



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

DRAFT POLICY ON INTELLECTUAL PROPERTY OF SOUTH AFRICA

A Policy Framework

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Executive Summary

The IP Policy Document (Policy) broadly outlines the **Objectives** in the Policy and gives a **background/introduction** of issues that the Policy should address. A Problem Statement is well stated so that it should be known in advance what the problems are and how such problems would be resolved.

Chapter one deals with **various forms** of IP so as to enable areas of intervention possible through this Policy.

Chapter two deals with **IP and health** matters and recommendations in relation to possible interventions are made.

Chapter three deals with **Agriculture and Genetic Resources** and recommendations are made.

Chapter four deals with **IP and Indigenous Knowledge**. It shows how the IP system can protect and commercialise indigenous knowledge. However, a separate Policy on Indigenous Knowledge already approved by Cabinet in 2007 forms part of this chapter.

Chapter five deals with **IP and Competition, IP and Public Policy options such as Compulsory Licensing and Technology Transfer**. Various ways of dealing with these issues are discussed and appropriate recommendations are made.

Chapter six deals with **copyright, internet and software** issues and necessary interventions are made.

Chapter seven deals with **Patent Law Reform** and interventions are recommended

Chapter eight deals **Institutional Capacity** and recommendations are made

Chapter nine deals with **International Architecture of IP** and interventions are made

Chapter ten deals with **IP and Development** at WIPO and WTO levels and recommendations are made.

Chapter eleven deals with **IP and Sporting Events** and how this sector can fully be exploited. Necessary recommendations are made.

Chapter twelve deals with how **IP and State Emblems** can be protected and commercially exploited. Necessary interventions are recommended.

Chapter thirteen deals with **IP and Outreach Programmes** and recommendations are made

Chapter fourteen deals with **Drivers of the IP Policy** and necessary recommendations are made.

Chapter fifteen deals with **IP and Enforcement** and necessary recommendations are made.

Chapter sixteen deals with **Overall Recommendations**

Chapter seventeen deals with Conclusion

Objectives

The broader objectives of the Policy can be stated as follows:

- i) To develop a legal framework on IP that should empower all strata of the citizens of South Africa.
- ii) To develop create a conducive environment for economic opportunities aimed at empowering the South African citizens
- iii) To efficiently apply IP system alongside other Government policies to contribute to development
- iv) To develop IP Policy that interface with other new emerging issues in the area of IP
- v) To improve and strengthen enforcement mechanism on IP that will suit all sectors of the IP community.
- vi) **To improve access to IP-based essential goods and services especially, education, health and food. (See Rwanda IP policy),**
– SANCB
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- vii) **To increase access to foreign and local technology by local firms and research institutions. (See Rwanda IP policy)-**
SANCB
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- viii) **To promote research, development and innovation throughout the South African economy, by private institutions, research institutions and individual members of society. – A&A**
- ix) **To enhance and strengthen the function and capacity of IP regulatory and registration departments so as to improve public service delivery. - A&A**
- x) **To improve national compliance with international treaties of which South Africa is a member. - A&A**
- xi) **To promote public education and awareness on IP. - A&A**
- xii) **To improve the effective protection IP of South African origin in South Africa and its trading partners through reciprocal arrangement for the benefit of national economic growth. - A&A**
- xiii) **All the objectives of the policy are supported A&A**
- xiv) **Introduce a public health perspective into national intellectual property laws and adopt a common and united stand among different government agencies on improving access to medicines. - NAPM**
- xv) **National intellectual property laws must be appropriate to the level of development and innovation of the country. - NAPM**
- xvi) **Develop a strategy for the Transfer of technology;**
An overall transfer of technology strategy should be developed aimed at building domestic capacity, skills and enabling stakeholders (industry, academics, but also the general public) to better absorb knowledge and use it in their particular environment- NAPM.
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- XVI) **Engender confidence and attract investment- IMSA & PIASA**

- XVII) *Promote research, development and innovation in all sectors of the SA economy;- IMSA & PIASA*
- XVIII) *Improve national compliance with international treaties; -IMSA & PIASA*
- XIX) *Promote public education and awareness on IP, in SA and in the region -IMSA & PIASA.*
- General Comments*
- XX) *The broad objectives of the IP Policy (as listed on p. 3) are supported. It must be noted that appropriate promotion, recognition and reward of research and innovation are essential for the development (short-term objective) and sustainability (mid- to long-term objective) of an environment that is conducive to the creation of economic opportunities and national growth. IMSA & PIASA }*
- XXI) *The policy should consider other national policies and provide a way forward for SA to improve is IP and contribute to economic development. DIRCO*

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-The broad objectives of the IP Policy are supported. However, one would have liked to see a clear theme throughout the document that puts the interest of the country and its citizens at the centre of the policy. IP should enrich the lives of individual citizens and generally promote the interests of society (both socially and economically). Nhlanhla Paul Sibisi (NPS)

Introduction/Background

International policies such as those of the United Nations (UN) are geared towards development and poverty eradication. In this regard the Millennium Development Goals (MDG) of the UN can be cited as a good example and it provides for halving poverty and hunger by 2014 and improving health and education.

The IP Policy that is to be formulated needs to take into account the developmental stage that South Africa finds itself in. South Africa (SA) is a developing country that has the bare minimum of a technological, economic and social base. A mistake should not be committed in the development of a policy that treats SA as if it is a developed country. In this regard, both in Government and business argue that what works so well for developed countries can work for developing countries [Commission on Integrating Intellectual Property Rights and Development Policy, London, 2002, (Commission)], however, others within Government and civil societies argue that IP system can hopelessly assist to stimulate invention (developing patents) in developing countries due to the absence of a conducive environment (human and technical capacities) to innovate. In the same vein, they argue that IP development and protection increase costs of essential medicines and agricultural inputs, thus disadvantaging poor people and farmers very hard.

The IP system as contained in the TRIPS Agreement does not per se recognise IP flowing from genetic materials and indigenous knowledge. Developing countries are demanding that benefits should be shared that flow from exploitation of these genetic materials and their indigenous knowledge. In this regard Parliament passed the Biodiversity Act of 2004 and the Patents Amendment Act of 2005 in order to address

the recognition of exploitation of IP from genetic resources. Since the inception of the World Trade Organisation (WTO) in 1995, genetic materials have been patented in an alarming rate and this also applies to technologies produced by the public sector. The WTO through its Trade Related Aspects of IP (TRIPS) Agreement has harmonised minimum requirements of enforcement of IP, but at the same time developing countries are under constant pressure from developed countries to implement IP regimes that are TRIPS-plus, contrary to what the TRIPS Agreement requires. Policy makers need to consider available empirical evidence before extending IP rights since the interests of the “producer” dominate in the evolution of IP policy whilst interests of “consumers” are ultimately compromised [(Commission) and (Articles 6, 7 and 8 of the TRIPS Agreement)]. In fact, developing countries are “second comers” to the IP system that has already been shaped by the “first comers” within the WTO dispensation that started in 1947 (GATT 1947). GATT did not have a chapter on IP and several attempts were tried to insert a chapter on IP. An agreement on an IP chapter was agreed upon in Marrakesh, Morocco, during the Uruguay Round of Talks. This IP agreement is known as the Trade Related Aspects of Intellectual Property Rights Agreement (TRIPS Agreement). This is GATT 1994. It came into force in 1995 under the auspices of the World Trade Organisation (WTO). South Africa is a member of the WTO and it is classified as a “developed” country for the purposes of complying with TRIPS.

It is submitted that restrictions and impact of IP designed in developed countries had had negative impacts on developing countries, e.g. restrictions on access to education/materials/medicines and internet, research on important diseases or new crops. Equally developing countries are not sharing appropriately in the benefits from commercialisation of their knowledge in relation to genetic resources when they are patented in developed countries [(Commission p9) and (Pillaging African Heritage, Johannesburg, 2009)].

It is against this background that if the IP system is well moulded to suit economic, social and technological environments of developing countries, it can contribute to the eradication of poverty, enhancement of technology development and transfer, promotion of access to medicines and education and learning materials.

The overall layout appears to be a thesis than a policy.

Facts should be reflected as to why SA is classified as a developed country at the WTO which has mainly been due to the political history of the country
Reasons need to be highlighted as to why there are negative impacts, ie. Development challenges, education, lack of infrastructure and capacity, expensive patents etc. DIRCO

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Problem Statement

South African IP system/“IP Policy” is not informed by other national policies that seek to address national objectives and there is no coordinated approach on IP matters by various Government departments and other organs of state. This makes it difficult for South Africa to have a common approach internationally and unable to extract benefits from the IP system. In summary, it is difficult to reconcile if:

- ***the IP legal framework does benefit and empower relevant citizens of the Republic***

- *the existing IP system create a conducive environment for economic opportunities aimed at empowering the South African citizens*
- *the existing IP system efficiently apply alongside other Government policies to contribute to development*
- *the existing IP system interface with other policies of Government that are geared towards economically benefiting and empowering relevant stakeholders*
- *the existing IP system really interface with new emerging issues in the area of IP*
- *the existing IP system is geared towards improving and strengthening enforcement mechanism on IP that suits all sectors of the IP community*
- *SA influences regional and international formulation of treaties in the best interest of South Africa*

- *Historically South African intellectual property policy, or to be more precise law making, has not taken into account that South Africa is a developing country. Globally Intellectual Property law making has not been based on empirical research into the costs and benefits of the exclusivity granted by Intellectual Property- SANCB Fully agreed and supported- NPS*

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- *The current intellectual property system in SA is TRIPS compliant, supportive of the Doha declaration, balanced and appropriate in that application and management of IP is done in a manner that protects public health and promotes access to medicines for all. On this basis we support a review but not necessarily an overhaul of the entire legislation. In terms of alignment between the various government departments, an improved understanding of IP legislation and constitutional obligations will bring about the desired coordination required to ensure the successful implementation of the IP policy- NAPM*

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- *One policy on IP for the country is supported – A&A*

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- *One umbrella policy for the country is certainly desirable and supported. NPS*

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- *Although coordination amongst governments is one of the problems, the challenges in terms of IP strategy at the national level should look at how to promote inventions and innovations, reduce and address effects of brain drain, minimise the digital divide, obtain the capacity and training needed. What is the target/objective that SA wants to achieve with respect to the IP policy – coordination is not a policy issue. DIRCO*

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Explaining issues identified in the Problem Statement

What may be achieved by the IP Policy?

The purpose of the IP Policy is to argue for the IP Policy to talk to other relevant national policies, international agreements that advance the aspirations of a developing nation and to coordinate the national and international approaches on various IP matters. Thus far the existing IP legal framework is not aligned to the developmental needs and the priorities of

developing countries, including SA. South Africa does not have an IP Policy and therefore approaches to IP matters are fragmented and they are not informed by national policies. Due to this, international obligations are attracted even if their costs of implementations outweigh the benefits. Lack of coordination leads to national approaches being weakened on IP matters and they weaken a good system. Good example is when **the dti** does not encourage SARS to seize goods/generic medicines in transit whereas SARS recently was propelling a bill in Parliament that provided powers to SARS inspectors to do exactly that. Fortunately, these provisions were later dropped. The approach of **the dti** is supported by international trade rules of the WTO system.

Improving delivery, accessibility and affordability of medicines implementation of mechanisms to improve the functioning and transparency of the patent system in SA.

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Note:

IP is crosscutting in nature, e.g. trade, science, agriculture and health and therefore there is a need for one policy approach at national and international level from Government. Government approach should balance the interests of producers, consumers and users of IP for the benefit of all stakeholders (TRIPS Agreement). ***Primarily for the benefit of the country and its citizens.***

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To complement other progressive economic national policies

IP in the main are trading tools and therefore the IP Policy and legislation should also dovetail with other national policies. IP policies in developed countries are interwoven with other national policies, such as competition, health, agriculture and trade.

To encourage coordination within all spheres of Government

As mentioned above, IP is crosscutting nationally and internationally, e.g. agricultural IP and IP that are dealt with by two or three international organisations (WTO, WIPO and UNESCO). The founding documents of UN agencies are clear on how IP should be dealt with by the lead agency on IP even if other agencies indirectly deal with IP. A good example is that of WIPO, UNESCO and UPOV. The WTO is not an agency of the UN and therefore it should not be surprising if policies of WIPO and those of the WTO conflict on IP matters. The WTO may want to influence the UN agencies and vice versa but since their objectives are not the same, member states (that are shared by WTO and UN agencies) should not be surprised if harmonised approaches and goals are not achieved. In the same vein, it is wrong and unethical for spheres of one Government to treat similar issues such as IP differently nationally and internationally. This IP Policy should encourage legislation and strategies in all spheres of Government, therefore approaching issues in a harmonised manner and for the betterment of the people of the Republic. Other national policies should inform this IP policy and vice versa nationally and internationally.

IP is just a trading tool and it impacts on health, agriculture, communications (ICT) and pharmaceutical/chemical/biochemical sectors and therefore this policy should

inform all spheres of Government how to deal with IP matters nationally and internationally.

The main idea is that IP has become more of a cross cutting issue because of globalization and the financial crisis and the lack of innovation in developing countries. In addition, IP leads to trade issues and is raised indirectly in various foras. Finally, the current forum shopping in terms of ACTA, FTAs, as well as key global challenges as climate change, global health etc has led to IP becoming an issue that needs to be dealt with by all and is not limited to the UN agencies. DIRCO

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To encourage the IP policy to interface with all sectors of the economy.

Commercialisation of IP is mostly regulated by international rules such as the TRIPS Agreements; bilateral agreements and bilateral investment treaties (BITS) and other economic relations. This IP policy should be applicable to all agreements that have an IP component. The Policy should also give direction on other sectors such as technology transfer, health, agriculture and culture. ***Supported - NPS***

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It must be aligned to the Global strategy and plan of action on public health, innovation and intellectual property which is designed to promote innovation, build capacity, improve access and mobilize resources. NAPM

To influence regional and international formulation of treaties to be in the best interest of South Africa

The coordinated approach of South Africa should then be used to influence national, regional and international arena on IP matters. This IP Policy should be communicated to all departments through a consultative process. ***Supported - NPS***

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To improve access to IP-based essential goods and services especially, education, health and food.

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Developing countries such as South Africa have significant numbers of people who are potentially vulnerable to threats to their health and well being which can be the consequences of particular intellectual property policies including some of the policies urged by certain corporate interests and developed country trade representatives. It is therefore the South African governments role to ensure that essential goods and services are not threatened by intellectual property policy or law. - SANCB

To increase access to foreign and local technology by local firms and research institutions. (See Rwanda IP policy) - SANCB

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CHAPTER ONE: FORMS OF IP

Basically there are four types of IP, namely, trade marks, copyright, patents and designs. However, other forms of IP such as geographical indications (GI), trade secrets and regulatory data protection are also taking precedent as forms of IP.

Business methods are also types of IP in certain jurisdictions and are patentable in other jurisdictions such as in the United States (US) and Europe to a certain extent.

Below follows a brief description of each form of the IP as mentioned earlier.

a) Patents

The form of IP associated with technology is the “patent” [F. A. Abbott: International Centre for Trade and Sustainable Development (ICTSD), volume 24, Innovation and Technology Transfer to Address Climate Change: Lessons from the Global Debate on IP and Public Health”, p4, Geneva, Switzerland]. A patent can be described as a bundle of rights granted to the inventor of a new product/process that allows the inventor to exclude third parties from making, using, offering for sale, selling or importing the patented product, using the patented process or importing a product made with the patented process for a period of 20 years from the date of filing.

Patents are territorial in nature and are affected or moulded by policies of the countries that granted it. In this regard, a country is allowed in terms of the TRIPS Agreement to take a policy position around issues such as “compulsory and voluntary licensing” and “parallel importation”. These issues are relevant for accessibility and affordability of medicines. It is in the policy making options of each member states to allow for patents to be affected by “compulsory or voluntary licensing”, “parallel importation” regimes, or any other public interests issues such as patents and public health, patents and innovation, and/or non application of competition laws even if anticompetitive practices are in place. In passing, these public making processes may be negated by the fact that powerful nations economically may demand weaker states to renounce them during bilateral trade negotiations. In the current SA Patent Act 1978, parallel importation is not catered for whilst compulsory licensing is not informed by the recent Doha Decision on public health and intellectual property under the WTO processes of the Development Agenda. The Patents Act as it stands therefore does not address issues of pricing of medicines. This is not sufficient to deal with drug shortages and the astronomical pricing of these drugs. Further, grants and incentives may be introduced in order to encourage innovation by the locals through the policy options available to member states of WTO.

Patents are also granted procedurally at a regional and international basis, but still the “sovereignty” of member states is not negated. The European Patent Office (EPO) and African Regional Intellectual Property Office (ARIPO) grant a regional patent effective in the whole region. WIPO administers the Patent Cooperation Treaty (PCT) that is procedural in nature and is not meant to frustrate sovereignty of state on policy making prerogatives. It is submitted that policy assumption underlying the grant of patents is that providing the possibility of a significant financial reward in terms of market exclusivity will encourage investment in innovation, yet leave decision-making as to where and how innovation should occur in the hands of individual decision-makers and not under the direction of governments (Abbott, F. M above, p4). If the invention succeeds, the public pays a “higher than a competitive market price” for the product or process.

Patent reform supported as indicated in the policy- A&A

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A policy does not need a definition of patents and what patents are DIRCO

- i) Regulatory delays

In the area of clinical trials on drugs, there may be delays in registering the innovative medicines. These delays may start to “encroach” on the lifespan of a patent and therefore limiting the period of exploiting the patent. In view of this, certain few jurisdictions “compensate” for the period lost due to these regulatory delays. This is called patent extension or patent restoration.

In certain jurisdictions such as the US, patent extension/restoration is practised where the granting of medicines was delayed due to regulatory failures, e.g. backlogs at the medicines regulatory agencies caused by the regulatory body, not by the applicant of the drug. In South Africa there is no patent extension/restoration but Government is under pressure to provide for such. In this regard an initial recommendation is that there should be no patent extension/restoration as there is no standardised timelines in the world to deal with common granting standards. Until such time that harmonisation takes place, it would be difficult for SA to introduce patent extension or restoration.

20 year monopoly is respected by Generic Companies, is balanced and in line with WTO and international trends:

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Benefits the public by bringing certainty as to when a generic can be expected on the market allows generic companies to plan for the launch of a generic on a free market basis as soon as possible.

Eliminates the costs involved in applying for and opposing grant of extensions, accordingly reducing the end-price of the generic and hence benefitting the patient.

Bolar provision’ is aligned to government’s objectives of promoting access to cheaper medicines and the Constitution which provides for the right to access to healthcare NAPM.

Full substantive search and examination of Patents is supported – NAPM

This sounds like we favour the developed countries positions for harmonisation; I do not understand why we are referring to backlogs at patent offices unless we as SA clearly intend to move in a certain direction. In this regard the question is whether SA will strive to become an International Search Authority (ISA) and if so how and why, otherwise I am not sure what the relevance is to referring to these issues. DIRCO

ii) Disclosure of information in patents

Historically, the inventor of a patent used to request the authorities for exclusive rights on the patent, provided such an invention is for the public good and if there is a pandemic, the authority will have a right to use the patent on agreed terms. As part of the patent bargain, the inventor is required to disclose the relevant technology in the patent application. The disclosure must allow a person reasonably acquainted with the technical field to practice the invention with no hassle (Abbott, F. M, above, p4). If South Africa was a substantive search and examination country, it should have strict rules that frustrate granting weak patents. Weak patents frustrate accessibility and affordability of medicines and technologies.

Civil remedies are available to the owner/holder of the patents if the patent is infringed. The police and members of the Medical Regulation Authority (MRA) in South Africa are involved in proving if a “formula” of a patent has been copied or purported to have been copied.

The absence of appropriate examination means that there is no guarantee or even information whether disclosure has been adequate. There is also currently no possibility for pre-grant challenge by competitors who will by definition be experts in the field able to demonstrate the current state of the – SANCB

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Generic companies respect patents, provided that the public benefits at the end of the period through a full disclosure of the invention and the ability to freely use the invention - NAPM

iii) Generic medicines

Generic medicines are medicines that are manufactured based on a patent that has expired or is no longer under patent protection. Due to public policy option available to the state, the state may allow the working on the patent before its expiry for purposes of allowing generic medicines development. Such workings will not be regarded as an infringement as long as competition with the innovator does not take place before the expiry of the patent or the developed generic medicine is not released into the channels of commerce before the expiry of the patent. South Africa's Patents Act allows generic medicines to be developed before an expiry of the patent.

Generic medicines may contribute to the reduction of prices of medicines as they are not involved in research and development. Government should assist in the development of technical capabilities for the development of the generic industry. This may assist in the accessibility and affordability of medicines.

Provision for Bio-similars or Bio-logicals must be included.- NAPM

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iv) Patents affected by Competition Law

In many developed countries the law of competition applies to IP including patents if there is an abuse of over dominance. Article 40 of the TRIPS Agreement also empowers member states of the WTO to curtail IP through competition laws if there are abuses. In the US and the EU Micro Soft has been prosecuted based on competition law or antitrust law in order to curb its dominance of its IP in particular patents.

In sum, South Africa should align its Patents Act and Competition Act with the principles enshrined in the TRIPS Agreement and practices in foreign jurisdictions.

Supported - NPS

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Supports the more active involvement and support of the Competition authorities. The dti/Competition commission intervention is welcome. - NAPM

v) "International Registration" of Patents

The granting of a patent at an international level through the Patent cooperation Treaty (PCT system) is starting to pose problems. Recently, WIPO has proposed the "Patent Road Map" and the main aim of the Road Map is to be able to have a "world patent". According to this scheme, the world patent can only be conducted by the EPO, United States Patents and Trade Marks Office (USPTO) and the Japanese Patent Office (JPO). Other registration offices of member states of WIPO may be

forced just to recognise this “world patent”. In this regard “public policy making” may be highly compromised.

In conclusion, it is clear that if a government “renounces its public policy making” in the area of patents, a lot can be at stake, in particular if that government is that of a developing country, like South Africa.

Ready availability and access to patent information could assist in further development of the generic industry and speed up generic entry due to reduced likelihood of litigation risk.

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Patent searches are costly and time-consuming.- NAPM

If details are to be provided on that roadmap, which has been put to a halt by developing countries so this is outdated, then the bigger issue of patent harmonization and why it is being pushed needs to be elaborated. -- SA should strive to improve its patent offices ,etc. DIRCO

Recommendation on Patents

- South Africa should not support a patent reform at international level that would undermine its public policy making options - supported
- South Africa should amend its legislation to address issues of parallel importation and compulsory licensing in line with the Doha Decision of the WTO on IP and public health - supported
- South Africa should develop incentive schemes in the area of IP in general in order to achieve its developmental goals. – particularly poverty alleviation and health.
- Competition law should apply to the patent regime where there is over concentration/dominance/abuse. The Patent Act and the Competition Act should be amended to specifically state that the Competition Act applies to anti-competitive practices in the area of patents - supported
- Regulations/Guidelines on licensing should be developed and they should encourage utilisation of patents in the country. The Minister can issue such code of good practice as guidelines/regulations - supported
- ***South Africa should create processes for pre-grant challenges to patents, SANCB***
- ***South Africa should have a publicly accessible online fully searchable database of all patents.- SANCB***
- ***patent extension is not supported NAPM***
- ***The inclusion of the provisions for compulsory licensing and parallel importation is supported, since it is aligned to the TRIPS agreement and relevant for improving accessibility and affordability of medicines. NAPM***
- ***Why should South Africa amend its legislation to address issues of parallel importation, compulsory licensing and technology transfer?
How will South Africa develop incentive schemes in the area of IP in general? DIRCO***

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b) Trade marks

A trade mark is a name, logo, or mark that distinguishes goods or services of the entrepreneur from that of the other. However, the ultimate function of a trade mark is to "protect the consumer". Examples of trade marks are Coca-Cola, MTN, Wool Mark symbol and Toyota and its symbol.

Trade marks are protected for a period of 10 years, and can be renewed on an indefinite basis after intervals of 10 years. If there is no use for a period of 5 years, protection is no longer afforded by the state. The rationale is to allow investment to take place in the country where protection is afforded.

Licensing/franchising of trade marks can be very effective in facilitating investment in and outside the country, e.g. Kentucky Fried Chicken (KFC), McDonalds, Steers, Shoprite, Woolworth, Nandos and other food and retail outlets. When an external market is sought, registration of a trade mark is also sought. This means, like patents, trade marks are also territorial and the Madrid Agreement/Protocol deals with the "international" registration of Marks.

In view of this the trade marks system can be used for:

- empowerment of BEE and SME enterprises
- ensuring geographic spread in rural areas to stimulate economic activities

Whilst franchising/licensing of trade marks can facilitate investment, it is possible that other trade marks that are associated with others within the same stable may not be used. In this regard, it should be possible to apply the law of competition if there is over concentration of trade marks or dominance that can translate into abuse. In view of this, the competition policy should apply to the law of trade marks.

The law of trade marks is also related to "certification marks" and "collective marks". The two types are owned by associations or government institutions. A criterion is developed to determine, e.g. quality in the case of certification marks. In this regard, if a third party claims that his/her goods/services are "handmade" whereas they are not or "originate" in a particular place whereas they are not or they are "culturally made" whereas they are not, this is misleading to consumers and Government should protect the consumer. International Agreements such as the Lisbon Agreement on the Prohibition of Falsehood on Source and Appellations of Origin govern these regimes.

In South Africa usage of certification institutions is not sufficient except in the area of wines and spirits. There is a need to promote usage of this system in order to promote competitiveness and empowerment of the local communities throughout the country.

Trade marks are protected through registration process in a country. As mentioned earlier, they are territorial in nature. Public policy of a particular country may dictate that registration of a particular trade mark should not be granted as it may be against public order or offensive to the public at large or a certain class of people. A good example is the refusal of registration or display of "swastikas" associated with Hitler in Namibia, but allowing such in the US. The rationale is that the US people are not offended by "swastikas" as they were never colonised by Germany, but Namibia was once colonised by Germany.

Like in the patent regime, there is also an “international registration” of trade marks managed by WIPO and regional organisations. The “Madrid Agreement”/Madrid Protocol on the International Registration of Marks” is managed by WIPO. It is interesting to note that a country is given the right to “reserve” certain provisions during the ratification process. This type of registration fast tracks the process of “access” to foreign markets speedily.

Small businesses are not yet sensitised per se to make use of trade marks. WIPO is developing guidelines for SMMEs and the use of IP. In view of the above, it is clear that the trade mark system can be used to:

- ensure geographic spread without compromising economic or business viability
- ensure the optimum usage of licensing and franchising of marks and that can facilitate, i) empowerment of the rural poor and SMMEs, ii) economic activity, iii) investment throughout the country

Enforcement of trade marks is well provided for in the TRIPS Agreement. Criminal and civil remedies are available to the owner/holder of trade marks that are infringed or counterfeited. In South Africa, too much reliance on criminal remedies is emphasised in terms of the Counterfeit Goods Act instead of relying on civil remedies. The costs of enforcement may outweigh the benefits that flow from the trade mark system.

- *Civil provisions should only give damages and interdicts in respect of proven losses – SANCB*
- *Mention should be made that South Africa is not yet a member of the Madrid Protocol A&A*
- *Madrid Agreement is not suitable for a developing country- the protocol is - A&A*
- *The amendment to include Parallel imports is not necessary as this is already in the Trademarks Act A&A*
- *It is recommended that the Trade marks Act should be amended to fall under the Competition Act. As explained above in regard to patents, the Competition Act already applies to IP, including to the use of trade marks and transactions involving trade marks. If exemption from the application of the provisions of the Competition Act is required in respect of a specific trade mark-related business activity, this has to be obtained by the owner of the trade mark in terms of section 10(4) and (4A) of the Competition Act. In the absence of such an exemption, the Competition Act will apply to a trade mark-related economic activity.- A&A*
- *It is recommended that the Trade marks Act should be amended to fall under the Competition Act. As explained above in regard to patents, the Competition Act already applies to IP, including to the use of trade marks and transactions involving trade marks. If exemption from the application of the provisions of the Competition Act is required in respect of a specific trade mark-related business activity, this has to be obtained by the owner of the trade mark in terms of section 10(4) and (4A) of the Competition Act. In the absence of such an exemption, the Competition Act will apply to a trade mark-related economic activity. A&A*

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- *It is probably best to start with identifying national problems/priorities regarding each issue, ie trademarks, then to go into a textbook background on what a trademark is. DIRCO*
- *Does SA intend to join Madrid Agreement? What are the advantages and disadvantages? DIRCO*
- *The advantages and disadvantages of joining Madrid must be fully explored and understood before a decision to join is taken - NPS*

c) Geographical Indications (GI), Certification and Collective Marks

These types of marks are referred to as “shared” marks.

“collective marks” are defined as signs that distinguish certain valued characteristics common to goods or services of a number of enterprises using that mark, for example their geographical origin, material and mode of manufacture. The owner may be either an association of which those enterprises are members or any other entity, including a public institution or a cooperative [WIPO Publication 794 (E): “Stitch In Time, Smart Use of IP by Textile Companies”, p 11, Geneva, Switzerland].

Products from a particular geographical origin may in many countries use GIs. These are designed to identify a product as originating from a country or a locality reputed or well known for particular qualities. GIs for certain products in particular for wines and spirits, enjoy favourable recognition and protection than GIs for other products. Certification marks are usually given for compliance with defined standards may not be confined to any membership. The well known certification mark is **Wool Mark** in the wool industry. South African, Australian and New Zealand farmers used to jointly own it but later South African farmers were bought out. This also applies to Vicuna Wool (Certification of Origin) of the llama indigenous to the Andes nations of Argentina, Bolivia, Chile, Ecuador and Peru. Peru is the only country that has a Certification Mark but a regional one is in the making. The Egyptian Cotton trade mark for quality control was registered by the Egyptian Government through the Madrid system and is used under strict terms through the licensing system. Iran passed a law that protects GI in 2005 in the area of protecting carpets weavers.

Analyze the Lisbon agreement, why are countries members, why is SA not a member. DIRCO

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Recommendations on Certification/Collective Marks and GIs

- South Africa should embark on awareness campaigns in the usage of GI, certification marks and collective marks.
- Regulations and Guidelines should be prepared by **the dti** for simplification and utilisation of these items
- The state should play a major role in creating associations or boards to conduct certification/quality control on goods and services where certification/collective marks and GI are concerned
- At an international level South Africa should not agree to join a treaty without following the process of ratification/accession all supported
- *Geographical Indicators, certification marks and the like require standards which are open, unencumbered by other exclusive rights such as patents, and which are freely available so that BBE and SME's*

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- can help to create and comply with them such associations and boards must have open standards processes and open standards – SANCB*
- *The view that these can only be owned by government is false in that any proprietor can own these as per the provision of the Lisbon agreement - A&A*
 - *Certification marks are useful but care should be taken to ensure that they are not abused to the extent that they limit trade. For example, French estates tend to try to protect the names of estates as geographic indicators and may result in hundreds of names being protected. However, they are not true geographic indicators or certification marks and the system is open to abuse if it is not properly regulated. This is apparent from attacks on registrations filed in terms of the Lisbon Agreement.-A&A*
 - *It is recommended that regulations and/or guidelines should be issued by the Department of Trade and Industry, Adams and Adams and that associations and/or boards be created, to regulate the use of these 'shared' marks. Although it is not quite clear in what manner and to what extent further regulations in regard to certification and collective marks would control the use of these marks and/or the certification of relevant goods and services, it is agreed that the dissemination of further information, and the promotion of general awareness, would be useful. As regards GIs, in respect of which certain guidelines and record systems are currently operated by the Department of Agriculture, regulations and guidelines issued by the Department of Trade and Industry may be beneficial. These regulations could be incorporated in the Trade Mark Regulations and potential abuse of the geographical indications should be taken into account.-A&A.*
 - *It could also be recommended that a registration system for GIs should be established in South Africa. This could possibly be done under the Trade Marks Act; proper definitions for the relevant concepts would be required, and a separate Part could be created in the Trade Marks register for GIs.-A&A.*

d) Industrial designs

Registering a design gives an exclusive right to the owner and prevents third parties from exploiting its new or original ornamental or aesthetic aspects. There are three-dimensional features (attractive shapes) or two-dimensional features such as aesthetical textile prints. In South Africa, there are two forms of designs, namely aesthetic (international arrangements) and functional (national arrangements) designs. In South Africa the lifespan of a design is 15 years and 10 years respectively. Other jurisdictions may provide for 15 years and fewer years depending on what they want to achieve with their national arrangements on designs.

The fashion and clothing industry invests a lot to create new and original designs each season, e.g. the fashion week in South Africa is an annual event. In this regard there is a need to promote the usage of the designs system through awareness campaigns. There is a need to change the designs system to require registration and consent from indigenous knowledge (IK) holders for those designers that utilise IK.

In the EU, there is what we call an “unregistered” design protection (unregistered community design right) that offers protection for a maximum period of three years. The right is enforceable to all member states of the EU.

The functional design is defined in terms of “its functionality” and small businesses are not per se making use of this type of a design.

In the area of patents, there is also what is called “petty patent” and the threshold/requirement of proper patent are not met but a degree of innovation can be shown. This type of patent and the functional/utility design should be encouraged amongst innovators and entrepreneurs.

The Hague system for the International Deposit of Designs deals with international deposit of designs. In order to fast track market access of foreign jurisdictions South Africans have to utilise this system of registration. Parliament has approved ratification of the Madrid Protocol on International Registration of Marks and the Hague System on the International Deposit of Designs. However the Instruments of Ratification were not deposited with the Director General of WIPO due to other policy considerations.

Recommendations on Designs

- South Africa should develop awareness campaigns on the use of designs to promote their products, both culturally and otherwise
- The Designs Act should be amended to allow the competition laws to combat anticompetitive practices as already recommended in the area of patents and trade marks
- Designs law must not allow registration of indigenous and/or state symbols without consent from the relevant authorities.
- ***An open, online, fully accessible, fully searchable design database must be created of existing and expired designs (to encourage technology transfer)***

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e) Copyright

Copyright is regulated by the Berne Convention and South Africa is a member of the Convention. Copyright protects the expression of an idea and not the idea itself. In the main, the lifespan of copyright is the lifespan of the author plus 50 years after the death of the author. Most developed countries are extending the period of 50 years to 70/75 years after the death of the author. The change needs policy intervention. **A full investigation of the benefits of such an extension will have to be conducted. NPS**

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In international and foreign laws, it has emerged that the best way of controlling ownership and exploiting copyright is to be a member of collecting societies. This is

collective management of copyright and empowers copyright owners to exercise their individual rights in a collective manner. Their bargaining position is improved and they can determine the royalties that has to accrue from the usage of their work throughout the world. In order to enjoy the benefits, it is advisable for rights holders not to sell or assign their rights to third parties such as recording companies. Instead, they should licence their rights to third parties on terms and conditions acceptable to them. **Collective licensing provides clear benefits to the owners and users of copyright. In some instances, individual licensing of copyright may be impractical and prohibitive - for example licensing of music to broadcasters and public venues. This difficulty in clearing rights in large numbers from individual users makes it a necessity to drive owners towards collective licensing. These societies, if properly regulated in terms of transparency, corporate governance and fair distribution methods and plans, provide both an efficient method of negotiating acceptable license terms and fees for members, and a convenient source of rights clearance for users. In a small territory like South Africa, it is advisable to have a single collecting society (rather than a multiplicity) in respect of a single right. For example, a single collecting society for the public performance and broadcast of sound recordings. In such a scenario however, the rights of the performers must be strengthened and the boards of such societies must be fairly balanced and accountable. The recommendation is for consolidation rather than multiplicity especially if one takes into account the fundamental reason for collective licensing – which is for the convenience of the users! Multiplicity results, in most cases, in uncertainty. As rights owners move from one society to the next and from one record company to the next, the user is left exposed. Collecting societies are going to be even more important as the world migrates from analogue exploitation of content to digital (e.g. digital radio, on demand internet music services etc) NPS**

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In the area of broadcasting, the broadcasters want to own the content of their broadcasts. This means that if the SABC broadcasts a song such as "Mbube" to the Russian counterpart, SABC would like to be the copyright owner of Mbube. There is an outcry against this proposal at an international level (WIPO) where formulation of a treaty is taking place. South Africa is not supporting the proposals by the broadcasters. The means of communication should not affect ownership of rights and rights must always reside with the original owner unless they are sold/transferred/assigned legally. **The broadcaster should be allowed to own the television programme provided that the owners of pre-existing rights have granted the necessary permissions, and provided further that such a programme is fully commissioned and paid for by the broadcaster. The owners of pre-existing rights must always retain the rights to their works outside of the new copyright created by the broadcaster. As an example, the owner of Mbube owns the rights to the musical works but would typically license the work to the broadcaster for use as background or featured music in the programme "Generations". The broadcaster will, in such a case, pay a license fee for the use of the song but will own the programme "Generations". The broadcaster will not, however, have the rights to commercially exploit the song "Mbube" outside of the programme.**

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In full support of the extension of the term as this is one of our top priorities RISA & SAMPRO

Extension of rights granted by the Act

Fully supported provided that section 23 is amended to include sound recordings RISA & SAMPRA. The full impact of such an amendment will have to be examined. NPS

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The US digital millennium Copyright Act and fair dealing/fair usage

Government should take far more active role in providing incentives to ISP's to work with copyright industry organizations that protect IP content owners and performers – France is a notable example. There is not reason to introduce fair usage in south Africa as this is alien to the country RISA & SAMPRA

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No innovation will occur without the principle of fair use/fair dealing. The only issue is one of monitoring rather than the principle.

Collective administration of rights

Caution must be taken to avoid unnecessary state intervention. Market force should be allowed to determine the best solution for the market .RISA & SAMPRA

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State intervention is necessary only to the extent that it guarantees transparency, corporate governance and fair distribution mechanism. It is also necessary to avoid the boards of such collecting society being constituted by members of one sector, usually the one that has the financial power.

The WIPO internet treaties

Flexibilities in existing international agreements do cover the needs for developing countries and call to adopt pro competitive measures under copyright legislation and broad exceptions for educational research and library use. RISA & SAMPRA

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WIPO internet treaties must also be viewed in the context of the country's needs and requirements.

Recommendations on Copyright

- The collective management of copyright must be introduced into the copyright regime as a whole – see my comments on this above.
- Licensing regime of copyright should be legislated for in the copyright regime. **The Copyright Tribunal should start playing a key role in the determination of fair royalties and creating a framework in which new users are able to easily determine the full business entry costs. At the moment, it is a nightmare to ascertain the costs of music rights. My recommendation is to create a functional Copyright Tribunal with clear and user friendly guidelines. It should be easy and inexpensive for any user, however small, to approach the Tribunal for any recourse on copyright. The collecting societies must also be compelled to publish their licensing rates and licensing schemes. NPS**
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- South Africa should not support the development of a treaty that seeks to give ownership of contents of broadcasts/web casts to broadcasters – see comments on broadcasters above -NPS
- Copyright law must not allow “registration” symbols of indigenous peoples and/or state without permission – supported -NPS
- *There are also potentially negative consequences of relying on collecting societies. The final Report of the United Kingdom Intellectual Property Commission found that “On the other hand, some commentators argue that although such organisations in developing countries may collect royalties for local authors and artists, they are likely to collect far more for foreign rights holders from developed countries who may often dominate the market place for copyrighted works. “ The Report cites the example of DALRO, a South African collecting society which remitted the majority of its collected funds to foreign rights holders. In addition, as the Report warns “collective management organisations can potentially wield significant market power and may act in an anti-competitive manner.” (98). These negative consequences must be managed by regulating the governance of collecting societies to ensure transparency, especially in regard to revenues, accountability to local artists and prohibition of anti-competitive behaviours. Collecting societies should have charters which require them to act in the public interest, for example, by co-operating with efforts by the blind, visually impaired, print disabled and other handicapped persons to gain access to copyright works SANCB*
- *There is also an outcry against the practice by broadcasters of taking over all the rights from local documentary film producers. The practice is justified by reference to the current default position in South African copyright law which assigns rights to the broadcaster as the commissioner of the content. The default position should be changed so that the creator gets the copyright. SANCB*
- *Copyright in works created by and for the state, except for a narrow category including laws, regulations and official notices, vests in the state. Since public funds contribute to the creation of these works they should, with appropriate exceptions, be publicly available. Copyright is intended to facilitate access to knowledge resources and learning materials, however the dated restrictive law currently in place has had a chilling effect on the access of learners to knowledge, especially in the area of electronic resources. Current legislation fails to address issues of orphan works, does not adequately protect the public domain and fails to set out adequate exceptions and limitations. SANCB*

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Copyright, like other intellectual property laws, can present technical difficulties to those engaged in policy analysis of the law and its impacts. Undue reliance on technical experts invested in the system creates the risk of policy capture by experts with a mind-set that only a few multinational corporations create while everyone else is simply a consumer. This has never been the case but the digital technology has made it possible for almost anyone to create digital content. SANCB

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- ***The regulation of collective management must require transparent, accountable governance and permit competition, and require collective management organisations to respond to the public interest.***
- ***Copyright legislation should not extend the exclusive rights granted under copyright in term and scope beyond what is required by the international treaties in terms of which South Africa is bound, SANCB***
- ***Introduce exception and limitations to enable access to knowledge, including***
 - * for transformative or derivative uses of works***
 - * for educational use which include distance learning and e-learning***
 - * for educational institutions including archives and libraries***
 - * to enable persons with disabilities to access works and equal terms as everyone else - SANCB***
- ***Make legislation technologically appropriate by specifically allowing:***
 - temporary acts of reproduction which are transient or incidental and an integral and essential part of a technological process;***
 - time-shifting, format-shifting and space-shifting by consumers***
 - * permit circumvention of technologies which jeopardise the balance of copyright by preventing users from exercising their rights under exceptions and limitations;***
 - * copyright exceptions and limitations should automatically qualify as defences in the context of anti-circumvention provisions SANCB***
 - ***Protect the public domain; allow copying and adaptation of copyright works in the process of enabling use of the public domain.***
 - ***Address the orphan works problem***
 - ***Permit parallel import of copyright works***
 - ***All government-funded***
 - ***Empower authors to reclaim title to works which subsequent rights holders fail to use over long periods of time.***
 - ***Introduce a broad fair use limitation – SANCB***
 - ***Reference is also made to the fact that in some countries the term of copyright for certain works (literary, musical and artistic works) has been extended to the lifespan of the author plus 70/75 years. This***

notion is not supported; already copyright has a duration far exceeding the term of patents and designs A&A

- *On the second paragraph, collecting societies generally collect most of the money for foreign entities. This results in a massive forex outflow, for example as a result of licensing of films, sound recordings and musical works. Furthermore, the charges levied by collecting societies in South Africa for works originating elsewhere are often substantially higher than those that are levied in other countries for the use of works originating in South Africa. Collecting societies should, perhaps, be required to impose equitable collecting rates so that the royalties collected in South Africa in respect of works originating in foreign countries should be no greater than those collected in the respective foreign countries for works originating in South Africa. This would be equitable to rights holders and South African users of the works. A&A Fully supported. NPS*
- *It should be made clear that the broadcaster will in general be the owner of the copyright in the broadcast (which constitutes a separate copyright work). The issue is whether the broadcaster should also insist on acquiring ownership of the copyright in the constituent works (ie the literary or musical work, and also the performance, all of which constitute the content of the broadcast), or whether a non exclusive licence in respect of these constituent works for purposes of broadcasting would be sufficient. A general rule that the broadcaster should acquire ownership of the copyright in the constituent works would not seem justified. A&A supported - NPS*
- *It is recommended that 'collective management' of copyright must be introduced into the copyright regime as a whole. It is not clear what this recommendation entails. It is submitted that the South African Copyright Act already permits collective management of copyright, but generally on a voluntary basis, ie the basis on which eg SAMRO and DALRO operate (see the reference to licensing bodies and licence schemes in section 30 – 33 of the Copyright Act). Unless the author/copyright owner voluntarily decides to work through a collecting society, he/she will normally authorise third parties to make use of the copyright work by way of voluntary licences. It is only in the case of broadcasting, transmission or communicating to the public of sound recordings that section 9A of the Copyright Act provides for these actions to be carried out in the absence of a voluntary licence, on the basis of a royalty determination by the Copyright Tribunal in the absence of a voluntary agreement. (A similar system was introduced into section 5 of the Performers' Protection Act in respect of live performances.)- A&A*

It is pointed out that the Copyright Act does include provisions for the collective management of copyright but can allow for excessive claims for royalties compared with those collected in other countries.

Businesses in South Africa, particularly small businesses, are not in a position to fund referrals to the Copyright Tribunal in order to have equitable royalties imposed and therefore may have to pay excessively high royalties compared with those payable elsewhere if they are demanded. A&A

It is not clear what this recommendation on licensing entails. It is submitted that the curtailment of the freedom of copyright owners to deal with their copyright works (eg by way of voluntary licensing) would not be in the public interest. Therefore, any 'licensing regime' would have to be a voluntary one – unless a system of compulsory licences is envisaged. Such a system should only be resorted to in exceptional circumstances, such as the abuse of copyright. A system of administrative monitoring and regulation of the operation of collecting societies would be supported. A&A

- The recommendation that Copyright law should not allow the 'registration' of symbols of indigenous people and/or the State without the necessary permission. is not clear. Copyright is not a registration right. As regards the provision of copyright in respect of indigenous works, once the IP Laws Amendment Bill, 2010 is enacted, provision will be made for copyright in indigenous works. A&A*
- State symbols, section 5 of the Copyright Act, 1978 already provides for the copyright in any work made by or under the direction of the State (or an international organisation). It may be necessary for section 5 to be amended to state clearly that such copyright shall vest in the State (or in such international organisation) It is possible for the matter of official State symbols to be dealt with in the Merchandise Marks Act. A&A*

Transfer of rights

Strongly objects to this recommendation RISA & SAMPRA

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f) Plant Variety Protection (Patents in plant varieties)

Plant variety also enjoys patent protection in South Africa in terms of the UPOV regime. Plant variety protection is relevant to “alternative energy resources” (AER) and mitigating technologies (MT) because new varieties of plant may be developed for use in generating energy, and new varieties of plant may be developed to mitigate the impact of climate change e.g. plant that exhibit improved drought-resistance features (Abbott F. M above p 6).

The point that plant varieties enjoy Patent protection in South Africa is not a true reflection of the state of affairs the Patents Act (section 25(4)) expressly excludes plant varieties from patentability. The protection enjoyed by plant varieties is by way of sui generis legislation through the Plant Breeders' Rights Act no. 15 of 1976, in accordance with the UPOV Convention. A patent can be obtained for a biotechnological invention and it is also arguable that if and when a new and inventive plant is created by a non- biological process (which is not a variety of an existing plant) then such plant could arguably be patented. A&A

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Recommendations on Plant Variety Protection

- South African legislation such as the Patents Act and Plant Varieties Act should not be averse to “access to technology” for technological advancement and climate change
- ***Plant variety protection should be granted only subject to the rights of traditional knowledge holders SANCB supported - NPS***
- ***It is not entirely clear what is meant by ‘access to technology’ that should be promoted for technological advancement. The Plant Breeders' Rights Act (PBR Act) already provides (section 25) for voluntary licences, and also (section 26 and section 27) for compulsory licences. It is also pointed out that, in terms of section 31, the State may take over the rights in any variety of plant. It is not clear what other manner of ‘access to technology’ is contemplated. This should be clarified. The concept of ‘patent pools’ or ‘rights pools’ (in the case of plant breeders’ rights) could be promoted. However, care should be taken not to curtail or expropriate the rights of the right holders in a manner to unreasonably prejudice their legitimate interests and to prejudice future developments aimed at providing new varieties to improve food security. TRIPS Art 27.3(b) obliges member countries to provide protection in respect of plant varieties, and such protection will have to***

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comply, for example, with the provisions of Art 30 which allows limited exceptions but states clearly that such exceptions must not unreasonably conflict with the normal exploitation of the rights and must not unreasonably prejudice the legitimate interests of the rights owner, while taking account of the legitimate interests of third parties.

A&A

- *The PBR Act provides protection against the unauthorised acts listed in section 23(1) of the PBR Act in respect of the registered varieties only. Provided that unauthorised use of a registered variety is not made, the right of farmers to develop and crossbreed their own (ie not PBR-protected) plants in the traditional way is not affected by the provisions of the PBR Act. Section 23(6)(f) of the PBR Act also makes provision for a so-called 'farmer's right' in respect of harvested material obtained on the farmer's land. A&A*

g) Trade Secret

"Trade secret" is the customary form of protecting technological innovation. It protects confidential commercially valuable information that the holder has taken reasonable steps to protect from disclosure. As long as trade secret subsists, trade secret endures [WIPO: A Stitch in Time (above) p 15, Abbott (above), p 4]. In South Africa, indigenous knowledge is chiefly protected through the trade secret route.

Trade secrets may range from a list of key suppliers and buyers, to use of software tools for fashion design, logistics management of the entire value chain, to processes and secret inventions. A good example of trade secret is that of the fashion chain, ZARA, using proprietary information technology (IT) system to shorten their production cycle, i.e. the time from identifying a new trend to delivering the finished product, to a mere 30 days. Most of their competitors take from 4 to 12 months (WIPO: A Stitch in Time, above, p 15).

Trade secrets are protected through the common law and not through legislation.

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However trade secrets do not encourage the transfer of technology, nor is there any provision for the public benefit. Therefore while people should have a choice what measures to use the law should not grant greater protection to trade secrets than is available for other types of intellectual property. SANCB

The statement is made that trade secret is the customary way of protecting technological innovation; of course, not only technological innovation but also business, marketing or financial information and other kinds of information can form the subject of trade secrets. A&A

Reference is also made to the principle that as long as the trade secret subsists (ie as long as secrecy is preserved), the trade secret will endure (ie the protection will endure). It is important to see that principle in a wider context, namely that disclosure of the 'secret' in whatever manner, eg even through illegal conduct of third parties, terminates the protection; and that any

use of the subject matter of the trade secret could put the secrecy at risk; moreover, a trade secret cannot prevent others from developing and using/exploiting similar technology or business strategies.

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Therefore, it should be made clear that trade secret as a form of protection does have advantages but also shortcomings. A & A

Recommendations on Trade Secret

- South African IP laws should not undermine the principles of trade secret, i.e. trade secret principles should be allowed to coexist with the IP system and it should be a choice of users which system to use
- Awareness campaigns on advantages and disadvantages on this system should be embarked upon
- ***The following comments should be taken into account when implementing the recommendations:***
- ***As formulated in the second recommendation, the potential users of trade secrets as a form of protection should be alerted to the advantages but also the disadvantages of that form of protection. A&A***
- ***Additionally the recognition of trade secrets and confidential information as intellectual property should be accepted and promoted A&A***
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h)Regulatory Data Protection

This relate to protection of undisclosed data submitted in the course of seeking regulatory approval of new chemical entities. Article 39.3 of the TRIPS Agreement provides for mandatory data protection for pharmaceutical and agricultural chemical entities. Protection is afforded against disclosure and against "unfair commercial use". In South Africa there are various laws that protect information that is confidential for business competitive purposes.

There is no prescribed period of such protection. In the US protection is for a 5 year period whilst in the EU it is for a period of 10 years of "marketing exclusivity" as it is deemed to reduce generic competition in the pharmaceutical sector (Abbott, above, p 5). This matter should be understood also on the basis of "access to knowledge". A good example is where a generic company would like to have the information for the purposes of developing a drug based on the patent that is not yet expired or the previous clinical trial information that is in the hands of the regulatory authority. Such information may or may not qualify to be protected. A determination has to be made whether this information should be kept secret or not. A blanket "protection" will not serve any purpose other than to "repulse" competition from generic companies.

In this regard, it is submitted that protection of "confidential information" from clinical trials on indigenous medicines should be protected through the law of data protection in terms of Article 39.3 of the TRIPS Agreement.

NAPM is not supportive of data protection or data exclusivity. Our motivation is as follows. Currently registration of generic medicines is being delayed due

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to resistance from MNCs regarding the development of SPIs. Clarity from the DTI regarding this matter would be greatly appreciated. – NAPM

It is noteworthy that the Draft Policy proposes that the confidential information derived from clinical trials on indigenous medicines should be protected in terms of TRIPS Art 39.3. This is supported, although, it is submitted that this should apply to all medicines and not only to indigenous/traditional medicines. It would be discriminatory if only certain data were to be protected and not others. IMSA & PIASA

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Recommendations on Data Protection

- South Africa should invoke the law of Data Protection in terms of Article 39.3 of the TRIPS Agreement in relation to the protection of indigenous knowledge in traditional medicines. Legislative amendments to the Medicines and Substances Control Act, the Health Practitioners Act and related health legislation are required in this regard.
- There should be no general or blanket data protection of information that is at the disposal of medicines regulatory authority, but unfair trade practices and protection of confidential information that is relevant for competitiveness should be in place
- Entry of generic medicines in the South African market should not be frustrated per se due to the law of Data Protection

h) Alternatives to IP

There are alternative policy mechanisms for encouraging innovation. Abbott submits that the principal alternative is the subsidy that involves payment, direct/indirect, by government to the innovator for pursuing, e.g. new technologies. The risk of loss in the case of subsidy is shared by the innovator and government (Abbott, above, p 7).

Governments routinely subsidise in certain disciplines such as the development of military technologies. Virtually all of the development in the US of vaccines and treatments to address bio-weapons threats are undertaken pursuant to government subsidy.

Another alternative mechanism for promoting innovation is the "prize". The prize mechanism involves a establishing a predetermined award for the person that achieve the goal defining the prize. The prize mechanism contemplates that the person seeking the prize will expand his/her own resources in that endeavour. There is a dearth of authority that proves that "prizing" encourages innovation, but this may worth a try (Abbott, above, p 7).

Recommendations on Alternatives to IP

- This form of approach should be pursued but residence of ownership of IP should be ascertained.
- The section on alternative initiatives to stimulate innovation is supported A&A

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CHAPTER TWO: IP AND PUBLIC HEALTH

The IP system is one of the factors that directly and negatively/positively impacts on access to healthcare. Other constraints to access to medicines/drugs in developing countries are amongst others, lack of resources (skilled personnel, funds and time) and the absence of a suitable health infrastructure, e.g. hospitals, clinics, health workers, equipment and adequate distribution/supply of drugs to administer medicines safely and efficaciously. Nevertheless, a developing country like South Africa may develop and adopt other national policies that can directly affect the direction of access to medicines, e.g. taxes on medicines [Kunst and the Commission]. Developing countries do not have the capacity of developing generic industry and a conscious decision should be taken as generic medicines do promote competition [Industrial Policy, **the dti**, 2007]. This also shows that patent protection has an impact on prices and countries with strong generic competitors cause prices to fall drastically [Commission, p13].

One means of accessing medicines at lower prices amongst others is for developing country like South Africa to use a mechanism called "compulsory licencing". Compulsory licencing allows a country to license the manufacture of a patented medicines to third manufacturer when there are good reasons to do so, e.g. when the Government considers the price of medicines to be astronomically high [Kunst, Rimmer, Commission]. Compulsory licencing may also be of assistance as a bargaining tool in price negotiations with producers of patented medicines e.g. the United States envisaged this possibility when negotiating the price of cipro (a drug) following the anthrax attack after "9/11/2001" (9/11).

There should be a balance between trade and health issues in relation to patents and IP protection. During the Doha trade negotiations access to public health and IP was eminent on the agenda. A major issue at Doha was how countries without capacity to manufacture medicines could procure them under the realm of compulsory licencing.

Developing countries could also adopt IP policies in their legislation that limit the extent of patenting and facilitate introduction of generic competition.

- ***Although the statement that the IP system does not stimulate research on diseases that affect poor people may be an over-simplification of the health problems, the recommendation is supported that public funding for research on health problems specific to South Africa should be mandated and directed by Government and indeed increased. A&A***
- ***Consideration is given throughout this document to the need to align the policies of not only Trade and Health, but also of the Department of Science and Technology (DST), which leads in the area of research. IMSA & PIASA***
- ***IP system does not stimulate research on diseases affecting poor people may be an over-simplification of health problems. Cognisance should be taken of the role that the IP system plays***

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in encouraging the investment by manufacturers of originator medicines in developing markets and thus increasing access to innovative medicines. In the study by Attaran cited above, South Africa had the highest number of patent protected ARV medicines of the countries studied and also had the greatest access to ARVs. IMSA & PIASA

- *However there is support for the recommendation that public funding for research on health problems specific to South Africa should be increased, mandated and directed by Government. Joint initiatives between appropriate Government departments and the pharmaceutical industry should be encouraged and facilitated, and this approach should also include improved cooperation between the Departments of Trade and Industry, Science and Technology and Health to ensure alignment of health policy with policies on innovation, IP, competition and trade. However, medicine pricing issues are not part of dti policy and should not be addressed in IP. IMSA & PIASA.*
- *The recommendation in the Draft Policy relating to enhancement of health infrastructure, including the manufacture and distribution of medicines is supported. IMSA & PIASA*

RECOMMENDATIONS FOR CHAPTER TWO

1. Due to the fact that the IP system hardly stimulate research on diseases that affect poor people, public funding for research on health problems in South Africa should be directed and increased.
2. Existing capacities must be enhanced and IP derived from this type of research must be controlled, e.g. through licensing, for the benefit of the country.
3. Other economic policies such as IP, Competition, and trade policies must be in harmony with health policy objectives.
4. IP protection regimes must not contradict public health policies and the two should be balanced.
5. South Africa should make provisions in its laws that will facilitate the entry of generic competitors as soon as the patent has expired on a particular medicine. The Bolar provision is already in the Patents Amendment Act 2002. Quick generic approval by the Medicines Control Council (MCC, predecessor of Medicine Regulatory Authority (MRA) used to be imbued with backlogs of some sort.
6. For the IP and Health policies to be in tandem, the dti and DOH should reconcile policy stances. In this regard, there is a need to address pricing of drugs as it may also frustrate issues of access to public health.
7. South Africa should facilitate in its legislation the ability to import patented products if it can get them cheaper in other jurisdictions (parallel importation). Parallel importation of IP can also be made at a regional arrangement and in this regard SA may wish to influence regional integration for the purpose of access to medicines.
8. South African legislation should allow strict rules to apply to patenting as competition principles may be undermined. This should exclude diagnostic, therapeutic and surgical methods from patentability, including new uses of known products, as is the case under the TRIPS Agreement.

9. Compulsory licensing should be introduced in South Africa in line with international treaties such as the Doha Decision 6 of the WTO negotiations on Trade and Public Health.
10. Health infrastructure such as distribution of medicines and manufacturing capacities must be enhanced as lack of them may impede affordability of medicines.

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11. *Furthermore, it should be recommended that joint initiatives between Government (through the appropriate departments) and the pharmaceutical industry be encouraged and facilitated in order to find solutions for the health problems facing the people of South Africa. However, it is submitted that no restrictions should be placed on the research conducted by the private sector as this will potentially have the effect of driving away from South Africa research and innovation centres and spending, with the resultant negative impact on innovation, the economy, skills transfer and job creation.*
12. *On international level, the WHO has set in motion an initiative to formulate a plan of action to address the growing burden of diseases and health conditions disproportionately affecting developing countries, and the need to develop safe and affordable new products to treat such diseases and conditions. One way of addressing the needs is for public/private partnerships to be established to promote the development of new essential drugs and useful research tools.*
13. *It is strongly recommended that this approach be taken into account and followed, thereby giving effect to the objective of promoting better cooperation between the Departments of Trade and Industry and of Health, and between the public and private sectors, as contemplated in the IP Policy document. A&A*
14. *It is recommended that existing capacities must be enhanced and IP derived from research must be applied for the benefit of the country. It is suggested that this recommendation, which is supported, should make optimal use of the principles and mechanisms provided for in the Act on IP Rights from Publicly Funded Research and Development 51 of 2008. A&A*
15. *The recommendation that economic policies on IP, competition and trade should be aligned with health policy objectives is supported. A&A*
16. *The recommendation that IP protection regimes should be balanced with public health policies is supported. As pointed out above, the patent system already contains concessions which may be used to address public health-related needs, such as the compulsory licence provisions (which may be used in cases of excessive pricing), and the early-working provisions to enable generic manufacturers to prepare for early market access (which may be used to enhance competition). A&A*
17. *Reference should also be made to section 15C introduced into the Medicines and Related Substances Act 101 of 1965 by the Medicines*

and Related Substances Amendment Act 90 of 1997. In terms of section 15C the Minister (of Health) may grant an import permit to a third party in respect of a medicine in respect of which a marketing authorisation is held by another party. Although this is not entirely clear, such medicine may still be the subject of a South African patent. In effect a permit issued by the Minister would then legalise parallel importation. This intention is made clear in the Regulations issued the Medicines Act, 1965 in the GN R510, GG 24727 of 10 April 2003, and in the Guidelines on the Parallel Importation of Medicines in South Africa published in GG 35145 of 27 June 2003. A&A

- 18. What needs to be addressed in relation to this legislative importation licence is the absence of any reference to the Registrar of Patents and/or the patentee, or the absence of any requirement to liaise with or notify the Registrar of Patents and/or the patentee. Again it is submitted that this right should be limited to cases of national emergency. A &A*

- 19. It is recommended that South Africa should make provision in its laws to facilitate the market entry of generic medicines as soon as the patent has expired. A 'Bolar' or 'early working' provision is already in the Patents Act, as correctly stated in the recommendation. Reference is then made to quick generic marketing approval by the relevant authority (previously the MCC, now the MRA). It is necessary to give specific attention to this aspect A&A.*

- 20. IP and Health policies should be aligned, and that the policy positions of the Departments of Trade and Industry and Health should be reconciled, is supported. Issues of pricing, however, not part of DTI policy and should not be addressed in an IP policy. Pricing is a complex issue which differs from sector to sector. The pricing of drugs is a matter best dealt with by the Department of Health.A&A*

- 21. South African patent legislation should provide strict rules to apply to patenting in order to avoid undermining competition principles; presumably the recommendation has in mind the patenting of pharmaceutical products and related inventions. Firstly, as indicated above, South Africa's Competition Act, 1998 in any event applies to IP and to patents. Secondly, South Africa's Patents Act, 1978 already excludes (section 25(11)) diagnostic, therapeutic and surgical methods of treatment from patentability. It should be noted that TRIPS Art 27.3(a) does not require member states to exclude these from patentability; it merely allows member countries to do so. This is a TRIPS flexibility already in place in South Africa.A&A*

22. *As regards new uses of known products (eg new medical applications of known chemical substances), the South African Patents Act allows in section 25(9) and (12) for the patentability of the new use of a substance or composition in a method of treatment, although the substance or composition is already known, as long as the use of the substance or composition does not form part of the state of the art. TRIPS makes no mention at all of this issue. Moreover, the provisions of section 25(9) and (12) may indeed provide a basis for the patentability of certain traditional remedies.A&A*

23.

CHAPTER THREE: AGRICULTURE AND GENETIC RESOURCES

Private sector research budgets relevant to poor farmers have increased whilst that of the public sector has decreased. The private sector research is incentivised by the protection of IP that they claim over genetic resources. The Commission found that decrease in research budgets also threatens the maintenance of both national and gene banks (p16). The Commission further found that "while in recent years the IP of breeders have been increasingly strengthened, as required by TRIPS, little has been done in practice to recognise the services of farmers in the selection, development and conservation of their indigenous varieties on the basis that modern breeding techniques have built" (Commission). It should be noted that the objective of ITPGR of FAO is to protect the material in gene banks and in farmers' fields covered by the treaty from being directly patented. The ITPGR also encourages countries to protect the rights of the farmers.

The TRIPS Agreement provides that member states must apply some sort of IP protection to plant varieties either as patents or other kinds of protection, namely *sui generis*. It has been found that the *sui generis* of plant varieties protection (PVP) have not been effective at encouraging research on crops in general and in particular for the kind of crops grown by the poor farmers. The PVP is designed for commercial farmers from developed countries and poses a threat to the practices of many farmers in developing countries of reusing, exchanging and reselling seeds. UPOV is not suitable for developing countries that do not have significant commercial agriculture. Patents are usually used to protect both plant varieties and genetic resources in plants. Due to patents offering stronger form of protection than PVT patents offer greater incentives to research in developed countries, in particular those with biotechnological industries (Commission). However, like PVT, patents are also a threat to reuse, exchange and reselling for the poor farmers. Further, patents protection may in this area lead to over concentration of IP ownership and that may again frustrate access to agricultural biotechnology. Nevertheless, this can be remedied by strong competition laws.

It is submitted that South Africa's PBR Act already provides, in section 23(6) for a number of exceptions from the exclusive right afforded to the right holder, including the right to resell propagating material procured in a

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legitimate manner; to sell reproductive material derived from that propagating material; to use that propagating material for private purposes; etc. It should specifically be noted that section 23(6)(f) of the PBR Act already makes provision for a so-called 'farmer's right' in respect of harvested material obtained on the farmer's land. A&A

RECOMMENDATION FOR CHAPTER THREE

1. Generally, developing countries should not provide patent protection for plants and animals as is allowed under the TRIPS Agreement. This is so as patents, including the PVP system imposes restrictions on use, exchange or resell by farmers and researchers. However since South Africa has a growing biotechnology related sector, it must allow certain types of patents protection in this area. In this regard, specific exceptions to the exclusive rights for plant breeders and research must be provided for. It is important that a clear exception to the patent right is included in the legislation to allow farmers reuse of the seed.
2. The PVP system that SA follows should be amended in the context of recommendation one above, i.e. Plant Varieties Act should be amended to allow farmers to reuse, resell and exchange seeds in the spirit of the ITPGR and to suit the SA conditions.
3. Due to the increase concentration in the seed industry it is important for the public sector research on agriculture be funded so as to introduce competition with the private sector.
4. Due to the high level of concentration in the private sector, SA should amend the Competition Act to deal with this phenomenon.
5. ***In the first recommendation it is suggested that developing countries should not provide (patent) protection for plants and animals as allowed by TRIPS. It is pointed out that TRIPS Art 27.3(b) in fact requires member countries to provide protection in respect of plant varieties, either by way of patents or by sui generis legislation. South Africa has elected to make use of sui generis legislation. South Africa's Plant Breeders' Rights Act (PBR Act) is, therefore, in compliance with TRIPS. A&A***
6. ***It is further recommended that any (patent) legislation should provide for exceptions to the exclusive rights, ie to allow farmers to reuse seeds. It is submitted that South Africa's PBR Act already allows for such exceptions in section 23(6) A&A.***
7. ***Funding of public sector research on agriculture. is supported A&A***

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CHAPTER FOUR: IP AND INDIGENOUS KNOWLEDGE

In this regard, the Indigenous Knowledge Policy of 2006 that deals with the Protection of indigenous knowledge using the IP system forms part of this chapter and the Intellectual Property Laws Amendment Bill 2010 forms part of this chapter.

CHAPTER FIVE: IP, COMPETITION, PUBLIC POLICY MAKING, COMPULSORY LICENSING AND TECHNOLOGY TRANSFER

Most of what is going to be said is from a perspective of the IP rights under Bilateral Investment Treaties (BIT) that translate into a TRIPS-plus and therefore undermining Public Policy making of a member state.

TRIPS provides for the promotion of technological innovation, transfer and dissemination of technology in a manner conducive to social and economic welfare. Member states of the WTO may also adopt measures necessary to promote the public interest in sectors of vital importance to the socio-economic and technological development (Biadgleng E. T: South Centre, Research Papers vol 8 2006), IP Rights Under Investment Agreements: the TRIPS-plus Implications for Enforcement and Protection of Public Interest, p 15).

i) IP and Competition and ii) Compulsory Licensing

Article 40 of TRIPS provides that certain licensing practices regarding IP that restrict competition may have adverse effects on trade and impede the transfer and dissemination of technology. As a consequence TRIPS permits countries to take measures against such practices that constitute an abuse of IP with an adverse effect on competition in the relevant market (Biadgleng, above, p 16).

Furthermore, members are free to determine what constitutes restrictive practices. Good examples of such restrictive practices are:

- arrangements requiring the licensee to return all improvements of the licensed technology exclusively to the licensor
- waiver of the rights by the licensee to challenge the validity of the license and
- Packaging of different technologies for the licensing purpose of one or some of the components of technology.

BITs provide a different regime to the regulation of competition and others exclude it completely whilst others are silent on the matter. Examples:

- The Canadian Model BIT provides amongst others that parties shall not require transfer of technology except when required by a court, administrative tribunal or competition authority to remedy an alleged violation of competition laws or enforcement or undertaking [(DFA, (2004), Model BIT of Canada, Article 10(1)(b), Biadgleng, above, p16)].
- Japanese Model BIT have similar provisions
- The US Model BIT and its FTAs incorporate similar approach. In their FTAs investment sections, there are annexure confirming understanding of governments that "except in rare circumstances, non-discriminatory regulatory actions by a party that are designed to and applied to protect legitimate public welfare objectives, such as public health, safety, and the environment, do not constitute indirect expropriations" [US-Chile FTA (2003), Annex 10-D (4), US-Singapore FTA (2003)].

It is clear that BITS frustrate the flexibilities and regulatory discretions under TRIPS with additional requirements and limitation on their application. Biadgleg on page 17 submits that "further delineation of the effect of investment agreements in squeezing the space for regulatory discretion requires the examination of compulsory licenses under investments agreements". It is therefore safe to conclude that BITS are TRIPS-plus in many respects.

It is submitted that one of the important components of competition policy and regulations involves the use of compulsory licenses that is an authorisation given by a government for use of a protected IP by a third party without the consent of the right owner under prescribed restrictions, conditions and subject to payment of remuneration. In this regard it is worth mentioning that these types of licence can also be issued under TRIPS and WIPO treaties under different objectives that include public interest such as health and emergency situations and as a remedy for non-working of protected rights [WTO Doha Decision 6 on Public Health and IP read together with Articles 30 and 31, WIPO treaties, Biadgleng, above, p17].

Compulsory license does deprive ownership to rights over the protected IP or technology. It is just an exception to exclusive right. This is the reason why it is not treated as direct expropriation.

Where compulsory license is in violation of fair and equitable standard of treatment, BITS protect the IP that are the subject of such measures. In cases of dispute on the amount of the remuneration subsequent to the issuance of the compulsory license, the standard for payment and assessment of amount varies between TRIPS and BITS. TRIPS provides for a different standard of compensation to those applicable to BITS during compulsory licensing of medicines/technology. TRIPS require only the payment of adequate remuneration taking into account the economic value of the authorisation for a compulsory license. The economic value relates to the authorisation and not to the value of the IP. It is submitted that the compulsory licence granting authority determines the royalty payment commensurate with the expected economic value that the implementation of the specific compulsory license could bring and objective of the license e.g. affordability and accessibility of essential medicines, but not to the market value of the patent that could be higher, especially under the restrictive-licensing practice that exactly triggered the compulsory license (Biadgleng, above, p 18).

There are many options for determining payment in cases of licenses. Since the objective is to remedy anticompetitive practice, it is submitted that the preferable means is to determine the royalty fee payable by the licensee. Examples in the US are the Novartis and Dell cases. In the Novartis case, a compulsory license was issued against its patent relating to cytokines protein against a royalty /its equivalent, of no greater than 3% of the net sales price of the licensed products [FTC (1997) in the matter of Ciba-Geigy Ltd, et al, p 20]. In Dell case, FTC required that Dell license its 481 patents to anyone using VL-bus standard of Dell (Muller, JM, (2002), "Patent Misuse through the Capture of Industry Standards" 17 Berkley Technology Law 3 as cited on 10 March 2006 from <http://btij.boalt.org> by Biadgleng p 18).

BITS provide for payment of compensation to the fair market value of the expropriated investment asset itself, e.g. IP payment must be prompt. Where there is a dispute as regards "fairness" of the issuance of the compulsory license, the payment and the amount of the remuneration for the compulsory license against the IP of covered investment, BITS can result in a TRIPS-plus standard. It is clear therefore that payment of royalty or fairness as to the value of an investment asset results in TRIPS-plus standard in BITS (Biadgleng, above, p19).

- ***Compulsory licensing is fully supported – NAPM*** Formatted: Font: Bold, Italic
- ***Parallel importation is not supported as it is contrary to section 45 of the Patents Act, this amendment would affect all industries as it will have a general effect. This will affect local manufacturing- A&A***
- ***The Patents Act already caters for Compulsory Licensing in terms of section 55 and 56 of the Patents Act- A&A***
- ***The Patents Act already caters for Competition Law – why this recommendation- A&A***
- ***Guidelines on licensing -This is supported on the understanding that such guidelines would encourage and explain voluntary licenses, local investment and manufacturing and would not endeavour to prescribe the inter parties terms and conditions to be included in licensing agreements, or the royalties to be paid. A&A***
- ***Compulsory licensing system be introduced, as resulted from the Doha Para 6 negotiations of the WTO, ie the new Art 31 bis system. Support for this recommendation has already been expressed. A&A*** Formatted: Font: Bold
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IP and Competition Formatted: Font: Italic

- ***It is submitted that the Competition Act, 1998 similarly applies to health-related economic activities in South Africa or having an effect in South Africa, as was demonstrated by a recent intervention by the Competition Commission which resulted in the granting of licences by a pharmaceutical company.A&A*** Formatted: Font: Bold, Italic
- ***Although no specific recommendation is made in regard to compulsory licences, several of the recommendations relate to the need to develop effective technology transfer models, including technology transfer to LCDs (least-developed countries) and technology transfer within industries and/or sectors. Furthermore, it is recommended that technology transfer from foreign companies to local companies should be encouraged. It should be borne in mind that a compulsory licence, being authorised without the consent of the right holder, will not usually entail the transfer of technology from the right holder A&A***
- ***The principle of technology transfer as a means of creating and enhancing domestic manufacturing and industrial capacity is supported, on the understanding that this will happen in a legitimate and fair manner***

and between consenting parties. Although compulsory licensing can be authorised without the consent of the IP right holder, it will take place, in South Africa, on the basis of statutory considerations and conditions, and by way of a judicial process. A&A

- *Compulsory licensing provided for in the Patents Act in sections 55 and 56 it is recommended that compulsory licensing should be undertaken with great care – the intended recipient of the license should first be evaluated in terms of the ability to deliver the product/drug, and at appropriate cost. IMSA & PIASA*
- *Reference is made in the Draft Policy to the Doha Round of trade negotiations and to the issue of how countries without manufacturing capacity could procure medicines by way of compulsory licences. This issue was ultimately resolved by the acceptance of Art 31 bis by the WTO/TRIPS, to provide for a system of dual licences, namely an exportation licence in a country with manufacturing capacity and an importation licence in a country without adequate manufacturing ability. We would propose that South Africa qualifies as the former and that the intention of introducing compulsory licensing would be to facilitate exportation rather than importation. So far South Africa has not introduced this system into the Patents Act. The manufacturing capacity of local/South African companies has grown considerably in the last few years and, should a compulsory licence be awarded, local manufacturing by the licensee should be encouraged. IMSA & PIASA*
- *Education and awareness on the existing compulsory license provisions should be promoted. IMSA & PIASA*
- *The Draft Policy recommends the amendment of South African legislation to provide for parallel importation. Although this proposal would make use of a TRIPS flexibility (as contemplated in Art 6), it would be contrary to the current wording of section 45 of the Patents Act, which grants the patentee the exclusive right of importation. The legislative facilitation of the parallel importation of patented products should be approached with great caution and circumspection. Parallel importation of medicines poses numerous potential pitfalls: • legalising parallel importation carries the danger of negatively influencing local manufacturing, foreign investment and economic growth in a range of sectors; • there is no*

assurance that parallel imported products would be available on the long-term and at a lower local price; • it is likely that importers will use the provision to gain a short term financial advantage without any regard or ability to support aspects such as accountability for drug failures, quality and efficacy; • parallel importation creates an opportunity for the undetected importation of counterfeit drugs which would pose significant risks to Public health.

Parallel importation of drugs can thus only be supported in cases of a national health emergency (which should be clearly defined) and coupled with enhanced regulations and control of such parallel importation processes, the parallel imported drugs and the importers thereof. In this regard, reference should be made to section 15C of the Medicines and Related Substances Act 101 of 1965, by which the Minister (of Health) may grant an import permit to a third party to import a medicine of which the marketing authorisation is held by another party, even if such medicine is still the subject of a SA patent. Such permit issued by the Minister would then legalise parallel importation, and this intention is made clear in the Regulations issued with the Medicines Act and in the Guidelines on the Parallel Importation of Medicines in South Africa (2003). However, it is our view that the 'parallel importation' of for example patented

drugs in cases of price abuse can effectively be dealt with under the provisions of compulsory licensing. This approach is supported and preferred. IMSA & PIASA

- The Draft Policy also recommends that SA patent legislation should provide strict rules to apply to patenting to avoid undermining competition principles. This presumably relates to patenting of pharmaceutical products and inventions. However, the Patents Act (section 25(11)) already excludes diagnostic, therapeutic and surgical methods of treatment from patentability. This TRIPS flexibility is thus already in place in SA. IMSA & PIASA.*
- Competition commission must be involved in the drafting of the IP policy that allows for collective licensing of rights under regulatory control of any arm of the dti. RISA & SAMPRA*
- Consideration of sections 9 (c, d and e) of the Copyrights Act must be done when looking at the nature of performance right. RISA & SAMPRA*
- Consideration of section 32 of the Copyright Act which provides for the granting of compulsory licenses by the copyright tribunal Consideration of regulation 7(1) of the collecting society regulations RISA & SAMPRA*

Legislative arrangement

- **This Policy should address the concerns that were raised with minister in 2007 RISA & SAMPRA***

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iii) Technology transfer under BITS

As already stated above, TRIPS provides for the promotion of technological innovation, transfer and dissemination of technology in a manner conducive to social and economic welfare of member states. In this regard the WTO Panel found that TRIPS would want to require governments to apply exceptions in a non-discriminatory manner in order to ensure that governments do not succumb to domestic pressure to limit exceptions to areas where the right holders tend to be foreign producers [Canada-Patent Protection of Pharmaceutical Products (2000), read together with articles 40 of TRIPS on competition]. WTO members are entitled to use their discretion to determine the scope of measures to promote public interest if such measures are consistent with TRIPS (Article 8).

Further, sectors that are of vital importance to socio-economic and technological development are also to be determined by each member state using their own discretion. Furthermore Article 66 of TRIPS accords least developed countries (LDCs) a transition period with the objective of providing flexibilities to create a viable technological base and requires developed countries to take measures that would encourage technology transfer to LDCs.

Under the WTO regime there are other agreements that regulate the manner for the adoption of measures that promote R & D and technology transfer. In this regard it is worth to note the provisions of the Agreement on Technical Barriers to Trade (TBT) that provides flexibilities for developing countries to maintain indigenous technology and production methods and processes compatible with their development needs. Further, the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) requires members to facilitate the provision of technical assistance in the areas of processing technologies, research and infrastructure. IP and BITS interplay take place in the context of provisions on performance requirements under BITS. Performance requirements involve the measures by a country requiring foreign investment to undertake certain activities related to the investment (Biadgleng p 19). Good example in this regard is where a country would like to purchase local raw materials as an input to the production process and such are imposed as conditions of entry of foreign investment or the receiving of incentives or any other advantage from the government. Performance requirements that have a direct bearing on IP of covered investment are permissible under TRIPS as long as they are consistent with TRIPS. This means that flexibilities/exceptions and limitations under TRIPS are available and are not frustrated by BITS.

BITS that mimic the 1994 model BIT of the US restrict technology transfer and R&D requirements. Such outright prohibitions under the BITS regime undermine the utilisation of any flexibility/limitations or implementation of measures consistent with TRIPS. Many BITS, including those of Canada, US and Japan fall under categories that of those that:

- Restrict requirements to transfer of technology, production process, or other proprietary knowledge and to undertake R&D, except when such requirements are imposed as a condition to receive advantages offered by government
- Restrict the imposition of a technology transfer requirement except with in accordance with TRIPS or implementation of competition laws and government procurement

Biadgleng submits that although mandatory technology transfer and R&D requirements could be consistent with TRIPS and TRIMS the review of investment agreements indicates that many BITS permit only voluntary technology transfer and R&D requirements (Biadgleng p 21). The same author on p 21-2 further notes that BITS tend to be TRIPS-plus or to undermine the regulatory discretion of countries in relation to measures regulating practices of the IP right holders and inducing the transfer of technology and know-how when they:

- Add additional requirements and limit the scope of discretion to regulate practices of foreign investment related to IP and protected technologies.
- Apply investment standards for the protection of IP asset of investment, in particular for a compulsory license in determining public purpose.
- Expand the scope of prohibition on performance requirements that curtail the use of technology transfer, R&D and know-how.

It can safely be said that BITS specialise in laws, regulations and practices specifically designed by governments to regulate investment, but not IP or trade. It is therefore not proper that the standards of investment protection should not be applied to or derives substantive interpretation from other unrelated domains of international law as it may lead in the case of IP, to protection higher than under specialised TRIPS. State parties to BITS should fully consider the implications of the provisions BITS in relation to obligations and discretionary powers that they can exploit under other multilateral instruments such as TRIPS and WIPO dispensation. There should be a concerted action by developing countries like South Africa to determine the impact on public interest, industrial development, innovation, and technology transfer and competition policies. Instruments may have to be devised to provide greater clarity to scope and application of provisions, in particular those that deal with enforcement of IP. In the same vein the taking up of IP disputes to investment arbitration will worsen the imbalance of interest in IP and significantly affect the global governance structure on negotiation, implementation and dispute settlements with respect to IP (Biadgleng, p 33).

Case Study on Whether Article 66.2 Encourages Technology Transfer

Although Article 66.2 is designed to deal with technology transfer between developed countries and LDCs, the approach may be informative for technology transfer regime in general terms. The successes and failures that have taken place under Article 66.2 may be informative to a country that wants to encourage technology transfer within its trading regime with other countries or amongst its sectors and industries.

It may be recalled that TRIPS provides for the promotion of technological innovation, transfer and dissemination of technology in a manner conducive to social and economic welfare. It is submitted that one of the objectives of TRIPS is that “the protection and enforcement of IP should contribute to the promotion of technological innovation and to the transfer and dissemination of technology” [Moon, S, ICTSD, Policy Brief 2, “Does TRIPS Article 66.2 Encourage Technology Transfer to LDCs”, p 2 (2008), Article 7]. Article 66.2 provides that “Developed country members shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to LDCs members in order enable them to create a sound and viable technological base” [Article 66.2 of TRIPS and Moon (above) p 2]. Moon submits that the importance of Art 66.2 was underscored on several occasions in 2001 WTO Doha Decision on Implementation-Related Issues and Concerns and in 2003 with the creation of the WTO Working Group on Trade

and Transfer of Technology and again the TRIPS Council decision requiring developed countries to submit detailed annual reports on their art 66.2 activities (Moon p 2). The importance of this should be equated to Doha Decision 6 on IP and Public Health.

- It is submitted that recent analysis examining 2006 country reports to the TRIPS Council concluded that developed countries have generally failed to meet their obligations in relation to Art 66.2 (Correa, C: IP in the LDCs: Strategies for Enhancing Technology Transfer and Dissemination. Background Paper No. 4: UNCTAD: The LDCs Report, 2007, Moon p 2). The data generated by the existing reporting mechanisms has a number of flaws, making monitoring of technology transfer to LDCs impossible. Moon on p 6 submits that if technology transfer is to be enhanced and take place effectively, certain elements need to be in existence such as:
 - Agree on a common definition on what constitute “technology transfer” and a list of programmes or policies that enhance technology transfer
 - There is a need to agree on common, comparable metrics for measuring the extent to which incentives on technology transfer have their intended effect
 - Use a uniform reporting format that will be comparable across countries and time periods
 - Indicate whether and how reported incentives are additional to “business as usual”

The system could further be strengthened with active participation of the LDCs, in particular to:

- Assess and report on the extent to which effective technology transfer is contributing to building a sound and viable technological base. In this regard gaps that make technology transfer impossible should be identified
- Submit regular reports detailing successful and unsuccessful developed country incentives related to technology transfer from perspective of technology transferees

Moon on p 9 also recommends on concerns regarding technology transfer from perspectives of international organisations, NGOs and/or academics. They can contribute by:

- Developing a “toolkit” for assessing best practices in both the reporting and functioning of incentives is required. Consultation with various stakeholders such as LDCs governments as demanders of technology transfer will be required in this regard
- Drawing lessons from the experience of monitoring technology transfer clauses in other treaties such as in the United Nations Framework Convention on Climate Change (UNFCCC). For ease of reference, the UNFCCC Art 4.5 provides: that developed country parties not only promote and facilitate, but also finance the transfer of environmental technologies to developing countries to enable them to implement the provisions of Convention. In the process the developed country parties shall support the development and enhancement of endogenous capacities and technologies of developing country parties. Other parties and organisations in a position to do so may also assist in facilitating the transfer of such technologies
- Monitoring the annual submission of reports

- ***We do not support Affidavits confirming non-infringement of patents. Strategy used by MNCs to keep generic companies in a state of uncertainty for as long as possible and in this way prevent competition from cheaper, generic versions. However, they are unnecessary, a waste of time and undermines the bolar or early working patent exception. Abuse of the Patent System by MNCs should be addressed at all levels - NAPM***

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RECOMMENDATIONS ON CHAPTER FIVE

- South Africa must not support WIPO Patent Road Map as it has the potential of undermining sovereignty to decide on public policy making allowed under TRIPS and other multilateral agreements
- IP and health legislations must be amended to allow competition laws to apply - supported
- South Africa must not enter into BITS that would undermine discretionary measures that are allowed in multilateral agreements such as TRIPS - supported
- South Africa should strive to achieve technology transfer models that should encourage technology transfer to LDCs- supported
- South Africa must develop models that encourage technology transfer intra industry/sector/firm and intra public and private sectors. Common definitions should be developed on what constitute technology transfer should be put in place, and a list of programmes or policies that enhance technology transfer must be developed, there is a need to agree on common, comparable metrics for measuring the extent to which incentives on technology transfer have their intended effect
- South Africa must put systems in place that must encourage foreign companies to transfer technology to domestic companies. Incentives/tax breaks may be devised in order to achieve this. supported
- ***Chapter 5 of the Draft Policy lists a number of recommendations in terms of the encouragement of technology transfer. Of particular interest is the recommendation in terms of incentives for technology transfer. it recommended that the recognition of technology transfer under the equity equivalents programme (ownership pillar of the BEE scorecard), may be worthwhile exploring. IMSA & PIASA***

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CHAPTER SIX: COPYRIGHT, SOFTWARE AND INTERNET

Whilst some of developing countries have benefited from the copyright regime, others have not (WIPO Studies and Commission). Many developing countries have joined international treaties in the copyright area, but they can hardly show benefits that flow from such treaties. Equally, other developing countries have shown that they enforce strictly copyright regime and their resources (finance, police, border policing, restrictive internet/technological devices), but they are unable to quantify

whether the costs of enforcement outweigh economic benefits that flow from the copyright based industries. There are treaties or conventions that give nations flexibilities in copyright to allow copying, in particular for education and personal use. These flexibilities are commonly known as "fair use" or "fair dealing" in various jurisdictions. Notwithstanding the availability of these flexibilities, developing nations are of the view that these flexibilities do not cover their needs, in particular in the area of education.

It is submitted that an inevitable impact of stronger protection and enforcement in terms of the TRIPS Agreement leads to reducing access to knowledge related products in developing countries, thus poor people exposed to damaging consequences.

Access to internet in developing countries is limited and this is impacted upon by various factors. In this regard the "fair use" principle under copyright regime may be limited or severely restricted by forms of technological protection, e.g. encryption that restrict access severely than that under copyright principles. This is clearly demonstrated by the EU and US jurisdictions. The 1996 WIPO Copyright Treaty (WCT) contains elements that restrict access of developing countries to information.

Concerning electronic commerce regulation in the country, the department of Communications (DOC) is responsible for this. Principles of IP per se should not change just because the medium has change. In this regard, where TRIPS allows exceptions or limitations or fair dealings say in copyright, such should not be abrogated or diminished in the electronic commerce environment. The WCT and foreign jurisdictions such as those of the US and the EU seem to abrogate exactly this policy making options available to member states. It is submitted that the Electronic Communications and Transactions Act, 2002 administered by DOC contradicts this principle in section 86 (Research Studies of the dti conducted on "Copyright TRIPS Exceptions in South Africa, Access to Education, Learning Materials", Prof. Pouris, Business Enterprise, University of Pretoria, 2009). This emphasises the point that Government departments should follow one policy nationally and internationally, guided by developmental objectives. Supported

Government has adopted an open source policy in order to encourage access to information, in particular information, communications technologies (ICT). The Policy is called Free and Open Source Software (FOSS). Government departments are encouraged to procure computers (IT) that are compatible with FOSS. In this regard, there seems to be a slow progress.

Article 1 of FOSS provides that "The South African Government will implement FOSS unless proprietary software is demonstrated to be significantly superior. Whenever the advantages of FOSS and proprietary software are comparable, FOSS will be implemented when choosing a software solution for a new project. Whenever FOSS is not implemented, then reasons must be provided in order to justify the implementation of the proprietary software".

Article 2 provides that "the South African Government will migrate current proprietary software to FOSS whenever comparable software exists".

Article 3 provides that "all new software developed for or by the South African Government will be based on open standards, adherent to FOSS principles, and licensed using a FOSS licence where possible".

If the principles of FOSS are adhered to, use, production and dissemination of open and access to material such as textbooks can be regarded as an incentive. However, the copyright regime needs to be in line with the Policy.

Poverty, disability and language constitute barriers to access to knowledge, especially education which disproportionately affect the developing world. No-one creates in a vacuum and this appropriate measures which enable access to knowledge are necessary to enable South Africa to produce greater numbers of local creators. Appropriate measures to increase access to knowledge including but are not limited to exceptions and limitations, the authorisation of parallel import which is specifically permitted by TRIPS is another such measure. The potential economic contribution of those with disabilities is usually underestimated, however history records numerous gifted musicians and other creative persons who have made a lasting economic and cultural contribution. Both the South African Constitution and the UN Convention on the Rights of Persons with Disabilities and the Optional protocol in 2007, to which South Africa is a party, regard access to information for persons with disabilities as a fundamental human rights. Far from conflicting with the objectives of this policy these rights, when effectively implemented enable the participation of a significant number of South Africans in the South African economy, and cultural life. Since rightholders have simply failed to serve the large demand for works accessible to persons with disabilities they cannot be said to suffer detriment by the introduction of appropriate measures to enable access. SANCB supported

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Neither the current Patent Act nor the current Copyright Act have sufficiently clear broad exceptions to the exclusive rights by legislation for purposes of inter-operability, research and compliance with standards. Jurisdictions such as the United Kingdom have such exceptions SANCB

RECOMMENDATIONS FOR CHAPTER SIX

1. In order to enhance access to copyrighted materials and achieve developmental goals for education and knowledge transfer, SA must adopt pro-competitive measures under copyright legislation. The legislation must provide the maintenance and adoption of broad exemptions for educational, research and library uses. supported
2. SA should per se not join international copyright treaties that may compromise its stance on social and economic developmental goals. supported
3. SA must adopt a policy and amend copyright legislation in relation to procurement of computer software programmes with a view of ensuring that options for using low-cost and/or open source software products are considered and their costs are properly evaluated (FOSS POLICY) supported
4. SA should allow software to be adapted to local needs through copyright legislation that allow reverse engineering of computer software programmes consistent with its international treaty obligations. supported
5. SA internet users must be entitled to *fair use* rights such as making and distributing copies from electronic sources in reasonable numbers for

educational and research purposes and using reasonable excerpts in commentary and criticism. supported

6. SA should consider carefully before acceding to the WIPO Copyright Treaty and should not follow the path of the US Digital Copyright Management Act (DCMA) and EU (database Directive) as these instruments are very restrictive and thus, bad models for copyright legislation of a developing country like SA. The DCMA and EU Directive strictly restrict the number of downloads whether is for commercial or personal/research use or not. Total blockage that frustrates flow of information is also resorted to.

7. *Legislation should authorise use of copyright and patent protected works for the purposes of interoperability, research and standards compliance.*

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-Remove barriers to access to learning materials faced by people with disabilities by allowing the permission-free conversion, distribution, import and export of learning material into accessible and open formats.

-Ensure rights for non-profit organisations to create and distribute accessible formats without having to obtain permission from copyright owners;

Provide legal norms to ensure that digital technologies can be used to greatly expand the number of accessible works SANCB

CHAPTER SEVEN: PATENT REFORM

From the onset, it would be fair to mention that WIPO and WTO are the two organisations that are claiming to have an exclusive right to IP matters. Except that WIPO and the WTO share to a large extent the same member states as the general membership, WIPO and the WTO do not derive their mandates from the same principals. WIPO is a United Nations Agency responsible for IP whilst WTO is an organisation that comes from the GATT system. In 1995, the WTO was established and the TRIPS Agreement formed the basis of the trading tools (Trade Related Aspects of Intellectual Property Rights-TRIPS) under the WTO arrangement. Industrialised nations in the main from the GATT system days used to control the system and this is no exception to the WTO system. In this regard, developed member states of the WTO emphasise enforcement and harmonisation of IP since they understand the relevance of IP in relation to innovation.

Recently, WIPO Secretariat has introduced "WIPO Roadmap" that seems to lead to a Harmonised World Patent Regime (Li X: South Centre, volume 41, September 2009, "Suggested PCT Reforms Could Lead to a System of World Patents" p 6). Under the "world patent system" an application for a patent should be filed only to a central agency and if approved, the patent would be in force in all member states of the system. In this regard, there is a danger that the national "sovereignty" that allows granting of patents will be corroded. Flexibilities under patent system that are allowed may disappear as policy imperatives of a particular country may not be considered by the central agency. Further, this issue is dividing nations as now it would be possible to "accede" to an international arrangement without subjecting such a process to internal constitutional mechanisms, e.g. if a country does not object to a patent report within a certain period, the patent will be binding on the member states. In South Africa Parliament ratifies international agreements and ratification generally is accompanied with reservations to the treaty due to policy considerations. This

function may be taken away if the Patent Roadmap is adopted as envisaged. The Development Agenda of WIPO as adopted and flexibilities allowed in terms of TRIPS Agreement are also in danger if the PCT Roadmap is adopted.

RECOMMENDATIONS OF CHAPTER SEVEN

- South Africa must align itself with other developing countries and reject the Roadmap on the PCT as it may lead to many policy compromise and therefore introduce TRIPS-plus requirements that are beyond the checks and balances of national sovereignty.
- ***South Africa should not attract further obligations under the pretext of harmonisation and enforcement of IP treaties. Tangible benefits should be quantifiable before other obligations are attracted. South Africa should not support patent reform initiatives at international level which would restrict or undermine the autonomous position of South Africa to formulate its own policy position. This recommendation is supported. IMSA & PIASA***
- ***It is fair to make provision for the extension of the patent period, by way of patent term extension or so-called supplementary protection certificates (SPCs), when this can be justified due to excessive loss of patent term during regulatory approval. This would satisfy TRIPS Art 27, mentioned above. This is the case in the US, UK, EU, Australia and in some developing countries. Importantly, the Australian, US and EU extension provisions are all different and are specifically tailored to meet the legal and other needs of the different jurisdictions. In the same manner a South African extension of term provision could be tailored to suit the specific needs of the country. IMSA & PIASA***

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CHAPTER EIGHT: INSTITUTIONAL CAPACITY

Most developing countries are still grappling with the implementation of the TRIPS Agreement but the IP system is developing at a faster pace and therefore no appropriate infrastructure of developing countries is well suited to deal appropriately with the IP system. There are no coordinated IP and economic policies geared towards promotion of development objectives (Commission). Many developing countries, including South Africa, have weak institutional capacity and hardly have experienced and skilled personnel. The Commission states that a country has to choose between the registration (depository) or search and examination for the patents system. South Africa uses a depository system instead of the substantive search and examination. However, there are various options to attain substantive search and examination results such as contracting out to international, regional and offices of trading partners. In this regard South Africa contracts out substantive search and examination for patents registered under the Patent Cooperation (PCT) system. Other Government departments or universities with capacity to evaluate patents substantively can also assist in this regard.

Legal systems must have the capacity to reject IP rights that are invalid and therefore it is difficult to attain that if the depository/registration system is used, not the search and examination. Enforcement of IP is expensive and judicial systems are under severe strain. Due to this the "private" nature of IP also favours the introduction of dispute resolution mechanisms under civil law or alternative dispute resolution (ADR) in order to reduce the enforcement burden (Commission). WIPO also utilises ADR in disputes that involve private disputants, not states. It is stated that enforcement of IP rights from developing countries is difficult to enforce in developed countries since legal costs are very prohibitive.

Developing countries are also establishing the utility patent model or petty patent system. This system provides for the lower threshold that is required by the proper patent system. It is possible to use the utility patent system, the registration system and the substantive search and examination system. In this regard, Kenya uses both the utility patent model and the substantive search and examination system.

Most of the IP come from foreign companies and developing countries should not per se overstretch their meagre budgets for health and education in order to subsidise IP administration. It is also allowed to introduce a differentiated or tiered fee structure in order to recoup expenses related to enforcement. This should be done carefully as it may undermine service delivery and value for money should not be compromised.

In developed countries, IP systems or policies are fused with other regulatory framework, e.g. competition policy. Competition law intervenes where there are anticompetitive behaviours in the market, including those of IP. Developing countries are failing to strengthen competition policies that should also complement the IP regime.

South Africa needs to coordinate, monitor and evaluate assistance on IP that it receives from donor countries or international organisations such as the US and UK and OECD, WIPO respectively.

Build capacity to deal with the implementation of the policy, e.g. trade negotiators and policy makers should be able to fuse the IP policy with other Government policies, in particular developmental policies.

It must be noted that a lack of capacity (e.g. in terms of enforcement) should never serve as a disincentive to development of a new policy, but rather that the policy should aim at addressing such capacity issues. We thus support the recommendations in the Draft Policy that South Africa should coordinate its IP policy with other national developmental policies, that capacity should be built and enhanced to deal with the structuring and implementation of policies, and that South Africa should assist member states of the African Union with the building of capacity, skill and knowledge in IP matters. IMSA & PIASA

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RECOMMENDATIONS FOR CHAPTER EIGHT

- South Africa should coordinate the IP policy with other national developmental policies. Technical assistance from developed countries and international intergovernmental organisations must be coordinated to contribute to IP policy that is fused with other national developmental policies.
- South Africa should adopt a multifaceted approach in as far as registration of patents is concerned; namely, use both the depository (registration), substantive search and examination and the utility patent systems.
- Government must coordinate departments/universities/research institutions that have competencies in evaluating patents and must be involved in kick-starting the patents evaluation process.
- South Africa should adopt a multi-tiered or differentiated fee structure on IP matters without compromising service delivery and value for money.
- Build capacity to deal with the implementation of the policy, e.g. trade negotiators and policy makers should be able to fuse the IP policy with other Government policies, in particular developmental policies.
- South Africa should assist member states of the African Union in building capacity on various IP matters, lest they will mimic the IP systems of developed countries. This will not be good for South Africa in many respects.
- ***The recommendation that South Africa should coordinate its IP policy with other national developmental policies is supported. A&A***
- ***It is not clear how both a depository system and a substantive search and examination system can be used simultaneously for patents, unless the intention is to retain a depository system for national filings and to outsource the search and examination functions for international PCT applications. The recommendation should be clarified. The introduction of an examination system for patents and designs is not supported. A&A***
- ***As regards a utility model system as proposed, further consideration should be given to adopting and amplifying the current functional design system already provide for in the Designs Act. A&A***
- ***Government to coordinate government departments/universities/research councils to examine and assess patent applications must be approached as a long-term policy objective. The effective substantive examination of patent applications requires very specific skills. In the short term, the possibility of re-introducing an opposition procedure for patents could be considered, but for the foreseeable future such a system is not supported. A&A***
- ***South Africa should adopt a multi-tiered or differentiated fee structure. The basis for such a system is not clearly defined in the draft policy document. It is submitted that a workable basis for such differentiation should be investigated and assessed. As an alternative, a general increase in official fees could be considered. A&A***
- ***The recommendation that capacity should be built and enhanced to deal with the structuring and implementation of policies is supported. A&A***

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- ***The recommendation that South Africa should assist member states of the African Union with the building of capacity, skill and knowledge in IP matters is supported A&A***

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CHAPTER NINE: INTERNATIONAL ARCHITECTURE

From the onset, it would be fair to mention that WIPO and WTO are the two organisations that are claiming to have an exclusive right to IP matters. Except that WIPO and the WTO share to a large extent the same member states as the general membership, WIPO and the WTO do not derive their mandates from the same principals. WIPO is a United Nations Agency responsible for IP whilst WTO is an organisation that comes from the GATT system. In 1995, the WTO was established and the TRIPS Agreement formed the basis of the trading tools (trade related aspects of intellectual property rights-trips) under the WTO arrangement. Industrialised nations in the main from the GATT system days used to control the system and this is no exception to the WTO system. In this regard, developed member states of the WTO emphasise enforcement of IP since they understand the relevance of IP relating to innovation. "The WTO is not required by its articles to consider both the benefits and the costs of IP protection in developing countries, the complex links between IP protection and Development" (Commission). Anyway, WTO does not belong to the UN stable.

Preferably, WIPO, the UN agency should have been concentrating on dovetailing the relevance of IP and objectives of the UN such as development. Unfortunately WIPO seems to be concentrating on the promotion of IP protection and technical assistance to developing countries. Nonetheless, two years ago WIPO concluded the IP and Development Agenda and this may go a long way in addressing the needs of developing countries. IP and Development is a chapter on its own in this policy Document and these issues will be discussed in the chapter. One of the depressing factors at WIPO is that WIPO is highly compromised as its customers include the private sector in the area of alternative dispute (ADR) resolution mechanisms. The private sector is the main source of funding of WIPO (not membership fee from member states). It is no wonder that WIPO development agenda may be conflicted as it has to keep the funders happy due to the fact that they are the main users of the system, in particular, patents (Shah D. G: Concerns of WIPOs Developing-Country Members and its Corporate Differ, South Centre, Issue 41, p 12).

There are other organisations that directly or indirectly deal with IP and this makes IP to be transversal or cross-cutting in many sectors of the economy. Good examples of organisations that are impacted upon by IP are:

- a) World Health Organisation (WHO). WHO deals with public health issues at an international level and if patents are too restrictive in the area of trade, they may frustrate access to medicines. There is a need for a balancing act between trade and health matters. Seizures of generic drugs in transit from developing country to other developing countries are taking place under the pretext of seizure of counterfeiting. If this is not well managed, this is a threat to public health, trade under the GATT system and free movement of Goods.

The EU countries are the main culprits, in particular the Netherlands (Syam S: Seizures of Drugs in Transit: Why Europe's Law and Actions are Wrong, South Centre, Issue 41, p3). WHO is also grappling with issues of counterfeiting in connection with medicines. There is a danger that unintended consequences may emerge as said above. The Universal Postal Union (UPU) is also being persuaded to deal with IP enforcement that is TRIPS plus (Valdivieso L V: Need to Guard against TRIPS-Plus Enforcement Agenda, South Centre (supra), and p14).

- b) The World Customs Union (WCU) is also being persuaded to deal with enforcement of IP. WCO is not an enforcement agency on IP matters but the private sector of the developed are initiating decision making body in an undemocratic way to deal with IP issues (Valdivieso (supra). Due to this, SARS finds itself being lobbied to implement IP enforcement regime that is outside the context of minimum standards of TRIPS (attempts were being made to amend the Customs and Excise Bill, 2007 trying to amend the Counterfeit Goods Act to empower customs officials to seize goods in transit). It is submitted that the enforcement of IP should be understood within the context of the right to development that should not be compromised (Valdivieso, p9).
- c) UN Environment Programme (UNEP). This organisation deals with environmental issues and its convention is called the Convention on Biological Diversity (CBD). The CBD secretariat requested all international organisations dealing with IP to consider disclosing the origin of genetic material used towards patent invention, origin of indigenous knowledge, prior informed consent and benefit sharing arrangements. WIPO and WTO are still grappling with these issues and solutions on the side of WIPO may be found as per the recent decision of WIPO General Assembly of September-October 2009.
- d) Food and Agriculture Organisation (FAO) deals with agricultural issues on behalf of the UN. FAO has already developed the International Treaty on Plants Genetic Resources (ITPGR) that recognises indigenous knowledge protection in relation to IP. It is up to member states to accede to the ITPGR.
- e) United Nations Conference on Trade and Development (UNCTAD) deals with trade and economic issues, including the relevance of IP to trade and development. UNCTAD per se is not convinced that the IP system is working for the good of trade and economic development for developing countries.
- f) United Nations Educational, Scientific and Cultural Organisation (UNESCO) has adopted conventions that are friendly to protection of traditional knowledge through the IP system. The WIPO –UNESCO Model Legislation of 1982 is a good example.
- g) The list of organisations that deal with IP directly or indirectly is not exhaustive.

The salient point for dealing with these organisations above is to show that lack of coordination at national and international organisations in relation to IP that is crosscutting in nature is bound to lead to disastrous consequences. Developed countries are well coordinated to introduce TRIPS-Plus enforcement agenda in other forums such as the G8, G20, and harmonisation of IP system such as the patent law reform at WIPO. Further it is undesirable for WIPO and the WTO to be left alone to deal with IP issues without appreciating that IP should be fused with national policies of member states, in particular, those of developing countries. Whilst UN agencies are cooperating in considering the protection of indigenous knowledge through the IP system, the WTO is not interested in doing so and discussion in this area has stalled "permanently".

These UN agencies may be lobbied to deal with enforcement of IP as it has happened to the WCU, UPU and WHO. As enforcement of IP is not their competence, these agencies are bound to make grave mistakes that may frustrate national and international policies, e.g. trade, health and culture.

At national levels, contact departments may vary from each international organisation and if there is no national policy on IP, different position may be taken by different departments on similar issues. Good examples are as follows:

- a) **the dti** and DOH support that generic medicines in transit from country to another country should not be impounded by authorities en route the final destination (the dti and DOH supporting the position of India at the WTO). This is the position also at the WTO. However, the World Customs Union and certain customs authorities of certain countries are treating generic medicines as "counterfeited" medicines and that may influence SARS negatively to seize generic medicines.
- b) Department of Arts and Culture and the dti need to cooperate on IP matters related to UNESCO. This also applies to Environmental and Water Affairs related patents and genetic resources. Their laws should lead to one direction. DOC and the dti need to uniformly agree on e-commerce relating to communication of indigenous knowledge, e.g. folklore through web-casting as well as copyright and access to education/learning materials.

At an international level, it has been shown that UN agencies approach to IP is sympathetic to developmental needs of developing countries whereas there is no obligations on the side of the WTO do so. The approach of WHO in relation to IP and medicines needs to be cautiously monitored as it may flounder the needs of developing countries.

TRIPS Agreement provides for developing countries flexibilities and exceptions but these have not been fully utilised. Generally bilateral trade agreements undermine the inclusion of these flexibilities/exceptions. Bilateral trade agreements may provide that a trading partner (developing country) must not resort to compulsory licensing of medicines or parallel importation of IP related products.

WIPO gives technical advices on the drafting of legislation, but it is disturbing to find that such legislation do not provide for such flexibilities/exceptions. In these regard WIPO seems not to be guarded by UN goals on development. Promotion of IP protection at the expense of development is not good for developing countries.

Developed countries and other regional economic blocs demand that developing countries should adopt TRIPS-plus requirements even if TRIPS requires countries to comply with bare minimums. This in reality undermines the multilateral arrangements that flexibilities should be retained in IP legislation. This is so due to the fact that developed countries have adopted the "IP enforcement agenda" and "IP harmonisation agenda". These agendas are complemented by "bilateral/trilateral/regional" trade agreements and these undermine the multilateral agreement such as the TRIPS that provides for the bare minimum provisions and flexibilities as well as public policy options (Martin Khor: South Centre, Issue 41, 22 September 2009, IP and Wrongs, Shasikant Sangeeta: Third World Network, Brief 51, 8 December 2008, US Academic Exposes IP Maximalists` TRIPS- Plus-Plus Agenda, Vivas-Eugui D: Quaker United Nations Office (QUNO), 2003, Regional and

Bilateral Agreements and a TRIPS-Plus World: Free Trade Area of the Americas (FTAA).

Advices on IP are also given by institutions from developed countries but these advices carry the flare of the country they come from. In this regard, it is advisable to cautiously filter advices coming from these developed nations as they may undermine the multilateral arrangements or not sensitive to IP and development.

National and international NGOs sometimes may assist developing countries at international forums to formulate treaties that are sensitive to developmental needs of developing countries. Relations with such NGOs should be fostered with care and their advice may be sought before engaging on treaty formulations or trade agreements. The Non Aligned Movement (NAM) needs to raise its voice on IP matters too.

Impact assessment, costs and benefit analysis is hardly carried out before treaty formulation is resorted to. This has an impact when accession to international treaties by a developing country has to take place. Many developing countries are acceding to international treaties that attract more obligations/costs than benefits. This is contrary to the needs of a developmental state.

RECOMMENDATIONS FOR CHAPTER NINE

1. WTO must amend its articles to provide that treaty formulations of IP treaties must take into account the developmental stages of member states.
2. WIPO and WTO must put in their articles that IP and development should be considered during treaty formulations.
3. South Africa through the dti must cautiously filter advices coming from these developed nations and their institutions as they may undermine the multilateral arrangements or not sensitive to IP and development. South Africa, through the dti must foster relations with national and international NGOs that can be consulted before engaging on trade agreements or international treaty formulations. However, such relations should be in the best interest interests of South Africa.
4. South Africa must not enter into trade agreements that undermine exceptions and flexibilities contained in the TRIPS Agreement. South Africa must not enter in particular into trade agreements that are TRIPS-plus in nature. Many Bilateral and trade investments (BITS) deal with IP issues and they introduce TRIPS-Plus, TRIMS-Plus and SCM-Plus in many respects. There is a need for an exact determination of an extent of the impact analysis of the interface between investment agreements and IP instruments, in particular the TRIPS Agreement, with respect to the enforcement of IP in the context of the additional layers of protection (Biadgleng ET: South Centre, August 2006, volume 8, "IP under Investment Agreements: The TRIPS-Plus Implications for Enforcement and Protection of Public Interest", p 20-22).
5. South Africa should encourage international intergovernmental organisations such as WIPO and WTO must formulate IP treaties after impact assessment on costs and benefits analyses have been conducted. Benefits must always outweigh costs.
6. South Africa should always seek the advice of UNCTAD whenever it wants to be involved on trade negotiations with developed countries or involving itself in treaty formulations at regional and international levels. The first and second

recommendations appear to have the same objective and should be combined. Further, the reference to WTO in the first recommendation would appear to apply to WIPO rather than to WTO, inasmuch as WIPO is involved in the formulation of IP treaties; also the WTO did in fact differentiate in the TRIPS Agreement between developed, developing and least-developed countries. Furthermore, other international bodies, like WHO, also from time to time address IP issues.

7. ***It is suggested that the first two recommendations could be combined to read as follows:***

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International bodies, including WIPO, WTO, WHO and others, when addressing IP-related issues and/or when formulating instruments dealing with IP-related matters, should take into account the developmental stages of member states, and should promote the developmental role of IP.A&A

8. ***The underlying philosophy and principle of the third recommendation is supported, namely that South Africa, through the Department of Trade and Industry in consultation with other relevant Departments, should analyse, consider and assess the implications of international proposals before entering into any agreements or other binding relationships, taking into account the best interests of South Africa and its people. A&A***
9. ***The fourth recommendation, which is supported, in fact concretises and exemplifies the philosophy and principle of the preceding recommendation, by referring to bilateral trade agreements which often seek to introduce TRIPS-plus obligations. The need for a critical analysis and assessment of the implications, within the context of the needs and requirements of South Africa, is supported. A&A***
10. ***The fifth recommendation, that impact assessments of costs and benefits should be undertaken, is supported; benefits must be balanced with costs A&A***

CHAPTER TEN: IP AND DEVELOPMENT

The Commission submits that "patents and copyright inherently confer both costs and benefits to individuals and companies and to the society at large". They provide (patents, copyright, ***designs and trade marks***, emphasis mine) incentive for invention or creation that may benefit the society at large, as well as the rights holder, however, they (patents, copyright, designs and trade marks, emphasis mine) also impose costs on the users of the protected works. In historical terms, the now developed countries used IP protection as a flexible tool that propelled them to industrialisation. In this regard, prices for registration for foreigners were astronomical and weak patents were granted deliberately as a source of developing technical capabilities. Due to this it would be difficult for developing countries to ever reach a stage of development if flexibilities and exceptions are entirely wiped from the international harmonisation of the IP system.

Developed countries are demanding that harmonisation of IP standards should occur world wide. In this regard developed countries are demanding that "IP enforcement and harmonisation" should take place without delay. This should be so whether or

not benefits accrue to developing countries. IP and innovation has a potential of creating benefits through trade, development of technologies, investment and growth. As for now, per se, there is no empirical evidence that developing countries with low promotion of indigenous technologies or innovation are gaining benefits from the IP system. No impact assessment, monitoring and evaluation are done before international treaties are formulated and implemented. Although TRIPS alludes to flexibilities and exceptions and the balancing of rights of producers of IP, users and consumers (Articles 6, 7 and 8 of TRIPS), bilateral/regional agreements on trade and investment seem to be undermining the multilateral approach.

Licensing of IP is now high on the agenda of WIPO and if correctly applied by developing and developed countries, benefits may emanate from this regime (WIPO: Licensing of IP Guidelines). IP from developing countries may be licensed all over the world, provided it is registered in those particular countries. This has a bearing on market access. Licensing agreement may cover technology licensing agreement, trade mark licensing and franchising agreement and copyright license agreement. All or some of these agreements may be a composite or form part of one single contract since in transfers of this nature many rights are involved and not only one type of IP. Other circumstances may give rise to licensing agreements e.g. mergers and acquisitions and during the conclusion of joint ventures.

WIPO has concluded the Development Agenda and if this is followed correctly, developing countries will really see the benefits flowing from the IP system. Implementation of the 45 criteria is in process. Technology transfer, Policy making, IP and SMEs, IP and Public health, application of competition laws on anti competitive practices and monitoring and evaluation, amongst others, are some of the components of the Development Agenda.

The biggest risk for the Development Agenda not to succeed lies within WIPO programme called the "Patent Harmonisation-Roadmap". In short this may happen as follows:

- One of the depressing factors at WIPO is that WIPO is highly compromised as its customers include the private sector in the area of alternative dispute (ADR) resolution mechanisms. The private sector is the main source of funding of WIPO (not membership fee from member states). It is no wonder that WIPO development agenda may be conflicted as it has to keep the funders happy due to the fact that they are the main users of the system, in particular, patents (Shah D. G: Concerns of WIPOs Developing-Country Members and its Corporate Differ, South Centre, Issue 41, p 12).
- This is so due to the fact that developed countries have adopted the "IP enforcement agenda" and "IP harmonisation agenda". These agendas are complemented by "bilateral/trilateral/regional" trade agreements and these undermine the multilateral agreement such as the TRIPS that provides for the bare minimum provisions and flexibilities as well as public policy options (Martin Khor: South Centre, Issue 41, 22 September 2009, IP and Wrongs, Shasikant Sangeeta: Third World Network, Brief 51, 8 December 2008, US Academic Exposes IP Maximalists` TRIPS- Plus-Plus Agenda, Vivas-Eugui D: Quaker United Nations Office (QUNO), 2003, Regional and Bilateral Agreements and a TRIPS-Plus World: Free Trade Area of the Americas (FTAA).

- ***The WIPO Development Agenda includes a commitment to agreement on minimum exceptions and limitations in copyright law to facilitate access to knowledge. While some developing countries have resisted international agreement on minimum exceptions and limitations in principle the need for international harmonization is clearly illustrated by the needs of the blind, visually impaired and other reading disabled persons. They require exceptions and limitations which allow for the production and distribution of versions of copyright works in accessible formats without permission. Developing countries, whether governments, citizens or non profit organisations should not have to expend scarce resources on changing copyright works to suitable formats for blind, visually impaired and other reading disabled persons when that has already been done in other jurisdictions. To deal with this resource problem exceptions and limitations should be harmonised and import and export of works produced under the exceptions and limitations authorised without requiring permission - SANCB***

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RECOMMENDATIONS FOR CHAPTER TEN

- IP and Development Agenda criteria as established by WIPO must be implemented, e. g. IP and Competition policies should be reconciled and enforced, technology transfer must be monitored and evaluated, IP should be user friendly to SMMEs and licensing agreements should be applied to IP.
- Appropriate incentive policies should be put in place to promote technology transfer, e.g. tax breaks for companies that license technologies to local companies.
- More public funds should be made available to promote indigenous scientific and technological capability within SA through scientific and technological cooperation. Global Research Alliance amongst SA research institutions and other foreign and international institutions should be supported.
- South Africa must not support “global enforcement and harmonisation of patent” agendas of developed nations that take place out of context of costs and benefit analysis, monitoring processes and “IP and Development Agenda”.
- ***Support an international treaty on minimum and exceptions and limitations for the visually impaired, libraries, education and interoperability.***
International treaty provisions for the visually impaired must include minimum and exceptions and limitations that allow for the production and distribution, import and export of copyright works in formats that are accessible to persons who are blind, visually impaired or have other reading disabilities, without permission of rights holders and that non-profit organisations can create and distribute accessible formats without having to obtain permission from copyright owners
SANCB
- ***All recommendations are supported A&A***
- ***How can we support SMEs and their use of IP. There are bigger enforcements especially with regards to counterfeits etc that go beyond just trademarks DIRCO***

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CHAPTER ELEVEN: IP AND SPORTING EVENTS

Protection of major sports events and associated activities can be done through the law of IP, in particular, trade marks [International Association for the Protection of IP (South Africa Group): Resolutions Passed at EXCO Meeting in Buenos Aires, 2009, Q210]. In South Africa, the Trade Marks Act, 1994, the Trade Practices Act 1999, Merchandise Marks Amendment Act 2002 provides for protection of sporting events. The Trade Practices Act provides for the ambush marketing by association whilst the Merchandise Marks Amendment Act provides for ambush marketing by intrusion. Ambush marketing by association means that a third party would like to associate himself/herself with the organisers of the event whereas in reality there is no connection. This is done in order to gain economic/commercial advantage unfairly from the organisers of the sporting event. The common law of passing off is not able to deal with this issue of ambush marketing by association. Ambush marketing by intrusion is a situation where a third party or a group of third party are involved in an activity that attracts attention of spectators or the media within the sporting event, thus gaining an unfair attention or publicity over the organisers of the event due to that intrusion.

Parliament of the Republic required that in order to qualify as **“protected event”** status the organisers of the event must see to it that the **organisers must create business opportunities for small businesses, in particular those from previously disadvantaged communities. Further, the event must be in the public interests.**

These two legislations were in force when the World Cricket Cup of the International Cricket Council (ICC) took place in 2003 and 2010 FIFA World Cup, as well as the British and the Irish Lions in 2009. Both events enjoyed protected event status under the pretext that benefits will accrue to small businesses and the events are in the public interest.

Providing for legislation that caters for both types of ambush marketing was a requirement sought by FIFA during the bidding process. South Africa has an advanced legal regime that protects sporting events and this contributes to the attracting of sports events to be staged in South Africa.

Unfortunately, entrepreneurs and local governments or metros are not good at exploiting business opportunities that emanate from these sport events that take place in their areas.

RECOMMENDATION FOR CHAPTER ELEVEN:

- Ambush Marketing legislation must apply to sporting events that attract at least 20 000 spectators.
- Metros and local governments where these sporting events take place must be able to quantify business opportunities and be able to control and influence the issuing of tenders related to the sporting events, thus empowering small businesses.

- Protection of sporting events must be of a limited duration, preferably few days or months after the last game. The rationale is that the organisers would have terminated their investments in the country, e.g. FIFA will no longer be in South Africa in 2012 and protection of FIFA marks beyond that period. However, FIFA may be encouraged to use the trade mark protection route, provided the marks are being used in South Africa, e.g. through licensing of the merchandise of FIFA.
- Trade mark and other applicable IP should be in terms of the relevant legislation, e.g. trade mark protection must be for a period of ten years subject to renewal and investment or use of the trade mark in the country.
- The Minister must not be shy to withdraw the "protected event" status if there is no compliance in relation to the creation of business opportunities for small businesses from the previously disadvantaged communities. Marketing of SA laws may assist in attracting international sporting events.

CHAPTER TWELVE: IP OF THE STATE

The State generates a lot of IP and it is entitled to protect its own IP.

Where a state pays a third person such as a consultant to research and produce a report, copyright belongs to the state. The rationale is that the state provides funds like any other employer in terms of section 5 of the Copyright Act of 1978. This also applies to the IP associated with the designing and naming of the construction of stadiums for the "2010 FIFA Football World Cup, South Africa". It is against this background that all "2010 FIFA World Cup, South Africa" stadiums and logos are designated to be "prohibited marks" in terms section 15 of the Merchandise Marks Act, 1941.

There is also "IP" from the heraldic and cultural point of view. There is no synergy between heraldry and cultural legislation. In this regard, it is always a problem when the IP regime allows the incorporation, partially or wholly of a heraldic or cultural components. The IP legislation must prohibit such incorporation or should impose conditions how the incorporation should be done. A good example is where the Trade Marks Act provides that no trade marks is registrable if it incorporates a state emblem unless permission is sought from the relevant authority, e.g. Ministers or institutions of the relevant departments.

Article 6ter of the TRIPS Agreement provides that a member state of the WTO may notify (through the WTO) other states that its state emblems should not be used by other states and their agencies or nationals without consent of the member state concerned. Other member states are given a period of one year to object and if there is no objection, all member countries are bound to observe the binding notification. The notifying country has discretion of telling other member states what constitute state emblems. It is against this background that the name and effigy of "Nelson Mandela" was protected internationally as states Presidents are regarded as state emblems. The name "Nelson Mandela" was being trade marked in most member states of the WTO. There is a tension between the Mandela Foundation and the dti on who exactly has to control the use of this state emblem. This matter will become persistent now that the South African Government has also requested the UN to recognise "Nelson Mandela" in terms of its procedures. If this matter is not resolved soon it will manifest into a situation that all Presidents of the Republic, present and

former, will not be protectable, notwithstanding that these are regarded as state "employees" for a lifetime.

Unfortunately at WIPO, certain states like the US are persistent that these state emblems can also be part and parcel of "domain name" registration. Many countries, in particular developing countries are of the contrary view.

The Merchandise Marks Act has provisions that protect state emblems of the Republic and also those of other member states of the Paris Convention as incorporated in the TRIPS Agreement. Member countries should not allow their IP offices to grant IP that incorporates emblems of member states. Other countries should reciprocate in this regard as South Africa unilaterally prohibits the use of state emblems of member states.

The Minister of Trade and Industry is also empowered to prohibit certain names, words, logos, or emblems of government and international intergovernmental organisations such as the UN and its agencies. In this regard, it is disturbing to find out that state emblems of state organs are not protected through this process.

The Trade Marks Act prevents potential registrants not to trade mark state emblems except if permission has been sought from the Minister or an agency of Government with an authority. The Heraldry Act also provides for the protection of state emblems from the heraldic point of view but there is no dovetailing of these two Acts. Other national legislation may be protecting state emblems from various perspective but they seem not to be reconciled, in particular with IP legislation.

On another note, there is IP that is produced by state parastatals such as research institutions (Agricultural Research Council, CSIR, MRC, AMSCOR and DENEL). Government should control the ownership and usage of military IP in particular patents as they may fall in the hands of rogue states. Further IP from the military parastatals should be kept secret at designated and secured areas as CIPRO environment is no longer secured for this purpose.

RECOMMENDATIONS FOR CHAPTER TWELVE

- Government must compile a database of all IP owned by it through various means, e.g. copyright, heraldic, cultural, PFMA and agricultural legislation
- Government should consider seriously developing criteria on how commercialisation of its IP should be regulated
- Government at various spheres must compile database of their state emblems and then utilise the Merchandise Marks Act procedures to protect their state emblems nationally.
- Government must also utilise the international avenue to protect its state emblems in terms of Article 6ter of the Paris Convention
- Various legislation such as IP, agriculture and cultural ones in Government must be amended and reconciled in order to protect state emblems.
- Government must consider developing licensing/franchising procedures in relation to commercialisation of its IP.
- South African Government may persuade the African Region to emulate the international procedures in the protection of state emblems.

- South Africa may encourage other countries to reciprocate in this regard as South Africa unilaterally prohibits the use of state emblems of member states.
- ***it is recommended that registration of indigenous and State symbols as trade marks should not be permitted without consent of indigenous people and/or the State. As regards indigenous symbols, once the IP Laws Amendment Bill is enacted, a registration system for such marks will be in place. As regards State symbols, section 10(8) of the Trade Marks Act, 1993 already addresses that issue – A&A***
- ***This must be in line with our IKS Policy etc .DIRCO***

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CHAPTER THIRTEEN: OUTREACH PROGRAMME

Outreach programme for IP is to communicate the policy, strategy and legislation to stakeholders that are impacted upon by the policy and the legislative framework. The stakeholders differ depending on issues to be discussed. As discussed in this paper, stakeholders vary and some of them are: Government departments, Government and semi Government institutions, copyright industry, trade marks industry, patents and designs industry, IP and indigenous knowledge industry, IP registration office, foreign governments, regional and international organisations. Issues that may be discussed with these stakeholders range from: IP and public policy issues [(IP and trade/commerce, IP and health, IP and climate change/security of the state, copyright protection and access to printed material for visually impaired persons/collective management of copyright, IP and innovation and development (WIPO Magazine, October 2009, volume 5, Geneva, "IP and Public Policy Issues", p 5)].

Outreach programme must be focussed and some of the stakeholders need not be put in one room as their interests are in direct conflict. The policy maker has to balance these interests for the purpose of taking the interests of the public and country into account. Good examples are: trade and health issues may not cohabit well as pharmaceutical companies would like to have maximum profits at the expense of access to and affordable medicines, copyright users and consumers may want to have free access to copyright at the expense of copyright producers such as composers and authors. Policy makers need to balance their interests for the better of their country.

Country to country, country to international, institution to institution cooperation can be fostered as one of the outreach programme. Good examples are: Government of South Africa and its semi-Government institutions can agree to enter into cooperative agreements with their counter parts in the world or with regional or international organisations, South African semi-Government institutions can enter into cooperation agreement with their counterparts on training, technical assistance and capacity building. Public/Private sectors can also enter into cooperation agreements with other similar institutions nationally and internationally.

Outreach programmes need to be intensified for small businesses on the use of IP. Business opportunities available to small businesses (SMME) should be explored, e.g. IP licensing/franchising for SMMEs and joint ventures in the export market.

Education and awareness on IP matters can also be extended to schools, universities and other institutions of higher learning. In this regard specific subject content on IP should be developed depending on the target group.

RECOMMENDATIONS ON CHAPTER THIRTEEN

- Outreach programmes need to be intensified for small businesses on the use of IP. Business opportunities available to small businesses (SMME) should be explored, e.g. IP licensing/franchising for SMMEs and joint ventures in the export market.
- Outreach programme must be focussed and some of the stakeholders need not be put in one room as their interests are in direct conflict. The policy maker has to balance these interests for the purpose of taking the interests of the public and country into account.
- Education and awareness on IP matters can also be extended to schools, universities and other institutions of higher learning. In this regard specific subject content on IP should be developed depending on the target group
- South Africa should use to its advantage country to country, country to international, institution to institution cooperation that can be fostered as one of the outreach programme. Good examples are: Government of South Africa and its semi-Government institutions can agree to enter into cooperative agreements with their counter parts in the world or with regional or international organisations, South African semi-Government institutions can enter into cooperation agreement with their counterparts on training, technical assistance and capacity building. Public/Private sectors can also enter into cooperation agreements with other similar institutions nationally and internationally.
- ***All recommendations are supported. A concern is raised that South Africa has entered into agreements with other countries and organisations in respect of intellectual property but these do not enhance factors such as training, technical assistance or capacity building. For those issues, business must be presented with an attractive environment to develop intellectual property. At this stage it does not exist. A&A***

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CHAPTER FOURTEEN: DRIVERS OF THE IP POLICY

In order for the IP policy to succeed in the implementation phase, there is a need for Government to do certain actions such as:

- Fostering of coordination within Government when developing and implementing policies in Government, nationally and internationally. Government must consider using the Intelligence Unit of Government in order to foster this process.

- IP policy must be fused with all relevant national policies, be it on trade, public health, indigenous knowledge, innovation and development.
- Protection of IP of South African nationals should also inform national, regional and international relations. Countries that do not respect the IP of SA nationals should be “watch-listed” somehow and economic and/or trade relations with such countries should be reviewed. In this regard, the US has a similar approach although this is highly abused but the philosophy is the same.
- An integrated outreach programme of IP and other national policies must be developed. Laws and strategies emanating from integrated policies must also be integrated.
- Cabinet and Parliament must perennially seek progress on implementation and interventions made. Knowledge economy is in the main based on innovation and IP is just a component of the knowledge economy and Cabinet and Parliament should frequently pronounce on these issues.
- Institutional capacity must be built and should assist in attaining the objectives of the IP policy and its integration with other policies.
- Monitoring and evaluation on the implementation of the policy must be in place and its relevance to other integrated policies of Government must be assessed.
- National and international NGOs sometimes may assist developing countries at international forums to formulate treaties that are sensitive to developmental needs of developing countries. Relations with such NGOs should be fostered with care and their advice may be sought before engaging on treaty formulations or trade agreements.

RECOMMENDATIONS ON CHAPTER FOURTEEN

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- National and international NGOs sometimes may assist developing countries at international forums to formulate treaties that are sensitive to developmental needs of developing countries. Relations with such NGOs should be fostered with care and their advice may be sought before engaging on treaty formulations or trade agreements.
- ***The first recommendation is that coordination within Government is to be fostered; it is presumed this means, firstly, between Government departments but also secondly, between the policy-making units sections of Government and the units or sections responsible for the execution of the policy principles. A&A***

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- *It is submitted that the coordination process would also be facilitated on national level by regular information, directive and training sessions with the personnel responsible for executing the relevant aspects identified in the IP Policy, eg effective administrative functions in respect of the registration of IP rights; the effective granting of marketing authorisation in respect of patented products (eg under the Medicines and Related Substances Act, 1965); effective quasi-judicial functions in official actions or hearings as provided for in IP and other legislation, etc. In short, effective service delivery should be seen as part of the effective implementation of IP and other policies. A&A*
- *The second recommendation is that IP policy must be fused with all relevant national policies. It is suggested that, even though total fusion of different national policies may not be feasible, it would be important that the principles of the IP policy should be infused into and taken into account by other relevant national policies. A&A*
- *The third recommendation aims to recognise and defend the IP rights of South African nationals, particularly in the context of regional and international relations, and to guard against potential negative impositions or intrusions on such rights (eg by way of blatant or persistent infringement of such rights) by other countries. The principle of this recommendation is supported. A&A*
- *In order to give effect to this recommendation, the possibility of a 'watch list', similar to the s.301 Watchlist of the US under the US Trade Act, 1974, is mentioned. The existence of such a watchlist would have a bearing on the structuring of economic and/or trade relations with the countries watch-listed. Such a possibility should be further investigated.*

- *The fourth recommendation is that an integrated outreach programme of IP and other national policies should be developed. It seems that in giving effect to this recommendation, there will be substantial overlap with the recommendations of Chapter 13.*
- *The fifth recommendation seems to envisage that Cabinet and Parliament should be kept abreast with developments in the area of IP and the knowledge economy in general. This recommendation is supported. It is viewed as important for Cabinet and Parliament in the first place to be informed about, and to be made aware of, new developments in the areas of innovation and technology, also new developments and initiatives on international level impacting on IP and the protection and commercial exploitation of IP. In the second place, it is agreed that Cabinet and Parliament should take a position on such developments and initiatives; this would assist those delegates representing South Africa on international level to ensure that the country's position and interests will be adhered to, and will be promoted and safeguarded. A&A*
- *The sixth recommendation deals with the need for institutional capacity to be built. It is suggested that the wealth of knowledge and experience which already exists in South Africa in the area of IP (outside of Government departments and State institutions) should be harnessed and utilised in this regard. A&A*
- *There are several NGOs in South Africa which are national chapters of international NGOs (such as the International Association for the Protection of IP, AIPPI; the International Federation of IP Practitioners, FICPI; the Licensing Executives Society, LES) which can make a meaningful contribution by sharing their knowledge and expertise. In order to facilitate access to such knowledge and experience, consultative bodies could be established with specialised knowledge and expertise in different areas of IP-related activity. A&A*
- *The seventh recommendation deals with the need for continuous monitoring and evaluation of the implementation of the IP policy. The consultative bodies referred to above may also play a part in this regard. A&A*
- *The last recommendation refers to the benefit to be obtained from consultation with NGOs (both national and international) in order to ensure that the developmental needs of developing countries are taken*

into account when negotiating or entering into international treaties or agreement. As set out above, there are a number of such NGOs in South Africa, with links to international NGOs, that could be used for such assistance. A&A

- *The Draft Policy recommends, amongst other things, IP policy must be fused with all relevant national policies. This recommendation is supported as far as it is Achievable. However, of utmost importance is that the principles of the IP policy should be taken into account by other relevant national policies. Of equal importance is the recommendation made in the Draft Policy that Cabinet and Parliament should be kept abreast of developments in the area of IP. This should be linked with similar updates and information on relevant developments in the fields of science, technology and innovation, on both national and international levels. The recognition and defence of the IP rights of South Africans, and guarding against infringements of such rights by other countries, as recommended in the Draft Policy is supported. IMSA PIASA*

CHAPTER FIFTEEN: ENFORCEMENT OF IP

Generally, enforcement of the TRIPS Agreement is under the auspices that all member states of the WTO will benefit from the IP system. Developing nations have attracted minimum obligations from TRIPS and it will be unfair to expect them to attract further discretionary obligations that are TRIPS-plus.

In view of this, South Africa should do the bare minimum under TRIPS and build capacity accordingly. Bilateral agreements should not introduce enforcement standards that are higher than multilateral arrangements such as those expected from a developing country, e.g. TRIPS allows states to utilise exceptions and limitations in accordance with the national needs.

Equally, where enforcement is to be effective, there should be competent expertise that should be built overtime. This may include, but not limited to, human and financial resources in the registration office, SAPS and SARS. However, holders of IP should also spend their resources to protect their IP. The state per se should not go on spending their resources protecting private properties, e.g. one has to buy a car and protect it by insuring it and build a garage for it. This does not amount to the state relinquishing its duty to protect private individuals. It is worrisome to see the private sector not even utilising the civil remedies available in the protection of their IP. In this regard, the private sector hardly utilise the civil route provided for in the Counterfeit Goods Act, 1997.

Enforcement within the country may also have to be dovetailed with enforcement of the region, e.g. African Union or Southern African Development Community (SADC). In this regard, all members of AU or SADC are members of WIPO and the WTO respectively. These countries are guided by the same principles and interests as it has been shown during the IP and Development Agenda, both at WIPO and WTO. Common strategies at regional level on enforcement strategies may be devised. These may include having a common registration office, cooperation amongst the police force and customs authorities.

South Africa should also foster the enforcement of IP in its entirety, i.e. enforce patents, designs, trade marks, copyright, geographical indications, certification marks, collective marks, IP derived from indigenous knowledge, and trade secrets. As for now only trade marks and copyright enforcement is emphasised. Patents enforcement is dealt with under health and SAPS legislation and enforcement of designs is generally neglected. Trade secrets are enforced under common law principles.

Enforcement of IP also involves settlement or resolving of disputes. The current structures in the resolution of IP need some revamping and strengthening. The analysis may be as follows:

- 1) In terms of the Companies Act, 2008, a Companies and Intellectual Property Commission (Commission) should be established. The Commission will be responsible, amongst others, enforcement of IP, companies and cooperatives related matters.
- 2) The IP arm of the Commission has the Trade Mark Tribunal (Tribunal) that resolves disputes related to trade marks during pre-granting of marks. The Tribunal is effective but it is dominated by the lawyers and Rules of the High Court apply in preparing such disputes. This means that the Tribunal has highly technical and legalistic procedures. This means that this institution may not be the best to resolve dispute for the indigent and small businesses as legal costs are very high. In view of this the Tribunal needs to be revamped so that it can be friendly to all holders or potential holders of trade marks such as the poor and small businesses. This can be done by building capacity in the Tribunal in order to deal with these potential users in future.
- 3) The Copyright Tribunal also function as the Trade Mark Tribunal and is highly technical and legalistic. Same arguments that have been advanced in 2) above apply.
- 4) Patents Commissioner (Judge of the High Court) deals with disputes related to patents disputes. In this regard, a tribunal may have to be established as proposed in 2) above dealing with trade marks. This should be dealt with without compromising the high standards that apply to resolving sophisticated cases.
- 5) Arbitration under the Arbitration Act 1965 may deal with dispute resolution of IP matters. Again arbitration process is highly legal and expensive as legal costs for senior counsels are involved. Arbitration process under this phenomenon is treated as an alternative dispute resolution (ADR) but in practice it can be expensive and be so involved in so much that access to dispute resolutions may be denied.
- 6) Alternative Dispute Resolution (ADR) on IP matters is well established at WIPO level and that process can be adapted and customised to suit national needs. The Department of Communications (DOC) also has dispute resolution mechanisms relating to IP and domain names. The process is also run by legal experts and that may stifle access and speedy resolutions. The ADR currently existing under the Companies Act, 2008 for companies (Companies Tribunal) and that of WIPO may serve as models for IP matters.
- 7) Regarding monitoring for compliance as well as investigation, the model in the Companies Act 2008 can be adapted to deal with these matters. Monitors and investigators can just be capacitated to deal with both companies and IP matters.
- 8) Education and Awareness campaigns on IP and companies matters as envisaged in the Companies Act 2008 may assist in improving compliance with legislation administered by the Commission.

9) Penalties to be imposed can be done in terms of the Companies Act 2008.

The following important principles on enforcement derive from the TRIPS agreement.

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(1) Since Intellectual Property enforcement relates to the private profit enjoyed by rights holders, it is not the responsibility of the state to defend each right but rather to provide the means for individuals and firms to enforce their rights. The sole exception to this is criminal provisions for large scale commercial infringement.

(2) While the TRIPS Agreement requires effective and appropriate means of enforcing IP, the structures to be put in place must take "into account differences in national legal systems" and recognise the right of each WTO member "to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice."

(3) The purpose and objective of the TRIPS Agreement, as set out in Article 7, is the protection of IP in order to contribute to technological innovation, the transfer and dissemination of technology. Therefore all enforcement measures must not conflict with or limit technological innovation, the transfer and dissemination of technology. SANCB

In particular the costs of seizure and storage should be borne by the those who profit from intellectual property exclusivity. Those whose goods are wrongfully seized should be given adequate means of redress including appropriate recompense. Enforcement measures should not require changes to the existing criminal and civil procedure of the Republic. These procedures have evolved over decades and in many cases have been changed to comply with the Constitution. Creating exceptional procedures for intellectual property will not only use valuable resources but raise constitutional issues.

Introduce a public health perspective into national intellectual property laws and adopt a common and united stand among different government agencies on improving access to medicines. National intellectual property laws must be appropriate to the level of development and innovation of the country. Develop a strategy for the Transfer of technology.

An overall transfer of technology strategy should be developed aimed at building

domestic capacity, skills and enabling stakeholders (industry, academics, but also the general public) to better absorb knowledge and use it in their particular environment SANCB

RECOMMENDATIONS FOR CHAPTER FIFTEEN

- South Africa should formulate strategies that encourage the private sector to enforce their rights instead of overly relying on the state to provide such protection

- Human, financial and technical resources should be given to the national offices that deal with enforcement of IP
- Enforcement of IP should be dealt with in their entirety under one "roof" and there should be coordination amongst Government agencies
- Integration on enforcement at regional levels must be fostered
- Enforcement of IP should be at the same standards at regional levels, except in allowing Least Developed Countries (LCDs) not to attract more obligations than those provided for under TRIPS, e.g. TRIPS allows LCDs not to enforce TRIPS until 2017
- South Africa should encourage the region not to conclude economic and partnership Agreements (EPAs) that are TRIPS-plus as these may compromise enforcement of IP
- Dispute Resolutions in the area of IP need an overhaul as they are expensive and not suited for speedy and effective resolution of disputes. This may frustrate investment as well as growing the economy. Code of conduct or guidelines may also be issued by the Minister to enhance dispute resolution mechanisms

CHAPTER SIXTEEN: OVERAL RECOMMENDATIONS

The Recommendations should be categorised into short, medium and long terms for the purposes of implementation. Immediate legislation should be developed while negotiating strategies in international trade negotiations/relations can be developed in the medium term. For long term South Africa should start to lobby international, regional, NGOs and civil society to support its vision in areas of IP.

Recommendations in each chapter should be treated as recommendations of the Policy and should be implemented.

CHAPTER SEVENTEEN: CONCLUSION

There is a need to coordinate the IP Policy within Government and it should talk to other policies in Government. International relations that have a component of IP should also talk to this IP Policy. In view of this the dti should communicate the Policy to various stakeholders, nationally and internationally after its approval by Cabinet.

