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## **The Industrial Property Commission Bill (IPCOM) and the New Trade Marks Bill: Highlights, Issues and Recommendations<sup>1</sup>**

### **INTRODUCTION**

Over the years, efforts have been made to promote the awareness of IP rights in Nigeria and to sensitize the public on the various mechanisms available to protect creative and innovative works. However, and despite the gradual uptake in IP awareness in the country, these efforts have been hampered by inadequate and outdated laws currently in place, many of which have not been amended or updated since they were enacted into law many years ago. The current laws in place are primarily the Trade Marks Act, Cap. T13, Laws of the Federation of Nigeria 2004 (based on the original 1965 Act), the Copyright Act (as amended),<sup>2</sup> Cap. C28, Laws of the Federation of Nigeria 2004 (based primarily on the 1988 version), Patents and Designs Act, Cap. P2, Laws of the Federation of Nigeria 2004 (a codification of the 1970 Act), the Trade Malpractices (Miscellaneous Offences) Act, Cap. T12, Laws of the Federation of Nigeria 2004 and the Merchandise Marks Act, Cap. M10, Laws of the Federation of Nigeria 2004 (a reproduction of the 1916 Act).

Concerted attempts to comprehensively amend the laws relating to industrial property go as far back as 1991 and although these efforts have gained some traction over the years, nothing of tangible substance has been accomplished in terms of effecting these proposed

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<sup>2</sup> Unlike other IP related legislation in the country the Copyright Act has witnessed useful amendments in 1988, 1992 and 1999, respectively.

changes.<sup>3</sup> In 2016 however, resumed efforts in the form of the Industrial Property Commission Bill (IPCOM)<sup>4</sup> was presented to the National Assembly with the aim of harmonizing all current Intellectual Property laws and governing bodies by providing for the establishment of the industrial property Commission of Nigeria, repealing of the Trade Marks Act cap. T13, LFN 2004, the Patents and designs Act, cap 344, LFN 2004 and to make comprehensive provisions for the regulation of trademarks, patents and designs, plant varieties, animal breeders and Farmers rights and for other related matters. The Bill has now passed the second reading at the House of Representatives and is awaiting further legislative action.

There is also a separate Trade Mark Bill <sup>5</sup> which seeks to repeal the current Trade Marks Act 1965. The Bill has passed through the first and second readings, as well as the committee hearing which held in March 2018. The Trade Mark Bill like the IPCOM Bill seeks to harmonize Nigerian law in tandem with international best practices.

### **Key Provisions in the IPCOM Bill**

In addition to more substantive provisions, the IPCOM Bill provides for a separate and autonomous administrative agency for trademark matters.

1. The Bill provides for the establishment of an Industrial Property Commission of Nigeria known as “the Commission” with the establishment of a governing Council to supervise the administration of the laws relating to industrial property and ensure rapid and coordinated development of industrial property related issues. The new Trade Mark Bill represents the establishment of a single law and body for the administration of trademarks, copyright, patents and designs in Nigeria among other necessary improvements.
2. The Bill further provides that the Commission shall liaise with organs of the government and other agencies for proper enforcement of industrial property rights; monitor and supervise Nigeria’s position in respect of international conventions relating to industrial property matters and to advise the Government on these matters periodically.

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<sup>3</sup> See the *Report on the Reform of Industrial Property Law*, published by the Nigerian Law Commission 1991.

<sup>4</sup> Initially prepared back in 2008.

<sup>5</sup> Trade Marks Bill 2016, SB.357.

3. The Commission is also empowered to make regulations generally, for the purposes of the proper administration of industrial property law and matters relating to it, subject to the approval of the Minister.<sup>6</sup>
4. The Bill further provides for the establishment of a Fund for the Commission from which all expenditure of the Commission shall be defrayed.
5. It stipulates higher penalties and fines for infringement of trademarks.

#### **Key Provisions in the Trade Mark Bill**

1. The Trade Mark Bill provides for the registration of associated trademarks as a series. It provides that a person may make a single application for the registration of a series of trademarks in respect of the same goods or services, or of similar goods or services which fall within a single class in accordance with the international system of classification.
2. The extension of the initial validity period and duration of trademark registrations from 7 years to 10 years. Registration may also be renewed for further periods of ten years.<sup>7</sup>
3. The powers to make regulations to recognize and protect international trademark registrations in Nigeria with increased protection for well-known/famous marks.
4. The notification of trademark ownership rights with the Nigeria Customs Service to facilitate seizures and destruction of counterfeit products and the establishment of criminal liability for counterfeiters.
5. The Bill further provides that trademarks shall become incontestable after five years on the register and also protects the use of trademarks on the internet. The Bill provides that use of signs on the Internet shall constitute use in Nigeria only if the use has a commercial effect in Nigeria. Furthermore, in determining whether use of a sign on the Internet has a commercial effect in Nigeria, the Controller shall take into account all relevant circumstances including:
  - a. circumstances indicating what the user of the sign is doing, or has undertaken significant plans to do business conducted in Nigeria in relation to goods or

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<sup>6</sup> The Bill provides for the application of the Pension Act 2004 No. 2. It states that service in the Commission shall be approved service for the purpose of the Pensions Act and accordingly, officers and other persons employed in the Commission shall in respect of their service in the Commission be entitled to pension, gratuity and other retirement benefits enjoyed by persons holding equivalent grades in the public service of the Federation. See section 10 of the IPCOM Bill.

<sup>7</sup> Section 19 of the Trade Mark Bill

- services which are identical or similar to those for which the sign is used on the Internet;
- b. the level and character of commercial activity of the user in relation to Nigeria;
  - c. the connection of an offer of goods or services on the Internet with Nigeria;
  - d. the connection of the manner of use of the sign on the Internet with Nigeria; and
  - e. the relation of the use of the sign on the Internet to a right in that sign with Nigeria.
6. Enlargement of the list of actions which would constitute infringement of a registered trademark;
  7. More suitable and additional penalties for infringement; and
  8. Robust provisions that cover anti-counterfeiting and trademark enforcement measures.<sup>8</sup>

### **Brief Comparison of the Trade Marks Act<sup>9</sup>, the IPCOM Bill<sup>10</sup> and the Trade Mark Bill<sup>11</sup>**

We had earlier established that the IPCOM Bill covers Trademarks, Patents and Designs; however, this section will highlight some similarities and differences between the current Trade Marks Act, the IPCOM Bill and the Trade Mark Bill as they relate to trademarks only.

- **Trademark Protection for Services:**

The current Trade Marks Act does not specifically provide that trademarks can be registered in respect of services. However, in 2007 the Minister of Commerce, in the alleged exercise of the powers vested in him by virtue of sections 42 and 45 of the Trade Marks Act and regulation 5 of the Trade Mark Regulations, included Service Marks into the classification of goods for purposes of registration of service marks in Nigeria. Consequently, applicants have since been permitted to apply for registration of service marks in Nigeria in Class 35 through to class 45.<sup>12</sup> The uncertainty

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<sup>8</sup> Section 49 of the TMA “Any person who counterfeits a registered trade mark commits an offence and is liable on conviction on indictment to a fine of two hundred and fifty thousand naira and imprisonment for a term of ten years”.

See also Section 50 “Any person who falsely applies a registered trade mark to goods or services commits an offence and is liable on conviction on indictment to a fine of two hundred and fifty thousand naira and to imprisonment for ten years on indictment”.

<sup>9</sup> CAP T13 LFN 2004 (TMA).

<sup>10</sup> S.B. 208, 2008.

<sup>11</sup> S.B. 357 2016.

<sup>12</sup> The legality of the authority of the Nigerian Minister of Commerce to make such provisions has been challenged. It has been argued that it is unconstitutional; as the Minister of Commerce is not empowered by the constitution to make such a provision in order to fill up gaps in the existing law,

surrounding the registration of service marks has been addressed in both section 29 of the IPCOM Bill and section 7 of the Trade Mark Bill as both Bills explicitly provide that a trademark can be registered in respect of goods and services. Hitherto, applicants had sought trademark protection for their service marks under class 16 of the classification of goods for paper and paper related articles, with questionable validity.

- Duration and Renewal of Trademarks:

Under the Trade Marks Act, a registered trademark is valid for a period of 7 years<sup>13</sup> from the date of filing and each subsequent renewal will last for 14 years;<sup>14</sup> while the IPCOM Bill provides that a trademark is valid for a period of 7 years<sup>15</sup> from the date of filing and 7 years for each subsequent renewals.<sup>16</sup> The Trade Mark Bill on the other hand, provides that a trademark shall be registered for a period of 10 years<sup>17</sup> from the date of registration and further renewals shall be for a period of 10 years.<sup>18</sup> Trademark registrations in the United Kingdom, United States of America and South Africa are valid for 10 years and subsequent renewals valid for a further 10 year periods. There is currently a proposal for similar 10-year validity periods for Canadian trademarks.<sup>19</sup>

- Specific provisions on Parallel Importation and Grey Markets:

Although both the Trade Marks Act and the IPCOM Bill are silent on the exhaustion of rights for trademarks, the Trade Mark Bill<sup>20</sup> adopts an international exhaustion regime. Sections 112(3)(f) and 114 (2)(b) of the IPCOM Bill similarly provide that rights afforded to a patent or design respectively, will not cover “*an act done in respect of a product covered by the patent or (design) after the product has been lawfully sold in any country*”. This provision is much clearer than what is contained in

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in the absence of an amendment by the legislative body. See “Jumping the Gun on Service” Marks, Messrs Chris Ogunbanjo, available at [http://www.chrisogunbanjo.com/publications/Jumping\\_the\\_Gun\\_on\\_Service\\_Marks.pdf](http://www.chrisogunbanjo.com/publications/Jumping_the_Gun_on_Service_Marks.pdf) accessed on 14/11/2018.

<sup>13</sup> Section 23 (1) of the TMA.

<sup>14</sup> Section 23 (2) of the TMA.

<sup>15</sup> Section 51 (1) of the IPCOM Bill.

<sup>16</sup> Section 51 (2) of the IPCOM Bill.

<sup>17</sup> Section 19 (1) of the Trade Marks Bill.

<sup>18</sup> Section 19 (1) of the Trade Marks Bill, while Section 20 of the Bill provides that renewals must be made not later than six months after the expiration of the registration.

<sup>19</sup> The International Comparative Guide (ICLG) to Trade Marks 2017 6<sup>th</sup> Edition Pg.59

<sup>20</sup> Section 30(1) of the Trade Marks Bill provides that “*a registered trademark is not infringed by the use of the trade mark in relation to goods which have been put on the market, whether in Nigeria or outside Nigeria, under that trade mark by proprietor of the registered trade mark or with his express or implied consent, conditional or otherwise.*”

the current Patent and Designs Act, which adopts the domestic or territorial exhaustion of rights principle.<sup>21</sup>

- Priority Claims for Convention Country Applications:

Section 72 of the IPCOM Bill provides that any person who has applied for protection for any trademark in a Convention country or the legal representative or assignee shall be entitled to registration of such trademark under this Act in priority to other applicants; and the registration shall have the same date as the date of the application in the Convention country, as long as the application is made within six months from the application for protection in the convention country. Moreover, the proprietor of the trademark is not entitled to recover damages for infringements occurring prior to the actual date on which the relevant trademark is registered in Nigeria. Sections 11 and 12 of the Trade Mark Bill also make similar provisions. Under the current Trade Marks Act, the provisions dealing with the recognition of convention country applications never took effect due to the restriction which made it mandatory for an executive declaration by the President on the affected treaty countries to be published in the Federal Gazette.<sup>22</sup>

- Madrid Protocol:

Unlike the IPCOM Bill which does not specifically provide for domestication of the provisions of the Madrid Protocol, section 57 of the Trade Mark Bill makes specific provisions for the Minister<sup>23</sup> to make provisions to give effect to the Madrid Protocol or of any treaty, convention arrangement or engagement relating to trademarks to which Nigeria is a party. Nigeria is still not a member of any of the African regional IP bodies like the ARIPO and OAPI and there are no clear indications in the proposed amendments under review that this state of affairs is being addressed in the near term.

- Protection of Famous/ Well-Known Marks:

Section 58 of the Trade Mark Bill provides that “*a well-known trade mark is entitled to protection under this section whether or not the—(a) trade mark has been registered in Nigeria, or an application for the registration of the trade mark has been made to the Controller; and (b) proprietor of the trade mark carries on business, or has any*

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<sup>21</sup> See John Onyido and Yetunde Okojie, “Intellectual Property and Litigation in Nigerian Courts: Current Statutory and Judicial Posture”, in *A Review of Contemporary Legal Trends in Nigerian Law*, LexisNexis, 2017 para. 6.5.5, pp. 89-90.

<sup>22</sup> See sections 44(5) and (6) TMA Cap T13 LFN 2004.

<sup>23</sup> Section 2 of the Trade Marks Bill interprets a Minister as “*the Minister with responsibility for Trade and Investments*”.

*goodwill, in Nigeria*". Section 58 (2) further entitles the proprietor of a well-known trademark to an injunction, to restrain the use of any mark that is similar or identical to the proprietor's trademark in Nigeria without the proprietor's consent, where the use is likely to cause confusion. Notwithstanding this broad protection for well-known marks in the Trade Mark Bill, section 59 of that bill provides a caveat that a proprietor of such well-known trademark is not entitled to restrain by injunction the use of well – known marks if the use; is in accordance with honest practices in industrial or commercial matters, constitutes fair use in comparative commercial advertising or promotion; is for a non-commercial purpose; or is for the purpose of news reporting or news commentary.

Section 30 (4) (e) of the IPCOM Bill 2008, provides that a mark shall not be validly registered if it is confusing similar to a well-known trademark in Nigeria for goods or services in similar or different classes, and where the interests of the owner of the well-known mark are likely to be damaged by such use. The owner of a well-known mark also has the exclusive right to prevent the use of the trademark without the required consent when the use would result in a likelihood of confusion.<sup>24</sup>

Section 32(3) of the IPCOM Bill *provides that "in determining whether a trade mark is well known in Nigeria, knowledge of the trade mark in the relevant sector of the public, including knowledge which has been obtained as a result of the promotion of the trademark, shall be taken into account"*.

Nigeria as a country is heavily import dependent and the protection of famous marks will provide clear protection for international trademarks that have attained this status and also serve to deter counterfeiters. The current Trade Mark Act is silent on the protection of well-known marks.

Despite Nigeria's accession to the TRIPS Agreement by virtue of its membership of the WTO, some have argued that the provisions relating to well-known/famous trademarks are not applicable in Nigeria since that provision is yet to be specifically enacted into local law under Nigeria's two-part (dualist) reception process for international treaties and conventions. Whilst this argument loses sight of the composite nature of the WTO multilateral trade agreements as binding on member states as a single document,<sup>25</sup> the proposed amendments introduced by the IPCOM and the Trade Mark Bill should put this disputed matter to rest once and for all.

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<sup>24</sup> Section 32(1) of the IPCOM Bill 2008.

<sup>25</sup> See Mitsuo Matshushita et al, *World Trade Organisation: Law, Practice and Policy*, 2ed., Oxford University Press, 2007, p. 7. See also WTO Agreement, Article II:2.

- Dilution:

*Dilution* is defined in the Trade Mark Bill as the lessening of the capacity of a trademark to identify and distinguish goods or services, regardless of whether there is any competition between the proprietor of the trademark and any other party; or likelihood of confusion on the part of the public. Section 9(3)(d) further allows an application for registration of a trademark to be refused if the application is similar to a well-known mark in Nigeria and use thereof would cause dilution in an unfair manner of the distinctive character of the earlier well-known trademark. The concept of dilution is a relatively new concept in Nigeria, and it is a breath of fresh air that the Trade Mark Bill recognizes the importance of this doctrine and its applicable legal principles. The IPCOM Bill and the Trade Marks Act are silent on the concept of dilution.

- Use of Trademarks over the internet:

In response to the impact of emerging technologies and the pliability and ubiquitous nature of the World Wide Web, Section 48 of the Trade Mark Bill recognizes that use of a sign/symbol on the internet shall constitute use in Nigeria “*only if the use has a commercial effect in Nigeria*”. Both IPCOM Bill and the current Trade Marks Act do not recognize the use of marks over the internet as proper use thereof. Although the recognition of such trademark use should be implied under existing law, and evidence of which could also constitute proof of publicity and advertising efforts, specific statutory provisions are more desirable.

- Establishment of an IPCOM Commission:

Part A of the IPCOM Bill which comprises of 25 sections establishes the Industrial Property Commission of Nigeria. The section provides for the membership of the governing council, functions and powers of the commission, structure of the commission, and right of appeal to the Industrial Property Appeals Board on matters of compulsory licenses.

## **RECOMMENDATIONS AND CONCLUSION**

After a careful review of both The IPCOM Bill 2008 and the Trade Mark Bill 2016, and while observing that they have to a large extent addressed similar subject matter, they are totally different in scope. The IPCOM Bill seeks to establish a commission under Part A, and sets up a structure for that commission, the powers of the governing body, and functions as well as jurisdictional matters and the review process up to the appellate body. Part B deals with trademarks, Part C deals with patents and designs while Part D addresses plant varieties

and animal breeders' rights. The Trade Mark Bill, on the other hand, is a proposed trademark legislation *simpliciter*, as it only seeks to repeal and amend the current Trade Marks Act without touching on governing structure or the administrative regulation of trademarks. The IPCOM Bill once passed will have a greater impact on administrative regulation of trademarks because it will carve out the Trade Marks Registry as a department under the Federal Ministry of Industry, Trade and Investment and establish a similar autonomous body capable of regulation and independent funding. The implication of this is that all the current challenges faced by the registry with regards to funding could be avoided or significantly minimised.

The Trade Mark Bill contains more substantive provisions, on dilution, exhaustion of rights principles, domestication of the Madrid Protocol and the recognition of famous marks amongst other useful provisions.

We would recommend going back to the drawing board at the legislative Committee level to attempt a harmonization of both bills. It is essential that an extensive bill which seeks to establish a commission as well as accommodate all the substantive provisions contained in the Trade Mark Bill is adopted; or we find a way of merging both bills into one, after excluding surplusage and repeated/identical provisions. Since the Trade Mark Bill has passed the public hearing stage and is now at the committee level and the IPCOM Bill 2008 is still at the public hearing stage, it is recommended that a provision for the establishment of a commission is inserted into the Trade Mark Bill going forward. Otherwise, the same challenges are likely to surface in a few years when the overwhelming necessity for a commission becomes evident.

An alternative solution is to have the Trade Mark Bill passed as it is, while only Part A of the IPCOM Bill should be passed into law. Part B should be eliminated while Parts C-D should be enacted along with Part A or separately. There is no doubt that the establishment of a commission is necessary, however, the IPCOM Bill as it is appears unnecessary and grossly inadequate in relation to trademark matters in view of the more comprehensive treatment envisaged under the new Trade Mark Bill.

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