ and a harmonised regional position in negotiations. It is, therefore, arguably one of the ways in which Africa can participate more effectively in international trade. Despite the Eurozone crisis, the EU remains the best developed model of regional integration and still serves as an example for other regions.<sup>98</sup>

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<sup>91</sup> Nwauche ‘An evaluation of the African Regional Intellectual Property Tight Systems’ (2003) 6 *The Journal of World Intellectual Property* 103.

<sup>92</sup> Baroncelli, Fink & Javorcik ‘The global distribution of trademark: Some stylized facts’ (2005) 28 *The World Economy* 765.

<sup>93</sup> Radler ‘The European ‘Community Trademark’: Is it worth the bother’ (1997) 1 *Marq. Intell.Prop.L.Rev* 195 and Blakely (2000) 149 *U.Pa.L.Rev* 315. One of the goals of the Treaty of Rome of 1957 which created the EU was to establish a single market without internal barriers that might restrict the free movement of goods and services.

<sup>94</sup> Articles 2 & 3 of the AU’s Constitutive Act of 2000 provides for development oriented goals. As has been indicated earlier, the integration of trade mark protection is necessary for the attainment of the African common market.

<sup>95</sup> The office, situated in Alicante, Spain, is responsible for the administration of the Community Trade Mark.

<sup>96</sup> See chapter 5 part 5.4.2. See also IP/ICT Newsletter (April 2009) ‘Trademarks: Reduction costs of CTM’ available at [http://www.debrauw.com/SiteCollectionDocuments/Legal%20Alerts/IP\\_ICT/Newsletter%20IP-ICT%20April%202009.pdf](http://www.debrauw.com/SiteCollectionDocuments/Legal%20Alerts/IP_ICT/Newsletter%20IP-ICT%20April%202009.pdf) (accessed 13May 2010).

<sup>97</sup> Schiff & Winters *Regional Integration and Development* (2003) 8-9.

<sup>98</sup> See discussion on the Eurozone crisis and the lessons that can be learnt regarding monetary and political integration in chapter 1 part 1.1.

The significance of this study is thus to contribute to the academic discourse aimed at providing insight into the integration process, in order to facilitate the implementation of the practical steps necessary to achieve particularly legal integration. The mechanics of the proposed integration of the trade mark laws is central to the study.

## 1.5 Objectives of study

The main objective of this research is to examine the similarities and differences between Zimbabwe's Trade Mark Act;<sup>99</sup> Kenya Trade Marks Act;<sup>100</sup> South Africa's Trade Mark Act,<sup>101</sup> as amended by the Intellectual Property Laws Amendment Act,<sup>102</sup> the Cameroonian Bangui Agreement,<sup>103</sup> and to make proposals for their integration.

The specific aims, that define the scope of this thesis, are as follows:

1. An analysis of how regional integration has been pursued in Africa. The focus is to identify the problems that are hampering integration efforts and the mechanisms for overcoming them.
2. An analysis of legal integration and the techniques for harmonisation and unification. Reference to Organisation for the Harmonisation of Business Laws in Africa (OHADA) as a harmonisation model in Africa is also made.
3. Examination of the international trade mark law instruments such as the Madrid Agreement Concerning the International Registration of Marks, Madrid Protocol, as well as the Paris Convention and the TRIPS Agreement, insofar as these instruments govern trade marks and their usefulness for the integration of Africa's trade marks laws.
4. Examination of Africa trade mark protection framework with a particular focus on the OAPI and ARIPO system, and an exploration of whether an integration of the activities of

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<sup>99</sup> Chapter 26:04 as amended by the Trade Marks Amendment Act No 10 of 2001 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=130492](http://www.wipo.int/wipolex/en/text.jsp?file_id=130492) (accessed 8 December 2012).

<sup>100</sup> Chapter 506 as amended by the Trade Marks (Amendment) in 2002 available at <http://www.wipo.int/wipolex/en/details.jsp?id=7519> (accessed 8 December 2013).

<sup>101</sup> 194 of 1993 as amended.

<sup>102</sup> Act 38 of 1997. See South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/TradeMarks\\_files/Act.pdf](http://www.cipc.co.za/TradeMarks_files/Act.pdf) (accessed 24 October 2012).

<sup>103</sup> Annexure III of the Agreement Revising the Bangui Agreement of 2 March 1977 on the Creation of an African Intellectual Property Organization available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012).

the two institutions could be the starting point for regional integration of trade mark laws, particularly in the light of the cooperation agreement between ARIPO and OAPI.<sup>104</sup>

5. Exploration of the recent IP developments in the AU, focussing on the ongoing talks on the establishment of PAIPO.<sup>105</sup>
6. A comparative analysis of the provisions of each legal system, considering the areas of similarities and differences among the selected legal systems.
7. Investigation of the standards or models such as the CTM system which is being applied in the EU, and an attempt to determine whether these could be applied in the AU context, and if not, why not.
8. Analysis of enforcement mechanisms that could effectively result in harmonisation of laws. A study of the role of the Court of Justice of the AU (CJAU) *vis-a-vis* the CJEU, and the possibility of establishing a dedicated periodic IP Court aimed at harmonising Africa's IP laws is made.

## 1.6 Research methodology

The thesis consists of a desk-bound analysis of primary sources, such as the legislation of the selected countries, international instruments governing trade marks, and decided cases, as well as secondary sources such as textbooks, journal articles, and internet sources.

Throughout the thesis the issues are examined using the four stage comparative research methodology,<sup>106</sup> though it is not followed in strict order. As indicated earlier, the thesis compares the trade mark laws of Zimbabwe, Kenya, Cameroon and South Africa. The preliminary step of this comparative study focuses on reporting on the provisions of the above chosen legal systems, and on establishing their functional comparability.<sup>107</sup> The incorporation of different legal systems under a basic framework is an essential component of legal integration.<sup>108</sup> This process will bring out the similarities and differences, and help 'resolve both accidental and divisive dissimilarities in the laws, and reduce the number of

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<sup>104</sup> The Cooperation Agreement was entered into on November 18, 1996 in Harare. See Adewopo 'Developments in intellectual property rights in Africa' available at [www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc](http://www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc) (accessed 9 July 2010).

<sup>105</sup> African Union 'Establishing a Pan-African Intellectual Property Organisation: A concept paper' available at [www.africa-union.org/](http://www.africa-union.org/) (accessed 9 July 2010).

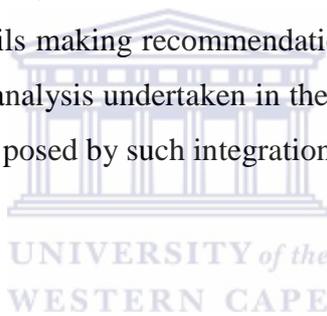
<sup>106</sup> Reitz 'How to do comparative law' (1998) *The American Journal of Comparative Law* 617, hereafter Reitz. (1998) *The American Journal of Comparative Law*

<sup>107</sup> Implying whether the role or function of the provisions in each legislation is not in conflict.

<sup>108</sup> Fagbayibo 'Towards the harmonisation of laws in Africa: Is OHADA the way to go' (2009) 62 *CILSA* 311, hereafter Fagbayibo (2009) 62 *CILSA*.

divergences that are attributable to the political, moral or social facets of different nations, as well as historical accident or contingent circumstances'.<sup>109</sup> It is through a comparative and critical analysis of the selected legal systems that the thesis identifies, assesses and evaluates differences among trade mark provisions of the selected African States.<sup>110</sup>

The second stage involves highlighting and evaluating the integration process in the EU. The main objective is to identify the strengths and weaknesses of each process so that there is a deeper insight into the law, with the aim of making recommendations. It is through evaluation of other 'integration processes' that the thesis can extend and enrich the supply of possible solutions<sup>111</sup> presenting the possibility of finding a better solution for integrating Africa's trade mark laws.<sup>112</sup> The third stage involves making a critical assessment of the findings made from other processes. It should be noted that comparative study offers a much richer range of model solutions than a study devoted to a single system can provide. By referring to the EU and other models such as OHADA, the thesis aims to come up with logical and relevant conclusions. The fourth step entails making recommendations on the best way of integrating trade mark laws, drawing on the analysis undertaken in the second stage, bearing in mind the possible threats and or challenges posed by such integration.<sup>113</sup>



## 1.7 Limitations of study

The comparative analysis undertaken in the thesis is cognisant of the problems that beset all comparative studies.<sup>114</sup> The thesis duly considers that even if there are homogenous legal concepts and common aspects in the four different legal systems, there are social, economic and political circumstances of each country that make the task of comparison inappropriate at

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<sup>109</sup> Fagbayibo (2009) 62 *CILSA* 3.

<sup>110</sup> Nicholson 'Some preliminary thoughts on a comparative law model for harmonisation of laws in Africa' (2008) 14 *Fundamina* 52, hereafter Nicholson (2008) 14 *Fundamina*.

<sup>111</sup> Zweigert & Kotz *Introduction to comparative law* (1987) 46, hereafter Zweigert & Kotz *Introduction to comparative law*.

<sup>112</sup> Zweigert & Kotz *Introduction to comparative law* 46.

<sup>113</sup> Recommendations are made in chapter 6 part 6.7.

<sup>114</sup> Comparative studies face the difficult of different languages that exists in the countries under study for example OAPI countries are Francophone countries and most of the resources are in French, the comparative analysis becomes restricted due to the language barrier. Obvious disparities can also occur in some respects due to the fact that one of the countries can have more far documented resource materials in the form of journal articles, research reports and books than the other countries under consideration. This can give rise to an imbalance in the research being undertaken in the sense that one country can easily be discussed thoroughly compared to the other countries: Odongo *The domestication of international laws standards on the rights of the child with specific reference to juvenile justice in the African context* (2005) LLD thesis University of the Western Cape 6, hereafter Odongo *The domestication of international laws standards on the rights of the child with specific reference to juvenile justice in the African context* LLD thesis .

times.<sup>115</sup> Nicholson submits that any approach to legal comparison in Africa should be both innovative and directed towards a celebration of differences that may be brought by socio-economic and political factors.<sup>116</sup> The thesis thus take cognisance of such disparities that exists within the countries in which trade mark laws operate, and concentrate on harmonising those areas of law with the greatest prospect for success and which are likely to bring real benefits for the people of Africa.<sup>117</sup>

Cameroon does not follow the *stare decisis* principle *per se*,<sup>118</sup> and thus no case law could be analysed from this legal system. Decisions taken by the Supreme Court are at best only persuasive.<sup>119</sup> Most of the materials are predominately in French and this posed a challenge in terms of analysing trade mark protection in Cameroon or under OAPI.

## 1.8 Chapter outline

Chapter one contextualises the research question and thesis. The chapter also undertakes a preliminary analysis of the impact of regional integration and the implications of RTAs on African countries. It also provides an outline of each of the other chapters.

Chapter two is a conceptual framework of regional integration. The various approaches to regional integration are explored, with particular emphasis on economic integration as the possibility of legal integration of trade mark laws will take place within a regional economic grouping. The chapter also examines the possible obstacles to regional integration in Africa and the mechanisms for overcoming them. The link between regional integration and multilateralism and, the role of the AU and NEPAD in relation to regional integration is also considered. The chapter also discusses the differences between harmonisation and unification. Reference to the techniques for legal integration and the extent to which Africa's OHADA could be a model for legal integration is explored.

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<sup>115</sup> Odongo 'The domestication of international laws standards on the rights of the child with specific reference to juvenile justice in the African context' LLD thesis 6.

<sup>116</sup> Nicholson (2008) 14 *Fundamina* 64.

<sup>117</sup> Nicholson (2008) 14 *Fundamina* 65.

<sup>118</sup> Judicial precedent plays a limited role in Anglophone Cameroon. The doctrine of precedent operates in the sense that that precedents laid down within each province constitute binding authority within that province: Mbah-Ndam argues that the doctrine of binding precedent is unknown to the Supreme Court of Cameroon: Mbah-Ndam *Practice and Procedure in civil and commercial litigation* (2003) 81 and Vubo *State of the Union: The half century of Cameroon's Bicultural experience* 88.

<sup>119</sup> Vubo *State of the Union: The half century of Cameroon's Bicultural experience* 89.

Chapter three analyses the international and regional framework regulating trade marks. It reviews the international trade mark law instruments: the Madrid Agreement Concerning the International Registration of Marks,<sup>120</sup> Madrid Protocol,<sup>121</sup> and Paris Convention<sup>122</sup> and TRIPS<sup>123</sup> Agreement insofar, as these instruments govern trade marks. It also provides some historical background to the current trade mark laws in Africa, the establishment of and the role of ARIPO and OAPI in dealing with the procedural and substantive aspects of IP, especially trade mark protection. It also examines the possible merger of the two bodies or the integration of their activities through the Cooperation Agreement. Recent AU developments concerning the establishment of PAIPO are also discussed.

Chapter four is comprised of a detailed analysis of the trade mark legal framework of each country: the Zimbabwe Trade Mark Act;<sup>124</sup> Kenya Trade Marks Act;<sup>125</sup> South Africa's Trade Mark Act,<sup>126</sup> and Cameroon's Bangui Agreement.<sup>127</sup> This reveals the similarities and differences between the systems. The chapter also examines some of the available case law in each legal system revealing how courts have applied the legislative provisions, revealing gaps between the law as set out in the statute and the law in action, since this can affect regional integration.<sup>128</sup>

Chapter five considers how regional integration has been pursued in the EU and whether there are lessons that can be drawn for the AU. It focusses on some of the provisions of the Trade Mark Directive that sought to approximate the laws of EU Member States and the role

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<sup>120</sup> Madrid Agreement Concerning the International Registration of Mark of 14 April 1891, as revised at Brussels on 14 December 1900, at Washington on 2 June 1911, at The Hague on 6 November 1925, at London on 2 June 1934, at Nice on 15 June 1957, and at Stockholm on 14 July 1967 and 28 September 1979. See [http://www.wipo.int/madrid/en/legal\\_texts/pdf/madrid\\_agreement.pdf](http://www.wipo.int/madrid/en/legal_texts/pdf/madrid_agreement.pdf) (accessed 11 December 2012).

<sup>121</sup> The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks adopted at Madrid on June 27, 1989 available at <http://ec.europa.eu/world/agreements/downloadFile.do?fullText=yes&treatyTransId=13911> (accessed 11 December 2012).

<sup>122</sup> The Paris Convention for the Protection of Industrial Property signed in Paris France on 20 March 1883, was revised at Brussels on December 14, 1900 last amended on 28 September 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 11 December 2012).

<sup>123</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights WTO *The Legal Texts*- 321-353.

<sup>124</sup> Chapter 26:04 as amended by the Trade Marks Amendment Act No 10 of 2001 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=130492](http://www.wipo.int/wipolex/en/text.jsp?file_id=130492) (accessed 8 December 2012).

<sup>125</sup> Chapter 506 as amended by the Trade Marks (Amendment) Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 December 2012).

<sup>126</sup> South Africa Trade Marks Act No. 194 of 1993 as amended by the Intellectual Property Laws Amendment Act No 38 of 1997 available at [http://www.cipc.co.za/TradeMarks\\_files/Act.pdf](http://www.cipc.co.za/TradeMarks_files/Act.pdf) (accessed 24 October 2012).

<sup>127</sup> Annexure III of the Agreement Revising the Bangui Agreement of 2 March 1977 on the Creation of an African Intellectual Property Organisation available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012).

<sup>128</sup> Reitz (1998) *The American Journal of Comparative Law* 617.

of the Community Trade Mark Regulation in creating a unitary trade mark. An analysis of the role of the CJEU *vis-a-vis* CJAU, and the possibility of establishing a dedicated periodic IP Court aimed at enhancing regional integration through a uniform application and interpretation of the harmonised or unified law is made. The legal status of such law and role that could be played by the so called ‘homeward trend’ of interpreting international legal provisions in keeping with local understanding of concepts is also explored.

Chapter six, the concluding chapter, synthesises the findings of each chapter. It draws lessons from the EU’s experience and makes recommendations for the provisions of a directive aimed at harmonising Africa’s trade mark laws.



## CHAPTER 2

### THE CONCEPTUAL FRAMEWORK FOR REGIONAL INTEGRATION

#### 2.1 Introduction

Regional integration can be a key force for sustainable development.<sup>1</sup> It remains an important economic and political goal in Africa.<sup>2</sup> It can contribute to economic growth, poverty reduction and social development.<sup>3</sup> Many countries view regional integration as a strategy for dealing with the profound effect of globalisation on the political economy of trade.<sup>4</sup> The profundity lies in its impact at the level of macroeconomic policy and ideology.<sup>5</sup> It has widened the gap between the rich countries and the poor countries.<sup>6</sup> Regional integration is believed to increase negotiating capacities, enhance competitiveness in global trade, improve access to foreign technology, and investment, and to help integrate Member States of the relevant regional grouping into the world economy.<sup>7</sup>

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<sup>1</sup> Draper, Alves & Kalaba *South Africa's International Trade Diplomacy: Implications for regional integration* A study conducted for Friedrich Ebert Foundation- Botswana Office (2006) 7, hereafter Draper et al *South Africa's International Trade Diplomacy*. The concept of regional integration is not new to Africa: Economic Commission for Africa *Assessing regional integration in Africa II: Rationalising regional economic communities* (2006) xiii and Fagbayibo 'A politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union' LLD thesis, University of Pretoria (2010) 224 available at <http://upetd.up.ac.za/thesis/available/etd-10092010-143207/unrestricted/00front.pdf> (accessed 5 April 2012), hereafter Fagbayibo *A politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis.

<sup>2</sup> Venter & Neuland *Regional Integration-Economic Partnership Agreements for Eastern and Southern Africa* (2007) 10, hereafter Venter & Neuland *Regional Integration*.

<sup>3</sup> Draper et al *South Africa's International Trade Diplomacy* 7; Oluwu 'Regional integration, development and the African Union agenda: Challenges, gaps and opportunities' (2003) 13 *Transnat'l L. & Contemp Probs* 252, hereafter Oluwu (2003) 13 *Transnat'l L. & Contemp Probs*.

<sup>4</sup> Gibb 'Regional integration and Africa's development trajectory' (2009) 30 *Third World Quarterly* 703, hereafter Gibb (2003) 13 *Transnat'l L. & Contemp Probs*. See also Mukamanana & Moeti 'Challenges of regional integration in Africa: Policy and administrative implications' (2005) *Journal of Public Administration* 91, hereafter Mukamanana & Moeti (2005) *Journal of Public Administration*; Glenn *Globalisation* (2007) 81, Glenn *Globalisation*; Lee *The political economy of regionalism in Southern Africa* (2003) 7, hereafter Lee *The political economy of regionalism*.

<sup>5</sup> Some governments in Africa such as the post-apartheid government of South Africa have been forced to introduce a range of industrial and macro-economic reforms designed to attract investment from outside the borders. See Magubane 'Globalisation and the South African Transformation: The impact on social policy' 49 *Africa Today* (2002) 89-110, hereafter Magubane 49 *Africa Today* (2002) and Omotola 'Globalisation, new regionalism and the challenge of development in Africa' (2010) *Africana* 117, hereafter Omotola (2010) *Africana*.

<sup>6</sup> Buthelezi *Regional Integration in Africa: Prospects and challenges for the 21<sup>st</sup> Century* (2006) 54.

<sup>7</sup> Mistry 'Africa's record of regional co-operation and integration' (2000) 99 *African Affairs* 554, hereafter Mistry (2000) 99 *African Affairs*: see also Robson *Economic integration in Africa* (2011) 12, hereafter Robson

Africa's regional integration results from postcolonial efforts to develop African economies by integrating them into the global economy.<sup>8</sup> Many African countries are small as a result of colonial fragmentation.<sup>9</sup> Some problems that arise from their small size are a narrow resource base, small domestic markets, and the inability to benefit from economies of scale and high transactions costs.<sup>10</sup> Regional integration is expected to combine national markets into a single market which will allow Member States to benefit from, production and trade, economies of scale<sup>11</sup> thereby maximising the welfare of their nations.<sup>12</sup> Member States will be able to benefit from the differences in comparative advantage<sup>13</sup> in the production of commodities.<sup>14</sup> A single market will enhance domestic competition,<sup>15</sup> encourage economic diversification, increase return on investment and will attract more foreign capital and increase employment.<sup>16</sup> Regional integration is, therefore, viewed as Africa's strategy

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*Economic integration and United Nations Economic Commission Assessing regional integration in Africa IV: Enhancing intra-African trade* (2010) 1 available at <http://www.uneca.org/aria4/ARIA4Full.pdf> (accessed 25 January 2013), hereafter *UNECA Assessing regional integration in Africa IV*.

<sup>8</sup> Regional integration is more of a self-reliance mechanism for African countries and an answer to the economic problems that the continent keeps experiencing: Erasmus & Hartzenberg 'The Tripartite Free Trade Area-Towards a new African integration paradigm' in Trade Law Centre for Southern Africa (Tralac) *The Tripartite Free Trade Area: Towards a new African integration paradigm?* (2012) 9, hereafter Erasmus & Hartzenberg 'The Tripartite Free Trade Area-Towards a new African integration paradigm'.

<sup>9</sup> Africa '... has 47 small economies, with an average Gross Domestic Product (GDP) of US\$4 billion, and a combined GDP equal to that of Belgium or 50% of the GDP of Spain': Kritzinger-van Niekerk 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed on 15 February 2012), hereafter Kritzinger-van Niekerk 'Regional integration. Africa has 54 countries and not only 43 as stated by Kritzinger-van Niekerk. See also Robson *Economic integration* 12 and Venter & Neuland *Regional Integration* 9.

<sup>10</sup> Kritzinger-van Niekerk 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) 1 available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed on 15 February 2012). See also Laurent 'Priorities for small States in global trade governance' in Birkberk (ed) *Making global governance work for development: Perspectives* (2011) 229.

<sup>11</sup> Economies of scale refer to reductions in unit cost or the cost advantage that an enterprise obtains due to the expansion: Baumol & Blinder *Microeconomics: Principles and Policy* (2011) 142-143. See also UNECA *Assessing regional integration in Africa IV* 1. Dlagnekova 'The need to harmonise trade-related laws within countries of the African Union: An introduction to the problems posed by legal divergence' (2009) 15-1 *Fundamina* 1, hereafter Dlagnekova (2009) 15-1 *Fundamina*. See also UNECA *Assessing regional integration in Africa I: Accelerating Africa's integration* (2004) 21 available at <http://new.uneca.org/Portals/aria/arial/Chap1.pdf> (accessed 15 February 2012), hereafter *UNECA Assessing regional integration in Africa I*.

<sup>12</sup> The economies of scale allow enterprises to be able to run their businesses efficiently from a microeconomic point of view: Knoop *Recessions and Depressions: Understanding Business Cycles* (2010) 29.

<sup>13</sup> Comparative advantage refers to the ability of a country to efficiently produce a particular goods or services at a lower cost than others. The underlying principle is that every country must specialise in the production of goods or services in which it has comparative advantage, and trade that good for the other.

<sup>14</sup> Robson *Economic integration* 12.

<sup>15</sup> Competition may ultimately force firms to cut prices expand sales and reduce internal inefficiencies: Laurent 'Priorities for small States in global trade governance' in Birkberk (ed) *Making global governance work for development: Perspectives* (2011) 229.

<sup>16</sup> Robson *Economic integration* 12 and Dlagnekova (2009) 15-1 *Fundamina* 10.

tailored to fight the new realities of a globalised world which are characterised by competition for markets and difficulties in trying to export finished products.<sup>17</sup>

The chapter starts by defining key concepts, such as regional integration and regionalism, regionalisation and legal integration with the aim of putting these terms into perspective. The term regional integration itself may mean different things in different countries and at different times.<sup>18</sup> Problems in the definition of regional integration stem from its varying applications and scope. The purpose of regional integration tends to influence its definition.<sup>19</sup>

The second part discusses the theories of regional integration with particular emphasis on economic integration. This is because legal integration of trade mark laws, which is the focus of this study, usually takes place within a regional economic grouping: in this case the African common market.<sup>20</sup> Economic integration cannot take place without a preceding political process, but economic integration also cannot subsist without a solid legal framework.<sup>21</sup> Integrated laws are an essential building block of a common market because fragmented laws give rise to uncertainty which in turn discourages trade and investment.<sup>22</sup> Supranational legal institutions, such as courts and political institutions play an important role in fostering the integration of laws.<sup>23</sup> Supranational institutions are able to enforce legal norms against and for, Member States and citizens, something that cannot be achieved by the institutions of public international law. Apart from legal integration, the convergence of economic policies is also necessary for integration.<sup>24</sup>

The third part of the chapter analyses the relationship between regionalism and multilateralism. Multilateralism is essential to regional integration as it enhances coherence

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<sup>17</sup> Omotola (2010) *Africana* 109 and Tussies 'Regionalism: Providing a substance to multilateralism' in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 99, hereafter Tussies 'Regionalism: Providing a substance to multilateralism'.

<sup>18</sup> In developed market economies integration is viewed as a means of introducing the most profitable technologies and a way to foster free and fair competition. For developing countries regional integration is seen as a tool for economic development: Jovanovic *International economic integration: Limits and prospects* (1998) 8, hereafter Jovanovic *International economic integration*.

<sup>19</sup> An imprecise definition may lead to uncertainty.

<sup>20</sup> A common market has no or few barriers between the Member States and also implements a common trade policy towards non-member countries: Venter & Neuland *Regional Integration* 36.

<sup>21</sup> Mancusso 'Trends on the harmonisation of contract law in Africa' (2007) 13 *Ann. Surv. Int'l & Comp. L.* 158, hereafter Mancusso 2007) 13 *Ann. Surv. Int'l & Comp. L.*. See also chapter 2 part 2.7.

<sup>22</sup> Martor, Pilkington, Sellers & Thouvenot *Business Law in Africa: OHADA and the harmonisation process* (2002) 18, hereafter Martor *et al Business Law in Africa*.

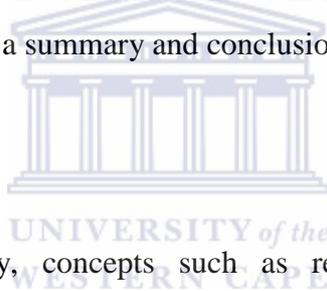
<sup>23</sup> Allot 'The unification of laws in Africa' (1965) 16 *The American Journal of Comparative Law* 85, hereafter Allot (1965) 16 *The American Journal of Comparative Law*.

<sup>24</sup> Burley & Mattli 'Europe before the court: A political theory of legal integration' (1993) *International Organisation* 42, hereafter Burley & Mattli (1993) *International Organisation* 42.

between national development strategies and global economic processes to ensure growth and development especially in developing countries.<sup>25</sup> The interface between regionalism and multilateralism has implications for trade and development in African countries.<sup>26</sup> These two phenomena must complement and not undermine each other; divergence may undermine growth.<sup>27</sup>

The fourth part examines some of the possible obstacles to regional integration in Africa and mechanisms for overcoming them. The central question that arises is: if regional integration is so important why has it not made significant progress in Africa? The thesis draws some lessons from Africa's past failures since the idea of creating a united African economic bloc started in the Lagos Plan of Action adopted in 1980 by the Organisation of African Unity (OAU).<sup>28</sup>

The fifth part of the chapter deals with legal integration. This part specifically analyses Organisation for the Harmonisation of Business Laws in Africa's (OHADA) harmonisation of business laws. The final part is a summary and conclusions.



## 2.2 Definitions

For the purpose of this study, concepts such as regional integration, regionalism, regionalisation, globalisation and legal integration are defined to give them clarity and meaning since they are used throughout the study.

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<sup>25</sup> Mashayekhi, Puri & Ito 'Multilateralism and regionalism: The new interface' in Mashayekhi & Ito (eds) *Multilateralism and regionalism: The new interface* (2005) 1 available at [http://www.unctad.org/en/docs/ditctncd20047\\_en.pdf](http://www.unctad.org/en/docs/ditctncd20047_en.pdf) (accessed 12 February 2012), hereafter Mashayekhi *et al* 'Multilateralism and regionalism: The new interface'.

<sup>26</sup> Regionalism may either serve either as building blocks or stumbling blocks to multilateralism: UNECA *Assessing Regional Integration in Africa (ARIA II): Rationalising regional economic communities* (2006) 39. Also available at <http://www.uneca.org/aria2/chap2.pdf> (accessed 4 April 2012), hereafter UNECA *Assessing Regional Integration in Africa (ARIA II)*.

<sup>27</sup> Regional trade agreements are an exception under the World Trade Organisation (WTO). The object was for RTAs to constitute building blocks for multilateralism so that the latter remains supreme: Mashayekhi *et al* 'Multilateralism and regionalism: The new interface' 2.

<sup>28</sup> OAU 'Lagos plan of action for the development of Africa 1980-2000' available at [http://www.nepadst.org/doclibrary/pdfs/lagos\\_plan.pdf](http://www.nepadst.org/doclibrary/pdfs/lagos_plan.pdf) (accessed 11 May 2012). See also Omotola (2010) *Africana* 120. See also Art 3 (1) of the Constitutive Act of 2000 available at [http://www.au2002.gov.za/docs/key\\_oau/au\\_act.pdf](http://www.au2002.gov.za/docs/key_oau/au_act.pdf) (accessed 11 May 2012).

## *Regional integration*

Regional integration may be defined as a process whereby boundaries between nation-states are disregarded and States are able to work together,<sup>29</sup> leading to the formation of a grouping. Haas is of the view that regional integration is concerned with explaining:

‘how and why states cease to be wholly sovereign, how and why they voluntarily mingle, merge and mix with their neighbours so as to lose factual attributes of sovereignty while acquiring new techniques for resolving conflicts among themselves’.<sup>30</sup>

Haas, therefore, considers integration as a process for creating political communities defined in institutional and attitudinal terms.<sup>31</sup> He is referring to the supranational organisations that are established following the integration of nation-states. The process is referred to as supranationalism and it means that sovereign States agree to abide by norms which are adopted by an organisation at a higher level than the State.<sup>32</sup> The decisions of the supranational organisation are supranational in nature as they extend beyond the boundaries of sovereign States. Supranational organisations play an important role in promoting regional integration.<sup>33</sup> Supranationalism does not, however, imply the adoption of the same rules on everything; some areas of concern may be subject to common rules while States are able to apply different rules in areas which are not of common concern. Member States cede part of their sovereign rights to a supranational organisation.<sup>34</sup> It is argued that the effectiveness of a regional organisation depends on the degree of acceptance by nation-states. If what is supposed to be a supranational organisation does not have the power to enforce its authority, deep regional integration will not be achieved.<sup>35</sup>

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<sup>29</sup> The existence of borders dividing nation-states does not hinder regional activities. Africa is one region; the entire continent is a region with a market of about one billion people: Dickovick *The World Today Series* (2013) viii.

<sup>30</sup> Haas ‘The study of regional integration: Reflections on the joy and anguish of pre-theorising’ (1970) 24 *International Organisation* 610, hereafter Haas (1970) 24 *International Organisation* 611.

<sup>31</sup> Haas (1970) 24 *International Organisation* 611.

<sup>32</sup> Best ‘Supranational institutions and regional integration’ available at <http://www.eclac.cl/brasil/noticias/paginas/2/22962/best-supranational%20institutions%20and%20regional%20integration.pdf> (accessed 25 December 2012).

<sup>33</sup> The more advanced the integration process, the stronger the need for appropriate institutions with supranational powers: Erasmus ‘Is the SADC trade regime a rules- based system’ (2011) 1 *SADC Law Journal* 17, hereafter Erasmus 2011) 1 *SADC Law Journal* and Saurombe ‘The role of SADC institutions in implementing SADC Treaty provisions dealing with regional integration’ (2012) 15(2) *PER/PELJ* 455, hereafter Saurombe (2012) 15(2) *PER/PELJ* .

<sup>34</sup> A regional organisation is a supra-national organisation which operates at a higher level than a State: Best ‘Supranational institutions and regional integration’ available at <http://www.eclac.cl/brasil/noticias/paginas/2/22962/best-supranational%20institutions%20and%20regional%20integration.pdf> (accessed 25 December 2012).

<sup>35</sup> Saurombe (2012) 15(2) *PER/PELJ* 458.

The European Union (EU) Member States exemplify supranationalism as evidenced by their acceptance of the supremacy of Community law.<sup>36</sup> In the event of conflict between national law and Community law, the former is set aside. As will be argued in the next chapter, *Organisation Africaine de la Propriété Intellectuelle* (OAPI) is also an example of a supranational organisation on the basis that Member States adopt the OAPI laws. The idea of supranationalism already exists on the continent as there are sub-regional economic communities to which Member States subscribe. These sub-regional organisations need to be merged for the region to realise meaningful gains from regional integration. Erasmus correctly argues that: ‘the more comprehensive the trade arrangements and the more advanced the integration process, the stronger the need for appropriate institutions with supranational powers’.<sup>37</sup> Deeper integration should be supported by stronger supranational organisations and cooperating national actors.<sup>38</sup> A common market will consequently require appropriate institutions that have supranational powers which are essential to the institutions’ ability to promote integration. Saurombe correctly points out that deeper integration requires governance that is able to allow a regional organisation to make independent decisions without an influence from its Member States. Failure to do so may affect the legitimacy of the regional organisation resulting in loss of support.<sup>39</sup>

Overall, regional organisations require cooperation and implementation from Member States for regional integration to succeed, and again if such bodies are created out of context they will yield nothing.<sup>40</sup>

### *Regionalism*

Although regionalism is regarded as an ambiguous term since there is no consensus as to what it means, it has been defined as the ‘adoption of a regional project by a formal regional economic organisation designed to enhance the political, economic, social, and cultural and

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<sup>36</sup> See chapter 5 part 5.5.1.

<sup>37</sup> Erasmus ‘What has happened to the protection of rights in SADC’ *Tralac* Trade Brief 2012 available at <http://www.tralac.org/2012/01/18/what-has-happened-to-the-protection-of-rights-in-sadc/> (accessed 13 December 2012), hereafter Erasmus ‘What has happened to the protection of rights in SADC?’

<sup>38</sup> Saurombe (2012) 15-2 *PER/PELJ* 458.

<sup>39</sup> Economic integration requires the delegation of power to a supranational organisation that is entrusted with the task of safeguarding the interest of both the supranational entity and that of the individual Member States.

<sup>40</sup> Best ‘Supranational institutions and regional integration’ 45 available at <http://www.eclac.cl/brasil/noticias/paginas/2/22962/best-supranational%20institutions%20and%20regional%20integration.pdf> (accessed 25 December 2012).

security integration and/or cooperation of Member states.<sup>41</sup> Hveem argues that it refers ‘to a programme, an ideology, to a situation where there exists a clear idea of a region, a set of goals and values associated with a specific project that an identifiable group of actors wish to realise.’<sup>42</sup> These two definitions of regionalism denote a situation where a region identifies a project that is of common interest, such as infrastructure development and trade, which it implements with the object of boosting trade opportunities among the Member States.<sup>43</sup> Bhagwati avers that regionalism is sometimes used loosely, but otherwise it refers to ‘Preferential Trade Areas (PTAs) defined by a geographic region’.<sup>44</sup> For the purposes of this study, regionalism is defined as a process in which a group of countries implement a set of policies (including laws) designed to reduce trade barriers and undertake projects that will enhance the exchange of goods as well as cooperation among the countries.<sup>45</sup>

Regionalism fosters great integration and interdependence among States.<sup>46</sup> The question that needs to be posed is whether regionalism is a synonym for regional integration. Lee argues that regionalism can take on different forms, the main ones being regional cooperation, market integration, development integration, and regional integration.<sup>47</sup> The form of regionalism that is central to the thesis is regional integration. Regionalism encompasses more aspects than regional integration does, for example physical integration (infrastructure development). Since regional integration and regionalism appear to be interconnected, regional integration being one of the forms of regionalism, the study uses regionalism as a concept that includes regional integration and not as synonyms.

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<sup>41</sup> Lee *The Political Economy of Regionalism* 8. See Haas (1970) 24 *International Organisation* 612.

<sup>42</sup> Hveem ‘The regional project in global governance’ in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 83, hereafter Hveem ‘The regional project in global governance’.

<sup>43</sup> For the purposes of this study the first definition of regionalism is preferred as it is clear and consistent with the idea of a common market where the focus is mainly on enhancing trade among African countries. As will be discussed later in the chapter, legal integration will be take place within the common market.

<sup>44</sup> Bhagwati & Panagariya ‘Preferential trading areas and multilateralism: Strangers, friends or foes?’ Discussion Paper Series No 9596-04 (1996) 3, hereafter Bhagwati & Panagariya ‘Preferential trading areas and multilateralism’.

<sup>45</sup> Winters is of the view that regionalism refers to any policy designed to reduce trade barriers between a subset of countries: Winters ‘Regionalism vs. multilateralism’ in Baldwin, Cohen & Venables (eds) *Market integration, regionalism and the Global Economy* (1991) 8, hereafter Winters ‘Regionalism vs. multilateralism’.

<sup>46</sup> Omotola (2010) *Africana* 109.

<sup>47</sup> Lee ‘Regionalism in Africa: A part of the problem or a part of solution’ available at <http://www.polis.sciencespobordeaux.fr/vol10ns/arti6.html> (accessed 20/03/2012).

### *Regionalisation*

Regionalisation is defined as a 'process by which state and non-state actors seek to enhance their economic, political, cultural, social, and security interaction with societal forces within a region through formal or informal structures.'<sup>48</sup> Regionalisation is also defined as the 'actual process of increasing exchange, contact and coordination... within a given region'.<sup>49</sup> Regionalisation may result from regionalism but its emphasis is on increasing cooperation and cross-border transactions among States. Although these concepts are different it can be deduced from the above that there is a link between regionalism and regionalisation. Both regionalism and regionalisation appear to enhance regional integration by facilitating the possibility of better trading opportunities through the implementation of policies that are designed to improve intra-trade<sup>50</sup> and cross-border transactions.

### *Globalisation*

It is significant that there is no universally accepted definition of globalisation.<sup>51</sup> Dabbah says that globalisation is a 'multi-tiered, multi-dimensional and multi-faceted concept that embodies an extremely long process of human evolution.'<sup>52</sup> Globalisation is also referred to as the 'phenomenon of interconnectedness of people and the world through technology thereby facilitating the emergence of a common economic system and values.'<sup>53</sup> Globalisation in light of the above definitions implies a borderless society and the integration of the world economy.<sup>54</sup> For the purposes of this study, globalisation is seen more in the economic and political context than in a social or cultural context as this study focusses on globalisation as a process that follows from political and economic choices, and decisions

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<sup>48</sup> The interaction can be either part of a regional project or separate from it. It is important to note that whereas cross-border informal trade activities can be viewed as both a form of regionalisation and as a means of enhancing economic integration, the process is not considered a part of regionalism meaning that regionalism does not focus on cross-border trade: Lee *The political economy of regionalism* 8-9.

<sup>49</sup> Hveem 'The regional project in global governance' 83.

<sup>50</sup> Intra-trade is when African countries trade among themselves: WTO 'Africa should trade more with Africa to secure future growth' available at [http://www.wto.org/english/news\\_e/news12\\_e/ddg\\_12apr12\\_e.htm](http://www.wto.org/english/news_e/news12_e/ddg_12apr12_e.htm) (accessed 16 November 2013).

<sup>51</sup> Omotola (2010) *Africana* 106 and Wiseman *Global nation? Australian and the Politics of Globalisation* (1998) 1.

<sup>52</sup> Dabbah *International and Comparative Competition law* (2010) 92.

<sup>53</sup> Gladima 'Religion and the future of Christianity in the global village' in *One World or Many?: The Impact of globalisation on mission* (2003) 193, hereafter Gladima 'Religion and the future of Christianity in the global village'.

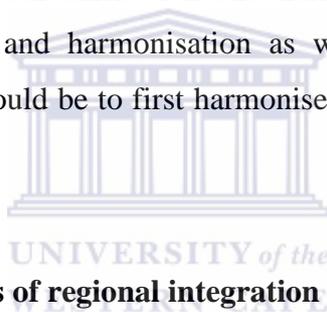
<sup>54</sup> Multilateralism should not be confused with globalisation as these are two different concepts. Winters refers to multilateralism as a characteristic of the world economy, in terms of which discrimination between trading partners is absent: Winters 'Regionalism versus multilateralism' Policy Research Working Paper The World Bank (1996) 3.

that are adopted by governments and supranational authorities.<sup>55</sup> Globalisation is also considered to provide a ‘fusion’ of national economies converting them into a global one.<sup>56</sup> Globalisation, which is fundamentally the closer integration of countries and people, is powerfully driven by international institutions such as the World Trade Organisation (WTO), the World Bank, International Monetary Fund (IMF) and World Intellectual Property (WIPO).<sup>57</sup> The thesis restricts itself to the WTO and WIPO because they are the relevant organisations to intellectual property.

I now define legal integration which is an important aspect of regional integration. The integration of laws plays a significant role in enhancing economic development.<sup>58</sup>

### *Legal Integration*

Legal integration encompasses both unification and harmonisation of legal systems. The differences between unification and harmonisation as well as the question whether the objective of African countries should be to first harmonise their laws is discussed later on in this chapter.<sup>59</sup>



## **2.3 Theories and approaches of regional integration**

This part of the study seeks to give an overview of theoretical approaches to integration such as federalism, the communications approach, and neo-functionalism. The reason is that these theories are regarded as political science theories<sup>60</sup> and are therefore integral to political integration than legal integration.

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<sup>55</sup> Institutions were created to support globalisation and such institutions are supranational organisations in the sense that their decisions prevail over national interests. Examples of supranational organisations are the World Trade Organisation (WTO) and International Monetary Fund (IMF).

<sup>56</sup> Dabbah *International and Comparative Competition Law* (2010) 93, hereafter Dabbah *Competition Law*.

<sup>57</sup> Stiglitz *Globalisation and its Discontent* (2002) 9, hereafter Stiglitz *Globalisation*.

<sup>58</sup> See chapter 2 part 2.7 for a detailed discussion on the role of integration of laws.

<sup>59</sup> See chapter 2 part 2.7.

<sup>60</sup> Biswaro *The Quest for Regional Integration in the Twenty First Century: Rhetoric versus Reality-A Comparative Study* (2012) 17 and Haas (1970) 24 *International Organisation* 613. See also McDonald *Regional Integration in Africa: The Case of ECOWAS* (2005) 136 PhD thesis, University of Zurich available at [http://www.kfpe.ch/download/PhD\\_thesis\\_Anadi.pdf](http://www.kfpe.ch/download/PhD_thesis_Anadi.pdf) (accessed 5 April 2012). See also Fagbayibo *A Politico-legal Framework for Integration in Africa: Explaining the Attainability of a Supranational African Union* LLD thesis 26.

### 2.3.1 Political science theories of integration

Political scientists just like economists formulated theories of integration some of which are classified as: functionalism, neo-functionalism, transactionalism, intergovernmentalism and institutionalism.<sup>61</sup> They considered a political approach to integration as essential to enhancing economic integration.<sup>62</sup> Political integration is a process towards either a political union or a federation;<sup>63</sup> African countries have however, not attained either level of political integration. These theories, however, explain the impetus and mechanisms of regional integration.

I shall now briefly discuss the political theories.

The proponents of functionalism advocated the creation of technocratic institutions that would handle socio-economic problems following a spate of wars including the Second World War.<sup>64</sup> Technocratic management of an increasingly complex and integrated global economy and social system was becoming imperative. The function theory was being seen as a solution to the problem of war.<sup>65</sup>

While the functionalism theory tends to separate economic and social factors from political issues, it is contended that political and social changes are often triggered and determined by economic changes. These factors cannot thus act in isolation.<sup>66</sup> Functionalism ignores the highly political nature of economic relations.<sup>67</sup>

The basis of the neo-functionalist theory<sup>68</sup> is the 'indirect penetration of the political by way of the economic'.<sup>69</sup> The theory implies that economic integration would lead to integration

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<sup>61</sup> Gilpin *Global political economy: Understanding the international economic order* (2001) 354, hereafter Gilpin *Global political economy*.

<sup>62</sup> Political integration may also be a consequence of regional economic integration: Biswaro *The Quest for Regional Integration in the Twenty First Century: Rhetoric versus Reality-A Comparative Study* (2012) 10, hereafter Biswaro *Regional integration*.

<sup>63</sup> Fagbayibo *A politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis 26.

<sup>64</sup> Biswaro *Regional integration* 20 and Fagbayibo *A politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis 26.

<sup>65</sup> Mitrany *The Functional theory of politics* (1975) 126.

<sup>66</sup> Socio-political factors are functionally related and dependent on each other.

<sup>67</sup> Fagbayibo *A politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis 27.

<sup>68</sup> The new functionalist theory is hinged upon three main processes: non-state actors, the interest associations and social movements that form at regional level. The neo-functionalism theory developed from functionalism theory in a number of ways: first, it introduced the significance of nation-states as primary actors in an integration process, within which are interest groups and political parties. Nation-states therefore, remain important actors in the process. Second, it places emphasis on supranational regional institutions which are the core for integration that promotes the growth in interest groups, and also closer cooperation between them and

within and beyond trade issues.<sup>70</sup> McDonald asserts that it remains difficult to apply this theory within the framework of Economic Community of West African States (ECOWAS).<sup>71</sup> It is argued that if the neo-functional theory would be difficult to apply at a sub-regional level (ECOWAS) it can be construed that such a theory will also find challenges in its application at a regional level. The reason is because many African countries, as demonstrated by members of ECOWAS, are at different levels of socio-political and economic development. Attaining common ground, even on political issues within sub-regional economic blocs has been difficult as a result of the huge differences between the Member States. The application of neo-functional theory, therefore, becomes problematic when countries are at variance in their levels of economic development.

The transactionalism theory is based on the assumption that integration is enhanced by high volumes of transactions between States. Increased transactions lead to more interaction, trust and an enhanced feeling of mutual benefit between States.<sup>72</sup> The application of this theory may, however, prove to be difficult because there is more trade between African countries with those countries outside the region, than among Member States.<sup>73</sup> The reason is because African countries mostly export raw materials with little manufacturing and processing, and their economies are based on agriculture and mining.<sup>74</sup> The transactionalism theory will not apply due to the dependence on a narrow range of primary products and in low level of interdependence among African countries.

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Member States. Alliances across national boundaries are established as a result of the close cooperation. This theory is also based on the understanding that goodwill and the pursuit of common interest by Member States would ultimately lead to greater integration.

<sup>69</sup> The concept is referred to as 'spillover' and it forms the core of this theory. The process of spillover would lead to political cooperation and a transnational political community: Biswaro *Regional integration* 20 and Fagbayibo *A politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis 27-28.

<sup>70</sup> Fagbayibo *A politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis 28.

<sup>71</sup> The core preconditions for the successful adaptation of the neo-functional theory do not exist. Economic interdependence, strong and focused political parties are yet to materialise in West Africa: McDonald *Regional integration in Africa: The case of ECOWAS* (2005) 140 PhD thesis 142, University of Zurich available at [http://www.kfpe.ch/download/PhD\\_thesis\\_Anadi.pdf](http://www.kfpe.ch/download/PhD_thesis_Anadi.pdf) (accessed 5 April 2012), hereafter McDonald *Regional integration in Africa: The case of ECOWAS* PhD thesis. It is important to note that the study makes references to sub-regional economic groups in an attempt to show the current practices and the practicability of regional integration in Africa.

<sup>72</sup> McDonald *Regional integration in Africa: The case of ECOWAS* PhD thesis 142.

<sup>73</sup> Intra-trade among African countries is very low so much that in 2011 it stood at 10 per cent: WTO 'Africa should trade more with Africa to secure future growth' available at [http://www.wto.org/english/news\\_e/news12\\_e/ddg\\_12apr12\\_e.htm](http://www.wto.org/english/news_e/news12_e/ddg_12apr12_e.htm) (accessed 16 November 2013).

<sup>74</sup> IMF 'Africa should cut reliance on commodity exports-Ministers' available at <http://www.imf.org/external/pubs/ft/survey/so/2011/car041611a.htm> (accessed 20 September 2013).

The theory of intergovernmentalism (also known as liberal intergovernmentalism)<sup>75</sup> is premised on the idea that integration outcomes depend solely on the bargaining power of governments. This theory places much emphasis on the heads of State as major players in the integration process.<sup>76</sup> Apart from lack of bargaining skills among the leadership, Africa frequently sees changes in governments such as the recent events in Egypt, Libya, and Mali, to mention but a few. The change in governments weakens the ability to bargain as a region. It also affects national policies thus affecting the stability required for meaningful integration.

The institutionalist theory focuses on the importance of effective institutions as a catalyst for the integration process.<sup>77</sup> The difficulty with this theory is that some sub-regional economic groups, such as ECOWAS, have not yet acquired the capacity to enact and enforce binding laws.<sup>78</sup> Southern African Development Community (SADC) has, however, been able to enact a number of laws such as the SADC Treaty and Protocol on Trade.<sup>79</sup> The SADC Tribunal, which has been suspended, is an example of an institution that was a catalyst for integration.<sup>80</sup>

McDonald correctly concedes that political science theories require certain conditions which are necessary for their effective application and/or adaptation, such as political commitment, establishment of collective institutions and implementation of common policies;<sup>81</sup> unfortunately these conditions do not exist fully in Africa. The preceding discussion shows that political science theories do not seem specifically applicable to African integration. The theories explain the idea of regional integration whilst the approaches, which are discussed below, deal with the mechanism or way of achieving regional integration.

Regional integration in Africa has been mainly pursued within the context of development integration, regional cooperation and market integration.<sup>82</sup> This part of the chapter discusses

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<sup>75</sup> The theory conceptualised integration as a series of bargains between the governments of the leading States in a region. The focus is the belief that integration takes place within domestic politics and comes about as a result of intergovernmental negotiations. The theory regards supra-national institutions as less important than intergovernmental negotiations.

<sup>76</sup> McDonald *Regional integration in Africa: The case of ECOWAS* PhD thesis 134.

<sup>77</sup> This theory emphasises the role of institutions in solving economic and other problems. It is based on the idea that institutions can help improve market failures and solve collective action problems in economic and political integration: Biswaro *Regional integration* 23.

<sup>78</sup> McDonald *Regional integration in Africa: The case of ECOWAS* PhD thesis 138.

<sup>79</sup> SADC 'Protocol on Trade in the Southern African Development Community' available at [http://www.sadc.int/files/4613/5292/8370/Protocol\\_on\\_Trade1996.pdf](http://www.sadc.int/files/4613/5292/8370/Protocol_on_Trade1996.pdf) (accessed 10 November 2013).

<sup>80</sup> See detailed discussion of institutional challenges in chapter 2 part 2.5.6.

<sup>81</sup> See also McDonald *Regional integration in Africa: The case of ECOWAS* PhD thesis 134.

<sup>82</sup> Lee *The political economy of regionalism* 19.

these three approaches emphasising market integration<sup>83</sup> since legal integration will take place within the context of the creation of an economic bloc.

### 2.3.2 Development integration approach

Development integration focusses on social and economic development. This approach is born out of the problems and dysfunction of the exclusive regional market approach that is focused on how trade creation<sup>84</sup> and trade diversion<sup>85</sup> influences welfare and its tendency to widen the chasm between the developed and developing nations.<sup>86</sup> It seeks to address three problem areas: the objective of integration, the timing and level of inter-state binding commitments, and the distribution of costs and benefits of cooperation.<sup>87</sup>

By and large, the development integration approach focuses on how to stimulate the creation of productive capacity. The development approach requires a high degree of State intervention which results in greater cooperation and interdependence.<sup>88</sup>

Political commitment is the backbone of this approach since coordination and implementation of policies is fundamental to its success.<sup>89</sup> Without proper coordination and implementation of policies, development will not take place or it will rather be slow. The great degree of the level of political commitment required, has led to this approach proving difficult to implement.

Development integration supporters emphasise the fact that industrialisation is crucial to economic development.<sup>90</sup> Planned regional industrial development has the advantage that

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<sup>83</sup> Both market and economic integration refer to the linear progression of degrees of integration and, therefore, the terms are used interchangeably.

<sup>84</sup> Trade creation refers to the displacement of higher cost domestic production by lower cost production from member countries due to lower barriers within the regional integration arrangement. It, therefore, increases the welfare of the people: UNECA *Assessing regional integration in Africa I* 11.

<sup>85</sup> Involves the displacement of lower cost production from non-members by higher cost production from member countries due to lower barriers. It reduces the welfare of the people: UNECA *Assessing regional integration in Africa I* 11.

<sup>86</sup> Harloov *Regional Cooperation and Integration within Industry and Trade in Southern Africa: General approaches, SADCC and the World Bank* (1993) 30, hereafter Harloov *Regional Cooperation and Integration*.

<sup>87</sup> Mukamanana & Moeti (2005) *Journal of Public Administration* 94.

<sup>88</sup> Harloov *Regional cooperation in Southern Africa: Central elements of the SADCC Venture* (1988) 21, hereafter Harloov *Regional cooperation in Southern Africa*.

<sup>89</sup> Lee 'Regionalism in Africa: A part of the problem or a part of solution' (2002) available at <http://www.polis.sciencespo Bordeaux.fr/vol10ns/arti6.html> (accessed 20 March 2012). See also Lee *The political economy of regionalism* 24.

<sup>90</sup> McCarthy 'Regional integration: Part of the solution or part of the problem?' in Stephen *Africa Now: People, politics, institutions* (1996) 214-215.

industries may be allocated to countries within the region on the basis of comparative advantage.<sup>91</sup> Such industries are, in return, expected to meet the needs of the regional market. The development integration approach is criticised since planned regional industrial development proves extremely difficult to reconcile with national interests which often eventually prevail over regional ones.<sup>92</sup> Regional plans are usually not implemented because of lack of institutional capacity, resources and new government leaders sometimes ignore previously signed integration agreements. Planned regional integration is also constrained by the need for governments to harmonise fiscal and monetary policies among themselves and in relation to foreign investors.<sup>93</sup> It is also worsened by the need to surrender a certain degree of sovereignty even though it is common to all forms of integration.<sup>94</sup> Unfortunately, governments are reluctant to sacrifice national sovereignty and control over economic policies.<sup>95</sup>

The SADCC (now SADC) was not a market integration arrangement; it adopted a broad development mandate based on the development integration approach.<sup>96</sup> SADC engaged in cross-border, sector-specific projects, such as development of regional corridors and the Southern African Power Pool.<sup>97</sup> Lee, however, argues that though SADC adopted a strategy of development integration, in practice, the organisation seems to be pursuing a combination of regional cooperation<sup>98</sup> and market integration.<sup>99</sup> SADC has since shifted its agenda from

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<sup>91</sup> As indicated earlier, comparative advantage refers to the ability of a country to efficiently produce a particular good or service at a lower cost than others. The underlying principle is that every country must specialise in the production of goods or services in which it has comparative advantage, and trade that good for the other.

<sup>92</sup> Lee *The political economy of regionalism* 25.

<sup>93</sup> Lee *The political economy of regionalism* 25.

<sup>94</sup> Ravenhill 'The future of regionalism in Africa' in Onwuka & Sesay (eds) *The future of regionalism in Africa* (1985) 209.

<sup>95</sup> Again African leaders are often divided on major political and ideological issues and this exacerbates the problem of lack of political commitment. See Konings & Meilink 'Regional Economic Integration in Su-Saharan Africa' in Jilberto & Mommen (eds) *Regionalisation and Globalisation in the Modern World Economy: Perspectives on Third World and Transnational Economies* (2002) 136.

<sup>96</sup> Hartzenberg 'Regional Integration in Africa' (2011) WTO Working Paper ERSD-2011-14 available at [http://www.wto.org/english/res\\_e/reser\\_e/ersd201114\\_e.pdf](http://www.wto.org/english/res_e/reser_e/ersd201114_e.pdf) (accessed 10 November 2013), hereafter Hartzenberg 'Regional Integration in Africa'.

<sup>97</sup> Hartzenberg 'Regional Integration in Africa' WTO Working Paper ERSD-2011-14.

<sup>98</sup> The four sectors that SADC has been mainly responsible for include: trade and industry; finance and investment; transport, communication and meteorology; and employment and labour. The shift to market integration implies that SADC's focus is going to be on trade efficiency: Kritzinger-van Niekerk and Moreira 'Regional Integration in Southern Africa: Overview of recent developments' xviii. The projects that SADC has been involved in as a sub-region could have eventually laid the foundation for market integration and the acceptance of loss of sovereignty that comes with market integration: Konings & Meilink 'Regional Economic Integration in Su-Saharan Africa' in Jilberto & Mommen (eds) *Regionalization and Globalisation in the Modern World Economy: Perspectives on Third World and Transnational Economies* (2002) 143.

<sup>99</sup> SADC adopted development integration as its new strategy in theory but in practice, the organisation appears to pursue market integration: Lee *The political economy of regionalism* 27.

sectoral cooperation to market integration.<sup>100</sup> The reason for the shift in practice could have been the perceived benefits of market integration.

African countries have in some cases developed strategic harmonisation frameworks and action plans which seek to establish an enabling environment for business, for example, through joint infrastructure development. Regional cooperation is significant in ensuring the success of joint programmes.

I now discuss regional cooperation.

### 2.3.3 Regional cooperation approach

Regional cooperation is broadly defined as collaboration between independent countries with similar economic, political, social and cultural interests.<sup>101</sup> The purpose of collaboration includes *inter alia*, the need to: strengthen trade within the region, create an enabling environment for the private sector and investors, develop infrastructure and to ensure economic growth. Such cooperation can be based on execution of joint projects and policy harmonisation, joint development of common natural resources, joint promotion of production and on foreign policy.<sup>102</sup>

Regional cooperation seems to be a realistic approach. It has been argued that it is perhaps the most appropriate means of addressing Africa's problems.<sup>103</sup> This approach gives countries the flexibility to simultaneously develop the region while enhancing their economic interaction, without being forced to liberalise their trade regimes at a pace that will be counter-productive to their national economic growth and development. It is as a result better suited to deal with fiscal as well as physical and technical barriers to trade.<sup>104</sup>

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<sup>100</sup> The four sectors that SADC has been mainly responsible for are namely: trade and industry; finance and investment; transport, communication and meteorology; and employment and labour. The shift to market integration implies that SADC's focus is going to be on trade efficiency: Kritzinger-van Niekerk & Moreira 'Regional Integration in Southern Africa: Overview of recent developments' xviii.

<sup>101</sup> Harloov *Regional Cooperation and Integration* 15.

<sup>102</sup> Lee *The political economy of regionalism* 22.

<sup>103</sup> McCarthy 'Regional integration: Part of the solution or part of the problem?' in Stephen *Africa Now: People, politics, institutions* (1996) 229-230.

<sup>104</sup> These are non-tariff barriers. Fiscal barriers to trade involve different taxes on goods and services that are being imported. Physical barriers are those arising from delays at borders for customs reasons such as excise duties and administrative burdens like checking forms. Technical barriers may involve the need to comply with technical regulations within a country. These non-tariff barriers are difficult to eliminate because they are much more subtle than tariffs: Duncan, Jancar-Webster & Switky *World Politics in the 21<sup>st</sup> Century* (2009) 381.

Regional cooperation can lay a good foundation for market or development integration since it allows extensive cooperation on identified projects or schemes, such as rehabilitation of the physical infrastructure of the region particularly the transport network, as well as collaboration on water and electricity projects.<sup>105</sup>

Ravenhill, a supporter of regional cooperation argues that it is a flexible and functionally-specific approach that does not result in participating countries losing much of their sovereignty.<sup>106</sup> He argues further that if ‘we are serious about overcoming the constraints that impede African cooperation, we should be focusing on the coordination of policies rather than on integration.’<sup>107</sup> Since regional cooperation is considered more realistic, it is thus easier to achieve, and the benefits can be spread more easily.

Regional cooperation has, however, been criticised for failing to incorporate trade as the most fundamental issue and for failing to achieve high levels of production.<sup>108</sup> It is also criticised on the basis that it neither gives rise to deep cooperation nor accomplishes major changes on key issues.<sup>109</sup>



#### 2.3.4 Economic or market integration approach

Economic integration is a process that encompasses measures designed to eliminate trade barriers between different national States.<sup>110</sup> It entails the coordination, harmonisation and ultimately the merging of the existing regional economic groupings to form a larger

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<sup>105</sup> In the recent months we have seen countries collaborating on electricity for example Zimbabwe has been getting electricity from Mozambique: see Herald Online ‘Zim to slash Mozambique power arrears’ available at [http://www.herald.co.zw/index.php?option=com\\_content&view=article&id=38699](http://www.herald.co.zw/index.php?option=com_content&view=article&id=38699) (accessed 25 January 2013).

<sup>106</sup> Ravenhill ‘Overcoming constraints to regional cooperation in Southern Africa: Coordination rather than integration?’ in the Long term perspectives study of Sub-Saharan Africa, Vol 4: *Proceedings of a workshop on regional integration and cooperation* (1990) 85, hereafter Ravenhill ‘Overcoming constraints to regional cooperation in Southern Africa: Coordination rather than integration?’ 85.

<sup>107</sup> Ravenhill ‘overcoming constraints to regional cooperation in Southern Africa: Coordination rather than integration?’ 85.

<sup>108</sup> Davis ‘Promoting regional integration in Southern Africa: An analysis of prospects and problems from a South African perspective’ in Swatuk & Black (eds) *Bridging the rift: The new South Africa in Africa* (1997) 116.

<sup>109</sup> Harloov *Regional Cooperation and Integration* 58.

<sup>110</sup> Lee *The political economy of regionalism* 19.

market.<sup>111</sup> The process of economic integration is designed to promote trade and to coordinate the various economic policies.<sup>112</sup>

Economic integration is a process that progresses over a length of time; it takes various stages before it is complete.<sup>113</sup> The various stages for economic integration are namely:<sup>114</sup>

- a) Preferential trade area: This first stage involves an arrangement in which members apply lower tariffs to imports produced by Members. Members may freely determine tariffs on imports from non-member States.
- b) Free trade area: A preferential free trade in which there are no tariffs on imports from other Member States. Tariffs and quantitative restrictions are eliminated on substantially all trade between Member States.<sup>115</sup> Members may determine the tariffs from non-member States.
- c) Customs Union: A group of countries form a single customs territory in which duties and other restrictive trade regulations are eliminated on substantially all trade between the Member States. Members impose a common external tariff on non-member States. Member States may agree to a single customs administration. The Common Market for Eastern and Southern Africa (COMESA) is an example of a customs union.<sup>116</sup>
- d) Common market: Is a form of economic integration in which there is free internal trade, a common tariff for external trade, as well as free movement of capital among Member States. A common market thus removes the restrictions on the movement of

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<sup>111</sup> Dlagnekova (2009) 15-1 *Fundamina* 10.

<sup>112</sup> Economic integration comprise of negative integration aimed at eliminating tariffs, and positive integration which is aimed at coordinating economic policies of the Member States: Dlagnekova (2009) 15-1 *Fundamina* (2009) 11.

<sup>113</sup> Such as the linking and merging of policies, laws and regulations as well as the administration.

<sup>114</sup> Buthelezi *Regional Integration in Africa: Prospects and challenges for the 21<sup>st</sup> Century* (2006) 2-3, hereafter Buthelezi *Regional Integration in Africa*. Hartzenberg 'Africa needs a deeper integration agenda' Trade Law Centre for Southern Africa available at

[http://www.wto.org/english/res\\_e/publications\\_e/wtr11\\_forum\\_e/wtr11\\_5july11\\_e.htm](http://www.wto.org/english/res_e/publications_e/wtr11_forum_e/wtr11_5july11_e.htm) (accessed 23 November 2012). See also SADC *Free Trade Area Handbook: Growth, Development and Wealth Creation* (2008) 5 & Holden 'The End of Solidarite'? The Euro Crisis and the European Union Model of Integration' in Fioramonti (ed) *Regions and crises: New challenges for contemporary regionalisms* (2012) 4.

<sup>115</sup> Lee *The political economy of regionalism* 20.

<sup>116</sup> UNECA *Assessing regional integration in Africa (ARIA V): Towards an African Continental Free Trade Area* (2011) 15. Available also at <http://new.uneca.org/Portals/aria/aria5/chapter02.pdf> (accessed 27 January 2013), hereafter UNECA *Assessing regional integration in Africa (ARIA V)*.

capital and labour allowing the free movement of goods and services. The European Union (EU) is an example of a common market.<sup>117</sup>

- e) Economic Union: The Member States establish a single monetary authority which sets out harmonised fiscal and monetary policies including a single or common currency.<sup>118</sup> The East African Community (EAC) envisaged monetary union in 2012, and is preparing to establish a political federation; this will require substantial resources and firm commitment from the Member States. It remains to be seen whether these plans will be implemented within the set time frames.<sup>119</sup>
- f) Political Union: This is the final stage for regional integration in which Member States become a single nation-state. National governments cede sovereignty over economic and social policies to a supranational authority establishing common institutions, judicial and legislative processes, including a common parliament.<sup>120</sup>

States do not strictly follow the stages outlined above; from being a customs union, Member States may decide to form a common market. It is eventually the level of political will and commitment of Member States that determines the pace of the integration process.<sup>121</sup>

Theoretically, there are conditions that must exist for gains to be realised from economic integration and they include: harmonisation of macroeconomic policies, regional economic stability, and significant intra-regional trade, complementary industrial development on the member countries, regional political stability and willingness to cede sovereignty to a supranational body that has enforcement authority.<sup>122</sup> African countries are currently at different levels of development, macroeconomic policies are not harmonised and there are low levels of political stability, to say the least.<sup>123</sup> Whilst these conditions are regarded as a prerequisite

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<sup>117</sup> Buthlezi *Regional Integration in Africa* 3.

<sup>118</sup> Lee *The political economy of regionalism* 20.

<sup>119</sup> The European Union (EU) has not reached the stage of complete integration: see Butherezi *Regional Integration in Africa* 3.

<sup>120</sup> UNECA *Assessing regional integration in Africa I: Accelerating Africa's integration* (2004) 10 available at <http://new.uneca.org/Portals/aria/aria1/Chap1.pdf> (accessed 15 February 2012). See also Fagbayibo A *politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis 19-20.

<sup>121</sup> Fagbayibo A *politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LLD thesis 20.

<sup>122</sup> Lee *The political economy of regionalism* 20. See also Fagbayibo A *politico-legal framework for integration in Africa: Explaining the attainability of a supranational African Union* LDD thesis 139 - 235.

<sup>123</sup> Lee *The political economy of regionalism* 21.

for economic integration, some of the conditions are not in place in Africa.<sup>124</sup> It is argued that in practice economic integration may still be realised, but probably at a slower pace.

Policymakers generally regard economic integration as a means of securing access to a wider market and as a way of reinforcing growth or rather as a means to promote economic development.<sup>125</sup> It is based on the assumption that if countries are grouped in trade blocs, it is easier to secure benefits for the participating Member States through tariff-free or tariff reduced cross-border movement of goods, services, capital and labour.<sup>126</sup> Regional integration has as a result become a policy option for most countries and is becoming a permanent feature of the international trading environment for the foreseeable future.<sup>127</sup> The major goal for regional economic integration is, therefore, to improve and secure market access for the participating Member States and the benefits this can bring which are: better employment opportunities, more foreign direct investment and joint ventures; greater business opportunities; increased domestic production and more regional imports and exports.<sup>128</sup> In a nutshell, deeper regional economic integration creates the likelihood of improving the welfare of the people who can access cheaper quality goods.

Most African countries have moved towards a common market in response to the new global challenges being faced today. Kibaki, the former Kenyan president and the then COMESA chairperson contended at an economic summit meeting in Kampala that:

‘We realised that ... our individual countries were not equipped to compete on the global marketplace and our markets were too small to attract investors...We have now come to a point where it is evident that our regional economic groupings must come together to craft a trading bloc that reflects the new dynamics.’<sup>129</sup>

The above statement highlights the realisation of the need for not only regional economic integration but a combined market for Africa since it is difficult for States to prosper in

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<sup>124</sup> Martin *Africa in World Politics: A Pan-African Perspective* (2002) 176. See also Lee *The political economy of regionalism* 21.

<sup>125</sup> Jovanovic *International economic integration: Limits and prospects* (1998) 7, hereafter Jovanovic *International economic integration*. See also McCarthy ‘Regional integration of developing countries at different levels of economic development-Problems and prospects’ (1994) 4 *Transnat’l L. & Contemp. Problems* 4.

<sup>126</sup> Venter & Neuland *Regional Integration* 8.

<sup>127</sup> Martor *et al Business Law in Africa: OHADA and the harmonisation process* (2002) 3, hereafter Martor *et al Business Law in Africa*.

<sup>128</sup> SADC *SADC Free Trade Area Handbook: Growth, Development and Wealth Creation* (2008) 13.

<sup>129</sup> Kimani ‘The East and Southern Africa free trade zone’ Trade Law Centre for Southern Africa (TRALAC) available at <http://www.tralac.org/2009/04/23/the-east-and-southern-africa-free-trade-zone/> (accessed on 4 April 2012).

isolation.<sup>130</sup> There is a significant link between economic development and ‘the ability to trade and being integrated into regional and the global economies’.<sup>131</sup> In the same way, global challenges like climate change, diseases and other environmental challenges know no geographical boundaries or sovereignty, so is trade, implying that there is no need to hold on to sovereignty since the world is becoming a ‘global village’.<sup>132</sup>

The discussion below focuses on the proposed Tripartite-Free Trade and its importance in the realisation of Africa’s continental-wide integration.

#### 2.3.4.1 The Tripartite-Free Trade Area

The Agreement establishing the Tripartite Free Trade Area (T-FTA) creates a free trade area comprising of the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and SADC.<sup>133</sup> The T-FTA is based on the hope that it will increase trade among the countries.<sup>134</sup> One of its objectives is to improve the bloc’s bargaining position in trade agreements and in attracting foreign investors.<sup>135</sup> Reduced transaction costs will also improve the viability of manufacturers doing business in the Tripartite-Free Trade Area (T-FTA).<sup>136</sup> Market integration, industrial and infrastructural development is central to the T-FTA.<sup>137</sup>

The T-FTA Agreement includes almost half of the AU Member States<sup>138</sup> since the three trading blocs currently have a membership of twenty six countries. The T-FTA will have a

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<sup>130</sup> Erasmus ‘Is the SADC regime a rules-based system?’ (2011)1 *SADC Law Journal* 23, hereafter Erasmus (2011) 1 *SADC Law Journal* 23.

<sup>131</sup> Erasmus (2011) 1 *SADC Law Journal* 23.

<sup>132</sup> Regional Trade Agreements (RTAs) that are concluded for the establishment of sub-regional economic blocs do not therefore necessarily undermine the sovereignty of Member States. The RTAs seeks to increase the level of trade and investment among the Member States and with the world at large.

<sup>133</sup> Article 2 Agreement establishing the Tripartite Free Trade Area available at [http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite\\_agreement\\_12\\_10\\_2009\\_2.pdf](http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite_agreement_12_10_2009_2.pdf) (accessed 20 November 2013).

<sup>134</sup> Preamble to the Agreement establishing the Tripartite Free Trade Area available at [http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite\\_agreement\\_12\\_10\\_2009\\_2.pdf](http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite_agreement_12_10_2009_2.pdf) (accessed 20 November 2013).

<sup>135</sup> Erasmus (2011) 1 *SADC Law Journal* 23.

<sup>136</sup> Preamble to the Agreement establishing the Tripartite Free Trade Area available at [http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite\\_agreement\\_12\\_10\\_2009\\_2.pdf](http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite_agreement_12_10_2009_2.pdf) (accessed 20 November 2013).

<sup>137</sup> Articles 3 & 4 Agreement establishing the Tripartite Free Trade Area available at [http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite\\_agreement\\_12\\_10\\_2009\\_2.pdf](http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/ATripartite_agreement_12_10_2009_2.pdf) (accessed 20 November 2013).

<sup>138</sup> Africa has fifty four countries.

combined estimated population of 590 million and a combined gross domestic product of US \$1 trillion.<sup>139</sup> While it could appear as if the inclusion of only three economic blocs is problematic, the establishment of the free trade area is a milestone towards the integration of Africa's sub-regional blocs.

It is not going to be feasible for the sub-regional economic blocs to form a consolidated market from the beginning: a gradual transition and the establishment of a free trade area comprising only three sub-regional economic blocs would be reasonable and practical in the circumstances. This is because the twenty six Member States that comprise the free trade area need to overcome their differences and by virtue of each of these countries having its national interests and specific needs, the process should be gradual. The suggestion to use this T-FTA as a core building block of an African-wide free trade area is remarkable because of its link to the AU's goal for regional integration.<sup>140</sup>

The T-FTA will, however, have to solve the problem of overlapping membership among the three economic blocs as it is a trading economic bloc on its own.<sup>141</sup> Accordingly, Member States should only belong to the T-FTA for the bloc to be effective, and to avoid a waste of resources.<sup>142</sup> The current arrangement is that the existing regional economic blocs will continue functioning and that only Member States will be parties to the T-FTA.<sup>143</sup> The effectiveness of this arrangement remains to be seen.

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<sup>139</sup> Erasmus & Hartzenberg 'The Tripartite Free Trade Area-Towards a new African integration paradigm' in Trade Law Centre for Southern Africa (Tralac) *The Tripartite Free Trade Area: Towards a new African integration paradigm?* (2012) 8, hereafter Erasmus & Hartzenberg 'The Tripartite Free Trade Area-Towards a new African integration paradigm'.

<sup>140</sup> The establishment of the T-FTA is, therefore, not proposed as an *ad hoc* plan but as a core building bloc to the new paradigm of African integration: Erasmus & Hartzenberg 'The Tripartite Free Trade Area-Towards a new African integration paradigm' 12. See also the Preamble to the Draft Agreement Establishing COMESA, EAC and SADC Tripartite Free Trade Area which provides that the Member States are committed to 'championing and expediting the continental integration process under the Treaty establishing the African Economic Community and the Constitutive Act of the African Union through regional initiatives'.

<sup>141</sup> Erasmus & Hartzenberg 'The Tripartite Free Trade Area-Towards a new African integration paradigm' 11.

<sup>142</sup> The challenges that arise as a result of overlapping membership include, *inter alia*, duplication of efforts and resources; lead to conflict of interests; the overlap tends to run counter the regional goals and leads to counter-productive or unhealthy competition among countries and institutions. See Geda & Kebré 'Regional economic integration in Africa: A review of problems and prospects with a case study of COMESA' (2008) 17/3 *Journal of African Economies* 361; Dlagnekova (2009) 15-1 *Fundamina* 14 and Ndomo 'Regional economic communities in Africa: A progress overview' A study commissioned by GTZ (2009) 10.

<sup>143</sup> Erasmus & Hartzenberg 'The Tripartite Free Trade Area-Towards a new African integration paradigm' 11.

It is contended that the establishment of a free trade area is an ambitious plan<sup>144</sup> due to the fact that the roadmap for establishing the free trade area provides that the first round of negotiations covering trade in goods should be concluded in three years. A three year time frame may not be a realistic goal considering the complexity of harmonising three sets of rules: those of SADC, COMESA and EAC.<sup>145</sup> A five year period in my view appears realistic. The establishment of a T-FTA is a step towards establishing a common market.

#### **2.3.4.2 The benefits of regional economic integration**

Regional economic integration has remained an attractive strategy for developing countries despite the varying degree of success. Regional economic integration is regarded as a reliable ‘insurance policy’ that provides cover against macroeconomic instability, such as trade shocks,<sup>146</sup> trade wars, and resurgence of protectionism in developed countries or sudden changes in the trading behaviour of the participating Member States.<sup>147</sup>

An additional benefit of regional economic integration is that it increases business predictability which has a potential positive impact on both domestic and foreign investments. A wider and secure market increases the degree of predictability giving rise to an increase in investment opportunities.<sup>148</sup>

Regional economic integration also creates the potential for monetary stability and coordination of economic policies. Onwuka and Sesay argue that the harmonisation of fiscal

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<sup>144</sup> Africa is viewed as having created a culture of overly ambitious time frames as demonstrated by free trade areas and customs unions that have not always been fully implemented and deadlines having been frequently missed: Fundira ‘Prospects for attaining a Continental Free Trade Area: Amidst a culture of missed deadlines in Africa’ Trade Law Centre available at <http://www.tralac.org> (accessed 20 February 2013).

<sup>145</sup> The critical issues regarding the rules of origin include the need to make them predictable and open to uniform interpretation. The T-FTA should as a result harmonise the rules so that they become one-: Erasmus & Hartzenberg ‘The Tripartite Free Trade Area-Towards a new African integration paradigm’ 14.

<sup>146</sup> The insurance which regional integration guarantees justifies economic integration especially for oil-producing countries like Nigeria and Angola that can be affected by trade shocks in oil: Kritzinger-van Niekerk ‘Regional integration: Concepts, advantages, disadvantages and lessons of experience’ (May, 2005) available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012).

<sup>147</sup> Regional economic integration is viewed as an ‘insurance policy’ because in the event that the Member States are not able to continue trading with other external countries who are not members of the group, the Member States can rely on the markets accessed by the regional group to circumvent further economic loss: Jovanovic *International economic integration: Limits and prospects* (1998) 1, hereafter Jovanovic *International economic integration*.

<sup>148</sup> Jovanovic *International economic integration* 789.

and monetary policies is important for investors.<sup>149</sup> Regional integration arrangements also enhance trade among Member States. Intra-regional trade in Africa has, however, been a problem. World Bank research shows that, trade among sub-Saharan countries accounts for just 10 percent of total trade within the region, compared to 60 percent within Europe and 40 percent within North America and 30 percent within Asia.<sup>150</sup> There is no doubt that African countries should increase the level of trade among themselves but it is crucial for them to diversify their production since production of the same goods will stifle trade among them.

A question that needs to be asked is whether regional economic integration will result in trade creation or trade diversion. Trade creation and trade diversion are concepts that are used to measure the benefits of regional trading.<sup>151</sup> Trade creation entails a shift from a high cost external producer to a low-cost regional producer. The focus is on how much trade could be created between regional partners if low-cost products from one State as a result of tariff reductions replace high-cost production in another Member State within the trade area.<sup>152</sup> Trade diversion represents the losses which a country suffers as a result of high external customs duties where high cost regional products are being replaced by low-cost products from outside the region.<sup>153</sup>

Regional economic integration is deemed to be welfare producing to the extent that there is more trade creation than trade diversion. Other possible gains include: increased production arising from specialisation, increased output arising from the better exploitation of scale, as well as effectiveness as a result of increased competition.<sup>154</sup> The rationale is that regional Member States are likely to gain from economic integration if they trade with each other much more and relatively little with the rest of the world, and if they have structures of production that complement each other.<sup>155</sup>

African countries need to increase levels of trade amongst themselves and to ensure that production structures complement each other to obtain optimal benefit from economic

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<sup>149</sup> Onwuka & Sesay *The future of regionalism in Africa* (1985) 209, hereafter Onwuka & Sesay *The future of regionalism in Africa*.

<sup>150</sup> Business Day 'Southern, Eastern Africans move to free trade zone' (6 November 2011) available at <http://www.businessday.co.za/Articles/Content.aspx?id=145562> (accessed 5 April 2012).

<sup>151</sup> Surana 'RTA as a building block to multilateralism-Arguments For and against' (2005) available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=840404](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=840404) (accessed 5 April 2012).

<sup>152</sup> Haarlov *Regional cooperation in Southern Africa* 18.

<sup>153</sup> Haarlov *Regional cooperation in Southern Africa* 18.

<sup>154</sup> Lee *The political economy of regionalism* 21.

<sup>155</sup> Haarlov *Regional cooperation in Southern Africa: Central elements of the SADCC Venture* (1988) 20.

integration.<sup>156</sup> Rather than exporting raw materials, the focus should be on exporting finished or value-added goods as there appears to be limited market for raw materials in Africa.<sup>157</sup>

Compared to international economic integration provided by the WTO, regional integration appears to be a better option for Africa. As a result of economic, political cultural and other idiosyncrasies, WTO Member States that include African countries, find it difficult to offer universal concessions in trade at the multilateral level.<sup>158</sup> The concessions can nevertheless be exchanged more easily within a regional group than on universal scale since it is better to negotiate in a smaller group than a larger group. Monitoring the implementation of policies and the resolution of disputes is relatively easier within a smaller group.<sup>159</sup>

### 2.3.5 Conclusion

In short, regional integration may take various forms which include, *inter alia*, preferential trade area, free trade area, common market and economic union. Countries can start with any form of regional economic integration, therefore, it is submitted that African States should start with the establishment of a free trade area and then introduce deeper and wider integration. Onwuka and Sesay's argument that an African Free Trade Area is perhaps the best alternative to an African Common market has my support.<sup>160</sup> I support this suggestion because a common market is supranational and its rules, laws and standards will supersede national rules. A free trade area is also recommended as it allows for gradual but cohesive measures to be adopted, for example a common approach to investment.<sup>161</sup> Some of the existing sub-regional economic groupings in Africa are free trade areas for example the SADC, ECOWAS and the EAC whilst others like the Southern African Customs Union (SACU) and COMESA are customs unions. The proposal to establish a tripartite free trade area reinforces the idea that a free trade area should be the point of departure for the region, which may be followed by the creation of a common market.

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<sup>156</sup> Wa Mutua 'Why redress map of Africa: A moral and legal inquiry' (1994) 16 *Michigan Journal of International Law* 1168.

<sup>157</sup> Whether African countries will be able to export finished goods depends on the availability of capital, skill and their level of capacity to manufacture goods.

<sup>158</sup> Jovanovic *International economic integration* 4.

<sup>159</sup> Jovanovic *International economic integration* 4.

<sup>160</sup> Onwuka 'An African common market or African free trade area: Which way Africa?' in Onwuka & Sesay (eds) *The future of regionalism in Africa* (1985) 69, hereafter Onwuka 'An African common market or African free trade area: Which way Africa?'

<sup>161</sup> Onwuka 'An African common market or African free trade area: Which way Africa? 71.

The preceding discussion shows the different ways in which regional integration can be achieved. It also argues that the multiple economic blocs show economic integration to be the preferred form of integration in Africa. It is, however, noteworthy that despite African countries having largely pursued economic integration, regional cooperation and development projects aimed at improving infrastructure have been adopted in the various sub- regional economic groupings. It is argued that regional integration which African countries have adopted is *sui generis* since they do not follow only market integration.<sup>162</sup>

The discussion below focuses on the relationship between regionalism and multilateralism. This part of the thesis argues that multilateralism and regionalism have a multifaceted and symbiotic relationship: the two can be said to depend on each other to some extent.

## 2.4 Regionalism and multilateralism

### 2.4.1 Regional trading arrangements and WTO rules

The world trading system administered by the WTO accommodates regional trade arrangements, firstly, in terms of Article XXIV of the General Agreement on Tariffs and Trade.<sup>163</sup> Article XXIV provides that duties and other regulations of commerce should be eliminated for ‘substantially all the trade’ among the members of the regional trading

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<sup>162</sup> This is evidenced by the way Regional Economic Communities pursue an array of objectives that include security, developing infrastructure and managing water-ways.

<sup>163</sup> Of 1947. World Trade Organisation *The Legal Texts: The Results of the Uruguay Round of Multilateral Negotiations* (2002) 458, hereafter WTO *The Legal Texts*. Art XXIV (5) provides an exception and states that ‘...the provisions of this Agreement shall not prevent, as between the territories of contracting parties, the formation of a customs union or of a free trade area or the adoption of an interim agreement necessary for the formation of a customs union or of a free trade area; *Provided* that :

- a) With respect to a customs union, or an interim agreement leading to a formation of a customs union, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be;
- b) With respect to a free trade area, or an interim agreement leading to the formation of a free trade area, the duties and other regulations of commerce maintained in each if the constituent territories and applicable at the formation of such free-trade or the adoption of such interim agreement to the trade of contracting parties not included in such area or not parties to such agreement shall not be higher or more restrictive than the corresponding duties and other regulations of commerce existing in the same constituent territories prior to the formation of the free-trade area, or interim agreement as the case maybe; and
- c) Any interim agreement referred to in subparagraphs (a) and (b) shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time.’

arrangement. Barriers placed on third countries<sup>164</sup> should also not be ‘on the whole higher or more restrictive’.<sup>165</sup> Regional arrangements are thus consistent with the General Agreement on Tariffs and Trade (GATT), even if they may be considered ‘threatening’ to GATT’s Most Favoured Nation (MFN) principle<sup>166</sup> and the national treatment principle<sup>167</sup> which form the bases of the world trading system.<sup>168</sup>

The Enabling Clause<sup>169</sup> (Enabling Clause Decision) also accommodates regional arrangements. The Enabling Clause Decision<sup>170</sup> (ECD) provides for the three issues, among others-:

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<sup>164</sup> Third world is a term that is applied to economically undeveloped countries of Africa, Asia and Latin America considered as an entity with common characteristics such as poverty and economic dependence on advanced countries: Tata McGraw Hill’s Series *General Knowledge Digest* (2010) 3.37. It consists of a group of countries which have colonial histories and which are in the process of developing economically and socially from a status characterised by low income, dependence on agriculture, weaknesses on trading relations, social deprivation for large segments of society, and restricted political and civil liberties: Smith *Understanding Third World Politics: Theories of Political Change and Development* (2003) 1.

<sup>165</sup> Article XXIV of the General Agreement on Tariffs and Trade (GATT) of 1947. See also Mashayekhi *et al* ‘Multilateralism and regionalism: The new interface’ 9.

<sup>166</sup> The MFN principle is set out in Art I of the GATT of 1947 which provides that any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.

<sup>167</sup> The national treatment is contained in Art III which provides that imported products should not be accorded treatment less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, purchase, transportation, distribution or use.

<sup>168</sup> Bhagwati ‘Departures from multilateralism: Regionalism and aggressive unilateralism’ (1990) 100 *The Economic Journal* 1306.

<sup>169</sup> The Enabling Clause was a decision taken by signatories to the General Agreement on Tariffs and Trade in 1979 that allows derogations to the most-favoured nation (non-discrimination) treatment in favour of developing countries. It has continued to apply as part of GATT 1994 under the WTO. It reads:

1. ‘Notwithstanding the provisions of Article I of the General Agreement, contracting parties may accord differential and more favourable treatment to developing countries, without according such treatment to other contracting parties.
2. The provisions of paragraph 1 apply to the following:
  - a) Preferential tariff treatment accorded by developed contracting parties to products originating in developing countries in accordance with the Generalized System of Preferences,
  - b) Differential and more favourable treatment with respect to the provisions of the General Agreement concerning non-tariff measures governed by the provisions of instruments multilaterally negotiated under the auspices of the GATT;
  - c) Regional or global arrangements entered into amongst less-developed contracting parties for the mutual reduction or elimination of tariffs and, in accordance with criteria or conditions which may be prescribed by the contracting parties, for the mutual reduction or elimination of non-tariff measures, on products imported from one another;
  - d) Special treatment on the least developed among the developing countries in the context of any general or specific measures in favour of developing countries’; WTO ‘Differential and more favourable treatment reciprocity and fuller participation of developing countries’ available at [http://www.wto.org/english/docs\\_e/legal\\_e/enabling1979\\_e.htm](http://www.wto.org/english/docs_e/legal_e/enabling1979_e.htm) (accessed 20 February 2013).

<sup>170</sup> WTO ‘Differential and more favourable treatment reciprocity and fuller participation of developing countries’ available at [http://www.wto.org/english/docs\\_e/legal\\_e/enabling1979\\_e.htm](http://www.wto.org/english/docs_e/legal_e/enabling1979_e.htm) (accessed 20 February 2013).

- a) The Generalised System of Preferences (GSP)<sup>171</sup> which has which has since expired and has led to the Economic Partnership Agreements (EPA) negotiations;
- b) Favourable treatment of developing countries in respect of GATT non-tariff measures;<sup>172</sup>
- c) Regional Trade Arrangements (RTAs) entered into amongst less developed countries for the mutual reduction of tariffs.<sup>173</sup>

The Enabling Clause makes provision for preferential arrangements among developing countries for trade in goods. It allows WTO members to provide ‘differential and more favourable treatment’ to developing countries despite the MFN principle which requires such treatment to be extended to all members ‘immediately and unconditionally’.<sup>174</sup> The ECD, therefore, deals with differential and more favourable treatment, reciprocity and fuller participation of developing countries without such treatment being given to other WTO contracting parties. Conditions which must be fulfilled before invoking the Enabling Clause are set out in paragraphs 3 and 4 of the ECD.<sup>175</sup> Developing countries entering into regional trade arrangements have the option of notifying the arrangement under the Enabling Clause or under Article XXIV. It seems that most developing countries have been notifying regional arrangements under GATT Article XXIV.<sup>176</sup>

<sup>171</sup> The former arrangement between the European Union (EU) and African countries involving trade, investment and development is an illustration of an exception to Article 1.1. It was governed by a series of Lomé Conventions, which granted African, Caribbean and Pacific (ACP) countries (excluding South Africa), preferential access to EU markets. The EU and ACP countries concluded the Cotonou Agreement in 2000, paving the way for the negotiation of WTO compatible Economic Partnership Agreements (EPAs). See Hartzenberg ‘Africa needs a deeper integration agenda’ Trade Law Centre for Southern Africa available at [http://www.wto.org/english/res\\_e/publications\\_e/wtr11\\_forum\\_e/wtr11\\_5july11\\_e.htm](http://www.wto.org/english/res_e/publications_e/wtr11_forum_e/wtr11_5july11_e.htm) (accessed 23 November 2012).

<sup>172</sup> WTO members are not merely allowed to deviate from Art 1:1 in order to benefit developing countries; in fact, they are encouraged to do so: Van den Bossche *The Law and Policy of the World Trade Organisation: Text Cases and Materials* (2008) 727.

<sup>173</sup> Para 2 (c) of the Enabling Clause Decision: WTO ‘Differential and more favourable treatment reciprocity and fuller participation of developing countries’ available at [http://www.wto.org/english/docs\\_e/legal\\_e/enabling1979\\_e.htm](http://www.wto.org/english/docs_e/legal_e/enabling1979_e.htm) (accessed 20 February 2013).

<sup>174</sup> Article 1 of the GATT.

<sup>175</sup> WTO ‘Differential and more favourable treatment reciprocity and fuller participation of developing countries’ available at [https://www.wto.org/english/docs\\_e/legal\\_e/enabling1979\\_e.htm](https://www.wto.org/english/docs_e/legal_e/enabling1979_e.htm) (accessed 20 February 2013).

<sup>176</sup> SADC is an example of a regional bloc that chose to notify its process under GATT Art. XXIV.

Lastly, Article V of the General Agreement on Trade in Services (GATS) also makes an exception for regional trading arrangements.<sup>177</sup> This provision regulates the conclusion of RTAs in services and requires WTO Member States to meet the conditions set out in the GATS. It also requires the WTO to be notified of RTAs as well as interim agreements that have been concluded to ensure that there is transparency.

Regional trade arrangements are regulated by three multilateral treaty provisions which are: Article XXIV of GATT 1994, Article V of GATS and the Enabling Clause. These provisions permit a departure from the cornerstone principle of the MFN on which the principle of non-discrimination rests.

I now turn to the relationship between regional integration and multilateralism.

#### **2.4.2 The relationship between regional integration and multilateralism**

The disappointment that WTO Member States experienced regarding the benefits that could be derived from the WTO process triggered a keen interest in regional initiatives. This has seen regional integration becoming a complement rather than an alternative to the multilateral trading system.<sup>178</sup> Regional integration does not seek to either compete with or to replace the multilateral trading system; instead, it supplements the WTO by authorising preferential tariff treatment as an exception to the MFN principle.

Regional groupings are regarded as a vehicle for smaller countries to enjoy greater participation in international negotiations as they can rely on the combined market share and political power. Regionalism is necessary for survival in the new global economy, African States needs to integrate sub-regional markets, promote sustainable development, increase production and build their competitiveness to participate meaningfully in the multilateral trading system. Collective bargaining power is particularly relevant for Africa which consists

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<sup>177</sup> It reads: ‘This Agreement shall not prevent any of its Members from being a party to or entering into an agreement liberalizing trade in services between or among the parties to such an agreement, provided that such an agreement: provides for the absence or elimination of substantially all discrimination, in the sense of Article XVII, between or among the parties, in the sectors covered under subparagraph (a), through:  
(i) elimination of existing discriminatory measures, and/or  
(ii) prohibition of new or more discriminatory measures,  
either at the entry into force of that agreement or on the basis of a reasonable time-frame, except for measures permitted under Articles XI, XII, XIV and XIV bis...’: WTO *The Legal Texts* 289.

<sup>178</sup> Tussies ‘Regionalism: Providing a substance to multilateralism?’ in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 115, hereafter Tussies ‘Regionalism: Providing a substance to multilateralism?’

of poor and fragmented countries.<sup>179</sup> It enables them to coordinate and develop common positions and this may contribute to better negotiation outcomes.<sup>180</sup>

Former United Nations (UN,) Secretary-General, Annan observed in his final report to the UN General Assembly that ‘globalisation is not a tide that lifts all boats’ implying that globalisation is not the solution or answer to the problems faced by all countries.<sup>181</sup> He argued that even those who benefit from multilateralism feel threatened by it.<sup>182</sup> The Seattle WTO protests in 1999 were a watershed in the history of global economic governance.<sup>183</sup> The breakdown in the negotiations resulted in protests and the WTO ministerial meeting had to be abandoned as protestors representing opposition to the WTO liberalisation agenda disrupted the meeting. The protests revealed a broad and diverse opposition to policies that are skewed toward western and corporate interests.<sup>184</sup> This was the first time developing countries wanted the international agreements to be reviewed so as to make them more equitable. Their demands resulted in divisions among the WTO Member States that led to the breakdown of talks in Seattle.

Since the Seattle protests, the WTO has been subjected to public scrutiny to such an extent that public participation is now a feature of the WTO.<sup>185</sup> The IMF and World Bank meetings have also attracted controversy and violent protests in the past due to the non-capitalist movement.<sup>186</sup> The protests and public participation have resulted in developed countries

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<sup>179</sup> Africa consists of small countries and the majority are least developed countries. Small populations and low incomes per capita combine to produce small domestic markets. The challenge of smallness is worsened by landlockedness and weak institutions: Hartzenberg ‘Africa needs a deeper integration agenda’ Trade Law Centre for Southern Africa available at [http://www.wto.org/english/res\\_e/publications\\_e/wtr11\\_forum\\_e/wtr11\\_5july11\\_e.htm](http://www.wto.org/english/res_e/publications_e/wtr11_forum_e/wtr11_5july11_e.htm) (accessed 23 November 2012). See also UNECA *Assessing regional integration in Africa I* 10.

<sup>180</sup> Kritzinger-van Niekerk ‘Regional integration: Concepts, advantages, disadvantages and lessons of experience’ (May, 2005) available [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012)

<sup>181</sup> Makinda & Okumu *The African Union: Challenges of globalisation, security and governance* (2008) 3, hereafter Makinda & Okumu *The African Union*.

<sup>182</sup> Makinda & Okumu *The African Union* 3. Developed countries would probably feel threatened as they no longer easily get concessions since the Seattle experience, where there were protests against the multilateral trading system mostly by nationals from developing countries.

<sup>183</sup> McGuire ‘What happened to the influence of business? Corporations and organised labour in the WTO’ in Narlikar, Daunton & Stern (eds) *The Oxford Handbook on the World Trade Organisation* (2012) 321, hereafter McGuire ‘What happened to the influence of business? Corporations and organised labour in the WTO’.

<sup>184</sup> Smith ‘Globalising resistance: The battle of Seattle and the future of social movements’ in Smith & Johnston (eds) *Globalisation and resistance: Transnational dimensions of social movements* (2002) 208.

<sup>185</sup> McGuire ‘What happened to the influence of business? Corporations and organised labour in the WTO’ 332.

<sup>186</sup> Orr ‘The struggle against capitalist globalisation: The world protests against the WTO’ in Berberoglu (ed) *Globalisation and Change: The transformation of global capitalism* (2005) 105. Since the Seattle protests, State repression on protests has become more coordinated but also violent: BBC News UK ‘The spirit of Seattle’ (1 May 2011) available at [http://news.bbc.co.uk/2/hi/uk\\_news/1305060.stm](http://news.bbc.co.uk/2/hi/uk_news/1305060.stm) (accessed 19 July 2012).

being threatened by multilateralism following the realisation that they are no longer going to control the global economic landscape as they did in the past. Regionalism is becoming an option that is being used worldwide to counterbalance the negative effects of multilateralism.

Multilateral trading rules provide regional groupings with the necessary foundation, particularly on the highly controversial issues where they require external safety nets.<sup>187</sup> Multilateralism in its turn relies on the 'safety net' provided by regional agreements that allows trade liberalisation to advance gradually, literally 'bartering the pains of liberalisation with the gains of market access and export growth'.<sup>188</sup> Regional integration shields African countries from the pressures of the global economy,<sup>189</sup> by increasing bargaining power, enhancing cooperation and increasing returns on investments.<sup>190</sup> It also reinforces the multilateral system where regional and multilateral rules converge.<sup>191</sup> Regional integration helps give substance to multilateralism.

Supporters of multilateralism argue that regionalism is a stumbling block to multilateralism, while regionalists claim that the GATT is the 'General Agreement to Talk and Talk', whereas regionalism proceeds quicker in liberalising trade.<sup>192</sup> Whether this is true or not remains moot, but it cannot be disputed that regionalism offers its own advantages, some of which have been discussed.<sup>193</sup> Winters correctly argues that the EU is the only regional integration arrangement that is both big enough to affect the multilateral system and long-lived enough to have identifiable results. He contends that the lesson that seems to stand out is that an act of regionalism does not necessarily lead to the collapse of the multilateral system.<sup>194</sup> The advent of the EU appears to have actually aided multilateralism.<sup>195</sup>

Regionalism may promote multilateralism in a number of ways. First, it facilitates technological development, infrastructure development, foreign investment and improves the

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<sup>187</sup> Regional groupings become external safety nets meaning that; firstly they are a means of protection from disappointments or effects of the multilateral system. Secondly, any concessions that are not obtained at the multilateral level are then negotiated in regional agreements. The United States has for example been able to obtain intellectual property of its liking, bypassing multilaterally agreed upon WTO standards and procedures through regional agreements particularly through the Economic Partnership Agreements.

<sup>188</sup> Tussies 'Regionalism: Providing a substance to multilateralism?' in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 114, hereafter Tussies 'Regionalism: Providing a substance to multilateralism?' 115.

<sup>189</sup> Gibb (1998) 36(2) *The Journal of Modern African Studies* 298.

<sup>190</sup> UNECA *Assessing regional integration in Africa I*: 11.

<sup>191</sup> Tussies 'Regionalism: Providing a substance to multilateralism?' 115.

<sup>192</sup> Bhagwati 'Regionalism and multilateralism: An overview' in Bhagwati, Krishna & Panagariya (eds) *Trading blocs: Alternative approaches to analyzing preferential trade agreements* (1999) 22.

<sup>193</sup> See chapter 2 part 2.1.

<sup>194</sup> Winters 'Regionalism vs multilateralism' 34.

<sup>195</sup> Winters 'Regionalism vs multilateralism?' 7.

manner in which a region may exploit natural resources.<sup>196</sup> Second, it creates larger political economy units that can bargain more effectively in the multilateral institutions: there is no doubt that the region needs to build the capacity to compete in the multilateral system as competition is increasing following the admission of China in the WTO. By strengthening regional integration which is a form of regionalism, Africa would move towards being an essential part of the global economy.<sup>197</sup> As it stands, African countries make little impact in the WTO and WIPO due to them being small and fragmented.<sup>198</sup>

The above discussion indicates that regionalism is not in competition with multilateralism but it rather thrives in the policy spaces left by multilateral commitments.<sup>199</sup> One cannot ignore the fact that markets are so deeply intertwined that no unit can afford to rely solely on intra-regional trade to the exclusion of inter-regional trade: <sup>200</sup>no State would want to substitute regional for global trade because both are important for development.<sup>201</sup> African countries should, on one hand, promote regional integration to enlarge markets and exploit economies of scale. On the other hand they should participate fully in the WTO process to benefit from market access and gain safeguards against unfair protectionist measures<sup>202</sup> to which the imbalance of power their small size exposes them.

Tussie correctly submits that regionalism reflects that countries are choosing to forge ahead faster or further than the multilateral system.<sup>203</sup> This reveals that the relationship between regionalism and multilateralism is one of mutual need as regional trade arrangements do not undermine the multilateral trading system but rather serve as building blocks to multilateral trade liberalisation.<sup>204</sup> A study carried out by Herz and Wagner supports this view as the

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<sup>196</sup> The full implementation of regional arrangements has the potential to strengthen the multilateral system: Gibb (1998) 36 *The Journal of Modern African Studies* 295 and Mashayekhi *et al* (2005) 21.

<sup>197</sup> Regionalism is a desirable evolution that has the potential to support the multilateral trading system: Preeg 'The US leadership role in world trade: Past, present and future' (1992) *The Washington Quarterly* 15.

<sup>198</sup> WTO 'Africa should trade more with Africa to secure future growth' available at [http://www.wto.org/english/news\\_e/news12\\_e/ddg\\_12apr12\\_e.htm](http://www.wto.org/english/news_e/news12_e/ddg_12apr12_e.htm) (accessed 16 November 2013).

<sup>199</sup> Tussies 'Regionalism: Providing a substance to multilateralism?' 112.

<sup>200</sup> Regional trade agreements (RTAs) are an integral part of international trade, they operate alongside global multilateral agreements under the WTO. RTAs have increased significantly in number and prominence with 303 having been notified to the GATT/WTO in May 2004, of which 208 are currently in force: Deputy Director-General of the WTO 'Remarks by Mr. Francisco Thompson-Flores' in Mashayekhi & Ito (eds) *Multilateralism and regionalism: The new interface* (2005) 23 available at [http://www.unctad.org/en/docs/ditctncd20047\\_en.pdf](http://www.unctad.org/en/docs/ditctncd20047_en.pdf) (accessed 12 February 2012).

<sup>201</sup> UNECA *Assessing regional integration in Africa I* 23.

<sup>202</sup> UNECA *Assessing regional integration in Africa I* 23.

<sup>203</sup> Tussies 'Regionalism: Providing a substance to multilateralism?' 114.

<sup>204</sup> Herz & Wagner 'Multilateralism versus regionalism' (January 2010) available at [http://www.degit.ifw-kiel.de/papers/degit\\_15/c015\\_043.pdf](http://www.degit.ifw-kiel.de/papers/degit_15/c015_043.pdf) (accessed 19 July 2012).

results showed that RTAs are buildings blocks of, and thus contribute to, the multilateral trading system.<sup>205</sup>

## **2.5 Obstacles to regional economic integration in Africa and mechanisms for overcoming them.**

Regional integration has not progressed in Africa due to various reasons. The reasons are, *inter alia*, lack of implementation of commitments, lack of political commitment, political instability, weak infrastructure, problems of distributing benefits derived from regional integration and institutional challenges.

### **2.5.1 Lack of implementation**

African leaders have expressed strong commitment to regional integration but performance on the implementation is poor.<sup>206</sup> Member States do not sign or ratify the instruments timeously: SADC for example has adopted 15 protocols, but the Democratic Republic of Congo, a member of SADC, has neither ratified nor signed any of them.<sup>207</sup> Seychelles has signed three but has not ratified them. Botswana is the only country that ratified more than eleven protocols.<sup>208</sup> The delay in signing and ratifying instruments slows down integration efforts because the agreements of Heads of State remain on paper. Though African countries may resort to instruments that apply directly to all Member Countries<sup>209</sup> to circumvent this

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<sup>205</sup> This study is important because 184 countries with 240 RTAs were examined (the number of RTAs among the countries under study indicate the problem of multiple membership). The time period covered was from 1953-2006 which is long enough to adequately show the relationship between multilateralism and regionalism. The study also combines economic models to investigate the relationship: Herz & Wagner 'Multilateralism versus regionalism' (January 2010) available at [http://www.degit.ifw-kiel.de/papers/degit\\_15/c015\\_043.pdf](http://www.degit.ifw-kiel.de/papers/degit_15/c015_043.pdf) (accessed 19 July 2012).

<sup>206</sup> The protracted and difficult Economic Partnership Agreements (EPA) negotiations have exposed some of challenges regarding regional integration in Africa. Hartzenberg argues that the EPA negotiations show important gaps between political ambitions and economic reality in African regional integration when it comes to commitment and implementation to the extent that there are now questions about the African integration agenda and Africa's strategy for integration into the global economy: Hartzenberg 'Africa needs a deeper integration agenda' WTO Publications (5 July 2011) available at [http://www.wto.org/english/res\\_e/publications\\_e/wtr11\\_forum\\_e/wtr11\\_5july11\\_e.htm](http://www.wto.org/english/res_e/publications_e/wtr11_forum_e/wtr11_5july11_e.htm) (accessed 28/11/2011).

<sup>207</sup> UNECA *Assessing regional integration in Africa (ARIA II): Rationalising Regional Economic Communities* (2006) 49 available at <http://new.uneca.org/Portals/aria/aria2/chap3.pdf> (accessed 3 February 2013), hereafter *UNECA Assessing regional integration in Africa (ARIA II)* 49.

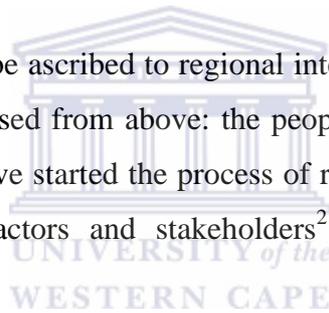
<sup>208</sup> *UNECA Assessing regional integration in Africa (ARIA II)* 49.

<sup>209</sup> Direct application means no measures are required to incorporate regional law into national law. Once the law has been published in the Official Journal the legal effect of the law automatically becomes binding in

challenge, direct application of instruments will not be consistent with harmonisation which must be the starting point to legal integration.<sup>210</sup> For African countries to realise the benefits of regional integration, there is need for a strong and sustained commitment from Member States. Implementation is key to the success of regional integration in Africa.<sup>211</sup>

Gradualism which is change that occurs in stages and not drastically is a key factor for a successful regional integration. Regional integration should take into account the differences in economic and political conditions in the countries. Unfortunately, the new wave<sup>212</sup> of regional agreements does not seem to do so.<sup>213</sup> Gradualism makes for deeper integration as Member States progressively build confidence and mutual trust amongst themselves, and also between themselves and regional institutions.<sup>214</sup> One reason why integration efforts have failed in the past is unrealistic targets which led to missed targets, frustrations and disappointments. African leaders need to move forward in a pragmatic, gradual fashion with realistic timeframes and targets.<sup>215</sup>

The lack of implementation can be ascribed to regional integration being largely a matter for national governments only, imposed from above: the people must support it.<sup>216</sup> It cannot be gainsaid that the AU ought to have started the process of regional integration consulting and mobilising campaigns.<sup>217</sup> Key actors and stakeholders<sup>218</sup> were supposed to have been



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all the Member States. This approach is being used by West African Economic and Monetary Union (UEMOA), and Central African Economic and Monetary Community (CEMAC) in a bid to increase efficiency in implementation of instruments. Regulations in the EU also find direct application in all the Member States: see chapter 5 part 5.3.2.

<sup>210</sup> See chapter 2 part 2.6. The EU directives do not apply directly to EU Member States: see chapter 5 part 5.3.1.

<sup>211</sup> Commitment to the AU/NEPAD agenda is the bedrock upon which the success of the AU is hinged on.

<sup>212</sup> Regional arrangements come and go in 'waves' in the sense that they come and go, and often take different forms. There was a wave of regionalism in the 1960s and later in the 1980s, and 1990s respectively: De Melo & Panangariya *New dimension in regional integration* 3. Also see Winters 'Regionalism vs multilateralism?' 36.

<sup>213</sup> Tussies 'Regionalism: Providing a substance to multilateralism?' 112.

<sup>214</sup> If regional institutions are able to inspire confidence in Member States, they become a stepping-stone towards the integration of the region: Kritzinger-van Niekerk 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed on 15 February 2012).

<sup>215</sup> Kritzinger-van Niekerk 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012).

<sup>216</sup> Oluwu (2003) 13 *Transnat'l L. & Contemp Probs* 250.

<sup>217</sup> Comparatively, the EU commenced with mass awareness campaign that have trailed the idea of integrating the EU since the 1930s especially after the Cold war. In contrast African integration had no focus on educating its population about regional integration. Regional integration may probably have been moving slowly forward due to citizenry's lack of knowledge about the agenda: UNECA *Assessing regional integration in Africa II* 130.

involved from the beginning since their involvement is crucial to the success of regional integration.<sup>219</sup> Article 3 (g) and 4 (c) of the Constitutive Act acknowledges the role of civil society in achieving regional integration.<sup>220</sup> This begs the question: to what extent did the AU involve civil societies in the region regarding the idea of regional integration? The lack of involvement of the public and key actors such as civil societies can still be remedied as the AU integration process is still unfolding. The private sector just like civil societies is important as an engine for economic growth and sustainable development.<sup>221</sup> There should be greater recognition of the role played by the private sector and their involvement ensured. Meetings and conferences could create public awareness of information pertaining to regional integration at national level.<sup>222</sup> Public participation is necessary for regional initiatives.

Political commitment is the next factor that affects regional integration which I will now discuss.

### 2.5.2 Lack of political commitment

Geda and Kibert aver that lack of a strong and sustained political commitment has played a significant part in hindering economic integration in Africa.<sup>223</sup> Individual member governments must make the sustained commitment and political will to succeed as that is vital to the success of any regional economic grouping.

Mistry points out that:

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<sup>218</sup> This includes trade unions, employers' organisations' and private entrepreneurs and non-governmental organisations. Oluwu correctly explains that strong non-governmental participation is a key factor in achieving the goals of regional integration: Oluwu (2003) 13 *Transnat'l L. & Contemp Probs* 250.

<sup>219</sup> In the EU, successful regional integration schemes were as a result of combined efforts; it was not only the work of governments. The EU example is instructive for the AU's object to integrate the region as they were able to create an internal market which comprises of twenty eight countries and thereby enhanced the flow of goods, services and people: see chapter 5 part 5.2.

<sup>220</sup> Article 3 (g) of the Constitutive Act sets out one of the objectives of the Union as to: promote democratic principles and institutions, popular participation and good governance. Art 4 acknowledges 'participation of the African peoples in the activities of the Union' as one of the principles upon which the Union functions.

<sup>221</sup> The private sector bring economic development through job creation, investment and the production of goods: UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010) 32. Also available at <http://www.uneca.org/aria4/ARIA4Full.pdf> (accessed 27 January 2013).

<sup>222</sup> UNECA *Assessing regional integration in Africa II: Rationalising regional economic communities* (2006) 130. Also available at <http://new.uneca.org/Portals/aria/aria2/chap7.pdf> (accessed 15 February 2012).

<sup>223</sup> Geda & Kebret 'Regional economic integration in Africa: A review of problems and prospects with a case study of COMESA' (2008) 17 *Journal of African Economies* 358.

‘Political will needs to go beyond rhetoric, with African leaders being more aware of the national economic and political implications of the regional communities they make and expending the political capital needed to follow through on such commitments.’<sup>224</sup>

Leaders must translate their commitments into substantive changes in national policies, legislation, rules and regulations.<sup>225</sup> Many past African leaders ‘talk the talk and not walk the talk’, as regional commitments were usually not translated into national actions and thus remained on paper.<sup>226</sup> Some possible reasons why African leaders have not implemented their commitments is because they were unwilling to subordinate national interests for long term regional integration goals,<sup>227</sup> ceding part of the State sovereignty to regional institutions.<sup>228</sup>

Sovereignty appears very important for African countries and can serve as a stumbling block to regional integration.<sup>229</sup> The thesis argues that countries lose a measure of national sovereignty every time a multilateral treaty is signed: sovereignty does not, in my view, justify lack of commitment to regional integration. The real issue should be whether the surrendering of sovereignty is justified by the results. Indeed the results should justify the ‘sacrifice’.<sup>230</sup> My view is that even though regional integration may negatively affect national economies in the sense that certain segments of business and labour are affected,<sup>231</sup> it has, however, the potential to benefit countries in the long run.<sup>232</sup> The success of regional integration in Africa depends on the extent to which Member States are willing to cede part pool their sovereignty in the interest of the region<sup>233</sup> and the extent to which political leaders are willing to commit themselves to regional integration.<sup>234</sup>

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<sup>224</sup> Mistry (2000) 99 *African Affairs* 560-561.

<sup>225</sup> Mistry (2000) 99 *African Affairs* 558. See also Oluwu ‘Regional integration, development and the African Union agenda: Challenges, gaps and opportunities’ (2003) 13 *Transnat’l L. & Contemp Probs* 229.

<sup>226</sup> Oluwu states that the concerted efforts aimed at integration in Africa must move beyond rhetoric and assume deeper potentials in concrete terms: Oluwu (2003) 13 *Transnat’l L. & Contemp Probs* 219 & 229.

<sup>227</sup> The deeper the integration, the greater the required level of commitment. See Winters ‘The European Community: a case of successful integration?’ in De Melo & Panagariya (eds) *New dimensions in regional integration* (1993) 224.

<sup>228</sup> Mistry (2000) 99 *African Affairs* 565.

<sup>229</sup> Article 3 (b) of the Constitutive Act of the African Union of 2000. See also McCarthy *Regional Integration in sub-Saharan Africa: Past, Present and Future in regional integration and trade liberalisation in sub-Saharan Africa* 12-49 and Oluwu ‘(2003)13 *Transnat’l L. & Contemp Probs* 236 & 238.

<sup>230</sup> UNECA *Assessing regional integration in Africa I* 21. See also the chapter 2 part 2.1 which discusses the benefits of regional integration.

<sup>231</sup> UNECA *Economic Report on Africa 2005: Meeting the challenges of unemployment and poverty in Africa* (2005) 112.

<sup>232</sup> A steady market is important for an increase in trade flow and it promotes foreign investment as it creates commercial certainty and competition: Jovanovic *International economic integration* 357.

<sup>233</sup> Each Member State has a role to play in the ensuring that regional integration succeeds in Africa.

<sup>234</sup> Success is defined as the achievement of ‘stated integration goals’: Webber ‘Two funerals and a wedding? The ups and downs of regionalism in East Asia and Asia Pacific after the Asian Crisis’ in Laursen *Comparative regional integration: Theoretical perspective* (2003) 128.

The next factor hampering regional integration relates to political instability.

### 2.5.3 Political instability

The African region has been besieged by civil wars, and ethnic tensions and religious divisions. Countries poorly integrated internally are generally poor partners in the regional integration process since their disunity reduces their focus. Political instability undermines both economic stability, security and the ability to commit to the regional agenda.<sup>235</sup> Instability results in socio-economic infrastructure being destroyed and it erodes institutional capacity, aggravates poverty and human misery across the continent.<sup>236</sup> Persistent turmoil in the war-torn countries hinders regional progress as security and peace are fundamental to trade.<sup>237</sup>

It appears that Africa's failure to resolve conflict, in countries such as the Democratic Republic of Congo, hampers progress and is an impediment to effective regional integration in that it makes it difficult for integration to work. African leaders seem to be currently focussing more on their internal affairs. For progress to be made regional integration initiatives need to take precedence over internal matters. There is an urgent need for African countries to implement peace and security initiatives through the New Partnership for Africa's Development (NEPAD) for the realisation of the socio-economic integration of the continent.<sup>238</sup> The intervention by the AU both in Kenya and Zimbabwe through the establishment of the Global Political Agreement (GPA), following disputed election results in those countries, was commendable, despite the repeated cases of human rights abuse and bad governance.<sup>239</sup> The ECOWAS decision to suspend Mali following the recent coup is

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<sup>235</sup> Lee 'Regionalism in Africa: A part of the problem or a part of solution' available at <http://www.polis.sciencespobordeaux.fr/vol10ns/arti6.html> (accessed 20 March 2012). According the World Report for Investment the foreign direct investment inflows to Africa went down to \$42.7 billion in 2011 due to the protracted political stability in Libya and Egypt which had been major recipients for FDI: United Nations Conference on Trade and Development *World Investment Report 2012 Overview: Towards a new generation of investment policies* (2012) 11. Also available at <http://www.unctad-docs.org/files/UNCTAD-WIR2012-Overview-en.pdf> (accessed 13 February 2013).

<sup>236</sup> A case in point is the situation in Somalia, Democratic Republic of Congo and the Central African Republic where people are living in poverty and misery; the infrastructure has also been destroyed as a result of wars.

<sup>237</sup> Venter & Neuland *Regional integration* 23. See also UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010) 33. Also available at <http://www.uneca.org/aria4/ARIA4Full.pdf> (accessed 27 January 2013), hereafter *UNECA Assessing regional integration IV*.

<sup>238</sup> NEPAD's focus is discussed in detail in chapter 2 part 2.6.1.

<sup>239</sup> United Nations 'Country Analysis Report for Zimbabwe' (2010) 11 available at <http://www.zw.one.un.org/sites/default/files/Country%20Analysis%20Report%20for%20Zimbabwe%202010.pdf> (accessed 7 February 2013).

applauded as it is a step in the right direction in that it is aimed at ensuring peace in that country. Peace and security is necessary to sustain and deepen regional integration.<sup>240</sup>

Weak infrastructure also has a deleterious impact on regional integration.

#### 2.5.4 Weak infrastructure

Infrastructure including energy resources, water, information and communication technologies and transport networks, is essential as it facilitates trade, help reduce poverty and promotes the free movement of goods and persons. Africa continues to experience problems of weak and underdeveloped infrastructure.<sup>241</sup> South Africa's President Zuma stated that:

'Africa's time has come and without infrastructure our dreams will never be realised. We cannot trade on the continent because of the lack of communication. The infrastructure that we want to create will provide new opportunities for our continent.'<sup>242</sup>

Inadequate or weak infrastructure remains an obstacle to regional integration; it negatively impacts on intra-African trade, investment and private sector development.<sup>243</sup> Poor infrastructure also results in high costs of doing business.<sup>244</sup>

Africa needs to develop its infrastructure such as communication, road network to ensure that the region is competitive. The existing electricity systems and telecommunications networks appear to have been built for purely national concerns in mind instead of regional needs.<sup>245</sup> Internal waterways are insufficiently exploited and in some cases underdeveloped making it difficult for business. African countries do not have a reliable infrastructure;<sup>246</sup> the railway

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<sup>240</sup> Peace and security in individual countries are necessary preconditions for successful regional integration: Kritzinger-Van Niekerk & Moreira *Regional integration in Southern Africa* 7. UNECA *Assessing regional integration IV* 33.

<sup>241</sup> UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010) 25.

<sup>242</sup> NEPAD 'Africa launches an ambitious programme for infrastructure development' available at <http://www.nepad.org/regionalintegrationandinfrastructure/news/1628/africa-launches-ambitious-programme-infrastructure-de> (accessed 27 January 2013).

<sup>243</sup> UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010) 4.

<sup>244</sup> UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010) 4.

<sup>245</sup> Most African capitals also appear to be better connected by air to London, Paris and Hong Kong than directly with each other. Transport connections should consequently be improved for the continent to remain competitive to investors. The infrastructure should be designed with a continental focus so that it fosters intra-African growth and trade.

<sup>246</sup> Ajayi 'What Africa needs to do to benefit from globalisation' (2001) *International Monetary Fund Finance and Development* available at <http://www.imf.org/external/pubs/ft/fandd/2001/12/ajayi.htm> (accessed 20 March 2012).

and road networks often lead to marine ports rather linking countries over land.<sup>247</sup> The road and rail networks within countries are also relatively undeveloped. Mistry explains that infrastructure linking countries is less developed except in Southern Africa.<sup>248</sup> Although there is some merit in Mistry's view on the state of the infrastructure in Southern Africa, much still needs to be done to improve the transport and communications infrastructure in Southern Africa.<sup>249</sup>

Joint regional programmes aimed at improving transport and communications networks, energy resources and information technology would be in essence significant in enhancing trade and investment in the region. Programmes such as Programmes for Infrastructure Development in Africa (PIDA)<sup>250</sup> and the programmes which various regional economics communities are implementing<sup>251</sup> should be coordinated and strengthened to improve the infrastructure in the region. NEPAD's role in developing the infrastructure is explored in the next chapter.

The challenge of distributing benefits is another problem that hampers regional integration.



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<sup>247</sup> UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010) 10.

<sup>248</sup> Mistry (2000) 99 *African Affairs* 555.

<sup>249</sup> The state of the roads network varies in Southern Africa; the roads in the North has for example deteriorated following civil strife in DRC and Angola as well as natural disasters such as floods : Kritzinger-van Niekerk *Regional Integration in Southern Africa: Overview of recent developments* (2002) 17.

<sup>250</sup> The programme is spearheaded by the Africa union (AU), New Partnership for Africa's Development (NEPAD) and the African Development Bank (ADB). For the AU/NEPAD, the Programme for Infrastructure Development in Africa (PIDA) is a guiding document for infrastructure development agenda, policies, and investments priorities in the key sectors for 2011 – 2030. The ADB is responsible for implementing the Programme for Infrastructure Development in Africa through its department of regional integration. Its role is to act as an Executing Agency and its responsibilities include, *inter alia*, financial, technical and administrative management: NEPAD 'Africa launches an ambitious programme for infrastructure development' available at

<http://www.nepad.org/regionalintegrationandinfrastructure/news/1628/africa-launches-ambitious-programme-infrastructure-de> (accessed 27 January 2013).

<sup>251</sup> ECOWAS is implementing a project to create a single window in the main ports of the Abidjan-Lagos corridor to facilitate transport and transit. ECOWAS and UEMOA are preparing to implement five programs including the Bamako-Dakar corridor under a Community Plan of Action on Infrastructure and Road Transport. In COMESA transit facilitation instruments are being developed to enhance road infrastructure and to ease cross-border traffic. The EAC is running the East African Road Network project –Mombasa to Katuna Road/North and Dar es-Salam to Mutukula/Central. SADC continues to develop road and rail travel, a project for the Lesotho Railway is underway. Significant to note is the Hidroelectrica de Cahora Bassa aimed at improving the supply of energy to countries like Zambia, Zimbabwe and South Africa: UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010)25-27.

### 2.5.5 Problems of distributing benefits derived from regional integration

The difficulties in the distribution of benefits are inherent in regional integration. The uneven distribution of benefits has stalled efforts towards any meaningful and effective integration in Africa's sub-regional groupings.<sup>252</sup> This is an acute problem where there are major disparities in the size of the economies and level of development among the participating Member States. Differences in the level of development between the countries' sees market forces direct the benefits mainly towards the more advanced countries to the possible detriment of the countries with small economies.<sup>253</sup> SACU provides an example of the disparities that can exist even in a sub- regional bloc; South Africa is more developed and has a bigger manufacturing sector than Botswana, Lesotho, Namibia and Swaziland, a situation that may result in a one-sided flow of trade.<sup>254</sup>

Equal distribution helps build trust and strengthen relations between States; Member States expect either an equal share of benefits or adequate financial compensation for their equal share. Unequal distribution tends to generate negative perceptions regarding the criteria used when distributing the gains which are sometimes also complicated by their focus on national interests.<sup>255</sup>

African countries should adopt a balanced and an acceptable form of distributing benefits as this is of importance to the establishment and survival of the common market.<sup>256</sup> Inequality in the distribution of benefits poses a political threat that may undermine regional integration. Each State needs to realise the benefits of regional integration through the development of a formula which they can use to compensate the other Member States. Inequality of benefits should thus be addressed.

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<sup>252</sup> Foroutan 'Regional integration in Sub-Saharan Africa: past experience and future prospects' in De Melo & Panagariya (eds) *New dimensions in regional integration* (1993) 249.

<sup>253</sup> Robson *Economic integration* 13.

<sup>254</sup> McCarthy 'Regional integration of developing countries at different levels of economic development- Problems and prospects' (1994) 4 *Transnat'l L. & Contemp. Probs* 11.

<sup>255</sup> Hazlewood 'The end of the East African Community: What are the lessons for regional integration schemes?' (1979) 18 *Journal of Common Market Studies* 53-54, hereafter Hazlewood 1979) 18 *Journal of Common Market Studies*.

<sup>256</sup> Hazlewood (1979) 18 *Journal of Common Market Studies* 53-54. The SACU for example uses fiscal transfers whereby South Africa compensates the other participating countries for economic polarisation and price-raising effects of trade diversion. A common policy towards foreign enterprises could also be used through foreign investment codes. Participating countries could also selectively protect infant industries within the bloc and could further establish a regional development bank which should act as an equalising device.

Regional integration may also give rise to revenue losses for countries that rely on direct and indirect taxation.<sup>257</sup> Loss of revenue becomes a problem where tariff revenue is one of the major sources of government revenue, for example, in the case of Zimbabwe and Kenya. Loss of revenue is nonetheless a short-term issue and African countries should aim at long-term benefits emanating from regional integration.<sup>258</sup> A mechanism for compensating revenue losses Member States incur with the reduction of tariffs on products originating from within the community becomes important as a short term solution.<sup>259</sup>

Africa also faces the obstacle of institutional challenges.

### 2.5.6 Institutional Challenges

Strong institutional infrastructure at national and regional level and between national and regional institutions is essential for regional integration.<sup>260</sup> National and sub-regional capacities influence the success of regional integration. By implication, weak national institutions may seriously hamper effective cooperation and integration in Africa.<sup>261</sup> Research argues that only 32% of African countries have a dedicated regional integration ministry: the rest lack a central point in the government that specifically coordinates sub-regional economic activities.<sup>262</sup> Coordination would save time and human resources. Such coordination difficulties are likely to hinder integration efforts in Africa.

Some of the problems experienced by regional institutions in Africa relate to lack of funding as governments sometimes fail to meet their financial obligations. The AU needs sufficient funding for institution building and to support its programmes. It is suggested that the AU may obtain some funds if the sub-regional institutions are dismantled and reorganised as there is a lot of duplication of activities. The dismantling could provide some funds needed

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<sup>257</sup> McDonald *Regional integration in Africa: The case of ECOWAS* PhD thesis 161.

<sup>258</sup> Geda & Kebret (2008) 17 (3) *Journal of African Economies* 363.

<sup>259</sup> UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010)12.

<sup>260</sup> Oluwu (2003) 13 *Transnat'l L. & Contemp Probs* 231.

<sup>261</sup> UNECA *Assessing regional integration in Africa II* xviii-xix. It is noteworthy that problems relating to institutions include the fact that the legal framework for Africa's integration is viewed as ambiguous and imprecise. Continental blueprints do not match the reality on the ground. Regional economic communities have independently pursued their integration agendas, and their treaties appear to take precedence over continental blueprints. No hard and fast rules bind the regional economic communities' integration agendas to the continent wide frameworks.

<sup>262</sup> The reasons for failing to establish a dedicated ministry include the diversity that exists in policies and the fact that some believe that the existing mechanism which involves other ministries acting as focal points on regional integration are satisfactory: UNECA *Assessing regional integration IV: Enhancing intra-African trade* 12.

by the AU as multiple regional institutions result in duplication of resources. Regional economic communities may also need to come up with a self-financing plan that is separate from national budgets. A levy could be imposed on imports from third countries.<sup>263</sup>

Regional institutions are sometime sometimes affected by political appointments or the poor rate of employment of professional staff, resulting in the regional institutions having less qualified officials.<sup>264</sup> Deeper regional integration requires a proper and effective functioning of regional institutions.<sup>265</sup>

### 2.5.6.1 Sovereignty

The reluctance by countries to cede power to regional organisations as well the failure to implement decisions taken during meetings negatively affect the functioning of supranational organs. Most institutions in Africa currently serve as forums for cooperation rather than decision-making bodies whose policies supersede those of Member States.<sup>266</sup> African countries have demonstrated a reluctance to empower regional institutions. This is because the institutions are sometimes perceived as ‘politicised’, a case in point being the SADC Tribunal,<sup>267</sup> a sub-regional organisation which was suspended following its two judgments on Zimbabwean cases dealing with land disputes and human rights abuses.<sup>268</sup> The decision to suspend the tribunal was triggered by the Zimbabwe government’s refusal to abide by the *Campbell* ruling following the Tribunal’s finding that the expropriation of farms without

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<sup>263</sup> Some regional economic communities are said to have implemented a plan that imposes a levy on imports from third countries, which has proved sustainable this far: UNECA *Assessing regional integration II* 130.

<sup>264</sup> Low salaries may explain the poor rate of employment of professional staff since it is cited that 40% of the professional staff earns more than \$20,000 a year, and another 40% earns \$10,000–\$20,000. See UNECA *Assessing regional integration II: Rationalising Regional Economic Communities* EAC Policy Research Report (2006) xviii. Also available at <http://new.uneca.org/Portals/aria/aria2/chap6.pdf> (accessed 15 February 2012).

<sup>265</sup> Kritzinger-van Niekerk & Moreira ‘Regional Integration in Southern Africa: Overview of recent developments’ Discussion Paper Regional Integration and Cooperation Africa Region The World Bank (2002) xviii, hereafter Kritzinger-van Niekerk & Moreira ‘Regional Integration in Southern Africa: Overview of recent developments’.

<sup>266</sup> Patrick ‘Crisis in the Europe: An overview’ in Patrick (ed) *Crisis in the Eurozone: Transatlantic Perspectives* (2010) 3.

<sup>267</sup> The SADC Tribunal was established by the 1992 SADC Treaty for the purpose of hearing cases between citizens and their governments and to settle disputes between countries. SADC is made up of 15 Member States.

<sup>268</sup> Naidoo ‘SADC Tribunal–Calls for reinstatement–Region in legal limbo’ (2/02/2012) available at <http://www.fm.co.za/Article.aspx?id=163935> (accessed 6/02/2012). See also Tralac ‘What has happened to the protection of rights in SADC?’ available at <http://www.tralac.org/2012/01/18/what-has-happened-to-the-protection-of-rights-in-sadc/> (accessed 3 February 2012).

adequate compensation was in violation of SADC protocols.<sup>269</sup> The meeting of SADC Heads of State confirmed the suspension in May 2011 after the leaders agreed to review the role, functions and terms of reference of the Tribunal.<sup>270</sup>

The idea of reviewing the role and the functioning of the tribunal clearly shows how an effective institution can be made dysfunctional, despite the fact that the tribunal had a vital role to play with regard to SADC's goal to become an economic bloc and a powerhouse of regional trade.<sup>271</sup> The suspension of the tribunal shows the extent to which African leaders desire regional institutions to remain weak and to merely serve administrative functions. It also shows how African political leaders want to hold on to sovereignty and to exploit it for their own interests. The experience in Africa indicates that countries are hesitant to create supra-national bodies and to transfer power to them as a sanctioning authority<sup>272</sup> and this hampers regional integration efforts.

For regional integration to succeed in Africa, regional law needs to enjoy supremacy over domestic laws and the decisions made by regional institutions must be binding and enforceable in all Member States.<sup>273</sup> More importantly, there must be an adequate enforcement mechanism.<sup>274</sup> The reason why the SADC Tribunal's decisions against the Government of Zimbabwe were not implemented was as a result of lack of an enforcement mechanism. The High Court of Zimbabwe refused to register and to enforce the SADC

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<sup>269</sup> The cases are *Mike Campbell (Pvt) Ltd and Others v Republic of Zimbabwe* [2008] SADC Tribunal 2, available at <http://www.saflii.org/sa/cases/SADCT/2008/2.html> (accessed 27 June 2012) and *Barry Gondo & 8 others v The Republic of Zimbabwe* [2008] SADC Tribunal 5. See also Afadameh-Adeyemi 'Barry Gondo & 8 others v The Republic of Zimbabwe SADC (T) 05/2008' (2011) *SADC Law Journal* 11, hereafter Afadameh-Adeyemi 2011) *SADC Law Journal*.

<sup>270</sup> Hawkey 'SADC Tribunal decision a blow for justice' *Derebus* (2012) available at <http://www.saflii.org/za/journals/DEREBUS/2012/24.pdf> (accessed 3 February 2013).

<sup>271</sup> Hawkey 'SADC Tribunal decision a blow for justice' *Derebus* (2012) available at <http://www.saflii.org/za/journals/DEREBUS/2012/24.pdf>. (accessed 3 February 2013).

<sup>272</sup> Geda & Kebret (2008) 17 *Journal of African Economies* 358 and Erasmus (2011)1 *SADC Law Journal* 21.

<sup>273</sup> The Government of Zimbabwe's refusal to be bound by the Tribunal's decisions was based on section 16b of the Constitution in terms of which Zimbabwe is required to ratify or domesticate the law for it to apply. Amendment 17 ousts the jurisdiction of Zimbabwe's law courts from any matter connected to the acquisition of land and the Government of Zimbabwe was relying on this municipal or domestic law. It should be noted that what the Government of Zimbabwe did by relying on the above provision was contrary to Art 6(5) of the SADC Treaty which states that 'Member States must take all necessary steps to accord this Treaty the force of national law.' Zimbabwe's argument that it had not ratified the law and the withdrawal from the Tribunal Protocol shows the tendency of giving primacy to national law instead of regional law:- Scholtz 'Review of the role, functions and terms of reference of the SADC Tribunal' (2011) 1 *SADC Law Journal* 199, hereafter Scholtz (2011) 1 *SADC Law Journal* 199.

<sup>274</sup> Ndlovu 'Campbell v Republic of Zimbabwe: A moment of truth for the SADC Tribunal' (2011) 1 *SADC Law Journal* 74, hereafter Ndlovu (2011) 1 *SADC Law Journal*.

Tribunal decision in terms of Article 32.<sup>275</sup> The SADC Tribunal decisions had to be registered in South Africa in terms of Article 33(2) which empowers members of the SADC Community to take measures necessary to ensure execution of the decisions of the Tribunal.<sup>276</sup> The Government of Zimbabwe, however, still did not comply with the Tribunal's decisions. The Tribunal had to therefore, report its finding of non-compliance to the SADC Summit 'to take appropriate action'.<sup>277</sup> This is in line with the Article 33 of the SADC Treaty which states that sanctions may be imposed against any member that, without good reason, persistently fails to fulfil its Treaty obligations or implements policies that undermine the trade bloc's principles and objectives.<sup>278</sup> Article 33(2) of the Treaty provides that the sanctions shall be determined by the Summit on a case-by-case basis. It is submitted that the failure to give guidance in the possible sanctions that the Summit can impose is a lacuna in the law.

The supreme policy making body of the SADC Summit consists of Heads of State or Government of all Member States.<sup>279</sup> The decisions of the Summit are made by consensus and are binding.<sup>280</sup> Unfortunately, the consensual nature of the decision-making process of the Summit can be an impediment to the imposition of punitive measures or sanctions.<sup>281</sup> It is not conceivable that consensus can be reached as this implies that the State against which the sanction is to be imposed should also agree to the sanction. No penalty has been imposed on the Government of Zimbabwe for non-compliance. In my view even after withdrawing from the Tribunal, the Summit should still have imposed a penalty on the basis that the Government of Zimbabwe had been found guilty of violating human rights. Article 27 of the

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<sup>275</sup> Article 32 of the Protocol on Tribunal and Rules of Procedure (SADC Tribunal) provides that 'The law and civil procedure for the registration and enforcement of foreign judgments in force in the territory of State in which the judgment is to be enforced shall govern the enforcement' available at [http://www.iss.co.za/AF/RegOrg/unity\\_to\\_union/pdfs/sadc/6Protocol\\_on\\_Tribunal.pdf](http://www.iss.co.za/AF/RegOrg/unity_to_union/pdfs/sadc/6Protocol_on_Tribunal.pdf) (accessed 27 June 2012).

<sup>276</sup> The North Gauteng High Court of South Africa was approached to register the decisions of the SADC Tribunal of 28 November 2008 and 5 June 2009 in terms of Article 32(2): Scholtz (2011) 1 *SADC Law Journal* 199.

<sup>277</sup> Article 32 (5) of the Protocol on Tribunal and Rules of Procedure (SADC Tribunal) available at [http://www.iss.co.za/AF/RegOrg/unity\\_to\\_union/pdfs/sadc/6Protocol\\_on\\_Tribunal.pdf](http://www.iss.co.za/AF/RegOrg/unity_to_union/pdfs/sadc/6Protocol_on_Tribunal.pdf) (accessed 27 June 2012). Appropriate action implies that the Summit is expected to impose the appropriate penalty to the Member State that has failed to comply with the decision of the Tribunal. The Protocol does not however, specify the appropriate action that the Summit may take in the circumstances. The failure to impose a penalty on the Government of Zimbabwe could be due to the uncertainty brought by the above provision.

<sup>278</sup> Article 33 of the Declaration and Treaty of SADC available at <http://www.sadc.int/index/browse/page/119#article3> (accessed 27 June 2012).

<sup>279</sup> Article 10 of the Declaration and Treaty of SADC available at <http://www.sadc.int/index/browse/page/119#article3> (accessed 27 June 2012).

<sup>280</sup> Article 10 of the Declaration and Treaty of SADC available at <http://www.sadc.int/index/browse/page/119#article3> (accessed 27 June 2012).

<sup>281</sup> Scholtz (2011) 1 *SADC Law Journal* 200 and Ndlovu (2011) *SADC Law Journal* 76.

Vienna Convention on the Law of Treaties which deals with the interpretation of treaties provides that a State may not invoke the provisions of its internal law as justification for its failure to perform a treaty.<sup>282</sup> This implies that compliance with domestic law is not a sufficient defence for failing to discharge the responsibilities of a State under an international treaty.<sup>283</sup> It is argued that the Government of Zimbabwe did not act in good faith by withdrawing from the Tribunal after failing to perform accordingly in terms of the SADC Treaty.<sup>284</sup> The Summit should have still imposed a penalty.<sup>285</sup>

The Zimbabwe case indicates the complex nature of the relationship between national and regional law as well as the relationship between a domestic court and regional institution such as SADC Tribunal.<sup>286</sup> States are generally bound by national law and the Constitution of each State determines the role of international (including regional) law in that State. Where a State becomes a member of a regional institution, its national law must be compatible with regional law.<sup>287</sup> Whether regional law finds direct application or applies in each State through an enactment; it should take precedence over national law. The decision of a regional institution such as SADC Tribunal should also supersede the decision of a domestic court. It is, however, crucial for the relationship between national and community law to be clear. National legal instruments should clarify the position of regional law to ensure consistency and uniformity in the legal status of regional law. National courts should also give effect to regional rules by guaranteeing enforcement of the decisions made.<sup>288</sup>

The suspension of the SADC Tribunal following Zimbabwe's non-compliance with its decision suggests that SADC Member States are not fully committed to regional

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<sup>282</sup> Vienna Convention on the Law of Treaties 1969 available

[http://untreaty.un.org/ilc/texts/instruments/english/conventions/1\\_1\\_1969.pdf](http://untreaty.un.org/ilc/texts/instruments/english/conventions/1_1_1969.pdf) (accessed 27 June 2012).

<sup>283</sup> Ndlovu (2011) 1 *SADC Law Journal* 71.

<sup>284</sup> Articles 4 (c) and 6 (1) of the SADC Treaty created an obligation on Member States to respect, protect and promote human rights, democracy and the rule of law. The Tribunal as a result held that the right to an effective remedy was a fundamental right entrenched in the concept of rule of law and a State is obliged to provide effective remedies. The Government of Zimbabwe thus failed to uphold the rule of law and it had violated human rights principles which were clearly spelt out in the SADC Treaty. It was also pointed out that Art 2(3) of the International Covenant on Civil and Political Rights (ICCPR), read in conjunction with its Article 5, prohibited any legislation or conduct which might render remedies ineffective or that might obstruct the implementation of judicial remedies, or provide state immunity from the enforcement of court orders: Afadameh-Adeyemi (2011) *SADC Law Journal* 11 also available <http://www.saflii.org/na/journals/SADCLJ/2011/11.html> (accessed 27 June 2012).

<sup>285</sup> Article 26 of the Vienna Convention on the Law of Treaties requires States to perform their duties arising from a treaty in good faith.

<sup>286</sup> Erasmus (2011) 1 *SADC Law Journal* 21.

<sup>287</sup> Afadameh-Adeyemi (2011) *SADC Law Journal* 11.

<sup>288</sup> One would have expected SADC Member States to affirm the Tribunal decision by calling for the enforcement of the decision against Zimbabwe: Ndlovu (2011) 1 *SADC Law Journal* 78. See also Erasmus (2011) 1 *SADC Law Journal* 21.

integration.<sup>289</sup> It illustrates the challenge to regional integration that arises from some African countries continuing to hold on to sovereignty. By suspending the Tribunal, SADC lost an opportunity to educate and impress upon its Member States the need to respect and adhere to regional instruments which they have acceded to, and to surrender part of their sovereignty to the regional institution.

It is questionable whether SADC is a good example of a regional institution that has a clear vision, capacity and institutional infrastructure to advance regional integration.<sup>290</sup> Institutional framework as it can ultimately either drive or stall integration.<sup>291</sup> Regional institutions must have the power to enforce regional law that is why supranationalism is important. Although Member States voluntarily sign regional agreements establishing supranational organisations, there still appears to be an unwillingness to respect the applicable legal instruments, let alone, to comply with obligations, and to provide for effective domestic measures to implement the relevant rules and rulings on the part of Member States. There are arguments that the evolution of the institutional architecture for regional integration is not clearly visible.<sup>292</sup> It is reasonably certain that the region is not likely to evolve towards a unified institutional arrangement but will slowly seek to strengthen the existing arrangements, while developing stronger cooperative links.

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### 2.5.7 Overlapping memberships in sub-regional blocs

It is worth stressing that Africa currently has fourteen sub-regional economic communities, with almost all sub-regions hosting two or more regional economic blocs.<sup>293</sup> Some countries

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<sup>289</sup> Scholtz (2011) 1 *SADC Law Journal* 2001.

<sup>290</sup> UNECA *Assessing Regional Integration in Africa (ARIA II)* 21. SADC is committed *inter alia*, to harmonise political and socio-economic policies and plans of Member States; encourage the people in the Member States to take initiatives to develop economic, social and cultural ties across the region, and to participate fully in the implementation of the programmes and projects of SADC; create appropriate institutions and mechanisms for the mobilisation of requisite resources for the implementation of programmes and operations of SADC and its institutions and to develop policies aimed at the progressive elimination of obstacles to the free movement of capital and labour, goods and services, and of the people of the region generally, among Member States: Art 2 of the Declaration and SADC Treaty available at <http://www.sadc.int/index/browse/page/119#article3> (accessed 27 June 2012).

<sup>291</sup> Dispute enforcement mechanism plays a crucial role in sustaining regional integration processes: Ndlovu (2011) 1 *SADC Law Journal* 78.

<sup>292</sup> Kritzinger-van Niekerk 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012).

<sup>293</sup> The sub-regional communities include Southern African Development Community (SADC), Southern African Customs Union (SACU), Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECCAS), West African Economic and Monetary Union (UEMOA),

are members of multiple sub-regional groupings.<sup>294</sup> Mistrust and perceived competition between African countries are some of the factors that gave rise to each region establishing its own trade bloc. The overlapping regional trading blocs are, according to South African Finance Minister Gordhan, limiting progress towards integration of the region into a single market<sup>295</sup> because they divide the market.

### 2.5.7.1 The problems caused by overlapping memberships

A question that arises is: does the overlap lead to a loss of efficiency and accordingly call for reconfiguration of the sub-regional grouping to ensure that they serve as building blocks?<sup>296</sup> This is a matter of debate across the region. Some writers contend that the overlap contributes to progress, while others argue that multiplicity of membership hinders regional integration as it leads to duplication of efforts.<sup>297</sup> There may also be conflicts of interests;<sup>298</sup> the overlap tends to run counter the regional goals and leads to counter-productive or unhealthy competition among countries and institutions.<sup>299</sup>

Multiple memberships give rise to complexities and concerns in relation to tariffs, rules of origin<sup>300</sup> and procedures for such countries and the region as this is not in line with the

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Mano River Union (MRU), the Central African Economic and Monetary Community (CEMAC), the Economic Community of Great Lakes Countries (CEPGL), Common Market for East and Southern Africa (COMESA), the East African Community (EAC), Inter-Governmental Authority on Development (IGAD), the Indian Ocean Commission (IOC) and Community of Sahel-Saharan States (CEN-SAD).

<sup>294</sup> 26 of Africa's 54 countries are members of two regional economic groupings, and 20 are members of three economic groups. The Democratic Republic of Congo belongs to four groupings. Only 6 countries maintain membership of just one regional grouping: UNECA *Assessing regional integration in Africa I* 40. Examples of states that have multiple memberships are: East Africa, Kenya and Uganda are members of both the EAC and COMESA, whereas Tanzania, also a member of the EAC, left COMESA and joined SADC in 2001.

The challenges that arise due to multiple memberships are that it can be confusing; creates duplication and sometimes competition in activities; it also places additional burdens on the personnel as foreign affairs staff has to attend all the various summits and other meetings.

<sup>295</sup> Admin 'Overlapping trading blocs stand in the way of Africa's integration' (11 October 2010) available at <http://www.trademarksa.org/print/2107> (accessed 30 June 2011).

<sup>296</sup> UNECA *Assessing regional integration in Africa I* 39.

<sup>297</sup> UNECA *Assessing regional integration II* xiii and xvii. Also available at <http://new.uneca.org/Portals/aria/aria2/chap6.pdf> (accessed 15 February 2012). Of the 12 major programmes related to trade facilitation and trade and market integration, being undertaken by the regional economic communities in West Africa for example, there is duplication in at least 9 of them.

<sup>298</sup> Member States in different uncoordinated regional economic blocs implement conflicting or incompatible integration programmes that are at variance with the level of liberalisation achieved by the state concerned: Dlagnekova (2009) 15-1 *Fundamina* 14. Conflicts may also arise from multiple memberships in blocs that have similar mandates but different modalities for achieving those mandates: Kritzinger-van Niekerk & Moreira 'Regional Integration in Southern Africa: Overview of recent developments' xiii.

<sup>299</sup> Geda & Kebret (2008) 17 -3 *Journal of African Economies* 361.

<sup>300</sup> Rules of origin relates to the criteria needed to determine the national source of a product which determines whether imported products should receive most-favoured-nation (MFN) treatment or preferential treatment:

envisaged continental-wide integration.<sup>301</sup> It is mostly members of both SADC and COMESA that are increasingly facing confusing and conflicting situations as the respective integration agendas deepen.<sup>302</sup> One of the problems is that traders have to operate within a number of trade regimes each with its own tariff rates, rules of origin and procedures.<sup>303</sup> The risk of trade deflection<sup>304</sup> becomes unfortunately high as goods that have been preferentially<sup>305</sup> imported from a country like Malawi (a member of both SADC and COMESA)<sup>306</sup> are subsequently preferentially re-exported to say SA (a member of SADC and SACU). Van-Niekerk and Moreira assert that the official barriers to trade become very porous in such situations.<sup>307</sup> When official barriers are permeable or porous, products are bound to be imported and exported across borders without the necessary tariffs being imposed. The difficulty that this creates is a reduction in income derived from tariffs that could affect government budgets.

Memberships in regional communities also place an onerous burden on the Member States which have to meet multiple financial obligations, negotiate varying trade regimes, as well as cope with different meetings, policy decisions, instruments, procedures and schedules.<sup>308</sup>

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WTO 'Technical information on rules of origin' available at [http://www.wto.org/english/tratop\\_e/roi\\_e/roi\\_info\\_e.htm](http://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm) (accessed 20 October 2013).

<sup>301</sup> Ndomo 'Regional economic communities in Africa: A progress overview' A study commissioned by GTZ (2009) 10.

<sup>302</sup> Kritzinger-van Niekerk & Moreira 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) 2 available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012).

<sup>303</sup> Yimar 'Retaining COMESA by uniting the EAC with COMESA to create a single regional integration agenda' TRALAC (2011) 17 available at [http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/Yimer\\_Final\\_20110621\\_edu.pdf](http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/Yimer_Final_20110621_edu.pdf) (accessed 25 January 2013).

<sup>304</sup> Trade deflection involves trans-shipment of goods or services through a preference-holding country in order for it to obtain a margin of preference available under the preference trade agreement. It is meant to take advantage of preferences: Gibbons 'Rules of origin of the EU's preferential trade agreements with special reference to the EU-ACP Economic Partnership Agreements' in Ngangjoh-Hodu & Matambalya (eds) *Trade relations between the EU and Africa: Development, challenges and options beyond the Cotonou Agreement* (2010) 75.

<sup>305</sup> Preferential or special treatment is given to goods being imported or exported from Member States of an economic bloc.

<sup>306</sup> Due to the EPA process, Malawi will be forced to choose one economic group and that decision is dependent on political, economic, social cultural and geographical factors: United Nations Economic Commission for Africa (UNECA) 'Malawi's dual membership in SADC and COMESA' (2007) 1 available at [http://repository.uneca.org/bitstream/handle/10855/3593/Bib.%2028720\\_1.pdf?sequence=1](http://repository.uneca.org/bitstream/handle/10855/3593/Bib.%2028720_1.pdf?sequence=1) (accessed 25 January 2013).

<sup>307</sup> Whilst it is technically possible for the COMESA and SADC FTAs to co-exist, it will be impossible for any Member State to belong to more than one regime when (if) they adopt a Common External Tariff (CET) and become a Customs Union (CU), unless each regime adopts the same CET and the same CU regulations. Kritzinger-van Niekerk & Moreira 'Regional Integration in Southern Africa: Overview of recent developments' Discussion Paper Regional Integration and Cooperation Africa Region The World Bank (2002) 2.

<sup>308</sup> Erasmus & Hartzenberg *The Tripartite Free Trade Area-Towards a new African integration paradigm?* Trade Law Centre for Southern Africa (Tralac) (2012) 14. Also available at

Multiple memberships may increase both direct and indirect membership costs and participation within the respective blocs placing a burden on limited institutional capacities and resources.<sup>309</sup>

Overlapping membership has serious implications for the private sector in that it increases the costs of doing business by denying producers economies of scale that come with large scale production. It also raises freight costs and slows down business by imposing numerous paperwork requirements.<sup>310</sup> The Coca-Cola Company currently operates 163 processing plants in Africa's 54 countries, but would need half the number if the continent was a single free trade area.<sup>311</sup> Although one may argue that the reduction of the number of processing plants would result in job-loss, regional integration is expected to attract more investments that should create more jobs. The goods also become cheaper as the cost of doing business is reduced. This means that regional integration can improve the welfare of the people. The costs of having 163 processing plants are unfortunately borne by consumers.

Another challenge multiple memberships poses is that customs officials have to apply different tariff reduction rates, rules of origin and trade documentation. Different procedures which involve a lot of paperwork run counter to the trade liberalization goals of facilitating and simplifying trade.<sup>312</sup>

Clearly, the issue of overlapping memberships of sub-regional bodies and the conflicting obligations should be addressed urgently. The overlapping integration arrangements<sup>313</sup> are

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<http://www.tralac.org/files/2012/05/TFTA-towards-new-African-integration-paradigm-20120419-finalweb.pdf> (accessed 7 February 2013), hereafter Erasmus & Hartzenberg *The Tripartite Free Trade Area-Towards a new African integration paradigm?* 14. See also Kritzinger-van Niekerk & Moreira 'Regional Integration in Southern Africa: Overview of recent developments' xiii.

<sup>309</sup> Kritzinger-van Niekerk & Moreira 'Regional Integration in Southern Africa: Overview of recent developments' 4.

<sup>310</sup> Business Daily 'Overlapping trading blocs stand in the way of Africa's integration' (11 October 2010) available at <http://www.businessdailyafrica.com/-/539552/1030870/-/6sn4c2z/-/index.html> (accessed on 30 June 2011) and Erasmus & Hartzenberg *The Tripartite Free Trade Area-Towards a new African integration paradigm?* 14.

<sup>311</sup> Business Daily 'Overlapping trading blocs stand in the way of Africa's integration' (11 October 2010) available at <http://www.businessdailyafrica.com/-/539552/1030870/-/6sn4c2z/-/index.html> (accessed on 30 June 2011)

<sup>312</sup> The WTO main goal is to simplify trade by eliminating trade barriers; its goal is to ensure that trade flows smoothly, predictably and freely as possible: WTO 'The WTO in brief' available at [http://www.wto.org/english/thewto\\_e/whatis\\_e/inbrief\\_e/inbr00\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/inbrief_e/inbr00_e.htm) (accessed 25 January 2013)

<sup>313</sup> For example the Democratic Republic of the Congo, Burundi and Rwanda are members of four different regional economic communities: Adebajo & Whiteman (eds) *The EU and Africa from Eurafrique to Afro-Europa* (2012) 101.

clear manifestations of a lack of coherence and coordination in the integration process.<sup>314</sup> Coordination of these sub-regional economic groups is essential to making them serve as building blocks to regional integration.<sup>315</sup>

The AU needs to develop a relationship with the sub-regional organisations so they can work towards achieving its stated objectives in terms of the Constitutive Act, such as achieving greater unity and solidarity among African States and accelerating Africa's economic, social and cultural integration.<sup>316</sup> One of the reasons why the Organisation of African Unity (OAU) partly failed was due to the Charter of the OAU's failure to clarify the relationship with the sub-regional organisations, formally known as Regional Economic Communities (RECs).<sup>317</sup> Lack of coordination between the AU and sub-regional organisations is problematic since it leaves the sub-regional organisations pursuing their own identities, and interests.<sup>318</sup> The convergence of economic groups is important because it eliminates unnecessary overlaps that result in duplication of activities<sup>319</sup> and that tends to dissipate collective efforts towards the common goal of the AU. Moreover, it tends to muddy the goals of integration and leads to counterproductive competition among countries and institutions.<sup>320</sup>

Rationalisation of the multiple regional groupings is urgently needed.<sup>321</sup> The Constitutive Act acknowledges the importance of sub-regional blocs in the attainment of the AU objectives and aims to 'coordinate and harmonise policies between existing and future' blocs.<sup>322</sup> The AU commission must, therefore, streamline the work of the RECs, develop a consciously structured process of interaction and exchange among the regional communities.<sup>323</sup> The AU Commission should also achieve effective synergies between the regional economic

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<sup>314</sup> UNECA *Assessing Regional Integration in Africa (ARIA II): Rationalising regional economic communities* (2006) 39.

<sup>315</sup> The fourteen existing African sub-regional blocs should not be seen as a problem but rather as buildings blocks: Oppong 'Private International Law in Africa: The past, present and future' 55 *Am. J. Comp. L.* (2007) 702. See also Onwuka & Sesay *The future of Regionalism* 254 and SADC 'Challenges for Trade Policies and Strategies' available at <http://www.sadc.int/index/browse/page/109> (accessed 12 February 2012).

<sup>316</sup> Article 3 (a) and 3 (j) of the Constitutive Act of 2000.

<sup>317</sup> Makinda & Okumu *The African Union* 25.

<sup>318</sup> Makinda & Okumu *The African Union* 25.

<sup>319</sup> Regional economic communities have similar mandates and objectives; multiple memberships lead to wasteful duplication of resources and efforts.

<sup>320</sup> UNECA *Assessing regional integration in Africa I: Accelerating Africa's integration* (2004) 41.

<sup>321</sup> Oluwu (2003)13 *Transnat'l L. & Contemp Probs* 245.

<sup>322</sup> Article 3 (I) of the Constitutive Act of 2000. Adedeji 'The travails of regional integration in Africa' in Adebajo & Whiteman (eds) *The EU and Africa from Eurafrique to Afro-Europa* (2012) 103, hereafter Adedeji 'The travails of regional integration in Africa'.

<sup>323</sup> Adedeji 'The travails of regional integration in Africa'.

communities. By so doing, the problem brought by multiple memberships and the confusion it creates should be addressed.<sup>324</sup>

The coordination and harmonisation of regional groupings has been a major topic of discussion within AU organs particularly the Commission.<sup>325</sup> The effectiveness of the proposed protocol governing the relationship between AU and regional economic blocs remains to be seen. The need to coordinate the existing blocs leading to a single bloc is axiomatic. The success of the AU at large and the idea of regional integration depend on the implications of the AU-RECs relationship and the political will towards achieving rationalisation. This is critical, lest the AU remain another African experiment.<sup>326</sup>

The Economic Commission for Africa proposed a protocol between the AU and the sub-regional economic communities that should clarify the role of these communities in achieving the objectives of the Union.<sup>327</sup> A protocol was meant to ensure convergence of policies and laws of the regional communities concerned so that they do not undermine regional integration efforts. The protocol was suggested because one of the weaknesses of the current communities is that they do not complement as priorities vary across the blocs particularly on trade protocols. The AU and the sub-RECs adopted a protocol that rationalises regional integration at the continental level.<sup>328</sup>

I now turn to the Protocol.

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<sup>324</sup> The confusion caused by multiple memberships resulted in the EU creating overlapping regional EPAs operating at different liberalisation speeds and time frames that cut across regional blocs:-Adedeji 'The travails of regional integration in Africa' 102. The fact that the EPAs have different provisions is problematic and does not aid regional integration in Africa. In fact, it undermines regional integration. The issue of multiple memberships, therefore, needs urgent attention to circumvent further problems regarding regional integration in Africa.

<sup>325</sup> UNECA 'Progress on Regional Integration in Africa' Seventh Session of the Committee on Trade, Regional Cooperation and Integration Addis Ababa, Ethiopia 2 – 3 June 2011 12 (ECA/RITD/CRIT/2011/03) available at [http://www.uneca.org/sites/default/files/uploaded-documents/CTRCI-VII/ctrci-progress-on-regional-integration\\_may2011.pdf](http://www.uneca.org/sites/default/files/uploaded-documents/CTRCI-VII/ctrci-progress-on-regional-integration_may2011.pdf) (accessed 20 November 2013)

<sup>326</sup> The AU is viewed as an over-ambitious organisation in the sense that it was modelled on the EU. The AU still needs to prove that it has lived to the expectation created by virtue of the fact that it is a new organisation that has a new vision and objectives: Makinda & Okumu *The African Union* 52.

<sup>327</sup> See Protocol on relations between the AU and the Regional Economic Communities chapter 2 part 2.5.7.2.

<sup>328</sup> The Protocol on Relations between the African Union and Regional Economic Communities is intended to facilitate the harmonisation of policies of all the regional communities: The Protocol on Relations between the AU and RECs available at <http://www.afrimap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013). See also Oppong 'The African Union, The African Economic Community and Africa's Regional Economic Communities: Untangling a complex web' (2010) 18 *African Journal of International and Comparative Law* 92, hereafter Oppong (2010) 18 *African Journal of International and Comparative Law*.

## **2.5.7.2 Protocol on relations between the AU and the Regional Economic Communities:**

### **Part of the solution**

This part of the chapter seeks to analyse the provisions of the Protocol on Relations between the AU and the RECs<sup>329</sup> (Protocol). Three main questions that arise are: Does the Protocol clarify the role of the RECs in achieving the objectives of the AU? Does it address the challenge of lack of complementarity experienced among regional economic communities? Is the Protocol enforceable?

The Protocol on Relations between the AU and the RECs was adopted by the AU Assembly in July 2007 at the Accra summit and entered into force on 27 January 2008. There were a number of reasons for the adoption of the Protocol. The realisation of the need to establish a mechanism for the harmonisation of the AU and RECs programmes to accelerate integration in Africa.<sup>330</sup> There was a need for coordination and harmonisation of policies, measures, programmes and activities of the RECs themselves: integration of the RECs would accelerate the establishment of the African Common Market. The AU is tasked with the duty to harmonise the RECs:<sup>331</sup> the Protocol is consequently important as it puts the RECs under the framework of the AU which should provide guidance to ensure full participation of the RECs towards its regional integration. Adoption of the Protocol was aimed at defining the respective roles of the AU and RECs in advancing the integration agenda. The RECs are pillars or building blocks for the common market. The Protocol was also adopted due to the need to establish an institutional framework that would govern the relations between the AU and the RECs, which is the backbone of regional integration without which it will be difficult to carry the initiative.

It should be noted that the Protocol refers to harmonisation of the RECs that is intended to enhance not only economic integration but other areas such as social, cultural, political areas, including the need to maintain peace and security.<sup>332</sup>

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<sup>329</sup> RECs are defined as a regional grouping of Africa States organised into a legal entity by treaty with economic and social integration as the main objective: Art 1 of the Protocol on Relations between the AU and RECs.

<sup>330</sup> Preamble to the Protocol on Relations between the AU and RECs available at <http://www.afriamap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

<sup>331</sup> Article 3 (l) of the Constitutive Act of 2000 provides that the Union shall: 'Coordinate and harmonise the policies between the existing and future Regional Economic Communities for gradual attainment of objectives of the Union'.

<sup>332</sup> Cooperation between the RECs and the AU is, therefore, intended to promote good governance, human rights, the rule of law, humanitarian concerns and a democratic culture in Africa. All these factors are

The objectives of the Protocol set out in Article 3 reveal its intended goals. First, to formalise, consolidate and promote closer cooperation among the RECs and between them and the AU through the coordination and harmonisation of their policies, measures, programmes and activities in all fields and sectors.<sup>333</sup> There are two salient points in this objective: the goal to foster cooperation among the RECs, and between the RECs and the AU, particularly through coordinating and harmonising their policies, measures, programmes, and activities.<sup>334</sup> Bringing RECs together so that there is unity of purpose is important for regional integration. RECs in Africa have different protocols and their priorities vary from one community to another as different issues are emphasised.<sup>335</sup> Cooperation among the RECs should reduce the divergences among the communities; particularly the aim of each RECs should be achieving the objectives of the AU. A harmonious approach is necessary for the establishment of a strong united common market.

The second objective of the Protocol is to establish a framework for coordination of the activities of RECs in their contribution to the realisation of the objectives of the Constitutive Act and the Treaty Establishing the Economic Community. The Protocol provides an institutional framework with clear coordination organs:<sup>336</sup> the Committee on Coordination<sup>337</sup> and the Committee of Secretariat Officials.<sup>338</sup> The effectiveness of these institutions is a *sine quo non* for coordinated RECs activities.<sup>339</sup> To ensure effectiveness of the two Committees

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essential for regional integration to progress in Africa. See detailed discussion on obstacles to regional integration in chapter 2 part 2.5.

<sup>333</sup> This objective seems to suggest rationalisation of the RECs by merger and absorption. There are other scenarios for rationalisation are: rationalisation by maintaining the status quo; rationalisation around rooted communities; rationalisation through the division of labour and rationalisation by harmonising policies and instruments: UNECA *Assessing regional integration II* 115.

<sup>334</sup> Harmonisation should include standardisation of market rules such as rules of origin and the documents that are used namely certificate of origin, declarations of the producer or exporter and value added tax exemption forms. Different rules regarding rules of origin should thus be eliminated.

<sup>335</sup> UNECA *Assessing regional integration: Accelerating Africa's integration* (2004) 48.

<sup>336</sup> Article 6 of the Protocol on Relations between the AU and RECs available at <http://www.afriamap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

<sup>337</sup> The Committee on Coordination is tasked with various responsibilities which include, *inter alia*, that it must provide policy orientation pertaining to the implementation of the Protocol; coordinate and harmonise the macro-economic policies, peace and security and other activities of the RECs like trade and customs, integration and industry and it must monitor and keep under constant review, progress made by each REC towards implementation of stages 2 through 4 of the Treaty Establishing the Economic Community: Art 7 of the Protocol on Relations between the AU and RECs available at <http://www.afriamap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

<sup>338</sup> The Committee on Secretariat is responsible for preparing and submitting reports to the Committee on Coordination on policy orientation pertaining to implementation of the Protocol, reports on the coordination and harmonisation of macroeconomic policies as well other policies and activities of the RECs such as agriculture sector and transport and communication: Art 9 (2) of the Protocol.

<sup>339</sup> The creation of these coordinating mechanisms is commendable. Their effectiveness however, requires all the African countries to embrace them, share the vision and provide financial assistance. The little progress that was achieved under the Treaty Establishing the Economic Community could be attributed to lack of

the rationalisation process must ensure that there are national offices that are tasked to coordinate regional initiatives at national level;<sup>340</sup> meeting dates must be fixed and announced at the beginning of each year so that all the important stakeholders are aware of the meeting beforehand. Adequate time will also allow circulation of the necessary documents before the meeting. A coordination office must also be established under the AU so that it can liaise with the national coordination offices; this would ensure periodic exchange and update of information.<sup>341</sup> Apart from these measures the committees should meet more often to be more effective since their work needs to complement. As already indicated, multiple, uncoordinated and poorly supported RECs will undermine regional integration efforts.<sup>342</sup>

The third objective is to strengthen the RECs to avoid problems of multiple memberships.<sup>343</sup> The existing RECs thus need to be strengthened with a view to merge the communities into one bloc. The fourth objective is to implement the Sirte Declaration<sup>344</sup> with regard to the acceleration of integration process and shorten the periods provided in Article 6 of the Treaty Establishing the Economic Community. The Heads of State and Government of the Organisation of the OAU agreed in the Sirte Declaration to particularly: shorten the implementation periods of the Abuja Treaty; ensure the speedy establishment of all the institutions provided for in the Abuja Treaty; such as the African Central Bank, the African Court of Justice and the Pan-African Parliament;<sup>345</sup> and to strengthening and consolidating the RECs as the pillars for achieving the objectives of the African Economic Community. The Sirte Declaration does not specify the shortened time periods for implementing the stages for establishing the common market. Clarification of realistic time frames for each stage is

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leadership and lack of financial resources to implement agreed policies. All these factors become impediments to regional integration.

<sup>340</sup> Leaving regional integration under the Ministry would result in regional integration being dealt with, but as a peripheral issue.

<sup>341</sup> UNECA *Assessing regional integration in Africa II* 132.

<sup>342</sup> UNECA *Assessing regional integration in Africa I* 64.

<sup>343</sup> See chapter 2 part 2.5.7. See also UNECA *Assessing regional integration in Africa I* 41.

<sup>344</sup> The Sirte Declaration was concluded during the Fourth Extraordinary Session of the Assembly of Heads of States and the Government of the Organisation for African Unity, in Sirte Libya, in 1999: See the Sirte Declaration at [http://www.iag-agi.org/bdf/docs/sirte\\_declaration.pdf](http://www.iag-agi.org/bdf/docs/sirte_declaration.pdf) (accessed 7 February 2013).

<sup>345</sup> The Heads of States agreed to establish Parliament by the year 2000, so that it would provide a common platform for the people and their grass-root organisations in terms of involving them in discussions and decision-making regarding the problems and challenges facing the continent. The Pan African Parliament was however, only established in 2004 and its seat is in Midrand South Africa. The four year lag seems consistent with the difficulty experienced when it comes to adhering to time frames in Africa. See 'The Pan African Parliament' available at <http://www.pan-africanparliament.org/> (accessed 7 February 2013).

important in ensuring that Member States will be able to adjust from one form of regional integration to the other.<sup>346</sup>

The other objective of the Protocol is to set and monitor general and specific benchmarks for the establishment of the African Common Market. Article 12 which provides for the general benchmarks states that RECs should comply with the provisions of Articles 4 (2)<sup>347</sup> and 6(2)<sup>348</sup> of the Treaty Establishing Economic Communities. Some of the general benchmarks are:

- a) trade liberalisation, facilitation, promotion and development with a view to creating a free trade area and a customs union,<sup>349</sup>
- b) Sectoral integration based on harmonised macro-economic policies that enable free market policies, movement of goods and services as well as measures aimed at reducing transaction costs of doing business across borders.<sup>350</sup>

The specific benchmarks are that all the policies, measures and programmes shall be implemented to achieve a free trade area, customs union and a common market respectively. The coordination and harmonisation of tariff and non-tariff systems among the RECs with a view to establishing a customs union should be achieved within a shorter period in accordance with the Sirte Declaration.<sup>351</sup> There is no indication of time frames in both this provision and the Sirte Declaration despite time frames being crucial. Only political will and commitment therefore, determine the pace for regional integration.

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<sup>346</sup> The process of regional integration takes various forms namely free trade, customs union, common market, economic union and political union: See discussion in chapter 2 part 2.3.4.

<sup>347</sup> It provides that 'in order to promote the attainment of the objectives the Community shall, by stages, ensure:

- (a) The strengthening of existing regional economic communities and the establishment of other communities where they do not exist;
- (b) The conclusion of agreements aimed at harmonising and coordinating policies among existing and future sub-regional and regional economic communities;
- (c) The promotion and strengthening of joint investment programmes in the production and trade of major products and inputs within the framework of collective self-reliance...' Art 4 (2) of the Treaty Establishing Economic Community available at [http://www.africa-union.org/root/au/Documents/Treaties/Text/AEC\\_Treaty\\_1991.pdf](http://www.africa-union.org/root/au/Documents/Treaties/Text/AEC_Treaty_1991.pdf) (accessed 7 February 2013).

<sup>348</sup> Article 6 (2) of the Treaty Establishing the Economic Community provides for the six stages that must followed and also attaches the time period each stage should take. The first stage for example revolves around the strengthening of existing RECs within a period not exceeding 5 years from the date of entry of the Treaty while the second stage requires each regional economic community to stabilise tariff barriers and non-tariff barriers, customs duties and internal taxes existing at the date of entry of the Treaty within a period of 8 years: Art 6 (2) of the Treaty Establishing Economic Community available at [http://www.africa-union.org/root/au/Documents/Treaties/Text/AEC\\_Treaty\\_1991.pdf](http://www.africa-union.org/root/au/Documents/Treaties/Text/AEC_Treaty_1991.pdf) (accessed 7 February 2013).

<sup>349</sup> See chapter 2 part 2.3.2.

<sup>350</sup> Article 12 of the Protocol on Relations between the AU and RECs available at <http://www.afriamap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

<sup>351</sup> Article 13 of the Protocol on Relations between the AU and RECs available at <http://www.afriamap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

The above objectives appear to be specific, measurable, achievable, realistic and should be achieved within set times; they are clear and well defined.<sup>352</sup> Although the objectives mirror the ones in the Protocol on Relations between the African Economic Community and RECs,<sup>353</sup> the Protocol expanded the objectives and expressly provides for the institutional framework for the coordination of the relations between the AU and RECs. The Protocol also establishes a framework for linking the operations of the Committees dealing with economic, social and cultural issues.<sup>354</sup> The focus on other relevant regional issues is reflected in Article 4 where Member States made an undertaking to promote ‘inter-regional projects in all fields’. Physical integration through harmonisation of infrastructure networks such as roads,<sup>355</sup> legal integration through harmonisation of laws;<sup>356</sup> and political integration aimed at resolving conflicts may enhance economic integration.

To achieve these objectives Member States undertook to cooperate and coordinate the policies and programmes of the RECs with those of the AU; exchange information and experiences on programmes and activities as well as implement the provisions of the Protocol; promote inter-regional projects in all fields; and support each other in their integration endeavours, attend and participate in meetings and activities required to be implemented under this Protocol. Whilst these general undertakings are significant, use of words such as ‘endeavour’ is unfortunate as such words are not enforceable due to the fact that there is no obligation that is imposed on parties.<sup>357</sup>

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<sup>352</sup> The SMART objective stands for specific, measurable, achievable, realistic and time-scaled. Due to the fact the Protocol set out what needs to be achieved it helps the RECs and the AU to know exactly how and what needs to be achieved: Richman *Improving your project management skills* (2006) 66.

<sup>353</sup> Article 3 of Protocol on Relations between the AU and RECs available at <http://www.afriamap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

<sup>354</sup> The objective of the Protocol is to establish a framework for linking the operations of the Specialised Technical Committees (STCs) and the Sectoral Cluster Committees of the Economic, Social and Cultural Council of the AU (ECOSOCC) to the operations of the RECs: Art 3 (f) of the Protocol on Relations between the AU and RECs available at <http://www.afriamap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

<sup>355</sup> The challenges posed by weak infrastructure are expounded in chapter 2 part 2.5 which deals with obstacles to regional integration.

<sup>356</sup> Legal integration is discussed at length in chapter 2 part 2.7.

<sup>357</sup> African countries need to move away from ‘traditional phrases such as “the community shall establish cooperation relations with regional and sub-regional organisations” or “the Member States shall take the appropriate measures to eliminate the incompatible or duplication between the community and the various groupings”.’ Such phrases contain formal declarations of intent. They do not proffer a solution nor oblige Member States to assume their obligations to achieve regional integration: UNECA *Assessing regional integration II: Rationalising Regional Economic Communities* EAC Policy Research Report (2006) 113.

Member States also undertook to specifically take the necessary steps to review their treaties in order to establish an organic link with the AU with the view to:<sup>358</sup>

- a) Strengthening of their relations with the AU
- b) Alignment of their programmes, policies and strategies with those of the AU
- c) Providing for an effective implementation of this Protocol; and
- d) Providing for the eventual absorption of the RECs into the African common market.<sup>359</sup>

In a nutshell, the adoption of the protocol is essential in ensuring congruence and convergence towards the full integration of the region. This can be achieved among other factors, through the alignment of communities' vision with that of the AU and NEPAD,<sup>360</sup> which are: sustainable development and the integration of the region. Oluwu rightly asserts that 'if the AU is a road map to the African agenda for regional integration and cooperation, then NEPAD must be the veritable vehicle to the attainment of that end'.<sup>361</sup> The integration of the regional communities should be aligned to NEPAD's objectives since NEPAD is instrumental to the attainment of the AU's agenda of establishing a common market.<sup>362</sup>

The uniform interpretation of regional law and the standardisation of judgments made by courts are of paramount importance to the success of a common market. Opong rightly

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<sup>358</sup> Article 5 (1) of the Protocol on Relations between the African Union and Regional Economic Communities available at <http://www.afrimap.org/english/images/treaty/AU-RECs-Protocol.pdf> (accessed 25 January 2013).

<sup>359</sup> The RECs undertook to take necessary steps to provide for the eventual absorption into common market at stage 5 as set out in Art 6 (2) (e) of the Treaty Establishing the African Economic Community. If this provision is something to go by, RECs are expected to be rationalised by merger and absorption within a period not exceeding 4 years from the time of entry of this Protocol. This means that rationalisation would be based on the five regions set out in the Abuja Treaty; the result would be five regional economic communities in Africa which are the North Africa Economic Community; The West Africa Economic Community; the East Africa Economic Community; the Central Africa Economic Community and the Southern Africa Economic Community. The advantage of this type of rationalisation is that it would speed continental integration by decreasing the number of regional groups from 14 to 5. This scenario would thus partly resolve the problem of multiple integration institutions. Although the RECs and the AU agreed to the above provision, in reality rationalisation through harmonisation of policies and instruments seems to be the preferred one. An analysis of the objectives of the Protocol seems to point to the later scenario of rationalisation as compared to rationalisation by merger and absorption. It is my submission that African countries might be adopting both scenarios for rationalisation; the move towards COMESA-EAC-SADC a tripartite, Free Trade Area Tripartite indicates rationalisation by merger whilst the object to harmonise policies, programmes, and measures in Art 3 of the Protocol suggests rationalisation by harmonisation of policies and instruments. See also UNECA *Assessing regional integration II* 117.

<sup>360</sup> NEPAD is included because of its role in facilitating growth and development in the region. Its objectives are aligned to AU's objectives regarding economic growth; enhanced international competitiveness; and increased Africa integration. See NEPAD (2001) 13-14 available at [http://www.nepad.org/system/files/framework\\_0.pdf](http://www.nepad.org/system/files/framework_0.pdf) (accessed 25 January 2013).

<sup>361</sup> Oluwu (2003)13 *Transnat'l L. & Contemp Probs* 226.

<sup>362</sup> The NEPAD framework provides implementation and monitoring mechanisms thereby filling some of the in the AU agenda: Oluwu (2003)13 *Transnat'l L. & Contemp Probs* 226.

argues that reference to standardisation of judgments provides a legal basis for a regional convention to ensure that foreign judgments are enforced.<sup>363</sup> Such a convention should aim at unifying and easing the procedures for enforcement, as well as limiting the grounds on which enforcement can be denied.<sup>364</sup>

The preceding part discussed several of the obstacles impeding regional integration efforts such as lack of political commitment, political instability, institutional problems, weak infrastructure and weak production structures as well as multiple memberships. It also highlighted the mechanisms for overcoming these obstacles: the need for political commitment, political stability, a good physical infrastructure and effective regional institutions, all of which are important for regional integration. The rationalisation of the multiple regional groupings and their alignment to the objectives of the AU is equally important. The uniform interpretation of regional law and the standardisation of judgments made by courts are of paramount importance to the success of the AU's common market. Gradualism is also an important factor that can enhance regional integration as there is need a need to create trust among AU Member States. Similarly, an equal share of benefits derived from regional integration or adequate compensation is important as it also builds trust. It has also been argued that a minimum threshold of macroeconomic stability and good financial management in each Member State is crucial for regional integration.<sup>365</sup>

The next part analyses the African Union (AU) and New Partnership for Africa's Development (NEPAD) position on IP and regional integration.

## **2.6 The African Union and New Partnership for Africa's Development**

The New Partnership for African Development (NEPAD) is an instrumental organisation that works in conjunction with the AU towards the achievement of the AU's stated goals.<sup>366</sup> It is a mandated initiative of the AU. It is no accident that the AU and NEPAD seek to promote regional integration as its importance to Africa's development cannot be overstressed.<sup>367</sup>

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<sup>363</sup> Oppong 'Private International Law in Africa: The past, present and future' 55 *Am. J. Comp. L.* (2007) 704

<sup>364</sup> Article 57 (1) of the Treaty of the Economic Community of West African States under which 'Member States undertake to co-operate in judicial and legal matters with a view to harmonising their judicial and legal systems', may broadly be interpreted to encompass trade mark laws.

<sup>365</sup> Venter & Neuland *Regional integration* (2007) 11.

<sup>366</sup> Article 3 of the Constitutive Act of 2000.

<sup>367</sup> Akokpari 'Africa's Quest for Long-Term Development: Does NEPAD Provide the Necessary Policy Framework?' (2008) 11 *African Journal of International Affairs* 42.

Regional integration is one of the principles which underpinned the Organisation for African Unity (OAU)<sup>368</sup> and its successor, the AU. The Lagos Plan of Action for the Development of Africa of 1980 as well as the Abuja Treaty of 1991 recognised and promoted regional integration. The Preamble to The Lagos Plan of Action of 1980 highlighted the need for African countries to adopt a regional approach following unfulfilled promises of global development strategies aimed at improving the region which instead resulted in the region becoming stagnant and more susceptible to the economic and social crises suffered by developed countries.<sup>369</sup> A regional approach was consequently a response to the economic problems that African countries had suffered. African leaders had an idea of creating a dynamic and interdependent African economy that would pave way for the eventual establishment of an African Common Market leading to an African Economic Community.<sup>370</sup>

The Abuja Treaty of 1991 reinforced the need to strengthen the existing regional economic communities as the basis for integrating Africa,<sup>371</sup> mainly regional integration with a view to promoting trade. Harmonisation of laws plays a crucial role in the regional economic communities as it is inextricably linked to trade,<sup>372</sup> therefore, failure to call for harmonisation

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<sup>368</sup> The Lagos Plan of Action for the Development of Africa of 1980 as well as the Abuja Treaty of 1991 recognised and promoted regional integration. It is vital to note that the focus so far, has been on integrating Africa through regional economic communities which would ultimately require the harmonisation of laws including IP laws.

<sup>369</sup> Preamble to the Lagos Plan of Action for the economic development of Africa 1980-2000 signed in Addis Abba, Ethiopia available at [http://www.uneca.org/itca/ariportal/docs/lagos\\_plan.PDF](http://www.uneca.org/itca/ariportal/docs/lagos_plan.PDF) (accessed 12 June 2012).

<sup>370</sup> The establishment of a common market has been a long standing goal for continent. See Art 250 (iv) of the Lagos Plan of Action for the economic development of Africa 1980-2000 signed in Addis Abba, Ethiopia available at [http://www.uneca.org/itca/ariportal/docs/lagos\\_plan.PDF](http://www.uneca.org/itca/ariportal/docs/lagos_plan.PDF) (accessed 12 June 2012).

<sup>371</sup> Africa leaders further pledged their commitment to promote economic integration of the region by establishing the African Economic Community. The objectives of the African Economic Community included promote economic, social and cultural development and the integration of African economies in order to increase economic self-reliance and to promote an endogenous and self-sustained development and to coordinate and harmonize policies among existing and future economic communities in order to foster the gradual establishment of the Community: Art 4 & 28 of the Treaty establishing the African Economic Community signed on the 3<sup>rd</sup> of June 1991, in Abuja Nigeria available at <http://www.uneca.org/itca/ariportal/abuja.htm> (accessed 12 June 2012). It should be noted that even though the OAU tried to harmonise policies between regional economic communities, it did not prevent a proliferation of these communities during the 1970s and 1980s. The proliferation of these communities created serious inefficiencies', duplication of resources and unintended overlaps: see van Niekerk 'Economic integration, Millennium Development Goals and African reform challenges in the view of global financial crisis' in Alabi, Alemazung, Bass, Gutowski, Kappel, Knedlik, Uzor & Wohlmuth (eds) *African development perspectives Yearbook 2010/2011: Africa and the global financial crisis-impact on economic reform processes* (2011) 42.

<sup>372</sup> Regional integration is essential in the sense that it reduces the cost of doing business and increases opportunities for doing business : see European Commission 'Economic Partnership Agreements: Means and objectives' (2010) 4 available at [http://trade.ec.europa.eu/doclib/docs/2003/december/tradoc\\_115007.pdf](http://trade.ec.europa.eu/doclib/docs/2003/december/tradoc_115007.pdf) (accessed 7 June 2012) and Naron *Cambodian economy Charting the course of a brighter future: A survey of progress, problems and prospects* (2012) 528.

is a lacuna and an impediment to regional integration.<sup>373</sup> Trade reforms through the establishment of a common market need to be complemented by appropriate macro-economic and social policies harmonises laws, good infrastructure and environmental policies. Trade on its own is not a panacea for development. Effective and adequate IP laws would play a vital role in facilitating trade through the reduction of transaction costs and by ensuring certainty as well as predictability.<sup>374</sup> The Lagos Plan of Action of 1980 together with the Abuja Treaty of 1991 is the foundation of some of the objectives of the AU.

The AU was tailored to fight the challenges brought by globalisation.<sup>375</sup> Regionalism was one of the ways through which the AU wanted to respond to the challenge of globalisation and underdevelopment.<sup>376</sup> The adoption of the AU Constitutive Act (the Act)<sup>377</sup> as well as NEPAD<sup>378</sup> Agreement demonstrates the clear desire for regional integration on the part of African leaders.

One of the objectives of the AU is to defend the sovereignty, territorial integrity and independence of Member States.<sup>379</sup> Makinda and Okumu argue that the fact that the defence of State sovereignty is top priority<sup>380</sup> while the promotion of human rights and good governance feature near the bottom in Article 3(h) betrays the statist ambition of the AU.<sup>381</sup> African leaders believe that governments should have a major role in directing and controlling economic and social policies. It is, therefore, argued that in this regard the behaviour of leaders in the AU amounts to a 'protection club' in the sense that African leaders are interested in protecting other leaders even when it is clear that there is bad governance.<sup>382</sup>

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<sup>373</sup> Ndulo 'The need for the harmonisation of Trade Laws in the Southern Africa Development Community (SADC)' (1996) 60 *Cornell Law Faculty Publication* 196.

<sup>374</sup> Wandrag (2011) 13 *European Journal of Law Reform* African 455.

<sup>375</sup> Omotola 'Globalisation, New Regionalism and the challenges of development in Africa' (2010) *Africana* 109, hereafter Omotola (2010) *Africana*.

<sup>376</sup> Omotola (2010) *Africana* 120.

<sup>377</sup> The 'Constitutive Act of the African Union' available at [http://www.au.int/en/sites/default/files/Constitutive\\_Act\\_en\\_0.htm](http://www.au.int/en/sites/default/files/Constitutive_Act_en_0.htm) (accessed 24 October 2011). Art 3 of the Constitutive Act sets out the objectives of the AU which includes among others: to achieve greater unity and solidarity between the African countries and the peoples of Africa and to accelerate the political and socio-economic integration of the continent. These objectives underline the priorities of the Union which includes integration of the region.

<sup>378</sup> Nyirebu 'Appraising regional integration in Southern Africa' (2004) 13 *African Security Review* 23.

<sup>379</sup> Article 3(b) of the Constitutive Act. The pledge to defend sovereignty, territorial integrity and independence of Member States is reinforced in Article 4 which provides that the Union shall function in accordance with the principles of sovereignty, equality and interdependence among Member States and that there is a need to respect the borders that existed on achievement of independence.

<sup>380</sup> Since it is contained in Article 3(b).

<sup>381</sup> Makinda & Okumu *The African Union: Challenges of globalisation, security and governance* (2008) *The African Union* 20 & 36, hereafter Makinda & Okumu *The African Union*.

<sup>382</sup> Makinda & Okumu *The African Union* 20 & 36.

This could explain the reluctance towards upholding the rule of law and promoting human rights on some African countries such as Zimbabwe.

The problem of sovereignty also impacts on trade mark protection, which is the focus of this thesis, it is notable that Africa can draw some lessons from other regions such as the European Union (EU).<sup>383</sup> The EU found a way of circumventing the sovereignty stumbling block by ensuring that the Community Trade Mark (CTM) and the Trade Mark Regulation<sup>384</sup> do not replace any existing trade mark laws of the Member States.<sup>385</sup> Member States retain their national trade mark laws.<sup>386</sup> There is no doubt that relinquishing sovereignty to whatever extent demands political commitment<sup>387</sup> from the African countries to enable them to accept the paradigm shift brought by regional integration.<sup>388</sup> Political commitment is required because ceding sovereignty would imply losing power and being subjected to some control that originates outside the borders, for example from a regional organisation. It is unfortunately, not yet clear whether the African Countries (apart from the Member States of OAPI)<sup>389</sup> are ready to surrender their sovereignty, even to regional and peer scrutiny.<sup>390</sup>

The AU Commission is mandated to advance the cause of integration and the socio-economic development of the continent.<sup>391</sup> Its role in this respect is reflected in the vision statement of the AU Commission's 2004 Strategic Plan which is to 'build an integrated Africa, a prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena'.<sup>392</sup> Regional integration should include the harmonisation of laws

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<sup>383</sup> See chapter 5 part 5.6.

<sup>384</sup> Council Regulation 40/1994.

<sup>385</sup> Radler 'The 'European Community Trade mark': Is it worth the bother?' (1997) *1 Marq. Intell. Prop. L. Rev* 195.

<sup>386</sup> See chapter 5 part 5.4.2.2.

<sup>387</sup> EU's regional integration developed slowly and gradually. African countries need a more workable and practical way to integrate the continent despite the existence of barriers to regional integration. See African Development Bank Group 'Africa needs political will to achieve regional integration and economic transformation' available at <http://www.afdb.org/en/news-and-events/article/africa-needs-political-will-to-achieve-regional-integration-and-economic-transformation-9333/> (accessed 7 June 2012).

<sup>388</sup> The other challenges relate to pluralism, diversity of culture, language and religion.

<sup>389</sup> OAPI Member States renounce their sovereignty in that they have adopted a single trade mark law.

<sup>390</sup> Oluwu 'Regional integration, development and the African Union: Challenges, gaps and opportunities' (2003) 13 *Transnational Law & Contemporary Problems* 212, hereafter Oluwu (2003) 13 *Transnational Law & Contemporary Problems*.

<sup>391</sup> African Development Bank 'Review of the AU/NEPAD African Action Plan: Final report' available at <http://www.nepad.org/system/files/AAP%20Rev%20-%20Final%20Report.pdf> (accessed on 14 August 2011).

<sup>392</sup> African Union Commission 'Strategic Plan of the African Union Commission' (2004) vol 1, 17 available at [http://www.iss.co.za/af/regorg/unity\\_to\\_union/pdfs/au/stratplan.pdf](http://www.iss.co.za/af/regorg/unity_to_union/pdfs/au/stratplan.pdf) (accessed 14 June 2011).

as this is an important aspect of regional integration.<sup>393</sup> Harmonisation of IP laws, in particular, is important since it promotes trade.<sup>394</sup> It also reduces differences in the laws giving rise to better laws. Laws play a vital role as trade and investment can prosper within a legal framework which is suited to the needs of modern-day business practices.<sup>395</sup> AU Member States need to establish a solid legal framework which is aligned to modern trends within which the process of regional economic integration will take place. As explained in chapter 2, there is no direct mention is made regarding the role of law in the integration process although it can be inferred from the stated objectives of the AU<sup>396</sup>

I now examine NEPAD's role in regional integration.

### 2.6.1 NEPAD's role on regional integration

The revised AU/NEPAD Action Plan 2010-2015 is aimed at advancing regional integration in Africa.<sup>397</sup> NEPAD is responsible for bridging Africa's infrastructural gap as there can be no meaningful development without trade, and there can be no trade without adequate and reliable infrastructure.<sup>398</sup> Infrastructural development has the potential to advance Africa's competitiveness in the global marketplace and will thus enhance African trade.<sup>399</sup> By encouraging regional co-operation, playing a co-coordinating and a facilitation role,<sup>400</sup> NEPAD aims to assist countries to trade, share resources and to build mutually beneficial

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<sup>393</sup> See also a detailed discussion on the importance of harmonising laws in chapter 2 part 2.7.

<sup>394</sup> The benefit of harmonising laws outweighs the costs of losing heterogeneity: Stack *International Patent Law: Cooperation, harmonisation and an institutional analysis of WIPO and the WTO* (2011) 3.

<sup>395</sup> Dlagnekova (2009) (15-1) *Fundamina* 2.

<sup>396</sup> Wandrag (2011) 13 *European Journal of Law Reform* 454.

<sup>397</sup> African Development Bank 'Review of the AU/NEPAD African Action Plan: Final report' available at <http://www.nepad.org/system/files/AAP%20Rev%20-%20Final%20Report.pdf> (accessed 14 August 2011).

<sup>398</sup> Ndulu 'Infrastructure, regional integration and growth in Sub-Saharan Africa: Dealing with the disadvantages of geography and sovereign fragmentation' (2006) 15 *Journal of African Economies* 225-226, hereafter Ndulu (2006) 15 *Journal of African Economies* and African Development Bank Group (2012) 'Africa needs political will to achieve regional integration and economic transformation' available at <http://www.afdb.org/en/news-and-events/article/africa-needs-political-will-to-achieve-regional-integration-and-economic-transformation-9333/> (accessed 7 June 2012).

<sup>399</sup> Ndulu (2006) 15 *Journal of African Economies* 225-226.

<sup>400</sup> NEPAD 'Regional Integration and infrastructure' available at <http://www.nepad.org/regionalintegrationandinfrastructure> accessed 5 /08/2011.

infrastructure, such as energy, communications, transport and water which are critical for industrial development in Africa.<sup>401</sup>

Akokpari supports NEPAD's approach which is 'to strengthen regional formations and subsequently create an African common market as envisaged under the 1991 Abuja Treaty'.<sup>402</sup> NEPAD recognises regionalism, which includes regional integration, as a prerequisite for development and one of its key objectives, as evidence by its establishment of a Regional Integration Division.<sup>403</sup> Infrastructural development has the potential to enhance regional integration. NEPAD's role is thus crucial for the region since it will facilitate movement of goods and it will reduce the cost of doing business.

The next part of the chapter now examines legal integration as an aspect of regional integration. Regional integration does not only deal with economic integration; it may be viewed in light of political integration or social integration and legal integration. Legal integration of trademark laws is significant as it will facilitate increased trade and will reduce the cost of doing business.



## 2.7 Legal integration

Dlagnekova points out that economic integration both presupposes and necessitates the harmonisation of economics-related laws such as trade mark laws.<sup>404</sup> The objective of combining different national economies into a single economy requires the harmonisation of domestic laws. Harmonisation is essential for the African countries considering the fragmentation of legal systems on the region.<sup>405</sup>

One of the goals for AU integration into a common market is to facilitate trade and encourage foreign investment. Trade and investment can only prosper within a legal framework which is appropriate to the needs of modern-day business practice.<sup>406</sup> Harmonisation of policies is

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<sup>401</sup> AU/NEPAD African Action Plan 2010-2015 available at [http://scholar.googleusercontent.com/scholar?q=cache:S5UhmGmlKswJ:scholar.google.com/+AU/NEPAD+African+Action+Plan+2010-2015.&hl=en&as\\_sdt=0,5](http://scholar.googleusercontent.com/scholar?q=cache:S5UhmGmlKswJ:scholar.google.com/+AU/NEPAD+African+Action+Plan+2010-2015.&hl=en&as_sdt=0,5) (accessed 14 May 2012).

<sup>402</sup> Akokpari (2008) *African Journal of International Affairs* 42.

<sup>403</sup> NEPAD 'Regional integration and infrastructure' available at <http://www.nepad.org/regionalintegrationandinfrastructure> (accessed 20 October 2011).

<sup>404</sup> Dlagnekova (2009) 15-1 *Fundamina* 16.

<sup>405</sup> Fagbayibo (2009) 42 *CILSA* and Mouloul *Understanding the Organisation for the harmonisation of business laws in Africa (OHADA)* (2009) 10, hereafter Mouloul *OHADA*.

<sup>406</sup> Dlagnekova (2009) 15-1 *Fundamina* 2.

however, ‘only half of the effort’ needed for regional integration.<sup>407</sup> National laws by virtue of their domestic character are not suited to regulating cross-border business dealings. Harmonisation of commercial laws, including intellectual property (IP) laws, is necessary if trade and investment are to be encouraged as part of the bigger aim of achieving the goal of economic integration, and to fully reap the benefits of such integration.<sup>408</sup>

It, however, appears that regional economic groupings in Africa do not seem eager to place legal integration of their Member States on their list of priorities notwithstanding the fact that the law evidently facilitates the achievement of economic integration.<sup>409</sup> Legal integration is indispensable to economic integration process as it ensures similarity in the laws of Member States.<sup>410</sup> The similarity in the laws is essential as it creates legal certainty, an aspect which is crucial for commerce as business tends to thrive in an environment where there is legal certainty.<sup>411</sup> African countries can only achieve deeper integration through an effective legal system.<sup>412</sup> The integration of trade mark laws is the main focus of the thesis.

The concept of legal integration includes unification and harmonisation of laws. Although these two concepts are closely related to each other, they are however, different. Boele-Woelki rightly argues that there is a difference between unification and harmonisation.<sup>413</sup> Unification is a process of providing identical rules for different countries and it entails a voluntary uniformisation of different systems.<sup>414</sup> Unification is a more radical form of legal integration in the sense that it aims at eliminating the difference between the national provisions by replacing them with a unique and identical text for all States involved. It is aimed at creating a binding unified law or uniform law.<sup>415</sup>

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<sup>407</sup> Dlagnekova (2009) 15-1 *Fundamina* 2.

<sup>408</sup> Dlagnekova (2009) 15-1 *Fundamina* 2.

<sup>409</sup> Mouloul *OHADA* 8 available at <http://www.ohada.com/fichiers/newsletters/1556/Comprendre-l-Ohada-en.pdf> (accessed 15 February 2012).

<sup>410</sup> Oppong ‘Private International Law in Africa: The past, present and future’ 55 *Am. J. Comp. L.* 2007 (2007) 702.

<sup>411</sup> Mouloul *OHADA* 10.

<sup>412</sup> See chapter 2 part 2.6.

<sup>413</sup> Boele-Woelki *Unifying and harmonising substantive law and the role of conflict of laws* (2010) 32-36, hereafter Boele-Woelki *Unifying and harmonising substantive law*.

<sup>414</sup> Fagbayibo (2009) 42 *CILSA* 311 and Mancusso (2007) 13 *Ann. Surv. Int'l & Comp. L.* 159.

<sup>415</sup> Boele-Woelki *Unifying and harmonising substantive law* 34. Unification is achieved by the adoption of Conventions. Regulations have also been used in the context of the EU in the unification for example of private international laws: see chapter 5 below.

Harmonisation involves reconciling various systems, thereby reducing the differences in the laws to a minimum and to ensuring that they are less pronounced.<sup>416</sup> The instruments that are used in harmonising laws are usually voluntary and non-binding in nature for example model laws and recommendations. Harmonisation may also be achieved by the exercise of a mandate of a regional supranational institution.<sup>417</sup> The importance of harmonisation is that it seeks to reduce differences in the laws. It does not give rise to a ‘settled set of agreed rules’ but instead it brings about equivalence by ensuring that the laws, standards or processes are not in conflict.<sup>418</sup> It allows countries some flexibility as Member States are free to choose the most suitable form of adopting the harmonised regional law that fits in with their own circumstances.

Unification thus implies uniformity in terms of the law; it results in the same laws being applied. Harmonisation is aimed at eliminating major differences in the laws; it results in similar laws being applied. Harmonisation of the laws is accordingly less far-reaching compared to unification: it is concerned with ensuring that there is coherence in the laws of the Member States. Fagbayibo rightly argues that harmonisation is an effective method of achieving standardisation and legal stability without necessarily interfering with national sovereignty.<sup>419</sup>

The above definitions indicate how harmonisation differs from unification.<sup>420</sup> Although complete harmonisation eventually equals unification,<sup>421</sup> the thesis distinguishes harmonisation from unification. For the purposes of this study, harmonisation entails the reconciliation of legal systems to ensure that there are similarities in the laws and that the differences are less pronounced.

The spirit of legal harmonisation and unification in the area of private law was firmly settled by the establishment of the International Institute for the Unification of Private Law

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<sup>416</sup> The different instruments that are used to achieve harmonisation of law include model laws, restatements, principles or rules. Court decisions and legislative measures may also result in the approximation of laws of different jurisdictions: Boele-Woelki *Unifying and harmonising substantive law* 35. See also Glenn ‘Conflicting laws in a common market? The NAFTA experiment’ (2001) 76 *Chicago-Kent Law Review* 1794.

<sup>417</sup> This point is further explored in detail in chapter 5 part 5.5.

<sup>418</sup> Fagbayibo (2009) 42 *CILSA* 310.

<sup>419</sup> Fagbayibo (2009) 42 *CILSA* 312.

<sup>420</sup> David ‘The methods of unification’ (1968) 16 *American Journal of Comparative Law* 15; Boele-Woelki *Unifying and harmonising substantive law* 32-36; Mancusso (2007) 13 *Ann. Surv. Int’l & Comp. L.* 159 and Fagbayibo (2009) 42 *CILSA* 311.

<sup>421</sup> Fagbayibo (2009) 42 *CILSA* 311.

(UNIDROIT) in 1926.<sup>422</sup> United Nations Commission on International Trade Law (UNCITRAL) was also created with the specific mandate of harmonising rules on commercial transactions with the object to increase trade.<sup>423</sup> Harmonised laws are useful as they facilitate increased international trade; different laws may be an obstacle to trade and investment,<sup>424</sup> since trade may not easily flow within a region if there are conflicts and divergences in the laws of the Member States.<sup>425</sup> Trade and investment flourish in an environment which is predictable and where there is certainty.<sup>426</sup> Harmonisation of the laws of the Member States will as a result advance economic integration by creating an enabling environment for foreign direct investment and trade. With the increasing globalisation of trade, the need for harmonised laws cannot be overstressed; it is becoming more urgent than before.<sup>427</sup>

Increased regional trade, shared history and legal background influenced Sweden, Norway, Denmark and Finland (the Nordic Countries) to embark on an extensive legal unification programme particularly of commercial law.<sup>428</sup> Unification suited these countries because of their shared history, background and level of development. African countries share the same history and background but they are at different levels of development politically, socially and economically. It is argued that for African countries harmonisation should be the starting point as it is a less radical technique than unification; this option respects the particularities of the various national legal systems.<sup>429</sup> Harmonisation must take into account the specific needs and interests of the Member States.<sup>430</sup> Despite unification being quicker and effective in terms of ensuring uniformity in the laws of the Member States, it does not appear to be the

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<sup>422</sup> Wandrag 'Unification of Southern African Contract Law' (2011) 13 *European Journal of Law Reform* 452.

<sup>423</sup> The UNCITRAL Convention on the international Sale of Goods (CISG) attempts to harmonise sale contracts.

<sup>424</sup> Mouloul *OHADA* 10.

<sup>425</sup> Dlagnekova (2009) 15-1 *Fundamina* 18.

<sup>426</sup> It is difficult for foreign traders to deal with differing legal rules and the differences may serve as a deterrent to trade: Dlagnekova (2009) 15-1 *Fundamina* 19. See also Wandrag (2011) 13 *European Journal of Law Reform* 452 and Mouloul *OHADA* 10, hereafter Wandrag (2011) 13 *European Journal of Law Reform* 452.

<sup>427</sup> Globalisation requires the establishment of an integrated economic bloc with a harmonised legal framework: Mouloul *OHADA* 10. See also Schwenzer 'Regional and global unification of sales law' (2011) 13 *Eur.J.L. Reform* 37.

<sup>428</sup> Wandrag (2011) 13 *European Journal of Law Reform* 451.

<sup>429</sup> Mancusso (2007) 13 *Ann. Surv. Int'l & Comp. L.* 159.

<sup>430</sup> The reason is based on the fact that laws tend to sometimes be peculiar to certain places. Law is influenced by morality, cultural and religious beliefs and thus a balanced observation of socio-cultural and economic realities is required. A harmonised regional law would indeed be a realistic way to synchronise the existing laws with the modern trends. David 'The methods of unification' (1968) 16 *American Journal of Comparative Law* 26; Fagbayibo (2009) 42 *CILSA* 321 and Allot 'Towards the unification of laws in Africa' (1965) 14 (2) *The International and Comparative Law Quarterly* 388, hereafter Allot (1965) 14 (2) *The International and Comparative Law Quarterly* 388.

best option for Africa. A gradual integration of laws is needed, and that can be achieved through harmonisation.

Harmonisation will give countries the opportunity to reduce differences in their laws, and will enhance legal cooperation between them. Diversity in the laws also distorts competition and hinders economic integration.<sup>431</sup> Mancusso rightly argues that a single set of rules will reduce transaction costs and as a result enhance economic activities in the region.<sup>432</sup> Dinwoodie also argues that harmonisation will enhance the security and certainty necessary for economic development.<sup>433</sup>

The prevailing laws may also be inadequate to the current economic context.<sup>434</sup> Mouloul contends that some of the business laws in Francophone countries are 'no longer appropriate, that the rules vary from one country to another that is there is an undeniable uncertainty in the legal corpus of each state...'<sup>435</sup> Dlagnekova also asserts that the view that Africa's existing substantive laws were imported during the colonial period.<sup>436</sup> The legal systems in the African States 'still derive in large measure from colonial rule, which not only fixed the frontiers within which these territorial systems were to operate but imported and imposed a foreign western legal system as general law of each territory'.<sup>437</sup> Although each State has the constitutional power to change its 'legal heritage' in most cases the old legal system remains. This is evidenced even in the way courts function in Africa; if it is a common law country, courts function in a way familiar to those from common law countries with the structure being the same as that of England. Diversity in laws is not unique to Francophone countries nor to business law, the situation more or less similar through-out Africa and in respect of most branches of law.<sup>438</sup>

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<sup>431</sup> The diversity in contract law in Europe has, for example, been regarded as hampering the free flow of goods, persons, services and capital within the Union. Similarly, diversity in trade mark law does not promote free competition: Mouloul (2009) 12.

<sup>432</sup> Mancusso (2007) 13 *Ann. Survey. Int'l & Comp. L.* 158.

<sup>433</sup> Dinwoodie 'Some remarks on the limits of harmonisation' (2005) 5 *J. Marshall Rev. Intell. Prop. L.* 601.

<sup>434</sup> Mouloul *OHADA* 10.

<sup>435</sup> Mouloul *OHADA* 10. Intellectual property laws, by comparison, also tend to vary among African countries: see chapter 4 below.

<sup>436</sup> Dlagnekova (2009) 15-1 *Fundamina* 22-23. See also Allot (1968) 16 *The American Journal of Comparative Law* 54.

<sup>437</sup> Allot (1968) 16 *The American Journal of Comparative Law* 54: my emphasis. See also Allot (1965) 14 (2) *The International and Comparative Law Quarterly* 371.

<sup>438</sup> Mouloul *OHADA* 12 and Martor *et al Business Law in Africa* 1.

African legal systems are also sometimes perceived as underdeveloped or inadequate to cater for the needs of the parties to an international transaction.<sup>439</sup> Investors may be loathe investing in a State whose laws have not been brought up to date with current economic and international developments.<sup>440</sup> Outdated laws result in legal uncertainty which in turn affects investor confidence.<sup>441</sup> Harmonisation of laws at regional level becomes inevitable<sup>442</sup> in order to ensure that legal systems do not have outdated and diverse laws that can hinder trade and investment.<sup>443</sup> Harmonisation may facilitate the ‘modernisation’ of Africa’s laws so that they are in line with the needs of modern-day business. It will also increase the efficiency with which commercial transactions are concluded; there will be some degree of consistency in the manner in which parties are treated, and their legal position would be characterised by certainty and predictability.<sup>444</sup> Harmonisation will also strengthen African unity since Member States will be working closely to promote trade in the region.

Despite the gains that may accrue from harmonisation of trade mark laws, there are also costs.<sup>445</sup> The costs lie in the loss of the intrinsic value of diversity in cases of complete harmonisation.<sup>446</sup> Critics of harmonisation also argue that the ability of nations to tailor their trade mark laws to their own economic and social context is likely to produce a more efficient system than seeking to devise a single system for all. It is also argued that what works for one Member State may not necessarily work for other countries due to differences in the prevailing political, social and economic circumstances. Africa’s past experience shows that the present fragmentation will not advance the development of the region as it has remained marginalised. Consequently, harmonisation becomes necessary for Africa’s competitiveness. An integrated region that has harmonised laws will strengthen the credibility of Africa; improve the flow of investment; promote trade and accelerate the development of the region.

Regional integration is likely to benefit African countries since it could be a counterweight to the continuing dominance of powerful developed countries that has accompanied globalisation. There is no doubt that the benefits that developing countries have reaped from

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<sup>439</sup> Dlagnekova (2009) 15-1 *Fundamina* 22-23.

<sup>440</sup> Mouloul *OHADA* 13 and Dlagnekova (2009) 15-1 *Fundamina* 36.

<sup>441</sup> Martor *et al* *Business Law in Africa* 1.

<sup>442</sup> Mouloul *OHADA* 12.

<sup>443</sup> Mouloul *OHADA* 12 and Allot ‘The unification of laws in Africa’ (1968) 16 *The American Journal of Comparative Law* 58. A specific discussion regarding the variations in trade mark laws is made in chapter 4 part 4.5.

<sup>444</sup> Dlagnekova (2009) 15-1 *Fundamina* 23.

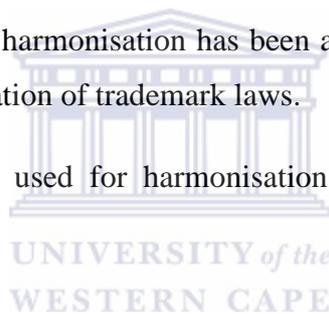
<sup>445</sup> Dinwoodie ‘Some remarks on the limits of harmonisation’ (2005) 5 *J. Marshall Rev. Intell. Prop. L* 601.

<sup>446</sup> Completely harmonisation is as good as unification. Such level of harmonisation does not leave room for any diversity to exist in the laws.

multilateral agreements fall short of developing countries expectation.<sup>447</sup> Unless the globalised economy is reshaped, properly and fairly run with all the Member States having a meaningful voice in the agreements affecting them, regional integration may represent the only possible solution to globalisation available for African countries.<sup>448</sup> It will enable them to formulate negotiating positions and to be able to obtain concessions from developed countries.<sup>449</sup>

The harmonisation of laws is consistent with the AU's objectives.<sup>450</sup> There is, therefore, a need to change the dissimilar national trade mark law provisions of the various AU Member States and to ensure that they are similar. One of the objectives of the AU is to coordinate and harmonise policies between regional economic communities for gradual attainment of the AU objective of greater unity and solidarity among African States. There is no specific reference to harmonisation of laws or the role of law in the economic integration process. Wandrag rightly argues that the need for harmonisation can nevertheless be inferred from the stated objectives of the Union.<sup>451</sup> Once harmonisation has been achieved, African countries should work towards the eventual unification of trademark laws.

A variety of techniques can be used for harmonisation and unification. These are now discussed.



### 2.7.1 Harmonisation and unification techniques

Some of the methods for achieving harmonisation or unification include, *inter alia*, conventions, model laws, legislative guides and recommendations. The choice of technique depends on a number of factors such as: whether the object is to unify or harmonise the laws; the complexity of the subject matter; the composition of the States negotiating the text and their particular interests.<sup>452</sup> The instruments vary in terms of their level of formality,

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<sup>447</sup> Tussies 'Regionalism: Providing a substance to multilateralism?' 115. See also a detailed discussion on TRIPS and how it fails to reflect the interests of developing countries in chapter 1.

<sup>448</sup> Stiglitz *Globalisation and its discontents* ix.

<sup>449</sup> In the negotiations leading to TRIPS, developed countries imposed their set of norms on developing countries and in turn made relatively few concessions: Gervais 'The changing landscape of international intellectual property' (2006) 4 (1) *Journal of Intellectual Property Law & Practice* 249.

<sup>450</sup> A common market will function properly if laws are harmonised. As already discussed, the establishment of a common market forms part of the African agenda to achieve economic integration, enhance trade and economic growth. Harmonisation of laws is a requirement for the success of the common market.

<sup>451</sup> Wandrag (2011) 13 *European Journal of Law Reform* 454.

<sup>452</sup> Clift 'The UNCITRAL experience with harmonisation and modernisation techniques' (2009) 11 *Yearbook of Private International Law* 409, hereafter Clift (2009) 11 *Yearbook of Private International Law*.

flexibility and enforceability.<sup>453</sup> The objectives of the States negotiating an instrument, therefore, determine the appropriate instrument for their purpose.<sup>454</sup>

Conventions are designed to unify the laws of the Member States; they take the form of a multilateral or regional treaty with countries acceding to a single standard.<sup>455</sup> A convention is therefore used where the objective is to achieve a significant degree of uniformity in the laws.<sup>456</sup> Although conventions are generally rigid and inflexible, they may allow Member States to make reservations to specified provisions.<sup>457</sup> A convention needs to be domesticated or ratified to be binding on the Member States.<sup>458</sup> Boele-Woelki rightly contends that conventions have the advantage of encouraging compliance amongst those countries which are party to it.<sup>459</sup> Its disadvantages are that, first, the period between adoption and its entry into force as well as its domestic implementation can take several years.<sup>460</sup> The delay is because signatories may be hesitant or even unwilling to ratify the convention due to the requirements placed on a sovereign State.<sup>461</sup> Secondly, a convention generally takes long to negotiate and implement. Third, it is also more difficult to amend and update since the amendments need to be ratified by all the original signatory States.<sup>462</sup> Lastly, provisions of the convention may be applied differently by the national courts unless if there is a supranational court which is established to ensure consistency and uniformity in the interpretation and application of the rules.<sup>463</sup> The process of formulation and implementation

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<sup>453</sup> These instruments operate at different levels and involve different types of compromises: Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 11 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013); Boele-Woelki *Unifying and harmonising substantive law* 90-91 and Faria 'Future directions of legal harmonisation and law reform: Stormy seas or prosperous voyage?' (2009) *Unif.L.Rev* 12 available at <http://www.unidroit.org/english/publications/review/articles/2009-1&2-faria-e.pdf> (accessed 12 October 2013).

<sup>454</sup> Boele-Woelki *Unifying and harmonising substantive law* 90-91.

<sup>455</sup> Its chief advantage is the creation of uniform rules: McCormack *Secured Credit and the Harmonisation of Law: The UNITRAL Experience* (2011) 20, hereafter McCormack *Secured Credit and the Harmonisation of Law*.

<sup>456</sup> Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 11 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013).

<sup>457</sup> Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 11 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013).

<sup>458</sup> Boele-Woelki *Unifying and harmonising substantive law* 56.

<sup>459</sup> Boele-Woelki *Unifying and harmonising substantive law* 56.

<sup>460</sup> McCormack *Secured Credit and the Harmonisation of Law* 20 and Faria 'Future directions of legal harmonisation and law reform: Stormy seas or prosperous voyage?' (2009) *Unif.L.Rev* 8.

<sup>461</sup> Boele-Woelki *Unifying and harmonising substantive law* 72.

<sup>462</sup> McCormack *Secured Credit and the Harmonisation of Law* 21. Faria (2009) *Unif.L.Rev* 9.

<sup>463</sup> Boele-Woelki *Unifying and harmonising substantive law* 56.

of a convention is time consuming and prospects of subsequent adaptation are prohibitive.<sup>464</sup> Faria correctly contends that conventions have been traditionally been the primary vehicle for unification of domestic law.<sup>465</sup> An example of a convention is the Convention on Contracts for the International Sale of Goods (CISG).<sup>466</sup>

A model law is a legislative text which is 'recommended' to the Member States for enactment as part of their national law.<sup>467</sup> Model laws are flexible since they allow Member States to adjust the text to accommodate the prevailing circumstances or the specific needs of the State.<sup>468</sup> Model laws appear to be the preferred method of modernisation and harmonisation as they leave room for adaptation.<sup>469</sup> Their application depends on the Member States' legislatures; they are free to adopt Model Laws and Model Acts in whole or in part.<sup>470</sup> Consequently, Member States are permitted to exclude, or modify some provisions of the Model Law. These instruments do not impose a 'one-size-fits all' approach as does a convention.<sup>471</sup> Model laws are thus easier to negotiate because of their flexibility which has the potential to encourage more countries to become involved in the harmonisation process.<sup>472</sup> Clift correctly argues that a model law is more readily acceptable than a convention which contains binding obligations.<sup>473</sup> The UNCITRAL<sup>474</sup> has adopted model

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<sup>464</sup> McCormack *Secured Credit and the Harmonisation of Law* 21.

<sup>465</sup> Faria 'Future directions of legal harmonisation and law reform: Stormy seas or prosperous voyage?' (2009) *Unif.L.Rev* 8 available at <http://www.unidroit.org/english/publications/review/articles/2009-1&2-faria-e.pdf> (accessed 12 October 2013) and Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 10 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013).

<sup>466</sup> United Nations Convention on Contracts for the International Sale of Goods which came into force on 1 January 1988 available at <http://www.uncitral.org/pdf/english/texts/sales/cisg/V1056997-CISG-e-book.pdf> (accessed 24 June 2013).

<sup>467</sup> Boele-Woelki *Unifying and harmonising substantive law* 72. See also Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 13 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013).

<sup>468</sup> McCormack *Secured Credit and the Harmonisation of Law* 21. See also Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 13 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013).

<sup>469</sup> Member States may adopt the model law in part or they can transplant it into their domestic law: McCormack *Secured Credit and the Harmonisation of Law* 21 and Clift (2009) 11 *Yearbook of Private International Law* 407.

<sup>470</sup> Boele-Woelki *Unifying and harmonising substantive law* 56.

<sup>471</sup> McCormack *Secured Credit and the Harmonisation of Law* 21 & 22.

<sup>472</sup> Boele-Woelki *Unifying and harmonising substantive law* 73.

<sup>473</sup> Clift 'The UNCITRAL experience with harmonisation and modernisation techniques' (2009) 11 *Yearbook of Private International Law* 407.

<sup>474</sup> Is an organisation which draft and adopt instruments aimed at harmonising and unifying substantive law. It was established by the General Assembly of the United Nations with the object that it would play an active role in reducing obstacles to the flow of trade: Boele-Woelki *Unifying and harmonising substantive law* 46-47.

laws such as UNCITRAL Model law on Electronic signatures (2001); UNCITRAL Model on International Commercial Conciliation (2002) and UNCITRAL Model Law on Cross-border Insolvency (1997).<sup>475</sup> The UNIDROIT<sup>476</sup> has also adopted Model Laws that include, among others, the UNIDROIT Model Law on Leasing. Model laws need to be domesticated or transformed into the laws of the Member States in the same way as a convention. The disadvantages of model laws are that it is difficult to assess the level of adherence of the national law to the text which shows that it may not be effective in integrating laws. The degree of flexibility provided by these instruments and the extent to which States take the opportunity to make changes also has the potential of giving rise to divergences in the laws of the Member States and thus reducing the level of harmonisation that can be achieved.<sup>477</sup> The other disadvantage is that model laws have no binding effect; they lack enforceability.<sup>478</sup>

Legislative guides and recommendations are techniques aimed at stating the general harmonisation objectives as well as possible legislative solutions to certain legal issues.<sup>479</sup> Where Member States are not ready to agree on a single approach or common rule, it may be appropriate not to attempt to develop a uniform text.<sup>480</sup> In such cases, Member States may choose to negotiate a 'set of principles or legislative recommendations which may operate at different levels of specificity reflecting different levels of consensus.'<sup>481</sup> Legislative guides entail giving an explanation in respect of a particular issue.<sup>482</sup> Each Member State is, therefore, able to evaluate and choose a policy which suits its national context. These methods of harmonisation are flexible and they can be adapted to suit local conditions of a particular State.<sup>483</sup> Their disadvantages are that they have no binding force.<sup>484</sup> They also result in a very

<sup>475</sup> Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 14 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013) and Faria 'Future directions of legal harmonisation and law reform: Stormy seas or prosperous voyage?' (2009) *Unif.L.Rev* 12 available at <http://www.unidroit.org/english/publications/review/articles/2009-1&2-faria-e.pdf> (accessed 12 October 2013).

<sup>476</sup> Its purpose is to examine ways of harmonising and co-ordinating private law of the Member States: Boele-Woelki *Unifying and harmonising substantive law* 45.

<sup>477</sup> Boele-Woelki *Unifying and harmonising substantive law* 73 and Clift 'The UNCITRAL experience with harmonisation and modernisation techniques' (2009) 11 *Yearbook of Private International Law* 407.

<sup>478</sup> Boele-Woelki *Unifying and harmonising substantive law* 72 and Clift 'The UNCITRAL experience with harmonisation and modernisation techniques' (2009) 11 *Yearbook of Private International Law* 407.

<sup>479</sup> Faria 'Legal harmonisation through model laws: the experience of the United Nations Commission on International Trade law (UNCITRAL)' 15 available at [http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5\\_faria2.pdf](http://www.justice.gov.za/alraesa/conferences/2005sa/papers/s5_faria2.pdf) (accessed 12 October 2013).

<sup>480</sup> Clift 'The UNCITRAL experience with harmonisation and modernisation techniques' (2009) 11 *Yearbook of Private International Law* 408, hereafter Clift (2009) 11 *Yearbook of Private International Law* 408.

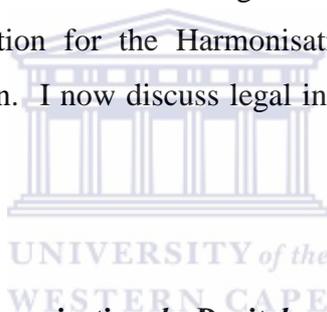
<sup>481</sup> Clift (2009) 11 *Yearbook of Private International Law* 408.

<sup>482</sup> Clift (2009) 11 *Yearbook of Private International Law* 408.

<sup>483</sup> Clift (2009) 11 *Yearbook of Private International Law* 408.

low degree of uniformity and it is difficult to assess the level of adherence as well as its effectiveness.<sup>485</sup> An example of a legislative recommendation is the Legislative Guide on Privately Financed Infrastructure Projects which was adopted by UNCITRAL in 2000.

Regulations and directives are also forms of unification and harmonisation.<sup>486</sup> A regulation has general application and is binding in its entirety.<sup>487</sup> A directive is binding as to the result to be achieved upon the Member States to which it is addressed.<sup>488</sup> It leaves the choice of form and methods to the national authorities.<sup>489</sup> The EU has used both regulations and directives to harmonise the laws in the Member States.<sup>490</sup> It is worth noting that the common feature of all instruments is that they acquire a binding effect through a legislative act.<sup>491</sup> The above instruments require a common organisation that will make or produce the laws, for example model laws. Such an organisation relies on technical input from its experts to draft the required text. A specialist organisation is needed and its responsibility should be to carry out the work of governments which includes drafting and assessing the adherence of national laws to the text. The Organisation for the Harmonisation of Business Laws in Africa (OHADA) is such an organisation. I now discuss legal integration within the framework of OHADA.



### **2.7.2 Organisation pour l' Harmonisation du Droit des Affaires en Afrique**

The *Organisation pour l' Harmonisation du Droit des Affaires en Afrique* referred to in English as the Organisation for the Harmonisation of Business Laws in Africa<sup>492</sup> is regarded

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<sup>484</sup> Boele-Woelki *Unifying and harmonising substantive law* 50.

<sup>485</sup> Clift (2009) 11 *Yearbook of Private International Law* 408 and Faria 'Future directions of legal harmonisation and law reform: Stormy seas or prosperous voyage?' (2009) *Unif.L.Rev* 12 available at <http://www.unidroit.org/english/publications/review/articles/2009-1&2-faria-e.pdf> (accessed 12 October 2013).

<sup>486</sup> Regulations and directives are discussed in detail in chapter 5 below.

<sup>487</sup> Article 288 on the Treaty establishing the Functioning of the EU. Tritton *Intellectual Property in Europe* (2008) 15, Mathijssen *A Guide to European Union Law* (2004) 26 and Boele-Woelki *Unifying and harmonising substantive law* 50.

<sup>488</sup> Article 288 Treaty on the Functioning of the European Union (TFEU). See also Tritton *Intellectual Property in Europe* 15 and Hartely *The Foundations of European Community Law* (2007) 201 and Hartely *EU law in a global context* 45.

<sup>489</sup> Boele-Woelki *Unifying and harmonising substantive law* 59.

<sup>490</sup> See chapter 5 part 5.3.1 and 5.3.2.

<sup>491</sup> Boele-Woelki *Unifying and harmonising substantive law* 72.

<sup>492</sup> OHADA is an international organisation, an entity with its own rights and duties distinct from its members: Martor, Pilkington, David and Thouvenot *Business Law in Africa: OHADA and the harmonisation process* (2002) 4 & 5 hereafter Martor *et al Business Law in Africa*.

as the most promising harmonisation experiment in Africa.<sup>493</sup> OHADA was created by a treaty that was signed in Mauritius in 1993.<sup>494</sup> The main objectives are to harmonise the business laws of its Member States into a single, modern legal framework for business and to provide a secure judicial environment for foreign investment.<sup>495</sup> The need for a secure legal system motivated its establishment; it is viewed as indispensable for the development of the continent.<sup>496</sup> The Treaty establishing OHADA calls for the elaboration of Uniform Acts to be directly applicable in Member States, notwithstanding any provision of domestic law.<sup>497</sup> The Uniform Acts also have direct effect, meaning that a party can rely on their provisions, thirty days after their publication in the OHADA Journal.<sup>498</sup> Where the provisions of the Uniform Acts touch on matters of national economic and social policy, the application of Uniform Act in the Member State is restricted.<sup>499</sup> The rationale for the restriction is to accommodate national laws within the framework of the OHADA system, an inherent characteristic of legal harmonisation.<sup>500</sup>

The laws in OHADA Member States are uniform so that an investor who wishes to establish a company in Cameroon will be subjected to the same rules that apply in Senegal or in the Central African Republic.<sup>501</sup> OHADA, therefore, aims at unification or uniformisation of the laws of its Member States. The OHADA adopts Uniform Acts (an instrument for integrating

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<sup>493</sup> Fagbayibo (2009) 42 *Comparative & international law Journal of Southern Africa* 310 & 312. Saadani *Communication: OHADA, a continental-wide perspective* (2008) 485 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013) and Martor *et al Business Law in Africa* 1 & 2.

<sup>494</sup> It has issued eight uniform laws that govern important aspects of business laws in sixteen Member States: Saadani *Communication: OHADA, a continental-wide perspective* (2008) 488 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013).

<sup>495</sup> Article 1 of the Treaty on harmonisation of Business Law in Africa of 1993 (OHADA Treaty) available at [http://www4.worldbank.org/afr/ssatp/Resources/HTML/legal\\_review/Annexes/Annexes%20III/Annex%20II I-06.pdf](http://www4.worldbank.org/afr/ssatp/Resources/HTML/legal_review/Annexes/Annexes%20III/Annex%20II I-06.pdf) (accessed 25 January 2013). See also Fagbayibo (2009) 42 *CILSA* 313 and Tumnde nee 'Nijakam 'Applicability of the OHADA Treaty in Cameroon: Problems and prospects (2002)24 available at <http://biblio.ohada.org/greenstone/collect/dohada/index/assoc/HASH6da3.dir/applicability-ohada-treaty-cameroon.pdf> (accessed 25 January 2013) and Penda 'The applicability of OHADA Treaty in Cameroon: The way forward' available at [http://www.ohada.com/infohada\\_detail.php?article=424](http://www.ohada.com/infohada_detail.php?article=424) (accessed 25 January 2013).

<sup>496</sup> Martor *et al Business Law in Africa* 4.

<sup>497</sup> They enter into force ninety days after their adoption: Art 10 of the OHADA Treaty. See also Martor *et al Business Law in Africa* 6 & 20 and Mancuso (2007)13 *Annual Survey of International and Comparative Law* 41. See also Dickerson 'Harmonising business laws in Africa: OHADA calls the tune' (2005) 44 *Colum. J. Transnat'l L* 17.

<sup>498</sup> Article 9 of the OHADA Treaty.

<sup>499</sup> The OHADA creates a common set of rules for its Member States and does not impose new legal traditions and court systems: Martor *et al Business Law in Africa* 19. See also Fagbayibo (2009) 42 *CILSA* 313.

<sup>500</sup> Fagbayibo (2009) 42 *CILSA* 314.

<sup>501</sup> Martor *et al Business Law in Africa* 2.

laws) to unify the business laws of the Member States.<sup>502</sup> An example of a Uniform Act that Member States have implemented is the Uniform Act relating to General Commercial Law.

Although most of OHADA Member States are francophone countries, membership of the Organisation is open to any AU Member State.<sup>503</sup> Its working language is French which is probably due to its current membership.<sup>504</sup> The Uniform Acts provide an overall framework which is generally based on civil law and has borrowed to a certain extent from modern French business law.<sup>505</sup> OHADA is composed of the following organs; Common Court of Justice and Arbitration (CCJA),<sup>506</sup> Council of Ministers, Permanent secretariat and the Regional Training Centre for Legal Officers. The role of each of these organs in legal integration is now examined.

The CCJA is the sole supranational judicial body with jurisdiction over national courts,<sup>507</sup> its decisions override those of national courts.<sup>508</sup> It is the final authority on the interpretation and enforcement of the OHADA Treaty.<sup>509</sup> The CCJA thus plays a significant role in ensuring that there is uniform application of OHADA laws in the Member States.<sup>510</sup> Both the Member States and the Council of Ministers may approach the CCJA for interpretation.<sup>511</sup> The right to request advice of the CCJA is recognised where a national court is the court of first instance or appellate court as provided in Article 13.<sup>512</sup> The CCJA's advisory opinions and interpretations, in such cases, are purely consultative and are not binding.<sup>513</sup> The decision by a national court is subject to appeal before the CCJA which may quash the decision if it

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<sup>502</sup> Boele-Woelki *Unifying and harmonising substantive law* 53.

<sup>503</sup> Article 53 of the OHADA Treaty.

<sup>504</sup> Article 42 of the OHADA Treaty.

<sup>505</sup> Martor *et al Business Law in Africa* 6 & 19.

<sup>506</sup> The CCJA has two functions: an arbitration centre and a Supreme Court for judgements delivered by national Courts of Appeal: Fagbayibo (2009) 42 *CILSA* 314.

<sup>507</sup> Martor *et al Business Law in Africa* 12.

<sup>508</sup> Article 20 of the OHADA Treaty reads: 'The judgments of the Common Court of Justice and Arbitration are final and conclusive. Execution and enforcement shall be ensured by the Contracting States on their respective territories. In no case may a decision contrary to a judgment of the Common Court of Justice and Arbitration be lawfully executed in a territory of a Contracting State.'

<sup>509</sup> Article 14 of OHADA Treaty. Saadani *Communication: OHADA, a continental-wide perspective* (2008) 487 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013) and Fagbayibo (2009) 42 *CILSA* 314.

<sup>510</sup> Article 13-18 of the OHADA Treaty. See also Martor *et al Business Law in Africa* 12.

<sup>511</sup> Article 14 of the OHADA Treaty. The advisory approach shows the supranational aspirations of the OHADA: Fagbayibo (2009) 42 *CILSA* 315.

<sup>512</sup> Article 13 OHADA Treaty provides that: 'Litigation regarding the implementation of Uniform Acts is settled in the first instance and on appeal within the courts and tribunals of the Contracting States.' The EU has a similar procedure which is referred to as the preliminary ruling procedure: see chapter 5 part 5.5.

<sup>513</sup> Martor *et al Business Law in Africa* 13.

conflicts with its opinion. The rationale is to ensure that OHADA law is applied correctly. The CCJA's decisions are supreme as it is the final appeal court.<sup>514</sup>

The CCJA is aimed at providing a secure judicial system that can bolster the confidence of investors.<sup>515</sup> There are, however, problems regarding its location in Abidjan in Côte d'Ivoire particularly if OHADA is going to be a continental organisation since difficulties could be experienced when transferring cases from distant jurisdictions.<sup>516</sup> The other problem is that national courts are sometimes unwilling to refer OHADA-related cases to CCJA for fear of losing 'interesting cases', a clear reflection of an attachment to national sovereignty which can impede the objectives of OHADA.<sup>517</sup>

Saadani proposes that the problem regarding location can be solved by establishing a mobile (touring) court or the diversion of the court's supranational power to fall within the responsibility of a special bench or circuit at every national Supreme Court.<sup>518</sup> A circuit court will result in national judges deciding disputes based on Uniform Acts and thus ensuring uniform application and interpretation of OHADA laws. The circuit court would also reduce conflict between CCJA and national courts which may impede the efficiency of the dispute settlement mechanism.<sup>519</sup> Decisions of the CCJA eventually return to national courts to be enforced; the establishment of circuit courts is thus consistent with enforcement of the court's decisions which the OHADA Treaty entrusts to the Member States.<sup>520</sup> It is also consistent with Article 19 of CCJA Rules of Procedure which entitles the Court to hold sessions in any Member States if it deems necessary without any financial burden for the State.<sup>521</sup>

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<sup>514</sup> Article 15 of the OHADA Treaty reads: 'Final appeals, as provided in Article 14, are brought to the Common Court of Justice and Arbitration, either directly by one of the parties to the proceedings or by referral of a national court ruling on appeal, on a case to which it is referred and which raises questions concerning the application of the Uniform Acts.'

<sup>515</sup> Fagbayibo (2009) 42 *CILSA* 314.

<sup>516</sup> Saadani *Communication: OHADA, a continental-wide perspective* (2008) 487 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013).

<sup>517</sup> Fagbayibo (2009) 42 *CILSA* 315.

<sup>518</sup> Saadani *Communication: OHADA, a continental-wide perspective* (2008) 487 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013).

<sup>519</sup> Uniformity of application should still be possible in the OHADA Member States: Saadani *Communication: OHADA, a continental-wide perspective* (2008) 488 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013).

<sup>520</sup> Article 20 of the OHADA Treaty.

<sup>521</sup> Martor *et al Business Law in Africa* 11.

The Council of Ministers is the supreme decision making body of OHADA.<sup>522</sup> It has administrative and legislative functions.<sup>523</sup> The Council of Ministers is composed of the Justice and Finance Ministers of Member States;<sup>524</sup> a composition which reflects the primary role of national government in the harmonisation process. Fagbayibo rightly argues that the OHADA structure represents a practical way of balancing national sovereignty and supranationalism.<sup>525</sup> Decisions of the Council are reached by an overall majority vote of the Member States represented at the meeting and voting,<sup>526</sup> except the decisions on Uniform Acts which requires unanimous approval of the representatives of the Contracting States who are present and who have exercised their right to vote.<sup>527</sup>

The Permanent Secretariat is a permanent body of OHADA with its headquarters in Yaounde, Cameroon.<sup>528</sup> Some of its functions are, *inter alia*, to approve the annual program for the harmonisation of Business laws,<sup>529</sup> drawing up the Uniform Acts, as well as the publication of the Uniform Acts in the OHADA Journal.<sup>530</sup> Lack of funding remains one of the major obstacles that undermine the functioning of the Secretariat, and OHADA as a whole.<sup>531</sup>

The Regional Training Centre for Legal Officers (ERSUMA) was established to train legal professionals.<sup>532</sup> ERSUMA is attached to the Permanent Secretariat.<sup>533</sup> Its establishment was appropriate considering the breadth of OHADA legislation and the need for uniformity in its application in the Member States.<sup>534</sup> The main role of ERSUMA is to improve the legal environment in the Member States by training judges and legal officers as well as non-legal officers such as businessman and academics in OHADA law. It is clear from the above discussion that OHADA's institutional framework is significant in its goal of promoting harmonisation.

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<sup>522</sup> Martor *et al Business Law in Africa* 8.

<sup>523</sup> It is responsible for the approval of the annual programmes for the harmonisation of business law, and for the adoption of the Uniform Acts. In the context of its administrative function, the Council of Ministers is responsible for adopting the rules of the CCJA, regulating the organisation, operation and resources of ERSUMA: Martor *et al Business Law in Africa* 9.

<sup>524</sup> Article 27 of the OHADA Treaty.

<sup>525</sup> The EU has similarly maintained national systems and the Community Trade Mark system, it takes into consideration the interests of national governments: Fagbayibo (2009) 42 *CILSA* 315.

<sup>526</sup> Each State has one vote: Art 30 of the OHADA Treaty.

<sup>527</sup> For such adoption of the Uniform Acts to be valid, at least two thirds of the Contracting States shall be represented: Art 8 of the OHADA Treaty.

<sup>528</sup> Martor *et al Business Law in Africa* 11.

<sup>529</sup> Article 11 of the OHADA Treaty.

<sup>530</sup> Article 6, 7 & 29 of the OHADA Treaty.

<sup>531</sup> Fagbayibo (2009) 42 *CILSA* 316.

<sup>532</sup> Article 41 of the OHADA Treaty.

<sup>533</sup> Martor *et al Business Law in Africa* 16.

<sup>534</sup> Fagbayibo (2009) 42 *CILSA* 16.

A relevant question to ask is whether OHADA can be a model for legal integration in Africa? OHADA is a legal tool that has been designed by and for Africa to serve the purpose of regional integration and economic growth on the region.<sup>535</sup> It is regarded as having a nuanced development paradigm that not only takes into consideration peculiarities but also a genuine drive to promote the competitiveness of African economies.<sup>536</sup> OHADA may become an example for regional harmonisation if the following conditions are satisfied: the adoption of other common languages such as Arabic, English and Portuguese as official languages:<sup>537</sup> the Uniform Acts must be written in in the official languages and the texts should carry equal authority.<sup>538</sup> Membership of other AU Member States especially the ones with major economies such as Nigeria, South Africa, Ghana, Egypt and Kenya will boost OHADA's goal of becoming the model for harmonisation of laws. Second, OHADA needs to accommodate other African States, for example, those with common law jurisdictions.<sup>539</sup> The attachment to the colonial heritage bequeathed to African countries is a hindrance to integration of laws. OHADA may become an all-encompassing organisation if it is able to transcend the colonial affiliations and cultural barriers.<sup>540</sup> Third, OHADA Member States need to create an enabling environment by ensuring the rule of law and good governance. The adherence to democratic values is important since the enforcement of CCJA judgements is placed on Member States.<sup>541</sup> The need to move away from political rhetoric cannot be overemphasised; there is a need for concerted efforts among OHADA Member States towards reform to achieve the necessary acceptance by other AU Member States.<sup>542</sup>

Though unification appears to be working well in the Francophone countries as evidenced by OHADA laws, it is not clear whether the rest of the region will not resist the adoption of

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<sup>535</sup> OHADA appears to be a highly effective means of achieving legal stability in Africa: Martor *et al* *Business Law in Africa* 4 and (2009) 42 *CILSA* 316.

<sup>536</sup> Fagbayibo (2009) 42 *CILSA* 316.

<sup>537</sup> The need for translations will become more pressing if other non-French speaking countries join OHADA: Martor *et al* *Business Law in Africa* (2002) 23. See also Art 25 of the Constitutive Act of 2000 and Art 11 of the Protocol on amendments to the Constitutive Act of the AU available at [http://au.int/en/sites/default/files/PROTOCOL\\_AMENDMENTS\\_CONSTITUTIVE\\_ACT\\_OF\\_THE\\_AFRICAN\\_UNION.pdf](http://au.int/en/sites/default/files/PROTOCOL_AMENDMENTS_CONSTITUTIVE_ACT_OF_THE_AFRICAN_UNION.pdf) (accessed 11 October 2013).

<sup>538</sup> Article 42 of the OHADA Treaty must thus be amended to cater for other AU Member States: Fagbayibo (2009) 42 *CILSA* 318.

<sup>539</sup> Martor *et al* *Business Law in Africa* 19.

<sup>540</sup> Fagbayibo (2009) 42 *CILSA* 319 and Saadani *Communication: OHADA, a continental-wide perspective* (2008) 488 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013).

<sup>541</sup> Article 20 of the OHADA Treaty.

<sup>542</sup> Fagbayibo (2009) 42 *CILSA* 320 and Saadani *Communication: OHADA, a continental-wide perspective* (2008) 488 available at <http://www.unidroit.org/english/publications/review/articles/2008-1&2/485-488.pdf> (accessed 25 January 2013).

uniform laws.<sup>543</sup> Article 10 of the Treaty establishing OHADA is significant since it allows for direct application which means the Acts become effective immediately after publication in the Official Gazette in the Member States. It is in my opinion prudent to include such a provision to circumvent the challenges of ratification of instruments.

In brief, OHADA has the potential to become a model for harmonisation for Africa if it is able to eliminate impediments such as the dominance of French language. Its Member States should also have the political will to legal integration and should be able to embrace other legal traditions. Organisations such as the COMESA<sup>544</sup> and EAC,<sup>545</sup> have attempted to harmonise their laws in Africa but with little success.

## 2.8 Summary and conclusions

This chapter has defined the concepts of regional integration, regionalism, legal integration and globalisation with a view to putting them into context, as they are frequently used in the thesis. The chapter examined the political theories to regional integration, as well as approaches such as development integration, regional cooperation and economic integration. Economic integration appears to be most the preferred approach as demonstrated by the establishment of multiple RECs. Economic integration is an important tool through which countries are able to benefit from economies of scale, business predictability and a wider and secure market. It also increases the degree of security giving rise to an increase in investment opportunities<sup>546</sup> and also creates the potential for monetary stability and coordination of economic policies which are also important for investors.<sup>547</sup> In short, fragmentation reduces the scope for competition and economies of scale and as a result it negatively affects the region. It is projected that market enlargement would allow some firms to exploit more fully the economies of scale.<sup>548</sup> A regionally enlarged market has the potential to attract foreign

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<sup>543</sup> The reason is because unification does not take into account the different needs of the Member States and it also interferes with national sovereignty: see chapter 2 part 2.6.

<sup>544</sup> Article 4 (6) (b) of the COMESA Treaty available at [http://www.comesa.int/attachments/article/28/COMESA\\_Treaty.pdf](http://www.comesa.int/attachments/article/28/COMESA_Treaty.pdf) (accessed 23 September 2013).

<sup>545</sup> Article 7 (3) (b) of the Protocol on the relationship between the African Economic Community and the RECs available at [http://www4.worldbank.org/afr/ssatp/Resources/HTML/legal\\_review/Annexes/Annexes%20III/Annex%20II I-04.pdf](http://www4.worldbank.org/afr/ssatp/Resources/HTML/legal_review/Annexes/Annexes%20III/Annex%20II I-04.pdf) (accessed 23 September 2013).

<sup>546</sup> Jovanovic *International economic integration* 789.

<sup>547</sup> Onwuka & Sesay *The future of Regionalism* 209.

<sup>548</sup> See chapter 2 part 2.1.

direct investment which would benefit the region.<sup>549</sup> African States also need to integrate in order to more effectively advance their interests in global trade.

In view of the sub-regional free trade areas that exist at present, it is argued the T-FTA should contribute to the establishment of the African common market. There should be a gradual rationalisation of multiple blocs so that Member States are able to adjust and to implement regional interests. The thesis recommends an instrument that would allow for the co-existence of regional laws and national laws to circumvent the problems of sovereignty.<sup>550</sup> African leaders need to be committed to regional integration to be able to deal with the challenges which the region is facing such as HIV/AIDS, poverty and hunger, and climate change which require a concerted effort.<sup>551</sup>

The relationship between regionalism and multilateralism is also explored. Regionalism is permitted under the WTO in terms of Article XXIV of the GATT of 1994 as well in terms of the Enabling Clause and Article V of GATS. A symbiotic relationship exists between regionalism and multilateralism. Regionalism, which includes regional integration, is not in competition with multilateralism but it rather thrives in the policy space left by multilateral commitments.<sup>552</sup> It is argued that regionalism promotes multilateralism as it creates larger political units/blocs that can bargain more effectively in international forums; it integrates regions into the global economy. It also goes beyond narrow issues of trade and global welfare by promoting infrastructure development.

This chapter examined the challenges hindering regional integration in Africa, including: political instability, lack of political commitment, weak infrastructure, institutions, and problems of distributing benefits derived from regional efforts as well as multiplicity or overlapping integration arrangements.<sup>553</sup> These challenges demonstrate clearly that major obstacles to effective integration efforts still remain. The various sub-regional economic communities that currently exist in Africa should be seen as ‘half-way houses to a better future in the region’ rather than as a threat to the creation of a single bloc.<sup>554</sup> A single bloc

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<sup>549</sup> Foreign investment becomes beneficial if that the incentive for foreign investors is not to engage in “tariff-jumping”: Kritzinger-van Niekerk ‘Regional integration: Concepts, advantages, disadvantages and lessons of experience’ (May, 2005) 1 available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012).

<sup>550</sup> See chapter 6 part 6.7.

<sup>551</sup> See chapter 2 part 2.4.2.

<sup>552</sup> Tussies ‘Regionalism: Providing a substance to multilateralism?’ 112. See also chapter 2 part 2.4.

<sup>553</sup> See discussion in chapter 2 part 2.5 that deals with obstacles to regional integration in Africa.

<sup>554</sup> Onwuka & Sesay, *The future of Regionalism* 254.

would be a solution to the problem of multiple regional arrangements and overlapping memberships. The reduction and rationalisation of the multiple integration arrangements and overlapping membership is, therefore, crucial for successful integration.<sup>555</sup>

It would, however, be naïve to think that these sub-regional blocs will automatically transfer their commitment from the sub-regional to a single regional bloc. The integration into a single bloc should accordingly be a gradual process. African leaders should incorporate mechanisms aimed at ensuring harmonisation and coordination of policies, as well as an equitable and proportionate distribution of the overall benefits. There is no doubt that sub-regional communities should work together, harmonise their positions and views, and develop a coordinated position for future multilateral negotiations. More importantly, sub-regional communities should work towards complementarity and aligning themselves with the objectives of the AU for the realisation of a single bloc. It is still early days to comment on the effectiveness of the protocol between the AU and the various RECs insofar as the role of the communities in achieving the objectives of the AU is concerned but it has potential.<sup>556</sup>

It is also argued that if regional integration is managed well politically, in the long run, the benefits that accrue should outweigh the costs incurred by Member States in terms of tariff reduction.<sup>557</sup> The establishment of a common market is an important goal in terms of which the region will speak with one voice when negotiating agreements. Regional integration is not merely an adaptive response to globalisation but it is a mechanism for coping with the hegemony of powerful States such as the US.<sup>558</sup> The position that the US occupied could, however, be changing following China's emergence as an influential global player.<sup>559</sup> It goes without saying that unless developing countries reshape themselves into a powerful regional bloc they are unlikely to have much say in the emerging world order. Africa comprises Least Developed countries and developing countries which have little or no politico-economic influence in the global system and hence the need for a single regional bloc.<sup>560</sup>

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<sup>555</sup> Discussed at length in chapter 2 part 2.5 that deals with obstacles to regional integration in Africa.

<sup>556</sup> See chapter 2 part 2.5.7.2.

<sup>557</sup> Mistry 'New regionalism and economic development' in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 137. See chapter 2 part 2.5.5.

<sup>558</sup> Mistry 'New regionalism and economic development' 119.

<sup>559</sup> China is Africa's biggest trading partner : The Economist 'Little to fear but fear itself' (21 Sept 2013) available at <http://www.economist.com/news/middle-east-and-africa/21586583-slowing-demand-raw-materials-will-not-derail-african-economies-little-fear> (accessed 20 November 2013).

<sup>560</sup> Mistry 'New regionalism and economic development' 121.

The need for realistic objectives and efficient institutions cannot be overstressed. Ambitious goals that fail to take into consideration the environment within which the bloc operates inevitably makes integration difficult. For regional integration to succeed in Africa, the process of regional integration must be based on less ambitious but achievable objectives.<sup>561</sup> African leaders need to be more pragmatic by taking into account the constraints and capacities of their national governments and economies.<sup>562</sup>

Peace and security, political commitment and need for national and regional macroeconomic stability, the willingness to cede some level of sovereignty and efforts to address concerns around the potential unequal benefits stemming from regional integration are prerequisites for a successful regional integration in Africa. A good regional infrastructure network is also important as it for as successful regional integration since it promotes economic activities.<sup>563</sup>

Regional integration requires much planning, political will and commitment from all the African leaders. Political will requires some degree and nature of public support in Member States ranging from politicians, public officials and the general public. Democratic principles also remain crucial for the integration of African economies. Notwithstanding the AU Constitutive Act, some African countries such as Zimbabwe and Malawi are battling to uphold democratic values and norms. It is imperative to note that as long as ‘the commitment to democratic values remains in the realm of the rhetoric, integration initiatives will continue to flounder, unable to attain their full potential’.<sup>564</sup> There is a need for African leaders to move away from the rhetoric to practice.

By and large, regional integration has the potential to work more easily and effectively than multilateralism, even where Member States are on different levels of development. It is important for African countries to cooperate and coordinate their activities at regional level to avoid further marginalisation. Economic and legal integration are bound to improve the economic performance of the region.<sup>565</sup> Effective regional integration requires legal instruments which reflect the objectives of the Member States clearly, as well as the method

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<sup>561</sup> Mistry ‘New regionalism and economic development’ 121.

<sup>562</sup> Mistry (2000) 99 *African Affairs* 566.

<sup>563</sup> See detailed discussion on the need for developed infrastructure in chapter 4 part 2.5.4.

<sup>564</sup> Fagbayibo (2009) 42 *CILSA* 319.

<sup>565</sup> Ajayi ‘What Africa needs to do to benefit from globalisation’ (2001) *International Monetary Fund Finance and Development* available at <http://www.imf.org/external/pubs/ft/fandd/2001/12/ajayi.htm> (accessed 20 March 2012).

of implementation and compliance.<sup>566</sup> The obligations of the Member States should also be clearly articulated in order to ensure that the intended results are achieved. African leaders need to ensure that there is an adequate legal framework as well as an institution tasked with interpretation and enforcement of the said instruments. The suspension of the SADC Tribunal highlights the importance of an independent institution as well as enforcement measures.<sup>567</sup> The need to respect and uphold supra-national institutions cannot be overstressed as regional integration also hinges on supranationalism: it is imperative that African leaders are not allowed to ignore supranational institutions as this will undermine regional integration efforts.

As has been shown in the discussion, the adoption of the AU Constitutive Act<sup>568</sup> as well as the NEPAD initiative<sup>569</sup> demonstrates the clear interest African leaders have in regional integration. Article 3 of the Constitutive Act also reaffirms the need to accelerate the political and socio-economic integration of the region.<sup>570</sup> The object of establishing an African common market will be enhanced by the harmonisation of laws.<sup>571</sup> Legal integration is necessary for an enhanced economic integration process. Legal integration may also strengthen the investment climate in Africa.<sup>572</sup> Investors need the legal procedure to be predictable (which can be made easy if laws are harmonised), the risks inherent in undertaking the transaction and their rights and obligations based on the relevant laws.<sup>573</sup> Improving the investment climate in Africa plays an important role in driving growth and reducing poverty through job creation and improvements of job opportunities.<sup>574</sup> Legal integration will enhance market integration by ensuring predictability as well as social and

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<sup>566</sup> Tralac 'What has happened to the protection of rights in SADC?' available at <http://www.tralac.org/2012/01/18/what-has-happened-to-the-protection-of-rights-in-sadc/> (accessed 3 February 2012) 6.

<sup>567</sup> One of the flaws of the SADC Treaty is that it does not state clearly the exact nature of the relationship between the Tribunal and national courts, the effect of SADC law within the Member States and the enforcement of rulings of the Tribunal. See Art 32 of the Protocol of the SADC Tribunal.

<sup>568</sup> The 'Constitutive Act of the African Union' is available at [http://www.au.int/en/sites/default/files/Constitutive\\_Act\\_en\\_0.htm](http://www.au.int/en/sites/default/files/Constitutive_Act_en_0.htm) (accessed 24 October 2011).

<sup>569</sup> Nyirebu 'Appraising regional integration in Southern Africa' (2004) 13 *African Security Review* 23.

<sup>570</sup> Article 3 of the Constitutive Act of 2000 and the discussion in chapter 2 part 2.6 where the AU and NEPAD are discussed in detail.

<sup>571</sup> Although the provisions of the Constitutive Act do not expressly deal with laws, the need for harmonised laws can be inferred: Wandrag (2011) 13 *European Journal of Law Reform* 454. See a detailed discussion on harmonisation of laws in chapter 2 part 2.7.

<sup>572</sup> The World Bank 'A better investment climate for everyone' (2005) *World Development Report* 72.

<sup>573</sup> When the content and effect of legal rights and obligations are more predictable, it enhances investments as investors want predictability and legal certainty. Transaction costs are also reduced through harmonisation of laws.

<sup>574</sup> The need for legal integration is substantiated in chapter 2 part 2. 7.

legal certainty.<sup>575</sup> It will also facilitate international trade, promote competition and reduce the cost of doing business.<sup>576</sup> Legal integration will also improve the ability of States to coordinate economic policies.<sup>577</sup>

The difference between unification and harmonisation were highlighted. It is proposed that harmonisation should be the starting point with the object of subsequently achieving unification. The importance of harmonisation, among others, results in a legal text which is technically simple and efficient to use; facilitates cross-border trade,<sup>578</sup> and creates conditions for free competition. Finally, it will strengthen African unity which is significant for the AU.<sup>579</sup>

The techniques used to unify or harmonise the laws include model laws, legislative guides and recommendations, uniform acts, regulations and directives. The choice of an instrument depends upon the level of formality, enforceability and flexibility required by the Member States.<sup>580</sup>

OHADA is a good example of an organisation fostering legal integration which could play a role across the whole region subject to it adopting other AU official languages and in ensuring that the Uniform acts carry equal weight irrespective of the language in which they are drafted. OHADA also needs to attract other AU Member States and it should be willing to embrace States from common law jurisdictions.

Regional integration remains an important tool for economic growth and development in Africa. For a region characterised by small countries and small markets, regional integration remain the best option for benefitting from economies of scale, increased trade and investment as well as strength in bargaining power.<sup>581</sup> African countries need to be rather

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<sup>575</sup> See discussion in chapter 2 part 2.7.

<sup>576</sup> Wandrag (2011) 13 *European Journal of Law Reform* 452. See also legal integration in part 2.7.

<sup>577</sup> Dlagnekova (2009) 15-1 *Fundamina* 35.

<sup>578</sup> The use of national law may not be suitable for cross-border transactions due to a number of reasons. First, domestic rules may not necessarily provide a solution to a problem posed by an international transaction like international payment, currency conversion and cross-border transportation of goods. Second, national rules may not be appropriate when dealing with agency relationships operating against third parties. Third, it may be difficult to determine which court has jurisdiction over the matter. Again, each legal system has its own set of rules of private international law and that can encourage forum shopping as claimants will be able to select which forum to approach: Dlagnekova (2009) 15-1 *Fundamina* 25.

<sup>579</sup> Article 3 of the Constitutive Act available at [http://au.int/en/sites/default/files/Constitutive\\_Act\\_en\\_0.htm](http://au.int/en/sites/default/files/Constitutive_Act_en_0.htm) (accessed 5 April 2012).

<sup>580</sup> See chapter 2 part 2.7.1.

<sup>581</sup> See discussion on the benefits of regional integration chapter 2 part 2.1.

more realistic and pragmatic about their objectives for regional integration.<sup>582</sup> African leaders should move from political rhetoric in making treaty commitments and take their regional obligations seriously.<sup>583</sup> They should also be realistic in the time frames for implementing regional agreements.

This chapter focussed on the theoretical aspects of regional integration. The next chapter examines the existing international and regional legal frameworks for trade mark protection.



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<sup>582</sup> Mistry (2000) 99 *African Affairs* 566.

<sup>583</sup> See detailed discussion in chapter 2 part 2.5.1.

## CHAPTER 3

### THE INTERNATIONAL AND AFRICAN REGIONAL TRADE MARK PROTECTION FRAMEWORKS.

#### 3.1 Introduction

The marked rise in international as well as regional interest in the protection of intellectual property (IP) rights underlines the need for African countries to adopt a mechanism that facilitates the far-reaching changes arising in this area.<sup>1</sup> With the rapid technological developments that continue to emerge, IP rights have become increasingly important resulting in the need for an adequate system for IP protection<sup>2</sup> and for the adaptation of the IP rights instruments.<sup>3</sup> Currently, the African Regional Intellectual Property Organisation (ARIPO) and the *Organisation Africaine de la Propriété Intellectuelle* (translated in English: African Intellectual Property Organisation) (OAPI) are the two African sub-regional organisations that are responsible for managing trade marks and other forms of IP in Africa. OAPI has 17 members and ARIPO has 18 members; out of a total of 54 African countries.<sup>4</sup> The remaining 19 countries are not represented on these bodies although some of these

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\*Part of this chapter which deals with Pan African Intellectual Property Organisation (PAIPO) has been accepted and is due for publication in the African Journal of Law.

<sup>1</sup> Sikoyo, Nyukuri & Wakhungu *Intellectual property protection in Africa: Status of laws, research and policy, analysis in Ghana, Kenya, South Africa and Uganda* (2006) 6, hereafter Sikoyo, Nyukuri & Wakhungu *Intellectual property protection in Africa, hereafter Sikoyo Intellectual property protection in Africa*. See also Kongolo *African contributions in shaping the worldwide intellectual property system* (2013) 1, hereafter Kongolo *African contributions* and African Union 'Establishing a Pan-African Intellectual Property Organisation: A concept paper' available at [www.africa-union.org/.../EXT.AU.EXP.ST.8\(ID\)%20-%20CONCEPT%20PAPER%20ON%20INTELLECTUAL%20PROP](http://www.africa-union.org/.../EXT.AU.EXP.ST.8(ID)%20-%20CONCEPT%20PAPER%20ON%20INTELLECTUAL%20PROP) (accessed 19 July 2011).

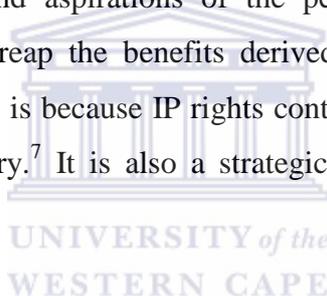
<sup>2</sup> Serres & Eisenfeld 'African legal developments in the United States and Sub-Saharan Africa' (2001) 35 *The International Lawyer* 871.

<sup>3</sup> Fink & Maskus 'Intellectual Property right and what we have learnt' in (eds) Fink & Maskus *Intellectual property and development: Lessons from recent economic research* (2005) 1.

<sup>4</sup> There are currently 54 independent countries in Africa following the independence of the Republic of South Sudan on 9 July 2011: Tekle 'African Union accepts South Sudan as a new Member State (28 July 2011) available at <http://www.sudantribune.com/AU-accepts-South-Sudan-as-bloc-s,39670> (accessed 15 May 2012). See also Richmond & Mazen 'South Sudan becomes 193<sup>rd</sup> independent nation after half-century rebellion (9 July 2011) available at <http://www.bloomberg.com/news/2011-07-08/south-sudan-becomes-an-independent-nation-in-shadow-of-conflict-poverty.html> (accessed 15 May 2012) and BBC News 'South Sudan becomes an independent nation (8 July 2011) available at <http://www.bbc.co.uk/news/world-africa-14089843> (accessed 15 May 2012).

countries have an observer status on the sub-regional institutions:<sup>5</sup> these countries rely completely on their own national offices to address IP related matters. This state of affairs reveals that current IP regionalism is flawed in that it does not include all the African Union (AU) Member States.

The focus in this chapter is to examine the existing international trade mark protection framework namely, the Madrid Agreement Concerning the International Registration of Marks, Madrid Protocol, Paris Convention and TRIPS Agreement insofar, as these instruments govern trade marks. It also focuses on the regional framework. The aim for a regional analysis is to explore the existence of ARIPO and OAPI vis-à-vis the proposed regional IP organisation. The rationale is to determine possible areas of reform that can be implemented to enable the proposed organisation to develop an efficient and effective system. There is need to ensure that African countries develop an effective IP system that takes into account the needs and aspirations of the people as well as realities of the continent.<sup>6</sup> The aim is to fully reap the benefits derived from IP protection in terms of investment and job creation. This is because IP rights contribute to the economic, social and cultural development of a country.<sup>7</sup> It is also a strategic and powerful tool for economic growth.<sup>8</sup>



The chapter is divided into six parts. The first part examines the importance of integrating trade marks laws. It also discusses the relevant provisions of international treaties governing trade marks. The second part analyses ARIPO as an organisation that deals with IP in the region.<sup>9</sup> The objectives of ARIPO, the Banjul Protocol and the characteristics of the ARIPO system are also discussed under this part. The third part examines the OAPI and its objectives. The fourth part focuses on the level of co-operation between ARIPO and OAPI.

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<sup>5</sup> Angola, Algeria, Burundi, Egypt, Eritrea, Ethiopia, Libya, Mauritius, Nigeria, Seychelles, South Africa and Tunisia have an observer status in the main organs of ARIPO. This is in line with Article IV of the Lusaka Agreement.

<sup>6</sup> The new IP organisation should take into account the need to sufficiently protect intellectual property that is relevant to Africa such as traditional knowledge. It would also be vital to take into account the different levels of development for the African countries with a view to ensure that its members do not blindly sign regional or bilateral agreements with stricter standards than those prescribed by the Trade Related Intellectual Property Agreement (TRIPS) as this may be prejudicial to African countries. See Kongolo *African contributions* 9 and the discussion on PAIPO in chapter 3 part 3.7.

<sup>7</sup> Article 7 of the Agreement on Trade-Related Aspects of Intellectual Property Rights: WTO *The Legal Texts- Results of the Uruguay Round of Multilateral Trade Negotiations*, Annex 1C (1994) 321-353, hereafter WTO *The Legal Texts*.

<sup>8</sup> Godart 'IP crime: the new face of organised crime: Fro IP theft to IP crime' (2010) 5 *Journal of Intellectual Property Law and Practice* 379, hereafter Godart (2010) 5 *Journal of Intellectual Property Law and Practice*.

<sup>9</sup> ARIPO and OAPI become sub-regional IP institutions because Africa is a continent thus a single region.

This part raises two important questions: Are the two institutions, through the agreement, working towards a merger in the future? What are their approaches to countries which do not belong to either Organisation and or do they have a common approach to them?<sup>10</sup>

The fifth part analyses the plans of the AU and New Plan for Africa's Development (NEPAD) objectives concerning African integration,<sup>11</sup> as well as the protection of IP and trade. It also examines the steps which the AU has taken towards the protection of IP rights. The aim is to provide an understanding of the mechanisms that the AU has put in place to achieve the important goal of regional integration. The reason for including NEPAD is that it is an organisation that works in conjunction with the AU towards the achievement of the AU's stated goals.<sup>12</sup> It can be said that NEPAD is a mandated initiative of the AU.<sup>13</sup> One of its primary objectives is to promote regional integration.<sup>14</sup>

The sixth part, discusses recent AU developments, particularly the planned establishment of the Pan-African Intellectual Property Organisation (PAIPO). A key question is whether PAIPO can successfully merge ARIPO and OAPI and integrate the non-member countries. The last part draws conclusions from the discussions.

Overall, this chapter demonstrates that trade mark protection in Africa needs to be consolidated. The fragmentation evidenced by the existence of two IP organisations, to which some of the countries that are important economic players in Africa are not affiliated, undermines the creation of an effective African regional IP system.

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<sup>10</sup> For example Nigeria, Egypt and South Africa. The rationale behind the focus on the three countries is premised on the fact that these countries have huge economies that contribute to Africa's development. South Africa and Nigeria account for more than half of the total of GNP of Sub-Saharan Africa leaving 47 countries share the remaining half: Elliot *Export to explode: Cash flow and profits* (2010) 33 and Van der Kraaij 'Why are former British colonies performing better' (24 January 2012) available at [http://www.africanews.com/site/Why\\_are\\_former\\_British\\_colonies\\_performing\\_better/list\\_messages/40963](http://www.africanews.com/site/Why_are_former_British_colonies_performing_better/list_messages/40963) (accessed 13 June 2012).

<sup>11</sup> One of NEPAD's objectives 'is increased African integration'. It is, therefore, important to examine what has been done, what is being done, as well as what NEPAD intends to do in the future to ensure that there is integration in Africa: Department of International Relations & Cooperation (RSA) 'An overview of NEPAD' available at [http://www.dfa.gov.za/au.nepad/nepad\\_overview.htm](http://www.dfa.gov.za/au.nepad/nepad_overview.htm) (accessed 19 October 2011).

<sup>12</sup> Department of International Relations & Cooperation (RSA) 'An overview of NEPAD' available at [http://www.dfa.gov.za/au.nepad/nepad\\_overview.htm](http://www.dfa.gov.za/au.nepad/nepad_overview.htm) (accessed 19 October 2011).

<sup>13</sup> The NEPAD Heads of State and Government Implementation Committee are accordingly required to report annually to the African Union Summit.

<sup>14</sup> NEPAD is discussed in detail in chapter 2 part 2.6.1.

The integration of trade marks which can be achieved by adopting international instruments or regional instruments is now discussed. The integration of trade marks laws is the main focus of this thesis.<sup>15</sup>

### 3.1.1 The importance of integrating trade mark laws

The harmonisation of trade mark laws in Africa is a possibility that can enrich States because of its advantages.<sup>16</sup> Harmonisation of laws is considered a key ingredient in encouraging a more active involvement of various interested parties in the law-making process.<sup>17</sup> It also improves and modernises the laws as it will firstly eliminate uncertainty by providing a common solution to any legal problems faced by African States. The process requires the participation of all Member States.<sup>18</sup> Powerful Member States cannot be allowed to dictate to small Member States as that will give rise to laws that are skewed in favour of the interests of the powerful Member States.

The initiative to harmonise business laws and the manner in which some African countries have been willing to adopt unified laws evidences the potential that exists for cooperation and intergration of laws in Africa.<sup>19</sup> Trade mark laws vary across Africa and these differences may increase transaction costs due to the need to consult foreign law and legal practitioners.<sup>20</sup> National laws may, in addition, be insufficient to effectively regulate cross-border trade or cross border disputes.<sup>21</sup> Harmonisation of laws eliminates legal problems which arise in relation to questions such as which legal system should regulate cross-border transactions, or

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<sup>15</sup> A detailed discussion regarding legal integration particularly trade mark laws follows in the subsequent chapters as that requires the need to examine the laws of each state.

<sup>16</sup> Stiglitz *Globalisation and its discontents* (2002) ix.

<sup>17</sup> Boele-Woelki *Unifying and Harmonising Substantive Law and the Role of Conflict of Laws* (2010) 84, hereafter Boele-Woelki *Unifying and Harmonising Substantive Law*.

<sup>18</sup> Dlagnekova 'The need to harmonise trade-related laws within countries of the African Union: An introduction to the problems posed by legal divergence' (2009) 15-1 *Fundamina* 39, hereafter Dlagnekova (2009) 15-1 *Fundamina*. See chapter 2 part 2. 7.

<sup>19</sup> The adoption of OHADA laws illustrates the manner in which states are willing to harmonise their laws. The Treaty establishing OHADA aims at harmonising business laws through the elaboration and adoption of simple, modern and common rules: Dickerson 'Harmonising Business Laws in Africa: OHADA Calls the Tune' (May 13, 2005) Bepress Legal Series. Working Paper 618 available at <http://law.bepress.com/cgi/viewcontent.cgi?article=3073&context=expresso> (accessed 15 February 2012). See also Oppong 'Private International Law in Africa: The past, present and future' (2007) 55 *Am. J. Comp. L.* 713, hereafter Oppong (2007) 55 *Am. J. Comp. L.*

<sup>20</sup> Mancusso 'Trends on the harmonisation of contract law in Africa' (2007) 13 *Ann. Survey. Int'l & Comp. L.* 158, hereafter Mancusso 13 *Ann. Survey. Int'l & Comp. L.*

<sup>21</sup> Mouloul *Understanding the Organisation for the harmonisation of business laws in Africa (OHADA)* (2009) 12, hereafter Mouloul *OHADA*.

what the content of that law is.<sup>22</sup> Harmonisation will seek to eliminate divergences that make cross-border trade difficult. Economic integration cannot be completed where there is legal diversity,<sup>23</sup> therefore, harmonisation of trade mark laws is necessary. The objectives of harmonising trade mark laws derive from the fact that reducing the disparities between national laws would reduce the cost, time and uncertainty in ascertaining IP rights, thus reducing barriers to innovation,<sup>24</sup> and to trade.<sup>25</sup> Harmonisation of Member State laws is essential for not only the creation of a single uniform law, but for the coordination of the different legal systems.

There are two specific reasons for the need to integrate trade mark laws: the territoriality principle and the exhaustion principle. A detailed discussion of these reasons will now follow below.

### 3.1.1.1 Territoriality principle

The essence of the territoriality principle is that each State may exercise jurisdiction over property and persons in or acts occurring within its territory. State action, legislation and court decisions thus take effect within the territory of the specific State. The jurisdiction of the State is thus limited to its territory. The territoriality principle derives from sovereignty<sup>26</sup> by virtue of the fact that every State has jurisdiction over its territory.<sup>27</sup>

The territoriality principle also applies to IP protection. IP protection is, therefore, as a rule not international or regional, but national implying that protection is limited to national jurisdictions.<sup>28</sup> Martin rightly argues that the territoriality principle was the main reason for the development of national trade mark registers rather than an international register. This is because IP rights are governed by the laws of the State. This means that the rights can only be

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<sup>22</sup> Dlagnekova (2009) 15-1 *Fundamina* 23.

<sup>23</sup> Mouloul *OHADA* 10.

<sup>24</sup> Harmonised intellectual property laws would offer much protection compared to national law. Regional law may increase protection and thus indirectly reduces barriers to innovation through coherent laws.

<sup>25</sup> Dinwoodie 'The integration of international and domestic intellectual property lawmaking' (2000) 23 *Columbia-VLA Journal of Law & the Arts* and Leaffer 'The new World Intellectual trade mark law' (1998) 2 *Marq.Intell.Prop.L.Rev.* 15.

<sup>26</sup> Sovereignty means a State is supreme and its authorities have the power to govern.

<sup>27</sup> Martin *The 'situs' of the registered trade mark right in South African Law considered in the light of parallel importation* LLD thesis, University of the Western Cape (2007) 332, hereafter Martin *The 'situs' of the registered trade mark right in South African Law considered in the light of parallel importation* LDD thesis.

<sup>28</sup> Loewenheim 'Harmonisation and intellectual property in Europe' (1996) 2 *Colum.J.Eur* 481, hereafter Loewenheim 1996) 2 *Colum.J.Eur*. See also chapter 5 part 5.2.1.

enforced in the territory of that State in terms of which protection has been granted.<sup>29</sup> Protection does not extend beyond the boundaries of the country that recognises the trade mark. Cornish and Llewellyn succinctly observe that the territoriality principle has three elements.<sup>30</sup> First, the right in each country is determined by the law of the country. Second, the right only affects activities undertaken by others within the geographical territory for which it is granted. Third, the right may be enforced in the courts of the country for which it is granted.<sup>31</sup> In essence, the regulation, protection and enforcement of IP rights are limited by the geographical boundaries of the State in which the right is registered. Territoriality, therefore, generates a need for the harmonisation of laws because it results in different laws applying in each State.

The disparities in the national trade mark laws may distort competition by creating unequal conditions for the production and distribution of goods and rendering of services.<sup>32</sup> The existence of disparities in national laws can also act as a barrier to trade: while there may still be an exclusive right in one country, the object of the right could already be in the public domain<sup>33</sup> in another country and thus without any protection there. Once the object of the right is in the public domain, there cannot actually be an exclusive right. The law does not protect something that is already in the public domain.

The exhaustion principle is an important attempt to overcome the problems caused by the territoriality principle. It is now discussed.

### 3.1.1.2 Exhaustion principle

This principle limits the right of an owner to control the further distribution of goods protected as IP after the initial sale of such goods has occurred, either by the right holder or with his consent.<sup>34</sup> The goods can, thereafter, be sold freely without the right holder's further permission. In relation to trade marks, the exhaustion principle means that a trade mark proprietor's right to control his trademarked goods ceases when he releases the goods into the

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<sup>29</sup> Martin *The 'situs' of the registered trade mark right in South African Law considered in the light of parallel importation* LDD thesis 346.

<sup>30</sup> Cornish & Llewellyn *Intellectual Property: Patents, Copyright, Trade mark and Allied Rights* (2003) 26-27, hereafter Cornish & Llewellyn *Intellectual Property*.

<sup>31</sup> Cornish & Llewellyn *Intellectual Property* 26-27.

<sup>32</sup> Cornish & Llewellyn *Intellectual Property* 26-27. Loewenheim (1996) 2 *Colum.J.Eur* 481.

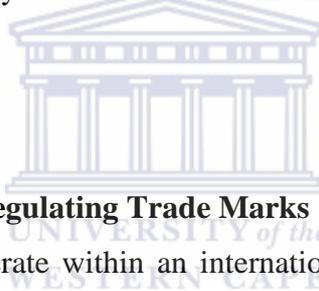
<sup>33</sup> Meaning in the public sphere.

<sup>34</sup> Loewenheim (1996) 2 *Colum.J. Eur* 481. See also chapter 5 part 5.2.2.

stream of commerce.<sup>35</sup> It is important to note that the exhaustion principle is part of national law and the scope of its application is restricted to the territory of the particular state. The first sale of goods that is protected as IP can exhaust the IP rights only in that territory but not elsewhere.<sup>36</sup> As a result, the right holder has a right to enjoin the importation of previously sold goods into other countries where IP rights have not been exhausted. It seems problematic that: whether or not the right exists in country B into which the goods are being imported depends on whether the rights have been exhausted in country A.

The principle of territoriality becomes a driving force behind the harmonisation of IP laws since IP protection is limited to national jurisdiction. The principle of exhaustion (first sale doctrine) is the basis for harmonisation since it allows products to be sold freely in other States and thus facilitating trade.

The harmonisation of the substantive aspect of the law is generally achieved by the adoption of international treaties.<sup>37</sup> An analysis of the relevant international treaties to trade marks will now follow.



### **3.2 International Treaties Regulating Trade Marks**

National trade mark systems operate within an international framework dealing with trade marks.<sup>38</sup> An international treaty may find direct application,<sup>39</sup> if it is a self-executing treaty, or it must be ‘domesticated’ or transposed into national legislation to have legal validity.<sup>40</sup> The effect of ‘domestication’ is to align national law with international law; the laws cannot be contradictory. Alignment is crucial as it eliminates divergences in the laws, thereby, fostering legal integration.

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<sup>35</sup> Gladwell ‘The exhaustion of IP rights’ 12 *EIPR* 366.

<sup>36</sup> Loewenheim (1996) 2 *Colum.J. Eur* 481.

<sup>37</sup> The Paris Convention for example is primarily concerned with harmonisation of substantive trade mark laws. Marshall ‘New World of International Trademark Law’ (1998) 2 *Marq. Intell. Prop. L. Rev.* 9, hereafter Marshall (1998) 2 *Marq. Intell. Prop. L. Rev.*

<sup>38</sup> The legislature may transform a treaty into domestic law in three ways namely: first, the provisions of the treaty may be embodied in the text of an Act of Parliament; second, the treaty may be included as a schedule to a statute; and third, an enabling Act of Parliament may give the executive the power to bring a treaty into effect in municipal law through a proclamation or notice in the Government Gazette: Dugard *International Law: A South African Perspective* (2011) 55, hereafter Dugard *International Law*.

<sup>39</sup> Deere ‘The Politics of Intellectual Property Reform in Developing Countries: The Relevance of the World Intellectual Property Organisation’ 113 available at [papers.ssrn.com/sol3/papers.cfm?abstract\\_id=132504](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=132504) (accessed 12 February 2013) and Ngoelele ‘The content of the doctrine of self-execution and its limited effect in South African law’ (2006) 31 *SAYIL* 147.

<sup>40</sup> Dugard *International Law* 55.

There are international treaties which simplify the procedure for obtaining trade marks since trade mark law is territorial.<sup>41</sup> International treaties are also aimed at harmonising trade mark registration. Harmonisation at the international level plays an important role in creating a structured system.<sup>42</sup> Samuels and Samuels rightly hold the view that harmonisation:

‘... will facilitate international trade and commerce, provide savings for trade mark owners and decrease the complexity of international registration and maintenance of trade marks.’<sup>43</sup>

A reliable, stable and efficiently structured trade mark system benefits not only consumers, but business people as well by creating ‘certainty and predictability in the realm of trade mark protection for those whose products are sold across national borders and for those who consume those products.’<sup>44</sup> As will be seen, the similarities in the laws in the legal systems under study may be attributed to their accession to international agreements.<sup>45</sup>

The next part analyses some of the relevant provisions in the international treaties.



### 3.2.1 Paris Convention

The Paris Convention for the Protection of Industrial Property (Paris Convention) was signed in March 1883 in Paris and it came into effect on 7 July 1884.<sup>46</sup> The Paris Convention governs all forms of industrial property including patents, industrial designs, trade marks and utility models.<sup>47</sup> The first international effort to standardise and simplify the protection of Intellectual Property Rights (IPR) in Member States began with the Paris Convention.<sup>48</sup> Well-known marks are also protected from any infringement by a third party in any Convention

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<sup>41</sup> Schmidt-Szalewski ‘The international protection of trade marks after the TRIPS Agreement’ (1998) *Duke Journal of Comparative & International Law* 190, hereafter Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law*.

<sup>42</sup> See chapter 4 part 4.5.

<sup>43</sup> Samuels & Samuels ‘The changing landscape of international trade mark law’ (1994) 27 *Geo. Wash. J. Int’L. & Econ* 455, hereafter Samuels & Samuels (1994) 27 *Geo. Wash. J. Int’L. & Econ*.

<sup>44</sup> Blakely ‘Beyond the international harmonisation of trade mark law; The Community Trade Mark as a model of unitary transnational trade mark protection’ (2000) 149-1 *University of Pennsylvania Law Review* 313, hereafter Blakely (2000) 149-1 *University of Pennsylvania Law Review*.

<sup>45</sup> See chapter 4 part 4.5.

<sup>46</sup> The Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012). See also WIPO *Intellectual Property Handbook: Policy, Law and Use* (2004) 241. Also available at <http://www.wipo.int/export/sites/www/about-ip/en/iprm/pdf/ch5.pdf#paris> (accessed 15 December 2012).

<sup>47</sup> Article 4 of the Paris Convention.

<sup>48</sup> Blakely (2000) 149-1 *University of Pennsylvania Law Review* 314.

country which has implemented the Paris Convention in terms of Article 6bis.<sup>49</sup> The legal systems under study are members to the Paris Convention and it is accordingly essential to examine its provisions.<sup>50</sup>

The provisions of the Paris Convention which are relevant for the present purposes are: Article 5 (c) (2) and 3, and Article 6. Article 5 (c) (2) provides that:

‘Use of a trade mark by the proprietor in a form differing in elements which do not alter the **distinctive character** of the mark in the form in which it was registered in one of the countries of the Union shall not entail invalidation of the **registration** and shall not diminish the protection granted to the mark.’<sup>51</sup>

The above provision emphasises that the differences in ‘form’ must not ‘alter the distinctive character of the mark’.<sup>52</sup> It also shows distinctiveness as the core element of a trade mark.<sup>53</sup>

Differences may exist in form but does not result in the invalidation of the registration nor diminish the protection granted to the mark. The purpose of such a provision is to allow for unessential differences between the form of the mark as it is registered and the form which it is used for, example in cases of adaptation or transition of certain elements for such use.<sup>54</sup>

The mark is protected against possible infringement by third parties irrespective of the differences in form in which it was registered.<sup>55</sup>

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<sup>49</sup> It prohibits ‘... use, of a trade mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.’ A person may request cancellation of such a mark within a period of five from the date of registration: Art 6bis of the Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012). See also Hart, Fazzani & Clark *Intellectual property law* (2006) 151 hereafter Hart *et al Intellectual property law*.

<sup>50</sup> Zimbabwe’s declaration of succession to the Paris Convention was made on 29 September 1981 and the Convention entered into force on 18 April 1980; Kenya acceded on 14 May 1965 and the Convention came into force on 14 June 1965; South Africa acceded on 20 October 1947 with the Convention coming into force on 20 October 1947; and Cameroon acceded on 10 February 1964 and the Paris Convention came into force on 10 May 1964 respectively: There are in total 147 contracting parties to the Paris Convention: WIPO ‘Contracting parties’ available at [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=2](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=2) (accessed 10 February 2013).

<sup>51</sup> Article 5 (c) (2) of the Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012): my emphasis.

<sup>52</sup> Bodenhausen *Guide to the application of the Paris Convention for the protection of industrial property* (as revised at Stockholm in 1967), (1969) 77, hereafter *Bodenhausen Guide to the application of the Paris Convention*.

<sup>53</sup> See chapter 4 part 4.3.1 deals with Zimbabwean law; part 4. 3. 2 deals with South African law, part 4.3. 3 deals with Kenyan Law and part 4. 6 focusses on Cameroonian law. See also chapter 4 part 4. 3. 4 analyses distinctive requirement.

<sup>54</sup> WIPO *Intellectual Property Handbook: Policy, Law and Use* (2004) 250 available at <http://www.wipo.int/export/sites/www/about-ip/en/iprm/pdf/ch5.pdf#paris> (accessed 15 December 2012).

<sup>55</sup> Bodenhausen *Guide to the Application of the Paris Convention* 77.

Article 5 (c) (3) reads as follows:

‘Concurrent use of the same mark on identical or similar goods by industrial or commercial establishment considered as co-proprietors of the mark according to the provisions of the domestic law of the country where protection is claimed shall **not prevent registration or diminish in any way the protection granted to the said mark in any country of the union, provided that such use does not result in misleading the public and is not contrary to the public interest**’.<sup>56</sup>

The above section is concerned with ‘registration’ and ‘protection’ of the mark in light of concurrent use of the same mark. It can be construed that where co-proprietors use the same mark concurrently, that should not impede registration or lead to the invalidation of the mark.<sup>57</sup> What this means is that protection should still be accorded to the mark. The rationale is that the mark is co-owned and both parties have an exclusive right regarding use of the mark.<sup>58</sup>

The words ‘provided that such use does not result in misleading the public’ indicate that registration and protection of the mark which is concurrently in use is conditional upon the mark not misleading the public. Bodenhausen avers that ‘misleading use’ takes place if the public is misled either as to the source or as to the quality of the product.<sup>59</sup> Hertzog rightly supports this view and adds that the interpretation to be given to the words ‘distinctive character’ in Article 5 (c) (2) should be ‘distinctive either in terms of the source or in terms of quality.’<sup>60</sup> His argument is that: to read into the section only one of the forms of distinctiveness would be to limit the natural meaning of the wording where no such limits are in fact indicated.<sup>61</sup> It would also result in a basic incompatibility with the interpretation given by Bodenhausen to the word ‘misleading’.<sup>62</sup> It is argued that the requirement that concurrent use of a mark should not be ‘misleading’ accords with the broad ‘distinctive character’ of a mark

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<sup>56</sup> Article 5 (c) (3) of the Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012): my own emphasis.

<sup>57</sup> WIPO *Intellectual Property Handbook: Policy, Law and Use* (2004) 250 available at <http://www.wipo.int/export/sites/www/about-ip/en/iprm/pdf/ch5.pdf#paris> (accessed 15 December 2012, hereafter WIPO *Intellectual Property Handbook*).

<sup>58</sup> This is similar to simple joint entitlement found in the law of contract in terms of which each of a co-creditors is entitled to receive a proportionate share of the performance that is made by the debtor: Hutchison & Pretorius (eds) *The Law of Contract in South Africa* (2012) 221.

<sup>59</sup> Bodenhausen *Guide to the application of the Paris Convention* 78.

<sup>60</sup> Hertzog *Functional Theory in Trade Mark Law* Unpublished LLD thesis, University of Stellenbosch (1979) 47, hereafter Hertzog *Functional Theory in Trade Mark Law* LLD thesis.

<sup>61</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 47.

<sup>62</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 47.

which is provided in Article 5 (c) (2).<sup>63</sup> It reinforces the idea that a trade mark should be able to distinguish goods or services of an enterprise from another. The emphasis is on the product or service, and not on the origin of the goods.<sup>64</sup>

The other provision which is of importance is Article 6 (1), (2) and (3) which deal with conditions of registration and the independence of protection of same mark in different countries. Section 1 provides that: ‘the conditions for the filing and registration of trade marks shall be determined in each country of the Union by its domestic legislation.’<sup>65</sup> Martin rightly argues that the principle of national treatment suggests an acceptance that IP rights are nationally created and that a trade mark operates on a national basis.<sup>66</sup> The Paris Convention thus leaves it to Member States to decide on conditions for filing as well as registration. The unintended result of such a provision is that it gives rise to variations in the trade mark laws.<sup>67</sup>

Section 2 goes on to say that an application for the registration of a mark filed by a ‘national of a country of the Union’ may not be refused, nor may registration be invalidated on the ground that registration has not been effected in the country of origin.<sup>68</sup> This provision suggests that registration in the country of origin is not a prerequisite for obtaining an international registration of the mark.<sup>69</sup> The Paris Convention, however, recognises the concept of priority; the first filing date in any Convention country becomes the date for all filings made within a particular time.<sup>70</sup>

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<sup>63</sup> Article 5 (c) (2) of the Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012).

<sup>64</sup> It is clear that whether the mark is co-owned or not, such a mark may not be registered if it misleads the public. Zimbabwe’s Trade Marks Act and South Africa’s Trade Mark Act do not, for example, have a similar provision prohibiting concurrent use which is misleading: see chapter 4 below. See also Art 3 of the Agreement Revising the Bangui Agreement of March 2, 1977 on the Creation of an African Intellectual Property Organisation available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012).

<sup>65</sup> Article 6 (1) of the Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012).

<sup>66</sup> Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* LLD thesis 361.

<sup>67</sup> This is even seen in South Africa, Zimbabwe, Kenya and Cameroon’s trade mark laws; some of the conditions for filing and registration are different: See chapter 4 part 4.5.

<sup>68</sup> Article 6 (2) of the Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012).

<sup>69</sup> WIPO *Intellectual Property Handbook* 251.

<sup>70</sup> The period of priority in the case of trade marks is six months: Hart *et al Intellectual property law* 15.

The concept of priority rights measure international protection because the person who first files a trade mark application may make a claim of the trade mark.<sup>71</sup>

Section 3 then provides that ‘a mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.’<sup>72</sup> What this means is that a trade mark granted in a Member State is independent from those that already exist in other Member States for the same object, including in the State where it was first protected.<sup>73</sup> A registered trade mark will thus not automatically be affected by any decision taken with respect to similar registrations for the same marks in other countries. Cancellation of a similar registration of the trade mark in one country will not consequently affect registration of the mark in other countries.<sup>74</sup> Each registration is governed by the legislative provisions of the country where registration has been sought since trade mark rights are national rights.<sup>75</sup> Consequently, the existence of a trade mark in one Member State has no influence on the rights protected in another Member State.<sup>76</sup>

The Paris Convention brings some direction regarding the protection of intellectual property rights (IPR). It also prevents others from acquiring or registering as a national trade mark a well-known trade mark. The Paris Convention also makes provision for national laws to govern trade marks as such laws determine registrability requirements.<sup>77</sup>

### 3.2.2 The Madrid Agreement

The Madrid Agreement concerning the International Registration of Marks (Madrid Agreement) was built upon the tenets of the Paris Convention.<sup>78</sup> It was signed on 14

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<sup>71</sup> Hart *et al Intellectual property law* 150.

<sup>72</sup> Article 6 (3) of the Paris Convention for the Protection of Industrial Property of March 20 1883 as amended on September 28, 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 15 December 2012).

<sup>73</sup> Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 190.

<sup>74</sup> WIPO *Intellectual Property Handbook: Policy, Law and Use* (2004) 251. Also available at <http://www.wipo.int/export/sites/www/about-ip/en/iprm/pdf/ch5.pdf#paris> (accessed 15 December 2012).

<sup>75</sup> Hart *et al Intellectual property law* 150. See also Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* LLD thesis 361-362.

<sup>76</sup> Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 191.

<sup>77</sup> See the requirements for each of the legal system under study in chapter 4: part 4.3.

<sup>78</sup> The Madrid Agreement extended the principle of independence of rights by reinforcing the principle of territoriality. Leaffer explains that the Madrid Agreement also builds on principles outlined at the Paris Convention by creating an international mechanism for registration of trade marks: Leaffer ‘The new world

April 1891 in Madrid and has a total number of 56 contracting parties.<sup>79</sup> The Madrid Agreement has various advantages: first, it simplifies the international registration of trade marks by facilitating registration in the contracting countries through a single filing in the home country's trade mark office.<sup>80</sup> The applicant must have a business or domiciled in a Madrid Agreement country.<sup>81</sup> The Madrid Agreement, therefore, affords trade mark owners a mechanism to obtain protection worldwide more easily and it also reduces costs of obtaining the trade mark right.<sup>82</sup> The second advantage is that changes that need to be made to the international registration, for example, in terms of the name of the holder, his or her address or change in ownership may be recorded with the International Bureau of Intellectual Property (International Bureau) of the World Intellectual Property Organisation (WIPO). The changes are effected by means of a single procedure and payment of one fee.<sup>83</sup> Thirdly, trade mark offices are not required to classify goods or services, or publish the marks thus reducing their administrative burden.<sup>84</sup> Lastly, part of the fees collected by the International Bureau is transferred to the contracting parties in which protection is sought thus benefitting them.

In view of the fact that the Madrid Agreement forms part of the Madrid system, I shall now discuss the Madrid system before I examine its provisions.

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international trade mark law' (1998) 2 *Marquette Intellectual Property Law Review* 12, hereafter Leaffer (1998) 2 *Marquette Intellectual Property Law Review*. See also Hertzog *Functional Theory in Trade Mark Law* LLD thesis 49.

<sup>79</sup> All legal systems under study in chapter 4 are not members to the Madrid Agreement except Kenya which became party on June 26, 1998 and to the Protocol on June 26, 1998: WIPO 'Contracting Parties' available at [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=21](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=21) (accessed 15 December 2012).

<sup>80</sup> Article 1 (2) of the Madrid Agreement. See also Blakely 'Beyond the international harmonisation of trade mark law: The Community Trade Mark as a model of unitary transnational trade mark protection' (2000) *University of Pennsylvania Law Review* 316; Leaffer (1998) 2 *Marquette Intellectual Property Law Review* 12 and Hart *et al Intellectual property law* 151. The Madrid Agreement is sometimes referred to as a 'filing treaty' because of its object to create a globally comprehensive international registration system for trade marks: WIPO *Making a Mark: An Introduction to Trade marks for Small and Medium-sized Enterprises* Publication No.900 (2006) 14 available at [http://www.wipo.int/freepublications/en/sme/900/wipo\\_pub\\_900.pdf](http://www.wipo.int/freepublications/en/sme/900/wipo_pub_900.pdf) (accessed 18 January 2013).

<sup>81</sup> Article 1(3) of the Madrid Agreement.

<sup>82</sup> The Madrid Protocol has the same advantages like the Madrid Agreement. See Samuels & Samuels 27 *Geo. Wash. J. Int'l. & Econ* 446.

<sup>83</sup> WIPO *A Guide to the International Registration of Marks under the Madrid Agreement and the Madrid Protocol* (2009) A.4 available at <http://www.wipo.int/export/sites/www/madrid/en/guide/pdf/guide.pdf> (accessed 20 December 2012). See also WIPO *Intellectual Property Handbook* 292.

<sup>84</sup> WIPO *Intellectual Property Handbook* 292.

## *The Madrid system*

It is significant to note that the Madrid Agreement and the Protocol Relating to the Madrid Agreement (the Protocol)<sup>85</sup> comprise a unit generally known as the ‘Madrid system’.<sup>86</sup> The contracting parties to the Madrid Agreement and the Protocol constitute the ‘Madrid Union’.<sup>87</sup> An applicant (natural person or entity) who wants to file an application for international registration must be connected through business, domicile or nationality with a member of the Madrid Union.<sup>88</sup> Protection may only be sought in countries who are members of the Madrid Union as the system cannot be used to protect trade marks outside the Madrid Union.<sup>89</sup> Both treaties are governed by the same regulations referred to as the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (Common Regulations).<sup>90</sup> It should be noted however, that an international application may be governed by both the Madrid Agreement and the Protocol or by one of them.<sup>91</sup>

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<sup>85</sup> Adopted at Madrid on June 27 in 1989, as amended on Oct 3 2006, and on 12 November 12 2007 available at [http://www.wipo.int/export/sites/www/madrid/en/legal\\_texts/pdf/madrid\\_protocol.pdf](http://www.wipo.int/export/sites/www/madrid/en/legal_texts/pdf/madrid_protocol.pdf) (accessed 20 December 2012).

<sup>86</sup> The Madrid system of international registration of marks may be used only by a natural person or a legal entity which is domiciled in, or is a national of, a country which is party to the Madrid Agreement or the Madrid Protocol. It could also be an intergovernmental organisation which is a party to the Protocol, or a national of a member state of such an organisation.

<sup>87</sup> WIPO *A Guide to the International Registration of Marks under the Madrid Agreement and the Madrid Protocol* (2009) available at <http://www.wipo.int/export/sites/www/madrid/en/guide/pdf/guide.pdf> (accessed 20 December 2012), hereafter *WIPO A Guide to the International Registration of Marks*. See also Art 1 of the Madrid Agreement. Any State which is a party to the Paris Convention for the Protection of Industrial Property may become a party to the Agreement or the Protocol or both. See also Bainbridge *Intellectual Property* (2009) 769.

<sup>88</sup> A country of origin is defined as:

- a) ‘Any country, party to the Agreement, in which he has a real and effective industrial or commercial establishment; or
- b) if he has no establishment in such a country, the country, party to the Agreement, in which he has his domicile; or
- c) if he has neither an establishment nor a domicile in such a country, the country, party to the Agreement, of which he is a national.’ Nationals of states that are parties to the Madrid Agreement are able to apply for international registration. National in this instance include nationals of states that are not parties to the Madrid Agreement but who have their domicile or a real and effective establishment in a state that is a party to the Madrid Agreement: Art 1(3) of the Madrid Agreement. See also *WIPO A Guide to the International Registration of Marks under the Madrid Agreement and the Madrid Protocol* (2009) B.II.2 available at <http://www.wipo.int/export/sites/www/madrid/en/guide/pdf/guide.pdf> (accessed 20 December 2012).

<sup>89</sup> *WIPO Intellectual Property Handbook* 288.

<sup>90</sup> Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (as in force on January 1, 2012 available at [http://www.wipo.int/madrid/en/legal\\_texts/pdf/common\\_regulations.pdf](http://www.wipo.int/madrid/en/legal_texts/pdf/common_regulations.pdf) (accessed 20 December 2012).

<sup>91</sup> A country may be a member to either the Madrid Agreement or the Protocol, or both. According to WIPO there are three forms of international application under the Madrid system, namely, an application which is governed exclusively by the Agreement which means all the designations are made under the Agreement;

The thesis proceeds to examine the Madrid Agreement separately. This is because despite the fact that the two treaties constitute the Madrid system and have overlapping membership, they are parallel and independent of each other.<sup>92</sup>

### 3.2.2.1 Definition of a trade mark under Madrid Agreement

The Madrid Agreement contains no specific definition of a trade mark.

### 3.2.2.2 Requirements concerning the international application

It is a prerequisite for registration that the mark should first be registered in the country of origin.<sup>93</sup> The Office of Origin is required to present the international application to the International Bureau which maintains the International Register and publishes the WIPO Gazette of International Marks.<sup>94</sup> The Madrid Agreement provides the procedural requirements for registration.<sup>95</sup> The substantive requirements for an international application under the Madrid Agreement are based on the basic application or registration. Basic application means the application for the registration of a mark that has been filed with the Office of a Contracting Party. It constitutes the

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second, an application that is governed exclusively by the Protocol meaning that all the designations are made under the Protocol and lastly an application that is governed by both the Madrid Agreement and Madrid Protocol which means some of the designations are made under the Agreement and some under the Protocol: WIPO *Intellectual Property Handbook* 288-289.

<sup>92</sup> WIPO *A Guide to the International Registration of Marks* A.5.

<sup>93</sup> The process of international registration under the Madrid Agreement requires a holder of a national trade mark in a Member State or 'home country' to apply for international trade mark registration: Hart *et al Intellectual property law* 152 and Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 202. See also Art 3 (1) of the Madrid Agreement concerning the International Registration of Marks of April 14, 1900 as amended on September 28, 1979 available at [http://www.wipo.int/madrid/en/legal\\_texts/trtdocs\\_wo015.html](http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo015.html) (accessed 11 December 2012).

<sup>94</sup> Article 5 (5) of the Madrid Agreement. See also Bainbridge *Intellectual Property* (2009) 769 and WIPO *Intellectual Property Handbook* 287. Rule 9 (1) of the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (as in force on January 1, 2012 available at [http://www.wipo.int/madrid/en/legal\\_texts/pdf/common\\_regulations.pdf](http://www.wipo.int/madrid/en/legal_texts/pdf/common_regulations.pdf) (accessed 20 December 2012).

<sup>95</sup> The application should contain some information which includes name and the address of applicant; a declaration claiming the priority or earlier filing, together with an indication of the name of the office where such filing was, made, the date and indication of those goods and services to which filing relates. Where the basic application or basic registration relates to a sound mark, there must be an indication of the 'sound mark'. Similarly, the legal systems under study provide for similar requirements: chapter 4 below. See also Art 3 of the Madrid Agreement and Rule 9 (4) of the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (as in force on January 1, 2012 available at [http://www.wipo.int/madrid/en/legal\\_texts/pdf/common\\_regulations.pdf](http://www.wipo.int/madrid/en/legal_texts/pdf/common_regulations.pdf) (accessed 20 December 2012). See also World Intellectual Property Organisation *A Guide to the International Registration of Marks* B.II.8

basis for the international application for the registration of that mark.<sup>96</sup> Basic registration means an applicant for an international application of a mark must have already obtained registration of the mark in the country of origin.<sup>97</sup> The other substantive requirement is that the Office of origin is required to present the application to the International Bureau. These substantive requirements under Madrid Agreement only come into effect when national requirements have already been complied with. As such, these requirements are secondary to the application or registration of the trade mark while the requirement that the mark should be distinctive is primary to a trade mark.<sup>98</sup> At national level, the requirement that the mark should be ‘capable of distinguishing the goods or service of one person from another’ is a common requirement.<sup>99</sup>

The Madrid Agreement does not create an ‘international mark’ as it does not confer any substantive rights from the international registration. The rights are conferred by the designated States and are fully territorial in nature.<sup>100</sup> A ‘bundle of national rights’ is accordingly conferred and, not one homogenous right.<sup>101</sup> WIPO authors support this view and argue that international registration constitutes a bundle of national rights that basically remain subject to national legislation of each State in which it is protected.<sup>102</sup> The fundamental principle of the Madrid Agreement is that, a trade mark owner may not thus file an international application until a home registration has been obtained.<sup>103</sup> Hertzog correctly observes that the Madrid Agreement does not *per se* create any new standards for registrability. Instead, it is merely an instrument for obtaining wider protection of marks which have already complied with various national requirements.<sup>104</sup> It appears, therefore, that the laws in the country of origin

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<sup>96</sup> WIPO *A Guide to the International Registration of Marks* B.II.1.

<sup>97</sup> The basic application and registration must have been made with the same Office of origin meaning that the international application must be based on registration in the Office of Origin: WIPO *Guide to the International Registration of Marks* B.II.1.

<sup>98</sup> See chapter 4 part 4.3.5.

<sup>99</sup> See chapter 4 part 4.3.5 for a detailed discussion on distinctiveness.

<sup>100</sup> Blakely (2000) 149-1 *University of Pennsylvania Law Review* 317.

<sup>101</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 49. See also WIPO *Introduction to Intellectual Property* 407.

<sup>102</sup> WIPO *Introduction to Intellectual Property* 407. See also Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* LLD thesis 365.

<sup>103</sup> Martin rightly argues that this requirement proves that the principal national treatment is the basis of international registration: Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* LLD thesis 364.

<sup>104</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 49.

and the ones in the designated country determine registrability of the trade mark under the Madrid system.<sup>105</sup>

### 3.2.3 The Madrid Protocol

The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (the Madrid Protocol),<sup>106</sup> likewise sets up a comprehensive and one stop registration system.<sup>107</sup> This route is ‘available to applicants who are nationals of, domiciled in, or have a real and effective industrial or commercial establishment in, a Protocol country.’<sup>108</sup> The Protocol is intended to make the Madrid system acceptable to more countries such as Japan, the United Kingdom and United States of America, which are major countries in the field of trade marks.<sup>109</sup>

The Madrid Protocol to a large extent avoids some of the shortcomings of the Madrid Agreement which includes the basic registration requirement;<sup>110</sup> the ‘central attack’ provision that provides that if the home country registration is successfully attacked during the first five

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<sup>105</sup> It is possible that a trade mark may be refused registration in some countries as various laws exist; a mark that is distinctive in one country may be regarded as descriptive or confusing in another country: Samuels & Samuels (1994) *Geo. Wash. J. Int'l L & Econ* 433.

<sup>106</sup> Adopted at Madrid on June 27 in 1989 as amended on 12 November 2007 available at [http://www.wipo.int/export/sites/www/madrid/en/legal\\_texts/pdf/madrid\\_protocol.pdf](http://www.wipo.int/export/sites/www/madrid/en/legal_texts/pdf/madrid_protocol.pdf) (accessed 20 December 2012). The Madrid Protocol has 88 contracting parties. Zimbabwe, South Africa and Cameroon are however, not contracting members of the Madrid Protocol. These countries are accordingly not able to use the Madrid system until they accede to the Protocol or unless the sub-regional Organisation, the ARIPO and OAPI become members of the Madrid Protocol. WIPO ‘Contracting parties: Madrid Protocol’ available at [http://www.wipo.int/treaties/en/ShowResults.jsp?treaty\\_id=8](http://www.wipo.int/treaties/en/ShowResults.jsp?treaty_id=8) (accessed 12 February 2013). In comparison, the EU acceded to the Madrid Protocol on 1 July 2004 and the Protocol entered into force on 1 October 2004 which means that its member states can benefit from using the Madrid system. The EU was able to join the Madrid Protocol on the basis that it is an intergovernmental organisation. The Madrid Protocol allows such organisations to become contracting parties: Art 14 (1) (b) of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks adopted at Madrid on June 27 in 1989, as amended on 12 November 2007 available at [http://www.wipo.int/export/sites/www/madrid/en/legal\\_texts/pdf/madrid\\_protocol.pdf](http://www.wipo.int/export/sites/www/madrid/en/legal_texts/pdf/madrid_protocol.pdf) (accessed 20 December 2012).

<sup>107</sup> Leaffer (1998) 2 *Marquette Intellectual Property Law Review* 16.

<sup>108</sup> Colston & Galloway *Modern Intellectual Property Law* (2010) 590, hereafter Colston & Galloway *Modern Intellectual Property Law*.

<sup>109</sup> WIPO *Intellectual Property Handbook* 287.

<sup>110</sup> An international application may not be filed until a home registration has been obtained. For countries such as the United States of America, this requirement has been a disadvantage because registration and the examination process takes very long. According to Leaffer, where a Spanish trade mark owner and a United States trade mark owner were seeking international application of a mark, the Spanish owner would invariably win the race for protection since Spain registers marks more quickly than United States: Leaffer (1998) 2 *Marquette Intellectual Property Law Review* 13. The lack of general acceptance by countries such as Japan, countries in Central America and South America probably arose as a result of these shortfalls.

years of the term of international registration, then ‘all extensions of protection in the designated countries also fall’;<sup>111</sup> and the need to translate documents into French.<sup>112</sup>

The advantages of the Protocol over the Agreement are that, first; it allows an international application to be based on a ‘home country’ application.<sup>113</sup> The Madrid Agreement on the other hand needs an international application to be based on an actual registration in the office of origin. A national application must, therefore, first be submitted before an international application is submitted to the International Bureau.<sup>114</sup>

Second, if the basic registration<sup>115</sup> is cancelled, the trade mark owner of an international registration is able to convert it into separate national applications, while preserving the effective filing date of the original international registration.<sup>116</sup> The application for the registration of the same mark at national or regional level should be filed within three months from the date on which the international registration was cancelled. The provision for the transformation of an international registration into national or regional registration removes the ‘central attack’ provision contained in the Madrid Agreement.<sup>117</sup> An international

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<sup>111</sup> Article 6 (3) of the Madrid Agreement. Trade mark owners in the United States would be affected by such a provision as many of the possible grounds for challenging registrations are not available in other countries for example prior users may challenge a registered trade mark in the United States whereas other countries do not recognize prior user rights: Samuels & Samuels (1994) 27 *Geo.Wash.J.Int’L. & Econ* 443-444.

<sup>112</sup> French is the only official language under the Madrid Agreement and this posed an administrative burden since the implication is that all documents must be translated into French. The Madrid Protocol introduced English as a secondary procedural language: Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 204. See also Rule 7 of the Regulations under the Madrid Agreement, Leaffer (1998) 2 *Marquette Intellectual Property Law Review* 14 and, Samuels & Samuels (1994) 27 *Geo.Wash.J.Int’L. & Econ* (1994) 444.

<sup>113</sup> Article 2 (1) of the Madrid Protocol. See also Colston & Galloway *Modern Intellectual Property Law* 590; and Bainbridge *Intellectual Property* (2009) 770 and Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 204.

<sup>114</sup> Once an international application has been filed designating the States in which protection is sought, WIPO conducts a formal examination of the application. When that is done, the application is transmitted to the designated national offices where it is treated in the same way as a domestic application in those designated States. The offices have 18 months to reject the application. If it is successful, the trade mark is treated in the same way as a national trade mark: Colston & Galloway *Modern Intellectual Property Law* 590.

<sup>115</sup> Basic registration means the registration of a mark that has been effected by the Office of a Contracting Party and that constitutes the basis for the international application for the registration of that mark: see Rule 1 of the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement available at [http://www.wipo.int/madrid/en/legal\\_texts/common\\_regulations.htm](http://www.wipo.int/madrid/en/legal_texts/common_regulations.htm) (accessed 20 November 2013)

<sup>116</sup> Article 9 *quinquies* of the Madrid Protocol. The opportunity to transform an international registration which is transformed into a national or regional application does not exist under the Madrid Agreement. An application may thus be converted under the Madrid Protocol into national applications in the other Contracting Parties designated and still retain the priority of the initial application: World Intellectual Property Organisation *Guide to the International Registration of Marks* ) A.5. See also Cornish, Llewelyn & Aplin *Intellectual property: Patents, copyright, trade marks and allied rights* (2010) para 18-10 and also Bainbridge *Intellectual Property* (2009) 647, hereafter Cornish et al *Intellectual property*.

<sup>117</sup> Article 4*bis* of the Madrid Protocol. See also Colston & Galloway *Modern Intellectual Property Law* 590.

application both under the Madrid Protocol and Madrid Agreement is treated as a national one.<sup>118</sup>

Third, the Protocol makes provision for applications to be filed in the English, French or Spanish languages which facilitates the participation of non-francophone countries because there are no translation costs that are incurred.<sup>119</sup> Lastly, the Protocol gives countries wide authority on filing fees resulting in countries being able to charge national fees for the examination of international applications.<sup>120</sup>

In summary, an applicant needs to satisfy the national application requirement to qualify for an international application.<sup>121</sup> The Protocol was the first system that provided for national application as a basis for an international trade mark registration.<sup>122</sup> This requirement creates a link between international registration and national registration in that an application should be based on a national application or national registration under the Protocol. The Madrid Protocol does not define a trade mark. By comparison, its provisions do not go much further than the Madrid Agreement in terms of registration, apart, from the fact that the Madrid Protocol allows the applicant to base his application for international registration on an application filed with the Office of origin.<sup>123</sup> The principles of territoriality and independence of rights remain the core of the Madrid Protocol.<sup>124</sup> The substantive aspects of a trade mark were left unaddressed as the Madrid Protocol deals with the procedural and the administrative aspect. It is argued that the scope of protection afforded to a trade mark is defined by the substantive law of the country wherein it is registered.

### **3.2.4 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)**

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)<sup>125</sup> has as its foundation the main international IPR treaties.<sup>126</sup> TRIPS strengthens and supplements

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<sup>118</sup> Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 204.

<sup>119</sup> Article 16 of the Madrid Protocol.

<sup>120</sup> Article 8 of the Madrid Protocol.

<sup>121</sup> Blakely (2000) 149-1 *University of Pennsylvania Law Review* 320.

<sup>122</sup> It can thus be argued that the prerequisite for an application for international registration is on a national basis: Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* LLD thesis 364.

<sup>123</sup> Article 2 (1) of the Madrid Protocol. See also WIPO: *A Guide to the International Registration of Marks* A.4.

<sup>124</sup> The territoriality principle is discussed in chapter 3 part 3.1.1.

<sup>125</sup> See the Agreement on Trade-Related Aspects of Intellectual Property Rights Annex 1C WTO *The Legal Texts* 321-353.

earlier international IP agreements since these were not consolidated; countries could pick and choose or even make reservations in some cases as they were not obliged to implement all provisions in the pre-TRIPS agreements.<sup>127</sup> Member States now have to comply with TRIPS,<sup>128</sup> which means modelling their IP laws and policies along the provisions of TRIPS.<sup>129</sup> This indirectly creates coherence in the laws, a factor which is essential for legal integration.<sup>130</sup> Though TRIPS harmonises IP standards of the WTO Member States and to some extent their national laws, differences still remain.<sup>131</sup>

TRIPS was negotiated during the Uruguay Round (1986-1994) of the General Agreement on Tariffs and Trade (GATT) of 1994.<sup>132</sup> IP protection has as a consequence become an integral part of the WTO multilateral trading system.<sup>133</sup> TRIPS Agreement guarantees broader rights to the holders of IPRs and includes an enforcement mechanism particularly through the WTO dispute settlement mechanism.<sup>134</sup> Deere succinctly puts it that TRIPS:

‘Is the centerpiece of the global system of rules, institutions and global practices governing the ownership and flow of knowledge, technology and other intellectual assets.’<sup>135</sup>

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<sup>126</sup> The international treaties on which TRIPS was built on, are: the Paris Convention, the Berne Convention for the Protection of Literary and Artistic Works 1886 (Berne Convention), International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisation of 1961 (Rome Convention) and the Treaty on Intellectual Property in respect of Integrated Circuits of 1989.

<sup>127</sup> Deere *The implementation Game: The TRIPS Agreement and the Global Politics of Intellectual Property Reform in Developing Countries* (2009) 10, hereafter Deere *The implementation Game* 1.

<sup>128</sup> Article 1 of the Agreement on Trade-Related Aspects of Intellectual Property Rights WTO *The Legal Texts* 22.

<sup>129</sup> Sikoyo, Nyukuri & Wakhungu, ‘Intellectual Property Protection in Africa: Status of Laws, Research and Policy Analysis in Ghana, Kenya, Nigeria, South Africa and Uganda’ African Centre for Technology Studies (ACTS) Ecopolicy Series No. 16 (2006) 1. Also available at <http://www.acts.or.ke/dmdocuments/ecopolicy16.pdf> (accessed 2 February 2013).

<sup>130</sup> See Arts 9-39 of the TRIPS Agreement for all the intellectual property rights and other related rights: WTO *The Legal Texts* 325-338.

<sup>131</sup> Dutfield *Intellectual Property rights and the Life Science Industries: Past and present* (2009) 270.

<sup>132</sup> It covers virtually all categories of IP that includes copyright, trade marks, geographical indications, plant breeders’ rights; trade secrets, undisclosed information and patents.

<sup>133</sup> TRIPS is aimed at reducing distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights. It also ensures that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade: Preamble to the TRIPS Agreement: WTO *The Legal Texts* 321. See also Nguyen *Competition law, technology transfer and the TRIPS Agreement: Implications for developing countries* (2010) 1, hereafter Nguyen *Competition law*.

<sup>134</sup> If a WTO member fails to meet the minimum standards guaranteed by TRIPS, the aggrieved party may require the set-up of a panel, a sort of ad hoc first court of instance which is tasked with the duty of investigating any breach of the provisions of the agreement. Trade sanctions may be imposed on the losing Member State: Rodrigues Jr *The General Exception Clauses of the TRIPS agreement: Promoting sustainable development* (2012) 13. See also Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 191.

<sup>135</sup> Deere *The implementation Game* 1.

TRIPS is, therefore, the main agreement regulating IP; the cornerstone of IP protection in the world. It established a universal, comprehensive and legally binding set of substantive minimum IP standards.<sup>136</sup> All WTO Members are required to adopt the minimum standards set out in TRIPS;<sup>137</sup> the Agreement thus imposes international obligations on WTO members.<sup>138</sup>

I now discuss some of the provisions in TRIPS which are considered important to trade mark protection.

### 3.2.4.1 Definition of a trade mark under TRIPS

A trade mark is defined as:

‘Any sign, or any combination of signs, **capable of distinguishing** the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trade mark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trade marks.’<sup>139</sup>

One of the essential functions of a trade mark is the distinguishing function.<sup>140</sup> The fact that a trade mark should distinguish goods and services ‘of one undertaking from those of other undertakings’ does not mean it should indicate the manufacturer. It means that the goods or services of one manufacturer should be distinguished from those of another. Hertzog’s argument that a trade mark should distinguish goods or services from those of another and not necessarily at the same time indicate a manufacturer is, in my view, valid.<sup>141</sup>

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<sup>136</sup> Deere *The implementation Game 1* and Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 206. See also Sikoyo *et al Intellectual Property Protection in Africa* (2006) 1.

<sup>137</sup> Article 1 (1) of the TRIPS Agreement: WTO *The Legal Texts* 322. See also Nguyen *Competition law* 1.

<sup>138</sup> The provisions have nonetheless been viewed by developing countries as onerous as TRIPS demands higher standards of IP protection than what most countries would otherwise provide. TRIPS has been regarded as a victory for multinational companies and developed countries that were determined to raise international IP standards and boost IP protection for developing countries. TRIPS generated global debate on the relationship between IP regulation and development. The question was whether stronger IP protection could serve as a powerful tool for development. Developing countries propounded that TRIPS ignored and forced them to sacrifice ‘the policy space’ that richer countries had harnessed in early stages of their growth: Deere *The implementation Game 2*. See also Nguyen *Competition law* 4.

<sup>139</sup> Article 15 of the TRIPS Agreement: WTO *The Legal Texts* 327: my emphasis.

<sup>140</sup> See chapter 4 part 4.3.

<sup>141</sup> It is worth pointing out that although Hertzog’s thesis was written decades ago, his arguments are still relevant, valid and, therefore, not out of touch with the trade mark laws of today. Hertzog *Functional Theory in Trade Mark Law* LLD thesis 34

The TRIPS definition of a trade mark is to some extent reflected in the way South Africa, Cameroon and the European Union (EU) define a trade mark.<sup>142</sup> It will be seen in chapter 4 that compared to all the four definitions of a trade mark in the countries under study, South Africa's definition of a trade mark is most akin to the TRIPS definition.<sup>143</sup>

### 3.2.4.2 TRIPS and registrability

In terms of the TRIPS Agreement,

'...where signs are not inherently capable of distinguishing the relevant goods or services, Members may **make registrability depend on distinctiveness acquired through use**. Members may require, as a condition of registration, that signs be visually perceptible.'<sup>144</sup>

There are two important aspects of registrability which can be identified in the above statement. First, that the ability to distinguish can be inherent in a trade mark.<sup>145</sup> Second, a trade mark may acquire distinctiveness through use as a trade mark. A trade mark qualifies for registration once requirements have been satisfied. A trade mark should, therefore, either be distinctive through use or inherently capable of distinguishing the goods or services of one undertaking from those of other undertakings.<sup>146</sup>

Member States may make registrability depend on use under the TRIPS Agreement.<sup>147</sup> Actual use of a trade mark should not, however, be a condition for filing an application for registration which means that one may file a registration application prior to use of the mark.<sup>148</sup> The TRIPS Agreement also states that an application shall not be refused solely on the ground that actual use has not taken place before the expiry of a period of three years from the date of application.<sup>149</sup>

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<sup>142</sup> Article 2 of the Trade Mark Directive 2009/95/EC: see discussion in chapter 5 part 5.4.1.

<sup>143</sup> See chapter 4 part 4.2.

<sup>144</sup> Article 15 of the TRIPS Agreement: WTO *The Legal Texts* 327.

<sup>145</sup> Distinctiveness is the main substantive condition for protection of a trade mark: Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 270: See also chapter 4 part 4.3.

<sup>146</sup> These requirements for registrability are reflected in the Zimbabwe, South Africa and Kenya trade mark systems. Cameroon also has similar requirements which can be inferred from the provision dealing with marks which are not eligible: see chapter 4 part 4.3 & part 4.6.

<sup>147</sup> A trade mark may be registered based on its use which should have resulted in consumers identifying certain products or services with that trade mark.

<sup>148</sup> Article 15 (3) of the TRIPS Agreement: WTO *The Legal Texts* 327. See also Samuels & Samuels (1994) 27 *Geo.Wash.J.Int'L. & Econ* (1994) 436 and Schmidt-Szalewski '(1998) *Duke Journal of Comparative & International Law* 207.

<sup>149</sup> Article 15 (3) of the TRIPS Agreement: WTO *The Legal Texts* 327.

Article 19 also provides that:

‘If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trade mark owner.’<sup>150</sup>

The use of the phrase ‘if use is required to maintain registration’ implies that ‘use’ is not always a requirement that must be satisfied to maintain registration. It is argued that the use of the word ‘if’ suggests a discretion or option that Member States have. What this suggests is that Member States may choose to make ‘use’ a requirement or not.<sup>151</sup>

Registration confers an exclusive right on the holder,<sup>152</sup> which prevents all third parties from using an identical or similar sign for goods or services which are identical or similar to those in respect of which the trade mark is registered in the course of trade without his consent. The prohibition applies where such use would result in a likelihood of confusion. It is important to note that a presumption of likelihood of confusion exists when someone uses an identical sign for identical goods or services.<sup>153</sup> Although Article 16 does not substantiate or link the rights conferred *vis-à-vis* infringement, it can be implied that where a third party uses an identical sign for identical goods or services resulting in confusion on the part of the public, an infringement occurs.<sup>154</sup>

In comparison to the other treaties, it will be seen in chapter 4 that most countries are aligned to the TRIPS Agreement since it imposes minimum standards.<sup>155</sup> It is submitted that if the provisions in the trade mark systems are fully aligned to the international agreements, such alignment could advance the integration of trade mark laws. Harmonisation becomes easier when provisions are converging rather than diverging.<sup>156</sup>

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<sup>150</sup> Examples of valid reasons for non-use are namely import restrictions on or other government requirements for goods or services protected by the trade mark: Art 19 (1) of the TRIPS Agreement: WTO *The Legal Texts* 328.

<sup>151</sup> South Africa does not have the requirement of use as a condition for maintaining registration. Neither does Zimbabwe, Kenya or Cameroon include such a requirement. The reason may be on the basis that they are not bound to include such a provision due to the discretion that Member States may exercise: see chapter 4.

<sup>152</sup> Article 16 of the TRIPS Agreement: WTO *The Legal Texts* 327. See also chapter 4 part 4.4.

<sup>153</sup> Article 16 (1) of the TRIPS Agreement. See also Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 208.

<sup>154</sup> In comparison, the Bangui Agreement grants the owner exclusive right to use the mark or a sign resembling it in connection with the goods or services for which it has been registered. Likewise, the Bangui Agreement empowers the owner to prevent third parties from making using the sign without his consent where such use is likely to cause confusion. Similarly, the Zimbabwe Trade Marks Act<sup>154</sup> and South Africa’s Trade Marks Act all provide the owner with exclusive rights and prevent third parties from using an identical mark on identical goods or services: see chapter 4 parts 4. 4 & 4.6.

<sup>155</sup> Article 1 of the TRIPS Agreement: WTO *The Legal Texts* 322.

<sup>156</sup> See chapter 2 part 2.7 for an in-depth discussion on the integration of laws.

### 3.3 An overview of the African Sub-Regional Intellectual Property Organisations

#### 3.3.1 Introduction, Background and Rationale for Creating Sub-regional IP Organisations

The difficulty of ensuring a universally acceptable standard of IP protection in multilateral agreements further testifies to the pragmatic importance of regional groupings.<sup>157</sup> Regional groupings are generally able to represent the interests and welfare of their Member States far better than the larger multilateral framework where tensions abound as a result of the difficulty of advancing national interests in multilateral negotiations.<sup>158</sup> Tension converges at the multilateral level as a result of much pronounced differences in national interests.<sup>159</sup> Consequently regional integration has become an attractive strategy to resolve issues that would be more difficult to resolve at multilateral level.<sup>160</sup> The number of Member States participating at the multilateral level has grown considerably which makes negotiations difficult to manage.<sup>161</sup> The difficulty has in many cases led to stalemate or to agreements that do not reflect the interests of all the parties.<sup>162</sup>

Divergences are on average far less pronounced in regional arrangements to the extent that the development stages of the region are easily identified and reflected in the framework.<sup>163</sup> It is also crucial to reinforce that regional arrangements are essential in forging a common position for the region and advancing that position at the multilateral level of negotiations.<sup>164</sup>

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<sup>157</sup> Adewopo 'A proposal for the harmonisation of the ARIPO and OAPI agreements on marks' (2005) 6 *The Journal of World Intellectual Property* 474, hereafter Adewopo (2005) 6 *The Journal of World Intellectual Property*.

<sup>158</sup> TRIPS arguably failed to consider the claims of developing countries so much that it reflects the interests of developed nations: Kongolo (2000) 3 *The World Intellectual Property* 268 and Kongolo *African contributions in shaping the worldwide intellectual property system* (2013) 2, Kongolo *African contributions*. The Berne Convention similarly failed to accomplish any revisions since 1997 because the Member States have not been able to reach consensus on key issues: Adewopo (2005) 6 *The Journal of World Intellectual Property* 474.

<sup>159</sup> Adewopo (2005) 6 *The Journal of World Intellectual Property* 475.

<sup>160</sup> Bonapace 'Multilateralism and regionalism: Enhancing integration of developing countries into the multilateral trading system through regionalism' 2 available at [http://www.unescap.org/tid/publication/chap1\\_2161.pdf](http://www.unescap.org/tid/publication/chap1_2161.pdf) (accessed 19 July 2012)

<sup>161</sup> De Melo & Panagariya 'Regionalism and (versus?) multilateralism' in De Melo & Panagariya (eds) *A New Dimensions in regional integration* (1995) 6.

<sup>162</sup> Yu 'TRIPS and its discontent' (2006) 10 *Marq. Intell. Prop. L. Rev* 370. See also the discussion on TRIPS as an example of an agreement that does not address the needs of all parties in chapter 3 part 3.3.4.

<sup>163</sup> Adewopo (2005) 6 *The Journal of World Intellectual Property* 475 and Mashayeki, Puri & Ito 'Multilateralism and regionalism: The new interface in Mashayeki & Ito (eds) *Multilateralism and regionalism: The new interface* (2005) 21.

<sup>164</sup> Adewopo (2005) 6 *The Journal of World Intellectual Property* 475.

There is no doubt that African countries will be able to participate more effectively in the global economy by adopting a regional IP framework and it will also enhance trade.<sup>165</sup>

I now discuss ARIPO.

### 3.4 African Regional Intellectual Property Organisation

This part focuses on the existing ARIPO IP system for the regional protection of trade marks in Africa. It starts by examining the creation of ARIPO. It also analyses its objectives and the provisions of the Banjul Protocol which governs trade marks. Furthermore the characteristics of the ARIPO system are examined.

The Lusaka Agreement on the Creation of the ARIPO of 1976, which was adopted in Lusaka, Zambia on 9 December 1976, established an IP organisation for English-speaking African countries (ESARIPO). This Agreement<sup>166</sup> was amended in 1986 in order to open up membership of the Organisation to all African countries who were members of the United Nations Economic Commission for Africa (UNECA) or members of the then Organisation of African Unity (OAU) which has evolved into the African Union (AU).<sup>167</sup> ESARIPO subsequently changed its name to the ARIPO. The rationale for the name change was to 'reflect the new African outlook' in that the Organisation was now open to membership to all countries in Africa.<sup>168</sup> Not all African countries became members of ARIPO. One of the reasons why some, predominantly French-speaking, countries did not join was due to the fact that ARIPO's official language is English. Language became a barrier to French-speaking countries.

ARIPO currently has 18 members<sup>169</sup> which are mostly English speaking countries, except Mozambique which is Portuguese-speaking. Its headquarters are in Harare, Zimbabwe. It is

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<sup>165</sup> Mukamunana & Moeti 'Challenges of regional integration in Africa: Policy and administrative implications' (2005) *Journal of Public Administration* 91 and Economic Commission for Africa *Assessing regional integration in Africa IV; Enhancing Intra-African Trade* (2010) 1 and 7; Foroutan & Pritchett 'Inter-Sub-Saharan African Trade: is it too little?' (1993) 2 *Journal of African Economies* 75. See discussion on the importance of regional integration in chapter 2 part 2.1.

<sup>166</sup> The Lusaka Agreement came into force when six ARIPO Member States became party to the Agreement on 15 February 1978 namely: The Gambia, Ghana, Kenya, Malawi, Uganda and Zambia.

<sup>167</sup> Art IV of the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation. See also Kongolo *African contributions* 75 .

<sup>168</sup> Adewopo 'Developments in intellectual property in Africa' available at [www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc](http://www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc) (accessed 13 June 2011).

<sup>169</sup> The Member States are: Botswana, the Gambia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Sierra Leone, Liberia, Rwanda, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe: ARIPO Member States available at <http://www.aripo.org/index.php/about-aripo/membership-memberstate> (accessed 7 October 2013)

important to note that Angola, Egypt, Eritrea, Ethiopia, Liberia, Mauritius, Namibia, Nigeria, the Seychelles and South Africa have observer status in the organs of ARIPO and are regarded as potential Member States.<sup>170</sup>

The organs of the Organisation comprise of the Council of Ministers,<sup>171</sup> Administrative Council,<sup>172</sup> the Secretariat<sup>173</sup> and such other subsidiary organs as may be established by the Administrative Council in accordance with the provisions of the Lusaka Agreement.<sup>174</sup>

The main reason for the establishment of ARIPO was to ‘pool the resources of its member countries in industrial property matters in order to avoid duplication of financial and human resources’.<sup>175</sup> Members had also recognised that the ‘creation of an African regional industrial property organisation for the study and promotion of, and cooperation in industrial property would best serve’ that purpose.<sup>176</sup>



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<sup>170</sup> This is in line with Article VI of the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation which mandates the Organisation to cooperate with non-Member States: see ARIPO ‘Membership’ available at [http://www.aripo.org/index.php?option=com\\_content&view=article&id=22&Itemid=56](http://www.aripo.org/index.php?option=com_content&view=article&id=22&Itemid=56) (accessed 8 June 2011).

<sup>171</sup> Article VI *bis* of the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation. It consists of Ministers of the Government of Member States who are in charge of industrial property matters. It is the supreme organ of the Organisation and is charged with the orientation of the Organisation, and development of its activities. The Lusaka Agreement is available at [http://www.aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=3&Itemid=11](http://www.aripo.org/index.php?option=com_docman&task=doc_download&gid=3&Itemid=11) (accessed 4 June 2012).

<sup>172</sup> Article VII of the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation. It consists of Heads of Offices dealing with administration of industrial property.

<sup>173</sup> Article VIII of the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation. They are responsible for ensuring that the objectives of the Organisation are achieved and the Director General is the principal executive officer.

<sup>174</sup> Article II of the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation.

<sup>175</sup> ARIPO ‘Reasons for establishing ARIPO’ available at [http://www.aripo.org/index.php?option=com\\_content&view=article&id=19&Itemid=53](http://www.aripo.org/index.php?option=com_content&view=article&id=19&Itemid=53) (accessed 8 June 2011).

<sup>176</sup> The Preamble to the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation of 1976 available at [http://www.aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=3&Itemid=11](http://www.aripo.org/index.php?option=com_docman&task=doc_download&gid=3&Itemid=11) (accessed 4 June 2012).

### 3.4.1 The objectives of ARIPO

The main objectives of ARIPO are set out in Article III of the Lusaka Agreement.<sup>177</sup> It should be noted that the Agreement does not refer to specific objectives and, therefore, the discussion below focuses on the general objectives of the Organisation.

The first objective is to promote the harmonisation and development of the IP laws,<sup>178</sup> and matters related thereto, appropriate to the needs of its members and of the region as a whole. The express inclusion of this objective suggests that ARIPO conceived itself as providing the conceptual basis for harmonisation of its members' laws.<sup>179</sup> Harmonisation is important on the basis that it is also a less radical approach to the integration of laws compared to unification.<sup>180</sup> It is also a feature that makes ARIPO unique in the region. Although ARIPO had prioritised harmonisation of IP laws as a stated objective, it is submitted that harmonisation has not occurred. The variances in the laws could be attributed to a number of reasons including the failure to ratify the protocols on the part of the Member States.<sup>181</sup>

Secondly, ARIPO aims to promote development in Africa by ensuring that IP rights contribute to the economic, social and cultural development of African countries.<sup>182</sup> It is noteworthy that African countries realise that the 'IP is a strategic and powerful tool for economic growth'.<sup>183</sup> Economic, social and cultural development may be achieved as a healthy IP system encourages foreign direct investment and job creation, as well as facilitating transfer of technology and technological innovation.<sup>184</sup>

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<sup>177</sup> Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation of 1976 available at [http://www.aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=3&Itemid=11](http://www.aripo.org/index.php?option=com_docman&task=doc_download&gid=3&Itemid=11) (accessed 4 June 2012).

<sup>178</sup> Industrial property is a branch of intellectual property.

<sup>179</sup> Adewopo (2005) 6 *The Journal of World Intellectual Property* 475.

<sup>180</sup> Gradual harmonisation of IP laws is also regarded as a tool for promoting trade and making the applicable rules transparent. See Levin 'The pendulum keeps swinging- present discussions on and around TRIPS Agreement in Kur & Levin (eds) *IP rights in a fair world trading system: Proposals for reform of TRIPS* (2011) 11. See also discussion on harmonisation in chapter 2 part 2.7.

<sup>181</sup> See discussion in chapter 2 part 2.5.

<sup>182</sup> Adewopo (2005) 6 *The Journal of World Intellectual Property* 474.

<sup>183</sup> Phaswana & Tanziani 'African intellectual property law and newly emerging African economies, with an emphasis on South Africa' in Taplin & Nowak (eds) *Intellectual Property, Innovation and Management in Emerging Economies* (2010) 42, hereafter Phaswana & Tanziani 'African intellectual property law and newly emerging African economies, with an emphasis on South Africa'; Lewis *Intellectual Property protection: Promoting innovation in a global information economy Economies in transition :A Report of the CSIS Technology and Public Policy Program* (2008) 5 and Idris *Intellectual Property: A powerful tool for economic growth* (2003) 1.

<sup>184</sup> Levin 'The pendulum keeps swinging- present discussions on and around TRIPS Agreement in Kur & Levin (eds) *IP rights in a fair world trading system: Proposals for reform of TRIPS* (2011) 16. It can however, be construed that too much IP protection maybe bad for the economy. There should thus be a balance between the rights of the owner and the users or rather between competition and monopoly.

The third objective is to foster the establishment of a close relationship between its members in matters relating to IP. It is essential for the Member States to work closely together, co-operating and collaborating,<sup>185</sup> to achieve the set goals in IP.

The fourth objective is to establish whatever common services or organs that may be necessary or desirable for coordination, harmonisation and development of the IP activities affecting its members. Duplication of services or organs would be costly and would be contrary to establishment of the Organisation which is to pool the resources together in order to minimise costs. The goal is, therefore, to create mechanisms through which members can mitigate the challenges affecting them collectively. It is usually better to tackle the challenges collectively than as an individual State.

The fifth objective is to establish schemes for the training of staff in the administration of IP laws as well as to organise conferences, seminars and other meetings on IP matters. This objective is aimed at capacity building and development in the area of IP. Most ARIPO Member States are developing countries and hence the need to strengthen their IP knowledge and skills. Training entails educating Member States on the importance of IP protection, encouraging participation of all the Member States and on keeping them abreast with international developments in the area of IP.

The sixth objective of the Organisation is to promote the exchange of ideas and experience, research and studies relating to IP, and to assist its members in the acquisition and development of technology. Sharing of knowledge and competencies is for the mutual benefit of the Member States as it saves time and resources.

Lastly, ARIPO aims to promote the development of copyright and related rights among its members, so as to ensure these rights contribute to the economic, social and cultural development of its members and the region as a whole.

From the above, we see that ARIPO appears to have admirable objectives<sup>186</sup> but some of which have not been fully met, particularly, in the area of harmonisation of laws. Harmonisation of laws plays a critical role as it advances regional integration. The need for a realistic time frame by which harmonisation should have been implemented cannot be overemphasised. It is however, notable that ARIPO has reduced costs by acting as a receiving

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<sup>185</sup> Co-operation in industrial property is intended to achieve technological advancement for economic and industrial development of the Member States.

<sup>186</sup> The objectives are clear and specific.

office. It has also been involved in capacity building. It currently offers a Masters Course and works in collaboration with Africa University with the same aim of raising expertise in the region.

The Banjul Protocol which governs trade marks within the ARIPO framework is now discussed.

### 3.4.2 Banjul Protocol on Marks within the Framework of ARIPO

ARIPO adopted the Banjul Protocol on Marks (Banjul Protocol) in 1993 at Banjul in Gambia.<sup>187</sup> The Banjul Protocol has been amended quite a few times.<sup>188</sup> It is significant that the Banjul Protocol establishes a centralised trade mark filing system by providing for the registration and administration of marks on behalf of Member States and the establishment of the ARIPO Central Office (ARIPO Office).<sup>189</sup> The Banjul Protocol requires an application for a trade mark to be filed either with one of the Contracting States or directly with the ARIPO Office.<sup>190</sup> Despite the option given, the system is designed to optimise scarce resources and it is hoped that central filing will become the norm.

Section 2 (2) of the Banjul Protocol requires the applicant to be represented:<sup>191</sup> where an applicant's principal place of business or ordinary residence is not in Zimbabwe or in a Contracting State. In such circumstances, a trade mark agent or a legal practitioner has a right to represent the applicant before the IP office of any of the Contracting States.<sup>192</sup> A critical part of the process is that where an application is filed with the IP office of a Contracting State, the office shall, within one month of receiving it, transmit the application

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<sup>187</sup> Adopted by the Administrative Council of ARIPO on November 19, 1993. Document is available at [http://www.wipo.int/clea/docs\\_new/pdf/en/ap/ap004en.pdf](http://www.wipo.int/clea/docs_new/pdf/en/ap/ap004en.pdf) (accessed 24 October 2011).

<sup>188</sup> Amended on 28 November 1997, 26 May 1998 and 26 November 1999 respectively.

<sup>189</sup> Section 1 of the Banjul Protocol on Marks within the framework of African Regional Industrial Property Organisation available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>190</sup> Applicants are given the choice by s 2 of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>191</sup> Section 2 (2) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>192</sup> Section 2(3) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

to the ARIPO Office.<sup>193</sup> This applies to applications that require multiple registrations implying that it applies to applications where protection is sought in more than one country. Accordingly, there is no need for transmission of the application to the ARIPO Office where protection is only being sought in the respective country. In such a case, the application is processed by the national IP office of that country.

The contents of an application must satisfy three main requirements. Firstly, it must identify the applicant and designate the Contracting States in which registration is being requested.<sup>194</sup> Secondly, it must indicate the goods and/or services in respect of which protection of a mark is claimed, including the corresponding class or classes provided for under the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Agreement).<sup>195</sup> Examiners at the ARIPO Office must, therefore, check whether the applicant indicated the class (or classes) and whether the indication is correct.

Where the applicant omitted to indicate or where such indication is incorrect, the ARIPO Office classifies the goods or services under the appropriate class or classes of the Nice Agreement upon payment of a classification fee by the applicant.<sup>196</sup> The third requirement is that where colour is claimed as a distinctive feature of the mark, the applicant must make a statement to that effect, provide the name or names of the colour or colours claimed and indicate the principal parts of the mark which are in that colour. In addition, where the mark is a three-dimensional mark, the applicant must make a statement to that effect and attach to the application a reproduction of the mark consisting of a two dimensional graphic or photographic reproduction either of a single view of the mark or several different views of the mark. There must be a declaration of actual use or intention to use the proposed mark.<sup>197</sup>

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<sup>193</sup> Section 2 (4) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>194</sup> This means an applicant has to identify the States in which protection of the trade mark is being sought.

<sup>195</sup> Section 3 (2) of the Banjul Protocol. The Nice Agreement was reached on of June 15, 1957.

<sup>196</sup> Section 3 (2) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>197</sup> The fourth requirement is that the application must contain four copies of a representation of the mark; and a list of the particular goods or services in respect of which registration of the mark is requested, with an indication of the corresponding class or classes in the international classification. Where applicable, a transliteration of the mark or of certain parts of the mark, or translation of the mark or of certain parts of the mark shall accompany the application. See Rule 4 Regulations for implementing the Banjul Protocol (Adopted by the Administrative Council at Kariba, Zimbabwe on November 24, 1995 and amended on November 28, 1997, May 26, 1998 and November 26, 1999 and as amended by the Council of Ministers on

Every application must satisfy the above requirements as laid down in section 3 of the Banjul Protocol which sets out the formal requirements. If the application fails to meet these requirements, the ARIPO Office must notify the applicant inviting him to comply with the requirements within two months.<sup>198</sup> Non-compliance with the requirements within two months may result in the ARIPO Office rejecting the application.<sup>199</sup> If the application complies with the formal requirements, the ARIPO Office is required to notify each designated State within the prescribed time.<sup>200</sup>

Over and above the formal examination, an application still has to go through a substantive examination in each of the designated State. The ARIPO system provides only for procedural matters,<sup>201</sup> and leaves the substantive content of the rights largely to the laws of its Member States.<sup>202</sup> The ARIPO Office is as a result responsible for checking and ensuring that the application meets the formalities.<sup>203</sup> Thereafter the ARIPO Office accords a filing date and sends the application to the designated States for substantive examination.

The process of substantive examination involves the application for registration of a trade mark being further examined in accordance with the national laws of each designated State.<sup>204</sup> The examination entails searching on the national database for prior registration of

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August 13, 2004). See ss 3 (3), 3(4) and 3(5) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>198</sup> Section 5 of the Banjul Protocol and Rule 6.1 of the Regulations for implementing the Banjul Protocol (Adopted by the Administrative Council at Kariba, Zimbabwe on November 24, 1995 and amended on November November 28, 1997, May 26, 1998 and November 26, 1999 and as amended by the Council of Ministers on August 13, 2004) . See ARIPO ‘Banjul Protocol on Marks Regulations for African Regional Intellectual Property Organisation’ available at [http://www.aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=5&Itemid=11](http://www.aripo.org/index.php?option=com_docman&task=doc_download&gid=5&Itemid=11) (accessed 24 October 2011).

<sup>199</sup> If the ARIPO Office refuses an application or reconsideration, the applicant may appeal against the decision of the Office to the Board of Appeal established in terms of s 4bis of the Protocol on Patents and Industrial Designs within the Framework of the African Regional Industrial Property Organization (ARIPO) (the Harare Protocol). The applicant may also, within a period of three months from the date on which he receives notification of such refusal or result of appeal, request that his application be treated, in any designated State, as an application according to the national laws of that State. See s 5.4 of the Banjul Protocol and Rule 6.3 of the Regulations for implementing the Banjul Protocol.

<sup>200</sup> Section 5 (3) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>201</sup> ARIPO facilitates mainly registration of trade marks.

<sup>202</sup> Nwauche (2003) 6 *The Journal of World Intellectual Property* 134.

<sup>203</sup> International Trade mark Association ‘Adherence to the ARIPO Banjul Protocol’ (May 2000) available <http://www.inta.org/Advocacy/Pages/AdherencetotheARIPOBanjulProtocol.aspx> (accessed 13 June 2012).

<sup>204</sup> Section 6 (1) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012). See also Kongolo *African contributions in shaping the worldwide intellectual property system* (2013) 80.

the proposed mark or registration of a similar mark that may cause confusion if the proposed mark is registered and whether the mark satisfies the requirements for registration.

ARIPO safeguards the sovereignty of Member States by allowing them to make the final decision to either register or object to the registration of the trade mark within twelve months.<sup>205</sup> It is a requirement that a State which has refused to register a mark should send a written notification to the ARIPO Office stating that registration of the proposed mark shall have no effect on its territory on 'any' grounds; either absolute or relative.<sup>206</sup> It is also required that such a State must give reasons why it cannot register the proposed trade mark under its laws.<sup>207</sup> The ARIPO Office must then within a month communicate the reasons to the applicant. The applicant is allowed to respond to the decision to refuse the application directly to the designated State concerned.<sup>208</sup>

The ARIPO system allows for transparency and accountability in that the State which refuses an application has to furnish reasons for refusal. This is commendable because in administrative organisations transparency and accountability builds trust among applicants and the world at large. Without trust in the system offered by ARIPO, people will not use it effectively. The Organisation's role in developing IP will also in return not be fulfilled if it is not able to discharge its duties. Therefore, transparency and accountability are an integral part of an efficient organisation.

If an application for registration of a mark has been accepted by a designated State,<sup>209</sup> the mark accepted by the designated State or designated States is published in the Marks Journal.<sup>210</sup> There appears to be an anomaly in the way the Journal is identified: while the

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<sup>205</sup> Section 6 (2) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>206</sup> It is submitted that the use of 'any' suggests that registration may be refused on the basis of whichever ground; the proposed mark will not be protected in that country.

<sup>207</sup> Section 6 (2) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>208</sup> Section 6 (4) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>209</sup> Acceptance means that the mark is registered by the designated State giving the holder the exclusive right to use the mark. Registration of a mark entails recording in the register and publication of the mark in the ARIPO Journal. See Rule 15.1 of the Regulations for Implementing the Banjul Protocol. It is important to note that the ARIPO Journal is referred to as Marks Journal in the Banjul Protocol.

<sup>210</sup> Registration of a mark by the ARIPO Office has the same effect in each designated State, with respect to rights conferred by the mark, as if it was filed and registered under the national law of each State. The national laws of each Contracting State thus apply to the cancellation of a registration, whether based on

Banjul Protocol refers to a 'Marks Journal', the Regulations for implementing the Banjul Protocol refer to the same, as the 'ARIPO Journal'.<sup>211</sup> The Marks Journal and the ARIPO Journal is, however, one and the same Journal. The term ARIPO Journal must be used in both the Banjul Protocol and the Regulations for implementing the Banjul Protocol.

The applicant is issued with a certificate for registration three months after the date of publication if there is no opposition. Registration of a mark is valid for ten years from the filing date.<sup>212</sup> Registration of the mark can thereafter be renewed for further periods of ten years at a time upon payment of the prescribed renewal fee.<sup>213</sup>

### 3.4.3 Characteristics of the ARIPO System

The ARIPO Banjul Protocol establishes a centralised system for complying with the administrative formalities such as filing, publication and registration. The advantage of centralisation is that it offers an opportunity for cost-efficiency, which can benefit both trade mark owners and national offices; especially given that resources are usually limited.<sup>214</sup> It is worth noting that the ARIPO system does not also replace Member States national systems but rather coexists with them.<sup>215</sup> The national offices may, therefore, still process applications and oppositions, cancellations as well as infringements. The exception is, however, that the ARIPO Office is responsible for renewals and assignments.<sup>216</sup> ARIPO undertakes the formal examination while the designated Member States are responsible for substantive examination.

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non-use or any other grounds. Where registration has been cancelled, the Contracting State concerned shall, within one month of cancellation, notify the ARIPO Office. The ARIPO Office shall publish this fact in the Marks Journal and record it in the Register: see s 8.1 & 8.2 of the Banjul Protocol. See also Kongolo *African contributions* 80.

<sup>211</sup> Kongolo *African contributions* 80.

<sup>212</sup> Section 7 (1) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>213</sup> Section 7 (2) of the Banjul Protocol and Rule 12.1 of the Regulations for implementing the Banjul Protocol (Adopted by the Administrative Council at Kariba, Zimbabwe on November 24, 1995 and last amended by the Council of Ministers on August 13, 2004). ARIPO 'Banjul Protocol on Marks Regulations for African Regional Intellectual Property Organisation' available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181207](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181207) (accessed 24 October 2011).

<sup>214</sup> International Trade mark Association 'Adherence to the ARIPO Banjul Protocol' (May 2000) available at <http://www.inta.org/Advocacy/Pages/AdherencetotheARIPOBanjulProtocol.aspx> (accessed 13 June 2012).

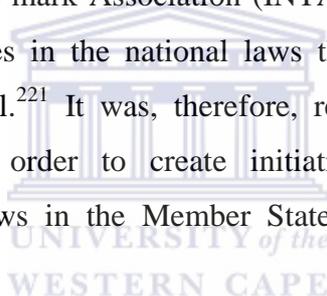
<sup>215</sup> Kongolo *African contributions* 76.

<sup>216</sup> Section 7(2) of the Banjul Protocol and Rule 12 of the Regulations for implementing the Banjul Protocol (Adopted by the Administrative Council at Kariba, Zimbabwe on November 24, 1995 and last amended by the Council of Ministers on August 13, 2004). See ARIPO 'Banjul Protocol on Marks Regulations for African Regional Intellectual Property Organisation' available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181207](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181207) (accessed 24 October 2011). See also

In summary, the Banjul Protocol under the ARIPO system is consequently supposed to facilitate a quick, affordable and efficient registration of trade marks.

The Banjul Protocol has, however, only been ratified by 9 by Member States.<sup>217</sup> The reason that was given for the failure to ratify the Protocol was the fee structure. Some national offices were charging their application fees in US dollars whilst the ARIPO fees were being charged in Zimbabwean dollars. The national office as a result would acquire considerably more from the application fees when they charge in US dollars as compared to the Zimbabwean dollar. For these countries the fee structure under the Banjul Protocol was not beneficial to them as Member States. Since the amendment of the Protocol in 2004, the fee structure has been in US dollars.<sup>218</sup> Despite the change in the currency that is imposed for fees, ARIPO Member States appear reluctant to ratify the Protocol<sup>219</sup>

It has been argued that the Banjul Protocol has not delivered on expectations.<sup>220</sup> A study conducted by International Trade mark Association (INTA) at the request of ARIPO found that there are areas of disparities in the national laws that may cause difficulties in the operation of the Banjul Protocol.<sup>221</sup> It was, therefore, recommended that ARIPO should address such discrepancies in order to create initiatives on the modernisation and harmonisation of trade mark laws in the Member States as well as making the Banjul



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s 7 (2) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012).

<sup>217</sup> ARIPO 'Legal framework: The ARIPO Protocols' available at [http://aripo.org/index.php?option=com\\_content&view=article&id=18&Itemid=55](http://aripo.org/index.php?option=com_content&view=article&id=18&Itemid=55) (accessed 13 June 2012).

<sup>218</sup> ARIPO 'Banjul Protocol on Marks Regulations for African Regional Intellectual Property Organisation' available at [http://www.aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=5&Itemid=11](http://www.aripo.org/index.php?option=com_docman&task=doc_download&gid=5&Itemid=11) (accessed 24 October 2011).

<sup>219</sup> The 9 Member States that have ratified or acceded to the Protocol are Botswana, Lesotho, Liberia, Malawi, Namibia, Swaziland, Uganda, Tanzania and Zimbabwe. See ARIPO Thirteenth session: Proposal for the review of the Banjul Protocol' held by the Council of Ministers in Accra, Ghana on 1 & 2 December 2011 available at [http://www.aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=85&Itemid=30](http://www.aripo.org/index.php?option=com_docman&task=doc_download&gid=85&Itemid=30) (accessed 4 June 2012).

<sup>220</sup> In 2010, 49 applications were only registered as compared to the 104 applications which were registered in 2009. A limited number of trade marks applications have thus been filed with the result that the Organisation and the Member States have not been able to receive substantial income.

<sup>221</sup> The disparities were for example in terms of substantive examination which is left for the designated states. While some states carry out examination on absolute and relative grounds, Burundi does not carry out absolute or relative examination and Lesotho does not examine an application on relative grounds. Some countries register a design that has acquired distinctiveness whilst others like Ghana and Swaziland do not register. See Report from International Trade mark Association 'Results of the ARIPO Trade mark questionnaire' attached to the Thirteenth session: Proposal for the review of the Banjul Protocol' held by the Council of Ministers in Accra, Ghana on 1 & 2 December 2011 available at [http://www.aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=85&Itemid=30](http://www.aripo.org/index.php?option=com_docman&task=doc_download&gid=85&Itemid=30) (accessed 4 June 2012).

Protocol effective in operation. The discrepancies in the laws of ARIPO's Member States indicate that national laws have not been harmonised with the Banjul Protocol despite harmonisation being a stated objective of ARIPO.<sup>222</sup>

Why has it taken long to achieve the objective of harmonising the laws? Some of the possible reasons are as follows: ARIPO has not provided an attractive and effective mechanism for distributing fees.<sup>223</sup> ARIPO does not appear to have taken rigorous steps to encourage Member States to urgently ratify the Protocol. The provisions of the Banjul Protocol have not been domesticated and the laws in the Member States are neither uniform nor harmonised. There are also a number of general challenges ARIPO and its Member States face: limited resources to undertake its objectives and programs; lack of national and institutional IP policies; limited knowledge and information relating to IP in the national offices and among the citizens of the Member States; limited communication infrastructure and also perceptions that IP is too cumbersome and is thus for the developed countries.<sup>224</sup> The problem of limited resources affecting ARIPO can be overcome by simplifying the filing procedure and making the cost for registration affordable. Member States will also require capacity building and educational programs to create awareness to correct the misperception within some Member States that IP is a matter for developed countries.

In the preceding section we discussed the objectives of ARIPO, the provisions of the Banjul Protocol and the characteristics of the ARIPO system. This part showed that ARIPO adopted the harmonisation approach to legal integration. The next part analyses OAPI's background, objectives, its membership and the characteristics of the OAPI system. The objective is to assess the Organisation's procedural and substantive aspects to IP protection as well as trade mark protection. It is also necessary to analyse the OAPI system as a model for the unification of laws. Unification is related to harmonisation in that they are both components

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<sup>222</sup> A comprehensive discussion of harmonisation is presented in chapter 2 part 2.6.

<sup>223</sup> International Trade mark Association (INTA) 'President addresses ARIPO Council of Ministers' (September 15 2004) available at <http://www.inta.org/INTABulletin/Pages/INTAPresidentAddressesARIPOCouncilofMinisters.aspx> (accessed 4 June 2012).

<sup>224</sup> These challenges were raised by the ARIPO Director General Sibanda at WIPO Global symposium on intellectual property authorities- Developing global intellectual property infrastructure for promoting innovation and branding worldwide held in Geneva Switzerland on 17-18 September 2009. The theme was 'Infrastructure for better management of IP assets: Public and private partnerships, universities and industries collaboration, and international, sub-regional and regional collaboration' available at [http://www.wipo.int/export/sites/www/meetings/en/2009/sym\\_ip\\_auth/presentations/gift\\_sibanda\\_a.ppt](http://www.wipo.int/export/sites/www/meetings/en/2009/sym_ip_auth/presentations/gift_sibanda_a.ppt) (accessed 4 June 2012).

of legal integration.<sup>225</sup> The main issue is whether the proposed regional IP Organisation (PAIPO) should harmonise or unify the laws of the Member States in its pursuit to facilitate the AU's goal for regional integration.

It should be noted that the provisions of Bangui Agreement will only be discussed in chapter four to avoid repetition since it is the same law that applies in Cameroon.

### **3.5 Organisation Africaine de la Propriété Intellectuelle**

OAPI is constituted of French-speaking countries, except for Equatorial Guinea and Guinea Bissau which are Portuguese speaking. The Libreville Agreement created the OAMPI (*Organisation Africaine et Malgache de la Propriété Intellectuelle*), the English version of which is: African and Malagasy Office of Industrial Property.<sup>226</sup>

Twelve French-speaking countries,<sup>227</sup> through the Libreville Agreement, created a joint structure that would function as a national office for industrial property of each Member State.<sup>228</sup> The role of a national office was to implement the administrative procedures by filing applications, undertaking examination and registration of the rights. The African and Malagasy Office was governed by three principles namely uniform legislation, common office and centralisation of procedures.<sup>229</sup> The adoption of uniform legislation was attained through the implementation and application of common administrative procedures resulting from a set of uniform rules for IP protection which necessitated the centralised procedure.

OAPI was created through the adoption of a new agreement signed in Bangui on 2 March 1977 which is referred to as the Bangui Agreement. The Bangui Agreement, which has been

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<sup>225</sup> Legal integration is discussed in detail in chapter 2 part 2.7.

<sup>226</sup> The Agreement was reached on September 13, 1962.

<sup>227</sup> The signatories to the Libreville Agreement included Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Gabon, Mauritania, Madagascar, Niger, Republic of Congo and Senegal. See 'African Intellectual Property-OAPI: History of OAPI' available at [http://www.wipo.int/africa/en/partners.org/partners/oapi\\_bg.html](http://www.wipo.int/africa/en/partners.org/partners/oapi_bg.html) (accessed 31 October 2011).

<sup>228</sup> WIPO *Introduction to Intellectual Property* 508. See also Orsi, Camara & Coriat 'AIDS, TRIPS and TRIPS-Plus: The Case for developing and Least Developed Countries' in Andersen (ed) *Intellectual Property Rights Innovation, Governance and Institutional Environment* (2006) 80., hereafter Orsi *et al* 'AIDS, TRIPS and TRIPS-Plus: The Case for developing and Least Developed Countries'

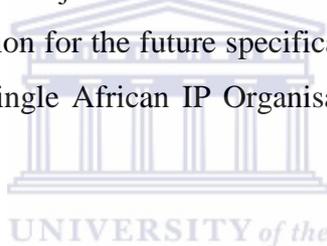
<sup>229</sup> Madagascar, formerly known as Malagasy Republic, withdrew over issues of sovereignty: Orsi, Camara and Coriat 'AIDS, TRIPS and TRIPS-Plus: The Case for developing and Least Developed Countries' 80.

revised twice,<sup>230</sup> now governs the OAPI zone which comprises of seventeen Member States.<sup>231</sup>

OAPI has its headquarters in Yaoundé, Cameroon. The organs of the Organisation are an Administrative Council,<sup>232</sup> High Commission of Appeal<sup>233</sup> and the Directorate General.<sup>234</sup> Membership is open to any African State which is not a signatory to the present OAPI Agreement, but that is party to the Convention Establishing the WIPO, the Paris Convention,<sup>235</sup> the Berne Convention<sup>236</sup> and/or Universal Copyright Convention of 6 September 1952.<sup>237</sup> An African State which is not party to the Agreement may acquire the status of an associate State.<sup>238</sup>

### 3.5.1 The objectives of *Organisation Africaine de la Propriété Intellectuelle*

This subsection examines OAPI's objectives in order to ascertain its purpose, the various activities it carries out and its vision for the future specifically the direction it intends to take towards the establishment of a single African IP Organisation.<sup>239</sup> Article 2 (1) sets out the following objectives:<sup>240</sup>



<sup>230</sup> The revised versions came into force on 24 February 1999 and on 28 February 2002 respectively. The later revision was to align the OAPI laws to the TRIPS Agreement: Orsi *et al* 'AIDS, TRIPS and TRIPS-Plus: The Case for developing and Least Developed Countries' 78 and Kongolo 'The new OAPI Agreement as Revised in February 1999: Complying with TRIPS' (2000) 3 *The Journal of World Intellectual Property* 717, hereafter TRIPS' (2000) 3 *The Journal of World Intellectual Property*.

<sup>231</sup> Benin, Burkina Faso, Cameroon, Congo, Chad, Central African Republic, Côte d'Ivoire, Gabon, Guinea, Guinea-Bissau, Equatorial Guinea, Mali, Mauritania, Niger, Senegal and Togo and Union of the Comoros available at <http://www.oapi.int/index.php/fr/oapi/etats-membres> (accessed 7 October 2013).

<sup>232</sup> Section I, Art 28. The Administrative Council is the highest authority of the Organisation and its role is to regulate and control the latter's activities, and in particular to draw up the regulations necessary for the application of the Agreement and its Annexes.

<sup>233</sup> Section II, Art 33. The High Commission of Appeal is responsible for ruling on appeals following :- (a) rejection of applications for titles of industrial property protection; (b) rejection of requests for the maintenance or extension of terms of protection; (c) rejection of requests for reinstatement; (d) decisions on oppositions.

<sup>234</sup> Section III, Art 34. The Directorate General falls under the authority of a Director General and is responsible for the executive functioning of the Organisation and its day-to-day management and continuity. It implements the instructions of the Administrative Council and carries out the tasks deriving from the provisions of this Agreement and its Annexes, and it reports to the Administrative Council.

<sup>235</sup> Paris Convention for the Protection of Industrial Property which was signed on 20 March 1883 as amended.

<sup>236</sup> Berne Convention for the Protection of Literary and Artistic Work signed on 9 September 1886 as amended.

<sup>237</sup> Article 21& 22 of the revised Bangui Agreement of 1999.

<sup>238</sup> Article 23 of the revised Bangui Agreement of 1999.

<sup>239</sup> This is important for regional integration as one needs to know whether these sub-regional institutions are working towards having a uniform law in the future.

<sup>240</sup> Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organisation signed at Bangui Central African Republic, February 24, 1999 available at

The first objective relates to implementing and applying the common administrative procedure deriving from a uniform system for the protection of IP, as well as the provisions of international organisations to which Member States have acceded, and providing services related to IP. The object to provide services related to IP, the administration and ensuring a uniform system forms the core of the establishment of OAPI. Its establishment was premised on promoting the effective contribution of IP to the development of the Member States and on protecting IP rights in these territories in an effective and uniform manner.<sup>241</sup> Uniformity is one of the cornerstones of OAPI.<sup>242</sup> There is as a result unification of laws, as well as uniformity in administrative procedures and IP practices. The principle of uniformity seems to have been preserved because the OAPI Office functions like a ‘national office’ or designated office for all its Member States. OAPI thrives on a common system of protecting IP rights. The importance of uniformity was shown by how members of Hague Union Assembly had to amend the schedule of fees under the 1999 Geneva Act of the Hague Agreement to extend the Hague fee reduction scheme for LDCs to applicants from all Member States of OAPI, whether LDC or not.<sup>243</sup>

The second objective concerns contributing to the promotion of the protection of literary and artistic property as an expression of cultural and social values. OAPI has attempted to achieve this objective by enacting an Annex to the Agreement,<sup>244</sup> which seeks to protect folklore and cultural heritage. Expressions of folklore are defined as production of characteristic elements of the traditional artistic heritage developed and perpetuated by a community or by individuals recognised as meeting the expectations of such community, including folk tales, folk poetry, folk songs, instrumental music, folk dancing and entertainment as also the artistic

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[http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150) (accessed 6 June 2012).

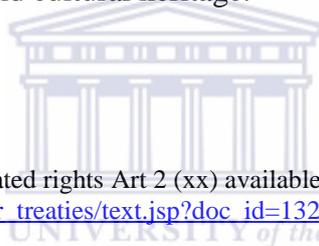
<sup>241</sup> Preamble to the Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organisation signed at Bangui Central African Republic, February 24, 1999 available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150) (accessed 6 June 2012).

<sup>242</sup> Kongolo *African contributions* 83.

<sup>243</sup> In terms of the Hague fee scheme only 12 member countries, (which are Least Developed Countries) out of OAPI’s 17 Member States qualified for a fee reduction while the four remaining OAPI Member States (Cameroon, Congo, Côte d’Ivoire and Gabon) would not qualify. The amendment was thus made with a view to preserving the underlying principle of uniformity resulting in applicants from Cameroon, Congo, Côte d’Ivoire and Gabon also benefitting from the Hague fee scheme: WIPO ‘Designers from all OAPI countries to benefit from fee reductions’ (29 September 2009) available at [http://www.wipo.int/pressroom/en/articles/2008/article\\_0047.html](http://www.wipo.int/pressroom/en/articles/2008/article_0047.html) (accessed 7 June 2012).

<sup>244</sup> Annex VII and WIPO ‘Designers from all OAPI countries to benefit from fee reductions’ (29 September 2009) available at [http://www.wipo.int/pressroom/en/articles/2008/article\\_0047.html](http://www.wipo.int/pressroom/en/articles/2008/article_0047.html) (accessed 7 June 2012).

expressions of rites and productions of folk art.<sup>245</sup> Cultural heritage concerns folklore, sites and monuments, and ensembles.<sup>246</sup> Article 68 indicates that ‘folklore’ means literary, artistic, scientific, technological and other traditions and productions as a whole created by communities and handed down from generation to generation.<sup>247</sup> Traditional knowledge, folklore and genetic resources should be protected as IP.<sup>248</sup> A *sui generis* system must recognise the holistic character of traditional knowledge and its link to biodiversity, traditional territories, cultural values and customary law, all of which are essential for sustaining traditional knowledge systems.<sup>249</sup> The system should also take into account the provisions of the Convention on Biodiversity,<sup>250</sup> the Convention Concerning Indigenous and Tribal Peoples in Independent Countries (International Labour Organisation Convention No. 169) which recognises the rights of indigenous and tribal peoples to their natural resources and territories<sup>251</sup> as well as the provisions of the United Nations Declaration on the Rights of Indigenous Peoples insofar as they recognises indigenous rights to traditional knowledge, genetic resources and territories and cultural heritage.<sup>252</sup>



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<sup>245</sup> Annex VII, Title I: Copyright and related rights Art 2 (xx) available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150#P2031\\_242899](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150#P2031_242899) (accessed 7 June 2012).

<sup>246</sup> Annex VII, Title II: Protection and promotion of cultural heritage Art 67 available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150#P2031\\_242899](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150#P2031_242899) (accessed 7 June 2012).

<sup>247</sup> Examples of folklore are, *inter alia*, dances, rites and rituals, religious traditions and celebrations, fine art and decorative art as well as archaeological sites: see Annex VII, Title II: Protection and promotion of cultural heritage Arts 68 to 71 available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150#P2031\\_242899](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150#P2031_242899) (accessed 7 June 2012).

<sup>248</sup> Swiderska ‘Protecting Traditional knowledge; A holistic approach based on customary laws and bio-cultural heritage’ in Ninan (ed) *Conserving and valuing ecosystem services and biodiversity: Economic institutional and social challenges* (2009) Part 4 chapter 15, hereafter Swiderska ‘Protecting Traditional knowledge: A holistic approach based on customary laws and bio-cultural heritage’.

<sup>249</sup> International Institute for Environment and Development (IIED) ‘Towards a holistic approach to indigenous knowledge protection: UN activities, “collective bio-cultural heritage” and the UNPFII’: Fifth Session of the UN Permanent Forum on Indigenous Issues held in New York 15-26 March 2006 2 available at <http://pubs.iied.org/pdfs/G01255.pdf> (accessed 7 June 2012).

<sup>250</sup> Convention on Biodiversity of 1992 available at <http://www.cbd.int/convention/default.shtml> (accessed 7 June 2012).

<sup>251</sup> ILO Convention No. 169 binds states to consult with indigenous peoples, in good faith and with the objective of reaching an agreement or obtaining their consent, on matters that affect them in different contexts; see Arts. 6.1, 6.2, 15.2, 22.3, 27.3 & 28 of the Convention.

<sup>252</sup> The Declaration sets out among others, the individual and collective rights of indigenous peoples including their rights to culture, identity, language, employment, health and education. The Declaration also emphasises the right of indigenous peoples to maintain and strengthen their own institutions, cultures and traditions: see United Nations Declaration on the Rights of Indigenous Peoples available at [http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf) (accessed 7 June 2012). See also United Nations News Centre ‘United Nations Declaration on Rights of Indigenous Peoples’ (13 September 2007) available at <http://www.un.org/apps/news/story.asp?NewsID=23794> (accessed 7 June 2012).

The Bangui provisions dealing with artistic and literary works, which includes indigenous knowledge, appear to be effectively promoting the contribution of IP to the development of Member States. The provisions are comprehensive indicating a wide range of indigenous IP that should be protected but unfortunately as copyright. Indigenous knowledge cannot, however, be adequately protected as a copyright since it encompasses different forms of IP each of which require protection that is suited to it. Copyright may be useful in providing protection, but there is a need for an entirely new approach for protecting knowledge, innovations and practices of indigenous and local communities.<sup>253</sup> The reason is that there is no guarantee for adequate protection even if the existing IP model is tailored to include indigenous knowledge.

The third objective is encouraging the creation of associations of national authors in those Member States where such bodies do not exist. The word ‘authors’ refer to owners of copyrighted works; the natural person who has created a work.<sup>254</sup> Associations for authors are important, they are a platform for authors to share ideas concerning for example licensing, encourage and motivate each other; and they can try to resolve problems which they encounter as authors. Where authors need the assistance of their governments, it is generally easier for the government to intervene and to provide the necessary assistance where there is an association of authors.

Fourth, centralising, coordinating and disseminating information relating to the protection of literary and artistic property to any Member State requesting it is much easier. The centralisation, coordination and dissemination of information means applicants from Member States save time and money by not having to look for information.

Fifth, promoting the economic development of Member States, notably by means of effective protection of IP and related rights. OAPI promotes economic development in the Member

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<sup>253</sup> This is because the existing IP model protects individual rights and is predominantly commercial: Swiderska ‘Protecting Traditional knowledge: A holistic approach based on customary laws and bio-cultural heritage’ 331.

<sup>254</sup> A work must be original to qualify for copyright. The Bangui Agreement protects original works of authorship including works expressed in writing such as computer programs; lectures, addresses, sermons and other works composed of words and expressed orally; musical works, whether or not accompanied by words; dramatic and dramatico-musical works; choreographic works and mimed works; audiovisual works; works of fine art: drawings, paintings, sculptures, engravings and lithographs; works of architecture; photographic works; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relating to geography, topography, architecture or science; as well as expressions of folklore and works derived from folklore: see Art 5 Annex VII, Title I: Copyright and related rights available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150#P2031\\_242899](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150#P2031_242899) (accessed 7 June 2012).

States by ensuring that Member States realise IP as a tool for economic development through a number of initiatives.<sup>255</sup> It provides Member States with technical assistance and advisory services to ensure that there is compliance with the provisions of the Bangui Agreement. It advises and assists nationals from the Member States in the negotiation of license or technology transfer contracts with a foreign partner. Small and medium enterprises (SMEs) are also assisted in terms of improving their competitiveness,<sup>256</sup> by advice on the acquisition of suitable and access to a database.<sup>257</sup> Through the support given by OAPI to the SMEs, the owners have the ability to turn their research results into assets.

OAPI's aim of promoting economic development is illustrated by the fact that it signed a partnership agreement with the Japanese Patent Office which has a unique understanding of IP as a tool for wealth creation and the help it could offer for Africa to fully utilise its knowledge for sustainable development.<sup>258</sup> OAPI has also acceded to Geneva Act of the Hague Agreement concerning the registration of industrial designs to protect foreign designs. It also offers an opportunity to creators in the Member States to easily extend protection of their creation abroad at a lower cost.<sup>259</sup> The accession to this Agreement gives applicants in the OAPI Member States the chance to extend the protection of their creations abroad in a streamlined and cost-effective manner.<sup>260</sup> It also creates an interface between WIPO's international industrial design operations and those of OAPI, allowing users to obtain protection in OAPI countries and members of the Geneva Act of the Hague Agreement, by filing one single application.<sup>261</sup>

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<sup>255</sup> Phaswana & Tanziani 'African intellectual property law and newly emerging African economies, with an emphasis on South Africa' 60-61.

<sup>256</sup> OAPI has taken steps to enable small and medium enterprises to remain competitive by introducing a support system for research on solutions to any technical problems that maybe faced; there is also an advisory service to encourage them to make use of new technology to improve their goods and services, and their manufacturing processes. OAPI also organises national and regional events at which the owners of IP titles are shown the best way of managing their assets: WIPO 'Interview with Director General of the African Intellectual Property Organisation' available at [http://www.wipo.int/sme/en/documents/oapi\\_interview.htm](http://www.wipo.int/sme/en/documents/oapi_interview.htm) (accessed 6 June 2012).

<sup>257</sup> The database of IP titles that enable them to investigate what competitors are doing is essential because it keeps the SMEs abreast with technological developments.

<sup>258</sup> Phaswana & Tanziani 'African intellectual property law and newly emerging African economies, with an emphasis on South Africa' 60.

<sup>259</sup> The Geneva Act of the Hague Agreement concerning the international registration of industrial designs was adopted by the Diplomatic Conference on 2 July 1999. The Agreement provides for an international registration of designs: WIPO 'Hague: The international design system' available at [http://www.wipo.int/hague/en/legal\\_texts/wo\\_haa\\_t.htm](http://www.wipo.int/hague/en/legal_texts/wo_haa_t.htm) (accessed 7 June 2012).

<sup>260</sup> WIPO 'Designers from all OAPI countries to benefit from fee reductions' (29 September 2009) available at [http://www.wipo.int/pressroom/en/articles/2008/article\\_0047.html](http://www.wipo.int/pressroom/en/articles/2008/article_0047.html) (accessed 7 June 2012).

<sup>261</sup> WIPO 'Designers from all OAPI countries to benefit from fee reductions' (29 September 2009) available at [http://www.wipo.int/pressroom/en/articles/2008/article\\_0047.html](http://www.wipo.int/pressroom/en/articles/2008/article_0047.html) (accessed 7 June 2012).

The sixth objective relates to providing IP training which entails imparting IP information to Member States to improve their knowledge, competencies and skills. Training is also important because IP Member States sometimes do not have a solid understanding regarding the role and advantages of IP protection. Training is, therefore, aimed at educating Member States of the importance of IP.<sup>262</sup> IP laws and policies play a crucial role in transforming information, an intangible asset, into economic, social and cultural wealth.<sup>263</sup> IP, if used effectively and efficiently, has the potential to generate significant economic, social and cultural benefits.<sup>264</sup> The OAPI Media Initiative, seminars and an IP website are some of the tools that the Organisation uses to create awareness about the social, economic and cultural benefits of effective IP protection.<sup>265</sup> The University of Yaoundé offers a Master's course in IP, with WIPO's support, that is aimed at strengthening expertise in the OAPI region

The question whether OAPI has effectively discharged its obligation to train Member States can be answered in the affirmative as a result of its various programs.<sup>266</sup> OAPI promotes IP within its Member States by organising and participating in workshops, seminars and symposia focussing on IP issues.<sup>267</sup> It also initiates and conducts projects relating to IP and economic development. In doing so, OAPI has been cooperating with WIPO in respect of training, capacity building and improvement of infrastructure.

The seventh objective concerns functioning for each of the Member States as both the national industrial property office, within the meaning of Article 12 of the Paris Convention, and as the central patent and documentation body.<sup>268</sup> Eighth, serving as the 'national Office',

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<sup>262</sup> Director General of OAPI, Mr Edou 'Raising awareness in West Africa' WIPO Magazine (February 2011) available at [http://www.wipo.int/wipo\\_magazine/en/2011/01/article\\_0007.html](http://www.wipo.int/wipo_magazine/en/2011/01/article_0007.html) (accessed 6 June 2012).

<sup>263</sup> Mr Edou the OAPI Director General pointed out that it is imperative for Member States to understand that IP and economic growth are closely linked and there is a need to use IP to facilitate trade in the OAPI region: Yu *Intellectual Property and Information wealth: Issues and Practices in the digital age* (2007) ix and Lewis (*Intellectual Property protection: Promoting innovation in a global information economy, A report to the CSIS* 2008) 1.

<sup>264</sup> The benefits are a myriad and include job creation as inventors and creators can earn a living, companies can advance business interests, researchers can leverage results and governments can promote economic well-being of their nationals: see Director General of OAPI, Mr Edou 'Raising awareness in West Africa' WIPO Magazine (February 2011) available at [http://www.wipo.int/wipo\\_magazine/en/2011/01/article\\_0007.html](http://www.wipo.int/wipo_magazine/en/2011/01/article_0007.html) (accessed 6 June 2012).

<sup>265</sup> The OAPI Media Initiative encompasses television and radio networks, newspapers, magazines and the internet as a media to educate Member States about IP protection and practices.

<sup>266</sup> Gabon is said to have a television program dedicated at IP, Cote d'ivoire uses the local press, Benin has a website, and Mali and Cameroon have IP documentaries that are regularly on national television: see Director General of OAPI, Mr Edou 'Raising awareness in West Africa' WIPO Magazine (February 2011) available at [http://www.wipo.int/wipo\\_magazine/en/2011/01/article\\_0007.html](http://www.wipo.int/wipo_magazine/en/2011/01/article_0007.html) (accessed 6 June 2012).

<sup>267</sup> Phaswana & Tanziani 'African intellectual property law and newly emerging African economies, with an emphasis on South Africa' 61.

<sup>268</sup> Article 12 of the Paris Convention reads:

‘designated Office’, ‘elected Office’ or as the ‘receiving Office’ within the meaning of Article 2 (xii); (xiii); (xiv) and (xv) for the Member States also party to the Patent Cooperation Treaty.<sup>269</sup> Ninth, acting as the ‘national office,’ within the meaning of Article 2 (xiii), and ‘designated Office’, within the meaning of Article 2 (xv) of the Trademark Registration Treaty.<sup>270</sup>

### 3.5.2 Characteristics of the OAPI System

The OAPI system is based on the principle of uniformity as OAPI’s aim is to have an effective and uniform system of protecting IP rights. The OAPI legislation constitutes the law for all its Member States;<sup>271</sup> the Bangui Agreement has the effect of national law<sup>272</sup> in all the Member States and it applies directly within the territory of each Member State.<sup>273</sup> OAPI headquarters also serves as a national office<sup>274</sup> for its Member States and it grants rights on their behalf.<sup>275</sup>



1. ‘Each country of the Union undertakes to establish a special industrial property service and a central office for the communication to the public of patents, utility models, industrial designs, and trademarks.
2. This service shall publish an official periodical journal. It shall publish regularly:
  - (a) the names of the proprietors of patents granted, with a brief designation of the inventions patented;
  - (b) the reproductions of registered trade marks.’

<sup>269</sup> The Patent Cooperation Treaty (PCT) helps patent Offices with their patent granting decisions and facilitates public access to a wealth of technical information relating to those inventions. An applicants is able to simultaneously file one international patent application for an invention in 148 countries : see Patent Cooperation Treaty as amended on 3 October 2001 available at [http://www.wipo.int/treaties/en/text.jsp?file\\_id=288637](http://www.wipo.int/treaties/en/text.jsp?file_id=288637) (accessed 13 June 2012)

<sup>270</sup> Section 1 Art 2 (4) of the Agreement Revising the Bangui Agreement of March 2, 1977 on the creation of an African Intellectual Property Organisation (Bangui Agreement), February 24, 1999 .

<sup>271</sup> The Preamble to the Agreement Revising the Bangui Agreement of March 2, 1977 on the creation of an African Intellectual Property Organisation (Bangui Agreement), February 24, 1999 states that Member States ‘desire to promote the effective contribution of intellectual property to the development of their States on the one hand, and concerned on the other hand to protect intellectual property rights on their territories in as effective and uniform a manner as possible’ available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150#P683\\_34157](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150#P683_34157) (accessed 13 June 2012).

<sup>272</sup> The aim of the Agreement was to create a body responsible for the application of joint administrative procedures resulting from a uniform regime of IP protection.

<sup>273</sup> The Bangui Agreement also provides extensive protection for the existing IP: Kongolo ‘The African Intellectual Property Organisations: The necessity of adopting one uniform system for all Africa’ (2000) 3 *The Journal of World Intellectual Property* 735, hereafter Kongolo (2000) 3 *The Journal of World Intellectual Property*. See also Kongolo *African contributions* 83.

<sup>274</sup> OAPI serves as a national office under the Patent Cooperation Treaty and under the Trade mark Registration Treaty.

<sup>275</sup> Kongolo *African contributions* 83 and Kongolo (2000) 3 *The Journal of World Intellectual Property* 273.

A trade mark application can be filed with the Member State in which case the application containing the filing date must be sent to the Organisation.<sup>276</sup> An application that has been filed with the Organisation or office of the Member State is deemed to be equivalent to a national filing in each Member State.<sup>277</sup> The Bangui Agreement contains both substantive and procedural provisions for different areas of IP, including trade marks.

### 3.6 An analysis of ARIPO and OAPI

#### 3.6.1 Cooperation Agreement between ARIPO and OAPI

ARIPO and OAPI concluded a Cooperation Agreement in 1996 in Harare, Zimbabwe. The agreement was in line with Article V of the Lusaka Agreement which obliges ARIPO to establish, and maintain a close and continuous working relationship with the United Nations Economic Commission for Africa, WIPO and AU.<sup>278</sup> The Cooperation Agreement is also supported by Article VI of the Lusaka Agreement<sup>279</sup> which empowers ARIPO to cooperate with non-member countries as well as Organisations, institutions and bodies which are willing to assist ARIPO to achieve its objectives.

The objectives of the co-operation agreement are namely:

First, to sensitise and train entrepreneurs and managers in various aspects of IP, particularly the economic and strategic dimensions of IP. The aim of sensitising and training

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<sup>276</sup> This must be done within five working days: Art 6 (2) of the Agreement Revising the Bangui Agreement of March 2, 1977 on the creation of an African Intellectual Property Organisation (Bangui Agreement), February 24, 1999 available at

[http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=132882&file\\_id=181150#P683\\_34157](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=132882&file_id=181150#P683_34157) (accessed 13 June 2012). See also Adewopo 'Developments in intellectual property in Africa' available at [www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc](http://www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc) (accessed 13 June 2011).

<sup>277</sup> Article 8 of the Agreement Revising the Bangui Agreement of March 2, 1977 on the creation of an African Intellectual Property Organisation (Bangui Agreement), February 24, 1999, Annexure III deals with trade marks and service marks.

<sup>278</sup> Lusaka Agreement on the Creation of the African Regional Intellectual Property Organization available at [http://aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=3&Itemid=11](http://aripo.org/index.php?option=com_docman&task=doc_download&gid=3&Itemid=11) (accessed 2 November 2011). See also WIPO Resources 'IP Regional Treaties: Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation (ARIPO)' available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129114&file\\_id=181199](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129114&file_id=181199) (accessed 24 October 2011).

<sup>279</sup> Lusaka Agreement on the Creation of the African Regional Intellectual Property Organization available at [http://aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=3&Itemid=11](http://aripo.org/index.php?option=com_docman&task=doc_download&gid=3&Itemid=11) (accessed 2 November 2011). See also WIPO Resources 'IP Regional Treaties: Lusaka Agreement on the Creation of the African Regional Intellectual Property Organization (ARIPO)' available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129114&file\\_id=181199](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129114&file_id=181199) (accessed 24 October 2011).

entrepreneurs and managers is to ensure that they remain competitive and are able to gain access to new ideas and technologies.<sup>280</sup>

Second objective is to train institutional agents and officials in various aspects of IP protection, and the prevention of counterfeiting. Counterfeiting<sup>281</sup> has become so prevalent in Africa that measures to counteract it need to be implemented.<sup>282</sup> The sale and production of counterfeit goods results in huge economic loss to IP holders and it denies them of their income.<sup>283</sup> Technological advances have made counterfeiting much easier;<sup>284</sup> a trade mark, for instance, can be easily reproduced by modern printing techniques and can be affixed to a copy of the product that is so similar to the genuine item that a consumer cannot easily differentiate between them.<sup>285</sup> The effect of counterfeiting on one hand is that, it makes it difficult for multinational companies to control the image of their brand.<sup>286</sup> On the other hand counterfeiting results in social and political harm especially to developing countries where the bulk of counterfeiting occurs. Counterfeiting and piracy, therefore, adversely affect the economy, its citizens and its consumers.<sup>287</sup>



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<sup>280</sup> WIPO 'Permanent Committee on Cooperation for Development Related to Intellectual Property: WIPO'S Programme of Assistance to Least Developed Countries' (October 28 to November 1, 2002) Third Session Geneva available at <http://www.un.org/special-rep/ohrlls/ohrlls/wipo%20implementation.pdf> (accessed 2 November 2011).

<sup>281</sup> Counterfeiting of IP for example trade marks refers to the unauthorised reproduction of the trade mark: Paradise *Trade mark counterfeiting, product piracy and the billion dollar threat to the US economy* (1999) 1. Bian & Moutinho further clarify that 'counterfeit products are those bearing a trade mark that is identical to, or indistinguishable from, a trade mark registered to another party and infringe the rights of the holder of the trade mark'. See also Bian & Moutinho 'The role of brand image, product involvement, and knowledge in explaining consumer purchase behaviour of counterfeits' (2011) 45 *European Journal of Marketing* 191.

<sup>282</sup> These involve both civil remedies and criminal sanctions. See Whitby 'Africa 'dumping ground' for counterfeit goods' BBC World News (13 January 2010) available at <http://news.bbc.co.uk/2/hi/africa/8424403.stm> (accessed 7 May 2012).

<sup>283</sup> The share of counterfeit and pirated goods in world trade is also estimated to have increased from 1.85% in 2000 to 1.95% in 2007: see Organisation for Economic Co-operation Development (OECD) 'Magnitude of counterfeiting and piracy of tangible products- November 2009 update available at [http://www.oecd.org/document/23/0,3746,en\\_2649\\_34173\\_44088983\\_1\\_1\\_1\\_1,00&en-US\\$01DBC.html](http://www.oecd.org/document/23/0,3746,en_2649_34173_44088983_1_1_1_1,00&en-US$01DBC.html) (accessed 15 June 2012).

<sup>284</sup> Tomlinson 'Intellectual Property in the Digital Age: The Piracy/Counterfeiting Problem and Antipiracy and Anti-counterfeiting Measures' (1999) 8 *Currents Int'l Trade L.J* 3, hereafter Tomlinson (1999) 8 *Currents Int'l Trade L*. See also Paradise *Trade mark counterfeiting, product piracy and the billion dollar threat to the US economy* (1999) 23 and Sachdecha 'Thailand-World Trade mark Review' (2009) 187 available at <http://www.worldtrade.markreview.com/issues/article.ashx?> (accessed 7 May 2012).

<sup>284</sup> Tomlinson (1999) 8 *Currents Int'l Trade L.J* 3.

<sup>284</sup> Cho 'Counterfeiting as an externality imposed by Multinational Companies on developing countries' (2011) *Virginia Journal of International Law* 787, hereafter Chow (2011) *Virginia Journal of International Law*.

<sup>285</sup> Tomlinson (1999) 8 *Currents Int'l Trade L.J* 3.

<sup>286</sup> The brand forms part of the assets and the business goodwill; it therefore has economic value: Chow (2011) *Virginia Journal of International Law* 787.

<sup>287</sup> Godart (2010) 5 *Journal of Intellectual Property Law and Practice* 379.

Thirdly, developing joint training programmes, exchanging trainers in the form of cross-participation in training sessions of each other's training programmes and participation in the sessions of the training of trainers' programmes.<sup>288</sup> Such training must be coupled with technical cooperation with the aim of mutually benefitting the two Organisations whether directly or indirectly.

The preceding discussion shows that the Cooperation Agreement between ARIPO and OAPI of 1961 is aimed at fostering close cooperation between the two Organisations. The objectives highlight the scope of cooperation between the two Organisations. The objectives focus largely on exchanging information, expertise as well as carrying out joint projects. It is clear that the level of cooperation is limited, superficial and 'falls short of expectations'.<sup>289</sup> One of the shortcomings of the Cooperation Agreement is that it fails to deal with concrete issues that have far-reaching effect in protecting trade marks, such as merging the laws of the Organisations and having regional common goals.

The Cooperation Agreement does not make it clear whether ARIPO and OAPI intend to amalgamate. There is also no indication of an intention to foster a close working relationship in the protection of trade marks and other forms of IP. The reason for maintaining a divide between the two institutions seems to be due to their cultural and political backgrounds.<sup>290</sup>

Although it has been pointed out that the harmonisation of laws of the two Organisations has been a challenge,<sup>291</sup> it is argued that the Cooperation Agreement should have specifically included the objective of harmonising the two systems and their laws. The two Organisations

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<sup>288</sup> Co-operation and collaboration in training programmes promotes growth and exchange of ideas especially following the expansion in IP rights heralded by TRIPS: Helfer 'Regime shifting: The TRIPS Agreement and new dynamics of international intellectual property lawmaking' (2004) 29 *Yale Journal of International Law* 23.

<sup>289</sup> Adewopo 'Developments in intellectual property in Africa' available at [www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc](http://www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc) (accessed 13 June 2011).

<sup>290</sup> Arowolo 'A continental approach to protecting traditional knowledge systems and related resources in Africa' (2009) available on Social Science Research Network at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1313582](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1313582) (accessed 20 July 2011).

<sup>291</sup> In an interview with Intellectual Property Watch concerning the establishment of a new IP organisation, ARIPO's former director General Sibanda pointed out that 'the two regional organisations for some time now have been in the process of trying to harmonise their laws and they have a clear understanding on some of the problems associated with the development of such an organisation'. The interview was done in November 2007 and it shows some scepticism about the new IP Organisation which arises from the challenges that ARIPO and OAPI have faced in relation to a possible merger. The pessimism is unnecessary. What the Organisation needs is to learn from the ARIPO and OAPI system, choose the most preferred system and to build upon what has already been done: Gerhardsen 'Concerns arises over proposed Pan-African IP Organisation' Intellectual Property Watch available at <http://www.ip-watch.org/weblog/2007/08/30/concern-arises-over-proposed-pan-african-ip-organisation/> (accessed 14 August 2011).

should have set in motion a concrete plan to gradually move towards a merger and possible harmonisation of their operations and/or harmonisation of IP laws of Member States. It is also argued that the difficulties that have been experienced in an attempt to harmonise the IP systems arose due to the absence of an empowering Agreement.

### 3.6.2 An overview of the differences between the ARIPO and the OAPI system

Both the ARIPO and OAPI systems are aimed at providing cost-effective trade mark protection by making it possible for people to obtain protection in a number of countries by means of one application.<sup>292</sup> There are, however, differences between ARIPO and OAPI which are a legacy of colonial histories and are reflected in the legal systems of their Member States.<sup>293</sup> Whilst ARIPO aims at creating similar IP laws for its members,<sup>294</sup> OAPI on the other hand, has created a uniform system that Member States should comply with.<sup>295</sup> ARIPO allows for the co-existence of national and ARIPO laws, whilst OAPI norms constitute the national laws of its Members.<sup>296</sup> OAPI is, therefore, unique in that its Member States have revoked their own national IP laws in favour of adopting the OAPI Agreement (the 'Bangui Agreement') as their national IP law.<sup>297</sup>

African leaders will have to decide which of the two systems is preferred, the OAPI or ARIPO, before establishing the proposed PAIPO. African leaders need to take into consideration various factors such as effectiveness of each system as well as the drawbacks.<sup>298</sup> Issues of sovereignty, independence and territorial integrity which are the stated objectives of the AU<sup>299</sup> *vis-a-vis* an effective regional system, require due

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<sup>292</sup> Dean 'A unified intellectual property law system for Southern Africa' (1994) 2 *Juta's Bus. L.* 165, hereafter Dean (1994) 2 *Juta's Bus. L.*

<sup>293</sup> Most of these laws are 'remnants' from the colonial past and are outdated in the sense that the laws have not been updated to reflect the new developments in the field of IP. There is therefore a need to enact appropriate legislation that takes into account recent developments. See ARIPO 'Recent intellectual property development in the African region and proposals for the harmonisation of ARIPO and OAPI systems' from the Council of Ministers Thirteenth Session held in Accra, Republic of Ghana on 1 and 2 December 2011 (page 5). See also Phaswana and Tanziani 'African intellectual property law and newly emerging African economies, with an emphasis on South Africa' in Taplin & Nowak (eds) *Intellectual property, innovation and management in emerging economies* (2010) 42 and Kongolo *African contributions* 1.

<sup>294</sup> Kongolo (2003) 3 *Journal of World Intellectual Property* 273.

<sup>295</sup> The European Union's Community Trade Mark (CTM) system allows for the co-existence of national law and the CTM.

<sup>296</sup> Dean (1994) 2 *Juta's Bus. L.* 165.

<sup>297</sup> See chapter 3 part 3.5.2.

<sup>298</sup> See a detailed discussion on PAIPO chapter 3 part 3.7.

<sup>299</sup> AU 'African Union in a nutshell' available at [http://www.african-union.org/root/au/aboutau/au\\_in\\_a\\_nutshell\\_en.htm#birth](http://www.african-union.org/root/au/aboutau/au_in_a_nutshell_en.htm#birth) (accessed 25 July 2011).

consideration and balancing. It is submitted that for regional integration to progress in Africa, the leaders must be willing to cede part of their sovereignty since sovereignty and territorial integrity are generally opposed to regional integration.<sup>300</sup> It is only when African leaders can relinquish their power that they will be able to submit to a regional organisation.

The second difference lies in the official language of these organisations. Although ARIPO membership is open to all AU members, the use of English becomes a barrier to many non-Anglophone countries.<sup>301</sup> ARIPO has, nevertheless, one Portuguese-speaking member; Mozambique. The Francophone OAPI has Equatorial Guinea and Guinea-Bissau, which are also Portuguese-speaking countries. The membership of countries that do not speak the main language of ARIPO and OAPI signify that in today's world, countries are not necessarily restricted by the language barrier. Technological developments have resulted in most regional offices having translation devices that make it easier to communicate despite different languages.<sup>302</sup>

The third difference is that the OAPI legislative provisions cover both the substantive and procedural aspects of the law, while ARIPO provides only for the procedural aspect, leaving the substantive content of the rights largely to the laws of its Member States.<sup>303</sup> These differences may be overcome by a new IP Organisation adopting either the ARIPO system or OAPI System as it is difficult to reconcile both systems.<sup>304</sup>

Over and above the difference noted above, both OAPI and ARIPO did not necessarily advance uniquely/specifically African values.<sup>305</sup> This could explain why traditional knowledge could not find recognition and protection within the ARIPO framework for a very

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<sup>300</sup> See chapter 2 part 2.5.6.1.

<sup>301</sup> See chapter 3 part 3.4.2.

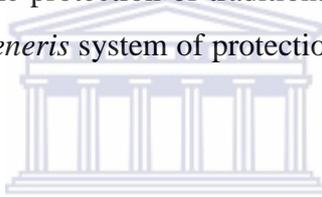
<sup>302</sup> ARIPO has translation devices which attempt to accommodate non-English speaking Member States. The effectiveness of these devices has however, been questionable. Concepts that can easily and clearly be expressed in one language are sometimes difficult or even impossible to translate into another. Some of the useful information is also lost during the translation process. In worst cases some words are given a wrong meaning: Bushby 'Communication gateways: Friend or foe?' (1998) 40 *Ashrae Journal* 50 also available at <http://www.bacnet.org/Bibliography/AJ-4-98/GATEWAY.htm> (accessed 26 July 2012). Language translation devices are therefore not necessarily effective although they are an essential instrument where parties speak different languages. The language translation devices may require further technological development to avoid the unintended consequences or the difficulties cited above.

<sup>303</sup> ARIPO is discussed comprehensively in chapter 3 part 3. 4.

<sup>304</sup> See discussion on PAIPO in chapter 3 part 3.7.

<sup>305</sup> It has also been argued that South Africa which is not a member of either ARIPO or OAPI does not also have intellectual property laws that adequately protect traditional knowledge: Mukuka *Indigenous knowledge systems and intellectual property laws in South Africa: "Reap what you have not sown"* (2010) 23, hereafter Mukuka *Indigenous knowledge system*.

long time,<sup>306</sup> let alone international protection.<sup>307</sup> The dominance of the western IP model may, however, be also one of the reasons that gave rise to the problems regarding the protection of traditional knowledge as it is based on notions of individual property ownership rather than communal ownership.<sup>308</sup> Mukuka states that with the western model IP rights are consequently granted to give the creator (who is usually an individual or company) an exclusive right to prevent others from unauthorised use of their property for a limited period of time.<sup>309</sup> Traditional knowledge does not thus satisfy the requirements of the western or mainstream IP rights protection since it is generally held by communities and is passed from one generation to the other.<sup>310</sup> It is argued that where IP protection could apply to such knowledge, the prohibitive costs of registering and defending a patent or other IP rights restricts effective protection.<sup>311</sup> It should be noted that proposals have been made for the development of *sui generis* protection of IPRs.<sup>312</sup> The territoriality of IP rights and their international alignment as well as the global trade practices indicates the need for an international solution regarding the protection of traditional knowledge.<sup>313</sup> The question that remains is whether WIPO's *sui generis* system of protection will provide adequate protection or not.<sup>314</sup>



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<sup>306</sup> Indigenous knowledge is defined as the unique traditional knowledge existing within and developed around specific conditions of women and men indigenous to a particular geographical area. For the purpose of this study, indigenous knowledge is referred to as traditional knowledge as this is a more familiar term.

<sup>307</sup> Arowolo 'A continental approach to protecting traditional knowledge systems and related resources in Africa' (2009) available on Social Science Research Network at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1313582](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1313582) (accessed 20 July 2011).

<sup>308</sup> It has been argued that this concept of individual property ownership is alien to Africa and it does not necessarily focus on a group's or collective right to protect and benefit from its own cultural discoveries, creations and products. See Hansen & Van Fleet *Traditional Knowledge and Intellectual Property: A handbook on issues and options for traditional knowledge holders in protecting their intellectual property and maintaining biological diversity* (2003) 4; Oguamanam *International law and Indigenous Knowledge: Intellectual property rights, plant biodiversity and traditional medicine* (2006) 8 & 29.

<sup>309</sup> Mukuka *Indigenous knowledge systems* 19.

<sup>310</sup> WIPO *Intellectual Property and traditional knowledge* (Booklet no 2) 6 and Dutfield 'Protecting traditional knowledge and folklore' (2003) 22 available at [http://ictsd.org/downloads/2008/06/cs\\_dutfield.pdf](http://ictsd.org/downloads/2008/06/cs_dutfield.pdf) (accessed 14 May 2012).

<sup>311</sup> Hansen & Van Fleet *Traditional knowledge and intellectual Property: A handbook on issues and options for traditional knowledge holders in protecting their intellectual property and maintaining biological diversity* (2003) 5.

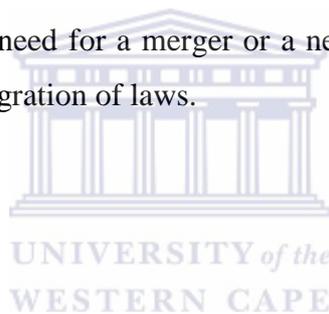
<sup>312</sup> WIPO legislative texts on the protection of Traditional Knowledge available at <http://www.wipo.int/tk/en/laws/tk.html> (accessed 14 May 2012).

<sup>313</sup> Kiene *The legal protection of traditional knowledge in the pharmaceutical field: An intercultural problem on the international agenda* (2011) 58.

<sup>314</sup> It should, however, be noted that both Organisations have come up with measures or instruments aimed at the protection of folklore and traditional knowledge. The ARIPO Member States held a Diplomatic Conference on August 9, 2010 in Namibia and adopted a Protocol on the protection of traditional knowledge and expressions of folklore, known as the Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore. The WIPO Director-General has described this as a 'historic step...and a significant milestone in the evolution of intellectual property'. The Protocol was to enter into

Cullet and Kameri-Mbote rightly argue that one of the shortcomings of the existing regional bodies is their focus on technical administration of IP rights.<sup>315</sup> Their focus appears to be largely on central filing, search and examination, reduction of costs for filing, and not on substantive areas of policy making ‘to ensure that an African agenda on IP is developed’. The African common agenda should entail mainly the coverage of traditional knowledge, folklore and genetic resources at international level as this form of IP is central to African countries.<sup>316</sup> The African Group was instrumental in the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) negotiations<sup>317</sup> and the Group emphasised the need for a establishment of ‘a mandatory international *sui generis* system towards the protection of traditional knowledge using existing national experiences to identify the subject matter of the *sui generis* protection, the type of protection desired and the rights to be granted’.<sup>318</sup>

In summary, the differences between ARIPO and OAPI in terms of their functions and backgrounds have generated the need for a merger or a new Organisation that can facilitate standardisation as well as the integration of laws.




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force when six (6) Member States of the Organisation either deposit instruments of ratification or instruments of accession: ARIPO ‘ARIPO and its Member States Adopt a New Protocol on Traditional Knowledge’ available at [http://www.aripo.org/index.php?option=com\\_content&view=article&id=108:diplomaticconference&catid=1:latest-news&Itemid=18](http://www.aripo.org/index.php?option=com_content&view=article&id=108:diplomaticconference&catid=1:latest-news&Itemid=18) (accessed 17 June 2011) and WIPO Intergovernmental Committee on IP and genetic resources, traditional knowledge and folklore, Ninth Session held in Geneva April 24-28 2006 ‘The protection of traditional cultural expressions/expressions of folklore: Updated draft outline of policy options and legal mechanisms’ available at [www.wipo.int/edocs/mdocs/tk/en/.../wipo\\_grtkf\\_ic\\_9\\_inf\\_4.doc](http://www.wipo.int/edocs/mdocs/tk/en/.../wipo_grtkf_ic_9_inf_4.doc) (accessed 6 June 2012).

<sup>315</sup> Cullet & Kameri-Mbote ‘International property protection and sustainable development-Towards a common African institutional framework and strategy’ (2005) *International Environmental Law Centre* available at [http://www.nepadst.org/doclibrary/pdfs/doc23\\_022005.pdf](http://www.nepadst.org/doclibrary/pdfs/doc23_022005.pdf) (accessed 25 October 2011) 17.

<sup>316</sup> Essy ‘Traditional African Concepts of Access’ in Nnadozie, Lettington, Bass, Bruch & King (eds) *African Perspectives on Genetic Resources: A Handbook on Law, Policies and Institutions Governing Access and Benefit Sharing* (2003) 1 & 50.

<sup>317</sup> The Committee was formed in terms of the Convention on Biological Diversity (CBD) which entered into force on 29 December 1993. The Convention seeks to conserve biological diversity, promote sustainable development, and encourages the equitable sharing of the benefits arising from the utilisation of knowledge, innovations and practices belonging to a particular group of people or community: see Art 8 of the Convention on Biological Diversity available at <http://www.cbd.int/doc/legal/cbd-en.pdf> (accessed 8 June 2012).

<sup>318</sup> WIPO Intergovernmental Committee on intellectual property and genetic resources, traditional knowledge and folklore, Ninth Session held in Geneva April 24-28 2006 ‘The protection of traditional cultural expressions/expressions of folklore: Updated draft outline of policy options and legal mechanisms’ available at [www.wipo.int/edocs/mdocs/tk/en/.../wipo\\_grtkf\\_ic\\_9\\_inf\\_4.doc](http://www.wipo.int/edocs/mdocs/tk/en/.../wipo_grtkf_ic_9_inf_4.doc) (accessed 6 June 2012).

I now discuss the proposal to harmonise the ARIPO and OAPI systems. This is an important discussion because of the gaps in the current systems and the fact that some African countries are not members of either ARIPO or OAPI.<sup>319</sup>

### 3.6.3 Recent proposals for the merger of ARIPO and OAPI systems

The impetus to merge ARIPO and OAPI derives from their existing collaboration with each other towards the development of IP. Apart from the Cooperation Agreement between the two, the quadripartite agreement signed by WIPO, ARIPO, OAPI and African Regional Centre for Technology (ARCT)<sup>320</sup> also seeks to develop effective collaboration among IP institutions. It has become necessary to strengthen the level of collaboration between ARIPO and OAPI in the 'areas of technical exchange at the examination and capacity building levels, harmonisation of the procedures for processing IP applications as well as develop modalities for integration in future'.<sup>321</sup>

The proposal for a merger of OAPI and ARIPO has been on the agenda for a decade.<sup>322</sup> The current regional organisations do not provide African countries with the best IP protection as they also undermine cohesive negotiations and effective African representation especially in the multilateral trade negotiations. Adewopo rightly argues that: '...such greater cooperation will also be of use in future multilateral negotiations because it will enable the continent to form a lobby block on issues that affect them most...'.<sup>323</sup>

Harmonisation of the ARIPO and OAPI systems will be an important aid to regional integration. How can the two systems be harmonised? One needs to start by identifying what could be a preferred system on the basis of administration, procedures and in terms of the content of laws. As indicated before, the ARIPO system allows for harmonisation of laws whilst the OAPI system is based on unification of laws. It is submitted for purposes of regional integration the object should be to harmonise the laws first as this approach allows

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<sup>319</sup> The obstacles to harmonisation of the ARIPO and OAPI systems are discussed in detail in chapter 3 part 3.6.

<sup>320</sup> Deere *The Implementation Game* 268.

<sup>321</sup> ARIPO 'Recent intellectual property development in the African region and proposals for the harmonisation of ARIPO and OAPI systems' from the Council of Ministers Thirteenth Session held in Accra, Republic of Ghana on 1 and 2 December 2011 available at [www.aripo.org/index.php?option=com\\_docman&task=doc...88](http://www.aripo.org/index.php?option=com_docman&task=doc...88) (accessed 7 May 2012).

<sup>322</sup> Nwauche (2003) 6 *The Journal of World Intellectual Property* 137. See also Adewopo (2005) 6 *The Journal of World Intellectual Property* 482- 483.

<sup>323</sup> Adewopo 'Developments in intellectual property in Africa' available at [www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc](http://www.atrip.org/.../Adewopo%20Dev.%20of%20IP%20in%20Africa.doc) (accessed 13 June 2011).

for some degree of flexibility.<sup>324</sup> Harmonisation allows a nuanced approach to IP protection which is essential since African countries are at different levels of development. The unified OAPI system, does not allow for differential treatment for its Least Developed Countries (LDC) members. OAPI's failure to differentiate its Member States resulted in these countries forfeiting some benefits that were available under TRIPS during the transitional phase. It was argued in chapter 2 that harmonisation will be best suited to African countries at the moment as a step towards unification.<sup>325</sup> It is also argued that harmonisation is more suitable since it allows Member States to maintain their national laws.

The next part is aimed at examining the proposal for the establishment of PAIPO with a view to creating a common IP system.

### **3.7 Proposal for the establishment of Pan-African Intellectual Property**

#### **Organisation**

The proposal by African Heads of State to establish a single IP Organisation is a positive development in IP history in Africa,<sup>326</sup> even though talks on the matter are still on-going. PAIPO is intended not only to serve as a cost-effective entity for streamlining IP management in Africa, but also to assist in the integration of the laws.<sup>327</sup> This will also promote stronger regional cooperation if all the fifty-four African countries become members of PAIPO. Kongolo correctly argues that:

‘A single continental IP organisation is not only desirable but may be a legal necessity. This is because the mandate of the African Union is based on the Abuja Treaty establishing the African Economic Community whose aim is the African Common Market of which IP organisations are building blocks.’<sup>328</sup>

It has been rightly argued that there is a need for what is supposed to be a ‘regional organisation’ to reflect on the African vision regarding the protection of IP in general,<sup>329</sup> and also that ARIPO and OAPI were modelled after the western style of IP protection which

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<sup>324</sup> Wandrag ‘Unification of Southern African contract law’ (2011) 13 *European Journal of Law Reform* 457, hereafter Wandrag (2011) 13 *European Journal of Law Reform*. See chapter 2 part 2.7.

<sup>325</sup> Unification is much more demanding and drastic so much that countries such as Zimbabwe that still hold on to principles of sovereignty and territorial integrity will be affected. Harmonisation will thus allow a gradual shift towards a supranational law or one single system. Harmonisation and unification are discussed in detail in chapter 2 part 2.7.

<sup>326</sup> International Institute for Sustainable Development (IISD) ‘Eighth African Union Summit: 22-30 January’ available at <http://www.wcce.net/briefing0702e%5B1%5D.pdf> (accessed 13 June 2011).

<sup>327</sup> Scientific, Technical and Research Commission ‘Intellectual Property Rights: PAIPO’ available at [http://au-strc.org/en/progdetails2.asp?prog\\_no=4&prog\\_title=Intellectual%20property%20rights%20](http://au-strc.org/en/progdetails2.asp?prog_no=4&prog_title=Intellectual%20property%20rights%20) (PAIPO) (accessed 14 June 2011).

<sup>328</sup> Kongolo (2000) 3 *Journal of World Intellectual Property* 265.

<sup>329</sup> Kongolo (2000) 3 *The Journal of World Intellectual Property* 268.

unfortunately does not always correspond to and fit in with the African realities and environment.<sup>330</sup> Kongolo also correctly argues that the ‘... systems would be more effective if they would take into consideration African needs, priorities and realities’,<sup>331</sup> such as traditional knowledge is an important aspect of innovation to African countries.<sup>332</sup> A new Organisation that will be responsible for IP is consistent with AU’s objective of establishing an African Common Market.<sup>333</sup> It is important that such an Organisation attracts new membership; therefore, the new Organisation must be founded on new principles and a new vision. The expectation is that PAIPO should be able to provide a platform for all African countries to benefit from an IP system which promotes innovation, techno-industrial competitiveness, economic growth and sustainable development.<sup>334</sup>

PAIPO’s objectives and how it intends to achieve them are now discussed. The objectives of an organisation should comply with the SMART criteria by being specific, measurable, achievable, realistic and timely.<sup>335</sup>

### 3.7.1 The objectives of PAIPO

PAIPO is intended to provide a broad based platform for African countries to benefit from a co-ordinated stock of specialised IP knowledge and services. Some of its objectives are to:<sup>336</sup>

- a) Ensure the effective use of the IP system as a tool for economic, cultural, social and technological development of the region;
- b) Contribute to the accelerated achievement of the objectives of the AU as stated in the Constitutive Act;

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<sup>330</sup> Phaswana & Tanziani ‘African intellectual property law and newly emerging African economies with an emphasis on South Africa’ 42.

<sup>331</sup> Kongolo (2000) 3 *The Journal of World Intellectual Property* 265.

<sup>332</sup> Dinwoodie & Dreyfuss ‘Enhancing global innovation policy: The role of WIPO and its Conventions in interpreting the TRIPS Agreement’ in Correa (ed) *Research Handbook on the Protection of Intellectual Property under WTO rules: Intellectual property in the WTO* (2010) 111; and Sikoyo *et al Intellectual property protection in Africa* (2006) 4.

<sup>333</sup> See chapter 1 part 1.4.

<sup>334</sup> Arowolo ‘A continental approach to protecting traditional knowledge systems and related resources in Africa’ (2009) available at Social Science Research Network at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1313582](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1313582) (accessed 20 July 2011).

<sup>335</sup> Gross *Dimensions of Organisation Development* (2009) 41 and Hillson ‘Enterprise risk management: Managing uncertainty and minimising surprise’ in Bourne (ed) *Advising upwards: A framework for understanding and engaging senior management stakeholders* (2011) 66.

<sup>336</sup> Article 5 of the Final Draft of the Pan-African Intellectual Property Organisation available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 20 February 2013).

- c) Promote the harmonisation of IP systems of its Member States, with particular regard to protection, exploitation, commercialisation and enforcement of IP rights;
- d) Provide common services to Member States and/or regional economic communities in the administration and management of IP rights that maximises and builds upon the solid achievements of ARIPO, OAPI and/or WIPO;
- e) Provide a forum for policy discussions and formulation, addressing political issues and developing African common positions relating to IP matters, with particular regard to genetic resources, traditional knowledge, geographic indicators and expressions of folklore. Matters relating and arising from the Convention on Biological Diversity (CBD) and emerging topics in the field of IP should also be taken into consideration;

PAIPO's objectives are of great importance as they include core issues such as the protection of traditional knowledge, creation of awareness on IP issues as well as the need for PAIPO to lead and coordinate African negotiations in international IP issues.<sup>337</sup> Kongolo, however, correctly identifies the conflict between two of the above objectives with the mandate of the ARIPO and OAPI, namely, the harmonisation of IP systems of Member States with a particular emphasis on the protection, exploitation, commercialisation and enforcement of IPRs, and the provisions of services to Member States in the administration and management of IPRs.<sup>338</sup> The conflict arises since these objectives are the core mandates of the two sub-regional IP organisations. It is clear that their co-existence cannot be possible due to the overlap in the objectives.

One of the above objectives is the effective use of the IP system as a tool for economic, cultural, social and technological development of the region. This objective does not, unfortunately, include sustainable development. Cullet and Kameri-Mbote correctly emphasised the need for the inclusion of sustainable development<sup>339</sup> as one of the objectives for ARIPO and OAPI; particularly because of the concerns about dumping of obsolete technologies in developing countries.<sup>340</sup> Their argument is still valid in light of PAIPO. The

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<sup>337</sup> Article 5 of the Final Draft of the Pan-African Intellectual Property Organisation available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 20 February 2013).

<sup>338</sup> Kongolo *African contributions* 129.

<sup>339</sup> Sustainable development entails the need to preserve natural resources for the benefit of future generations and it applies even in IP context in that dumping for example of electronic waste can damage the environment since most of the discarded computers usually contains hazardous chemicals for example go to landfill sites: Murombo 'The utility of environmental rights to sustainable development in Zimbabwe: A contribution to the constitutional reform debate' (2011) *African Human Rights Law Journal* 131' hereafter Murombo (2011) *African Human Rights Law Journal*.

<sup>340</sup> Murombo (2011) *African Human Rights Law Journal* 131.

stated objectives of both ARIPO and OAPI target technological transfer but unfortunately fail to deal with dumping. In trying to bridge the digital divide between developed countries and African countries, the region has become a destination for obsolete electronic equipment.<sup>341</sup> It is argued that PAIPO's objectives should emphasise the need for sustainable development even in the context of IP since there is a need for technological transfer from the developed to the developing countries. PAIPO, however, have a role to play in ensuring that the technology that is transferred is still useful for the development of the region. From this perspective, the omission of sustainable development as an objective is a concern because the transfer of technology can result in a 'mountain of electronic waste' if it goes unchecked.<sup>342</sup>

PAIPO's objective to: lead the African negotiation on international IP issues and to ensure the African common position appears inadequate insofar as the protection of particularly traditional knowledge, folklore and genetic resources is concerned.<sup>343</sup> Lack of protection of traditional knowledge has in the past led to loss of profits accruing from the development of products directly related to the knowledge.<sup>344</sup> A case in point is South Africa's *hoodia* plant which the San community used to curb hunger.<sup>345</sup> This *Hoodia* case demonstrates the importance of giving communities rights over their knowledge and the fact that traditional knowledge needs to be protected from misappropriation.<sup>346</sup> It is however, significant to note that the plant was later patented. Kenya had also the *Maytenus buchananii* which the Digo community had used for years to treat cancerous conditions.<sup>347</sup> Although the plant had been collected and traded based on the knowledge held by the Digo community, this was done without the consent or recognition of the community's knowledge. These two examples clearly show the need to protect traditional knowledge from misappropriation resulting in loss

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<sup>341</sup> Orisakwe & Frazzoli 'Electronic revolution and electronic wasteland: The West/waste Africa experience' (2010) *Journal of Natural & Environmental Sciences* 43, thereafter Orisakwe & Frazzoli (2010) *Journal of Natural & Environmental Sciences*.

<sup>342</sup> Orisakwe & Frazzoli (2010) *Journal of Natural & Environmental Sciences* 43.

<sup>343</sup> Article 5 of the Final Draft of the Pan-African Intellectual Property Organisation available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 20 February 2013).

<sup>344</sup> During the colonial era indigenous knowledge such as paintings, artefacts and historical documents were repatriated to developed countries such as Britain and Germany without however any benefits being bestowed on the communities-: Kiggundu 'Intellectual property and the protection of indigenous knowledge' in (eds) Mazonde & Thomas *Indigenous knowledge and intellectual property in the 21st of century: Perspectives from Southern Africa* (2007) 27-28.

<sup>345</sup> Mukuka *Indigenous knowledge systems* 55, Wynberg, Schroeder & Chennells *Indigenous peoples, consent and benefit sharing: Lessons from the San-Hoodia case* (2009) 3 and 96 and Sikoyo *et al Intellectual property protection in Africa* 4

<sup>346</sup> Wynberg & Chennells 'Green diamonds of the South: An overview of the San-Hoodia case' in Wynberg, Schroeder & Chennells *Indigenous peoples, consent and benefit sharing: Lessons from the San-Hoodia case* (2009) 119.

<sup>347</sup> Sikoyo *et al Intellectual property protection in Africa* 4.

of profits that could benefit the specific communities. There is thus a need for the new IP Organisation to be geared towards adequate protection of traditional knowledge and the involvement of the communities where consent is needed to authorise use as well as benefit sharing which is meaningful to the communities. It is argued that PAIPO should include a clear objective aimed at ensuring adequate protection of the form of IP which is crucial to the region.

To achieve these objectives PAIPO shall, *inter alia*<sup>348</sup> set IP standards that reflect the needs of both the AU and its Member States and Regional Economic Communities of the Organisation;<sup>349</sup> grant and register industrial property titles; facilitate the realisation and harmonisation of national legislation and regional treaties and IP standards in all the AU levels;<sup>350</sup> and facilitate the use of IP to promote creativity and innovativeness on the region.<sup>351</sup> The need to set IP standards that reflect the needs of African countries is significant since most of the IP laws are remnants of the colonial past. The formulation of new standards relevant to Africa is necessary.<sup>352</sup> In other words, African countries should be able to formulate appropriate IP strategies<sup>353</sup> and to exploit IP for sustainable development.

Training would be important in educating Member States about the growing importance of IP in promoting economic growth as countries with the strongest economic performances are knowledge based.<sup>354</sup> IP laws and policies play a crucial role in transforming information, an intangible asset, into economic, social and cultural wealth.<sup>355</sup> PAIPO should as a result be

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<sup>348</sup> Article 6 of the Final Draft of the Pan-African Intellectual Property Organisation available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 20 February 2013).

<sup>349</sup> This function is regarded as the most ambitious: Kongolo *African contributions* 130.

<sup>350</sup> Harmonisation of IP laws, standards and is an essential component of regional integration. Therefore, it is appropriate that PAIPO espouse this aim: UNECA *Assessing Regional Integration in Africa (ARIA III): Towards monetary and financial integration in Africa* (2008) 274.

<sup>351</sup> IP plays a crucial role in a knowledge-based economy. Knowledge and technology have become increasingly complex, raising the need for greater dependency and collaboration on IP issues. PAIPO should as a result be able to assist Member States with information relating to IP developments especially at international level. South Africa and Zimbabwe are examples of aspirant knowledge-based economies. South Africa's Department of Science and Technology has a ten-year plan designed to transforming the country towards a knowledge-based economy. See Phaswana & Tanziani 'African intellectual property law and newly emerging African economies, with an emphasis on South Africa' 48.

<sup>352</sup> Kongolo (2000) 3 *Journal of World Intellectual Property* 265. See also Sikoyo *et al Intellectual property protection in Africa* 14.

<sup>353</sup> An IP strategy entails formulating an IP policy at the national level that sets out how the IP system can be utilised for development benefits or economic growth.

<sup>354</sup> Director General of OAPI, Mr Edou 'Raising awareness in West Africa' WIPO Magazine (February 2011) available at [http://www.wipo.int/wipo\\_magazine/en/2011/01/article\\_0007.html](http://www.wipo.int/wipo_magazine/en/2011/01/article_0007.html) (accessed 6 June 2012).

<sup>355</sup> Yu *Intellectual Property and Information wealth: Issues and Practices in the digital age* (2007) ix and Lewis *Intellectual Property protection: Promoting innovation in a global information economy, A report to the CSIS technology and public policy* (2008) 1.

able to encourage its Member States to transform the information they possess into economic wealth.

PAIPO's other goal is to develop updated policy guide lines and training modules to support Member States to achieve world-class IP systems.<sup>356</sup> Training and education seems to be a priority for this regional IP body.<sup>357</sup> Raising effective awareness on IP relating to its use and how it can be exploited for Africa's benefit is important because many African countries appear to lack essential knowledge relating to how IP can be utilised for the benefit of the country.

Rationalisation and harmonisation of both national and regional laws is one of the explicit aims of PAIPO.<sup>358</sup> Its purpose is to integrate different legal systems within a single basic framework.<sup>359</sup> It is commendable that PAIPO aims to promote the harmonisation of laws, and to ensure that the laws reflect Africa's vision and needs, particularly on genetic resources, folklore and traditional knowledge. It is, however, contended that facilitating the rationalisation and harmonisation of IP standards will not be sufficient to create an effective regional IP system. The harmonisation of laws that apply to all the Member States is also neither sufficient in creating an effective regional IP system nor in creating the African common market. This is evidenced by the fact that harmonisation of standards in the European Union (EU) was not enough to establish a common market.<sup>360</sup> Apart from the need for PAIPO to rationalise and harmonise IP standards, there is a need for PAIPO to work

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<sup>356</sup> Article 6 (xi) of the Final Draft of the Pan-African Intellectual Property Organisation available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 20 February 2013). Similarly, one of ARIPO's objectives is to promote the exchange of ideas and experience, research and studies relating to intellectual property, and to assist its Members in the acquisition and development of technology. See Art III of the Lusaka Agreement on the Creation of the African Regional Intellectual Property Organisation of 1976 available at [http://aripo.org/index.php?option=com\\_docman&task=doc\\_download&gid=3&Itemid=11](http://aripo.org/index.php?option=com_docman&task=doc_download&gid=3&Itemid=11) (accessed 2 November 2011).

<sup>357</sup> Article 6 of the Final Draft of the Pan-African Intellectual Property Organisation available at <http://hrst.au.int> (last accessed 20 February 2013).

<sup>358</sup> Article 6 (3) of the Final Draft provides that PAIPO shall: 'Facilitate the realisation and harmonisation of national legislation and regional treaties and intellectual property standards in all the AU levels': Art 6 (3) of the Final Draft of the Pan-African Intellectual Property Organisation available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 20 February 2013).

<sup>359</sup> Harmonisation is thus a process where diverse elements adapt to each to form a coherent whole while retaining their individuality. Boodman 'The myth of harmonization of laws' (1991) 39/4 *The American Journal of Comparative Law* 702; Wandrag (2011) 13 *European Journal of Law Reform* African Conference on International Commercial Law Issue 455 and Ferreira-Snyman & Ferreira 'The harmonisation of laws within the African Union and the viability of legal pluralism as an alternative' (2010) 73 *Journal of Contemporary Roman-Dutch Law* 614.

<sup>360</sup> The EU had to introduce directives and regulations that Member States were expected to ratify or adopt: Art 288 of the Treaty on the Functioning of the European Union available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:083:0047:0200:en:PDF> (accessed 21 August 2012). See also chapter 5 part 5.3.

together with the AU Commission and the AU Court of Justice in creating a common market.<sup>361</sup>

### 3.7.2 Arguments against the establishment of PAIPO.

It is worth noting that as much as the proposal to establish PAIPO has received support, it has also drawn some criticisms. Ncube contends that there has been little debate about the benefits of a regional IP body.<sup>362</sup> She also argues that the mandate of the IP body appears to be a duplication of the current objectives and activities of ARIPO and OAPI. It has been further argued that the objectives are not aligned with the needs and realities of the region. While PAIPO mentions in part the need to ensure the effective use of IP system as a tool for economic, social and technological development of the region, nowhere does the statute specifically mention areas like access to education, learning or medicine.<sup>363</sup> Moreso, the document is not seen as sufficiently detailed.

These are serious arguments that need to be addressed. The establishment of a regional IP body and the object to pursue regional integration should cease to be a matter for national governments and international organisations only. It cannot be imposed from above; it must be supported by the people.<sup>364</sup> It cannot be gainsaid that the AU ought to have started with more aggressive and mobilisation campaigns regarding the idea of a regional IP body and regional integration.<sup>365</sup> Key actors and stakeholders<sup>366</sup> were supposed to have been involved with the idea from the beginning as their involvement is crucial to the success of regional

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<sup>361</sup> Article 18 and Art 20 of the Constitutive Act of the African Union of 2000. See Makinda & Okumu *The African Union* 132.

<sup>362</sup> Afro-IP 'Piping up on PAIPO' available at <http://afro-ip.blogspot.com/2012/10/piping-up-on-paipo.html> (accessed 20 February 2013).

<sup>363</sup> Intellectual Property Watch 'Petition urges delay-Discussion of Pan African Ip Organisation' available at <http://www.ip-watch.org/2012/10/24/petition-urges-delay-discussion-of-pan-african-ip-organization> (accessed 2 February 2013). See also Afro-IP 'Piping up on PAIPO' available at <http://afro-ip.blogspot.com/2012/10/piping-up-on-paipo.html> (accessed 20 February 2013).

<sup>364</sup> Oluwu (2003)13 *Transnat'l L. & Contemp Probs* 250

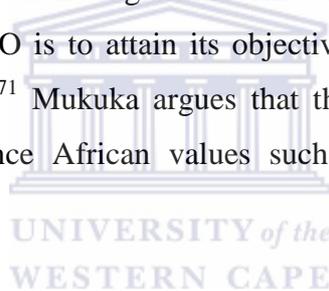
<sup>365</sup> Comparatively, the EU commenced with mass awareness campaign that have trailed the idea of integrating the EU since the 1930s especially after the Cold war. In contrast African integration had no focus on educating its population about regional integration. Regional integration may probably have been moving slowly forward due to citizenry's lack of knowledge about the agenda: UNECA *Assessing regional integration in Africa II: Rationalising regional economic communities* (2006) 130. Also available at [http://www.unece.org/sites/default/files/publications/aria2\\_eng.pdf](http://www.unece.org/sites/default/files/publications/aria2_eng.pdf) (accessed 15 February 2012).

<sup>366</sup> This includes trade unions, employers' organisations' and private entrepreneurs and non-governmental organisations. Oluwu correctly explains that strong non-governmental participation is a key factor in achieving the goals of regional integration: Oluwu (2003)13 *Transnat'l L. & Contemp Probs* 250.

integration.<sup>367</sup> In Article 3 (g) and 4 (c) of the Constitutive Act, the AU acknowledges the role of civil society in achieving success.<sup>368</sup> This begs the question: to what extent did the AU involve civil societies in the region regarding the idea of a regional IP body? The need to also involve the two sub-regional organisations cannot be overemphasised.

The AU might not have initially involved the public and key actors such as civil society, but this can be remedied by holding seminars and conference throughout the region. Public awareness through dissemination of information at national level may encourage people to support regional initiatives and government programmes.<sup>369</sup> Both the private sector and civil societies are an important engine for economic growth and sustainable development.<sup>370</sup> Cooperation among civil societies, private sector and national governments is necessary in promoting economic development and regional integration.

Regarding the objectives of PAIPO, the argument that the proposed Organisation is not aligned to the needs and realities of the region in terms of its objectives, seems unfounded. One of the ways in which PAIPO is to attain its objectives is by setting IP standards that reflect the needs of the region.<sup>371</sup> Mukuka argues that the objectives of either ARIPO or OAPI do not necessarily advance African values such as the protection of traditional knowledge.<sup>372</sup>



### 3.7.3 Possible Obstacles to the formation of PAIPO

One of the possible obstacles to the establishment of PAIPO may be lack of funding. It is proposed that the Organisation should initially be funded by Member States of the AU until it

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<sup>367</sup> In the EU, successful regional integration schemes were as a result of combined efforts; it was not only the work of governments. The EU example is instructive for the AU's object to integrate the region.

<sup>368</sup> Article 3 (g) of the Constitutive Act sets out one of the objectives of the Union as to: promote democratic principles and institutions, popular participation and good governance. Article 4 acknowledges 'participation of the African peoples in the activities of the Union' as one of the principles upon which the Union functions.

<sup>369</sup> UNECA *Assessing regional integration in Africa II: Rationalising regional economic communities* (2006) 131 available at [http://www.uneca.org/sites/default/files/publications/aria2\\_eng.pdf](http://www.uneca.org/sites/default/files/publications/aria2_eng.pdf) (accessed 15 February 2012).

<sup>370</sup> The private sector bring economic development through job creation, investment and the production of goods: UNECA *Assessing regional integration IV: Enhancing intra-African trade* (2010) 32 available at <http://www.uneca.org/sites/default/files/publications/aria4full.pdf> (accessed 27 January 2013). See also Oluwu (2003)13 *Transnat'l L. & Contemp Probs* 251.

<sup>371</sup> Article 6 (i) of the Final Draft of the Pan-African Intellectual Property Organization available at <http://www.au.int/ar/sites/default/files/PAIPO%20Statute%20English.pdf> (accessed 20 February 2013).

<sup>372</sup> It has also been argued that South Africa which is not a member of either ARIPO or OAPI does not also have intellectual property laws that adequately protect traditional knowledge: Mukuka *Indigenous knowledge systems* 23.

is able to generate its own income through granting and registration of IP rights.<sup>373</sup> The extent to which Member States are going to be able to fund the activities is not clear. It, however, seems axiomatic that some Organisations in Africa depend on donor funding. PAIPO should not fall into this category for the reason that the ‘donor dependency’ syndrome may erode the independence of the Organisation.<sup>374</sup> There is a need for a paradigm shift insofar as funding is concerned on the part of AU Member States: a need to move away from being a ‘begging bowl’ to equitable mutually beneficial partnerships.

The second drawback is pessimism or polarisation. Apart from the wide divergences in the legal systems and norms among AU Member States, there also appears to be a measure of polarisation between the French- speaking and English-speaking countries.<sup>375</sup> Adewopo states that ‘...the disparity...is more real than imagined, and therefore cannot be ignored in the evolution of an integrated IP system that would ensure rapid industrial and technological development of the countries that make up the two entities’.<sup>376</sup> The fact that African Countries had different colonial masters explain the differences in the laws as most of the laws have not been completely changed despite their alignment to the TRIPS minimum standards requirement.<sup>377</sup> An effective and efficient integration cannot, however, thrive where there are wide divergences and pessimism.<sup>378</sup>

Another concern includes linguistic problems;<sup>379</sup> and the fact that PAIPO will possibly have one-size fits-all rules. A one-size-fits all would lead to stronger protection of IPRs which may affect other countries which are not yet ready for stronger IP in terms of their level of

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<sup>373</sup> ARIPO ‘Recent intellectual property development in the African region and proposals for the harmonisation of ARIPO and OAPI systems’ ARIPO Council of Ministers Thirteenth session, Acra, Republic of Ghana Dec 1 & 2 2011 (ARIPO/AC/XIII/13 October 31, 2011) available at <http://www.aripo.org/index.php/resources/council-of-ministers/finish/1-council-of-ministers-13th-session/8-aripo-cm-xiii-13-recent-intellectual-property-developments-in-africa> (accessed 20 November 2013)

<sup>374</sup> In a statement the Senegalese President mentioned that: ‘Africa is not ill, though many Africans are, because of AIDS, poverty, bad governance and unfair international trade regimes. It does not need to be healed nor saved. What Africans want is true equitable partnership’: Kohnert ‘EU- African economic relations: Continuing dominance, traded for aid?’ (July 3, 2008) 9 Institute of African Affairs at German Institute of Global and Area Studies (GIGA) GIGA Working Paper No. 82 available at [http://mpra.ub.uni-muenchen.de/9434/1/MPRA\\_paper\\_9434.pdf](http://mpra.ub.uni-muenchen.de/9434/1/MPRA_paper_9434.pdf) (accessed 7 June 2012).

<sup>375</sup> Adewopo (2005) 6 *The Journal of World Intellectual Property* 483.

<sup>376</sup> Adewopo (2005) 6 *The Journal of World Intellectual Property* 483.

<sup>377</sup> See discussion in chapter 4 part 4.5 regarding the differences in the IP laws across Africa.

<sup>378</sup> There is, therefore, a need to educate countries in a bid to build confidence so that countries do not remain sceptical of harmonisation.

<sup>379</sup> It is argued that the fact there are French, English, Portuguese- speaking countries in Africa pose a challenge to the newly proposed Organisation in what should become the official languages of the Organisation.

development.<sup>380</sup> Regarding the issue of language, the EU Office for Harmonisation in the Internal Market (OHIM) managed to overcome the possibility of language becoming a barrier by allowing French, English, and German and Spanish as official languages.<sup>381</sup> It is suggested that since PAIPO will be a specialised agency of the AU, some of the official languages of the AU should be adopted. PAIPO should consequently have Arabic, English, French and Portuguese as its official languages,<sup>382</sup> since these appear to be the main languages across the region. By so doing, the problem of language becoming a barrier would have been eliminated, at least to some extent.

In addition to the above, the system that PAIPO decides to adopt could be a possible challenge to its establishment. There are differences in the approach of administering IP under ARIPO and OAPI.<sup>383</sup> These differences may be overcome by the adoption of either the ARIPO system only, the OAPI System only or rather a totally different system since it may be difficult to reconcile the systems. The adoption of a totally different system may not be the best solution because it means that PAIPO will not be able to build upon what the ARIPO and OAPI have done. It will not be useful and progressive to brush aside the work that the two sub-regional organisations have done since the region has put its resources into them to develop IP to its current state.<sup>384</sup>

The administration of IP in the States which are not affiliated to the two sub-regional Organisations also reveal differences in the approaches and the level of development of IP laws. While a country such as South Africa has comprehensive trade mark legislation, a country such as Eritrea does not have trade mark legislation.<sup>385</sup> Blakeney and Mengistie rightly argue that a possible solution to the problem of the establishment of PAIPO could be

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<sup>380</sup> Kongolo *African contributions* 131 and Peukert 'Intellectual property as an end in itself' (2011) 33 *European Intellectual Property Review* 67-71.

<sup>381</sup> Morcom, Roughton & Graham *The Modern Law of Trade marks* (1999) 23.5.

<sup>382</sup> Article 25 of the Constitutive Act of the AU and Art 11 of the Protocol on amendments to the Constitutive Act of the AU available at [http://au.int/en/sites/default/files/PROTOCOL\\_AMENDMENTS\\_CONSTITUTIVE\\_ACT\\_OF\\_THE\\_AFRI\\_CAN\\_UNION.pdf](http://au.int/en/sites/default/files/PROTOCOL_AMENDMENTS_CONSTITUTIVE_ACT_OF_THE_AFRI_CAN_UNION.pdf) (accessed 11 October 2013). See Makinda & Okamu *The African Union* 133.

<sup>383</sup> See chapter 3 part 3.6.2.

<sup>384</sup> ARIPO 'Recent intellectual property development in the African region and proposals for the harmonisation of ARIPO and OAPI systems' ARIPO Council of Ministers Thirteenth session, Accra, Republic of Ghana Dec 1 & 2 2011 (ARIPO/AC/XIII/13 October 31, 2011) available at <http://www.aripo.org/index.php/resources/council-of-ministers/finish/1-council-of-ministers-13th-session/8-aripo-cm-xiii-13-recent-intellectual-property-developments-in-africa> (accessed 20 November 2013). See also Kongolo *African contributions* 127.

<sup>385</sup> Blakeney & Mengistie 'Geographical indications and economic development' in Mazzanti & Monti (eds) *Geographical Indications: Case Studies of Agricultural Products in Africa* (2012) 91, hereafter Blakeney & Mengistie 'Geographical indications and economic development'.

resolved by the adoption of a phased approach.<sup>386</sup> They propose that PAIPO may be initially granted an IP policy formulation, coordination, and advocacy, norm-setting, designing and streamlining regional positions on issues of concern at the international level. It may also be given the responsibility building IP policy capacity in Member States and related activities. The responsibilities could then evolve to include IP administration at a later stage. By so doing, the gradual approach should help PAIPO to effectively and efficiently discharge its duties.

The Final Draft Statute establishing PAIPO does not clearly set out the benefits of a regional IP Organisation as opposed to strengthening the existing sub-regional IP Organisation. It is argued that while the AU may help gather Member States that are not members to the ARIPO and OAPI, it could nonetheless serve to politicise IP matters.<sup>387</sup> It is also argued that ARIPO and OAPI have gained experience in the field and are also well equipped to understand and cope with IP matters. Therefore, there is need to understand what added value PAIPO would bring both at the regional level and international level.<sup>388</sup> It has been suggested that PAIPO should be established as a political body dealing with IP policy and its development dimension, and that the ARIPO and OAPI should continue to offer technical services.<sup>389</sup> It is argued that since there is no doubt that the region needs a single IP body, the long term goal should be to establish either PAIPO or a unified IP body comprising of the ARIPO and OAPI. The feasibility of unifying ARIPO and OAPI is, however, doubtful since the two organisations are based on different IP systems.

The other concern is that, the Preamble of the Final Draft Statute of the PAIPO ‘does not go far enough in affirming the perspectives on IP and development’ and the need to advance common causes at WIPO, which coalitions such as the African Group and the Development (DAG) has been advocating over the past years.<sup>390</sup>

Article 5 (VI) refers to the need for strengthening capacity of PAIPO Member States to ‘maximise the benefits of the IP system to improve public health’.<sup>391</sup> This provision has been

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<sup>386</sup> Blakeney & Mengistie ‘Geographical indications and economic development’ 91.

<sup>387</sup> Kongolo *African contributions* 131.

<sup>388</sup> Kongolo *African contributions* 131.

<sup>389</sup> Kongolo *African contributions* 131.

<sup>390</sup> Ncube & Laltaika ‘A new intellectual property organisation for Africa’ (2013) 8/2 *Journal of Intellectual Property Law and Policy* 116, hereafter Ncube & Laltaika (2013) 8/2 *Journal of Intellectual Property Law and Policy*.

<sup>391</sup> It reads ‘Initiate activities that strengthen the human, financial and technical capacity of Member States to maximise the benefits of the intellectual property system to improve public health and eradicate the scourge

regarded as vague at best as it fails to indicate how this will be achieved.<sup>392</sup> There is no overstating that provisions dealing with substantive IP law in the Final Draft Statute of the PAIPO need to be clear and comprehensive. Ncube and Laltaika correctly argue that PAIPO should not regard IP as an end itself, but rather as a means to serve the larger public goals<sup>393</sup> to ensure that IP contributes to development by facilitating access to medicines, access to learning materials and food security in Africa. IP should complement each State's effort in terms of development by becoming an effective tool for economic growth.<sup>394</sup> As it stands, some AU Member States may find it difficult to cede part of their sovereignty to a regional IP Organisation if they perceive IP as something that can undermine development and economic growth.

It is also a cause of concern that the OAPI's regional legal framework does not provide differential treatment for any of its members, especially the Least Developed Countries (LDCs). If PAIPO adopts the OAPI model which has unified laws and is based on the principle of uniformity it means that the same laws will apply to the Member States.<sup>395</sup> Unification of laws is a radical technique that does not allow for a gradual elimination of divergences in the laws.<sup>396</sup> It is argued that harmonisation of laws should be the starting point for PAIPO since it involves reconciling various systems reducing the differences to a minimum.<sup>397</sup> Harmonisation respects the particularities of the various national legal systems as compared to unification that aims at eliminating the difference between the national provisions by replacing them with an identical text for all States involved.<sup>398</sup>

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of piracy and counterfeits on the continent; and': Art 5 (vi) of the Final Draft Statute of the Pan-African Intellectual Property Organisation ( Ref: AU/STRC/522).

<sup>392</sup> Ncube & Laltaika (2013) 8/2 *Journal of Intellectual Property Law and Policy* 116.

<sup>393</sup> Ncube & Laltaika (2013) 8/2 *Journal of Intellectual Property Law and Policy* 116.

<sup>394</sup> This view negates the universal applicability of 'one size fits all IP protection models': WIPO 'Inter-sessional intergovernmental meeting on a development agenda for WIPO', Third Session, Geneva, July 20 to 22, 2005 (WIPO Doc IIM/3/2 Rev, 31 July 2005).

<sup>395</sup> Nwauche (2003) 6/1 *The Journal of World Intellectual Property* 135 and Gerhandsen 'Concern arises over proposed Pan-African IP Organisation' Intellectual Property Watch (30 August 2007) available at <http://www.ip-watch.org/2007/08/30/concern-arises-over-proposed-pan-african-ip-organisation/> (accessed 14 June 2011). See also Kongolo *African contributions* 132.

<sup>396</sup> See David 'The methods of unification' (1968) 16/1 *American Journal of Comparative Law* 15; Boele-Woelki *Unifying and Harmonising Substantive Law* (2010) 36, Mancusso (2007) 13/1 *Ann. Surv. Int'l & Comp. L.* 159.

<sup>396</sup> Fagbayibo 'Towards the harmonisation of laws in Africa: Is OHADA the way to go?' (2009) 42/3 *CILSA* 311.

<sup>397</sup> Boele-Woelki *Unifying and Harmonising Substantive Law* 35. See also Glenn 'Conflicting laws in a common market? The NAFTA experiment' (2001) 76 *Chicago-Kent Law Review* 1794. See also chapter 2 part 2.7.

<sup>398</sup> Mancusso (2007) 13/1 *Ann. Surv. Int'l & Comp. L.* 159. See chapter 2 part 2.7.

It is significant to, however, note that ARIPO's Thirteenth Session of Council of Ministers Report recommended that ARIPO and OAPI should enjoy observer status in PAIPO meetings.<sup>399</sup> This role of an observer status is important since it allows the two organisations to participate and contribute to the establishment and activities of the new organisation, since ARIPO, OAPI and PAIPO have a common interest in the development of IP in the region.<sup>400</sup>

### 3.7.4 Commentary on the establishment of PAIPO

The business plan that PAIPO is going to adopt in carrying its activities is structured into various phases and runs for twenty five years.<sup>401</sup> During this period it is proposed that ARIPO and OAPI should co-exist with PAIPO after which the three organisations must become one harmonised system under the AU. The twenty five years appears to be reasonable time to gradually shift towards a single IP Organisation.

It is, nonetheless, imperative that the role of the ARIPO and OAPI is clearly defined and demarcated.<sup>402</sup> It is argued that PAIPO should start registering and granting IP titles only after the phasing out of the existing IP organisations to avoid duplication of roles.<sup>403</sup> Caution should, however, be taken to ensure that PAIPO does not become a replica of the former IP organisations albeit with a new name. PAIPO should thrive to remain independent of the two Organisations to circumvent the problem of duplicating ARIPO and OAPI systems.

PAIPO may not merge OAPI and ARIPO but its formation does not also mean 'dismemberment of the existing regional Organisations'.<sup>404</sup> It is argued that the PAIPO may

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<sup>399</sup> ARIPO Council of Ministers Thirteenth session, Acra, Republic of Ghana Dec 1 & 2 2011 (ARIPO/AC/XIII/13 October 31, 2011) available at <http://www.aripo.org/index.php/resources/council-of-ministers/finish/1-council-of-ministers-13th-session/8-aripo-cm-xiii-13-recent-intellectual-property-developments-in-africa> (accessed 20 November 2013).

<sup>400</sup> The AU sets out the criteria on who qualifies for an observer status and the role that should be played by the organisation if granted this title: see AU 'Criteria for granting observer status and for a system of accreditation within the AU' (July 2005) available at [www.africa-union.org/.../Observer%20Status%20Criteria%20as%20adopted%20-%20July%202005..](http://www.africa-union.org/.../Observer%20Status%20Criteria%20as%20adopted%20-%20July%202005..) (accessed 7 May 2012).

<sup>401</sup> ARIPO Council of Ministers Thirteenth session, Acra, Republic of Ghana Dec 1 & 2 2011 (ARIPO/AC/XIII/13 October 31, 2011) available at <http://www.aripo.org/index.php/resources/council-of-ministers/finish/1-council-of-ministers-13th-session/8-aripo-cm-xiii-13-recent-intellectual-property-developments-in-africa> (accessed 20 November 2013).

<sup>402</sup> The relationship between PAIPO and the two existing regional IP organisations should be clear: Kongolo *African contributions* 131-132.

<sup>403</sup> Kongolo *African contributions* 131.

<sup>404</sup> Arowolo 'A continental approach to protecting traditional knowledge systems and related resources in Africa' (2009) available at Social Science Research Network at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1313582](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1313582) (accessed 20 July 2011).

work towards identifying and sustaining some aspects of OAPI and ARIPO that could be useful to its functions whether in terms of policy or administration. PAIPO should build on the work that has already been done by the ARIPO and the OAPI towards the development of IP,<sup>405</sup> adopting aspects of each of the two former IP institutions which can aid to the realisation of an effective regional system.

Finally, PAIPO requires an adequate legal and policy framework, a supportive infrastructure that includes trained personnel and office resources necessary for the implementation of policies and laws and all its other functions which are provided in Article 6 of the Final Draft of PAIPO.<sup>406</sup> PAIPO has a huge task as a regional IP organisation and it remains to be seen if it will be able to fulfil its functions fully.

### 3.8 Summary and conclusion

The chapter considered international agreements regulating trade marks: the Paris Convention, Madrid Protocol, Madrid Agreement and TRIPS. The importance of international agreements lies in their simplification of procedure for obtaining trade marks and coordination of trade mark registration into a structured system.<sup>407</sup> It was shown that international agreements may enhance legal integration if they are acceded to, as compliance will give rise to similarities in the laws.<sup>408</sup>

In relation to the existing trade mark framework in Africa, the chapter discussed trade mark protection under ARIPO and OAPI. The Agreement Relating to the Creation of OAPI, the Bangui Agreement provides for trade mark protection in Annex III.<sup>409</sup> ARIPO's Banjul Protocol governs the registration of trade marks. The ARIPO system establishes a centralised filing system: the administration of formalities such as filing, publication and registration is done by the ARIPO Office. The rationale for centralisation is based on reducing costs.<sup>410</sup> The ARIPO system does not replace the national systems; both the ARIPO Office and national office co-exist and each fulfils a different role. The ARIPO Office undertakes the formality

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<sup>405</sup> See chapter 3 part 3.7.3.

<sup>406</sup> Sikoyo *et al Intellectual property protection in Africa* (2006) 14 and Kongolo *African contributions* 132.

<sup>407</sup> Samuels & Samuels (1994) 27 *Geo.Wash.J.Int'L. & Econ* 455.

<sup>408</sup> See chapter 4 part 4.5.

<sup>409</sup> The Agreement is discussed at length in chapter 4 part 4.6 of the thesis as Cameroon adopted the OAPI trade mark law as a Member State of OAPI.

<sup>410</sup> International Trade mark Association 'Adherence to the ARIPO Banjul Protocol' (May 2000) available <http://www.inta.org/Advocacy/Pages/AdherencetotheARIPOBanjulProtocol.aspx> (accessed 13 June 2012). See also chapter 3 part 3.4. 3 which deals with the characteristics of the ARIPO system.

examination while the designated Member States are responsible for substantive examination.<sup>411</sup> The ARIPO Office is thus responsible for checking and ensuring that the application meets the formalities, whilst the national office of the designated State are responsible for determining whether the application meets the requirements for registration in terms of national law. National offices may also process oppositions, cancellations as well as infringements. ARIPO also safeguards the sovereignty of Member States by allowing them to make the final decision to either register or object to the registration of the trade mark within twelve months.<sup>412</sup>

The OAPI system has the following characteristics: uniform law applies to all its Member States<sup>413</sup> and it is based on a centralised procedure. It has a common office which is responsible for processing of the applications as well as granting titles of protection. The rights granted to the IP holder are valid in all the Member States. The OAPI system does not *per se* have the concept of national office in Member States but rather national liaison structures which fall under the responsibility of the Ministries of Industry in each Member State.

Africa constitutes a single region; ARIPO and OAPI are sub-regional IP institutions. Having more than one institution responsible for the protection of trade marks within a single region is problematic, because they have different systems both in terms of procedure and the content of their laws.<sup>414</sup> A proposed mark which is registered in ARIPO Member States may not necessarily be registered in OAPI Member States. The failure to engender common protection is worsened by Member States that have the biggest economies such as South Africa, Egypt and Nigeria not being members of the sub-regional system: their membership could enhance the framework of trade mark protection significantly.

The other shortfall of the current IP protection is that African countries do not have a regional position when it comes to negotiations involving IP. The Co-operation Agreement between OAPI and ARIPO does not promote a unified regional negotiating position in the protection of IP. This could explain why the negotiations in the bilateral and international negotiations have still been varied. The failure to adopt a common negotiating position has had an adverse

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<sup>411</sup> See discussion in chapter 3 part 3.4.3.

<sup>412</sup> Section 6 (2) of the Banjul Protocol.

<sup>413</sup> See chapter 3 part 3.5. 2.

<sup>414</sup> See discussion in chapter 4 of the thesis that show differences in the trade mark laws.

effect on the region and has resulted in agreements that do not reflect the interests of African Countries as well as agreements that contain TRIPS- plus provisions.<sup>415</sup>

The chapter has highlighted that the establishment of PAIPO as a new organisation responsible for IP protection is not only desirable but necessary: the existing trade mark protection framework in Africa is flawed since there are two IP Organisations in which some African countries are not represented. A single IP system will benefit the region as it will create the possibility of a one-stop shop for all the countries, even though this will require harmonisation of both the administration and the trade marks laws.<sup>416</sup>

The need for a harmonised system cannot thus be overemphasised. The efficiency and effectiveness of a single IP system, however, depends largely on ensuring that all States which are not members of ARIPO and OAPI join the new Organisation. It is also dependent upon the harmonisation of the administration of trade marks, the laws as well as norms coupled with a vision for providing trade mark protection for the whole region. A strong and stable IP infrastructure is bound to promote social, economic and cultural development in Africa. A regional IP system has a significant role to play in the success of the objectives of the AU especially in utilising IP as an instrument for economic growth.

On the question about whether PAIPO should seek to unify or harmonise the trade mark laws, it is argued that harmonisation will be best suited to African countries at the moment as it allows for some degree of flexibility.<sup>417</sup> It is argued that Africa's development goals are dependent on a balanced and calibrated use of IP. There is a need for a nuanced and gradual approach in integrating IP laws since African countries are at different levels of development. PAIPO will be a building block that is essential to the establishment of an African common market. The establishment of PAIPO could further assist the region in forging regional negotiating positions that African countries could rely on in both bilateral and multilateral negotiations to ensure that the region obtains favourable concessions. The fact that PAIPO falls under the AU is important in ensuring that its activities are aligned to regional

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<sup>415</sup> The TRIPS Agreement is argued as only reflecting the interests of developed countries: Kongolo (2000) 3 *The Journal of World Intellectual Property* 268. The Economic Partnership Agreements contain TRIPS-plus provisions which are above the minimum standards required in terms of TRIPS. See also Intellectual Property Watch 'Concerns arises over proposed Pan-African IP Organisation' (30 August 2007) available at <http://www.ip-watch.org/weblog/2007/08/30/concern-arises-over-proposed-pan-african-ip-organisation> (accessed 12 August 2011).

<sup>416</sup> Trade mark laws are discussed in detail in Chapter 4 of the thesis and a proposal regarding their harmonisation is in the concluding chapter.

<sup>417</sup> Wandrag (2011) 13 *European Journal of Law Reform* 457.

integration. A regional approach to IP protection is, therefore, a crucial step towards the AU's regional integration initiative.

The next chapter examines the existing trade mark laws in Zimbabwe and Kenya, Cameroon and South Africa with the objective of ascertaining the similarities and differences which will inform the proposals for their integration.



## CHAPTER 4

### A COMPARATIVE ANALYSIS OF THE TRADE MARK LEGISLATION IN THE SELECTED AFRICAN COUNTRIES

#### 4.1 Introduction

The preceding chapter examined the existing international and regional trade mark protection frameworks in Africa. This chapter is a detailed examination of the trade mark legal framework of each of the selected countries with a view to determine the extent to which the existing trade mark protection in Africa, which is discussed in chapter 3, affect the laws in the countries under study. It also highlights the impact of international agreements such as TRIPS on selected legal systems namely: the Zimbabwe Trade Marks Act,<sup>1</sup> South Africa's Trade mark Act<sup>2</sup> and Kenya's Trade Marks Act.<sup>3</sup> These legal systems were selected on the basis of their legal systems (civil and common), memberships to regional systems and on the adoption of new trade mark laws. Zimbabwe is a Member State of African Regional Intellectual Property Organisation (ARIPO) and it provides a representative sample of the trade mark laws in ARIPO Member States; of those States that domesticated or ratified the Bangui Agreement.<sup>4</sup> Kenya is also a Member State of ARIPO which has fairly new trade mark legislation. It has not ratified the Banjul Protocol.<sup>5</sup> South Africa stands as a non-ARIPO member. The chapter briefly discusses Cameroon as a Member State of *Organisation Africaine de la Propriété Intellectuelle* (English: African Intellectual Property Organisation (OAPI) since most of the materials are in French and there is no availability of case law.<sup>6</sup>

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<sup>1</sup> Chapter 26:04 as amended by the Trade Marks Amendment Act No 10. of 2001 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=130492](http://www.wipo.int/wipolex/en/text.jsp?file_id=130492) (accessed 8 December 2012).

<sup>2</sup> South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks%20files/Act.pdf) (accessed 24 October 2012).

<sup>3</sup> Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013).

<sup>4</sup> States that are a party to the Protocol include Botswana, Lesotho, Liberia, Malawi, Namibia, Swaziland, Tanzania, Uganda and Zimbabwe: ARIPO 'The Banjul Protocol' available at <http://www.aripo.org/index.php/about-aripo/legal-framework> (accessed 8 May 2013).

<sup>5</sup> ARIPO 'The Banjul Protocol' available at <http://www.aripo.org/index.php/about-aripo/legal-framework> (accessed 8 May 2013).

<sup>6</sup> Cameroon is based on French civil law with English common law influences: Pilkington *OHADA law in Africa and the harmonisation process* (2002) 5 and West *Cameroon* (2011) 11. See chapter 1 part 1.7 dealing with limitation of study.

Zimbabwe is a founding member of the Banjul Protocol governing trade marks under ARIPO.<sup>7</sup> The Banjul Protocol was, however, not ratified until 2001. With the enactment of the Trade Marks Amendment Act<sup>8</sup> the position as it stands now is that:

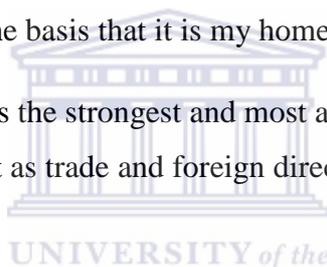
‘Any trade mark which has been registered by the ARIPO office in accordance with the Protocol, and in respect of which Zimbabwe has been designated-

- a) shall have the same effect, *mutatis mutandis*, as a trade mark registered under this Act; and
- b) shall be accorded the same protection, *mutatis mutandis*, as a trade mark registered in accordance with section ninety-seven.’<sup>9</sup>

The Banjul Protocol has force of law within Zimbabwe<sup>10</sup> and even applies to trade marks registered by ARIPO before the 2001 Act.<sup>11</sup>

Zimbabwe was selected because of its close trade ties with South Africa.<sup>12</sup> The harmonisation of trade marks laws will boost trade and facilitate investment between the two countries. Zimbabwe was also selected on the basis that it is my home country.

South Africa was selected as it has the strongest and most advanced economy in Africa.<sup>13</sup> It is the economic hub of the continent as trade and foreign direct investment is more concentrated



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<sup>7</sup> Banjul Protocol on Marks within the framework of the African Regional Industrial Property Organisation, adopted between the 15<sup>th</sup> to the 19<sup>th</sup> November 1993 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=124665](http://www.wipo.int/wipolex/en/text.jsp?file_id=124665) (accessed 8 December 2012).

<sup>8</sup> Ratification means that an international law or regional agreement can only become part of domestic law of a subscribing country, when it has been enacted into that national law by an Act of Parliament: Dugard *International Law: A South African Perspective* (2011) 55. See also Spoor ‘Intellectual Property Law Developments in Zimbabwe’ available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=216377](http://www.wipo.int/wipolex/en/text.jsp?file_id=216377) (accessed 8 December 2012).

<sup>9</sup> Section 97 provides that an application for registration of a trade mark in priority to other applicants may be made within 6 months from the date of application for protection in the Convention country on condition that this section shall not entitle the proprietor of a trade mark to recover damages for infringement happening prior to the actual date on which the trade mark is registered in Zimbabwe. Registration shall have the same date as the date of the application in the Convention country. It is worth noting that ‘Convention country’ means a country or territory which the President has, and has been declared to be a Convention country for the purposes of s 79 of the Patents Act [Chapter 26:03].

<sup>10</sup> Section 97A (3) of the Trade Marks Amendment Act No. 10 of 2001 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=130492](http://www.wipo.int/wipolex/en/text.jsp?file_id=130492) (accessed 8 December 2012).

<sup>11</sup> Section 97A (5) of the Trade Marks Amendment Act No. 10 of 2001 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=130492](http://www.wipo.int/wipolex/en/text.jsp?file_id=130492) (accessed 8 December 2012). The proviso is that the proprietor shall not be entitled to damages or any other remedy for infringement of the mark which took place before that date.

<sup>12</sup> South Africa continues to be Zimbabwe’s major trading partner, accounting for more than 60% of Zimbabwe’s international trade volumes: The Zimbabwe Mail ‘Zimbabwe- South Africa trade soars’ available at <http://www.thezimbabwemail.com/business/15893-zimbabwe-south-africa-trade-soars.html> (accessed 22 April 2013).

<sup>13</sup> Saurombe ‘The role of South Africa in SADC regional integration: the making or breaking of the organisation’ (2010) 5 *Journal of International Commercial Law and Technology* 124, hereafter Saurombe (2010) 5 *Journal of International Commercial Law and Technology*. USAID Africa ‘Sub Saharan Africa:

in South Africa than the rest of Africa.<sup>14</sup> South Africa's position cannot be ignored if regional integration is to be realised in Africa.<sup>15</sup> The role which it plays may 'break or make' regional integration not only within SADC<sup>16</sup> but rather in Africa as a whole.<sup>17</sup> Its association with the BRICS<sup>18</sup> is also crucial as a gateway to Africa which should boost trade and investment. The establishment of a BRICS development bank to help finance infrastructure programmes and sustainable development in the BRICS and other developing countries will also benefit the region.<sup>19</sup> It will promote African integration through infrastructural development.<sup>20</sup> The trade mark laws need to facilitate trade and should not become a non-tariff barrier.<sup>21</sup> South Africa's trade policies also have regional implications. It is, therefore, imperative for the thesis to include South Africa's trade mark law in the comparative study rather than any other non-member country.<sup>22</sup>

Kenya is the regional hub for trade, transportation and finance in East Africa.<sup>23</sup> It has the largest economy among the East African Countries,<sup>24</sup> and is considered to be an emerging economy. Kenya has a diversified and established economy with a strong business sector. It has a population of 40.5 million people and an estimated Gross Domestic Product (GDP) of \$32.2 billion in 2010.<sup>25</sup> Its new Constitution provides a greater separation of powers to

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South Africa' available at [http://transition.usaid.gov/locations/sub-saharan\\_africa/countries/southafrica/index.html](http://transition.usaid.gov/locations/sub-saharan_africa/countries/southafrica/index.html) (accessed 27 August 2012).

<sup>14</sup> South Africa is the region's largest foreign direct investment (FDI) recipient. In 2011 FDI inflows to South Africa amounted to US\$5,8 billion. The largest share on FDI also went to Nigeria and Ghana: UNCTAD *World Investment Report 2012: Towards a New Generation of Investment Policies* (2012) 39 available at <http://www.unctad-docs.org/files/UNCTAD-WIR2012-Full-en.pdf> (accessed 16 May 2013). See also Stock *Africa South of Sahara: A Geographical Interpretation* (2012) 295.

<sup>15</sup> Draper, Alves & Kalaba *South Africa's International Trade Diplomacy: Implications for regional integration* A study conducted for Friedrich Ebert Foundation- Botswana Office (2006) 9.

<sup>16</sup> South Africa accounts for about 60% of SADC trade and about 70% of SADC Gross Domestic Product (GDP): African Development Indicators. World Bank Database, Global Indicators 2005.

<sup>17</sup> Saurombe (2010) 5 *Journal of International Commercial Law and Technology* 124.

<sup>18</sup> The acronym stands for Brazil, Russia, India, China and South Africa.

<sup>19</sup> South Africa.infor 'Go-ahead for BRICS development bank' available at <http://www.southafrica.info/global/brics/bank-270313.htm> (accessed 16 May 2013).

<sup>20</sup> Infrastructure is one of the obstacles to regional economic integration in Africa. See chapter 2 part 2.5.4.

<sup>21</sup> The leaders of Brazil, Russia, India, China and South Africa have agreed to establish a BRICS development bank to help finance infrastructure programmes and sustainable development in the BRICS and other developing countries.

<sup>22</sup> The thesis regards every national law as important but found it compelling to include South Africa in the study.

<sup>23</sup> OECD/United Nations *Economic diversification in Africa: A review of selected countries* (2011) 41 and Elliot *Going Global on a Dime: The Entrepreneur's Handbook to Tapping the Global Marketplace* (2011) 70.

<sup>24</sup> It is referred to as the economic powerhouse of the East African Community (EAC). The EAC is a regional intergovernmental organization comprising of Burundi, Kenya, Rwanda, Uganda and Tanzania: UNCTAD 'An investment guide to Kenya: Opportunities and conditions' (2012) 8 available at [http://unctad.org/en/PublicationsLibrary/diaepcb2012d2\\_en.pdf](http://unctad.org/en/PublicationsLibrary/diaepcb2012d2_en.pdf) (accessed 10 May 2013).

<sup>25</sup> UNCTAD 'An investment guide to Kenya: Opportunities and conditions' (2012) 12 available at [http://unctad.org/en/PublicationsLibrary/diaepcb2012d2\\_en.pdf](http://unctad.org/en/PublicationsLibrary/diaepcb2012d2_en.pdf) (accessed 10 May 2013).

maintain broad-based political stability which is essential for regional integration.<sup>26</sup> In terms of foreign direct investment Kenya saw a steady increase, reaching US\$141 million in 2009 and US\$133 million in 2010.<sup>27</sup>

It is my submission that an analysis of the three countries and a brief analysis of Cameroon should be sufficient in giving a general indication of the state of the similarities and differences in the trade mark laws in Africa.

The primary aim of this chapter is to identify the similarities and differences between the systems under study in an effort to determine the possibility of integrating trade marks laws in Africa.<sup>28</sup> Some of the common provisions of each system are laid out and this material is used for critical comparison, and some conclusions are drawn as to how the provisions could be harmonised<sup>29</sup> and those which are divergent but which need to be reconciled and/or amended so as to bring about similarity.<sup>30</sup> It also examines some of the available case law in each legal system in order to reveal how courts have applied the legislative provisions, seeking to reveal any gaps that exist between the law as provided by the statute and the law in action, since this can affect regional integration.

The purpose of this chapter is, therefore, to compare the extent to which the laws converge *vis-a-vis* the divergences that exist. A trade mark system for the purposes of this chapter refers to the applicable law of each country including how the law is enforced.<sup>31</sup>

The first part analyses the definition and functions of trade marks as legal systems define trade marks differently because of the territorial nature of trade marks.<sup>32</sup> Deere correctly

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<sup>26</sup> See chapter 8, 9 and 10 (ss 93-159) of the Kenya's Constitution regarding the doctrine of separation powers: The Constitution of Kenya (2010) Kenya Law Reports available at <http://www.kenyaembassy.com/pdfs/The%20Constitution%20of%20Kenya.pdf> (accessed 10 May 2013).

<sup>27</sup> The foreign direct investment inflows are attributable to large privatisations in telecommunications and investment in the railway sector: UNCTAD 'An investment guide to Kenya: Opportunities and conditions' (2012) 13 available at [http://unctad.org/en/PublicationsLibrary/diaepcb2012d2\\_en.pdf](http://unctad.org/en/PublicationsLibrary/diaepcb2012d2_en.pdf) (accessed 10 May 2013).

<sup>28</sup> See chapter 1 of the thesis.

<sup>29</sup> Harmonisation is a less radical approach than unification as the former aims to eliminate discrepancies between the national legal systems by inducing them to adopt a uniform law-: Zweigert & Kotz *Introduction to Comparative law* (1987) 23. This thesis argues that harmonisation should be the first step particularly in Africa as it could still later lead to unification when full harmonisation is achieved-: See discussion in chapter 2 part 2.7.

<sup>30</sup> The same rules which perform the same function are compared and contrasted-: Zweigert & Kotz *Introduction to Comparative law* (1987) 6; and Dannemann *Comparative law: Study of similarities or differences?* in Reimann & Zimmerman (eds) *The Oxford Handbook of Comparative Law* (2006)407.

<sup>31</sup> Madhuku *An Introduction to Zimbabwe Law* (2010) 6.

<sup>32</sup> Dinwoodie 'Trade marks and territoriality: Detaching trade mark law from the Nation-State' (2004) 41 *Houston Law Review* 891. See also Ramsden *A Guide to Intellectual Property Law* (2011) 5 & 6; Baroncelli,

states that protection of trade mark rights varies considerably amongst countries despite international efforts to harmonise the laws.<sup>33</sup> The TRIPS Agreement prescribes minimum intellectual property (IP) standards but there is still diversity among the laws worldwide;<sup>34</sup> protection is usually limited to the geographical area of the State where the mark has been registered.<sup>35</sup> A discussion of the traditional functions of a trade mark is central to this part as these are the main roles that a trade mark fulfils. It also justifies the reason why integration of trade marks laws in Africa is necessary in terms of facilitating trade and protecting consumers from being deceived when buying products in the marketplace.<sup>36</sup> Generally, trade marks should have a distinctive character to qualify for registration;<sup>37</sup> this requirement ensures that marks fulfil their function as a guarantee of origin.<sup>38</sup> This part will demonstrate that although registration and the functions of a trade mark are distinct concepts, the two are not mutually exclusive.

The second part explores the registrability of a trade mark. The procedural and substantive requirements for registration are analysed. The third part discusses the provisions regarding infringement. Due to the length of provisions dealing with infringement a careful selection and limitation is suggested and the thesis does this by considering concepts applied in all the systems. The fourth part examines the causes of the similarities and differences in the laws. Part five examines Cameroon's Bangui Agreement<sup>39</sup> in an attempt to fully comprehend the extent of convergences and divergences of trade mark laws in Africa. Part six is a conclusion and a discussion of how differences or similarities may complicate or facilitate regional integration.

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Fink & Javorcik 'The Global Distribution of Trade Marks: Some Stylised Facts' World Bank Research Working Paper (2004) 5 and Alghamdi *The Law on E-Commerce: E-Contracts, E-Business* (2011) 201.

<sup>33</sup> Deere 'The politics of intellectual property reform in developing countries' (2009) Global Economic Governance Programme, University College, Oxford available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1325044](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1325044) (accessed 12 February 2013).

<sup>34</sup> Deere 'The politics of intellectual property reform in developing countries' (2009) Global Economic Governance Programme, University College, Oxford available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1325044](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1325044) (accessed 12 February 2013).

<sup>35</sup> International instruments such as the Berne Convention, Paris Convention. See Wong 'Intellectual property through the lens of human development' in (eds) Wong & Dutfield *Intellectual property and human development: Current trends and future scenarios* (2011) 10.

<sup>36</sup> Trade marks deserve protection so that they may operate as indicators of the trade source from which goods or services come; they guarantee the quality of the goods or services and distinguish them from those of the competitor. See Cornish, Llewelyn & Aplin *Intellectual Property: Patents, Copyright, Trade marks and Allied Rights* (2010) 16-22, hereafter Cornish *et al Intellectual Property* and Colston & Galloway *Modern Intellectual Property Law* (2010) 582-583.

<sup>37</sup> Further discussed comprehensively in chapter 4 part 4.3.

<sup>38</sup> McMaho 'Current development: European Union law' (2011) 60 *International and Comparative Law Quarterly* 1047.

<sup>39</sup> As a Member State of OAPI.

I shall now discuss how a trade mark is defined in the laws of the selected countries.

## 4.2 The significance of the definition of a trade mark

The aim of analysing how each system defines a trade mark is premised on the need to find out whether there is uniformity in the definitions and if not, to determine the extent of variations. The importance of the definition lies in the fact that registration depends on how the entity that may be registered is defined.<sup>40</sup> Without a harmonised definition it will be difficult to harmonise most other aspects of trade mark law.

### 4.2.1 Zimbabwean law

The Zimbabwe system defines both a mark and a trade mark; and treats the two as different concepts.

The Zimbabwe Trade Marks Amendment Act of 2001 and the Trade Marks Act [Chapter 26:04] are both referred to since the laws are not consolidated into one document and must be read together.

The Zimbabwe Trade Marks Amendment Act No. 10 of 2001 defines a mark as:

‘...any sign which can be **represented graphically and is capable of distinguishing** the goods or services of one undertaking from those of other undertakings.’<sup>41</sup>

A mark must, therefore, be a ‘sign’ that meets two requirements: it must be capable of being represented graphically and it must have the capacity to distinguish. The word ‘graphic’ relates to visual art particularly involving drawing, engraving or lettering in the form of a graph.<sup>42</sup>

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<sup>40</sup> For a mark to be registrable it must fall within the definition of a trade mark. See Colston & Galloway *Modern Intellectual Property Law* (2010) 591, hereafter Colston & Galloway *Modern intellectual property law*.

<sup>41</sup> Zimbabwe Trade Marks Amendment Act No. 10 of 2001 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=130492](http://www.wipo.int/wipolex/en/text.jsp?file_id=130492) (accessed 8 December 2012): my emphasis. The above definition is similar to the United Kingdom’s definition of a ‘mark’ namely: ‘...any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings’: s 1 (1) of the Trade Marks Act of 1994.

<sup>42</sup> Dictionary unit for South African English *Oxford South African Concise Dictionary* (2010) 508, hereafter *Oxford Dictionary*.

The question that comes to mind is: what is a ‘sign’? The Oxford Dictionary provides that a ‘sign’ is a signal conveying information or instruction in a written or symbolic form.<sup>43</sup> Martin holds the view that the word ‘sign’ is ‘the most catholic of the words used to describe a mark or symbol’.<sup>44</sup> The reason is that a ‘sign’ is a word that is all-embracing or broad in such a way that it is used in the definition of a symbol and in the definition of a mark.<sup>45</sup> Torremans supports Martin’s view, arguing that the concept of describing a mark as ‘any sign’ is very wide in scope and should be taken to mean ‘anything which can convey information.’<sup>46</sup> Webster and Page submits that trade mark law has accordingly as its subject matter symbols and signs, which have as their purpose the conveyance of information concerning trade origin.<sup>47</sup>

The Zimbabwe Amendment Act, though it does not give examples of a ‘sign’, it defines both the mark and trade mark because not all marks constitute trade marks.

The Trade Marks Act [Chapter 26:04] provides that a:

‘Trade mark means a mark which is used or proposed to be used in relation to goods or services for the purpose of

- a) **indicating a connection in the course of trade between the goods or services and some person having the right, either as proprietor or as registered user, to use the mark, whether with or without any indication of the identity of that person; and**
- b) **distinguishing the goods or services** in relation to which the mark is used or proposed to be used, from the same kind of goods or services connected in the course of trade with any other person; but does not include a certification mark.’<sup>48</sup>

The word ‘distinguish’ means to see or recognise as different.<sup>49</sup> The ability to differentiate is an essential component of an entity that can constitute a trade mark. A sign may distinguish

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<sup>43</sup> *Oxford Dictionary* (2010) 1102. See also Mellor, Llewellyn, Moody-Stuart, Keeling and Berkely (15ed) *Kerly’s Law of Trade marks and Trade Names* (2011) 16, hereafter Mellor *et al Trade marks and Trade Names*.

<sup>44</sup> Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* Unpublished LLD thesis, University of the Western Cape (2007) 27, hereafter Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* LLD thesis.

<sup>45</sup> A symbol is defined as a mark or character used as a conventional representation of an object, function or process; shape or sign used to represent something. From this definition, a ‘sign’ is an integral part of a symbol. See *Oxford Dictionary* (2010) 1201.

<sup>46</sup> Torremans *Intellectual Property Law* (2005) 369.

<sup>47</sup> Webster & Page *South African Law of Trade Marks, Unlawful Competition, Company Names and Trading Names* (2008) para 1.1, hereafter Webster & Page *South African Law of Trade Marks*.

<sup>48</sup> Section 2 (1) Zimbabwe Trade Marks Act [Chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214670](http://www.wipo.int/wipolex/en/text.jsp?file_id=214670) (accessed 8 December 2012): my emphases.

<sup>49</sup> The New Choice English Dictionary (1999) 96.

either by being distinctive in its nature (inherently distinctive) or by having become distinctive through its use in relation to a particular trader's product (factually distinctive).<sup>50</sup> Martin supports this view as he argues that the quality of being 'capable to distinguishing' means having the ability, fitness or necessary quality to treat as different even though an entity that is actually performing the required function may or may not satisfy the requirement.<sup>51</sup>

One of the objects of a trade mark in terms of the Trade Marks Act is to indicate a 'connection in the course of trade between the goods or services and some person having the right, either as proprietor or as registered user, to use the mark, whether with or without any indication of the identity of that person.' What this suggests is that a trade mark must identify the source of the goods or services to which it is attached.<sup>52</sup> This requirement deals with the origin function. Mende and Isaac also agree that what defines a trade mark is its source-identification function.<sup>53</sup> It is also argued that the essential function of a trade mark is to give the consumer 'a guarantee of the identity of the origin of the marked product by enabling him to distinguish without any possible confusion, that product from others of a different provenance.'<sup>54</sup>

A trade mark does not, however, only guarantee the actual origin of the product, but the origin of that quality. It guarantees the existence of the same person or organisation maintaining a consistent standard of quality control.<sup>55</sup> This is known as the quality or guarantee function. Most consumers are concerned about the quality of the service or product that they are buying.<sup>56</sup> Consequently, a trade mark enables consumers to identify certain goods or services with a particular quality based on their previous experience.<sup>57</sup> A trade mark could be linked or connected in the consumer's mind to goods that meet one's expectation or it could be a

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<sup>50</sup> The word 'APPLE' when used in relation to computers is inherently distinctive: Colston & Galloway *Modern intellectual property law* 599.

<sup>51</sup> Martin *The situs of the registered trade mark right in South African law considered in the light of parallel importation* LLD thesis 212

<sup>52</sup> Hart, Fazzani & Clark *Intellectual property law* (2006) 83, hereafter Hart *et al Intellectual property law*.

<sup>53</sup> Mende & Isaac 'When copyright and trade mark rights overlap' in Wilkorf & Besheer *Overlapping Intellectual Property Rights* (2012) para 7.2.3.

<sup>54</sup> *SA CNL-Sucal v Hag GF* [1990] 3 CMLR 571 paras 13 & 14.

<sup>55</sup> Shanahan 'The Trade mark right: Consumer protection or monopoly?' (1982) 72 *The Trade mark Reporter* 240.

<sup>56</sup> It is argued that information about the origin of the goods or services is only a means towards an end: consumers' main concern is in the quality of what they are buying: Cornish, Llewelyn & Aplin *Intellectual Property: Patents, Copyright, Trade marks and Allied Rights* (2010) 16-23, hereafter Cornish *et al Intellectual Property*.

<sup>57</sup> Correa *Trade Related Aspects of Intellectual Property Rights: A Commentary on the TRIPS Agreement* (2007) 174.

warning signal against further purchases.<sup>58</sup> It is argued that business people have interest in protecting the reputation of their mark by only attaching it to quality goods. The role of trade marks is increasingly becoming critical as goods are exported to distant markets where brand recognition may be the consumer's only assurance of quality and origin.<sup>59</sup> Therefore, a trade mark should fulfil both the quality function and origin function.<sup>60</sup>

The second purpose of a trade mark under the Trade Marks Act is 'distinguishing the goods or services in relation to which the mark is used or proposed to be used, from the same kind of goods or services connected in the course of trade with any other person.' This presupposes the distinguishing function.<sup>61</sup> The distinguishing function should also be fulfilled for a mark to qualify as a trade mark.<sup>62</sup>

The Supreme Court of Appeal in *Kellog Co v Cairns Foods Ltd*<sup>63</sup> confirmed that for a mark to be a trade mark, it must be used in relation to goods or services for these two purposes.<sup>64</sup> The Zimbabwe Trade Marks Act thus specifically requires a trade mark to fulfil both the origin and distinguishing functions.

There appears to be an overlap between the definition of a mark and a trade mark. It is submitted that the consequence of the overlap is that a trade mark is defined in terms of a mark. Zimbabwe's Trade Marks Act definition of a mark shows that a mark should have the 'capacity to distinguish' meaning it must have the ability or power to distinguish.<sup>65</sup> To be a trade mark, the mark should 'distinguish' which means that it must recognise or treat something as different.<sup>66</sup> In contrast, a mark does not need to fulfil any function. It must meet the requirement that it must have the 'capacity' to distinguish. The differentiation between a mark and a trade mark appears to be valid since a mark is not necessarily a trade mark.

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<sup>58</sup> Hart *et al Intellectual property law* (2006) 82.

<sup>59</sup> Blakely 'Beyond the International Harmonisation of trade mark Law: The Community Trade marks as a model of unitary trade mark protection' (2000) 149 *University of Pennsylvania Law Review* 309, hereafter Blakely (2000) 149 *University of Pennsylvania Law Review*.

<sup>60</sup> The quality function cannot be divorced from the origin function; they constitute the badge of origin. See Galloway *Modern intellectual property law* (2010) 583 and Cornish *et al Intellectual property* 16-28.

<sup>61</sup> A trade mark allows the consumer to distinguish between similar goods. It is an essential tool for selling goods particularly in a market swamped by competing goods. A trade mark becomes a shorthand description for the product: Hart *et al Intellectual property law* para 82.

<sup>62</sup> The protection of this function is at the heart of the vital role that trade mark laws play in consumer protection: Shanahan 'The Trade mark right: Consumer protection or monopoly?' (1982) 72 *The Trade mark Reporter* 250.

<sup>63</sup> 1997 (2) ZLR 230 (SCA) at 235-236.

<sup>64</sup> To distinguish and to indicate the source of the goods or services.

<sup>65</sup> See the definition for 'distinguish' above.

<sup>66</sup> See the definition of a trade mark in the Zimbabwe Trade Mark Act chapter 4 part 4. 2. 1.

The definition of a trade mark incorporates ‘service marks’ although Zimbabwe Trade Marks Act does not explicitly refer to them.<sup>67</sup> It can be inferred from the definition that services marks are also included from the phrases ‘connection in the course of trade between the goods or services’ and ‘distinguishing the goods or services’. Baroncelli, Fink and Javorcik contend that when signs and symbols are applied to services; they are then referred to as service marks.<sup>68</sup> It is submitted that the inclusion of ‘services’ is sufficient since what constitutes a trade mark or a service mark would be similar. A service mark should be able to identify the source or the sponsor of a service such as Delta Airlines or Barclays Bank.<sup>69</sup> Therefore, both a trade mark and a service mark should allow consumers to distinguish between goods or services originating from different sources.

The Banjul Protocol on Marks does not define a trade mark,<sup>70</sup> therefore, ARIPO Member States are free to define a trade mark as they see fit. This has resulted in diverse definitions in the Member States of ARIPO.

I now turn to South African law.



#### 4.2.2 South African law

South Africa’s Trade Marks Act also defines both a mark and a trade mark. A mark is defined as:

‘Any sign capable of being represented graphically, including a device, name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour or container for goods or any combination of the aforementioned.’<sup>71</sup>

Rutherford notes that the definition is broad and ‘it creates the potential for the registration of sounds and even smells as trade marks.’<sup>72</sup> A mark is usually defined in terms of a ‘sign’ or

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<sup>67</sup> Kumar *An Introduction to the African Industrial Property System* (1993)128.

<sup>68</sup> Baroncelli, Fink & Javorcik ‘The global distribution of trade marks: Some stylised facts’ (2005) *Journal of Word Economy* 765.

<sup>69</sup> Mende & Isaac ‘When copyright and trade mark rights overlap’ in Wilkorf & Besheer *Overlapping Intellectual Property Rights* (2012) para 7.2.1.

<sup>70</sup> The Banjul Protocol on Marks within the Framework of the African Regional Industrial Property Organisation (ARIPO) available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181205) (accessed 13 February 2013). The provisions of the Banjul Protocol are discussed in chapter 3.

<sup>71</sup> See s 2 (1) South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade\\_marks\\_files/Act.pdf](http://www.cipc.co.za/Trade_marks_files/Act.pdf) (accessed 24 October 2012).

‘symbol’. The essence of the definition of a ‘mark’ is that it must be ‘capable of being represented graphically’.<sup>73</sup> Webster and Page state that the word ‘graphic’ of which ‘graphically’ is the adverb refers to the product of the visual or descriptive arts.<sup>74</sup> What this means is that the ‘sign’ must be capable of visual representation which would include, among others, representation by means of writing, a diagram, a photograph or drawing.<sup>75</sup>

There is no need for a ‘sign’ to be ‘capable of distinguishing’. It is submitted that Martin and Torremans’ views regarding a ‘sign’ are in line with the above definition insofar, as it regards things such as a device, word and shape as constituting a ‘mark’ as these ‘convey information’ about a certain product or service.<sup>76</sup>

South Africa’s Trade Marks Act defines a trade mark as:

‘Other than a certification trade mark or a collective mark means a mark used or proposed to be used by a person in relation to **goods or services** for the **purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person.**<sup>77</sup>

It should be noted that the above definition of a trade mark includes ‘service marks’. Such a mark enjoys the same protection afforded to marks used or proposed to be used in relation to goods. Based on the requirement that there must be a connection in the course of trade between the service provider and the proprietor, it can be inferred that only services which are rendered in the course of trade are contemplated by the definition.<sup>78</sup> The phrase ‘course of trade’ means the service must be rendered in commerce.<sup>79</sup>

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<sup>72</sup> The definition of a mark is not exhaustive: Rutherford ‘The Trade Marks Act in its International context’ in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 2, hereafter Rutherford ‘The Trade Marks Act in its International context’.

<sup>73</sup> Webster & Page *South African Law of Trade Marks, Unlawful Competition, Company Names and Trading Names* (2008) para 3.3, hereafter Webster & Page *South African Law of Trade Marks*.

<sup>74</sup> Webster & Page *South African Law of Trade Marks* para 3.3.

<sup>75</sup> The graphic representation provides a fixed point of reference showing what the mark is: Mellor *et al Trade marks and Trade Names* (2011) 18.

<sup>76</sup> Their views are discussed in chapter 4 part 4. 2. 1 which deals with Zimbabwean law.

<sup>77</sup> Section 2 (definitions) South Africa Trade Marks Act No. 194 of 1993 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks%20files/Act.pdf) (accessed 24 October 2012). South Africa’s definitions of a ‘mark’ and ‘trade mark’ are said to be ‘virtually identical to those contained in the European Community (EC) Directive and Regulation, which means that regard can be made to decisions within the EC in interpreting the Trade Marks Act’: Webster & Page *South African Law of Trade Marks* para 1.3: my emphasis.

<sup>78</sup> Services which are performed for charitable purposes will be excluded: Webster & Page *South African Law of Trade Marks* para 3.6.

<sup>79</sup> Mende & Isaac ‘When copyright and trade mark rights overlap’ in Wilkorf & Besheer *Overlapping Intellectual Property Rights* (2012) para 7.2.7.

The key words in the above section are ‘purpose of distinguishing goods or services’ in terms of South Africa Trade Marks Act. The main function of a trade mark is that of ‘distinguishing the goods or services’.<sup>80</sup> It is also clear that a mark does not *per se* constitute a trade mark unless it is able to distinguish one product from another.<sup>81</sup> A mark is consequently not necessarily a trade mark. The emphasis, therefore, is on ‘distinguishing goods or services’.<sup>82</sup> Hertzog points out that the implication of this seems to be that no connection with the person of the applicant is required in order for the trade mark to fulfil its distinguishing function properly.<sup>83</sup> The identity of the producer is thus less important than the identity of the product itself.

In *Beecham Group plc v Triomed (Pty) Ltd*<sup>84</sup> the Court stated that the function of a trade mark, in terms of the above definition, is to indicate the origin of the goods or services.<sup>85</sup> The Court held that the ‘test is whether Beecham used or proposed to use the shape of the tablet “for the purpose of distinguishing” it from tablets sold by others, or whether the function of the shape is to distinguish these tablets from other tablets.’<sup>86</sup> Accordingly, the test is focussed on the ‘badge of inquiry’ or origin function.

Webster and Page also rightly note that the definition of a trade mark in the 1993 Trade Marks Act did not, alter the principal function of a trade mark as a ‘badge or origin’. They however, state that earlier case law under the 1993 Act seemed to indicate that the principal function of a trade mark had evolved into a ‘distinguishing function’.<sup>87</sup> It is argued that the origin function can be implied since these two functions seem to be closely linked in the definition; a trade mark indicates the source of the goods or services and it distinguishes them from the goods or services from others which have another origin.

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<sup>80</sup> Webster & Page *South African Law of Trade Marks* para 3.16. See also Rutherford ‘The Trade Marks Act in its International context’ 2.

<sup>81</sup> The requirement would exclude the registration of mark used for purely ornamental purposes or as a generic term for goods or services: Webster & Page *South African Law of Trade Marks* para 3.20.

<sup>82</sup> Webster & Page *South African Law of Trade Marks* vii & para 3.21.

<sup>83</sup> *Functional Theory in Trade Mark Law* LLD thesis University of the Stellenbosch (1979) 29, hereafter Hertzog *Functional Theory in Trade Mark* LLD thesis.

<sup>84</sup> 2003 (3) SA 639 (SCA) para 9.

<sup>85</sup> *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 8.

<sup>86</sup> *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 9.

<sup>87</sup> Webster & Page *South African Law of Trade Marks* para 3.16. See also *Valentino Globe BV v Phillips* where Harms JA commented that the function of a trade mark as a badge of origin had changed and this change was reflected in the 1993 Act, and Webster ‘The registration of trade marks’ in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 11.

Webster and Page rightly note that in performing a distinguishing function, a trade mark also fulfils an advertising function.<sup>88</sup> They also state that this function is recognised in the provisions that preclude trade mark dilution or taking unfair advantage of a well-known registered mark in the Act.<sup>89</sup> The protection granted to a trade mark extends beyond the ‘badge of origin’.<sup>90</sup> Rutherford supports this view and states that the distinguishing function is wide enough to embrace not only the traditional origin function but also other functions such as quality and advertising functions.<sup>91</sup>

The words ‘connected in the course of trade with any other person’ identifies the goods or services which are distinguishable by the use of a trade mark. Webster and Page contend that the later view is made clear by section 9 (1) which provides that a mark must be capable of distinguishing the goods or services of a person from those of another person. They also argue that it does not imply retention of the old ‘trade connection doctrine’.<sup>92</sup> ‘Use in the course of trade’ means use which takes place in the context of commercial activity with a view to economic advantage.<sup>93</sup>

Whereas a mark on one hand has to fulfil the requirement of being ‘able to distinguish’ to qualify to be a trade mark, on the other hand a trade mark must incorporate a mark. Although a mark and a trade mark are interconnected they are, however, still separate entities. It is submitted that the differentiation between a mark from a trade mark seems crucial since every mark does not necessarily constitute a trade mark.<sup>94</sup>

### 4.2.3 Kenyan law

Kenya’s Trade Marks Act provides that a mark:

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<sup>88</sup> Webster & Page *South African Law of Trade Marks* para 3.20.

<sup>89</sup> See discussion in chapter 4 part 4.4.2.

<sup>90</sup> Section 34 (1) is an example of a provision that protects the secondary commercial functions of a trade mark: *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 8.

<sup>91</sup> Rutherford ‘The Trade Marks Act in its International context’ 3.

<sup>92</sup> This is whereby the trade mark was required to indicate a connection in the course of trade with a particular person. There should be an association with the goods in the course of their production and preparation for the market. It is submitted that this explanation seems to indirectly point out to the origin function. Webster & Page *South African Law of Trade Marks* par 3.21.

<sup>93</sup> Webster & Page *South African Law of Trade Marks* para 4.5. See also chapter 4 part 4.2.1.

<sup>94</sup> See chapter 4 part 4.2.1.

‘includes a distinguishing guise, slogan, device, brand, heading, label, ticket, name, signature, word, letter or numeral or any combination thereof whether rendered in two-dimensional or three-dimensional form.’<sup>95</sup>

It is significant to note that no actual definition of a mark is given. The above provision gives examples of what amounts to a mark. WIPO notes that trade mark laws should not attempt to draw up an exhaustive list of signs or ‘marks’ since virtually any mark that serve to distinguish goods from other goods is capable of constituting a trade mark.<sup>96</sup> If examples of ‘marks’ are given, they should accordingly be a practical illustration of what can be registered, without being exhaustive. It is noteworthy that there is no specific requirement for a ‘mark’ in the above provision.

A trade mark means:

‘...a **mark** used or proposed to be used-

- (a) In relation to **goods for the purpose of indicating a connection in the course of trade** between the goods and some person having the right either as proprietor or as licensee to use the mark, **whether with or without any indication of the identity of that person or distinguishing goods in relation to which the mark is used or proposed to be used from the same kind of goods connected in the course of trade with any person;**
- (b) In relation to **services for the purpose of indicating that a particular person is connected**, in the course of business, with the provisions of those services, whether with or without any indication of the identity of that person or distinguishing services in relation to which the mark is used or proposed to be used from the same kind of services connected in the course of business with any other person.’<sup>97</sup>

It can be deduced from the above that there should be a ‘mark’ and the mark should be used or proposed to be used in relation to goods for the purpose of indicating a connection in the course of trade between the goods and some person having the right either as proprietor or as licensee to use the mark. Secondly, the mark should be used or proposed to be used ‘in relation to services for the purpose of indicating that a particular person is connected, in the course of business, with the provisions of those services.’ Therefore, a mark can be used either on goods or services. When a mark is used on services it is referred to as a service mark.<sup>98</sup>

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<sup>95</sup> Section 2 (1) of Kenya’s Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013).

<sup>96</sup> WIPO *Introduction to Intellectual Property: Theory and Practice* (1997) 186.

<sup>97</sup> Section 2 (1) of Kenya’s Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013).

<sup>98</sup> Baroncelli, Fink & Javorcik ‘The global distribution of trade marks: Some stylised facts’ (2005) *Journal of Word Economy* 765. See chapter 4 part 4.2.1.

The central feature in this definition appears to be that the purpose of the trade mark should be to 'indicate a connection' in the 'course of trade' between the goods or services and the proprietor. The words 'indicate connection' between the goods and some person having the right either as proprietor or as licensee to use the mark, implies the origin function.<sup>99</sup> It means that a trade mark must indicate its source. It does not mean that it must inform the consumer of the actual person who has manufactured the product or even the one who is trading in it.<sup>100</sup> In other words the consumer does not need to know the name of the manufacturer for a trade mark to fulfil its purpose of indicating origin.<sup>101</sup>

It seems a mark does not necessarily need to indicate the identity of that person or distinguish goods or services in relation to which the mark is used or proposed to be used from the same kind of goods connected in the course of trade with any person. Although the emphasis seems to be on the origin function, it is argued that the definition of a trade mark comprises two aspects which are interdependent and for all practical purposes should always be looked at together.<sup>102</sup> The origin function presupposes that a trade mark distinguishes the goods or services of the given enterprise from those of other enterprises. It is only when a trade mark allows the consumer to distinguish a product sold under it from the goods of other enterprises that it can fulfil its origin function.<sup>103</sup> This shows that the origin function and distinguishing function cannot be separated. WIPO notes that for practical purposes one can simply rely on the distinguishing function of a trade mark.<sup>104</sup> Service marks fulfil basically the same origin-indicating and distinguishing function as trade marks do for goods.

It appears axiomatic that the basic premise of a trade mark is that it should distinguish the goods or services of one enterprise from those of other enterprises. Colston and Galloway hold the same view as they contend that 'only a sign which is "capable of distinguishing" may be a trade mark.'<sup>105</sup> They also concur with Hertzog in their argument that the essence of a trade mark is in identifying goods or services.<sup>106</sup> If a sign does not distinguish, it

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<sup>99</sup> The mark should also fulfil the origin function even when used in relation to services.

<sup>100</sup> WIPO *Introduction to Intellectual Property* 184.

<sup>101</sup> It is sufficient that the consumer can trust in the given enterprise which manufactures certain goods or provides a specific service, even though it not necessarily known to him.

<sup>102</sup> WIPO *Introduction to Intellectual Property* 184.

<sup>103</sup> WIPO *Introduction to Intellectual Property* 184.

<sup>104</sup> WIPO *Introduction to Intellectual Property* 184.

<sup>105</sup> Colston & Galloway *Modern Intellectual Property Law* (2010) 599.

<sup>106</sup> Hertzog *Functional Theory in Trade Mark* LLD thesis 34.

cannot identify the source and what that means is that the public may not be able to differentiate the goods or services of one enterprise from those of another.<sup>107</sup>

#### 4.2.4 Comparative synthesis

The three systems under study make provision for both a 'mark' and a 'trade mark'. The discussion above reveals that the common features on the definition of a mark under Zimbabwe and South Africa Trade Marks Act are that it is a 'sign' and it must be 'capable of being represented graphically'.<sup>108</sup> Kenya Trade Marks Act only gives examples of a mark without defining it.

The core aspect of the definition of a 'trade mark' in the three systems appears to be that it must be 'capable of distinguishing goods or services of one undertaking from services or goods of another undertaking'.<sup>109</sup> A sign that is capable of distinguishing is said to be 'distinctive'.<sup>110</sup> The distinguishing function is consequently basic and a pre-requisite for the coming into being of a trade mark.<sup>111</sup> A proposed mark that is not able to distinguish cannot be registered as a trade mark since it does not meet the essential requirement of a trade mark. All the functions of a trade mark become relevant when it comes to registrability due to the close relationship between them.<sup>112</sup> Generally, a trade mark that fails to indicate the source of the goods or services may not be able to 'distinguish' one's goods or services from those of another; this illustrates the interdependence in the functions of a trade mark. It is submitted that even if the secondary function such as the quality functions are not pertinent to the definition of a trade mark, deception of either of the functions may act as an impediment to registration.<sup>113</sup>

Although all the systems do not explicitly define a service mark, such marks are incorporated in the definitions. The inclusion of services marks can be inferred since the provisions in the systems under study make reference to use of the mark in relation to goods and in relation to

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<sup>107</sup> Colston & Galloway *Modern intellectual property law* 599.

<sup>108</sup> See chapter 4 part 4.2.1 for the definition of a mark under the Zimbabwe Trade Marks Act and chapter 4 part 4.2.2 for a definition of a mark in terms of South Africa's Trade Marks Act.

<sup>109</sup> See chapter 4 parts 4.2.1, 4.2.2. & 4.2.3.

<sup>110</sup> Colston & Galloway *Modern intellectual property law* 599.

<sup>111</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 36.

<sup>112</sup> It will be shown later that the ability to distinguish is a requirement for registrability in almost every system.

The full discussion on registrability is in chapter 4 part 4.3.

<sup>113</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 34.

services.<sup>114</sup> Kenya for example makes reference to ‘marks used or proposed to be used’ in relation to services under its definition of a trade mark.<sup>115</sup>

Apart from the above common features in the definitions, each system defines a mark and a trade mark differently. The first difference is that Kenya does not even give an actual definition of a mark. It gives examples.<sup>116</sup> Zimbabwe Trade Marks Act requires a mark to satisfy two requirements: it must be capable of graphic representation and to be ‘capable’ of distinguishing goods or services.<sup>117</sup> In contrast, South Africa Trade Marks Act only requires the mark to be capable of being represented graphically and it gives examples of ‘signs’ that amount to a ‘mark’ and it includes, *inter alia*, a device, name, shape, word and ornamentation.<sup>118</sup> Therefore, in terms of South Africa Trade Marks Act, a mark does not need to have the capacity to distinguish. It should only be capable of being represented graphically.

In terms of Zimbabwe Trade Marks Act a mark should have the ‘capacity to distinguish.’ A trade mark, on the other hand, should actually ‘distinguish’. The implication is that a mark that has the capacity to distinguish does not ‘distinguish’; it must just have the ‘ability’ to do so.<sup>119</sup> A trade mark should fulfil the distinguishing function. In contrast, a mark does not need to fulfil the distinguishing function. Consequently, the Zimbabwe Trade Marks Act requires a mark to be inherently capable of distinguishing to amount to a trade mark. In comparison, the ability to distinguish in a mark can be inherent or it can be acquired through use in terms of South Africa Trade Marks Act.<sup>120</sup>

The second difference between the systems is that both the Zimbabwe and Kenya’s Trade Marks Act defines a trade mark in broad terms unlike South Africa. Zimbabwe and Kenya’s Trade Marks Act require a trade mark to indicate a connection in the course of trade between the goods or services and some person having the right, either as proprietor or as registered user, to use the mark. This definition, therefore, requires a trade mark to fulfil the origin function.<sup>121</sup> This is consistent with the old view that the law protect trade marks as indicators

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<sup>114</sup> See chapter 4 parts 4.2.1 & 4.2.2.

<sup>115</sup> Section 2 (1) of Kenya’s Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013).

<sup>116</sup> See chapter 4 part 4.2.3.

<sup>117</sup> See chapter 4 part 4.2.1.

<sup>118</sup> See the definition in South Africa’s Act chapter 4 part 4.2.2.

<sup>119</sup> It must therefore, meet the requirement that it must have the ‘capacity’ to distinguish.

<sup>120</sup> Webster & Page *South African Law of Trade Marks* para 3.40.2.

<sup>121</sup> Such an interpretation corresponds with what is called the origin theory: Hertzog *Functional Theory in Trade Mark Law* LLD thesis 20.

of origin.<sup>122</sup> The modern view is that a trade mark fulfils the distinguishing function, quality function and the investment function.<sup>123</sup>

While a broad definition particularly under Zimbabwe Trade Marks Act may lead to uncertainty, it could be used without difficulty, causing few administrative or legal problems.<sup>124</sup> A trade mark in terms of the Zimbabwe Trade Marks Act should not only distinguish goods or services, but it should also distinguish them in terms of the persons entitled to use them. What this means is that while distinguishing, a trade mark should also indicate that the person in whose name the trade mark is registered is the origin of the goods. The Act, therefore, envisages a double function for a trade mark: to distinguish goods and services and to identify a particular person or business as their origin.<sup>125</sup>

South Africa's Trade Marks Act requires a trade mark to be distinctive; capable of distinguishing goods or services of any enterprise. There is no specific reference to the need to indicate the origin of the goods or services. Rutherford states that a trade mark is defined in terms of its distinguishing function only.<sup>126</sup> Webster and Page contend that the words 'connected in the course of trade with any other person' identifies the goods or services which are distinguishable by the use of a trade mark.<sup>127</sup> It is submitted that South Africa's definition of a trade mark on its own seems to recognise the distinguishing function as the essence of a trade mark as opposed to the origin function. Nevertheless, case law indicates that the origin function is still recognised in South Africa.<sup>128</sup>

Kenya Trade Marks Act instead requires a trade mark to indicate a connection in the course of trade between the goods or services and the proprietor. The trade mark must indicate its source. The definition puts emphasis on the origin function. It is, however, submitted that the

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<sup>122</sup> Cornish *et al* *Intellectual Property* para 18-17. See also Shanahan 'The trade mark right: Consumer Protection or monopoly?' (1982) 71 *Trade mark Reporter* 238.

<sup>123</sup> The investment function deals with the values that develop in a mark to form part of the essential element of business goodwill: Cornish *et al* *Intellectual Property* 16-28.

<sup>124</sup> Colston & Galloway argue that although the United States has a wide definition of a trade mark, it has been used without difficulty and it has also caused few administrative problems: Colston & Galloway *Modern intellectual property law* 593.

<sup>125</sup> The distinguishing function and the origin function are both recognised and subscribed to.

<sup>126</sup> The distinguishing function is in accord with the traditional origin function of a trade mark. South Africa's definition of a trade mark is consistent with the European Directive, the United Kingdom Act and TRIPS which also define a trade mark in terms of the distinguishing function: Rutherford 'The Trade Marks Act in its International context' 3.

<sup>127</sup> See also Webster & Page *South African Law of Trade Marks* para 3.16. See discussion in chapter 4 part 4.2.1.

<sup>128</sup> See *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) and *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (CC). See also *Adidas AG & another v Pepkor Retail Limited* (187/12) [2013] ZASCA 3.

origin function presupposes that a trade mark distinguishes the goods or services of the given enterprise from those of other enterprises.<sup>129</sup> The distinguishing function and the origin function are two sides of the same coin which cannot be separated as they are interdependent. Consequently, a trade mark should distinguish goods or services from one enterprise to those of another enterprise.<sup>130</sup>

It is clear that the definitions of a trade mark for all the three countries under study do not expressly make provision for non-traditional marks such as smell and sound.<sup>131</sup> It can be argued that these definitions of a trade mark appear to be limited and restrictive since they do not explicitly include non-traditional marks although in the case of South Africa, the South African Companies and Intellectual Property Commission (CIPC) has developed guidelines on non-traditional marks.<sup>132</sup> Maguire also notes that the definition of a 'mark' in South Africa's Trade Marks does not purport to be exhaustive in the sense that although the definition includes a number of things that could be registered as a 'mark', it does not however, include everything for example non-traditional marks.<sup>133</sup> There is no doubt that all the three systems under study need to still adapt to new developments as the definition of a trade mark has developed beyond the traditional definition. The definition of a trade mark should expressly make provision for non-traditional marks.

In short, all the three systems differentiate a mark from a trade mark. It is argued that the explicit differentiation of mark from a trade mark in all systems is important because not all marks constitute trade marks. The ability to distinguish is a common factor in the definition of a trade mark in the three systems. All the definitions incorporate service marks but they do not explicitly include non-traditional marks. Although there are these similarities between the provisions in the Zimbabwe Trade Marks Act, South Africa Trade Marks Act and Kenya's Trade Marks Act, there are also some divergences in the provisions: the three systems define

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<sup>129</sup> See chapter 4 part 4.2.3.

<sup>130</sup> WIPO *Introduction to Intellectual Property: Theory and Practice* (1997) 184.

<sup>131</sup> See chapter 4 part 4.2.1, 4.2.2 and 4.2.3.

<sup>132</sup> Non-traditional marks are also known as non-conventional marks. These marks include specific sounds or smells and are being increasingly used to distinguish one's goods or services from the competitor. The purpose of developing guidelines for lodging non-traditional trade marks guidelines with respect to South Africa is basically to bridge the gap between the current legislation and the developments that are taking place in trade today.<sup>132</sup> The guidelines thus provide clarity on the procedure which needs to be followed when dealing with a non-traditional mark application since these marks are not visually perceptible in their nature. The Guidelines acknowledge protection of three dimensional marks; colour marks. CIPRO (now CIPC) Guidelines with regard to the lodging of non-traditional trade marks *Patent Journal* (2009) 460 available at [http://www.cipc.co.za/Trade marks files/NOTICE NON TRAD MARKS FEBR 09 PJ.pdf](http://www.cipc.co.za/Trade%20marks_files/NOTICE_NON_TRAD_MARKS_FEBR_09_PJ.pdf) (accessed 15 November 2012)

<sup>133</sup> Maguire 'Intellectual Property: Preliminary note' available at <http://butterworths.uwc.ac.za/nxt/gateway.dll/6b/zd/gkca/kkca> (accessed 14 September 2011).

a mark and a trade mark differently. The requirements which a 'sign' must meet vary. The function which a trade mark must fulfil also varies.

Dean rightly submits that IP laws diverged widely in some European countries before they were integrated by means of a Directive.<sup>134</sup> The divergences in IP laws in Africa are, therefore, not unique to the region since IP laws in the European countries used to diverge before the Trade Mark Regulation was adopted. The similarities between the three systems are important as they provide a good foundation for harmonisation.

I now consider the registrability of a trade mark.

### 4.3 Registrability of trade marks

This portion of the chapter examines the requirements for registration of a trade mark in each of the selected systems. The requirements are divided into substantive and procedural ones for convenience sake.

#### 4.3.1 Zimbabwean law

Section 21 of the Trade Marks Act provides for the procedure that must be followed when registering a trade mark.<sup>135</sup> It provides that:

'a person who claims to be the proprietor of a trade mark used or proposed to be used by him; and is desirous of registering that trade mark; shall apply in writing to the Registrar in the prescribed manner in Part A<sup>136</sup> or Part B,<sup>137</sup> as the case may be, of the Register.'<sup>138</sup>

Kumar submits that the protection offered for marks registered in Part A is slightly greater than that offered for Part B.<sup>139</sup> The criteria for registrability for Part B is less rigorous compared to Part A since it offers extensive protection to the registered mark. The distinction

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<sup>134</sup>Dean 'A unified intellectual property law system for southern Africa' (1994) 2 *Juta's Bus. L.* 168.

<sup>135</sup> Chapter 26:04.

<sup>136</sup> Part A, for the registration of distinctive marks that are registrable in terms of s 12 of Zimbabwe Trade Marks Act [Chapter 26:04].

<sup>137</sup> Part B, for the registration of marks that are capable of distinguishing goods and services as provided in s 13 of Zimbabwe Trade Marks Act [Chapter 26:04].

<sup>138</sup> The Register is divided into Part A, Part B, Part C and Part D. All the trade marks or certification marks that have been registered are entered in the Register of Trade Marks: s 5 of the Zimbabwe Trade Marks Act [Chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214670](http://www.wipo.int/wipolex/en/text.jsp?file_id=214670) (accessed 8 December 2012).

<sup>139</sup> Kumar *An Introduction to the African Industrial Property System* (1993) 129, hereafter *Kumar African Industrial Property System*.

has been regarded as rather ‘blurred’ as a trade mark may be registered in both Part A and Part B of the register by the same proprietor.<sup>140</sup>

The Zimbabwe Trade Marks Act expressly mentions the information that must be contained in an application of a trade mark for Part A,<sup>141</sup> it does not specify the information that must be contained in an application for registration of a trade mark in Part B. It can however, be inferred that since the application for registration of a trade mark for Part A or Part B should be made on the same form,<sup>142</sup> the same information must be included in the applications.

### *Substantive requirements*

Section 12 provides for both the substantive and procedural requirements that must be followed when registering a mark. Distinctiveness is the main requirement for registration.

The word distinctiveness means:

‘Apt, in relation to the goods or services in respect of which the trade mark is proposed to be registered, **to distinguish** goods or services with which the proprietor of the trade mark is or may be connected in the course of trade from goods or services in the case of which no such connection subsists, either generally or, where the trade mark is proposed to be registered subject to limitations, in relation to use within the extent of the registration.’<sup>143</sup>

The Oxford dictionary defines distinctiveness as having a quality or characteristics that makes something different and easily noticed.<sup>144</sup> The key word in the above definition is ‘distinguish’. A trade mark is distinctive if it can, therefore, distinguish the goods or services in relation to which the mark is used or proposed to be used, from the same kind of goods or services connected in the course of trade with any other person.<sup>145</sup> The definition of a trade mark incorporates the distinctiveness requirement: there is a relationship between the

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<sup>140</sup> In practice an applicant generally seeks Part A registration which maybe refused if the criterion is not met. The proprietor may then be offered Part B protection: Kumar *African Industrial Property System* (1993) 129. See also discussion in chapter 4 part 4.4.1.

<sup>141</sup> Section 12 (1) of Zimbabwe’s Trade Marks Act.

<sup>142</sup> Rule 11 (1) of Zimbabwe Trade Mark Regulations, 2005: Statutory instrument 170 of 2005 [Chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214669](http://www.wipo.int/wipolex/en/text.jsp?file_id=214669) (accessed 12 December 2012).

<sup>143</sup> Section 12 (2) of the Zimbabwe Trade marks Act [Chapter 26:04]: my emphasis.

<sup>144</sup> Hornby *Oxford Advanced Learner’s Dictionary of Current English* (2000) 338.

<sup>145</sup> See discussion on the definition of a trade mark in chapter 4 part 4. 2. 1. Colston & Galloway *Modern intellectual property law* 599.

definition of a trade mark and the registrability requirements.<sup>146</sup> Where the proposed trade mark fails to meet the distinctive requirement, it cannot be registered.<sup>147</sup>

It should be noted that the Act uses the word ‘apt’ to distinguish. The word ‘apt’ would in general mean being suitable or appropriate.<sup>148</sup> The Act does not define ‘apt to distinguish’. It is, therefore, not clear what ‘apt to distinguish’ means. It is submitted that the use of ‘distinguish’ on its own would have been sufficient.

In considering whether a mark is ‘apt to distinguish’ the Registrar takes into account two factors. First, whether the mark has the inherent capacity to distinguish as provided in section 12 (2). By implication, the ability to distinguish must be a characteristic or intrinsic to the proposed trade mark to qualify for registration. The second factor is whether by reason of the use of the trade mark or any other circumstances, the trade mark is, in fact, apt to distinguish. Notwithstanding the fact that the ability to distinguish may be inherent in a trade mark, use of a trade mark may result in the mark being identified with certain goods or services:<sup>149</sup> under such circumstances the trade mark tends to actually fulfil the distinguishing function.

It should be noted under ARIPO system, the application for registration of a trade mark is examined in accordance with the national laws of a designated State.<sup>150</sup> The ARIPO Office only ensures that the procedural requirements are met as substantive examination is left to the Member States. It is significant to note that the procedural requirements for registration under Zimbabwean laws do not diverge from what is contained in the Banjul Protocol, save for that fact that the Banjul Protocol does not divide the registration of trade marks into different categories (Parts A and B).<sup>151</sup>

I now consider South African law.

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<sup>146</sup> See chapter 4 part 4. 2. 1.

<sup>147</sup> If the mark is descriptive for example ‘APPLE’ for apples, it cannot be registered: Webster & Page *South African Law of Trade Mark* par 3.40.2. See also Ramsden *A Guide to Intellectual Property Law* (2011)100.

<sup>148</sup> Hornby *Oxford Advanced Learner’s Dictionary of Current English* (2000) 48.

<sup>149</sup> Reynolds, Stoianoff, Adrian & Roy *Intellectual Property: Text and Essential Cases* (2012) 543.

<sup>150</sup> Section 6 of Banjul Protocol on Marks within the Framework of the African Regional Industrial Property Organisation (ARIPO) available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181205) (accessed 15 February 2013). See also discussion of the Banjul Protocol in chapter 3 above.

<sup>151</sup> The Banjul Protocol rather requires the classification of trade marks in terms of the Nice Agreement. The Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks establishes a classification of goods and services for the purposes of registering trade marks and service marks. The Nice Classification consists of 34 classes for goods and 11 for services. These classes are supplemented by a Committee of Experts on which all contracting States are represented: WIPO The Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of June 15 1957 as amended on September 28 1979 available at [http://www.wipo.int/treaties/en/classification/nice/trtdocs\\_wo019.html#a1](http://www.wipo.int/treaties/en/classification/nice/trtdocs_wo019.html#a1) (accessed 16 April 2013).

### 4.3.2 South African law

In terms of the trade mark system in South Africa, in order for an applicant to qualify to register his trade mark, procedural requirements set out in the regulations promulgated under the Trade Marks Act of 1993 must be satisfied. The procedural requirements are provided in terms of Regulation 11 in the Trade Marks Regulation, 1993.<sup>152</sup> The applicant should in addition meet the substantive requirements which are provided for, in terms of section 9 and 10 of the Trade Marks Act.<sup>153</sup>

#### *Substantive Requirements*

Section 9 provides the primary requirement: a trade mark should be capable of distinguishing the goods or services of the applicant in respect of whom it is registered or proposed to be registered from the goods or services of other persons.<sup>154</sup> This requirement is also constituted in the definition of a trade mark.<sup>155</sup> The definition of a trade mark as a result indicates that the requirement that a trade mark 'shall' be capable of distinguishing the goods or services of the applicant from the goods or services of another person is a prerequisite for registration. The word 'shall' is peremptory, meaning that an applicant must ensure that the mark meets this requirement. The applicant has to prove that the proposed mark has the capacity to distinguish his goods or services from those of other persons. Failure to meet this requirement results in the mark not qualifying for registration.

Section 10 of South Africa's Trade Marks Act reaffirms the requirement that a sign must be capable of distinguishing goods or services of one person from other undertakings. It reads:

'The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register:

- (1) A mark which does not constitute a trade mark;
- (2) A mark which—
  - (a) is not capable of distinguishing within the meaning of section 9...

<sup>152</sup>The Trade Marks Regulations are given effect to in terms of s 69 (2) of the Trade Marks Act of 1993. The Trade Marks Regulations, 1993 available at [http://www.cipro.co.za/legislation%20forms/trade%20marks/Trade%20Mark%20Regulations%20\(updated%20after%20amendments%20on%201%20Dec%202006\).pdf](http://www.cipro.co.za/legislation%20forms/trade%20marks/Trade%20Mark%20Regulations%20(updated%20after%20amendments%20on%201%20Dec%202006).pdf) (accessed 27 October 2012).

<sup>153</sup>The registration requirements are consistent with the European Trade mark Directive and TRIPS: See chapter 5 part 5.4.1.2. See also ss 9 and 10 of South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks%20files/Act.pdf) (accessed 24 October 2012).

<sup>154</sup>Section 9 of South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks%20files/Act.pdf) (accessed 24 October 2012).

<sup>155</sup>See chapter 4 part 4 .2.2.

A trade mark will be considered to be capable of distinguishing if, at the date of application for registration, it is inherently capable of so distinguishing or is capable of distinguishing by prior use.<sup>156</sup> In other words, distinctiveness may be inherent or can be acquired through use,<sup>157</sup> which includes the use of that mark as part of or in conjunction with another registered trade mark.<sup>158</sup> Therefore, the Act allows for the registration of trade marks whether or not some degree of inherent distinctiveness is present.<sup>159</sup> The capacity to distinguish acquired by prior use suffices.<sup>160</sup> The Supreme Court of Appeal in *Beecham Group plc v Triomed (Pty) Ltd*<sup>161</sup> confirmed that the first stage of the enquiry should be whether the mark, at the date of application for registration, was inherently capable of distinguishing the goods of the proprietor from those of another person. If the answer is no, the next enquiry is whether the mark is so capable of distinguishing by reason of its use.<sup>162</sup>

The onus rests upon the applicant to prove that a mark is capable of distinguishing. Ramsden rightly contends that when assessing whether a trade mark is capable of distinguishing, account must be taken not only of the proposed usage, but of the nature of goods or services and the purpose for which it is to be used.<sup>163</sup>

In *Adidas AG & another V Pepkor Retail Limited*<sup>164</sup> the court stated that the three stripe mark had become ‘highly distinctive mark because of its degree of visibility.’<sup>165</sup> It also stated that

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<sup>156</sup> Webster & Page *South African Law of Trade Marks* para 3.40.2. See also Ramsden *A Guide to Intellectual Property Law* (2011)105 and Rutherford ‘The Trade Marks Act in its International context’ 3.

<sup>157</sup> See discussion in chapter 4 part 4. 3. 1, 4. 3. 2 and 4. 3. 3 on how the each system requires a trade mark to be distinctive as a prerequisite for registration. See also Reynolds, Stoianoff, Adrian & Roy *Intellectual Property: Text and Essential Cases* (2012) 543-544.

<sup>158</sup> In a judgement passed in the United Kingdom, *Nestle v Mars* [2003] F.S. R. 684, the European Court of Justice held that it is for the national court to assess whether or not distinctiveness has been acquired on the basis of the criteria below:

- a) the market share held by the mark;
- b) how intensive, geographically widespread and long standing the use of the mark has been;
- c) the amount invested by the applicant in promoting the mark;
- d) the proportion of the relevant class of persons who, because of the mark at issue; identify the goods as originating from a particular undertaking; and
- e) statements from chambers of commerce or other trade and professional associations.

This decision shows that ‘acquired distinctiveness’ must be proved by evidence.

<sup>159</sup> Webster & Page *South African Law of Trade Marks* para 3.40 .2. See also Webster ‘The Registration of Trade Marks’ in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 9, hereafter Webster ‘The Registration of Trade Marks’.

<sup>160</sup> Webster & Page *South African Law of Trade Marks* para 3.40. 2.

<sup>161</sup> 2003 (3) SA 639 (SCA).

<sup>162</sup> The appellants in this case sought to uphold a registered trade mark in respect of the shape of a pharmaceutical tablet. The tablet was a bi-convex with an oval shape. See *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 20. See also Ramsden *A Guide to Intellectual Property Law* (2011)105, hereafter Ramsden *Intellectual Property Law*.

<sup>163</sup> A mark which has become generic for a particular class of goods does not meet the distinguishing requirement: Ramsden *Intellectual Property Law* 105.

<sup>164</sup> 187/12) [2013] ZASCA 3.

as a result of its marketing and promotion as well as extensive and prominent use, the three stripe mark was readily identified by consumers as a badge of Adidas products.<sup>166</sup> It can be seen that the Adidas trade mark had acquired its distinctiveness through use. The Act specifies the marks which cannot be registered with the implication that all the other marks are registrable provided they meet the basic requirement of being ‘capable to distinguish’.<sup>167</sup> Where a sign fails to meet the basic definition of a trade mark by being devoid of distinctive character, registration must be refused.<sup>168</sup>

### 4.3.3 Kenyan law

The Kenya Trade Marks Act requires distinctiveness or ‘adapted to distinguish’ for registration in Part A and the ability to distinguish for registration in B.<sup>169</sup> In order for an applicant to qualify to register his trade mark, procedural requirements set out in section 12 of the Trade Marks Act must be satisfied.<sup>170</sup> The applicant should further meet the substantive requirements.

The first substantive requirement which must be met is distinctiveness. Section 12 (2) provides that ‘distinctive’:

‘means adapted, in relation to the goods in respect of which a trade mark is registered or proposed to be registered, **to distinguish goods** with which the proprietor of the trade mark is or may be connected in the course of trade from goods in case of which no such connection subsists...’

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<sup>165</sup> *Adidas AG & another V Pepkor Retail Limited* (187/12) [2013] ZASCA 3 para 3.

<sup>166</sup> *Adidas AG & another V Pepkor Retail Limited* (187/12) [2013] ZASCA 3 para 4.

<sup>167</sup> Webster & Page *South African Law of Trade Marks* par 3.39.

<sup>168</sup> Section 10 (2) of the South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks_files/Act.pdf) (accessed 24 October 2012).

<sup>169</sup> South Africa removed the distinction in the 1993 Act to allow registration of all trade marks which are distinctive, whether or not some degree of inherent distinctiveness is present. In the 1993 Trade Marks Act it had been held in a number of decisions that despite hundred percent distinctiveness through use, a trade mark would not qualify for registration in Part A if it does not have attributes of distinctiveness. The fact that factually distinctive trade marks would never qualify for registration in Part A was undesirable and no longer applies: Webster ‘The Registration of Trade Marks’ 9. See also chapter 4 part 4.3.1.

<sup>170</sup> The Act provides that a trade mark must contain or consist of at least one of the following essential particulars; ‘it must contain or consist of at least one of the following essential particulars:(a) the name of a company, individual or firm, represented in a special or particular manner; (b) the signature of the applicant for registration or some predecessor in his business; (c) an invented word or invented words; (d) a word or words having no direct reference to the character or quality of the goods, and not being according to its ordinary signification a geographical name or a surname...’

It also means it must distinguish services of which the proprietor is or may be connected in the course of business, from services which he is not connected to. The essential aspect of the above definition is that distinctiveness refers to the ability to distinguish.<sup>171</sup> A trade mark is required to 'adapt' to distinguish. The word 'adapt' means to change something in order to make it suitable for a new use or situation.<sup>172</sup> A trade mark should consequently fulfil its distinguishing function.<sup>173</sup>

In determining whether a trade mark has adapted to distinguish, the Registrar may have regard to the extent to which the trade mark has inherently adapted to distinguish. The Registrar may also consider use of the trade mark or any other circumstances based on which the trade mark has in fact adapted to distinguish.<sup>174</sup> The use of 'may' suggests that the Registrar is not obliged to have regard of the extent to which the mark has inherently adapted to distinguish and whether the mark has become adapted to distinguish through use. The rationale is to provide guidance to the Registrar when determining whether a trade mark has 'adapted to distinguish'. Webster regards the 'adapted to distinguish' requirement as 'somewhat technical and strict' since it gives rise to difficulties of interpretation.<sup>175</sup>

Section 13 provides that a trade mark should satisfy the requirement that it must be 'capable of distinguishing' goods or services in respect of which it is registered or proposed to be registered. In determining whether a trade mark is capable of distinguishing, 'the Registrar may have regard to the extent to which the trade mark is inherently capable of distinguishing; and by reason of the use of the trade mark or of any circumstances, the trade mark is in fact capable of distinguishing.'<sup>176</sup>

In *Unilever Plc v Bidco Oil Refineries*,<sup>177</sup> the plaintiff argued that the words 'Blue Band' had been used to distinguish the margarine which it manufactured from similar goods of other manufacturers and traders since 1947.<sup>178</sup> It further contended that the registered marks and a device depicting a Band around its packaging are and have been known at all times by the

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<sup>171</sup> See definition of distinguish in chapter 4 part 4.3.1.

<sup>172</sup> Hornby *Oxford Advanced Learner's Dictionary of Current English* (2000) 13.

<sup>173</sup> A sign should adjust to its new use as a trade mark by distinguishing the goods of one person from those of another in the marketplace.

<sup>174</sup> Section 12 (3) of Kenya's Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013).

<sup>175</sup> Webster 'The Registration of Trade Marks' 9. See also chapter 4 part 4.3.1 above regarding the distinction between Part A and Part B of the register.

<sup>176</sup> Section 13 (2) of Kenya's Trade Marks Act.

<sup>177</sup> Civil Case No. 1447 of 1999, [2004] 1 KLR 57.

<sup>178</sup> *Unilever Plc v Bidco Oil Refineries* Civil Case No. 1447 of 1999, [2004] 1 KLR at 58 paras 1-20.

trade and public to denote the goods of the plaintiff. This argument points out to distinctiveness that has been acquired through use.

Although Part A and Part B have different requirements for registrability, a trade mark may still be registered in the name of the same proprietor of the same trade mark or any parts thereof in Part A or Part B.<sup>179</sup>

In the case of *Mathew Ashers Ochieng v Kenya Oil Company Limited and Another*,<sup>180</sup> the court held that the slogan ‘proudly Kenyan’ should not be registrable as a trade mark. The court stated that these words cannot meet the distinctive prerequisite for registration since they are descriptive. The rationale for refusing to register was based on the fact that all proud Kenyans are entitled to use of the slogan. The Court stated that the words ‘proudly Kenyan’ were in the public domain and, therefore, no party can restrict its use, whether for business or otherwise.

It is, however, argued that the Judge misdirected himself in stating that in order to give protection to a trade mark, it is essential for the proprietor to prove that, *inter alia*: the idea or mark must be novel; it should not be one already known; it must not be meant to encumber the rights of others to enjoy the use of the same; it must involve an inventive step; it must escape the trait of obviousness; it must be one produced or designed by a skilled worker with original functions and that it must have been created with distinctive artwork. Most of these elements apply to patents and utility models and not to trade marks. The Judge thus erred in stating that a proprietor must establish the above elements in respect of trade marks. This case illustrates the gap that exists between the statutory provisions and the law in action which can affect harmonisation of laws. It shows the need for a uniform interpretation of the statutory provisions.<sup>181</sup>

#### **4.3.4 The relationship between the definition of a trade mark and the registrability requirements**

Having analysed both the definition of a trade mark in the three systems and requirements for registrability, the thesis seeks to assess the relationship between provisions defining a trade

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<sup>179</sup> Section 13 (3) of Kenya’s Trade Marks Act.

<sup>180</sup> Civil case No. 377 of 2007, [2007] eKLR.

<sup>181</sup> See chapter 5 part 5.6.4 for a discussion on the need for an apex court.

mark and those stating the requirements. Hertzog explains that there is a close relationship between these provisions.<sup>182</sup>

Zimbabwe's Trade Marks Act provides that a trade mark must **indicating a connection in the course of trade and it must distinguish the goods or services** in relation to which the mark is used or proposed to be used, from the same kind of goods or services connected in the course of trade with any other person.<sup>183</sup> The requirements for registration under Zimbabwe Trade Marks Act are contained in section 12 which provides that distinctiveness is a requisite for registration.<sup>184</sup> A mark is distinctive if it can distinguish goods or services **with which the proprietor of the trade mark is or may be connected in the course of trade from goods or services.**<sup>185</sup> Both provisions require the trade mark to indicate who 'the proprietor of the trade mark is or may be connected in the course of trade.' The only difference is that, in terms of section 2(1) the proposed or intended mark must indicate the connection, whereas in section 12 there is no suggestion that a connection must necessarily be indicated.

South Africa's Trade Marks Act provides that a trade mark should **distinguish the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person.**<sup>186</sup>

The requirements for registrability are incorporated in section 9. It provides that a trade mark shall be capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person. It further explains that a mark shall be considered to be capable of distinguishing if at the date of application for registration, it is inherently capable of so distinguishing or it is capable of distinguishing by reason of prior use.<sup>187</sup>

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<sup>182</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 85.

<sup>183</sup> Section 2 (1) the Zimbabwe Trade Marks Act [Chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214670](http://www.wipo.int/wipolex/en/text.jsp?file_id=214670) (accessed 8 December 2012): my emphases.

<sup>184</sup> Section 3 of the 1994 Trade Marks Act (United Kingdom) also makes distinctiveness of a mark a prerequisite for registration, whether inherent or acquired. See Colston & Galloway *Modern Intellectual property law* (2010) 604.

<sup>185</sup> Section 12 (2) of the Zimbabwe Trade Marks Act [chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214670](http://www.wipo.int/wipolex/en/text.jsp?file_id=214670) (accessed 8 December 2012): my emphases.

<sup>186</sup> Section 2 (definitions) South Africa Trade Marks Act No. 194 of 1993 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks%20files/Act.pdf) (accessed 24 October 2012): my emphasis. See chapter 4 part 4. 2. 2.

<sup>187</sup> Section 9 South Africa Trade Marks Act No. 194 of 1993 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks%20files/Act.pdf) (accessed 24 October 2012): my emphasis. See chapter 4 part 4.3.2.

Kenya's Trade Marks Act provides that a trade mark should indicate **a connection in the course of trade** between the goods and some person having the right either as proprietor or as licensee to use the mark **or distinguish** goods in relation to which it is used or proposed to be used.<sup>188</sup> It must also indicate **that a particular person is connected**, in the course of business, with the provisions of certain services or **distinguish those services from any other person**.<sup>189</sup>

Section 12 (2) requires a mark to be distinctive to qualify for registration under Part A. It must distinguish goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in case of which no such connection subsists. Section 13 provides that a trade mark should satisfy the requirement that it must be 'capable of distinguishing' goods or services in respect of which it is registered or proposed to be registered in Part B.

It can be deduced from the definitions and requirements for registrability, that a trade mark should be 'capable of distinguishing' the goods or services of one person from those of another. As can be seen from the preceding discussion, the definition of a trade mark and the registrability requirement are intertwined and should not be treated in isolation. It cannot be gainsaid that the definition of a mark determines the main requirement for registrability.<sup>190</sup> Therefore, a mark must fall within the definition of a trade mark to be registrable.<sup>191</sup> The requirements for registration lie at the heart of what a trade mark is,<sup>192</sup> as reflected in all the systems.<sup>193</sup>

#### **4.3.5 Distinctiveness in the course of trade**

As has been discussed above, distinctiveness is at the heart of a trade mark. The question is how does one assess the distinctive character of a trade mark? It has been contended that the basic function of a trade mark must be considered, being to distinguish the goods or services of one trader from the same kind of goods or services connected with others in the course of

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<sup>188</sup> Section 2 (1) of Kenya's Trade Marks Act. See chapter 4 part 4.2.3.

<sup>189</sup> Section 2 (1) of Kenya's Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013): my emphases.

<sup>190</sup> See chapter 4 part 4.2.1, 4.2.2 and 4.2.3. See also chapter 4 parts 4.3.1, 4.3.2 and 4.3.3.

<sup>191</sup> Colston & Middleton *Modern Intellectual property law* 514.

<sup>192</sup> Torremans *Intellectual Property Law* (2005) 369, hereafter Torremans *Intellectual Property Law*.

<sup>193</sup> See chapter 4 parts 4.3.1, 4.3.2 and 4.3.3.

trade. In other words a trade mark should be able to identify the origin of goods or services and to distinguish the goods or services of one enterprise from those of another.<sup>194</sup> The origin function and distinguishing function are two sides of the same coin; they are interdependent in that the two cannot be separated.<sup>195</sup> A trade mark tends to fulfil both the functions simultaneously due to the fact that where persons employ trade marks to differentiate their products from those of competitors, the trade mark also facilitates identification of the source of the goods or services.<sup>196</sup> It can be seen that there is close relationship between the ‘distinguishing function’ and the ‘origin function’.<sup>197</sup>

It should nevertheless be noted that not everything that is *prima facie* distinctive constitutes a trade mark. A signature is an example of something that can be graphic and distinctive, but is not a trade mark because no trade is likely to be involved. Torremans asserts that the distinctiveness requirement means that the main purpose of a trade mark owner is to convey a message about the source of, and responsibility for quality of the goods or services on which the mark has been used.<sup>198</sup> It is argued that the fundamental factor is that the mark must be distinctive in the course of trade otherwise there won’t be a trade mark. ‘In the course of trade’ means in the course of business.<sup>199</sup>

The fulfilment of basic requirements for registration of a trade mark does not guarantee that a trade mark will be obtained. There are certain marks that are not registrable in all the systems. The grounds upon which registration can be refused are *inter alia*, where a trade mark is deceptive, against public policy or morality and where it is an emblem or flag of a State.<sup>200</sup>

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<sup>194</sup> It must be noted that traditionally, the basic function of a trade mark is to identify the source of the goods or services, origin function. In terms of modern law, the function has shifted to being able to distinguish goods or services from those of another person: see Bainbridge *Intellectual Property* (2009) 757. See also Colston & Middleton *Modern Intellectual Property Law* 514.

<sup>195</sup> WIPO publication NO 489 *WIPO Intellectual Property Handbook* (2001) para 2.304.

<sup>196</sup> Kliegler ‘Trade mark dilution: The whittling away of the rational basis for trade mark protection’ (1997) 58 *U. Pitt. L. Rev* 790. See also chapter 4 parts 4.3.1, 4.3.2 and 4.3.3.

<sup>197</sup> Shanahan ‘The Trade mark right: Consumer protection or monopoly’ (1982) 72 *Trade mark Rep* 238-239. See also *Arsenal FC plc v Reed* [2003] RPC (9) para 48.

<sup>198</sup> Torremans *Intellectual Property Law* 374.

<sup>199</sup> Colston & Galloway *Modern Intellectual Property Law* (2010) 655 and Torremans *Intellectual Property Law* 374. See also chapter 4 part 4.3.1, 4.3.2 and 4.3.3.

<sup>200</sup> The Zimbabwe Trade Marks Act [Chapter 26:04] prohibits a mark the use of which would be likely to deceive or cause confusion; or the use of which would be contrary to law; or which comprises or contains scandalous matter; or which is prescribed to be prohibited mark; or which, for any other reason, would not be entitled to protection in a court of law cannot be registered as a trade mark: Ss 14 & 15. The South Africa Trade Marks Act does not, *inter alia*, allow registration of a mark which does not constitute a trade mark; a mark which is not capable of distinguishing; or consists exclusively of a sign or an indication which may serve, in trade to designate the kind, quality, quantity intended purpose, value, geographical origin or other characteristics of goods or services: s 10. Kenya Trade Marks does not allow registration of deceptive or

*Registrability vis-à-vis the role played by a trade mark in the market place*

The importance of distinctiveness as a primary requirement for the registrability of a trade mark is seen in the functions of a trade mark which are mainly:- the distinguishing function; origin function, quality or guarantee function; advertising function (communication function) and investment function; which relates to the ability to attract and retain customers. The importance of legal protection of trade marks arises from their specialised role in the marketplace.

As has been discussed above, a trade mark fulfils a distinguishing function<sup>201</sup> by differentiating one trader's goods or services from the same kind of goods or services connected with others in the course of trade.<sup>202</sup> In fact, this is a fundamental function of a trade mark and hence it is a requirement that a trade mark must be 'capable of distinguishing' one person's goods or services from those of another.<sup>203</sup> The market being flooded with similar products and services, a trade mark enables the consumer to distinguish between similar goods such as Pepsi-Cola drink from the original Coca-Cola. By implication, the distinction must be such that the consumer is able to exercise freedom of choice between the possibilities presented to him or her.<sup>204</sup> Consumers mainly depend on the 'distinguishing nature' of a mark to enable them to choose between similar goods or services.<sup>205</sup> Similarly, in the European Union (EU), a trade mark is recognised as enabling the consumer to distinguish one product from those which have another origin.<sup>206</sup>

It can be construed that the fundamental function of a trade mark which is to distinguish goods or services from those of others in the course of trade is not only a requirement for registrability but that it is also included in the definition of a trade mark.

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marks that would be contrary to law or morality, or that have any scandalous design: s 13 (3). An analysis of what is unregistrable in each system indicates more similarities; South Africa has an extended list of what is not registrable.

<sup>201</sup> Rutherford 'Trade-mark Protection and Freedom of Expression' (2006) 18 *S. Afr. Mercantile L.J.* 364.

<sup>202</sup> Hart *et al Intellectual Property Law* 82.

<sup>203</sup> Maguire 'Intellectual Property 2' para 2.2 available at <http://butterworths.uwc.ac.za/nxt/gateway.dll/6b/zd/gkca/kkca> (accessed 14 September 2011).

<sup>204</sup> Freedom to choose promotes free competition in the market place in the sense that manufacturers are bound to ensure that their products or services are of quality and are fairly priced.

<sup>205</sup> Kufa 'Metatags as trade marks: Much ado about something...' (September 2010) *SA Attorneys' Journal* 19.

<sup>206</sup> McLean 'Protecting unconventional trade marks in the European Union and United States' in Bird & Jain (eds) *The global challenge of intellectual property rights* (2009) 178.

### 4.3.5 Comparative synthesis

This part of the chapter ascertains the similarities and differences in the provisions dealing with registrability between the legal systems under study. The relevant provisions dealing with the requirements for registrability in each system are: Zimbabwe sections 12 and 13; South Africa sections 9 and 10 and for Kenya sections 12 and section 13.<sup>207</sup>

The substantive requirements of Zimbabwe,<sup>208</sup> South Africa<sup>209</sup> and Kenya<sup>210</sup> explicitly require the mark to be distinctive or capable of distinguishing good or services of the applicant in respect of whom it is proposed to be registered from the goods or services of other persons.<sup>211</sup> All the systems provide that the ability to distinguish in a trade mark may be inherent or it can be acquired through use.<sup>212</sup> It is argued that the express provisions dealing with procedural and substantive requirements in all the systems are commendable as they are clear and detailed. Clarity is important as it creates certainty and predictability for investors and thus crucial for trade. It is my submission that the common denominator for registrability under the three systems is that a mark should be distinctive.

The similarities in the provisions dealing with registrability are important as they facilitate harmonisation of the laws. Harmonisation becomes easier where the provisions converge particularly on the core aspects of registrability.

The subsequent discussion examines provisions dealing with infringement.

## 4.4 Infringement

For the purposes of this study, concepts applied in the three systems are dealt with. The limitation is based on the fact the infringement provisions are so lengthy that they cannot be exhausted for the purposes of this thesis.

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<sup>207</sup> Zimbabwe and Kenya have the same sections dealing with registrability.

<sup>208</sup> See chapter 4 part 4.3.1. See s 12 and 13 of Zimbabwe's Trade Marks Act.

<sup>209</sup> See chapter 4 part 4.3.2 and s 9 and s 19 of South Africa's Trade Marks Act.

<sup>210</sup> See chapter 4 part 4.3.2. See also s12 and s13 of Kenya's Trade Marks Act.

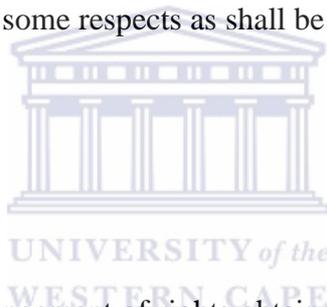
<sup>211</sup> See ss 12 and 13 of Zimbabwe's Trade Marks Act and s 9 of South Africa's Trade Marks Act. See also chapter 4 part 4.3.1 and 4.3.2.

<sup>212</sup> See ss 12 (2) and (3) of Zimbabwe's Trade Marks Act as well as s 9 (2) of South Africa's Trade Marks Act; Kenya s 13 (2).

It is contended that provisions on infringement should be read in conjunction with provisions defining a trade mark and its functions.<sup>213</sup> The rationale is that infringement occurs whenever someone attempts to ‘sabotage’ any of the trade marks functions. For example, when a person owns a trade mark and another person uses a similar trade mark on similar goods, the origin function is affected as the trade mark can no longer fulfil its function which is to point to a specific source. The conduct of the second person, therefore, constitutes infringement. The distinguishing function can also be affected by dilution.<sup>214</sup>

It can also be argued that in defining what will amount to an infringement, the law indirectly defines the scope of the rights of trade mark proprietors.<sup>215</sup> The argument is consistent with registration conferring an exclusive property right to the trade mark proprietor, which entitles the proprietor to remedies for infringing use.<sup>216</sup>

The provisions dealing with the definition of a trade mark and infringement are closely related to each other, but differ in some respects as shall be shown in the following discussion below.



#### **4.4.1 Zimbabwean law**

Part III of the Act deals with infringement of rights obtained by registration in Part A or Part B. Part A is for registration of distinctive marks that are registrable in terms of section 12.<sup>217</sup> Part B is for registration of marks that are capable of distinguishing goods and services, as provided in section 13.<sup>218</sup>

As stated earlier,<sup>219</sup> Part B affords limited protection to marks which are capable of distinguishing the goods but are not distinctive. Part A requires the mark to be distinctive to qualify for full protection. The implication is that the interim protection (afforded to marks in Part B) continues until they acquire sufficient distinctiveness through use to qualify for

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<sup>213</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 329.

<sup>214</sup> See chapter 4 part 4. 4.2 where dilution is discussed.

<sup>215</sup> Torremans *Intellectual Property Law* 398.

<sup>216</sup> Colston & Galloway *Modern Intellectual Property Law* 581. Registration also discussed in chapter 4 part 4. 3.

<sup>217</sup> Section 12 provides for distinctiveness as a requisite for registration. See chapter 4 part 4. 3.1.

<sup>218</sup> Section 13 makes provision for the capability of distinguishing requisite for registration. See detailed discussion on the definition of a trade mark which requires a mark to have the ‘ability to distinguish’ in chapter 4 part 4. 2.1.

<sup>219</sup> See chapter 4 part 4.3.1.

registration in Part A. South Africa had the same provisions in the old legislation.<sup>220</sup> Its abandonment of the differentiation of marks registrable in Part A from those in Part B appears to indicate that the differentiation was not necessary. It restricts the protection granted to marks which are ‘capable of distinguishing’ but not yet distinctive. It is worth noting that a mark which is only capable of distinguishing by reason or prior use will only qualify for registration once evidence of such prior use is filed at the Trade mark Office.

Section 6 provides that:

‘No person shall be entitled to institute any proceedings to prevent, or to recover damages for, the infringement of an unregistered trade mark: Provided that nothing in this Act shall affect the right of any person, at common law, to bring an action against any other person for passing off goods or services as the goods or services of another person.’

By implication, no one can institute a claim for the infringement of an unregistered trade mark.

There are two ways in which the rights acquired by registration of a trade mark can be infringed under Zimbabwe’s Trade Marks Act. First, the rights may be infringed by:

‘Unauthorised use of a trade mark in relation to goods or services in respect of which the trade mark is registered, of a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion.’<sup>221</sup>

There are a number of elements that must be present for an infringement action based on section 8 (1) (a) above. Use of the trade mark must be ‘unauthorised’. The word ‘unauthorised’ means not having official permission or approval.<sup>222</sup> McNally JA correctly stated that ‘use as a trade mark’ means ‘use as a trade mark as defined’ by the Act.<sup>223</sup> He further stated that a mark must be used in relation to goods or services for the purpose of indicating a trade connection between the goods and the person having the right to use the mark. It must indicate the source of the goods. Unauthorised use of a trade mark is prohibited since it affects this essential function of a trade mark which is to guarantee to consumers the origin of the goods.<sup>224</sup>

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<sup>220</sup> The 1919 Act. See Webster & Page *South African Law of Trade Marks* para 1.2.

<sup>221</sup> Section 8 (1) (a) of the Zimbabwe Trade Marks Act [Chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214669](http://www.wipo.int/wipolex/en/text.jsp?file_id=214669) (accessed 8 December 2012).

<sup>222</sup> Oxford Dictionary 1291.

<sup>223</sup> *Kellog Co v Cairns Foods Ltd* 1997 (2) ZLR 230 at 235 G-H.

<sup>224</sup> Mende & Isaac ‘When copyright and trade mark rights overlap’ in Wilkorf & Besheer *Overlapping Intellectual Property Rights* (2012) para 7.2.3.

The trade mark should also have been used ‘in relation to goods or services in respect of which the mark is registered.’ In *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd*,<sup>225</sup> both the trade mark and infringing mark were being used on ‘dog food’. Use of the trade mark was also not authorised as evidenced by the interdict which Cairns Foods (Pvt) Ltd had to obtain from the High Court in order to prevent further use of the trade mark by the appellant.<sup>226</sup>

In addition to the above, it is a requirement that the infringing mark should be ‘identical or nearly resembling’ the registered mark. The word ‘identical’ means exactly alike.<sup>227</sup> Resemblance refers to a way in which two or more things resemble each other and the word resembles means to ‘have a similar appearance to or features in common with’.<sup>228</sup> It can be construed that a mark that is ‘identical’ is a mark which is exactly the same as the registered mark while a mark which ‘so nearly resemble’ have similar features with the registered mark.

The Supreme Court of Appeal in *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd*<sup>229</sup> confirmed the High Court’s order to interdict and restrain the respondent from using the word ‘Kibbles’ or any other words which ‘so nearly resembles the applicant’s trade mark 566/95 Kibblesas to be likely to deceive or cause confusion on or in relation to any of the goods for which the mark is registered.’<sup>230</sup> It was held that the respondent had proved the elements of infringement of a trade mark based on the evidence which he had led to show how customers who were looking for the respondent’s product ended up buying the appellant’s product.<sup>231</sup> The infringing mark ‘so nearly resembled’ the registered mark ‘Kibbles’ in this case.

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<sup>225</sup> [2003] ZWSC 67.

<sup>226</sup> *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd* [2003] ZWSC 67 at 1-2.

<sup>227</sup> Oxford Dictionary 579.

<sup>228</sup> Oxford Dictionary (2010) 1004.

<sup>229</sup> [2003] ZWSC 67.

<sup>230</sup> The facts of the case are that Cairns Foods (Pvt) Ltd, the respondent, and Zimbabwe Gelantine (Pvt) Ltd, the appellant were both manufacturers of dog food. The respondent manufactured Wright Kibbles Instant Mix, while the appellant manufactured Hwau-Hwau Carnivora Kibbles Dog Food. Both parties’ were packing their products in plastic bags of different sizes and sold to the public through shops and supermarkets throughout the country. Cairns Foods (Pvt) Ltd applied for an order interdicting the Zimbabwe Gelantine (Pvt) Ltd from using the trade mark Kibbles or any other mark likely to result in their goods or services being taken to be those of the appellant without clearly distinguishing such goods and/or business from those of the respondent. The High Court granted the order and Supreme Court of Appeal dismissed the appeal.

<sup>231</sup> *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd* [2003] ZWSC 67 at 5.

Similarly, in *Unilever P.L.C. and Another v Vimco (Pvt) Ltd and Another*,<sup>232</sup> the trade mark 'VIMCO' used by first respondent on scouring powder, was found to, so nearly resemble the second applicant's registered trade mark 'VIM', as to be likely to deceive or cause confusion. The court accordingly found based on the evidence before it that an infringement of the second applicant's registered trade mark had been established.<sup>233</sup>

Again, in *Kellogg Co v Cairns Foods Ltd*<sup>234</sup> the Supreme Court concluded that use of the words 'Fruit hoops' on a breakfast cereal by Cairns constituted infringement of Kellogg's registered trade mark 'Footloose'. The former so 'nearly resembles' the latter as to be likely to deceive or cause confusion. There was an inescapable similarity both visually and phonetically.<sup>235</sup> The Court also held that Cairns did not have to use the word 'hoops' to describe their product, other words could equally have been used such as 'rounds', 'roundels' or 'wheels'. It was therefore, concluded that Cairns had specifically chosen the visually and phonetically nearest to 'loops' to deceive and cause confusion to consumers.<sup>236</sup>

Lastly, the requirement that the resembling trade mark should be 'likely to deceive or cause confusion' must be satisfied. The test used to determine deception or confusion is that of a normal, average person.<sup>237</sup> In *First Mutual Life Assurance Society of Zimbabwe v Intermarkent Holdings Limited and Others*,<sup>238</sup> the court concluded that the logo used by the respondents was not identical with or so nearly resembling the registered mark of the applicant as likely to deceive or cause confusion as required by section 8 (1) (a) of the

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<sup>232</sup> [2004] ZWHHC 175.

<sup>233</sup> *Unilever P.L.C. and Another v Vimco (Pvt) Ltd and Another* [2004] ZWHHC 175 at 5.

<sup>234</sup> *Kellogg Co v Cairns Foods Ltd* 1997 (2) ZLR 230 at 238C. The facts of the case were that Kellogg manufactured a cereal which was being sold under the name 'Froot Loops'. The cereal was made in the shape of a hoop or ring and had a fruit flavour. The trade mark was registered in Zimbabwe in January 1993 with a specific disclaimer that Kellogg had no exclusive right to the use of the word 'Froot' or its phonetic equivalent 'fruit'. In October 1994, Cairns under the trading name of Willards began selling a breakfast cereal which it called 'Fruit Hoops'. The cereal also had a fruit flavour and was produced in the shape of a ring. Kellogg sought an interdict to prevent Cairns from using the name 'Fruit Hoops' based on two reasons: first that the use by Cairns of the name 'Fruit Hoops' amounted to a passing off of Cairns' product as that of Kellogg. Second, that the name constituted an infringement of Kellogg's registered trade mark. Since the registered trade mark was partly descriptive, and there was a disclaimer to the word 'Fruit' or 'Froot' the court had to determine infringement by comparing the words 'loops' and 'hoops'.

<sup>235</sup> *Kellogg Co v Cairns Foods Ltd* 1997 (2) ZLR 230 at 238 B-C.

<sup>236</sup> The court said that if one looks at the offending words in isolation, they are very similar: *Kellogg Co v Cairns Foods Ltd* 1997 (2) ZLR 230 at 238C.

<sup>237</sup> *First Mutual Life Assurance Society of Zimbabwe v Intermarkent Holdings Limited & Others* [2006] ZWHHC 8 (page 3). See also *Kellogg Co. v Cairns Foods Ltd* 1997 (2) ZLR 230 (SC).

<sup>238</sup> [2006] ZWHHC 8.

Trade Marks Act. There were essential features that set out the two logos apart.<sup>239</sup> The two logos when viewed together were distinctive and easily distinguishable. Consequently, it was found out that the logo of the respondent did not offend the registered rights of the applicant. The applicant was not thus entitled to prevent the respondents from using their logo.<sup>240</sup>

In *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd*<sup>241</sup>; it was clear that customers were confusing the appellant's products with that of the respondent's as a customer who had bought the dog food with the infringing mark had lodged a complaint to the respondent about what she had purchased. The complaint lodged showed that the customer was confused when she bought the dog food.<sup>242</sup> The Supreme Court held that the argument that the respondent's product was more expensive did not mean that the cheaper kibbles were from a different manufacturer. The effect remains the same if some customers are confused by the origin of the goods and turn to buy those that are cheap; the registered trade mark is infringed.<sup>243</sup>

Therefore, the test as to whether there has been an infringement depends essentially on whether there is a sufficient similarity which is likely to lead to confusion.<sup>244</sup> The word 'similar should have its ordinary meaning that is a 'marked resemblance or likenesses'.<sup>245</sup> Mende and Isaac correctly argue that the factors which courts should generally take into account must include not only the similarity of the marks but also the similarity of the goods or services, and the likelihood that the plaintiff will expand into the defendant's product and service area.<sup>246</sup> It is submitted that courts ought to be cautious and should take into account the factors which Mende and Isaac suggest when determining whether consumers are likely to be confused as to the origin of the goods.

Second, the rights may be infringed by:

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<sup>239</sup> The respondents' logo, unlike a triangle, was solid like a 'star or trapezoid'. The dominant features of the applicant's mark comprised of a middle red triangle bounded in white lines. The marks were held not to be 'similar'.

<sup>240</sup> *First Mutual Life Assurance Society of Zimbabwe v Intermarkent Holdings Limited & Others* [2006] ZWHHC 8 (p 4-5).

<sup>241</sup> *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd* [2003] ZWSC 67.

<sup>242</sup> *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd* [2003] ZWSC 67 at 5.

<sup>243</sup> *Gelantine (Pvt) Ltd v Cairns Foods (Pvt) Ltd* [2003] ZWSC 67 at 6.

<sup>244</sup> *First Mutual Life Assurance Society of Zimbabwe v Intermarkent Holdings Limited and Others* [2006] ZWHHC 8. See also *Mobil Oil Zimbabwe (Pvt) Ltd v Travel Forum (Pvt) Ltd* 1990 (1) ZLR 67 at 67.

<sup>245</sup> *National Brands Ltd v Blue Line Manufacturing (Pty) Ltd* 2001 (3) SA 563 (SCA).

<sup>246</sup> Mende & Isaac 'When copyright and trade mark rights overlap' para 7.2.4.

‘Unauthorised use in the course of trade, otherwise than as a trade mark, of a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion if such use is

- i) in relation to or in connection with goods or services in respect of which the trade mark is registered;<sup>247</sup> and
- ii) likely to cause injury or prejudice to the proprietor of the trade mark.’<sup>248</sup>

The phrase ‘use other than as a trade mark’ covers all use of a trade mark in relation to the goods or services in respect of which it is registered which does not fall within the purpose stated in the definition of a trade mark.<sup>249</sup> It suggests a different type of use of the mark apart from being used as a trade mark which includes, *inter alia*, use as the name of the goods or services, use for purposes of comparison; use to indicate the user’s place of business or use as a badge of allegiance.<sup>250</sup> The implication is that a trade mark can be infringed by any other use of the mark. It is argued that the inclusion of the phrase is significant as a trade mark can be infringed in other ways other than trade mark use.<sup>251</sup>

The proprietor’s rights are infringed by ‘unauthorised use’ of the trade mark or use on an identical mark or a mark so nearly resembling the registered mark which is likely to deceive or cause confusion among consumers.<sup>252</sup> The proprietor’s rights may also be infringed when such a mark is used in the course of trade<sup>253</sup> in relation to or in connection with goods or services in respect of which the trade mark is registered;<sup>254</sup> and which is likely to cause injury or prejudice to the proprietor of the trade mark.’<sup>255</sup> What this suggests is that if the owner transfers the right or licenses it to someone else, there is no infringement. A third party thus has a right to use the mark if he is authorised to do so by the trade mark proprietor.

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<sup>247</sup> There is an indication that there must be a relationship between the mark and the goods or services on which it is used. ‘Use in relation to goods or services’ implies that use should be identified with the goods or services on which the mark is registered: Webster & Page *South African Law of Trade Marks* para 4.3.

<sup>248</sup> Section 8 (1) (b) of the Zimbabwe Trade Marks Act [Chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214669](http://www.wipo.int/wipolex/en/text.jsp?file_id=214669) (accessed 8 December 2012).

<sup>249</sup> South Africa’s Trade Marks Act of 1963 contained a similar provision since the different infringement provisions applied to different types of use. The 1993 Act however, requires use of a trade mark for there to be an infringement: Webster & Page *South African Law of Trade Marks* para 4.4.

<sup>250</sup> Webster & Page *South African Law of Trade Marks* para 4.4.

<sup>251</sup> See South Africa’s *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC).

<sup>252</sup> As mentioned earlier ‘unauthorised use’ means there was no official approval for use of the mark. Such use is therefore, prohibited as it amounts to infringement. See Oxford Dictionary 1291.

<sup>253</sup> As indicated earlier, the phrase ‘use in the course of trade’ means in the context of business or economic activity: Webster & Page *South African Law of Trade Marks* para 4.5 and 12.10. See also chapter 4 parts 4.2.1 and 4.2.2.

<sup>254</sup> There is an indication that there must be a relationship between the mark and the goods or services on which it is used. ‘Use in relation to goods or services’ implies that use should be identified with the goods or services on which the mark is registered: Webster & Page *South African Law of Trade Marks* par 4.3.

<sup>255</sup> Section 8 (1) (b) (ii) of the Zimbabwe Trade Marks Act [Chapter 26:04] available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=214669](http://www.wipo.int/wipolex/en/text.jsp?file_id=214669) (accessed 8 December 2012).

I now discuss South Africa.

#### 4.4.2 South African law

Section 34 makes provision for infringement of registered trade mark by establishing the basic criteria for an infringement action.<sup>256</sup> Section 33 of the Act provides that registration is a condition precedent to an action for infringement.<sup>257</sup> The plaintiff must thus prove that trade mark is registered before relying on the infringement provisions.

Section 34 provides that the rights acquired by registration of a trade mark may be infringed in three ways which are discussed below:

*An unauthorised use in the course of trade of an 'identical or a mark so nearly resembling' the registered mark as to be likely to deceive or cause confusion.*

The first type of infringement occurs when the following elements are present: unauthorised use; in the course of trade; in relation to goods or services of which the trade mark is registered; of an identical mark, or of a mark so nearly resembling it as to be likely to deceive or cause confusion.

The word 'identical', as mentioned earlier, means exactly the same or alike.<sup>258</sup> To determine the likelihood of deception or confusion, the infringing mark must be compared with the registered trade mark as recorded in the Register.<sup>259</sup> The goods on which the mark is used

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<sup>256</sup> Section 34 provides that:

'The rights acquired by registration of a trade mark shall be infringed by-

- a) the **unauthorised use in the course of trade** in relation to goods or services in respect of which the trade mark is registered, of **an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;**
- b) the **unauthorised use of a mark which is identical or similar to the trade mark registered**, in the course of trade in relation to goods or services **which are so similar to the goods or services in respect of which the trade mark is registered**, that **in such use there exists the likelihood of deception or confusion;**
- c) The **unauthorised use in the course of trade** in relation to any goods or services of a mark which is identical or similar to a trade mark registered, **if such trade mark is well known in the Republic** and the use of the said mark would be likely to **take unfair advantage** of, or be **detrimental to, the distinctiveness character** or the repute of the registered trade mark, notwithstanding the absence of confusion or deception...': my emphases.

<sup>257</sup> It reads as follows: 'No person shall be entitled to institute any proceedings unnder section 34 in relation to a trade mark not registered under this Act: Provided that nothing in this Act shall affect the rights of any person, at common law, to bring any action against any other person.'

<sup>258</sup> See chapter 4 part 4.4.1. See also Oxford Dictionary 579.

<sup>259</sup> *Adidas AG & another V Pepkor Retail Limited* (187/12) [2013] ZASCA 3 para 16. The plaintiff should show the probability that a 'substantial number' of persons will be deceived or confused as to the origin of the goods or the existence or non-existence of such a connection. The comparison must be made with reference to the sense, sound and appearance of the mark. The marks must also be viewed as they would be encountered in the marketplace and against the background of relevant circumstances. Furthermore, the

should also be 'similar'.<sup>260</sup> The words 'use as a trade mark' refers to use for the purpose set forth in the definition of a 'trade mark' in section 2 (1) of the Act.<sup>261</sup> Webster and Page submit that such use would be for the purpose of distinguishing the goods or services of one person from the same kind of goods or services connected in the course of trade with any another person.<sup>262</sup> Infringement thus requires 'use of the mark' as a trade mark.<sup>263</sup>

In addition to the above, the mark should be covered by the definition of a 'mark' in terms of the Act. In *Adidas AG & another v Pepkor Retail Limited*,<sup>264</sup> the court held that the two and four stripes that the respondent was using on soccer boots qualified as ornamentation and was therefore, covered by the definition of a 'mark'. The court also stated that the mark should have been 'used in relation to goods for the purpose of distinguishing these goods from the same kind of goods connected in the course of trade from another person.' What this suggests is that the 'mark' should have been used as a 'trade mark' as defined by the Act.

The court stated in *Verimark (Pty) Ltd v BMW AG*,<sup>265</sup> that,

'...for infringement it must be established that consumers are likely to interpret the mark, as it is used by the third party, as designating the undertaking from which the third's party's goods originate. If use of the mark creates an impression of a material link between the product and owner of the mark there is infringement.'<sup>266</sup>

If the mark is being used in relation to the goods or services in respect of which the trade mark is registered, infringement occurs.<sup>267</sup> Such use creates deception or causes confusion regarding the origin of the goods. It also affects the trade marks' ability to distinguish the goods from those of another. Therefore, the trade mark will not be able to fulfil its distinguishing function and the origin function. The likelihood of deception or confusion is increased by the distinctiveness or reputation of the registered trade mark.<sup>268</sup>

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marks must not only be considered side by side, but also separately: *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA (623) 640G-641E.

<sup>260</sup> In *Adidas AG & another V Pepkor Retail Limited* (187/12) [2013] ZASCA 3, the marks in question were being used on sporting footwear. See also *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 22.

<sup>261</sup> Webster & Page *South African Law of Trade Marks* para 4.4.

<sup>262</sup> Webster & Page *South African Law of Trade Marks* para 4.4.

<sup>263</sup> Webster & Page *South African Law of Trade Marks* para 4.4.

<sup>264</sup> (187/12) [2013] ZASCA 3 para 14.

<sup>265</sup> 2007 (6) SA 263 (SCA).

<sup>266</sup> *Verimark (Pty) Ltd v BMW AG* 2007 (6) SA 263 (SCA) para 5.

<sup>267</sup> Job 'The infringement of Trade-Mark Rights' in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 24.

<sup>268</sup> *Adidas AG & another V Pepkor Retail Limited* (187/12) [2013] ZASCA 3 para 26.

In *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd*,<sup>269</sup> the marks Romantic Dreams and Kwality Romantic Dreams were both being used on biscuits. The Supreme Court of Appeal had to decide whether the respondent's use of the above marks constituted an infringement of the appellant's trade mark, Romany Creams. The Court confined the dispute to the question whether the respondent's marks so 'nearly resemble' the registered trade mark as to likely to deceive or cause confusion.<sup>270</sup> It was held that such a determination requires a visual comparison of the marks since the marks were likely to be seen in the form in which the words were ordinarily written.<sup>271</sup> The Court stated that the question that needs to be determined is whether the respondent's marks so nearly resemble the registered trade mark that a consumer<sup>272</sup> would be deceived into believing that the respondent's goods originate from or are connected to the proprietor of the trade mark. Confusion as to the origin on the goods would also be an indication that the marks resemble each other.

The Court held that the marks were not likely to deceive or confuse as the two phrases 'Romany Creams' and 'Kwality Romantic Dreams' sounded quite differently. The court found that there was also no resemblance.<sup>273</sup> It is argued that the resemblance should be close.<sup>274</sup> It was further held that there was no likelihood of deception or confusion as contemplated by section 34 (1) (a).<sup>275</sup>

The Court in *Adidas AG & another v Pepkor Retail Limited*,<sup>276</sup> however, found that the likelihood of at least 'momentary deception or confusion' where the purchaser must select the goods from those on display was shown in the case of Adidas. Accordingly, there was an

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<sup>269</sup> (228/99) [2001] ZASCA 17. The brief facts of the case are that the appellant had manufactured a distinctive chocolate biscuit which it sold under its registered trade mark 'Romany Creams'. During 1996 the respondent commenced manufacturing chocolate biscuits bearing a resemblance to those of the appellant and was selling them under the mark 'Romantic Dreams'. The appellant alleged that the rights in its trade mark were being infringed. The respondent offered to alter its mark to 'Kwality Romantic Dreams' but the respondent still sought to apply for an interdict.

<sup>270</sup> *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* (228/99) [2001] ZASCA 17 para 4.

<sup>271</sup> *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* (228/99) [2001] ZASCA 17 para 9.

<sup>272</sup> The consumer must be conceived of as having average intelligence, proper eyesight and buying with ordinary caution: *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* (228/99) [2001] ZASCA 17 para 8.

<sup>273</sup> *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* (228/99) [2001] ZASCA 17 para 9.

<sup>274</sup> Melunsky AJA in the *Bata* case stated that the marks did not resemble each other closely and the average consumers would not be confused or deceived. The appellant's contentions based on s 34(1) (a) therefore failed: *Bata Ltd v Face Fashions CC and Another* 2001 (1) SA 844 (SCA) para 12.

<sup>275</sup> The Court did not find Romantic Dreams as an easily recognisable likeness of Romany Creams that would fall within the ambit of s 34 (1) (c) for the same reasons.

<sup>276</sup> (187/12) [2013] ZASCA 3 para 14.

infringement of the first appellant's trade mark rights in terms of section 34 (1) (a) of the Act.<sup>277</sup>

*An unauthorised use of a trade mark that is 'identical or similar' to the registered trade mark.*

Infringement also occurs when there is an unauthorised use of a trade mark that is 'identical or similar' to the registered trade mark. The word 'similar' bears its ordinary meaning which is 'a marked resemblance or likeness.'<sup>278</sup> It is noteworthy that marks which are 'similar' have the same appearance or character without being 'identical'.<sup>279</sup> Webster and Page correctly argue that the word 'similar' in section 34 (1) (b) is synonymous with the words 'so nearly resembling' in section 34 (1) (a) and that the degree of similarity required between the marks must be such that it is likely to give rise to deception or confusion.<sup>280</sup> They also argue that the test for comparing the trade marks under section 34 (1) (b) is similar to that under section 34 (1) (a).<sup>281</sup>

It is also a requirement that a 'similar' mark should be used on 'similar' goods or services that the likelihood of deception or confusion exists in the use of the allegedly infringing mark.<sup>282</sup> In other words, the degree of similarity required between the marks should be such that it would give rise to deception or cause confusion.<sup>283</sup> The principles that apply to section 34 (1) (a) which are discussed above, equally apply to the enquiry that should be done under section 34 (1) (b).<sup>284</sup>

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<sup>277</sup> *Adidas AG & another V Pepkor Retail Limited* (187/12) [2013] ZASCA 3 para 27.

<sup>278</sup> *Bata Ltd v Face Fashions CC and Another* 2001 (1) SA 844 (SCA) para 14. Marked means 'having a visible mark, distinguish by a particular feature or clearly noticeable': Dictionary unit for South African English *Oxford South African Concise Dictionary* (2010) 718.

<sup>279</sup> *Oxford Dictionary* 1104.

<sup>280</sup> Webster & Page *South African Law of Trade Marks* par 12.22.

<sup>281</sup> Webster & Page *South African Law of Trade Marks* para 12.22.

<sup>282</sup> Section 34 (1) (b) is no longer limited to the precise goods or services covered by the trade mark registration, which has historically been the case. This development is in line with common law and the international move to broaden infringement protection to include 'similar' goods or services; it is consistent with the European Directive, United Kingdom Act and TRIPS: Job 'The infringement of Trade-Mark Rights' in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 24, hereafter Job 'The infringement of Trade-Mark Rights'.

<sup>283</sup> See detailed discussion on deception above.

<sup>284</sup> See detailed discussion regarding the comparison of the marks deception above.

This begs the question: what types of goods are considered to be ‘similar’?<sup>285</sup> In *New Media Publishing (Pty) Ltd v Eating Out Web Services CC*,<sup>286</sup> the Cape High Court had to determine whether the use of the trade mark EATING OUT, in relation to an electronic restaurant guide, infringed the applicant’s registered trade mark EAT OUT GUIDE, in respect of, among others, magazines in International Class 16. The applicant relied on section 34 (1) (b) to allege that the respondent was using a mark deceptively or confusingly similar to its own and for services which were deceptively similar to the goods to which its mark was registered. It was held that the less the similarity between the respective goods or services of the parties, the greater the required degree of resemblance between the respective marks.<sup>287</sup> After taking into account the degree of resemblance between the marks and between the goods and services, the Court concluded that the combined effect produced a likelihood of deception or confusion. Infringement in terms of section 34(1) (b) was present.<sup>288</sup>

The decision shows that an enquiry into the matter incorporates:

‘...two separate but closely related questions: first, are the two marks identical or sufficiently similar to one another; and secondly, is the respondent’s mark being used unauthorisedly in the course of trade in relation to services which are so similar to the applicant’s goods in respect of which its mark is registered that in such use there exists the likelihood of deception or confusion?’<sup>289</sup>

Therefore, there is interdependence between the similarity of the mark and the similarity of the goods or services.<sup>290</sup> It follows that if the two marks are sufficiently dissimilar to each other, no amount of similarity between the respective goods or services of the parties will suffice for an infringement claim.<sup>291</sup>

Kelbrick contends that courts should strive for consistency when interpreting the concept of ‘similar goods’ and suggests a threshold test that should be used to do determine similarity. It includes looking at: the nature of the goods; the users of the goods; the trade channels

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<sup>285</sup> It is argued that ‘similar goods’ should include ‘goods of the same description’. Wine and spirits as well as jelly and ice cream are examples of goods that are considered to be of the ‘same description’: Job ‘The infringement of Trade-Mark Rights’ 25.

<sup>286</sup> 2005 (5) SA 388 (C).

<sup>287</sup> *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C) at 394D.

<sup>288</sup> *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C) at 400A.

<sup>289</sup> *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C) at 394C.

<sup>290</sup> Kelbrick ‘The Concept “Similar Goods” in Trade-mark law’ (2009) 21 *SA Merc LJ* 538. See also Republic of South Africa ‘Similarity of Goods /Services’ (2006) 96 *Trade mark Rep* 503.

<sup>291</sup> *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C) at 394F.

through which they reach the market and whether the goods are in competition with each other or are complementary.<sup>292</sup>

*Use of an identical or similar mark that is likely to take unfair advantage, or be detrimental to the distinctive character or the repute of the registered trade mark.*

Lastly, a trade mark is infringed when the identical or similar mark that is being used without authorisation is likely to take unfair advantage, or be detrimental to the distinctive character or the repute of the registered trade mark.<sup>293</sup> Webster and Page contend that section 34 (1) (c) introduces protection against dilution of a trade mark.<sup>294</sup> Dilution can be in the form of blurring<sup>295</sup> or tarnishment of a registered trade mark.<sup>296</sup> Blurring weakens the trade marks' ability to distinguish the proprietor's goods or services.<sup>297</sup> It may also result ultimately in the trade mark losing its distinguishing function. The trade mark thereafter becomes a description of the product such as ELEVATOR or ASPIRIN.<sup>298</sup> Webster and Page aver that dilution by tarnishment occurs where the offending use tarnishes the trade mark, particularly where it is parodied or used in a negative connotation.<sup>299</sup> The object of protection in such instances seems to be the repute or the good selling name of a mark.<sup>300</sup>

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<sup>292</sup> Kelbrick 'The Concept "Similar Goods" in Trade-mark law' (2009) 21 *SA Merc LJ* 538. These are included in both the United Kingdom and European Community jurisprudence for example in the *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch).

<sup>293</sup> The distinctive character of a trade mark appears to be regarded as essential requirement for registrability. See chapter 4 part 4.3.

<sup>294</sup> The writers submit that 'great care must be taken by our courts in interpreting s 34 (1) to ensure that the parameters of this new form of trade mark protection are defined in such a manner that legitimate interests of proprietors of well-known trade marks are protected, while at the same time, not creating an absolute monopoly or a form of copyright in trade mark'. They also note that provisions of s 34 (1) (c) are modelled on the European Directive: Webster & Page *South African Law of Trade Marks* pars 1.3 and 12.24. See also Navsa 'Trade mark dilution- No laughing matter' (2009) *E.I.P.R* 456.

<sup>295</sup> It occurs when a trade mark is used in relation to products of others leading to the gradual disassociation of the trade mark with the proprietor's products. By so doing, the selling power becomes eroded and the uniqueness and distinctive character of the trade mark is diminished. It often occurs when the trade mark is used on non-competing goods or services, if for example there is a Rolls Royce restaurant, Rolls Royce pants and Rolls Royce candy: Webster & Page *South African Law of Trade Marks* par 12.24. See also *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 41 and Rutherford 'Trade mark Protection and Freedom of Expression' (2006) 18 *SA Merc LJ* 360.

<sup>296</sup> Mostert 'Well-known and famous marks: Is Harmony Possible in the Global Village?' 86 *TMR* 103 (1996) 134. See also *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 3 and Navsa 'Trade mark dilution- No laughing matter' (2009) *E.I.P.R* 456.

<sup>297</sup> Ginsburg 'Trade-Mark dilution' in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 37.

<sup>298</sup> Webster & Page *South African Law of Trade Marks* para 12.24.

<sup>299</sup> Webster & Page *South African Law of Trade Marks* para 12.24.

<sup>300</sup> Navsa 'Trade mark dilution- No laughing matter' (2009) *E.I.P.R* 456 and *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 41.

In *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International*,<sup>301</sup> the court dealt with the matter as one of dilution by tarnishment of the CARLING BLACK LABEL marks.<sup>302</sup> In this case a caricature of the ‘Carling Black Label’ mark was used on T-shirts. The general layout and colours of the registered mark were used and the defendant conveyed a message totally discordant with the message conveyed by the Carling Black Label mark to the public.<sup>303</sup> The words ‘Black Label’ were replaced with Black Labour and ‘Carling Beer’ with ‘White guilt’.<sup>304</sup> Dilution was alleged to have occurred due to the unfavourable associations created between a well-known registered trade mark and the mark of the unauthorised user.<sup>305</sup> The purpose of section 34 (1) (c) is to preserve the reputation and unique identity of the trade mark thus protecting its selling power. It also protects trade and commercial interests of trade mark owners by prohibiting use which may be unfair or detrimental to the distinctiveness character or the repute of the registered trade mark.<sup>306</sup> The likelihood of deception or confusion is immaterial. The nature of the goods or services in relation to which the offending mark is used is also immaterial.<sup>307</sup> Therefore, what is material are the unique identity and the reputation of the registered trade mark since these underpin the economic value that lies the trade mark’s selling power.<sup>308</sup>

Webster and Page note that the protection provided in section 34 (1) (c) must be seen to extend beyond the traditional and primary function of a trade mark as the section aims at more than safeguarding a product’s ‘badge of origin’ or its ‘source-denoting function’. Accordingly, it strives to protect the ‘advertising function’<sup>309</sup> and commercial magnetism of a

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<sup>301</sup> 2006 (1) SA 144 (CC).

<sup>302</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 41.

<sup>303</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 9 and Navsa ‘Trade mark dilution-No laughing matter (2009) *E.I.P.R* 457.

<sup>304</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 9.

<sup>305</sup> An association of a trade mark used on perfume with sewer would be constitute tarnishment. Substitution of ‘Carling Beer’ with ‘White Guilt’ would also constitute tarnishment: *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 41.

<sup>306</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 40. See also *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* (228/99) [2001] ZASCA 17 para 11 and *Bata Ltd v Face Fashions CC and Another* 2001 (1) SA 844 (SCA) para 14.

<sup>307</sup> Section 34 (1) (c) of South Africa’s Trade Marks Act. See also *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 568 (SCA).

<sup>308</sup> Since the trade mark sells the goods, its positive image must be saved from being tarnished or diluted: para 40 *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC).

<sup>309</sup> The advertising value or the selling power which the trade mark acquires through advertising efforts is what is protected: Webster & Page *South African Law of Trade Marks* para 12.24. See also *Laugh It Off*

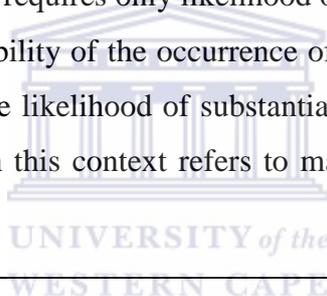
trade mark which has become well known.<sup>310</sup> The provision does not also necessarily protect the distinguishing function but rather focuses on protecting the commercial value that attaches to the reputation of a trade mark as an asset.<sup>311</sup>

The requirements for infringement as set out in section 34 (1) (c) are:

- a) unauthorised use by the defendant of a mark ‘identical or similar’ to the registered trade mark,<sup>312</sup>
- b) in the course of trade in relation to ‘any’ goods or services,<sup>313</sup>
- c) the registered trade mark would be likely to take unfair advantage of, or be detrimental to the distinctive character or repute of the registered trade mark,<sup>314</sup>
- d) The registered **mark should be well known** in the Republic that use of the identical mark should be such that it would likely harm it.<sup>315</sup>

All the above elements must be satisfied for an infringement action to succeed.<sup>316</sup> It is noteworthy that section 34 (1) (c) requires only likelihood of harm and not the actual harm.<sup>317</sup>

It means there should be a probability of the occurrence of material loss. The onus is on the owner of the mark to demonstrate likelihood of substantial harm or detriment which should amount to unfairness.<sup>318</sup> Harm in this context refers to material harm in the commercial or



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*Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 40.

<sup>310</sup> Webster & Page *South African Law of Trade Marks* para 12.24. See also *Verimark (Pty) Ltd v BMW AG* 2007 (6) SA 263 (SCA).

<sup>311</sup> *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 568 (SCA).

<sup>312</sup> In terms of the similarities the Court, in *Bata Limited v Face Fashions CC*, explained that the ‘mark might possibly be regarded as having a slight or superficial resemblance but **the likeness between the two is not sufficiently close or marked** to enable this court to hold that they are similar for the purposes of s 34 (1) (c)’: my emphasis. See *Bata Ltd v Face Fashions CC and Another* 2001 (1) SA 844 (SCA) para 14.

<sup>313</sup> It can be deduced that the infringing mark does not to have been used on similar goods with respect to s 34 (1) (c). It is submitted that infringement may still occur even when the mark has been used on non-competing goods or services as long as it will likely take unfair advantage or be detrimental to the distinctive character of the registered trade mark.

<sup>314</sup> The words ‘detriment to the distinctive character’ refer to dilution by blurring, the words ‘detriment to the repute’ refer to dilution by tarnishment: Rutherford ‘Trade mark Protection and Freedom of Expression’ (2006) 18 *SA Merc LJ* 359.

<sup>315</sup> Rutherford ‘Trade mark Protection and Freedom of Expression’ (2006) 18 *SA Merc LJ* 357, hereafter Rutherford (2006) 18 *SA Merc LJ*: my emphasis.

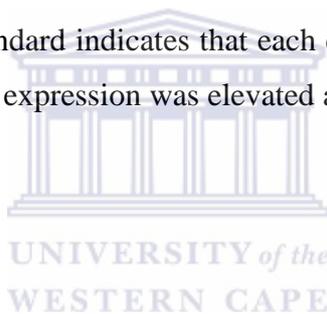
<sup>316</sup> In *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd. and Another; McDonald's Corporation v Dax Prop CC and Another; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd. and Another*, the court stated that McDonald's had satisfied all the requirements set in s 35 (1) (c): at 66.

<sup>317</sup> In contrast, the United Kingdom and the European Union require proof of actual loss: Art 5 (2) of the European Directive and s 10 (3) of the 1994 United Kingdom Act. See also Webster & Page *South African Law of Trade Marks* para 12.24 and Rutherford (2006) 18 *SA Merc LJ* 396.

<sup>318</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 50.

economic sense<sup>319</sup> and evidence must be adduced to prove its likelihood.<sup>320</sup> Harm which is unrelated to the commercial value that vests in the trade mark itself becomes irrelevant. Moseneke J correctly argued that the essence of protection is against detriment to the repute of the trade mark and its selling power.<sup>321</sup>

The Constitutional Court in the case of *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International*<sup>322</sup> held that infringement of a trade mark may occur if ‘unfair advantage’ and ‘unfair detriment’ is shown.<sup>323</sup> It was stated that ‘the detriment should not be flimsy or negligible.’ It must be substantial and should thus likely result in substantial harm to the ‘uniqueness and repute of the marks.’<sup>324</sup> The Court further stated that section 35 (1) (c) does not limit use that takes fair advantage or that does not threaten substantial harm.<sup>325</sup> What this means is that use of a mark that takes fair advantage of the trade mark or that does not threaten substantial harm to the repute of the trade mark, or that indeed may lead to harm but in a fair manner is not prohibited.<sup>326</sup> The adoption of a general fair-use standard indicates that each case should be decided on its own merits.<sup>327</sup> The right to freedom of expression was elevated above trade mark protection by the Constitutional Court.<sup>328</sup>



<sup>319</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) paras 51 & 56.

<sup>320</sup> The SCA stated that particulars should be furnished to prove use of the mark that would likely take unfair advantage or be detriment to the distinctive character or repute of the trade mark: para 15 *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA).

<sup>321</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 56.

<sup>322</sup> 2006 (1) SA 144 (CC). The facts of the case are the applicant had produced and was offering for sale to the public T-shirts, which bore a print that was markedly similar, in lettering, colour scheme and background, to that of the respondent’s CARLING BLACK LABEL trade marks. The only difference was in the wording. The words “Black Label” on the respondent’s registered trade marks were replaced, on the T-shirt, with “Black Labour”; the respondent’s “Carling Beer” was substituted with “White Guilt”; and where written “America’s lusty lively beer” and “enjoyed by men around the world”, the applicant had printed “Africa’s lusty lively exploitation since 1652” and “No regard given worldwide”, respectively. The question before the court was whether the applicant’s conduct constituted an infringement of the applicant’s registered trade marks.

<sup>323</sup> Para 49.

<sup>324</sup> The Constitutional Court required SAB to bear the onus in demonstrating the likelihood of substantial commercial harm or detriment: Navsa ‘Trade mark dilution- No laughing matter’ (2009) *E.I.P.R* 461.

<sup>325</sup> The provision accordingly sets fairness and materiality standards. See *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 49.

<sup>326</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC) para 19.

<sup>327</sup> Rutherford (2006) 18 *SA Merc LJ* 359.

<sup>328</sup> The reason for the elevation of freedom of expression is because it fundamental human right in the Bill of rights (s 16) while intellectual property including trade marks are not entrenched in the Constitution: Navsa (2009) *E.I.P.R* 461.

Rutherford points out that the proscription of taking advantage of the repute of a trade mark is aimed at preventing exploitation or free riding since the infringer may derive a benefit or marketing advantage from use of the well-known trade mark.<sup>329</sup> He suggests that the proprietor should prove that the infringer created an association in the minds of consumers between the well-known trade mark and his infringing mark. S/he should also establish a transfer of repute from the well-known trade mark to the products of the infringer that would facilitate the sale of infringer's goods or services.<sup>330</sup> No infringement occurs if substantial harm to the owner of the trade mark is not shown. It is argued that if the advantage accruing to the infringer is substantial, the harm will likely be also substantial. Accordingly, there was no proof that the respondent has suffered trade and commercial harm in *Laugh It Off*.<sup>331</sup>

The likelihood of confusion or deception is not required for dilution.<sup>332</sup> Sections 34 (1) (c) and 34 (1) (a) prohibits the unauthorised use of a trade mark even in the absence of deception. Rutherford argues that these provisions are in the interests of the trade mark proprietor rather than the consumer.<sup>333</sup> The provision is aimed at preserving the distinctiveness of a well-known trade mark. It is submitted that trade mark law thus seeks to protect the consumers from confusion and deception, and the trade mark itself from imitators.

The phrase 'well known' is not defined in the Act. In *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd. and Another; McDonald's Corporation v Dax Prop CC and Another; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd. and Another*,<sup>334</sup> the court stated that the degree of knowledge that is required for a trade mark to be 'well known in the Republic' would be similar to that in the existing law of passing off,

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<sup>329</sup> Rutherford (2006) 18 SA Merc LJ 361.

<sup>330</sup> Rutherford (2006) 18 SA Merc LJ 362.

<sup>331</sup> The court held that since the interdict proceeding were launched, there was no indication of a reduction in the respondent's market dominance or compromised beer sales. There was also no evidence of the likelihood of future commercial detriment: *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark Internationa* 2006 (1) SA 144 (CC) paras 56 -57.

<sup>332</sup> Rutherford (2006) 18 SA Merc LJ 356. See also Ginsburg 'Trade-Mark dilution' in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 38.

<sup>333</sup> Rutherford (2006) 18 SA Merc LJ 356.

<sup>334</sup> 1997 (1) SA 1 (SCA).

namely that the reputation must extend to a ‘substantial number’<sup>335</sup> of members of the public or persons in the trade in question.<sup>336</sup> The Court held that a mark is well-known if:

‘...at least a substantial portion of persons who would be interested in the goods or services provided by McDonald’s know its name, which is also its principal trade. At least this mark is in my view well-known for the purposes of sec 35 of the new Act.’<sup>337</sup>

Overall, South Africa’s Trade Marks Act recognises three forms of infringement; its scope is broad. A third party infringes the owner’s exclusive right to a trade mark if in the course of business she or he uses an identical or similar sign for goods or services that are themselves similar to those for which a trade mark has been registered where such use is likely to deceive or cause confusion. Dilution by tarnishment also amounts to infringement. The above discussion shows that the South African system recognises both the distinguishing and origin function. Rutherford, however, argues that South Africa seems to elevate the distinguishing function above the origin function.<sup>338</sup>

#### 4.4.3 Kenyan law

Kenya’s Trade Marks Act does not allow an action for infringement of an unregistered trade mark.<sup>339</sup> A trade mark must, therefore, be registered for the proprietor to rely on infringement.<sup>340</sup> The court in *British United Provident Association v Bupa (Kenya) Ltd*<sup>341</sup> reaffirmed this view when it refused a claim for the infringement of an unregistered trade mark.

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<sup>335</sup> A substantial number in the context of passing off means sufficient persons to make the reputation a property of appreciable commercial value: Webster & Page *South African Law of Trade Marks* para 12.32. It must be widely or generally known to a substantial number of persons: Ginsburg ‘Trade-Mark dilution’ in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 38.

<sup>336</sup> In the *McDonald’s* case the court concluded that a mark is well known in the Republic if it is well-known to persons interested in the good or services to which the mark relates. The court also stressed s35 (1) pertinently extends protection to the owner of a foreign mark “whether or not such person carries on business, or has any goodwill, in the Republic”. The intention of the legislature was therefore, to extend protection to owners of foreign well-known marks: at 33 and 65.

<sup>337</sup> *McDonald’s Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd. and Another; McDonald’s Corporation v Dax Prop CC and Another; McDonald’s Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd. and Another* 1997 (1) SA 1 (SCA) at 65.

<sup>338</sup> Rutherford ‘The Trade Marks Act in its international context’ 2.

<sup>339</sup> *British United Provident Association v Bupa (Kenya) Ltd* [2006] eKLR. See also s 5 of Kenya’s Trade Marks Act.

<sup>340</sup> It states that ‘No person shall be entitled to institute any proceedings to prevent, or to recover damages for, the infringement of an unregistered trade mark, but nothing in this Act shall be deemed to affect rights of action against any person for passing off or the remedies in respect thereof’: s 5 (1).

<sup>341</sup> [2006] eKLR.

It is important to note that the Act differentiates infringement of a right given by registration in Part A from that given in Part B.<sup>342</sup>

Section 7 (1), which provides for how a right in Part A may be infringed, reads as follows:

...right is infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of permitted use, **uses a mark identical with or so nearly resembling is as likely to deceive or cause confusion in the course of trade** or in connection with the provision of any services in respect of which it is registered...<sup>343</sup>

The Act requires the 'identical or nearly so resembling' mark to have either been used as a trade mark or as 'importing a reference to some person having the right as proprietor or as registered user to use the trade mark or goods with which such a person is connected in the course of trade.' The latter implies that the mark should have been used to indicate the goods or services as originating from the infringing source thereby deceiving or causing confusion regarding the origin of the goods or services. Use of the mark should have adversely affected the origin function. The Act also requires use of the mark to have caused injury or prejudice to the proprietor or registered user of the trade mark.

The key words include 'right is infringed by any person who, not being the proprietor...or registered user', 'use of a mark identical with or so nearly resembling it as to be likely to deceive or cause confusion' and 'in the course of trade'.<sup>344</sup> What these words suggest is that the person infringing the registered trade mark should not have been authorised to do so. In *Beiersdorf AG v Emirchem Products Limited*<sup>345</sup> the court stated that section 7 (1) 'means and implies that a proprietor of the trade mark has the exclusive use of the mark and any person who wishes to use it has to do so with a license from the proprietor.'<sup>346</sup> Consequently, registration of a mark confers on its proprietor the exclusive right to use the trade mark in connection with the goods or services for which it has been registered.<sup>347</sup> It

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<sup>342</sup> Section 7 deals with Part A while section 8 provides for a right given in Part B. See chapter 4 part 4.4.1 for a discussion regarding the distinction of rights protected under Part A and rights in Part B.

<sup>343</sup> My emphasis.

<sup>344</sup> See chapter 4 part 4.4.2.

<sup>345</sup> Civil Case No. 559 of 2002.

<sup>346</sup> At 892 para 15.

<sup>347</sup> Section 7 of Kenya's Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013). See also Murungi *Cyber Law in Kenya* (2011) 165, hereafter Murungi *Cyber Law in Kenya*.

follows that use of the mark with a license or consent from the proprietor will not amount to infringement.<sup>348</sup>

It is also a requisite that the alleged infringer must have used the identical or so nearly resembling mark in the course of business.<sup>349</sup> In *Beiersdorf AG v Emirchem Products Limited*<sup>350</sup> where the court had to determine whether use of the word ‘NIVELIN’ infringes ‘NIVEA’, the court observed that the similarities and resemblance in the two marks was ‘striking’ since the first two syllables were exactly the same.<sup>351</sup> The court concluded that there was sufficient similarity in the two packages as to probably cause confusion. It was held that the ‘defendant, a new entrant in the market, had the freedom to choose any other name it may have fancied.’ It was probable that the choice of a name which bore such a striking similarity to the plaintiff’s trade mark was not accidental.<sup>352</sup> The court found that use of the mark ‘NIVELIN’ was not only a probably infringement of the plaintiff’s trade marks but that it also raised a real probability of confusion to customers.<sup>353</sup>

Similarly, the label ‘Saint Lucie’ was held to be deceptively similar to the registered trade mark ‘Saint Lucia’ in the case of *Spa v Jamale & Another*.<sup>354</sup> The court pointed out that the plaintiff had established a *prima facie* case of an infringement of the registered trade mark under section 7 of the Act. The court thus granted an injunction and stated that ‘to allow the indiscriminate flouting of registered trade marks would not only negate the purpose of the law on registration of trade marks but would also make non-sense of the commercial world order.’

In contrast to the above decisions, the court in *Unilever Plc v Bidco Oil Refineries*<sup>355</sup> held that there was no satisfactory proof that words ‘Gold Band’ or ‘Bidco Gold Band’ so nearly resemble the registered trade mark of the Plaintiff ‘Blue Band’.<sup>356</sup> There was also no likelihood of deception or confusion in the minds of the public. The court dismissed the plaintiff’s suit.

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<sup>348</sup> Section 7 (3) of Kenya’s Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013).

<sup>349</sup> See chapter 4 part 4.3.2 above for a discussion of the meaning of ‘identical or so nearly resembling it.’

<sup>350</sup> Civil Case No. 559 of 2002.

<sup>351</sup> The other resemblances were by way of colours and type-face in the jars used by the defendant and in the product of the plaintiff: *Beiersdorf AG v Emirchem Products Limited* Civil Case No. 559 of 2002 at 892-893.

<sup>352</sup> *Beiersdorf AG v Emirchem Products Limited* Civil Case No. 559 of 2002 at 894 para 1.

<sup>353</sup> *Beiersdorf AG v Emirchem Products Limited* Civil Case No. 559 of 2002 at 899 paras 25-30.

<sup>354</sup> Civil No 66, of 2000, [2000] KLR 223.

<sup>355</sup> Civil Case No. 1447 of 1999, [2004] 1 KLR 57.

<sup>356</sup> *Unilever Plc V Bidco Oil Refineries* Civil Case No. 1447 of 1999, [2004] 1 KLR at 73 paras 25-30.

Third, the identical mark should have deceived or created confusion in the minds of customers.<sup>357</sup> Murungi notes that the marks need not to be absolutely identical,<sup>358</sup> implying that a resemblance in the mark is sufficient. He further submits that no trader should adopt a trade mark so nearly resembling that of a rival in a way that an ordinary purchaser exercising ordinary caution would be likely to be misled.<sup>359</sup> Any use that causes confusion or deceives the consumer may amount to infringement.

In *Cut Tobacco Kenya v British American Tobacco (K) Ltd*<sup>360</sup> the court stated that the issue of whether the word ‘Horseman’ was deceptively similar to the word ‘Sportsman’ was a matter of evidence.<sup>361</sup> The court cannot rely on visual impression only. It must be based on the evidence placed before the court. The onus is on the plaintiff to prove that there exists a resemblance between his mark and mark used by the defendant.<sup>362</sup>

Section 8 (1) provides that registration in Part B,

‘...if valid, gives to that person the same right, and **the provisions of section 7 shall have effect** in relation to a trade mark registered in Part B of the register as they have effect in relation to a trade mark registered in Part A of the register.’<sup>363</sup>

Therefore, the rules discussed above regarding infringement of a right registered in Part A apply.

Section 8 (2) however, states that no injunction or other relief shall be granted where the defendant establishes to the satisfaction of the court that use of which the plaintiff complains is not likely to deceive or cause confusion. The same applies where use is taken as indicating in the course of trade between the goods or services and some person having the right either as proprietor or as registered user to use the trade mark. It is argued that in reality, it may be difficult for the defendant to prove that use of an identical or a mark so nearly resembling

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<sup>357</sup> See chapter 4 part 4.4.2.

<sup>358</sup> Murungi *Cyber Law in Kenya* 165.

<sup>359</sup> Murungi *Cyber Law in Kenya* (2011) 165.

<sup>360</sup> (Civil Appeal No 126 of 2000) [2001] KLR 36.

<sup>361</sup> *Cut Tobacco Kenya v British American Tobacco (K) Ltd* (Civil Appeal No 126 of 2000) [2001] KLR at 44 paras 25-35.

<sup>362</sup> *Cut Tobacco Kenya v British American Tobacco (K) Ltd* (Civil Appeal No 126 of 2000) [2001] KLR at 41. See also *Unilever Plc V Bidco Oil Refineries* Civil Case No. 1447 of 1999, [2004] 1 KLR where the plaintiff called five witnesses to support the fact that they had been confused by use of ‘Gold Band’ on margarine. The court however, concluded that these witnesses had not satisfied the court that use of the words had confused them and led them to buy the defendant’s product believing it was the plaintiff’s product: at 72 para 35.

<sup>363</sup> My emphasis.

will not likely deceive or cause confusion. If the defendant is able discharge the burden by placing evidence before the court to show that use of the mark does not create confusion or deceive consumers, the court will not grant an injunction.

The court in *Lords Healthcare Ltd v Salama Pharmaceuticals Ltd*,<sup>364</sup> explained that the question was whether the plaintiff has exclusive rights to the use of the name 'Budacort' to the extent that he can claim infringement of that right by defendant selling the same product bearing the same name.<sup>365</sup> The court held that the defendant could not rely on section 8 (2) as the plaintiff's trade mark had been registered under Part A to which this provision does not seem to apply.<sup>366</sup>

In summary, Kenya's Trade Marks Act requires a trade mark to have been registered for an infringement action. Infringement occurs if a third party in the course of business uses an identical or so nearly resembling mark on goods or services that are themselves similar to those for which a trade mark has been registered where such use is likely to cause confusion. The provisions of section 7 have the same effect in relation to a trade mark registered in Part A or Part B. Section 8 (2) however, applies to a trade mark registered in Part B only.<sup>367</sup>

#### 4.4.4 Comparative synthesis

South Africa Trade Marks Act provides three ways in which a registered trade mark may be infringed whilst Zimbabwe and Kenya provides for two ways in which the rights acquired by registration can be infringed.<sup>368</sup> In general the scope of infringement is a bit narrow under Zimbabwe and Kenya compared to South Africa, whose scope of infringement is broad. The narrower the definition, the greater the opportunity for infringing with impunity.

Registration is a condition precedent for infringement in the three systems. The Zimbabwe Trade Marks Act, South Africa's Trade Mark Act and Kenya's Trade Marks Act explicitly state that there cannot be an infringement action of an unregistered trade mark.<sup>369</sup> Such similarities in the provisions are important as they facilitate harmonisation.

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<sup>364</sup> Civil No. 334 of 2007 [2008] KLR 578.

<sup>365</sup> Both the plaintiff and defendant were importing the product from CIPLA Ltd in India, which sold 'Budecort' products since parallel importation allows importation of the same product. The court held that the plaintiff had failed to establish a *prima facie* case to justify the granting of an interlocutory injunction. At 585 para 40.

<sup>366</sup> *Lords Healthcare Ltd v Salama Pharmaceuticals Ltd* Civil No. 334 of 2007, [2008] KLR at 585 para 30.

<sup>367</sup> *Lords Healthcare Ltd v Salama Pharmaceuticals Ltd* Civil No. 334 of 2007, [2008] KLR at 585 para 30.

<sup>368</sup> See discussion in chapter 4 parts 4.4.1, 4.4.2 & 4.4.3. See also s 34 of South Africa's Trade Marks Act as well as s 8 of Zimbabwe's Trade Marks Act as well as s 7 & 8 of the Kenya's Trade Marks Act.

<sup>369</sup> See s 6 of Zimbabwe's Trade Marks Act, s 5 (1) of Kenya's Trade Marks Act and s 33 of South Africa's Trade Marks Act. See also chapter 4 parts 4.4.1, 4.4.2 & 4.4.3.

There are notable similarities between the ways in which a trade mark owner's rights may be infringed in the three systems.<sup>370</sup> All the systems generally provide the following requirements for infringement that: a third party should have used an identical or similar trade mark in the course of trade without authorisation. Use of a trade mark should have resulted in confusion or deception as to the source of the goods or services and the origin of that quality.<sup>371</sup> A trade mark is also infringed when an identical or similar mark that is being used without authorisation is likely to be prejudicial or be detrimental to the distinctive character or the repute of the registered trade mark. These factors appear to be a 'common denominator' in the systems under study. The only difference is that Zimbabwe and Kenya's Trade Marks Act do not include infringement by dilution.<sup>372</sup>

One of the other major differences is that Zimbabwe and Kenya provides for infringement of rights given in terms of Part A or Part B, the one dealing with distinctiveness and the later dealing with capacity to distinguish.<sup>373</sup> South Africa does not draw a similar distinction between the rights acquired by registering a trade mark in the 1993 Trade Marks Act.<sup>374</sup> It is argued that a mark that is able to distinguish should be given full protection instead of provisional or interim protection.<sup>375</sup> It is argued that the existence of these differences make harmonisation essential to the creation of a single market.

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#### 4.5 Explanation of the similarities and differences

There are similarities between South Africa, Kenya and Zimbabwe's legal histories. The three countries were colonised: Zimbabwe and Kenya by the British, South Africa first by the

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<sup>370</sup> See the detailed discussion of the provisions regarding infringement in chapter 4 part 4.4. 1 for Zimbabwe and s 8 of the Zimbabwe Trade Marks Act [Chapter 26:04]. See also part 4.4.1 where South Africa is discussed and see further s 34 of South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade\\_marks\\_files/Act.pdf](http://www.cipc.co.za/Trade_marks_files/Act.pdf) (accessed 24 October 2012), and chapter 4 part 4.4.2.

<sup>371</sup> Deception affects the origin and quality function. The view therefore, accords with the functions of a trade mark: Shanahan 'The Trade mark Right: Consumer Protection or Monopoly?' (1982) 71 *Trade mark Reporter* 240.

<sup>372</sup> Dilution refers to the blurring or tarnishment of a registered trade mark. See discussion in chapter 4 part 4. 4. 2. Section 34 (1) (c) of South Africa's Trade Marks Act 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade\\_marks\\_files/Act.pdf](http://www.cipc.co.za/Trade_marks_files/Act.pdf) (accessed 24 October 2012).

<sup>373</sup> As stated earlier, Kumar argues that the difference between Part A and Part B is not very clear. The differentiation appears to be unnecessary. See chapter 4 part 4.3.1 & 4.4.2. See also Kumar *An Introduction to the African Industrial Property System* 129.

<sup>374</sup> Webster 'The Registration of Trade Marks' in Visser *The New Law of Trade Marks and Designs* (1995) 9.

<sup>375</sup> See chapter 4 part 4.4.1.

Dutch and then the British.<sup>376</sup> Adewopo aptly notes that wide divergences in the legal systems and norms have a strong root in the colonial legal heritages that have consistently manifested in the evolution of laws in these countries.<sup>377</sup> The laws in African States has a strong root in their colonial legal heritages,<sup>378</sup> and they are a relic of their past.<sup>379</sup> Some of the differences between Zimbabwe, South Africa and Kenya's laws are accordingly as a result of their colonial history.

In the context of trade mark law, South Africa borrowed greatly from the United Kingdom (UK).<sup>380</sup> Zimbabwe also inherited largely from the UK law of 1938.<sup>381</sup> It can be inferred that the similarities in some of the provisions between South Africa and Zimbabwe is because both systems borrowed from the UK trade mark law.<sup>382</sup> Dean correctly argues that there is a large measure of 'commonality' in the IP laws that exist in southern Africa; the degree of integration of these laws is necessitated by regional integration.<sup>383</sup> The chapter has shown that there are some close similarities in provisions under South Africa and Zimbabwe trade mark laws.

Trade mark rights exist in each country in accordance to the country's statutory scheme; provisions dealing with trade marks differ across countries.<sup>384</sup> Similarities may also, however, exist in the systems as countries seek to conform to international agreements such as TRIPS which imposes minimum standards on WTO Member States.<sup>385</sup> Nwauche rightly argues that when countries seek to comply with common standards set by TRIPS, areas of differences

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<sup>376</sup> The IP laws were based on the interests of the former colonial powers: Kongolo *African contributions* 1.

<sup>377</sup> Adewopo 'Trade mark Systems in Africa: A proposal for the harmonisation of the ARIPO and the OAPI Agreements on Marks' (2003) 6 *The Journal of World Intellectual Property* 483. See also Kongolo *African contributions* 1.

<sup>378</sup> Adewopo 'Trade mark systems in Africa: A proposal for the harmonisation of the ARIPO and the OAPI Agreements on Marks' (2005) 6 *The Journal of World Intellectual Property* 483.

<sup>379</sup> It is submitted that the period of colonial rule could not have failed to make an influence to the local law of the colonised State. In fact, the laws were actually reconstructed in accord with the foreign law as the pre-colonial laws were viewed as underdeveloped.

<sup>380</sup> Hertzog *Functional Theory in Trade Mark Law* LLD thesis 17.

<sup>381</sup> WIPO Intellectual Property Law Developments in Zimbabwe available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=216377](http://www.wipo.int/wipolex/en/text.jsp?file_id=216377) (accessed 13 December 2012).

<sup>382</sup> South Africa and Zimbabwe define both a mark and a trade mark although their definitions are slightly different: see chapter 4 parts 4.2.1 & 4.2.2.

<sup>383</sup> Dean (1994) 2 *Juta's Bus. L.* 168.

<sup>384</sup> Samuels & Samuels 'The changing landscape of international trade mark law' 27 *Geo. Wash. J. Int'l L. & Econ* (1994) 433.

<sup>385</sup> There are similarities, for example, between the definition of a trade mark in South Africa's Trade Marks Act and the one in TRIPS. The two characteristics which are prominent in the TRIPS definition, namely, graphical representation and the ability to distinguish appear in South Africa's Trade Marks Act. Zimbabwe's Trade Marks, Kenya's Trade Marks Act and Cameroon's Bangui Agreement also place emphasis on the view that a trade mark should be able to distinguish: see chapter 4 part 4.2 and part 4.7 below. See also chapter 3 part 3.1.2.

may disappear.<sup>386</sup> Similarities may also be manifested as a result of similar socio-economic and political factors, particularly, in the case of South Africa's trade mark law and Zimbabwe's trade mark laws. The differences in the laws may be attributed to historical, economic, political and cultural factors.

Sikoyo, Nyukuri and Wakhungu argue that IP in most countries is still divorced from national economic-planning goals; many African countries also lack consistent and coherent policies on IP.<sup>387</sup> The reason is because laws and policies were not amended to bring them in line with the cultural, socio-economic and political circumstances in African countries.<sup>388</sup> The laws in some cases reflect European-based IP laws without any adjustments having been made to accommodate national conditions, needs or priorities.<sup>389</sup> For purposes of regional integration, national laws should be in accord with socio-economic policies and the Integration Agenda of the African Union (AU). It is contended that for harmonisation to take place, the laws should be converging rather than diverging.

The level of development generally influences the law of a particular State. Lack of technical capacity in the government department charged with drafting legislation may negatively impact on IP law reform. A drafting department needs capacity on IP matters and should also have some influence within the government to ensure that the proposals are signed into law.<sup>390</sup> In the corollary, the relationship between the executive and the legislature also influences the pace of IP reforms. Where the legislature enjoys a good relationship with the executive, reforms are swifter. In instances where the two branches of government lack coordination, the IP law reforms tend to be slower.<sup>391</sup>

The next part is a brief discussion of Cameroon as a Member State of OAPI. Its inclusion is important for a complete analysis of trade mark laws in Africa. This part examines the provisions of Bangui Agreement dealing with the definition of a trade mark, registrability

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<sup>386</sup> Nwauche 'An evaluation of the African Regional Intellectual Property Right Systems 6 *The Journal of World Intellectual Property* (2005) 137.

<sup>387</sup> Sikoyo, Nyukuri & Wakhungu *Intellectual Property Protection in Africa: Status of Laws, Research and Policy Analysis in Ghana, Kenya, Nigeria, South Africa and Uganda* (2006) 25 available at <http://www.acts.or.ke/dmdocuments/ecopolicy16.pdf> (accessed 2 February 2013), hereafter Sikoyo *et al* *Intellectual Property Protection in Africa*.

<sup>388</sup> The IP laws did not serve the national interests of African countries: Kongolo *African contributions* 1.

<sup>389</sup> Kongolo *African contributions* 1 & 9.

<sup>390</sup> Deere-Birkbeck 'The Politics of Intellectual Property Reform in Developing Countries: The Relevance of the World Intellectual Property Organisation' (2008) 113 available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1412673](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1412673) (accessed 12 February 2013).

<sup>391</sup> Deere-Birkbeck 'The Politics of Intellectual Property Reform in Developing Countries: The Relevance of the World Intellectual Property Organisation' (2008) 113 available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1412673](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1412673) (accessed 12 February 2013).

requirements and infringement and attempts to determine the areas of convergences and divergences with the other systems under study.

#### 4.6 Cameroon's Bangui Agreement

Article 2 (1) of the Bangui Agreement makes provision for what may constitute a trade mark as follows:<sup>392</sup>

‘Any **sign** used or intended to be used and **capable of distinguishing the goods or services of any enterprise shall be considered a trade mark or service mark**, including in particular surnames by themselves or in distinctive form, special, arbitrary or fanciful designations, the characteristic form of a product or its packaging, labels, wrappers, emblems, prints, stamps, seals, vignettes, borders, combinations or arrangements of colours, drawings, relief, letters, numbers, devices and pseudonyms.’<sup>393</sup>

It can be deduced from Article 2(1) that there must be ‘visible sign’ that is ‘used or intended to be used and **capable of distinguishing** the goods or services of any enterprise’.<sup>394</sup>

Unlike the three selected systems, Cameroon does not differentiate a mark from a trade mark in the same way as they do. The failure to explicitly differentiate a mark from a trade mark is undesirable because not all marks constitute trade marks.

#### *Registration*

Article 13 of the Bangui Agreement makes provision for procedural requirements that should be complied with when registering a trade mark.<sup>395</sup>

#### *Substantive requirements*

The Bangui Agreement does not deal with the substantive requirements for registration *per se*; instead it provides for marks which are not eligible for registration and the substantive

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<sup>392</sup> It does not define but rather explains what a trade mark is; the thesis regards the explanation as a definition.

<sup>393</sup> Article 2 of Annex III of the Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organisation (the amended Bangui Agreement) available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012); my emphasis.

<sup>394</sup> My emphasis.

<sup>395</sup> The application should contain information such as the name, address, nationality and domicile of the applicant; signature of the applicant; the goods and services to which the mark concerned applies and a reproduction of the mark, including a list of the goods or services to which the mark applies, with the corresponding classes of the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Agreement) should be supplied: Art 13 of Annex III of the Agreement Revising the Bangui Agreement of March 2, 1977 on the Creation of an African Intellectual Property Organisation available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012).

requirements have to be inferred from those provisions.<sup>396</sup> Article 3 states that a mark may not be registered if it falls into one of the categories set out which include: devoid of distinctiveness;<sup>397</sup> identical to a registered mark;<sup>398</sup> contrary to public policy;<sup>399</sup> morality or law; or a mark which reproduces or imitates armorial bearings, flag or other emblems.<sup>400</sup> The list of non-protectable marks is in conformity with the provisions in the other three selected countries.<sup>401</sup> Article 3 of the Bangui Agreement does not indicate which marks are to be regarded as against public policy or morality.<sup>402</sup> This omission is problematic as it leaves the determination to the discretion of the examiner.

A sign only qualifies for registration if it is ‘capable of distinguishing the goods or services’ of one enterprise or business from those of other undertakings (as provided in the definition).<sup>403</sup> The sign must also have the ability to be perceived visually<sup>404</sup> and this requirement unfortunately excludes most non-traditional marks.<sup>405</sup> The Bangui Agreement does not, however, explain what distinctiveness means compared to the laws of three selected systems.<sup>406</sup>



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<sup>396</sup> Article 3 of the Agreement Revising the Bangui Agreement of March 2, 1977 on the Creation of an African Intellectual Property Organisation available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012).

<sup>397</sup> See chapter 4 part 4.3.

<sup>398</sup> A mark falls foul of this provision if it resembles the registered trade mark to the extent that it is liable to mislead or confuse. The system in Cameroon is based on a first to file principle, according exclusive rights to the person who files first. Art 5 makes provision for a priority right. See Art 5 Annex III of the Agreement Revising the Bangui Agreement of March 2, 1977 on the Creation of an African Intellectual Property Organisation available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012). See also Art 3 of the Revised Bangui Agreement and Nwauche ‘An evaluation of the African Regional Intellectual Property Right Systems’ 6 *The Journal of World Intellectual Property* (2005) 116.

<sup>399</sup> Examples of marks which may be against public policy include *inter alia* marks promoting drugs, counterfeiting, pornography and criminal activities.

<sup>400</sup> Article 3 of the Revised Bangui Agreement. See also Nwauche 6 *The Journal of World Intellectual Property* (2005) 116.

<sup>401</sup> See s 10 of South Africa’s Trade Marks Act 194 of 1993, s 14 Zimbabwe Trade Marks Act Chapter 26:04 and s 14 of Kenya’s Trade Marks Act Chapter 506. See also Kongolo *African contributions* 90.

<sup>402</sup> In contrast, the OHIM Guidelines state that ‘words or images which are offensive, such as swear words or racially motivated or which are blasphemous are not acceptable.’ There is a dividing line between these and trade marks which might be considered to be in poor taste. The latter do not offend.

<sup>403</sup> See Art 3 which deals with marks that are not eligible for registration.

<sup>404</sup> See Art 2 of the Bangui Agreement.

<sup>405</sup> Non visible signs such as smell, taste, feel and sound marks are non-visible and cannot generally qualify for registration: Kongolo *African contributions* 89.

<sup>406</sup> See chapter 4 parts 4.3.1, 4.3.2 and 4.3.3.

## *Infringement*

Article 7 (1) of the Bangui Agreement provides that registration of a mark confers on its proprietor the exclusive right to use the mark, or a sign resembling it, in connection with the goods or services for which it has been registered and similar goods.<sup>407</sup>

Article 7 (2), which provides for how the right may be infringed, reads as follows:

‘Registration of the mark likewise<sup>408</sup> confers on the owner the exclusive right to **prevent all third parties from making use in business without his consent, of identical or similar signs** for goods or services that are themselves **similar to those for which the trade mark or service mark has been registered where such use is liable to cause confusion**. Where an identical sign is used for identical goods or services, **a risk of confusion shall be presumed<sup>409</sup> to exist.**<sup>410</sup>

The requirements for infringement are: ‘use in business without...consent’, ‘identical or similar signs’ and ‘liable to cause confusion’. What these phrases suggest is that the person infringing the registered trade mark should not have been authorised to do so.<sup>411</sup> Second, she or he must have used the identical or similar sign in business.<sup>412</sup> Third, the identical sign should have been used for ‘identical goods or services’ and should have created confusion in the minds of consumers.<sup>413</sup> It is argued that Article 7 (2) of the Bangui Agreement creates an implied distinction between the treatment of similar and identical goods and services. When an identical sign is used for identical goods and services, ‘a risk of confusion shall be presumed to exist’. The same presumption does not apply to similar goods or services.

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<sup>407</sup> Article 7 (1) of Annex III of The Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organisation (the amended Bangui Agreement) available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012).

<sup>408</sup> Article 7 (1) reads: ‘Registration of a mark confers on its owner the exclusive right to use the mark, or a sign resembling it, in connection with the goods or services for which it has been registered and similar goods or services.’

<sup>409</sup> There is a presumption that in cases where an identical sign is used for identical goods or services there is a risk of confusion. There is nothing in the provision which indicates that the presumption cannot be rebutted. The alleged infringer bears the burden of proving that there is no confusion even though the he or she is using a sign that is identical or similar to that of the trade mark proprietor. In practice, it should be difficult to discharge the onus as it will involve proving that consumers are not confused by the use of an identical mark. See chapter 4 part 4.4.2.

<sup>410</sup> Article 7 (2) of Annex III of The Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organisation the amended Bangui Agreement: available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012): my emphasis.

<sup>411</sup> Article 7 (2) of the Bangui Agreement grants the trade mark owner both positive and negative rights- the positive right to use the mark and the negative right to exclude others from using the mark without his consent: also Kongolo *African contributions* 90.

<sup>412</sup> In the course of business means in the course of commerce. Where a sign has been used in non-commercial purposes, the trade mark may not be regarded as having been infringed. See also chapter 4 part 4.4.2 .

<sup>413</sup> See chapter 4 part 4.4.2.

The Bangui Agreement only provide for one form of infringement. In comparison, the Zimbabwe Trade Marks Act and Kenya Trade Marks Act provide for two forms whilst South Africa provides for three forms.<sup>414</sup> The scope of infringement under Cameroonian law, therefore, limited.<sup>415</sup>

It is significant to note that there are similarities between the Bangui Agreement and TRIPS. Adewopo correctly asserts that by way of comparative analysis, the Bangui Agreement appears compatible with TRIPS in the area of definition and scope of protection which covers service marks, well-known marks, collective marks and enforcement measures.<sup>416</sup> Adewopo's observation is remarkable because the Bangui Agreement was revised with the object of aligning it to the TRIPS Agreement.<sup>417</sup> The Bangui Agreement, therefore, complies with TRIPS.<sup>418</sup> It is argued that, the compliance explains why the Cameroonian IP law has similarities with the other three legal systems under study.

In summary, Annex III of the Bangui Agreement does not differentiate a mark from a trade mark. It does not define a trade mark *per se*, it gives an explanation. The word distinctiveness is also not defined. In addition to the above, it does not explicitly provide for substantive requirements for registrability, they can only be inferred. It is argued that although there are similarities between the provisions in the three selected systems there are divergences between the provisions in the selected systems and those of Cameroon.<sup>419</sup> These divergences complicate regional integration. Harmonisation is necessary to ensure that the divergences are reduced.<sup>420</sup>

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<sup>414</sup> See chapter 4 part 4.4.

<sup>415</sup> Article 7 (2) of the Bangui Agreement; discussed in detail in chapter 4 part 4. 6.

<sup>416</sup> Adewopo 'Trade mark systems in Africa: A proposal for the harmonisation of the ARIPO and the OAPI Agreements on Marks' (2005) 6 *The Journal of World Intellectual Property* 481, hereafter Adewopo (2005) 6 *The Journal of World Intellectual Property*.

<sup>417</sup> Adewopo '(2005) 6 *The Journal of World Intellectual Property* 481. See also Orsi, Camara & Coriat 'AIDS, TRIPS and TRIPS-Plus: The Case for developing and Least Developed Countries' in Andersen (ed) *Intellectual Property Rights Innovation, Governance and Institutional Environment* (2006)78.

<sup>418</sup> Kongolo 'The new OAPI Agreement as Revised in February 1999: Complying with TRIPS' (2000) 3 *The Journal of World Intellectual Property* 717.

<sup>419</sup> See chapter 4 part 4.5. The reasons for the divergences derive from legal history. Cameroon's legal history differs from that of Zimbabwe, South Africa and Kenya because even though part of it was colonised by the British, the French occupied the greater part of Cameroon. French dominance resulted in their influence being manifested in the laws, culture and language of Cameroon: German rule ended in 1916 following their defeat by the British and French: Fombad 'Protecting constitutional values in Africa: A comparison of Botswana and Cameroon' (2003) XXXVI *CILSA* 88-89 and Fombad 'The scope for uniform national laws in Cameroon' (1991) 29 *The Journal of Modern African Studies* 444.

<sup>420</sup> See chapter 2 part 2.6.

## 4.7 Summary of similarities and differences

### *Definition of a trade mark*

Zimbabwe, Kenya and South Africa differentiate between a mark and a trade mark, defining both concepts.<sup>421</sup> The essential requirement for mark for Zimbabwe and South Africa is that it must be ‘sign’ and it must be capable of graphic representation. Kenya only gives a list of examples of marks.

The most notable common element in the definition of a trade mark in all the three systems is that it must be ‘capable of distinguishing’ goods or services of one proprietor from those of another person. A mark can become a trade mark if it can ‘distinguish’. A trade mark is consequently defined in terms of a mark.

Service marks are included in definition of a trade mark in all the three systems as well as in Cameroon. The provisions for service mark can be inferred through the reference to ‘goods and services’ in the definitions of a trade mark. It is notable that Kenya refers to trade marks in relation to goods and trade marks in relation to services.<sup>422</sup>

None of the systems explicitly include non-traditional marks in their definitions.<sup>423</sup> All the systems under study, therefore, need to develop their definitions of a trade mark beyond the traditional definition to align them with the modern trend towards permitting registration of non-traditional marks as trade marks.

The differences in the definitions are that:

First, Zimbabwe Trade Marks Act further requires a ‘mark’ to have the ‘capacity to distinguish’ whereas South Africa’s Trade Marks Act only requires a mark to be ‘capable of graphic representation’. Zimbabwe has therefore, two requirements that a ‘sign’ should meet to be a ‘mark’.<sup>424</sup> Kenya’s Trade Marks Act does not require a mark to fulfil any requirement.

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<sup>421</sup> See chapter 4 parts 4.2.1, 4.2.2 & 4.2.3.

<sup>422</sup> Section 2 (1) of Kenya’s Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013). See also chapter 4 part 4.2.3.

<sup>423</sup> See chapter 4 part 4.2.4.

<sup>424</sup> It must be capable of graphic representation and it must also be capable of distinguishing. See chapter 4 part 4.2.1.

Second, the Zimbabwe Trade Marks Act and Kenya's Trade Marks Act require a trade mark to explicitly fulfil both the origin and distinguishing function.<sup>425</sup> Under South Africa, the definition of a trade mark appears to emphasise the distinguishing function though case law shows that the origin function is still recognised.<sup>426</sup> The same applies to Cameroon, the definition emphasises the distinguishing function.<sup>427</sup>

### *Requirements for registration*

The requirements for registrability converge under the three systems. The requirement of distinctiveness is even part of the definition of a trade mark. It determines the essential function of a trade mark which is to distinguish the goods or services of one enterprise from those of another.<sup>428</sup> Each system, therefore, requires a trade mark to be distinctive otherwise it cannot be registered.

All the systems have provisions that set out the procedural and substantive requirements.<sup>429</sup>

South Africa's provision regarding registrable trade marks seems clear: it is a prerequisite that a trade mark should be capable of distinguishing the goods or services in respect of which it is registered from the goods or services connected in the course of trade with another person.<sup>430</sup> It also clarifies that a mark may be inherently capable of distinguishing or it can acquire the ability through prior use.

The differences in terms of registrability are that: firstly, the contents in the provisions dealing with substantive requirements are different. Zimbabwe and Kenya differentiate between trade marks that qualify for registration in Part A on the basis that they must be distinctive. Trade marks which qualify for registration in Part B must be capable of distinguishing.<sup>431</sup> South Africa Trade Marks Act as well as Cameroon's Bangui Agreement do not differentiate or categorise the registration of trade marks.<sup>432</sup>

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<sup>425</sup> See chapter 4 parts 4.2.1 & 4.2.3.

<sup>426</sup> See chapter 4 part 4.2.2.

<sup>427</sup> See chapter 4 part 4.6.

<sup>428</sup> The distinguishing function embraces the traditional origin function and also the other socio-economic functions like the quality and advertising functions: Rutherford 'The Trade Marks Act in its International context' 3. See also chapter 4 parts 4.2.2 and 4.3.3.

<sup>429</sup> For South Africa its s 9, for Zimbabwe its ss 12 and 13 and for Kenya its ss 12 and 13. See chapter 4 parts 4.3.1, 4.3.2 & 4.3.3.

<sup>430</sup> Section 9 of South Africa's Trade Marks Act. See also chapter 4 part 4.3. 2 which discusses registrability provisions in South African law.

<sup>431</sup> See chapter 4 part 4.3.1 & 4.3.3.

<sup>432</sup> What is also not registrable in each system also varies. See chapter 4 part 4.3.

### *Definition of infringement*

A ‘common denominator’ for infringement in all the systems is that a third party must use an identical or similar trade mark in the course of trade without authorisation. Two other common requirements are that the third party’s use should have resulted in confusion or deception as to the source of the goods or services and it should likely prejudice the trade mark owner.

Registration is a prerequisite for an infringement claim. The Zimbabwe Trade Marks Act, South Africa’s Trade Mark Act and Kenya’s Trade Marks Act explicitly state that there cannot be an infringement action of an unregistered trade mark.<sup>433</sup> Therefore, there are convergences regarding the requirement for an infringement claim in the three systems under study.

The provision dealing with infringement under South African law is broad. The scope of infringement under Zimbabwean and Kenyan law appears to be narrow as compared to the scope of infringement under South African law.

The main dissimilarity between the South African and the other two systems is that they do not include infringement by dilution.<sup>434</sup> Therefore, South Africa’s Trade Marks Act instead provides for three ways in which a registered trade mark may be infringed whereas Zimbabwe and Kenya provide for two ways in which the rights acquired for registration can be infringed.<sup>435</sup>

The other difference is that Zimbabwe and Kenya provide for infringement of rights given in terms of Part A or Part B, the one dealing with distinctiveness and the later dealing with capacity to distinguish. South Africa does not differentiate infringement of the rights acquired by registration of a trade mark.<sup>436</sup>

### *Case law*

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<sup>433</sup> See s 6 of Zimbabwe’s Trade Marks Act, s 5 (1) of Kenya’s Trade Marks Act and s 33 of South Africa’s Trade Marks Act. See also chapter 4 parts 4.4.1, 4.4.2 & 4.4.3.

<sup>434</sup> Section 34 (1) (c) of South Africa’s Trade Marks Act No. 194 of 1993 available at [http://www.cipc.co.za/Trade marks files/Act.pdf](http://www.cipc.co.za/Trade%20marks%20files/Act.pdf) (accessed 24 October 2012).

<sup>435</sup> See chapter 4 parts 4. 4. 1, 4. 4 .2 & 4.4.3. See also s 34 of South Africa’s Trade Marks Act as well as s 8 of Zimbabwe’s Trade Marks Act, and s 7 and 8 of Kenya’s Trade Marks Act.

<sup>436</sup> The circumstance in which use of a trade mark shall not be deemed to be infringed seems to also vary across the three countries.

In terms of case law, there are similarities that exist in relation to the interpretation of provisions of the Trade Marks Act. A case in point would be infringement provisions. In interpreting a provision that provides that the rights acquired by registration of a trade mark shall be infringed by the **unauthorised use of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion in the course of trade** in relation to goods or services in respect of which the trade mark is registered:

- a) A Zimbabwean court held in *Unilever P.L.C. and Another v Vimco (Pvt) Ltd and Another*,<sup>437</sup> that the trade mark 'VIMCO' used by first respondent on scouring powder nearly resembles the second applicant's registered trade mark 'VIM', and it would likely deceive or cause confusion.
- b) Similarly, the South African Supreme Court of Appeal in *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd*,<sup>438</sup> decided that the mark Kwality Romantic Dreams which was being used on biscuits nearly resembled the registered trade mark as to likely to deceive or cause confusion to the consumers.<sup>439</sup>
- c) Again, in *Beiersdorf AG v Emirchem Products Limited*<sup>440</sup> a Kenyan court held that the similarities and resemblance in the two marks, 'NIVELIN' infringes 'NIVEA', was 'striking' as the first two syllables were exactly the same.<sup>441</sup> The court concluded that there was sufficient similarity in the two packages as to probably cause confusion to consumers.

The above decisions show a common thread in the interpretation of an infringement provision, namely, that a mark which resembles a registered trade mark is likely to cause confusion or likely to deceive. Where some resemblance exists, the courts regard such cases as constituting infringement. There is, therefore, some form of harmonisation which exists in the way national courts interpret trade mark law.

In summary, there are generally more convergences or similarities in the definition, requirements for registrability and in how a trade mark can be infringed in the systems under study. The convergences in the systems are essential for integration of the laws. There are, however, some variances between the trade marks systems as have been

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<sup>437</sup> [2004] ZWHHC 175. See chapter 4 part 4.4.1.

<sup>438</sup> (228/99) [2001] ZASCA 17. See chapter 4 part 4.4.2.

<sup>439</sup> Confusion regarding the origin on the goods would be an indication that the marks resemble each other: *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* (228/99) [2001] ZASCA 17 para 4.

<sup>440</sup> Civil Case No. 559 of 2002.

<sup>441</sup> The other resemblances were by way of colours and type-face in the jars used by the defendant and in the product of the plaintiff: at 892-893.

demonstrated above. The divergences make integration of the laws necessary as they undermine regional integration. Economic integration cannot progress when the laws are divergent; divergences results in legal uncertainty. For regional integration to progress there is need for more similarities; the laws must be harmonised and the differences must accordingly not be pronounced. It is submitted that the similarities in the trade marks laws are substantial to form the basis for harmonisation.

#### **4.8 Conclusion**

It was argued in Chapter 2 that harmonisation is more suitable for regional intergration of laws than unification since harmonisation is less radical and aims to ensure that there are fewer differences in the laws. Harmonisation is also, in my view, more suitable as it does not completely change the laws in these countries but rather reconciles the differences. Dean supports this view as he avers that given the political history of the region, unification of IP laws might be ‘going too far.’<sup>442</sup> I concur with Dean that unification of the laws should be something which African countries should strive for in the long term. Due to the fact that countries in Africa are at different levels of economic and social development, harmonisation should be preferred as it indirectly takes these factors into account.<sup>443</sup>

Harmonisation is essential in areas such as the definition, registration requirements and infringement provisions. All these provisions form the core of the protection of a trade mark. Although enforcement procedures were not discussed in this chapter, provisions dealing with enforcement are important for the realisation of trade mark rights. Enforcement provisions should also be harmonised. For the provisions which are already more or less similar such as on the substantive requirements for registration of a trade mark, there is no need to harmonise such provisions.

It is submitted that South Africa appears to have the best trade mark law since its provisions are clear, specific and broad in scope. South Africa Trade Marks Act for example sets out the three ways in which a registered trade mark may be infringed. The above factors are essential for legal certainty and predictability. The broad provisions are also important since they are bound to provide answers when a dispute arises regarding a trade mark. Therefore, trade marks are likely to be best protected in South Africa.

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<sup>442</sup> Dean (1994) 2 *Juta's Bus. L.* 168.

<sup>443</sup> Harmonisation is discussed in chapter 2 part 2.7.1.

The need to ensure that differences become less pronounced in the laws cannot be overemphasised as harmonisation of these laws is required for regional economic integration to progress in Africa.



## CHAPTER 5

### THE EU AS A MODEL FOR THE INTEGRATION OF TRADE MARKS LAWS?

#### 5.1 Introduction

The last chapter has highlighted the existing differences and similarities in trade marks laws in the legal systems under study. Differences in the laws undermine regional integration as they negatively affect trade due to high transaction costs.<sup>1</sup> The need to enhance the African common market calls for the integration of laws, including trade mark laws. In this chapter, the focus is on the European Union (EU) as the most advanced form of regional integration.<sup>2</sup> The EU is a significant economic market, encompasses both common law and civil law countries, is multilingual and it unites countries that have a history of political and economic strife.<sup>3</sup> Regional integration, which includes the harmonisation and unification of laws, has been a gradual process in the EU.<sup>4</sup> This chapter considers how the EU Member States integrated their trade mark laws. The aim is to assess whether their model can be applied to Africa.

The first part gives a background of the EU's regional integration process. The second part examines the EU's legal integration model. It discusses the significance of the directives and

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<sup>1</sup> A trade mark has to be registered in every Member State. ARIPO and OAPI, however, facilitate registration in their Member States.

<sup>2</sup> Olivier & Olivier 'Models of regional integration: The European Union and the African Union' (2004) 19 *SA Public Law* 351, hereafter Olivier & Olivier (2004) 19 *SA Public Law*; Fagbayibo 'Towards the harmonisation of laws in Africa: Is OHADA the way to go?' (2009) 42 *CILSA* 310, hereafter Fagbayibo (2009) 42 *CILSA*; Laffan 'The European Union: A distinctive model of internalisation' (1998) *Journal of European Public Policy* 238; Borzel & Risse Diffusing (Inter-) Regionalism: The EU as a model of regional integration' KFG Working Paper Series No. 7 (2009) 9 and Bilal 'Can the EU be a model of regional integration? Risks and challenges for developing countries' paper presented at the CODESRIA-Globalisation Studies Network Second International Conference on Globalisation: Overcoming Exclusion, strengthening inclusion, Dakar, Senegal, 29 August to 31 August 2005 available at [http://www.ecdpm.org/Web\\_ECDPM/Web/Content/Download.nsf/0/52D667FD6C95057DC125719D004B65F6/\\$FILE/Bilal%20-%20Can%20EU%20be%20a%20model%20of%20RI%20Draft%20for%20comments.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/52D667FD6C95057DC125719D004B65F6/$FILE/Bilal%20-%20Can%20EU%20be%20a%20model%20of%20RI%20Draft%20for%20comments.pdf) (accessed 28 May 2013).

<sup>3</sup> Blakely 'Beyond the International harmonisation of trademark law: The Community trade mark as a model of unitary transnational trademark protection' (2000) 149 *U.Pa.L.Rev* 347, hereafter Blakely (2000) 149 *U.Pa.L.Rev*.

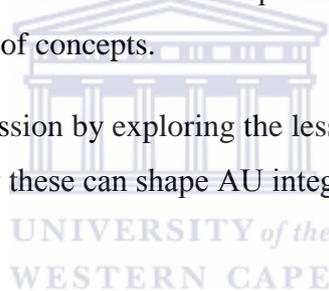
<sup>4</sup> Max Planck Institute for Intellectual Property and Competition Law 'Study on the Overall Functioning of the European Trade mark Systems' (2011) 251 available at [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (accessed 12 June 2013).

how EU Member States have, at national level, implemented these directives to ensure that their laws are harmonised. It also examines the extent to which regulations improved the integration of laws.

The third part analyses the integration of EU's trade mark laws. It focusses on the role of the Trade Mark Directives and Community Trade Mark (CTM) Regulation in integrating trade mark laws. This part also evaluates the relationship between CTM system and national trade mark system. The difficulties that EU faced in the integration of its trade mark laws, given that each EU Member State is home to different groups of people,<sup>5</sup> each striving to retain its own cultural identity are also analysed under this part.<sup>6</sup>

The fourth part considers the role of the Court of Justice of the EU (CJEU), particularly, in the interpretation of the EU law and how it facilitated the integration of trade mark laws. It also discusses the legal status of harmonised law. This part also explores the role that could be played by the so called 'homeward trend' of interpreting international legal provisions in keeping with local understanding of concepts.

The fifth part concludes the discussion by exploring the lessons that Africa can draw from the EU's integration process and how these can shape AU integration.



## 5.2 Brief background

### 5.2.1 Regional integration in the EU

EU integration started in 1952 with the establishment of an economic organisation, the European Coal and Steel Community (ECSC).<sup>7</sup> Belgium, France, Italy, Luxembourg, the Netherlands and West Germany agreed to transfer national power over their steel and coal

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<sup>5</sup> O'Reilly 'Current Development: The Community Trademark System: A brief introduction and overview' (2004) 8 *Marq.Intell.Prop.L.Rev* 93, hereafter O'Reilly (2004) 8 *Marq.Intell.Prop.L.Rev* and Land 'Global Intellectual property protection as viewed through the European Community's treatment of geographical indications: What lessons can TRIPS learn?' (2004) 11 *Cardozo J. Int'l & Comp. L.* 1007, hereafter Land (2004) 11 *Cardozo J. Int'l & Comp. L.*

<sup>6</sup> Land (2004) 11 *Cardozo J. Int'l & Comp. L.* 1007. See also Olivier & Olivier 'Models of regional integration: The European Union and the African Union' (2004) 19 *SA Public Law* 361, hereafter Olivier & Olivier 2004) 19 *SA Public Law*.

<sup>7</sup> Schutze *An Introduction to European Law* (2012) 1, hereafter Schutze *An introduction to European law* and Hartely *EU law in a global context: Text, cases and materials* (2004) 2, hereafter Hartely *EU law in a global context*.

production to the ECSC in the Treaty of Paris or ECSC Treaty.<sup>8</sup> The integration of the steel and coal industry is significant as the first step towards integration and a supranational Europe. The Member States relinquished part of their sovereignty which signified the beginning of the realisation of an internal market. The ECSC promoted greater transparency and trust among the Member States an aspect which is important for regional integration. The ECSC Treaty created four institutions: the Council<sup>9</sup>, the Commission<sup>10</sup>, the Assembly and the Court.<sup>11</sup> The Treaty terminated in 2002 and the ECSC's functions as well as the institutions were taken over by the European Community.<sup>12</sup>

The European Community (EC), (formerly known as European Economic Community), was established by the European Community Treaty (EC Treaty) which was signed in Rome.<sup>13</sup> It entered into force on 1 January 1958.<sup>14</sup> The EC Treaty was mainly concerned with the creation of a framework for cooperation leaving the creation of policy to the Community institutions.<sup>15</sup> The purpose of the EC Treaty as reflected in the recitals is: 'to ensure the economic and social progress of ... countries by common action to eliminate the barriers which divide Europe.'<sup>16</sup> The Treaty called for 'concerted action' by removing the existing obstacles to trade in order to 'guarantee steady expansion, balanced trade and fair competition.'<sup>17</sup>

The European Union (EU) was established by the Treaty of Maastricht or EU Treaty which came into force in 1993 upon the foundations of the pre-existing EC.<sup>18</sup> The Maastricht Treaty

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<sup>8</sup> It was signed on 23 July 1951 and came into force on 23 July 1952: Hartely *The Foundations of European Community Law* (2007) 3, hereafter Hartely *The Foundations of European Community Law* and Mathijsen *A Guide to European Union Law* (2004) 13, hereafter Mathijsen *A Guide to European Union Law*.

<sup>9</sup> Its role was to represent Member States.

<sup>10</sup> A supranational executive which was originally referred to as the 'High Authority'.

<sup>11</sup> The EU's current institutional framework also includes the European Parliament, The European Central Bank and the Court of Auditors: Art 9(1) Treaty of Lisbon amending the Treaty on European Union and the Treaty Establishing the European Economic Community signed at Lisbon 13 December 2007/C 306/01.

<sup>12</sup> Hartely *The Foundations of European Community Law* (2007) 3.

<sup>13</sup> It was signed together together with the European Atomic Energy Community (Euratom) Treaty on 25 March 1957. The two treaties are referred to as the Treaty of Rome: Schutze *An Introduction to European Law* (2012) 1, hereafter Schutze *An introduction to European Law* The purpose of the European Atomic Energy Community (Euratom) Treaty was to regulate non-military atomic energy.

<sup>14</sup> Hartely *EU law in a global context* (2004) 2.

<sup>15</sup> New Commissions and Councils had been created for the new communities: Hartely *The Foundations of European Community Law* 3.

<sup>16</sup> Preamble to the Treaty Establishing the European Economic Community (2006) O.J C 321 E/37.

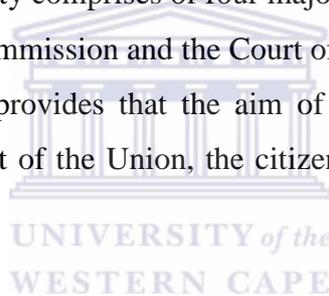
<sup>17</sup> See Preamble to the Treaty Establishing the European Economic Community (2006) O.J C 321 E/3. For the purposes of this study, it is not possible to exhaust all the treaties that were signed and thus reference is made to the ones which are important to the discussion.

<sup>18</sup> See Treaty on the European Union. See also Boele-Woelki *Unifying and Harmonising Substantive Law and The Role of Conflict of Laws* (2010) 49, hereafter Boele-Woelki *Unifying and Harmonising Substantive Law*

modified the ECSC Treaty (1952) and the EC Treaty (1958);<sup>19</sup> it did not replace them.<sup>20</sup> The fundamental aim of the EU Treaty was to fuse together the economies of the Member States to create an integrated market in which factors of production<sup>21</sup> could move freely without any hindrance.<sup>22</sup>

The Lisbon Treaty which came into force on 1 December 2009 replaced the 'old' EU under Maastricht.<sup>23</sup> It amends the Treaty on the European Union and the Treaty establishing the European Community. The three fundamental reasons for the Lisbon Treaty are to enhance the efficiency and democratic legitimacy of the Union, and to improve the coherence of its action.<sup>24</sup> The EU body currently comprises of twenty eight Member States<sup>25</sup> that have delegated their competencies to common institutions whose responsibility is to coordinate their policies.<sup>26</sup> With the increase in membership, the EU needed the Lisbon Treaty to be able to function properly.

The structure of the EU as an entity comprises of four major institutions namely the European Parliament, the Council,<sup>27</sup> the Commission and the Court of Justice.<sup>28</sup> Article 13 of the Treaty on the European Union (TEU) provides that the aim of the institutional framework is to promote values, serve the interest of the Union, the citizens and of the Member States. The



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and Sedwick 'Trade marks and the European Economic Community' (2001) 12 *J. Contemp. Legal Issues* 437, hereafter Sedwick (2001) 12 *J. Contemp. Legal Issues*.

<sup>19</sup> It is also modified the European Atomic Energy Community (Euratom) Treaty of 1958.

<sup>20</sup> It integrated three communities, namely, the European Community, the European Coal and Steel Community and Euratom into the EU: Schutze *An introduction to European Law* 1 and Mathijsen *A Guide to European Union Law* 3.

<sup>21</sup> Such as goods, services, and capital.

<sup>22</sup> See the Preamble to the TEU. The object is to achieve over a period of time a better allocation of resources. See Keeling *Intellectual Property Rights in EU law: Free movement and Competition Law* (2003) 5; Duran 'The new European Union Trademark Law' (1995) 23 *Den. J. Int'l & Pol'y* 489, hereafter Duran (1995) 23 *Den. J. Int'l & Pol'y*; Sedwick 'Trademarks and the European Economic Community' (2001) 12 *J. Contemp. Legal Issues* 437 and Schutze *An introduction to European Law* 3.

<sup>23</sup> The Lisbon Treaty came after a draft Constitutional Treaty had failed in 2001: Schutze *An introduction to European Law* 2.

<sup>24</sup> Preamble to the Lisbon Treaty.

<sup>25</sup> The Member States are: Austria, Belgium, Bulgaria, Cyprus, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom available at <http://europa.eu/about-eu/countries/member-countries/> (last accessed on 19 September 2013).

<sup>26</sup> Article 4 of the Treaty on European Union (TEU).

<sup>27</sup> The European Council consists of the Heads of State or Government of the Member States. It 'provides the Union with the necessary impetus for its development and ... defines the general political directions and priorities...' It has a policy-making function, and a budgetary function. It also exercises legislative functions together with Parliament: Art 15- 16 TEU. Schutze *An introduction to European Law* 25.

<sup>28</sup> The other institutions are the European Central Bank and the Court of Auditors: Art 13 TEU.

aim of the institutional framework is also to ensure the consistency, effectiveness and continuity of policies.<sup>29</sup>

The function of the Commission is to promote the general interest of the EU and to take appropriate initiatives to that end.<sup>30</sup> It is also to ensure the application of the Treaties,<sup>31</sup> and of measures adopted by the institutions pursuant to them. The Commission oversees the application of EU law under the control of the Court of Justice of the EU. EU's legislative acts may only be adopted on the basis of a Commission proposal; it has the power to propose laws.<sup>32</sup> The Parliament, jointly with the Council, exercises legislative and budgetary functions.<sup>33</sup> Parliament is composed of representatives of the Union's citizens; it represents people.<sup>34</sup> The Council, which is made up of Heads of State, and the Parliament are responsible for approving the laws.<sup>35</sup> They have legislative power which it shares under the 'co-decision procedure'.<sup>36</sup> The role of the Court of Justice is discussed later in the chapter. Schutze rightly contends that the above institutions constitute the core 'players' in the EU's legal order.<sup>37</sup>

Since the main objective of the EU has been to establish a single market,<sup>38</sup> the internal market guarantees four basic freedoms, namely, free movement of goods, services, capital and people.<sup>39</sup> The EU also uses a single currency among the Eurozone members.<sup>40</sup> Together the freedoms lay down the principle of an open, integrated market in which goods, services, persons and capital may circulate freely unless some overriding interest justifies the restriction of free movement.<sup>41</sup> The guarantee of these freedoms created the need for

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<sup>29</sup> Article 13 TEU.

<sup>30</sup> See also Art 17 (1) TEU and Schutze *An introduction to European Law* 29.

<sup>31</sup> Article 17 TEU. Hartely *EU law in a global context* 30.

<sup>32</sup> Article 17 (2) TEU and Hartely *EU law in a global context* 19.

<sup>33</sup> It also exercises functions of political control and consultation: Art 14 (1) TEU. See also Schutze *An introduction to European Law* 13.

<sup>34</sup> Article 10 (2) & 14 (2) TEU. See also Art 227 TFEU and Schutze *An introduction to European Law* 9 and Hartely *EU law in a global context* 36.

<sup>35</sup> The Commission proposes laws but its Parliament and the Council that have a legislative function.

<sup>36</sup> 'The Council shall, jointly with the European Parliament, exercise legislative and budgetary functions': Art 16 TEU. See also Mathijssen *A Guide to European Union Law* 27.

<sup>37</sup> Schutze *An introduction to European Law* 8.

<sup>38</sup> One of its objectives of the EU is to promote economic and social progress which is balanced and sustainable, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union, ultimately including a single currency: Preamble TEU.

<sup>39</sup> Mathijssen *A Guide to European Union Law* 3.

<sup>40</sup> The Eurozone refers to EU Member States that have adopted the euro currency: Hartely *EU law in a global context* 14.

<sup>41</sup> Keeling *Intellectual Property Rights in EU law: Free Movement and Competition Law* (2003) 6 and Sedwick (2001) 12 *J.Contemp. Legal Issues* 437.

integration. The process of integration which was initially pursued through economic cooperation has thus gradually developed further to political, legal, monetary and even social integration.<sup>42</sup> Importantly, Boele-Woelki comments that the strategy of the EU from the beginning has been to promote economic integration through legal integration.<sup>43</sup> Although the study focusses on integration of trade marks laws, EU's regional integration was a general strategy.

Trade marks are important for the functioning of a common market. I now discuss the integration of trade mark laws which was done in view of economic integration in the EU.

### 5.2.2 Trade marks

The protection of trade marks was seen as an important element in promoting a single market by facilitating trade and economic expansion.<sup>44</sup> Trade mark owners enjoy an absolute legal monopoly over their trade marks<sup>45</sup> and thus trade mark law may present a barrier to a common market. Where a trade mark is not protected in one State, a proprietor may not want to trade in that country since he cannot claim any trade mark rights based on the principle of territoriality.<sup>46</sup> The significance of the territoriality principle with respect to trade mark law is in two-fold. First, trade mark protection is determined by the national law of that country in which the trade mark owner seeks protection on the basis of registration or use:<sup>47</sup> that particular national law determines the requirements, the substance and the extent of protection. Second, the protection of trade mark rights is limited to the territory of the granting country, meaning that a domestic trade mark cannot be infringed by foreign acts nor can foreign trade marks be infringed by domestic acts.<sup>48</sup> Consequently, trade mark rights are

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<sup>42</sup> Laffan 'The European Union: A distinctive model of internalisation' (1998) *Journal of European Public Policy* 238, hereafter Laffan (1998) *Journal of European Public Policy*.

<sup>43</sup> Boele-Woelki *Unifying and Harmonising Substantive Law* (2010) 60.

<sup>44</sup> The protection of intellectual property, including trade marks, is essential in promoting innovation and creativity and also in developing employment and improving competitiveness: Seville *EU Intellectual Property Law and Policy* (2009) 310, hereafter Seville *EU Intellectual Property Law*. See also Blakely (2000) 149 *U.Pa.L.Rev* 323.

<sup>45</sup> A proprietor has exclusive rights over his or her trade mark: see chapter 4 part 4.4.

<sup>46</sup> See chapter 3 part 3.1.1.

<sup>47</sup> Howell 'Intellectual Property, Private International Law and Issues of Territoriality' (1996) 13 *Canadian Intellectual Property Review* 209 and Schmidt-Szalewski 'The international protection of trademarks after the TRIPS Agreement' (1998) *Duke Journal of Comparative & International Law* 190, hereafter Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law*.

<sup>48</sup> Dinwoodie however, asserts that trademark law is partly territorial because the foundational intellectual property conventions, particularly, the Paris Convention and the Berne Convention for the Protection of Literary and Artistic Property, were built around the principle of national treatment: Dinwoodie 'Trademarks and Territory: Detaching trademark law from the nation-State' (2004) 41 *Houston Law Review* 891, hereafter Dinwoodie (2004) 41 *Houston Law Review*. See also Art 2 of the Paris Convention for the Protection of Industrial Property and Art 5 of the Berne Convention for the Protection of Literary and Artistic Works.

only protected in the State where the trade mark is registered and the rights of the proprietor can only be enforced in the same State. National enforcement of trade marks could thus be a barrier to trade.<sup>49</sup>

Trade mark law also increases transaction costs as it requires registration in each State where protection is sought.<sup>50</sup> Costs are incurred because of the need for an agent in each State where the mark is registered. It may also hinder the flow of goods within the internal market.<sup>51</sup> If goods are moved to another country where the mark is not protected, that may infringe another trade mark in that country. The effect of this is that it hampers trade as a proprietor of a trade mark will not want to trade in a country where his trade mark is not protected.

In addition to the above, the monopoly which is created by trade mark rights may restrict competition.<sup>52</sup> Raciti rightly argues that use of an exclusive right may lead to market partitioning or unfair trade practices.<sup>53</sup> For the trade mark to be able to fulfil its essential role without distorting competition, it must guarantee that all the goods or services bearing it have been produced under the control of a single undertaking.<sup>54</sup> By fulfilling the distinguishing, origin and quality function,<sup>55</sup> trade marks contribute towards the creation of undistorted competition in which undertakings must be able to attract and retain customers by the quality of their products or services.<sup>56</sup>

The harmonisation of trade mark law is an important aspect of enabling trade marks to serve their essential role in the marketplace.<sup>57</sup> The disparities in the laws of the EU Member States motivated the European Commission to propose a Directive for harmonising trade mark laws.<sup>58</sup> In the absence of harmonisation of national rules, the differences in the national laws

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<sup>49</sup> Tessensohn 'May You Live in Interesting Times-European Trademark Law in the Wake of Sabel BV v. Puma AG' (1999) 6 *J. Intell. Prop. L.* 221, hereafter Tessensohn (1999) 6 *J. Intell. Prop. L.*

<sup>50</sup> Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 190.

<sup>51</sup> Bolton 'Defining Genuine Use Requirements of Community Trade Marks in Light of an Expanding European Union' available at [http://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_ipr\\_ge\\_11/wipo\\_ipr\\_ge\\_11\\_topic3.pdf](http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic3.pdf) (accessed 5 June 2013).

<sup>52</sup> Competition issues fall within public interest and trademark law should not distort fair competition: Maniatis & Liakatou 'Lego- Building European concept of functionality' (2010) *E.I.P.R.* 656, hereafter Maniatis & Liakatou (2010) *E.I.P.R.* See also Jehoram, van Nispen & Huydecoper *European Trade Mark Law: Community Trade Mark Law and Harmonised* (2012) 561.

<sup>53</sup> Raciti 'The Harmonisation of Trademarks in the European Community: The harmonisation Directive and the Community Trademark (1996) 78 *J.Pat. & Trademark Off.Soc'y* 57-58, hereafter Raciti 1996) 78 *J.Pat. & Trademark Off.Soc'y*.

<sup>54</sup> The undertaking should guarantee quality: *Bjornekulla Fruktindustrier v Procordia Food* Case C-371/02 para 20.

<sup>55</sup> See chapter 4 which contains a detailed discussion on the functions of a trade mark.

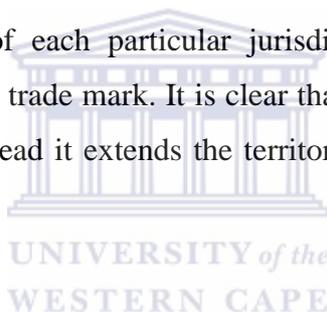
<sup>56</sup> *Bjornekulla Fruktindustrier v Procordia Food* Case C-371/02 para 80.

<sup>57</sup> Blakely (2000) 149 *U.Pa.L.Rev.* 310.

<sup>58</sup> Recital 2 TMD 2008/95/EC. See also chapter 5 part 5.3.

could be obstacles to the free movement of products covered by such rights.<sup>59</sup> The differences between the laws of Member States may also impede the development and functioning of the common market.<sup>60</sup> Reducing the disparities between national laws reduces the cost, time and uncertainty involved in determining and/or acquiring rights,<sup>61</sup> thus reducing barriers to innovation and to EU.<sup>62</sup> Consequently, harmonisation of laws was undertaken with a view of promoting the establishment or functioning of the common market.<sup>63</sup>

The harmonisation<sup>64</sup> of trade mark laws is an effort to ‘escape’ the effect of the territoriality principle.<sup>65</sup> The EU has been able to reconcile territoriality and community-wide goals aimed at removing barriers to economic expansion through the creation of a single market.<sup>66</sup> The establishment of common market means that the harmonised trade mark laws apply in the EU as a territory. The EU CTM<sup>67</sup> system expands the application of the principle of territoriality from a national context to a regional context.<sup>68</sup> The protection of a registered CTM is extended to the territory of all the EU Member States and has the same effect throughout the enlarged territory.<sup>69</sup> The laws of each particular jurisdiction accordingly cease to be a determinant in the protection of a trade mark. It is clear that the CTM system does not erode the principle of territoriality; instead it extends the territory in terms of which the principle operates.<sup>70</sup>



<sup>59</sup> Recital 2 TMD 2008/95/EC. See also Mathijsen *A Guide to European Union Law* 384. See also Tritton *Intellectual Property in Europe* (2008)15, hereafter Tritton *Intellectual Property in Europe*. See also Recital 2 TMD 2008/95/EC

<sup>60</sup> Recital 2 TMD 2008/95/EC. Although a common market is not defined as such in the Treaty it covers most of the activities of the Community including the ‘internal market’. An internal market comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaty: Art 14 (2) of the Treaty Establishing the Economic Community (2006) O.J C321 E/49.

<sup>61</sup> Backer holds the same view and contends that the rationale for harmonisation at the level of the supranational entity is based on ensuring that there is efficiency, clarity and predictability: Backer ‘Harmonisation, Subsidiarity and Cultural Difference: An Essay on the Dynamics of Opposition within Federative and International Legal Systems’ (1997) 4 *Tulsa J. Comp. & Int’l L.* 190.

<sup>62</sup> Recital 10 TMD 2008/95/EC. See also Leaffer ‘The New World of International Trademark Law’ (1998) 2 *Marq. Intell. Prop. L. Rev.* 5, hereafter Leaffer 2 *Marq. Intell. Prop. L. Rev.* and Dinwoodie ‘The integration of International and Domestic Intellectual Property Lawmaking’ (2000) *Columbia-VLA Journal of Law & The Arts* 308, hereafter Dinwoodie (2000) *Columbia-VLA Journal of Law & The Arts*.

<sup>63</sup> Piotraut ‘European national IP laws under the EU umbrella: From national to European Community IP law’ 2 *Loyola University of Chicago International Law Review* (2003) 80.

<sup>64</sup> As explained in chapter 2, harmonisation aims at reducing the differences in the laws so as to create efficiency, clarity, predictability and to bring about equivalence.

<sup>65</sup> Blakely (2000) 149 *U.Pa.L.Rev* 310.

<sup>66</sup> Land (2004) 11 *Cardozo J.Int’L & Comp.L.* 1007.

<sup>67</sup> This system will be discussed in detail below.

<sup>68</sup> Schmidt-Szalewski (1998) 9 *Duke Journal of Comparative & International Law* 190.

<sup>69</sup> Dinwoodie ‘Trademarks and Territory: Detaching trademark law from the nation-State’ (2004) 41 *Houston Law Review* 948, hereafter Dinwoodie (2004) 41 *Houston Law Review*. See chapter 5 part 5.1.3.

<sup>70</sup> Schmidt-Szalewski (1998) *Duke Journal of Comparative & International Law* 190.

A further issue that arose in the EU was how to reconcile the use of trade mark rights with the principle of free trade.<sup>71</sup> The solution again lay in harmonising the laws, which the EU did through the adoption of a directive and regulation.<sup>72</sup> Mathijsen asserts that ‘the existence’ of the trade marks right is not affected by the Treaty, but that the exercise of such rights can, under certain conditions, be prohibited by EU law.<sup>73</sup> The power to limit the exercise of trade mark rights has been applied to preclude a trade mark owner from relying on his rights to prevent an importer from marketing a product which was put on the market in another Member State with his consent.<sup>74</sup>

The basis for this preclusion is the exhaustion of rights doctrine; it provides that once an IP right holder has released products or they have been placed on the community market with his consent, he is deemed to have exhausted his rights.<sup>75</sup> He cannot thereafter prevent another person from buying those products in one part of the single market and then selling them in another.<sup>76</sup> The holder no longer retains a right to control disposition of the goods across borders. The same rule applies where the importer repackaged the product and re-affixed the trade mark without the owner’s authorisation.<sup>77</sup> Bonadio correctly avers that without an exhaustion doctrine, proprietors would continuously exercise control over the sale, transfer or use of the goods, and would have a grip on commercial relations.<sup>78</sup> Based on the exhaustion doctrine, a proprietor has exclusive right to exploit an intangible asset but not the physical goods incorporating that asset which can thus be resold freely.<sup>79</sup>

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<sup>71</sup> Free trade contributes to the creation of wealth. It also creates employment and raise standards of living. Protection of trademarks is also important as it fosters innovation and investment. A balance between these competing interests was necessary. See Seville *EU Intellectual Property Law* 310 and Mathijsen *A Guide to European Union Law* 174.

<sup>72</sup> Harmonisation involves replacing existing national provisions by rules whose content is common to all Member States. The rules are not identical but rather ‘common’: Mathijsen *A Guide to European Union Law* 324.

<sup>73</sup> Such exercise must be strictly limited to what is necessary to safeguard what constitutes the ‘specific subject-matter’ of those rights: Mathijsen *A Guide to European Union Law* 385.

<sup>74</sup> Mathijsen *A Guide to European Union Law* 387.

<sup>75</sup> Raciti ‘The Harmonisation of Trademarks in the European Community: The harmonisation Directive and the Community Trademark (1996) 78 *J.Pat. & Trademark Off.Soc’y* 58, hereafter Raciti 1996) 78 *J.Pat. & Trademark Off.Soc’y*. See also Art 7 TMD 2008/95/EC.

<sup>76</sup> Bonadio ‘Parallel imports in a global market: Should a generalised international exhaustion be the next step?’ (2011) *E.I.P.R* 153 hereafter Bonadio (2011) *E.I.P.R*. Mathijsen *A Guide to European Union Law* 387. See also chapter 3 part 3.1.

<sup>77</sup> Raciti (1996) 78 *J.Pat. & Trademark Off.Soc’y* 58.

<sup>78</sup> Bonadio (2011) *E.I.P.R* 153.

<sup>79</sup> Bonadio (2011) *E.I.P.R* 153.

## 5.3 EU's legal integration model

### 5.3.1 Harmonisation through Directives

A directive may be issued by the Council or by the Council together with Parliament since they can 'co-decide'; it can also be issued by the Commission.<sup>80</sup> A directive constitutes the appropriate measure when existing national legislation must be modified or there is a need for national provisions to be enacted for the sake of harmonisation.<sup>81</sup> The Member States to which it is addressed must implement the directive:<sup>82</sup> they are obliged to take national measures necessary to achieve the results set out in the directive.<sup>83</sup> It leaves the choice of form and methods to the national authorities implying that Member States are free to decide how they want to transpose the EU directive into national law.<sup>84</sup> The characteristic of a directive is that it is binding only as to the results to be achieved. It requires implementing measures and does not automatically become binding upon Member States.

A directive may have direct effect which means it is capable of creating individual rights which national courts must protect.<sup>85</sup> The determination whether the directive has direct effect or not is done on a case to case basis taking into account the nature, background and wording of the directive.<sup>86</sup> A directive imposes obligations upon Member States but does not impose obligations upon private parties.<sup>87</sup> In the absence of full transposition, a Member State cannot rely on a directive against an individual. The reason for this is to prevent a Member State from taking advantage of its own failure to comply with EU law. A private person may, however, invoke provisions of a non-transposed or partly transposed directive against the Member State to which it is addressed.<sup>88</sup> The significance of 'direct effect' is that it protects individual rights of the citizens of each Member State.

The answer to the question whether a directive follows the pattern of EU legal integration is in the affirmative. The EU adopts directives when there is need to achieve a particular

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<sup>80</sup> Mathijsen *A Guide to European Union Law* 27.

<sup>81</sup> Mathijsen *A Guide to European Union Law* 27.

<sup>82</sup> Boele-Woelki *Unifying and harmonising substantive law* (2010) 50.

<sup>83</sup> Art 288 Treaty on the Functioning of the European Union (TFEU). See also Tritton *Intellectual Property in Europe* 15, hereafter Tritton *Intellectual Property* and Hartely *The Foundations of European Community Law* (2007) 201 and Hartely *EU law in a global context* (2004) 45.

<sup>84</sup> Article 288 TFEU. See also Tritton *Intellectual Property* (2008) 15 and Boele-Woelki *Unifying and Harmonising Substantive Law* 50 and Hanlon *European Community Law* (2003) 105.

<sup>85</sup> Mathijsen *A Guide to European Union Law* 27 and 39; Schutze *An Introduction to European Law* 112 and Hanlon *European Community Law* (2003) 105.

<sup>86</sup> Mathijsen *A Guide to European Union Law* 27.

<sup>87</sup> Hartely *EU law in a global context* (2004) 176 and Mathijsen *A Guide to European Union Law* 27.

<sup>88</sup> A directive cannot be relied on by an individual against another private party. The rationale is that a directive does not impose obligations on an individual. See Schutze *An Introduction to European Law* 120.

objective. Directives have not only been used to approximate trade mark laws;<sup>89</sup> there are other areas in which a similar pattern has been followed. Council Directive 93/98/EEC was adopted to harmonise the term of protection of copyright and certain related rights.<sup>90</sup> Directive 98/71/EC was also adopted to harmonise standards of eligibility and protection of registered designs.<sup>91</sup> Other directives include Directive 2003/98/EC on the re-use of public information and Directive 96/9/EC on the legal protection of databases.<sup>92</sup> The EU has adopted directives in different areas within the intellectual property (IP) framework and this reflects the extent to which they have played a role in the EU integration process. A directive is, however, considered to be the weaker form of an act<sup>93</sup> as it is limited in scope and binding only as to its objective.<sup>94</sup>

### 5.3.2 Unification through Regulations

A regulation forms part of EU law. A regulation may be adopted by the Council or by the Council together with Parliament under the 'co-decision' process.<sup>95</sup> A regulation has general application: it applies to all people;<sup>96</sup> it is applicable in all Member States<sup>97</sup> and is binding in its entirety.<sup>98</sup> These aspects distinguish it from a directive which applies only to Member States to which it is addressed with the object to achieve more limited results. A Member State cannot apply provisions from a regulation in an incomplete or selective manner.

Article 288 of the Treaty on the Functioning of the European Union (TFEU) provides that a regulation is directly applicable in all Member States:<sup>99</sup> it does not require a national measure such as ratification, but automatically becomes binding upon Member States.<sup>100</sup> Direct

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<sup>89</sup> See chapter 5 part 5.4.1.

<sup>90</sup> It was adopted on 29 October 1993.

<sup>91</sup> The Directive was adopted on 13 October 1998.

<sup>92</sup> It was adopted on 11 March 1996.

<sup>93</sup> The EU lists five forms of acts which are: regulations, directives, decisions, recommendations and opinions: Art 288 on the Treaty Establishing the Functioning of the EU. See Hartely *EU law in a global context* (2004) 45.

<sup>94</sup> Hartely *The Foundations of European Community Law* (2007) 103 and Hartely *EU law in a global context* (2004) 45.

<sup>95</sup> See Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community Trade Mark.

<sup>96</sup> Hartely *The Foundations of European Community Law* (2007) 103.

<sup>97</sup> Hanlon *European Community Law* (2003) 104.

<sup>98</sup> Art 288 on the Treaty establishing the Functioning of the EU. Tritton *Intellectual Property* 15, Mathijsen *A Guide to European Union Law* 26 and Boele-Woelki *Unifying and harmonising substantive law* (2010) 50.

<sup>99</sup> Art 288 on the Treaty establishing the functioning of the EU (2010) OJ. C83/157. Hartely *The Foundations of European Community Law* (2007) 199 and Tritton *Intellectual Property* 15. Weatherhill *Cases and Material on EU law* (2012) 136 and Boele-Woelki *Unifying and harmonising substantive law* 50.

<sup>100</sup> It means that it does not require an implementing legislation: see Weatherhill *Cases & Materials on EU law* (2012) 75 and Arnall *The European Union and its Court of Justice* (2006) 195.

application means that national authorities cannot prevent its application; it takes precedence over national law.<sup>101</sup> The rationale behind ‘direct application’ is to ensure that the community nature of EU law is enhanced. One of the effects of direct applicability is that the regulation comes into force on the same date in all Member States.<sup>102</sup> There is consequently no room for subtle changes to ‘suit national interests’; and the uniformity of the EU law is ensured. Lastly, national implementation cannot prejudice the CJEU jurisdiction to give a ruling on the interpretation and validity of the provisions of an EU Regulation.<sup>103</sup> Regulations are thus one of the effective tools available to the EU for ensuring uniformity of law.<sup>104</sup>

The next part places legal integration within the context of trade mark law. It examines the provisions of the Trade Mark Directive in order to determine the extent to which it sought to approximate the laws of the Member States.

## 5.4 Integration of EU’s trade mark laws

### 5.4.1 Trade Mark Directives

Trade Mark Directive (TMD) was passed to approximate the laws of Member States relating to trade marks.<sup>105</sup> The TMD was the first stage aimed at harmonising national laws relating to trade marks.<sup>106</sup> It covered all trade marks registered in any Member State.<sup>107</sup> The TMD was designed to pave way for the introduction of the CTM system.<sup>108</sup> Its purpose was to remove disparities in the field of trade marks which could impede the free movement of goods and services.<sup>109</sup> It was also aimed at promoting competition within the common market.<sup>110</sup>

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<sup>101</sup> Mathijsen *A Guide to European Union Law* 27.

<sup>102</sup> Hartely *The Foundations of European Community Law* 199.

<sup>103</sup> Hartely *The Foundations of European Community Law* 199.

<sup>104</sup> Hanlon *European Community Law* 104 and Hartely *EU law in a global context* 6.

<sup>105</sup> Council Directive 89/104 was passed first and it was followed by Council Directive 2008/95/EC. For the purposes of the thesis, reference is made to the provisions in the Directive 2008/95/EC.

<sup>106</sup> See also Mellor, Llewelyn, Moody-Stuart, Keeling and Berkeley *Kerly’s Law of Trademarks and Trade Names* (2011) 14, hereafter Mellor *et al Trademarks and trade names*, Duran (1995) 23 *Den.J.Int’L & Pol’y* 490, Sedwick (2001) 12 *J.Contemp. Legal Issues* 438 and 7 Askew ‘The CJEU, the ICJ and Intellectual Property: Is harmonisation the key?’ (1999) *Tulsa J. Comp. & Int’l L.* 392, hereafter Askew (1999) *Tulsa J. Comp. & Int’l L.*

<sup>107</sup> It modernised and harmonised the trade mark laws of the Member States: Rutherford ‘The Trade Marks Act in its International Context’ in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 1, hereafter Rutherford ‘The Trade Marks Act in its International Context’ and Sedwick (2001) 12 *J.Contemp. Legal Issues* 438.

<sup>108</sup> Mellor *et al Trademarks and Trade Names* (2011) 14.

<sup>109</sup> Recital 2 of the TMD 2008/95/EC of the European Parliament and the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (2008) OJ. (L 299/25). Raciti ‘The Harmonisation of Trademarks in the European Community: The harmonisation Directive and the

Accordingly, the TMD was meant to strike a balance between the need to safeguard the need of having signs capable of denoting products and services, and the counter-need of promoting trade and competition.

The TMD did not attempt a complete harmonisation of the laws of the Member States.<sup>111</sup> Its focus was on those provisions which most directly affect the proper functioning of the internal market.<sup>112</sup> It harmonised the main aspects of trade mark law in particular the subject matter, registration requirements<sup>113</sup> and nature of rights.<sup>114</sup> The subject matter relates to the definition of the entity registered as trade mark.<sup>115</sup> The nature of rights includes limitations such as exhaustion,<sup>116</sup> invalidation and revocation<sup>117</sup> as well as infringement of a trade mark.<sup>118</sup>

The discussion below is an analysis of some of the provisions of the TMD dealing with the subject matter, registrability and nature of rights since a symbiotic relationship exists between them.<sup>119</sup> The importance of this discussion is to examine how the TMD sought to harmonise the substantive aspects of trade mark in the EU. Reference is also made to case

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Community Trademark (1996) 78 *J.Pat. & Trademark Off.Soc'y* 55, hereafter Raciti (1996) 78 *J.Pat. & Trademark Off.Soc'y* and Tessensohn (1999) 6 *J. Intell. Prop. L.* 222.

<sup>110</sup> Recital 2 of the Trade Mark Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (2008) OJ. (L 299/25). See also *Bjornekulla Fruktindustrier v Procordia Food* Case C-371/02, [2004] 1-5791.

<sup>111</sup> Recital 4 of the Trade Mark Directive reads as follows: 'It does not appear to be necessary to undertake full-scale approximation of the trade mark laws of the Member States. It will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market.' Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (2008) OJ. (L 299/25).

<sup>112</sup> Recital 2 of Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (2008) OJ. (L 299/25). See also Seville *EU Intellectual Property Law* 220 and Tritton *Intellectual Property in Europe* 262.

<sup>113</sup> Article 5 TMD 2008/95/EC.

<sup>114</sup> Article 6 TMD 2008/95/EC.

<sup>115</sup> It provides for a definition of a trademark and the laws of the Member States should reflect the common features of the definition in their laws: Council Directive 2008/95/EC Art 2. See also Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 23 and Duran (1995) 23 *Den.J.Int'L & Pol'y* 490.

<sup>116</sup> Article 7 reads as follows: 'The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.' This provision does not however, apply where there is a legitimate reason for the proprietor to oppose further commercialisation of the goods, particularly, where the condition of the goods is changed or impaired after they have been put on the market: Art 7 of the TMD 2008/95/EC. See also Raciti (1996) 78 *J.Pat. & Trademark Off.Soc'y* 58.

<sup>117</sup> Grounds for revocation include non-use for five years, where the trademark has become descriptive or misleading as to the nature, quality or geographical origin of the goods: Article 12 of TMD 2008/95/EC. See also Cornish, Llewelyn and Aplin *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (2010) part 18-68, hereafter Cornish *et al Intellectual Property* and Raciti (1996) 78 *J.Pat. & Trademark Off.Soc'y* 59-60.

<sup>118</sup> Duran (1995) 23 *Den.J.Int'L & Pol'y* 490.

<sup>119</sup> The TMD reflects many of the requirements prescribed by TRIPS: Rutherford 'The Trade Marks Act in its international context' 2.

law with the aim to ascertain how the provisions in the TMD were interpreted and applied in the Member States.

#### 5.4.1.1 Trade mark as an entity

The TMD seeks to harmonise the types of signs which may be registered as trade marks as there were variances in the existing laws of the Member States. Article 4 of the TMD provides that,

‘A trade mark may consist of **any signs, capable of being represented graphically**, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that **such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.**’<sup>120</sup>

The above provision is not necessarily a definition but it explains the signs which a trade mark may consist.<sup>121</sup> The question that springs to mind is: whether use of the word ‘may’ generally indicates that Member States have a choice to implement the provision and the extent to which it can do so. Mellor and Llewellyn doubt the view that Member States were being given a choice, and rightly argue that the better view is that the word ‘may’ was being used to indicate to Member States an open-ended notion of the signs that could be registered provided that they satisfied all the requirements.<sup>122</sup> Therefore, Article 2 of the TMD does not give Member States an option regarding the implementation of the same provision.

A trade mark consists of a sign.<sup>123</sup> A sign is what is used or proposed to be used in practice,<sup>124</sup> it must convey information.<sup>125</sup> Article 2 specifies the types of sign which could be registered as trade marks: namely ‘words including personal names,<sup>126</sup> designs, letters, numerals, and the shape of goods or of their packaging’.<sup>127</sup>

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<sup>120</sup> Article 4 TMD 2008/95/EC: my emphasis.

<sup>121</sup> Mellor *et al Trademarks and Trade Names* 7 - 14.

<sup>122</sup> Mellor *et al Trademarks and Trade Names* 14.

<sup>123</sup> See chapter 4: part 4.2.1 for a discussion of a sign.

<sup>124</sup> Mellor *et al Trademarks and Trade Names* 15.

<sup>125</sup> See chapter 4 parts 4.1.2, 4.2.2 & 4.3.3.

<sup>126</sup> A common surname which is able to fulfil the origin function and distinguishing function can be registered provided it is not generic, or descriptive: *Nichols Plc v Registrar of Trade Marks* Case C-404/02; [2004] ECR I-8499 para 30.

<sup>127</sup> Article 2 TMD 2008/95/EC.

In *Nichols Plc v Registrar of Trade Marks*,<sup>128</sup> Nichols sought to register the surname ‘Nichols’ as a trade mark for products including vending machines, and food and drink dispensed through the machines. The Registrar of the United Kingdom Trade Marks granted the application in respect of vending machines, but refused it in respect of all the other products.<sup>129</sup> Nichols appealed against the decision to the High Court of Justice of England and Wales.<sup>130</sup> The Court stayed the proceedings and referred questions to the CJEU for a preliminary ruling.<sup>131</sup> The CJEU, in its preliminary ruling, clarified that:

‘The registration of a trade mark constituted by a surname cannot be refused in order to ensure that no advantage is afforded to the first applicant since the Directive 89/104 contains no provision to that effect, regardless, moreover, of the category to which the trade mark whose registration is sought belongs.’<sup>132</sup>

The examples given in Article 2 of the TMD were thought to reflect what business actually used as trade marks,<sup>133</sup> but the list is not exhaustive.<sup>134</sup> The rationale for specifically mentioning signs that are registrable as trade marks was to ensure that all Member States were aware that there were no longer limitations on types of signs that are registrable, provided that they satisfy the other requirements.<sup>135</sup> Accordingly, a sign that is capable of graphic representation and of distinguishing goods or services of one proprietor from those of another qualifies as a trade mark.<sup>136</sup> These requirements relate to what a trade mark must do<sup>137</sup> and in part, are directed to the operation of a registration system; it must be capable of graphic representation.<sup>138</sup>

Graphic representation refers to the sign which appears on the register, the visual representation of the trade mark. The overriding criterion in relation to the definition of a

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<sup>128</sup> Case C-404/02; [2004] ECR I-8499.

<sup>129</sup> The reasons for refusing to register the mark include, *inter alia* that the surname ‘Nichols’ was common in the United Kingdom. With respect to food and drink, other providers and manufacturers would use the surname ‘Nichols’ because of the potential size of the market for those goods. The mark was thus devoid of distinctiveness in respect of food and drink products: paras 6-15

<sup>130</sup> Para 11.

<sup>131</sup> Para 16.

<sup>132</sup> *Nichols Plc v Registrar of Trade Marks* Case C-404/02; [2004] ECR I-8499 para 31.

<sup>133</sup> Mellor *et al Trade marks and trade names* 14.

<sup>134</sup> Colston & Middleton *Modern Intellectual Property Law* (2005) 515, hereafter Colston & Middleton *Modern Intellectual Property Law* and Colston & Galloway *Modern intellectual property law* (2010) 593, hereafter Colston & Galloway *Modern intellectual property law*.

<sup>135</sup> The removal of limitations was designed to encourage trade mark owners to apply for Community trade marks: Mellor *et al Trade marks and trade names* 14.

<sup>136</sup> See also chapter 4 parts 4. 2. 1, 4. 2. 2 & 4. 2.3.

<sup>137</sup> A trade mark must be capable of distinguishing goods or services of one person from those of another person.

<sup>138</sup> Mellor *et al Trade marks and trade names* 14.

trade mark is that the mark must be capable of graphical representation such as by description, a formula or diagram.<sup>139</sup> The recording of the sign should be clear and unambiguous.<sup>140</sup> A sound mark, or smell sign must also be represented visually by means of an image, line or character.<sup>141</sup> The representation must be clear, precise, self-contained, easily accessible, durable and objective.<sup>142</sup>

A sign which is ‘capable of distinguishing’ may be a trade mark if it meets all the other requirements.<sup>143</sup> A sign which does not distinguish goods or services of one person from another person may not be able to indicate the source of the goods or services. Colston and Middleton rightly aver that the essence of a trade mark is its ability to identify the origin of the goods or services.<sup>144</sup> Article 2 of the TMD reflects the basic function of a trade mark which is to indicate the source of the goods or services; a trade mark functions as a badge of origin.<sup>145</sup> Recital 11 in the Preamble to the TMD makes reference to the origin function. It states that:

‘The protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, should be absolute in the case of identity between the mark and the sign and the goods or services’.<sup>146</sup>

The origin function is not, however, expressed directly in Article 2 although it can still be inferred.<sup>147</sup> Article 2 of the TMD ‘defines’ a trade mark in terms of its distinguishing function;<sup>148</sup> that it must be distinctive.<sup>149</sup> Rutherford correctly argues that the distinguishing function is wide enough to embrace not only the traditional function but also the socio-

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<sup>139</sup> Graphic representation can be in the form of even a chemical or gas chromatographic in the case of smell. See *Sieckmann v Deutsches Patent- und Markenamt* Case C-273/00, [2002] E.C.R. 1-11737. See also Colston & Middleton *Modern Intellectual Property Law* 515 and Colston & Galloway *Modern intellectual property law* 593.

<sup>140</sup> *Sieckmann v Deutsches Patent- und Markenamt* Case C-273/00, [2002] E.C.R. 1-11737 para 53.

<sup>141</sup> *Sieckmann v Deutsches Patent- und Markenamt* Case C-273/00, [2002] E.C.R. 1-11737 para 46.

<sup>142</sup> *Sieckmann v Deutsches Patent- und Markenamt* Case C-273/00, [2002] E.C.R. 1-11737 para 47 -55.

<sup>143</sup> Colston & Middleton *Modern intellectual property law* 521.

<sup>144</sup> Colston & Middleton *Modern intellectual property law* 521.

<sup>145</sup> See also Mellor *et al Trade marks and trade names* 36; Colston & Galloway *Modern intellectual property law* 583 and Cornish Llwelyn & Aplin *Intellectual property: Patents, copyright, trade marks and allied rights* (2010) para 16-30, hereafter Cornish *et al Intellectual property*.

<sup>146</sup> Recital 11 of the TMD 2008/95/EC.

<sup>147</sup> *Nichols Plc v Registrar of Trade Marks* Case C-404/02 [2004] ECR 1-8499 para 22 and Mellor *et al Trade marks and trade names* 14.

<sup>148</sup> South Africa also defines a trademark in terms of the distinguishing function only and this approach is in line with the TMD and TRIPS: see part 4.2.2 above and Rutherford ‘The Trade Marks Act in its international context’ 2.

<sup>149</sup> A sign that is distinguishing is regarded as being ‘distinctive. See chapter 5 part 4.3.1, 4.3.2 and 4.3.3.

economic functions such as quality and advertising function.<sup>150</sup> The CJEU stated in *L’Oreal v Bellure*<sup>151</sup> that the list of the functions of a trade mark is non-exhaustive.<sup>152</sup> Although Article 2 of the TMD explicitly refers to the distinguishing function, a trade mark fulfils all the other functions mentioned above.<sup>153</sup> It is, however, argued that the origin function and the distinguishing function form the essence of a trade mark without which a mark cannot be afforded protection.

I now turn to the requirements for registration.

#### 5.4.1.2 Registration requirements

To be registrable, a mark must meet the following criteria: First, it must fall within the definition of a trade mark. Second, it must not fail on the absolute grounds of refusal.<sup>154</sup> Third, it must not fail on the relative grounds of refusal.<sup>155</sup> A mark is presumed to be registrable unless it can be shown that it fails to satisfy one or more of these criteria.<sup>156</sup> A mark which satisfies the stated criteria qualifies for registration.

Article 3 (1) of the TMD sets forth the absolute grounds for refusal or invalidity. It reads:

‘The following shall not be registered or, if registered, shall be liable to be declared invalid:

- Signs which cannot constitute a trade mark;
- a) Trade marks which are devoid of any distinctive character...<sup>157</sup>

Absolute grounds for refusal refer to situations in which the mark cannot be registered under any circumstances. Opposition to registration of the mark has to contain at least one of the

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<sup>150</sup> The distinguishing function is consistent with the other functions: Rutherford ‘The Trade Marks Act in its international context’ 3.

<sup>151</sup> *L’Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185.

<sup>152</sup> ‘These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising’: *L’Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 58.

<sup>153</sup> Cornish *et al Intellectual Property* par 16-22 and Colston & Galloway *Modern intellectual property law* 583.

<sup>154</sup> Article 3 TMD 2008/95/EC.

<sup>155</sup> Article 4 TMD 2008/95/EC. See also Colston & Middleton *Modern intellectual property law* 514.

<sup>156</sup> The registration requirements are in accordance with TRIPS. South Africa’s Trade Marks Act also prescribes similar requirements: see chapter part 4.3.2 and Rutherford ‘The Trade Marks Act in its international context’ 3. See also Colston & Middleton *Modern Intellectual Property Law* 514.

<sup>157</sup> Other absolute grounds for refusal include, for example, where it the trademark is against public policy or morality; it is deceptive or is a generic term for the service or goods; or the sign consists exclusively of the shape which results from the nature of the goods themselves or the shape of goods which is necessary to obtain technical result: Art 3 TMD 2008/95/EC.

absolute or relative grounds for refusal.<sup>158</sup> A sign which does not satisfy the requirements of the definition of a trade mark cannot be registered and it is an absolute ground for refusal. Since the definition of a trade mark has been discussed above, the next part deals with other grounds for refusal, particularly, the distinctive requirement as it is the essence of a trade mark.<sup>159</sup>

A mark has distinctive character if it is capable of distinguishing the goods or services of one undertaking which means that it must be 'able to distinguish' or 'serves to distinguish'.<sup>160</sup> It is significant for a trade mark to be able to distinguish one's products from another's, and one that does not do so is invalid and cannot be registered.<sup>161</sup> Distinctiveness can be inherent or can be acquired through use.<sup>162</sup> Trade marks which consist exclusively of signs which have become customary in the current language do not satisfy the distinctive requirement. The mark HOOVER has, for example, almost become a descriptive word for vacuum cleaner.<sup>163</sup>

In *Société des produits Nestlé SA v Mars UK Ltd*,<sup>164</sup> the question was whether the advertising slogan 'HAVE A BREAK' had acquired its own distinctive character under Article 3 (3) separate from the distinctiveness of the principal mark, 'HAVE A BREAK... HAVE A KIT KAT'.<sup>165</sup> The CJEU clarified that it cannot in preliminary reference proceedings establish whether a specific sign has acquired distinctive character.<sup>166</sup> The task of the CJEU is to interpret EU law in such a way that the referring court can apply it correctly in the main

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<sup>158</sup> Colston & Galloway *Modern intellectual property law* 589.

<sup>159</sup> It is a distinctiveness that enables a trademark to identify which is looked for: Colston & Galloway *Modern intellectual property law* 605. See also Mellor *et al Trade marks and trade names* 32.

<sup>160</sup> Mellor *et al Trade marks and trade names* 32. See also chapter 4 part 4.3.2.

<sup>161</sup> Cornish *et al Intellectual Property* para 18-17 and Colston & Galloway *Modern intellectual property law* 592.

<sup>162</sup> Art 3 (3) TMD 89/104. See also *Nichols Plc v Registrar of Trade Marks* Case C-404/02, [2004] ECR I-8499 para 29. See also Colston & Middleton *Modern Intellectual Property Law* (2005) 521 and Colston & Galloway *Modern intellectual property law* 599.

<sup>163</sup> Colston & Middleton *Modern Intellectual Property Law* 521.

<sup>164</sup> *Société des produits Nestlé SA v Mars UK Ltd* Case C-353/03 [2005] E.C.R I-6135.

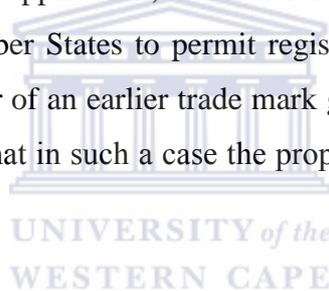
<sup>165</sup> The issue was whether the slogan 'HAVE A BREAK' can be registered in the United Kingdom as a trade mark in respect of chocolate, chocolate products, confectionery, candy and biscuits. Société des produits Nestlé SA (the applicant) is also the proprietor of the trademarks 'HAVE A BREAK ... HAVE A KIT KAT' and 'KIT KAT' registered in respect of the same class of goods. Registration of the trade mark 'HAVE A BREAK' is opposed by Mars UK Ltd: *Société des produits Nestlé SA v Mars UK Ltd* Case C-353/03 E.C.R I-6135 paras 6-13. .

<sup>166</sup> The national court should assess whether or not distinctiveness has in fact been acquired based of the following criteria: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been the amount invested in promoting the mark; the proportion of the relevant class of persons who identify the goods or services as belonging from a particular undertaking and statements from trade and professional associations: para 31. See also Cornish *et al Intellectual Property* para 18-25.

proceedings.<sup>167</sup> The CJEU ruled that distinctive character of a mark referred to in Article 3 (3) of the TMD may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trade mark.<sup>168</sup>

Article 4 of the TMD provides that registration may also be refused on relative grounds which includes, *inter alia*, if the trade mark is: first, 'identical with an earlier trade mark',<sup>169</sup> and the registration is sought for similar goods or services.<sup>170</sup> Second, if the trade mark is similar to an earlier trade mark in such a way that 'there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark'.<sup>171</sup> Third, if the trade mark is identical or similar to an earlier CTM.<sup>172</sup> Member States have an option to declare a trade mark as invalid by virtue of earlier rights in terms of copyright and other intellectual property rights.<sup>173</sup>

It is important to note that the relative grounds for refusal depend upon the proprietor of an earlier trade mark opposing the application;<sup>174</sup> refusal is hence based on an earlier trade mark.<sup>175</sup> The TMD allows Member States to permit registration or not to declare the trade mark invalid where the proprietor of an earlier trade mark gives consent to registration of the later trade mark.<sup>176</sup> It is argued that in such a case the proprietor's consent paves a way for a valid registration.



### 5.4.1.3 Infringement

Article 5 (1) of the TMD provides that:

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<sup>167</sup> Opinion of Advocate General Kokott delivered on 27 January 2005: para 22.

<sup>168</sup> *Société des produits Nestlé SA v Mars UK Ltd* Case C-353/03, [2005] E.C.R I-6135: para 32 & 33.

<sup>169</sup> An earlier trade mark means 'trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trade mark, taking account, where appropriate, of the priorities claimed in respect of those trademarks: Art 4 (2) (a) of the Trade Mark Directive 2008/95/EC.

<sup>170</sup> Article 4 (1) (a) of the TMD 2008/95/EC.

<sup>171</sup> Article 4 of the TMD 2008/95/EC.

<sup>172</sup> Article 4 (3) reads: 'A trade mark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark.'

<sup>173</sup> Article 4 (c) of the TMD 2008/95/EC.

<sup>174</sup> Bainbridge *Intellectual property* (2009) 759.

<sup>175</sup> It arises because some other proprietor has an earlier conflicting right: Cornish *et al Intellectual property* para 18-22.

<sup>176</sup> Article 4 (5) of the TMD 2008/95/EC.

‘The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- a) any **sign which is identical** with the trade mark in **relation to goods or services which are identical with those for which the trade mark is registered;**
- (b) any sign where, because of its **identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark** and the sign, there exists a **likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.**<sup>177</sup>

The above provision confers on the proprietor absolute rights on a registered trade mark.<sup>178</sup> It entitles the proprietor to prevent a third party from using an identical or similar mark on goods or services for which the trade mark has been registered if four conditions set out in Article 5 and Article 5(1) (a) of the TMD are satisfied, namely:

- 1) Unauthorised use of an identical sign;
- 2) In the course of trade;<sup>179</sup>
- 3) In respect of goods or services which are identical to those for which the trade mark is registered; and
- 4) It must affect or be liable to affect the functions of the trade mark mainly the origin function.<sup>180</sup>

Article 5 (1) (a) is limited to unauthorised use of identical sign on identical or precise goods or services covered by registration.<sup>181</sup> Infringement occurs if a third party uses the owner’s sign as a trade mark. The question that is posed is: whether the protected functions of a trade mark can possibly be affected due to use of an identical sign by a third party?<sup>182</sup> The proprietor of the trade mark is entitled to prevent use of the registered trade mark only if it is liable to have an adverse effect on any of the functions of a trade mark.<sup>183</sup>

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<sup>177</sup> Article 5 of the TMD 2008/95/EC: my emphasis. (It should be noted that the wording of Art 9(1) (a) and (b) of Regulation No 40/94 corresponded in substance to that of Art 5(1) of Directive 2008/95/EC.)

<sup>178</sup> Article 5 (1) of the TMD. Higher level of exclusivity may have negative effects on creativity, investment and competition and Peukert correctly argues that there is need for a balance between exclusivity and access: Peukert ‘Intellectual Property as an end in itself’ (2011) 33 *E.I.P.R.* 67-71, hereafter Peukert (2011) 33 *E.I.P.R.* See also Colston & Galloway *Modern intellectual property law* 581.

<sup>179</sup> In the course of trade means in the course of business: Colston & Galloway *Modern intellectual property law* 655. See also chapter 4 part 4.4.2 and 4.4.3.

<sup>180</sup> *Céline SARL v Céline SA* C-17/06, [2007] ECR I-07041 para 16. See also Colston & Galloway *Modern intellectual property law* 651.

<sup>181</sup> The sign should have been used as a trade mark.

<sup>182</sup> Psaroudakis ‘In search of trademark functions: Keyword advertising in European law (2011) *E.I.P.R.* 33.

<sup>183</sup> Horton ‘The implications of *L’Oréal v Bellure*- A retrospective and a looking forward: The essential functions of a trade mark and when is an advantage unfair’ (2011) *E.I.P.R.* 555. See also *Arsenal Football*

The case of *L'Oréal v Bellure*,<sup>184</sup> raised issues of both infringement and comparative advertising in relation to perfumery products. *L'Oréal* companies claimed in the High Court proceedings that the defendants were marketing products which were an imitation of their fragrances and that some of the packaging were generally or slightly similar in appearance to those which they used for their fragrances. The High Court held that there had been an infringement<sup>185</sup> but only granted the application based on section 10 (3)<sup>186</sup> as regards the Tresor packaging mark and the Miracle bottle mark. The defendants appealed, and the Court of Appeal sought clarification to the CJEU by way of the preliminary reference procedure.<sup>187</sup>

The CJEU clarified that Article 5 (1) (a) enables the proprietor of the trade mark to rely on its exclusive right where there is, or is liable to be, an adverse effect on one of the functions of the trade mark, regardless of whether the function concerned is the essential function of the trade mark or one of the other functions of the mark.<sup>188</sup> The origin function is not the only function of the mark that is worthy of protection against injury by third parties. Infringement occurs if any of the functions of a trade mark cannot be fulfilled as a result of use by a third party.<sup>189</sup>

In *Interflora Inc. v Marks & Spencer plc*,<sup>190</sup> the defendant used the keyword 'Interflora' to trigger search results through Google AdWords for M & S flower services. When internet users entered the word 'Interflora' or one of the variants or expressions as a search term in the Google search engine, an M & S advertisement appeared under the heading 'sponsored links'.<sup>191</sup> Interflora brought proceedings for trade mark infringement before the England and

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*Club plc v Matthew Reed* Case C-206/01, [2004] ECR I-10273, para 51 and *L'Oréal SA & Others v Bellure NV and Others* Case C-487/07, [2009] ECR I-5185 para 60.

<sup>184</sup> Case C-487/07, [2009] ECR I-5185.

<sup>185</sup> In terms of s 10 (1) of the Trade Marks Act of 1994.

<sup>186</sup> Of the Trade Marks Act.

<sup>187</sup> *L'Oréal SA and Others v Bellure NV and Others* Case C-487/07, [2009] ECR I-5185 para 14-30. See also Morcom 'L'Oréal v Bellure- Who has won?' (2009) 12 *E.I.P.R.* 628-629, hereafter Morcom (2009) 12 *E.I.P.R.* and Horton 'The implications of *L'Oréal v Bellure*- A retrospective and a looking forward: The essential functions of a trademark and when is an advantage unfair' (2011) *E.I.P.R.* 550 Horton (2011) *E.I.P.R.*

<sup>188</sup> Such as that of guaranteeing the quality of that product or service or that of communication, investment or advertising. See Morcom (2009) *E.I.P.R.* 633 & 634 and Horton (2011) *E.I.P.R.* 550.

<sup>189</sup> *L'Oréal SA and Others v Bellure NV and Others* Case C-487/07, [2009] ECR I-5185, paras 57-58 & 65; Morcom (2009) *E.I.P.R.* 634 and Horton (2011) *E.I.P.R.* 550. See also *Arsenal Football Club plc v Matthew Reed* Case C-206/01, [2004] ECR I-10273, paras 59-62 where use of a sign which was identical to the trade mark at issue in the main proceedings was liable to jeopardise the guarantee of origin which constitutes the essential function of the trade mark.

<sup>190</sup> Case C-323/09, [2011] ECR I-082625.

<sup>191</sup> *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 paras 14-20. See also Smith, Montagnon & Leriche 'Interflora: UK victory for trademark owners on keyword advertising but for how long?' (2013) *E.I.P.R.* 546, hereafter Smith *et al* (2013) *E.I.P.R.* 546.

Wales High Court of Justice which decided to stay the proceedings and referred questions to the CJEU for a preliminary ruling.<sup>192</sup>

The CJEU ruled that Article 5(1) (a) of Directive 89/104<sup>193</sup> must be interpreted as meaning that the proprietor of a trade mark is entitled to prevent a competitor from advertising on the basis of a keyword which is identical to a registered trade mark, and which has been selected in an internet referencing service by the competitor without the proprietor's consent.<sup>194</sup> A third party is thus prevented from using goods or services identical with those for which that mark is registered, where that use is liable to have an adverse effect on one of the functions of the trade mark. Such use adversely affects the origin function,

‘where the advertising displayed on the basis of that keyword does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty’, to ascertain the origin of the goods or services being advertised.<sup>195</sup>

M & S's advertisements did not make it clear to reasonable internet users that its flowers-delivery service did not originate from Interflora.<sup>196</sup> The origin function of the marks was held to be affected.<sup>197</sup> The CJEU explained that such use, in the context of an internet referencing service, does not affect the advertising function.<sup>198</sup> Use of the trade mark could, however, adversely affect the investment function if it substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty.<sup>199</sup>

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<sup>192</sup> The referring court requested clarity on a proper construction of Art 5(1) (a) of Directive 89/104 and Art 9 (1) (a) of Regulation No 40/94 on the basis of a keyword which is identical to that trade mark and which has been selected in an internet referencing service by the competitor without the proprietor's consent: *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 27.

<sup>193</sup> Including Art 9 (1) (a) of Regulation No 40/94.

<sup>194</sup> *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 96 (1).

<sup>195</sup> *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 96 (1). See also Smith *et al* (2013) *E.I.P.R* 547.

<sup>196</sup> A reasonably well-informed and reasonably observant user should not be able to tell if the goods, originate from the trade mark proprietor or a third party: Smith *et al* (2013) *E.I.P.R* 546.

<sup>197</sup> *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 95. See also Smith *et al* (2013) *E.I.P.R* 547.

<sup>198</sup> *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 96 (1).

<sup>199</sup> *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 66. See also Smith *et al* (2013) *E.I.P.R* 547.

*Identical or similar trade marks/ identical or similar goods or services/ likelihood of confusion or association*

Article 5 (1) (b) of the TMD requires:

- 1) Use of an identical or similar sign to the registered trade mark;
- 2) Use on identical or similar goods or services covered by the trade mark;
- 3) Likelihood of confusion which includes the likelihood of association on the part of the public.<sup>200</sup>

A three stage enquiry is necessary to be able to determine ‘confusing’ infringement.<sup>201</sup> First, the claimant’s mark and the defendant’s sign must be compared. Second, the goods or services of the claimant and defendant must be compared to establish similarity. Third, potential confusion or association must be established. Similarity of goods or services, or marks must give rise to a likelihood of confusion in order for infringement to occur. It should be noted that the concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope.<sup>202</sup> The terms in Article 5 (1) (b) of the TMD itself exclude the application of ‘likelihood of association’ where there is no likelihood of confusion on the part of the public.<sup>203</sup>

Recital 11 of the TMD reads as follows:

‘It is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion. The likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, **on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and**

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<sup>200</sup> Article 5 of TMD 2008/95/EC. My emphasis. See also *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041, para 16. (It should be noted that the wording of Art 9(1) (a) and (b) of Regulation No 40/94 corresponded in substance to that of Art 5(1) of Directive 2008/95/EC.) See also *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041, para 16.

<sup>201</sup> Colston & Galloway *Modern intellectual property law*) 658.

<sup>202</sup> *Sabel BV v Puma AG, Rudolf Dassler Sport* Case C-251/95 [1997] ECR I-6191 para 18.

<sup>203</sup> *Sabel BV*, a Dutch company, applied to register its trademark, a depiction of a running cheetah with the name ‘sabel’ underneath, in Germany. Puma, German company, lodged opposition on the basis of its earlier registered mark[s] which depicted a bounding feline form (a puma) in silhouette and a leaping feline form, also in silhouette. The basis of the opposition was that the Sabel BV mark (which was to be registered in one of the same classes as the Puma mark) was too similar to the marks that were registered by Puma. The Puma mark was registered "in respect of, *inter alia*, jewellery [sic], leather goods, clothing and other fashion accessories," and Sabel BV sought to register their mark "in respect of, *inter alia*, jewellery [sic] and ornaments." Puma's argument was essentially that the public would associate the two marks, since both meant the same thing and covered similar or identical goods. The German Patent Office ruled in favour of registering Sabel BV's mark, deciding that there was no similarity for trademark law purposes between the two marks. Puma appealed to the German Federal Patent Court which held that there was a resemblance and refused Sabel BV's trade mark application. Sabel BV then appealed to the German Federal Supreme Court which referred the matter to the ECJ for interpretation in terms on Art 234 of Treaty of Rome: *Sabel BV v Puma AG, Rudolf Dassler Sport* Case C-251/95 [1997] ECR I-6191.

**between the goods or services identified, should constitute the specific condition for such protection.** The ways in which likelihood of confusion may be established, and in particular the onus of proof, should be a matter for national procedural rules which should not be prejudiced by this Directive.<sup>204</sup>

The recital reaffirms the interpretation of likelihood of confusion which is provided in Article 5 (1) (b) of the TMD.

In *Sabel BV v Puma AG, Rudolf Dassler Sport*<sup>205</sup> the CJEU stated that a global approach to the question of similarity and confusion should be adopted, allowing the nature of any similarity between marks or products to have bearing on the likelihood of confusion.<sup>206</sup> The perception of the marks by the average consumer of the goods or services in question plays a decisive role in determining the likelihood of confusion or association between the earlier trade mark and the sign alleged to infringe it.<sup>207</sup> The likelihood of confusion must be ascertained from the viewpoint of an average person. The CJEU ruled that the criterion contained in Article 5 (1) (b)<sup>208</sup> must be interpreted as meaning that the mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion within the meaning of that provision.<sup>209</sup> The implication is that the mere fact that two marks are conceptually similar is not sufficient to give rise to a likelihood of confusion. It is worth noting that the CJEU refused to give ‘association’ a distinct conceptual standing, but treated it as a component of confusion.<sup>210</sup> The likelihood of confusion thus includes likelihood of association.

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<sup>204</sup> My emphasis.

<sup>205</sup> Case C-251/95 [1997] ECR I-6191.

<sup>206</sup> *Sabel BV v Puma AG, Rudolf Dassler Sport* Case C-251/95 [1997] ECR I-6191 para 22.

<sup>207</sup> *Sabel BV v Puma AG, Rudolf Dassler Sport* Case C-251/95 [1997] ECR I-6191 para 23. See also *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, para 34 & 37 and Baxter ‘Specsavers: unfair advantage but no likelihood of confusion’ (2012) 7/5 *Journal of Intellectual Property Law & Practice* 309.

<sup>208</sup> It provides for ‘likelihood of confusion which includes the likelihood of association with the earlier mark’.

<sup>209</sup> *Sabel BV v Puma AG, Rudolf Dassler Sport* Case C-251/95 [1997] ECR I-6191 para 26.

<sup>210</sup> The concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope. Likelihood of association does not arise where there is no likelihood of confusion: *Sabel BV v Puma AG, Rudolf Dassler Sport* Case C-251/95 [1997] ECR I-6191 paras 18 and 19. See Kaseke *Trademark dilution: A comparative analysis* LLD thesis, University of South Africa (2006) 161 and Horton (2011) *E.I.P.R* 555.

Infringement protection is broad to include ‘similar goods’ in Art 5 (1) (b).<sup>211</sup> It prohibits use of an identical or similar sign to the registered trade mark without due cause.<sup>212</sup>

### *Anti-dilution provisions*

Article 5 (2) of the TMD reads:

‘Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’<sup>213</sup>

The requirements for infringement as set out in Article 5 (2) above are:<sup>214</sup>

- e) Unauthorised use by the defendant of a mark ‘identical or similar’ to the registered trade mark;
- f) Use of a mark in the course of trade in relation to ‘goods or services which are not similar to those which the trade mark is registered’;
- g) The trade mark must have a reputation;<sup>215</sup>
- h) Use of that sign without due cause takes unfair advantage of, or be detrimental to the distinctive character or repute of the registered trade mark.<sup>216</sup>

In terms of this provision, proprietors are entitled to prevent the use of identical or similar mark for dissimilar goods or services.<sup>217</sup> The types of injury against which Article 5(2) provides protection are, first, detriment to the distinctive character of the trade mark. Second,

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<sup>211</sup> See chapter 4 part 4.4.2. South Africa’s Trade Marks Act is generally consistent with the EU Directive: Rutherford ‘The Trade Marks Act in its international context’ (1995) 3 and Adams & Adams ‘The infringement of Trade-Mark Rights’ in Visser (ed) *The New Law of Trade Marks and Designs* (1995) 22, hereafter Adams & Adams ‘The infringement of Trade-Mark Rights.’

<sup>212</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd* Case C-408/01, [2003] ECR I-12537 para 27.

<sup>213</sup> Article 5 (2) of the TMD 2008/95/EC.

<sup>214</sup> The provision is similar to Art 9(1) (c) of Regulation No 40/94 and is thus given the same interpretation. South Africa s 34 (1) (c) was modelled on this provision: see chapter 4 part 4.4.2 and Webster & Page *South African Law of Trade Marks, Unlawful Competition, Company Names and Trading Names* (2008) para 12.24, hereafter Webster & Page *South African Law of Trade Mark*.

<sup>215</sup> A trade mark with a reputation is granted stronger protection than a mark without reputation: Breitschaft ‘Intel, Adidas & Co- Is the jurisprudence of the European Court of Justice on dilution law in compliance with the underlying rationales and fit for the future’ (2009) *E.I.P.R* 500, hereafter Breitschaft (2009) *E.I.P.R*.

<sup>216</sup> See Rutherford ‘Trademark Protection and Freedom of Expression’ (2006) 18 *SA Merc LJ* 359 and Breitschaft (2009) *E.I.P.R*.

<sup>217</sup> Breitschaft (2009) *E.I.P.R* 499 and Horton (2011) *E.I.P.R* 550.

detriment to the repute of the trade mark.<sup>218</sup> Third, where that use takes unfair advantage<sup>219</sup> of the distinctive character or the repute of the mark.<sup>220</sup> It is not necessary to show all types of injury to a trade mark; an infringement of any of the forms of injury will suffice.<sup>221</sup>

In *Adidas*,<sup>222</sup> the CJEU clarified that Article 5 (2) refers only to use of a sign by a third party in relation to goods or services which are ‘not similar’. It also clarified that the provision must be interpreted as entitling the Member States to provide protection to a registered trade mark with a reputation in cases where an identical or similar sign is used in relation to goods or services which are identical or similar to those covered by the trade mark.<sup>223</sup>

Dilution or blurring occurs when that mark’s ability to identify the goods or services for which it is registered is weakened.<sup>224</sup> The mark’s distinctiveness is detracted by use on a different product for example KODAK for pianos. Detriment to the repute of the mark (known as ‘tarnishment’) occurs when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced.<sup>225</sup> Damage is caused to the trade mark because of unpleasant associations or low quality goods, for example, use of American Express on a packet of contraceptives. The evidence of damage is a prerequisite for a claim for tarnishment.<sup>226</sup> The claimant need not prove deception of the public; it suffices if the relevant public discern a link between the mark and sign.<sup>227</sup>

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<sup>218</sup> See *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 70. See also *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd* Case C-408/01, [2003] ECR I-12537 para 27.

<sup>219</sup> The notion of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’ (known as ‘free riding’), refers to the advantage taken by a third party as a result of the use of the identical or similar sign. In this case there should be clear exploitation of the mark with a reputation: *L’Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 41.

<sup>220</sup> *Morcom* (2009) *E.I.P.R* 632.

<sup>221</sup> *Horton* (2011) *E.I.P.R* 551.

<sup>222</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd* Case C-408/01, [2003] ECR I-12537 para 13. The case is discussed in detail later.

<sup>223</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd* Case C-408/01, [2003] ECR I-12537 para 13.

<sup>224</sup> *Colston & Middleton Modern Intellectual Property Law* 582 and *Breitschaft* (2009) *E.I.P.R* 497. See also *Psaroudakis* ‘In search of trademark functions: Keyword advertising in European law (2011) *E.I.P.R* 35.

<sup>225</sup> *L’Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 39 and 40. See *Colston & Middleton Modern Intellectual Property Law* 582 and *Breitschaft* (2009) *E.I.P.R* 497. See also chapter 4 part 4.4.2.

<sup>226</sup> *Colston & Middleton Modern Intellectual Property Law* 583.

<sup>227</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd* Case C-408/01, [2003] ECR I-12537 para 29.

The provision applies where a third party uses an identical or similar trade mark in the ‘course of trade’<sup>228</sup> without the consent of the owner of the trade mark and without ‘due cause’. The meaning of ‘due cause’ is not clear and the Advocate General in *L’Oréal v Bellure* also offered no suggestions as to what it means.<sup>229</sup> Due cause can however, be a defence that can be raised by the defendant such as freedom of speech. It is noteworthy that Article 5 (2) does not require proof of likelihood of confusion.<sup>230</sup> It gives the owner of a reputable trade mark some kind of protection even if there is no actual confusion or likelihood of confusion.<sup>231</sup>

The condition of similarity between the mark and the sign, referred to in Article 5 (2), requires the existence, particularly, of elements of visual, aural or conceptual similarity.<sup>232</sup> There must be a certain degree of similarity between the mark and the sign in question. Infringement occurs where the ‘relevant section of the public’ makes a connection between the sign and the mark; ie establishes a link between them even though it does not confuse them.<sup>233</sup>

In *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*,<sup>234</sup> the claim was that that marketing of clothing with two stripes creates a likelihood of confusion on the part of the public, since the public might associate that clothing with Adidas' sports and leisure clothing which bears three stripes.<sup>235</sup> Fitnessworld would, therefore, be taking advantage of the repute of the Adidas mark thereby jeopardising the exclusivity of that mark. The CJEU stated that the condition of similarity between the mark and the sign in question requires the

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<sup>228</sup> Means in the course of commercial activity: *Céline SARL v Céline SA* C-17/06 para 17. See also chapter 4 part 4.4 .

<sup>229</sup> *Morcom* (2009) *E.I.P.R* 632.

<sup>230</sup> *Sabel BV v Puma AG, Rudolf Dassler Sport* C-251/95 [1997] ECR I-6191 para 20. See also Breitschaft (2009) *E.I.P.R* 500 and Horton (2011) *E.I.P.R* 554.

<sup>231</sup> Breitschaft (2009) *E.I.P.R* 497.

<sup>232</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd Case* C-408/01, [2003] ECR I-12537 para 28.

<sup>233</sup> The CJEU clarified that the fact that a sign that is viewed as an embellishment by the relevant section of the public is not, in itself, an obstacle to the protection conferred by Article 5(2) of the Directive where the degree of similarity is none the less such that the relevant section of the public establishes a link between the sign and the mark. By contrast, *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd Case* C-408/01, [2003] ECR I-12537 para 29 and 31. See also Horton (2011) *E.I.P.R* 551.

<sup>234</sup> C-408/01, [2003] ECR I-12537. There is a similar case in South Africa *Adidas AG & another V Pepkor Retail Limited* (187/12) [2013] ZASCA 3: see chapter 4 part 4.4.2.

<sup>235</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd Case* C-408/01, [2003] ECR I-12537 para 9.

existence, in particular, of elements of visual, aural or conceptual similarity.<sup>236</sup> The mark and sign must be viewed globally, taking into all these factors.<sup>237</sup> It ruled that:

‘The protection conferred by Article 5(2) is not conditional on a finding of a degree of similarity between the mark with a reputation and the sign such that there exists a likelihood of confusion between them on the part of the relevant section of the public.’<sup>238</sup>

The requirement of similarity is satisfied where the relevant section of the public ‘link’ the sign and the mark.<sup>239</sup> The CJEU ruled in the *Adidas* case that a sign which is viewed as an embellishment by the relevant section of the public does not prevent the protection conferred by Article 5(2) of the TMD where the degree of similarity is none the less such that the relevant section of the public establishes a link between the sign and the mark.<sup>240</sup> Where the national court finds that the relevant section of the public views the sign purely as an embellishment and does not establish any link with a registered mark, the result is that one of the conditions of the protection conferred by Article 5(2) of the Directive is not satisfied.<sup>241</sup>

*Interflora Inc. v Marks & Spencer plc*,<sup>242</sup> the CJEU stated that Article 5(2) of Directive 89/104 requires the existence of some degree of similarity between the trade mark at issue and the sign used by the third party.<sup>243</sup> It ruled that it was sufficient to note that the similarity condition had been met in the case before it, given the close correspondence between (i) the sign ‘Interflora’ and the variants used by M & S and (ii) the trade mark INTERFLORA.<sup>244</sup> The CJEU ruled that Article 5(2) of Directive 89/104<sup>245</sup> must be interpreted as meaning that the proprietor of a trade mark with a reputation is entitled to prevent a competitor from advertising on the basis of a keyword corresponding to the trade mark without the proprietor’s consent. This interpretation applies where the competitor takes unfair advantage of the distinctive character or repute of the trade mark or where the advertising is detrimental

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<sup>236</sup> Para 28.

<sup>237</sup> See also Colston & Middleton *Modern intellectual property law* 581.

<sup>238</sup> Para 31.

<sup>239</sup> See also Breitschaft (2009) *E.I.P.R* 500.

<sup>240</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd Case C-408/01*, [2003] ECR I-12537 para 41.

<sup>241</sup> *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd Case C-408/01*, [2003] ECR I-12537 para 41.

<sup>242</sup> *Interflora Inc, Interflora British Unit v Marks & Spencer plc, Flowers Direct Online Ltd Case C-323/09*, [2011] ECR I-082625.

<sup>243</sup> *Interflora Inc. v Marks & Spencer plc Case C-323/09*, [2011] ECR I-082625 para 71. See also *L’Oréal SA & Others v Bellure NV & Others Case C-487/07*, [2009] ECR I-5185, para 36.

<sup>244</sup> *Interflora Inc. v Marks & Spencer plc Case C-323/09* para 71.

<sup>245</sup> Article 9 (1) (c) of Regulation No 40/94 must also be interpreted in the same way.

to that distinctive character or to that repute.<sup>246</sup> The CJEU clarified that advertising on the basis of such a keyword is detrimental to the distinctive character of a trade mark with a reputation if, for example, it contributes to turning that trade mark into a generic term. No infringement occurs where advertisements displayed by competitors on the basis of keywords corresponding to that trade mark do not cause dilution or tarnishment to the trade mark.<sup>247</sup> It is clear that where goods offered are imitations of those sold under the mark, rather than simple alternatives, 'due cause' will be difficult to establish.<sup>248</sup>

Turning to unfair advantage in *L'Oréal v Bellure*, the CJEU ruled that the advantage obtained by the third party must be considered to be unfair in cases where a third party rides on the coat-tails of a trade mark with reputation in order to benefit from its power of attraction, its reputation and its prestige.<sup>249</sup> The objective of the third party should be to exploit without paying any financial compensation the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark.<sup>250</sup> The CJEU also ruled that Article 5 (2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of the mark does not require likelihood of confusion or a likelihood of detriment of the mark, or generally of the proprietor.<sup>251</sup> Infringement occurs in this case due to use of a similar sign by a third party which exploits or takes an 'unfair advantage' of the reputation of the proprietors mark.<sup>252</sup> Consequently, the concept of unfair advantage requires an enquiry into the benefit to be gained by the defendant from use of the mark.<sup>253</sup>

In *Specsavers International Healthcare Ltd and others v Asda Stores Ltd*,<sup>254</sup> Asda launched an advertising campaign for optical products in which Asda used logos and slogans 'Be a

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<sup>246</sup> Para 96 (2).

<sup>247</sup> Para 96 (2). Smith *et al* (2013) *E.I.P.R* 547.

<sup>248</sup> Baxter 'Specsavers: unfair advantage but no likelihood of confusion' (2012) 7/5 *Journal of Intellectual Property Law & Practice* 309, hereafter Baxter (2012) 7/5 *Journal of Intellectual Property Law & Practice*.

<sup>249</sup> *L'Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 49; Morcom (2009) *E.I.P.R* 633 and Horton (2011) *E.I.P.R* 551.

<sup>250</sup> *L'Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 49; Morcom (2009) *E.I.P.R* 633 and Horton (2011) *E.I.P.R* 551.

<sup>251</sup> *L'Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 50 and Morcom (2009) *E.I.P.R* 633.

<sup>252</sup> Horton *E.I.P.R* 551.

<sup>253</sup> All the trade mark owner need to show is that the defendant has obtained a commercial advantage from the reputation of his registered mark by establishing a link with the well-known mark through use of an identical or similar sign: Horton (2011) *E.I.P.R* 551.

<sup>254</sup> Case C-252/12, [2013] WLR (D) 287.

real spec saver at Asda' and 'Spec savings at ASDA'.<sup>255</sup> The Specsavers group instituted action against Asda alleging infringement of Community trade marks before the High Court of Justice of England and Wales.<sup>256</sup> The High Court held that Asda had not infringed the Community trade marks of the Specsavers group and revoked the wordless logo mark for non-use.<sup>257</sup> The Specsavers group appealed against that judgment to the England and Wales Court of Appeal,<sup>258</sup> and the Court of Appeal referred questions to the CJEU for a preliminary ruling.<sup>259</sup>

The CJEU held that Article 9(1) (b) and Article 9 (1) (c) of Regulation No 207/2009, which is similar to Article 5 of TMD,<sup>260</sup> must be interpreted to mean that:

‘...where a Community trade mark is not registered in colour, but the proprietor has used it extensively in a particular colour or combination of colours with the result that it has become associated in the mind of a significant portion of the public with that colour or combination of colours, the colour or colours which a third party uses in order to represent a sign alleged to infringe that trade mark are relevant in the global assessment of the likelihood of confusion or unfair advantage under that provision.’<sup>261</sup>

A sign which allegedly infringes the registered trade mark must be associated with the trade mark in the minds of a significant portion of the public. The colour or particular combination of colours which the third party uses for the representation of that sign becomes relevant to the assessment of the likelihood of confusion and unfair advantage.<sup>262</sup> The advantage is

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<sup>255</sup> *Specsavers International Healthcare Ltd & others v Asda Stores Ltd* Case C-252/12, [2013] WLR (D) 287: para 9.

<sup>256</sup> The action was brought shortly after the beginning of the advertising campaign: para 10.

<sup>257</sup> The CJEU during the preliminary ruling ruled that Art 15(1) and Art 51(1)(a) of Council Regulation (EC) No 207/2009 on the CTM must be interpreted as meaning that ‘the condition of “genuine use” ... may be fulfilled where a Community figurative mark is used only in conjunction with a Community word mark which is superimposed over it, and the combination of those two marks is, furthermore, itself registered as a Community trade mark, to the extent that the differences between the form in which that trade mark is used and that in which it was registered do not change the distinctive character of that trade mark as registered’: para 51 (1).

<sup>258</sup> *Specsavers International Healthcare Ltd & others v Asda Stores Ltd* Case C-252/12, [2013] WLR (D) 287: para 11.

<sup>259</sup> The essence of the question was ‘whether the condition of genuine use of a Community trade mark within the meaning of Art 15(1) & Art 51(1) (a) of Regulation No 207/2009 is fulfilled where a Community figurative mark is used only in conjunction with a Community word mark which is superimposed over it, and the combination of those two marks is, furthermore, itself registered as a Community trade mark’: see paras 17-43.

<sup>260</sup> The substantive law in the Regulation and the Trade Mark Directive are couched in the same way and should be interpreted in the same way: Colston & Galloway *Modern intellectual property law* 581.

<sup>261</sup> *Specsavers International Healthcare Ltd & others v Asda Stores Ltd* Case C-252/12, [2013] WLR (D) 287: para 51 (2).

<sup>262</sup> *Specsavers International Healthcare Ltd & others v Asda Stores Ltd* Case C-252/12, [2013] WLR (D) 287: paras 51 (2) & 51 (3).

rendered unfair if it is intended; intention is a *sine qua non* for infringement.<sup>263</sup> The CJEU found out that the whole purpose of the words ‘Be a real spec saver at Asda’ was to call to mind Specsavers and it gave Asda an unfair advantage within the meaning of Art 9 (1).<sup>264</sup> The case shows that an unfair advantage can still take place where there are two companies that have both a reputation.<sup>265</sup>

#### 5.4.1.4 Limitation of the effects of a trade mark

Article 6 of the TMD provides that:

- ‘The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:
- a) his own name or address;
  - b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;
  - c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts; provided he uses them in accordance with honest practices in industrial or commercial matters.’

The above provision allows a third party to use his name or address in the course of trade as long as it is done in accordance with ‘honest’ practices in commercial matters; meaning that the use must be *bona fide*.<sup>266</sup> In assessing the condition of honest practice, one must take into account.<sup>267</sup> First, the extent to which the use of the third party's name is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party's goods or services and the trade-mark proprietor or a person authorised to use the trade mark. Second, the extent to which the third party ought to have been aware of that. Third, one must inquire whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in marketing his goods or

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<sup>263</sup> Horton (2011) *E.I.P.R* 553 & 557.

<sup>264</sup> Horton (2011) *E.I.P.R* 553.

<sup>265</sup> In *L'Oréal v Bellure*, it was held that there are more factors which could give rise to an unfair advantage apart from a situation where an unknown brand seeks a marketing advantage by imitating the packaging of a luxury brand: Horton (2011) *E.I.P.R* 553.

<sup>266</sup> It refers to the duty to act fairly in relation to the legitimate interests of the trade-mark proprietor: *Céline SARL v Céline SA* Case C-17/06 [2007] ECR I-07041, para 33.

<sup>267</sup> *Céline SARL v Céline SA* Case C-17/06 [2007] ECR I-07041 para 34.

services.<sup>268</sup> A claim for infringement is prevented by Article 6 (1) (a) in such circumstances.

In *Céline SARL v Céline SA*,<sup>269</sup> the defendant was using the word *Céline* as its shop sign and trading title.<sup>270</sup> The plaintiff had registered the same word as a mark. The goods which were being sold by both parties were identical<sup>271</sup> but the goods which the defendant was selling were not marked with the mark. Céline SA sought an order prohibiting Céline SARL from infringing the CÉLINE trade mark and from engaging in unfair competition by appropriating the company name 'Céline' and the shop name 'Céline'. It also sought compensation in respect of the damage suffered by it.<sup>272</sup> The Nancy Regional Court ruled in favour of Céline SA and prohibited Céline SARL from making any use of the term 'Céline', either on its own or in conjunction with other terms and in any capacity. The Court also ordered it to change its company name to one incapable of being confused with the CÉLINE trade mark.<sup>273</sup> Céline SARL appealed against the judgment to Nancy Court of Appeal. The Court decided to stay the proceedings and requested the CJEU for interpretation of Article 5 (1) of the TMD.<sup>274</sup>

The CJEU had to determine whether mere use as a shop sign and trading title constitutes an infringement. It had to also determine whether infringement occurs where there appears a relationship between the sign and the trading title and the goods sold in the minds of the public. Lastly, the CJEU had to consider honest practices as an exception. The CJEU ruled that unauthorised use by a third party of a company name, trade name or shop name which is identical to an earlier mark in connection with the marketing of goods which are identical to those in relation to which that mark was registered constitutes use.<sup>275</sup> The proprietor of that mark is entitled to prevent such use in accordance with Article 5 (1) (a)

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<sup>268</sup> *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041, para 34.

<sup>269</sup> Case C-17/06 [2007] ECR I-07041.

<sup>270</sup> The defendant had registered his business in relation to the operation of a menswear and womenswear, trading as 'Céline', on 25 September 1950 in the Commercial and Companies Register in Nancy: para 7

<sup>271</sup> They were selling clothing, shoes and fashion accessories: para 8.

<sup>272</sup> Para 9.

<sup>273</sup> Céline SARL was also ordered to pay EUR 25 000 to Céline SA by way of damages: para 10.

<sup>274</sup> The question which the Court referred for a preliminary ruling was '... whether the unauthorised use as a company, trade or shop name by a third party of a sign which is identical to an earlier word mark, in connection with the marketing of goods which are identical to those for which the mark was registered, constitutes use which the proprietor of the mark may stop in accordance with Art 5(1) of the directive': para 13.

<sup>275</sup> *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041, para 36. *Céline* culminated into the *Céline* principles, a case of double identity, requiring a four- step test for Infringement, namely, use in the course of trade; no consent from the trademark owner; use in relation to goods and services and lastly the use affects or is liable to affect the functions of the trademark: Horton (2011) *E.I.P.R* 555.

of Directive 89/104/EEC in cases where it will affect the goods or is liable to affect the functions of the trade mark.<sup>276</sup>

#### 5.4.1.5 Summary

The protection conferred by Article 5(1) (a) of TMD is broader than that provided by Article 5(1) (b) whose application requires the likelihood of confusion and the possibility that the essential function of the mark may be affected.<sup>277</sup> Article 5 (1) (b) is designed to apply only if there exists a likelihood of confusion on the part of the public. As shown above, its aim is to prevent confusion regarding the source of the goods.<sup>278</sup>

In terms of Article 5(1) (a) of the TMD, the proprietor of a registered trade mark is entitled to prevent the use by a third party, of a sign identical with that mark in relation to goods or services which are identical with those for which that mark was registered. The prevention applies even where such use is not capable of impairing the essential function of the mark as long as such use affects or is liable to affect one of the other functions of the mark.

Article 6 allows a third party to use his name or address on condition that it is done in accordance with honest practices. This provision prevents a claim for infringement where the name is used commercially but in good faith.

Article 5 (2) of the TMD prevents a competitor from taking an unfair advantage of the distinctive character or repute of the trade mark (free-riding). It prevents, for example, advertising which is detrimental to that distinctive character (dilution) or to that repute (tarnishment) on the trade mark.<sup>279</sup> The protection afforded to trade marks with a reputation does not require the existence of likelihood of confusion on the part of the public. The protection consists of the use of the sign without due cause thus taking unfair advantage of, or being detrimental to, the distinctive character or the repute of the trade mark. Article 5 (2) was intended to establish a wider form of protection than is laid in Article 5 (1) since only one of the three types of ‘injury’ need to be proved.<sup>280</sup>

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<sup>276</sup> *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041, para 36 & 37.

<sup>277</sup> *L’Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 59 and Horton (2011) *E.I.P.R* 555.

<sup>278</sup> Breitschaft (2009) *E.I.P.R* 498.

<sup>279</sup> Breitschaft (2009) *E.I.P.R* 498.

<sup>280</sup> *L’Oréal SA & Others v Bellure NV & Others* Case C-487/07, [2009] ECR I-5185, para 42. See also Morcom (2009) *E.I.P.R* 634.

Leaffer correctly argues that the effect of the TMD was that the acquisition and protection of registered trade marks became subject to the same rules in all Member States.<sup>281</sup> The application of same rules makes protection of trade marks easier for trade mark owners and it also facilitates the flow of trade within the internal market.<sup>282</sup> The TMD must be considered exhaustive since Member States no longer had the power to add terms and provisions that were not in accordance with its provisions.<sup>283</sup> The TMD required each Member State to adapt its national trade mark laws in accordance with its provisions by setting forth standards which the Member States were to comply with in revising their national trade mark laws.<sup>284</sup> The only trade mark laws that were enforceable in the EU were the 'revised' national trade mark laws of Member States. Blakely rightly argues that the TMD did not establish a unified law to govern trade marks in the EU,<sup>285</sup> leaving it a matter of national law.<sup>286</sup>

Since the TMD did not intend to completely harmonise trade mark law, Member States are free to maintain their existing laws or legislate as they wish in all the areas not covered by the TMD. They are free, for example, to determine the procedural provisions concerning registration of a trade mark, revocation and invalidity,<sup>287</sup> because the TMD does not deal with rules governing the procedure for applying for a registered trade mark. Despite the EU's efforts to harmonise trade mark laws, significant diversity remains at national level, particularly on the procedural aspect.<sup>288</sup> Seville argues that some countries maintain a first-to-use policy rather than the first-to-file system for trade mark registration.<sup>289</sup> There are thus considerable differences in search and examination procedures as well as in the approaches to opposition.<sup>290</sup>

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<sup>281</sup> Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 24.

<sup>282</sup> Recital 10 of the TMD 2008/95/EC.

<sup>283</sup> Tritton *Intellectual Property in Europe* 263. See also Art 3 and 4 of the Trade Mark Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (2008) O.J L299/25.

<sup>284</sup> Rutherford 'The Trade Marks Act in its International Context' 1.

<sup>285</sup> Blakely (2000) 149 *U.Pa.L.Rev* 311.

<sup>286</sup> This created a risk of conflict between similar marks recognised by different States as trade expanded within the EU: Sedwick (2001) 12 *J.Contemp. Legal Issues* 439 and Papaefthimiou 'Revocation and declaration of invalidity as defences to the European Community's Trademark infringement claim' (2010) 19 *Contemp.Legal Issues* 440-441.

<sup>287</sup> All the procedural matters were largely left up to the national laws of the member states: Seville *EU Intellectual Property Law* 220 and Tritton *Intellectual Property in Europe* 263. See also Duran (1995) 23 *Denv. J. Int'l L. & Pol'y* 490.

<sup>288</sup> O'Reilly 'Current Development: The Community Trademark System: A Brief introduction and overview' (2004) 8 *Marq.Intell.Prop.L.Rev* 93, hereafter O'Reilly 2004) 8 *Marq.Intell.Prop.L.Rev*.

<sup>289</sup> Seville *EU Intellectual Property Law* 213.

<sup>290</sup> Seville *EU Intellectual Property Law* 213.

The TMD was intended to approximate the laws of Member States relating to trade marks. It did not attempt to achieve a complete harmonisation, but to clarify trade mark rights and to eliminate some 'traditional' peculiarities of national law.<sup>291</sup> The TMD was not as a result sufficient to accomplish the EU's goal of completely removing internal barriers between Member States and also did not bring about harmonisation of laws through the entire EU.<sup>292</sup> In an attempt to completely integrate the laws, the EU decided to pass a regulation.

The following part discusses the EU's adoption of a CTM Regulation and its significance to the legal integration process. A detailed discussion of the CTM Regulation is important as it established a stand-alone system for registration of a unitary right having effect in the entire EU. It has gone further than the TMD by unifying the substantive aspect of trade mark law. It will be shown below that the CTM Regulation facilitates the creation of a single market, promotes free movement of goods and services and also minimises transaction costs.

#### 5.4.2 The Community Trade Mark Regulation

The second stage in the EU was to introduce a CTM by means of a regulation.<sup>293</sup> A CTM is a trade mark for goods or services consisting of any sign capable of being represented graphically particularly words, names, designs, letters, numbers, the shape of goods or their packaging, provided the sign is capable of distinguishing the goods or services of one undertaking from those of others.<sup>294</sup> The CTM Regulation promotes the harmonious development and expansion of economic activities in the EU's internal market by ensuring that there is competition and free movement of goods and services.<sup>295</sup> The system offers the advantage of uniform protection in all countries of the EU on the strength of a single registration procedure<sup>296</sup> without having to file separately in each Member State.<sup>297</sup> The CTM

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<sup>291</sup> 'Traditional' implies something that has existed and has been observed for a long time. Differences in the trademark laws exist due to cultural, political and economic factors. See Sedwick (2001) 12 *J. Contemp. Legal Issues* 439 and Tessensohn (1999) 6 *J. Intell. Prop. L.* 221-222.

<sup>292</sup> Sedwick (2001) 12 *J. Contemp. Legal Issues* 439.

<sup>293</sup> Regulation 40/94 on the Community Trade Mark [1994] OJL 11/1 (CTMR). See also Arts 1 & 4 Council Regulation 207/2009 (CTMR) 207/2009.

<sup>294</sup> Article 1 & 4 CTMR.

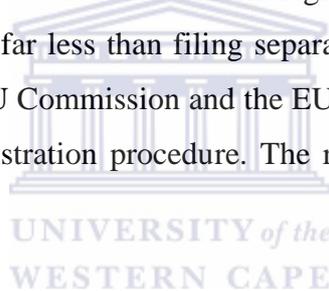
<sup>295</sup> Preamble to Regulation No 40/94. See also Bowman 'Trademark distinctiveness in a multilingual context: Harmonisation of the treatment of marks in the European Union and the United States' (2003) 4 *San Diego Int'l L.J.* 514.

<sup>296</sup> Jehoram, van Nispen and Huydecoper *European Trade Mark Law: Community Trade Mark Law and Harmonised* (2012) 468 and Morcom, Roughton & Graham *The Modern Law of Trade Marks* (1999) para 23.2, hereafter Morcom *et al The Modern Law of Trade Marks*. See also O'Reilly (2004) 8 *Marq. Intell. Prop. L. Rev* 93, Leafner (1998) 2 *Marq. Intell. Prop. L. Rev.* 23, Sedwick (2001) 12 *J. Contemp.*

has effect throughout the entire EU and cannot be dealt with in any way save in respect of the whole EU.<sup>298</sup> It can be considered as a ‘national’ trade mark, but one whose territory is the EU.<sup>299</sup> Mellor and Llewellyn agree with Tritton in light of the fact that the CTM is a unitary trade mark providing the same rights and protection, and having equal effect throughout the EU.<sup>300</sup>

The creation of a unitary system is aimed at developing a trade mark registration system that would grant the trade mark holder an exclusive right of protection in all Member States of the EU simultaneously.<sup>301</sup> The CTM system helps to achieve economies of scale as it improves efficiency by simplifying the procedure for registration. A proprietor obtains a uniform right that is applicable in multiple jurisdictions rather than national bundle of rights.<sup>302</sup>

The CTM system has reduced the fees payable by a proprietor. Substantial cost-savings are possible because rights can be secured by a single application and use in a single country is sufficient to maintain a valid EU-wide trade mark registration.<sup>303</sup> The cost of filing an application to register a CTM is far less than filing separate national applications in all EU Member States.<sup>304</sup> In 2009 the EU Commission and the EU Member States decided to reduce the fees and to simplify the registration procedure. The rationale was to make trade mark



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*Legal Issues* 439 and Papaefthimiou ‘Revocation and declaration of invalidity as defences to the European Community’s Trademark infringement claim’ (2010) 19 *Contemp.Legal Issues* 441.

<sup>297</sup> Morcom, Roughton & Graham *The Modern Law of Trade Marks* (1999) para 23.2. See also Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 23 and Askew (1999) *Tulsa J. Comp. & Int’l L.* 392.

<sup>298</sup> Tritton *Intellectual Property in Europe* 420.

<sup>299</sup> The EU is a single territory: Dinwoodie ‘Trademarks and Territory: Detaching trademark law from the nation-State’ (2004) 41 *Houston Law Review* 946.

<sup>300</sup> Mellor *et al Trademarks and trade names* (2011) 109. See also Jehoram, van Nispen & Huydecoper *European Trade mark Law: Community Trade mark Law and Harmonised National Trade mark Law* (2010) 468. See also Preamble to Regulation No 40/94.

<sup>301</sup> Duran (1995) 23 *Den.J.Int’l & Pol’y* 489 and Tessensohn (1999) 6 *J. Intell. Prop. L.* 223.

<sup>302</sup> Dinwoodie ‘Trade marks and Territory: Detaching trade mark law from the nation-State’ (2004) 41 *Houston Law Review* 946, hereafter Dinwoodie (2004) 41 *Houston Law Review* and Norman and Annand *Blackstone’s Guide to the Community Trade Mark* (1998) 1.

<sup>303</sup> Dinwoodie (2004) 41 *Houston Law Review* 947.

<sup>304</sup> The CTM application fee was lowered in 2005 from €975 to € 900; the registration fee from €1100 to €850; and the renewal fee for renewing the registration of a CTM from €2500 to €1500: Seville *EU Intellectual Property Law* 222. See also ‘Trade mark protection in the EU gets Cheaper’ Press release IP/05/1289 available at [http://europa.eu/rapid/press-release\\_IP-05-1289\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-05-1289_en.htm?locale=en) (accessed 23 May 2013). In 2009 the EU Commission and the EU Member States decided to further reduce the fees and to simplify the registration procedure. Instead of paying the amount of €1750 for the application and registration of a CTM, businesses are only charged an application fee of €1050: Trade Mark protection in the EU gets much cheaper and easier to obtain: Press Release IP/09/506 available at [http://europa.eu/rapid/press-release\\_IP-09-506\\_en.htm](http://europa.eu/rapid/press-release_IP-09-506_en.htm) (accessed 23 May 2013).

protection much cheaper and easier to obtain for businesses operating in the single market, saving €60 million a year.<sup>305</sup>

The reduction in fees was possible because of the establishment of the Office for Harmonisation in the Internal Market (OHIM) in Alicante which administers the CTM.<sup>306</sup> OHIM's<sup>307</sup> objectives are improving efficiency by simplifying procedures, streamlining working methods, reducing bureaucracy, increasing the quality of its services, and introducing the most advanced information technology tools and resources.<sup>308</sup>

The substantial reduction in fees and the simplification of procedure results in a much more affordable and easier access to EU-wide trade mark protection.<sup>309</sup> It promotes entrepreneurship and stimulates economic activity even for small and medium-sized enterprises, for which the costs and procedure of obtaining trade mark protection are often a heavy burden.<sup>310</sup> It reduces costs because it is only necessary to appoint a single agent to apply for registration at the OHIM.<sup>311</sup>

National systems may still be relied upon as an alternative to the CTM.<sup>312</sup> If a trade mark owner, for instance, only seeks to use his product or services in one Member State, a national registration in that particular State would suffice. A CTM may be attractive when registration is sought in various countries. A proprietor nonetheless has the choice of applying for the protection she or he feels suitable.

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<sup>305</sup> Instead of paying the amount of €1750 for the application and registration of a CTM, businesses are only charged an application fee of €1050. Those who file their applications online are charged an application fee of €900 which was reduced from €160: Europa 'Trade Mark protection in the EU gets much cheaper and easier to obtain: Press Release IP/09/506' available at [http://europa.eu/rapid/press-release\\_IP-09-506\\_en.htm](http://europa.eu/rapid/press-release_IP-09-506_en.htm) (accessed 23 May 2013).

<sup>306</sup> The Office opened in 1996, and by the end of 2006 it had received well over half a million trademark applications. The greatest number of applications came from the United States, the United Kingdom and Germany: Seville *EU Intellectual Property Law* 221.

<sup>307</sup> Examines marks for which CTM registration is sought for compliance with the requirements of CTM, publishes marks that are eligible for registration, decides oppositions to registration, and either registers or refuses to register the marks: Art 36-45 CTMR.

<sup>308</sup> It also seeks to increase productivity and to cooperate with intellectual property (IP) authorities in Member States: 'Trade mark protection in the EU gets Cheaper' Press release IP/05/1289 available at [http://europa.eu/rapid/press-release\\_IP-05-1289\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-05-1289_en.htm?locale=en) (accessed 23 May 2013). See also Seville *EU Intellectual Property Law* 222.

<sup>309</sup> Europa 'Trade Mark protection in the EU gets much cheaper and easier to obtain: Press Release IP/09/506' available at [http://europa.eu/rapid/press-release\\_IP-09-506\\_en.htm](http://europa.eu/rapid/press-release_IP-09-506_en.htm) (accessed 23 May 2013).

<sup>310</sup> Europa 'Trade Mark protection in the EU gets much cheaper and easier to obtain: Press Release IP/09/506' available at [http://europa.eu/rapid/press-release\\_IP-09-506\\_en.htm](http://europa.eu/rapid/press-release_IP-09-506_en.htm) (accessed 23 May 2013).

<sup>311</sup> See also Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 27-28.

<sup>312</sup> Bolton 'Defining Genuine Use Requirements of Community Trade Marks in Light of an Expanding European Union' available at [http://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_ipr\\_ge\\_11/wipo\\_ipr\\_ge\\_11\\_topic3.pdf](http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic3.pdf) (accessed 5 June 2013)

The CTM applications can be filed either directly at the OHIM or at any national trade mark office or at the Benelux Office for Intellectual Property.<sup>313</sup> The application can be filed in any of the EU languages<sup>314</sup> but a second language must also be specified which must be one of the official five languages of the OHIM<sup>315</sup> which are: Spanish, German, English, French or Italian.<sup>316</sup> The decision to grant these five languages a special status was based on the fact that they are the most widely spoken languages in Europe.<sup>317</sup> The OHIM languages thus attempt to create a practical system that takes account of commercial reality and responds to the needs of the parties to OHIM proceedings.<sup>318</sup>

The CTM system has gone beyond harmonisation<sup>319</sup> and has established a unitary trade mark law governing the entire EU,<sup>320</sup> creating CTMs that are effective throughout the whole EU territory.<sup>321</sup> The CTM system provides that despite that grounds of non-registrability exists in only part of the EU; an application for registration must be refused.<sup>322</sup> CTMs are enforced in national courts which have been designated as CTM courts.<sup>323</sup> An injunction against infringement granted in a court based on a CTM registration is enforceable throughout the EU due to the CTM's unitary character.<sup>324</sup> Leaffer contends that because the CTM

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<sup>313</sup> Article 25 CTMR. A natural person or legal persons domiciled or having their principal place of business (or real and effective industrial or commercial establishment) may file an application. If the natural person or legal person is not domiciled or having a principal place of business in the Community, the person must be represented by either a legal practitioner or professional representative recognised by OHIM. See O'Reilly (2004) 8 *Marq.Intell.Prop.L.Rev* 94; Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 24 and Mellor *et al Trademarks and trade names* 132.

<sup>314</sup> Applications for CTMs may be made in any of the official languages of the EU: Art 119 (1) CTMR.

<sup>315</sup> Article 119 (3) CTMR. See also O'Reilly (2004) 8 *Marq.Intell.Prop.L.Rev* 111 and Mellor *et al Trade marks and trade names* 114.

<sup>316</sup> Article 119 (2) CTMR. See also Tritton *Intellectual Property in Europe* 435 and Bowman 'Trademark distinctiveness in a multilingual context: Harmonisation of the treatment of marks in the European Union and the United States' (2003) 4 *San Diego Int'l L.J* 519.

<sup>317</sup> Mellor *et al Trademarks and trade names* 114.

<sup>318</sup> Mellor *et al Trademarks and trade names* 114.

<sup>319</sup> Harmonisation does not mean that the laws are uniform; the trademark laws are only approximated, differences are allowed to exist. See Radler (1997) 1 *Marq. Intell.Prop.L.Rev* 197 and Glenn (2000) 76 *Chi.-Kent L Rev.* 1794.

<sup>320</sup> Article 1(2) Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community Trade Mark provides that: 'A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.' See also Blakely (2000) 149 *U.Pa.L.Rev* 311; Raciti (1996) 78 *J.Pat. & Trademark Off.Soc'y* 63 and Bolton 'Defining Genuine Use Requirements of Community Trade Marks in Light of an Expanding European Union' available at [http://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_ipr\\_ge\\_11/wipo\\_ipr\\_ge\\_11\\_topic3.pdf](http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic3.pdf) (accessed 5 June 2013).

<sup>321</sup> Norman & Annand *Blackstone's Guide to the Community Trade Mark* (1998) 1.

<sup>322</sup> The grounds for nonregistrability comprises of the absolute and relative grounds: Arts 7 and 8 CTMR. See also O'Reilly (2004) 8 *Marq.Intell.Prop.L.Rev* 95.

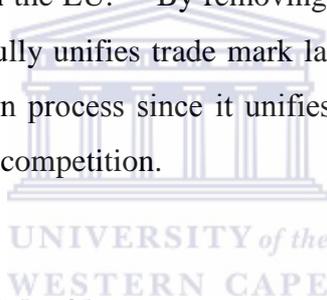
<sup>323</sup> Article 91 CTMR. See also Tritton *Intellectual Property in Europe* 420.

<sup>324</sup> Leaffer (1998) 2 *Marq.Intell.Prop.L.Rev* 23.

registration covers all Member States and grants exclusive rights throughout the EU, the CTM can be transferred or revoked only for the entire territory of the EU<sup>325</sup> so when a CTM is registered, transferred or allowed to lapse, it also means that the effect of such action is EU-wide.<sup>326</sup>

The CTM does not, as result, replace any existing trade mark laws in the Member States;<sup>327</sup> it coexists with national trade mark laws.<sup>328</sup> The national trade mark systems continue to be available to applicants who are free to register a mark in individual Member States.<sup>329</sup> Where an application for a CTM is refused, revoked<sup>330</sup> or invalidated,<sup>331</sup> the applicant may request the conversion of their application into one or more national application.<sup>332</sup> By implication, the applicant can obtain national registrations in Member States within the EU without losing the priority date for the CTM application.<sup>333</sup>

Sedwick correctly argues that Regulation 94/40 represents a significant step towards unification of trade marks laws in the EU.<sup>334</sup> By removing practically all territorial restraints on trade mark rights, the CTM fully unifies trade mark laws across the EU.<sup>335</sup> The CTM is significant in the EU's integration process since it unifies the laws and thus promotes free movement of goods, services and competition.



<sup>325</sup> Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 25.

<sup>326</sup> Seville *EU Intellectual Property Law* 221. See also Mellor *et al Trademarks and Trade Names* (2011) 109.

<sup>327</sup> It functions as an alternative to national trademark filing. Council Regulation 40/94, Art. 46. See also Radler (1997) 1 *Marq. Intell. Prop. L. Rev.* 197 and Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 25, Duran 'The new European Union Trademark Law' (1995) 23 *Den. J. Int'l & Pol'y* 489 and Sedwick (2001) 12 *J. Contemp. Legal Issues* 439.

<sup>328</sup> Council Regulation 40/94, Art. 46. See also Tritton *Intellectual Property in Europe* 419 and O'Reilly ' (2004) 8 *Marq. Intell. Prop. L. Rev.* 93. Bolton 'Defining Genuine Use Requirements of Community Trade Marks in Light of an Expanding European Union' available at [http://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_ipr\\_ge\\_11/wipo\\_ipr\\_ge\\_11\\_topic3.pdf](http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic3.pdf) (accessed 5 June 2013) and Sedwick (2001) 12 *J. Contemp. Legal Issues* 439.

<sup>329</sup> Seville *EU Intellectual Property Law* 221 and O'Reilly (2004) 8 *Marq. Intell. Prop. L. Rev.* 93.

<sup>330</sup> Revocation actions can be based on the following grounds: the CTM has become the generic term for a product or service; the CTM has become deceptive; the CTM proprietor no longer qualifies to be one; or the CTM has not been used in any continuous period of five years after registration, without due cause: Art 51 CTMR. See also O'Reilly (2004) 8 *Marq. Intell. Prop. L. Rev.* 113 and Papaefthimiou 'Revocation and declaration of invalidity as defences to the European Community's Trademark infringement claim' (2010) 19 *Contemp. Legal Issues* 442.

<sup>331</sup> Article 52 & 53 CTMR. See also Papaefthimiou 'Revocation and declaration of invalidity as defences to the European Community's Trademark infringement claim' (2010) 19 *Contemp. Legal Issues* 442.

<sup>332</sup> Article 112 CTMR. See also Tritton *Intellectual Property in Europe* 420 and Duran '(1995) 23 *Denv. J. Int'l. & Pol'y* 499.

<sup>333</sup> The applicant may claim the priority of one or more previous trade mark applications in the case of a national application filed in or for a state party to the Paris Convention, a member of the TRIPS Agreement or a CTM application: Mellor *et al Trademarks and trade names* 134. Also see Art 29 CTMR.

<sup>334</sup> Sedwick (2001) 12 *J. Contemp. Legal Issues* 440.

<sup>335</sup> Tessensohn (1999) 6 *J. Intell. Prop. L.* 223.

The next part examines the relationship between CTMs and national trade marks systems. The relationship is crucial as it can undermine the integration of laws.

#### 5.4.2.1 The relationship between CTMs and the National Trade Marks Systems

The CTM register and national trade marks are intended to exist independently since the EU maintained both Community law and national law.<sup>336</sup> Although CTMs are registered at the EU level, they are treated equally with national trade marks for the purpose of determining a priority right.<sup>337</sup> An earlier national trade mark in a Member State may be cited against a subsequent application for a CTM in OHIM whilst an earlier CTM can be cited against a subsequent application for a national trade mark applied for in a Member State.<sup>338</sup> The owner of a national trade mark can also bring infringement proceedings against the owner of a CTM.<sup>339</sup>

The Max Planck Institute endorsed the co-existence of national and EU trade mark regimes in its 2011 report.<sup>340</sup> The co-existence of the supranational CTM system and the national trade mark systems was regarded as one of the basic principles of EU trade mark law.<sup>341</sup> National offices contribute to the overall functioning of the CTM system in several ways. First, national offices are responsible for forwarding CTM applications to the OHIM.<sup>342</sup> Second, national offices must retain their national trade marks files which form the basis for seniority claims.<sup>343</sup> Third, the conversion of a CTM into a national trade mark requires the cooperation

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<sup>336</sup> The CTM system is a completely separate instrument that operates independently from national laws: Bolton 'Defining Genuine Use Requirements of Community Trade Marks in Light of an Expanding European Union' available at [http://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_ipr\\_ge\\_11/wipo\\_ipr\\_ge\\_11\\_topic3.pdf](http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic3.pdf) (accessed 5 June 2013). See also Tritton *Intellectual Property in Europe* (2008) 429. Duran (1995) 23 *Den.J.Int'L & Pol'y* 489.

<sup>337</sup> Article 29 CTMR 207/2009.

<sup>338</sup> Tritton *Intellectual Property in Europe* 429.

<sup>339</sup> Article 9 CTMR 207/2009.

<sup>340</sup> Max Planck Institute for Intellectual Property and Competition Law 'Study on the Overall Functioning of the European Trade mark Systems' (2011) available at [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (accessed 12 June 2013).

<sup>341</sup> This principle implies the existence of national systems and national offices: Max Planck Institute for Intellectual Property and Competition Law 'Study on the Overall Functioning of the European Trade mark Systems' (2011)261 available at [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (accessed 12 June 2013).

<sup>342</sup> Article 25 (2) CTMR.

<sup>343</sup> In terms of Art 34 and 35 CTMR.

of national offices with OHIM.<sup>344</sup> Fourth, national offices help CTM owners by offering opposition or cancellation procedures, which are subject to the national laws of the Member States. National offices further provide information about the CTM system, through help desks, brochures, and information events.<sup>345</sup> They also contribute to the functioning of the CTM system by maintaining the national trade mark systems. Consequently, national systems complement the CTM system, keeping it in line with the interests of all users of the EU trade mark system.<sup>346</sup>

CTM provisions take precedence over national legislation in case of conflict.<sup>347</sup> National legislation that is incompatible with EU law is automatically inapplicable.<sup>348</sup> Where a provision of national law refers to EU law, the national court needs to know the correct interpretation of EU law provision before applying the national provision.<sup>349</sup> National courts have the task of interpreting EU law and applying it consistently to trade mark disputes.<sup>350</sup> They have a duty of consistent interpretation<sup>351</sup> that ensures there is conformity between national laws with EU law.<sup>352</sup> This technique ensures the performance of EU obligations.

#### **5.4.2.2 Obstacles overcome by the EU in its integration process**

The integration of trade mark laws has been difficult as the EU comprises of Member States with different languages and cultures which pose a challenge in assessing matters such as the

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<sup>344</sup> Article 112 & 113 CTMR.

<sup>345</sup> Max Planck Institute for Intellectual Property and Competition Law ‘Study on the Overall Functioning of the European Trade mark Systems’ (2011)261 available at [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (accessed 12 June 2013).

<sup>346</sup> Max Planck Institute for Intellectual Property and Competition Law ‘Study on the Overall Functioning of the European Trade mark Systems’ (2011)256 available at [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (accessed 12 June 2013).

<sup>347</sup> Mathijsen *A Guide to European Union Law* 41 and Sawyer ‘The principle of “interpretation conforme”: How far can or should national courts go when interpreting national legislation consistently with European Community Law? (2007) *Statute Law Review* 166.

<sup>348</sup> Mathijsen *A Guide to European Union Law* 43.

<sup>349</sup> Hartely *The Foundations of European Community Law* 272.

<sup>350</sup> Blakely (2000) 149 *U.Pa.L.Rev* 330.

<sup>351</sup> Schutze *European Constitutional Law* (2012) 332.

<sup>352</sup> Sawyer ‘The principle of “interpretation conforme”: How far can or should national courts go when interpreting national legislation consistently with European Community Law? (2007) *Statute Law Review* 169 and Nollkaemper ‘The role of national courts in inducing compliance with International and European law-A Comparison’ in Cremona (ed) *Compliance and the Enforcement of EU law* (2012) 182.

distinctive requirement of the trade mark.<sup>353</sup> The difficulty arises with marks that are descriptive and thus unregistrable; it means a mark that is descriptive in any State cannot be registered as a CTM.

Language and cultural differences make it difficult to assess whether or not a trade mark has been infringed. An examination of the interpretation of the infringement criteria of likelihood of confusion and likelihood of association<sup>354</sup> showed that national courts were not interpreting the provision consistently. Some national courts held that finding a likelihood of confusion by the public was a precondition to finding trade mark infringement; others held that likelihood of association between a product and another registered mark by the public established infringement.<sup>355</sup> This conflict in interpretation highlighted the primary difficulty with having national courts interpret 'harmonised' law; each court's interpretation was based on the history and ideology of trade mark rights in its jurisdiction.<sup>356</sup>

The unitary nature<sup>357</sup> of the CTM system also has a negative impact: first, it means that an application will be rejected if it is unregistrable in any single EU country.<sup>358</sup> Second, the existence of prior conflicting rights in a single country defeats the CTM application and forces the applicant to convert the CTM into separate national applications.<sup>359</sup> Third, any assignment or license of a CTM must be for the entire EU.<sup>360</sup> If a CTM is declared invalid for any reason; it is invalidated in the entire EU.<sup>361</sup> Fourth, a successful opposition from a third party prevents a mark from being registered under the CTM.<sup>362</sup>

It has been also argued that the co-existence of a national mark and a CTM for the same sign is problematic since this practice would weaken the intrinsic value of the CTM.<sup>363</sup> It is submitted that it is highly unlikely that the EU Member States will not wholly migrate to the CTM nor that national registration systems will become obsolete. The national registration

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<sup>353</sup> Jehoram, van Nispen & Huydecoper *European Trademark Law: Community Trademark Law and Harmonised National Trademark Law* (2010) 468. See also Dur'an (1995) 23 *Den.J.Int'L & Pol'y* 489 and Raciti (1996) 78 *J.Pat. & Trademark Off.Soc'y* 54.

<sup>354</sup> Article 4 & 5 of the TMD 208/95/EC and Art 9 CTMR.

<sup>355</sup> *Sabel BV v Puma AG, Rudolf Dassler Sport* Case C-251/95 [1997] ECR I-6191.

<sup>356</sup> Blakely (2000) 149 *U.Pa.L.Rev* 332.

<sup>357</sup> Unitary nature refers to the community-wide feature of a trade mark registered under a CTM Regulation. The trade mark is valid in all the EU Member States.

<sup>358</sup> Dinwoodie (2004) 41 *Houston Law Review* 947.

<sup>359</sup> Prior conflicting rights may comprise of applications or registrations for CTMS made earlier and; applications or registrations of well-known marks in an EU members State: Art 8 CTMR.

<sup>360</sup> Blakely (2000) 149 *U.Pa.L.Rev* 339.

<sup>361</sup> Blakely (2000) 149 *U.Pa.L.Rev* 339.

<sup>362</sup> Radler (1997) 1 *Marq. Intell.Prop.L.Rev* 196. See Art 42 of Council Regulation 40/94.

<sup>363</sup> Duran (2000) 149 *U.Pa.L.Rev* 353.

systems are likely to continue co-existing with both international and regional systems like the CTM.<sup>364</sup>

The adoption of Regulation 94/40 was also marred by difficulties. The obstacles that the EU faced were political, namely: where the central trade mark office was to be located and the selection of official languages.<sup>365</sup> These disputes were resolved by establishing the OHIM Office in Spain, and by allowing applications to be filed in any of the EU official languages.<sup>366</sup> It is clear that the integration process is not immune to some challenges. The above discussion shows that the EU was able to overcome the obstacles.

As discussed above, the integration of the trade mark laws in the EU started with the adoption of Directive 89/104.<sup>367</sup> The Directive sought to eliminate variances between the laws of the Member States.<sup>368</sup> The TMD did not completely harmonise the trade mark laws of the EU Member States. Its focus was on those provisions which would directly affect the functioning of the market; it harmonised the substantive aspect of trade marks namely, the subject matter, registration requirements and nature of rights. To ensure consistency in the interpretation and application of the TMD provisions Member States refer questions to the CJEU for guidance or advice, known as preliminary ruling procedure as illustrated in the discussed case law. The enactment of the TMD was followed by the adoption of Regulation 40/94,<sup>369</sup> which provided for the grant of a CTM, conferring unitary rights valid throughout the EU.<sup>370</sup> The TMD and the CTM Regulation enhance the EU's integration process by promoting free movement of goods and services.

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<sup>364</sup> Leaffer (1998) 2 *Marq.Intell.Prop.L.Rev* 30.

<sup>365</sup> Sedwick (2001) 12 *J.Contemp. Legal Issues* 439.

<sup>366</sup> Article 119 (1) CTMR. A second language must be specified which must be an official language of OHIM. See chapter 5 part 5.3. 2.

<sup>367</sup> It was adopted on 21 December 1988. The original harmonising provisions have since been amended and each has been replaced by a consolidated version of the Directive EC 2008/95 which was adopted on 20 December 1995. See also Michaels & Norris *A Practical Approach to Trade Mark Law* (2010) 7.

<sup>368</sup> Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.*23; Tessensohn (1999) 6 *J. Intell. Prop. L.* 222 and Dinwoodie 'Europeanisation of Trade Mark Law' Legal Research Paper Series No 54/2013 (2013) 5 (2013) 11.

<sup>369</sup> It was adopted on 20 December 1995. Michaels & Norris *A Practical Approach to Trade Mark Law* (2010) 7.

<sup>370</sup> Michaels & Norris *A Practical Approach to Trade Mark Law* (2010) 7. See also Tritton *Intellectual Property in Europe* 262, Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.*23, Sedwick (2001) 12 *J.Contemp. Legal Issues* 439; Tessensohn (1999) 6 *J. Intell. Prop. L.* 222 and Dinwoodie 'Europeanisation of Trade Mark Law' Legal Research Paper Series No 54/2013 (2013) 5 (2013) 11. The original Regulation 40/94 was replaced with effect from 13 April 2009 by Council Regulation (EC) No.207/2009. See Council Regulation 207/2009 of 26 February 2009 on the Community Trade Mark available at <http://www.wipo.int/wipolex/en/details.jsp?id=5207> (accessed 24 July 2013).

The following discussion analyses the role and the importance of the CJEU in the integration of trade marks laws. This part of the chapter seeks to answer such questions as: What contribution has the CJEU made to the development of the EU legal system? How did the CJEU come to play such an important role in the process of EU integration? Can African countries learn something from role of the CJEU in its object for legal integration?

## 5.5 The role of the CJEU in the interpretation of harmonised or unified law

The CJEU is the sole judicial body responsible for ensuring that both the Member States and the Community institutions<sup>371</sup> comply with the EU Treaties.<sup>372</sup> The CJEU is assisted by an Advocate-General whose duty is to make, in open court, reasoned submissions on cases which in accordance with the Statute of the CJEU require his involvement.<sup>373</sup> The functions and powers of the CJEU are stated in Article 19 (3) in the consolidated version of the TEU. They include the power to rule on actions brought by a Member State, an institution or a natural or legal person, to give preliminary rulings, and to rule in other cases provided for in Treaties.<sup>374</sup> Article 263 of the Treaty of the Functioning of the European Union (TFEU) also reiterates these functions by providing that:

‘The Court of Justice of the European Union shall review the legality of legislative acts, of acts of the Council, of the Commission and of the European Central Bank, other than recommendations and opinions, and of acts of the European Parliament and of the European Council intended to produce legal effects *vis-à-vis* third parties. It shall also review the legality of acts of bodies, offices or agencies of the Union intended to produce legal effects *vis-à-vis* third parties.’

The CJEU have thus jurisdiction in actions brought by a Member State, the European Parliament, the Council or the Commission.

Article 267 of the TFEU provides that:

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<sup>371</sup> They include the Commission, Parliament and the Council. See Askew ‘The CJEU, the ICJ and Intellectual Property: Is harmonisation the key?’ (1999) 7 *Tulsa.J.Comp. & Int’l. L* 379.

<sup>372</sup> Mathijsen *A Guide to European Union Law* 106. Art 19 (1) Treaty on the European Union and Art 9 F of the Lisbon Treaty. See also Hartely *The Foundations of European Community Law* 74 and Glenn (2000) 76 *Chi.-Kent L Rev.* 1790.

<sup>373</sup> Article 252 TFEU.

<sup>374</sup> The functions were also reaffirmed in Art 9 F (3) of the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007 (2007) C306/23 available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:306:FULL:EN:PDF> (accessed 25 June 2013).

‘The Court of Justice of the European Union shall have jurisdiction to give preliminary rulings concerning:

- (a) the **interpretation of the Treaties;**
- (b) the **validity and interpretation of acts of the institutions, bodies, offices or agencies of the Union;**

Where such a question is raised before any court or tribunal of a Member State, that court or tribunal may, **if it considers that a decision on the question is necessary to enable it to give judgment, request the Court to give a ruling thereon.**

Where any such question is raised in a case pending before a court or tribunal of a Member State against whose decisions there is **no judicial remedy under national law, that court or tribunal shall bring the matter before the Court.**<sup>375</sup>

The CJEU also has the power to hear and make preliminary rulings on: the interpretation of a provision of the harmonised law, the effect of a provision in national legal system and the validity of such a provision.<sup>376</sup> The national court may stay the proceedings and refer the matter to the CJEU.<sup>377</sup> A preliminary ruling is, therefore, made on request by a national court and the role of the CJEU is to assist by delivering a judgement which is used in the national court proceedings.<sup>378</sup> The CJEU judgement is a response to requests from national courts for preliminary rulings on points of EU law.<sup>379</sup> The national court is obliged to follow the preliminary ruling give as the ruling is binding.<sup>380</sup> The reference procedure thus facilitates dialogue or cooperation between national courts<sup>381</sup> and the CJEU without establishing any hierarchy between national courts and the CJEU.<sup>382</sup>

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<sup>375</sup> Article 267 TFEU. Art 19 (3) of the Treaty on European Union and Art 234 of the Treaty Establishing the European Community have similar provisions: my emphasis.

<sup>376</sup> The other common types of cases brought before the CJEU apart from requests for preliminary rulings, relate to actions for failure to fulfil an obligation, actions for annulment, actions for failure to act and direct actions: Europa ‘Court of Justice of the European Union’ available at <http://europa.eu/about-eu/institutions-bodies/court-justice/> (accessed 24 June 2013).

<sup>377</sup> See *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041, para 13 and Lenz ‘The role and mechanism of the preliminary ruling procedure’ (1994) 18/2 *Fordham International Law Journal* 391, hereafter Lenz (1994) 18/2 *Fordham International Law Journal*.

<sup>378</sup> The events in the CJEU are only an episode in the national proceedings. There are no parties involved and the proceedings are not regarded as contentious: Hartely *The Foundations of European Community Law* 50.

<sup>379</sup> The questions are ‘preliminary’ since they precede the application of EU law by the national court: Schutze *An Introduction to European Law* 152 and Arnall *The European Union and its Court of Justice* 95.

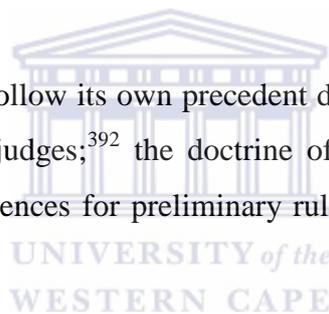
<sup>380</sup> Lenz (1994) 18/2 *Fordham International Law Journal* 392.

<sup>381</sup> Lenz (1994) 18/2 *Fordham International Law Journal* 390.

<sup>382</sup> The CJEU and national courts are aware of their respective functions and has to cooperate for the common interest of the EU as a whole: Tatham *Central European constitutional courts in the face of EU membership: The influence of the German model in Hungary and Poland* (2013) 310.

The principal task of the CJEU is to ensure the uniform interpretation and application of Treaties and EU legislation.<sup>383</sup> It is also to ensure that the law is enforced,<sup>384</sup> especially against Member States; to act as referee between the Member States and the EU as well as between EU institutions *inter se*.<sup>385</sup> More so, the CJEU has an exclusive jurisdiction to declare Community acts as invalid.<sup>386</sup> The preliminary ruling procedure enables the CJEU to ensure the uniformity and effectiveness of EU law as well as a tool to promote further European integration.<sup>387</sup> Since the national courts in each EU Member State are responsible for ensuring that EU law is properly applied in that country there is a risk that courts in different countries might interpret EU law in different ways.<sup>388</sup> The preliminary ruling procedure<sup>389</sup> is used to prevent this from happening by allowing national courts to seek advice from CJEU regarding the interpretation and validity of EU law where necessary.<sup>390</sup> This reference procedure prevents a body of national law which is not in accordance with the rules of EU law from developing by guaranteeing uniformity of in the interpretation of EU law.<sup>391</sup>

The CJEU does not necessarily follow its own precedent due to changing circumstances and changes in the opinions of the judges;<sup>392</sup> the doctrine of *stare decisis* does not generally apply.<sup>393</sup> The judgments on references for preliminary rulings are, however, binding on the



<sup>383</sup> Article 267 TFEU. See also Art 19(1) TEU. See also Hartely *The Foundations of European Community Law* (50 & 73, Tritton *Intellectual Property in Europe* (2008)14 and Mathijsen *A Guide to European Law* (2004) 12.

<sup>384</sup> Tritton *Intellectual Property* 14; Sedwick (2001) 12 *J.Contemp. Legal Issues* 437 and De Waele 'The role of the European Court of Justice in the integration process: A Contemporary and Normative Assessment' (2010) 6 *Hanse Law Review* 25.

<sup>385</sup> Hartely *The Foundation of European Community Law* 50. Askew (1999) *Tulsa J. Comp. & Int'l L.* 392 and Mathijsen *A Guide to European Union Law* 107.

<sup>386</sup> Article 267 TFEU. See also Lenz 'The role and mechanism of the preliminary ruling procedure (1994) 18/2 *Fordham International Law Journal* 392.

<sup>387</sup> It is considered the cornerstone of the internal market as it plays a fundamental role in ensuring that the law established by the Treaties retains its Community character which guarantees its same effect in all the Member States: Arnall *The European Union and its Court of Justice* 97. See also Mathijsen *A Guide to European Law* 121 and Lenz (1994) 18/2 *Fordham International Law Journal* 391.

<sup>388</sup> Europa 'Court of Justice of the European Union' available at <http://europa.eu/about-eu/institutions-bodies/court-justice/> (accessed 24 June 2013).

<sup>389</sup> Also known as reference procedure.

<sup>390</sup> Tatham *Central European constitutional courts in the face of EU membership: The influence of the German model in Hungary and Poland* (2013) 301, Colston & Galloway *Modern intellectual property law* 581 and Land (2004) 11 *Cardozo J. Int'l & Comp. L.*1019.

<sup>391</sup> Tatham *Central European constitutional courts in the face of EU membership: The influence of the German model in Hungary and Poland* (2013) 305 & 310.

<sup>392</sup> Hartely *The Foundations of European Community Law* 72 and Askew (1999) 7 *Tulsa.J.Comp. & Int'l. L* 385.

<sup>393</sup> Hartely *The Foundations of European Community Law* 72 and Arnall *The European Union and its Court of Justice* 621-622.

court or tribunal that referred the question and likewise binds national courts in which the same problem is raised in the future.<sup>394</sup>

It is significant to note that EU law is in constant need of adaptation. Most of the provisions in the Treaty lay down general rules and procedures for their implementation. The CJEU is thus forced to refer to the objectives of the EU in making a decision. The CJEU does not adopt a narrow interpretation but rather an expansive one taking into account the common goals of the EU.<sup>395</sup> The CJEU looks at the words and considers their meaning in the context of the instrument as a whole.<sup>396</sup> If there is a conflict between the meaning of the words in which the legislation is framed and the purpose of the particular provision, it is the purpose that prevails.<sup>397</sup> Hartley correctly argues that the CJEU tries to give the provision an interpretation which fits in with the general scheme of the instrument.<sup>398</sup> The CJEU prefers to interpret a text on the basis of what it thinks should be achieved; it moulds the law according to what it regards as the needs of the EU.<sup>399</sup> Accordingly, the ambit of existing rules is defined, and new ones are formulated through the teleological or purposive method of interpretation.<sup>400</sup>

The CJEU is also influenced by its policies when interpreting EU law which are: to strengthen the EU; increase the scope and effectiveness of EU law and, to enlarge the powers of EU institutions.<sup>401</sup> The task of the Court is not only to interpret, but also to formulate the law in the absence of explicit provisions. In defining the terms of the EU law the CJEU ensures a uniform interpretation and application of the law throughout the EU.<sup>402</sup> The provisions of the CTM Regulation, for example, are interpreted in the same way as the

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<sup>394</sup> Mathijsen *A Guide to European Law* 121 and Europa ‘The Court of Justice presentation’ available at [http://curia.europa.eu/jcms/jcms/Jo2\\_7024/](http://curia.europa.eu/jcms/jcms/Jo2_7024/) (accessed 24 June 2013).

<sup>395</sup> De Waele ‘The role of the European Court of Justice in the integration process: A Contemporary and Normative Assessment (2010) 6 *Hanse Law Review* 11.

<sup>396</sup> Arnall *The European Union and its Court of Justice* 608.

<sup>397</sup> Mellor *et al Trademarks and trade names* (2011) 8.

<sup>398</sup> Hartely *The Foundations of European Community Law* 73.

<sup>399</sup> Mellor *et al Trademarks and trade names* (2011) 8. Hartely *The Foundations of European Community Law* 74. See also Erecinski ‘Supremacy, direct effect and consistent interpretation –tools for an effective and uniform application of European Union law? (2010) 533 available at <http://link.springer.com/content/pdf/10.1007%2Fs12027-010-0178-4.pdf> (accessed 28 May 2013).

<sup>400</sup> The law grows at the hands of judges: Mathijsen *A Guide to European Union Law* 107. See also De Waele ‘The role of the European Court of Justice in the integration process: A Contemporary and Normative Assessment (2010) 6 *Hanse Law Review* 23, hereafter De Waele (2010) 6 *Hanse Law Review*; Arnall *The European Union and its Court of Justice* (2006) 607 and Mellor *et al Trademarks and trade names* 8.

<sup>401</sup> Hartely *The Foundations of European Community Law* 74.

<sup>402</sup> Askew (1999) *Tulsa J. Comp. & Int’l L.* 380.

corresponding provisions of the TMD since they mirror each other in terms of substantive law,<sup>403</sup> the wording is often identical.<sup>404</sup>

It is worth noting that the CJEU lacks the competence to apply the internal law of the Member States. Neither can it decide on the interpretation of a national provision. Application of national law by the CJEU does, however, take place where the Treaty refers explicitly to national concepts.<sup>405</sup>

Tritton rightly contends that the CJEU has played a significant role in the interpretation of the EC Treaty in relation to IP, including trade marks. It has provided a considerable body of jurisprudence on the relationship between trade marks and the free movement of goods.<sup>406</sup> For example, in *Sabel BV v. Puma AG*<sup>407</sup> the CJEU concluded that the Article 4 (1) (b) does not apply unless there is confusion on part of the public.<sup>408</sup> Tessensohn rightly contends that the CJEU's determination in *Sabel* of what constituted 'likelihood of association' was a major step in the harmonisation of the interpretation of national legislation implementing the terms of the harmonising Directive.<sup>409</sup> The clarification of the interpretation of the word 'confusion' was important in ensuring a uniform interpretation in all the Member States thereby facilitating harmonisation.

The requirement that national law be interpreted in conformity with EU Law demands that national courts ensure the full effectiveness of EU law when they determine the matters before them.<sup>410</sup> National courts are thus obliged to interpret domestic law to comply with EU

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<sup>403</sup> The TMD and the CTM Regulation impose similar requirements for the registrability of trademarks which include the fact that: a sign must fall within the definition of a registrable mark; it must not be excluded by one of the absolute grounds of refusal and it must not be excluded by one of the relative grounds of refusal. See Art 3 & 4 of the TMD 2008/95 /EC and Art 7 & 8 CTMR 207/2009. See also Seville *EU Intellectual Property Law and Policy* (2009) 224 and Mellor *et al Trademarks and trade names* (2011) 110.

<sup>404</sup> Mellor and Llewelyn concur with Seville that the Trade Mark Directive and CTM Regulation must be given a coherent interpretation meaning that the identical or equivalent provisions must be interpreted as a coherent whole: Mellor *et al Trademarks and trade names* (2011) 31.

<sup>405</sup> Mathijsen *A Guide to European Union Law* 47.

<sup>406</sup> Tritton *Intellectual Property in Europe* 14.

<sup>407</sup> The Federal Supreme Court stressed the importance of referring the matter to the CJEU for clarification to ensure uniform interpretation of the 'confusion' concept. This is consistent with the main objective of the TMD which is to approximate the laws of the Member States in view of the objectives of the internal market. The CJEU held that the grammar and context of Art 4 & 5 of the TMD dictated the conclusion that the concept of likelihood of association was not an alternative to that of likelihood of confusion, but served to define its scope: para 18.

<sup>408</sup> Para 22. This interpretation of the TMD closely follows the function of a trade mark as a badge of origin.

<sup>409</sup> Tessensohn (1999) 6 *J. Intell. Prop. L.* 228.

<sup>410</sup> This is the essence of the principle of supremacy: Weatherhill *Cases and Material on EU law* (2012) 137; Kaczorowska *A European Union law* (2013) 240, hereafter Kaczorowska *A European Union law* and Schutze *An Introduction to European Law* 131.

law.<sup>411</sup> Kaczorowska agrees with Schutze that supremacy further requires any conflicting national law to be set aside and to be substituted by relevant provisions of the EU law. The CJEU also provides a conclusive and binding interpretation eliminating different national interpretations so that true harmonisation and unification can be achieved.<sup>412</sup>

In short, the CJEU integrates the diverse national trade mark laws and upholds the harmonised or unified law. It gives judgement on matters relating to the correlation between national law and EU Treaties. The CJEU is the supreme EU legal institution due to the doctrine of supremacy of EU law.<sup>413</sup> It adjudicates on matters of interpretation of EU law,<sup>414</sup> and also develops EU law by formulating new principles in the absence of explicit provisions. The CJEU interprets the EU laws teleologically. The presence of the CJEU as a final arbiter and interpreter of the harmonised or unified law is important for successful substantive legal integration. It also facilitates the creation of a unitary system of trade mark protection that relies not on the national laws of the various Member States for enforcement, but rather on a new and unitary provision established by the CTM.<sup>415</sup>

### 5.5.1 The legal status of harmonised or unified law

European law is directly applicable in the Member States and must be applied alongside national law by national authorities.<sup>416</sup> The question that arises is whether the EU law in effect merely becomes part of domestic law or whether in fact it has a higher authority.<sup>417</sup> There is no explicit provision in the body of the Treaties that provides for the supremacy of EU law.<sup>418</sup> However, the principle of supremacy is an unwritten rule of EU law.<sup>419</sup>

<sup>411</sup> Tritton *Intellectual Property* 21. See also Weatherhill *Cases and Material on EU law* (2012) 136.

<sup>412</sup> *Sabel BV v. Puma AG* C-251/95, 1997 E.C.R. I-6191, I-6221, [1998] 1 C.M.L.R. 445, 469 (1998).

<sup>413</sup> Askew (1999) *Tulsa J. Comp. & Int'l L.* 409.

<sup>414</sup> Boeli-Woelki *Unifying and Harmonising Substantive Law* (2010) 155.

<sup>415</sup> Blakely (2000) 149 *U.Pa.L.Rev* 336.

<sup>416</sup> Schutze *An Introduction to European Law* 133 Tatham *Central European constitutional courts in the face of EU membership: The influence of the German model in Hungary and Poland* (2013) 310.

<sup>417</sup> Tritton *Intellectual Property in Europe* 23.

<sup>418</sup> Schutze *An Introduction to European Law* 134 and Kaczorowska *A European Union law* 239. See also Kowalik-Banczyk 'Should We Polish It Up? The Polish Constitutional Tribunal and the Idea of Supremacy of EU Law' (2005) 6 *German Journal Law* 1356. Schuman & Monnet 'The relationship between Community law and national law' the Jean Monnet/Robert Schuman Paper Series available at <http://aei.pitt.edu/8162/1/Stiermstromfinal.pdf> (accessed 27 May 2013).

<sup>419</sup> Craig & de Burca *EU Law: Text, Cases and Materials* (2012) 265, hereafter Craig and de Burca *EU Law: Text, Cases and Materials* and Schutze *An Introduction to European Law* 134.

Declaration 17 of the Lisbon Treaty confirms the supremacy of EU law<sup>420</sup> but a declaration is not legally binding.<sup>421</sup> It has been contended that the CJEU sees the *pacta sunt servanda* principle connected with ratification of the Treaties as a ground for the supremacy of EU law over national law.<sup>422</sup> Constitutions of Member States cannot, therefore, prejudice the primacy of EU Law.

The effect of the supremacy principle on a Member State is far-reaching. Firstly, it prevents national agencies from challenging the validity of EU law.<sup>423</sup> Secondly, it prohibits the application of national provisions that are contrary to EU provisions;<sup>424</sup> any domestic provisions which are in conflict with the EU law cannot be applied since they are invalid.<sup>425</sup> Thirdly, it prohibits the enactment of provisions that are contrary to EU provisions. Member States cannot enact new legislation that is contrary to EU law as this can undermine legal integration.<sup>426</sup> Member States are thus obliged to rescind national legislation that is contrary to EU law. The supremacy of the EU is the cornerstone of the EU's legal integration;<sup>427</sup> the principle of direct effect would have little impact if EU law did not supersede national law. Consequently, all EU law prevails over all national laws,<sup>428</sup> including national constitutional law.<sup>429</sup>

Although courts in the EU Member States were initially reluctant to recognise the supremacy of EU law,<sup>430</sup> the position has since changed. Italy, for example, had to reverse its earlier

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<sup>420</sup> It reads: The Conference recalls that, in accordance with well settled case law of the Court of Justice of the European Union, the Treaties and the law adopted by the Union on the basis of the treaties have primacy over the law of Member States, under the conditions laid down by the said case law.' The Constitutional Treaty would have expressly provided for supremacy in Art 1-6CT. See also Craig & de Burca *EU Law: Text, Cases and Materials* (2012) 265.

<sup>421</sup> Tatham *Central European constitutional courts in the face of European Union membership* (2013) 301.

<sup>422</sup> Kwiecien 'The primacy of European Union law over national law under the Constitutional Treaty' (2005) 6 *German Law Journal* 1481, hereafter Kwiecien Treaty' (2005) 6 *German Law Journal*.

<sup>423</sup> Kwiecien (2005) 6 *German Law Journal* 1482.

<sup>424</sup> Kaczorowska *A European Union law* (2013) 240, hereafter Kaczorowska *A European Union law*.

<sup>425</sup> The CJEU regards the provision of a national law as inapplicable when it is contrary to a directly effective Community provision but it leaves the duty to the national authorities to declare that the legislation is void. In this way, the CJEU distanced itself from the national sovereignty of the member states: Schutze *An Introduction to European Law* (2012) 141-142. See also Kowalik-Banczyk 'Should we polish it up? The Polish Constitutional Tribunal and the Idea of Supremacy of EU law (2005) 6 *German Journal law* 1356 and Kaczorowska *A European Union law* 240 and *Simmenthal* Case 106/77.

<sup>426</sup> Horspool & Humphries *European Union law* (2006) 172 and Kaczorowska *A European Union law* (2013) 240.

<sup>427</sup> Craig & de Burca *EU Law: Text, Cases and Materials* 266.

<sup>428</sup> Schutze *An Introduction to European Law* 138 and Tatham *Central European constitutional courts in the face of EU membership: The influence of the German model in Hungary and Poland* (2013) 302.

<sup>429</sup> Kaczorowska *A European Union law* 240 and Craig & de Burca *EU Law: Text, Cases and Materials* 266.

<sup>430</sup> Member States such as Germany, Italy and the United Kingdom refused to acknowledge the supremacy of EC Law initially: Tritton *Intellectual Property in Europe* 24.

constitutional position in *Costa v ENEL and Internationale Handelgesellschaft*<sup>431</sup> and it now recognises the supremacy of EU law.<sup>432</sup> It is a basic rule of EU law that directly effective provisions of EU law always prevail over a provision of national law.<sup>433</sup> Weatherhill rightly argues that the CJEU's development of the key notions of supremacy and of direct effect represents a typical exercise of the teleological interpretation procedure.<sup>434</sup> The justification for the supremacy of EU law is that it would be impossible to create the structure envisaged by the Treaties unless the law is supreme and directly effective.<sup>435</sup> Supremacy results from the peculiar nature of the EU and not from concessions by constitutional laws of Member States.<sup>436</sup> It's a necessary condition for the existence of the EU itself.<sup>437</sup> The EU law takes precedence over national law, whether constitutional in nature or otherwise.<sup>438</sup> Its case law affirms the primacy of EU law.<sup>439</sup>

The CJEU has displayed an effective role in fostering integration. Although the CJEU has been criticised for 'overstepping its boundaries',<sup>440</sup> it has established a very important principle.<sup>441</sup> The question that arises is whether the supremacy of EU law has contributed to furthering the process of legal integration in the EU. Supremacy plays a crucial role in

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<sup>431</sup> The issue involved an Italian law that was inconsistent with provisions of the EC Treaty. In delivering its decision on the question of which system of law prevailed, the CJEU referred to Art.10 (ex. Art.5) EC, under which Member States have to take all appropriate measures to ensure fulfilment of their obligations arising out of the EC Treaty. Article 249 which prescribes that Community regulations have an 'obligatory' value and are directly applicable within each member state confirm supremacy of Community law. A Member State is bound to apply EU law. The CJEU held that the Treaty has created its own legal system which on the entry into force of the Treaty became an integral part of the legal systems of the member states: *Costa v ENEL & Internationlae Handelgesellschaft* Case C-6/64 [1964] ECR 585. See also Kaczorowska A *European Union law* 240.

<sup>432</sup> *Costa v ENEL & Internationlae Handelgesellschaft* Case C-6/64 [1964] ECR 585.

<sup>433</sup> Askew (1999) 7 *Tulsa.J.Comp. & Int'l. L* 385

<sup>434</sup> Weatherhill *Cases & Materials on EU law* (2012) 71. See also chapter 5 part 5.3.

<sup>435</sup> It seems the CJEU deduced the existence of both the supremacy principle and direct effect from the object of the Treaty: Weatherhill *Cases & Materials on EU law* (2012) 71.

<sup>436</sup> From the view of the CJEU, the supremacy of the EU law is unconstitutional and absolute: Kaczorowska A *European Union law* 240.

<sup>437</sup> Kaczorowska A *European Union law* 241.

<sup>438</sup> The CJEU exercises its powers granted in terms of 267 TFEU (formerly Art 234 of EC Treaty) in establishing the principle of supremacy. See Backer 'Harmonisation, Subsidiarity and Cultural Difference: An Essay on the Dynamics of Opposition within Federative and International Legal Systems' (1997) 4 *Tulsa J. Comp. & Int'l L*. 190.

<sup>439</sup> See *Arsenal Football Club plc v Matthew Reed* Case C-206/01, [2004] ECR I-10273; *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041; *Interflora Inc, Interflora British Unit v Marks & Spencer plc, Flowers Direct Online Ltd* Case C-323/09, [2009] ECR I-082625; *L'Oréal SA and Others v Bellure NV and Others* Case C-487/07, [2009] ECR I-5185 and *Nichols Plc v Registrar of Trade Marks* [2005] R.P.C 12.

<sup>440</sup> De Waele 'The role of the European Court of Justice in the integration process: A contemporary normative assessment' (2010) *Hanse Law Review* 15.

<sup>441</sup> The CJEU established and maintained the principle of supremacy of the EU law. Corrias *The Passivity of Law: Competence and Constitution in the European Court of Justice* (2011) 55 and Woods *Free Movement of Goods and Services within the European Community* (2004) 80.

resolving conflicts between national law and EU law,<sup>442</sup> and also ensures that national law conforms to EU law. The role of the CJEU in interpreting the harmonised or unified law also promotes legal integration because of the uniform application and interpretation of EU law.

### 5.5.2 ‘Homeward trend’ in the interpretation of harmonised or unified laws.

The ‘homeward trend’ is a method of interpretation in terms of which courts interpret harmonised or unified laws in light of domestic legal traditions. There is a tendency to project the domestic law in which the interpreter was trained or is familiar with onto the international or any other uniform law instrument.<sup>443</sup> The interpreter reads the international rules based on the legal ideas that have been imbedded at the core of his or her intellectual formation. It involves promoting interpretative solutions that result in the application of the forum’s own internal law. Therefore, the forum turns to familiar law when interpreting international standards.

The homeward trend means that a dispute is decided in terms of the principles of courts in which the parties are located.<sup>444</sup> It prevents international instruments from functioning as a neutral law to which the parties can resort when they want to avoid the applicability of the domestic law.<sup>445</sup> It is argued that international or integrated laws must be interpreted with ‘regard’ to its international character and there is a need to promote uniformity in its application. Indulging in a homeward trend can be a threat to the main goal of harmonising the laws as it may reduce the predictability of the law.<sup>446</sup>

Ferrari regards the homeward trend as ‘deplorable’ as it promotes parochialism and thus defeats the very purpose behind the drafting of the international law such as the Convention

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<sup>442</sup> Erecinski ‘Supremacy, direct effect and consistent interpretation –tools for an effective and uniform application of European Union law?’ (2010) 11 *ERA Forum* 532 available at <http://link.springer.com/content/pdf/10.1007%2Fs12027-010-0178-4.pdf> (accessed 28 May 2013).

<sup>443</sup> The tendency is natural in the sense that a court is much more comfortable applying its own law rather than a foreign law: Svantesson *Private international law and the Internet* (2007) 310 and Ferrari ‘What, Why and Why Not’ in Janssen and Meyer (eds) *CISG Methodology* (2009) 180.

<sup>444</sup> Ferrari ‘What, Why and Why Not’ in Janssen and Meyer (eds) *CISG Methodology* (2009) 179, hereafter Ferrari ‘What, Why and Why Not’.

<sup>445</sup> In most cases both parties do not want the other party to rely on its ‘domestic interpretation’ since this would give that party a competitive advantage. See Svantesson *Private international law and the Internet* (2007) 310 and Ferrari ‘What, Why and Why Not’ 179.

<sup>446</sup> Ferrari ‘What, Why and Why Not’ 181.

on Contracts for the International Sale of Goods (CISG)<sup>447</sup> which is aimed at the creation of legal certainty and the removal of legal barriers in international trade.<sup>448</sup> Although Cross argues that the homeward trend enhances the legitimacy and acceptability of international law,<sup>449</sup> Ferrari argues that its legitimacy is derived from the wide acceptance which international instruments such as CISG enjoy and the goals they pursue. An international instrument should apply the same manner in the various Member States.

The EU does not apply the homeward trend as it provides for the preliminary ruling procedure allowing the CJEU to ensure that there is uniformity in the interpretation of the law.<sup>450</sup> The homeward trend seemingly appears undesirable even in the context of Africa as there is a need to interpret the integrated laws in conformity with AU laws.

## 5.6 Lessons from the EU's legal integration

The EU offers numerous lessons to the AU regarding regional integration particularly the possibility of integrating regional trade mark registration and protection. Similar to the EU, the AU comprises of Member States which are at different levels economically and politically. The AU encompasses common and civil law countries; as well as multiple languages. The EU is one of the examples of modern integration and most AU Member States have a link with the EU through colonialism.<sup>451</sup> European countries have in the past been the most important trading partners for African countries,<sup>452</sup> mostly because of their colonial ties.<sup>453</sup> Trade mark laws thus tend to closely follow the Trade Mark Directive and the laws of the EU Member States due to the trade relations that exist.<sup>454</sup> African countries are also members of the international trading community; international as well as regional developments in trade mark laws cannot unfortunately be ignored.<sup>455</sup>

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<sup>447</sup> United Nations Convention on Contracts for the International Sale of Goods which came into force on 1 January 1988 available at <http://www.uncitral.org/pdf/english/texts/sales/cisg/V1056997-CISG-e-book.pdf> (accessed 24 June 2013).

<sup>448</sup> Ferrari 'What, Why and Why Not' 178.

<sup>449</sup> Cross 'Parol Evidence under the CISG: The Homeward Trend reconsidered (2007) 68 *Ohio State Law Journal* 138 and Ferrari 'What, Why and Why Not' 178.

<sup>450</sup> Article 267 of the Treaty on the Functioning of the European Union (TFEU).

<sup>451</sup> For example, Zimbabwe was colonised by the British, South Africa by the Dutch and British, Cameroon by the French and Kenya by the British: See chapter 4 part 4.5.

<sup>452</sup> Rutherford 'The Trade Marks Act in its international context' 1.

<sup>453</sup> Mshomba 'Africa and the Doha round' in Scott and Wilkinson (eds) *Trade, Poverty, Development: Getting beyond the WTO's Doha deadlock* (2013) 173.

<sup>454</sup> Rutherford 'The Trade Marks Act in its international context' 1.

<sup>455</sup> Rutherford 'The Trade Marks Act in its international context' 1.

Some have argued that region-building in Africa has been constrained by the region's attempts to emulate the EU model.<sup>456</sup> The thesis is cognisant of the fact that the success or failure of regional integration hinges on the specific environment in which it is to operate, and hence care must be taken not to transplant models from contexts that are socially, historically and culturally dissimilar.<sup>457</sup>

The EU is not a template to copy since different circumstances prevail in Africa, for example, Africa lacks infrastructure and capital; the rule of law and governance are still subject to question in some countries,<sup>458</sup> and political instability is also common.<sup>459</sup> Although legal integration is not only desirable, but necessary for Africa,<sup>460</sup> the process followed elsewhere cannot, however, be imported.<sup>461</sup> There are aspects of the EU experience from which lessons can be drawn as AU moves towards the creation of a common market.<sup>462</sup> This part of the chapter draws some lessons that could be useful in the integration of laws, particularly, trade mark laws in Africa.

### 5.6.1 Enactment of a Directive

AU needs to integrate its trade mark laws to promote the development and economic expansion.<sup>463</sup> A harmonising instrument that has a binding effect is required. Some of the instruments such as a model law will not be appropriate as they are not binding.<sup>464</sup> A

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<sup>456</sup> It is argued that the attempt by African leaders to mimic European model of market integration needs to discontinue as different social, cultural and political factors prevail in Africa: Lee *The political economy of Regionalism in Southern Africa* (2003) 27. See also Fagbayibo (2009) 42 *CILSA* 322; Allot 'The unification of laws in Africa' (1968) 16 *The American Journal of Comparative Law* 86 and Bach 'From new regionalism to new regions: The pitfalls of thick regionalism in Africa' available at <http://www.tralac.org/2012/02/22/from-new-regionalism-to-new-regions-the-pitfalls-of-thick-regionalism-in-africa/> (accessed on 4 April 2012).

<sup>457</sup> The model drawn from the experience of highly industrialised countries that have a high level of trade among themselves such as the European Union (EU) is not relevant to Africa, where trade among countries and the level of industrialisation are low: Martin *Africa in World Politics: A Pan-African Perspective* (2002) 176. See also Oluwu 'Regional integration, development and the African Union agenda: Challenges, gaps and opportunities' (2003) 13 *Transnat'l L. & Contemp Probs* 232, hereafter Oluwu (2003) 13 *Transnat'l L. & Contemp Probs*.

<sup>458</sup> *The Government of the Republic of Zimbabwe v Fick and Others* (CCT 101/12) [2013] ZACC 22 para 1.

<sup>459</sup> See chapter 2 part 2.5.3

<sup>460</sup> Gibb 'Regional integration and Africa's development trajectory: meta-theories, expectations and reality' (2009) *Third World Quarterly* 703, hereafter Gibb 2009) *Third World Quarterly*.

<sup>461</sup> It is a moving target: Murray 'Model Europe? Reflections on the EU as a Model of Regional Integration' (2008) 282 available at <http://www.tcd.ie/iis/documents/Murray%20in%20Verdun%20et%20al.pdf> (accessed 25 June 2013).

<sup>462</sup> A common market consists of a customs union plus an agreement by all members to remove restrictions on factors of production: Hargreaves & Berry *European Union Law* (2007) 4.

<sup>463</sup> See Art 3 of the Constitutive Act of 2000.

<sup>464</sup> See chapter 2 part 2.7.1.

convention will also not be suitable as it unifies the law. A directive will be an ideal instrument to begin the process of harmonisation since it is binding and based on achieving specific limited results.<sup>465</sup> Since African countries are on different levels of development, a directive allows Member States to adapt its provisions to suit local conditions and the legal system in question.<sup>466</sup> After transposition of a directive into national laws of the Member States the law is not unified but rather harmonised.<sup>467</sup> The AU Member States could thus begin the process of harmonisation by enacting a TMD. African countries should seek to harmonise both procedural and substantive requirements<sup>468</sup> in order to avoid significant divergences even after the enactment of a TMD.<sup>469</sup>

Harmonisation should precede unification. Blakely correctly argues that any attempt at creating a unitary regional trade mark system must be preceded by a substantive and procedural harmonisation of the differing trade mark laws of the Member States.<sup>470</sup> He also argues that by reducing the differences in the national laws of the States intended to be later joined in the unitary system, the incentive to create 'protectionist' barriers to the free movement of goods and services and to distort competition which undermines the single market is weakened.<sup>471</sup> Leaffer rightly contends that there is a need for a progressive harmonisation of trade mark law among nations that will lead to even greater simplification and expediency in the acquisition and protection of trade mark rights.<sup>472</sup> The benefits from harmonisation will be enjoyed not only by trade mark owners,<sup>473</sup> but by consumers whose

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<sup>465</sup> Hartely *The Foundations of European Community Law* 201. Kaczorowska *European Union Law* 222. See also Art 249 of EC.

<sup>466</sup> Boele-Woelki *Unifying and Harmonising Substantive Law* 105.

<sup>467</sup> Boele-Woelki *Unifying and Harmonising Substantive Law* 60. See chapter 2 part 2.7.1.

<sup>468</sup> For the EU, the Max Planck Institute Report recommended that the harmonisation process should also be extended to provisions of procedure in accordance with the regulations contained in the CTMR. It further suggested proposals for a harmonisation beyond the current scope of the TMD which must include, *inter alia*, provisions concerning licensing and collective marks: Max Planck Institute for Intellectual Property and Competition Law 'Study on the Overall Functioning of the European Trade mark Systems' (2011) 253 available at [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (accessed 12 June 2013).

<sup>469</sup> Seville *EU Intellectual Property Law* 213.

<sup>470</sup> Blakely (2000) 149 *U.Pa.L.Rev* 348.

<sup>471</sup> Blakely (2000) 149 *U.Pa.L.Rev* 348.

<sup>472</sup> Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 2.

<sup>473</sup> A trade mark is badge of origin. It also fulfils an advertising, investment and quality function: see chapter 4 part 4.2.4.

welfare will be enhanced by harmonisation.<sup>474</sup> In the circumstances unification should be the second stage in the legal integration process.

The EU's TMD set the stage for the ultimate development of the unitary CTM system which provides us with an example of how substantive unification can be achieved. The Regulation was able to create a separate legal entity (law) which all States found acceptable, an achievement which is not simply possible through the harmonisation of national trade mark laws.<sup>475</sup> Harmonisation results in similar laws whilst unification results in the same laws.<sup>476</sup> The EU has progressed toward the integration of trade mark laws that are consistent with the concept of the single market.<sup>477</sup> The AU's goal for a common market will also ultimately be achieved by unification of trade mark laws. The EU's legal integration also provides us with the lesson that any effort at substantive harmonisation or unification will take time and should be a long-term goal.

The TMD should take into account the specificities of the various Member States, as long as the fundamental principles are safeguarded.<sup>478</sup> Its implementation must be adapted to local needs and circumstances since African countries are at different levels of economic development.<sup>479</sup> There are also disparities in relation to political stability, political commitment and the rule of law and democracy. All these factors must be taken into account. A fifteen year time frame must be kept in mind as the region seeks to create a unitary trade mark system.<sup>480</sup>

The structure of the AU is similar to that of the EU,<sup>481</sup> but the two function differently. The AU does not have membership requirements except a simple majority vote in favour of the

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<sup>474</sup> Trade marks serve the interests of consumers because they reduce search costs and allow buyers to make purchasing decisions with speed and assurance as trade mark guarantee quality: Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 5 and 6.

<sup>475</sup> Bolton 'Defining Genuine Use Requirements of Community Trade Marks in Light of an Expanding European Union' available at [http://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_ipr\\_ge\\_11/wipo\\_ipr\\_ge\\_11\\_topic3.pdf](http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic3.pdf) (accessed 5 June 2013)

<sup>476</sup> See chapter 2 part 2.7.1.

<sup>477</sup> Leaffer (1998) 2 *Marq. Intell. Prop. L. Rev.* 24.

<sup>478</sup> It must take into account the societal and cultural dynamics: Fagbayibo (2009) 42 *CILSA* 322.

<sup>479</sup> Mathijsen *A Guide to European Union Law* 39.

<sup>480</sup> Blakely notes that the first group met to discuss the establishment of a CTM in 1964, the Trade Mark Directive was not approved until 1988 and the CTM system was not in place until nearly a decade after that: Blakely (2000) 149 *U.Pa.L.Rev.* 349. If it took thirty years for the EU, Africa should be able to draw lessons from the EU and the process should take half of the EU's time period.

<sup>481</sup> Both the AU and EU have a Parliament, Council, Commission, Court of Justice, financial institutions and specialised committees. The functions of these organs are however, different for example the European Council comprises of Heads of State while the Assembly of the Union comprises Heads of State under the AU.

State,<sup>482</sup> the EU requires potential members to meet the conditions set out in the Copenhagen criteria.<sup>483</sup> The EU's decision-making process is characterised by a system of Qualified Majority Voting (QMV).<sup>484</sup> For the AU, all its Member States are equal but decisions are not enforceable against Member States. The manner in which legal integration will unfold in Africa will be different due to these differences in prevailing conditions and in the institutional framework. The AU needs to be able to make decisions which are binding upon Member States to be able to achieve its objectives provided in the Constitutive Act.<sup>485</sup> Member States could still remain equal but there is need for a central supranational authority within the AU.<sup>486</sup> Supranationalism will enhance the effective functioning of the AU and will also stimulate the integration process.

### 5.6.2 Political commitment

Legal integration within the EU intrudes on national sovereignty to some extent. Each Member State of the EU has formally ceded part of its sovereignty to the supranational Organisation.<sup>487</sup> While EU Member States found ways to overcome the sovereignty stumbling block,<sup>488</sup> African countries still need to show political commitment and willingness by ceding part of their sovereignty to a supranational body. Olivier and Olivier argue that the AU's objectives to achieve greater unity and solidarity between African States and to accelerate the political and social integration of the region must be reconciled with the objective of Article 3 (b) of the Constitutive Act which is to defend the sovereignty, territorial

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<sup>482</sup> Article 29 (1) of the Constitutive Act of 2000 states that: 'Any African State may, at any time after the entry into force of this Act, notify the Chairman of the Commission of its intention to accede to this Act and to be admitted as a member of the Union'.

<sup>483</sup> The conditions include stable democracy, a functioning market economy and adherence to the aims of political union. An absolute majority vote is required in favour of the state by the European Parliament: Olivier & Olivier 'Models of regional integration: The European Union and the African Union' (2004) 19 *SA Public Law* 360, hereafter Olivier & Olivier (2004) 19 *SA Public Law*.

<sup>484</sup> Qualified majority voting prescribes a system of weighted voting in the Council and is based on the population size. France, Germany and Italy for example have 10 votes each while Spain and Belgium have 5 each: Olivier & Olivier (2004) 19 *SA Public Law* 361.

<sup>485</sup> Article 3 of the Constitutive Act of the AU of 2002.

<sup>486</sup> Fagbayibo 'A supranational African Union? Gazing into a crystal ball (2008) *De Jure* 493 and Fagbayibo 'Common Problems affecting supranational attempts in Africa: An Overview' 2013 (16) 1 *PER/PELJ* 33, hereafter Fagbayibo 2013 (16) 1 *PER/PELJ*.

<sup>487</sup> Member States relinquished their sovereignty to all the other institutions or simply to the supranational EU: Dinwoodie 'Europeanisation of Trade Mark Law' (2013) 5 available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2260908](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2260908) (accessed 13 May 2013) and Hartely *EU law in a global context* (2004) 1.

<sup>488</sup> Olivier & Olivier (2004) 19 *SA Public Law* 358.

integrity and independence of Member States.<sup>489</sup> They also argue that those goals are clearly irreconcilable when measured against the salient requirements of regional integration.<sup>490</sup>

The goal of defending sovereignty, territorial integrity and independence of Member States should be restricted<sup>491</sup> as it is an impediment to regional integration. AU Member States should ensure that they implement regional commitments. They should also be willing to advance regional interests and to infuse them into their national agendas. The question, however, is whether AU Member States are ready to accept the paradigm shift from nationalism to supranationalism.<sup>492</sup> It is clear that nationalism and sovereignty must be subordinate to regional integration lest real integration remains a political myth. AU Member States need to be able to advance the regional agenda. An effective regional integration also requires political stability, national participation and good leadership.<sup>493</sup>

### 5.6.3 Centralisation of trade mark administration

Even though OHIM is part of a unitary system, something similar can be used for harmonisation of laws. A centralised system of trade mark administration plays an important role in circumventing the problem of marks that are registrable in one States but not in other States, based on single criteria which is used to determine registrability of marks. The establishment of a regional trade mark system requires the creation of a coordinated legislative, administrative, and judicial framework that can serve to manage the harmonised trade mark system.<sup>494</sup> The EU's experience with the creation and development of the CTM is a valuable example which shows the difficulties and obstacles that must be overcome in creating the necessary framework to administer the system. The AU needs a centralised system that can administer an AU-wide trade mark system. The establishment of the Pan African Intellectual Property Organisation (PAIPO) could be critical to functioning in the same way as the OHIM: receiving and processing applications for trade mark registration,

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<sup>489</sup> Olivier & Olivier (2004) 19 *SA Public Law* 357-358.

<sup>490</sup> Olivier & Olivier (2004) 19 *SA Public Law* 361.

<sup>491</sup> It means that this objective must not supersede the object for regional integration. Among the AU objective, the goal to defend sovereignty and territorial integrity should be at bottom of the least.

<sup>492</sup> Fagbayibo argues that 'supranationalism is a politico-legal concept which embodies but is not limited to the following core elements: decisional autonomy (in particular the rule of the voting majority as opposed to consensus), the binding effect of the laws of international organisations, ... the institutional autonomy of an organisation from its Member States, and the direct binding effect of laws emanating from regional organisations on natural and legal persons in Member States': Fagbayibo (2013) 16- 1 *PER/PELJ* 33.

<sup>493</sup> National integration is important for regional integration.

<sup>494</sup> Blakely (2000) 149 *U.Pa.L.Rev* 349.

and renewals.<sup>495</sup> PAIPO when established should also work towards ensuring efficiency, quality service and at introducing advanced information technology that will facilitate online filing.<sup>496</sup>

It is submitted that PAIPO should adopt some of the AU's most widely spoken official languages which are Arabic, English, French and Portuguese.<sup>497</sup> Applications and any proceedings such as opposition and cancellation should be filed in one of these languages in the same manner in which applications for CTMS are made in any of the EU languages.<sup>498</sup>

#### 5.6.4 Establishment of an independent IP court

An apex court that interprets the law applicable to all Member States is necessary. The creation of a system to both successfully administer and conclusively interpret any harmonised or unified legislation is crucial to legal integration. National courts tend to interpret according to their economic and social contexts which would result in different interpretations of a harmonised or unified law.<sup>499</sup> These inevitable conflicts are best reconciled by a 'supreme IP court' that has the authority to make final and binding interpretations of the relevant integrated laws is necessary.<sup>500</sup>

The CJEU plays a crucial role in promoting EU legal integration through its preliminary ruling procedure.<sup>501</sup> National courts may stay or discontinue proceedings and refer questions to the CJEU for clarification.<sup>502</sup> For example, the High Court of Justice of England and Wales in the case of *Interflora Inc. v Marks & Spencer plc* decided to stay the proceedings and

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<sup>495</sup> See chapter 3 part 3.7.

<sup>496</sup> Seville *EU Intellectual Property Law and Policy* 221. See chapter 5 part 5.6.3.

<sup>497</sup> Article 11 of the Protocol on amendments to the Constitutive Act of the AU available at [http://au.int/en/sites/default/files/PROTOCOL\\_AMENDMENTS\\_CONSTITUTIVE\\_ACT\\_OF\\_THE\\_AFRI\\_CAN\\_UNION.pdf](http://au.int/en/sites/default/files/PROTOCOL_AMENDMENTS_CONSTITUTIVE_ACT_OF_THE_AFRI_CAN_UNION.pdf) (accessed 11 October 2013). See also Art 25 of the Constitutive Act of 2000.

<sup>498</sup> See Art 119 (1) CTMR. See chapter 5 part 5.4.2.

<sup>499</sup> Dinwoodie 'Europeanisation of Trade Mark Law' *Legal Research Paper Series No 54/2013* (2013) 5 (2013) 9.

<sup>500</sup> Blakely (2000) 149 *U.Pa.L.Rev* 351.

<sup>501</sup> See part 5.5. Lenz 'The role and mechanism of the preliminary ruling procedure (1994)18 *Fordham International Law Journal* 390-391. The presiding judges in the EU are carefully chosen for their political independence in order to carry out the court's tasks without advancing their national interests: Mengozzi 'The protection of the court of first instance of the European Communities' (1999) 23 *Fordham International Law Journal* 710.

<sup>502</sup> A national court may thus refer questions on the interpretation and validity of Community law to the CJEU: Art 267 TFEU.

referred questions to the CJEU for a preliminary ruling.<sup>503</sup> In such a scenario, the CJEU then answers the questions, clarifies and guides the national court on how to interpret provisions of the EU law. Its judgments are binding and serve to reconcile the interpretation of trade mark laws in Europe.<sup>504</sup> It also guarantees a consistent and uniform application of the EU law. The preliminary ruling procedure has thus been an effective way of ensuring that the interpretation and application of EU law remains uniform and consistent in all Member States.<sup>505</sup> The CJEU has played an immeasurably important role in the integration of EU law. In comparison to the CJEU, the Court of Justice of the AU (CJAU)<sup>506</sup> has jurisdiction over all disputes and applications referred to it which relate, *inter alia*, to the interpretation and application of the Act; the interpretation, application or validity of Union treaties and all subsidiary legal instruments adopted within the framework of the Union.<sup>507</sup> The CJAU may also interpret acts, decisions, regulations and directives of the organs of the Union. It appears that there are some similarities between these institutions. The effectiveness of the CJAU remains to be seen as the region moves toward its goal for a common market: the interpretation of the harmonised laws is important in promoting this goal.

Blakely correctly argues that due to the large number of cases that are referred to the CJEU, there is a need to introduce an independent IP specialised court even in the EU.<sup>508</sup> If 400 appeal actions are brought before the Court of First Instance annually, the same workload would probably find its way to the CJEU itself. An independent IP specialised court would be necessary as community courts may not be able to deal with so IP many cases in addition to other matters they adjudicate.<sup>509</sup> Similarly, the AU needs to establish an independent specialised court or to create a specialised IP division within the CJAU that can resolve disputes concerning IP matters. A specialised IP court will properly adjudicate on IP rights,<sup>510</sup> and benefits of establishing such court include pooling of expertise, consistency, continuity,

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<sup>503</sup> *Interflora Inc. v Marks & Spencer plc* Case C-323/09, [2011] ECR I-082625 para 20. See part 5.4.

<sup>504</sup> Article 267 TFEU. See also *Lenz* (1994)18 *Fordham International Law Journal* 392.

<sup>505</sup> See chapter 5 part 5.5. *Lenz* (1994)18 *Fordham International Law Journal* 391.

<sup>506</sup> Established in terms of Art 2 of Protocol of the Court of Justice of the African Union available at <http://www.african-court.org/en/images/documents/Court/Protocol%20Court%20of%20Justice/CoJ%20Protocol.pdf> (accessed 28 May 2013).

<sup>507</sup> Article 19 of Protocol of the Court of Justice of the African Union available at <http://www.african-court.org/en/images/documents/Court/Protocol%20Court%20of%20Justice/CoJ%20Protocol.pdf> (accessed 28 May 2013).

<sup>508</sup> Blakely (2000) 149 *U.Pa.L.Rev* 346.

<sup>509</sup> Blakely (2000) 149 *U.Pa.L.Rev* 346.

<sup>510</sup> Askew (1999) 7 *Tulsa.J.Comp.& Int'l. L* 375.

quick resolution of disputes and judicial enforcement for non-compliance through sanctions.<sup>511</sup>

All AU Member States will need to respect the supremacy of the harmonised or unified laws to ensure the proper functioning of the internal market and for the region to become fully integrated. The specialised IP court being proposed will ensure uniform application of the harmonised law throughout the AU.

The homeward trend technique of interpreting a regional or international law was discussed earlier.<sup>512</sup> African countries will have to fight the homeward trend rather than advocate it.<sup>513</sup> The harmonised laws must be interpreted in light of the main goals of promoting trade<sup>514</sup> and competition in the common market. A balance must, therefore, be struck between exclusivity and access.<sup>515</sup> AU Member States should be cautious and should take into consideration the fact that excessive protection might negatively affect creativity, investment and competition.<sup>516</sup> IP should, therefore, not be viewed as an end in itself;<sup>517</sup> it must be protected along with other interests such as freedom of expression, which is a fundamental right.<sup>518</sup>

In summary, the analysis above shows that the EU model cannot be transplanted as is.<sup>519</sup> Some lessons the AU can draw from EU's harmonisation model can facilitate regional integration. African countries should seek to enact a directive as the first stage in harmonising the trade mark laws. A regulation can, thereafter, be adopted in order to create an Africa-wide trade mark. PAIPO should assume a function similarly to the OHIM centralising the administration of the harmonised trade mark law. African countries should seek to harmonise both the substantive and procedural aspects to obviate any differences. The establishment of

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<sup>511</sup> The benefits of a specialised court outweigh the cost of establishing it: Askew (1999) *Tulsa J. Comp. & Int'l L.* 411.

<sup>512</sup> See chapter 5 part 5.5.2

<sup>513</sup> See chapter 5 part 5.5.2.

<sup>514</sup> The inclusion of provisions dealing with exhaustion of IP rights in the Directive will also enhance trade since the owner of the trade mark loses the right to control the resale of protected goods: Bonadio (2011) *E.I.P.R.* 153.

<sup>515</sup> An exhaustion doctrine is one way in which a balance may be struck between public interest (free movement of goods) and the private interest of IP owner (remuneration for their creative and artistic work): Bonadio (2011) *E.I.P.R.* 153.

<sup>516</sup> Peukert 'Intellectual Property as an end in itself' (2011) 33 *E.I.P.R.* 67-71, hereafter Peukert (2011) 33 *E.I.P.R.*

<sup>517</sup> IP is an instrument to achieve distinct aims and a paradigm shift towards a more balanced approach and even a restrictive approach towards IP is needed: Peukert (2011) 33 *E.I.P.R.* 67-71.

<sup>518</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) Bv t/a Sabmark International* 2006 (1) SA 144 (CC): see chapter 4 part 4.4.2.

<sup>519</sup> The financial constraints, socio-economic factors will for example affect the establishment and operations of PAIPO: see chapter 3 part 3.6.2.

an apex court with the power to authoritatively apply and interpret regional law is also essential for legal integration: the CJEU was and is still the driving force for EU trade mark harmonisation. The AU needs to establish a specialised IP court which has specialist judges, to ensure that there are no ambiguities and inconsistencies in the application and interpretation of the harmonised law.<sup>520</sup> The court must have the authority to make final and binding interpretations of the harmonised law.

The difficulties inherent in the creation of a harmonised or unified system may appear daunting but the same could have been said by the EU thirty years ago. It is possible to create a regional IP system in Africa. It is clear from the EU's experience, that the process is long, slow and resource intensive. It also demands political and economic compromises since regional interests must prevail over national interests. These factors are of particular significance to the creation of an integrated trade mark system that will facilitate the free movement of goods and services in the envisaged AU common market.



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<sup>520</sup> Some commentators have also called for a specialised court that can resolve the ambiguities and inconsistencies being produced by the CJEU since it is not a specialised IP court, a call which has been resisted by the CJEU: Dinwoodie 'Europeanisation of Trade Mark Law' Legal Research Paper Series No 54/2013 (2013) 22-23.

## CHAPTER 6

### CONCLUSIONS, RECOMMENDATIONS AND A PROPOSED AU TRADE MARK DIRECTIVE

#### 6.1 Introduction

The central theme of this thesis is that the disparities in the trade mark laws of the African Union (AU) Member States can hinder the flow of goods or services in an economic grouping such as the AU's envisaged common market.<sup>1</sup> The aim of this thesis is to determine the possibility of harmonising or unifying trade mark laws in Africa to eliminate substantial differences in the laws. It identifies the similarities and differences in the trade mark laws of Zimbabwe,<sup>2</sup> South Africa<sup>3</sup> Kenya<sup>4</sup> as well as Cameroon.<sup>5</sup> The basis of this analysis is that any legal integration requires a clear understanding of the existing similarities and differences in Africa's trade mark laws.

One of the mechanisms that could assist in the harmonisation process is the proposed regional intellectual property (IP) body, the Pan African Intellectual Property Organisation (PAIPO). The thesis considers whether this proposed intellectual property (IP) body can effectively facilitate regional trade mark protection. It also examines the possibility of PAIPO coordinating a regional negotiating position for AU Member States in bilateral and international negotiations involving trade marks and IP laws in general.

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<sup>1</sup> The Abuja Treaty of 1991 lays stages at which the integration agenda is to be pursued leading to the African Economic Community. The 5<sup>th</sup> stage is aimed at creating an African common market and the 6<sup>th</sup> stage is aimed at consolidating and strengthening the structure of the African common market. The features of a common market include free movement of persons, goods, services and capital: Art 6 of the Treaty establishing the African Economic Community (Abuja Treaty 1991) available at [http://www.wipo.int/wipolex/en/regeco\\_treaties/text.jsp?file\\_id=173333](http://www.wipo.int/wipolex/en/regeco_treaties/text.jsp?file_id=173333) (accessed 13 October 2013). See also chapter 1 above regarding the AU's move towards a common market.

<sup>2</sup> Zimbabwe Trade Marks Act Chapter 26:04 as amended by the Trade Marks Amendment Act No 10 of 2001 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=130492](http://www.wipo.int/wipolex/en/text.jsp?file_id=130492) (accessed 8 December 2012), hereafter Zimbabwe.

<sup>3</sup> South Africa Trade Marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997 available at [http://www.cipc.co.za/Trade\\_marks\\_files/Act.pdf](http://www.cipc.co.za/Trade_marks_files/Act.pdf) (accessed 24 October 2012), hereafter South Africa.

<sup>4</sup> Kenya Trade Marks Act Chapter 506 as amended by the Trade Marks Amendment Act of 2002 available at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194550](http://www.wipo.int/wipolex/en/text.jsp?file_id=194550) (accessed 8 May 2013), hereafter Kenya.

<sup>5</sup> Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organisation (the amended Bangui Agreement) available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?file\\_id=181150#P1462\\_154102](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?file_id=181150#P1462_154102) (accessed 11 December 2012), hereafter Cameroon.

The thesis also aims to determine whether AU Member States can draw lessons from the European Union's (EU) legal integration approach. This chapter summarises the findings by making reference to the preceding chapters and sets out provisions for a proposed Directive to harmonise the laws of AU Member States within the framework of the proposed PAIPO.

## **6.2 Background issues**

Dealing with numerous national trade mark laws in the context of international trade generates complexities which are raised in the first chapter.<sup>6</sup> That chapter brings to the fore the problems regarding the lack of coherence in IP negotiations vis-à-vis the demand for stronger IP laws in bilateral and international negotiations between AU Member States and other countries.

It is well established that there is a close link between trade and trade marks, by virtue of which trade marks can facilitate or hinder trade. Divergent laws are a hindrance and it is, therefore, necessary to integrate the trade marks laws of the African region. It is also established that lack of a unified position in both international and bilateral negotiations results in African countries advancing different positions. This limits their influence in the negotiations resulting in treaties that do not reflect African countries' interests.<sup>7</sup>

## **6.3 Regional integration in Africa**

Important concepts such as regional integration, regionalism, legal integration and globalisation which are frequently used in the thesis are defined in chapter two. An analysis of how regional integration has been pursued in Africa was made by considering the political theories of regional integration as well as approaches to integration such as development integration, regional cooperation and economic integration.<sup>8</sup> African countries have been pursuing regional cooperation through development projects and economic integration for some time. Economic integration appears to be the preferred approach, as demonstrated by the establishment of multiple regional economic communities.<sup>9</sup>

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<sup>6</sup> See chapter 1 part 1.1.

<sup>7</sup> See chapter 1 part 1.1.

<sup>8</sup> See chapter 2 part 2.3.

<sup>9</sup> See chapter 2 part 2.5.7.

The relationship between regionalism and multilateralism as well as the World Trade Organisation (WTO) provisions that permit regionalism is also discussed.<sup>10</sup> Regionalism does not conflict with multilateralism as regionalism is permitted under the WTO in terms of Article XXIV of the General Agreement on Tariffs and Trade (GATT) of 1994, the Enabling Clause and Article V of the General Agreement on Trade in Services (GATS). A symbiotic relationship exists between regionalism and multilateralism in the sense that regional integration thrives in the policy space left by multilateral commitments.<sup>11</sup> Regionalism facilitates technological development, infrastructure development, foreign investment and improves the manner in which the region may exploit natural resources. It creates larger political economic units that can bargain more effectively in the multilateral institutions. Regional integration (which is a form of regionalism<sup>12</sup>) does not undermine the multilateral trading system but rather serves as a building block to multilateral trade liberalisation.<sup>13</sup>

The obstacles to regional economic integration in Africa and the mechanisms for overcoming them are also examined. Political instability, lack of political commitment, weak infrastructure, and multiplicity or overlapping integration arrangements, are some of the obstacles hampering economic integration in Africa.<sup>14</sup> It is observed that the reduction and rationalisation of the multiple integration arrangements is crucial for successful integration.<sup>15</sup> Lack of a strong and sustained political commitment undermines regional integration in Africa.<sup>16</sup> African leaders have in the past not been implementing their commitments towards regional integration, a clear indication of the extent to which some of the AU Member States are not ready to cede part of their sovereignty.<sup>17</sup> The success of regional integration in Africa will, to a large extent, depend on the extent to which Member States are willing to pool their sovereignty in the interest of the region and the extent to which political leaders are willing to commit themselves to that process.<sup>18</sup>

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<sup>10</sup> See chapter 2 part 2.4.

<sup>11</sup> Tussies 'Regionalism: Providing a substance to multilateralism?' in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 112. See also discussion in chapter 2 part 2.4.2.

<sup>12</sup> See chapter 2 part 2.2 dealing with definitions. See also Lee 'Regionalism in Africa: A part of the problem or a part of solution' available <http://www.polis.sciencespobordeaux.fr/vol10ns/arti6.html> (accessed 20/03/2012).

<sup>13</sup> See chapter 2 part 2.4.2.

<sup>14</sup> See chapter 2 part 2.5 that deals with obstacles to regional integration in Africa.

<sup>15</sup> See chapter 2 part 2.5.7 that deals with obstacles to regional integration in Africa.

<sup>16</sup> See chapter 2 part 2.5.2.

<sup>17</sup> Oluwu 'Regional integration, development and the African Union agenda: Challenges, gaps and opportunities' (2003)13 *Transnat'l L. & Contemp Probs* 229. See chapter 2 part 2.5.1.

<sup>18</sup> Webber 'Two funerals and a wedding? The ups and downs of regionalism in East Asia and Asia Pacific after the Asian Crisis' in Laursen *Comparative regional integration: Theoretical perspective* (2003) 128.

Africa needs to adopt a gradual approach to regional integration: the region is politically volatile and gradualism provides Member States with an opportunity to progressively build confidence and mutual trust amongst themselves, and also between the States and regional institutions.<sup>19</sup> Fairness in the sharing of benefits derived from regional integration or adequate compensation for the revenue loss incurred is crucial to building trust. The goals for regional integration which AU Member States adopt must be less ambitious, more realistic and achievable.<sup>20</sup> As established in chapter two, deadlines are often missed due to unrealistic targets and in some cases the goals which African leaders have set for themselves are considered too ambitious to be achievable. African leaders need to be more pragmatic by taking into account the constraints and capacities of their national governments and economies.<sup>21</sup> The past failures strongly indicate that African leaders need to move forward in a pragmatic, gradual fashion with realistic time frames and targets.<sup>22</sup>

The prospect of legal integration was dealt with, including the techniques for legal integration, the case of *Organisation pour l'Harmonisation du Droit des Affaires en Afrique* (OHADA) as well as the importance of integrating trade mark laws. Chapter two examined the extent to which legal integration can enhance economic integration. OHADA serves as an important example for legal integration, since it was designed by and for Africa.<sup>23</sup> OHADA can only become a tool for AU-wide legal integration if: rather than having French as the only official language, other common languages such as Arabic, English and Portuguese are also adopted as official languages.<sup>24</sup> Uniform Acts must be written in all the official languages and the texts should carry equal authority.<sup>25</sup> OHADA needs to accommodate other African States, for example, those with common law legal systems.<sup>26</sup> Membership of other

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<sup>19</sup> Kritzinger-van Niekerk 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012)

<sup>20</sup> Mistry 'New Regionalism and economic development' in Shaw & Soderbaum (eds) *Theories of new regionalism* (2003) 121. See chapter 2 part 2.5.1.

<sup>21</sup> See chapter 2 part 2.5.1.

<sup>22</sup> See chapter 2 part 2.5.1. See also Kritzinger-van Niekerk 'Regional integration: Concepts, advantages, disadvantages and lessons of experience' (May, 2005) available at [http://www.sarpn.org/documents/d0001249/P1416-RI-concepts\\_May2005.pdf](http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf) (accessed 15 February 2012).

<sup>23</sup> See chapter 2 part 2.7.2.

<sup>24</sup> See chapter 2 part 2.7.2. See also Art 25 of the Constitutive Act of 2000 and Art 11 of the Protocol on amendments to the Constitutive Act of the AU available at [http://au.int/en/sites/default/files/PROTOCOL\\_AMENDMENTS\\_CONSTITUTIVE\\_ACT\\_OF\\_THE\\_AFRICAN\\_UNION.pdf](http://au.int/en/sites/default/files/PROTOCOL_AMENDMENTS_CONSTITUTIVE_ACT_OF_THE_AFRICAN_UNION.pdf) (accessed 11 October 2013).

<sup>25</sup> See chapter 2 part 2.7.2. Art 42 of the OHADA Treaty must thus be amended to cater for other AU Member States: Fagbayibo 'Towards the harmonisation of laws in Africa: Is OHADA the way to go?' (2009) 42 *Comparative & International Law Journal of Southern Africa* 318.

<sup>26</sup> See chapter 2 part 2.7.2. Martor, Pilkington, David & Thouvenot *Business Law in Africa: OHADA and the harmonisation process* (2002) 19, hereafter Martor *et al Business Law in Africa*.

AU Member States, especially the ones with major economies such as Nigeria and South Africa would significantly boost OHADA's goal of becoming the model for harmonisation of laws.

Economic integration requires a solid legal framework and it is submitted that harmonisation rather than unification would be the appropriate mechanism as African countries are at different levels of economic development.<sup>27</sup>

#### **6.4 The trade mark protection framework and the creation of PAIPO**

The international and regional framework regulating IP, particularly, trade marks is dealt with in chapter three, which reviews the international trade mark law instruments such as the Madrid Agreement, Madrid Protocol, and Paris Convention<sup>28</sup> and TRIPS.<sup>29</sup> It also reviews ARIPO's Banjul Protocol on Marks to which Zimbabwe and Kenya are members.<sup>30</sup>

The historical background to the existing sub-regional trade mark protection framework in Africa is examined. As established in chapter three there are two main sub-regional IP groupings: the African Regional Intellectual Property Organisation (ARIPO) and the *Organisation Africaine de la Propriété Intellectuelle* (OAPI), and a third is the proposed PAIPO. The existing fragmented trade mark protection in the region is problematic since the two sub-regional organisations have different systems in terms of procedure and the content of their laws.<sup>31</sup> ARIPO and OAPI do not protect trade marks in the same way. The ARIPO system establishes centralised filing of applications, publication and registration, but it leaves the substantive aspect of a trade mark to the designated Member States.<sup>32</sup> The designated Member States determine whether or not the mark is registrable in terms of their laws. A Member State may either register or object to the registration of the trade mark within twelve months and the reasons for refusing to register the proposed trade mark must be given to the

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<sup>27</sup> See chapter 2 part 2. 7.

<sup>28</sup> The Paris Convention for the Protection of Industrial Property signed in Paris France on 20 March 1883, was revised at Brussels on December 14, 1900 last amended on 28 September 1979 available at [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html) (accessed 11 December 2012).

<sup>29</sup> See chapter 3 part 3.3.4. Agreement on Trade-Related Aspects of Intellectual Property Rights *The Legal Texts-Results of the Uruguay Round of Multilateral Trade Negotiations*, Annex 1C (1994) 321-353.

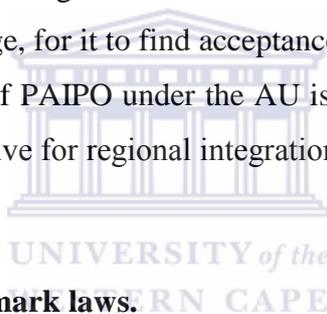
<sup>30</sup> See chapter 3 part 3.4.2.

<sup>31</sup> See chapter 3 part 3.6.1.

<sup>32</sup> Section 6 (1) of the Banjul Protocol on Marks within the framework of ARIPO available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012). See also Kongolo *African contributions in shaping the worldwide intellectual property system* (2013) 80, hereafter *Kongolo African contributions*. See chapter 3 part 3.4.2

ARIPO Office.<sup>33</sup> The OAPI, by contrast, is based on a centralised procedure and the principle of uniformity.<sup>34</sup> The Bangui Agreement is in effect the national law in all the Member States and it applies directly on the territory of each Member State.<sup>35</sup> The OAPI Office deals with both the substantive and procedural aspect of trade marks.<sup>36</sup> An IP Organisation that can attract and incorporate all AU Member States is necessary as it will promote legal integration as well as economic integration.

The formation of PAIPO is underway; the objectives are set out in the Final Draft Statute establishing PAIPO.<sup>37</sup> One of the possible obstacles to its formation is that PAIPO is perhaps not optimally aligned with the needs and realities of the region, particularly with the AU's development goal.<sup>38</sup> A 'one-size-fits all' approach should be avoided until at a later stage of integration since it is bound to result in stronger protection of trade marks which may affect other Member States which are not yet ready for stronger IP.<sup>39</sup> PAIPO should be able to advance African values by advocating for forms of IP that are relevant to Africa, such as protection of traditional knowledge, for it to find acceptance as a continental organisation.<sup>40</sup> It is argued that the establishment of PAIPO under the AU is a positive step since its functions can be aligned to the AU's objective for regional integration.<sup>41</sup>



## 6.5 Selected African Trade mark laws.

The question to which chapter four is addressing is the extent of the similarities and differences in the trade marks laws of the selected systems as evidence of the need to harmonise trade mark laws in Africa. The provisions in the trade mark laws dealing with

<sup>33</sup> Section 6 (2) of the Banjul Protocol available at [http://www.wipo.int/wipolex/en/other\\_treaties/text.jsp?doc\\_id=129112&file\\_id=181205](http://www.wipo.int/wipolex/en/other_treaties/text.jsp?doc_id=129112&file_id=181205) (accessed 2 May 2012). See chapter 3 part 3.4.2.

<sup>34</sup> OAPI headquarters also serves as a national office for its Member States and it grants rights on behalf of its Member States: Kongolo *African contributions* 83 and Kongolo 'The African Intellectual Property Organisations: The necessity of adopting one uniform system for all Africa' (2000) 3 *The Journal of World Intellectual Property* 273.

<sup>35</sup> See chapter 3 part 3.5.2. The Bangui Agreement also provides extensive protection for the existing IP: Kongolo 'The new OAPI Agreement as Revised in February 1999: Complying with TRIPS' (2000) 3 *The Journal of World Intellectual Property* 735. See also Kongolo *African contributions* 83.

<sup>36</sup> See also chapter 3 part 3.5.2. Nwauche 'An evaluation of the African regional intellectual property right systems' (2003) 6 *Journal of World Intellectual Property* 134.

<sup>37</sup> See chapter 3 part 3.7.1

<sup>38</sup> Ncube & Laltaika 'A new intellectual property organisation for Africa?' (2013) 8/2 *Journal of Intellectual Property Law and Policy* 116, hereafter Ncube & Laltaika (2013) 8/2 *Journal of Intellectual Property Law and Policy*

<sup>39</sup> Kongolo *African contributions* 131 and Peukert 'Intellectual property as an end in itself' (2011) 33 *European Intellectual Property Review* 67-71.

<sup>40</sup> See chapter 3 part 3.7.2.

<sup>41</sup> Article 3 of the Constitutive Act of 2000. See chapter 3 part 3.5.

definition, registrability and infringement of trade marks are considered, focussing on their similarities as well as differences.

There are common features in the definition of a trade mark in all the systems. The core aspect of the definition of a trade mark appears to be that it must be a 'sign' and it must be capable of distinguishing goods or services of one undertaking from services or goods of another undertaking.<sup>42</sup> The distinguishing function and origin function are recognised as the essence of a trade mark in all the systems. It is, however, noted that the definitions of a trade mark for all the systems examined do not expressly make provision for non-traditional marks such as smells and sounds.<sup>43</sup>

The registration requirements are also more or less similar since all the systems analysed require the sign to be distinctive and to be capable of graphic representation.<sup>44</sup>

The 'common denominator' in the definition of infringement in all the systems is that: a third party should have used an identical or similar trade mark in the course of trade without authorisation. Use of a trade mark should have resulted in confusion or deception as to the source of the goods or services except in cases of dilution.<sup>45</sup> It is also required that use should likely prejudice the trade mark proprietor.

There are, however, also areas of divergences among the systems especially between Cameroon and all the other systems. South Africa and Zimbabwe define both a mark and a trade mark whilst Kenya and Cameroon only define a trade mark. Cameroon's infringement provision is narrow whereas Zimbabwe, South Africa and Kenya have detailed provisions. Cameroon's Bangui Agreement only provides for one way in which a trade mark can be infringed whilst South Africa, for example, provides for three forms of infringement.<sup>46</sup> The differences in the laws may be attributed to historical, political, social and economic factors.<sup>47</sup> There is a need to harmonise particularly provisions that are divergent.

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<sup>42</sup> See chapter 4 part 4.2.4.

<sup>43</sup> See chapter 4 part 4.2.4.

<sup>44</sup> See chapter 4 part 4.3.5.

<sup>45</sup> This accords with the view that a trade mark should be able to indicate the origin of the goods. Confusion or deception adversely affects the trade mark's ability to fulfil this function. No likelihood of confusion or deception is required in cases of dilution: s 34 (1) (c) of South Africa's Trade Marks Act. See chapter 4 part 4.4.2.

<sup>46</sup> See chapter 4 part 4. 6.

<sup>47</sup> See chapter 4 part 4.5.

It is highlighted that some of the existing similarities may be attributed to international agreements which these countries signed, such as TRIPS; which requires countries to meet the minimum standards which can result in some similarities in the laws.<sup>48</sup> These similarities are important as they form the basis for harmonisation.

## 6.6 EU's legal integration and the lessons for Africa

The enactment of the Trade Mark Directive (TMD) and the Community Trade Mark (CTM) Regulation facilitated the integration of trade mark law in the EU. The TMD approximated the trade mark laws but did not fully harmonise the laws.<sup>49</sup> Its aim was to eliminate disparities in those provisions which would directly affect the functioning of the market such as the subject matter, registration requirements and nature of rights.<sup>50</sup> The enactment of a TMD aimed at harmonising Africa's trade mark laws is necessary.<sup>51</sup> The choice of form and methods that a directive gives the national authorities allows Member States to adapt their provisions to suit local conditions and the legal systems in question.<sup>52</sup> This is a vital aspect since African countries are at different levels of economic development.

The EU's CTM Regulation as well as the administration office (OHIM) established a unitary trade mark.<sup>53</sup> An AU-wide trade mark will eventually be achieved by unification of trade mark laws through the enactment of a regulation.<sup>54</sup> The need for a centralised system such as the OHIM which will be responsible for administering an AU-wide trade mark system will enhance regional integration because of the harmonisation in procedures.<sup>55</sup> PAIPO should function as the OHIM since its objective is to be a regional IP organisation.<sup>56</sup> The adoption of some of the AU's official languages, such as Arabic, English, French and Portuguese will give Member States the flexibility to file applications for registration, opposition or cancellation in any of these languages.<sup>57</sup>

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<sup>48</sup> See chapter 3 part 3.3.4.

<sup>49</sup> See chapter 5 part 5.4.1.

<sup>50</sup> See chapter 5 parts 5.4.1.1, 5.4.1.2, 5.4.1.3 and 5.4.1.4.

<sup>51</sup> See chapter 5 part 5.6.

<sup>52</sup> See chapter 5 part 5.6. Hartely *EU law in a global context: Text, cases and materials* (2004) 46. See also Tritton *Intellectual Property in Europe* (2008)15.

<sup>53</sup> See chapter 5 part 5.4.2. See also Raciti 'The Harmonisation of Trademarks in the European Community: The harmonisation Directive and the Community Trade Mark' (1996) 78 *J.Pat. & Trademark Off.Soc'y* 63.

<sup>54</sup> See chapter 5 part 5.6.

<sup>55</sup> See chapter 5 part 5.6.3

<sup>56</sup> See chapter 3 part 5.6.3.

<sup>57</sup> See chapter 5 part 5.6.3.

The AU needs to establish a specialised IP court which has the supranational power to make binding decisions on the interpretation and application of the harmonised or unified law. The Court of Justice of the European Union (CJEU) guarantees uniformity and consistency in the interpretation and application of EU law, particularly, through its reference procedure in terms of which Member States are able to refer questions for clarification.<sup>58</sup> The EU could not have achieved the level of integration which it has achieved so far without the CJEU's teleological method of interpretation.<sup>59</sup> Similarly, a specialised IP court will benefit Africa by pooling of expertise and in ensuring consistency as well as quick resolution of disputes. A uniform interpretation of the harmonised trade mark laws will create certainty and predictability in the AU common market.<sup>60</sup> Certainty and predictability in the laws promotes trade and foreign direct investment.<sup>61</sup>

The following part puts forward a text of a proposed Trade Mark Directive that seeks to harmonise trade mark laws in the AU Member States. The provisions recommended are based on comparisons of the statutory provisions of the four legal systems considered;<sup>62</sup> certain recommendations are made to improve some of the trade mark law provisions in light of developments taking place in the EU.

## 6.7 Proposed Text for a Trade Mark Directive

### Trade Mark Directive

#### Preamble

We, the Contracting States to this Directive:<sup>63</sup>

**RECOGNISING** that the trade mark laws applicable in the Member States contain disparities which may impede the free movement of goods and services, and may distort competition within the common market;

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<sup>58</sup> See chapter 5 part 5.5.

<sup>59</sup> See chapter 5 part 5.5.

<sup>60</sup> See chapter 5 part 5.6.4

<sup>61</sup> See chapter 2 part 2.7.

<sup>62</sup> Zimbabwe, Kenya, South Africa and Cameroon: see chapter 4 part 4.1.

<sup>63</sup> In drafting this Trade Mark Directive the thesis has drawn on Zimbabwe Trade Marks Act, Kenya Trade Marks Act, South Africa Trade Marks Act and Cameroon's Bangui Agreement. It has also drawn from the EU's Trade Mark Directive.

**RECALLING** our commitment to establish an African Economic Community in order to foster the economic, social and cultural integration of our region in accordance with the Lagos Plan of Action and the Abuja Treaty;<sup>64</sup>

**CONSIDERING** the principles and objectives stated in the Constitutive Act of the African Union;<sup>65</sup>

**CONSIDERING** that all Member States are bound by the Paris Convention for the Protection of Industrial Property recognise that the provisions of this Directive should be entirely consistent with the said Convention and the obligations resulting from it should not be affected by this Directive;<sup>66</sup>

**RECOGNISING** that the Directive does not exclude the application to trade marks of provisions relating to unfair competition, civil liability or consumer protection contained in the laws of the Member States;<sup>67</sup>

**DETERMINED** to harmonise those national provisions of trade mark law which most directly affect the functioning of the African common market;<sup>68</sup>

Hereby agree as follows:

## 1. Scope

This Directive shall apply to every trade mark in respect of goods or services which is the subject of registration<sup>69</sup> or of an application for registration as an individual trade mark, a collective mark or certification mark in a Member State, or which is the subject of a registration or an application for registration in the ARIPO<sup>70</sup> or OAPI Office<sup>71</sup> or of an international registration having effect in a Member State.

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<sup>64</sup> Preamble Treaty Establishing the African Economic Community (ABUJA 1991).

<sup>65</sup> The objectives include the need to accelerate the political and socio-economic integration of the continent; to establish the necessary conditions which enable the continent to play its rightful role in the global economy and in international negotiations; to promote sustainable development at the economic, social and cultural levels as well as the integration of African economies: Art 3 of the Constitutive Act of African Union 2000.

<sup>66</sup> Recital 13 TMD 2008/95/EC.

<sup>67</sup> Recital 7 TMD 2008/95/EC.

<sup>68</sup> The African common market is consistent with the AU's goal provided in Art 6 which sets the modalities for the establishment of a Community. The sixth stage is aimed at 'Consolidation and strengthening of the **structure of the African Common Market** (my emphasis), through including the free movement of people, goods, capital and services, as well as, the provisions herein regarding the rights of residence and establishment': Art 6 of the Treaty establishing the African Economic Community (Abuja Treaty 1991) available at [http://www.wipo.int/wipolex/en/regeco\\_treaties/text.jsp?file\\_id=173333](http://www.wipo.int/wipolex/en/regeco_treaties/text.jsp?file_id=173333) (accessed 13 October 2013). See also a similar provision, Recital 4 TMD 2008/95/EC and chapter 1 above regarding AU's move towards a common market.

<sup>69</sup> Zimbabwe ss 12 and 13, South Africa ss 9 and 10, Kenya ss 13 and 14, Cameroon Art 3: chapter 4 part 4.3.

<sup>70</sup> See chapter 3 part 3.4.2.

<sup>71</sup> See chapter 3 part 3.5.2.

## 2. Signs of which a mark may consist

A mark may consist of any sign capable of being represented graphically including a device, name, signature, word, letter, slogan, shape, pattern, colour, container of goods or any combination thereof.<sup>72</sup>

## 3. Trade mark

A trade mark may consist of a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person.<sup>73</sup>

## 4. Registrable trade marks

The following may be registered as a trade mark:

- a) A sign which constitute a trade mark;<sup>74</sup>
- b) A mark which is capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person;<sup>75</sup>

## 5. Unregistrable trade marks

A trade mark shall not be registered, or if registrable, shall be declared invalid in the following instances:<sup>76</sup>

- a) A mark which does not constitute a trade mark;<sup>77</sup>
- b) A trade mark which is devoid of any distinctiveness;<sup>78</sup>

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<sup>72</sup> See chapter 4 part 4.2 .Zimbabwe, South Africa and Kenya define a mark whereas Cameroon does not define a mark. Zimbabwe and Kenya have a similar definition but do not unfortunately require the sign to be capable of being represented graphically; they just give examples of what a sign may consist of. It is recommended that the South African definition of a mark should be adopted as it clear and detailed.

<sup>73</sup> See chapter 4 part 4.2.2. It is recommended that the South Africa's definition be adopted. Cameroon requires a 'visible sign' which unfortunately excludes non-traditional marks whereas Zimbabwe and Kenya similarly require the mark to indicate the origin of the goods or services. Since the distinguishing function incorporates the origin function and all the other functions, South Africa's definition should be preferred: Rutherford 'The Trade Marks Act in its international context' in Visser (ed) *The new Law of Trade Marks and Designs* (1995) 2-3, hereafter Rutherford 'The Trade Marks Act in its international context'.

<sup>74</sup> See Zimbabwe s 2; South Africa s 2; Kenya s 2 and Cameroon Art 2: chapter 4 part 4.3.

<sup>75</sup> South Africa s 9, chapter 4 part 4.3.2 above. It is suggested that there should not be a classification of what is registrable in Part A and Part B as reflected in the Zimbabwe and Kenya Trade Marks Act. To rationalise and streamline the procedures for trade mark registration, the TMD should combine Parts A and B into a single part in the same way it's done in South Africa's Trade Mark Act: Rutherford 'The Trade Marks Act in its international context' 3. The EU does not also differentiate what is registrable in Part A or B; a mark is registrable if it meets the requirements in Art 3 & 4 of the TMD. See chapter 5 part 5.4.1.2.

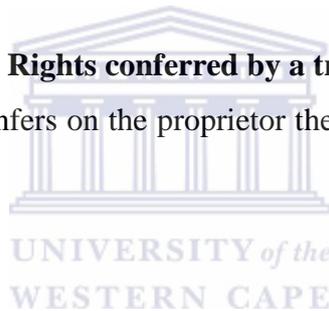
<sup>76</sup> It is suggested that marks which are not registrable should be expressly stated in the way Cameroon and South Africa do. Zimbabwe and Kenya do not in comparison deal separately with unregistrable marks.

<sup>77</sup> South Africa s 10:see chapter 4 part 4.3.2.

- c) A trade mark which is contrary to public policy, morality or the law;
- d) A trade mark which is likely to mislead the public particularly as to the geographical origin, nature or characteristics of the goods or services in question;<sup>79</sup>
- e) A trade mark which is identical to, or so resembles a registered trade mark that it is likely to mislead or confuse;<sup>80</sup>
- f) A trade mark which reproduces imitates or incorporates armorial bearings, flags or other emblems of any State within the AU without authorisation from the State or competent authority;<sup>81</sup>
- g) A trade mark which consists exclusively of a sign or indication which has become customary in the current language or in the *bona fide* and established practices of a particular trade;<sup>82</sup>
- h) A trade mark in relation to which the applicant for registration has no *bona fide* claim to proprietorship or has no *bona fide* intention of using it.<sup>83</sup>
- i) A trade mark which consists of a container for goods or the shape, configuration, colour or pattern of goods, where the registration of such a mark is or has become likely to limit the development of any art or industry.<sup>84</sup>

## 6. Rights conferred by a trade mark

1. Registration of a mark confers on the proprietor the exclusive right to use the trade mark.<sup>85</sup>



<sup>78</sup> Zimbabwe ss12 and 13; South Africa s10 (1); Kenya ss 12 and 13 and Cameroon Art 3: See chapter 4 parts 4.3.1 and 4.6.

<sup>79</sup> See South Africa s10 (1) (b) and Cameroon Art 3: see chapter 4 part 4.6. See also Art 3 (c) of the TMD 2008/95/EC which provides that 'trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services' cannot be registered. The invalidation of a mark which indicates a geographical origin is significant in ensuring that there is a distinction between geographical origins and trade marks.

<sup>80</sup> South Africa s 10 (12) and Cameroon Art 3 (b). See also Art 4 (1) (b) of the TMD 2008/95/EC which has a similar provision, and which provides that 'A trade mark shall not be registered or, if registered, shall be liable to be declared invalid: because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trade mark.'

<sup>81</sup> See South Africa s 10 (8); Cameroon Art 3 (e) and Art 3 (2) of the TMD 2008/95/EC.

<sup>82</sup> See South Africa s 10 (2) (c). The same provision is contained in Art 1 (d) of the TMD 2008/95/EC.

<sup>83</sup> South Africa s 10 (3) and (4): see chapter 4 part 4.8.

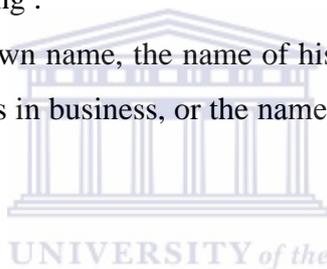
<sup>84</sup> South Africa s 10 (11). Similarly, Art 3 (e) TMD 2008/95/EC provides that signs which consist of exclusively the shape which results from the nature of goods themselves; the shape of goods which is necessary to obtain a technical result and the shape which gives substantial value to the goods is a ground for refusal or invalidity. The prohibition of the registration of a mark which is likely to limit development is consistent with the AU's development goal. It is argued that IP, which includes trade marks, should not be seen as an end in itself meaning that it must be promoted in light of other issues which are important to a State: see chapter 3.7.3 and, Ncube & Laltaika (2013) 8/2 *Journal of Intellectual Property Law and Policy* 116.

<sup>85</sup> Cameroon Art 7 (1). See chapter 4 part 4.6.

2. The rights acquired by registration of a trade mark shall be infringed by the unauthorised use in the course of trade of a mark which is :
  - a) identical with the trade mark in relation to goods or service which are identical with those for which the trade mark is registered;
  - b) identical or similar to the registered trade mark in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion;<sup>86</sup>
  - c) identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of the said mark without due cause takes advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.<sup>87</sup>

### 7. Limitation of the effects of a trade mark

1. The trade mark right shall not entitle the proprietor to prevent a third party, in the course of trade from making :
  - a) *Bona fide* use of his own name, the name of his place of business, the name of any of his predecessors in business, or the name of any such predecessor's place of business;<sup>88</sup>



<sup>86</sup> Zimbabwe, South Africa and Kenya trade mark laws contain the two forms of infringement provided for in (a) and (b) above. In terms of Cameroon's Bangui Agreement, infringement only occurs when a third party uses in business without the proprietors consent, an identical or similar signs for goods or services that are themselves similar to those for which the trade mark or service mark has been registered where such use is liable to cause confusion: Art 7 (2): see chapter 4 part 4.6. Infringement that covers goods or services that are similar to the goods or services for which the trade mark is registered if such use is likely to cause deception or confusions is in accordance with TRIPS infringement requirements contained in Art 16 (1) and Art 5 (1) (b) of the TMD: Rutherford 'The Trade Marks Act in its international context' 4. It is recommended that the two forms of infringement incorporated in (a) and (b) above should be included in the TMD to ensure that registered trade marks are protected adequately.

<sup>87</sup> Of the four systems under study, the anti-dilution provision is only incorporated in South Africa's Trade Mark's Act s 34 (1) (c). It is also found in Art 5 (2) of the TMD 2008/95/EC: see chapter 5 part 5.4.1. It is suggested that the TMD should include this provision since it serves a vital purpose in preserving trade and commercial interest of trade mark owner that have a reputation; a modern requirement: Webster & Page *South African Law of Trade Marks, Unlawful Competition, Company Names and Trading Names* (2008) par 12.24, hereafter Webster & Page *South African Law of Trade Marks*. Accordingly, it was observed in chapter 4 that trade marks are best protected in South Africa since the Trade Marks Act provides protection which not extends beyond the primary function of a trade mark as a 'badge of origin', but also protects the unique identity and reputation of a registered trade mark: chapter 4 part 4.8.

<sup>88</sup> See also South Africa s 34 (2) (a). Kenya similarly provides that 'no registration of a trade mark shall interfere with any *bona fide* use by a person of his own name or of the name of his place of business, or of the name, or of the name of the place of business, of any of his predecessors in business': s 11 Kenya's Trade Marks Act. In the EU case of *Céline SARL v Céline SA* C-17/06 [2007] ECR I-07041 where a name was being used as a shop sign and trading title, the Court had to determine whether the earlier registered mark had been infringed. The CJEU stated that honest practices must be considered as an exception depending on the circumstances of the case: See chapter 5 part 5.4.1.3. It is recommended that there should be a balance between trade mark protection and the interests of the public. Where a name is used honestly or *bona fide*, no infringement should occur.

- b) Use of indications concerning the kind, quality, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services provided the person uses them in accordance with honest practices in industrial or commercial matters;<sup>89</sup>
- c) Use of a trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts in accordance with honest practices in industrial or commercial matters.<sup>90</sup>

### **8. Exhaustion of the rights conferred by a trade mark**

The trade mark does not confer on the proprietor the right to prohibit a third party from making use of the mark in relation to goods that have been lawfully sold under the mark on the national territory of the Member States in which the right of prohibition is exercised, on condition that the goods have not undergone any alteration.<sup>91</sup>

### **9. Grounds for revocation**

- 1) A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no valid reasons for non-use.<sup>92</sup>
- 2) A trade mark shall be liable to revocation if, after the date on which it was registered:

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<sup>89</sup> See South Africa s 34 (2) (b). Art 12 TMD 2008/95/EC: chapter 5 part 5.4.1.4. Art 17 of TRIPS Agreement also allows its Member States to provide limited exceptions to the rights conferred by a trade mark such as fair use of descriptive terms provided that such exceptions take account of the legitimate interests of the owner of the trade mark and of third parties. It is recommended that the TMD should provide limited exceptions to the rights conferred to a proprietor to ensure that there is a balance between the trade mark protection and public interest since this is also a minimum requirement under the TRIPS Agreement. There is also a need to protect the legitimate interest of the proprietor while at the same time not creating an absolute monopoly or a form of copyright in a trade mark: Webster & Page *South African Law of Trade Marks* par 12.43

<sup>90</sup> Cameroon's Bangui Agreement also states that a third party is not prohibited to use in good faith 'his name or address, a pseudonym, a geographical name or accurate information concerning the nature, quality, quantity, purpose, value, place or origin or time or production of his goods or rendering of his service in so far as the use in question is limited to the purpose of mere identification or information and cannot mislead the public as to the source of the goods or services': Art 7 (3). See also South Africa s 34 (2) (c).

<sup>91</sup> Article 7 (4) of Cameroon's Bangui Agreement. The exhaustion principle limits the right of an owner to control the further distribution of goods protected by the trade mark after the initial sale of such goods has occurred, either by the right holder or with his consent thereby facilitating free movement of goods: Loewenheim 'Harmonisation and intellectual property in Europe' (1996) 2 *Colum.J. Eur* 481: See chapter 3 part 3.1.1.2. See South Africa s 34 (2) (c). Zimbabwe does not expressly include an exhaustion of rights provision. It is recommended that the Directive should include the exhaustion of rights to promote the movement of goods within the AU Member States.

<sup>92</sup> See South Africa s 10 (4) and Art 12 TMD 2008/95/EC. This provision guards against registration of marks in cases where the proprietor does not have interest in their actual use and its inclusion in the TMD thus important: Webster and Page *South African Law of Trade Marks* par 3.53.

- a) It has become a common name in the trade for a product or service in respect of which it is registered, in consequence of acts or inactivity of the proprietor;
- b) It is liable to mislead the public regarding the nature, quality or geographical origin of those goods or services, in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered.<sup>93</sup>

### **10. Collective marks and certification marks**

Member States whose laws authorise the registration of collective marks or of certification marks may provide that such marks shall not be registered, or shall be revoked or declared invalid, on grounds additional to those specified in Article 5 and Article 9 above, where the function of those marks so requires.<sup>94</sup>

### **11. Communication**

Member States shall provide PAIPO a copy of the national trade mark law which adapts provisions of the AU Trade Mark Directive.

### **12. Entry into force**

This Directive shall enter into force on the twentieth day following its publication in the Official AU, PAIPO Journal.<sup>95</sup>

### **13. Addressees**

This Directive is addressed to AU Member States.

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<sup>93</sup> Article 12 TMD 2008/95/EC. It is recommended that this provision be adopted. Rutherford rightly argues that trade mark legislation should follow the EU Directive as closely as possible as African countries mostly trade with European countries: Rutherford 'The Trade Marks Act in its international context' 1.

<sup>94</sup> See Art 15 of the TMD 2008/95/EC. South Africa provides for certification of marks and collective marks in ss 42 and 43; Zimbabwe in s 43; Kenya in s 40 and Cameroon in Art 34: a provision harmonising the registration of such marks is important.

<sup>95</sup> Twenty days is a reasonable time to give to Member States pending the entry into force of the Directive.

## 6.8 Final remarks

The AU Trade Mark Directive modernises and harmonises the national laws of the AU Member States. The provisions of the AU TMD are in accordance with TRIPS and the EU Directive, which is significant since most African countries are trading partners with the EU. A harmonised text is consistent with the AU's goal for a common market; it will reduce the cost of doing business and it will also ensure certainty and predictability which is crucial for international trade. The AU TMD is also consistent with the proposed PAIPO, which is going to be a regional organisation. The establishment of PAIPO will reduce the administrative burden<sup>96</sup> and will streamline the procedure for trade mark registration. An effective IP protection system that promotes the free movement of goods and services, and attracts foreign direct investment is what Africa needs to remain competitive. A regional approach to IP protection, more specifically harmonisation of trade marks in accordance with proposed African TMD, is ultimately a major leap forward in the AU's regional integration initiative.<sup>97</sup>



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<sup>96</sup> By pooling resources in respect of IP administration, African countries are able to serve costs.

<sup>97</sup> 150 317 words.

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