



## **WIPO-WTO COLLOQUIUM PAPERS VOLUME 12 (2021)**

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FOR TEACHERS OF INTELLECTUAL PROPERTY LAW**

Compiled by the WIPO Academy and  
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## FOREWORD



**Mr. Daren Tang**



**Dr. Ngozi Okonjo-Iweala**

Contemporary intellectual property (IP) law must neither be considered in isolation, nor without broader context. Its interactions with many other areas of law, public policy and economics give it a clear and indispensable role in delivering the world's critical and ambitious targets for global cooperation and development, including the United Nations Sustainable Development Goals. It is in this context that contemporary IP law and a well-balanced IP system are no longer only the preoccupations of a narrow set of economies; today we see the engagement of policymakers, creators and innovators from around the globe, interested to ensure that the IP system functions effectively to deliver its intended benefits, upholding the pivotal role of knowledge and creative works to drive social and economic development.

These considerations guide and inform the technical assistance activities and collaboration of our two organisations. It follows that domestic policy contexts, with national specificities, must be taken into account in order that nations can fully and sustainably reap the developmental benefits of an effective IP system and its interaction with international trade. Adapting the array of policy tools that an effective IP-system offers first to national circumstances will generate jobs, promote investment and spur development. Tailored analysis of each country's distinct, diverse and evolving needs requires national research capacities as well as indigenous IP knowledge and skills. A prerequisite for achieving a balanced and effective IP system is therefore to build each nation's human capital in the law, practice, policy and economics of IP and associated fields, to pave the way for transformation of intangible assets into tangible outcomes.

It is for these reasons that for many years the WIPO-WTO Colloquium for teachers and researchers of IP has been at the heart of our programme of cooperation. The Colloquium's goal is to build the capacity of those best placed to ensure sustainable long-term benefits from the IP system – those who teach the policymakers and practitioners of the future, and those who conduct research on law and policy from a developing world perspective. Each year, the Colloquium draws together scholars from across the globe to explore current legal and policy issues, to share their current research and policy analysis, and to discuss the role of scholars and teachers with an eye to the development dimension and the wider policy context. Almost 500 academics from over 60 countries have taken part in the Colloquium series, coming primarily from developing countries and least developed countries, and spanning diverse research interests, disciplinary expertise and teaching responsibilities. Members of this unique alumni network are now making critical contributions to their field, through academic publications, participation in national and international policy debates, teaching, and capacity building in the developing world.

This scholarly journal, the WIPO-WTO Colloquium Papers, was launched in 2010 as an avenue for publication of the research presented to the annual colloquia, and to give further academic substance to the alumni network. It has now become an established peer-reviewed journal with a unique concentration on the issues of law and policy of interest and concern to the developing world. This current edition, the twelfth in the series, presents the best papers from the 2021 Colloquium. The authors consider diverse legal, policy and practical challenges posed by the IP system for individual

developing countries, together with thoughtful analysis of issues such as open-source drug research and medical innovation, intangible cultural heritage, IP and competition law, management and commercialization of music copyrights, public health and trademarks, IP and the use of technology, and promoting IP awareness. The range of scholarship and the focus on concrete challenges faced by emerging IP jurisdictions confirm this journal's distinctive contribution to scholarly discourse, and its unique contribution to building a more geographically inclusive and academically diverse foundation for future research and policy analysis.

We warmly congratulate the contributing scholars for their first-rate research, and we thank the Editorial Board – a highly distinguished group of senior IP scholars – for their invaluable support and engagement, which has helped establish the Colloquium Papers as an internationally reputable academic publication. Our colleagues in the WIPO Academy and the WTO Intellectual Property, Government Procurement and Competition Division have exemplified the cooperative spirit between our two organizations in working energetically towards the organization of the Colloquium series and producing this unique scholarly resource. Finally, we commend the Colloquium Papers as a principle source for academic research to what we trust will be a wide and ever more diverse readership, and we look forward to the insights from future editions.



**Daren Tang**  
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**Director General**  
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## PREFACE

We feel privileged to set before you this publication, the twelfth in the journal series of peer-reviewed academic papers, authored by scholars taking part in the WIPO-WTO Colloquium. This journal has provided a uniquely representative and diverse showcase for emerging scholarship from across the developing world. It encapsulates much that is challenging, significant and fascinating in the field of intellectual property (IP) today.

Always with a strong international dimension, the IP system is undergoing an unprecedented phase of globalization and a building of international institutions, bringing with it a deepened understanding of the centrality of a balanced and effective IP system in economic and social development. Yet this same period has precipitated an intensive, wide-ranging process of inquiry about how to adapt and apply IP principles to ensure economic growth, sound public policy, and sustainable development in diverse settings across the globe, recognizing the diversity of economic, social and technological settings, national developmental priorities, and legal and commercial systems.

IP is seemingly ubiquitous in contemporary life, but its role and impact are both highly diverse and in need of careful analysis and informed debate. An IP dimension is present in many challenging public policy issues today. For instance, we see growing attention to its role in promoting public health, addressing climate change and achieving food security, as well as its interaction with human rights and social and economic development. The impact of new technologies – most recently, artificial intelligence and the impact of “big data” – poses additional challenges for law and policy. The global response to the COVID-19 pandemic brought to the fore fundamental issues about the role and impact of the IP system in the area of public health.

And the field of IP is no longer a narrow specialist field. IP has been the subject of complex and multifaceted debates at the multilateral, regional and national levels over such matters as access to IP higher education and medicine, the conservation of biodiversity, the ethics and use of genetic resources, Internet governance, climate-change technology, sustainable development, and support for the disabled. Behind these debates lay essential questions. How to come to grips with the significant responsibility of IP systems in the current world economy, in international trade and in national policy environments? How can IP systems be designed or adapted to promote economic development, stimulate innovation and disseminate knowledge in a manner that balances the rights of all stakeholders?

The contemporary field of IP is therefore characterized by profound and searching debates on questions of essential public policy; an approach to policymaking that emphasizes empirical research and theoretical clarity, and that achieves coherence with other areas of law; and the harvesting of practical experience from an ever-widening base of national IP systems and participants in the policy and practice of IP. It is, therefore, a field in need of deeper and wider research efforts; sophisticated, informed and carefully tailored approaches to education and practical capacity building; and, above all, dialogue and debate founded on a richer base of information, theoretical understanding, practical experience and knowledge of its implications in other areas of law and policy.

Both WIPO and the WTO have been called upon to play a role in strengthening capacity to deal with the intellectual challenges of these policy debates. This increasing diversity of demand for capacity-building support has had a profound impact on program design and delivery. The WIPO Academy has developed a wide range of specialist courses and training activities to respond to this evolving pattern of demand and to reach out to and support an ever-widening range of stakeholders.

The WTO Intellectual Property, Government Procurement and Competition Division (IPD) continues to broaden and tailor its technical cooperation and policy support activities, developing a wider engagement with current international issues and with a broader base of stakeholders, exemplified by work on public health issues. However, none of these outcomes can be possible without partnerships – the sharing of ideas, pooling of resources and coordination of practical activities – so that the necessary wide range of experience and expertise can be drawn on to meet diverse needs.

Both the WIPO Academy and the WTO IPD therefore enjoy many valuable partnerships as a central strategy in ensuring program delivery. The Colloquium has exemplified and promoted current trends in technical assistance and capacity building, and it builds upon and extends the existing partnership between WIPO and the WTO. It responds to the need for stronger, broader dialogue and a greater involvement of voices from all perspectives in contemporary debates. It recognizes the central role of indigenous capacity building and of the key contribution of IP teachers and researchers as the mainstay of sustainable development of the necessary IP expertise in developing countries. The Colloquium transcends traditional boundaries between regions and between “North” and “South” to allow fruitful discourse on the future of IP systems. Most importantly, it recognizes the importance of extending beyond an educational function to one of bringing together a diverse group with the aim of reviving and refreshing dialogues on IP and its cognate fields.

The Colloquium has laid emphasis on the role of participants as active players and as informed, stimulating teachers and researchers who bring to the two-week dialogue as much as they take away from it. Past feedback from participants stressed the need to capture many insights gleaned from these few days of intensive and vigorous discussion, in more permanent

form. Participating teachers and researchers are able to offer important new ideas and insights to global debates that could enrich and inform exchanges among policymakers, the academic community, and the public at large.

These thoughts, guided very much by the participating teachers and researchers themselves, are what gave rise to the present publication, which is in a way a tribute to the intellectual energy and curiosity of the many alumni of the past Colloquiums, with whom we continue to enjoy a range of partnerships and dialogue. Participants, too, have provided valuable peer review input to the papers published in this journal, which are presented to the Colloquium at an earlier stage in their development.

WIPO and the WTO both host numerous meetings every year, in Geneva and in many locations elsewhere, and under numerous headings: committees, seminars, workshops, roundtables, symposia, and so on. But amidst all this activity, the idea of a “colloquium” has a special ring to it – for the WIPO-WTO Colloquium, it connotes a spirit of academic enquiry, a search for new ideas and new ways of analyzing IP and related fields through open debate and rigorous research, and new ways of communicating the complexities of IP law, practice and policy, and of providing a vibrant forum for peer review of current research. We trust that this publication will bring to a wider community of researchers, policymakers and teachers some of the colloquium spirit that we have valued so much in this unique program.

All of us who have participated in the Colloquium have benefited from the hard work and dedication of many colleagues within WIPO and the WTO Secretariat – notably, the WIPO Academy and the WTO IPD. All have contributed valuably to the design and delivery of this program, and their spirit of collegiality makes a demanding program a pleasurable one.

We owe a particular debt of gratitude to the Editorial Board and the editors of the Colloquium Papers: they have been indispensable in ensuring that the Papers can be used as a trusted, academically sound and readable source of cutting-edge IP scholarship from an impressive group of emerging scholars from across the developing world. Finally, we record our deep appreciation for the contributions made by individual scholars to this volume and the preceding ones. We have come to know and respect their contributions to policy and legal scholarship, and we are sure that this active, informed and thoughtful participation in many of the key public policy debates of today will continue, exemplifying the important public service role performed by the scholarly community today.



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We thank the staff of the WIPO Academy and the WTO Intellectual Property, Government Procurement and Competition Division for their strong support for the project, and in particular Martha Chikowore and Xiaoping Wu for their work in organizing the Colloquiums annually from 2010 to 2022 and for coordinating this publication. Thanks are extended to Yogesh Pai and his team comprising Garima Mittal, Amit Singhal, Manika Sharma, Fiona Saju, Ataul Karim and Saiprasad Mandlik for the editorial work they have conducted. Gao Hang and Jayashree Watal played a key role in the conception and development of the Colloquium initiative. We extend strong appreciation to all for their contributions, and to the many other colleagues not mentioned here, who have done so much to make the Colloquium initiative a success.



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## 1. A PROPOSAL TO DEVELOP POLICY COHERENCE IN SRI LANKAN INTELLECTUAL PROPERTY LAW IN IMPLEMENTING THE PROPOSED TOBACCO PLAIN PACKAGING MEASURES

Sanath Sameera Wijesinghe\*

### ABSTRACT

The development of the global plain packaging movement, including the decisions given by the international trade and investment tribunals, provides numerous lessons in implementing plain packaging measures. The World Trade Organization's decisions in the Australia–Tobacco Plain Packaging case provide a pragmatic interpretation of intellectual property and trade compatibility of plain packaging measures. These decisions offer a constructive framework that could be followed by other countries that intend to implement plain packaging measures. Sri Lanka has declared its willingness to implement tobacco plain packaging measures to eliminate all packaging and labelling related to advertising and promotion. In designing a coherent plain packaging law in Sri Lanka, particularly looking at the framework outlined in the Australia–Tobacco Plain Packaging decisions, the legislature may need to consider amending the existing intellectual property provisions, including the trademark provisions that recognize the rights of tobacco-related trademark owners. This paper analyzes the necessary changes to be introduced to the Sri Lankan intellectual property law in the context of implementing the proposed tobacco plain packaging measures within its domestic legal framework.

**Keywords:** *tobacco plain packaging measures, Sri Lanka, trademark, intellectual property, tobacco industry, graphic health warnings.*

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## 1. INTRODUCTION

Sri Lanka is committed to implementing the tobacco plain packaging measures. However, implementing these measures poses a challenge because they are subject to industry restraints, such as complaints by tobacco companies regarding trademark violations, trade restrictions and violation of the obligations under investment treaties and constitutional property clauses.<sup>1</sup> Though the World Trade Organization's (WTO) dispute settlement proceedings in the Australia–Tobacco Plain Packaging case resolved the trademark compatibility of plain packaging measures at an international level, there is room for domestic litigation, particularly in trademark cases.<sup>2</sup> The detrimental impact of such industry interference via domestic legal challenges could weaken the adoption of plain packaging measures. Hence, careful drafting of plain packaging measures recognizing the tobacco industry's trademarks and other intellectual property rights (IPRs) would be instrumental in avoiding future litigations and undue delays. The primary objective of this paper is to analyze the necessary changes to be introduced in Sri Lankan intellectual property (IP) law concurrent with the implementation of the proposed tobacco plain packaging measures.

This paper comprises four sections. Section 2 investigates the public health and trademark debate on implementing tobacco plain packaging measures in relation to Australian plain packaging litigations. Section 3 examines Sri Lanka's prospects of implementing the tobacco plain packaging measures by unveiling its political and judicial preparedness to embrace these radical tobacco packaging and labelling measures. Section 4 analyzes the policy suggestions for Sri Lankan IP law and the proposed plain packaging law to mitigate the industry-instigated

<sup>1</sup> Mark James Davison, 'The Various Legal Challenges to Tobacco Packaging Regulations' (2016) 26 AIPJ 141.

<sup>2</sup> Suzanne Zhou and Melanie Wakefield, 'A Global Public Health Victory for Tobacco Plain-Packaging Laws in Australia' (2019) 179 (2), JAMA Internal Med 137; Becky Freeman, 'Australia's Decisive Win on Plain Packaging Paves Way for Other Countries to Follow Suit' (*The Conversation*, 16 June 2020) <<http://theconversation.com/australias-decisive-win-on-plain-packaging-paves-way-for-other-countries-to-follow-suit-140553>> accessed 15 February 2022.

legal challenges. Finally, Section 5 concludes by emphasizing the necessity of the global community's support to successfully implement plain packaging measures in Sri Lanka.

## 2. PUBLIC HEALTH AND TRADEMARK DEBATE IN IMPLEMENTING PLAIN PACKAGING MEASURES

### A. TOBACCO PLAIN PACKAGING MEASURES

The tobacco plain packaging measures, as laid down in the Australian plain packaging decisions, can be considered the latest version of the tobacco packaging and labelling regulations. Similar to graphic health warning (GHW) requirements, the normative basis for plain packaging is encapsulated in Articles 11 and 13 of the Implementation Guidelines of the World Health Organization Framework Convention on Tobacco Control (WHO FCTC).<sup>3</sup> Normally, tobacco plain packaging “removes the promotional, marketing and advertising features on packs of tobacco, but leaves the health warnings, tax stamps and other features required by the government.”<sup>4</sup> Plain packaging “prohibits the use of any logos, colors, brand images or promotional information on tobacco packaging other than brand and variant name described in a prescribed color and font.”<sup>5</sup> In other words, plain packaging measures prevent the tobacco industry from using their designs and colorful trademarks on tobacco packages as a marketing and promotional tactic to attract customers.<sup>6</sup> The plain packaging measures are based on the following three main objectives:

1. reducing the attractiveness and appeal of tobacco products;
2. increasing the noticeability and effectiveness of health warnings and messages; and
3. reducing the use of design techniques that may mislead consumers about the harmfulness of tobacco products.<sup>7</sup>

Figure 1 demonstrates the key features of the tobacco plain packaging measures:



Figure 1: Key features of the tobacco plain packaging measures.<sup>8</sup>

As seen in Figure 1, plain packaging does not deprive tobacco-related trademark owners of using their trademarks. Instead, plain packaging imposes total restrictions on the use of “non-word” elements of trademarks such as “artistic works, figurative or stylish marks or combinations of colors”<sup>9</sup> while allowing “word trademarks” to be used on tobacco packaging.<sup>10</sup> Even though existing tobacco plain packaging regulations demonstrate some differences from one country to another, the basic concept is constant and aims to

<sup>3</sup> WHO Framework Convention on Tobacco Control (FCTC) (adopted 21 May 2003, entered into force 27 February 2005) 2302 UNTS 166; World Health Organization (WHO), WHO FCTC Guideline for Implementing Article 11 (FCTC/16.4, WHO 2013) 11; World Health Organisation (WHO), WHO FCTC Guideline for Implementing Article 13 (FCTC/16.6, WHO 2013) 7.

<sup>4</sup> 'What Is It and Why Is It Needed: Plain Packaging of Tobacco Products Toolkit' (*Tobacco-Free Kids*) <<https://www.tobaccofreekids.org/microsites/plainpackaging/nav/what-is-it-and-why-is-it-needed>> accessed 20 March 2022; Becky Freeman, Simon Chapman and Matthew Rimmer, 'The Case for the Plain Packaging of Tobacco Products' (2008) 103 *Addiction* 580.

<sup>5</sup> Simon Chapman, *Removing the Emperor's Clothes: Australia and Tobacco Plain Packaging* (Sydney University Press 2014).

<sup>6</sup> Freeman, Chapman and Rimmer (n 4); Matthew Rimmer, 'The Olive Revolution: Australia's Plain Packaging Leads the World' (*The Conversation*, 15 August 2012) <<http://theconversation.com/the-olive-revolution-australias-plain-packaging-leads-the-world-8856>> accessed 5

March 2022; Tania Voon, Andrew D. Mitchell and Jonathan Liberman (eds.), *Public Health and Plain Packaging of Cigarettes: Legal Issues* (Edward Elgar Publishing 2012).

<sup>7</sup> Crawford Moodie et al., 'Plain Tobacco Packaging: A Systematic Review' (2016) *Public Health Research Consortium* 4 <[https://www.phrc.online/assets/uploads/files/PHRC\\_006\\_Final\\_Report.pdf](https://www.phrc.online/assets/uploads/files/PHRC_006_Final_Report.pdf)> accessed 25 March 2022; Tobacco Plain Packaging Act 2011 (Cth)(Australia), s. 3.

<sup>8</sup> WHO, 'World No Tobacco Day 2016: Get Ready for Plain Packaging' (World Health Organization, 31 May 2016) <<http://www.who.int/mediacentre/commentaries/no-tobacco-day/en/>> accessed 25 March 2022.

<sup>9</sup> Daniel Gervais, 'Traditional Knowledge & Intellectual Property: A TRIPS-Compatible Approach Intellectual Property' (2005) MSLR 137.

<sup>10</sup> Mark Davison and Patrick Emerton, 'Rights, Privileges, Legitimate Interests, and Justifiability: Article 20 of Trips and Plain Packaging of Tobacco' (2014) 29 *AUILR* 505.

prevent the use of tobacco packaging as a promotional vehicle for tobacco use.<sup>11</sup> The available evidence from individual health studies and meta-reviews has consistently suggested that plain packaging has a significant impact on meeting the primary objectives as enumerated earlier i.e., reducing the attractiveness of tobacco products, increasing the prominence of the health warnings displayed on tobacco products, and preventing the tobacco industry from using tobacco packaging to mislead consumers about the harmfulness of tobacco consumption.<sup>12</sup>

Australia introduced the revolutionary tobacco plain packaging measures in 2012 and pioneered the global tobacco plain packaging movement.<sup>13</sup> Many countries have followed Australia's example, including Canada, the United Kingdom, Ireland, France, New Zealand, Singapore, Thailand, and Saudi Arabia, which have fully implemented the tobacco plain packaging measures.<sup>14</sup> Many other countries have started implementing plain packaging as a part of their comprehensive tobacco control strategies.<sup>15</sup> Sri Lanka also declared its willingness to implement tobacco plain packaging measures in 2016 at the Seventh Session of the WHO FCTC Conference of the Parties.<sup>16</sup> However, many countries, including Sri Lanka, are in different stages of implementing their plain packaging measures. In fact, high-income countries' plain packaging implementation seems to be more successful when compared to that of the low- and middle-income countries (LMICs) like Sri Lanka.<sup>17</sup> LMICs are likely to face three key challenges in implementing plain packaging measures: "resource constraints, intense tobacco

industry interference, and the threat of litigation for purported breaches of IPRs."<sup>18</sup> Among these factors, tobacco litigation, and more importantly the threat of litigation, poses the greatest challenge to plain packaging implementation worldwide.<sup>19</sup> As evidence shows, the tobacco industry has widely used IP litigation as a weapon to subvert these countries' efforts to implement plain packaging measures through a fear campaign aimed at policymakers in LMICs.<sup>20</sup> The next section briefly investigates the trademark litigation on plain packaging measures.

## B. TRADEMARK LITIGATION ON TOBACCO PLAIN PACKAGING: AUSTRALIAN EXPERIENCE

Australia, the first country to implement global tobacco plain packaging measures, provides a prominent example of the intense nature of trademark litigation in plain packaging. We can identify two tiers of industry-instigated litigation against Australia's tobacco plain packaging measures: the domestic litigation based on the constitutional right to property; and the international trade and investment litigation based on a purported violation of IPRs, particularly trademark rights. The judicial decisions on Australia's plain packaging measures provide a nuanced account of the prospects for integrating trademark and public health norms into tobacco packaging and labelling regulations.<sup>21</sup> This section briefly analyzes the domestic and international litigations vis-à-vis Australia's plain packaging measures in balancing the right to health and trademark rights.

<sup>11</sup> Crawford Moodie *et al.*, 'Plain Packaging: Legislative Differences in Australia, France, the UK, New Zealand and Norway, and Options for Strengthening Regulations' (2019) 28 *Tobacco Control* 485.

<sup>12</sup> Ann McNeill *et al.*, 'Tobacco Packaging Design for Reducing Tobacco Use' (2017) *Cochrane Database of Systematic Reviews* <<https://www.cochranelibrary.com/cdsr/doi/10.1002/14651858.CD011244.pub2/abstract>> accessed 31 July 2019; Collin N. Smith *et al.*, 'Plain Packaging of Cigarettes: Do We Have Sufficient Evidence?' (2015) 8, *Risk Management and Healthcare Policy* 21.

<sup>13</sup> Rimmer (n 6).

<sup>14</sup> 'International Developments - plain packaging measures' (*Campaign for Tobacco-Free Kids*, 25 October 2017) <<https://www.tobaccofreekids.org/plainpackaging/tools-resources/policy/international-developments>> accessed 23 June 2018.

<sup>15</sup> Rimmer (n 6); Zhou and Wakefield (n 2).

<sup>16</sup> 'Conference of the Parties to the WHO Framework Convention on Tobacco Control' (Verbatim records of plenary meetings FCTC/COP/7/VR,

WHO FCTC 7-12 November 2016) <<https://fctc.who.int/publications/m/item/fctc-cop-7-vr-verbatim-records-of-plenary-meetings>> accessed 20 March 2022.

<sup>17</sup> Sanath Sameera Wijesinghe, 'Towards Global Policy Coherence for Tobacco Plain Packaging: Examining the Challenges for Low-and Middle-Income Countries' (PhD thesis, Queensland University of Technology 2021) <<https://eprints.qut.edu.au/213227/>> accessed 25 March 2022.

<sup>18</sup> *ibid.*

<sup>19</sup> Lukasz Gruszczynski, 'Australian Plain Packaging Law, International Litigations and Regulatory Chilling Effect Reports: Trade, Investment and Risk' (2014) 5, *EJRR* 242.

<sup>20</sup> Tobacco Tactics, 'Industry Arguments Against Plain Packaging' (*Tobacco Tactics*, 12 June 2020) <<https://tobaccotactics.org/wiki/industry-arguments-against-plain-packaging/>> accessed 22 December 2020.

<sup>21</sup> Davison (n 1); Sergio Puig, 'The Internationalization of Tobacco Tactics' (2018) 28, *DJCL* 495.

In the *JT International v. Commonwealth of Australia* case, tobacco companies raised two separate concerns in challenging Australia's plain packaging measures.<sup>22</sup> First, the "plain packaging measures were not in compliance with Australia's international intellectual property obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement); second, plain packaging amounts to an acquisition of property (intellectual property) without just terms in violation of the Section 51(xxxi) of the Commonwealth Constitution."<sup>23</sup> The plaintiffs argued that IPRs in general and trademark rights in particular are considered property rights which come under the constitutional property clause.<sup>24</sup> Thus, they contended that the proposed plain packaging legislation would deprive them of the use and enjoyment of their trademark rights which, in turn, would amount to acquisition of their property rights. Accordingly, the plaintiffs claimed that the Commonwealth was liable to compensate the tobacco companies for this acquisition with the requisite "just terms" as per Section 51(xxxi) of the Constitution.<sup>25</sup> Hence, in this High Court litigation, the tobacco industry used constitutional property rights to sue the Australian Government and claimed compensation for introducing a public health regulation.

The Australian High Court upheld the public health purpose of plain packaging measures as a justifiable ground to restrict the use of the tobacco industry's trademarks in the course of trade. The findings of the High Court were based on the questions of whether a trademark be considered property under Section 51 (xxx), and whether there was an "acquisition" where the

plain packaging legislation should provide "just terms" when acquiring property.<sup>26</sup> The judgment was based on "purposive elements reflecting public policy considerations" of the Plain Packaging Act 2011.<sup>27</sup> The High Court stated that "[the restrictions caused by the Plain Packaging Act are] no more than a consequence or incident of a restriction on a commercial trading activity, where that restriction is reasonably necessary to prevent or reduce the harm that activity causes to public health."<sup>28</sup> In that sense, the Australian High Court's decision reaffirms the regulatory autonomy of States to implement plain packaging regulations by limiting individuals' economic interests as secured by trademark laws.

In addition to the High Court case, the company Philip Morris Asia (PM Asia) challenged Australia's plain packaging measures using the investor-state dispute settlement (ISDS) mechanism in the *Philip Morris Asia Ltd. v. The Commonwealth of Australia* case.<sup>29</sup> In the dispute settlement, Philip Morris International (PMI) argued that Australia violated the provisions of the Hong Kong – Australia bilateral investment treaty (BIT) of 1993<sup>30</sup> by initiating an indirect expropriation of PMI's IP rights and trademark rights as a result of the implementation of the plain packaging measures.<sup>31</sup> Responding to PMI, the Australian Government stated that the plain packaging measures are part of Australia's comprehensive government strategy to reduce smoking prevalence and that the implementation is thus a legitimate exercise of its regulatory powers to protect the health of its citizens.<sup>32</sup> Even though PM Asia's claim was dismissed based on lack of jurisdiction, the decision

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<sup>22</sup> *JT International v. Commonwealth* (2012) 250, CLR 1. (*JT International*); *British American Tobacco Australasia Ltd v. Commonwealth of Australia* (2012) 291, ALR 669.

<sup>23</sup> Simon Evans and Jason Bosland, 'Plain Packaging of Cigarettes and Constitutional Property Rights' in Tania Voon *et al.* (eds.), *Public Health and Plain Packaging of Cigarettes: Legal Issues* (Edward Elgar, 2012) 49.

<sup>24</sup> *JT International* (n 22) [18]–[19], [25]–[28].

<sup>25</sup> Catherine Bond, 'Tobacco Plain Packaging in Australia: *JT International SA v Commonwealth and Beyond*' (2017) 17, *QUT LR* 1, p.11.

<sup>26</sup> *ibid.*

<sup>27</sup> *JT International* (n 22) [27].

<sup>28</sup> *ibid* [122].

<sup>29</sup> *Philip Morris Asia Limited v. The Commonwealth of Australia* (2012) Permanent Court of Arbitration, Case No.2012-12.

<sup>30</sup> *Australia–Hong Kong Agreement on the Promotion and Protection of Investments* (signed 15 September 1993, entered into force 15 October

1993) (*Australia–Hong Kong*) [1993] ATS 30, Art. 10 (footnote 14) <<http://dfat.gov.au/trade/investment/Pages/australias-bilateral-investment-treaties.aspx>> accessed 23 February 2019. In this case, the *Phillip Morris Asia Ltd.* based on the ISDS Clause (Article 10) of *Hong Kong–Australia BIT* to challenge Australia's plain packaging measures on the grounds of violating intellectual property-related investment treaty obligations.

<sup>31</sup> *Phillip Morris Asia Limited*, 'Written Notification of Claim Australia - Hong Kong Agreement for the Promotion and Protection of Investments' (Dated 27 June 2011, Australian Government Attorney-General's Department 2016) <<https://www.ag.gov.au/Internationalrelations/InternationalLaw/Documents/Philip-Morris-Asia-Limited-Notice-of-Claim-27-June-2011.pdf>> accessed 25 March 2022.

<sup>32</sup> Simon Daley – Australian Government Solicitor for Commonwealth of Australia, 'Australia's Response to the Notice of Arbitration (21 December



would provide a “political boost to countries implementing or considering standardized [plain] tobacco packaging.”<sup>33</sup>

The WTO Panel and the Appellate Body’s decisions regarding the Australia–Tobacco Plain Packaging measures provide a nuanced account of the public health and trademark debate. In the WTO Panel decision, the claimants, namely Ukraine, Honduras, Dominican Republic, Cuba and Indonesia argued that the Australian plain packaging measures are contrary to the trademark, unfair competition and geographical indication provisions of the TRIPS Agreement.<sup>34</sup> Their main argument centred on the plain packaging measures’ restrictive impact on tobacco-related trademarks. For example, they claimed that plain packaging would reduce the distinctiveness of tobacco-related trademarks thereby restraining the “trademark owner’s right to prevent unauthorized use by third parties.”<sup>35</sup> Further, they added that a more intensive use of the mark would make the mark stronger, and a stronger mark would provide stronger protection against unauthorized use by third parties.<sup>36</sup> However, the plain packaging measures would keep them from the intensive use of tobacco-related trademarks.<sup>37</sup> Elsewhere in the Panel Report, the complainants referred to a plain packaging’s impact in eroding the distinctiveness of tobacco-related trademarks. The likelihood of creating confusion would amount to a violation of the rights conferred under Articles 16.1 and 20 of the TRIPS Agreement.<sup>38</sup> In other words, they claimed that the tobacco-related trademark owners are guaranteed “a minimum level of private rights

that allows them to successfully protect the distinctiveness of their marks” under these provisions.<sup>39</sup> As reflected in these arguments, the complainants seemed to be determined to secure their right to use trademarks.

However, the WTO Panel and the Appellate Body provided justifications to establish that the IPRs provided in the TRIPS Agreement “does not grant positive rights to exploit or use certain subject matter, but rather provides negative rights to prevent certain acts.”<sup>40</sup> After a careful scrutiny of the claimants’ and appellants’ arguments, the WTO decisions concluded that Article 16.1 of the TRIPS Agreement does not provide a trademark owner with a positive right to use its trademark or a right to protect the distinctiveness of such a trademark through use.<sup>41</sup> Further, both the WTO Panel and the Appellate Body rulings stated that even though the plain packaging measures fell within the definition of “special requirements that encumber the use of trademarks in the course of trade,” the ability to achieve public health objectives made the plain packaging measures’ encumbrance justifiable, and there was thus no violation of Article 20 of the TRIPS Agreement.<sup>42</sup>

The WTO Panel and the Appellate Body’s reasoning suggests that IP rights, particularly trademark rights, may be subject to restrictions imposed by regulations promoting public health. Furthermore, these decisions rejected the notion of trademark owners’ absolute right to use trademarks and refused the trademark owners’ right to advertise. Instead, both decisions emphasized

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2011), (Dated 21 December 2011, Australian Government Attorney-General’s Department), <<https://www.ag.gov.au/Internationalrelations/InternationalLaw/Pages/Tobaccoplainpackaging.aspx>> accessed 23 February 2019.

<sup>33</sup> Tania Voon and Andrew D Mitchell, ‘Philip Morris vs. Tobacco Control: Two Wins for Public Health, but Uncertainty Remains’ (2016) 182, *Columbia FDI Perspectives* <<https://doi.org/10.7916/D87P8ZTG>> accessed 27 December 2018.

<sup>34</sup> World Trade Organization (WTO), ‘Australia: Certain Measures Concerning Trademarks, Geographical Indication and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging (WT/DS435/AB/R WT/DS441/AB/R, WTO 2020); Panel Reports, Australia – ‘Certain Measures concerning Trademarks, Geographical Indications and other Plain Packaging Requirements applicable to Tobacco Products and Packaging’ (WT/DS435/R, WT/DS441/R, WT/DS458/R and WT/DS467/R, WTO 28 June 2018) (Panel Report, Australia – Tobacco Plain Packaging).

<sup>35</sup> Panel Report, Australia – Tobacco Plain Packaging; para. 7.1916.

<sup>36</sup> Panel Report, Australia – Tobacco Plain Packaging; para. 7.1918.

<sup>37</sup> Panel Report, Australia – Tobacco Plain Packaging para. 7.1918.

<sup>38</sup> Panel Report, Australia – Tobacco Plain Packaging para. 7.1923.

<sup>39</sup> Panel Report, Australia – Tobacco Plain Packaging para. 7.1924.

<sup>40</sup> Panel Report, Australia – Tobacco Plain Packaging para. 7.1975; Notice of Appeal – Honduras, Notice of Appeal – The Dominican Republic in WTO, *Australia: Certain Measures Concerning Trademarks, Geographical Indication and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging – Report of the Appellate Body* (WT/DS435/AB/R and WT/DS441/AB/R, WTO 9 June 2020) (Appellate Body Reports, Australia–Tobacco Plain Packaging); WTO, *European Communities: Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs – Report of the Panel* (WT/DS290/R, WTO 15 March 2005) (*EU – Trademarks and Geographical Indications (Australia)*); para. 7.246.

<sup>41</sup> Appellate Body Reports, Australia–Tobacco Plain Packaging, para. 7.7-7.13.

<sup>42</sup> Panel Report, Australia – Tobacco Plain Packaging, para. 7.2406; Appellate Body Reports, Australia–Tobacco Plain Packaging para. 6.649.

that “there must be a right to some use of trademarks in some circumstances.”<sup>43</sup> In reaching this conclusion, both the WTO Panel and Appellate Body have substantially utilized the TRIPS Agreement’s inherent flexibilities embedded in Articles 7, 8.1 and the Doha Declaration of TRIPS and Public Health, to reveal the public health nexus of the TRIPS Agreement.<sup>44</sup> Further, these decisions reflect that the context and objectives of the TRIPS Agreement may appear as a protection against the exclusive rights conferred to trademark holders for an infinite time to engage in their trade activities. Without such justifiable limitations, trademark owners (in this case transnational tobacco companies) would wield unregulated power to use their trademarks for advertising tobacco products at the expense of public health.

The WTO decisions provide pragmatic interpretations for plain packaging measures’ impact on the right to use trademarks under Article 16.1 and justifiability under Article 20 of the TRIPS Agreement. As a result, the long-lasting uncertainty regarding the trademark compatibility of plain packaging measures has been resolved. The decisions appraise the introduction of trademark-saving provisions concurrently with the implementation of plain packaging measures by recognizing the right to register trademarks under Article 15.1 of the TRIPS Agreement. Since it is highly unlikely that the same arguments will be raised in future WTO disputes, these decisions are likely to put a stop to WTO-based trade litigations challenging plain packaging measures.

In addition to providing convincing justifications which ensure the compatibility of plain packaging measures

with trademark law and the TRIPS Agreement at the international level, these rulings have enhanced other countries’ plain packaging efforts, including those of LMICs, in two ways: first, by encouraging domestic plain packaging measures; second, by guiding domestic policymakers regarding how to design and implement robust plain packaging policies. After Australia’s resounding victory at the WTO Panels in 2018, 14 other WTO Members introduced plain packaging measures.<sup>45</sup> More importantly, these decisions contributed to boosting the plain packaging movement in LMICs such as Thailand and Turkey, which fully implemented plain packaging measures immediately after the WTO rulings.<sup>46</sup>

In this context, resolution of the public health versus trademarks debate at the international level provides greater hope for countries like Sri Lanka to implement tobacco plain packaging measures without fear of costly and time-consuming international litigation. Further, the policymakers in LMICs could obtain ample guidance from these rulings regarding the prerequisites to which they should adhere when designing, adopting and implementing plain packaging measures while respecting the rights of tobacco-related trademark owners. In addition to these two major contributions, the other lesson that LMICs can learn from the WTO rulings is the importance of availability of comprehensive health evidence to justify the health objectives of introducing the tobacco plain packaging measures.<sup>47</sup> The next sections of this paper analyze Sri Lanka’s prospects for implementing plain packaging measures, by looking at the lessons that can be learned from WTO rulings to

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<sup>43</sup> For scholarly arguments on right to use trademark debate, refer to Mark Davison, 'The Legitimacy of Plain Packaging under International Intellectual Property Law: Why There Is No Right to Use a Trademark under Either the Paris Convention or the Trips Agreement', in Tania Voon *et al.* (eds.) *Public Health and Plain Packaging of Cigarettes* (Edward Elgar Publishing 2012) 88; Daniel J Gervais, 'Plain Packaging and the TRIPS Agreement: A Response to Professors Davison, Mitchell and Voon' (2013)46, *VJTL* 1149; Susy Frankel and Daniel Gervais, 'Plain Packaging and the Interpretation of the TRIPS Agreement' (2021) 46, *VJTL* 1149.

<sup>44</sup> Panel Report, Australia – Tobacco Plain Packaging, para. 7.2408; Appellate Body Reports, Australia – Tobacco Plain Packaging, para. 6.658.

<sup>45</sup> Cancer Council Victoria, 'Timeline, International Developments and Major New Stories' (*Cancer Council Victoria*) <<https://www.cancerciv.org.au/plainfacts/timelineandinternationaldevelopments>> accessed 30 March 2022.

<sup>46</sup> Zhou and Wakefield (n 2); Reuters, "'Resounding Victory": Australia Wins Tobacco Plain Packaging Dispute' (*The Guardian*, 28 June 2018) <<https://www.theguardian.com/business/2018/jun/29/resounding-victory-australia-wins-tobacco-plain-packaging-dispute>> accessed 22 February 2020; WHO-FCTC, 'Thailand: First Country in Asia to Adopt Tobacco Plain Packaging' (*WHO Framework Convention on Tobacco Control Secretariat*, 2018) <<https://untobaccocontrol.org/impldb/thailand-first-country-in-asia-to-adopt-tobacco-plain-packaging/>> accessed 1 February 2021; Melis Selamoğlu *et al.*, 'Two Steps Forward, One Step Back: The Lead up to Tobacco Plain Packaging Policy in Turkey' (2022) 37(1) *Health Promotion International* <<https://doi.org/10.1093/heapro/daab033>> accessed 31 March 2021.

<sup>47</sup> Panel Report, Australia – Tobacco Plain Packaging, para. 7.2592.

simultaneously develop policy coherence in its IP legal regime.

### 3. PROSPECTS FOR IMPLEMENTING PLAIN PACKAGING IN SRI LANKA

Over time, there has been considerable progress in tobacco control in Sri Lanka, which also provides prospects for implementing novel and strict tobacco control measures such as plain packaging. This section examines Sri Lanka's readiness to implement plain packaging measures, by analyzing the evolution of the country's tobacco packaging and labelling laws and its political commitments.

#### A. TOBACCO CONTROL IN SRI LANKA

Sri Lanka was the first country in Asia and the fourth globally to ratify the WHO FCTC, on November 11, 2003.<sup>48</sup> The ratification of this global health treaty has been a great motivation for tobacco control in Sri Lanka.<sup>49</sup> The WHO FCTC entered into force in February 2005, and in August of the following year the Sri Lankan Government adopted the National Authority on Alcohol and Tobacco Act No. 27 of 2006 (NATA Act).<sup>50</sup> The National Authority on Tobacco and Alcohol (NATA), established by the NATA Act, is considered the main administrative body of tobacco control in Sri Lanka.<sup>51</sup> Further, the NATA Act included provisions to prohibit sale of tobacco products to any person under 21 years of age;<sup>52</sup> prohibited promotion, advertising of tobacco products<sup>53</sup> and tobacco manufacturers' sponsorships for social, cultural and sporting events;<sup>54</sup> prohibited the sale of tobacco products without health warnings;<sup>55</sup> and prohibited

smoking in enclosed public places.<sup>56</sup> The NATA Act not only prohibits these actions, but also imposes criminal sanctions comprised of fines and imprisonment to prevent the violation of such prohibited actions.<sup>57</sup> The NATA Act has thereby created a robust legal framework for tobacco control in Sri Lanka.

The use of tobacco has been a crucial factor in creating health consequences and has had adverse social and economic impacts on Sri Lanka. According to the World Health Survey, in 2003 over 20,000 people died due to tobacco-related diseases in the country.<sup>58</sup> However, these rates gradually decreased in the following years, particularly after introduction of the NATA Act. WHO's Fact Sheet on Sri Lanka released in 2018 revealed that 12,351 people had died from tobacco caused diseases, which is a significant reduction.<sup>59</sup> As revealed in the Alcohol and Drug Information Centre's Report of 2019, the smoking rate among males (age 15 and above) dropped from 38.1% in 2009 to 28.4% in 2018.<sup>60</sup> This progress can be attributed to the widespread implementation of tobacco-control measures through the proactive involvement of the NATA.

The effectiveness of tobacco-control measures, i.e., the viability of tobacco control measures to achieve their intended outcomes, plays a vital role in reducing the prevalence of tobacco use.<sup>61</sup> However, the widespread implementation of different tobacco control measures does not necessarily mean that a country could substantially reduce tobacco use in a short time, which is also applicable to Sri Lanka's situation. Even though many tobacco control measures are in place, a high smoking

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<sup>48</sup> WHO Framework Convention on Tobacco Control (n 3).

<sup>49</sup> Carlo Fonseka, 'Tobacco, Alcohol and Doctors' (2009) 54, Ceylon Medical Journal 71, p.72.

<sup>50</sup> The Sri Lankan parliament passed the National Authority on Tobacco and Alcohol Act in August 2006 (NATA Act) and it came into operation on 1 December 2006.

<sup>51</sup> *ibid.*, s. 2.

<sup>52</sup> *ibid.*, s. 31.

<sup>53</sup> *ibid.*, s. 35.

<sup>54</sup> *ibid.*, s. 36.

<sup>55</sup> *ibid.*, s. 34.

<sup>56</sup> *ibid.*, s. 39.

<sup>57</sup> *ibid.*, ss. 32-42.

<sup>58</sup> Brief Profile on Tobacco Control in Sri Lanka (Ministry of Healthcare and Nutrition 2009) 1. <<https://123dok.com/document/q2gpd86y-brief-profile-tobacco-control-sri-lanka-mb.html>> accessed 24 June 2021.

<sup>59</sup> WHO Regional office for South-East Asia, 'WHO Fact Sheet 2018 on Sri Lanka' (World Health Organization 2018) <[https://apps.who.int/iris/bitstream/handle/10665/272688/wntd\\_2018\\_srilanka\\_fs.pdf?sequence=1](https://apps.who.int/iris/bitstream/handle/10665/272688/wntd_2018_srilanka_fs.pdf?sequence=1)> accessed 20 July 2020.

<sup>60</sup> Alcohol and Drug Information Centre (ADIC) 'Tobacco Fact Sheet' (ADIC, 2020) <<https://adicsrilanka.org/tobacco-fact-sheet-2020/>> accessed 24 June 2021.

<sup>61</sup> The effectiveness of tobacco control measures is generally measured through assessing the relationship between the intervention and the likelihood of achieving intended outcomes; International Agency for Research on Cancer World Health Organization (IARC), *IARC Handbooks of Cancer Prevention, Tobacco Control, Vol. 12: Methods for Evaluating Tobacco Control Policies* (IARC 2008) 12.

rate prevails among the male population, particularly in the low-income households in Sri Lanka.<sup>62</sup> According to recent studies, “more than 6000 children (10–14 years old) and 1,725,000 adults (15+ years old) continue to use tobacco each day” in Sri Lanka.<sup>63</sup> Besides, tobacco use cost the Sri Lankan economy 213.8 billion Sri Lankan rupees, equivalent to 1.6% of its Gross Domestic Production (GDP) in 2016.<sup>64</sup> As per the report on the Case for Investing in WHO FCTC Implementation in Sri Lanka (Investment Report), effective tobacco control measures “could save nearly 72,344 lives and avert 586 billion Sri Lankan rupees in health costs and economic losses over the next 15 years.”<sup>65</sup>

Hence, the prevailing situation urges Sri Lankan policymakers to consider more effective, and perhaps stringent, measures that discourage people from using tobacco and de-normalize the glamour of tobacco use, particularly among young people. In this vein, plain packaging measures, with an established record of effectiveness in decreasing the attractiveness of tobacco packaging and increasing the prominence of health warning messages on tobacco packaging, provide greater potential for accomplishing specific tobacco control goals for Sri Lanka.

## **B. TRADEMARK WARS ON TOBACCO PACKAGING AND LABELLING REGULATIONS IN SRI LANKA**

This section examines the scope, strengths and weaknesses of the existing GHW regulations in Sri Lanka, with particular reference to trademark litigations launched by the Ceylon Tobacco company (CTC) in implementing those measures. CTC has a record of using tobacco litigation as a powerful weapon to curtail

tobacco control progress in Sri Lanka. For example, when the Sri Lankan Government presented the bill of the NATA Act to Parliament, CTC initiated a claim challenging the bill and sought a special determination from the Supreme Court on the bill’s constitutionality.<sup>66</sup> CTC challenged the legality of the NATA Act based on fundamental rights guaranteed under the 1978 Constitution of Sri Lanka.<sup>67</sup> The objections of CTC were based on Articles 12(1) (equal treatment of the law)<sup>68</sup> and 14(1)(g) (freedom to engage in a lawful profession) of the 1978 Constitution of Sri Lanka.<sup>69</sup> CTC stated that implementing the NATA Act would deprive it of equal protection of law and freedom to engage in a lawful profession, including the protection of IPRs.<sup>70</sup> In the decision, Justice Sarath N. Silva stressed the importance of State obligation to promote health rights, by carefully tailoring the following words: “[I]t is indeed the bounden duty of the State to take such measures as envisaged in the bill in the face of the proven risk to public health resulting from the use or the consumption of tobacco and alcohol products.”<sup>71</sup> Even though the application of the NATA Act gained constitutional validity, the GHW regulations introduced in 2012 triggered CTC’s interest in employment litigation as a tool to prevent and delay the Sri Lankan Government’s tobacco control efforts.

In general, tobacco packaging and labelling regulations have proven to be effective in discouraging and de-normalizing tobacco use.<sup>72</sup> The increasing rates of youth smoking and tobacco use were critical issues in Sri Lanka that the implementation of GHWs hoped to address. Further, other considerations included the impact of tobacco use in ramping up non-communicable diseases and Sri Lanka’s obligations under the WHO FCTC that led

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<sup>62</sup> Madurawal Sunimalee, Chathurga Karunanayaka and Chamini Herath, ‘Tobacco Smoking in Sri Lanka: Identifying and Understanding the Last Mile Smokers’ (Institute of Policy Studies of Sri Lanka 2020) <<https://think-asia.org/handle/11540/12603>> accessed 10 March 2022.

<sup>63</sup> Tobacco Atlas, ‘Sri Lanka’ ([tobaccoatlas.org](https://tobaccoatlas.org)) <<https://tobaccoatlas.org/country/sri-lanka/>> accessed 9 June 2018.

<sup>64</sup> UN Development Programme (UNDP), ‘Investment Case for Tobacco Control in Sri Lanka: The Case for Scaling-up WHO FCTC Implementation’ (UNDP 2019) 1 <<https://www.undp.org/publications/investment-case-tobacco-control-sri-lanka>> accessed 15 March 2022.

<sup>65</sup> *ibid.*

<sup>66</sup> Ceylon Tobacco Company Ltd et al v. Hon Nimal Siripala de Silva et al SC(SD) App Nos. 1 to 6/2006.

<sup>67</sup> Constitution of Sri Lanka 1978, ch. III.

<sup>68</sup> *ibid.*, Art. 12 (“[a]ll persons are equal before the law and are entitled to the equal protection of law”).

<sup>69</sup> *ibid.*, Art. 14(1)(g) (“[E]very citizen is entitled to the freedom to engage by himself or in association with others in any lawful occupation, profession, trade, business, or enterprise”).

<sup>70</sup> Ceylon Tobacco Company (n 66).

<sup>71</sup> *ibid.*

<sup>72</sup> Olivier Droulers *et al.*, ‘The Influence of Threatening Visual Warnings on Tobacco Packaging: Measuring the Impact of Threat Level, Image Size, and Type of Pack through Psychophysiological and Self-Report Methods’ (2017) 12(9), *PLoS One* e0184415.

the country to introduce its first set of GHWs on tobacco packaging in 2012.<sup>73</sup> The introduction of GHWs into Sri Lankan law was based on Section 34 of the NATA Act.<sup>74</sup> Even though the NATA Act was enacted in 2006, the GHWs were implemented six years later, through the introduction of the Tobacco Products (Labelling and Packaging) Regulation, No. 01 of 2012 in the extraordinary gazette dated August 8, 2012, by the Minister of Health (GHW Regulation). This regulation mandated that pictorial health warnings be placed on both sides of every cigarette packet, package or carton containing cigarettes such that it covered 80% of the total surface of the package.<sup>75</sup> Sri Lanka has received wide recognition worldwide and in the South Asian region for implementing one of the most rigid GHW label rules on tobacco packaging globally.<sup>76</sup>

However, several legal challenges were brought against these GHW regulations, and it took several years to implement the 80% GHW requirement in Sri Lanka. CTC challenged the GHW regulations, arguing that the regulation exceeded the authority and power vested in the Minister of Health and violated the company's IPRs, in particular, its trademark rights.<sup>77</sup> Accommodating the argument that 80% coverage of GHWs would occur as an unjustifiable encumbrance on tobacco companies' trademarks, the Court of Appeal of Sri Lanka directed the Minister of Health to reduce the GHW coverage in the range of 50–60% to give CTC more space for displaying its trademarks on tobacco packaging.<sup>78</sup> Following the Court of Appeal's directions, the Minister of Health issued

another regulation in 2014 requiring GHWs to cover only 60% of the cigarette packaging and cartons.<sup>79</sup>

However, in 2015, the Supreme Court reaffirmed that the former 80% mandate did not encroach upon the IP rights of the CTC and that the new regulation aimed for a greater social benefit based on public health concerns of tobacco consumption.<sup>80</sup> Accordingly, the Sri Lankan Parliament amended Article 34 of the NATA Act to restore the legal mandate on GHWs given by Regulation No. 01 of 2012.<sup>81</sup> As per the amended Section 34A (1) of the NATA Act, every tobacco manufacturer is mandated to display GHWs on the packages and labels of cigarette products.<sup>82</sup> Further, it required that the "GHWs shall be printed on both sides on every cigarette packet, package or carton ... and shall cover an area of not less than eighty per centum (80%) of the total area of the packet..."<sup>83</sup> Figure 2 demonstrates two such GHWs restored under the 2015 amendment to the NATA Act.

Figure 2: 80% of GHWs restored under the 2015



amendment to the NATA Act, which was previously introduced by the Tobacco Products (Labelling and Packaging) Regulation, No. 01 of 2012.

As demonstrated in Figure 2, the new provisions mandate

<sup>73</sup> World Health Organization Framework Convention for Tobacco Control, 'Sri Lanka: Impact Assessment' (WHO FCTC Secretariat, 2016) <[https://fctc.who.int/docs/librariesprovider12/meeting-reports/sri-lanka.pdf?sfvrsn=a390bb0\\_1](https://fctc.who.int/docs/librariesprovider12/meeting-reports/sri-lanka.pdf?sfvrsn=a390bb0_1)> accessed 22 June 2021.

<sup>74</sup> National Authority on Alcohol and Tobacco Act No. 27 of 2006 (NATA) Act (Sri Lanka), s 34(1) ("A manufacturer of a tobacco product shall cause to be displayed, conspicuously and in easily legible print, on every packet containing tobacco products manufactured by such manufacturer, a label of such dimensions as may be prescribed containing a statement of the tar and nicotine content in each tobacco product in such packet and such health warnings as may be prescribed. Different dimensions may be prescribed in respect of packets of different sizes.")

<sup>75</sup> Tobacco Products (Labelling and Packaging) Regulations, No. 01 of 2012 (Sri Lanka), s. 5.

<sup>76</sup> Canadian Cancer Society, 'Cigarette Package Health Warnings – International Status Report' (5<sup>th</sup> Edition, Canadian Cancer Society, Oct

2016) <<http://www.tobaccolabels.ca/healthwarningsinfo/statusreport/>> accessed 25 March 2022.

<sup>77</sup> Ceylon Tobacco Company PLC v. Minister of Health, CA 336/2012 (Writ) [32-35].

<sup>78</sup> *ibid*; *Leelananda v. Earnest de Silva* (1990) 2, *Sri LR* 237; Althaf Marsoof, 'The TRIPs compatibility of Australia's tobacco plain packaging legislation' (2013) 16, *The Journal of World Intellectual Property* 197.

<sup>79</sup> Regulations No. 1864/32 of 27 May 2014 (Regulations made by the Minister of Health under Section 30 read with Section 34 of the National Authority on Tobacco and Alcohol Authority Act, No. 27 of 2006) (Sri Lanka).

<sup>80</sup> The Matter of Article 122(1)(b) of the Constitution SC (SD) No 2 / 2015.

<sup>81</sup> National Authority of Tobacco and Alcohol (Amendment) Act No. 03 of 2015.

<sup>82</sup> *ibid*, s. 2 (amendment to s. 34 of the NATA Act).

<sup>83</sup> NATA Act (n 74), s. 34(1) amended.

that the GHWs be printed in a font size that is not less than 10 points and be written in all three official languages of Sri Lanka.<sup>84</sup> More importantly, the amendment requires that the eight GHWs be displayed on tobacco packaging under four categories that exhibit the adverse health effects of smoking on children's health, heart diseases, cancers, and sex and reproduction.<sup>85</sup> The amendment also provides that the message printed with GHWs should be legible<sup>86</sup> and that one set of GHWs should be rotated once every six months.<sup>87</sup> Tobacco control advocates have praised Sri Lanka's GHW regulations in their role in leading the implementation of larger GHWs and complying with WHO FCTC obligations in mitigating the tobacco epidemic.<sup>88</sup> As revealed in some health research studies, larger GHWs have been an effective communication method to inform of the danger of tobacco use to both smokers and non-smokers in Sri Lanka.<sup>89</sup> Evidence indicates that the existing GHWs are apt to achieve their intended outcomes, by making tobacco packaging less attractive and less appealing and by communicating the health risks of tobacco use.

However, there remains a question of whether GHWs are sufficient to eliminate all forms of advertising and promotions on tobacco packaging and labelling in Sri Lanka. For example, the existing GHWs in Sri Lanka only cover cigarette packaging, while other tobacco product packages such as *bidi*<sup>90</sup> and smokeless forms of tobacco<sup>91</sup> have been left out of the scope of GHWs. Since many Sri Lankans use different forms of tobacco, the Government

needs to consider more comprehensive tobacco packaging and labelling measures. In this context, plain packaging measures offer greater flexibility for applying to every form of tobacco packaging, including smoking and smokeless tobacco.<sup>92</sup>

Further, some of the graphics used in Sri Lankan GHWs are too complicated and difficult to understand, as the relationship between the graphics and the descriptions is perhaps discreet. Moreover, Sri Lankan GHWs still allow tobacco-related trademark owners to use marks, logos, appealing colours, brand names/variant names and promotional information on tobacco packaging.<sup>93</sup> Such use would dilute the objectives of GHWs to make tobacco packaging less appealing, while allowing the tobacco industry to use tobacco packaging as a promotional vehicle. Nevertheless, plain packaging measures may offer myriad benefits, such as applying to all categories of tobacco products (smoking and smokeless), standardizing the information that can be used on tobacco packaging, and standardizing the design features and appearance of tobacco packaging.<sup>94</sup> Hence, it is reasonable to argue that the implementation of plain packaging may offer an "all-in-one" solution to address the weaknesses of the existing GHWs in Sri Lanka.

### C. PLAIN PACKAGING: SRI LANKA'S NEXT BIG LEAP IN TOBACCO PACKAGING AND LABELLING REGULATIONS

There are several reasons why we consider plain packaging measures the next big leap in Sri Lanka's

<sup>84</sup> *ibid*, s 8; the term 'three languages' indicates the Sinhalese, Tamil and English languages.

<sup>85</sup> Graphic Health Warnings (GHWs) Regulation, sch I.

<sup>86</sup> *ibid*, s. 9.

<sup>87</sup> *ibid*, s. 10.

<sup>88</sup> Anna B Gilmore *et al.*, 'Exposing and Addressing Tobacco Industry Conduct in Low-Income and Middle-Income Countries' (2015) 385, *The Lancet* 1029; Titiporn Tuangratananon *et al.*, 'Implementation of National Action Plans on Noncommunicable Diseases, Bhutan, Cambodia, Indonesia, Philippines, Sri Lanka, Thailand and Viet Nam' (2019) 97, *BWHO* 129.

<sup>89</sup> Shukry Zawahir, Mayuri Madhushika and Hua-Hie Yong, 'Effectiveness of Pictorial Health Warnings on Cigarette Packs among Adults in a Rural Sri Lankan Community' (2018) 16, *Tob. Induc. Dis.* <<https://doi.org/10.18332/tid/84308>> accessed 15 March 2022; Achala Dilrukshi, 'Study on Print Media Behavior at the Time of Implementing Pictorial Health Warnings in Sri Lanka' (2018) 16, *Tob. Induc. Dis.* <<https://doi.org/10.18332/tid/84425>> accessed 15 March 2022.

<sup>90</sup> *Bidi*: a handmade smoking stick which contains sun-dried and then blended tobacco flakes; W. A. Sanath Wijesinghe, 'Stopping Silent

Salesman: An Appraisal of the Implementation of Graphic Health Warning Regulations on tobacco Products in Sri Lanka' (Research Abstract, Proceedings of the Open University International Research Sessions (iOURS) 2018) 74.

<sup>91</sup> There are different forms of smokeless tobacco in the South Asian region such as betel quid with tobacco, tobacco-included chewing mixtures, oral tobacco, and nasal use of snuffs; Ministry of Health and Family Welfare, Government of India, 'India: Global Adult Tobacco Survey Data' (Ministry of Health and Family Welfare, 2017) <<https://www.who.int/publications/m/item/2016-2017-gats-fact-sheet-india>> accessed 15 March 2022.

<sup>92</sup> Amit Yadav *et al.*, 'Plain Packaging of Tobacco Products: The Logical next Step for Tobacco Control Policy in India' (2018) 3, *BMJ Global Health* e000873; Kerean Watts, 'Plain Packaging: The next Frontier in India's War on Tobacco?' (*The News Minute*, 27 November 2018) <<https://www.thenewsminute.com/article/plain-packaging-next-frontier-india-s-war-tobacco-92296>> accessed 26 February 2019.

<sup>93</sup> See Figure 1.

<sup>94</sup> Guidelines for Implementation of the WHO FCTC, arts. 11 and 13 (n 3).



tobacco packaging and labelling regulations. First, the larger size of the GHWs can be a testimony to Sri Lanka's inclination toward more stringent tobacco control policies and, perhaps, a green light for implementing plain tobacco packaging measures.<sup>95</sup> Further, as revealed in Section 3.B of this paper, the Sri Lankan judiciary seems to be taking a pragmatic approach, enabling the implementation of GHW regulations in past trademark-based litigations. Nevertheless, the Sri Lankan Government declared its willingness to implement plain packaging measures in the Seventh Session of the Conference of the Parties to the WHO FCTC held in 2016.<sup>96</sup> In this session, the Sri Lankan president declared the country's willingness to implement tobacco plain packaging measures in the following words:

My Minister of Health is proposing to introduce Plain Packaging as another important measure in the near future and here we thank the FCTC for the excellent technical support. We are drawing freely from the lessons and experiences of some of the countries that have already introduced plain packaging.<sup>97</sup>

After three years of silence, the Sri Lankan Government recognized plain packaging measures as one of the six priority tobacco-control measures that the country intends to implement in the Report on Investment Case for Tobacco Control in Sri Lanka.<sup>98</sup> The report has clearly outlined the possible contributions and, more importantly, the economic and social benefits of implementing plain packaging measures in Sri Lanka. It is estimated that the implementation of plain packaging measures in Sri Lanka will have a return on investment to the tune of 278 billion Sri Lankan rupees (nearly 0.9 million United States dollars) in the period between

2019 and 2034.<sup>99</sup> The political declarations, judicial decisions and investment cases indicate that Sri Lanka has taken some concrete steps and thus shows a greater potential to implement plain packaging measures.

However, Sri Lanka may need to consider several aspects, including the potential threats and interference of the tobacco industry in implementing plain packaging measures. Even though Sri Lanka's GHWs were not challenged before international tribunals (as was the case with Australia's plain packaging measures), the tobacco industry has highlighted the purported violation of IPRs (particularly trademark rights) in their domestic legal challenges.<sup>100</sup> Even though international law relating to trademark compatibility of plain packaging seems to be settled under the pragmatic decisions of the WTO, the tobacco industry may still use the trademark provisions in domestic legislations to challenge plain packaging measures. In fact, the industry has clearly stated its intention to use trademark violation arguments in domestic litigation. For example, as revealed in its secret corporate documents, Philip Morris International considers the promotion of IP rights as a more important issue and may use constitutional assessments as preventive measures to block national level initiatives on tobacco plain packaging measures.<sup>101</sup>

In this vein, Sri Lanka may also expect future legal challenges and perhaps some regulatory cooling due to such litigation.<sup>102</sup> Nevertheless, as a WTO member, the country is bound to respect its obligations under the TRIPS Agreement and to acknowledge the rights of tobacco-related trademark owners, with the necessary limitations, in the proposed plain packaging laws. Section

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<sup>95</sup> Thailand first implemented 85% of GHWs and waited for a couple of years until the WTO Panel concluded its decision on the Australian plain packaging measures. Then they directly implemented plain packaging measures in 2018, just three months after the circulation of the panel decision. Lisa Cornish, 'What the WTO Decision on Plain Packaging Means for Developing Countries' (*Devex*, 4 July 2018) <<https://www.devex.com/news/sponsored/what-the-wto-decision-on-plain-packaging-means-for-developing-countries-93048>> accessed 16 July 2018.

<sup>96</sup> Verbatim Records of Plenary Meetings (n 16), p.13.

<sup>97</sup> *ibid.*

<sup>98</sup> Investment Case for Tobacco Control in Sri Lanka (n 64).

<sup>99</sup> "A return on investment (ROI) analysis measures the efficiency of the tobacco investments by dividing the economic benefits that are gained

from implementing the FCTC measures, by the costs of the investments."; *ibid.*, pp. 19-20.

<sup>100</sup> See above section 3.B.

<sup>101</sup> Philip Morris International, 'Corporate Affairs Approach and Issues' (*Philip Morris International*, 2014) <<https://www.documentcloud.org/documents/3892762-2014-Corporate-Affairs-Approach-and-Issues.html>> accessed 26 October 2019.

<sup>102</sup> Gruszczynski (n 19); Matthew Rimmer, 'The Chilling Effect: Investor-State Dispute Settlement, Graphic Health Warnings, the Plain Packaging of Tobacco Products, and the Trans-Pacific Partnership' (2017) 7, *VULJ* 76; Eric Crosbie and George Thomson, 'Regulatory Chills: Tobacco Industry Legal Threats and the Politics of Tobacco Standardised Packaging in New Zealand' (2018) 131, *The NZMJ* 25.

4 of this paper provides suggestions for introducing changes to Sri Lanka's IP law in implementing plain packaging measures.

#### 4. POLICY SUGGESTIONS FOR SRI LANKAN IP LAW AND PLAIN PACKAGING LAW

This section offers suggestions in two veins: first, the changes that need to be introduced in domestic IP provisions; second, the aspects that need to be explicitly recognized and emphasized in the proposed plain packaging laws in Sri Lanka to tackle any arguments raised in future trademark and IP litigations. More importantly, the suggestions made in this section intend to facilitate the smooth implementation of plain packaging in Sri Lanka and emphasize the need to respect Sri Lanka's obligations under the TRIPS Agreement while balancing the rights of tobacco-related trademark owners and the public.

Sri Lankan IP law, in particular the trademark provisions of the Sri Lankan IP Act No. 36 of 2003 (IP Act), needs some modifications or amendments to implement the proposed plain packaging measures. The popular way is to ensure that the plain packaging measures do not invalidate tobacco-related trademarks. These provisions are generally known as trademark-saving provisions.<sup>103</sup> The trademark-saving provisions ensure two aspects: first, the registrability of tobacco-related trademarks is not deprived by the restrictions imposed by the plain packaging measures; second, tobacco-related trademarks are not revoked for non-use because of the restrictions imposed on the use of trademarks by such measures.<sup>104</sup>

For example, the Australian Trade Marks Amendment (Tobacco Plain Packaging) Act 2011, which was

introduced alongside the Australian Plain Packaging Act 2011, provides due recognition to the rights of the registered tobacco-related trademark owners.<sup>105</sup> Furthermore, Australia's Trade Marks (Amendment) Act 1995, particularly Section 28, permits the registration of tobacco-related trademarks and prevents the nullification of tobacco-related trademarks due to non-use attributed to the restrictions posed by tobacco plain packaging measures.<sup>106</sup> These provisions establish a strong assumption that plain packaging measures do not completely prohibit the enjoyment of the trademark rights of the tobacco industry and that Australia has not violated its obligations under the TRIPS Agreement.

Looking at the example set by Australia and other countries, Sri Lanka needs to introduce "trademark-saving" provisions in the IP Act. Table 1 provides proposals that may need to be considered in amending the provisions about the registrability of trademarks in the Sri Lankan IP Act.

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<sup>103</sup> Campaign for Tobacco-Free Kids, 'Each Clause Explained: Plain Packaging of Tobacco Products Toolkit' ([tobaccofreekids.org](https://www.tobaccofreekids.org/microsites/plainpackaging/resources/each-clause-explained)) <<https://www.tobaccofreekids.org/microsites/plainpackaging/resources/each-clause-explained>> accessed 29 March 2022.

<sup>104</sup> Upreti Pratyush Nath, 'Trade Mark Restrictions under the TRIPS Agreement: The WTO Panel Findings on Australia's Tobacco Plain Packaging Legislation' (2020) 54, *JWT* 239; Panel Report, Australia – Tobacco Plain Packaging, para. 7.1912.

<sup>105</sup> Trade Marks Amendment (Tobacco Plain Packaging) Act 2011 (Australia) <<https://www.legislation.gov.au/Details/C2011A00149/Html/Text>>

accessed 20 March 2022; Matthew Rimmer, *A Submission to the Senate Standing Committee of Legal and Constitutional Affairs, Parliament of Australia on the Trade Marks Amendment (Tobacco Plain Packaging Bill) 2011* (2011) 11.

<sup>106</sup> *ibid*; for corresponding sections in Ireland's plain packaging law, refer to Public Health (Standardised Packaging of Tobacco) Act 2015 (Ireland), s 5 ("Nothing in this [standardised packaging] Act shall operate to prohibit the registration of a trademark under Trade Mark Act 1996, or be grounds for the revocation of the registration of a trademark under that Act"); Eoin O'Dell, 'Property and Proportionality: Evaluating Ireland's Tobacco Packaging Legislation' (2017) 17, *QUT LR* 46.



Table 1: Some proposals for amending the trademark provisions in the Sri Lankan IP Act

TRIPS obligation	Existing provisions of the IP Act No. 36 of 2003 in Sri Lanka	Proposed changes/ amendments
Article 15.4	Section 103	The Plain Packaging Act does not affect the use of a trademark in relation to tobacco products in such a way to be contrary to law.
“[t]he nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.”	Marks inadmissible on objective grounds  Section 103 Marks inadmissible on objective grounds	The operation of the Plain Packaging Act must not impact the registration of a trademark, revoke the acceptance of an application for trademark registration, require registration of trademarks subject to restrictions or limitations, or revoke the registration of trademarks.

Such explicit recognition will establish a strong assumption that Sri Lanka’s plain packaging measures do not completely prohibit the enjoyment of the trademark rights of the tobacco industry and that Sri Lanka has not violated its obligations under the TRIPS Agreement.

In addition to the substantial changes introduced to trademark provisions, Sri Lanka may need to explicitly emphasize the public health construction of the plain packaging measures in the proposed law. For example, the preamble or the introduction of the plain packaging law needs to state precisely and explicitly that Sri Lanka implements plain packaging measures to respond to its

obligations under Articles 11 and 13 of the WHO FCTC and their implementation guidelines.

This would be similar to the Australian Plain Packaging Act, which explicitly references the WHO FCTC obligations.<sup>107</sup> In this manner, countries tend to invoke the WHO FCTC obligations as a defense strategy to justify plain packaging laws’ interventions at both national and international levels.<sup>108</sup> More importantly, Australia has used the WHO FCTC as a source of authority to prove the legitimate health objectives of its tobacco plain packaging measures in the *Australia–Tobacco Plain Packaging* litigation.<sup>109</sup> The WTO Panel extended its traditional interpretation task by recognizing plain packaging obligations stipulated in the WHO FCTC and its guidelines as an interpretational aid which could be used to determine the scope of the TRIPS Agreement’s trademark provisions.<sup>110</sup> Such references may be used to establish the public health necessity of the plain packaging measures against the trademark violation argument, which may be raised in potential domestic litigations.

In 2016, the National Intellectual Property Office of Sri Lanka (NIPO) and the Ministry of Commerce appointed an expert panel to draft the National Intellectual Property Policy of Sri Lanka (IP Policy).<sup>111</sup> It would have been better for the expert panel to provide explicit reference to the principles enshrined in Articles 7 and 8.1 of the TRIPS Agreement as well as the Doha Declaration on the TRIPS and Public Health in the IP Policy. Furthermore, Sri Lanka may consider substantially incorporating the inherent health flexibilities as fundamental rules for the interpretation and application of the provisions of the TRIPS Agreement and the corresponding provisions of the Sri Lankan IP Act at the national level. Such reference in the IP policy would also be an interpretative aid in potential litigation. However, in conjunction with the implementation of plain packaging measures, the IP policy may need to be amended by incorporating health

<sup>107</sup> *ibid.*

<sup>108</sup> *Philp Morris International v. Uruguay (Award) ICSID Case No. ABR/10/7.*

<sup>109</sup> Panel Report, *Australia–Tobacco Plain Packaging*, para. 7.234.

<sup>110</sup> Wijesinghe (n 17), pp. 136–137.

<sup>111</sup> ‘National Intellectual Property Policy for Sri Lanka’ (*Institute of Policy Studies of Sri Lanka* 2019) <<https://www.ips.lk/national-intellectual-property-policy-sri-lanka/>> accessed 1 April 2022 (this policy has not been implemented and is still at the discussion stage).

flexibilities as guiding principles. The availability of such comprehensive guiding principles in the IP policy will justify the trademark-restrictive nature of the plain packaging measures.

The proposals made in this section particularly deal with addressing or preventing the trademark-related concerns that may arise in domestic litigation when implementing plain packaging measures in Sri Lanka. In addition to the trademark-related aspects, the multifaceted nature of tobacco plain packaging measures, such as the overlap with investment obligations and trade obligations, need to be considered in the policymaking process.<sup>112</sup> As Rosen *et al.* point out, “developing a comprehensive tobacco control plan is a complex endeavour involving curtail decisions regarding intervention components. ‘Off the shelf’ plans, which need to be adapted to local settings, are available from a variety of sources, and a multitude of individual recommendations are available.”<sup>113</sup> Hence, in the Sri Lankan plain packaging policymaking process, policymakers need to carefully analyze other countries’ comparative examples. Altogether, such sustained commitment will be successful in implementing a robust plain packaging law for Sri Lanka.

## 5. CONCLUSION

The analysis of this paper provides policy suggestions on the changes that need to be introduced to the existing IP provisions in Sri Lanka, together with the implementation of tobacco plain packaging measures. Accordingly, this paper suggests introducing trademark-saving provisions by amending the IP Act’s trademark provisions and providing explicit reference to the public health objective of the plain packaging measures in the proposed plain packaging laws. Both suggestions emphasize that policymakers may need to carefully craft the proposed plain packaging law, making necessary amendments to

the IP provisions and policies with a holistic view. Further, these suggestions aim to strike a balance between the interests of tobacco-related trademark owners and the public in the event of implementation of the tobacco plain packaging measures.

The inclusion of such specific provisions does not guarantee that the plain packaging measures would not be subjected to industry challenges and litigation. However, the availability of such specific provisions would provide strong justifications and defenses to tackle the industry’s arguments in potential plain packaging litigations. Further, these policy suggestions were made considering comparative plain packaging laws in other countries, international and national litigations, and particularly considering the Australian examples. Hence, they would be sufficiently broad and applicable in any jurisdiction as they provide some necessary changes to be made when implementing tobacco plain packaging measures.

The success of Sri Lanka’s plain packaging policy cannot and will not be entirely based on drafting the most comprehensive law possible. It may need the inclusive support of the global community including inter-governmental organizations, international non-governmental organizations, philanthropical foundations, and civil society organizations when designing, adopting, and implementing its plain packaging measures. With such inclusive support from the global community and comprehensive “trademark-saving” provisions, Sri Lanka will be able to implement a robust plain packaging policy and achieve its intended health objectives.

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<sup>112</sup> Ernst-Ulrich Petersmann, 'How to Reconcile Human Rights, Trade Law, Intellectual Property, Investment and Health Law?: WTO Dispute Settlement Panel Upholds Australia’s Plain Packaging Regulations of Tobacco Products' (2018) European University Institute Working Paper *EUI LAW* 2018/19 <<https://cadmus.eui.eu/handle/1814/60064>> accessed 3 July 2020; Tania Voon, 'Flexibilities in WTO Law to Support Tobacco Control Regulation' (2013) 39, *AJLM* 199.

<sup>113</sup> Laura Rosen *et al.*, 'A Framework for Developing an Evidence-Based, Comprehensive Tobacco Control Program' (2010) 8, *Health Research Policy and Systems* 17.

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## 2. EMPOWERING THE NEXT GENERATION: PROMOTING INTELLECTUAL PROPERTY AWARENESS THROUGH EDUCATIONAL COMPETITIONS FOR SECONDARY AND HIGHER EDUCATION STUDENTS IN BELARUS

Diana Urganova\*

### ABSTRACT

Education plays a vital role in the development of the intellectual property (IP) sphere in Belarus. Education can be of high value and attract the attention of the younger generation to IP issues and should be strengthened within the country. IP relates to the creation, use and protection of the results of intellectual work. Almost every country is concerned about proper development of IP policies to meet the increasing needs and requirements of society in this area. Legislative basis, governmental programs and different educational activities help to promote IP awareness in Belarus. The School of Business of the Belarusian State University provides possibilities for students of secondary and higher educational establishments to take part in IP competitions, thus promoting knowledge about intellectual property throughout the country.

**Keywords:** *intellectual property, education, IP competition, creative activity, students.*

### 1. INTRODUCTION

Intellectual achievements have always occupied a prominent place in the history of mankind. In a digital era of modern civilization, special attention is given to intellectual work because its results are one of the main resources for the development of post-industrial or information society. On a governmental level, special legal protection is provided to such results of the intellectual (creative) activity. IP is an important part of the knowledge-based economy. It plays a significant role

in developing human capital, accelerating growth, and improving the global competitiveness of national economies. Intellectual property objects (IPOs) that represent intellectual activity include works of science, literature, art (the field of copyright), performances, phonograms, broadcasts of broadcasting organizations (the field of related rights), inventions, utility models, industrial designs, plant varieties, integrated circuit topologies, and trade secrets (the field of industrial property law). Means of individualization include brand names, trademarks and service marks, and geographical indications. Legislation in the intellectual property field helps to foster the development of the intellectual property policy within a country, thus creating opportunities and conditions for economic and cultural prosperity.

Education also plays a significant role in human and social development. The rate of growth in various sectors of the economy and the level of well-being of its citizens depend on the level of education in the country. It can be argued that education has become an investment industry that really determines and shapes the future. The process of learning and self-learning is becoming lifelong, increasingly informal, and aimed at ensuring the competitiveness of the individual, businesses and the national economy as a whole.

It is obvious that the high level of legal culture of the Belarusian society and education in intellectual property contribute to ensuring an appropriate level of IPO protection and creation, while fostering the development of the innovative economy. In turn, the low level of legal culture and education in this area is one factor which leads to the loss of commercially valuable information, reduces economic development and increases the risks of committing offenses.

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A high level of legal culture and education in the IP field can be achieved through training courses and different educational events such as round tables, discussions and contests.

Thus, we consider the involvement of young people to be one of the main pillars to strengthen IP awareness in our country. There are several reasons why students should have a basic understanding of IP law:

- Career opportunities: many industries, such as technology, media and entertainment, rely heavily on IP. A solid understanding of IP law can open up career opportunities in these fields.
- Entrepreneurship: if students are interested in starting their own business, they will need to understand how to protect their own IP, as well as how to navigate the IP of others.
- Innovation: IP law plays a crucial role in promoting innovation by providing incentives for the creation of new and original ideas. Understanding IP law can help students understand how to protect and monetize their own ideas.
- Social Impact: IP law also has a significant impact on society and culture by shaping the way we access and use knowledge, cultural works and technology. Understanding IP law can help students to evaluate the social impact of IP regulation and how it could affect their own community.
- Globalization: IP laws are different in every country, and in today's globalized world, students may encounter IP issues in international contexts, a good understanding of IP law can help them navigate these complexities.

The problem is that only university students have the possibility to study Intellectual Property Management courses at higher educational establishments. Schools and colleges do not provide such an opportunity for their learners. But pupils at schools actively use IPOs for their educational and even commercial purposes. The lack of knowledge in this sphere can cause several problems, including the administrative responsibility created by the violation of IP law.

There is evidence to suggest that strong IP protection can promote innovation and the creation of new, original and unique solutions in various sectors of the economy. The study of the United States Patent and Trademark Office (USPTO) "Intellectual property and the U.S. economy: Third edition" found that industries that rely heavily on IP-intensive industries, such as software and biotechnology, tend to have higher rates of innovation and productivity growth. Thus, the report states that industries in the United States that intensively use IP accounted for 41% of domestic economic activity or output in 2019. That year, the IP-intensive industries directly accounted for more than 47 million US jobs.

Relative to workers in non-IP-intensive industries, workers in IP-intensive industries are more likely to earn higher wages, work in larger companies (500 employees or more), participate in employer-sponsored health insurance, participate in employer-sponsored retirement plans and have a bachelor's or graduate degree, etc. Also we can admit a positive correlation between strong IP protection and increased investment in research and development. However, it's important to note that the relationship between IP protection and innovation is complex and can vary depending on the specific industry and context. Additionally, some experts argue that overly strong IP protection can have negative effects, such as stifling competition and limiting access to new technologies.<sup>1</sup>

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<sup>1</sup> United States Patent and Trademarks Office (USPTO), *Intellectual property and the U.S. economy: Third edition* (USPTO 2019)

<<https://www.uspto.gov/sites/default/files/documents/uspto-ip-us-economy-third-edition.pdf>> accessed 19 June 2022.



Taking into account the US experience, we can assume that Belarus has to make certain efforts in order to achieve good results in the development of IP sphere. The article presents an overview of the Belarusian intellectual property system, examines the structure and functionality of the main governmental bodies in promoting IP knowledge, highlights the importance of IP education in Belarus, and describes the experience of the School of Business of the Belarusian State University in the development and implementation of educational projects in the field of IP.

## **2. THE INTELLECTUAL PROPERTY SYSTEM IN BELARUS**

The Belarusian National Intellectual Property System is an effective mechanism for socio-economic development and one of the key elements of the national innovation system. This was stated in the State Program for Innovative Development of the Republic of Belarus for 2021–2025 approved through the edict of September 15, 2021 No. 348 by the President of the Republic of Belarus. For the first time, the section covering the IP system development was included in the document. Thus, the IP system was proclaimed to become a full-fledged economic tool for accelerated innovative development in Belarus.

### **A. IP STRATEGY UP TO 2030**

To ensure gradual development of the national IP system, the Strategy of the Republic of Belarus in the Intellectual Property Sphere until 2030 (the Strategy) and its implementation work plan for 2021–2023 were adopted.

The Strategy is aimed at ensuring the implementation of the main priorities of socio-economic policy and sets the goals and directions of the state policy and corresponding tasks in the sphere of intellectual property. It also sets the main guidelines for improving the national IP system as well as the state policy goals and objectives, thereby

providing for the transformation of IP into an effective tool of innovative and socio-cultural development of the country.

The Strategy was elaborated with due consideration of Belarus' socio-economic development priorities; provisions of major program and strategic documents in scientific, technical and innovation areas; best world practices of intellectual property protection, enforcement and management; as well as global and regional trends of intellectual property system development.<sup>2</sup>

In a mid-term perspective, there are plans to increase the role of IP in high-tech and knowledge-intensive clusters of the national economy, in the social and cultural sphere, and in investment and export activity. In a long-term perspective, the national IP system should be integrated into the social and economic state policy and increase national economic competitiveness based on knowledge and innovations.

To achieve these goals, the basic objectives were set as follows:

- building an effective IP protection, management and enforcement system that pertains to current and prospective economic and social needs, thereby facilitating development of innovative activities, national commodities (works and services) and competitiveness growth;
- institutional development in IP, including better human resources management and advancement of National Centre of Intellectual Property (**NCIP**) technical equipment as well as increasing its role in development of innovative activities;

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<sup>2</sup> Council of Ministers of the Republic of Belarus, 'The Strategy of the Republic of Belarus in the Intellectual Property Sphere for 2021-2030' adopted by Council of Minister's Order No. 672 of 24 November 2021' N

5/49660 <[https://ncip.by/upload/doc/2021/Pr\\_2.pdf](https://ncip.by/upload/doc/2021/Pr_2.pdf)> accessed 19 June 2022.

- building a full-fledged IP market in Belarus with its further integration into the Eurasian and world IP markets;
- increasing efficiency of IPO use including their commercialization; enforcing IP significance in scientific, technical and economic activity; and human resources knowledge-based economy development;
- developing national branding based on using IP tools for investment and expansion of export activities;
- upgrading the level of innovative and other creative activity among scientists and other OIA authors;
- enabling higher-education institutions and scientific, industrial and other organizations, including SMEs, to use resources and take advantage of IP;
- expanding access to world scientific, literature and fine arts achievements including TISC networks, digital platforms and IP-automated systems introduction;
- expanding economic rights, collective management of copyright, and related rights; and
- levelling up legal culture and erudition about IP and disseminating new knowledge and information about this subject's significance for social and economic development of the Republic.<sup>3</sup>

Strategy implementation follows such basic courses as IP legislation enhancement; development of institutional system in the IP sphere; improvement of stimulation drive to create, legally protect and use IPO; and development of IP management systems, thereby improving mechanisms of countering infringements in

the IP sphere and leveling up legal culture and erudition about IP.

Thus, strategy implementation enables the country to increase the efficiency of the IP management system and transfigure national research, scientific and creative potential into a key element of economic growth.<sup>4</sup>

## **B. CURRENT DEVELOPMENT IN THE NATIONAL LEGISLATIVE SYSTEM**

The main pillars of the national IP legislative system of Belarus are the Constitution, the Civil Code, Laws on legal protection of IPO, the Strategy, and norms and principles of international law. Additionally, some related legal acts constitute separate regulations on IPO commercialization, their valuation, record of rights as intangible assets and responsibility for IPO rights infringements.

National legislation is systematically improved by incorporating current and prospective tasks into national social and economic development and thematic international standards. Contemporary national legislation, as seen from lessons learned, provides reliable protection to Belarusian and foreign applicants. Similarly, further efficient use of IPO provides competitive advantages and additional revenue, while also securing protection of interests among scientists, representatives of the cultural and arts sphere, and manufacturers and exporters.

The legislation system is constantly evolving. For example, in 2021, 38 draft normative legal acts were developed, and 14 of them were adopted. There were 39 drafts of legal regulatory acts elaborated in 2020, 22 of which were adopted in 2021 (there were 37 drafts in 2019, 17 of which were adopted in 2020).<sup>5</sup>

The Republic of Belarus is actively involved in international cooperation and in the framework of the

<sup>3</sup> *ibid.*

<sup>4</sup> *ibid.*

<sup>5</sup> NCIP, 'Annual report of the National Center of Intellectual Property 2021' (NCIP 2022)

<https://ncip.by/upload/iblock/a1a/a1a2ff3368aac4dc545cc04acee0aa45.pdf> accessed 19 June 2022.

implementation of its obligations under the relevant international agreements, ensuring the implementation of international standards in the sphere of IP.

The Republic of Belarus takes part in 19 of 26 WIPO administered international treaties including basic treaties on industrial property (The Paris Convention for the Protection of Industrial Property, adopted and signed on March 20, 1883), copyrights and related rights (Berne Convention for the Protection of Literary and Artistic Works signed and adopted on September 9, 1886), as well as five out of six treaties, providing tools via global WIPO systems for registration and protection of inventions, trade and service marks or industrial designs. Thus, Belarusian and foreign applicants seeking legal protection in Belarus in 2012–2020 filed 704 international applications in accordance with the Patent Cooperation Treaty (PCT) signed in Washington on June 19, 1970, and 49,920 applications for trademarks in accordance with the Madrid System.<sup>6</sup>

A legal and institutional environment for IPO protection and enforcement in the Eurasian Economic Union (EAEU) and the Commonwealth of Independent States (CIS) has also been built. Further expansion of cooperation has been supported by signing an agreement on building the IP market and development between the CIS members. The Republic of Belarus is a co-signer of the Eurasian Patent Convention signed on September 9, 1994, together with such countries as Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan and Turkmenistan. Annually, nationals of these countries file around 100 applications for granting Eurasian patents for inventions. The validity of around 6,500 Eurasian patents for inventions has been confirmed on Belarusian territory. The Republic of Belarus also plans to join the Protocol to the Eurasian Patent Convention on the Protection of Industrial Designs signed at the diplomatic conference in Nur-Sultan on September 9, 2019, for further expansion of the Eurasian patent

system, which presupposes granting legal protection to industrial designs based on a common Eurasian patent. Basic regulations of IPO protection and enforcement are fixed in the Eurasian Economic Treaty as of May 29, 2014. A number of documents have been signed in pursuit of expanding cooperation, among which are:

- the Treaty on Coordinating actions for IPO protection as of September 8, 2015;
- the treaty on Copyright and Related Rights Collective Management as of December 11, 2017; and
- the Agreement on EAEU trademarks, service marks and appellations of origin as of February 3, 2020, which presupposes setting up a regional system of the aforementioned IPO protection for boosting EAEU commodities and service-market development as well as expansion of trade and economic cooperation with other countries.<sup>7</sup>

Active dynamics are developing cooperation with the Confederation of right holders' societies of Europe and Asia, which aim to build and develop a collective management institute in EAEU, CIS and other countries, taking into account contemporary global tendencies linked to progress in digital technology and the rise of new information-transmission modes.<sup>8</sup>

### **C. IP INFRASTRUCTURE**

To implement State policy in the field of IP, our country has created an IP management system. This system is represented by three branches of power: legislative, executive and judicial. The main legislative bodies are the President, under whom the National Center for Legislation and Legal Research has been established, and the National Assembly of the Republic of Belarus. The legislative body adopts laws and decrees, thus forming the legal field of IP protection.

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<sup>6</sup> *ibid.*  
<sup>7</sup> *ibid.*

<sup>8</sup> *ibid.*

The executive power includes the Council of Ministers, the State Committee for Science and Technology and the National Intellectual Property Center.

- **The State Committee on Science and Technologies of the Republic of Belarus** is a republican authority of the state administration that is responsible for carrying out government policy in the field of the legal protection of intellectual property rights.
- **The National Center of Intellectual Property** is directly responsible for the legal protection of intellectual property rights and performs the functions of a patent office of the Republic of Belarus prescribed by the legislation. Two independent institutes function at the National Intellectual Property Center: the Institute of Patent Attorneys and the Institute of Independent Appraisers of IP Objects, whose activities are aimed at providing assistance to legal entities and individuals on obtaining security documents for industrial property objects and assessing the value of rights to IP objects.
- **The Chamber for Intellectual Property Disputes of the Supreme Court of the Republic of Belarus** is a specialized panel of judges which hears and rules dispute litigations as implied in legislation regulating property and personal economic rights arising from creation of intellectual property rights, legal protection and use thereof.
- **The Republican Library for Science and Technologies** is an institution subordinated to the State Committee on Science and Technologies of the Republic of Belarus that performs the functions of managing a publicly-accessible patent document collection. It is the only center in the Republic with the most complete collection of patent documentation:

more than 54 million copies of documents from 45 countries and 4 international organizations in 26 languages.

- **The patent attorneys** are nationals of the Republic of Belarus entitled to represent natural persons or legal entities before the patent office of the Republic of Belarus.
- **Republican public association** providing organizational management and regulatory and methodological support of innovation activities in the Republic of Belarus.<sup>9</sup>

The market of IPOs created in the Republic of Belarus includes the following main segments:

- Copyright objects (mainly computer programs and databases). We don't have statistics on them in Belarus.
- Objects of industrial property. At the beginning of 2020, about 140,000 documents of patents in force were maintained (inventions, utility models, industrial designs, plant varieties, topologies of integrated circuits, trademarks and service marks, geographical indications). In addition, about 10,000–15,000 patent documents can be renewed by the rights owners. Deals with industrial property objects are registered in the National Center of Intellectual Property.
- Secrets of production ("know-how"). World practice shows that most transactions with this type of IP are protected as trade secrets. Currently, there is no statistical information on deals with trade secrets in Belarus.
- The results of scientific and technical activities are registered in a specified registry; in 2020 it contained more than 2,700 results.

Thus, we can assume that an intellectual property management system has been successfully created in

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<sup>9</sup> NCIP, 'IP system in Belarus' (*ncip.by*) <<https://ncip.by/en/sistema-is/infrastruktura/>> accessed 19 June 2022.

Belarus. The IPO market in our country includes at least 150,000–160,000 objects for commercialization.

### 3. BELARUSIAN EDUCATIONAL POLICY IN IP

Modern universities, along with the traditional function of training personnel for the innovative economy, are one of the key sources of new knowledge and technologies based on IP. Therefore, issues of creation, legal protection, introduction into civil circulation and protection of intellectual property objects, which are actively involved in economic turnover, are of particular importance at universities.<sup>10</sup>

Non-accredited scientific organizations and universities are the main bodies for initiating scientific and innovative activities. There is a plan to write and approve IP policies for these bodies, which will outline main goals and terms of references, these organizations function accordingly. The policies should increase efficiency of scientific inventions commercialization, drawing additional financial funds for developing these organizations, supporting their reputation, welcoming investors, keeping in focus those employees' interests involved into creation and use of IPO to stimulate their creative activities.<sup>11</sup>

#### A. IP POLICY FOR UNIVERSITIES IN BELARUS

IP policy for universities and research organizations was adopted in Belarus in 2020 by the State Committee on Science and Technologies of the Republic of Belarus, based on which universities and research institutes should elaborate their own policies;<sup>12</sup> and in 2022 Belarusian National Technical University, Belarusian State Technological University, State Scientific Institution, “United Institute of Mechanical Engineering of the

National Academy of Sciences of Belarus”, Research Institute of Physical and Chemical Problems of the Belarusian State University and others adopted IP policies within their institutions.

The main goal of the Policy is to develop and implement elements of the digital educational space, commercialize the results of intellectual activity, and protect copyright and related rights. In addition, the university's resources containing information about intellectual property are a kind of business card that allows Belarusian universities to establish working contacts with foreign universities and implement international projects in the field of education and science. We have a good example among educational establishments that in 1993-2019 received the largest number of patents for inventions under the national procedure: the Belarusian National Technical University - 1060, the Belarusian State Technological University – 864, the Belarusian State Agrarian Technical University – 671, the Belarusian State University – 594 and others.<sup>13</sup>

Thus the Policy aims to: i) promote, encourage and foster the scientific investigation and research; ii) provide legal certainty in research activities and technology-based relationships with third parties; iii) set out the Institute's procedures on the identification, ownership, protection and commercialization of IP; iv) ensure the timely and efficient protection and management of IP; v) facilitate the recording, monitoring and maintenance of the Institute's IP portfolio; vi) ensure that economic benefits arising from the commercialization of IP are distributed in a fair and equitable manner recognizing the contributions of the Inventors, the Institute, and any other relevant stakeholders; and vii) enhance the reputation of the Institute as an academic research institution and a

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<sup>10</sup> Anton Kalinin and Yury Nechepurenko, ‘Политика университета в области интеллектуальной собственности: зарубежный опыт’ (University Policy in the Field of Intellectual Property: Foreign Experience) (2018) 3, Intellectual Property in Belarus 16 <<https://elib.bsui.by/bitstream/123456789/208534/1/%D0%98%D0%A1%20%D0%9F%D0%BE%D0%BB%D0%B8%D1%82%D0%B8%D0%BA%D0%B0%20%D1%83%D0%BD-%D1%82%D0%BE%D0%B2.pdf>> accessed 19 June 2022.

<sup>11</sup> *ibid.*

<sup>12</sup> State committee for Science, Technology of the Republic of Belarus, ‘Policies in the Field of Intellectual Property for Institution of higher education and scientific organization of the republic of Belarus’ (ncip.by) <[https://ncip.by/upload/doc/2020/Polit\\_VO\\_NIO.pdf](https://ncip.by/upload/doc/2020/Polit_VO_NIO.pdf)> accessed 19 June 2022.

<sup>13</sup> Petr Vitiaz and Yury Nechepurenko, ‘Национальная система управления интеллектуальной собственностью’ (IP governance system in the Republic of Belarus) (2020) 4 (206) Science and Innovation 10.

member of society as well as the reputation of the Researchers through bringing the research results to public use and benefit.<sup>14</sup>

Additionally, to enhance the legal culture and erudition in IP sphere on national level, the following steps should be undertaken:

- Developing education programs in the IP sphere including upgrading the training programs content for IP experts;
- Introducing new efficient approaches of additional education for adults about current issues of IP protection and management;
- Arranging training courses on IP protection and management;
- Developing start-up schools at universities;
- Designing proposals on improving IP training, learning and development programs for the law enforcement staff, judiciary, diplomatic and consular civil servants;
- Uploading information on the official web-sites of national governance bodies and organizations, social media and messengers, mass media, creation of social advertisements, organizing thematic meetings in secondary, vocational schools and higher-education institutions as well as various IP contests;
- Developing youth centres of technical creativity;
- Organizing annual scientific and practical conference on IP issues;
- Organizing seminars, round tables and other events on current issues of IPO legal protection and their use, creativity and innovation including administering and perfection of law and its further upload to the official websites of national governance bodies and organizations;

- Organizing annual contests on invention including national and regional contest “100 ideas for Belarus.”<sup>15</sup>

Development of the modern IP system inherently pertains to digital transformations of any economy. It is expected to take steps in regulating turnover of rights to IPO in digital environment and also to deploy digital platforms (virtual fields) to interact with inventors, entrepreneurs and investors. Moreover, digitalization is also a good way to promote IP knowledge among different groups of people.

A number of program documents have been developed and are being implemented in Belarus for this purpose: state programs “Digital Development of Belarus” for 2021-2025 (approved by Resolution of the Council of Ministers of the Republic of Belarus No. 66 dated 02.02.2021 with subsequent amendments and additions), “Education and Youth Policy” for 2021-2025 (approved by Resolution of the Council of Ministers of the Republic of Belarus No. 29.01.2021 57), State Program on the development of the education system of the Republic of Belarus until 2030 (approved by Order of the Minister of Education of the Republic of Belarus No. 742 dated 29.11.2017), etc.

## **B. THE NATIONAL CENTER OF INTELLECTUAL PROPERTY: EDUCATIONAL ACTIVITIES**

As stated previously, the State institution “National Center of Intellectual Property (NCIP)” is one of the key elements of the National Intellectual Property System in promoting IP knowledge in society.

Professional staff is required to achieve effective IP management. Therefore, since 2006, in the Republic of Belarus, all institutions of secondary and higher education have introduced the course “Fundamentals of Intellectual Property Management.” Issues of intellectual property management have been integrated into a

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<sup>14</sup> WIPO-Department for Transition and Developed Countries, ‘Model Intellectual Property Policy for Universities and Research Institutions’ (Versions one, WIPO)

<[https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_transition\\_2\\_a.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_transition_2_a.pdf)> accessed 19 June 2022.

<sup>15</sup> NCIP Annual report (n 5).

number of educational programs of educational institutions.

The education of professionals is being carried out at the Training Center of the National Center of Intellectual Property.

The journal “Intellectual Property in Belarus” is published regularly and provides information and methodological support in the sphere of intellectual property. Consulting and methodological centres on intellectual property issues operate in all regional centres and in Minsk, thus providing consultations to individuals and legal entities in the IP sphere.

The present system of education, information and methodological support in the sphere of intellectual property does not fully meet the actual needs of the economy and requires further development in the following areas:

- developing basic and additional education in the sphere of intellectual property;
- research on current issues of intellectual property, to be carried out with high priority by graduates, postgraduates and individuals who are attending doctoral programs;
- improving academic and methodological support of education in the sphere of intellectual property, in particular the protection of IPO rights in the Internet;
- improving the process of providing information services and professional consultations in the sphere of intellectual property on the basis of the National Center of Intellectual Property; and
- implementing joint educational projects in collaboration with WIPO and the Russian State Academy of intellectual property for training,

skills development and retraining of personnel in the sphere of intellectual property.<sup>16</sup>

NCIP provides training on IP-related issues in basic and specialized programs for adults. Each training targets the representatives of various professional communities, including commercial enterprises, small businesses and others.

In 2020, 290 specialists of State administration bodies, enterprises and other organizations were trained at NCIP (191 specialists in 2019). Due to the epidemiological situation associated with the spread of COVID-19, many educational programs developed by NCIP were timely modified. Since 2020, the training itself and development of other educational programs (modules) has continued in the distance-learning mode.

Seventeen training courses were organized in 2021 for 480 participants (in 2020: 366 participants). The increased number of trainees indicates the existing demand for competent knowledge of intellectual property.

On April 7, 2020, the Ministry of Education of the Republic of Belarus approved the new syllabus “Basics of Intellectual Property Management” for universities, developed by the National of Higher Education in cooperation with NCIP.

In order to promote knowledge in the intellectual property sphere in the Republic of Belarus and enhance scientific and human capacity, NCIP organizes contests among students and graduates of higher educational institutions for the best work in the intellectual property sphere in the following categories: best diploma work, best term work and best article.

Training is systematically organized in all current IP issues for personnel. For example, the NCIP has organized 59 programs since 2012, whereby around 1,570 experts have been trained. The online format of teaching has

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<sup>16</sup> *ibid.*



created more opportunities for specialists from different Belarusian regions to take part in trainings. Also, the NCIP delivers around four or five thousand free-of-charge consultations to individuals and legal entities annually.<sup>17</sup>

### C. SCHOOL OF BUSINESS OF THE BSU: CONTESTS FOR STUDENTS

To implement the tasks set out in the IP Strategy, appropriate methods should be introduced into training aimed at developing students' critical and creative thinking, system analysis and entrepreneurial skills.

In this regard, there is a need to find new approaches to the organization of the educational process as well as additional education for children and youth in determining ways to ensure the possibility of self-development and self-education of the individual for further contribution to the intellectual capital and the economy of the country.

In our opinion, the project activity in training and the research approach as its methodological basis can become a priority in the educational process.

The research approach in teaching involves students using creativity to solve educational tasks and acquire new knowledge on this basis. The research function of project activity orients students to analyze the phenomena of the surrounding world and acquaints them with research activities, thereby contributing to the development of research abilities.

The Institute of Business of the Belarusian State University has created conditions to implement this method in practice, and there is successful experience of its implementation through the organization of creative tasks, projects and competitive events.

First of all, the teachers make every effort to make the academic discipline "Fundamentals of Intellectual Property Management" fascinating and useful for

students of the specialties "Business Administration", "Marketing", "Management", "Logistics", and "Information Resources Management", though it's not an obligatory course for them. However, its significance for any qualified specialist becomes obvious after several classes. Through the performance of various practical tasks, mostly built on an interactive basis and the accumulation of personal experience, students comprehend the foundation of intellectual property, revealing their creative abilities and desire to contribute to the development of a modern civilized society. Students are happy to participate in business games, contests, Olympiads, and scientific and practical events.<sup>18</sup>

With great interest, our students conduct research to understand the most pressing and extraordinary issues related to intellectual property. They have been concerned about the legitimate use of memes, copyright protection in social networks, the creation and use of cover songs, IP management in the advertising industry and digital environment, exclusive rights to a cartoon character, and unfair competition. They have also tried to evaluate perfume and photographs as objects of IP to see the true meaning of patenting and to imagine the future of artificial intelligence.

Secondly, "case study" technology, combined with the possibilities of e-learning, allows for the most effective elaboration of the lecture materials. It is aimed at developing students' skills in analyzing the current legislation on the protection of intellectual rights, drafting procedural documents and subsequently representing their interests in court. The case assignment is created in the form of a role-playing game scenario. Participants in each group must prepare materials for the trial in written form and submit them to the teacher online via a distance-learning platform. Students have different levels of cognitive activity and different individual and psychological characteristics, and the use of case technology in a remote format allows us to

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<sup>17</sup> *ibid.*

<sup>18</sup> Dmitry Gulyakevich and Diana Urganova, 'О развитии олимпиадного движения по интеллектуальной собственности: опыт Беларуси (On

the Development of the Olympiad movement on Intellectual Property: the experience of Belarus) (2021) 3(71) *Pravo.by* 95.



organize the case game in a more effective way, since both an individual-differentiated approach and group work are taken into account. Then, during the practical class, the activity of the Judicial Board for Intellectual Property is simulated. The student must assess the situation, elaborate the arguments, find the right line of behaviour and present his or her arguments in “court.”

The School of Business pays special attention to the Olympiad movement on IP. For four years, the Institute has been holding the Republican Olympiad “Intellectual Property as the Basis for Business” (hereinafter referred to as the Olympiad). They have been attended by more than 400 people studying at various educational institutions in Belarus. These are institutions of general secondary, specialized secondary and higher education.

The Olympiad includes two stages. The task of the first stage is performed online and sent to the organizing committee of the Olympiad. The second stage is held offline and, as a rule, 10 to 15 finalists participate. The winners and laureates of the Olympiad are awarded with diplomas of 1, 2 and 3 degrees and memorable prizes.

The first stages of the Olympiads have involved participants preparing essays on the topic “The role of intellectual property in the development of society” (2019); performing creative work on the topic “Intellectual property at the present stage of the development of world civilization” in one of the following categories: (1) “Literary work”, (2) “Work of Design”, or (3) “Audio-visual work” (2020); and creating a literary work on the topic “In the world of intellectual rights” in the form of a story, fairy tales, fables, legends, ballads, poems, plays, etc. (2021). In 2022, the task for the first stage was to write a fairy tale about IP.

The second and final stage of the Olympiad is held in two rounds. Content of the first round has consisted of the interactive team quiz game “What I know about intellectual property” (2019); presentation of creative projects on the topic “Innovations for a green future” (2020); “Court proceedings” in defence of infringed

copyright (2021); and a public speech “How intellectual property can help to transform our life into fairytale” (2022). The interactive team quiz game included a variety of fascinating tasks, puzzles and practical situations. The theme of the project, which was celebrated by the finalists of the Olympiad in 2020, was the slogan of the International Intellectual Property Day “Innovations for a green future,” under which the International Intellectual Property Day was celebrated. At the first round of the final stage of the Olympiad in 2021, the participants spoke in an imaginary court in defence of their violated copyright in the framework of the proposed situation. In 2022, the participants should prepare a public speech: “How intellectual property can transform our lives into fairytale.”

At the end of the Olympiad, participants, as a rule, are invited to complete individual tests.

The Republican Intellectual Property Olympiad performs the following tasks: expansion of the horizons of young people on the importance of intellectual work and the need to protect its results; familiarization with intellectual property as a resource for the economic development of society and the basis of business; formation of sustainable interest of young people in the legal protection of intellectual property, its relevance in the field of business and its role in the development of modern world civilization; and stimulating interest in intellectual activity.

As part of the final stage, the participants of the Olympiad get acquainted with the National Intellectual Property Center, the Patent Fund and the Judicial Board for Intellectual Property Affairs of the Supreme Court of the Republic of Belarus. The geography of the Olympiad covers all regions of the Republic of Belarus. Representatives of both large cities and small settlements express their desire to participate in such an event. All of them demonstrate great interest in the content of the Olympiad and show themselves as a serious and purposeful young generation.

In 2022 the School of Business started a new project: “The ABCs of the Intellectual Property.” This project aims to provide basic knowledge in the IP sphere and promote the importance of intellectual work and the need for careful attitudes to its results.

The project includes five levels: (1) lectures on the following topics: “Introduction to intellectual property”, “The ABCs of copyright”, “The ABCs of industrial property”, “The ABCs of commercialization of intellectual property”, and “The ABCs of intellectual property management”; (2) discussions on burning issues in the IP sphere; (3) educational and entertainment activities at schools, colleges and universities; (4) competitions and games in IP; and (5) summer school on IP for pupils of the 10<sup>th</sup> form. These activities are created for all who are interested in IP issues.

#### **4. FINAL REMARKS ON THE STATUS OF BELARUS IP EDUCATION AND SUGGESTIONS FOR IMPROVEMENTS**

Like other countries in Central and Eastern Europe, over the last two decades, Belarus has focused its efforts on transitioning to a knowledge-based economy. To this end, the Government has been supporting the development of an innovation ecosystem that supports business growth and the country’s long-term economic sustainability. Enhancing the national IP system is central to this endeavour.

However, the IP system in Belarus faces challenges:

1. Enforcement: the enforcement of IP rights in Belarus is limited, and it is reported that IP rights violations are prevalent, particularly in the areas of counterfeiting and piracy.
2. Transparency: it is difficult for rights holders to monitor the use of their IP.
3. Lack of awareness: there is a lack of awareness among the public and businesses about IP rights and the importance of protecting IP.

In order to strengthen the IP system in Belarus, it is important to improve the enforcement of IP rights,

increase transparency in the maintenance of IP rights and raise awareness of IP rights among the public and businesses. Additionally, promoting interdisciplinary education in IP law, providing opportunities for students to learn about international IP law, and encouraging research and analysis of current IP issues would help to improve IP education in Belarus.

IP regulation and protection can certainly play a role in promoting innovation and creativity. Studies have shown that a strong IP system can encourage investment in research and development, which can lead to the creation of new and unique products and technologies. However, it is also important to note that there are different opinions on the optimal level of IP protection, and some experts argue that excessive IP protection can stifle competition and limit access to knowledge and information. Additionally, it is not just a matter of creating IP, but also how it is managed and shared, that can benefit society.

Regarding the current status of Intellectual Property (IP) law education in Belarus, it is likely that the system is not enough for providing a comprehensive understanding of IP law for students. This is because IP law is a complex and constantly evolving field, and it’s important for students to have access to the latest information and developments in order to prepare for careers in industries that rely heavily on IP.

In order to improve IP law education in Belarus, some possible suggestions could be:

1. Incorporating more practical and hands-on learning experiences: this could include case studies, mock trials, and internships in law firms or companies that specialize in IP.
2. Providing opportunities for students to learn about international IP law: it’s important for students to have a global perspective on the field. This could be achieved through study abroad programs, guest lectures, or online courses on international IP law.

3. Encouraging interdisciplinary study: IP law touches on many different fields, such as technology, media and the arts. By encouraging interdisciplinary study, students can gain a better understanding of how IP law affects different industries.
4. Encouraging research and analysis of current IP issues: this could include seminars, workshops or competitions where students can research and analyze current IP issues and propose solutions.
5. Providing networking opportunities for students: by connecting students with IP professionals, they will be able to gain valuable insights into the field and learn about potential career opportunities.
4. Encouraging creativity and innovation: IP laws are designed to promote creativity and innovation by providing legal protection for creators and inventors. By learning about IP at school, students will gain a better understanding of how IP laws can help to foster creativity and innovation in different fields.
5. Reflecting of global and cultural issues: IP is a global issue, reflecting the global and cultural aspects of creative works and inventions. Understanding the laws and regulations that govern IP in different countries and cultures will help students to appreciate the complexities and nuances of these issues and to navigate the global marketplace.
6. Providing a legal and ethical framework for the digital age: with the increasing use of the Internet and digital technology, IP laws play a critical role in the digital landscape. By learning about IP at school, students will be better prepared to understand and navigate the legal and ethical issues related to the digital age.

There are several reasons why students should learn about IP at school:

1. Relevance to real-world issues: IP laws and regulations affect many aspects of our daily lives, from the music and videos we watch to the software and apps we use. By learning about IP at school, students will gain a better understanding of these real-world issues and how they impact the use and distribution of creative works and inventions.
2. Preparing for future careers: many students will go on to careers that involve the creation, distribution or use of creative works and inventions. By learning about IP at school, students will be better prepared to navigate the legal and ethical issues that may arise in their future careers.
3. Promoting responsible use of information and media: by learning about IP at school, students will gain a better understanding of the rights and responsibilities of creators, users, and distributors of information and media. This will help them to use and share information and media responsibly and avoid violating the rights of others.

In summary, teaching IP at school is essential in providing a comprehensive understanding of the legal and ethical issues surrounding creative works, inventions, and digital technology which have a direct impact on students' lives and future careers. It helps them understand the complexities of IP laws and regulations in today's digital age and act responsibly and ethically in their use and distribution of information and media.

## **5. CONCLUSION**

So, at present, we can say that in Belarus a stable IP system has been established and is represented by developed legislation and effective governmental infrastructure. The current IP system aims to encourage further innovation, socio-economic and cultural development, facilitate international trade, increase global demand for legal protection and enforcement of IP and technology transfer mechanisms, and increase the

share of IP as an intangible asset in the total value of organizations' assets.

It is important to enhance legal awareness of IP in Belarus. We can underline the role of the National Organization of Intellectual Property in promoting IP knowledge in Belarus by organizing educational events and contests for your generation, giving lectures to professionals, and conducting research and publication activities in IP.

We consider the involvement of young people as one of the main means of strengthening IP institutions in our country, and the sooner a young person gets acquainted with this sphere, the stronger intellectual capital will be within the country. That is why we insist on educating pupils at schools and colleges about the foundations of IP and its protection, and it is why the School of Business of the BSU conducts a number of educational and creative activities in promoting IP awareness in Belarusian communities.

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### 3. MANAGEMENT AND COMMERCIALIZATION OF MUSIC COPYRIGHTS IN RWANDA: CHALLENGES AND OPPORTUNITIES

Daniel Ndayisaba\*

#### ABSTRACT

The main argument resulting from this paper is that there are difficulties in the management and commercialization of music copyrights in Rwanda. The difficulties range from a lack of well-established collective management organizations to a lack of cooperation between users and artists in protecting copyrights. The Rwandan Society of Authors (RSAU) is the sole collective management organization (CMO) operating in Rwanda in the form of a private company since 2016. Since its establishment, the CMO has collaborated with the national intellectual property office to collect and distribute royalties. However, all the efforts toward this goal have not successfully met expectations because, when the CMO distributed royalties in 2019 and 2021, the distributed amounts were below 100 US dollars per right holder. The users have been reluctant to pay, and the CMO does not have what it requires for copyright enforcement. There are some factors to explain this underperformance of the CMO. First, the unwillingness of artists themselves to affiliate with the CMO, as they prefer individual management, which gives them direct income and much flexibility in increasing their fame. Second, the issue related to the contradiction between the legal status of RSAU and its functioning in practice. The contradiction is that its legal status presages voluntary membership of artists, whereas, in practice, the national IP office tends to view that it is a mandatory CMO for all artists and that its tariffs should be applied to

all users. This would entail collection of royalties on behalf of all copyright holders and without inclusive consultation with all stakeholders. Third, there is a lack of appropriate technology to trace and monitor the use of songs so that the distribution of royalties can be proportional to the power play of each artist. Despite the challenges, there are also some opportunities, including the Government's commitment to IP protection by enacting legal, policy and institutional framework.

**Keywords:** *Music Works, Creative Works, Intellectual Property Rights, Commercialization, Copyrights and related rights, royalties, Collective management organization, Rwanda.*

#### 1. INTRODUCTION

Historically, the legal landmark of commercialization of music copyrights in Rwanda can be traced back to 1983 with the occurrence of two major events. Firstly, on August 18, 1983, Rwanda accessed the Bern Convention for the Protection of Literary and Artistic Works.<sup>1</sup> Secondly, Rwanda enacted law No. 27/1983 Governing Copyright of November 15, 1983. This is the first Rwandan legal text to specifically regulate the commercialization of musical copyrights. Article 9 of this 1983 law provided that the author of the music has the exclusive right to his/her work and he/she can authorize anyone who wants to use it, whereas Article 84 provided the establishment of "Service Rwandais chargé de la Gestion des Droits d'Auteur (SRDA)" literally translated in English as Rwandese Copyright Administration Service. The SRDA is the sole service empowered to administer the economic and moral rights of authors.<sup>2</sup>

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including: the 17<sup>th</sup> WIPO-WTO Colloquium for Teachers of Intellectual Property in 2021; the Advanced Training Program on Intellectual Property for Least Developed Countries (LDCs): Copyright for Development, Swedish Patent and Registration Office (PRV), in collaboration with the Swedish International Development Cooperation Agency (Sida) and the World Intellectual Property Organization in Stockholm (Sweden); and the 2018 follow-up session in Lilongwe (Malawi).

<sup>1</sup> Law No. 18/1983 of 18 August 1983, on accession of Rwanda to the Berne Convention for the Protection of Literary and Artistic Works.

<sup>2</sup> Law No. 27/1983 of 15 November 1983, governing Copyright in Rwanda (repealed), Art. 9 and 75.

In 2009, Rwanda adopted intellectual property (IP) policy and comprehensive law on intellectual property (hereafter, “the 2009 IP law”).<sup>3</sup> It was after major reforms of Rwandan business laws to create a more favorable environment for investment and business. The enactment of a new law on the protection of IP has changed Rwanda’s IP landscape, replacing the outdated legislation on IP, which was not sufficiently protective of IP holders. The 2009 IP law also complies with the requirement of the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), to which the Republic of Rwanda is a party, following its membership to the WTO in 1996.<sup>4</sup>

With the development of technology, law No. 31/2009 of October 26, 2009, on the protection of IP in Rwanda (the 2009 IP law) was published for the purpose of creating a “fair and equitable” commercial environment by the reduction and prevention of distortions and impediments to free trade and to set up principles, rules, and disciplines dealing with trade in counterfeit goods.<sup>5</sup>

The 2009 IP law is the main national legal text governing the management and commercialization of music copyrights. The third part of this law is reserved for the protection of copyrights and related rights. This law recognized the economic and moral rights of owners of music copyrights and set the modalities for protecting and securing their rights against potential infringement.<sup>6</sup>

Article 253 of the 2009 IP law provides for two options of copyrights management: the management of copyrights entrusted to one or many private companies of collective management of copyrights, and related rights and individual management by rights holders.

In addition, Rwanda has access to salient international instruments pertaining to the management and commercialization of musical copyrights, including The Berne Convention for the Protection of Literary and Artistic Works,<sup>7</sup> The TRIPS Agreement and The Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite.<sup>8</sup> Before 1886, there was a proliferation of bilateral agreements regulating copyright protection between States. Under this regime, recognition of the rights of foreign authors was based on the principle of reciprocity. These bilateral treaties were deemed unsatisfactory. The need for a truly multilateral treaty was felt by all stakeholders.<sup>9</sup>

Despite the legal and institutional frameworks to regulate the management and commercialization of copyrights, there are challenges that put copyright holders in a precarious situation. In the African context, on one side, there are loopholes in the legislation with regard to the mandatory obligation for users to pay royalties, and, on the other side, there are no clear regulations for collective management organizations to cater to the interests of copyright holders.<sup>10</sup> The 2009 IP law has only one article on collective management organizations, and it limits itself to mentioning that the organization can be a private company.<sup>11</sup> The collective management organization is a body with some specificities compared to a mere commercial company. The loopholes range from the lack of legal provisions on specific structures, functional organs and mechanisms that ensure the protection of the interests of copyright holders, to issues such as the lack of conditions for granting licenses to an organization wishing to become a CMO, membership criteria and management of the CMO, as well as the licensing and distribution of royalties.

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<sup>3</sup> Law No. 31/2009 of 16 October 2009, on the protection of intellectual property (hereafter, the 2009 IP law).

<sup>4</sup> World Trade Organization, Notification of Acceptance, (WTO, 2023) <[https://www.wto.org/english/res\\_e/booksp\\_e/sli\\_e/6wtoagreementacceptances.pdf](https://www.wto.org/english/res_e/booksp_e/sli_e/6wtoagreementacceptances.pdf)> accessed 2 February 2023.

<sup>5</sup> 2009 IP law (n 3), Art. 2.

<sup>6</sup> *ibid*, Art. 195- 254.

<sup>7</sup> Berne Convention for the Protection of Literary and Artistic Works (Adopted on 9 September 1886, entered into force on 5 December 1887) (with Protocol regarding developing countries) 888, *UNTS* 221.

<sup>8</sup> Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (Adopted on 21 May 1974, entered into force on 25 August 1979) 1144, *UNTS* 3.

<sup>9</sup> Tshimanga Kongolo, ‘Historical Evolution of Copyright Legislation in Africa’, (2014) 5 *W.I.P.O.J* 163, 164.

<sup>10</sup> Baloyi, J. Joel. ‘The Protection and Licensing of Music Rights in Sub-Saharan Africa: Challenges and Opportunities.’ (2022) 14(1) *MEIEA*, 61-87.

<sup>11</sup> 2009 IP law (n 3), Art. 253.

This paper seeks to assess the discrepancies between the legal and institutional frameworks relating to the management and commercialization of music copyrights in Rwanda and the practice on the ground. It highlights challenges and opportunities for rights holders, especially the need for the enhancement of the operationalization of collective management organizations. It also mentions the need for technological interventions in the commercialization of copyrights in the music industry, which can help the development of the Culture and Creative Industry (CCI) as well as creators (artists).

Section I of this paper has set out the introductory background aims and the examined questions in this paper. Sections II and III deal with the stand of Rwandan law regarding the management and commercialization of musical copyrights in Rwanda, respectively. Sections IV and V highlight, respectively, the salient challenges and opportunities in the management and commercialization of music copyrights in Rwanda. Section VI proposes some suggestions for better management and commercialization of music copyrights in Rwanda. The last part of the paper is a brief conclusion.

## 2. MANAGEMENT OF MUSICAL COPYRIGHTS IN RWANDA

There are two chief legal vehicles by which owners may commercialize their intellectual property (apart from in-house exploitation): to sell or assign the IP, and to license the IP rights.<sup>12</sup> Article 253 of the above-mentioned 2009 IP law provides for two options of copyrights management: the management of copyrights entrusted to one or many private companies, collective management of copyrights and related rights, and individual management by rights holders.

Individual management of musical copyrights implies that the owner of copyrights deals directly with the users of his creation. This is the traditional and normal way of

managing economic rights, and it is the one highly practised by Rwanda's musical copyright owners. Individual management has its own weaknesses because an author is not materially capable of monitoring all uses of his works. He cannot, for instance, contact every single radio or television station to negotiate licenses and remuneration for the use of his or her works. Conversely, it is not possible for a broadcasting organization to seek specific permission from every author for the use of every copyrighted work. Thousands of works are broadcast on television every year, so thousands of owners of rights would have to be approached for authorization.<sup>13</sup> Individual management also has an adverse consequence on commercialization because the authors do not have sufficient powers to individually enforce their rights.

The very impracticability of managing copyrights individually, both for the owners of rights and for the users, creates a need for collective management organizations, whose role is to bridge the gap between them in these key areas, among others.<sup>14</sup> Article 253 of the 2009 IP law provides the possibility of creating private companies for the collective management of copyright and related rights. Such companies, once created and registered as commercial companies (not merely as associations), are the empowered authorities for the representation and management of license-granting schemes, collection, calculation and distribution of remuneration arising from the use of protected works.

The collective management organization negotiates with users (such as radio or television stations, discotheques, cinemas, restaurants, and the like) or groups of users (hotel associations, for example) and authorizes them to use copyrighted works from its repertoire in return for payment and on certain conditions. Based on its documentation (information on members and their works) and the programs submitted by users (for

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<sup>12</sup> United Nations Economic Commission for Europe, *Intellectual property commercialization, policy options and practical instruments*, (ECE/CECI/12, UN Publications, Geneva 2011).

<sup>13</sup> World Intellectual Property Organization (WIPO), 'Collective Management of Copyright and Related Rights' (WIPO)

<[https://www.wipo.int/edocs/mdocs/sme/en/wipo\\_smes\\_ge\\_08/wipo\\_smes\\_ge\\_08\\_topic02.doc](https://www.wipo.int/edocs/mdocs/sme/en/wipo_smes_ge_08/wipo_smes_ge_08_topic02.doc)> accessed 19 February 2022.

<sup>14</sup> *ibid.*



instance, logs of music played on the radio), the collective management organization distributes copyright royalties to its members according to established distribution rules. A fee to cover administrative costs, and in certain countries socio-cultural promotion activities, are generally deducted from the copyright royalties.<sup>15</sup>

Many countries have fostered the growth of CMOs via legislative initiatives in the belief that CMOs offer a viable solution to the problem of individually licensing, collecting and enforcing copyrights. CMOs facilitate the establishment of collecting and dispersing royalties and negotiate licensing arrangements for works.<sup>16</sup> Illustratively, Sweden has a *sui generis* law on CMOs. It is the Swedish Law (2016: 977) on Collective Management of Copyright that highlights, among other aspects, general principles for collective rights management, the rights of the right holders, membership in CMOs, meetings of CMOs, governance and internal control of CMOs, management of rights income, the relationship with users, transparency and reporting, cross-border licensing of music, and supervision of CMOs.<sup>17</sup>

In the aftermath of the publication of the 2009 IP law, efforts were invested in the creation of CMOs in Rwanda. However, the results are not encouraging. As of today, there is only one CMO, and its functioning is not yet at par. This is the Rwandan Society of Authors (RSAU), a multi-purpose collective management organization established as a private company in May 2010. RSAU is the first and only collective management organization in Rwanda comprising the Association of Musicians (INGOMA Music Association), the Association of Cinema Artists (IRIZA CARD), the Association of Writers (LA PLUME D'OR) and ISOKO Arts Rwanda.<sup>18</sup> The objectives

of RSAU are to represent, promote, protect and defend the interests of its members in Rwanda and abroad; establish agreements with foreign societies of authors; and assist in the preparation of contracts for its members.<sup>19</sup> The activities of RSAU include the follow-up and enhancement of the rights of the copyright owners, including artists, producers, filmmakers and writers, as well as guidance for the users of those productions, like nightclubs, restaurants and the rest of the hangout places around the country.<sup>20</sup> Although RSAU seems to be of great importance, musicians have not joined and are not eager to liaise with it for the protection of their rights.

### 3. COMMERCIALIZATION OF MUSICAL COPYRIGHTS IN RWANDA

Rwandan IP law empowers the Intellectual Property organ to establish measures allowing for just remuneration of the copyright owner and equitable distribution of remunerations available under the copyright and related rights.<sup>21</sup> The Rwanda Development Board (RDB), through the Office of Registrar General, is the Rwandan IP organ mentioned in the IP law.<sup>22</sup> The Office of the Registrar General is in charge of the daily registration of intellectual property, including voluntary registration of copyrights and monitoring of activities of private institutions that jointly manage copyright and related rights and arbitrate all disputes arising from intellectual property.<sup>23</sup>

Since its establishment in 2010, RSAU, as the only CMO in Rwanda, had not, as of 2016, made progress in the collection of royalties, including the adoption of tariffs on royalties payable for public performance reprography and for broadcasting of musical and audio-visual works.<sup>24</sup> In the study conducted by ARIPO (African Regional

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<sup>15</sup> Paul Torremans and Jon Holyoak, *Intellectual Property Law* (2<sup>nd</sup> edition, London: Butterworths 1998) 165.

<sup>16</sup> Daniel Gervais (ed.), *Collective Management of Copyright and Related Rights* (3<sup>rd</sup> edition, Kluwer Law International 2015) 171.

<sup>17</sup> The Collective Management of Copyright Act, Swedish Law (2016: 977).

<sup>18</sup> African Regional Intellectual Property Organization (ARIPO), 'Consolidated Comparative Study on Copyright Laws of ARIPO Member States and their Adherence to International Instruments on Copyright and Related Rights' (2018), <<https://www.aripo.org/wp-content/uploads/2018/12/ARIPO-Comparative-Study-Report-V-1-2-Proof-13.11.18-1.pdf>> accessed 28 March 2022.

<sup>19</sup> Lucy Ilado, 'Rwanda Society of Authors (RSA)' (*musicinafrica.net*, 18 October 2019) <<https://www.musicinafrica.net/directory/rwanda-society-authors-rsa>> accessed 28 March 2022.

<sup>20</sup> *ibid.*

<sup>21</sup> 2009 IP Law (n 3), Art. 13 9<sup>o</sup>.

<sup>22</sup> Organic Law No. 46/2013 of 16/06/2013 Law establishing Rwanda Development Board (RDB) and determining its mission, organisation and functioning, Art. 3.

<sup>23</sup> ARIPO Consolidated Comparative Study (n 18).

<sup>24</sup> Rwanda Society of Authors (RSAU), 'Tariffs on royalties payable for public performance, reprography, broadcasting of musical and audiovisual works' (RSAU, 1 March 2016).



Intellectual Property Organization) in 2014, particularly on RSAU, the finding was that this CMO has contributed to national GDP to the extent of 0%.<sup>25</sup> Although all surveyed CMOs ranged between 0 and 1%, this is an indicator that RSAU has struggled to fulfill its core missions.

RSAU started a licensing process in May 2016. The distribution was expected to be in 2017.<sup>26</sup> After the announcement of Rwanda Development prohibiting the use of artists' songs for personal interests without payments from July 2017,<sup>27</sup> it was expected that the mandatory payment of royalties would flourish. However, the reality was totally different because in December 2017, according to data from RSAU, only four establishments paid and acquired licenses. These include three major hotels and a city bar.<sup>28</sup> The main reason for this stagnation was the resistance of users to abide by the payment requirement. In their arguments, most users especially claimed that the tariffs were very high and that the adoption process was not inclusive.<sup>29</sup> Considering various raised critiques, on October 24, 2018, RDB and RSAU published revised tariffs with discounted prices.<sup>30</sup> The RSAU's dreams of the first distribution of royalties were not realized in 2017 because the first distribution of 100,000 Rwandan francs to each member artist was done on November 28, 2019.<sup>31</sup>

The second distribution of royalties occurred on August 6, 2021. The Chairperson of RSAU declared that 18 million Rwandan francs was distributed to more than 290 Rwandan artists and more than 700 international artists.<sup>32</sup> Differently from the first distribution, in which

all members of RSAU received an equal amount, this time the distribution was based on a power play of each artist. It is reported that only one radio station and one telecom company have paid royalties as per RSAU tariff and license.<sup>33</sup> Although no data have been made available to the public on the exact amount received by the artists, considering that 18 million Rwandan francs was distributed to 990 artists, each should have received around 18,000 Rwandan francs on average.

The implementation of the above tariffs remains ineffective because there are no compulsory measures that have followed the establishment of the tariff, and RSAU does not have full authority to oblige users to pay. The music copyright owners prefer to individually commercialize their rights through signing contracts for performances in hotels and different events or alternatively royalties from online platforms. COVID-19 revealed the precarious financial situation of artists; indeed, due to the lockdown, musicians could not perform, whereas the consumption of music did not stop.

#### 4. CHALLENGES IN THE MANAGEMENT AND COMMERCIALIZATION OF MUSIC COPYRIGHTS IN RWANDA

##### A. CONTRADICTION BETWEEN THE PRACTICE AND LEGAL STATUS OF RSAU

Article 253 of Rwandan IP law allows one or more collective management organizations with the status of private companies. RSAU is a private company whose membership should be on a voluntary basis. On the contrary, in practice, it is as if membership to RSAU is mandatory, and it is allowed to collect royalties for non-

<sup>25</sup> Keitseng Nkashonyatsi, *Survey on the status of Collective Management Organizations in ARIPO Member States* (Conducted in collaboration with NORCODE, ARIPO 2014) <<https://www.aripo.org/wp-content/uploads/2018/12/ARIPO-CMO-Survey-Mag.pdf>> accessed 28 March 2022.

<sup>26</sup> ARIPO Consolidated Comparative Study (n 18).

<sup>27</sup> IGIHE, 'Businesses to pay royalties to musicians' (*en.igihe.com*, 22 April 2017) <<https://en.igihe.com/news/businesses-to-pay-royalties-to-musicians>> accessed on 22 March 2022.

<sup>28</sup> Collins Mwai, 'Why collection of artists' royalties failed to take off' (*The New Times*, 6 December 2007) <<https://www.newtimes.co.rw/section/read/225019>> accessed on 21 March 2022.

<sup>29</sup> *ibid.*

<sup>30</sup> RDB and RSAU, 'Tariffs for public performance, broadcasting, telecommunication and digital-online services' (RSAU 24 October 2018) (Tariffs for Digital online service).

<sup>31</sup> Emmy Nsengiyumva, 'Buri muhanzi uri muri RSAU yahawe ibihumbi 100 mu isaranganya ry'ayo bakusanyije (Video)' (Each artist in the RSAU was given 100,000 in the distribution of what they collected) (*en.igihe.com*, 29 November 2019) <<https://igihe.com/imyidagaduro/article/rsau-yashyikirije-buri-muhanzi-wiyandikishije-sheke-y-ibihumbi-100-mu?fbclid=IwAR0hrvpBMCHSBqTjm2eNOXRFz5FvX2g32WhnJ7KcU7Rlohac8MKgeLoY1Yw>> accessed 19 March 2022.

<sup>32</sup> Jeannette Kawera, 'Local, international artistes get royalties from their songs' (*The New Times*, 7 August 2021) <<https://www.newtimes.co.rw/entertainment/artistes-get-royalties-their-songs>> accessed 19 March 2022.

<sup>33</sup> *ibid.*

members, including even foreign artists.<sup>34</sup> This situation is ascertained by the relationship between RSAU and RDB, especially the approval of tariffs of RSAU and the call for all artists to join RSAU as a CMO.<sup>35</sup>

In normal circumstances, RDB, as a copyright office, should be the one to set its own tariffs to be complied with by both users and CMOs operating in Rwanda. Other evidence of an attempt to make membership to RSAU mandatory is the letter<sup>36</sup> of the Rwanda Utility Regulatory Authority (RURA) of August 14, 2020, requesting all media houses to liaise with RSAU and have contract arrangements; otherwise, they will face an administrative fine.<sup>37</sup> As a reminder, RURA is a public regulatory body mandated to regulate the service provision of radio, television and Internet broadcasting throughout the country media and issue authorization for starting new broadcasting media houses.<sup>38</sup>

Our discussion does not intend to demonstrate that RDB or RURA should not support RSAU. Rather, the raised issue concerns the nature of the support, which is not compatible with the legal status of RSAU. The contradiction resides in the fact that RSAU is a CMO in the form of a private company, which implies voluntarily membership, whereas in practice RDB and RURA tend to recognize it as the sole CMO allowed to operate in Rwanda and to oversee the management of all copyright holders regardless of whether they are its members or not. Even artists and owners of media houses have expressed their dissatisfaction with the status quo, as is detailed in the next subsection.

In fact, the compulsory membership and compulsory payment of royalties to one collective management organization is a possibility but must be reflected in the law, and, in such a case, the role of CMO is played by the

copyright office through its unit dedicated to that purpose. “A statutorily-regulated entity which may permit voluntary membership, provide for compulsory membership of all rights holders or be an entity forming part of the state administration, such as a unit within the Copyright Office.”<sup>39</sup>

Having mentioned the above, in order to cure the current situation, there are possible options. The first option, RDB, as a copyrights office, should fulfill its supervisory functions and limit itself to only setting the minimum standards that a society has to comply with. Rights holders should be permitted to decide how the CMO will be constituted, notably the governance structure, and set the tariff and leave the latitude to rights holders to constitute CMOs in the form of private companies as they wish. This can be done without revising the current legal framework. The second option is to revise the 2009 IP law to include a dedicated chapter for CMOs with details that are equivalent to those in the above-cited Swedish law. The revised law should also include other forms of CMOs beyond private companies because where the particular jurisdiction permits the formation of private or rights-holder entities, these would normally be constituted as non-profit organizations. The third option would be to have a copyright office with a wing to work as CMO and, in conditions determined by the law, enforce all measures toward compulsory membership of all rights holders.<sup>40</sup>

The option of having a copyrights office with a statutorily established CMO seems to be the best that can fit in the Rwandan context because the first option of having a CMO as a private company has not worked according to expectations, whereas the second option is not much different from the one of private companies. Besides, the regional experience demonstrated that countries like

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<sup>34</sup> Tariffs for digital-online services (n 30), Art. 2-3.

<sup>35</sup> *ibid.*

<sup>36</sup> Emmy Nsengiyumva, ‘RURA yibukije Radiyo na Televiziyo ko zigomba kwishyura ibihangano by’abahanzi zikoresha’ (*igihe.com*, 22 August 2020) <<https://igihe.com/imyidagaduro/article/rura-yibukije-ama-radiyo-na-televiziyo-ko-bagomba-kwishyura-ibihangano-by>> accessed 19 19, 2022.

<sup>37</sup> Andrew I Kazibwe, ‘Copyright, royalties go a long way in a creative economy’ (*rwandatoday.africa*, 8 September 2020)

<<https://rwandatoday.africa/rwanda/lifestyle/copyright-royalties-go-a-long-way-in-a-creative-economy-2479542>> accessed 19 October 2022.

<sup>38</sup> Law No. 02/2013 of 8 February 2013, Regulating Media (Rwanda), Art. 4 and 11 and Law No. 24/2016 of 18 June 2016 governing Information and Communication Technologies, Art. 226.

<sup>39</sup> Robert Hooijer and Joel Baloyi, Collective Management Organizations – Tool Kit Neighboring Rights, (WIPO, 2016) 24.

<sup>40</sup> *ibid.*

Malawi, Tanzania and Botswana, where the copyrights office performs the duties of CMO, are far better in terms of royalties distribution, as ARIPO indicated in its studies of 2014<sup>41</sup> and 2020.<sup>42</sup>

## B. UNWILLINGNESS OF RIGHTS HOLDERS TO JOIN THE CMO AND LACK OF COOPERATION

The copyrights holder expects financial gain from his or her membership in a CMO. The existence of a CMO prevents the unauthorized utilization of copyrighted works, and ultimately, at the same time, it ensures the collection and distribution of royalties. As a consequence, with free riding being eliminated to a large extent, the economic interest of copyright holders is protected, and the total surplus increases.<sup>43</sup> The economic interests of a copyright holder are determinants in deciding to join a CMO or not. With reduced transaction costs and risk-sharing rationale vectors, the copyright holders are motivated to join a CMO because they expect more gains compared to individual management.<sup>44</sup>

In Africa, CMOs face challenges in structure and management, but also, and more importantly, suffer from a lack of participation of rights holders because they lack financial motivation. Consequently, most of these organizations are little more than empty shells without legitimacy or accountability, unable to efficiently perform their functions.<sup>45</sup> The Rwandan context is not an exception because the Rwandan music copyright holders have expressed their skepticism to collaborate with RSAU to the extent of categorically refusing to join it, and most of them prefer individual management of their copyrights. In a journalistic survey conducted by a local online newspaper, all surveyed artists that the

newspaper qualified as major music artists expressed that they are not ready to collaborate with RSAU in the journey of collection of royalties from radio stations mainly because they are not well informed about the functioning of the CMO and how it will protect their interest.<sup>46</sup> When this lack of knowledge of the functioning of the CMO in question is combined with a lack of sufficient distributed royalties, as discussed above, it nourishes the unwillingness of the right holders to collaborate with it, as they do not expect very much financial reward from it.

Other evidence of the reluctance of artists to collaborate with RSAU in its endeavours to collect royalties is the communiqué of May 25, 2017, in which the Rwanda Artists Council advocated for postponement of the enforcement of the RDB decision imposing radio stations to pay for royalties as of July 2017. The Rwanda Artist Council argued that no in-depth consultations had been conducted and that therefore the decision should stand still until all stakeholders be convened and receive clear guidance on the matter. This Council requested artists and radio stations to continue existing collaboration, which implied a continuation of non-paying use of music for radio stations.

## C. UNWILLINGNESS OF USERS TO PAY ROYALTIES

Illustratively, the net discounted fees to be paid by radio, television, and mobile and telecommunication broadcasters in Rwanda are 500,0000 Rwandan francs for religious, academic or community stations; 1,000,000

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<sup>41</sup> Keitseng Nkah Monyatsi, Survey on the status of Collective Management Organizations in ARIPO Member States (ARIPO 2014) <<https://www.aripo.org/wp-content/uploads/2018/12/ARIPO-CMO-Survey-Mag.pdf>> accessed 28 March 2022.

<sup>42</sup> ARIPO Secretariat, The ARIPO Online Collective Management Organizations Survey Report (ARIPO 2021) <<https://www.aripo.org/wp-content/uploads/2021/03/The-ARIPO-Online-Collective-Management-Organizations-Survey-Report.pdf>> accessed 28 March 2022.

<sup>43</sup> Zijian Zhang, 'Rationale of Collective Management Organizations: An Economic Perspective' (2016) 10 Masaryk University Journal of Law and Technology, 73 <<https://doi.org/10.5817/mjult2016-1-4>> accessed 2 October 2022.

<sup>44</sup> Richard Watt, 'Collective Management as a Business Strategy for Creators: An Introduction to the Economics of Collective Management of

Copyright and Related Rights' (WIPO 2016) <[https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_emat\\_2016\\_3.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_emat_2016_3.pdf)> accessed 3 October 2022.

<sup>45</sup> United Nations Educational, Scientific and Cultural Organization (UNESCO), *The African Film Industry: Trends, Challenges and Opportunities for Growth* (UNESCO 2021), p.34. <<https://unesdoc.unesco.org/ark:/48223/pf0000379165>> accessed 1 October 2022.

<sup>46</sup> Emmy Nsengiyumva, 'RSAU nibanze idusobanurire neza ibyayo mbere yo gutangira kwishyuzabakoresha indirimbo zacu-ABAHANZI 11 BAKOMEYE' (*Inyarwanda.com*, 2017) <<https://inyarwanda.com/inkuru/74966/abahanzi-ubwabo-barasaba-rsau-na-rdb-gutaniza-ibiganiro-mber-74966.html>> accessed 25 February 2022.

Rwandan francs for commercial stations; and 3,000,000 for Government stations.<sup>47</sup>

Among other users, local broadcasters have expressed their unwillingness to abide by the indicated tariff. The move follows an intensive campaign by RDB in collaboration with RSAU for the lawful exploitation of copyrighted artworks by media houses in 2017. Some owners of media houses went ahead to mention that they will opt for playing foreign music or simply play the songs of artists who waive the payment of royalties, and those media house owners expressed that there are many artists who are insistently imploring broadcasters to freely play their songs as they get promotion and fame from play power. One of the arguments of media house owners is that no prior inclusive consultations were conducted before the decision to request them to pay for music royalties. They even suggested that the Ministry of Justice should intervene and give clear guidance<sup>48</sup>.

Although users are reluctant to collaborate with RSAU, compliance with the RSAU tariff may avoid potential high litigation costs, as experience demonstrates that courts can hold users liable and order them to pay considerable damages. In the case *Kayirebwa Cecile v. ORINFOR, City Radio, Contact FM, Voice of Africa, Radio Flash and Radio Isango Star*, the Court ruled that ORINFOR and Isango Star radio stations infringed the copyrights of Kayirebwa and ordered them to pay 6.3 and 2.3 million Rwandan francs in damages respectively.<sup>49</sup> A comparative analysis alludes to the conclusion that both media houses would have paid the amount of damages for two years with a licence to play the music of all RSAU members (3 million Rwandan francs per year for ORINFOR as a government-owned house media and 1 million Rwandan francs per year for Isango Star as a commercial station).

#### D. LACK OF TECHNOLOGY FOR TRACKING AND MONITORING OF MUSIC PLAY

Although it is easy to track, monitor and prove the use or appropriation of property other than IP, such as land or other immovable property, when such use or appropriation takes place without authorization of the owner, this is not the case in IP rights. It is difficult for the right owners and CMO to monitor and measure all uses in Rwanda, when and where they occur and how to prove infringement. Infringers know that their activities are illegal, and so it is expected that they would destroy and hide the relevant evidence. Nowadays, another reason is the threat of digital technology. Technologies have changed during the century. The first music was recorded on vinyl; later, in the seventies, this changed to tapes, but the technology to record music also changed. Suddenly it was possible for consumers to record music on blank tapes, although the quality of the music was different. The development of technology did not stop in the 1980s. Music could be recorded on CDs, and later, it became possible for consumers to buy CD burners on their home computers, so they could copy their own CDs without loss of quality.<sup>50</sup>

The tracking and monitoring of music play remain a puzzle for both the CMO, the right holders and the users. For RSAU, the issue is that the calculation for royalties becomes a headache as there is no certain basis for awarding amounts to artists depending on their power play. As discussed above, it happened for RSAU to just share royalties equally because of this challenge. For users, it is also difficult to be sure of the time spent by each artist on their stations. For artists, evidence issues are enormous, as, in the case of litigation, there is a lack of tangible evidence of the consumption of their music. In *Kayirebwa Cecile v. ORINFOR, City Radio, Contact FM, Voice of Africa, Radio Flash and Radio Isango Star*, the artist managed to get evidence for the use of her music

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<sup>47</sup> Tariffs for digital-online services (n 30).

<sup>48</sup> Eddie Nsabimana, 'Media Owners Threaten to Stop Playing Local Music Amid Royalties Saga' (*The New Times*, 22 September 2020) <<https://www.newtimes.co.rw/news/media-owners-threaten-stop-playing-local-music-amid-royalties-saga> > accessed 1 October 2022.

<sup>49</sup> *Kayirebwa Cecile v. ORINFOR, City Radio, Contact FM, Voice of Africa, Radio Flash and Radio Isango Star*, Commercial High Court of Rwanda, Case no R.COM 0178/12/HCC, 15 February 2013.

<sup>50</sup> Charles Hill, 'Digital piracy: Causes, consequences, and strategic responses' (2007) 24 *Asia Pacific Journal of Management* 9, p.12.

by ORINFOR and Isango Star, whereas she lacked evidence against City Radio, Contact FM, Voice of Africa and Radio Flash.<sup>51</sup>

RSAU should learn from the Copyright Society of Malawi (COSOMA) on this issue. COSOMA uses a digitalized system of monitoring music on radio stations known as the Automated Music Monitoring System. This system reports the use of music by radio stations, and it provides the following data: date, time, song title, names of the artist, radio station concerned and duration.<sup>52</sup> The system uses radio frequencies and waves to match the airplay and the records in the database. Radio stations rest assured that the system only tracks the musical content played and matches it with the database at COSOMA.<sup>53</sup>

## 5. OPPORTUNITIES FOR COMMERCIALIZATION OF MUSIC COPYRIGHTS IN RWANDA

### A. THE COMMITMENT OF THE GOVERNMENT TO IP PROTECTION

The commitment of the Government of Rwanda toward IP protection is manifested through the enactment of national legal text, mainly the 2009 IP law. Another manifestation of this commitment is the accession to various IP international instruments including the Berne Convention for the Protection of Literary and Artistic Works; the Universal Copyright Convention as revised on July 24, 1971, together with the Appendix Declaration Relating to Article XVII and the resolution relating to Article XI; the Brussels Convention Related to the Distribution of Programme-Carrying Signals Transmitted by Satellite; and TRIPS.

The legal framework is rounded out with institutional framework. As far as the protection of copyright is concerned, the Ministry of Sports and Culture is the policy maker on matters regarding copyright, whereas

the IP Division in RDB currently carries out regulatory/administrative functions with respect to the administration of IP services in Rwanda.<sup>54</sup> Other institutions intervene in the enforcement of IP rights; these include the Rwanda National Police (RNP) and the Rwanda Investigation Bureau (RIB) and Commercial Court.

The Government is willing to undertake the following policy reforms related to copyright and related rights: create an appropriate legislative framework that provides for the protection and registration of copyright and related rights, empower the IP office to deal with copyright protection and registration, engage in intensive efforts to create awareness on copyright protection and encourage economic exploitation of the rights in the creative industry, rationalize the roles of different institutions that currently have copyright protection as their mandate, and liaise with CMOs to take advantage of systems such as the WIPO-Software for Collective Management of Copyright and Related Rights (WIPOCCOS) to ensure seamless collection of royalties on behalf of copyright owners.<sup>55</sup>

Although Rwanda has done a lot in the establishment of a copyright legal framework, it may be important for Rwanda to accede to the WIPO Copyright Treaty (WCT), which deals with the protection of works and the rights of their authors in the digital environment within the framework of the Berne Convention.

### B. SUPPORT TO CMO

The Government of Rwanda has supported the establishment of RSAU and its operationalization. RSAU, at the onset, received 15 million Rwandan francs in financial support from the Government of Rwanda as a starting fund.<sup>56</sup> Both RDB as the national IP office and

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<sup>51</sup> Kayirebwa Cecile v. ORINFOR (n 49), para. 10-27.

<sup>52</sup> Copyright Society of Malawi, Monitoring Reports, (COSOMA, 30 October 2020), <<https://www.cosoma.mw/download/ammmts-dec-2020/>> accessed 3 February 2023.

<sup>53</sup> Yvonne Sundu, 'Cosoma digitises royalties tracking' (*The Nation*, 10 December 2020) <<https://www.mwnation.com/cosoma-digitises-royalties-tracking/>> accessed on 5 April 2022.

<sup>54</sup> Ministry of Trade and Industry (Rwanda), 'Revised Policy on Intellectual Property in Rwanda', (Ministry of Trade and Industry 2018), p. 25.

<sup>55</sup> *ibid.*

<sup>56</sup> UNESCO, 'Rwandan Society of Authors' (*en.unesco.org*) <<https://en.unesco.org/creativity/policy-monitoring-platform/rwandan-society-authors-rsau>> accessed 25 March 2022.

RURA as the regulatory authority for broadcasting media are public institutions that support RSAU.

Despite the challenge related to the legal status of RSAU and the practice on the ground, there are visible signs that the Government of Rwanda is willing to support CMOs, and the needed reform may strengthen the collective management of copyrights.

### C. DEVELOPMENT OF ICT

The Government of Rwanda has demonstrated its commitment to promoting the growth of ICT and digitalization of services, especially through human capital capacity building and basic technology infrastructure.<sup>57</sup> With developed ICT, there should be no problem in the development of a digitalized system of monitoring the use of music. It needs the collaboration between the right holders, the IP office, and users to come up with design software that will be used to compute the use of given music and be the basis for the distribution of royalties.

## 6. SUGGESTIONS FOR A WAY FORWARD

Despite the commitment of the Government of Rwanda to protect copyrights, the challenges persist, and one of the consequences is the precarious financial situation of rights holders. The financial precarity was aggravated by the COVID-19 pandemic, during which users continued to consume freely. Below are suggestions for amelioration of the wealth of artists through well-organized management and commercialization of music copyrights.

Firstly, the Government of Rwanda should evaluate the feasibility of establishing a statutory CMO with compulsory membership for copyright holders to have access to royalties collected from different users. Secondly, the Government should envisage the

introduction of a fair private-copying levy, including a device-based levy on computers, hand radio sets and car radio sets. Historically, copyright levy systems have been premised on the assumption that certain uses, especially private copying of protected works, cannot be controlled and exploited individually.<sup>58</sup> This levy can secure the financial stability of artists, and they can invest more effort in creative activities. Rwanda can learn from other countries that have introduced this levy and assess its practicability in Rwanda.

The Government of Rwanda may learn from the Ghanaian experience. The Ghanaian Copyright Act, 2005 (Act 690) imposes a levy on devices used for reproducing copyright materials (private copying levy). The Customs Division of the Ghana Revenue Authority (GRA) collects the levy. It covers both the media and equipment used to copy copyright-protected materials which are imported into the country. The Copyright Regulations, 2010 (L.I. 1962) set out the devices on which the levy is imposed and the procedure for the distribution of the proceeds of the levy to rights holders. Currently, the levy constitutes the largest source of income for CMO in Ghana. The private copying levy has significantly impacted the growth in the distribution of royalties. There was an increase in revenue from performing rights of 162.7 per cent in 2015 over that of 2014 and an increase of 73.8 percent in 2016.<sup>59</sup>

Thirdly, most users are in regulated sectors. The component of copyrights should be put among conditionalities for issuing a license. The hotels are licensed by RDB, and it may be helpful if copyright fees are included in the requirements for obtaining a license. Broadcasting media houses are licensed by RURA. It may be helpful if RURA can add copyright fees among the requirements for a license. It can be easy to implement

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<sup>57</sup> Ministry of Information Technology and Communications (Rwanda), 'ICT Hub Strategy 2024' (Ministry of Information Technology and Communications)

<[https://www.minict.gov.rw/fileadmin/user\\_upload/minict\\_user\\_upload/Documents/Policies/ICT\\_HUB\\_STRATEGY.pdf](https://www.minict.gov.rw/fileadmin/user_upload/minict_user_upload/Documents/Policies/ICT_HUB_STRATEGY.pdf)> accessed 25 April 2022.

<sup>58</sup> Bernt Hugenholtz, Lucie Guibault and Sjoerd Geffen, *The Future of Levies in a Digital Environment*, (Institute for Information Law (IVIR) 2003)

<<https://www.ivir.nl/publicaties/download/DRM&levies-report.pdf>> accessed on 25 April 2022.

<sup>59</sup> Magnus Ebo Duncan, 'The Economic Contribution of Copyright Industries in Ghana', (Study commissioned by Ghana Copyright Office under the Swiss-Ghanian Intellectual Property Project Phase II, *IGE IPI* 2020), pp. 50, 51.

this decision because RDB and RURA have demonstrated that they do support copyright holders.

Fourthly, the Government of Rwanda should financially and technically support the development of a technological tool to trace and monitor the use of music by various users for better distribution of royalties. Last but not least, awareness campaigns targeting artists and users should be reinforced so that they can contribute voluntarily to copyright protection. Artists in particular should be sensitized about the benefits that they can gain from strong copyright protection through CMOs.

## **7. CONCLUSION**

Rwanda has a solid IP legal framework pertaining to copyrights, including national legislation and ratified international treaties. However, the national law lacks specific and detailed provisions for the collective management of copyrights. Also, there is a lack of well-established CMOs fulfilling the required standard. Despite its peculiar challenges, management and commercialization of music copyrights are directly exercised by rights holders.

The combined efforts of the copyright office and self-regulated organizations of artists toward the enhancement of mechanisms to ensure equitable sharing of music royalties have not yet yielded fruits. The attempts to establish RSAU as the single CMO in Rwanda have not yet been successful. The incorporation of RSAU as a commercial company does not suffice to make it a CMO in the true sense of the term.

On one side, users of music products, including radio and television broadcasting stations, have not yet consented to mandatory royalties. On the other side, artists, as the primary beneficiaries of any mechanism that may intend to protect their interests, do not find direct monetary benefit from collective management, and they choose to stick to individual management. The consequence is the underperformance of RSAU in terms of the collection of royalties and the precarious financial situation of artists. Raising awareness of the users, artists and the public is

key to overcoming these challenges. Another challenge is the absence of technology to trace and monitor the use of music. With its spectacular ICT development in recent years, Rwanda can learn from other jurisdictions on a measure to mitigate this challenge.

In terms of opportunities, the Government has demonstrated its willingness to support artists. But it remains to streamline that willingness through the use of technical standards in the management and commercialization of music copyrights, especially with regards to the copyright office and the organization of collective management organizations. The Government of Rwanda should learn from best practices in other jurisdictions and enact legal and technical tools to regulate and enhance the management and commercialization of music copyrights.

Below are key recommendations for improving the management and commercialization of music copyrights in Rwanda:

- The IP office should organize awareness-raising campaigns targeting artists and users, especially broadcasters, on the rights and obligations attached to musical products.
- The Government of Rwanda and the IP office should assist in the acquisition of technological equipment to measure the power play of artists, to facilitate distribution of royalties proportionally.
- The Government of Rwanda should revise the IP law to insert more provisions on licensing and functioning of collective management organizations.
- The Government of Rwanda should undertake a study aiming at the introduction of a private copy levy.

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#### 4. OPEN-SOURCE DRUG RESEARCH AND MEDICAL INNOVATION IN INDIA: THREATS AND PROMISES

Sabuj Kumar Chaudhuri\*

##### ABSTRACT

Tropical diseases have never received the attention of big pharmaceuticals. The reasons are quite obvious. Poor developing nations would not be able to provide lucrative markets for patented drugs. IP-based drug discovery models may not be equally suitable for those nations. India, as a developing nation, has set an example with a remarkable Open Source Drug Discovery (OSDD) project led by the Council of Scientific and Industrial Research (CSIR), a premier research organization of the Government of India. Proprietary-based innovation models also inherently suffer from an imbalance between investment and return with the ever-growing complexity and uncertainty of the patent system. Ongoing models are also trying to embrace openness at certain stages of the developmental process. COVID-19 has shown the importance of collaboration to combat the common invisible enemy to mankind. India's participation in this unprecedented global effort to respond to the pandemic through OPENVAX – a project with OPSF (Open Source Pharma Foundation) and the Harvard Medical School in Public-Private Partnership (PPP) for repurposing existing vaccines – and the indigenously developed open-source vaccine intelligence system CoWIN (Covid Vaccine Intelligence Network), an app, were impressive. This article makes an effort to identify the open-source drug discovery and medical innovation research dynamics in India, its mechanism, and perspectives of openness exemplified with three open-source initiatives contributing to social transformation.

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**Keywords:** *Open Source Drug Discovery (OSDD), Open Source Pharma Foundation (OPSF), Openvax, CoWIN, Neglected Tropical Diseases (NTD), Six Laws of Open Source Drug Discovery, Virus Outbreak Data Network (VODAN), Social transformation.*

#### 1. INTRODUCTION

A few medical innovations no doubt have revolutionized human history, but, in some cases, society has lost its bargain with the prevailing strong IP system. Drug invention needs to pass through the stages from serendipity to design, and targeted drug design is a highly capital-intensive development, and the poor people from developing nations like India cannot afford those lifesaving drugs. Over the years, tropical diseases have been neglected, and funding for R&D (research and development) remains very limited. Neglected Tropical Diseases (NTDs) affect millions of people where simple medicines would make a huge difference yet are unavailable because pharma companies cannot easily profit from these NTDs. Not only does India, the world's largest democracy, suffer from ascariasis, dengue, leprosy and other prevalent NTDs,<sup>1</sup> but also from other tropical diseases like malaria, tuberculosis, leishmaniasis and others.

Investment by pharmaceutical companies is manifested by obtaining patents that virtually block further research. There are studies that have suggested alternatives to patents as rewarding systems for inventions. For example, patent-free medicines like the polio vaccine brought real change in our society to eradicate polio. But public domain (born-free) molecules<sup>2</sup> developed based on open-source principles can inculcate new hopes in countries like India. Like every person, every nation has

India and abroad and has published research articles and two books on intellectual property rights, especially on patent and copyright.

<sup>1</sup> Peter J. Hotez and Ashish Damania, 'India's Neglected Tropical Diseases' (2018) 12, *PLOS Neglected Tropical Diseases*.

<sup>2</sup> Mathew Todd, 'Why Open Source Pharma Is the Path to Both New and Cheaper Medicines' (*theguardian.com*, 19 April 2017). <<https://www.theguardian.com/commentisfree/2017/apr/19/why-open-source-pharma-is-the-path-to-both-cheaper-and-new-medicines>> accessed 2 November 2020.

its own value system. But the value system was never considered as an important criterion while framing relevant policy or granting a patent on medical innovations.<sup>3</sup> An invented drug or a medical innovation impacts any society directly and indirectly. The contemporary intellectual property (IP) model has placed commercial interests over the public health requirements of society.<sup>4</sup> Even the *Global Innovation Index 2019* (Cornell University, INSEAD and WIPO) identifies significant gaps in access to quality healthcare for large parts of the global population. This paper seeks to study and reflect on the pros and cons of open-source initiatives taken by India, which may be followed by other nations.

## 2. TRAJECTORY OF SHIFT IN PATENT OWNERSHIP

Karl Marx and Joseph Schumpeter advocated capitalism that depends on technological dynamism. But Robert Solow, in 1950, first argued and identified that massive gains in productivity in the early twentieth century in America could not be credited to labour or capital but to the advancement of knowledge that catalyzed the production process efficiency. Fritz Machlup and his colleagues further ascertained the informational aspect of economic growth in developed countries. Their studies also recognized the major departure from industrial sectors to information-processing sectors in developed economies. Further studies on this transition by Manuel Castells established that informationalism is the basis and the decisive factor for economic development. He further added that understanding information as a critical factor for growth suffers from disparity and uneven distribution of knowledge among countries and various regions in the world. Daniel Bell forwarded the argument that

informationalism not only promoted economic growth but also influenced society to make it knowledge-intensive, which explains a sociological trajectory between knowledge and society.<sup>5</sup> Yochai Benkler exemplified Wikipedia and free software as collaborative and knowledge-sharing projects justifying the growth of a decentralized pattern of nonmarket information production. It has triggered a new debate in intellectual property law, which has been expanded to include from a mousetrap to a mouse for the last few decades.

Intellectual property law regulates strategies of information production and appropriation of value out of it. Besides, intellectual property law also governs how we create, learn and experiment to how and whether we have access to medicines that we need to live.<sup>6</sup> “The enclosure of the intangible commons of the mind where things that were formerly thought of as either common property or uncommodifiable are being covered with new, or newly extended, property rights” was explained as the Second Enclosure Movement by Boyle.<sup>7</sup> Dutfield<sup>8</sup> observed three radical changes that began to emerge from the 1960s to 1970s in the IP regimes of developed nations. Intellectual property law has become wider, narrower with limited exemptions, and more punitive in nature. More striking development occurred with the introduction of three basic criteria to get a patent and assigning rights to the first applicant instead of the first inventor. Robert P. Merges<sup>9</sup> studied inventorship in the last hundred years (1900-2000), which clearly traced out a very interesting perspective that demonstrates the shift from individual inventorship to corporate inventorship.

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<sup>3</sup> Sabuj Kumar Chaudhuri, ‘Patents on Medical Innovations and Value Pluralism in India: Paradoxes and Choices’ (2021) 21, *Asian Biotechnology & Development Review*.

<sup>4</sup> Narendran Thiruthy, ‘R&D crisis in drug discovery for neglected diseases: scope for an open source approach to pharmaceutical research’ (2016) 11(8), *Journal of Intellectual Property Law & Practice* 599.

<sup>5</sup> Amy Kapczynski and Gaëlle Krikorian, *Access to Knowledge in The Age of Intellectual Property* (Zone Books 2010).

<sup>6</sup> Amy Kapczynski, ‘The Access to Knowledge Mobilization and The New Politics of Intellectual Property’ (2008) 117, *The Yale Law Journal*

<[https://www.yalelawjournal.org/pdf/642\\_y36bb3ab.pdf](https://www.yalelawjournal.org/pdf/642_y36bb3ab.pdf)> accessed 21 December 2019.

<sup>7</sup> James Boyle, ‘The Second Enclosure Movement and The Construction of The Public Domain’ (2003) 66, *SSRN Electronic Journal* <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=470983](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=470983)> accessed 18 September 2021.

<sup>8</sup> Graham Dutfield, *Intellectual Property Rights and The Life Science Industries* (World Scientific 2009).

<sup>9</sup> Robert P. Merges, ‘One Hundred Years of Solicitude: Intellectual Property Law, 1900-2000’ (2000) 88, *California Law Review*.

## A. INFORMATION MONOPOLY IMPEDES CRITICAL RESEARCH

The gradual shifting of patent ownership from individuals to corporates changed the whole innovation ecosystem. George Stigler's (1971) concept of regulatory capture<sup>10</sup> (Theory of Economic Regulation) has explained the effect of this changed innovation system. Corporate innovations and the restrictive prices of their patented drugs, even after the expiry of the patent term, led to evergreening with cosmetic and moderate changes. The Supreme Court of India rejected Novartis's application to extend the patent life of Gleevec (Imatinib mesylate)<sup>11</sup> beyond 20 years by making minor modifications of Novartis's under Section 3 (d) of the Indian Patent Act, 1970, which states that inventions that are the mere "discovery" of a "new form" of a "known substance" and do not result in increased efficacy of that substance are not patentable. It is proof of India's determination to back affordable drug prices.

Hardin (1968) advocated a metaphoric concept of the tragedy of commons, elaborating that the use of resources beyond their carrying capacity makes the commons suffer.<sup>12</sup> But Hardin overlooked the overuse of rights, which may lead to the tragedy of the anticommons<sup>13</sup> (Heller & Eisenberg, 1998). Further studies ascertained that the excessive expansion of patenting and licensing builds a strong impediment to sharing information, and it also hampers scientific research in the upstream and further lifesaving innovations and drug development in the downstream<sup>14,15</sup>. This information asymmetry results in an information monopoly over patented information that blocks critical research in drug development in poor developing nations.<sup>16</sup> Therefore, patents conceal critical

data, information and knowledge from the rest of society and build an impediment to access for knowledge mobilization. In the process, patent owners earn substantial revenues. Studies have ascertained that access to knowledge and sharing of knowledge play a key role in the innovation life cycle and further research and development.

## 3. ASSUMPTION

Open-source drug research and biomedical innovations can reduce to some extent the information asymmetry that arises from traditional patenting systems, especially in developing nations like India. Rejection of a closed innovation model backed by a traditional IP system is not the objective of this study. The unique open-source approaches used by India, which have been experimentally tested and scientifically validated, may serve as a benchmark for other nations with similar socio-economic conditions as India and which currently solely use patents to encourage inventions.

## 4. PERSPECTIVES OF OPENNESS

Sharing free, public, networked information and communication resources is what openness entails. Open processes, on the other hand, often provide a free licence to use, reuse and modify resources without imposing access limitations. The aspiration for a fairer and more just and efficient world is reflected in the popularity of openness.

The term "openness" has multiple understandings and interpretations. The capabilities and needs to participate in open activities significantly vary from nation to nation. These divergent capabilities, in fact, are the outcomes of

<sup>10</sup> George J. Stigler, 'The Theory of Economic Regulation' (1971) 2, *The Bell Journal of Economics and Management Science*.

<sup>11</sup> T.V. Padma, 'Indian Court Rejects Novartis Patent' (2013) *Nature* <<https://www.nature.com/articles/nature.2013.12717.pdf>> accessed 16 January 2018.

<sup>12</sup> Garrett Hardin, 'The Tragedy of the Commons: The population problem has no technical solution; it requires a fundamental extension in morality.' (1968) 162(3859), *Science*. 1243, XXXX <<https://doi.org/10.1126/science.162.3859.1243>> accessed 4 February 2018.

<sup>13</sup> Michael A. Heller and Rebecca S. Eisenberg, 'Can Patents Deter Innovation? The Anticommons in Biomedical Research' (1998) 280(5364), *Science* 698, XXXX <<https://doi.org/10.1126/science.280.5364.698>> accessed 11 January 2018.

<sup>14</sup> Justin B. Biddle, 'Tragedy of The Anticommons? Intellectual Property and The Sharing of Scientific Information' (2012) 79, *Philosophy of Science* <<https://www.journals.uchicago.edu/doi/abs/10.1086/667874?journalC ode=phos>> accessed 11 August 2020.

<sup>15</sup> Justin B. Biddle, 'Intellectual Property in The Biomedical Sciences' in John D. Arras, Elizabeth Fenton and Rebecca Kukla (eds.), *The Routledge Companion to Bioethics* (1<sup>st</sup> edition, Routledge 2014).

<sup>16</sup> Sabuj Kumar (n 3).

myriad socio-economic factors. Availability and accessibility are two primary traits of openness to innovation. The concern about innovation is how to open, instead of binary decisions like merely whether it is closed or open. If innovation is non-sharable with a few exceptions till it goes to the public domain, it is closed and is protected by our traditional IP regime. But when innovation is available, accessible and modifiable by all, it is considered open. Some scholars argue that a piece of knowledge is open even if one has to pay for its reuse, provided that the price is not prohibitive.

The Cohen Boyer patent owned by Stanford University on recombinant DNA provides such an example of a technology being open but not free of charge. Anyone can have access to it, but there is a moderate fee for its access. This example is also evidence of weak openness, as suggested by Lawrence Lessig, Professor of Law at Harvard Law School. Our understanding of openness primarily focuses on Stallman's revolutionary concept of open-source or communitarian model of knowledge production instead of Chesbrough's open innovation.

#### A. OPEN INNOVATION VS. OPEN-SOURCE INNOVATION

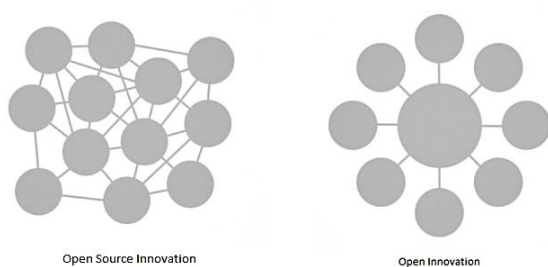


Figure 1. Open Source and Open Innovation<sup>17, 18</sup>

The term “Open Source” presents an open-source philosophy that refers to something people can freely use, modify and share because its design is publicly

accessible and available (Figure 1). It is developed through participation and collaboration. The idea of making source code freely available originated in 1983 from an ideological movement informally founded by Richard Stallman, a programmer at MIT. The term originated in 1998 in the context of software development. Open-source software like the Linux operating system, Android by Google, Open Office, the Firefox browser, VLC media player and Moodle, etc., have made our life easier.

On the other hand, Chesbrough's open innovation (Figure 1) is open in the sense that it is distributed across a wide range of heterogeneous actors that interact through formal and informal alliances, patent pools, and in-and-out-licensing, etc. Indeed, in most open innovation contexts, knowledge is usually controlled by firms and diffused only to partners under tight confidentiality agreements.<sup>19</sup>

The value of innovation increases when it is shared and allows potential innovators to contribute to its development.<sup>20</sup> There are two important tenets of open-source projects on which the success of the projects is dependent. One is the motivation of participants, and the other is open licensing. The motivation behind participation in open-source projects can be explained by the motivational theory of economic science and psychology and attitudinal theory, based on planned behaviour and goal-directed behaviour. An open license calls for a suitable license that is non-discriminatory in nature and that facilitates sharing the content for reuse, free redistribution, sharing codes, and allowing modification and derivative products. Choices of open licenses are normally determined by the open-source developers, and they may also impose certain restrictions anticipating future benefits of their contributions.<sup>21</sup> Open

<sup>17</sup> Julien Pénin, 'Are You Open? An Investigation of the Concept of Openness for Knowledge and Innovation' (2013) Vol. 64, *Revue économique*.

<sup>18</sup> Chris Grams, 'Open Innovation and Open Source Innovation: What Do They Share and Where Do They Differ?' (*Opensource.com*, 2010) <<https://opensource.com/business/10/10/open-innovation-and-open-source-innovation-what-do-they-share-and-where-do-they-diffe>> accessed 2 July 2018.

<sup>19</sup> Justin Biddle (n 14).

<sup>20</sup> Elliot Maxwell, 'Open Standards, Open Source, And Open Innovation: Harnessing the Benefits of Openness' (2006) 1, *Innovations: Technology, Governance, Globalization*.

<sup>21</sup> Ravi Sen, Chandrasekar Subramaniam and Matthew L. Nelson, 'Determinants of the Choice of Open Source Software License' (2008) 25 *Journal of Management Information Systems*.

source challenges the incentive theory which is the bedrock of IP jurisprudence and fosters social production.<sup>22</sup>

An open-source research project starts with an existing idea, and new innovative ideas from multiple contributors are diffused with it before it becomes an improvised open-source-based innovation and new knowledge (Figure 2).

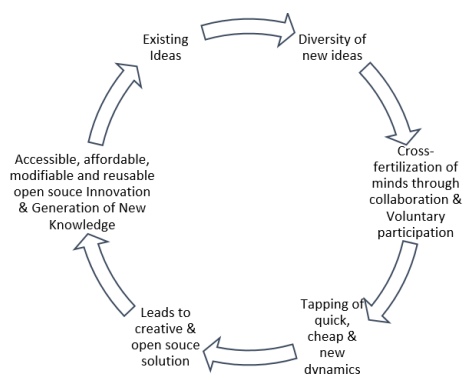


Figure 2. Open-source research and development

## 5. POSSIBILITIES OF OPEN-SOURCE BIO MEDICAL RESEARCH AND INNOVATIONS

Tim O'Reilly's development of ground-breaking Web 2.0 technology tools in 2005 helped usher in a new era of collaborative, participatory and barrier-free research around the world. In addition, data mining, bioinformatics and sophisticated visualization and networking tools accompanied by simulation techniques, artificial intelligence, deep learning and machine learning have also catalyzed open-source drug research and biomedical innovations recently. Stephen Maurer of the University of California, Berkeley, USA, first proposed the open-source Tropical Disease Initiative as far back as 2004.<sup>23</sup>

We have examples of patent-free medicines making a big difference to people's lives (such as the polio vaccine or penicillin), but we do not have an example of a public domain ('born-open') molecule

being taken all the way through to patients so that everyone can see all the details.<sup>24</sup>

Scientists have always argued for alternative ways of doing drug research. Open-source drug research and biomedical innovations are primarily inspired by the open-source software movement.

### A. RESEARCH DYNAMICS OF SOFTWARE AND DRUG INDUSTRIES

Bernard Munos<sup>25</sup> juxtaposed the research dynamics of software and drug industries. There is no discovery phase in software development. Once the target is established, programmers get to work and make consistent progress toward it. Drug discovery, on the other hand, cannot thrive until a certain level of knowledge about the target condition has been collected, which could take years of meticulous extra research. Writing code or upgrading software just requires a laptop and a network connection, as he noted, but setting up a Linux or GitHub for pharmaceuticals has its own set of challenges. Biology is significantly more complicated than software, with far more chances for errors. Software development is also more straightforward: it involves only a few disciplines and lacks the complexity of clinical trials. In most cases, a single programmer can master all of the abilities required to write a program from beginning to end. Drug development, on the other hand, necessitates the cooperation of various expertise with limited overlap.

Software publishers are less regulated than medicine developers. FDA permission is not required. The quality requirements they must meet are significantly less stringent than the nitty-gritty of Good Laboratory Practice (GLP), Good Clinical Practice (GCP) and Good Manufacturing Practice (GMP).

Different IP regimes apply to the two industries. Even if no copyrights are filed, the software is primarily secured by copyrights that arise automatically when code is

<sup>22</sup> Narendran Thiruthy, 'Open source— Is it an alternative to intellectual property?' [2017] 20(1-2), *Journal of World Intellectual Property* 68.

<sup>23</sup> Tatum Anderson, 'Can Open-Source Drug Development Deliver?' (2016) 387, *The Lancet* 1983.

<sup>24</sup> Matthew Todd (n 2).

<sup>25</sup> Bernard Munos, 'Can Open-Source R&D Reinvigorate Drug Research?' (2006) 5, *Nature Reviews Drug Discovery* 723.



developed. On the other hand, patents protect drug research and innovation, but they are expensive to file and maintain, and achieving the legal conditions that constitute innovation is far more difficult.

Despite differences, both industries have commonalities in fusion of diversified knowledge to serve society more efficiently & effectively. Open-source drug research:

- a) brings out safer, sooner, open, accessible and affordable solutions through collaboration of diversified ideas across the globe;
- b) helps in the repurposing of existing drugs/vaccines;
- c) enhances manufacturing; and
- d) promotes the sharing of data and information and subsequently leads to more open-source innovation.

#### **B. TOOLS, PLATFORMS, INITIATIVES AND PRINCIPLES OF OPEN-SOURCE DRUG DISCOVERY**

Software tools for sharing experimental data are vital in open-source biomedical innovations. These software tools are necessarily open source; otherwise, inventors would require multiple licenses just to execute experiments, which is against the principles of an open-source project. In fact, the first initiatives were started with different open-source bioinformatics projects like BioPearl, BioPython and BioRuby, and these projects facilitated the recent Human Genome Project. One such important tool is the Open Drug Discovery Toolkit (ODDT) which was developed as a free and open-source tool for both computer-aided drug discovery (CADD) developers and researchers.<sup>26</sup> Another important tool, SMMP is a FORTRAN tool that allows one to run molecular simulations of proteins using the standard geometry

model. It is intended to be a low-cost and easy-to-use tool for researchers and students to learn about protein modelling approaches.<sup>27</sup> TSL (The Synaptic Leap) is a website founded in 2005 to allow people to collaborate on open-source scientific research. The goal was to enable comprehensive sharing of everything going on in a research project, similar to how open-source software does this — no secrets, everything is disclosed, and everyone can participate and contribute. TSL was used to share the concept for a research project on praziquantel (PZQ)<sup>28</sup> (Figure 3), the drug used in the treatment of schistosomiasis across the globe, with the goal of finding a low-cost way of producing the single active enantiomer. Schistosomiasis is one of the most serious tropical diseases.<sup>29</sup>

A few other organizations such as Cambia, Medicines for Malaria Venture (MMV), and the Open-Source Imaging Initiative (OSI<sup>2</sup>) have been working for many years on open-source principles with remarkable success stories. For example, Cambia's open patent database and BiOS (Biological Open Source) license is a legally enforceable framework to enable the sharing of the capability to use patented and non-patented technology, which may include materials and methods, within a dynamically expanding group of those who all agree to the same principles of responsible sharing: a protected commons. A protected commons provides a safe platform for discussing an innovation or improvement without jeopardizing future patent applications or allowing third parties to misappropriate knowledge. Participants who join BiOS agree not to assert any IP rights against each other's use of technology and research, either commercial or non-commercial. The BiOS agreement is consistent with FTO (Freedom to Operate) and freedom to cooperate.<sup>30</sup>

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<sup>26</sup> Maciej Wójcikowski, Piotr Zielenkiewicz and Pawel Siedlecki, 'Open Drug Discovery Toolkit (ODDT): A New Open-Source Player in The Drug Discovery Field' (2015) 7, *Journal of Cheminformatics*.

<sup>27</sup> Frank Eisenmenger *et al.*, 'An Enhanced Version Of SMMP—Open-Source Software Package for Simulation of Proteins' (2006) 174, *Computer Physics Communications* 422.

<sup>28</sup> Matthew H. Todd, 'Using an Open Source Model to Accelerate Schistosomiasis Drug Research' (2015) 7, *Future Medicinal Chemistry*.

<sup>29</sup> Thomas B. Kepler *et al.*, 'Open Source Research — The Power of Us' (2006) 59 *Australian Journal of Chemistry* 291.

<sup>30</sup> 'Bios Licenses and MTAs — Cambia' (*Cambia.org*) <<https://cambia.org/bios-landing/bios-biological-open-source-licenses-and-mtas/>> accessed 2 July 2021.

Initially, MMV<sup>31</sup> started with open-source projects like Malaria Box, with 400 antimalarial molecules, and later Pathogen Box, with 400 drug-like molecules active against neglected diseases of interest and available free of charge. Malaria Libre is an open-source drug-discovery program of MMV aiming to deliver pre-clinical candidates for the treatment and prevention of malaria. Researchers from all around the world with diverse research backgrounds can freely share and expand on each other's data, knowledge, and ideas using this platform. Malaria Libre has data repository where participants can share, access, adapt and use the relevant data without IP constraints. No patent protection is sought, as all data are open and disclosed. MMV recently participated in global efforts against COVID by facilitating the potential of antimalarial drugs in the treatment of COVID patients.

The Open Source Imaging Initiative (OSI<sup>2</sup>) represents a novel approach to medical imaging equipment development that aims to make the healthcare benefits of current instruments available to a wider range of people throughout the world.

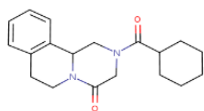


Figure 3. Praziquantel<sup>32</sup>

By offering complete and freely available technical documentation that adheres to open-source hardware standards, OSI<sup>2</sup> has made it possible to design an MR scanner that is inexpensive to construct, use, maintain and repair.<sup>33</sup>

Open-source drug discovery champion Matthew T. Todd proposed<sup>34</sup> the Six Laws of Open Source Drug Discovery

in 2011, which are still unaltered and quite relevant in any open-source discourse on medicines.

R4D (Results for Development),<sup>35</sup> a non-profit research organization, defines a set of three attributes that a project must comply with in order to be considered open source: being able to view the data free of charge, open collaboration and mandates for openness.

## 6. INDIAN INITIATIVES: UNDERSTANDING THE CONTEXT

Over the years, India's pharmaceutical policy has changed progressively. Many large public sector pharmaceutical manufacturing facilities and research institutions were established in the 1950s and 1960s. A robust university and technical education system throughout India, special economic zones, manufacturing clusters, and tax incentives later helped lay the groundwork for large-scale active pharmaceutical ingredient (API) production capacity and effective production of completed pharmaceutical goods (FPPs). India has long been a supplier of generic medications to developing nations, particularly impoverished African countries. Prior to 2005, only process patents were allowed, and from 1970 to 2005, the absence of pharmaceutical product patents assisted the generics industry and improved India's public health. However, the introduction of product patents in India in 2005 had an impact on both the pharmaceutical industry and innovation.

The Indian Constitution acknowledges that both the federal and state governments are accountable for maintaining public health. In order to protect indigenous pharmaceutical enterprises and prevent foreign multinational pharmaceutical companies from obtaining a product patent in India, section 3(d) of the Indian Patent Act was added when product patents for pharmaceutical

<sup>31</sup> 'About The Pathogen Box | Medicines for Malaria Venture' (*Mmv.org*) <<https://www.mmv.org/mmv-open/pathogen-box/about-pathogen-box>> accessed 2 July 2021.

<sup>32</sup> 'Drug Information Portal - U.S. National Library of Medicine - Quick Access to Quality Drug Information' (*Druginfo.nlm.nih.gov*) <<https://druginfo.nlm.nih.gov/drugportal/name/praziquantel>> accessed 2 January 2020.

<sup>33</sup> 'About OSI<sup>2</sup> - Open Source Imaging' (*Opensourceimaging.org*) <<https://www.opensourceimaging.org/2016/05/01/about/>> accessed 2 August 2021.

<sup>34</sup> Matthew H. Todd, 'Six Laws of Open Source Drug Discovery' (2019) 14, *ChemMedChem* 1804.

<sup>35</sup> Christine Årdal and John-Arne Røttingen, 'Open Source Drug Discovery in Practice: A Case Study' (2012) 6, *PLoS Neglected Tropical Diseases*.



products were introduced in India in 2005. The public health budget has recently been cut, but the commitment to public health is still evident in another provision i.e., the compulsory licencing of essential medicines.<sup>36</sup>

India has witnessed rapid and drastic growth in digitized and born digital data in the last few decades. Much of the information contributed by government research establishments also contribute to scientific data. These establishments include CSIR (Council of Scientific and Industrial Research) laboratories; institutes of higher learning (mostly universities, at both central and state level); and reputed institutes such as IITs (Indian Institutes of Technology) and IIMs (Indian Institutes of Management). R&D organizations such as regional Research Laboratories and industrial R&D divisions also contribute to scientific data.

Any open-source project is facilitated by open-access environment. Open-access ecosystem catalyzes encouragement and proliferation of open-source projects. The Government of India and its strong scientific community network and others in academia have always advocated for open access of scientific content which can be put into action meaningfully in society. India has encouraged and fostered a bigger mission of open-source drug discovery through its Science, Technology, Innovation Policy (STIP) 2021 and its National Intellectual Property Rights Policy 2016, which are quite in commensuration with open-source projects.

#### A. **BIG POLICY ENABLERS OF OPEN-SOURCE RESEARCH & DEVELOPMENT**

There are three Open-Source Enablers: Open-access mandates, Collaboration through Open Data Sharing, and

Open Licenses and Rules, which facilitate and accelerate open-source research milieu in India.

#### **OPEN-ACCESS MANDATES**

In December 2014, India's Ministry of Science and Technology, the Department of Biotechnology (DBT) and the Department of Science and Technology (DST) released a new open-access (OA) Policy. Under the new OA policy, researchers who receive or have received funding since 2012 or use resources from these departments are mandated to deposit, within two weeks after acceptance by a journal, copies of the final papers and supporting data in institutional repositories where the information can be accessed by the public. This is a big step for the promotion of open-access scholarly communications in India, as DBT and DST are the nation's two topmost scientific departments.<sup>37</sup>

**Science-Central** is a centralized repository-hosting service for DST-DBT labs, as well as a harvester service for all DST-DBT institutional repositories. A centralized harvester regularly harvests data of all institutional repositories of DST-DBT labs. At present there are 17 Institutional Repositories hosted at Science Central, while 42 institutional repositories are regularly harvested on the same.<sup>38</sup>

The Government has now implemented an Open Data Use License and a National Data Sharing and Accessibility Policy. Open Access India, an informal and non-profit group of academicians and other important experts in their disciplines who advocate for Open Access, Open Data, and Open Education in India, has submitted a draft National Open Access Policy to the Indian Government.<sup>39</sup> Plan S, an open-access initiative as well as a pledge for open-access publishing, which was introduced in 2018 by

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<sup>36</sup> Frederick Abbott, *Indian policies to promote local production of pharmaceutical products and protect public health* (first published 2017, World Health Organization 2017) [www.who.int/publications/i/item/9789241512213](http://www.who.int/publications/i/item/9789241512213) accessed 14 January 2023.

<sup>37</sup> 'DBT-DST OPEN ACCESS POLICY | Department of Science & Technology' (*Dst.gov.in*) <<https://dst.gov.in/news/dbt-dst-open-access-policy>> accessed 2 March 2021.

<sup>38</sup> 'Science Central-Open Archive IR Harvester For DST & DBT' (*Sciencecentral.in*) <<http://www.sciencecentral.in/>> accessed 2 December 2021.

<sup>39</sup> 'National Open Access Policy of India (Draft, 2017) Ver. 3 - Open Access India' (*Open Access India*) <<http://openaccessindia.org/national-open-access-policy-of-india-draft-ver-3>> accessed 15 July 2020.

a group of influential research funders<sup>40</sup> and in fact came into effect from 2021, has immensely influenced contemporary open-access policies and mandates in India.

## OPEN-DATA SHARING

On February 9, 2012, the Government of India formulated the National Data Sharing and Accessibility Policy (NDSAP), with the Ministry of Electronics & Information Technology (MeitY) as the nodal Ministry to implement the policy. The goal of this policy is to make shareable data owned by the Government of India more accessible and usable by the general public by using a wide area network and making data more standardized and interoperable. Openness, flexibility, transparency, quality, security and efficiency are the criteria on which data sharing and accessibility are supposed to be shared.<sup>41</sup>

To smoothen the data-sharing facility the Government of India has developed GitHub as its Open-Source Code Sharing Platform. The foundation of the Open Government Data Platform India is a cooperative endeavour between the Indian Government and the United States Government. The Open Government Data (OGD) Platform India is also packaged as a product and provides open source for countries around the world to use. Main features of the OGD platform include single-point access to open datasets, responsive web layout design, enhanced visualization platform, better user experience, efficient discoverability of resources, and others.<sup>42</sup>

## OPEN LICENSES AND RULES

To promote and encourage open-source research, the Government of India has systematized the innovation

ecosystem holistically and formulated various policies to support it legally.

The National Intellectual Property Rights Policy 2016 was approved. In its various sections, the policy has supported open-source endeavours such as to:

[e]ncourage R&D including open-source-based research such as Open Source Drug Discovery (OSDD) by the Council of Scientific and Industrial Research (CSIR) for new inventions for prevention, diagnosis and treatment of diseases, especially those that are life threatening and those that have high incidence in India (Section 2.10 of National IPR Policy, 2016).<sup>43</sup>

This national IPR policy also promotes use of free and open-source software, along with the adoption of open standards and the possibility of creating an Indian standard (Section 5.12 of National IPR Policy, 2016).<sup>44</sup>

Even amidst COVID 19, India has drafted and set up its futuristic and ambitious yet humanistic Science, Technology and Innovation Policy (STIP) 2021. The STIP 2021 in the preamble of the policy sets the following goal:

A future-looking, all-encompassing Open Science Framework will be built to provide access to scientific data, information, knowledge, and resources to everyone in the country and all who are engaging with the Indian STI ecosystem on an equal partnership basis. All data used in and generated from publicly funded research will be available to everyone under FAIR (findable, accessible, interoperable, and reusable) terms.<sup>45</sup>

## B. INITIATIVE ONE: OPEN SOURCE DRUG DISCOVERY

It was realized that NTDs are not properly addressed and that most drugs are not affordable to the common man in the developing world. The 1999 Nobel Peace Prize winner and humanitarian organization Médecins Sans

<sup>40</sup> Holly Else, 'A Guide to Plan S: The Open-Access Initiative Shaking Up Science Publishing' (2021) *Nature*.

<sup>41</sup> 'National Data Sharing and Accessibility Policy | Department of Science & Technology' (*Dst.gov.in*) <<https://dst.gov.in/national-data-sharing-and-accessibility-policy-0>> accessed 2 January 2021.

<sup>42</sup> 'Open Data Brief of National Data Sharing & Accessibility Policy (NDSAP)' (*Ministry of Electronics & Information Technology*, 2022) <<https://www.meity.gov.in/open-data>> accessed 2 July 2019.

<sup>43</sup> 'National IPR Policy' (*Department for Promotion of Industry and Internal Trade*) <<https://dpiit.gov.in/policies-rules-and-acts/policies/national-ipr-policy>> accessed 2 September 2019.

<sup>44</sup> Holly Else (n 40).

<sup>45</sup> '5th National Science, Technology and Innovation Policy (STIP) | Office of the Principal Scientific Adviser to the Government of India' (*Psa.gov.in*, 2020) <<https://www.psa.gov.in/stip>> accessed 2 July 2021.

Frontières (MSF), along with the World Health Organization and five international research institutions, founded the Drugs for Neglected Diseases initiative (DNDi) in 2003 with a vision to deliver affordable and patient-friendly drugs for neglected diseases. DNDi is one of the first significant endeavours that attempted to reduce this fatal imbalance.<sup>46</sup>

To solve the complex problems associated with discovering novel therapies for neglected tropical diseases like tuberculosis, malaria, leishmaniasis and others and an affordable drug for all, the CSIR launched Open Source Drug Discovery (OSDD) initiative in 2008. OSDD, a translational platform for drug discovery is a CSIR-led Team India Consortium with global partnership. OSDD is collaborating with international organizations such as the Global TB Alliance (GATB, TB Alliance), Drugs for Neglected Diseases Initiative (DNDi), Medicines for Malaria Venture (MMV), the Royal Society of Chemistry (RSC) and others. The core sponsor of OSDD is the Government of India. For the period from September 2008 to March 2012, the Government of India earmarked 459.6 million Indian rupees (about 12 million US dollars) to the project. In October 2013, the Sir Dorabji Tata Trust awarded a grant to the Council of Scientific and Industrial Research (CSIR), New Delhi, to enable the TATA CSIR-OSDD Fellowship (TCOF) to support students and young researchers. Over 7,900 people from more than 130 countries have signed up to participate in the OSDD so far.

Tuberculosis was the first drug targeted by the OSDD because of its high incidence and mortality in India and other developing nations. OSDD aims to bring *Mycobacterium tuberculosis* research out as an open problem so that researchers from all around the world can exchange and collaborate, bringing a large number of eyes to this problem. To meet these obstacles, OSDD seeks to bring together the capabilities of experts from

universities, research labs, industry and other places for a collaborative, long-term, and well-coordinated effort at tuberculosis drug discovery. This is a unique opportunity for scientists, doctors, technocrats, students and others with diverse expertise to work for a common cause. Anyone who is willing to adhere to the affordable healthcare philosophy can agree to the OSDD license. OSDD is premised on three cardinal principles of open-source philosophy i.e., collaborate, discover and share. Drugs discovered are generic and IP-free, and the industry can manufacture and distribute anywhere in the world, ensuring affordable prices.

#### VIRTUAL COLLABORATION IN OSDD

SysBorg 2.0 (Systems Biology of the Organism), a web-based research portal, was developed by Infosys Technologies and is used by collaborators of the OSDD community across the globe. SysBorg (Figure 4) combines the functional elements of social networking sites like Facebook with those of a collaborative research portal for the presentation and exchange of scientific data via the Internet. Participants can open the account in SysBorg 2.0 and can connect to any other collaborators of their preference to share their views, opinions, new ideas and experimental data, etc., using the familiar social networking features. They may form virtual groups or teams interacting online on their chosen projects.

SysBorg maintains electronic open lab notebooks, allowing any member of the community to view the data. At the same time, contributors are guaranteed credit points. Micro-attribution and date and time stamping are two unique concepts that secure one's ideas. Individual users' inputs and contributions are recorded in the form of discussions, blog entries, ideas and project contributions.

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<sup>46</sup> Drugs for Neglected Diseases initiative (DNDi), 'Who we are | DNDi' ([dndi.org](https://dndi.org/about/who-we-are/)) <<https://dndi.org/about/who-we-are/>> accessed 15 January 2023.

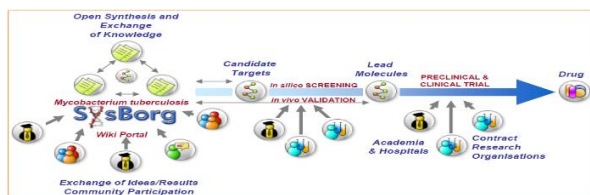


Figure 4. Functioning of SysBorg 2.0<sup>47</sup>

## MECHANISM OF WORKFLOW IN OSDD

The OSDD method is to undertake early-stage research in an open-source setting with the brightest minds from around the world in a highly collaborative fashion. It works with partners such as contract research organizations in the pharmaceutical industry or public sector institutes with development capabilities during the drug's development stage. Then the drug goes for publicly funded clinical trials. As there are no IP constraints, after successful clinical trials it would be manufactured by generic drug industries to ensure affordability and availability (Figure 5). This model is replicable and is capable of ensuring health security in the developing world, particularly for Type II and Type III diseases. It had two phases, I and II (Table 1).

Phase	Duration
Phase I duration (Discovery and Development)	2008-2012
Phase II duration (Clinical Trials)	2012-2017

Table 1. Phases of OSDD

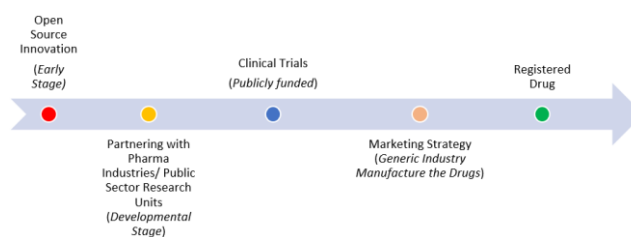


Figure 5. OSDD Strategy to Drug Discovery & Development

## IP AND OWNERSHIP ISSUES IN OSDD

The OSDD approach to research and development is IP-neutral and respects the intellectual property of others. OSDD ensures the following:

1. In no circumstances will OSDD hamper further research on any of its patents by any group anywhere, as these patents will be available with an open-source license which enables further research. OSDD will honor the IP of its partners, and it will work with those partners who are IP holders but align with its vision of affordable healthcare to the developing world.
2. The contributions are protected through a ClickWrap agreement against misappropriation. Each contribution is time, and login is stamped to ensure quantitative evaluation and micro-attribution.
3. As per the OSDD model, the New Chemical Entity (NCE) will be free of IP and will become generic as soon as it is discovered/developed.

<sup>47</sup> 'How OSDD Works - Open Source Drug Discovery' (*Osdd.net*) <<http://www.osdd.net/about-us/how-osdd-works>> accessed 2 February 2019.

The cost of clinical trials will be met by the OSDD consortium. These generic molecules which are approved as drugs can be used by any company to manufacture the drug in any part of the world. The competition at the market place will keep drug prices at affordable levels.

4. OSDD license treats the entire information available on the SysBorg portal as “protected collective information”. It mandates common ownership of the data and research results as well as the sharing of such data, contributing back improvements to the protected collective information. Such protected collective information is held on behalf of the OSDD community by the CSIR as a trustee holder with legal powers and authority for legal action.
5. If any individual researcher would like to patent their inventions for this purpose, they are welcome to do so, but they will need to provide a worldwide royalty-free and non-exclusive license to OSDD to work further. OSDD will take forward such molecules in the drug discovery pipeline and make them available without IP encumbrances. Thus, IP may play a limited role but within the premises of affordability and accessibility.

#### ACHIEVEMENTS<sup>48,49</sup>

The genome of the *Mycobacterium tuberculosis* strain H37Rv was first published in 1998. Since then, new research has been carried out in such areas as gene functionality, associated proteins, interactions, and potential drug targets.<sup>50</sup> The OSDD community has identified more than 60 potential drug targets of

*Mycobacterium tuberculosis*. Seven targets are being actively followed up for onward investigation by highly competent Principal Investigators. OSDD of CSIR is a globally benchmarked translational research program and drug discovery platform. OSDD has demonstrated the power of open online collaboration. A project on pathway annotation of *Mycobacterium tuberculosis* annotated more than 600 genes in less than six months with collaborators from different parts of India, while KEGG (Kyoto Encyclopedia of Genes and Genomes) took ten years to annotate nearly 1,200 genes. Its significant achievements are in the following:

#### CLINICAL TRIALS OF NEW TB DRUG COMBINATION FOR MDR-TB PATIENTS

OSDD received approval from India’s Drug Controller General in March 2014 to conduct Phase II B clinical studies for a new MDR-TB combination treatment. TB Alliance USA is implementing this innovative combo regimen in various regions of the world. This is a 3-arm study (Figure 6).<sup>51</sup> In the first arm, patients will be treated with a combination of PA 824 (Pretomanid), Moxifloxacin and Pyrazinamide (PaMZ); in the second arm, PA-824 will be added to the current Standard of Care (DOTS PLUS; *Directly Observed Therapy, Short-course*) and the third will consist of the Standard of Care. Approval from the Ethics Committee of NITRD (National Institute of Tuberculosis and Respiratory Diseases) and RNTCP (Revised National Tuberculosis Control Programme) board has also been obtained.

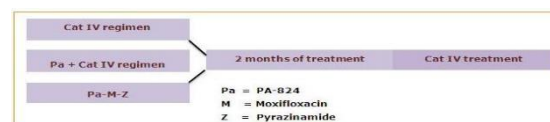


Figure 6. 3-arm clinical trial<sup>49</sup>

<sup>48</sup> Anshu Bhardwaj *et al.*, ‘Open Source Drug Discovery– A New Paradigm of Collaborative Research in Tuberculosis Drug Development’ (2011) 91, *Tuberculosis* 479

<[http://moglen.law.columbia.edu/twiki/pub/LawNetSoc/BahradSokhansanjFirstPaper/91Tubercul479\\_open\\_source\\_drug\\_discovery\\_for\\_TB\\_2011.pdf](http://moglen.law.columbia.edu/twiki/pub/LawNetSoc/BahradSokhansanjFirstPaper/91Tubercul479_open_source_drug_discovery_for_TB_2011.pdf)> accessed 19 December 2018.

<sup>49</sup> OSDD, ‘CSIR-Open Source Drug Discovery Annual Report – 2013-14’ (CSIR-OSDD 2014) XXXX <[www.osdd.net/media-centre/reports](http://www.osdd.net/media-centre/reports)> accessed 9 July 2019.

<sup>50</sup> Anders Norman *et al.*, ‘Complete Genome Sequence of *Mycobacterium tuberculosis* DKC2, The Predominant Danish Outbreak Strain’ (2019) 8, *Microbiology Resource Announcements*.

<sup>51</sup> ‘OSDD TB Drug Discovery Portfolio - Open Source Drug Discovery’ (*Osdd.net*) <<http://www.osdd.net/research-development/osdd-tb>> accessed 3 March 2021.

## OSDD DRUG DISCOVERY AND SYSTEMS BIOLOGY PLATFORM

Recognizing the critical need for varied small molecule chemical libraries, OSDD has launched various chemistry projects involving over 90 Principal Investigators from CSIR laboratories. Various chemists from various universities, institutes and colleges are involved in the synthesis of compounds via OSDDChem – an open-access chemical repository. These compounds are being screened against TB and malaria at CDRI (Central Drug Research Institute). The OSDD community has also developed OSDDlinux – a customized Linux operating system for drug discovery that integrates open-source software, libraries, workflows and web services in Linux for creating an environment for drug discovery. The community, which currently has 400 members, aims to use computational tools to identify molecules in large online digital repositories that have the desired set of drug-like properties. Sun Microsystems, M/s. Infosys Ltd, TCG Life Sciences, ChemBiotek, Biozeen, CellWorks and many others are among the companies that have joined OSDD's private-public partnerships. CSIRO-Australia also joined OSDD along with several universities and colleges from India and abroad.

### C. INITIATIVE TWO: OPEN SOURCE PHARMA FOUNDATION (OPSF)

Inspired by the seminal work of Bernard Munos published in *Nature* in 2006, "Can open-source R&D reinvigorate drug research?", a landmark initiative was taken by the Government of India through the CSIR-led OSDD to create the Open Source Pharma Foundation (OPSF). "OPSF is the direct descendant of Open Source Drug Discovery (OSDD), an Indian Government consortium that has, since 2008, led thousands of academics and undergraduates across India to work on tuberculosis."<sup>52</sup> Other pioneers of this initiative were Open Source Malaria (OSM), founded by Professor Matthew Todd, and

Tata Trust's TATA-CSIR-OSDD Fellowship (TCOF) for young researchers.

OPSF is a global non-profit organization with centres in Bangalore (India), Paris and New York. OPSF seeks new ways to discover drugs, by (i) creating an alternate paradigm for pharma R&D; (ii) developing medicine and vaccines for all, focused on repurposing for respiratory pandemics (tuberculosis, COVID-19, future pandemics) and (iii) nurturing a community. OPSF has embraced open R&D methods, artificial-intelligence-based discovery, and clinical trials via generics repurposing. OPSF works on the following three fundamental principles of open-source pharma:<sup>53</sup>

- 1) crowdsourced and computer-driven drug discovery;
- 2) IT-enabled clinical trials with open data and crowdsourcing; and
- 3) manufacture of generics.

### MAJOR OPERATING PRINCIPLES

1. Employ radical openness, sharing and transparency.
2. Leverage the global brainpower of the crowd.
3. Adopt open and innovative approaches to the management of intellectual property and financing.
4. Create monetary and non-monetary reward systems for R&D that are alternatives to the prevailing proprietary model.
5. Support open access to papers, data and other research outputs.
6. Convene and mobilize thought, opinion and community leadership in reshaping R&D.

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<sup>52</sup> Justin Biddle (n 14).

<sup>53</sup> 'About: Open Source Pharma Foundation' (*OPEN SOURCE PHARMA FOUNDATION*) <<https://www.ospfound.org/about.html>> accessed 3 November 2021.



## IP ISSUES IN OPSF

- a) IP that is non-exclusive, and open to all countries and companies.
- b) More ethical use of public funds, with public funds for public IP and free-market competition among producers.
- c) Repurposed off-patent vaccines that can be produced non-exclusively by many parties, under conditions of market competition.

## ACHIEVEMENTS

OPSF, in partnership with the Government of India's National Institute for Research in Tuberculosis (NIRT), one of 26 national institutes under the Indian Council of Medical Research (ICMR), started exploring the efficacy of metformin, a widely used off-patent diabetes drug with immunomodulatory effect, as an adjunct therapy for tuberculosis. NIRT is the primary sponsor, while OPSF is the secondary sponsor of this project.<sup>54</sup>

OPSF commenced a multicentric phase 2b clinical trial of 200+ patients for adjunct therapy for tuberculosis, achieving this at least one decade faster and at only 1 per cent of the cost compared to conventional big pharma approaches. Compliance<sup>55</sup> with these criteria assures the public that trial subjects' rights, safety and well-being are protected in accordance with the principles outlined in the Declaration of Helsinki and that clinical trial data are reliable.

OPSF, along with the Harvard School of Medicine and the Government of India, is close to launching multiple phase 3 COVID-19 vaccine trials. This venture, called OpenVax, seeks to fight COVID-19 and future

pandemics rapidly and equitably by repurposing existing, widely available and off-patent low-cost vaccines with strong safety records. The initial repurposed candidate vaccines are BCG (tuberculosis), MMR (measles/mumps/rubella) and OPV (oral polio vaccine). Such vaccines, if successful, would be quickly available, cost only a few cents per dose,<sup>56</sup> take advantage of current manufacturing capacity in the hundreds of millions of doses, and have intellectual property that is the "shared inheritance of all humanity."

## D. INITIATIVE THREE: CoWIN

CoWIN (Covid Vaccine Intelligence Network) is an app made by the Indian Government for COVID-19 vaccination registration and real-time monitoring of vaccination, owned and operated by India's Ministry of Health and Family Welfare. This app was launched on January 16, 2021, and the CoWIN app 2.0 was kicked off on March 1, 2021. It displays booking slots for COVID-19 vaccines available in nearby areas and can be booked on the website. India has been employing a vaccine intelligence system called eVIN (electronic vaccine intelligence network) for several years as part of their universal vaccination campaign, which offers real-time input on vaccine stockpiles, power outages, temperature fluctuations and other factors. CoWIN is essentially an eVIN expansion. It is a cloud-based IT solution for COVID-19 immunization planning, execution, monitoring and assessment in India. It will allow the system to track COVID-19 vaccine usage, waste, and coverage at the national, state, district and sub-district levels.<sup>57</sup>

India's own highly efficient digital platform for the COVID-19 vaccination drive, CoWIN, has been made open source for all countries to access, adapt and use. This is perhaps the first time that any country is making a software

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<sup>54</sup> 'Selected Key Achievements' (OPEN SOURCE PHARMA FOUNDATION) <<https://www.ospfound.org/achievements.html>> accessed 3 April 2021.

<sup>55</sup> Chandrasekaran Padmapriyadarsini *et al.*, 'Evaluation of Metformin in Combination With Rifampicin Containing Antituberculosis Therapy In Patients With New, Smear-Positive Pulmonary Tuberculosis (METRIF): Study Protocol For A Randomised Clinical Trial' (2019) 9, *BMJ Open*.

<sup>56</sup> 'Openvax –Phase 3 Clinical trials' (Open Source Pharma Foundation) <<https://www.ospfound.org/openvax---vaccine.html>> accessed 24 March 2022.

<sup>57</sup> Abantika Ghosh, 'What Is CoWIN and What You Need to Register on The App for Covid Vaccine Shot' (*The Print*, 5 January 2021) <<https://theprint.in/health/what-is-cowin-and-what-you-need-to-register-on-the-app-for-covid-vaccine-shot/579307/>> accessed 3 October 2021.

platform developed by its public sector open to the world.<sup>58</sup>

## 7. OPEN-SOURCE DRUG DISCOVERY: A FEW INSIGHTS

Exclusivity refers to the period during which a brand-name drug is shielded from generic competition. Different contexts require different exclusivities. Exclusivity is intended to strike a balance between new medicine development and generic competition.<sup>59</sup> The Drugs and Cosmetics Act of 1940 in India provides for data exclusivity for a new drug for a total of four years from the date of approval, under section 122E. A new drug is not always a patented drug but rather one that has never been widely utilized in the country. Now there is a proposal to increase the data exclusivity period from the current four years to 10 years.<sup>60</sup> Data exclusivity tends to prevent generic competition from entering the market, allowing innovator companies to monopolize the market even when the patent is invalidated within the exclusive term. Data exclusivity safeguards information gathered during a drug's clinical trials. Most governments grant a medication business that has completed clinical trials exclusivity for a period ranging from five to eight years.

In the United States, the Hatch-Waxman Act (The Drug Price Competition and Patent Term Restoration Act, 1984) established the legal and economic foundation for today's generic pharmaceutical industry.<sup>61</sup> It has shown that access to pre-clinical and clinical test data leads to innovations among generic manufacturers. Regulatory bodies should create specific data repository, infrastructure and incentives for open-source drug

discoverers aiming to manufacture generics for catalyzing the open projects as a whole. Experts are in favor of devising extended data protection for an open source, affordable and patent-free path for NCEs for lower middle-income countries including India.<sup>62</sup> Innovation should be protected for long-term societal benefit, but its reward system should be adequately flexible so that it respects inclusivity, plurality and heterogeneity.

Relevant literature suggests various alternatives to the patenting system from time to time. The various alternative rewarding systems proposed for aiding open-source drug research proposed are:

Alternative 1: a prize system;<sup>63</sup>

Alternative 2: inventions without patents;<sup>64</sup>

Alternative 3: an "inclusive" business model;<sup>65</sup> and

Alternative 4: introduction of fair-use of inventions.<sup>66</sup>

Section 47(3) of the Indian Patents Act of 1970 has given exemption for experiment or research "for the purpose merely of experiment or research including the imparting of instructions to pupils." However, the author argues that the term "merely" makes exemption of experiment or research in an amateurish approach to a genuine issue. Therefore, a suitable amendment in the relevant Act as suggested in Alternative 4 would have a long-lasting impact on the open-source projects in India.

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<sup>58</sup> Sohini Das, 'CoWIN Goes Global: India Makes Tech Open Source, 142 Nations Show Interest' (*Business-standard.com*, 6 July 2021) <[https://www.business-standard.com/article/current-affairs/cowin-goes-global-india-makes-tech-open-source-142-nations-show-interest-121070501046\\_1.html](https://www.business-standard.com/article/current-affairs/cowin-goes-global-india-makes-tech-open-source-142-nations-show-interest-121070501046_1.html)> accessed 17 September 2021.

<sup>59</sup> 'Exclusivity And Generic Drugs: What Does It Mean?' (*Fda.gov*, 2021) <<https://www.fda.gov/files/drugs/published/Exclusivity-and-Generic-Drugs--What-Does-It-Mean-.pdf>> accessed 3 July 2020.

<sup>60</sup> 'Extending Data Exclusivity for a Drug after Clinical Trials, thereby shutting out competition, Is Not a Good Idea' (*The Hindu Business Line*, 27 December 2016) <<https://www.thehindubusinessline.com/opinion/backdoor-patents-could-hurt-patients/article9446406.ece>> accessed 26 March 2022.

<sup>61</sup> 'What Is Hatch-Waxman?' (*Phrma.org*, 12 July 2018) <<https://phrma.org/resource-center/Topics/Cost-and-Value/What-is-Hatch-Waxman>> accessed 3 January 2021.

<sup>62</sup> Maxwell Robert Morgan, Owen Gwilym Roberts and Aled Morgan Edwards, 'Ideation and implementation of an open science drug discovery business model – M4K Pharma' (2018) 3 Wellcome Open Research.

<sup>63</sup> Joseph E Stiglitz, 'Scrooge and Intellectual Property Rights' (2006) 333, *BMJ* 1279.

<sup>64</sup> Petra Moser, 'Innovation without Patents: Evidence from World's Fairs' (2012) 55, *The Journal of Law and Economics*.

<sup>65</sup> '2018 Access to Medicine Index' (*Access to Medicine Foundation*, 2018) <[https://accesstomedicinefoundation.org/media/uploads/downloads/5e27136ad13c9\\_Access\\_to\\_Medicine\\_Index\\_2018.pdf](https://accesstomedicinefoundation.org/media/uploads/downloads/5e27136ad13c9_Access_to_Medicine_Index_2018.pdf)> accessed 12 July 2020.

<sup>66</sup> Sabuj Kumar (n 3).



## 8. LESSONS LEARNED AND SOCIAL TRANSFORMATION

India has started a number of initiatives to improve public healthcare, addressing NTD issues through open-source drug discovery and biomedical innovations. To facilitate the open-source innovation, India has mandated suitable premise, platforms and policies harnessing its strength in information and communication technologies. Accessibility- and affordability-driven open-source drug discovery and biomedical innovation projects led by India, such as OSDD, OPSF, and CoWIN have attested to this fact. OSDD depicts that several parameters working in sync can make the open-source collaboration work, like standardization of data, data sharing, granularization in every step and making individual innovation a larger goal. OPSF is a typical example of a public-private partnership (PPP) that shows how competitive intelligence, years of experience in world-renowned medical school, philanthropy and governmental facilitation can collaborate and work together for societal benefit. CoWIN demonstrates the power of a useful open-source-based app, a game changer that has helped a billion Indians fight the ongoing COVID-19 pandemic. There are already 142 countries that have shown interest in adopting it.

In addition, some pharmaceutical companies recognize the disproportionate disease burden in resource-limited settings that are prevalent in poor developing nations, and they have greatly reduced the drug prices for NTDs like tuberculosis to improve both accessibility and affordability, and thus inclusivity. Equitable pricing strategies also play a key role in enhancing accessibility. The WHO-administered Global Drug Facility (GDF) for tuberculosis mandates that national TB control programs should have uninterrupted access to high-quality anti-TB

medicines by providing direct procurement services and securing competitive prices.

The *Access to Medicine Index 2021*<sup>67</sup> identified 12 inclusive business models being practised to increase access governance and accessibility of medicines in poor and developing nations. Transparency in data sharing and trust in data are two important pillars of open-source research. In fact, the patent-driven business model<sup>68</sup> practised by pharmaceuticals over the decades is in trouble because, despite the increased cost of drug development, expensive clinical trials, and uncertainty of patents, industries as a whole are in search of a new model that can deliver with speed and less cost. Collaboration by a wide range of contributors and stakeholders helps design drugs with needed traits and profiles that guide the whole drug development process. In open-source drug discovery, all strategic decisions are taken through community debate,<sup>69</sup> discussion, and collaboration by sharing testable and trustable data. Global efforts to combat the COVID-19 pandemic have ascertained that sharing experience and knowledge through open-source projects can save humanity. Initiatives based on open source have the ability to transform every society, since they are for the community, of the community and by the community.

## 9. CONCLUSION

We hope that the world's response to the ongoing COVID-19 pandemic has taught us that a truly shared experience of a common enemy can unlock the speed, strength and creativity needed to address even the greatest challenges. This pandemic was an acid test for open-source-based research systems, and it has been proved that even in new normalcy, research based on sharing accessible, actionable, interoperable and reusable data in an IP-free environment can still save

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<sup>67</sup> 'The Methodology for the 2021 Access to Medicine Index' (*Access to Medicine Foundation*, 2021) <[https://accesstomedicinefoundation.org/media/uploads/downloads/613f5fb390319\\_Access\\_to\\_Medicine\\_Index\\_2021.pdf](https://accesstomedicinefoundation.org/media/uploads/downloads/613f5fb390319_Access_to_Medicine_Index_2021.pdf)> accessed 3 July 2021.

<sup>68</sup> Hassan Masum and Rachele Harris, 'Open Source for Neglected Diseases: Magic Bullet or Mirage?' (Results for Development Institute 2011) <<https://r4d.org/resources/open-source-neglected-diseases-magic-bullet-mirage/>> accessed 3 January 2021.

<sup>69</sup> Manica Balasegaram *et al.*, 'An Open Source Pharma Roadmap' (2017) 14, *PLOS Medicine*.

humanity. For example, Virus Outbreak Data Network (VODAN)<sup>70</sup> is one of the joint activities carried out by CODATA (Committee on Data for Science and Technology), RDA (Research Data Alliance), WDS (World Data System), and GO FAIR (Findable, Accessible, Interoperable & Reusable) to develop a distributed data network infrastructure that supports evidence-based responses to the COVID outbreak. Open-source innovation helps us focus more on creating value than capturing value.<sup>71</sup> Any open-source initiative aimed at discovering drugs and medicines has another perspective for its participants, that of learning, both at the individual and collective level. Learning through experience shapes and determines the success of that initiative. However, while all these open-source initiatives understandably call for accessibility and affordability, the capability to embrace open development should also come under the same ambit. The capability to participate in terms of technical skill, infrastructure and capacity of learning through experience also equally plays a crucial role in open-source endeavour. Open-source drug discovery and biomedical innovations can be a conduit for social transformation in poor, developing nations like India by connecting potential individuals across the globe to think, collaborate and share.

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<sup>70</sup> Barend Mons, 'The VODAN IN: Support of A FAIR-Based Infrastructure For COVID-19' (2020) 28, *European Journal of Human Genetics* 724.

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## 5. PROMOTING CONSUMER WELFARE THROUGH IP AND COMPETITION LAW IN NIGERIA: AN EXAMINATION OF THE NEW FEDERAL COMPETITION AND CONSUMER PROTECTION ACT 2018

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### ABSTRACT

Intellectual property law (IPL) and competition law (CL) appear to play conflicting and complementary roles in regulating the market for goods and services. While IPL aims to protect creativity and invention and has established a legal regime for intellectual property rights (IPRs) which tend to create a monopoly and serve as an incentive for inventors, CL aims to remove restrictions on entry into the market and prevent practices that hinder competition. In Nigeria, IPRs have enjoyed legal protection since the country's colonial era, as a result of the reception of English common law; statutes of general application; and, by extension, relevant statutes on the subject. Unlike IPRs, statutory regulation of competition is relatively new in the country. Prior to the enactment of the Federal Competition and Consumer Protection Act, 2018 (FCCPA), the statutory regulation of competition was visible only in the regulatory frameworks of a few sectors of the nation's economy, notably investments and securities, electric power and telecommunications sectors. The FCCPA extended competition regulation to every sector of the nation's economy. This has brought to the fore concerns as to the seemingly conflicting aims of IPL and CL regimes and their roles in promoting market efficiency and consumer welfare. This paper examines the interface between the protection of IPRs under the Copyright Act, Trade Marks Act and the Patent and

Designs Act on the one hand, and competition regulation under the FCCPA on the other, to ascertain if the two are sufficiently harmonized to achieve the desired balance in the overall interest of the consumer.

**Keywords:** *Intellectual property law, Competition law, Market regulation, Consumer Welfare, Federal Competition and Consumer Protection Act 2018, Nigeria.*

### 1. INTRODUCTION

The roles of intellectual property law (IPL) and competition law (CL) in market regulation have long been recognized as conflicting and complementary.<sup>1</sup> The principal aim of IPL has been to protect creativity and invention by ensuring that no one unduly appropriates the benefits of another's creative labour. IPL creates intellectual property rights (IPRs), which are recognized as intangible rights of property with commercial value deserving of legal protection. It is commonly believed that IPRs tend to create a monopoly by limiting entry into the market in order to create an incentive for inventions.<sup>2</sup> On the other hand, the main objective of CL is to remove restrictions on entry into the market and prevent practices that hinder competition so as to achieve lower prices and increase the output and quality of goods and services through innovation. Thus, through divergent approaches, both IPL and CL claim to encourage innovation and promote consumer welfare through the provision of quality goods and services.

In Nigeria, legal protection of IPRs dates back to the country's colonial era as a result of the reception of English common law and statutes of general application<sup>3</sup>

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<sup>3</sup> While there is a consensus of opinion that the cut-off date of 1 January 1900 applies to statutes of general application, there have been arguments over the application of limitation dates of the reception of English common law. While some argue that the reception date of 1 January 1900 also applies to common law and doctrines of equity such that all common law decisions after that date are not applicable in Nigeria, others posit that the only limitation to the application of English common

on the subject matter. Also, the English Crown, through powers granted by the Parliament, extended relevant statutes on the subject to the country.<sup>4</sup> Since the country's independence in 1960, the Nigerian Government has enacted statutes that protect various IPRs: copyright,<sup>5</sup> trademark,<sup>6</sup> patents and industrial designs.<sup>7</sup> Conversely, regulation of competition in the market for goods and services, over time, lagged behind the protection of IPRs. However, technological advancements and trade liberalization engendered by the WTO agreements, privatization, and commercialization policies have dismantled sectors that hitherto operated as national monopolies. With the full or partial privatization and commercialization of key sectors of the economy, such as telecommunications, banking and electric power sectors, the lacuna created by the absence of a strong competition-regulation regime in Nigeria soon became evident, bringing to the fore the need for promotion of competition and consumer welfare in the privatized sectors. The legal instruments for commercialization and privatization made provisions seeking to promote competition and consumer protection in the relevant industry, resulting in piecemeal sector-specific competition regulation in the country.

Consequently, prior to January 2019, there was no general statute regulating competition in Nigeria. There existed a few competition regulations in certain specific sectors, namely: investments and securities,<sup>8</sup> the electric power sector,<sup>9</sup> and telecommunications.<sup>10</sup> Following the passage by the National Assembly in December 2018 of the Federal Competition and Consumer Protection Bill and its subsequent assent by the President on January 30,

2019, a general competition regime applying to all sectors of the Nigerian economy was instituted.<sup>11</sup>

This paper examines the interface between the protection of IPRs and competition regulation under the FCCPA, with a view to ascertain if they are sufficiently harmonized to achieve the desired balance in the protection of IPRs and promotion of competition in the overall interest of the consumer. It has five main sections, of which this introduction is the first and the last the conclusion. The second section highlights the meaning, objectives, and interrelationship between IPL/IPRs and CL and their roles in promoting consumer welfare. The third section examines the legal and institutional frameworks for intellectual property (IP) in Nigeria, while the penultimate section examines relevant provisions of the FCCPA to show the balance between competition regulation and the protection or restriction of IPRs under the FCCPA.

## 2. INTERRELATIONSHIPS BETWEEN INTELLECTUAL PROPERTY LAW, COMPETITION LAW AND CONSUMER WELFARE

### A. INTELLECTUAL PROPERTY LAW AND RIGHTS

IP is the legal right which may be asserted in respect of the product of the human intellect.<sup>12</sup> IPL is a broad area of law which protects the creation of the human mind and human intellect by preventing people from replicating, using or in any other manner taking undue advantage of the works, inventions and related good reputations of others, and it provides remedies where the prohibition is violated.<sup>13</sup> It rewards creators of protected works by granting them exclusive rights to such works and deterring others from using the works in a

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law is 1 October 1963, when Nigeria became a republic, and the Nigerian Supreme Court became the highest court of law in Nigeria. For these arguments, see A.N. Alliot, 'The Common Law of Nigeria' (1965) 10 ICLQ 31; Andrew. E. W. Park, *Sources of Nigeria Law*, (new edition, Sweet and Maxwell, 1974) 20– 2; BO Nwabueze, *The Machinery of Justice in Nigeria* (Butterworths 1963) 19–22; AO Obilade, *Nigerian Legal System* (Sweet and Maxwell 1979).

<sup>4</sup> See for example, Order-in-Council No. 912 of 24 June 1912, made pursuant to s25 of the English Copyright Act 1911 extending the applicable of the Act to Nigeria.

<sup>5</sup> Copyright Act, Cap C28 Laws of the Federation of Nigeria (LFN) 2004.

<sup>6</sup> Trade Marks Act, Cap T13 Laws of Federation of Nigeria 2004.

<sup>7</sup> Patents and Designs Act, Cap P2 Laws of Federation of Nigeria 2004.

<sup>8</sup> Investments and Securities Act, 1999 (Repealed) (Nigeria).

<sup>9</sup> The Nigerian Communications Act, No. 19 of 2003.

<sup>10</sup> Electric Power Sector Reform Act, No. 6 of 2005.

<sup>11</sup> Although the Bill was signed into law on 30 January 2019 it was erroneously gazetted as Federal Competition and Consumer Protection Act 2018, perhaps because it was passed by the National Assembly in 2018.

<sup>12</sup> Jeremy Philip and Alison Firth, *Introduction to Intellectual Property Law* (4<sup>th</sup> edition, Butterworths 2001) 4.

<sup>13</sup> Anthony T. Adekola and Sunday C. Eze 'Intellectual Property Rights in Nigeria: A Critical Examination of the Activities of the Nigerian Copyright Commission' (2015) 35, *Journal of Law, Policy and Globalization* 56, p.56.



manner that infringes on the rights so granted (known as IPRs). By preventing persons other than the right holder from copying, performing or distributing the protected works, IPRs serve as an incentive for creators and inventors of literary and artistic works, scientific inventions and discoveries. There are two broad categories of IPL: copyright and industrial property. Copyright law protects literary, musical and artistic works; cinematography films; sound recording and broadcasts; and allied rights. Industrial property law protects inventions, trademarks and designs. IPL and the resulting IPRs are categorized into four in Nigeria: copyrights, trademarks, patents, and industrial designs.

Copyright law has been particularly important in fighting the pirating of books, music and films and is of immense importance to authors, publishers, music composers, musicians and producers of musical works, film producers, and computer programmers, etc. By the exclusive right it confers on the creator of an original work to authorize or prohibit certain uses of the work by others, copyright law protects one's literary and artistic works from being appropriated by others, especially for commercial gains.<sup>14</sup> It also protects the reputation and the integrity of the author,<sup>15</sup> gives the author the right to earn profit by direct or indirect exploitation of his or her work, and incentivizes further creativity for the benefit of consumers.<sup>16</sup> It may, however, be questioned whether copyright protection in literary, musical or artistic works lasting up to 70 years after the death of the author and 50 years after it was first published in the case of films,

photographs and sound recordings,<sup>17</sup> is reasonable in the present technology-driven world.

Trademarks regulation has a close affinity with or derives from the common law tort of passing-off, which prevents a person from selling his goods or carrying on his business in such a manner as to mislead the public into believing that his product or business is that of another person.<sup>18</sup> The main objective of trademarks law is to ensure that no one other than the proprietor or a registered user of a trademark<sup>19</sup> uses a mark identical with or so nearly resembling it or in any other manner likely to deceive or cause confusion in the course of trade in relation to any goods in respect of which the mark was registered.<sup>20</sup> Generally, however, trademarks have four basic functions that are interrelated: differentiation, the indication of origin or source, quality, and advertising.<sup>21</sup> It is also a consumer protection mechanism in that it distinguishes the goods or services of an enterprise from those of others and protects the consumer from being deceived into purchasing goods or services that he or she did not intend to buy.<sup>22</sup> A trademark owner can use the mark to stimulate consumer demand and retain patronage through the power of association created between the mark and related products or services that the public has become familiar with.<sup>23</sup>

Patents protect new inventions or improvements in existing inventions that are inventive and capable of industrial application.<sup>24</sup> This protection is of tremendous importance to technicians, technologists, scientists and inventors. Patents relate to the technical specifications of a product, while industrial designs relate primarily to

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<sup>14</sup> Olatoun A. Kolawole and Osinachi K. Onu 'Legal Framework for Copyright Protection in Nigeria' (2019) 5, *Benson Idahosa University Law Journal* 298, p.308-309.

<sup>15</sup> Uchechukwu Uguru and Moses C. Umobong, 'Appraising the Impact of the Nigerian Copyright Act and Regulations in Combating Piracy in Nigeria' (2022) 13, *Beijing Law Review* 247 p. 251.

<sup>16</sup> Hedvig Schmidt, 'Competition law and IP Rights: Not So Complementary - Time for Re-alignment of the Goals?' (2019) 42 (4), *World Competition* 451, p. 452.

<sup>17</sup> Copyright Act (n 5), s 2 and First Schedule.

<sup>18</sup> W.V.H. Rogers and Percy Winfield, *Winfield and Jolowicz on Tort* (17<sup>th</sup> edition, Sweet and Maxwell 2006) 845; *AC Spalding & Bros v. AW Gamage Ltd* (1915) 84 LJ Ch 449.

<sup>19</sup> A trademark refers to a mark 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 has the right either as proprietor or as a registered user of the mark. For purposes of trademarks law, a mark 'includes a device, brand, heading, label ticket, name signature, words, letter, numeral, or any combination thereof'. See Trade Mark Act, Cap T13 Laws of the Federation of Nigeria (LFN) 2004 (n 6), s. 67(1).

<sup>20</sup> Olusola John Jegede, 'Trademark Infringement in Nigeria and Legal Remedies' (*Mondaq*, 18 November 2020). <<https://www.mondaq.com/nigeria/trademark/1006792/trademark-infringement-in-nigeria-and-legal-remedies>> accessed 10 October 2022.

<sup>21</sup> World Intellectual Property Organization (WIPO), *The Role of Industrial Property in the Protection of Consumers* (WIPO Publication No 648 (E), WIPO 1983), p. 14.

<sup>22</sup> *ibid*, p. 22.

<sup>23</sup> *ibid*, p. 15.

<sup>24</sup> Patents and Designs Act (n 7).

those elements incorporated into mass-produced goods that aim to enhance their attractiveness by their appearance. Industrial design law provides immense protection to artists, textile designers, and designers of other products,<sup>25</sup> and it enhances consumer welfare through innovative product designs that appeal to the eye.

## B. COMPETITION LAW

Competition (antitrust) law promotes a free-market system<sup>26</sup> and provides the legal framework for businesses to compete freely to attract and retain patronage. Nevertheless, an unregulated economy can create laissez-faire capitalism that can lead to overt dominance of particular industries or sectors of the economy by a few players. Competition law promotes free and open markets and provides fair and equal opportunities to participants in the markets, thereby promoting market efficiency and the maximization of consumer welfare.<sup>27</sup> The absence of competition regulation leads to the formation of monopolies and cartels, which can give rise to particular enterprises or groups of enterprises having excessive control over the production, distribution, and prices of goods and services. In such a situation, big enterprises can muscle out less financially buoyant ones, create barriers to entry into the market, limit innovation<sup>28</sup> and reduce the quality of products and services.

The benefits of competition include lower prices of goods and services, better products, wider choices and greater efficiency. Economists acknowledge that competition creates efficiency in three forms.<sup>29</sup> It ensures that resources are efficiently allocated among different goods and services and that the goods and services are efficiently allocated among consumers according to the price they can pay without raising prices above the

marginal cost of production (allocative efficiency).<sup>30</sup> It also ensures that the goods and services are produced at the lowest possible cost (productive efficiency) and compels producers to constantly innovate and develop new products and services as part of the struggle for consumers' patronage. This stimulates research and development, leading to new products and services (dynamic efficiency).

Competition regulations and policies circumscribe the activities of enterprises, as they are compelled to observe prescribed standards of business practices that are jointly beneficial to all players in the market, including consumers. Competition regulations are often targeted toward the control of five broad categories of anti-competitive practices, namely: restrictive agreements, abuse of dominant position, formation of monopoly, manipulation of prices, and untoward mergers and acquisitions.

## C. CONSUMER WELFARE

One of the earliest and foremost justifications for market regulation is to protect the interests of the consumer. Consumer protection, therefore, is the act of safeguarding the interests of consumers in matters relating to the supply of goods and services. The rapidly expanding jurisprudence on consumer protection shows that juridical and judicial opinions are gradually coming to some kind of consensus that the consumer is the end-user of a product or service.<sup>31</sup> The term covers the purchaser, the hirer, the ultimate user, as well as any person who is adversely affected by a product or service. For centuries and in diverse cultures, it has been thought expedient to protect the interest of the consumer against fraudulent practices of suppliers of goods and services. Long ago, Adam Smith recognized that in the mercantile

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<sup>25</sup> William R Cornish and D Llewellyn, *Intellectual Property: Patents, Copyrights, Trademarks and Allied Rights* (5<sup>th</sup> edition, Sweet and Maxwell 2003) 535.

<sup>26</sup> Martin Taylor, *International Competition Law: A New Dimension for WTO* (Cambridge University Press 2006) 104.

<sup>27</sup> Festus Okechukwu Ukwueze *et al.*, 'Connecting the Dots in the Legal Framework for Competition Regulation in Nigeria' (2021) 47 (2), *Commonwealth Law Bulletin* 231, p. 232.

<sup>28</sup> *ibid.*

<sup>29</sup> Richard Whish and David Bailey, *Competition Law* (7<sup>th</sup> edition, Oxford University Press 2012) 2.

<sup>30</sup> *ibid.*

<sup>31</sup> For a detailed examination of the meaning of the terms "consumer" and "consumer protection" see Felicia Monye, *Law of Consumer Protection – Volume One: Statutory Liability* (Craft Books Ltd 2021) 36–44; Benedict B. Kanyip, *Consumer Protection in Nigeria: Law, Theory and Policy* (Rekon Books Ltd. 2005) 11.



system, the interest of the consumer is almost constantly sacrificed to that of the producer".<sup>32</sup> Anigolu, Justice of the Supreme Court (as he then was) once observed that:

it is often the unhappy lot of consumers to be inflicted with shoddy and unmerchanted goods by some pretentious manufacturers, entrepreneurs, shady middlemen, and unprincipled retailers whose avowed interest seems only, and always, to be to maximize their profits, leaving honesty a discounted and shattered commodity.<sup>33</sup>

Monye notes that contemporary formulation of the rights of the consumer is traceable to John F. Kennedy, former President of the United States of America, who, in his Special Message to the American Congress on March 15, 1962, articulated four basic rights of the consumer that needed to be protected: right to safety, choice, information, and to be heard.<sup>34</sup>

Following the adoption of the United Nations Guidelines for Consumer Protection (UNGCP) by the General Assembly of the United Nations on April 9, 1985,<sup>35</sup> the rights of the consumer have been expanded to eight: satisfaction of basic needs, safety, information, choice, representation, redress, consumer education, and healthy and sustainable environment. The main reason for protecting the consumer is his or her vulnerability to exploitation by producers of goods and services. This protection is justified by the inequality of bargaining power between the consumer and the producer; the disparity in knowledge of the characteristics and technical composition of the goods and services; and the fact that the producer, who often is a corporate body, is more economically situated than the consumer. With the internationalization and liberalization of trade occasioned by globalization, concerns about consumer welfare have become a global issue.

#### **D. CONVERGENCE/INTERPLAY**

Formerly, IPL and CL were thought to be in serious conflict.<sup>36</sup> IPRs potentially create a monopoly, which was regarded as inimical to competition, while competition law promotes free entry and asset mobility, which IPRs limit in order to create incentives. This perception has now changed, and it is believed that although IPRs can create a limited monopoly, they facilitate product differentiation and create a property-rights system which stimulates competition for the property rights themselves as enterprises compete to innovate and appropriate the gains, including any resulting IPRs. Both innovation and competition increase the output of goods and services, in terms of both quantity and quality

The protection of the exclusive rights granted as copyright, trademark, patent or industrial design by IPL is justified as incentives for the diligence and investment involved in creating the protected works. It may also be justified as protection of the good reputation and quality of the product or of the enterprise that holds the rights. IPL, therefore, encourages and rewards innovativeness and promotes good-quality products and services. As a corollary, the protection of invention by IPRs promotes an increase in competition in research and development as competing firms try to surpass each other in developing new products and services.

On the other hand, the principal function of CL is to promote fair competition in the market for goods and services in order to ensure the efficient allocation of economic resources. Thus, the interplay between IPRs and CL is essential for the maintenance of a competitive and dynamic market for products and services. For example, trademark protection helps the owner in the marketing of the product or service and the consumer in

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<sup>32</sup> Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations* (R. H. Campbell and A.S Skinner (eds.), Liberty Classics 1981) 660.

<sup>33</sup> *Nigerian Bottling Company Ltd v. Constance Ngonadi* [1985] 1 NWLR (Pt 4) 739, p. 753.

<sup>34</sup> Felicia Monye, *The Consumer and Consumer Protection in Nigeria: Struggles, Burdens and Hopes* (University of Nigeria 2011) 15.

<sup>35</sup> United Nations General Assembly (UNGA) 'Consumer Protection Resolution' 39/248 (9 April 1985) (expanded in 1999) and revised in 2015; UNGA Resolution 70/186 (22 December 2015).

<sup>36</sup> In relation to the perceived conflict between competition law and patents, see Herbet Hovenkamp 'Antitrust and the Patent System: A Re-examination' (2015) 76, *Ohio State Law Journal* 467, p.468- 469; Gregory Day, 'Innovative Antitrust and the Patent System' (2018) 96 *Nebraska Law Review* 829.

choosing among similar competing products or services. A consumer should rely on the fact that goods and services sold under a given mark originate from the same source from which goods or services using that same mark have always emanated. Trademark law potentially protects traders against misrepresentations aimed at their customers, which can damage their business goodwill. It controls unfair competitive practices by ensuring that no one has the right to pass off his or her goods for sale as those of a rival trader<sup>37</sup> or render services under the pretence that they are rendered by another person.<sup>38</sup> Trademarks help inform the consumer of goods and services available in the market. However, advertisement and promotion of marks can negatively affect consumption patterns, especially in developing countries such as Nigeria, with a high level of illiteracy and weak enforcement of regulations.

IPRs and competition regulation can be regarded as equal and necessary elements of a dynamic eco-legal system. Though there may be areas of conflict in the interaction, such as the abuse of dominant position by the holder of an IPR or when IPRs are set aside on the grounds of public necessity, urgency or national emergency, exceptional situations do not derogate from the fact that exclusive rights encourage innovation and technological advancement for the overall benefit of society. Ultimately, the interaction between IPRs and CL enhances the production of quality goods and services at reasonable prices and thereby promotes consumer welfare.<sup>39</sup> Through competition among suppliers, consumers have access to the widest possible range of choices of quality goods and services at the lowest

possible prices.<sup>40</sup> Invariably, competition promotes efficiency and consumer welfare in the marketplace. The two areas of law promote efficient allocation and utilization of resources in the relevant market,<sup>41</sup> which in turn results in innovative products that meet consumers' needs.<sup>42</sup> CL provides a general framework to protect and promote competition and ensures legitimate acquisition and exercise of market power.<sup>43</sup> It restricts or limits the exclusivity of IPRs through the rules against the abuse of market dominance.<sup>44</sup> By prohibiting anti-competitive practices such as abuse of dominant positions and restrictive agreements, CL helps to prevent distortions in the distribution channels for products and services protected by such rights. It has come to be accepted that IP and CL play complementary roles in promoting consumer welfare by encouraging innovation which creates new and better products and services.<sup>45</sup> However, harmonizing these seemingly divergent roles requires a proper balancing of regulations and policies within an economy. Thus, according to the World Intellectual Property Organization (WIPO), IP is inherently pro-competitive, but sometimes IP can provide opportunity for the restriction of a consumer's right to choose, such as when patented technologies become industrial standards and it is impossible for competitors to create alternatives.<sup>46</sup>

### 3. LEGAL AND INSTITUTIONAL FRAMEWORK FOR IP IN NIGERIA

In Nigeria, three main statutes govern the protection and administration of IPRs. These are the Copyright Act,<sup>47</sup> the Trade Marks Act,<sup>48</sup> and the Patents and Designs Act.<sup>49</sup> The Copyright Act governs copyright and related rights.

<sup>37</sup> *Leather Cloth Co v. American Leather Cloth Co* (1865)11 HL Cas 532, p.538; *De Facto Works Ltd v. Odumotun Trading Co* (1959) LLR 33, p. 39; *Trebor (Nigeria) Ltd v. Associated Industries Ltd* (1972) NNLR 60, p. 63.

<sup>38</sup> *Rogers* (n 18), p.845; *Perry v. Truefitt* (1842) 49 ER 749.

<sup>39</sup> Stijepko Tokic 'Intersection Between the Patent System and Antitrust Laws: Patents Speeding, Antitrust Yielding, Innovation Bleeding!' (2016) 5(1), *Akron Intellectual Property Journal* 19, p. 50.

<sup>40</sup> Federal Government of Nigeria, *Draft Competition and Consumer Protection Policy* (2014), para. 14, 8. Other governments have expressed similar views, see UK Department of Trade and Industry White Paper, *Productivity and Enterprise: A World Class Competition Regime*, (The Stationery office 2002). Ch. 1.

<sup>41</sup> C.J. Obanu 'Relationship between Competition and Intellectual Property Law' (2021) 2(2), *Law and Social Justice Review* 179, p. 182.

<sup>42</sup> Naresh K. Vats, 'Intellectual Property Rights versus Competition Law' (2011) (1), *Kurukshetra Law Journal* 188, p. 204.

<sup>43</sup> S.K. Stadler, 'Copyright as Trade Regulation' (2007) 155, *U. Pa. L. Rev.* 899.

<sup>44</sup> Ariel Katz, 'Copyright and Competition Policy' in R. Towse and C. Handke (eds.), *Handbook on the Digital Creative Economy* (Edward Elgar Publishing 2013) 209.

<sup>45</sup> Keith E. Maskus and Mohamed Lahouel, 'Competition Policy and Intellectual Property Rights in Developing Countries' (2000) 23, *The World Economy* 596.

<sup>46</sup> WIPO, 'IP and Competition Policy' (*wipo.int*) <<https://www.wipo.int/ip-competition/en>> accessed on 3 3, 2022.

<sup>47</sup> Copyright Act (n 5).

<sup>48</sup> Trade Marks Act (n 6).

<sup>49</sup> Patents and Designs Act (n 7).

Works protected by copyright include literary, musical, and artistic works; cinematograph films; sound recordings; and broadcasts. Copyright does not protect ideas unless it is original and fixed.<sup>50</sup> Works that satisfy the requirement of originality and fixation enjoy automatic copyright protection without the need for registration or compliance with any formal or procedural rules, but the owners of such works have the option to deposit a copy of their works with the Nigerian Copyright Commission (NCC) and receive a certificate which serves as notification of the existence of the work to the general public. The NCC is responsible for the administration of the Act and matters concerning copyright and related rights in Nigeria.<sup>51</sup> Infringement of copyright under the Act is an offence punishable by fine or/and imprisonment as well as forfeiture of the article by which the offence was committed.<sup>52</sup> Also, a copyright owner whose right has been infringed can enforce such rights through civil proceedings for damages, injunction and accounts.<sup>53</sup>

The Trademark Act regulates trademarks in Nigeria, and the Trademarks, Patents and Designs Registry in the Federal Ministry of Trade and Investment is the authority in charge of trademark registration. The trademarks register is divided into parts A and B;<sup>54</sup> for a trademark to be registered under Part A, it must be distinctive and contain or consists of at least one of the following: either a name or signature of an individual or firm represented in a special or particular manner, or invented word(s) or any other distinctive mark.<sup>55</sup> Trademarks registrable under Part B are those capable of being distinctive and that distinguish the goods or business of the proprietor from other goods or businesses.<sup>56</sup> The Trademark Act does not criminalize the infringement of trademarks.

Thus, enforcement of trademark rights is entirely under private law. The proprietor of a trademark can institute a civil action against any unauthorized usage of the mark<sup>57</sup> as well as prevent the registration in favour of another person of a mark similar to or resembling his or her registered mark. He or she can also sue if the infringing mark has already been registered, for the registration to be set aside. The life span of a trademark under the Trade Marks Act is limitless and subject only to renewal.<sup>58</sup> This condition is justifiable if the holder remains in business; however, in the event that the proprietor of a trademark who has been out of business for a reasonable amount of time continues to renew such trademark, this would amount to restrictive practice as there would be no goods or business which the right protects.

The Patent and Design Act regulates patents and industrial designs. Section 1(1) of the Act, which sets out the requirement of a patentable invention, provides that an invention is patentable if it is a new invention or constitutes an improvement upon a patented invention and in either case results from inventive activity and is capable of industrial application. But certain types of inventions are excluded from patentability. These include plants and animal varieties, or essentially biological processes for the production of plants or animals, as well as inventions the publication of which will be contrary to public order, morality or principles of a scientific nature.<sup>59</sup>

A patentee of a product has the right to preclude any person from the act of making, importing, selling or using the patent, or of stocking it for the purpose of sale or use. Where the patent covers a process, the patentee has the right to exclude others from applying that process.<sup>60</sup>

Just as is the case for patents, the registration of an industrial design confers upon the owner the right to

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<sup>50</sup> Copyright Act (n 5), s. 1(1).

<sup>51</sup> *ibid.*, s. 34(3).

<sup>52</sup> *ibid.*, s. 20.

<sup>53</sup> *ibid.*, s. 16.

<sup>54</sup> Trade Mark Act (n 6), s. 2(3).

<sup>55</sup> *ibid.*, s. 9(1).

<sup>56</sup> *ibid.*, s. 10(1). Certain marks are not permitted to be registered under the Act. These include marks which are deceptive or scandalous or that are contrary to law or morality; names of chemical substances; the

Nigerian Coat of Arms or other emblems of authority; patent, copyright, a red cross and other similar words; or identical and resembling trademarks. See Trade Marks Act (n 6), ss. 11 – 13.

<sup>57</sup> *American Cyanamid Co. v. Vitality Pharmaceutical Ltd.* (1991) 2, NWLR (Pt 171) 15.

<sup>58</sup> Trade Marks Act, s. 23(1).

<sup>59</sup> Patents and Designs Act (n 7), s. 1(4) and (5).

<sup>60</sup> *ibid.*, s. 6(1).

preclude any other person from, among other things, reproducing the design in the manufacture of a product; importing, selling or utilizing for commercial purposes a product reproducing the design; and holding such a product for the purpose of selling it or of utilizing it for commercial purposes.<sup>61</sup> The statutory authority for the administration of patents and designs in Nigeria is conferred on the Minister and Registrar of Patents and Designs in the Federal Ministry of Industry.<sup>62</sup> The Registrar acts under the control and direction of the Minister, who has powers to make rules for the administration of the Act. As with trademarks, patents and industrial designs confer a private right on their owners, and their infringement is enforceable under private law.

#### 4. COMPETITION REGULATION AND IPRs UNDER THE FCCPA 2018

##### OBJECTIVES AND SCOPE OF FCCPA AND ESTABLISHMENT OF A COMPETITION AGENCY

The objectives of the FCCPA include promoting and maintaining competition as well as protecting and promoting the interests and welfare of consumers in Nigeria.<sup>63</sup> The Act applies to all undertakings and all commercial activities within, or having effect within, Nigeria. It binds all enterprises, including corporate bodies owned wholly or in part by the Government and agencies of governments insofar as they are engaged in economic activities, and all commercial activities aimed at making a profit and geared toward the satisfaction of demand from the public.<sup>64</sup>

Part I, Section 2 of the FCCPA leaves no doubt that the legislature intended to extend the scope of the Act to the activities of commercial undertakings for conduct outside Nigeria which has an effect within Nigeria. Thus, section 2(3) provides that the Act shall apply to conduct outside

Nigeria by a citizen of Nigeria or a person ordinarily resident in Nigeria; a body corporate incorporated in Nigeria or carrying on business within Nigeria; any person in relation to the supply or acquisition of goods or services by that person into or within Nigeria; and any person in relation to the acquisition of shares or other assets outside Nigeria resulting in the change of control of the whole or part of a business or any asset of a business in Nigeria.<sup>65</sup>

Furthermore, in assessing market dominance, the Act enjoins the consideration of actual or potential competition by undertakings established within or outside the scope of application of the Act.<sup>66</sup> This language seems to suggest that the prohibition against abuse of dominance under the Act may apply to firms established outside Nigeria but whose activities affect competition within Nigeria.

The FCCPA repealed the Consumer Protection Council Act of 1992<sup>67</sup> in its entirety as well as certain sections of the Investment and Securities Act, 2007 (ISA)<sup>68</sup> relating to mergers,<sup>69</sup> thereby “effectively stripping the Securities and Exchange Commission (SEC) of its power to approve mergers.”<sup>70</sup> The provisions of the Act relating to competition regulation and the intersection some of them have with IPRs are discussed in the following paragraphs.

The FCCPA establishes the Federal Competition and Consumer Protection Commission (FCCPC or the Commission) as the authority responsible for the administration and enforcement of the provisions of the Act and any other enactment with respect to competition and the protection of consumers.<sup>71</sup> The functions of FCCPC include eliminating anti-competitive agreements, misleading, unfair, deceptive or unconscionable

<sup>61</sup> *ibid*, s. 19(1).

<sup>62</sup> *ibid*, s. 28(1).

<sup>63</sup> Federal Competition and Consumer Protection Act, 2018 (FCCPA) (Nigeria), s. 1.

<sup>64</sup> *ibid*, ss. 2(1) and (2).

<sup>65</sup> *ibid*, s. 2(3).

<sup>66</sup> *ibid*, s. 72(3)(f).

<sup>67</sup> Consumer Protection Council Act, Cap C25, LFN 2004 (Nigeria).

<sup>68</sup> Investment and Securities Act (ISA) No. 29 of 2007. The repealed provisions of the ISA 2007 are ss. 118–128, excluding s. 121(i) (d).

<sup>69</sup> FCCPA (n 63), s. 165(1).

<sup>70</sup> Chijoke Okorie ‘An Analysis of the IP-related Provisions of the Nigerian Federal Competition and Consumer Protection Act 2019’ (2019) 14(8) *Journal of Intellectual Property Law and Practice* 613, p. 615.

<sup>71</sup> FCCPA (n 63), s. 3.

marketing, trading, and business practices; determining market power and market dominance of a business; determining and eliminating monopolies; and controlling merger and business combinations.<sup>72</sup> The Commission has powers to make regulations relating to the charging and collection of fines, levies, and imposition of administrative penalties.<sup>73</sup> It is believed that proper exercises by the Commission of these functions and powers can contribute to maintaining a transparent regulatory landscape for businesses to operate in Nigeria.<sup>74</sup>

The FCCPA also establishes that Federal Competition and Consumer Protection Tribunal (FCCPT or the Tribunal) adjudicate over conduct prohibited under the Act.<sup>75</sup> The Tribunal has powers to review the decisions of the FCCPC and other sector regulatory agencies in matters pertaining to competition and consumer protection.<sup>76</sup>

#### **A. REGULATION OF AGREEMENTS**

One of the mechanisms adopted under the FCCPA to control competition and abuse of IPRs is the prohibition of certain types of agreements, including restrictive agreements and agreements relating to minimum resale price maintenance (RPM). In respect of restrictive agreements, Section 59(1) of the FCCPA declares unlawful any agreement among undertakings or a decision of an association or undertakings that has the purpose of actual or likely effect of preventing, restricting or distorting competition in any market. Thus, the Act prohibits a wide variety of horizontal and vertical agreements that are inimical to competition, including price cartels, price-fixing, collusive tendering, and minimum resale price maintenance.<sup>77</sup> Bearing in mind that such agreements may be used by or against right

holders to the detriment of the market for IP-protected products, Section 64(1) makes clear that the prohibition of minimum resale price maintenance “applies to patented goods, including goods made by a patented process.” Apart from the civil and/or administrative liability that may arise from restrictive agreements and abusive conduct, it is an offence for an undertaking to make or enter into a restrictive agreement which has been declared unlawful. If convicted, such undertaking is liable to a fine or, if a natural person, fine or imprisonment.<sup>78</sup>

Section 63(1) of the FCCPA generally prohibits and voids RPM. Any term or condition of an agreement for the sale of goods or services is void if it purports to establish minimum prices to be charged on the resale of goods or services. By virtue of the provisions of Section 63(2) – (4), while undertakings or their agents can recommend appropriate resale prices for goods and services supplied by them to dealers, no undertaking or its agent is allowed to publish, in relation to any goods or service, a price stated or calculated to be understood as the minimum price. While the prohibition applies specifically to patented goods and goods made by the patent process,<sup>79</sup> Section 64(2) does not apply to agreements made for the purpose of limiting the right of a dealer to dispose of such goods without infringing the patent. Thus, for patented goods and goods made through a patented process, a contractual minimum resale price provision can be enforceable to limit the right of a dealer to sell the goods. But once the goods have been sold by the dealer, a patent infringement action to enforce an RPM restriction placed on such goods may not be maintained. This appears to be a codification of the “first sale doctrine”<sup>80</sup> as an exception

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<sup>72</sup> *ibid*, s. 17.

<sup>73</sup> *ibid*, s. 18.

<sup>74</sup> Okorie (n 62).

<sup>75</sup> FCCPA (n 63), s. 39.

<sup>76</sup> *ibid*, ss. 47(1) and 103.

<sup>77</sup> *ibid*, ss. 60 – 63.

<sup>78</sup> *ibid*, s. 69.

<sup>79</sup> *Ibid*, s. 64(1).

<sup>80</sup> Also known as the ‘exhaustion rule of intellectual property (IP) rights’, this common law doctrine limits the power of IP owners to control extended distribution and use of their products or copies of their products

that bear their trademark or embody their invention or work. Where it applies, a person who buys a patented product can use or resell that product without infringing the patent, even though the patent owner has the rights to exclude others from using or selling the invention. See Ariel Katz, ‘The First Sale Doctrine and the Economics of Post-Sale Restraints’ (2014), *BYU Law Review* 55, p.57; *Bobbs-Merrill Co v. Straus*, (1908) 210 US 339. See also Lorie M. Graham and Stephen M. McJohn, ‘Intellectual Property’s First Sale Doctrine and the Policy Against Restraints on Alienation’ (2020) 7 (3), *Tex. A&M L. Rev.* 497; *Impression Prods, Inc v. Lexmark Int’l, Inc*, (2017) 137 S. Ct. 1523, pp. 1531–1536.

to the prohibition of minimum RPM.<sup>81</sup> However, unlike the common law doctrine, which covers copyright and other appropriate IPRs, the statutory exception under the FCCPA is limited to patents and relates to agreements for the sale of patented goods and may not cover unilateral actions such as abuse of dominance. But apart from this limitation, the FCCPA does not contain any other exemption for the application of its provisions to IP. Thus, its provisions will be very useful in other aspects of IPRs, such as copyright, where standard forms of contracts that often involve manifest cases of inequality of bargaining relations between contracting parties (including consumers), and they may be used to challenge unilateral contracts as restrictive.

By and large, the FCCPA regulates the exercise of IPRs where such rights are considered anti-competitive in that they interfere with competition. This is a welcome development, which deviates from common practices in many jurisdictions that provide broad exemptions for IPRs and limit the powers of competition agencies to interfere in anti-competitive practices when such matters involve IPRs.<sup>82</sup>

The FCCPA laudably provides a national legal framework for the protection of consumers against unfair, unreasonable and unjust contract terms.<sup>83</sup> Section 127(1) of the Act provides that undertakings shall not:

- (a) offer to supply, supply, or enter into an agreement to supply, any goods or services at a price that is manifestly unfair, unreasonable or unjust, or on terms that are unfair, unreasonable or unjust;
- (b) market any goods or services, or negotiate, enter into or administer a transaction or an agreement for the supply of any goods or services, in a manner that is unfair, unreasonable or unjust; or

- (c) require a consumer, or other person to whom any goods or services are supplied at the direction of the consumer, to waive any rights, assume any obligation or waive any liability of the undertaking, on terms that are unfair, unreasonable or unjust, or impose any term as a condition of entering into a transaction.<sup>84</sup>

A transaction or agreement including any term or condition of the transaction or agreement, is deemed unfair, unreasonable or unjust under the FCCPA if it is excessively favorable to the undertaking; so adverse to the consumer as to be inequitable; if the fact, nature, and effect were not drawn to the attention of the consumer; or based on false, misleading or deceptive representation provided by or on behalf of an undertaking and which a consumer relied on to his/her detriment.<sup>85</sup> This provision will be particularly important in the marketing of copyright-protected works.

The Commission has powers to review the decisions and administrative actions of IP-sector regulators, such as NCC and the Registrar of Patents and Designs, on matters of competition and consumer protection. Such matters that readily come to mind include tariffs imposed by collective management organizations (CMOs) that, in spite of digitization, continue to retain a kind of monopoly position in the markets for copyright-protection works. For example, in Nigeria, there has been a sole collecting society per category of copyright-protected work.<sup>86</sup> Thus, the Commission has an important role in ensuring that CMOs do not abuse their dominant or monopoly position against the interests of authors and users of copyright products.

<sup>81</sup> Herbert J. Hovenkamp, 'Resale Price Maintenance: Consignment Agreements, Copyrighted or Patented Products and the First Sale Doctrine' (Penn Law: Legal Scholarship Repository, 2010) <[https://scholarship.law.upenn.edu/faculty\\_scholarship/1837](https://scholarship.law.upenn.edu/faculty_scholarship/1837)> accessed 28 May 2021.

<sup>82</sup> See for example, Art. 2(1) of the Competition and Consumer Act 2007 of Poland as amended by the Amendment Act of 2014.

<sup>83</sup> A. Oyewunmi and A. Sanni, 'Challenges for the Development of Unfair Contract Terms Law in Nigeria' (2013) 37, *University of Western Australia Law Review* 86.

<sup>84</sup> FCCPA (n 63), s. 127(1).

<sup>85</sup> *ibid* s. 127(2).

<sup>86</sup> O.A. Olatunji, M.A. Etudaiye and S.O. Olapade, 'The Legality and Signification of the AGF's Directive Approving a Second Musical CMO in Nigeria' (2018) 50(2), *IIJ* 1.

## **B. PROHIBITION OF UNILATERAL ABUSE OF MARKET DOMINANCE**

An undertaking is considered to be in a dominant position under the FCCPA if it is able to act without taking into account the reaction of its customers, consumers or competitors. According to Section 70(2) of the Act, a dominant position in a relevant market for goods or services exists where an undertaking enjoys a position of economic strength, enabling it to prevent effective competition from being maintained in the relevant market and having the power to behave to an appreciable extent independently of its competitors, customers and ultimately consumers. The FCCPA prohibits the abuse of a dominant position and provides a close list of conducts that amount to an abuse of dominant position, which include: excessive pricing, refusal of access to an essential facility, exclusionary conduct such as refusal to supply, margin squeeze, and buying up a scarce supply of intermediate goods or resources required by a competitor.<sup>87</sup>

Abuse of dominance is also a crime, and affected undertakings will be liable to a fine upon conviction.<sup>88</sup> It is an offence to continue abusive conduct, of which the undertaking has been notified by the Commission.<sup>89</sup>

## **C. CONTROL OF MERGERS AND COMBINATIONS**

The FCCPC has powers to conduct an investigation into any sector of the Nigerian economy or into a particular type of agreement across various sectors of the economy to determine whether a monopoly situation exists in relation to the production or distribution of goods or services of any description.<sup>90</sup> A monopoly situation shall be taken to exist in relation to the supply of goods or services or to the import and export of goods or services of any description from Nigeria, to the extent that it has an effect on competition in a market in Nigeria as may be prescribed in regulations made by the Commission.<sup>91</sup> The

investigative powers of the Commission in this regard can be triggered by a request by a person, a body corporate or the court, or an agency of the Government.<sup>92</sup> The FCCPA elaborately sets out the requirement for a request for monopoly investigation and the procedure to be employed by the Commission for the investigation. Whereupon the conclusion of a monopoly investigation, the Commission finds that a monopoly situation exists, and the facts found by the Commission operate or may operate against the public interest, its report shall specify those facts and the particular effects.<sup>93</sup> The Commission shall then furnish the Tribunal with the report with necessary details. The Tribunal may make such orders as it may consider necessary for the purpose of remedying or preventing the adverse effect as specified in the report. The Tribunal may, among other things, declare an agreement unlawful; require any party to such an agreement to terminate same; prohibit or restrict the acquisition by an undertaking of the whole or part of another undertaking; or provide for the division, break-up or winding up of an undertaking.<sup>94</sup>

These provisions of the FCCPA can be used to curtail the exercise of IPRs in order to avoid the emergence of or to dismantle an existing monopoly. For example, where an undertaking discreetly acquires, by assignments or licences from the holders of a number of patents or other IPRs in related products or services in a manner that will lead to a monopoly situation in an industry, the Commission and the Tribunal can, in the exercise of their mandate under the relevant provisions of the Act, checkmate or terminate the exercise of such IPRs.

All mergers, regardless of the sector or industry in which they take place, come under the jurisdiction of the FCCPC. Simply put, a merger occurs when one or more undertakings directly or indirectly acquire or establish direct or indirect control over the whole or part of the business of another undertaking.<sup>95</sup> Under the FCCPA, a

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<sup>87</sup> FCCPA (n 63), s. 72(1) and (2).

<sup>88</sup> *ibid.*, s. 73(3).

<sup>89</sup> *ibid.*, s. 74.

<sup>90</sup> *ibid.*, s. 76.

<sup>91</sup> *ibid.*, s. 77.

<sup>92</sup> *ibid.*, s. 82.

<sup>93</sup> *ibid.*, s. 84.

<sup>94</sup> *ibid.*, s. 86.

<sup>95</sup> *ibid.*, s. 92.



merger shall not be implemented unless notice of it has first been given to and approved by the Commission. In determining whether to approve a merger, the Commission will decide whether such a proposed merger will substantially prevent or reduce competition. The approval/conditional approval/rejection of a merger is solely at the discretion of the Commission, but an aggrieved party can appeal to the Tribunal and subsequently to the Court of Appeal for the decision of the Commission to be reconsidered.

Apart from the above provisions of the FCCPA on broad areas of competition regulation, there are other provisions of the Act that have a bearing on competition. For example, to strengthen the enforcement of the provisions' remedies for anti-competition activities, the Act confers the right of action before the Commission and appeal to the Tribunal on:

- (a) any person notified by the Commission that an agreement or conduct contravenes the provisions of the Act;<sup>96</sup>
- (b) any person who has suffered a loss as a result of restrictive agreements;<sup>97</sup> and
- (c) any person, court or agency of the Federal Government to request the Commission to investigate a monopoly in any sector of the economy.<sup>98</sup>

The FCCPA provides for penalties that are a percentage of the defaulting undertaking's annual turnover.<sup>99</sup> This seems more appropriate than fixed-sum amounts, as statutes that peg penalties as fixed sums run the risk of such penalties becoming obsolete over time and with economic changes. The Commission has concurrent jurisdiction in matters of competition and consumer protection with industry-sector regulatory authorities. However, Section 105(2) of the FCCPA confers on the Commission precedence over such sector regulators. Okorie opines that sector-specific regulators are better equipped to understand the particularities of their specific sectors and to "provide ex ante control, while

competition law agencies only act ex post."<sup>100</sup> The better sector-specific regulation works, the fewer complaints competition agencies will receive, and the less they will have to intervene, making for a better regulatory environment for firms to operate in. This is particularly so for IP-based sectors that usually require specialist knowledge.

#### D. PRICE REGULATION

To avoid the use of price-fixing to distort competition in the market or harm consumer welfare, the FCCPA empowers the President of Nigeria to regulate the prices of goods and services, by order and as published in the Federal Gazette, following the recommendations by the Commission. Once a regulated price is declared in accordance with the Act, the violation of the declaration by any person, or undertaking, constitutes an offence under the Act. Apart from the attendant criminal sanction, any provision of an agreement in violation of the declaration is unenforceable.<sup>101</sup>

#### 5. CONCLUSION

It has become clear that there is no conflict between the aims and objectives of IPL and CL. Both areas of law promote innovation and consumer welfare. Although Nigeria's FCCPA does not directly regulate IPRs, from the foregoing analysis, it is clear that some of its provisions have direct bearing on the exercise of IPRs. For example, an undertaking may be considered under the Act as abusing its dominant position if the FCCPC is satisfied that its activities have the effect of unreasonably lessening competition in a market and impede the transfer or dissemination of technology. The FCCPA has transferred the regulation of mergers from SEC to the FCCPC, which enjoys precedence over specific sector regulators, including IP regulators. In approving proposed mergers, the factors that the Commission has to consider are the dynamic characteristics of the market, including growth,

<sup>96</sup> *ibid*, ss. 67 and 73.

<sup>97</sup> *ibid*, s. 67(2).

<sup>98</sup> *ibid*, s. 82(1) and (2).

<sup>99</sup> *ibid*, s. 51.

<sup>100</sup> Chijoke Okorie, 'IP and the Competition and Consumer Protection Act 2019' (*Ipkat*, 23 April 2019) <<https://ipkitten.blogspot.com/2019/04/ip-and-competition-and-consumer.html>> accessed 3 October 2022.

<sup>101</sup> FCCPA (n 63), ss. 88 – 92.

innovation and product differentiation. The Act recognizes and protects various aspects of intellectual property while using in-built competition regulation provisions to check their abuse. The limited exemption of patents from the prohibition of RPM through the codification of the first sale doctrine for patented goods and goods produced by patented processes promotes the enjoyment of patent rights. It also makes provisions for the protection of trademarks. Thus, under Section 84(2) and (3), an undertaking shall not knowingly remove or obscure a trade description or trademark applied to any goods in a manner calculated to mislead consumers or supply, offer to supply or display any goods, if the undertaking knows, reasonably could determine or has reason to suspect that a trade description or trademark applied to those goods has been altered. The power to review administrative decisions of sector regulators in matters relating to competition and consumer protection amply brings NCC and the Registrars of Trademarks, Patents and Designs under the jurisdiction of the Commission and the appellate jurisdiction of the FCCPT.

It may be asserted that the FCCPA has tried to harmonize the competition and consumer-protection objectives with the protection of IPRs. Given technological advances, digitization and the increased importance of IP-protected products, the new law can play a proactive role in promoting competition and consumer welfare and at the same time protect IPRs. Nigeria's IP legal framework needs to be updated to accommodate modern technologies. Given technological advancements and the increased importance of IP-protected products in global and domestic business relations, the FCCPA contains provisions that not only complement the existing IP legal framework but also protect competition in IP-related markets and restrict the undue exercise of IP rights. There is, however, a need to extend the protection of minimum RPM afforded patents to other forms of IPRs such as copyright and industrial designs.

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## 6. REGULATION OF THE TRANSFER OF OWNERSHIP OF WORKS BY EMPLOYEES BY OAPI: A CRITICAL ANALYSIS

Richard Alemjrodo\*

### ABSTRACT

In its desire to make the economic space of its member countries attractive to investors, the African Intellectual Property Organization (OAPI) has decided to regulate the ownership of a work created by an employee in the course of his or her employment. Though this provision already exists in the revised Bangui Agreement of 1999, it has been reaffirmed in the Act of Bamako of 2015, which is another revised version of the Bangui Agreement. In its Annex VII, which concerns literary and artistic property, the Act of Bamako organizes the transfer of the exploitation rights in a work created by employees within the framework of their employment to their employer. However, such transfer of rights does not concern moral rights and they continue to belong to the employee who created the work. Besides the fact that this sharing of economic rights and moral rights between the employee and the employer is likely to create tensions, the very terms of the devolution of the economic rights to the employer remain subject to divergent interpretations that may harm the fragile balance of the copyright regime. In addition, there is a contradiction between intellectual property law and labour law, the contours of which remain the prerogative of OAPI member states. This article explains the scope of these problems and suggests possible solutions.

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<sup>1</sup> The other organizations are as follows: European Patent Office; the African Regional Intellectual Property Organization (ARIPO); the Eurasian Patent Organization (EAPO) and the Gulf Cooperation Council Patent Office (GCCPO); and Mario Egbe Mpame, 'Regional Intellectual Property Integration in Developed and Developing Countries: The Cases of the European Patent Office (EPO) and the African Intellectual Property Organization (OAPI) Patent Systems' (Masters Thesis, Munich Intellectual Property Law Center 2018) 2017/18).

<sup>2</sup> Article 35, Annex VII, Act of Bamako. For a study on this issue, see Aféké C. Porporty, 'La Protection des Œuvres de Salariés en Droit OAPI' (The

**Keywords:** Work created by employee, transfer of ownership, labour law, intellectual property rights, conflict, OAPI.

### 1. INTRODUCTION

Like other regional organizations that have been created,<sup>1</sup> the African Intellectual Property Organization (OAPI) was mainly established to protect industrial property. However, the Bangui Agreement of 1977 also provided for the protection and promotion of literary and artistic property. By bringing together several developing countries in Africa, OAPI took on the task of contributing towards the achievement of member States' goals as affirmed in their industrial development policies. It did so by enforcing specific objectives which are rooted in the Revised Bangui Agreement of December 14, 2015 (Act of Bamako). To regulate the fate of the creator of an original work of the mind while he or she is employed<sup>2</sup> is one of those objectives. Annex VII of the Act of Bamako, which is devoted to literary and artistic property, dictates matters relating to the creations of employees. In doing so, it gives rise to a conflict of norms (between intellectual property law and labour law) in OAPI member countries and raises questions about the effectiveness of the law thus created.

OAPI has decided to legislate on the question of ownership of rights resulting from the creative activity of employees in matters of literary and artistic property. However, this is an area in which its normative action is rather limited since OAPI is essentially responsible for contributing to the promotion of protection for literary and artistic works, encouraging the creation of collective management organizations and other such duties.<sup>3</sup> However, it is through the objective of promoting the

Protection of Employees' Works in OAPI Law) (Master's thesis, University of Lomé 2018).

<sup>3</sup> Bangui Agreement on the creation of an African Intellectual Property Organization (Act of Bamako) (Adopted on 14 December 2015, entered into force on 14 November 2020), Annex VII, Art. 35 <<https://wipolex.wipo.int/en/legislation/details/20949>> accessed 22 March 2022. OAPI has failed to standardize literary and artistic property rights as member countries have their own legislation for the sake of cultural autonomy. The Act of Bamako this plays more of a scouting role for member countries which may be inspired by it to improve their internal laws. It provides a minimal normative framework.

industrial development policies of the member States that the Act of Bamako positions itself on this question. In the long run, it is a question of making the legal space attractive for private investors by creating favorable conditions for both the effective implementation of the principles of intellectual property (IP) law and the exploitation of research results and technological innovations developed by national companies.<sup>4</sup> Article 4 of Annex VII of the Act of Bamako thus provides for the different categories of works that may give rise to situations of creations by employees,<sup>5</sup> while Article 5 includes provisions for derivative works and collections.<sup>6</sup> To protect the employee and to avoid subsequent litigation, it is important to articulate the labour laws of OAPI member countries,<sup>7</sup> along with IP law, when employees develop an invention or produces an original work of the mind (graphic, artistic, technical, etc.) within the scope of their employment at their company.

The history of the introduction of transferring the rights of salaried creators in their works to their employers responds<sup>8</sup> to a need to attract foreign investment in the member countries of OAPI without scaring investors away by legislation on the overly rigorous right to ownership that does not take into account the global economic reality. Specifically, the protection of employees' works under OAPI law began with the Bangui Agreement of March 2, 1977 which extended its field of competence to literary and artistic property, whereas the African and Malagasy Office of Industrial Property

(OAMPI)<sup>9</sup> had limited its jurisdiction to industrial property. The Bangui Agreement was revised on February 24, 1999 and entered into force on February 28, 2002. Thereafter, the author of an original copyright work could freely enjoy his or her rights as the author of the work thus created. However, with the revised Agreement of 1999, things fundamentally changed since Article 31 of Annex VII<sup>10</sup> of this text states that although the copyright in a work rests with the author, the economic rights of the author 'shall be deemed to have been transferred to the employer' in cases where the work was created within the scope of the usual activities of an employee.

As for the Act of Bamako, Article 35 of Annex VII talks about the ownership of rights in works created under a work contract or on commission and states that:

(1) The entry into a contract to rent a work or a service contract by an author does not entail a waiver of the enjoyment of copyright as recognized in this chapter unless otherwise stipulated in writing as a result of the contract.

(2) Where a work is created on behalf of a natural or private or public legal person under a work contract of the author, or where the work is commissioned from the author by such person, the first owner of the economic and moral rights shall be the author. However, the economic rights in the work shall be deemed to have been transferred to the employer to the extent justified by the habitual activities of the employer or of such natural or legal person at the time of the creation of the work.

<sup>4</sup> Efoé Dosseh-Anyron, 'Les inventions de salariés, approche compare du droit français et du droit OAPI' (Employees' inventions, a comparative approach to French law and OAPI law) (Doctoral thesis, University of Lomé and University of Reims Champagne-Ardennes 2017).

<sup>5</sup> '(1) This Annex shall apply to literary and artistic works, hereinafter referred to as "works", constituting original creations of the mind in the literary, artistic and scientific fields, such as: (i) works expressed in writing, including computer programs; (ii) lectures, addresses, sermons and other works composed of words and expressed orally; (iii) musical works, whether or not accompanied by words; (iv) dramatic and dramatico-musical works; (v) choreographic works and mimed works; (vi) audiovisual works; (vii) works of fine art such as drawings, paintings, sculptures, engravings and lithographs; (viii) works of architecture; (ix) photographic works; (x) works of applied art; (xi) illustrations, maps, plans, sketches and three-dimensional works relating to geography, topography, architecture or science; and (xii) traditional cultural expressions.

(2) Protection shall be independent of the mode or form of expression, of the quality and of the purpose of the work.'

<sup>6</sup> Act of Bamako (n 3), Art. 5.

<sup>7</sup> OAPI currently brings together 17 West and Central African States, namely Benin, Burkina-Faso, Cameroon, Central African Republic, Chad,

Comoros, Congo, Côte d'Ivoire, Gabon, Guinea, Guinea-Bissau, Equatorial Guinea, Mali, Mauritania, Niger, Senegal and Togo.

<sup>8</sup> Caroline B. Ncube, 'Three Centuries and Counting: The Emergence and Development of Intellectual Property Law in Africa' in Rochelle C Dreyfuss & Justine Pila (eds), *The Oxford Handbook of Intellectual Property Law* (Oxford University Press Forthcoming) <<https://ssrn.com/abstract=2828680>> accessed 22 March 2022.

<sup>9</sup> On September 13, 1962, the Agreement establishing the African and Malagasy Office of Industrial Property (OAMPI) was signed in Libreville, Gabon, between 12 Heads of State and Governments. This Agreement was revised in Bangui (Central African Republic) on 2 March 1977 to give birth to the African Intellectual Property Organization (OAPI).

<sup>10</sup> 'Where a work is created on behalf of a natural or legal person, private or public, under a work contract of the author or where the work is commissioned from the author by such person, the first owner of the economic and moral rights shall be the author, but the economic rights in the work shall be deemed to have been transferred to the employer to the extent justified by the habitual activities of the employer or of such natural or legal person at the time of the creation of the work.'

Paragraph 2 of Article 35 of the Act of Bamako thus deprives a salaried author of the economic rights in his or her work and transfers them to the employer. However, the moral rights continue to belong to the salaried author. In reality, the Act of Bamako does not radically transform the scheme for employee-created works as provided in the Revised Bangui Agreement of 1999. As OAPI predominantly consists of French-speaking countries, the solution proposed by the Act of Bamako is of French inspiration regarding the protection of works created by a natural person under an employment contract.<sup>11</sup> However, for reasons of economic efficiency, it deviates from this solution by transferring the economic rights to the employer.

The OAPI solution is closer to the Anglo-Saxon doctrine of 'work made for hire'. In case of a 'work made for hire', the hiring party acquires ownership of the copyright upon a work's creation.<sup>12</sup> The Copyright Act of 1976 in the United States of America has provided for the situations in which a work may be considered as a 'work made for hire', i.e., it must either be prepared by an actual employee, or be specially commissioned and fall under one of the nine categories<sup>13</sup>, such as 'contribution to a collective work' and 'part of a motion picture or other audiovisual work'.<sup>14</sup> But unlike OAPI, the moral rights of the author is only partially recognized by United States

copyright.<sup>15</sup> In addition, the transfer of ownership of the work from the employee to the employer is done according to a clear procedure.

OAPI recognizes that even in the case of dependent creation, the salaried creator is the author and has ownership of his economic and moral rights. Only the economic rights are transferred to the employer to the extent justified by the usual activities of the employee at the time of the creation of the work, but the fear is that in a question of balance of power, the rights of the employee are not really guaranteed by the Act of Bamako. In addition, with the employee retaining his or her moral rights, one may wonder if the employers could now peacefully exploit the economic rights that have been transferred to them.

The situation of the weaker party in this contract, the employee, brings to mind the position of British law in relation to the moral rights of the author. Herein, moral rights remain with the author even after a complete transfer, but they can be fully waived.<sup>16</sup> Furthermore, the conditions for obtaining such a waiver are not binding. It simply must be in writing.<sup>17</sup> There is also a legal presumption of the waiver if it is made in the owner's favor.<sup>18</sup> As an author observed, 'such a waiver is dogmatically highly interesting, as British legal authors regard moral rights as a human right and as a minimum

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<sup>11</sup> Ampah Johnson-Ansah, 'L'épuisement des droits de propriété industrielle dans l'espace OAPI' (The exhaustion of industrial property rights in the OAPI area) (Doctoral thesis, University of Strasbourg 2013).

<sup>12</sup> It should be noted that this doctrine does not have the same effect with regard to copyright as patents. Indeed, according to Joshua L. Simmons, this difference between copyright law and patent law can be explained by the differences between the needs of the two disciplines in the nineteenth century that led to their modern formulations. In particular, whereas copyrighted works in the nineteenth century were frequently created by multiple individuals working together which necessitated the collecting of rights in order to make use of the resulting copyrightable work, patentable inventions were almost exclusively perceived to be invented by individuals. Moreover, patent law developed doctrines that provided some limited rights to inventors' employers; Joshua L. Simmons, 'Inventions Made for Hire' (2012) 2 N.Y.U. J. Intell. Prop. & Ent. L. 1.

<sup>13</sup> US Copyright Act 1976 (17 U.S.C.), s 101. A work made for hire is defined under Section 101 as one 'prepared by an employee within the scope of his or her employment' or one of the nine categories of 'work specially ordered or commissioned'. Courts have developed two interpretations of clause two of Section 101: The "non-exclusive" interpretation of the 1976 Act's represented by the leading case of *Aldon Accessories Ltd. v. Spiegel, Inc.* (1984) (2d Cir.) 738 F.2d 548; *Mead Johnson & Co. v. Louisville & Nashville Railroad*, 469 U.S. 982 (1984); and the "exclusive" interpretation of the work for hire definition in the 1976 Act, as discussed in the case of *Easter Seal Society v. Playboy Enterprises* (1987) (5th Cir.) 815 F.2d 323.

<sup>14</sup> David Nimmer, Peter S. Menell and Diane McGimsey, 'Pre-Existing Confusion in Copyright's Work-for-Hire Doctrine' (2002) UC Berkeley Public Law and Legal Theory Research Paper No. 109 <<https://ssrn.com/abstract=359720>> accessed 22 March 2022.

<sup>15</sup> Certain characteristics of moral rights are recognized by scattered legislation in the United States. This is the case of the Visual Artist Act of 1990, which recognizes the attribution and integrity rights, but there is no real doctrine of moral rights applying to all of American copyright. In this regard, Lawrence Adam Beyer wrote, "Unless and until moral rights doctrine is developed into a determinative, coherent, and compelling body of principles, 'the moral right of integrity' will serve only as a stirring rhetorical wrapper for an expandable bundle of basically unnecessary and unjustified interest group preferences." See Lawrence Adam Beyer, 'Intentionalism, Art and the Suppression of Innovation: Film Colorization and the Philosophy of Moral Rights' (1988) 82 Nw. U. L. Rev. 1011. On the most recent doctrinal considerations on moral rights in the USA, see Jane C. Ginsburg, 'Fifty Years of U.S. Copyright: Toward a Law of Authors' Rights?' (2022) American Intellectual Property Law Association Quarterly Journal, Forthcoming, Columbia Public Law Research Paper, No. 14-708.

<sup>16</sup> See Copyright, Designs and Patents Act 1988 (CDPA 1988) (UK), s. 87 (2); J.M. Cavendish and Kate Pool, *Handbook of Copyright in British Publishing Practice*, (3<sup>rd</sup> edition, Cassell 1993), p. 100.

<sup>17</sup> Dominik Skauradszun, 'Approaching or Overtaking: Transferring Copyright in Germany and in the UK' (2011) 6(9) Journal of Intellectual Property Law & Practice 651.

<sup>18</sup> *ibid.*



guarantee for the author's legal position.<sup>19</sup> Under the British system where there is a complete transfer of a copyright and a complete waiver of the moral rights, this practice is hardly questioned by any legal author.<sup>20</sup>

It can be argued that the norm allowing the transfer of IP rights to the employer of a salaried author, who has produced a work within the framework of his or her normal employment, has not been taken to its logical conclusion partly because the proposed solution results in a conflict of laws. On one hand, there is the freedom of creation and the right of intellectual property in the work under IP law and on the other, there is the bond of subordination created by labour law between the employee and his or her employer. However, this article seeks to answer the following question: are the provisions of the Act of Bamako relating to the transfer of ownership of a work created within the framework of employment precise enough to guarantee legal certainty?

The answer of the Act of Bamako to this question is clear and simple: it is sufficient that the creation takes place within the framework of the usual activities of the employer. But the determination of what a 'usual activity' is in the context of creative work is not specified by law. In this case, at the intersection of labour law and IP law, it must be ensured that the labour codes of OAPI member countries have the answer to this question, an answer that is necessarily diverse and varied. The objective of this article is to bring to light the uncertainties and imprecision of this legislation, as well as propose possible solutions to the legislator. With this in mind, it will successively analyze the implications of the legal framework set up by OAPI (in section 2), the uncertainties linked to the legal transfer of economic rights (in section 3) and finally the impact of moral rights on the effectiveness of the transfer (in section 4).

## 2. IMPLICATIONS OF THE LEGAL CESSION

The mandatory legal framework produces several consequences that are important to mention. First, it implies a mandatory transfer of economic rights in employee-created works to the employer. In regulating the issue of the transfer of ownership to the employer, OAPI has limited itself to the transfer of economic rights, which are transferable under the copyright laws of its member countries. It must be recognized that the exploitation of these rights brings significant income to authors. This mandatory transfer of economic rights undoubtedly contributes to the two objectives highlighted by Fabrice Siiriainen,<sup>21</sup> namely boosting the attractiveness of the OAPI law and increasing the legal certainty of cross-border operations within the OAPI space. According to this author, a sufficient and effective level of protection for literary and artistic property serves as a guarantee for investors, especially foreign ones. It is, therefore, necessary for OAPI to ensure that a minimum level of protection is granted to original works of the mind, which would be sufficient to attract even foreign investment. This attraction could quite potentially result in additional opportunities for local authors and performers, thereby leading to the growth of local cultural industries and, more generally, contributing to the economic and social development of a member nation. As for the objective of ensuring legal certainty of cross-border transactions within the OAPI area, the aim is to provide the parties involved with some definite solutions in the event of a conflict of laws (and therefore save transaction costs), considering that the copyright laws of the member States of OAPI are sometimes substantially different.

Based on the legal framework provided by the Act of Bamako, it can be said that the preservation of economic rights unrelated to the employee's usual activity is the

<sup>19</sup> Dominik Skauradzun, 'Approaching or Overtaking: Transferring Copyright in Germany and in the UK' (2011) 6(9) *Journal of Intellectual Property Law & Practice* 651 citing Lorremanns [2005] 6 E.I.P.R. 220, p. 221.

<sup>20</sup> Dominik Skauradzun (n 17).

<sup>21</sup> Fabrice Siiriainen, 'Le droit de la propriété littéraire et artistique dans l'accord de Bangui après la révision de Bamako' (The right to literary and artistic property in the Bangui Agreement after the Bamako Revision) (2018) 6 *Revue Francophone de la Propriété Intellectuelle (RFPI)* 38.



corollary of the principle of the transfer of the economic rights, which are necessary for the usual activity of the employer at the time of the creation of the work. It prevents the salaried author from being dispossessed of all of his or her economic rights for the benefit of the employer without reason. Article 3 of Annex VII of the Act of Bamako<sup>22</sup> ensures that the economic rights remain with the salaried author after the legal transfer of official works. Concretely, this means that the author retains the rights that do not directly concern the usual activity of his or her employment at the time of creation of the work and that have not been transferred to his or her employer for the purpose of exploitation.<sup>23</sup> According to the Act of Bamako, employees can thus enjoy such rights exclusively in their capacity as the author.<sup>24</sup>

It should, however, be specified that despite the retention of his or her moral rights, a salaried author cannot act arbitrarily (and especially not against his or her employer<sup>25</sup>) because of the obligation of loyalty inherent in an employment contract. This obligation prevents employees from competing against their employer and therefore, from interfering with the exploitation of the work created within the framework of the employment contract. An analogy can be made with the Anglo-American system of 'work made for hire' since in OAPI law, the author recovers his or her economic rights the moment his or her work is no longer being exploited by the company. Article 35 paragraph 2 of Annex VII is not very explicit on the duration of exploitation of the transferred rights. It is not certain that member countries of OAPI, which have their own copyright laws, can accept an unlimited transfer of rights from employee to employer. Their courts could require, following the example of the French Court of Cassation from which

they are often inspired, a contract for the transfer of rights comprising a delimitation of the field of exploitation of the transferred rights, its extent and its destination, its place and its duration.<sup>26</sup> As pointed out by some scholars,<sup>27</sup> the analogy is based on the fact that when the United States Copyright Act of 1976 was drafted, authors were granted an inalienable right to terminate transfers 35 years after an assignment. There are, however, exemptions for nine categories of collaborative works that may become unsaleable upon termination owing to the transaction costs of bundling the necessary rights. For example, motion pictures and encyclopaedias have been listed, but sound recordings have not been expressly covered.<sup>28</sup>

A third implication is the ownership of the salaried author over the works produced outside the framework of his or her employment and without any connection to the company. This is a consequence of Article 3 of Annex VII of the Act of Bamako whereby the ownership of rights would then logically and entirely belong to the employee who will not benefit from any remuneration from the employer. The salaried author may enjoy and dispose of his or her work, subject to the legal or jurisprudential restrictions imposed on him by law.<sup>29</sup>

As we have seen for employee creations, the drafting of the employment contract is essential to anticipate the fate of the ownership of rights in employee inventions. It is therefore essential to clearly define in this contract the tasks and assignments of the employee. However, it may happen that these works have a link with the usual activities of the company, either because they fall within the field of activity of the company or because they were created using the resources of the company. In this case,

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<sup>22</sup> Act of Bamako (n 3), Annex VII Art. 4.

<sup>23</sup> Aféké C. Poporty (n 2), p. 17.

<sup>24</sup> Act of Bamako (n 3), Annex VII Art. 8: '(1) An author shall enjoy the exclusive right to exploit his work in any form whatsoever and to obtain monetary advantage therefrom. Subject to the provisions of Articles 10 to 24, the author of a work shall enjoy, in particular, the exclusive right to perform or authorize the following acts: (i) reproduction of his work; (ii) translation, adaptation, arrangement or other transformation of his work; (iii) distribution of copies of his work to the public by means of sale or any other transfer of ownership or by rental or lending; and (iv) public performance of his work.

(2) The rental right referred to in paragraph (1) (iii) shall not apply to the rental of computer programs where the program itself is not the essential subject matter of the rental.'

<sup>25</sup> Aféké C. Poporty (n 2), p. 17.

<sup>26</sup> Appeal number 13-20.224, 2015 Cass. Soc., ECLI:EN:CCASS:2015:S000017.

<sup>27</sup> Peter S. Menell and David Nimmer, 'Sound Recordings, Works for Hire, and the Termination-of-Transfers Time Bomb' (2010) *Journal, Copyright Society of the USA* <<https://ssrn.com/abstract=1626355>> accessed 23 March 2022.

<sup>28</sup> *ibid.*

<sup>29</sup> Aféké C. Poporty (n 2), p. 18.

the employee holds the rights to his invention, but the employer has the right to claim it. A solution similar to that of French law is possible, namely that the employee may benefit from a right of enjoyment or a right of attribution by which he or she will claim ownership of the invention in return for payment to the employer of a 'fair price'.<sup>30</sup> According to Aféké Poporty<sup>31</sup>, there is no doubt that the works thus created cannot be transferred to the employer on the basis of Article 31 of Annex VII the revised Bangui Agreement of 1999 (Article 30 Annex VII of the Act of Bamako), since these works were not created within the framework of the employment contract, but rather outside the duties of the employee. However, by referring to Article 11 of Annex I of the Act of Bamako (more precisely point (b))<sup>32</sup>, it can be noted that the employer, subject to contrary contractual provisions, can be granted rights over these works if it is established that they have a sufficient link with the usual activities of the company. It will no longer be a matter of a legal assignment, but rather of a right of option that may be granted to the employer in order to obtain the economic rights on created works, if he or she chooses to exercise the option within a deadline.<sup>33</sup>

### 3. THE UNCERTAINTIES OF LEGAL TRANSFER

The Act of Bamako broke new ground in the context of French-speaking countries by allowing the employer to benefit from a transfer of property rights. However, Article 35 of Annex VII (which repeats and extends Article 31 of the revised Bangui Agreement of 1999) uses a very vague concept when it speaks of the 'usual activity' of the employer. In its paragraph 2, it states:

Where a work is created on behalf of a natural or private or public legal person under a work contract of the author, or where the work is commissioned from the author by such person, the first owner of the economic and moral rights shall be the author. However, the economic rights in the work shall be deemed to have been transferred to the employer to the extent justified by the *habitual activities of the employer* or of such natural or legal person at the time of the creation of the work. (Emphasis added)

The imprecision of the criteria for identifying the 'habitual activity' may give rise to several divergent interpretations within the member States of OAPI.

In labour law, several criteria are proposed in order to distinguish the notion of 'work' from that of 'activity', which have elements of an economic and monetary nature as well as legal norms.<sup>34</sup> To refine this distinction, it would also be useful to look at the notions of 'employment' and 'activity'.<sup>35</sup> The notion of 'activity' has a very broad scope and therefore great legal flexibility. It is this legal flexibility that makes it attractive, since labour law makes it possible to designate activities exercised freely and with little supervision. By using this notion in the Act of Bamako without expressly defining it, the African legislator OAPI has chosen a terrain full of uncertainties as the notion is flexible and its interpretations can be diverse. According to Michel Godet, the flexibility of the notion of 'activity' explains why it can serve as a basis for ultra-liberal policies.<sup>36</sup> Unfortunately, such flexibility could also remove the protective guarantees<sup>37</sup> of employment.

According to Falilou Diop,<sup>38</sup> from an expansive and employer-friendly perspective, 'usual activities' will involve the transfer of all those rights that an employer

<sup>30</sup> Efoé Dosseh-Anyron (n 4).

<sup>31</sup> Aféké C. Poporty (n 2), p. 19.

<sup>32</sup> (b) Where an employee is not required by his employment contract to engage in inventive activity, but makes an invention using the techniques and means specific to the establishment or the information it has procured, the right to the patent shall belong to the employee. However, the employer has the right to be granted the ownership or enjoyment of all or part of the rights attached to the patent that protect the invention of the employee. In the latter case, the employee shall secure a fair price therefore which, failing agreement between the parties, shall be fixed by the competent domestic court. The court shall take into consideration any information that may be brought before it, in particular by the employer and the employee, to calculate a fair price, having regard both to the

initial contribution of each party and to the industrial and commercial utility of the invention.

<sup>33</sup> Aféké C. Poporty (n 2), p.19.

<sup>34</sup> Delphine Gardes, *Essai et enjeux d'une définition juridique du travail* (Test and challenge of a legal definition of work) (LGDJ - Lextenso Editions, Presses de l'Université Toulouse 2018) 213.

<sup>35</sup> *ibid.*

<sup>36</sup> Michel Godet, *Le grand mensonge: L'emploi est mort. Vive l'activité!* (The big lie: Employment is dead. Long live activity!) (Fixot 1994) 305.

<sup>37</sup> Dominique Méda, *Le travail* (Labour) (new edition, Presses Universitaires de France 2015) 128.

<sup>38</sup> Falilou Diop, 'Droits patrimoniaux dans l'OAPI' (Economic rights in OAPI) (2016) *Revue Juris Art Etc.* 44, p. 47.

will need to exploit the works in accordance with his business purposes. On the contrary, from a restrictive and employee-friendly point of view, only those rights that are necessary for the performance of the employment contract will be transferred.<sup>39</sup>

The second imprecision that may constitute an obstacle to the transfer of economic rights is the unclear timing and the modalities of the transfer. Despite the possibility offered to each member State to legislate on the matter, the difficulty has not been resolved. Article 35 of Annex VII of the Act of Bamako simply states that the economic rights in the works of employees are considered to be transferred to the employer. Does this mean that a simple employment contract is enough to transfer the rights to the employer or is a separate contract necessary for the transfer of rights attached to the works created? Since the focus is on IP rights, it is more than likely that a contract for the transfer of economic rights is required, separate from the employment contract. In addition, paragraph 2 of Article 43<sup>40</sup> of Annex VII of the Act of Bamako specifies that the transfer of assets must be delimited as to its scope, destination, place and duration. These are requirements that cannot be fulfilled within the framework of a simple employment contract signifying a tacit transfer of rights.

Beyond this uncertainty linked to the diversity of national legislations, the issue raised by Fabrice Siiriainen finds its full justification here. According to this author, there is a need to have a common and minimal base with regard to the protection level.<sup>41</sup> Annex VII can only constitute this basis if the African legislator OAPI is able to influence the labour laws of member States and make them admit that the employment contract cannot constitute the basis for the transfer of ownership of the work created by the employee. By leaving the member States the possibility to legislate on the matter, the Act of Bamako does not remove the ambiguity surrounding this question.

Moreover, if all the member States of OAPI do not adapt their legislation to the Act of Bamako, there can be no approximation of rules and practices.

#### 4. THE IMPACT OF MORAL RIGHTS ON THE EFFECTIVENESS OF THE TRANSFER

The treatment reserved by the Act of Bamako for moral rights suggests that they are likely to constitute an obstacle to the real transfer of economic rights to the employer. Article 3 of the Act of Bamako provides that despite the transfer of economic rights to the employer, the salaried author retains his or her moral rights:

The author of any original work of the mind shall enjoy, by the mere fact of its creation, an exclusive incorporeal property right in the work which shall be enforceable against all persons. This right shall encompass intellectual and moral attributes as well as economic attributes, as determined by this Annex.

The consequence of this provision is that moral rights are excluded from the scope of the legal assignment, which allows the author to retain a right of inspection over the exploitation of the work. This is the consequence of the principle of the inalienability of moral rights as retained by the Act of Bamako. Obviously, the African legislator OAPI preferred to retain the rigorous conception of French law rather than that of English law.

The question is whether the legislator could do otherwise. Indeed, copyright law in OAPI member countries is still governed by national legislation, which, for the most part, considers the French approach. According to this approach, the moral rights of an author cannot be sold or merchandized, and must subsist under the name of the author; the courts are very sensitive to abuses of the moral right:

A historically humanist spirit underlies the law. It is not a copyright law, it is author's law, and

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<sup>39</sup> *ibid.*

<sup>40</sup> '(2) The assignment of economic rights and licenses to carry out the acts concerned by the economic rights may be limited to certain specific rights

and also with respect to the aims, duration, territorial scope and the extent or the means of exploitation.'

<sup>41</sup> Fabrice Siiriainen (n 15), p. 39.

is said to be 'very personal' to him. It is not a business right. If the author thinks his work has been changed, he may claim that his moral rights have been violated. This is a 'very subjective question for the courts to decide'. There is no objective 'reasonable man' test. Instead, the court will take account of the reputation that the author wishes to create.<sup>42</sup>

No one can predict how authors will use their moral rights to prevent employers from taking advantage of economic rights. According to Simon Newman, when it comes to complaints of violation of moral rights, only music seems to escape abuse, because it would be difficult to show infringement in this area.<sup>43</sup>

The question arises as to whether OAPI can put in place uniform legislation on copyright that would take into account a reform of the moral rights of the author implying their assignment, or at least the assignment of some of the attributes of moral rights. Such a project would be difficult to carry out because, on the one hand, the member States have not delegated their sovereignty to OAPI for such a project, and on the other hand, a copyright reform cannot be done horizontally as the disparities in national legislation would not allow for a comprehensive reform. A reform of the law relating to moral rights is all the more necessary since there are examples that can be used. The Anglo-Saxon model is certainly too far removed from the model of OAPI member countries. This model is divided between the recognition of certain characteristics of moral rights<sup>44</sup> in United States copyright<sup>45</sup> and the recognition by British law of moral rights of the author but with the possibility

for the latter to deprive himself or herself of them by means of a contract.

Indeed, the Copyright, Designs and Patents Act of 1988 (CDPA 1988/1988 Act) introduced for the first-time provisions relating to the moral rights of the author which were expressly incorporated into the copyright laws of the United Kingdom. According to Simon Newman, those who drafted the 1988 Act avoided a 'purposive' approach, which would have entailed simply restating the general moral rights principles of Article 6*bis* of the Berne Convention. Instead, Chapter IV of the Act sets out a detailed moral rights code.<sup>46</sup> This Chapter grants the following specific moral rights: the right to be identified as author or director<sup>47</sup> (the right of *paternity*); the right to object to derogatory treatment of work<sup>48</sup> (the right of *integrity*); the right not to have a work falsely attributed to another as author or director<sup>49</sup>; and the right to privacy in respect of certain photographs and films<sup>50</sup>. The Whitford Commission<sup>51</sup> had raised the issue that the existing law was not in line with the United Kingdom's obligations under the Berne Convention (which required its Member States to introduce moral rights into their legislation), but the exceptions contained in the law have reduced the scope of the effects of moral rights. For example, moral rights do not apply to computer programs,<sup>52</sup> nor to articles for publication in newspapers.<sup>53</sup>

Under OAPI law, the salaried author cannot waive his or her moral rights even if he or she expresses the wish to do so. Waiver presupposes a contract as in the case of the United Kingdom. It is incompatible with OAPI law because it is irrevocable, i.e., the holder of the right cannot go

<sup>42</sup> Simon Newman, 'The Development of Copyright and Moral Rights in the European Legal Systems' (2011) 33(11) *European Intellectual Property Review* 677.

<sup>43</sup> *ibid.*

<sup>44</sup> Jane C. Ginsburg, 'Moral Rights in the US: Still in Need of a Guardian Ad Litem' (2012) 30 *Cardozo Arts & Entertainment Law Journal* 73, Columbia Public Law Research Paper No. 12-293.

<sup>45</sup> It is still argued in the United States of America that the provisions of the Common Law are sufficient to fulfil the requirements of Article 6*bis* of the Berne Convention and hence, no specific legislation is required. Indeed, in the first reported case to address the issue of common law copyright, *Millar v Taylor* (4 Burr. 2303, 98 ER 201), Lord Mansfield J. appears to describe copyright as a blend of economic and personal rights:

'From what source, then, is the common law drawn...? [The author] can reap no pecuniary profit if, the next moment after his work comes out, it may be pirated upon worse paper and worse print, and in a cheaper volume...'

<sup>46</sup> Simon Newman (n 33).

<sup>47</sup> Copyright, Designs and Patents Act 1988 (CDPA 1988) (UK), ss. 77-99.

<sup>48</sup> *ibid.*, ss. 80-83.

<sup>49</sup> *ibid.*, s. 84 (False attribution of work).

<sup>50</sup> *ibid.*, s. 85.

<sup>51</sup> Gerald Dworkin, 'The Whitford Committee Report on Copyright and Designs Law' (1977) 40(6) *The Modern Law Review* 685.

<sup>52</sup> CDPA 1988 (n 47), ss. 79(2a) and 81(2).

<sup>53</sup> *ibid.*, ss. 79(6a) and 81(4a).

back on his or her decision. As a result, salaried authors who waive their moral rights cannot reverse their waiver and decide to implement their moral rights in the event of infringement of their intellectual interests<sup>54</sup>. The main effect of the waiver would therefore be the extinction of the moral rights of the author, which would be contrary to the spirit and the letter of the Act of Bamako.

Certainly, by mentioning the infringement of his or her moral rights to prevent the use of the economic rights by the employer, it could be argued that the employee is protecting his or her personality as is expressed in his or her work. But it must be remembered that in an employment relationship, the employer remains the strongest party because of the relationship of subordination existing between the employee and the employer. If the prohibition of the waiver of moral rights by the employee were to be lifted as a solution, another solution must be found to guarantee the protection of the employee, who is the weakest party in an employment contract.

Some solutions could be considered for moral rights. The British one, which, through the contractualization of copyright, leads to the pure and simple waiver of moral rights by the creator of an intellectual work, is quite far from the legal culture of the member States of OAPI. In addition, the contractualization of IP is not yet a reality in French-speaking African countries. However, one solution could be to consider that certain attributes of moral rights can be waived.<sup>55</sup> The German approach, which considers moral and economic rights as part of a single indivisible entity, is quite different from the French dualist conception of an eternal, inalienable moral right and the notion of separate, saleable economic rights as adopted by many member countries of OAPI. As Simon Newman writes,<sup>56</sup> in the German approach, the assignment of exploitation rights in a work will normally take the form of licensing agreements. German copyright

law is famous for the high standard of originality required in order for a work to receive copyright protection. The test of originality is not strictly a qualitative one, but it can be difficult for a scientific work to receive protection, no matter how competently it is written, unless it stands out for its individuality.<sup>57</sup> The German system of testing the originality of the work could be an alternative to be considered by OAPI. It would make it possible to attenuate the rigidity of the inalienability of certain attributes of the moral rights of the author.

## 5. CONCLUSION

According to this overview of the Act of Bamako and its regulation of employees' literary and artistic creations, the innovative and realistic nature of the solution proposed by the African legislator OAPI should be recognized. It is innovative because it takes into account the economic development objectives of member countries by finding solutions that will facilitate international investment. It is also a realistic and prudent solution with regard to the problem of moral rights and their inalienability, even in the event of an assignment of economic rights by the employee. However, as commendable as the progress of the Act of Bamako is, it should be mentioned that the text in its current version does not eliminate the risk of acquiescing the transfer of rights to the discretion of the employer. Therefore, some measures must be taken in labour law by the member States themselves. The consequence of inaction will be the maintenance of salaried authors in economic dependence *vis-à-vis* their employers. The question of prohibition of waiver of moral rights is also an aspect of the Act of Bamako on which OAPI must continue to reflect in order to find a solution suitable to the needs of the economic world.

These imprecisions and uncertainties in the legislation are a result of the wording of Article 35 of Annex VII of

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<sup>54</sup> Aféké C. Porporty (n 2), p. 57.

<sup>55</sup> Richard Alemjrodo, *Das Urheberpersönlichkeitsrecht auf dem Prüfstand der Informationsgesellschaft: Vergleich des europäischen, deutschen, englischen und französischen Rechts* (Moral rights put to the

test in the information society: Comparison of European, German, English and French law) (1<sup>st</sup> edn, LIT Publishing House 2005).

<sup>56</sup> Simon Newman (n 33).

<sup>57</sup> *ibid.*

the Act of Bamako, which introduced the notion of ‘usual activity’, the determination of which remains subject to divergent interpretations, especially if it is considered that labour law does not give a clear definition of the notion of ‘activity’ within the framework of an employment contract. In order to make the transfer of economic rights from the employee to the employer a reality, as provided for in the Act of Bamako, two actions must be taken:

- First, the legal transfer of economic rights must be accompanied by clear and precise conditions.
- Second, since the preservation of moral rights by the author can call into question the employer's rights over the works, a solution must be found.

Traditional contract law offers some insight into the legal cession of economic rights: member countries can organize the transfer of economic rights through contracts. This would ensure compliance with mandatory cession rules and provide a clear determination of the content of the cession. A bolder move could be a vertical reform of copyright in the OAPI area, which would only affect moral rights and would make it possible to abandon the radical inalienability concept by taking into account the fact that certain attributes of moral rights may be subject to assignment.

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## 7. THE COMPLEMENTARITY BETWEEN INTELLECTUAL PROPERTY AND TECHNOLOGY AS TOOLS FOR PRESERVING CULTURAL HERITAGE

Kenneth Muhangi\*

### ABSTRACT

Culture is the conglomerate characteristic and knowledge of a particular group of people, defined by everything from language, religion, cuisine, social habits, music and arts. Cultural content refers to the symbolic meaning, artistic dimension and cultural values that originate from or express cultural identities. Heritage encapsulates and embellishes culture, ensuring its continuity through expression in a tangible or intangible manner. This paper contextualizes culture from the perspective of heritage and consequently uses the terms, 'culture' and 'cultural heritage' interchangeably. This paper also considers the application of technology in preserving cultural heritage; examining the complementarity that exists between principal intellectual property rights (IPRs) and digital tools used to protect cultural heritage.

**Keywords:** *cultural heritage, intellectual property, blockchain, Uganda, digital age, copyright.*

### 1. INTRODUCTION

The use of legally enforceable property-like rights to encourage innovations of various kinds is perhaps the oldest institutional arrangement that has facilitated technological and cultural advancement. Intellectual property (IP) is the mereological sum of inventions, literary and artistic works, designs and symbols, names and images; IP is to creations of the mind as technology is to the fourth industrial revolution.

In common parlance, these intellectual property rights (IPRs), comprising old types of rights such as patents and utility models (for inventions that are solutions to

technological problems), trade secrets, copyrights, trademarks and design rights, together with newer ones such as plant varieties, geographical indications, image rights and database rights, have long legal and economic histories, often with concomitant controversies.

Inversely and despite their long history, until recently IPRs did not occupy a central place in debates over economic policy, national competitiveness, social welfare or the preservation of culture and heritage. Culture is the manifestation of human intellectual achievements expressed in the ideas, customs and social behaviour of communities.<sup>1</sup> It is the shared patterns of behaviour and interactions, cognitive constructs and understanding that are learned by socialization and therefore can be seen as the growth of a group identity, fostered by social patterns unique to the group. The social patterns in turn form social orders within those communities that may influence other communities. Heritage, according to the United Nations Educational, Scientific and Cultural Organization (UNESCO), is the legacy that we receive from the past, that we experience in the present and that we will pass on to future generations.<sup>2</sup> Heritage solidifies and encapsulates these social patterns, denoting identity expressed in a tangible or intangible manner and as more countries advance technologically, there exists a deep longing of indigenous communities to preserve their cultural heritage. This longing is precipitated by the creation of hybrid cultures that are the result of the cultural assimilation characteristic of the fourth industrial revolution.

The impediments to the use of IP in the preservation of cultural heritage largely begin in the colliding mindsets, themselves opposed to the use of IPRs, that have been applied almost exclusively to commerce for as long as we have had codified laws that formally recognize intangible property rights. This paper shall examine the ways in which IP can be used to preserve cultural heritage. It shall

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<sup>1</sup> UNESCO Convention on the Protection and Promotion of Diversity of Cultural Expressions (Adopted 20 October 2005, entered into force 18 March 2007) 2440 UNTS 346 I-43977 (UNESCO), Art. 4(2).

<sup>2</sup> UNESCO World Heritage Convention, 'World Heritage' ([whc.unesco.org](https://whc.unesco.org/en/about/)) <<https://whc.unesco.org/en/about/>> Accessed on 15 July 2022.

also look at the interplay between IPRs and technology and the implications they have on the preservation of culture and its expressions.

## 2. CONTEXTUALIZING THE IMPORTANCE OF INTELLECTUAL PROPERTY IN PROTECTING AND PRESERVING CULTURAL HERITAGE AND CULTURAL EXPRESSIONS

### A. CULTURE, HERITAGE AND ITS EXPRESSIONS

Cultural heritage is not limited to monuments and collections of objects. It also includes lived expressions inherited from our ancestors and passed on to our descendants. These include oral traditions, performing arts, social manners, rituals, celebrations, practices and knowledge and techniques related to traditional handcrafts.<sup>3</sup> Cultural heritage is therefore the embodiment of societal order and without it, governments would struggle with effective service delivery, juxtaposed against a consideration for the nuanced habits of the people within that government. In Uganda, for example, culture is at the crux of society and, in many cases, the cultural interests of communities are factored into any plans for service delivery. In March 2022, the Government of Uganda was involved in a court case with the caretaker of a cultural site, a huge tree that the members of the Lugave clan in the Buganda Kingdom consider sacred. The Government of Uganda had to offer compensation to the clan leaders in order to facilitate the relocation of the site to enable the construction of a 23.7 km expressway project.<sup>4</sup>

Aspects that pertain to culture in its diversity and to cultural heritage are entrenched in the crux and core idea that human beings have a set of inviolable rights by the very virtue of being human.<sup>5</sup> The importance of the

protection of cultural heritage, and the rectification where that protection fails therefore cannot be overemphasized. Cultural diversity forms a common heritage of humanity and should be cherished and preserved for the benefit of all.<sup>6</sup>

Cultural heritage has, for each and every human determined identity, peace of mind and standard of living, and is the precursor for a meaningful existence buttressed by individual and societal rights that are inalienable and inviolable.<sup>7</sup> According to Shyllon, 'heritage' embodies the notion of inheritance.<sup>8</sup> This is why cultural heritage should be protected, preserved and documented.

Cultural expressions are defined by the UNESCO Convention of 2005 as embodiments of the creativity of individuals, groups and societies.<sup>9</sup> Such expressions include cultural property that, according to Francesco Francioni, may be perceived as objects endowed with an intrinsic value and as expressions of human creativity.<sup>10</sup>

### B. IP AS A TOOL FOR THE PROTECTION OF CULTURAL HERITAGE AND ITS EXPRESSIONS

There exists a disparity between IP law and the actual protection for cultural expressions, particularly in the ambiguities relating to ownership of cultural property and this affects the protection of cultural heritage. For instance, instruments such as the Berne Convention<sup>11</sup> were framed in a manner that paid little or no regard to how creations forming cultural heritage were treated under historical indigenous IP law regimes, especially in Africa. The preface of the WIPO guide to the Berne Convention for example, whilst recognizing the importance of IP, seemingly ignores the period before

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<sup>3</sup> UNESCO, 'Cultural Heritage' ([en.unesco.org](https://en.unesco.org/fieldoffice/santiago/cultura/patrimonio)) <<https://en.unesco.org/fieldoffice/santiago/cultura/patrimonio>>, accessed on 31 March 2022.

<sup>4</sup>Brian Adams Kesiime, Al- Mahdi Ssenkabirwa and Derrick Wandera, 'Shs 500m Tree: Caretaker Warns Unra of 'Misfortunes'' (*Monitor*, 11 March 2022) <<https://www.monitor.co.ug/uganda/news/national/shs500m-tree-caretaker-warns-unra-of-misfortunes--3744110>> accessed 4 April 2022.

<sup>5</sup> Universal Declaration of Human Rights 1948 (Adopted on 10 December 1948) A/RES/3/217 A, Preamble, para. 1.

<sup>6</sup> UNESCO (n 1), Preamble, para. 2.

<sup>7</sup> UNESCO (n 1), Preamble, para. 4.

<sup>8</sup> Folarin Shyllon, 'Cultural Heritage and Intellectual Property: Convergence, Divergence, and Interface', William Logan, Máiréad Nic Craith, Ullrich Kockel (eds), *A Companion to Heritage Studies* (1<sup>st</sup> Edition, John Wiley & Sons, Inc. 2016) 55.

<sup>9</sup> UNESCO (n 1).

<sup>10</sup> Francesco Francioni, 'The Human Dimension of International Cultural Heritage Law: An Introduction' (2011) 22 *European Journal of International Law* No. 1, p. 9.

<sup>11</sup> Berne Convention for the Protection of Literary and Artistic Works (concluded on 9 September 1886, entered into force on 5 December 1887) 1611 UNTS 5 I-18338.

1883. In effect, the provisions under the Convention do not take cognizance of the body of works falling under the realm of cultural heritage that characterized ancient civilizations.

Ancient societies in the kingdoms of Kush, Egypt and Rome revealed unique architecture and handicrafts that denoted source and could be traced to individual artisans and creatives. Take, for example, the Pyramids of Meroe with their distinctive mud and red bricks attributed to Nubian architects or the pharaoh headdress which adorned the Kushite pharaohs and is attributed to Kushite jewelry designers.<sup>12</sup> Whereas these are now considered cultural heritage, they were at one point in history attributed to identifiable artisans who prospered because of their unique artistic styles that today could be protected under our modern IP laws.

### 3. DISTORTION, MUTILATION, MODIFICATION AND THE DEROGATORY TREATMENT OF CULTURAL HERITAGE: A CASE FOR IP PROTECTION

The ‘Three-Step – Test’ under Article 9(2) of the Berne Convention states the following:

“It shall be a matter for legislation in the countries of the Union to permit **the reproduction of such works in certain special cases**, provided that such reproduction does not conflict with a normal exploitation of the work and **does not unreasonably prejudice the legitimate interests of the author.**”<sup>13</sup>  
(Author’s emphasis).

The test which has been domesticated under national copyright laws applies fair use as an exception to copyright infringement. Fair use limits the exploitation of copyrighted work without the consent of the owner to special cases. In all other cases, unconsented exploitation of copyrighted work amounts to copyright infringement with criminal and civil sanctions. In particular, fair use

emphasizes the moral right of integrity that gives an author the right to object to any distortion, mutilation, modification or derogatory action to an author’s work that would prejudice the author’s honour and reputation. However, fair use only applies to works that are capable of copyright protection, which most works that form the body of cultural heritage are not.

If fair use was applied to cultural appropriation, the Maasai, an indigenous people from Kenya and Tanzania, targets of cultural appropriation and exploitation for numerous years, would have formal and recognizable avenues for redress. Over 80 companies worldwide are currently using either the Maasai image or name, with no compensation granted to the Maasai people. These include: a range of accessories called Maasai made for Land Rover; Maasai Barefoot Technology, which makes specialty trainers; and the Maasai line of the high-end fashion house Louis Vuitton that includes beach towels, hats and scarves. If the Maasai brand was owned by a corporation, it is estimated that it would be worth more than \$10 million a year.<sup>14</sup>

This disparity between IP protection and cultural heritage extends from the subjective understanding of culture, the existence of dominant cultures with dominant cultural wills in the international community, and the forces of ‘cultural progression’ and development. These causes of disparity are nuanced in the global cultural contentions concerning indigenous peoples, the protection of cultural heritage and sites and also the protection of ownership of cultural property and its expatriation.<sup>15</sup> This in turn affects the preservation of cultural heritage.

### 4. DEROGATORY TREATMENT OF CULTURE AND HERITAGE

The derogation and destruction of physical or intangible artifacts that embody the ideas, beliefs, and characteristics of past societies is a well-tested means of

<sup>12</sup> Núria Castellano, ‘Rival to Egypt, the Nubian kingdom of Kush exuded power and gold’ <<https://www.nationalgeographic.com/history/history-magazine/article/ancient-egypt-nubian-kingdom-pyramids-sudan>> accessed on 1 April 2022.

<sup>13</sup> Berne Convention (n 12).

<sup>14</sup> Shyllon, (n 7), 61.

<sup>15</sup> United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), United Nations General Assembly Resolution 61/295 (adopted by the General Assembly on 13 September 2007) A/RES/61/295, Preamble at para. 7.

control and power. This destruction is often fuelled by colonialism, racism, xenophobia and ethnocentric nationalism, which was present centuries ago and is even found today, in very recent times.

French philosopher, scholar and writer Joseph Ernest Renan in *La Reforme intellectuelle et morale* (1871),<sup>16</sup> managed to perpetuate his own misconstruction of African culture through IP, i.e., copyright, and one of the most eminent forms of technology at the time, the printing press. Through a misapprehension of energetic African dance customs, vibrant and strangely melodic African choral music, criticism of African dressing and other such cultural misconstructions, he determined that Africans were therefore 'barbaric,' 'uncivilized' and 'backward. He surmised thus:

"The regeneration of the inferior or degenerate races, by the superior races is part of the providential order of things for humanity; [...] a race of tillers of the soil, the Negro; treat him with kindness and humanity, and all will be as it should; Let each do what he is made for, and all will be well."

The effects of such writings at the time was, for many, to justify the cultural oppression of Africans and other civilizations during the existence of slavery and colonialism. Communities extricated from the initial environments in which their cultures were formed and passed down, were shipped to foreign lands across the world that suppressed the expression of their values, customs, ideas, music and other intangible aspects of their cultural heritage.

Africa, in particular, has suffered greatly with the irreverent appropriation of its cultural heritage. Fables that were only passed down to the next generation at the proverbial fireplace have either been adulterated or completely lost to time. Artifacts that documented the

history of its original makers/owners and their societies, have been appropriated over the years, mostly because of slavery and colonialism.

In the early 1950s, the recording of *Mbube* released by Gallo Records, already a good seller in South Africa, found its way to America and came to the attention of Pete Seeger, a folksinger. He liked what he heard and transcribed the music from the record to make his own song, which he called 'Wimoweh' (a corruption of the Zulu lyrics, 'Uyimbube', or 'he is the lion'). *Wimoweh* was successful in the United States in the 1950s, and was later reworked into another version in the 1960s by song writers George Weiss, Hugo Peretti, and Luigi Creatore, as 'The Lion Sleeps Tonight'.<sup>17</sup>

In this form, the song became a major hit and has remained popular for more than 40 years. Then in the mid-1990s, it was incorporated into the Disney musical *The Lion King*. However, neither the origins of the song in *Mbube*, nor the role played by Solomon Linda was acknowledged; the song was presented as being of American origin.<sup>18</sup>

In 1897, the British launched a punitive expedition against Benin, in response to an attack on a British diplomatic expedition. Apart from bronze sculptures and plaques, innumerable royal objects cast for the ancestral altars of past kings and queen mothers were taken as a result of the mission and are scattered all over the world. In 2001, the Taliban destroyed the two Buddhas of Bamiyan, declaring that the massive statues were false idols. In 70 CE the Roman Army plundered and destroyed the Second Temple in Jerusalem during the First Jewish-Roman War. During Mao Zedong's Cultural Revolution, thousands of Chinese historical sites were destroyed to rid the country of capitalist and traditionalist influences.

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<sup>16</sup> Ernest Renan, *La Reforme Intellectuelle et Morale* (Intellectual and Moral Reform) (1871).

<sup>17</sup> Mark Wilberforce, 'Seeking Justice for Lion Sleeps Tonight Composer', (*bbc.com*, 29 December 2020) <<https://www.bbc.com/news/world-africa-55333535>> Accessed on 15 July 2022.

<sup>18</sup> Owen Dean, 'Copyright in the Courts: The return of the Lion', (*WIPO Magazine*, April 2006) <[https://www.wipo.int/wipo\\_magazine/en/2006/02/article\\_0006.html](https://www.wipo.int/wipo_magazine/en/2006/02/article_0006.html)> Accessed on 14 July 2022.

In the digital age, the appropriation and destruction of cultural heritage is facilitated inter-alia by technologies such as the internet, advanced weapon technology, drones, and improvised explosive device technology. Since colonialist times when cultural heritage was seized, confiscated and displayed elsewhere, the debate and argument now surrounding the repatriation of cultural property subsists, some of the very obstructions to its progress being perpetuated by the neutral tools that are IP and technology in misapplied purposes.

The Natural History Museum in London has, in the recent past, seen an increase in repatriation requests for prominent specimens such as Neanderthal skulls (unearthed in 1848 by the British) claimed by Gibraltar and preserved skin, fur and bones from a 12,000-year-old giant ground sloth (*Mylodon darwini*) claimed by Chile. Zambia has also submitted a request for the Broken Hill skull, a famous early hominin about 300,000 years old that's usually classified as *Homo heidelbergensis*. The Chilean museum has successfully retrieved other fossils such as the *Pelagornis chilensis*—an extinct bird that is the largest known to humankind, with a wingspan of more than 5 meters.<sup>19</sup>

This disparity between IP and cultural heritage expounds the difficulty in applying current IPRs to cultural heritage and the creation of a sui generis system of IP protection could be applied to protect heritage from its distortion, mutilation, modification and derogatory treatment.

## 5. A SUI GENERIS MODEL FOR IP PROTECTION

The creation of a sui generis system of protection for traditional cultural expressions has been proposed under a number of model provisions including the WIPO-UNESCO Model Provisions for National Laws, 1982 and

the Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore 2010.<sup>20</sup> This stems from the recognition that the protection offered by contemporary IPRs is inadequate to protect cultural heritage. However, these proposals are yet to be adopted in most jurisdictions, including Uganda. A sui generis system would not necessarily mean the creation of an entirely new and previously non-existent property right but rather the recognition of a new right, *sui generis* copyright adopted from existing IPRs like copyright.

### A. SUI GENERIS COPYRIGHT FOR LITERATURE, ART AND FOLKLORE AS A TOOL FOR PROTECTING CULTURAL PROPERTY AND PRESERVING HERITAGE

Copyright is an IPR that protects original literary and artistic works expressed by an author in a fixed, tangible format. Works capable of copyright protection include literature, art, music, paintings, sculptures, films, computer programs, databases, maps and architectural drawings, and extend to cultural property such as folklore.<sup>21</sup> In 1985, WIPO and UNESCO convened a working group meeting on the Protection of Expressions of Folklore by Intellectual Property and came up with the following definition of folklore:

Folklore (in the broader sense, traditional and popular folk culture) is a group oriented and tradition-based creation of groups or individuals reflecting the expectations of the community as an adequate expression of its cultural and social identity; its standards are transmitted orally, by imitation or by other means. Its forms include, among others, language, literature, music, dance, games, mythology, rituals, customs, handicrafts, architecture and other arts.<sup>22</sup>

Literature, art and folklore are useful preservers of cultural heritage that require, above all else, skills and expertise at an individual level. These individuals, by harnessing talent, become the voices of their

<sup>19</sup> Getchen Vogel, 'Countries demand their fossils back, forcing natural history museums to confront their past' (*science.org*, 27 March 2019) at <<https://www.sciencemag.org/news/2019/03/countries-demand-their-fossils-back-forcing-natural-history-museums-confront-their-past>> accessed on 5 February 2022.

<sup>20</sup> Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore within the Framework of the African Regional Intellectual Property Organization (Adopted on 9 August 2010) (African Regional Intellectual Property Organization, 2010).

<sup>21</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights (15 15, 1994), Articles 9 to 21 <[https://www.wto.org/english/docs\\_e/legal\\_e/27-trips.pdf](https://www.wto.org/english/docs_e/legal_e/27-trips.pdf)> accessed on 31 March 2022.

<sup>22</sup> World Intellectual Property Organization (WIPO), 'Roundtable on Intellectual Property and Traditional Knowledge, what is Traditional Knowledge? Why Should it be Protected? Who Should Protect it? For Whom? Understanding the Value Chain' (WIPO/IPTK/RT/99/3, WIPO 1999), para. 2.

communities and traditions, albeit receiving individual recognition and compensation.

In 1994, the Paris Review interviewed the eclectic author Chinua Achebe, who was quoted in its winter issue ('Chinua Achebe, The Art of Fiction No.139'):

There is that great proverb — that until the lions have their own historians, the history of the hunt will always glorify the hunter. That did not come to me until much later. Once I realized that, I had to be a writer. I had to be that historian. It's not one man's job. It's not one person's job. But it is something we have to do, so that the story of the hunt will also reflect the agony, the travail — the bravery, even, of the lions.<sup>23</sup>

Achebe emphasizes the importance of literature as a way of ensuring an honest depiction of African stories and traditions, whilst preserving these traditions and stories for future generations. Achebe and other African authors such as Ngugi Wa Thiong'o, Wole Soyinka and Chimamanda Ngozi Adichie, are revered for their use of diction that celebrates Africa and its people. Literature can accurately reflect the true potency of cultural expressions held in their symbolism, the relevance of cultural life for a functional existence, and the imperative for many individuals and communities to maintain an untarnished comprehension of their cultural expressions in the minds of the rest of the world.

While it is not possible to attain copyright protection over existing traditional culture given the fact that it is collectively owned and almost incapable of attribution to a particular author, a sui generis copyright system would make it possible for communities to hold these rights on behalf of their people. Any IP protection accorded to folklore (and the other expressions that form cultural heritage) would be for the good of a society or community rather than individuals. Individuals may,

however, still benefit by creating derivative works that may still be protected under copyright.

## 6. DERIVATIVE COPYRIGHT AS A TOOL FOR PRESERVATION OF CULTURAL HERITAGE

Contemporary copyright law makes it possible for authors to attain protection for work that is simply inspired by, based on or derived from traditional culture.<sup>24</sup> This neutrality in the law recognizes the fact that art, music and literature are normally products of inspiration from existing works. On one hand, this allows artists to seek inspiration from culture, and on the other, it avoids the possibility of monopolizing the expression of existing tradition. A great example of this is rap music. A number of scholars have traced the roots of rap music to the storytelling tradition of the griots in West Africa. Griots are hereditary artisans. Historically, they served kings as oral historians, praise singers and musicians. Known for their spoken word, griots were responsible for transmitting genealogies and history to their patrons through music and verbal arts.<sup>25</sup> According to Cheryl Keyes, during the transatlantic slave trade, when many Africans were taken to the West, they modified, reshaped and transformed African systems of thought into their new contexts. She calls this 'cultural reversioning' and cites rap music performances as a representation of this.<sup>26</sup> In Senegal, where griots still exist today, a music genre called Mbalax dominated by griot singers has since developed.<sup>27</sup>

Similarly, in Rwanda and in the Ankole region of Uganda, the tradition of *ebiyivugo* and *ebyevugo* is practiced to this day. Normally performed at traditional weddings, this cultural tradition has been practiced for centuries.<sup>28</sup> This tradition consists of oral performance - spoken word and poetry that sounds strikingly similar to rap music. In 2010, Yoweri K. Museveni, President of Uganda, released a rap song at the dawn of the 2011 presidential

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<sup>23</sup> Brookes (n 3).

<sup>24</sup> World Intellectual Property Organization, *WIPO Intellectual Property Handbook: Policy, Law and Use* (WIPO Publication No. 489 (E), 2004), p 58.

<sup>25</sup> Patricia Tang, 'The Rapper as Modern Griot, Reclaiming Ancient Traditions', Eric Charry (ed), *Hip Hop Africa: New African Music in a Globalizing World* (Indiana University Press 2012).

<sup>26</sup> *ibid.*

<sup>27</sup> *ibid.*

<sup>28</sup> 'Ankole and Rwanda Praise Poetry Performance Traditions', (*ebrary.net*) <[https://ebrary.net/139165/education/ankole\\_rwanda\\_praise\\_poetry\\_performance\\_traditions](https://ebrary.net/139165/education/ankole_rwanda_praise_poetry_performance_traditions)> accessed on 31 March 2022.



elections.<sup>29</sup> The song was derived from two folklore poems traced to the Ankole community in Uganda. The President applied for copyright protection from the Registrar of Copyright at the Uganda Registration Services Bureau and two Ugandan citizens objected to the registration.<sup>30</sup>

The objectors argued that the folklore in the song belongs to all the Ankole people and therefore cannot be attributed to the President.<sup>31</sup> The President's legal team pointed out the difference between the traditional cultural expressions in the Ankole poems and the copyright claim in the musical expressions created by the President.<sup>32</sup> The counsel argued that the President was only electing to protect his derivative expression rather than restrict the use of earlier and differently expressed versions.<sup>33</sup>

The Registrar of Copyrights, concurred with the President's counsel and ruled that the transformation of a folksong was an original creation, which, as expressed, constituted a derivative work that was entitled to copyright protection under section 5(1) of the Copyright and Neighbouring Rights Act of Uganda.

In summing up the ruling, the Registrar stated that:

"I am aware that the objectors were under the impression that the applicant was attempting to monopolize a piece of heritage of the Banyankole/Bakiga. I hope that they can now rest assured that the heritage of the aforementioned people can still be enjoyed by anyone and has not in any way been misappropriated but instead can now be enjoyed by anyone including the young generation

whom, I hazard to say, may relate to the applicant's new arrangement of the said works."<sup>34</sup>

Dr. Anthony Kakooza, a scholar and expert in IP, opined that both parties came out as winners in this matter;

"The President got the Copyright protection that he sought and the Objectors got the assurance that the original folklore was still free for their use...This matter, as the first legal contestation over property rights in folklore in Uganda, creates precedence in the balancing of interests between TCEs and derivative music in Uganda."<sup>35</sup>

## 7. GEOGRAPHICAL INDICATIONS

Complimentary to a sui generis system of protection, we can also look to geographical indications as a likely preserver of cultural heritage. A geographical indication (GI) identifies goods as originating from a particular country, region or locality where a given quality, reputation or other characteristic of the goods is essentially attributable to its geographic origin.<sup>36</sup> A GI enables those who have the right to use the indication to prevent its use by a third party whose product does not conform to the applicable standards. Examples of GIs include champagne from France and Scotch whisky from Scotland.

Uganda is currently exploring GI registration for its bark cloth from the central region of Uganda, Buganda, and products from the Ankole cow that originates from the Ankole region.<sup>37</sup> In addition to their regal appearance, Ankole cattle produce rich milk and meat high in polyunsaturated fats and omega oils. These cattle can live up to 30 years, relying on limited nutrients and water. In

<sup>29</sup> In the Matter of an Application No. 25 of 2010 In the Matter of an Application No. 25 of 2010 for registration of Copyright by Yoweri Kaguta Museveni in the song 'You want another rap' and In the Matter of an Objection by Mr. Mwambusya Ndebesa and Dr. Katono Nzarwa Deo (Uganda).

<sup>30</sup> Barry Malone, 'Ugandan President Draws Fire for Copyrighting "Rap"' (*Reuters*, 7 December 2010) <<https://www.reuters.com/article/uk-uganda-idUKTRE6B64OM20101207>> accessed on 13 July 2022.

<sup>31</sup> Application No. 25 of 2010 (n 30)

<sup>32</sup> *ibid.*

<sup>33</sup> *ibid.*

<sup>34</sup> *ibid.*

<sup>35</sup> Anthony C.K. Kakooza, 'The Cultural Divide: Traditional Cultural Expression and the Entertainment Industry in Developing Economies', (Ph.D. Thesis, University of Illinois 2014), p. 8.

<sup>36</sup> Geographical Indications Act 2013(Uganda), s. 2.

<sup>37</sup> Kenneth Muhangi, 'Intellectual Property in the digital Age' (*New Vision*, 15 April 2019) <[https://www.newvision.co.ug/new\\_vision/news/1498518/intellectual-property-digital-age](https://www.newvision.co.ug/new_vision/news/1498518/intellectual-property-digital-age)> Accessed on 31 March 2022.



2004, South Africa's current President (as of 2022), Cyril Ramaphosa, travelled to Uganda to meet with President Yoweri Museveni. Owing to disease control measures enforced by the Department of Agriculture, Forestry and Fisheries, Ramaphosa used artificial insemination technology and embryo quarantine processes to buy and import into South Africa 43 Ankole cows from Uganda's President, Yoweri Kaguta Museveni. In May, 2021 several Ankole cattle bred from the embryos fetched 2.7 million South African rand at auction.<sup>38</sup>

It follows therefore that regulation that is cognizant of cultural heritage's portability will ensure that any products created after expatriations, such as in the foregoing, rebates part of the proceeds to communities that have spent centuries nurturing such breeds. Whether it is a sui generis copyright or a geographical indication, IP can be much more than a neutral tool for the protection and preservation of heritage especially coupled with other neutral tools such as technology.

## 8. DIGITAL TOOLS FOR PRESERVING CULTURAL HERITAGE

The role of technology in preserving cultural heritage must be understood in the context of the digital age. The famous American paleontologist and evolutionary biologist, Stephen Jay Gould, postulated in his book *The Mismeasure of Man* that 'we pass through this world but once. Few tragedies can be more extensive than the stunting of life, few injustices deeper than the denial of an opportunity to strive or even to hope, by a limit imposed from without, but falsely identified as lying within'.<sup>39</sup>

Gould's averments above may be juxtaposed with the need to preserve the veracity of cultural heritage in a digital age characterized by misinformation, IP

infringement and cultural appropriation. Cultural heritage creates a rich and varied world, which increases the range of choice and nurtures human capacities and values, and is therefore a mainspring for sustainable development for communities, peoples and nations.<sup>40</sup> This can be articulated in the way that the world has become vastly globalized, especially in the area of trade where diversity is a wellspring for economic success. Such globalization may also be understood in the context of social media and the virtual world it has created, which in many ways facilitates the dilution or distortion of cultural heritage. The people from whom this cultural heritage emanates are, in some cases, not compensated or acknowledged, which can offend their dignity and that of others who derive identity from it.

The dangers posed to cultural heritage by technological advancements was recognized as far back as 1985 by UNESCO and WIPO under the Model Provisions for National Laws of the Protection of Expressions of Folklore against Illicit Exploitation and other Prejudicial Actions.<sup>41</sup> Therein, it was noted that advancements specifically in the fields of sound and audiovisual recording, broadcasting, cable television and cinematography may lead to the improper exploitation of cultural heritage.<sup>42</sup> However, the digital age has also brought with it the opportunity to learn about, preserve and experience cultural heritage. As noted by Maria Economou, digital tools have allowed people to encounter sites and monuments through virtual reconstructions and digital representation of artifacts. They have also enabled people to learn about cultural heritage through a wealth of resources available online.<sup>43</sup>

Highly advanced technologies have been employed to digitize culture through the creation of digital libraries. An example occurred in 2019, when the Italian Embassy

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<sup>38</sup> Daniel L, 'President Ramaphosa's Ankole Cattle Just Sold For ZAR 2.7 Million With Bull 'Mufasa' Voted Best', (*Business Insider*, 3 May 2021) <<https://www.businessinsider.co.za/president-ramaphosa-ankole-cattle-sold-for-r27-million-with-bull-mufasa-voted-best-2021-5/>> accessed 31 March 2022.

<sup>39</sup> S. J Gould, *'The Mismeasure of Man'* (Norton and Company, 1981), p. 60.

<sup>40</sup> UNESCO (n 1), Preamble para. 4.

<sup>41</sup> UNESCO, 'Model Provisions for National Laws on the Protection of Expressions of Folklore Against Illicit Exploitation and other Prejudicial Actions (WIPO Lex No. UNESCO001, WIPO 1985).

<sup>42</sup> *ibid*, para. 2.

<sup>43</sup> Maria Economou, 'Heritage in The Digital Age' in William Logan, Mairead Nic Caith and Ullrich Kockel (eds), *A Companion to Heritage Studies* (First Edition, John Wiley & Co. Sons Inc. 2016), p. 217.

in Uganda hosted a digitized exhibition dedicated to showcasing the works of the Italian maestro, Leonardo Da Vinci.<sup>44</sup> Copyright in creative work lasts for the lifetime of the author and 50 years after the author's death.<sup>45</sup> This particular exhibit celebrated the 500th anniversary of the death of Italy's most renowned artist. The exhibit displayed 17 high-definition and true-to-scale reproductions of Leonardo's masterpieces, including the famous 'Mona Lisa' and 'The Last Supper'. The pieces were produced using the most advanced technologies of the graphic sector, to the point being considered 'digital paintings'.

The work displayed in the exhibition was originally protected under copyright but after 500 years is now considered part of Italian cultural heritage.

The preservation of cultural heritage through digitalization is particularly important for historical sites that have degraded or are in a rapid state of decay. An example is the Mogao caves located in Gansu, China. In order to limit physical visits to this fragile UNESCO World Heritage site, scientists and researchers have employed the use of photogrammetry and laser scanning to digitize the statues and store them in a data library.<sup>46</sup>

In October 2019, the National Museum of Kenya and Google announced a partnership to digitize and showcase the museum's collections online.<sup>47</sup> The Google Arts and Culture project 'Utamaduni Wetu: Meet the People of Kenya' tells stories from 28 communities around Kenya.

Speaking after the launch in Nairobi, Cabinet Secretary for Sports, Culture and Heritage, Amina Mohamed was quoted: 'This will enable audiences to explore the

country's cultural heritage, which then provides us with a connection to forgotten social values, beliefs and custom.... the exercise will encourage real-life visits to the country's museums, monuments, and heritage sites.'

## 9. ARTIFICIAL INTELLIGENCE

Artificial intelligence (AI) applications are increasingly capable of generating literary and artistic works. In 2019, the world's first ultra-realistic artist, Ai-Da, was created.<sup>48</sup> She draws using her eyes, AI algorithms and her robotic arm. Her art has since been exhibited in museums around the world. The existence of Ai-Da proves that AI is capable of producing creative works in the absence of a human author. Similarly, an AI called AIVA (Artificial Intelligence Visual Artist) composes classical music. There is also Brutus, a program that produces literary works in the form of short poems.<sup>49</sup> The capacity of AI raises major policy questions for the copyright system, which has always been intimately associated with the human creative spirit and with respect and reward for the expression of human creativity, and the encouragement of it.

Conferring copyright in works generated by AI has never been specifically prohibited. However, there are indications that the laws of many countries are not amenable to non-human copyright. In the United States, for example, the Copyright Office has declared that it will 'register an original work of authorship, provided that the work was created by a human being'.<sup>50</sup> This stance flows from case law that specifies that copyright law only protects 'the fruits of intellectual labour' that 'are

<sup>44</sup> Ambasciata d'Italia Kampala, 'Leonardo Opera Omnia- 19 November 2019-05 January 2020- Uganda Museum, (ambkampala.esteri.it, 18 October 2019) <[https://ambkampala.esteri.it/ambasciata\\_kampala/en/ambasciata/news/dall\\_ambasciata/2019/10/leonardo-opera-omnia-19-novembre.html](https://ambkampala.esteri.it/ambasciata_kampala/en/ambasciata/news/dall_ambasciata/2019/10/leonardo-opera-omnia-19-novembre.html)> accessed on 14 July 2022.

<sup>45</sup> Copyright and Neighbouring Rights Act 2006 (Uganda), s. 13.

<sup>46</sup> Yuhan Yan, 'How Technology Facilitates Culture Heritage Restoration and Preservation' (amt-lab.org, 19 May 2022) <<https://amt-lab.org/blog/2022/5/how-can-technologies-help-with-culture-heritages-restoration-and-preservation>> Accessed 12 July 2022.

<sup>47</sup> K. Rotich, 'Google to digitize and exhibit Kenya's museum collection' (Business Daily, 31 October 2019)

<<https://www.businessdailyafrica.com/bd/corporate/companies/google-to-digitise-and-exhibit-kenya-s-museum-collection-2269302>> Accessed 14 July 2022.

<sup>48</sup> 'Ai-Da', (ai-darobot.com) <<https://www.ai-darobot.com/#:::text=Ai%2DDa%20is%20the%20world's,about%20our%20rapidly%20changing%20world>> Accessed 31 March 2022.

<sup>49</sup> Enrico Bonadio and Luke McDonagh, 'Artificial Intelligence as Producer and Consumer of Copyright Works: Evaluating the Consequences of Algorithmic Creativity' (2020) 2 Intellectual Property Quarterly 122 <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3617197](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3617197)> accessed on 31 March 2022.

<sup>50</sup> U.S. Copyright Office, *Compendium of the U.S Copyright Office Practices* (3<sup>rd</sup> edition 2021), s. 306.

founded in the creative powers of the mind'.<sup>51</sup> Similarly, in a recent Australian case, *Acohs Pty Ltd v Ucorp Pty Ltd*, a court declared that a work generated with the intervention of a computer could not be protected by copyright because it was not produced by a human.<sup>52</sup>

In Europe, the Court of Justice of the European Union has also declared on various occasions, particularly in its landmark decision of *Infopaq International A/S v Danske Dagbaldes Forening*, that copyright only applies to original works, and that originality must reflect the 'author's own intellectual creation'.<sup>53</sup> This is usually understood as meaning that an original work must reflect the author's personality, which clearly means that a human author is necessary for a copyright work to exist.

The second option that of giving authorship to the programmer, is evident in a few countries such as the Hong Kong, India, Ireland, New Zealand and the United Kingdom. This approach is best encapsulated in British copyright law, under section 9(3) of the Copyright, Designs and Patents Act (CDPA), which states:

In the case of a literary, dramatic, musical or artistic work which is computer-generated, the author shall be taken to be the person by whom the arrangements necessary for the creation of the work are undertaken.

Furthermore, section 178 of the CDPA defines a computer-generated work as one that:

is generated by computer in circumstances such that there is no human author of the work.

The idea behind such a provision is to create an exception to all human authorship requirements by recognizing the work that goes into creating a program capable of generating works, even if the creative spark is undertaken by the machine.

AI and machine learning are inextricably embedded within cultural heritage, particularly the popular culture, being created during the fourth industrial revolution. According to WIPO, the policy positions adopted in relation to the attribution of copyright to AI-generated works will go to the heart of the social purpose for which the copyright system exists. If AI-generated works were excluded from eligibility for copyright protection, the copyright system would be seen as an instrument for encouraging and favoring the dignity of human creativity over machine creativity. If copyright protection were accorded to AI-generated works, the copyright system would tend to be seen as an instrument favoring the availability for the consumer of the largest number of creative works and of placing an equal value on human and machine creativity.<sup>54</sup>

However, pertinent questions must be addressed. For instance, if copyright can be attributed to AI-generated works, to whom should the copyright be vested? Should consideration be given to according a legal personality to an AI application where it creates original works autonomously, so that the copyright would be vested in the personality and the personality could be governed and sold in a manner similar to a corporation? How would this interrelate with moral rights? How would traditional societies receive works involving cultural heritage and created by AI?

The Government of the United Kingdom has undertaken steps to answer a few of these complex questions by carrying out consultations on whether creative works generated solely by AI technology without any human intervention should be protected by copyright.<sup>55</sup> The arguments for and against granting copyright protection to AI created works are based both in practicality of implementation and in philosophy. On one hand,

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<sup>51</sup> *Feist Publications, Inc. v. Rural Telephone Service Company, Inc* (1991) 499 U.S 340.

<sup>52</sup> *Acohs Pty Ltd. v Ucorp Pty Ltd.* (2012) FCAFC 16.

<sup>53</sup> Case C-5/08 *Infopaq International A/S v Danske Dagbaldes Forening* [2009] E.C.R. I-6569.

<sup>54</sup> WIPO Secretariat, 'WIPO Conversation on Intellectual Property (IP) and Artificial Intelligence (AI), Draft Issues Paper on Intellectual Property Policy and Artificial Intelligence' (WIPO/IP/AI/2/GE/20/1 WIPO, 2019)

[https://www.wipo.int/edocs/mdocs/mdocs/en/wipo\\_ip\\_ai\\_2\\_ge\\_20/wipo\\_ip\\_ai\\_2\\_ge\\_20\\_1.pdf](https://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ip_ai_2_ge_20/wipo_ip_ai_2_ge_20_1.pdf) accessed 3 March 2022.

<sup>55</sup> Ceryns Wyn and Gill Dennis, 'UK Set to Decide on Copyright Protection of Creative Works Generated by AI' (*Pinsent Masons*, 18 February 2022) <https://www.pinsentmasons.com/out-law/analysis/uk-to-decide-copyright-protection-creative-works-generated-ai> accessed 14 July 2022.

originality as required in the context of copyright cannot be assessed in regard to AI given that it denotes some aspect of human creativity. On the other, there is a need to incentivize the creation of new AI-generated works and to acknowledge the possibility of AI creating works considered to form part of cultural heritage years from now. Policymakers must have such questions in mind in order to make laws that adequately address the conditions of the fourth industrial revolution.

## 10. BLOCKCHAIN

The application of blockchain technology may aid the enforcement of IPRs that may exist in cultural heritage. A blockchain is a continuously growing list of records, called blocks, which are linked and secured using cryptography.<sup>56</sup> By design, blockchains are inherently resistant to modification of their data. Once recorded, the data in any given block cannot be altered retroactively without the alteration of all subsequent blocks, which requires the collusion of the network majority.

The application of IP to blockchain technology can be examined through various lenses. In respect to industrial property rights, blockchain technology can be utilized to generate, store, sell or purchase intangible assets.<sup>57</sup> In 2018, it was reported that a team from Tsinghua University in China sought patent protection for a system they developed that can store and share digital versions of culturally important objects using a blockchain.<sup>58</sup> The system created by the University employs a 3D computing model that can scan a culturally important object and store it in a ledger on a designated blockchain platform via a cryptographic process called hashing.

Consequently, and owing to the nature of blockchain, the 'digital art' or scanned artefact will forever remain in the network, thus preserving the essence of the artefact for future generations.<sup>59</sup>

The emergence of non-fungible tokens (NFTs) has also created the ability to monetize digital art stored on the blockchain. Blockchain technology makes it possible to tokenize an asset in a decentralized system and conduct business transactions through them. Owing to the uniqueness and the non-fungibility of these assets, they are deemed quite valuable.<sup>60</sup> This makes NFTs a viable tool to commercialize cultural heritage. Dubbed 'the Benin Bronze NFT collection', over 1,897 unique Benin ivory mask-themed NFTs have been created. These masks are part of artifacts known as Benin Bronzes: miniature sculptural portraits in ivory of Idia, the first Iyoba (Queen Mother) of the 16th century Benin Empire. These NFTs were particularly created to raise awareness of the original artifacts, the Benin Bronzes, which were taken from ingenious communities and are currently kept in Western museums, and to lobby for their repatriation.<sup>61</sup>

Where an asset on the blockchain enjoys IP protection, the use of smart contracts makes it possible to license or assign the registered IP through the block chain.<sup>62</sup> By virtue of its immutable nature, blockchain technology also makes it easier to prove the authenticity of a given work as the entire lifecycle of the asset can be traced right from its generation.<sup>63</sup> ArtChain Global, a company founded by the former managing director of Citibank's global funds business in Europe, Kay Sprague, employs blockchain technology to prove art provenance and enable trading.<sup>64</sup> The platform enables art owners to

<sup>56</sup> Don Tapscott, and Alex Tapscott, 'Blockchain revolution: How the technology behind bitcoin is changing money, business, and the world.' (Penguin 2016).

<sup>57</sup> World Intellectual Property Organization, 'Blockchain Technologies and IP Ecosystems: A WIPO White Paper', (Paper funded by Funds-in-trust Korea, WIPO 2022).

<sup>58</sup> Wolfie Zhao, 'University Researchers Turn to Blockchain to Preserve Cultural Heritage' (*CoinDesk*, 13 July 2018) <<https://www.coindesk.com/markets/2018/07/13/university-researchers-turn-to-blockchain-to-preserve-cultural-heritage/>> accessed on 14 July 2022.

<sup>59</sup> Maureen Owor-Mapp, 'Report of the Second-round table Discussion on Cryptocurrency and Blockchain Regulation in Uganda.' (UNAFRI and University of Birmingham, 2017).

<sup>60</sup> Yan (n 46).

<sup>61</sup> Adaobi Tricia Nwaubani, 'Nigeria's Looty Seeks to Reclaim African Art in Digital Form' (*BBC News*, 9 May 2022) <<https://www.bbc.com/news/world-africa-61318785>>, accessed 27 January 2023.

<sup>62</sup> Yan (n 46).

<sup>63</sup> Yan (n 46).

<sup>64</sup> Yolanda Redrup, 'Big names sign up for ArtChain as it looks to blockchain to end art forgery' (*Financial Review*, 25 June 2018) <<https://www.afr.com/technology/big-names-sign-up-for-artchain-as-it->

attach their own personal identifiers to art pieces as a means of verification and makes independent verification of artwork possible. Preservation of heritage will require more Initiatives such as ArtChain that curb art forgery and make it easier for art connoisseurs to verify the authenticity and origin of the artwork.

Governments are also testing blockchain by studying how it may help to track Indigenous art. In an effort to crack down on the sale of inauthentic Indigenous cultural products, Australia is investing in a pilot program to label and track authentic Aboriginal and Torres Strait Islander products. Working with non-profit organizations Desert and the Copyright Agency, the Department of Communications and the Arts planned to launch the pilot program in early 2019.

The Global Heritage Fund, cites another non-profit, For All Moonkind, whose goal is to map lunar heritage sites through blockchain. Unlike similar sites on Earth that are protected under the UNESCO World Heritage Convention, sites on the Moon, which bear witness to unparalleled technological accomplishments, are not protected or even recognized by international law.<sup>65</sup> 'Creating an accountable registry of human cultural artifacts and sites on the Moon is the first step toward documenting, protecting, and celebrating our history before it is erased'.<sup>66</sup>

## 11. CONCLUSION

Since heritage and history are central components of culture,<sup>67,68</sup> it is important for policymakers to contextualize cultural heritage in the modern/post-modern world of consumerism and multinational capitalism and utilize the technologies in a manner that fosters the preservation of such cultural heritage. While cultural heritage can and should be protected through IP

and technology, this has not been the prevalent practice. IP and technology are, by their ethos, neutral tools that have in recent years been used to skew and dilute cultural heritage. The argument is not just for the documentation and/or digitalization of cultural heritage, but also for the necessity of preserving its true and honest depiction, as regards its content, nature, and background. It is therefore the role of IP and technology not just to be applied in preservation and protection, which is necessary, but also to identify the surrounding issues in their deployment.

A lifestyle that uses IP and technology to preserve and document cultural heritage needs to be embraced by the global community. The point and essence of cultural heritage testifies to the identity and ingenuity of a group of people and to their unique capacities, especially in a world that is constantly changing. Consequently, the brusqueness of the digital age has more than ever exacerbated the need for storytelling and documentation; to ensure the continuity of cultural identity in the digital era, technology and IP will be key. IP and technology can be useful not only in offsetting the dissatisfactions of communities advancing cultural repatriation arguments, but also in ensuring that those benefiting from creations of the mind, do so in a tenable and recognizable manner.

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<sup>65</sup> For All Moonkind, 'Human Heritage in Outer Space' ([forallmoonkind.org](http://forallmoonkind.org)) <<https://www.forallmoonkind.org/moonkind-mission/human-heritage-in-outer-space/>> accessed on 13 July 2022.

<sup>66</sup> Global Heritage Fund, 'Can Blockchain Save Cultural Heritage?' ([globalheritagefund.org](http://globalheritagefund.org), 2018) citing FAM co-founder Michelle Hanlon

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<sup>67</sup> Yudhishtir Isar Raj and UNESCO 'The Challenge to Our Cultural Heritage: why preserve the past?' (Smithsonian Institution Press 1986).

<sup>68</sup> Jo Blatti, Book review-*Past Meets Present: Essays about Historic Interpretation and Public Audiences* (Smithsonian Institution Press 1987) 169.

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## 2. THE STATUS OF IP IN EGYPT

In this section, the paper discusses the legal and institutional infrastructure of IP. The structure governing IP in Egypt consists of three parts. The first part is represented in specific legislation (Law No. 82 in 2002 on the Protection of Intellectual Property Rights) and its amendments. The specialized courts are the second element, which can be seen in the form of economic courts in Egypt. The last part is formed of governmental offices which are responsible for examining and accepting the applications for legal protection for patents, industrial designs, trademarks, copyright and so on. However, the existence of an IP structure is not sufficient to guarantee the appropriate and effective protection. The authorities should therefore check the current situation of the bodies that are responsible for IP registration. There are 11 governmental offices that legally protect IP through either industrial protection or copyright and related rights, as shown in the following table:

Table 1: State offices for IP registration in Egypt

Name of office	Affiliation	Form of IP protection
Egyptian Patent Office	The Academy of Scientific Research & Technology (ASRT), Ministry of Higher Education and Scientific Research	Patents, utility models
General Administration of Trademarks, Geographical Indicators and Industrial Designs	Internal Trade Development Authority (ITIDA), Ministry of Supply and Internal Trade	Trademarks, Geographical Indicators and Industrial Designs
Copyright Office	Ministry of Culture	Copyright and related rights
Cultural Production Sector	Ministry of Culture	Copyright and related rights

Name of office	Affiliation	Form of IP protection
Registration Office of Legal Actions (Central Administration for the Control of Artistic Works)	Ministry of Culture	Copyright and related rights
Central Administration of Sections and Cultural Committees	Ministry of Culture	Related rights
Fine Arts Sector	Ministry of Culture	Related rights
Broadcasting, Audio, Audiovisual Works Protection Office	Ministry of Media	Related rights
Intellectual Property Rights Office	Information Technology Industry Development Agency (ITIDA), Ministry of Communication and Information Technology	Copyright (software and database)
General Administration of Legal Deposit and Documentation	The General Authority of the National House and Archives	Copyright
New Plants Varieties Protection Office	Ministry of Agriculture and Land Reclamation	New plant varieties

Egypt strengthened its intellectual property rights (IPRs) regime through improvements to its domestic legal framework and enforcement capabilities. Egypt also passed a comprehensive IP law in 2002 to protect IP that was designed to bring the country into compliance with its obligations under the World Trade Organization (WTO) Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement). There is progress in the adequacy of Egyptian IP protection of foreign pharmaceutical firms, for instance, particularly with regard to the United States of America. The United

States was encouraged by the announcement of the Government of Egypt in January 2007 of a new 120-day streamlined drug registration system for drugs carrying approval from the United States Food and Drug Administration or European approval. This system has not yet entered into force.<sup>2</sup> Through the appropriate implementation of the national strategy for IP and establishing the Egyptian body for IP, we will expect a more effective environment for IP protection in Egypt.

In the following section, we will check the legal procedures taken by the Government of Egypt: the provisions of the new IP law that allows for the patenting of pharmaceutical products and came into effect on January 1, 2005. This was taken when the Egyptian Patent Office (EGPO) opened the call for pharmaceutical patent applications.<sup>3</sup> EGPO then began examining the approximately 1,500 pharmaceutical patent applications submitted for approval. In 2011, there were 8,973 pharmaceutical products registered in Egypt. 'There are legal provisions requiring the Medicines Regulatory Authority (MRA) to make the list of registered pharmaceutical products publicly available and update it regularly'.<sup>4</sup>

In March 2007, EGPO granted its first pharmaceutical product patent. According to EGPO, it has completed its technical examination of all submitted applications. However, further clarity is needed as to the actual status of all applications submitted to the call and the status of notifications to patent holders. In 2022, the submission of applications became electronic in accordance with the national digital transformation strategy.<sup>5</sup>

Egyptian patent laws continue to lack adequate and effective protection for a wide range of technologies that are important to the Biotechnology Industry Organization (BIO) members. In this regard, BIO requested that Egypt retain its current status on the Priority Watch List.<sup>6</sup> Egyptian patent law does not allow patent protection for many inventions. Inventions in the areas of organs, tissues, viable cells, natural biological substances, and genomes are excluded from patentability.<sup>7</sup> These are areas of subject matter that should be extended for protection, according to the obligations included in the TRIPS Agreement.

In addition, Egypt precludes the patenting of genetically engineered plants and animals.<sup>8</sup> In short, Egyptian law avoids the patenting of most basic commercial products and processes in the biotechnology industry. Moreover, Egypt still does not provide for the adequate and effective protection of data supplied to regulatory agencies in support of product marketing authorizations. Data protection is critical for biopharmaceutical institutions that want to market products in a particular country. This lack of protection is not consistent with the obligations of Egypt under the TRIPS Agreement, Article 39.3. BIO requests that United States Trade Representative continues to engage Egyptian counterparts in order to improve the protection of IP in Egypt and to provide for the eventual adoption of a fully TRIPS-compliant regime in the country. Moreover, there is excellent experience in biotechnology research. The Agricultural Genetic Engineering Research Institute (AGERI) is the main focal point for biotechnology research. It is a part of the Agricultural Research Center (ARC) in the Ministry of Agriculture. It actively works with

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<sup>2</sup> Sherif Ibrahim, 'Evaluation of Egypt's conformity with intellectual property standards in the U.S. free trade agreements' (LL.M Thesis, The American University in Cairo 2008) <[https://fount.aucegypt.edu/retro\\_etds/2353](https://fount.aucegypt.edu/retro_etds/2353)> accessed 1 October 2022.

<sup>3</sup> EGPO, 'Official website of the Egyptian Patent Office' (*egypt.gov.eg*) <<http://www.egypt.gov.eg/default.aspx?lang=en>> accessed 1 October 2022.

<sup>4</sup> Ministry of Health Egypt & World Health Organization, *Egypt Pharmaceutical Country Profile (Ministry of Health Egypt, 27 July 2011)*, p. 19.

<sup>5</sup> EGPO, 'Official website of the Egyptian Patent Office' (*egypt.gov.eg*) <<https://www.egypt.gov.eg/page.aspx?id=11&lang=en>> accessed 28 January 2023.

<sup>6</sup> Intellectual property rights are the foundation of the biotechnology industry. BIO Members depend on obtaining patents and related rights in a timely and predictable manner, and the ability to enforce those patents is critical. Biotechnology is also a uniquely global enterprise. If a country's patent system or the political structure for enforcing patent rights is ineffective, a competitor can use an invention with impunity, depriving the patent owner of the economic value of the invention. BIO Members have a particular interest in encouraging uniform and robust intellectual property protection in all countries and regions of the world.

<sup>7</sup> Law on the Protection of Intellectual Property Rights (Egypt, Law No. 82 of 2002), Article 2.

<sup>8</sup> *ibid.*

other universities in Egypt and is recognized as a center of excellence in agricultural biotechnology research, not only in Egypt but also in the Middle East. To help to address the IP management issues, AGERI has recently established an Intellectual Property and Technology Transfer Office. This office serves the scientific community in AGERI and other institutions in ARC. It currently has a technology transfer coordinator and administrative support staff. The office, although at an early stage of development, has made significant progress in IP policy and management. It has developed IP policy for AGERI. It is also very active in creating awareness and education of ARC scientists in various aspects of IP in relevance to agriculture. Moreover, it is expected to play a key role in the development of material transfer agreements and the licensing of technologies generated in AGERI and ARC. At the same time, it produces educational materials on IP management for scientists in both Arabic and English. Finally, it is to serve as a hub for the private and public sectors in Egypt and abroad.<sup>9</sup>

As far as copyright is concerned, high levels of piracy adversely impact most copyright industries in Egypt, including movies, sound recordings, books and computer software. The Government has improved the protection of computer software and has taken steps to guarantee that civilian government departments and schools use licensed software. However, the International Intellectual Property Alliance estimated piracy rates in the Egyptian market for business software to be at 60 per cent and music at 75 per cent in 2007, which has not significantly changed in 2022. Book piracy remains a particular concern in Egypt owing to weak enforcement in this area.<sup>10</sup> Egypt is still on the Watch List in 2022, although concerns remain about its efforts to strengthen

IP protection and enforcement, including on enforcement against piracy and counterfeiting and on reducing patent backlogs.<sup>11</sup>

Although the Ministry of Culture had taken the lead in the enforcement of exclusive rights for software, copyright regulations issued in 2006 appear to give the Information Technology Industry Development Agency (ITIDA) under the Ministry of Communications and Information Technology the lead on copyright law enforcement for software and databases. Technical expertise in ITIDA is expected to improve IP enforcement for software in Egypt. ITIDA has conducted IP public awareness-raising events with local partners and has offered expert opinions in judicial matters relating to IP infringement for software products.<sup>12</sup>

Digital libraries of science and technology can virtually bring knowledge to everyone anywhere. In the past, scientists and technologists in Egypt, have limited access to recent research findings (mostly in indexed journals), reference materials (mostly in libraries), and databases (some of which are proprietary). This problem has been solved after establishing Egyptian Knowledge Bank in 2014.<sup>13</sup> The massive advances in information and communications technology (ICT) have opened up opportunities for reforming the situation as never before, though these advances have also raised issues relating to IP. The proper exploitation of digital technologies is essential for science and technology capacity-building in Egypt to provide adequate ICT infrastructure and trained technical personnel for their learning and research institutions. The new Library of Alexandria (Bibliotheca Alexandrina) is making distinctive efforts in this direction, but it is clearly a small part of what must become a vast regional and global enterprise.<sup>14</sup>

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<sup>9</sup> Mywish K. Maredia, 'Application of Intellectual Property Rights in Developing Countries: Implications for Public Policy and Agricultural Research Institutes' (Final Draft Submitted to the World Intellectual Property Organization *WIPO*, 2001), p 27.

<sup>10</sup> International Intellectual Property Alliance (IIPA), '*IIPA's 2009 Special 301 Report on Copyright Protection and Enforcement*' (submitted to the U.S Trade Representative, IIPA 2009).

<sup>11</sup> Office of the United States (USTR), Trade Representative 2022 Special 301 Report (USTR 2022), p. 71.

<sup>12</sup> Information Technology Industry Development Agency, 'IPR Copyrights' ([itida.gov.eg](https://itida.gov.eg)) <<https://itida.gov.eg/English/Pages/IPR.aspx>> accessed 1 October 2022.

<sup>13</sup> For more details: 'Egyptian Knowledge Bank' ([ekb.eg](http://ekb.eg)) <<https://www.ekb.eg/>> accessed 1 October 2022.

<sup>14</sup> The Egyptian National Competitiveness Council, 'The Egyptian Competitiveness Report 2005-2006' (ENCC 2006), p. 89.

The Government has pursued an open-minded policy to encourage the dissemination of the Internet in Egypt, providing multiple toll-free numbers to offer heavily subsidized dial-up access to the internet.<sup>15</sup> A report by the Egyptian Ministry of Communication and Information Technology reveals that the number of Internet users in the country reached 33.19 million in April 2017, an increase of 7 million people compared to the number of internet users a year earlier.<sup>16</sup> However, we need more work on the digitalization of files in Egypt.

Madian shows in his study that governmental institutions in Egypt ignored the role of music education in promoting, protecting and preserving the cultural musical heritage of Egypt. Students' musical experience is limited to simplistic, patriotic/popular songs in inauthentic major and minor keys, performed on the piano or on an electric keyboard, thus eliminating Arabic melodic and rhythmic modes and Arabic musical instruments. If young people in Egypt grow with an understanding and appreciation of their own musical heritage, and do not merely continue the inferiority complex disguised with Western misspelled language, the need for the type of IP and policies that are inspired by Arabic cultural characteristics will be recognized. It will extend beyond an imitation of policies that have mainly served the issues of IP within the Western cultural model. Madian therefore suggested designing an educational curriculum and creating media programs for children and young people in order to motivate students (of different ages and levels of education) to respect, protect and contribute to Egyptian musical heritage. It should be emphasized in this curriculum that this material is to be offered as a study of the cultural expressions being a

source of creativity and innovation. It should be considered part of human musical heritage.<sup>17</sup>

On the other hand, article 69 of the Egyptian Constitution 2014<sup>18</sup> provides that the Government should begin to establish a sole body to be responsible for IP protection and administration.<sup>19</sup> Table 1 shows that there are various offices that govern IP protection that are affiliated with different ministries with different orientations and visions. The challenge can be seen in the conflict and duplications in IP management by different entities. Indeed, overlaps among these institutions generate a waste of resources and may discourage inventors and creators from registering their ideas.

Sharing resources in a unified entity could thus avoid such wasting of resources. One entity rationalizes the resources to be used, including labour and capital. One of the main advantages of establishing a unified entity is the optimal use of employees qualified to examine inventions and creativity. It is evident that the best option for any inventor or creator is to be able to deal with only one entity, not to visit a number of offices and waste time and resources. A unified entity will save the resources by all means. Accordingly, it will improve the services delivered to inventors and creators, which may contribute effectively to technological progress and economic growth.

### 3. THE ORIGIN OF THE NATIONAL INSTITUTE OF INTELLECTUAL PROPERTY IN EGYPT

Egypt has developed a strategy for sustainable development that will last until 2030, to move towards a well-organized future after facing many economic and social difficulties between 2011 and 2014. The policymakers are focusing on human resources as one of the key factors to achieve the goals of the new strategy,

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<sup>15</sup> Freedom House, 'Freedom on the Net 2021' ([freedomhouse.org](https://freedomhouse.org)) <<https://freedomhouse.org/country/egypt/freedom-net/2021>> accessed 1 October 2022.

<sup>16</sup> Lolwa Reda, 'Analysis: What are Egyptians using internet for?' (*Egypt Today*, 30 May 2018) <<https://www.egypttoday.com/Article/3/50919/Analysis-What-are-Egyptians-using-the-internet-for>> accessed 1 October 2022.

<sup>17</sup> Azza Madian, 'The Protection and Promotion of Egypt' Musical Heritage' (Arab Regional Dialogue organized by ICTSD, Bibliotheca Alexandrina and UNCTAD, 26-28 June 2005).

<sup>18</sup> Article 69 of the Egyptian Constitution 2014 states that the state or government is obliged to protect the intellectual property rights (IPRs) in different forms, establishing a body to be responsible for taking care of these rights and legally protecting it.

<sup>19</sup> Egypt's Constitution of 2014 (Egypt) <[https://www.constituteproject.org/constitution/Egypt\\_2014.pdf](https://www.constituteproject.org/constitution/Egypt_2014.pdf)> accessed 1 October 2022.

which is based on the concept of sustainable development. The intensive investment in brainpower will help to deal with industry problems. Consequently, human creations need to be legally protected to motivate people to disclose their intellectual deliverables. Egypt has a law to protect IP (No. 82 in 2002) and its amendments, as stated above. Nevertheless, the IP system outcomes seem to be very limited in terms of IP awareness and enforcement. For the first time, the Egyptian strategy for sustainable development builds on a number of pillars, one of which is innovation. This pillar explicitly reflects IP components in the economic activities needed to improve added value in production.

In September 2022, under the patronage of President of Egypt Abdel-Fattah El-Sisi, and in line with the WIPO Development Agenda, the United Nations Sustainable Development Goals and Egypt's Vision 2030, Prime Minister of Egypt Mostafa Madbouly launched the country's five-year National Strategy for IP during a ceremony held in the new administrative capital, in the presence of a host of ministers and local and international officials, including WIPO Director General Daren Tang. This step reflects the country's interest in this area, given the role that IP system can play in advancing the Egyptian economy and achieving the sustainable goals of the country's Vision 2030. The strategy is the first-ever step of its kind for IP and is aimed at unifying the institutional structure of IP by establishing a national apparatus for IP instead of the multi-offices system, as shown above. It is also aimed at boosting digital transformation and providing registration services in information technology methods. Finally, this strategy is aimed at paving the way for a legislative environment on IP and supporting digital transformation in government services, as well as spreading the concepts of innovation by merging such concepts with all phases of the educational process.<sup>20</sup>

Helwan University has taken some strides towards filling the knowledge gaps among the Egyptian people. The first step is designing a new academic Master's program on IP and innovation management. This program has been developed via the financial and technical support from the European Union through a Tempus project, in collaboration with three European universities: Maastricht University in the Netherlands, the University of Alicante in Spain, and Tallinn University in Estonia.<sup>21</sup> In 2016 and based on the successful experience of the Master's degree in encouraging graduates from different academic backgrounds to study IP, Helwan University has established the National Institute of Intellectual Property (NIIP) as a standalone institution that specializes in IP. The main objectives of NIIP are to raise awareness of IP, work on the IP strategy for the national economy<sup>22</sup> and teach IP at the post-graduate level through Master's and PhD programs.

Helwan University is a well-established, medium-sized university in the capital of Egypt - Cairo. It is the newest of three public universities in the capital city and is located about 25 kilometres south of Cairo, in the heart of the industrial district of Helwan, which includes the largest civil and military industrial centres in the country. With a strong background in the arts and applied arts, in addition to well-developed capacities in engineering, computing, science, and social sciences, it was established in 1975. However, some of its colleges date back to the late nineteenth and early twentieth centuries. Helwan University has 23 colleges and their total enrolments exceed 198,000 undergraduate students, 20,000 postgraduate students, 5,000 faculty members, and 7,000 administrative staff. Females constitute almost 50 per cent of the university's total student population and more than 60 per cent of the administrative staff.<sup>23</sup>

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<sup>20</sup> Ahramonline, 'Egypt Launches National Strategy for Intellectual Property' ([english.ahram.org.eg](https://english.ahram.org.eg/NewsContent/1/2/476525/Egypt/Society/Egypt-launches-National-Strategy-for-Intellectual-.aspx), 21 September 2022) <<https://english.ahram.org.eg/NewsContent/1/2/476525/Egypt/Society/Egypt-launches-National-Strategy-for-Intellectual-.aspx>> accessed 1 October 2022.

<sup>21</sup> The draft of the proposal has been written and submitted by the author in 2013 to Tempus project, which is affiliated with European Union.

<sup>22</sup> In fact, NIIP plays a key role with others in designing IP strategy in Egypt.

<sup>23</sup> Helwan University, 'Helwan University in numbers' ([helwan.edu.org](http://www.helwan.edu.eg/)) <<http://www.helwan.edu.eg/>> accessed 1 October 2022.

Helwan University consists of 23 different faculties with diverse disciplines that include arts (fine arts, applied arts and arts education), physical education, music education, engineering, science, social work, home economics and law. It is best known for its arts and applied arts provision, but it is gradually widening its curriculum and its reach to become a genuinely comprehensive university by including not only medical education (medicine, nursing and pharmacy), but also the College of Graduate Studies and Interdisciplinary Research and NIIP. Among Helwan University's colleges and institutes, NIIP delivers the following programs:

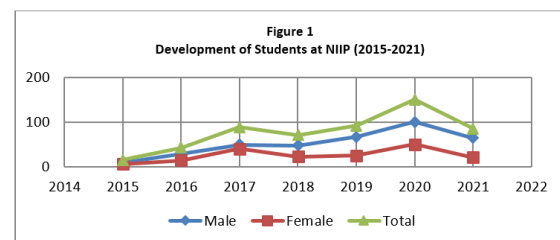
1. Master's Degree in Intellectual Property Sciences; 48 credit hours, two-year study;
2. Master's Degree in Intellectual Property and Innovation Management; 48 credit hours, two-year study;
3. Ph.D. in Intellectual Property Sciences; 60 credit hours;
4. Certificate of passing the advanced training course in IP sciences;
5. Certificate of completion of training courses in the following programs:

Expert in IP; Patent applications; Biotechnology and IP; Enforcement and settlement of IP disputes; Economic aspects of IP; Economic and financial valuation of IP assets; Licensing and technology transfer contracts; Protection of software and databases; Electronic Commerce in IP and IP Assets Management.

#### 4. THE ROLE OF NIIP IN IP AWARENESS

IP awareness can be achieved through various instruments such as teaching, workshops, seminars, conferences and training programs. We can measure awareness through quantitative methods, such as building the mathematical and statistical models to test the significance of the awareness. In this case, we can collect the data by the questionnaire or survey. In our paper, we focus on the role of NIIP in raising awareness. NIIP has already organized many events; however, the

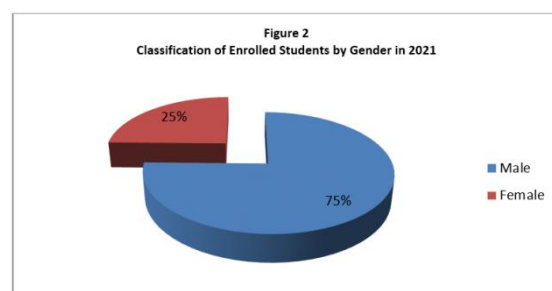
important means of disseminating IP culture is to integrate IP into different phases of education. In economic words, the multiplier and accelerator play key roles in capturing the impact of awareness among citizens. Education is not only the main vehicle for disseminating awareness, but media may also play an essential role in that affair. However, we focus on the role of education in this paper. In that context, NIIP has succeeded in attracting Egyptian citizens who are graduates of different disciplines to study IP at the Master's and PhD levels. The following Figure 1 shows the development in the numbers of students enrolled at NIIP between 2015 and 2021.



Source: Author's calculation.

As can be seen in Figure 1, the number of students increases from 15 in 2015 to 150 in 2020, before declining back to 85 in 2021. This was mainly owing to the impact of COVID-19. Indeed, studying IP at the postgraduate level is not obligatory like undergraduate studies. Consequently, COVID-19 made citizens worried about the future or to choose to study a complementary and not basic subject. Nevertheless, the total number of students reached 545 by 2021, reflecting a relative importance of studying IP at the Master's level in Egypt.

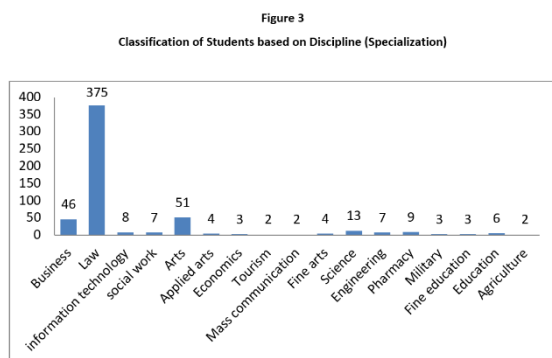
Figure 2 shows the classification of the students by gender, with the majority of the students being male because culturally, more male students prefer to study





law than female students. As can be seen in Figure 3, the backgrounds of the students specializing in law (69 per cent) versus arts (9 per cent) and business (8 per cent). The other disciplines or specializations represent the remaining ratio (14 per cent), as shown in engineering, pharmacy, economics, information technology, applied arts, fine arts, mass communication, education, agriculture, tourism, agriculture, social work and the military.

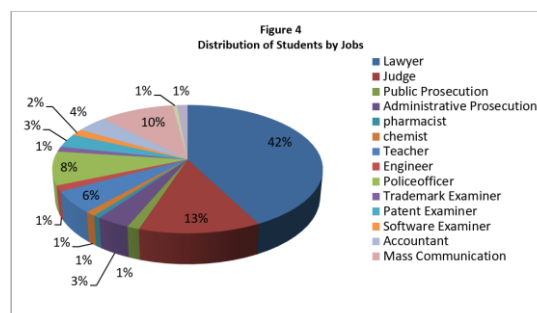
Source: Author's calculation.



Source: Author's calculation.

It was also possible to identify students' profile in order to evaluate the possible effects of studying IP on improving their IP knowledge and skills, which could be positively reflected in the quality of their original work. Figure 4 shows the distribution of students by occupation. Law came on top of the list of jobs, with 42 per cent out of the total number of enrolled students at NIIP working as lawyers. It was followed by judges (13 per cent), mass communication professionals (10 per cent), police officers (8 per cent) and teachers (6 per cent). Nevertheless, this distribution reflects the fact that there is an increasing interest in studying IP from different occupations, such as teachers or mass communication professionals, and from the graduates of humanities disciplines. NIIP managed to attract students from different academic and professional backgrounds. The justification behind the increasing ratio of lawyers, judges or police officers could be because of the memorandum of understanding that was signed between NIIP and the

Ministry of the Interior, the Judges Club and other organizations (see Table 2).



Source: Author's calculation.

Table 2: Memorandum of Understanding (MOU) between NIIP and other institutions

Institution	Date
The Arab Union of Intellectual Property Protection in Jordan	December 21, 2017
The Egyptian Ministry of Interior	May 3, 2018
The Emirates Intellectual Property Association	November 29, 2018
The Egypt Judges Club	January 6, 2019
The Egyptian Administrative Prosecution Club	February 23, 2019
The Egyptian State Litigation Authority Counselors Club	July 28, 2019
The Egyptian State Council Club	February 2, 2019
The Internal Trade Development Authority, Ministry of Supply and Internal Trade	May 8, 2022
The Egyptian Bar Association	November 16, 2022
The American University in Dubai	MOU will be signed soon
Internal Trade Development Authority, Ministry of Supply and Internal Trade, Egypt	MOU will be signed soon
The Ministry of Justice	MOU will be signed soon

Source: NIIP database.

The MOUs included cooperation in the fields of training, consultations, exchanging experiences and teaching IP. Based on these MOUs, there have been many workshops and training programs that were organized to raise awareness of IP. NIIP launched the first academic journal in IP at the Middle East level in 2018. This journal is called the Journal of Intellectual Property and Innovation Management. Four volumes have been published as of

2021.<sup>24</sup> Between 2016 and 2021, NIIP organized five scientific conferences on different topics.

## 5. CONCLUSIONS AND RECOMMENDATIONS

This paper shows the success story of establishing NIIP in Egypt to teach IP. This can be seen in the enrolment of students from different backgrounds, in addition to workshops, conferences and the publication of the specialized academic journal in IP. NIIP is expected to play an essential role in the Egyptian economy by raising the awareness of IP among citizens. This may encourage people to disclose their inventions and creations, which will lead to an increase in the gross domestic product when used.

Another important point dealt with in this paper concerns the interest in IP issues of Egypt as an emerging economy. The steps of the Government of Egypt in this matter seem to be a serious effort toward building a knowledge-based economy. Establishing NIIP is considered to be the starting point for building human resources in the field of IP. The launch of the national strategy for IP by the Government of Egypt represents the overarching umbrella under which all the economic sectors and stakeholders will play their roles to serve sustainable development. Follow-up is recommended to guarantee the success of this strategy based on a specific plan of action.

Finally, it is recommended that IP teaching be extended from primary to high school in order to nurture a new generation that innovates in different fields. The national IP strategy may link IP with the economy and motivates scientists and authors to find out-of-the-box ideas to overcome national and local problems. NIIP can also help Egyptian universities and research institutes to develop an IP policy that contributes to achieving the SDGs in Egypt. The staff of NIIP have an experience in designing IP policy for educational and research institutions. In this

way, they can help by specifying the rights and obligations of staff, students and researchers regarding to IP assets of the university.

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<sup>24</sup> Helwan University, 'Journal of Intellectual Property and Innovation Management' (*jipim.journals.ekb.eg*) <<https://jipim.journals.ekb.eg/>> accessed 1 October 2022.

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## 9. UNANIMOUS APPROACH TO THE PROTECTION OF GEOGRAPHICAL INDICATIONS FOR ALL: THE GENEVA ACT

Gargi Chakrabarti<sup>1</sup>

### ABSTRACT

Goods protected under geographical indications (GIs) have huge economic potential and can be best exploited in the market through the effective protection of GIs. In 1975, WIPO issued the proposal for a Model Law on Geographical Indications, and in 2008 it started working on a revision of the Lisbon Agreement. The Geneva Act under the Lisbon Agreement was adopted in May 2015 for the international registration of GIs, and it entered into force in February 2020. There are certain differences in the approaches to the protection of GIs in different jurisdictions. For the commercial success of the GI protected goods in the international market, it is important to have a uniform approach in all jurisdictions. This is required especially in the European Union, which has a well-developed system for GI protection, and the developing countries of Asia, Africa and Latin America that are developing their GI regimes. Developing countries in Asia, Africa and Latin America have abandoned goods with the potential for GI protection. However, it needs to be understood that uniformity is required for GI protection regimes across the world, specifically in terms of specification, quality standards and enforcement. The uniform approach through an international platform, as adopted for other IP-related subject matter, would be the best way to deal with GIs internationally. The Geneva Act is an established platform for international GI applications. Proper implementation of the Geneva Act with a uniform approach to GI protection could be the best possible way to provide foreign protection for GI goods. This paper is going to address the current different terminologies

associated with GI protection, and will discuss the different ways of international protection of GIs and the initiative of WIPO through the Geneva Act under the Lisbon System to provide the ideal protection for GIs to derive the economic benefit out of them for the benefit of all GI stakeholders.

**Keywords:** *Geographical indications, international protection of GIs, Lisbon Agreement, Geneva Act.*

### 1. INTRODUCTION

The economic role of geographical indications (GIs) is huge and this has large commercial implications as well. Without GI protection third parties may misappropriate the goodwill and reputation of GI goods. The jurisprudence of GI refers to the connection between the geographical factors and the quality of the goods. This notion of connection is expressed in the product quality, which comes essentially or uniquely from the producing region and skills and know-how of the community, as well as in the reputation of the goods for those qualities. Owing to the international market demand of reputed GI goods, the availability of an international protection regime for GIs, as is available for the protection of patents and trademarks, is important. That will ensure the best protection for the right holders and it will also ensure the availability of quality GI goods for international consumers. The need for a globally approved legal regime for international GI protection has been an important agenda item for a long time and the World Intellectual Property Organization (WIPO) has been working hard on the subject for more than four decades. There are different terminologies used in different locations/jurisdictions, which create some barriers, which are going to be discussed here. The importance of having an international system of GI protection will also be discussed here in this paper. The current situation of the protection of GI goods in foreign

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Later on, agricultural and food products were also included in the scope, such as Roquefort Cheese from France, Feta Cheese from Greece, Parmigiano Reggiano and Grana Padano cheese from Italy, Prosciutto di Parma ham from Italy and so on.<sup>10</sup> Other than wines, spirits and agricultural products, a few handicrafts are also protected in various countries but there are various jurisdictions where handicrafts are not included in the subject matter of AOs or GIs. Examples of handicrafts are Lamphun Brocade Thai silk and Praewa Kalasin Thai silk from Thailand;<sup>11</sup> Jepara carving furniture, Gringsing Bali Weaving, Mandar silk weaving and Sikka weaving from Indonesia;<sup>12</sup> Solingen cutlery, scissors, knives, razor blades from Germany;<sup>13</sup> Murano glass items from Italy;<sup>14</sup> Kurai (wind musical instrument) from Bashkortostan and Narzan (mineral water, bottled in the Stavropol region) from the Russian Federation<sup>15</sup> and so on. In India, manufactured goods, natural goods and any goods of handicrafts and of industry are included in the subject matter of protection.<sup>16</sup> Among the 417 protected GI goods in India, 202 are handicrafts, of which Kashmir Pashmina, Banarasi Brocade saree, Phulkari, Warli paintings and Kolhapuri Chappal are but a few.<sup>17</sup>

The provisions of GI subject matter in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) is mentioned as follows:

‘Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory....’<sup>18</sup> [Emphasis added].

The mention of only a ‘good’ has left room open for including any kinds of goods into its purview for the member States. This variation of the subject matter may create a barrier for the unanimous approach to the protection of GIs. If one subject matter is protected in one jurisdiction and not protected in another, then the international registration may be problematic. For example, the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union includes provisions for the protection of GIs, but ‘goods’ according to Article 7.1 of CETA refers to agricultural products and food stuffs only, so handicrafts do not fall under the purview of protection under CETA. The relevance of mentioning this point here is to emphasize the difference in GI subject matter in different jurisdictions.

## B. CLASSIFICATION OF SUBJECT MATTER OF GEOGRAPHICAL INDICATIONS

Traditional IPRs, such as trademarks, patents or industrial designs, have well-accepted international classifications for the relevant subject matter. The Nice Agreement for trademark classification,<sup>19</sup> or the Strasbourg Agreement for patent classification,<sup>20</sup> or the Locarno Agreement for industrial design registrations,<sup>21</sup> are examples of such

<sup>10</sup> European Commission, ‘The EU Geographical Indications Register eAmbrosia’, (*ec.europa.eu*) <<https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/>> accessed May 21, 2021.

<sup>11</sup> Department of Intellectual Property, The Government of Thailand ‘Institutional Aspects of Geographical Indications Administration in Thailand’ (2015), <[https://www.wipo.int/edocs/mdocs/geoind/en/wipo\\_geo\\_bud\\_15/wipo\\_geo\\_bud\\_15\\_7.pdf](https://www.wipo.int/edocs/mdocs/geoind/en/wipo_geo_bud_15/wipo_geo_bud_15_7.pdf)> accessed 26 January 2023.

<sup>12</sup> WIPO, ‘Geografis Indication in Indonesia’ (*wipo.int*) <[https://www.wipo.int/edocs/mdocs/geoind/en/wipo\\_geo\\_yty\\_17/wipo\\_geo\\_yty\\_17\\_21.pdf](https://www.wipo.int/edocs/mdocs/geoind/en/wipo_geo_yty_17/wipo_geo_yty_17_21.pdf)> accessed 20 May 2021.

<sup>13</sup> David Thual & Fanny Lossy, ‘Q&A Manual European Legislation on Geographical Indications’ (European Union Document under EU-China IPR2 Project, 2011) <[www.euctp.org](http://www.euctp.org)> accessed May 22, 2021.

<sup>14</sup> *ibid.*

<sup>15</sup> Viacheslav Rybchak, ‘Russian Federation: Appellations of Origin of Goods and Geographical Indications in Russia’ (*Mondaq*, 20 July 2018), <<https://www.mondaq.com/russianfederation/trademark/720950/appellations-of-origin-of-goods-and-geographical-indications-in-russia>> accessed 22 May 2021.

<sup>16</sup> The Geographical indications (Registration and Protection) Act 1999 (India), s 2(f) – ‘definition of goods’.

<sup>17</sup> Gargi Chakrabarti, ‘Geographical indications: analysis of registered products towards improved legal protection in India’ (2020) 11(1) Queen Mary Journal of Intellectual Property 86.

<sup>18</sup> Agreement on Trade Related Aspects of Intellectual Property Rights (Signed on 15 April 1994, entered into force on 1 January 1995) Annex 1C 1869 U.N.T.S. 299, Art. 22.1 <[https://www.wto.org/english/docs\\_e/legal\\_e/27-trips.pdf](https://www.wto.org/english/docs_e/legal_e/27-trips.pdf)> accessed 26 August 2022.

<sup>19</sup> Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks as amended on 28 September 1979 (Adopted on 15 June 1957 and entered into force on 6 September 1982) (WIPO) TRT/NICE/001 <<https://www.wipo.int/treaties/en/classification/nice/index.html>> accessed 21 June 2021.

<sup>20</sup> Strasbourg Agreement Strasbourg Agreement Concerning the International Patent Classification as amended on 28 September 1979 (Adopted on 24 March 1971 and entered into force on 25 February 1979) (WIPO) TRT/STRASBOURG/001 <<https://www.wipo.int/treaties/en/classification/strasbourg/>> accessed 21 June 2021.

<sup>21</sup> Locarno Agreement establishing an International Classification for Industrial Design as amended 28 September 1979 (Adopted on 8 October 1968 and entered into force on 28 September 1979) (WIPO)



international classifications. However, for GIs, as already been mentioned, not only is the subject matter non-specific but there is also no international classification available for AOs or GIs. The adoption of internationally accepted classifications for the subject matter of AOs/GIs will provide a uniformity regarding the unanimous approach to the protection of GIs.

### C. DIFFERENT WAYS OF PROTECTING GEOGRAPHICAL INDICATIONS

At the centre of all the issues stands the differential approach to the protection of GIs in different jurisdictions. One of the two divergent approaches are to protect GIs under trademark legislation through certification marks or collective marks and another is to protect GIs through a sui generis model of legislation. The United States of America, Canada, Australia, New Zealand and many other countries take the first approach, i.e., the protection of GIs under trademark law.<sup>22</sup> In Sri Lanka, GIs are protected as certification marks.<sup>23</sup> The African Regional Intellectual Property Organization (ARIPO) adopted the Banjul Protocol on Marks in 1993 (amended by Council of Ministers many times thereafter, lastly in 2004), according to which GI protection is provided under collective or certification marks.<sup>24</sup> In spite of a few similarities between GIs and trademarks, namely both identify the source of the goods, both give protection to the indication of the concerned goods and both provide a positive impact on the trade of such goods, there are several basic differences between trademarks and GIs.<sup>25</sup> For example, a trademark is a private right whereas a GI is a

community right, a trademark does not essentially identify the geographical origin of the goods whereas GIs are all about protecting the geographical origin, and, most importantly from the consumer point of view, trademarks bear certain quality assurance as the products are from a specific company/business house, but for GIs the protection is provided only for goods that have certain quality levels and characteristics and a reputation attributable to the geographical and human factors associated with its production. If the collective mark or certification mark route is chosen for GI protection because of their 'community right' profile, the other factors mentioned above would still be pertinent. The European Union, in contrast, has taken the second approach, the sui generis system of protection.<sup>26</sup> Other countries have also chosen the sui generis system, such as: Asian countries including Viet Nam, Cambodia, Thailand, Indonesia, Malaysia, Lao People's Democratic Republic, Singapore, Myanmar, India and Japan;<sup>27</sup> African countries such as Morocco and member countries of the African Intellectual Property Organization (OAPI);<sup>28</sup> and Latin American countries such as Brazil, Argentina and the Andean group of countries.<sup>29</sup>

If for all practical purposes the differences between trademarks and GIs can be set aside, it will still capture the central part of the discussion while a unanimous approach to the protection of GIs is considered. This differential approach to the protection of AOs/GIs is a definitive barrier to using the single application for international registration. If the example of the Madrid

TRT/LOCARNO/001

<<https://www.wipo.int/treaties/en/classification/locarno/>> accessed 21 June 2021.

<sup>22</sup> Burkhart Goebel, 'Geographical Indications and Trademarks – The Road from Doha', (2003) 93 TMR 964.

<sup>23</sup> National Intellectual Property Office (Sri Lanka), 'Geographical Indications Protection System in Sri Lanka' (*nipo.gov.lk*) <[https://www.nipo.gov.lk/web/index.php?option=com\\_content&view=article&id=17&Itemid=148&lang=en#:~:text=The%20law%20protects%20GIs%20by,Collective%20marks%20and%20Certification%20marks](https://www.nipo.gov.lk/web/index.php?option=com_content&view=article&id=17&Itemid=148&lang=en#:~:text=The%20law%20protects%20GIs%20by,Collective%20marks%20and%20Certification%20marks)> accessed 21 June 2021.

<sup>24</sup> Susan Mwiti, 'ARIPO Member States discuss GI protection approach' (ARIPO, 20 November 2021) <<https://www.aripo.org/success-stories/aripo-member-states-discuss-gi-protection-approach/>> accessed 21 June 2021.

<sup>25</sup> Nicole Haworth, 'Geographical Indications: Are They On The Map In South Africa?' (*Mondaq*, 19 August 2020) <[https://www.mondaq.com/southafrica/product-liability-](https://www.mondaq.com/southafrica/product-liability-safety/977468/geographical-indications-are-they-on-the-map-in-south-africa)

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<sup>26</sup> European Union, 'Geographical Indications' (*europa.eu*) <[https://europa.eu/youreurope/business/running-business/intellectual-property/geographical-indications/index\\_en.htm](https://europa.eu/youreurope/business/running-business/intellectual-property/geographical-indications/index_en.htm)> accessed 24 March 2022.

<sup>27</sup> Delphine Marie-Vivien, 'Protection of Geographical Indications in ASEAN countries: Convergences and challenges to awakening sleeping Geographical Indications' (2020) 23 (3-4) *The Journal of World Intellectual Property* 328.

<sup>28</sup> Organization for an International Geographical Indications Network, 'GI Protection in Africa' (*origin-gi.com*) <<https://www.origin-gi.com/your-gi-kit/legal-info/item/3107-gi-protection-in-africa-en-gb-4.html>> accessed 23 May 2021.

<sup>29</sup> Organization for an International Geographical Indications Network, 'GI Protection in South America' (*origin-gi.com*) <<https://www.origin-gi.com/your-gi-kit/legal-info/item/3098-gi-protection-in-south-america.html>> accessed 23 May 2021.



System of trademarks can be assessed, it can be seen that protection of relevant subject matter (goods or services for trademark) needs to be first protected in the country from which it is protected. In such cases the relevant subject matter for the trademark is protected through trademark regimes under the domestic legislation; but in cases of GIs there are differential approaches, hence the relevant subject matter for AOs/GIs may get protected under either sui generis GI regimes or under trademark regimes. This may be a source of confusion when international registration is considered.

#### **D. PHILOSOPHY BEHIND THE PROTECTION OF GEOGRAPHICAL INDICATIONS**

The jurisprudential justification and philosophy behind the protection of GIs is somehow different from the jurisprudence of traditional IPRs, such as patents, trademarks or industrial designs. Traditional IPRs mostly offer a monopoly over the fruit of intellectual creation, but the justification behind GI protection is not only a monopoly but also the protection of the interests of communities and rural development. According to one researcher, the 'EU claims that protection of GIs contributes, among other things, to rural development, by allowing farmers to signal to the consumers the exact value and quality of their products.'<sup>30</sup> So the attitude of the European Union towards GI protection is multi-pronged, which includes the producers of GI goods giving quality products to the market, consumers to get the exact quality assured while buying the GI-protected goods, and rural development by stimulating the economic activities in remote and under-privileged areas to contribute to the socioeconomic benefit of the farmers, artisans and other stakeholders involved. The GI application process encourages the individual producers to cooperate with each other to form the association, which will represent and protect their

collective interests. Not only that but the reputation and characteristics of the protected goods are attributed to geographical and human factors, meaning that the GI goods are not only the means of livelihood for the communities concerned but also part of their culture, heritage and pride, which they have nurtured for generations. Because of this reason, GIs hold a special position among IPRs, despite being a trade-related IP matter like others. While discussing the unanimous approach to GI protection, these factors need to be considered holistically.

#### **4. INTERNATIONAL PERSPECTIVES ON THE PROTECTION OF GEOGRAPHICAL INDICATIONS**

##### **A. PARIS CONVENTION, 1883**

Before the TRIPS Agreement, various international agreements addressed the issue of the protection of GIs. The Paris Convention for the Protection of Industrial Property, 1883, provides for the protection of indications of source or AOs,<sup>31</sup> and the prohibition of false indications through the border measures.<sup>32</sup> Delegates from France had drafted the provisions related to GI so the provisions are similar to the Law of 1824 of France. The initial text of the Paris Convention had only intended to stop the false use of GIs or other geographical names with unethical intention, but amendments in the twentieth century increased the scope of protection to some extent. In the current amended text, although the mention of protection of AOs is included, no further illustration or definition is provided;<sup>33</sup> also, the scope of provisions is mainly focused on the protection from false identification of the source of the goods or the identity of the producer, manufacturer or merchant,<sup>34</sup> which is not completely relevant to the protection of GIs according to the understanding of today. The Paris Convention has many limitations, in terms of its applicability to the protection of GIs, such as the fact that

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<sup>30</sup> Carina Folkesson, 'Geographical Indications and Rural Development in the EU' (*Research Gate Publications*, January 2005) <[https://www.researchgate.net/publication/27820564\\_Geographical\\_Indications\\_and\\_Rural\\_Development\\_in\\_the\\_EU](https://www.researchgate.net/publication/27820564_Geographical_Indications_and_Rural_Development_in_the_EU)> accessed 23 May 2021.

<sup>31</sup> Paris Convention for the Protection of Industrial Property 1883 1972 UNTS 307, Art. 1.

<sup>32</sup> *ibid*, Art. 9 & 10.

<sup>33</sup> *ibid*, Art. 1(2).

<sup>34</sup> *ibid*, Art. 10.

it does not define the 'Indication of Source' or 'Appellation of Origin'; that it deals with only false or fake indications of source, but not with misleading indications; and that it does not provide any scope to deal with the generic term of indications outside the source country.

#### B. MADRID AGREEMENT, 1891

The Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, 1891, is the successor of the Paris Convention, which is a special agreement under the framework of the Paris Convention, with some improvements to the provisions. The Madrid Agreement not only provided the provision for the prevention of 'use of a false indication of source', but also prevented the use of 'deceptive indication of source' and also differentiated between the literal use of 'deceptive/false indication of source' and those which are not literal but misleading.<sup>35</sup>

The provisions of Madrid Agreement do not take care of all basic components of the modern GI definitions, such as 'quality, reputation or other characteristics attributable to the geographical origin', but it definitely elucidates the path of evolution of the concept of GIs.

#### C. LISBON AGREEMENT, 1958

The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration was adopted in 1958, revised later in Stockholm in 1967 and amended in 1979. The Lisbon Agreement used the term 'Appellation of Origin', the scope of which includes the '**geographical denomination** of a country, region, or locality, which serves to designate a product originating therein, the **quality or characteristics of which are due exclusively or essentially to the geographical environment**, including natural and human factors.'<sup>36</sup> This definition of AOs, unlike the 'indication of source', expands the scope of the term towards the protection of

GIs by connecting geographical origin/environment, including natural and human factors with the quality or characteristics of the goods. The scope of protection was extended also 'against any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as "kind," "type," "make," "imitation" or the like.'<sup>37</sup>

If the scope of protection is compared with the scope of protection of indications of source under the Paris Convention or the Madrid Agreement, it is a leap towards a change of reign, the reign of strengthening GI protection in the international arena. It becomes evident from the Lisbon Agreement that international understanding of the protection of GIs has started paving the way to protection of not only the geographical denomination of the goods, but also acceptance of the fact that linking the quality of goods with the geographical environment (both natural and human factors) is essential. This linkage helped to consolidate the protection system of GIs, while also differentiating it from the protection of 'indications of source', which can operate very well at the international level through border measures and can protect the goods from being imported into any country, which may confuse consumers.

The Agreement was amended on September 28, 1979 and the Regulations under the Lisbon Agreement for the Protection of Appellations of Origin and the International Registrations, 2012, ensured that the scope of protection of GIs will be subject to the fact that the quality and characteristics of the goods should be exclusively or essentially owing to the 'geographical environment, both natural and human factors'. This Agreement also calls for the international registration of the AO with the International Bureau, which in turn is supposed to 'notify the Authorities of various countries of the Special Union

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<sup>35</sup> Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods 1891 1972 UNTS 165, Art. 1(1).

<sup>36</sup> Lisbon Agreement for the Protection of Appellation of Origin and their International Registration 1958 923 UNTS 205, Art. 2.

<sup>37</sup> *ibid*, Art. 3.

of such registrations and shall publish them in a periodical.<sup>38</sup>

#### **D. TRIPS AGREEMENT, 1994**

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) of 1994 was adopted by the World Trade Organization in the Uruguay Round, and provides the minimum standard of protection for all IPRs, including GIs. The provisions on GI protection are quite comprehensive in the TRIPS Agreement as it gives a definitive definition of the term GI, which provides 'geographical Indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation, or other characteristics of the good is essentially attributable to its geographical origin.'<sup>39</sup> The TRIPS Agreement mandates that the member countries provide the legal means of preventing the misleading use of designation or presentation of a good and any use that constitutes an act of unfair competition.<sup>40</sup>

#### **5. WAYS OF OBTAINING INTERNATIONAL PROTECTION OF GEOGRAPHICAL INDICATIONS**

The economic implication of GIs is huge; many goods have international reputations and the trade of GI-protected goods can provide significant economic returns. However, without effective protection in foreign countries, barriers may appear in the trade of GI goods in the international arena. Effective solutions for the protection of GIs in foreign countries will increase the international business of GI goods.

The protection of foreign GIs in India: in India, 27 foreign GIs are protected, namely: Peruvian Pisco; Champagne and Cognac from France; Napa Valley Wine from the United States of America; Scotch whisky from the United Kingdom; Irish whiskey from Ireland; Prosciutto di Parma,

Parmigiano Reggiano, Prosecco, Asiago and Grana Padano from Italy; Porto and Douro from Portugal; Tequila from Mexico; and Lamphun Brocade Thai Silk from Thailand.<sup>41</sup> Owing to the limitations of available information and of scope, only a few examples are cited here. It is a relevant issue that the same GI goods are getting protection in foreign countries and taking part in international trade, but most of the other GIs, which get protected under domestic legislation, usually fail to get international protection and do not succeed in entering into the international market. The implication of this is two-fold: on one hand, the unique goods will get international fame and on the other hand, the domestic corporations will get enormous economic benefits that will be beneficial to their welfare and the expansion of their business.

There are three ways of protecting GI goods in foreign countries: (i) national application; (ii) bilateral and multilateral trade agreements; and (iii) international registrations.

#### **A. NATIONAL APPLICATION**

National application is one of the ways to get GI protection in any foreign country. In India, 27 foreign goods are protected under the national regime. However, there are certain shortfalls in the GI protection of foreign goods by national application, such as: (i) the individual application has to be produced in accordance with the requirements of the individual national legal regime for all countries where protection is sought; (ii) the application has to be made with reference to all necessities of the application for the specific national legal regime; and (iii) application fees must be paid individually for all countries. If the application is not prepared carefully, protection may not be achieved, which is the case of the Indian GI application for Swedish Vodka. The application of Swedish Vodka<sup>42</sup> seems very

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<sup>38</sup> *ibid*, Art. 5(1)-(2).

<sup>39</sup> TRIPS Agreement 1994 (n 18), Art. 22(1).

<sup>40</sup> *ibid*, Art. 22(2).

<sup>41</sup> Office of the Controller General of Patents, Designs and Trade Marks, 'Registration Details of Geographical Indications of India', ([ipindia.gov.in](https://ipindia.gov.in)) <<https://ipindia.gov.in/registered-gis.htm>> accessed 21 June 2021.

<sup>42</sup> Application No. 310 to Geographical Indications (GI) Registry submitted by Section of Swedish Spirits and Wine Suppliers (Indian GI Registry, 2011) <<https://search.ipindia.gov.in/GIRPublic/>> accessed 27 January 2023.

brief and somehow incomplete. The specification is very short and only includes the name and the fact that it is a spirit drink produced in Sweden, whereas the application for Tequila<sup>43</sup> provides all details about the drink, such as plant used to make it, its categories and varieties, and its physical and chemical formula. The application for Lambrusco di Sorbara<sup>44</sup> has much detailed information in the specification, as do the applications for Feni<sup>45</sup> and Nashik Valley Wine.<sup>46</sup> The description of goods and methods in the production section of the application for Swedish Vodka does not sufficiently describe the good, unlike the other above-mentioned applications.<sup>47</sup> The historical proof, which was furnished as a proof of origin, was not enough, and the linkage between geographical factors and human factors with the good in question was not properly developed in the application.<sup>48</sup>

The meeting of the Consultative Group to discuss this application took place on 4 August 2015 in Chennai.<sup>49</sup> The Group recommended that the application did not contain the details required under the provisions of Section 11(2) of the Geographical Indications of Goods (Registration & Protection) Act, 1999, read along with Rule 32(1) of the Geographical Indications of Goods (Registration and Protection) Rules, 2002.<sup>50</sup> This recommendation is pertinent as we already explained that the application was very short. However, the relevance of the recommendation that states that 'The main items that are required, as per section 11 (2) of the GI Act, with the application of GIs and are not submitted by the applicant

are the description, physical, chemical and/or organoleptic characteristics of the product as well as the specific characteristics of the product, to provide description of the method for obtaining the product and, if appropriate, the authentic and unvarying local methods, to provide the details bearing out with the Geographical environment or the Geographical origin'<sup>51</sup> is a little debatable. There is no doubt that the description, the specific characteristics of the products and the method for obtaining the product is required, but it is never explicitly mentioned in the Act, Rule or Manual of the Indian GI regime that 'physical, chemical or organoleptic characteristics' need to be included in the application.<sup>52</sup> Even among the four registered GIs mentioned above, the physical and chemical characteristics mentioned in the applications for three of them, but the Nashik Valley Wine application does not include them.<sup>53</sup> It is therefore difficult to understand the basis on which this point is recommended by the Consultative Group. A mention of physical and chemical properties may be good practice and most of the applications usually include these points in the description of goods, but if it is not mentioned as a statutory requirement in the Act, Rule or Manual, then the question arises as to whether this recommendation is correct. Based on this recommendation, the applicant is asked to provide the Examination Report with physical and chemical properties.<sup>54</sup> The GI Registry also request that the applicant should submit the 'Technical File/Code

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<sup>43</sup> Application No. 243 (Submitted by Consejo Regulador Del Tequila, A.C GI Journal No 74, pp. 7-20, Government of India Geographical Indications Registry 2015).

<sup>44</sup> Application No. 367 (Submitted by TAHAFUZ-Registered Under the J & K Societies Act GI Journal No 132, pp. 38-46, Government of India Geographical Indications Registry 2006).

<sup>45</sup> Application No. 120 (Submitted by The Goa Cashew Feni Distillers & Bottlers Association GI Journal No 27, pp. 37-55, Government of India Geographical Indications Registry 2008).

<sup>46</sup> Application No. 123 (Submitted by National Horticulture Board GI Journal No 32, pp. 12-21, Government of India Geographical Indications Registry 2010).

<sup>47</sup> Application No 310 to GI Registry submitted by the Section of Swedish Spirits and Wine Suppliers (Indian GI Registry, 2011) <<https://search.ipindia.gov.in/GIRPublic/>> accessed 21 June 2021.

<sup>48</sup> *ibid.*

<sup>49</sup> GI Registry (India), 'Minutes of the Consultative Group Meeting held on 4 August 2015 at Chennai in respect of GI Application No. 310 - Svensk Vodka/ Swedish Vodka' (Application No. 310, GI Registry, 2015) <<https://search.ipindia.gov.in/GIRPublic/>> accessed 21 August 2022.

<sup>50</sup> Geographical Indications of Goods (Registration & Protection) Act 1999, s 11(2) and Geographical Indications of Goods (Registration and Protection) Rules 2002, r 32(1).

<sup>51</sup> Minutes of the Consultative Group Meeting held on 4 August 2015 in Chennai in respect of GI Application No. 310 – 'Svensk Vodka/ Swedish Vodka' (August 2015) <<https://search.ipindia.gov.in/GIRPublic/>> accessed 14 May 2021.

<sup>52</sup> Geographical Indications of Goods (Registration and Protection) Act 1999 (India), s 11(2) and Geographical Indications of Goods (Registration and Protection) Rules, 2002, r 32(1) and of Manual of Geographical Indications Practice and Procedure 2011, Para 03.08.01

<sup>53</sup> Application No. 123 (Submitted by National Horticulture Board GI Journal No 32, pp.12-21, Government of India Geographical Indications Registry 2010).

<sup>54</sup> 'Examination Report for Application No 310' (Document No GIR/App.No.310/ER/2015-16/285 dated 10 August 2015, GI Registry 2015), Point no. 4 <<https://search.ipindia.gov.in/GIRPublic/>> accessed 14 May 2021.

of Practice', which they have submitted under the European Commission regulation.<sup>55</sup>

From this discussion, the key point is that it is in itself a problematic affair to maintain the requirements of each country while submitting the application. If for any given good GI protection is sought in 10 or 20 countries, the writing of the application would be a tiring and troublesome job. It is much better to have a single international application for multiple countries, just like a PCT application for a patent or a Madrid System application for a trademark.

## B. BILATERAL TRADE AGREEMENTS

Bilateral trade agreements are concluded between two parties based on reciprocity. It may be an independent treaty or part of a broad trade agreement. The inclusion of GI terms in trade agreements is another way of GI protection in foreign countries. The European Union has been advocating for stronger protection of GIs for many years; the conclusion of bilateral agreements and inclusion of GI provisions also began much earlier in Europe. The European Union has taken considerable initiative to enter into bilateral trade agreements during the last few years; which is having a significant impact on GI protection.

In 1967, a treaty was signed between Switzerland and the Federal Republic of Germany for the protection of indications of source (IoS) and GIs.<sup>56</sup> In 1973, a similar treaty was signed between Switzerland and the Socialist Republic of Czechoslovakia, which includes not only IoS and GIs, but also AOs.<sup>57</sup> In 1974, Switzerland signed a similar treaty with France and Spain, and the protection of IoS and AOs, along with the protection of other geographical names, was secured.<sup>58</sup> Also, similar treaties were signed by Switzerland with the Republic of Portugal in 1977 and with the People's Republic of Hungary in 1979.<sup>59</sup> European Union initiatives for the protection of GIs through the route of bilateral free trade agreements started in the late twentieth century. The Wine Agreement, concluded in 1994 between the European Union and Australia, is one of the earliest trade agreements, which provides for GI protection.<sup>60</sup> This Agreement defined GIs and there were also provisions limiting the scope of protection of GIs to the names mentioned in Annex II of the Agreement.<sup>61</sup> A number of amendments happened afterward; in 2004, the Parties agreed to amend the date of provisional derogation in Annex I of the 1994 Agreement, which originally authorized a number of oenological practices and processes for wines were originating in Australia only, until the end of 1998.<sup>62</sup> The new European Union-

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<sup>55</sup> *ibid*, Point no. 3.

<sup>56</sup> Treaty between the Swiss Confederation and the Federal Republic of Germany on the protection of indications of source and other geographic names of 7 March 1967 (Swiss Confederation- Republic of Germany) (Approved by the Federal Assembly on 3 October 1968, entered into force on 30 August 1969) BBI 1968 I 213 <<https://www.ige.ch/en/law-and-policy/international-ip-law/bilateral-agreements/agreements-on-geographical-indications#:~:text=Treaty%20of%207%20March%201967,36>> accessed 21 August 2022.

<sup>57</sup> Treaty between the Swiss Confederation and the Socialist Republic of Czechoslovakia on the protection of indications of source, appellations of origin and other geographic names of 16 November 1973 (Swiss Confederation-Republic of Czechoslovakia) (Approved by the Federal Assembly on 19 March 1975, entered into force on 14 January 1976) FF 1974 II 1159 <<https://www.ige.ch/en/law-and-policy/international-ip-law/bilateral-agreements/agreements-on-geographical-indications#:~:text=Treaty%20of%207%20March%201967,36>> accessed 21 August 2022.

<sup>58</sup> Treaty between the Swiss Confederation and the Republic of France on the protection of indications of source, appellations of origin and other geographic names of 14 May 1974 (Swiss Confederation- Republic of France) (Approved by the Federal Assembly on 19 March 1975, entered into force on 10 October 1975) RU 1975 1659; and Treaty between the Swiss Confederation and Spain on the protection of indications of source, appellations of origin and similar names of 9 April 1974 (Swiss Confederation- Republic of France) (Approved by the Federal Assembly on 19 March 1975, entered into force on 10 March 1976) BBI 1974 II 1177

<<https://www.ige.ch/en/law-and-policy/international-ip-law/bilateral-agreements/agreements-on-geographical-indications#:~:text=Treaty%20of%207%20March%201967,36>> accessed 21 August 2022.

<sup>59</sup> *Strengthening International Research on Geographical Indications (SINER-GI), 'GI Social and Economic Issues'* (A Project of WTO on Strengthening International Research on Geographical Indications) <<https://food.origin-for-sustainability.org/2005/base.php?cat=30&page=32>> accessed 14 May 2021. See also Treaty between the Swiss Confederation and the Republic of Portugal on the Protection Of Indications Of Source, appellations of origin and similar names[1977]; and Treaty between the Swiss Confederation and the People's Republic of Hungary on the protection of indications of source, appellations of origin and other geographic names [1979] <<https://www.ige.ch/en/law-and-policy/international-ip-law/bilateral-agreements/agreements-on-geographical-indications#:~:text=Treaty%20of%207%20March%201967,36>> accessed 21 August 2022.

<sup>60</sup> WIPO, 'Australie AU233, INFORMATION FOR CLASS 33 TRADE MARK REGISTRATIONS (WHICH INCLUDE WINES)' (*wipo.int*) <<https://www.wipo.int/wipolex/fr/text/204107>> accessed on 27 January 2023.

<sup>61</sup> *ibid*.

<sup>62</sup> Wine Policy Section Food and Agriculture Business Australian Government Department of Agriculture, Fisheries and Forestry, 'National Interest Analysis, Text of Proposed Treaty Action, Agreement Between the European Community and Australia Amending the Agreement Between Australia and the European Community on Trade in Wine, and Protocol of

Australia Wine Trade Agreement, signed between the parties on December 1, 2008 and which entered into force in September 2010, replaced the 1994 Agreement.<sup>63</sup> The new Agreement has several provisions on GI protection, and also on the protection of European traditional expressions.<sup>64</sup>

The European Union signed a bilateral agreement with Mexico on May 27, 1997, by virtue of which both parties have decided to grant protection for the denomination of origin of certain spirits.<sup>65</sup> After this Agreement was concluded, about 250 European spirits and 2 Mexican spirits got GI protection and the scope for marketing increased considerably.<sup>66</sup> In 2002, a bilateral trade agreement for wine was signed between the European Union and South Africa, which had clauses on GIs.<sup>67</sup> South Africa had to agree to phase out the use of European wine names, e.g., 'port' and 'sherry', in exchange for import aid of 5 million for the revitalization of the South African wine and spirit industry; not only that, Europe increased the South African import quota for wine by 100,000 hectoliters per year.<sup>68</sup> The Agreement of Trade in Spirits was also signed in 2002 between them, under which South Africa agreed to phase out the European names of spirits such as 'Grappa', 'Korn/Kombrand', 'Jagertee/jagestee/Jagatee' and 'Pacharan' within a transitional period of five years.<sup>69</sup>

A landmark agreement was signed in 2005 between the European Union and the United States of America: the EC-US Wine Agreement of 2005, under which a decade-long disagreement over the wine trade came to an end.<sup>70</sup>

Once the Agreement came into effect, the European Union acknowledged all American wine-making processes and the United States agreed to ban the use of European semi-generic terms by non-European companies. Also, many issues in relation to labelling, the use of some terms on the labels and agreement on certain specific names of origin were resolved and trade practices became easier.<sup>71</sup>

A European Union-Republic of Korea free trade agreement was signed in 2010, and provided obligatory protection of GIs for agricultural products and foodstuffs originating in the European Union in the Republic of Korea, even including terms such as 'Feta' for cheese, which is considered as a generic term in certain jurisdictions such as the United States.<sup>72</sup>

Another agreement, CETA<sup>73</sup> between Canada and the European Union, includes provisions for the protection of GIs. Canada, like the United States, used to protect GIs under the trademark legal regime, and CETA can thus be considered a success in negotiation from a trade point of view. However, 'goods', according to Article 7.1 of CETA, refers to the agricultural products and foodstuffs only, so not all goods come under the purview of the protection.

GI provisions are included in many plurilateral and multilateral agreements, along with provisions on other IPRs. Such provisions on GI protection are included in: (i) the Cotonou Agreement<sup>74</sup> – a multilateral trade agreement between African, Caribbean, Pacific countries,

1994' (September 2003). <[http://www.aphref.aph.gov.au\\_house\\_committee\\_ject\\_september2003\\_treaties\\_winenia.pdf](http://www.aphref.aph.gov.au_house_committee_ject_september2003_treaties_winenia.pdf)> accessed 14 May 2021.

<sup>63</sup> European Commission, 'EU-Australia wine trade agreement enters into force', (IP/10/1078, European Commission 31 August 2010) <[https://ec.europa.eu/commission/presscorner/detail/en/IP\\_10\\_1078](https://ec.europa.eu/commission/presscorner/detail/en/IP_10_1078)> accessed 15 May 2021.

<sup>64</sup> *ibid.*

<sup>65</sup> Agreement between the European community and the United Mexican states on the mutual recognition and protection of designation for spirit drinks of 27 May 1997 (European Community- United Mexican States) (signed on 27 May 1997, entered into force on 1 July 1997) OJ L 152/16

<sup>66</sup> *ibid.*

<sup>67</sup> Agreement between the European community and the Republic of South Africa on trade in wine (European Community-Republic of South Africa) (Signed on 28 January 2002 and provisionally entered into force) OJ L 28/4.

<sup>68</sup> *ibid.*

<sup>69</sup> Council Decision 2002/55/EC on the conclusion of an agreement in the form of an exchange of letters between the European community and the Republic of South Africa on trade in wine, OJ L 28/133.

<sup>70</sup> Josling J, 'The war on Terroir: Geographical Indications as Transatlantic Trade conflict' (2006) 57(3) Journal of Agricultural Economics 337.

<sup>71</sup> *ibid.*

<sup>72</sup> *ibid.*

<sup>73</sup> Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part (Canada-European Union), (Adopted on 30 October 2016, entered into force on 21 September 2017) OJ L 11/23; Annex 20-C, Annex 20-A.

<sup>74</sup> Marsha A. Echols, 'Geographical indications for food products' (Kluwer law international. BV, 2008).



and the European Union in 2000, it has the provisions on GI protection similar to international agreements;<sup>75</sup>

(ii) the North American Free Trade Agreement of 1994 – an agreement between Canada, Mexico and the United States of America, which has provisions on GI protection similar to Article 22 of the TRIPS Agreement;<sup>76</sup> (iii) Bangui Agreement of 1977, signed by the African Intellectual Property Organization for its member countries, in which a common administrative procedure is provided for all IPRs, including GIs;<sup>77</sup> (iv) Andean Decision of 1993 – an agreement signed between five Andean countries (Bolivia, Colombia, Ecuador, Venezuela and Peru), which calls on member countries to protect AOs;<sup>78</sup> and (v) Mercosur Protocol – Brazil, Argentina, Paraguay and Uruguay signed the Treaty of Asuncion in 1991, but IPR provisions were not included in the treaty; later on, in 1995, the Mercosur Protocol, which included the protection of both GIs and AOs, was signed between them.<sup>79</sup>

These provisions of different bilateral or multilateral treaties show clearly that provisions on GI protection are included in many bilateral or multilateral trade agreements, but, again, the provisions do not seem to be uniform. Mostly, the provisions are need-based, from the point of view of the country that is in a better position to bargain and not with the intent of securing equitable protection of GI goods in all jurisdictions. Moreover, in most cases, the provisions are leading to the use of certain geographical or related terms in a specific country, and are not focused on the other aspects of international GI protection. That somehow undermines the purpose of the uniform protection regime of GI goods

in the international arena. However, this shows that there is a market demand for GI goods in foreign countries and without GI protection, there is a chance of misappropriation of such goods. The requirement of one international platform for the foreign protection of GI goods is thus essential.

### C. INTERNATIONAL REGISTRATION

International registration of GIs was first adopted in the Lisbon Agreement, and was later reinforced by the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, 2015. A detailed discussion of these Agreements will highlight the importance of international registration for GIs.

#### LISBON AGREEMENT, 1958

The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, 1958, called for the international registration of GIs for the first time. Article 5 of the Agreement mentioned the registration of AOs with the International Bureau. Notification to the competent authorities of the member country, and the declaration from the Competent Authority is explained in Article 5, but the details of the application procedure and the content of the application are explained in the Regulations under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, 2012 (the Regulation). According to the Regulation, the international application needs to be submitted to the International Bureau by the Competent Authority of the country of origin.<sup>80</sup> The content of the application is divided into two parts: (i) the mandatory contents, and (ii)

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<sup>75</sup> Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part (Signed on 23 June 2000, entered into force on 1 April 2003) (Cotonou Agreement) OJ L 317, Art. 46.

<sup>76</sup> North American Free Trade Agreement 1994 (Entered into force on 1 January 1994), Art. 1712.

<sup>77</sup> Victor Mosoti & Ambra Gobena, *International trade rules and the agricultural sector* (FAO Legislative Study, Food and Agriculture Organization of the United Nations 2007).

<sup>78</sup> Subregional Integration Agreement (Cartagena Agreement) Decision 344, Common Provisions on Industrial Property (21 October 1993)

<http://www.sice.oas.org/trade/junac/decisiones/Dec344e.asp> accessed on 27 January 2023.

<sup>79</sup> Treaty of Asuncion: Treaty Establishing a Common Market between the Argentine Republic, the Federal Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay (Signed on 26 March 1991, entered into force on 29 November 1991) 2140 UNTS 257 <[http://www.sice.oas.org/trade/mrcsr/treatyasun\\_e.asp](http://www.sice.oas.org/trade/mrcsr/treatyasun_e.asp)> and Additional Protocol to the Treaty of Asunción on the Institutional Structure of MERCOSUR (Mercosur Protocol), 17 December 1994, <[http://www.sice.oas.org/trade/mrcsr/ourop/ourop\\_e.asp](http://www.sice.oas.org/trade/mrcsr/ourop/ourop_e.asp)> accessed on 27 January 2023.

<sup>80</sup> The Regulations Under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration 2012, Rule 5(1).



the optional contents.<sup>81</sup> Mandatory content includes the country of origin; the name of the holder(s) of the rights; the name of the AOs for which the registration is sought; the product for which appellation is sought; the area of production; and the title and date of the legislative or administrative provisions, or the judicial decisions or the date and number of the registration by virtue of which the AO is protected in the country of origin.<sup>82</sup> The optional content includes the addresses of the holders of the right; translations of the AOs in as many languages as the Competent Authority of the country of origin wishes; a statement if protection is not claimed for certain elements of the AOs; a declaration that protection is renounced in one or more contracting countries, designated by name; and any further information, such as additional particulars of the area of production or a description of the connection between the quality or characteristics of the product and its geographical environment.<sup>83</sup> The AOs will be registered and entered into the International Register if the International Bureau finds that the application complies with all conditions.<sup>84</sup>

The critical points of the Lisbon Agreement, 1958 in terms of International Registration are as follows:

- (i) Lisbon Agreement provided the first-ever platform for international registration of GIs, but it has not become popular among States, because, as of now, only 30 Member States joined the Agreement as contracting parties.<sup>85</sup>
- (ii) Registration of the AO is mandatory in the country of origin before the international application is filed; and it is also mandatory to submit the proof of legislative or administrative provision for GI protection in the country of origin and the proof of registration for such AOs in the country of origin.

- (iii) The requirements of particulars of the area of production are optional, which in all senses are the critical element, as these will delineate the geographical boundary of the place of origin of the goods.
- (iv) The description of the connection between the quality or characteristics of the product and its geographical environment are also optional, but should be mandatory for all practical purposes. The description of the uniqueness of the proposed goods and of geographical factors (both natural and human) attributable to the quality and characteristics of the goods are the essential elements for GI protection. So, the question arises as to whether without these submissions it will be correct to provide international registration to the proposed goods in multiple jurisdictions.
- (v) One optional requirement is a statement if protection is not claimed for certain elements of the AO. Here, the questions arise as to whether this is relevant for GI protection, and also whether it is possible to differentiate the elements of a proposed good for which protection is claimed and for which the protection is not claimed because, as per the general understanding, GI protection is claimed for certain goods as a whole.
- (vi) It is also imperative that the uniqueness and the method of production are never asked for in the international application, as neither mandatory nor as optional content. The reason is that this may create serious consequences for certain kinds of goods, especially in light of the fact that the horizon of goods protected under GIs extend from wine and spirits to foodstuffs and agricultural products to handicrafts is imminent.

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<sup>81</sup> *ibid.*, r. 5(2) & (3).

<sup>82</sup> *ibid.*

<sup>83</sup> *ibid.*, r. 5(3).

<sup>84</sup> *ibid.*, r. 7.

<sup>85</sup> 'WIPO Notification' (*WIPO Lex*) <[https://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=10](https://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=10)> accessed 14 May 2021.

## GENEVA ACT, 2015

The Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, 2015 was adopted on 20 May 2015 (Geneva Act). The Geneva Act has certain special features that are different from its predecessors, including the Lisbon Agreement. It includes both AOs and GIs as subject matter under its purview. In the case of AOs, it refers to any denomination protected in the contracting party of origin or any such denomination that has the name of any geographical area in a way that it designates the good in concern as originating from such geographical area, and the 'quality or characteristics of the good are due exclusively or essentially to the geographical environment, including natural and human factors, and which has given the good its reputation.'<sup>86</sup> The definition of GIs refers to 'any indication protected in the Contracting Party of Origin or any indication known as referring to such area, which identifies a good as originating in that geographical area, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.'<sup>87</sup>

The significance of the Geneva Act in relation to the subject matter:

- (i) The concept of the 'subject matter' of GIs was never there in any of the predecessors of the Geneva Act, such as the Paris Convention, the Madrid Agreement or the Lisbon Agreement. Defining the subject matter is a traditional way of protecting any IPR, which was missing in international agreements so far, except in the TRIPS Agreement.
- (ii) The Act defined both AOs and GIs for the first time, as the use of different terms, suggesting different definitions of such terms, is an inherent point of confusion for GI protection. Not only that, the scope

of AOs is also expanded by the inclusion of an explicit connection between the geographical environment and reputation by mentioning 'which has given the good its reputation'.

- (iii) The registration in the country of origin is given importance, by including it in the definition itself.

The provision related to the international application is given in Chapter II of the Geneva Act. The application for international registration of the AOs or GIs needs to be filed at the International Bureau<sup>88</sup> by the respective national Competent Authority in the name of the beneficiaries or 'a natural person or legal entity having legal standing under the law of the Contracting Party of Origin to assert the rights of the beneficiaries or other rights in the appellation of origin or geographical indication.'<sup>89</sup> If it is allowed by the legislation of the Contracting Party, the beneficiaries can apply directly to the International Bureau.<sup>90</sup> The joint application can also be submitted by the Competent Authorities of concerned Contracting Parties in case the geographical location of the GIs includes trans-border areas.<sup>91</sup> It is reiterated that the protection of concerned AOs or GIs has to be given in the territory of the origin country as per the domestic legal regime.<sup>92</sup> Contracting Parties are given a free hand to choose their type of domestic legal system for the protection of AOs/GIs, subject to the condition that 'such legislation meets the substantive requirements of this Act'.<sup>93</sup> The scope of protection is illustrated in Article 11, according to which the international registration of AOs or GIs shall prevent the use of such AOs and GIs in respect of goods not originating in that geographical area of origin, or not complying with any other applicable requirements;<sup>94</sup> or the use of protected AOs and GIs in respect of goods of a different kind that may confusingly provide some connection between those goods and the beneficiaries of the protected AO/GIs and may damage their interest or dilute or impair their business in an

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<sup>86</sup> Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications 2015 OJ L 271, Art. 2(1)(i).

<sup>87</sup> *ibid.*, Art. 2(1)(ii).

<sup>88</sup> *ibid.*, Art. 5(1).

<sup>89</sup> *ibid.*, Art. 5(2).

<sup>90</sup> *ibid.*, Art. 5(3).

<sup>91</sup> *ibid.*, Art. 5(4).

<sup>92</sup> *ibid.*, Art. 9.

<sup>93</sup> *ibid.*, Art. 10.

<sup>94</sup> *ibid.*, Art. 11 (1)(a)(i).

unfair manner;<sup>95</sup> or any other practice that may mislead the consumer regarding the true origin and nature of goods.<sup>96</sup> The scope of protection also prevents the use of AOs/GIs in relation to any imitation, or in relation to any accompanied use or any words or phrase such as style, kind, type, make, imitation, method, as produced in, like, similar and so on, which may lead to confusion regarding the true origin of goods and their reputation.<sup>97</sup> The prior use of the trademark or plant variety or animal breed denomination is kept outside the scope of this Act, and the provisions of this Act will not prejudice the rights provided under such earlier protection.<sup>98</sup> The period of validity is mentioned explicitly in the Geneva Act, which says that the validity of the international registration will be for an indefinite period, subject to the condition that the AO/GI protection is not withdrawn in the respective Contracting Party and also that the Contracting Party has not requested the cancellation of the international registration.<sup>99</sup> The mandatory contents of the application are the same as that of the Lisbon Agreement, with some important additions. The mandatory content includes the particulars of quality, reputation or characteristics of the goods concerned, and the connection with the geographical environment of the geographical area of production.<sup>100</sup>

The significance of the Geneva Act in relation to the international application include the following:

- (i) Reiteration of protection of the AOs/GIs in the place of origin – whenever the domestic protection is cancelled, the international registration will also be compromised. This is a good practice and in line with the Madrid System for the international protection of a trademark, as the legitimacy of protection for any IPR can be best judged at the domestic level.
- (ii) The addition of particulars of the quality, reputation or characteristics of the products in concern and the connection with the geographical environment of the geographical area of production as a mandatory content of the application – very pertinent, as that is the basis of protection for AOs and GIs both at the domestic and the international level.
- (iii) Safeguarding from priorly protected trademark or plant variety or animal breed denomination as that may prejudice the legitimate interest of the right holders. This is also important because trademarks and plant variety/animal breed denominations are different from AOs/GIs in terms of the subject matter and rights conferred; the differentiation between them will give certainty to the AO/GI right holders and will help to achieve a unanimous approach when this is adopted by the Member States in their domestic legislation.
- (iv) Mention of the period of validity as perpetuity in the Act is very useful, and was missing in the earlier international conventions/agreements. AO/GI protection can never be for a specific duration; it is intricately related with the age-old tradition, heritage, culture and pride of the concerned community, and thus the statutory provision of perpetual protection is the best option for AOs/GIs.
- (v) Provision of joint application – an important and welcome addition for trans-border AOs/GIs.

## 6. THE ROLE OF WIPO IN INTERNATIONAL REGISTRATION OF GEOGRAPHICAL INDICATIONS

WIPO is working tirelessly to provide an effective international registration system for GIs. It is through WIPO efforts that the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958 and the Geneva Act of the Lisbon Agreement on Appellations of Origin and

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<sup>95</sup> *ibid*, Art.11 (1)(a)(ii).

<sup>96</sup> *ibid*, Art. 11(1)(b).

<sup>97</sup> *ibid*, Art. 11(2).

<sup>98</sup> *ibid*, Art. 13.

<sup>99</sup> *ibid*, Art. 8.

<sup>100</sup> Regulations under the Geneva Act of the Lisbon Agreement 2015, r. 5(3).

Geographical Indications of 2015 was adopted on May 20, 2015 and entered into force on February 26, 2020.<sup>101</sup> WIPO coined the term 'Lisbon System' for the International Registration of Appellations of Origin and Geographical indications; this is the 'system' comprising the Lisbon Agreement, 1958 and the Geneva Act, 2015. 'The Lisbon System' offers 'a means of obtaining protection for an appellation of origin or a geographical indication in the contracting parties through a single registration procedure and one set of fees.'<sup>102</sup>

#### A. WIPO INITIATIVES FOR REMODELLING THE LISBON AGREEMENT TO THE LISBON SYSTEM

A review of the Lisbon Agreement, 1958 was undertaken by the WIPO Assembly to assess its practical implementation and acceptability by various nations; in continuation of that effort, in 2008, the International Bureau of the Assembly set up the Working Group for Preparation of Certain Amendments to the Regulations under the Lisbon Agreement.<sup>103</sup> The aim was to address the evolving needs of the users and to improve the procedure of international registration. The Working Group, after its Fourth Session in December 2011, suggested the amended version of Regulation under the Lisbon Agreement, and the Amended Regulation under the Lisbon Agreement entered into force on January 1, 2012, after consultation with Member States.<sup>104</sup> In October 2013, the Assembly approved the Revision of the Lisbon Agreement on Appellations of Origin and Geographical Indications, as per the suggested road map

designed by the Working Group, and also approved the Diplomatic Conference for the adoption of such a revised version of the Lisbon Agreement to be held in 2015.<sup>105</sup> Finally on May 11-21, 2015 the Geneva Act was adopted at the Diplomatic Conference held in Geneva, at which WIPO presented a more attractive system of international protection for AOs and GIs for Member States and users through the improved Lisbon System.<sup>106</sup>

After the adoption of the Geneva Act, 2015 the Assembly in its meeting on October 20, 2015, established one Working Group for the preparation of Common Regulations under the Lisbon Agreement and the Geneva Act of the Lisbon Agreement; and in its meeting on October 2-17, 2017, established another Working Group for the Development of the Lisbon System.<sup>107</sup> Since inception, these Working Groups are working in their respective arena.

The Working Group for the preparation of Common Regulations prepared the Draft Common Regulations under the Lisbon Agreement and the Geneva Act of the Lisbon Agreement in October 2017.<sup>108</sup> The Lisbon System had two sets of Regulations: (i) the Regulations under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, as in force on January 1, 2016; and (ii) the Regulations under the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications.<sup>109</sup> The Draft Common Regulations are proposed to replace these two

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<sup>101</sup> WIPO, 'Summary of the Geneva Act of the Lisbon Agreement' (*wipo.int*) <[https://www.wipo.int/treaties/en/registration/lisbon/summary\\_lisbon-geneva.html#:~:text=The%20Geneva%20Act%20of%20the%20Lisbon%20Agreement%20on%20Appellations%20of,force%20on%20February%2026%2C%202020](https://www.wipo.int/treaties/en/registration/lisbon/summary_lisbon-geneva.html#:~:text=The%20Geneva%20Act%20of%20the%20Lisbon%20Agreement%20on%20Appellations%20of,force%20on%20February%2026%2C%202020)> accessed 22 August 2022.

<sup>102</sup> WIPO, 'Lisbon – The International System of Appellations of Origin and Geographical Indications' (*wipo.int*) <<https://www.wipo.int/lisbon/en/>> accessed 10 June 2021.

<sup>103</sup> WIPO, 'WIPO Assembly Twenty-Third (6<sup>th</sup> Extraordinary) Session', (Geneva, 22-30 September 2008 LI/A/23/1, WIPO 2008) <[https://www.wipo.int/edocs/mdocs/govbody/en/li\\_a\\_23/li\\_a\\_23\\_1.pdf](https://www.wipo.int/edocs/mdocs/govbody/en/li_a_23/li_a_23_1.pdf)> accessed 10 June 2021.

<sup>104</sup> *ibid.*

<sup>105</sup> WIPO, 'Outcome of the Seventh Session of the Lisbon Working Group (Geneva, April 29 – May 3, 2013)', (*wipo.int*, 6 May 2013) and LI/A/23/1 dated September 23 – October 2, 2013 <[https://www.wipo.int/meetings/en/details.jsp?meeting\\_id=29896](https://www.wipo.int/meetings/en/details.jsp?meeting_id=29896)> Accessed on 22 August 2022.

<sup>106</sup> WIPO, 'Diplomatic Conference for the Adoption of a New Act of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration with Basic Proposal for the New Act of the Lisbon Agreement on AO and GI' (LI/DC/3, WIPO 2014)

<[https://www.wipo.int/edocs/mdocs/mdocs/en/li\\_dc/li\\_dc\\_3.pdf](https://www.wipo.int/edocs/mdocs/mdocs/en/li_dc/li_dc_3.pdf)> accessed 10 June 2021.

<sup>107</sup> WIPO, 'Working Group on the Development of the Lisbon System' (First Session, WIPO 11-12 June 2018) LI/WG/DEV-SYS/1/5 <[https://www.wipo.int/edocs/mdocs/mdocs/en/li\\_wg\\_dev\\_sys\\_1/li\\_wg\\_dev\\_sys\\_1\\_5\\_prov.pdf](https://www.wipo.int/edocs/mdocs/mdocs/en/li_wg_dev_sys_1/li_wg_dev_sys_1_5_prov.pdf)> accessed 10 June 2021; WIPO, 'Special Union for the Protection of Appellations of Origin and their International Registration (Lisbon Union)' (Thirty-second session, WIPO October 5-14, 2015) LI/A/32/5 <[https://www.wipo.int/edocs/mdocs/govbody/en/li\\_a\\_32/li\\_a\\_32\\_5.pdf](https://www.wipo.int/edocs/mdocs/govbody/en/li_a_32/li_a_32_5.pdf)> accessed 10 June 2021.

<sup>108</sup> International Bureau, 'WIPO Assembly Thirty-Fourth (22<sup>nd</sup> Ordinary) Session- Proposed Common Regulations under the Lisbon Agreement and The Geneva Act of The Lisbon Agreement', (LI/A/34/1, WIPO 2017) <[https://www.wipo.int/edocs/mdocs/govbody/en/li\\_a\\_34/li\\_a\\_34\\_1.pdf](https://www.wipo.int/edocs/mdocs/govbody/en/li_a_34/li_a_34_1.pdf)> accessed 10 June 2021.

<sup>109</sup> WIPO, Summary of the Geneva Act of the Lisbon Agreement (*wipo.int*) <[https://www.wipo.int/treaties/en/registration/lisbon/summary\\_lisbon-geneva.html#:~:text=The%20Geneva%20Act%20of%20the%20Lisbon%20Agreement%20on%20Appellations%20of,force%20on%20February%2026%2C%202020](https://www.wipo.int/treaties/en/registration/lisbon/summary_lisbon-geneva.html#:~:text=The%20Geneva%20Act%20of%20the%20Lisbon%20Agreement%20on%20Appellations%20of,force%20on%20February%2026%2C%202020)> accessed 21 August 2022.

sets of Regulations for streamlining the legal framework under the Lisbon System, which will benefit the Competent Authorities of the Member States. The Working Group also considered 'a proposal from the Republic of Moldova for a new Rule 8(10) of the draft Common Regulations regarding the effect of declarations in respect of individual fees.'<sup>110</sup>

The Working Group on the Development of the Lisbon System highlighted the importance of promotional activities with the aim of increasing the number of members of the Lisbon System and enhancing the coordination among the member countries under the Lisbon System.<sup>111</sup> This Working Group also discussed taking appropriate measures to ensure the financial stability of the Lisbon Union through a continuous review of the Schedule of Fees and by assessing the impact of the entry into force of the Geneva Act on the financial condition of the Union.<sup>112</sup> At its Third Session in November 2020, this Working Group proposed certain amendments to the Common Regulations under the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration and the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications (Lisbon Common Regulations) to strengthen the provision of safeguards in the Lisbon System of Protection of AOs/GIs.<sup>113</sup> Owing to the COVID-19 pandemic, the world faced severe disruption on various fronts; similar disturbances are faced by the global IP community, who are the users of WIPO, and the need was thus felt for the amendments in the safeguarding provisions. The amendments proposed are in the form of Rule 2bis, which provides the users of the Lisbon System with the safeguard for the 'delay in meeting time limits'; this is proposed in line with the safeguards found in the Regulations under the Patent

Cooperation Treaty 'with respect to the excuse of a delay in meeting the time limits in case of war, revolution, civil disorder, strike, natural calamity or other force majeure event...'<sup>114</sup> The Report of Third Session of the Working Group detailed the proposal as follows:

The proposed paragraph (1) of new Rule 2bis of the Lisbon Common Regulations would introduce the general principle that failure to meet a time limit specified in the Lisbon Common Regulations for performing an action before the International Bureau may be excused where the Competent Authority or, in the case of Article 5(3) of the Geneva Act, the beneficiaries or the natural person or legal entity referred to in Article 5(2)(ii) of that Act provides evidence, to the satisfaction of the International Bureau, that such failure was due to a force majeure event. In addition, paragraph (1) would apply to any action before the International Bureau for which the Lisbon Common Regulations prescribe a time limit, such as, for example, sending a communication, remedying an irregularity or paying a prescribed fee. The proposed new provision would require the submission of evidence in principle. However, the International Bureau could waive the evidential requirement for widely recognized instances of force majeure, as it has done in respect of the COVID-19 pandemic.<sup>115</sup>

The Working Group, keeping the effects of the second wave of the COVID-19 pandemic and any future waves in mind, suggested that the proposed new Rule 2bis may enter into force within two months after its adoption.<sup>116</sup>

These are appropriate, time-sensitive and remarkable initiatives taken by WIPO with the aim of strengthening the international protection regime for GIs. The Geneva Act, 2015 is still in its initial decade after its entry into force. The Lisbon Agreement has currently 38 member

<sup>110</sup> *ibid.*

<sup>111</sup> WIPO Secretariat, 'Report on the Working Group on the Development of The Lisbon System' (WIPO Assembly Thirty-Sixth (23<sup>rd</sup> Ordinary) Session', Geneva, September 30 – October 9, 2019 LI/A/36/1 WIPO 2019) <[https://www.wipo.int/edocs/mdocs/govbody/en/li\\_a\\_36/li\\_a\\_36\\_1.pdf](https://www.wipo.int/edocs/mdocs/govbody/en/li_a_36/li_a_36_1.pdf)> accessed 10 June 2021.

<sup>112</sup> *ibid.*

<sup>113</sup> WIPO Secretariat, 'Working Group on the Development of the Lisbon System', (Third Session, Geneva, 2-3 November 2020 LI/WG/DEV-SYS/3/3REV, WIPO 2020)

<[https://www.wipo.int/edocs/mdocs/sct/en/li\\_wg\\_dev\\_sys\\_3/li\\_wg\\_dev\\_sys\\_3.pdf](https://www.wipo.int/edocs/mdocs/sct/en/li_wg_dev_sys_3/li_wg_dev_sys_3.pdf)> accessed 10 June 2021.

<sup>114</sup> Regulations under the Patent Cooperation Treaty 2022, rr. 82 and 82 quater.

<sup>115</sup> WIPO Secretariat, 'Working Group on the Development of the Lisbon System', (Third Session, Geneva, 2-3 November 2020 LI/WG/DEV-SYS/3/3REV, WIPO 2020) <[https://www.wipo.int/edocs/mdocs/sct/en/li\\_wg\\_dev\\_sys\\_3/li\\_wg\\_dev\\_sys\\_3.pdf](https://www.wipo.int/edocs/mdocs/sct/en/li_wg_dev_sys_3/li_wg_dev_sys_3.pdf)> accessed 10 June 2021.

<sup>116</sup> *ibid.*

countries;<sup>117</sup> presumably, it will take a few years to increase its popularity and will be ratified by more States and the international protection of geographical indications will achieve the height it deserves in the global economy.

## 7. CONCLUSION

GI goods have an enormous potential to provide economic benefits in the international market. Because of the specific reputation, characteristics and quality associated with the GI goods and the traditional know-how intrinsically related to GIs, it makes GI goods more unique and well acclaimed. Today very few of the GI goods are present in the international markets, which is especially true for the developing and least developed countries, which are still in the stage of developing their domestic GI legislations. Few of the GI goods are protected in most of the countries like Scotch whisky, Tequila, Champagne, Roquefort cheese, Parma Ham, Darjeeling tea and so on. Awareness among the consumer is minimal regarding the reputed GI goods of other countries, but with the development of promotional activities and tourism, awareness is increasing. The international protection of GIs is thus very much needed because unfair competition is always a big threat to GI goods. Greek yogurt under that name is flooded in the markets of Asian countries without protection; Assam Ceylon Tea is present in the European Union market even though it is a mixture of Assam tea (a protected GI in India) and Ceylon tea (a protected certification mark in Sri Lanka). Pashmina is becoming a generic term in the international market, but it is protected as a GI in India, although not in the international market. Basmati rice is well known and well acclaimed worldwide, but it is still struggling to get GI

protection in the European Union. India is now exporting GI-protected goods internationally, such as Shahi Lichi and Jardalu mangoes from Bihar being exported to the United Kingdom,<sup>118</sup> and Jalgaon Banana and Gholvad Sapota from Maharashtra being exported to Dubai and South Africa respectively.<sup>119</sup> So, these goods are in demand in foreign countries' markets, thus proving that foreign consumers are now aware about the GI goods of other countries, and it is evident how much international registration is needed for GIs.

The Lisbon System for the Protection of Appellations of Origin and Geographical Indications is the one window platform for international application and registration for AOs and GIs. WIPO is working relentlessly on the improvement of this system to provide a proper platform for the holders of AOs and GIs worldwide for international registration and to reach the global market with their authentic GI-protected goods. The Lisbon System will, in future, prove itself to be equally successful as the Madrid System for trademarks, PCT applications for patents and the Hague Agreement for Industrial Designs to provide the best means of obtaining international registration of AOs and GIs.

From the detailed discussion above, it is understood that the Lisbon System is the easiest and best way to secure protection for international AO and GI applications in foreign countries. The Lisbon System holistically covers the very essence of AOs and GIs and their components and is a good foundation for a model GI legal regime to create a unanimous approach for those countries that have already started to develop or want to develop their domestic GI regime. The requirement of the Lisbon System is the pathway for them to develop the legal

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<sup>117</sup> List of Member Parties of Lisbon Agreement (Status on 18 July 2022) <<https://www.wipo.int/export/sites/www/treaties/en/documents/pdf/lisbon.pdf>> accessed 21 August 2022.

<sup>118</sup> Press trust of India, 'First consignment of GI certified Shahi Litchi from Bihar exported to UK: Commerce Ministry' (*The Economic Times*, 24 May 2021) <<https://economictimes.indiatimes.com/news/economy/agriculture/first-consignment-of-gi-certified-shahi-litchi-from-bihar-exported-to-uk-commerce-ministry/articleshow/82914650.cms>> accessed 25 June 2021; Megha, 'Bihar exports GI-tagged mangoes to London' (*The Hindustan Times*, 15 June 2021) <<https://www.hindustantimes.com/india->

[news/bihar-exports-gi-tagged-mangoes-to-london-101623736248605.html](https://www.hindustantimes.com/india-news/bihar-exports-gi-tagged-mangoes-to-london-101623736248605.html)> accessed 25 June 2021.

<sup>119</sup> Jayashree Bhosale, 'India begins export of GI certified Gholvad Sapota' (*The Economic Times*, 19 May 2021) <<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-begins-export-of-gi-certified-gholvad-sapota/articleshow/82776401.cms>> accessed 25 June 2021; 'India starts exporting GI-certified Jalgaon banana to Dubai' (*The Livemint*, 16 June 2021) <<https://www.livemint.com/news/india/india-starts-exporting-gi-certified-jalgaon-banana-to-dubai-11623830879985.html>> accessed 25 June 2021.



regime in a comprehensive manner. Specification of the goods in the application mentioned in the Geneva Act is complete; there is a differential approach for countries for writing the specification of GI goods in the application and the classification of goods. However, it is expected that in the near future these ambiguities will be sorted out and the structured unanimous approach will emerge for the specification and classification of GI goods. Also, some discussion on the types of goods to be protected under the GI regime would create a smoother roadmap for different jurisdictions to ratify the Lisbon System; in particular, the countries providing protection for handicraft goods under the domestic GI regime would feel more enthusiastic about ratifying the Lisbon System if such goods were included under the purview of the international GI protection regime. The next important aspect of the protection of GI goods is the quality aspect. Some countries have well-established quality control mechanisms, such as the European Union, and other countries, such as India, have statutory provisions that provide for quality checks, although in most cases the quality control mechanism is yet to be functional, with a few exceptions of well-developed quality control mechanisms. To maintain the sanctity of the AO and GI goods, quality assurance is a factor of the utmost importance. As an international platform, if the Lisbon System emphasizes this point, and during the national phase examination of AO and GI applications, the quality control requirement can be easily fulfilled by the applicant countries. This will in turn guarantee the specified quality of the protected AO and GI goods during international registration.

Finally, it can be said as a concluding remark that, with the support of WIPO, the Geneva Act under the Lisbon System has emerged as an unanimously approved and accepted legal regime for the international protection of AOs and GIs. GI holders, as well as consumers, will thrive when the best quality goods from various parts of the world are available on the international markets.

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## 10. TRADE SECRET ROYALTIES ELIGIBILITY FOR FISCAL INCENTIVES IN FAVOR OF FDI IN INDONESIA

Rahmi Jened\*\* and Betharia Noor Indahsari\*\*\*

### ABSTRACT

The importance of intellectual property (IP) as an asset and of its role in investment activities is not well understood, either by the general public or by the Government or law enforcement officers. In Indonesia, certificates are issued for trademarks, geographical indications, industrial designs, patents, topographies of integrated circuits, and plant varieties by the Directorate General of Intellectual Property (DGIP), which comes under the Ministry of Law and Human Rights. When disputes arise, those certificates are evidence of the value of IP.

In the case of trade secrets or confidential information, the situation is not so clear. It is difficult to explain why such secrets are valuable, given that their owners prefer not to disclose the information. Trade secrets are not registered for reasons that are self-explanatory. When the Indonesian Government launched an incentive package in the form of tax deductions for foreign direct investment (FDI), the tax authority refused to acknowledge the eligibility of trade secrets for such incentives. In this paper, we discuss three issues using a recent case involving three companies. First, we ask whether the know-how of ECCO Tannery BV constituted a trade secret, was protected by trade secret law and qualified for royalty payments. Second, we examine whether cooperation between PT KT Trading, PT ECCO

Tannery Indonesia and ECCO Tannery BV amounted to a common business practice. Third, we ask whether PT KT Trading was entitled to tax deductions for its payment of royalties to ECCO Tannery BV?

**Keywords:** know-how, trade secret, FDI, tax incentives.

### 1. INTRODUCTION

Many multinational or transnational corporations operate in Indonesia, including ECCO Tannery BV and KT Trading AG (KTAG). ECCO Tannery BV is domiciled in the Netherlands and is a well-known manufacturer of crust and leather. KTAG is domiciled in Switzerland and specializes in supplying high-quality calf and veal pre-selected Wetblue.<sup>1</sup>

In Indonesia, ECCO Tannery BV founded PT ECCO Tannery Indonesia, a subsidiary in the form of a *perseroan terbatas* (PT), or limited liability corporation (LLC), under Indonesian law.<sup>2</sup> ECCO Tannery BV and KTAG together also founded a subsidiary, PT KT Trading. PT ECCO Tannery Indonesia paid royalties to ECCO Tannery BV for using its patented machines in leather-tanning production.<sup>3</sup> PT KT Trading paid royalties to ECCO Tannery BV for using its know-how, comprising a confidential formula needed for the manufacture of leather products.<sup>4</sup> PT KT Trading had an exclusive arrangement with PT ECCO Tannery Indonesia, whereby the latter started to tan and make leather products to the former's strict specifications.<sup>5</sup> Both PT ECCO Tannery Indonesia and PT KT Trading may be entitled to Government-designed facilities, including tax deductions. Their cooperation<sup>6</sup> is illustrated in Figure 1:

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<sup>1</sup> Interview with Resistensia Kesumawardhani, SH, legal officer of PT ECCO Tannery Indonesia (Surabaya, Indonesia, 19 February 2023).

<sup>2</sup> "LLC means a legal entity which constitutes an alliance of capital established pursuant to a contract to carry on business activities with an authorized capital which is divided into shares; and which fulfil the

requirements stipulated in Law No. 40/2007 on limited liability corporations (Indonesia), Art. 1."

<sup>3</sup> According to the statute of corporation and by-laws of PT ECCO Tannery Indonesia, pursuant to the deed of establishment No. 22 of 24 August 2005 (notary Saiful Munir, SH), it is a company engaged in leather tanning.

<sup>4</sup> According to the statute of corporation and by-laws of P.T. K.T Trading pursuant to the deed of establishment No. 4 of 7 June 2010 (notary Etty Roswitha Moelia, SH), it is a company engaged in general trading.

<sup>5</sup> ECCO Leather Agreement Standard Form, 1 June 2012; this document was made available to the author as an expert witness at the trial.

<sup>6</sup> Rahmi Jened and Betharia Noor Indahsari, 'Rahasia Dagang sebagai Equity dalam Perusahaan Penanaman Modal di Indonesia dalam rangka Eligibilitas Insentif Pajak (Trade Secret as Equity in Investment Company in

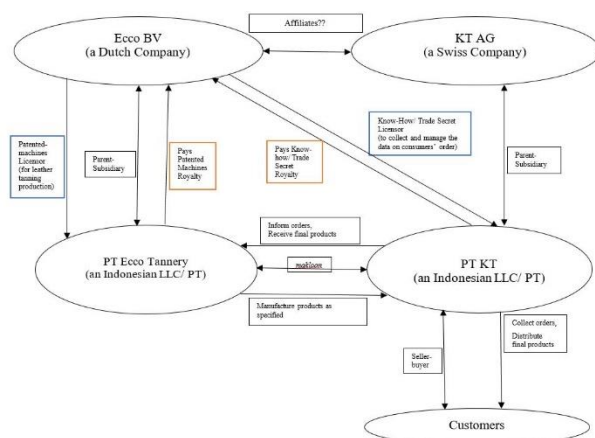


Figure 1: Flow of cooperation between ECCO Tannery BV, PT KT Trading and PT ECCO Tannery Indonesia.

In April 2018, the Directorate General of Tax (DGT), under the Ministry of Finance, issued its final report on its examination of the tax situation of PT KT Trading. It contained a correction of costs based on the approved for reporting (AFR) analysis and its summary was as follows:<sup>7</sup>

- (1) PT KT Trading, as a taxpayer, did not carry out any manufacturing activities. It only cloned its orders to be produced by PT ECCO Tannery Indonesia;
- (2) PT KT Trading, as a taxpayer, did not have any assets, machines or equipment to manufacture products; and
- (3) PT ECCO Tannery Indonesia bore all the potential risks, be it concerning raw materials or finished goods, should they be deemed inadequate to meet the quality or quantity standards and targets set by PT KT Trading, the taxpayer.<sup>8</sup>

The DGT refused to grant PT KT Trading the tax incentive, leading to a tax dispute. It found that PT KT Trading was not eligible because it did not produce any goods,<sup>9</sup> and considered the royalties for know-how to be a concocted argument, since there was no reason for a company with

no production activities to pay for an invisible IP royalty. PT KT Trading argued that the know-how royalty payment was a direct expense as part of its operational costs and therefore eligible for treatment as a tax deduction. DGT took PT KT Trading to the Indonesian tax court.<sup>10</sup>

Before the judges were a range of questions: (1) what kind of trade secret right was involved; (2) did the cooperation between PT KT Trading and PT ECCO Tannery Indonesia and ECCO Tannery BV constitute a common business practice; and (3) was PT KT Trading eligible for tax incentives?<sup>11</sup>

DGT, in order to collect the full tax payment from PT KT Trading, must demonstrate that the company did not have to pay royalties on IP and was therefore not eligible for the tax incentive. For its part, in order to be granted the tax privilege, PT KT Trading must convince the court that know-how, a form of trade secret, was an intangible asset of ECCO Tannery BV, the principal of and licensor to PT KT Trading, and that the payment of royalties was a substantial common business practice that constituted an integral part of its operational costs.

## 2. DISCUSSION

### A. APPLICABLE LAW

Indonesia ratified the Agreement on Establishing the World Trade Organization (WTO), the main objective of which was to foster fair competition, through Law No. 7/1994.<sup>12</sup> Fair competition can be defined as “open, equitable and just competition that is as fair between competitors as it is between any of the customers”.<sup>13</sup> To achieve fair competition in the market, three legal instruments must be enforced: (1) IP law; (2) anti-

Indonesia in the Framework of Tax Incentive Eligibility)’ (Research Result, Rahmi Jened and Partners Law Office and Academy, 2018) p. 12.

<sup>7</sup> Surat Pemberitahuan hasil Pemeriksaan yang menyatakan dasar koreksi atas Biaya Royalty PT berdasarkan analisa (notification of audit results stating the basis for correction of PT royalty fees based on AFR analysis); this document was made available to the author as an expert witness at the trial.

<sup>8</sup> Under Law No. 9/1994 amending Law No. 6/1983, “taxpayers” are individuals or entities according to the provision of tax law and regulations that are determined to carry out tax obligation, including certain withholding of tax and tax collection.’

<sup>9</sup> Notification of audit results (n. 7).

<sup>10</sup> PT KT Trading Tax Case [2014] Tax Special Court of East Java Province under the Ministry of Finance 116772/2014/PP.

<sup>11</sup> *ibid*. The questions concern the author’s legal opinion on the trial as an expert witness.

<sup>12</sup> Rahmi Jened, *Hak Kekayaan Intelektual Penyalahgunaan Hak Eksklusif* (Intellectual Property Rights Abuse of Exclusive Rights) (Airlangga University Press, 2007), pp. 3-4.

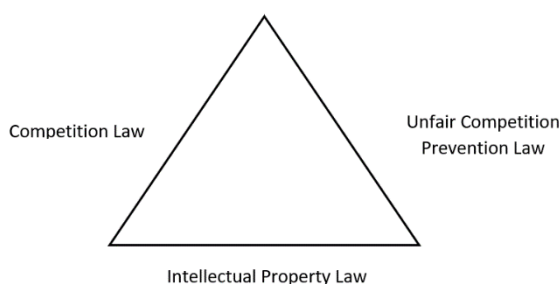
<sup>13</sup> *Black’s Law Dictionary* (6<sup>th</sup> ed., West Publishing 1996), ‘Fair Competition’, p. 1,016.



monopoly/competition law; and (3) law on the prevention of unfair competition.<sup>14</sup>

The aim of IP law is to promote the progress of science and useful art by securing, for a limited time, to authors, inventors and designers the exclusive right to their respective intellectual creations and protecting them against piracy and counterfeiting.<sup>15</sup> Anti-monopoly or competition law is designed to ensure that the market exists as a platform for fair competition and to respond aggressively to any anti-competitive conduct,<sup>16</sup> such as monopolistic practices or cartels. Laws to prevent unfair competition are aimed at preventing acts of competition contrary to honest practices in industry and commerce,<sup>17</sup> such as misleading consumers and making false claims in the course of trade. How those instruments (or a combination thereof) are applied depends on each the specific nature of each case.<sup>18</sup> The triangle of the three legal instruments can be illustrated as follows:

**Figure 2:** The triangle of the three legal instruments



<sup>14</sup> Rahmi Jened, *Interface Hukum Kekayaan Intellektual dan Hukum Persaingan* (Interface of Intellectual Property Law and Competition Law) (Rajagrafindo Rajawali Press 2013), pp. 11-12.

<sup>15</sup> Law No. 28/2014 on copyright (Indonesia); Law No. 13/2016 on patents (Indonesia); Law No. 20/2016 on trademarks geographical indications (Indonesia); Law No. 29/2000 on plant variety protection (Indonesia); Law No. 30/2000 on trade secrets (Indonesia); Law No. 31/2000 on industrial designs (Indonesia); Law No. 32/2000 on layout designs of integrated circuits (Indonesia).

<sup>16</sup> Law No. 5/1999 on the prohibition of monopolistic practices and unfair business competition (Indonesia).

<sup>17</sup> Paris Convention for the Protection of Industrial Property Rights, as amended on 28 September 1979 (Adopted on 28 September 1979, entered into force on 3 June 1984), Art. 10bis; Rogier W. de Vrey, *Towards a European Unfair Competition Law: A Clash Between Legal Families* (Brill Academic Publishers 2006), pp. 12-13; Indonesia, however, has not yet codified the law on preventing unfair competition. It is stipulated sporadically in tort provisions in the Civil Code (Art. 1365), the Criminal Code (Art. 382bis) and Law No. 8/1999 on consumer protection (Indonesia); Rahmi Jened, 'Competition Law No. 5/1999 as the Measure of Anti-Competitive Conduct by Pharmaceutical Industry: Access to

As a member of WTO, Indonesia is bound to comply with the WTO agreements through its schedule of commitment of January 1, 2000.<sup>19</sup> In this case, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Agreement on Trade-Related Investment Measures (TRIMS) are relevant. Indonesia has enshrined the TRIPS provisions in a set of IP laws and the TRIMS provisions in Law No. 25/2007 on capital investment.

## B. CRITERIA: TRADE SECRETS UNDER THE TRIPS AGREEMENT AND LAW NO. 30/2000

Trade secrets are protected under Article 39(2) of the TRIPS Agreement as follows:<sup>20</sup>

Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices<sup>21</sup> so long as such information:

- (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- (b) has commercial value because it is secret; and
- (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

Article 39(2) is reflected in Law No. 30/2000 on trade secrets (Arts 1 and 3):

Medicine and IPR' (Ministry of Foreign Affairs and South Center, 2019) p. 3.

<sup>18</sup> The triangle is the result of the author's dissertation findings regarding the application, by proportional rotation, of the three legal instruments according to the case at hand in Rahmi Jened, *Penyalahgunaan Hak Eksklusif Kekayaan Intelektual* (Misuse of Intellectual Property Exclusive Rights) (PhD thesis, Airlangga University, 2006) pp. 4-5.

<sup>19</sup> Rahmi Jened (n. 12), p. 3.

<sup>20</sup> World Intellectual Property Organization, *Agreement between the World Intellectual Property Organization and the World Trade Organization (1995) Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) (1994)*, WIPO Publication No. 223 (E), pp. 13 and 20, 39.

<sup>21</sup> For the purpose of this provision, "a manner contrary to honest commercial practices" shall mean at least practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition.

Trade secrets are information that is not publicly known in the field of technology and/or business, has economic value because it is useful in business activities and is kept confidential by their owner.

A trade secret shall be protected where:

- (i) Information is considered confidential because the information is known only by certain parties or not generally known by the public;
- (ii) Information is considered to have economic value because it is confidential and can be used to carry out activities or business that is commercial or can contribute to increasing profits; and
- (iii) Information is deemed confidential where its owner(s) have taken reasonable and proper steps.

Trade secrets thus comprise three substantial elements:<sup>22</sup>

- (1) There is confidential information;
- (2) It has economic value because of its confidentiality; and
- (3) Appropriate or reasonable efforts are made to keep it secret.

On this, Robert Dean states that:

Trade secret is simply a term describing a category of information to which the principle relating to protection of secret information has been applied. It is subject matter associated with what is loosely called 'trading' which might aptly have been called a 'commercial confidence' [...] Confidential information when used in its specialized sense in information which is the object of an obligation of confidence ... is the information with respect to which a breach of confidence action may lie ...<sup>23</sup>

According to *Black's Law Dictionary*,<sup>24</sup> "a trade secret, as protected from misappropriation, may consist of any formula, pattern, device or a compilation of information which is used in one's business, and which gives a person an opportunity to obtain an advantage over competitors

who do not know or use it; it may be a formula or a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device or a list of customers."

Cita Winda Priapanca gives some examples in her books on trade secrets relating to formulas<sup>25</sup> and devices.<sup>26</sup> In legal practice, there is also unpatented technology.<sup>27</sup>

In the case at hand, ECCO Tannery BV authorized PT KT Trading to use its know-how related to (a) leather processing methods and (b) the conversion of rawhide.<sup>28</sup> For the know-how to be protected, it had to satisfy the three criteria of a trade secret. Whether ECCO Tannery BV's know-how was a protectable trade secret can be analyzed from the licensing agreement between ECCO Tannery BV and PT KT Trading.

In *Black's Law Dictionary*, "license" is defined as "a personal privilege to do some particular act or series of acts on land without possessing any estate property or interest therein and is ordinarily revocable at the will of the licensor and is not assignable... or in patents is a written authority granted by the owner of a patent to another person empowering the latter to make or use the patented article for a limited period or in limited territory..."<sup>29</sup>

Article 1(5) of Law No. 30/2000 stipulates that a license is a permit granted by the holder of a trade secret to another party through an agreement based on the granting of rights, not the transfer of the rights, to enjoy the economic benefit of the trade secret for a specified period and under certain conditions.

<sup>22</sup> Rahmi Jened, *Perlindungan Rahasia Dagang Dalam Rangka Persetujuan TRIPS* (Trade Secret Protection in the Context of the TRIPS Agreement), (1999) 14 Law Faculty Airlangga University, p. 18.

<sup>23</sup> Robert Dean, *The Law of Trade Secrets and Privacy* (The Law Book Company, 1990) p. 19.

<sup>24</sup> *Black's Law Dictionary* (n. 13), p. 1,494.

<sup>25</sup> Cita Citrawinda Noerhadi, *Perlindungan Rahasia Dagang di Bidang Farmasi* (Protection of Trade Secrets in the Pharmaceutical Sector) (Obor Yayasan Pustaka Obor Indonesia, 2020), p. 4, citing Frederick Allen, *Secret Formula: How Brilliant Marketing and Relentless Salesmanship Made Coca-Cola the Best Known Product in the World* (Harper Collins Publisher, 1994), pp. 161-162.

<sup>26</sup> Cita Citrawinda Noerhadi, *Budaya Hukum Indonesia Menghadapi Globalisasi: Studi Kasus Perlindungan Rahasia Dagang di Bidang Farmasi* (Indonesian Legal Culture Facing Globalization: A Case Study of Trade Secret Protection in the Pharmaceutical Sector) (PhD thesis, University Of Indonesia, 1999) p. 130.

<sup>27</sup> Interview with Shingo Tsuji, Director General of APIC/Japan Institute of Invention and Innovation (JIII) (Tokyo, 16 February 1999).

<sup>28</sup> ECCO leather license agreement (n. 5), 'Definition and Object', Art. 1.

<sup>29</sup> *Black's Law Dictionary* (n. 13), 'License', pp. 920-921; see also Bryan A. Garner (ed.), *Black's Law Dictionary* (10<sup>th</sup> edn., Thomson Reuter, 2014) p. 1,062.



To start, the know-how must be business or technology information not commonly known. In the case at hand, the know-how contained business and technology information on leather processing and rawhide conversion, the result of years of research and development (R&D) by ECCO Tannery BV. The know-how is an intangible asset and has played a key part in its investment and business activities in many countries.<sup>30</sup> Regarding IP rights ownership, the license agreement states:<sup>31</sup>

1. The Licensor is a well-known developer and manufacturer of crust and leather;
2. The Licensor is the proprietor of considerable IP rights (know-how) and recipes relating to the aforesaid manufacturing, which has been gained through its own R&D;
3. The Licensor's IP rights to the product have not been contested by any third party but the Licensor does not give any warranty to that effect;
4. The Licensor's authorized representative will assist the Licensor in maintaining the registration of the IP rights;
5. The Licensee shall indemnify the Licensor against any liability, loss, damages, costs and expenses incurred by the Licensor, whether direct or indirect (including but not limited to any economic loss or other loss of profit, business or goodwill) arising out of any dispute or other claims or proceedings brought against the Licensor by a third party claiming against the Licensor, except insofar as any such claims may arise from:
  - (i) any breach of this agreement by Licensor;
  - (ii) any invalidity or defect in the title of the Licensor to the IP rights not caused by any act or default of the Licensee;
  - (iii) the instructions given to the Licensee, provided such instructions have been properly carried out by the Licensee.

It follows that ECCO Tannery BV held undisclosed information relating to the business and technology of leather-tanning. It had not applied for a patent because it did not wish to disclose the formula in patent specifications because of its economic value. Nonetheless, the know-how was regulated in the licensing agreement.

Moreover, that the know-how has economic value can be inferred from its confidential nature. For ECCO Tannery BV, the know-how was an intangible asset that it had the exclusive right to exploit through a licensing agreement. In return, ECCO Tannery BV would receive royalties as:

Compensation for the use of property, usually copyrighted material or natural resources, expressed as a percentage of receipt from using the property or as an amount per unit produced; a payment made to a licensor or inventor by the licensee in respect of each article sold under patent... or a share of product or profit reserved by the owner for permitting another to use the property... or a share of product or profit reserved by the grantor, especially for products sold for each item sold under IP...<sup>32</sup>

In the view of PT KT Trading, that undisclosed information was the resource it used to carry out its business and the royalties it paid were a regular part of its operational costs. Under the licensing agreement, PT KT Trading must meet the following terms and conditions:<sup>33</sup>

1. The Licensee shall pay a royalty, exclusive of VAT, ++ to the Licensor;
2. The Licensee shall pay notwithstanding the aforesaid and if special products are developed, the parties shall separately agree on the royalty for such special products;
3. The Licensee shall pay within 30 days after each quarter and provide a statement to the licensor giving particulars of the sale of products for that quarter no later than 30 days after the date of invoice;
4. The licensee shall keep up-to-date detailed books and records of all product sales to enable the licensor to check the accuracy of the information contained in the statements;
5. The licensee shall permit its accounting material to be reviewed by the licensor or a State-authorized public accountant appointed by the licensor to verify whether the calculation is correct;
6. The licensee shall hand over any accounting material and other materials requested by the appointed State-authorized public accountant when they are dealing with the royalty calculation.

Lastly, the owner of the know-how, ECCO Tannery BV, must ensure that it has taken appropriate and reasonable steps to maintain such concealment."

<sup>30</sup> ECCO leather license agreement (n. 5), 'The Territory', Art. 1(2).

<sup>31</sup> ECCO leather license agreement (n. 5), Position and Indemnification of License (Art. 3) and Intellectual Property Ownership (Art. 5).

<sup>32</sup> *Black's Law Dictionary*, 'Royalty', p. 1,330.

<sup>33</sup> ECCO leather license agreement (n. 5), 'Royalty', Art. 7.

Compliance with the terms and conditions was established before the court in closed hearings. PT KT Trading availed itself of the right of parties with trade secrets to have their cases heard in sessions closed to the public because of the value of such secrets.<sup>34</sup> Otherwise, the company could have found itself in breach of contract.<sup>35</sup>

If ECCO Tannery BV's know-how/undisclosed information constitutes a trade secret, then it is protected by IP trade secret law, which provides that protection is for an unlimited term as long as confidentiality is maintained. As the owner of a trade secret, ECCO Tannery BV has the exclusive right to use, license or transfer its trade secret to other parties for a commercial purpose.<sup>36</sup>

### C. COOPERATION BETWEEN PT KT TRADING, PT ECCO TANNERY INDONESIA AND ECCO TANNERY BV AS A COMMON BUSINESS PRACTICE

Unlike TRIPS, which contains 73 articles, TRIMS provides only for investment measures that typically consist of (1) local content measures and (2) trade balancing<sup>37</sup> and are based on the main WTO principles, including:<sup>38</sup>

- (a) Non-discriminatory principles: national treatment and most favoured nation treatment;
- (b) The prohibition of quantitative restrictions; and
- (c) Transparency measures such as the elimination of constraints on overseas capital and equal rights for national and overseas investors.

When Indonesia ratified the Agreement Establishing the WTO in 1994, it had two separate laws for domestic and foreign investment, Law No. 6/8 on domestic direct investment (DDI) and Law No. 1/1968 on foreign direct

investment (FDI). They were not TRIMS-compliant because they were contrary to the national treatment principle. Indonesia therefore replaced them with Law No. 25/2007 on capital investment, which regulates non-differentiation between domestic and foreign investment.<sup>39</sup>

There are four cumulative criteria for direct investment, whether domestic or foreign:<sup>40</sup>

- (1) The establishment of a company in the form of an LLC (PT) for FDI, or LLC or partnership for DDI;
- (2) Equitable capital investment;
- (3) Direct management by the investor; and
- (4) Risk and potential losses borne directly by the investor.

FDI is defined under Law No. 25/2007 as any investment activity to establish a business in Indonesian territory, conducted by a foreign investor (a foreign person, legal entity or government), by using either foreign capital only or in a joint venture with domestic capital. It must be established in accordance with Indonesian law in the open business sectors (closed business sectors include the production of arms, ammunition and explosive devices).<sup>41</sup> Usually, direct investment actors are multinational corporations that have business operations in at least one country other than their home country. By some definitions, such corporations also generate at least one quarter of their revenue outside of their home country.<sup>42</sup>

Sornarajah argues that the meaning of investment under international law is confined to FDI. The genesis of international law on foreign investment was an obligation under the law to protect aliens and their physical

<sup>34</sup> Law No. 30/2000 on trade secrets (n. 15), Art. 18.

<sup>35</sup> ECCO leather license agreement (n. 5), 'Confidentiality', Art. 11.

<sup>36</sup> *ibid*, 'Governing Law and Arbitration', Art. 14.

<sup>37</sup> Betharia Noor Indahsari, *Personalitas ASEAN* (ASEAN Personality) (Kencana Prenada Media, 2016).

<sup>38</sup> World Trade Organization, 'WTO-Home' ([wto.org](http://www.wto.org)) <[www.wto.org](http://www.wto.org)> accessed on February 27, 2023.

<sup>39</sup> Rahmi Jened, *Teori Hukum dan Kebijakan Investasi Langsung* (Theory and Policy of Direct Investment law) (Kencana Prenada Media, 2016).

<sup>40</sup> *ibid*, pp. 30-31.

<sup>41</sup> Presidential Regulation No. 49/2021 amending Presidential Decree No. 10/2021 on business fields for direct investment (Indonesia).

<sup>42</sup> Rudhi Prasetya, *Kedudukan Mandiri Perseroan Terbatas (Standalone Limited Liability Company)* (3<sup>rd</sup> edn., Citra Aditya Bakti 2001), pp. 63-65; see also James Chen, 'Multinational Corporation: Definition, How it Works, Four Types' (*Investopedia*, 29 July 2022) <<https://www.investopedia.com/terms/m/multinationalcorporation.asp>> accessed on 27 February 2023; and also Rahmi Jened (n. 39).

property and the responsibilities of the State arising from the failure to perform that obligation.<sup>43</sup>

PT ECCO Tannery Indonesia and PT KT Trading met those criteria. They were established under Indonesian Law as LLCs,<sup>44</sup> funded with the capital of foreign investors (ECCO Tannery BV and KT Trading AG, respectively), either in total or in part. They have operated in Indonesian territory in the leather-tanning and trading/distribution industries, which are among the open business sectors. A foreign investor manages each company directly and bears the associated risks and potential losses. PT KT Trading fulfills the four cumulative requirements of direct investment (in this case FDI) and is categorized as an LLC with investment facilities:<sup>45</sup>

- (a) Guarantee against expropriation;<sup>46</sup>
- (b) Guarantees relating to dispute settlement;<sup>47</sup>
- (c) Tax and non-tax incentives.<sup>48</sup>

In 2021, the Government issued Presidential Regulation No. 49 amending Presidential Regulation No. 10 of 2021 on business fields for direct investment. According to the new regulation, priority industries should meet the following criteria:

- (a) National strategic program/project;
- (b) Capital intensive;
- (c) Labour intensive;
- (d) High technology;
- (e) Pioneer industry;
- (f) Export oriented;
- (g) Research, development and innovation oriented.

The business relationship of ECCO Tannery BV, KT Trading AG, PT ECCO Tannery Indonesia and PT KT Trading depicted in Figure 1 shows how ECCO Tannery BV works

as a holding company.<sup>49</sup> According to Rudhi Prasetya: “Group or concern companies can occur in two ways. The first is by establishing a new limited liability company. The second is by taking over shares from an existing limited liability company, known today as an acquisition.”<sup>50</sup>

According to Sulistiowati, “a holding... legally has a special relationship with an independent legal entity but economically is a unit under central management”.<sup>51</sup>

In most cases, use of the holding company’s IP rights is governed by a licensing agreement. The marketing and distributing of a final product is generally governed by a distribution agreement, mainly because a company usually only has one type of core business.

In the case in question, ECCO Tannery BV is a holding company, the core business of which R&D relating to the production of leather goods. It has an Indonesian LLC subsidiary, PT ECCO Tannery Indonesia, the core business of which is tanning and the manufacture of leather products. PT ECCO Tannery Indonesia had a cooperation agreement with PT KT Trading because marketing was not a key activity for either PT ECCO Tannery Indonesia or ECCO Tannery BV. It is common business practice when the parent company focuses on R&D for other activities to be conducted by each subsidiary.

#### D. ELIGIBILITY OF PT KT TRADING FOR TAX INCENTIVES

Taxation has two main functions, budgetary and regulatory.<sup>52</sup> The budgetary function means that tax is: (1) a source of funds for the Government to finance its expenditure and (2) a fiscal tool of the State’s treasury. The regulatory function means that tax is a tool for achieving certain goals. With regard to investments, the regulatory function comes into play. In the short term, it can be a tool for attracting more investors. In the

<sup>43</sup> M. Sornarajah, *The International Law on Foreign Investment* (3<sup>rd</sup> ed., Cambridge University Press, 2011), pp. 9-11.

<sup>44</sup> Law No. 40/2007 on limited liability corporations (LLC) (Indonesia).

<sup>45</sup> Rahmi Jened (n. 39), pp. 119-126.

<sup>46</sup> Law No. 25/2007 on capital investment, Art. 7.

<sup>47</sup> *ibid.*, Art. 32.

<sup>48</sup> *ibid.*, Arts. 8 and 18.

<sup>49</sup> It is the Author’s opinion as illustrated in figure one that relationships between the companies is in a manner where ECCO Tannery BV exists as a holding company.

<sup>50</sup> Rudhi Prasetya (n. 42), p. 58.

<sup>51</sup> Sulistiowati, *Aspek Hukum dan Realitas Bisnis Perusahaan Group di Indonesia* (Legal Aspects and Business Realities of Group Companies in Indonesia) (Airlangga, 2010), p. 20.

<sup>52</sup> Rahmi Jened (n. 39), p. 185.

longer term, it can help the Government to achieve its broader goal of improving public welfare. The principles of taxation are:<sup>53</sup>

- (a) Neutrality
- (b) Efficiency;
- (c) Certainty;
- (d) Simplicity;
- (e) Effectiveness;
- (f) Fairness; and
- (g) Flexibility.

Under Presidential Regulation No. 10 of 2021, investors who invest in industries that meet those criteria are entitled to benefit from fiscal and non-fiscal incentives. The former comprise tax and customs incentives. Tax incentives include:<sup>2</sup>

- (a) Reduction of import duty tariffs;
- (b) Tax allowances;
- (c) Tax holiday;
- (d) Investment allowances;
- (e) Super deduction for R&D;
- (f) Super deduction for vocation.

Although tax incentives create a distortion between the on-shore and off-shore sectors, there is a correlation between tax incentives and investment. Although the State may lose revenue by discounting investors' taxes, tax incentives can stimulate investment, which in the long run can be expected to contribute to the country's prosperity.<sup>55</sup> If the tax burden is reduced, investment will increase.<sup>56</sup> The provision of tax incentives means subordinating the budgetary to the regulatory function of tax.<sup>57</sup> Such use by Governments of the regulatory function of tax is a common practice in investment.

In addition, the Agreement between the Republic of Indonesia and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income was signed on August 29, 1988.

When the case in question arose in 2018, Presidential Regulation No. 44/2016 on the negative investment list was in force, but under a more recent economic policy package, the Government opened 25 sectors for FDI that had previously been closed.<sup>58</sup>

Under Presidential Regulation No. 49/2021 amending Presidential Regulation No. 10/2021 on investment business fields, PT KT Trading has priority as an "export-oriented" company, considering that all products PT KT Trading ordered for PT ECCO Tannery Indonesia were intended for consumers abroad. The company also has priority as a "capital-intensive" company with a total amount of 400 billion Indonesian rupiah. Therefore, PT KT Trading belongs to the class of priority industries. The court found it eligible for incentives in the form of tax deductions.

### 3. CONCLUSION AND RECOMMENDATIONS

ECCO Tannery BV received royalties for two different types of IP, patent royalties from PT ECCO Tannery Indonesia and trade secret royalties from PT KT Trading. DGT deemed it reasonable to grant PT ECCO Tannery Indonesia tax deductions, as the company had a plantation and a factory and was engaged in the manufacture of leather goods using various items of patented machinery. The patent might be intangible, as is the nature of IP, but the machines were tangible. ECCO Tannery BV could also have provided, as further

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<sup>53</sup> Organisation for Economic Cooperation and Development, 'Fundamental Principles of Taxation' in *OECD/ G20 Base Erosion and Profit Shifting Project- Addressing the Tax Challenges of Digital Economy* (OECD Publishing) available at <[https://www.oecd-ilibrary.org/addressing-the-tax-challenges-of-the-digital-economy\\_5jz122qk678r.pdf?itemId=%2Fcontent%2Fpublication%2F9789264218789-en&mimeType=pdf](https://www.oecd-ilibrary.org/addressing-the-tax-challenges-of-the-digital-economy_5jz122qk678r.pdf?itemId=%2Fcontent%2Fpublication%2F9789264218789-en&mimeType=pdf)> accessed 27 February 2023.

<sup>2</sup> Tax Academy, 'Apa yang Dimaksud Insentif Pajak dan Berbagai Jenisnya? (What are Tax Incentives and its Types?)' (taxacademy.id, 22 February 2022) <<https://taxacademy.id/2022/02/22/>> accessed on 17 March 2023.

<sup>55</sup> Tjip Ismail, *Kebijakan Pengawasan dan Denda Pajak dan Retribusi Daerah dalam Menunjang Iklim Investasi yang Kondusif* (Supervision Policy and Local Tax and Retribution Penalties in Supporting a Conducive

Investment Climate) (2003), 22 (5) *Journal Hukum Bisnis*, pp. 27-30; Prof Rudhi Prasetya, *Investment Law Policy Teaching Material of Master of Law*, (Law Faculty, Airlangga University, 2010).

<sup>56</sup> Tax costs are one of many other determinants of FDI, which include labour costs, the cost of inputs, business environment and so on.

<sup>57</sup> Ministry of Investment (n. 54).

<sup>58</sup> Presidential Regulation No. 49/2021 amending Presidential Decree No. 10/2021 on the business fields for direct investment.

evidence, patent certificates issued by the patent registration office in its home country, the Netherlands, if it had registered patents there. In such a scenario, ECCO Tannery BV could, if requested to do so, exhibit its patent certificate and PT ECCO Tannery Indonesia Tannery Indonesia could display the machines.

DGT treated PT KT Trading differently because the latter was not engaged in manufacturing activities. It only cloned its orders from PT ECCO Tannery Indonesia. PT KT Trading, as a licensee of ECCO Tannery BV, made use of its trade secret, but there was no tangible evidence of this in terms of equipment. ECCO Tannery BV could not exhibit a trade secret certificate, because there is no such thing, and PT KT Trading could not disclose anything. PT KT Trading neither owned, nor managed, any physical apparatus protected by IP law. However, the royalty payments made by PT KT Trading were admitted as proof.

PT KT Trading was able to demonstrate that it was licensed to use the know-how, or trade secret, of ECCO Tannery BV. This trade secret is a confidential formula for crust leather-tanning and is an intellectual creation protected by trade secret law for which it is legally appropriate to pay royalties.

The cooperation between PT KT Trading and ECCO Tannery BV is a common business practice. PT KT Trading, as an agent of FDI, belongs to an “export-oriented” and “capital intensive” industry and is thus eligible for investment facilities.

The different treatment by DGT of the two situations arose from a lack of understanding of IP. Patents do not protect the machinery but rather the novel technology. In the same way, the trade secret does not protect any apparatus, but rather the undisclosed information. Furthermore, DGT failed to coordinate with the Capital Investment Coordinating Board, which issues investment business permits.

Taxation officials and auditors are required to apply the provisions of the tax regulations. DGT has to work with the Capital Investment Coordinating Board in order to minimize the risk of tax control abuses.

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