

INTA COMMENTS
ON THE
DRAFT INTELLECTUAL PROPERTY POLICY OF THE REPUBLIC OF SOUTH AFRICA
PHASE I 2017
(November 2017)

Introduction

About this Submission:

The International Trademark Association (INTA) strongly supports the goal of this comprehensive Intellectual Property (IP) Policy for all nations, and appreciates the opportunity to contribute to the consultation process for South Africa under the guidance of the Department of Trade and Industry (DTI). While acknowledging the complexity of this task, INTA greatly commends the efforts of DTI and appreciates the inclusiveness of the method. Although mindful of the holistic approach of the draft IP Policy, INTA's expertise is in the area of trademarks, therefore, its input will focus on trademark policy and related rights.

About INTA:

Founded in 1878, INTA is the world's oldest and largest brand owners association. With a membership of over 6,000 companies, INTA represents over 30,000 trademark professionals in diverse capacities: multinational corporations, businesses of all sizes, law firms and other professionals, academic institutions, and not-for-profit organizations from 190 countries. The mission of INTA is to encourage and support best practices and excellence in the field of trademarks and intellectual property, and protection of rights for brand owners and consumers, as well as foster economic growth and innovation through awareness of the importance and development of brands. INTA is dedicated to the support and advancement of trademarks and related intellectual property rights as elements of fair and effective national and international commerce.

INTA has established a number of committees and subcommittees which consider various aspects the law and enforcement of trademarks and related rights. The committees and subcommittees are comprised of members who are experienced professionals worldwide in intellectual property. Through its dedicated staff and volunteer committee members, INTA works closely with national trademark offices and other departments and government ministries around the world. INTA makes suggestions on practices, procedures, operations and regulations, and analyzes proposed legislative and regulatory developments relating to trademark laws,

registration systems and enforcement. INTA also provides workshops to Registrars, the Judiciary and other officials to share information and network with other offices.

The following INTA committees were consulted for comments and suggestions to this Draft South Africa IP Policy Proposal and their comments are incorporated herein: Trademark Office Practices SC for Africa; Indigenous Rights; Emerging Issues; Geographical Indications Brands & Innovation and Copyright. Notably, INTA is one of the first IP organizations to recognize the significance of indigenous intellectual property rights by establishing a separate dedicated committee to, inter alia, consider and advise the organization of their value and impact on traditional IP rights.

A) General Comments

INTA recognizes the importance of inventions and patents to the national economy and the health of the people of South Africa. However, as South Africa's IP Policy is being developed, we suggest that equal consideration be given to creation, development and enforcement of other IP rights such as trademarks that support brands. To be sure, trademarks are not only indispensable to the development of an inclusive economy, but protect consumers against harmful counterfeiting and/ or infringement which adversely affects the livelihood and well-being of all the people of South Africa and the region.

INTA suggests that lawmakers and stakeholders involved in revamping South Africa's Intellectual Property infrastructure consider incorporating the following important features as part of its policy:

1. Support newly emerging IP. Encourage small and medium size enterprises (SME) to innovate, create and develop brands and to use the trademark registration system for protection.
2. Support the competitiveness of South African industry by streamlining registration procedures and strengthening the value of trademarks and designs.
3. Improvement of IP management competency to make consumers and business leaders value the importance of trademark intensive industries in South Africa.
4. Foster the IP service industry in South Africa to increase the relevance of IP in the nation, promote creativity and avoid IP infringement. Emphasize not only the need to protect South Africans from the harm caused by counterfeit goods, but the contributions to economic growth spurred by innovation and protecting IP rights.
5. Become the regional leader in the promotion of IP rights and amelioration of onerous trademark registration procedures.
6. Identify challenges in South Africa that hamper IP creation, foreign direct investment and innovation, and provide priority arrangements for addressing challenges in the South African IP system.
7. Coordinate the approach to creating awareness about IP among South Africans, including the need to protect nationally owned IP that is related to indigenous resources, traditional innovation and traditional knowledge.

8. Create a system for the protection of traditional knowledge which will safeguard misappropriation and exploitation as well as promote further research and development into products and services based on traditional knowledge but balanced holistically with existing IP protections and rights.
9. Ensure that trademark rights and other intellectual property rights are “balanced” both in overall national policies and in their enforcement as a way to ensure consumer protection.
10. Give equal importance to patents, trademarks, copyrights and designs in order to spur and protect innovation.
11. Recognize that trademarks provide long-term competitive advantages for South African companies and also a comparative advantage for South Africa internationally which will appreciate in value overtime.
12. Increase awareness in the media with respect to the importance of IP protection and respect for IP rights.

B) Specific Comments

Conduct Study on the Value of IP

INTA supports the DTI’s commitment to promote and increase awareness of the importance of IP to South Africa’s economic development, health and social welfare. In furtherance of these important goals, it may be helpful to the government to conduct an in-depth study, as has other governments, to demonstrate the overall value of IP to the economy and in particular to the people of South African who would benefit greatly both personally and economically from the growth of the IP sector. In considering establishment of IP Policy, several countries have undertaken such studies, for example, see:

- 2017, “The Economic Contribution of Trademark-Intensive Industries in Indonesia, Malaysia, the Philippines, Singapore, and Thailand”
<https://www.inta.org/Communications/Pages/Impact-Studies.aspx>
- 2017 “the New gTLD Cost Impact Survey”
http://www.inta.org/INTABulletin/Pages/Internet_Update_7212.aspx
- 2017 “The Economic Impacts of Counterfeiting and Piracy”
http://www.inta.org/Communications/Documents/2017_Frontier_Report.pdf
- 2016, Latin America “Trademarks in Latin America Study”
https://www.inta.org/Press/Pages/Impact_Study_LatAm_2016_EN.aspx
- 2013, European Commission “Impact Intellectual Property Intensive Industries in the European Union” www.oami.europa.eu/ohimportal/en/web/observatory/ip-contribution
- 2012, US government “Intellectual Property and the US Economy”
www.uspto.gov/news/publications/IP_Report_March_2012.pdf

Creation and Use of IP

A comprehensive study on the economic and personal benefits of IP to South Africa and its people as suggested above also would reveal ways in which IP can be generated. The creation of brands and use of the trademark system for protection is critical to this process, particularly by indigenous companies and businesses. INTA recommends that such a study include an IP audit or base-line survey in various sectors in cooperation with stakeholders. Although the study must include all companies, particular attention should be noted for small- and medium-size industries, including the informal sector whose innovation and economic contributions to the overall economy has yet to be fully appreciated or utilized for the development of the economy. The latter have already been recognized in many countries as a significant force in creation of new industries, markets and jobs.

INTA's Brands and Innovation Committee has looked into the ways in which brands impact innovation and vice versa. The conclusion reached is that there is a positive correlation between brands and innovation such that they foster, promote and drive economic growth (to obtain a copy please visit <https://www.inta.org/TrademarkBasics/Pages/Presentations.aspx>). Innovators are able to earn income and get a return on their investment through commercialization. This not only has a direct impact on the various tax revenues which the government is able to collect when companies are successful, but also creates and supports down-stream enterprises.

INTA suggests that the government, private sector (formal and informal) and the people of South Africa will benefit from the use and protection of trademarks as well as geographical indications and traditional knowledge. Nonetheless, it is important that the South African IP Policy ensures a balanced approach which includes protection of prior rights while recognizing other forms of intellectual property.

Legal and Legislative Framework

INTA recently had the privilege to comment on the proposed amendments to the South African Trademark Act. The Act seeks, among other things, to incorporate provisions into local law to enable South Africa to join the Madrid Protocol, an international system for registration of trademarks administered by WIPO. INTA believes it is in the interest of South Africa to encourage and make available to businesses the use of national, regional and international systems of registration which are accessible and affordable for the protection of trademarks and brands. If South Africa were to accede to the Madrid Protocol, South African businesses will have access to register and obtain protection of their brands in over 190 countries and regional systems in the world through filing of an application in South Africa. This is essential for the promotion and protection of innovations and brands of South Africans who desire to enter the global market place via traditional trade routes or the Internet. This system will also encourage foreign brand owners to consider investment in South Africa who will also be able to utilize the Madrid system once South Africa joins the treaty and legislation is in force.

INTA recommends that a review of all legislation and international treaties be undertaken to ensure harmonization and consistency with all aspects of IP legislation. Special attention should be placed on availability of registration procedures and compliance with or accession to international treaties. This would benefit South African businesses by enhancing their prospects of reaching and excelling not only within South Africa to meet the needs of local consumers, but also in global markets to earn valuable foreign currency for South Africa. South Africa's reputation for quality products would be enhanced with recognized brands worldwide.

It is important that the South Africa IP Policy clearly sets out the position for protection and use of brands and domain names on the Internet. There must also be consideration of the system for enforcement of Intellectual Property rights. The existing legislation should be reviewed with the input from those officials responsible for enforcement, i.e., administrative officers, police force, customs, judiciary, etc., to consider ways in which to streamline and make more timely and efficient the hearing and resolution of complaints and claims related to infringement and counterfeit of trademarks and brands.

It is important to note that in reviewing the Draft IP Policy document there appears to be some confusion of the role and function of patents versus trademarks. For example, compulsory licensing would be inappropriate for trademarks. Strong protection and enforcement of rights for trademarks and their authorized use must be required to support the development of brands. An analysis of the Constitution and treaties to which South Africa has joined as well as legislation, is recommended. A number of policies which DTI desires to include may be supported by existing legislation or an amendment thereto. For example, it is suggested that collective and certification marks can be used effectively to provide consistency in labeling products that meet certain requirements such as green technology or to promote sustainability.

IP Administration and Management

It is recommended that the IP Policy consider the administration and management of IP with respect to registration and promotion of IP in South Africa. It is suggested that a review be undertaken of the existing system and consideration be given to establishing and/or improving:

- Financial Autonomy for the administration and maintenance of registration and other systems for IP;
- Qualifications, training of examiners and adequate number to sustain community outreach program for emergent businesses;
- Clear examination guidelines and a fair system of appeal to address grievances;
- Clear procedure and predictable timeframes for processing applications, etc.;
- Transparency; and
- State of the Art Technology.

Enforcement and Adjudication

Since there are likely many departments and offices as well as the court system involved in various aspects of enforcement and adjudication of rights, it is suggested that all stakeholders are identified and a task force or committee be formed to coordinate efforts and identify resources and shortcomings in the current systems. Formulating an outreach program to educate the public and particularly youth about counterfeiting and its negative impact on the economy and potential danger to health is a key aspect which should be incorporated into the IP Policy. INTA has an UNREAL Campaign (to obtain more information please visit <http://www.inta.org/Advocacy/Pages/UnrealCampaign.aspx>) for youth ages 14 to 18 which has been well received in cities in several countries throughout the world including Cape Town, South Africa.

Finally it is suggested that there must be continuous awareness workshops to assist those in enforcement to understand not only the latest legal trends but also the many issues, technology and other challenges facing brand owners and consumers involving counterfeit brands.

INTA has undertaken various studies and policy dialogue on the protection and enforcement of trademark rights and related rights in Thailand, European Union, and China, and would be pleased to make them available in South Africa.

C) Conclusion

INTA welcomes the admirable effort made by the Department of Trade and Industry to put forth this Draft IP Policy. Our inputs are aimed at contributing positively to the process, sharing international best practices and ensuring that new IP infrastructure propels sustainable economic growth in South Africa. INTA, through its various committees, stands ready to participate in any further discussions. If you need further explanation or information, please contact INTA's Representative for Africa and the Middle East, Mr. Tat-Tienne Louembe TLouembe@inta.org.

Thank you for the opportunity to present our views and suggestions to you.