INTEGRATION OF INTELLECTUAL PROPERTY RIGHTS INTO REGIONAL TRADE AGREEMENTS: CRITICAL ANALYSIS OF EAST AFRICA COMMUNITY COMMON MARKET PROTOCOL

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Submitted in fulfillment of the requirement for the award of degree of Master of Laws (LL.M) in International Law

Faculty of Law
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April, 2015

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DECLARATION OF ORIGINALITY

I declare that this mini-dissertation which is hereby submitted for the award of *Legum Magister* (LL.M) in International Law at the Faculty of Law, University of Pretoria, is my original work and it has not been previously submitted for the award of a degree at this or any other tertiary institution.
ABSTRACT

The protracted World Trade Organization’s (WTO) multilateral trade negotiations during the Uruguay and Doha Rounds made countries to begin negotiating regional trade agreements (RTAs) and to form regional economic communities (RECs) to get market access for their products. This trend led to the beginning of inclusion of intellectual property rights (IPRs) in RTAs with some having higher levels of protection for IPRs than those stipulated in the WTO’s Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement.

The East African Community (EAC) member states in 2009 adopted the Common Market Protocol which incorporates IPRs obligations, both as an effort to promote innovation and creativity, and also to attract high end technology-intensive foreign direct investments.

The objective of the study is to assess if implementation of IPR obligations entrenched in the EAC Common Market Protocol would entail imposition of TRIPS-Plus obligations, as well as to determine any challenges likely to be faced by EAC member states during the implementation of both their individual and collective IPR obligation.

Whilst there are findings of possibility of adoption of TRIP-Plus measures during the implementation of EAC’s Common Market Protocol under the proposed EAC Anti – Counterfeit Bill, numerous hurdles still abound such as incoherent EAC member states IPRs legislation, inadequate IPR law enforcement mechanism and lack of public awareness on consequences of using counterfeit products.

To address the aforementioned challenges, the study recommends amongst others; that EAC member states should harmonise their IPR laws, intensify public awareness campaign on effects of using counterfeit products and have fully operational national anti-counterfeit agencies and competition authorities to enforce IPR laws and protect against the restraints of competition initiated by private market actors respectively.
ACKNOWLEDGEMENT

I would like to thank the staff of the Department of Public Law, Faculty of Law at the University of Pretoria particularly Ms. Martie Bradley for the assistance she accorded me during the initial stages of writing of this mini-dissertation.

Similarly, I would like to sincerely thank Dr. Femi Soyeju of the International Development Law Unit of the Centre for Human Rights based at the Faculty of Law of the University of Pretoria for guidance during the writing of this research project.

To Jane, the love of my life, for the support she gave me when I was pursuing my post graduate studies.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
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<tbody>
<tr>
<td>AEC</td>
<td>Africa Economic Community</td>
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<td>COMESA</td>
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<td>ECOWAS</td>
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<td>FTA</td>
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<td>General Agreement on Trade in Service</td>
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<td>Intellectual Property Right</td>
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<td>LPA</td>
<td>Lagos Plan of Action for Development of Africa</td>
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<tr>
<td>SADC</td>
<td>Southern Africa Development Community</td>
</tr>
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<td>REC</td>
<td>Regional Economic Communities</td>
</tr>
<tr>
<td>RTA</td>
<td>Regional Trade Agreement</td>
</tr>
<tr>
<td>TFTA</td>
<td>Tripartite Free Trade Area</td>
</tr>
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<td>TRIPS</td>
<td>Trade Related Aspects of Intellectual Property Rights</td>
</tr>
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<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
INTERNATIONAL CONVENTIONS AND TREATIES

1. The WTO Legal Text: The Results of the Uruguay Round of Multilateral Trade Negotiations 1995
2. Organization of Africa Union Treaty establishing the African Economic Community of 1991
4. Protocol for the Establishment of EAC Customs Union 2004
6. Draft EAC Anti–Counterfeit Bill of 2011
TABLE OF CONTENTS

ABSTRACT ......................................................................................................................... iii

ACKNOWLEDGEMENT ........................................................................................................ iv

ABBREVIATIONS .............................................................................................................. v

INTERNATIONAL CONVENTIONS AND TREATIES .......................................................... vi

CHAPTER 1 ......................................................................................................................... 1

INTRODUCTION ................................................................................................................ 1

1.1 Background information .............................................................................................. 1

1.2 Research problem ......................................................................................................... 3

1.3 Research question(s) ..................................................................................................... 4

1.4 Research objectives ....................................................................................................... 4

1.5 Significance of the research ......................................................................................... 4

1.6 Literature review .......................................................................................................... 5

1.7 Research methodology ................................................................................................. 8

1.8 Limitations of the study ............................................................................................... 9

1.9 Research Structure ...................................................................................................... 9

CHAPTER 2 ....................................................................................................................... 10

THE NATURE OF REGIONAL INTEGRATION AND ITS APPLICATION IN AFRICA .... 10

2.0 Introduction .................................................................................................................. 10

2.1 Regional Integration ...................................................................................................... 10

2.2 Regional Trade Agreements as a subset of Regional Integration ......................... 12

2.3 Legal Framework for Regional Trade Agreements .................................................. 15

2.4 African Regional Integration ....................................................................................... 16

2.5 Characteristic of African Regional Trade Agreement ............................................. 20

2.6 Conclusion ................................................................................................................... 22

CHAPTER 3 ....................................................................................................................... 23

EAST AFRICAN COMMUNITY AND COMMON MARKET PROTOCOL .................... 23

3.0 Introduction .................................................................................................................. 23

3.1 East African Community ............................................................................................. 23

3.2 The EAC Common Market Protocol ......................................................................... 26

3.3 Concept of Intellectual Property Right ....................................................................... 27
CHAPTER 1
INTRODUCTION

1.1 Background information

In November 2009, five Heads of States of EAC\(^1\) at a summit meeting held in Arusha, Tanzania, adopted the EAC Common Market Protocol. One of the main objectives of the Common Market Protocol was to enhance research and technological advancement for accelerated economic and social development amongst the member states.\(^2\)

Since the five member states were fully aware of the challenges awaiting them in implementation of some of the objectives of the Protocol, there was unanimity for cooperation regarding promotion and protection of IPR.\(^3\) This it was reassured would significantly increase both non-fuel trade flows,\(^4\) and promote regional research and technological development.

The decision by the EAC Heads of States to establish the common market was aimed at widening and deepening cooperation as required by EAC establishing treaty.\(^5\) Under the EAC establishing treaty, the member states had committed to establish a Customs Union, followed by Common Market, Monetary Union and Political Federation.\(^6\)

According to EAC establishing treaty, the ultimate aim of progressive integration was:

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1. East Africa Community comprises of the Burundi, Kenya, Uganda, Tanzania and Rwanda.
2. Article 4(2) (e) of the EAC Common Market Protocol.
5. Article 5(1) and (2) of EAC Establishing Treaty.
6. Article 5(2) of EAC Treaty
that there shall be an accelerated, harmonious and balanced development and sustained expansion of economic activities, the benefit of which are to be equitably shared by the member state.\textsuperscript{7}

Significance of IPR as a distinct area of trade within EAC is underscored by Article 43 of Common Market Protocol which lists various IPRs to be protected, and similarly defines the scope of cooperation in that endeavor.\textsuperscript{8} The five EAC member states are obliged by the Common Market Protocol to establish a mechanism to prevent infringement, misuse and abuse of IPR and to cooperate in fighting piracy and counterfeit activities.\textsuperscript{9}

Recognizing the fact that each of the five EAC member states could also be a signatory to any convention, treaty or protocol related to protection of IPRs, the member states have agreed that they shall each honour their individual commitments to international agreements relating to IPRs which they might be party to.\textsuperscript{10}

The decision by the EAC member states to incorporate protection of IPRs in the Common Market Protocol is amongst the fast emerging trends in the post-Uruguay WTO multilateral trade negotiation round, whereby countries considering their national interests decide to incorporate protection of IPRs in their RTAs. The decision is informed not only by desire to protect IPRs, but also to maximize IPRs returns for their home-based corporations doing business in foreign countries, which would not be achieved using the current multilateral trade negotiation system.

\textsuperscript{7} Article 5(2) of EAC Treaty
\textsuperscript{8} The entire Article 43 of the EAC Common Market Protocol is specifically dedicated to listing IPR to be protected in EAC, mode of protection and obligations of each EAC member states in that respect.
\textsuperscript{9} Article 43(3) (a) and (b) of the EAC Common Market Protocol.
\textsuperscript{10} Article 43(6) of the EAC Common Market Protocol.
1.2 Research problem

Never in the history of global trade has respect for IPR been so highly regarded and upheld than after the creation of the WTO in 1995. The adoption of TRIPS agreement as part of the WTO legal framework effectively stopped the practice of using reverse engineering technology to develop.\textsuperscript{11}

Various economic studies have shown that there is a positive correlation between protection of IPR and economic growth in high income countries since IPR encourages innovation in these countries and also in low income countries because protection of IPR increases technology inflows.\textsuperscript{12} Similarly, it has been shown that increase in protection of IPR, increases the volume of trade amongst countries in non–fuel products.\textsuperscript{13} However for the benefits of protection of IPR to accrue, the economy must also be open and not necessarily hindering free flow of trade.\textsuperscript{14}

Considering that most of the EAC member states are classified as low income countries and are also non–oil exporters except for Uganda which might start exporting oil in 2018, it can therefore be argued that it was the desire by the EAC member states to spur economic growth within their countries that they opted to incorporate matters of IPR in the EAC Common Market Protocol.

Whilst the proposal to entrench clauses on IPR in the EAC common market protocol seems good, it is still doubtful if the EAC member states fully appreciate the consequences attached to their action in terms of both individual and collective obligation to implement and enforce the IPR obligations to achieve the desired economic growth and increase in trade volumes within the trade bloc.

\textsuperscript{13} Supra Note 4.
Therefore, this study seeks to determine if the EAC Common market protocol provides sufficient legal framework for protection of IPRs amongst the EAC member states.

1.3 Research question(s)
The broad question which this research will seek to answer is: does the EAC Common Market Protocol provide sufficient legal framework for protection of IPRs amongst the EAC member-states?

In answering this overarching research question, the following sub-questions will also be answered-
   i. What is the nature of regional integration?
   ii. How does regional integration apply in Africa?
   iii. What are the implications for inclusion of intellectual property in Common Market Protocol, particularly, TRIPS-Plus clauses in the draft EAC Anti-Counterfeit Bill?

1.4 Research objectives
The objectives of this study are:

1. To assess if the implementation of EAC Common Market Protocol will entail imposition of TRIPS Plus obligations on the EAC member states.
2. To examine any challenges likely to be faced by EAC member states during the implementation of IPR obligations in the Common Market Protocol.

1.5 Significance of the research
This study is being undertaken at a time when countries which are also members of WTO have embraced regionalism at unprecedented pace. Focus has shifted from multilateral trade negotiations to conclusion of RTAs and creation of RECs.

To leverage on this regionalism wave, the developed countries have inserted onerous IPRs obligations in preferential trade agreements to nullify the flexibilities provided by TRIPS to developing and least developed countries (LDCs), which otherwise developed countries would not secure at WTO multilateral negotiations fora.
The EAC member states too embraced the system of entrenching IPRs obligations into RTA by having certain provisions touching on IPRs incorporated into the EAC Common Market Protocol.

Therefore, it is necessary that an academic research be conducted to investigate and determine if the EAC member states fully understand and appreciate the implications of incorporating IPRs obligation in the common market protocol and responsibilities expected of each of the five member states.

1.6 Literature review

During the last two decades since the creation of the WTO in 1995, the total number of RTAs created and notified to the WTO secretariat has risen to 446, of which 144 notifications were given to the GATT secretariat between 1948 to 1994. The number of RTAs concluded has exponentially increased between 1992 and 2014, which is attributed to resort to RTAs due to protracted and acrimonious multilateral trade negotiations during both the Uruguay and Doha rounds.

The legal basis for creation of RTAs is GATT Article XXIV and GATS Article V which provide for the creation of customs union and free trade areas, as an exception to Most Favored Nation (MFN) requirement of the WTO. Economists have argued that the rationale for creating RTAs is that its trade creation benefits for the member states far outweigh the subsequent trade diversion effects suffered by the non-member states. To buttress the view of the economists, legal scholars have also argued that germane reason for exponential growth in RTAs since 1992 is that 21st Century regionalism is not about preferential market access as was the case during the 20th Century regionalism, instead it is about disciplines that underpin trade-investment-service nexus.

16 Most Favored Nation rule is provided by Article 1 of GATT and Article 2 of GATS.
17 Trade creation refers to new trade originating owing to the new RTA; trade diversion refers to RTA non-parties losing out in the parties market owing to the establishment of trade preferences among the latter
18 Baldwin, R (2011) “21st Century Regionalism: Filling the Gap between 20th Century Trade and
Prof. Baldwin extends his argument that as 21st Century trade became more complex, demand arose for more complex international trade rules which were resolved by uncoordinated developments in form of negotiations of RTAs which occurred outside the WTO framework and filled the 21st century trade governance gap.19

Further arguments have been raised that the emerging regionalism is deeper and much more than just trade in goods and tariff liberalization for market access. Instead, it includes other issues such as intellectual property rights, competition policy, investment protection, labor standards and environmental protection.20

The popularity of using RTAs as a mechanism for protecting IPRs outside the WTO multilateral trading system is best explained by Biadgleng et al.21 who lists various factors for preference of inclusion of IPRs in RTAs as including amongst others the ability to innovate during the drafting of the agreement, since RTAs negotiation forum offer the flexibility to develop and adopt recent regulatory advances in IPR protection. Similarly, the presence of bargaining asymmetry between the negotiating states allows the dominant country to impose its agenda and preferences on other countries who are also parties to the RTA.

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19 Baldwin, R (n.15 above)
Other benefit for preference of RTAs in protection of IPRs is the ability of countries to engage in trade-off during the negotiations since parties are able to make concessions based on their respective national interests. Furthermore, the ability to threaten immediate withdrawal of concession in the event of non-compliance with IPR obligations without resorting to the elaborate, complex and expensive WTO dispute settlement mechanism has made countries prefer RTAs. Finally, it is the frequent use of “soft law” language in RTAs that provide flexibilities and regulatory cooperation as opposed to the prescriptive nature of the “hard law” which is common in the WTO agreements that has made countries to prefer incorporating IPR matters in RTAs.

Regarding regional integration in Africa, Hartzenberg argues that it was the realization by the founding leaders of Africa after independence that the continent was dominated by mainly poor countries with small population, majority of whom are landlocked, that a plan was hatched to integrate the continent to achieve economies of scale to foster industrialization through import-substitution.22

Although Valdés and Tavengwa23 argue that it is unlikely for LDCs to negotiate and incorporate IPRs in their RTAs due to transitional exceptions accorded to them by TRIPS from substantive obligations,24 The shortcoming of their argument is that it does not consider that a desire to promote intra-regional trade and to lure potential foreign investors can make LDCs like those within EAC to incorporate IPRs in their RTAs. This protection by LDCs can be in a form of a general statement of commitment to protect intellectual property without specifying the types of IPRs to be protected and how they shall be protected.25

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24 Article 66(1) of the TRIPS.

The asymmetrical nature of membership of EAC in which the other four countries are classified as LDCs and only Kenya is classified as a developing country raises a deficiency in the current literature on how to apportion IPRs obligations amongst the EAC member’s state. At a WTO-TRIPS Council meeting of 2002, the LDCs were granted exemption from implementation or enforcement of patent and test data on pharmaceutical products until 1st January 2016, and there is a possibility for extension of the exemption in future at the request of LDCs which has serious implication on protection of IPRs amongst the EAC member states.

The most recent research study on EAC Common Market Protocol was by Dr. Henry Mutai which was confined only to those Protocol provisions that facilitate free movement of goods within the region. The findings of the study were that ambiguities in the Protocol combined with lack of resource capacity on the part of both EAC member states and the Secretariat have hindered full compliance with provisions of the Protocol.

It is therefore the absence of literature on the integration of IPRs into the EAC Common Market Protocol and its implication for IPR regime within the EAC that this study is being undertaken.

1.7 Research methodology

This study shall adopt a qualitative research method, with extensive use of secondary data from various peer reviewed journals, academic text books and publications from various international organizations such as the World Trade Organization (WTO), World Intellectual Property Organization (WIPO), United Nations Conference on Trade and Development (UNCTAD), East Africa Community (EAC) amongst others.


1.8 Limitations of the study
This study shall be confined to a period beginning from 1st July 2010, when the EAC Common Market Protocol entered into force to 31st December 2014. Due to scarcity of academic materials on EAC, getting sufficient information on divergent views regarding EAC Common Market Protocol might prove a big hindrance to successful analysis of the long term implications of IPR obligations incorporated in the Common Market protocol.

1.9 Research Structure
This study consists of five chapters.

Chapter 1
This chapter is the introductory part of the study. It includes research problem, research objective, literature review, research methodology, limitation of study and structure of the research.

Chapter 2
This chapter analyses the concept of regional integration and its application in Africa, legal framework for RTAs within the WTO and characteristics of RTAs in Africa.

Chapter 3
This chapter examines EAC and its Common Market Protocol. It also focuses on the concept of IPRs, how various types of IPRs have been incorporated in the Common Market Protocol and the domestic and economic implication of such a development.

Chapter 4
This chapter interrogates the TRIPS Plus obligations, its incorporation in RTAs, and how such obligations are contemplated within EAC legal framework. It concludes by highlighting possible challenges to be faced by EAC member states during the implementation of IPR regime.

Chapter 5
This chapter draws the conclusions with recommendations on how EAC member states can optimize the benefits of inclusion of IPRs obligations in Common Market Protocol.
CHAPTER 2
THE NATURE OF REGIONAL INTEGRATION AND ITS APPLICATION IN AFRICA

2.0 Introduction
This chapter examines the concept of regional integration, while simultaneously discussing the legal basis for regional trade agreement within the WTO law. The history of regional integration in Africa is highlighted, its characteristics explained with a conclusion on the feasibility of the proposed Africa economic community.

2.1 Regional Integration
Regional integration has been defined as the process through which states voluntarily mingle, merge and mix with their neighbours through agreements, so as to lose the factual attributes of sovereignty, while acquiring new ways for resolving conflicts or disagreements among themselves.28

The objectives of the regional integration agreements have ranged from economic matters to political issues. Although most of the agreements have taken the form of political economy initiatives, whereby trade–investment issues are the focus for achieving broader socio-political and security objectives of the members states.

Therefore, regional integration could be interpreted as implying a higher degree of lock–in and loss of sovereignty, involving a broader scope of a united market for goods, free mobility of factors of production through common markets and a possible monetary union.29

According to Van Longenhove, regional integration initiatives should fulfill at least eight (8) important functions which are: 1) strengthening of trade integration in the region; 2) creation of an appropriate enabling environment for private

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sector development; 3) development of infrastructure programs in support of economic growth and regional integration; 4) development of strong public sector institutions and good governance; 5) reduction of social exclusion through development of an all-inclusive civil society; 6) contribution to peace and security in the region; 7) building of environment programmes at the regional level; and finally 8) strengthening of the region’s interaction with other regional integration; in other parts of the world.\textsuperscript{30}

For a regional integration to be successful there must exist pre-conditions with regards to politics such as: (i) domestic peace and security amongst the member states; and (ii) political commitment and mutual trust among the member- countries. Moreover, higher level of integration such as monetary union requires (i) minimum threshold of macro-economic stability and good financial management in member-countries in the form of price stability and realistic real exchange rates; and (ii) a national reforms for open markets.\textsuperscript{31}

For national and regional programmes to be compatible and mutually reinforcing, there exist three (3) fundamental principles that must guide the regional integration namely:

1. \emph{Open regionalism} which seeks to ensure that regional strategies are bred in the same ideological paradigm as national reform policies in terms of outward orientation\textsuperscript{32}, market–driven integration process\textsuperscript{33}, and private sector involvement in the design and implementation of regional activities since they are the main beneficiaries of the regional integration.

\footnotesize
\textsuperscript{31} Supra Note 25, pg 7.
\textsuperscript{32} Outward orientation seeks to ensure that trade policy instruments such as tariff and non–tariff instruments do not become hindrance to trade.
\textsuperscript{33} It seeks to ensure that both national and regional institutions do not develop national and regional monopolies that hinder foreign investments and trade.
2. **Subsidiarity** which means that regional institutions should be responsible only for those activities that are not better handled at the national level. The rationale for principle of subsidiary is to avoid overstretching regional administrative capacity and resources, and to ensure that there is sufficient trust so that key regional agencies are given authority and means to implement regional agenda.\[supra\]\footnote{Supra Note 25, page.8}

3. **Variable Geometry** is the sequencing of integration in a geographical space by allowing certain countries to move faster and deeper in certain areas, while others member-states lag behind. The scope of variable geometry in regional integration was defined by the East Africa Court of Justice in its advisory opinion in which it rendered thus:-

> Simultaneous implementation is impracticable in some circumstances and Partner States cannot be expected to operate within such strait jacket or one- size- fit -all situations. Variable geometry is therefore, intended, and actually allows, those Partner States who cannot implement a particular decision simultaneously or immediately to implement it at a suitable certain future time or simply at a different speed while at the same time allowing those who are able to implement immediately to do so.\[council\]\footnote{Council of Minister of the East African Community Advisory Opinion Request ,(2008) EACJ at 30}

\footnote{http://www.wto.org/english/tratop_e/region_e/rtagreement_e.htm accessed on 10th October 2014.}

2.2 **Regional Trade Agreements as a subset of Regional Integration**

The WTO defines regional trade agreements (RTAs) as reciprocal trade agreements between two or more partners. They include free trade agreements and customs unions.\[wto\]\footnote{http://www.wto.org/english/tratop_e/region_e/rtagreement_e.htm accessed on 10th October 2014.}
Proponents of RTA have argued that its formation promotes trade liberalization through removal of barriers to substantially all of the trade between members to such agreements. 37 Regarding developing countries, signing of RTAs has been encouraged as way of assisting developing countries implement domestic reforms and open up to competitive market pressure at a sustainable pace, thereby facilitating their integration into the world economy.38

The economic justification for creation of the RTAs has been their trade creation effect which occurs when the RTA member country switches from the inefficient output of its own protected domestic industries, to the more efficient production of its trading partner with whom they belong to the same RTA.

Similarly, RTAs have the potential to create trade diversion effect in which RTA external tariff structure encourages importers to switch from the more efficient producers in some third country not a member of the RTA, to the less efficient but now cheaper producers in the RTA partner state.

Therefore the argument for the establishment of the RTA has revolved around whether the proposed regional arrangement will result in more welfare benefits to individuals in terms of trade creation, or welfare loss in terms of trade diversion.

The dilemma that most countries face in their endeavor to establish RTA is analyzed by Viner who contextualized the uncertainty as to whether the RTA will be trade creating or trade diverting by arguing that:

Where the trade-creating force is predominant, one of the members at least must benefit, both may benefit, the two combined must have a net benefit and


the world at large benefits; ... Where the trade –diverting effect is predominant, one at least of the member countries is bound to be injured, both may be injured, the two combined will suffer a net injury, and there will be injury to the outside world and to world at large.\textsuperscript{39}

Over the last years, the number of concluded and implemented RTAs has risen exponentially. In the run up to the conclusion of the Uruguay Round of GATT negotiations (1986-1994), the number of RTAs concluded rose by 2.1%. Between 1995-2003, RTAs concluded rose by 9.0% per year and, between 2004-2014, RTAs concluded rose by 13.3\%.\textsuperscript{40}

\textbf{The Graph below Show RTAs Notified To GATT/WTO Secretariat between 1948-2014}

![Graph showing RTAs notified to GATT/WTO Secretariat between 1948-2014](source: WTO website)

Source: WTO website

\textsuperscript{39} Viner, Jacob (1950) \textit{The Customs Union Issues}. New York: Carnegie Endowment for International Peace page. 44

\textsuperscript{40} [http://www.wto.org/english/tratop_e/region_e/regfac_e.htm](http://www.wto.org/english/tratop_e/region_e/regfac_e.htm)
2.3 Legal Framework for Regional Trade Agreements

The conclusion of RTA is an exception to the WTO fundamental rule of the universal application of Most Favored Nation (MFN) treatment among all WTO member states as provided by Article 1 of GATT 1945.

Other than Free Trade Area and Customs Union, other types of RTAs are: Economic Integration Agreement (EIA) provided for by Article V of General Agreement on Trade in Services (GATS), the Enabling Clause permitting developing countries to reach partial scope agreements with developed countries, and common markets which provide for free movement of factors of production.\footnote{VanGrasstek, Craig (2013) The History and Future of World Trade Organization. WTO pg. 465.}

The provisions of Article XXIV of GATT establish the legal framework that reconciles RTAs with GATT Most Favoured Nation principle, with the sole aim of facilitating trade between the constituent territories and not raising barriers to the trade of other contracting parties within such territories.\footnote{GATT Article XXIV para.4}

Article XXIV (5) of GATT stipulates external requirements for the formation of the Customs Union and Free Trade Area (FTA). Paragraphs 5(a) and (b) of GATT Article XXIV are aimed at avoiding trade diversion by permitting formation of RTAs that have a neutral impact on RTA non–contracting member states.

Specifically, paragraph (5) (a) allows for formation of a Customs Union if the duties and other regulations of commerce imposed upon formation of the Customs Union are not higher or more restrictive than the general incidence of those applicable in the constituent territories before the Customs Union was formed.

Moreover paragraph (5)(b) of GATT Article XXIV allows for formation of FTA, if the duties and other regulations of commerce maintained in each of the constituent
territories and applicable at the formation of FTA to the trade of WTO members not included in such regional trade agreement are not higher or more restrictive than those existing before the FTA was formed.

2.4 African Regional Integration
The history of regional economic integration in Africa can be divided into two parts, each based on the generation that drove the agenda for the formation of regional blocs in Africa.

During the first generation phase, regional integration in Africa was motivated by political vision of a united Africa capable of industrializing through import substitution policies. This was during the period between 1960 to 1980, and it was largely informed by the fact that a united Africa would provide a large market for industrial products which would result in economies of scale for production process to continue through import substitution.\(^{43}\)

A strong argument for establishment of Africa Economic Union to remedy the then challenges of small national markets, scarcity of skills and resources is aptly presented by Green and Seidman thus:

…a comprehensive economic planning would be much more practicable on a continental or, transitionally, semi-continental scale than for individual African states. Production, markets and investible surpluses could be planned and implemented on a consolidated basis.\(^{44}\)

However, African countries import substitution policies failed and so did the African industrialization dream. The failure was due to, amongst others, high inputs costs that adversely affected transformation and exports, resulting in foreign exchange

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shortages and overvalued currencies. Moreso, domestic monopolies and trade protectionism that many countries practised contributed to powerful rent seeking and nationalistic lobbies that opposed regional integration.

The aforementioned failure was further hastened by African nationalist governments that gave token support to regionalism, while breaking their regional commitments by delaying implementation of the integration programmes.

The second generation phase of regional integration in Africa began after 1980. This was after the African leaders learnt from the failure of their predecessors, and decided to adopt open regional arrangements with emphasis on promotion of private sector investments as opposed to public investments. Most of the African government shifted to supply-side economics efforts aimed at improving business environment by building physical infrastructure and adopting business-friendly legislation.

The political framework for realization of the Africa economic integration was the Lagos Plan of Action for Economic Development of Africa (LPA), developed by the then Organization of the Africa Unity (OAU) and subsequently adopted by the Heads of State and Government in April 1980. The initiative was keenly supported by the United Nations Economic Commission for Africa (ECA), since it sought to spur Africa economic growth through industrialization, reduction of poverty and illiteracy.

A binding legal framework for Africa regional integration is the Treaty Establishing the Africa Economic Community (AEC) which was adopted in 1991 in Abuja, Nigeria. The treaty emphasizes the strengthening of the existing regional economic communities and establishment of other regional economic communities where none exists as means of achieving the objectives of the AEC. The Abuja Treaty entered into force in 12th May 1994.

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The Abuja Treaty provides for imposition of sanctions on any contracting member of the treaty that fails to fulfill its obligation to facilitate the achievement of AEC.\textsuperscript{46} The threat of imposition of sanctions is meant to ensure non-repetition of conducts that led to the failure of first generation regional integration efforts. The AEC is to be realized progressively in six (6) stages over a transitional period not exceeding thirty four (34) years. Therefore, it means that AEC must be fully realized by the year 2028.

The \textit{first stage} of realization of AEC involves the strengthening of existing Regional Economic Communities (RECs) within a period not exceeding five (5) years from the date of entry into force of the Abuja Treaty and, establishing economic communities in regions where no regional economic community exist.\textsuperscript{47}

The African Union has so far recognized eight sub-regional economic communities as the building blocks for an eventual AEC. These REC’s are: the Arab Maghreb Union, the Common Market for East and Southern Africa (Comesa), the Community of Sahel-Saharan States, the Economic Community of Central African States, the East African Community (EAC), the Economic Community of West African States (ECOWAS), Inter-Governmental Authority for Development (IGAD), and the Southern African Development Community (SADC).

At the \textit{second stage} of AEC integration, each regional economic community within a period not exceeding eight (8) years must stabilize tariff barriers and non-tariff barriers, customs duties and internal taxes existing at the date of entry into force of the Abuja Treaty. Similarly, there should be prepared studies for adoption to help in determining the time-table for the gradual removal of tariff barriers and non-tariff barriers to intra and inter-regional trade and, for the gradual harmonization of customs duties in relation to third States.\textsuperscript{48}

\textsuperscript{46} Article 5(3) ibid.
\textsuperscript{47} Article 6(2)(a) supra note 17.
\textsuperscript{48} Article 6(2)(b)ibid.
At the *third stage* of AEC, each regional economic community within a period not exceeding ten (10) year shall be established as a FTA. This would be through observance of the time-table for the gradual removal of tariff barriers and non-tariff barriers to intra-community trade and, establishment of a Customs Union by means of adopting a common external tariff.\(^49\)

At the *fourth stage* of AEC, within a period not exceeding two (2) years, there shall be a co-ordination and harmonization of tariff and non-tariff systems among the various RECs with a view to establishing a Customs Union at the continental level by means of adopting a common external tariff.\(^50\)

At the *fifth stage*, it is envisaged that within a period not exceeding four (4) years, there shall be the establishment of African Common Market through the adoption of a common policy in areas such as: agriculture, transport and communications, industry, energy and scientific research. This shall be complimented by harmonization of monetary, financial policies and provision for free movement of the factors of production and recognition of the right of residence and establishment.\(^51\)

At the *sixth stage* of AEC, which is the final stage, it is contemplated that within a period not exceeding five (5) years, there shall be a consolidation and strengthening of the structure of the African Common Market. Similarly, there shall be the integration of all sectors such as economic, political, social and cultural, as well as establishment of a single domestic market and a Pan-African Economic and Monetary Union. Also there shall be the implementation of monetary union leading to the creation of the African Central Bank and Africa single currency.\(^52\)

\(^{49}\) Article 6(2)(c) ibid

\(^{50}\) Article 6(2)(d) ibid.

\(^{51}\) Article 6(2)(e) ibid.

\(^{52}\) Article 6(2)(f) ibid.
The Abuja Treaty is very ambitious by providing that AEC be realized within a period not exceeding thirty four (34) years following the entry into force of the Abuja entry.\footnote{Article 6(5) ibid.} Considering that the Treaty entered into force on 12th May 1994, it is clear that the set targets for realization of the AEC will not be achieved partly due to differences on trade and immigration issues amongst Africa leaders and, economic fears for a single currency after the devastating consequence of a single euro currency on the economies of European Economic Community member states.

\section*{2.5 Characteristic of African Regional Trade Agreement}
A comparison of the nature and structure of African RTAs with other RTAs in other parts of the world shows certain unique characteristics of Africa RECs. These are:

\textbf{Flexibility}
Unlike the North America or European countries that emphasis higher commitment to compliance with the legal obligations contained in the RTAs, the Africa RTAs have not yet raised the political cost for non–compliance with RTA treaty obligations.

Therefore, Africa RTAs have some elements of flexibility since they do not require scrupulous and rigorous adherence to regional trade treaties, which have provided for application of the principles of variable geometry in which RTA member states have different timelines for implementation of their commitments.

Moreover, African RTAs often adopt a broad array of political, economic and social objectives to be achieved in one treaty without giving specific priority to any set objective. This has resulted in African RTA’s misinterpreting their objectives and engaging in activities which are not necessarily important to their member states.

\textbf{Overlapping membership}
The African RTAs have been characterized by multiple and overlapping membership by member states. This has resulted in a “spaghetti bowl” phenomenon, whereby it is become increasingly difficult to ascertain trade policy and tariff regime applicable in any member state, since most countries in Africa belong to two or three RTAs.
Most African countries are members of the Common Market for Eastern and Southern Africa (COMESA) and at the same time either members of the Southern Africa Development Community (SADC) such as Zimbabwe, Zambia and Swaziland, or East Africa Community (EAC) such as Kenya and Uganda. Similarly, some SADC members are members of the Southern Africa Customs Union (SACU), such as South Africa, Namibia, Lesotho and Swaziland.

However, efforts have been initiated to resolve the problem of overlapping membership to RTAs through negotiation of a Tripartite Free Trade Area (TFTA) involving COMESA, SADC and EAC. It is believed that conclusion of the TFTA shall greatly resolve the confusion currently prevalent amongst the TFTA negotiating RTAs regarding applicable tariff regime and imports regulation standards.

**Weak Governance Structure**

Many RTAs in Africa have weak institutional governance structure which can be attributed to lack of willingness by member states to surrender some sovereignty functions to the RTA secretariats. The problem has been compounded by lack of sufficient finances which has made the RTAs suffer weak implementation and monitoring system for the programmes they intended to run.

This internal weakness of the Africa RTAs has made the organizations develop inconsistent policies that have often been abandoned by member-states, thereby making RTA policies to appear inferior to member states national policies. Other challenges that have resulted from weak governance structure has been the overloading of the RECs agenda which most often has led to non-prioritization of the most pressing issues requiring urgent attention.

The largest economies within specific RTAs have also been accused of controlling and determining the agenda of the RTAs resulting in political differences amongst the RTA member states. Within the SADC, South Africa has been accused of supporting only those treaties and activities that it has specific interest in. Similarly, Nigeria has often been accused of determining the agenda at ECOWAS.
2.6 Conclusion
While regional integration has brought immense benefit to member states in western Europe and North America through increased intra-regional trade and investment, in Africa, the challenges of overlapping membership and weak institutional structures of RECs have hindered economic growth resulting in skepticism if indeed the ambitious Africa Economic Community vision will ever be realized. However, with WTO multilateral trading system in crisis due to lack of consensus between the developed and developing countries, African countries have no alternative other than to make the regional trading system work for them.
CHAPTER 3
EAST AFRICAN COMMUNITY AND COMMON MARKET PROTOCOL

3.0 Introduction
This chapter examines East Africa Community (EAC) as a regional integration by looking at its establishment and stages in its integration plan. The provisions of the EAC common market protocol are discussed within the context of the provisions for intellectual property rights enshrined therein.

3.1 East African Community
The EAC is a regional intergovernmental organisation comprising of the Republics of Burundi, Kenya, Tanzania, Rwanda and Uganda, with its headquarters in Arusha, Tanzania.

The original EAC which had its headquarters in Nairobi, Kenya was founded in 1967, but collapsed in 1977 due to weak organisation structures and differences in political ideologies between the then three founding member states which consisted of Kenya, Tanzania and Uganda.

The EAC was later officially revived in 2000 following the signing and ratification of the Treaty for Establishment of East Africa Community in 1999. The Republics of Burundi and Rwanda subsequently joined the Organisation in 2007 following their accession to the treaty establishing the EAC.54

The goal of the EAC is to widen and deepen economic, political, social and cultural integration in order to improve the quality of life of the people of East Africa through increased competiveness, value added production, trade and investment.55 The EAC establishing treaty aims to establish export-oriented economies that will enable the free movement of goods, persons, labour, services, and capital.56

54 Odongo, Mary(2011) "Towards An East Africa Community Common Market: Challenges And Opportunities" Institute for Economic Affairs , Trade Notes.pg.1
55 EAC Development Strategy (2006), Executive Summary pg.7.
56 EAC Establishing Treaty , Article 7(C)
The EAC member states have adopted a linear model of regional integration which is a progressive movement through consecutive stages in the integration of goods, labour, capital markets, fiscal, monetary and political federation. The logical progression is therefore to move towards a deeper integration, beginning with FTA to which a common external tariff is added to create a customs union, that is subsequently bolstered with provisions to facilitate free movement of factors of production to create a common market and the final step being the creation of economic union that adds into the integration a monetary and fiscal affairs.

The proposition for a linear integration model for EAC is aptly captured by Article 5(2) of the Treaty establishing EAC that reads in part:

…the partner states undertake to establish amongst themselves and in accordance with this Treaty, a custom union, common market, subsequently monetary union, and ultimately political federation…

The Table Below Shows the Progressive Integration of East Africa Community through Various Stages

<table>
<thead>
<tr>
<th>Integration stage</th>
<th>Customs Union</th>
<th>Common Market</th>
<th>Monetary Union</th>
<th>Political Federation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal instruments</td>
<td>Customs Union Protocol</td>
<td>Common Market Protocol</td>
<td>Monetary Union Protocol</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Liberalise intra-regional trade in goods and promote cross border investments.</td>
<td>Accelerate economic growth and development amongst EAC partner states</td>
<td>Promote and maintain monetary and financial stability to facilitate economic stability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promote efficiency and industrialisation</td>
<td>by ensuring free movement of goods, persons, labor, right of establishment, residence and free movement of capital and services.</td>
<td>promote and maintain monetary and financial stability to facilitate economic stability</td>
<td></td>
</tr>
<tr>
<td>Date of signature</td>
<td>2nd March 2004</td>
<td>20th Nov. 2009</td>
<td>30th Nov. 2013</td>
<td>Not yet known</td>
</tr>
<tr>
<td>Entry into Force</td>
<td>1st Jan. 2005</td>
<td>1st July 2010</td>
<td>Not yet known</td>
<td>Not yet known</td>
</tr>
</tbody>
</table>

On 2nd March 2004, the three EAC member states signed the Protocol for the Establishment of the EAC Custom Union. The Protocol entered into force on 1st January 2005, and lists as its objectives amongst others, the liberalisation of intra-regional trade in goods, promotion of efficiency in production as well as...
enhancement of domestic, cross-border and foreign investments into the community.\textsuperscript{59}

Since this research is focused on the provisions of the East Africa Community Common Market Protocol, EAC structure as well as the provisions of the EAC Customs Union Protocol and Monetary Union Protocol are not considered in detail. The focus is on EAC Common Market Protocol and how provisions regarding intellectual property rights are entrenched therein.

3.2 The EAC Common Market Protocol

Driven by common desire to reach the set stages in regional integration, the five EAC member states on 20\textsuperscript{th} November 2009 signed the Protocol for the Establishment of EAC Common Market which entered into force on 1\textsuperscript{st} July 2010.

The overarching objective of the EAC Common Market Protocol is to accelerate economic growth and development of partner states through the attainment of the free movement of goods, persons and labour, provision of right to establishment and residence, and free movement of services and capital.\textsuperscript{60}

The Common Market Protocol also provides for enhanced research and technological advancement to accelerate economic and social development. The realisation of research and development for technological advancement contemplated by the EAC Common Market Protocol entails cooperation in promotion and protection of intellectual property rights,\textsuperscript{61} amongst the EAC member states which is the crux for this research.

In order to give a synopsis of the issues involved, the following subsection interrogates the concept and types of intellectual property rights that most people interact with. Similarly, the scope of IPR incorporated into the Common Market

\textsuperscript{59} Article 3(a)(b)(c) of the Protocol for the Establishment of EAC Customs Union.

\textsuperscript{60} Article 4(2) (a) (e) of the Protocol for the Establishment of EAC Common Market.

\textsuperscript{61} Article 5(3) (k) of the Protocol for the Establishment of the EAC Common Market Protocol.
protocol is examined together with the implication of incorporating IPR in RTA.

3.3 Concept of Intellectual Property Right

Intellectual property rights have been defined as legal devices that protect creations of the mind which have commercial values by granting exclusive rights to the creators, to protect access to and use of their property from unauthorized use by third parties.62

The Convention establishing World Intellectual Property Organization (WIPO) which is the United Nations specialised agency that deals with intellectual property, does not define IPR per se, but rather illustrates the rights protected by IPR as including:

- Literary artistic and scientific works; performance of performing artist, phonograms, and broadcasts; inventions in all fields of human endeavor; scientific discoveries; industrial designs; trademarks, service marks, and commercial names and designation; protection against unfair competition; and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields. 63

The types of IPR which are relevant to developing countries in their efforts to develop and which most people tend to interact with in their daily lives are: patents, trademarks, copyrights, trade secrets and to some extent unfair competition policies which are briefly elaborated hereunder.

3.3.1 Patents

Patents law grants exclusive rights but not necessarily a monopoly in respect to an invention in return for disclosure of details regarding the invention. For any invention to be granted patents right, it must be novel, entail an inventive step by not being obvious to people having knowledge in that field, and have industrial applicability

63 Article 2 of the Convention establishing the WIPO of 1967.
whereby it can be produced *en masse*. The invention is always protected for a period of twenty (20) years.


### 3.3.2 Trade Marks

Trade mark ™ is granted in order to distinguish the goods and services of one trade mark proprietor from those of her competitors.\(^{64}\) Trade Mark serves the purpose of identifying the product in the market, protecting the goodwill which the trade mark proprietor has built over the years, and assist in eliminating consumer confusion by confirm consumer expectations.


Although trade mark once registered lasts indeterminately, the trade mark owner is required by law to renew registration after certain duration. The WTO -TRIPS agreement stipulates seven (7) years as the minimum period for renewal of the trade mark registration.

3.3.3 Copyright

Copyright protects original expression which is embodied in a tangible or fixed form. However, copyright does not protect ideas, or information, data or facts but rather the expression of the ideas.

Copyright does not require formal registration but instead subsists automatically upon the creation of the work. For the expressions to be copyrightable, the work must be original, thus involving skills and judgment expressed in a tangible medium form such as music, book or motion picture. All over the world, copyright and moral rights of the creator subsists during the life of the author plus another fifty (50) years after the demise of the author.

The treaty governing copyright and related rights are Berne Convention for Protection of Literary and Artistic Works of 1886; Brussels Convention Relating to the Distribution of Program–Carrying Signals Transmitted by Satellite of 1974; Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms of 1971; WIPO Copyright Treaty of 1996; WIPO Performance and Phonograms Treaty of 1996; and WTO /TRIPS Agreement.

3.3.4 Trade secrets

Trade secrets are protected by IPR if they have confidential information which has commercial value (such as KFC chicken recipe, Coca-Cola formula or Levis method of sewing jeans) and there is an obligation to keep the information secret.

Trade secrets are protected in order to guard technological know-how that may not be protected by either patent, copyright or trade mark regime. The essence of trade secrets is the need to ensure fairness in trade, since breach of confidence by disclosure of the trade secret is tantamount to engaging in unfair competition.

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65 Sihanya supra note 60.
3.3.5 Unfair Competition
It is generally felt that unfair competition may harm innovators, legitimate traders, consumers and governments who are the beneficiaries of any efficient properly working IPR system in any country. Therefore, existence of competitive markets has always been encouraged since it promotes innovation and equity which is necessary for growth of IPR.

As such, a corollary has always been established between IPR and fair competition, since they complement each other and over emphasis of either of them, hurts the consumer thereby resulting in societal welfare loss.

3.4 Intellectual Property Rights in Common Market Protocol
The EAC Common Market Protocol provides for cooperation amongst the member state; in the protection of various types of IPR mentioned in the Protocol such as patents, trade and service marks, copyrights and related rights, industrial designs, trade secrets, new plant varieties, geographical indications, layout designs of integrated circuits, utility models, traditional knowledge, genetic resources, traditional cultural expressions and folklore.66

The mechanism for protection of IPR within the EAC is elaborated in Article 43 of the Common Market Protocol that specifically deals with cooperation in IPR. According to EAC Common Market Protocol, cooperation in IPR by member states is aimed at promoting creativity and protecting innovation for technological development.67

It has been empirically proven by policy analysts that a stronger IPR regime has significant positive effects on international trade flows in non-fuel products,68 and some little positive effects on foreign direct investments inflows in products that can

66 Article 43(2) (a) to (m) of the EAC Common Market Protocol.
67 Article 43(1) (a) of the EAC Common Market Protocol.
easily be counterfeited such as pharmaceuticals, chemicals, food additives and software.\textsuperscript{69}

The OECD in its studies has found that the strength of a countries patent rights is positively correlated to the inward flow of foreign direct investment (FDI), holding other factors constant.\textsuperscript{70} Economists have similarly found that a 1% increase in a country’s patent protection correlates to a 2.8% increase in FDI, and a 1% improvement in trademarks and copyright protection increases FDI in the country by 3.8% and 6.8% respectively.\textsuperscript{71}

The obligations regarding IPR protection in the Common Market Protocol varies in nature, scope and depth. Partner states are required by the Common Market Protocol to amongst others, put in place measures to prevent infringement, misuse and abuse of IP, cooperate in fighting piracy and counterfeit activities, exchange information on matters relating to IPR, promote public awareness and enhance capacity on IP, disseminate and use patented documents as a source of technological information, adopt common positions on IPR on international fora, and develop policies that promote creativity, innovation and development of intellectual capital.\textsuperscript{72}

On the most controversial kinds of IPR such as traditional knowledge, cultural expressions, genetic resources and natural heritage, the Protocol has mandated the EAC member states to establish mechanism for their protection.\textsuperscript{73} Therefore, each member state has been given an opportunity to develop its own \textit{sui generis} legal


\textsuperscript{72} Article 43(3) (a) to (h) of the EAC Common Market Protocol.

\textsuperscript{73} Article 43(4)(a) of Common Market Protocol
regime which can be able to answer some of the pertinent questions which have always surrounded debate on those kinds of IPR such as: who has the right; who grants consent for its access and use; how benefits would be shared and between whom?\(^74\)

Despite elaborate Common Market Protocol provision dealing with IPR protection, the clauses in the Protocol can best be described as any other general IPR provision in any trade agreement since they are nothing more than the usual general statements of commitment to IPR protection, enforcement and cooperation.

It could have been better if the EAC member states had included clauses on reaffirmation to the provisions of WTO TRIPs agreement, WIPO IPR treaties and UPOV treaty to show the importance that EAC member states attach to these IPR treaties.\(^75\)

Under the WTO regime, contracting states are permitted by Article 69 of TRIPs Agreement to establish framework for cooperation in areas of IPR particularly amongst the customs authorities to curb illicit trade in counterfeit trademark goods and pirated copyright products.

Therefore, it can be anticipated that most of the cooperation activities amongst the EAC member states for protection of IPR shall be undertaken by the customs authorities. With the successful implementation of EAC common external tariff,\(^76\) it can be expected to be easy not only to prevent imports of counterfeit products, but also to determine which entry point was used for counterfeit goods to enter the EAC.

\(^74\) Some of the debate regarding protection of the traditional knowledge can be found in Ruiz Muller, Manuel; (2013); \emph{Protecting Shared Traditional Knowledge: Issues, Challenges and Options}; ICTSD Programme on Innovation, Technology and Intellectual Property; Issue Paper No. 39; International Centre for Trade and Sustainable Development, Geneva, Switzerland


\(^76\) Article 12 of the EAC Customs Union Protocol.
market.

3.5 Implications for inclusion of Intellectual Property in Common Market Protocol

Considering the large number of the types of IPR to be protected by the Common Market Protocol, it would therefore suffice to examine possible implications that EAC member states would face in efforts to comply with individual treaty obligations enshrined in the Common Market Protocol.

The implications for inclusion of IPR in the Common Market Protocol shall be analyzed from the perspective of domestic regulations and economic impact.

3.5.1 Domestic Regulations

Unlike both GATT and GATS, TRIPS is only the WTO agreement that provides for non-discrimination to nationals of those countries that are not parties to any particular regional trade agreement. The most favored nation clause in Article 4 of TRIPS has very few exceptions which EAC cannot invoke when implementing IP provisions in the Common Market Protocol.

Since IP laws, regulations and policies have territorial application as opposed to port of entrance measure only, it behoves the EAC member states to significantly improve protection of IP which would benefit every nationality doing business within the region. While implementing the new IP laws, EAC member states will need to strike a balance between safeguarding legitimate interests of IPR holders and public at large, by providing limitations and simultaneously regulating anti-competition practices.77

Presently, EAC member states rank poorly in proprietary protection compared to other parts of Africa. According to the International Property Rights Index of 2013,

the level of proprietary protection amongst the EAC Member states has been improving progressively since 2007. Overall, Rwanda ranked the highest with a score of 5.8 followed by Uganda and Tanzania that tallied with a score of 4.9; Kenya followed with a score of 4.6 and while Burundi scored of 3.4.  

On the IPR protection front, Rwanda scored 5.8, followed by Uganda with 5.3, then Tanzania 4.9, Kenya 4.4 and Burundi 3.5. This dismal performance by the EAC member states on IPR protection index is a proof that there is need for well-coordinated efforts to protect IPR to encourage innovation amongst the member states nationals and to lure multinationals corporations to introduce high technology intensive products and services into the EAC market.

The importance of effective IPR laws in attraction of FDI was recognized by EAC in its report which indicates that:-

Granted that IPRs constitute by far the most valuable asset of modern business, the creation of an enabling and secure investment climate necessarily demands an effective legal regime for the protection of IPRs. The absence of such a regime inexorably drives away new investment from East Africa region.  

Although EAC member states have not fared well on IPR protection rankings, there has been a steady improvement on innovation and creativity by the member states considering that all except Kenya are classified by World Bank as low income countries where the most pressing needs are often the basics for human survival, thus creativity and innovation are the least of concern.

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78 http://www.internationalpropertyrightsindex.org/ in determining how a country is ranked; the index considers the legal and political environment, physical property rights and intellectual property rights.

79 According to the rankings which were conducted in 130 countries, South Africa ranked position 20 globally, while Rwanda was 45, Uganda 61, Tanzania 76, Kenya 88 and Burundi 114.

Global Innovation Index of 2013 published by WIPO ranked Uganda the highest in innovation amongst the EAC members at 89, followed by Kenya at 99, Rwanda at 112 and Tanzania at 123. Burundi was not ranked probably due to unavailability of data.\textsuperscript{81} The total number of countries ranked was 145.

It can therefore be expected that significant positive changes in IPR laws amongst the EAC member states will spur much more innovation and creativity to compliment M-Pesa, Ushahidi and Portable Eye Examination Kit (PEEK) mobile application kit which are some of the world best innovation from EAC. It is also highly likely that strengthening of IPR laws within the EAC member states shall infiltrate into COMESA –SADC –EAC tripartite free trade area negotiations so that all the negotiating RECs have same standard of protection of all types of IPR.

On the flipside, the fact that four (4) of the five EAC member states are classified by United Nations as Least Developed Countries (LDC) that enjoy certain WTO-TRIPs implementation waivers,\textsuperscript{82} there is likelihood of complacency regarding strict implementation of procedural and substantive IPR obligation as required by the EAC Common Market Protocol.

### 3.5.2. Economic Aspects

The 2011 WTO World Trade Report on preferential trade agreements alluded that possible motives for formation of RTAs include amongst others; a desire to neutralize “beggar-thy-neighbour” trade policies, increase market size, enhance policy predictability, signal openness to investors and achieve deeper commitments.\textsuperscript{83}

\textsuperscript{81} The Global Innovation Index 2013: The Local Dynamics of Innovation published by WIPO, INSEAD Business School and Johnson Graduate School, Cornell University.

\textsuperscript{82} Kenya is only the only EAC country classified as developing while Rwanda, Burundi, Tanzania and Uganda are all classified by United Nations as Least Developed Countries.

\textsuperscript{83} The WTO and preferential trade agreements: From co-existence to coherence WTO World Trade Report 2011, page 95
Meanwhile, the political context within which RTAs are negotiated are informed by economic reasoning that long term welfare benefits that will accrue from trade creation will outweigh opportunities to be lost by the trade diversion effect.

Within a combined GDP of US$ 110.3 billion, a population of 141 million and GDP per capita of US$769, the EAC provides a huge consumer market rivaling any other emerging economy. This huge market would attract any consumer-driven multinational corporation that could be interested either in household consumer products, textile or pharmaceuticals which are known to be in high demand in high population density regions.

Foreign Direct Investment (FDI) inflow into the EAC has exponentially grown from US$1.3 billion in 2005 to US$3.8 billion in 2012. However, majority of the FDI has been to IPR non-sensitive areas such as financial services, construction, communication and hydrocarbons explorations as opposed to IP related sectors such as ICT software development, manufacturing and pharmaceuticals industries.

While there are inconclusive studies on the economic effect of inclusion of IP in regional trade frameworks, there is likelihood of increase in welfare benefits to relatively strong economy such as Kenya which has high chances of attracting tariff factories to set up their operations within Kenya with sole aim of accessing wider EAC Market from a single location using various distribution channels.

However, net welfare loss is likely to be suffered in pharmaceutical sector should there be failure to harmonise EAC legal regime for parallel importation of pharmaceutical products. Otherwise, tightening of IPR laws without providing for international exhaustion of rights by IP holders will lead to higher pharmaceutical

84 http://www.eac.int/ accessed on 26th June 2014.
85 EAC Investment Guidebook 2013, part Page 24
86 Ibid Note 22.
87 Tariff factories is an economic term describing companies that set up operations within an economic blocs by entering through a particular country within the bloc as operation base to defeat the external tariffs regime and benefit from tariff removal amongst the bloc members.
product prices which would result in reduced access to essential medicines by those EAC residents for treatments of diseases such as HIV/AIDS, Typhoid, Tuberculosis, and Malaria.  

3.6 Conclusion

Although the intention of EAC Common Market Protocol was to provide framework for protecting IPR by way of deterring trade in counterfeit products amongst the EAC member states, the findings shows inadequacy in the Protocol as it merely establishes the framework without succinct clauses on how trade in contraband shall be dealt with by EAC member state.

However, the situation can still be remedied by way of deepening cooperation in combating trade in counterfeit products through a regional coordination mechanism similar to the EAC Customs Management Act to harmonize all the EAC member states laws on IPR.

CHAPTER 4
TRIPS- PLUS OBLIGATIONS AND IMPLEMENTATION OF IPR

4.1 Introduction
This chapter examines meaning of TRIPS-Plus provisions within RTAs and the obligations they entail. It shall then discuss proposals made to incorporate TRIPS-Plus measures in agreements seeking to implement the East Africa Community Common Market Protocol and challenges likely to be faced in implementing the obligations by EAC member states.

4.2 Meaning of TRIPS Plus obligation
TRIPS Plus obligation refers to those commitments by the WTO member states in IPR that go beyond the minimum standard provided by the TRIPS Agreement. These higher commitments are often included in RTAs by countries as a quid pro quo necessity to agree on a trade deal. Developed countries have often insisted on TRIPS Plus clauses when negotiating bilateral trade agreements with developing countries since they enable them to secure higher concessions for protection of IPR which otherwise they cannot get at the WTO multilateral trade negotiations.

Whilst TRIPS agreements do not expect the WTO member states to implement more extensive protection measures for IPR than is required by the TRIPS, criticisms have been raised regarding TRIPS Plus obligations since they reduce, or eliminate flexibility that TRIPS provide to developing and least developed countries (LDCs) in the implementation of TRIPS obligations.

Most of the opposition towards incorporation of TRIPS-Plus obligations in RTAs, has been for the negative implications that they might have on the public health and access to pharmaceutical drugs. World Health Organization (WHO) has been

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89 Article 1 of WTO TRIPS Agreement.

emphatic that bilateral trade agreements should not seek to incorporate TRIPS-Plus protection in ways that may reduce access to essential medicines in developing countries.91

The possible negative consequences of having TRIPS-Plus obligations in regional or bilateral trade agreements was decried by the UN Special Rapporteur on the right to health when he asserted that:

Developing countries and LDCs should not introduce TRIPS –plus standards in their national laws. Developed countries should not encourage developing countries and LDCs to enter into TRIPS plus FTAs and should be mindful of actions which may infringe upon the right to health.92

Having highlighted the meaning of TRIPS–plus provisions in bilateral or regional trade agreements, the subsequent sub-section delves into various ways in which TRIPS Plus clauses have been incorporated and implemented in regional trade agreements.

4.3 Incorporation of TRIPS-Plus clauses in RTA
The United States of America (USA) was the first country to propose a comprehensive chapter in a free trade agreement (FTA) dedicated to IPR during the negotiation of North America Free Trade Area (NAFTA) in 1994 and in its FTA with Israel in 1985.93

To the contrary, European Union (EU) was initially hesitant to negotiate IPR in FTAs, choosing instead to drive IPR agenda at the WTO multilateral trade forum. It was

91 Ibid -page 5.
until the stalemate in WTO Doha Development Agenda became insurmountable, that EU began to incorporate stringent IPR requirements in its FTAs with other countries.

The TRIPS Plus clauses have been incorporated in various ways in FTAs. This higher and stringent measures range from longer protection duration for various kinds of IPR to different methods of enforcements in instances of infringement.\(^94\)

For instance, the US Free Trade Agreement with Jordan requires that the period for protection of patents be extended beyond the twenty (20) years prescribed by TRIPS to compensate for delays caused by regulatory approval process before the patent right is granted.\(^95\) Similarly, US Free Trade Agreements with Australia,\(^96\) Morocco\(^97\) and Oman\(^98\) have clauses providing for patentability of all life forms (plant and animals), contrary to provision of TRIPS that provides exception to patenting of life forms.\(^99\)

In public health sphere, the USA FTA with Australia provides for market exclusivity for pharmaceutical producers thereby negating TRIPS flexibility for countries to authorize compulsory licenses in event of public health emergency.\(^100\) The USA FTA with Singapore also prohibits introduction of generic drugs into member state market during the existence of the patent’s protection without the consent of the patent holder. This provision negates TRIPS flexibility for importation or manufacturing of

\(^94\) Supra note. 5.

\(^95\) Article 33 of TRIPS Provides for patent protection to be not less than 20 years since the date of filling of the patent. The Full text of the USA –Jordan FTA is available at [http://www.ustr.gov/trade-agreements/free-trade-agreements/jordan-fta/final-text](http://www.ustr.gov/trade-agreements/free-trade-agreements/jordan-fta/final-text)


\(^97\) Chapter 15 of the FTA available at [http://www.ustr.gov/webfm_send/2646](http://www.ustr.gov/webfm_send/2646)


\(^99\) UPOV Convention has been used to patent plant varieties pursuant to Article 27(3)(b) of TRIPS although there is still no mechanism for patenting animals.

\(^100\) See Article 31 of TRIPS read together with WTO Ministerial Conference on Declaration on the TRIPS agreement and Public Health Adopted on 14 November 2001.
generic drugs upon authorization of compulsory licensing by member state.\textsuperscript{101}

Whilst TRIPS provides for WTO contracting parties the flexibility to determine whether to permit parallel importation of patented drugs, the USA FTAs with Singapore, Morocco and Australia allow the patent holder to prevent parallel importation of drugs. These kinds of TRIPS-Plus measures have the potential to adversely affect public health sector in a country.\textsuperscript{102}

Regarding protection of copyright, some US FTAs like the one with Jordan and Australia require the contracting party to accede to both WIPO Copyright Treaty\textsuperscript{103} and WIPO Performance and Phonograms Treaty.\textsuperscript{104} The rationale is that the two treaties offer protection beyond TRIPS by making it clear that storage of protected work in digital form is a reproduction that can be controlled by copyright owners\textsuperscript{105} and confers certain moral rights on performers.\textsuperscript{106}

Moreover, in the US-Jordan FTA, copyright has been granted protection for seventy (70) years after the demise of the copyright owner,\textsuperscript{107} which is a longer period since Article 12 of TRIPS only provides protection for fifty (50) years after the death of the copyright owner.

\begin{flushleft}
\textsuperscript{101} Full text of FTA available at \url{http://www.ustr.gov/trade-agreements/free-trade-agreements/singapore-fta}
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\textsuperscript{102} Ibid, Note 96.
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\textsuperscript{103} Adopted in 1996 and entered into force in 2002.
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\begin{flushleft}
\textsuperscript{104} Adopted in 1996 and entered into force in 2002.
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\textsuperscript{105} Article 10(2) of TRIPS had excluded protection of data.
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\begin{flushleft}
\textsuperscript{106} Article 14 of TRIPS on Protection of Performers, Producers of Phonograms and Broadcasting Organization does not protect moral rights.
\end{flushleft}

\begin{flushleft}
\textsuperscript{107} Article 16 of the Agreement Between The United States Of America And The Hashemite Kingdom Of Jordan On The Establishment Of A Free Trade Area available at \url{http://www.ustr.gov/sites/default/files/Jordan%20FTA.pdf}
\end{flushleft}
In the event of a case involving infringement of a copyright, most RTAs impose burden of proof on the accused to show that the alleged violated copyright work was in public domain. This means copyright owner is always protected unless the work has lapsed into public domain. To the contrary, TRIPS does impose burden of proof on the party alleging violation during a trial regarding violation of copyright.\textsuperscript{108}

While New Zealand legislation permits parallel importation of copyrighted work to stimulate price competition,\textsuperscript{109} the USA–Morocco and USA- Jordan FTAs allow the copyright holder to block parallel importation of its work in any of the contracting parties.\textsuperscript{110}

Some of the TRIP-Plus measures in enforcement of IPR are the requirements that FTA member states are not allowed to invoke scarcity of resources as a defence for failure to protect IPR in its country.\textsuperscript{111} The USA-Central America and Dominican Republic (CAFTA-DR) FTAs, alongside the USA FTAs with Chile, Oman, Singapore and Jordan do not permit derogation based on financial resources.

Furthermore, while Article 51 of TRIPS only requires WTO Members customs authorities to prevent importation of IPR infringing products, other RTAs impose additional responsibility by requiring their contracting states to ensure that their customs authorities check presence of any of IPR infringing products not only in imports, but also during transit and export from their territories.\textsuperscript{112}

Lastly, while Article 61 of TRIPS requires criminal prosecution only for those instances of willful trademark counterfeiting or copyright piracy on a commercial

\textsuperscript{108} Ibid, Note.89 page 396.
\textsuperscript{110} Ibid, note 91 and 93.
\textsuperscript{111} Article 41(S) of TRIPS does not allow for reallocation of resources to protect IPR by WTO Members.
\textsuperscript{112} Ibid, note 89.
scale, some RTAs provide detail scope of infringements warranting criminal prosecution even if the alleged violation was of a high monetary value but not undertaken for financial gain, such as for academic or scientific research.

The few highlighted instances of incorporation of TRIPS Plus measures in RTAs shows how WTO member states have built upon the minimum IPR protection provided by TRIPS to secure their national economic interests, even if the additional measures have negative impacts on competition and public health flexibilities especially for developing countries.

4.4 TRIPS-Plus measures contemplated within EAC

Due to the devastating effect that trade in counterfeit products has had on the economies of the EAC member states, each of the countries individually decided to enact anti–counterfeit laws. Kenya enacted the Anti–Counterfeit Act in 2008, in Uganda, the Anti–Counterfeit bill of 2010 is still pending before the Parliament, while in Tanzania, the New Regulations of 2008 to the Merchandise Marks Act of 1963 meant to curb counterfeit trade are already operational.113

In Rwanda, the Law on the Protection of Intellectual Property was enacted in 2009,114 while Burundi has to date not enacted any specific legislation to deal with counterfeit trade.115

To harmonize and coordinate EAC member states’ efforts in dealing with the problem of counterfeit products, a draft EAC Anti–Counterfeit Bill of 2011 has been negotiated and the same is now pending before the EAC Legislative Assembly for adoption. The draft bill is aimed at prohibiting trade in counterfeit goods and coordinating the operations and activities of the member states anti–counterfeit

institutions under supervision of EAC Competition Authority.\footnote{Article 9(2) of the Draft EAC Anti–Counterfeit Bill of 2011.}

The success of East African Communications Organization (EACO) in combating use of counterfeit mobile phones by automatically disabling them, led to the decision to develop a regional legislation with supranational provisions for dealing with counterfeit products.\footnote{See \textit{EA Loses huge sums of money in counterfeit products}, Daily Monitor, 23\textsuperscript{rd} October 2012, available at \url{http://www.monitor.co.ug/Business/Prosper/EA-loses-huge-sums-of-money-in-counterfeit-products/-688616/1558452/-/mejott/-/index.html} accessed on 13th November, 2014.} It is expected that a regional legal mechanism would be easy to implement since all the members would have an interest in its success.

The provisions of the draft EAC Anti-Counterfeit Bill has numerous TRIPS Plus measures which EAC member states are expected to incorporate in their domestic law, since the provisions of the bill when enacted, shall be supranational in nature. Article 2(2) of the draft Anti -Counterfeit Bill provides that the provisions of bill shall take precedence over the municipal laws of the EAC member states with respect to any matter that its provisions shall deal with.

The next segment focuses on the extent of inclusion of TRIPS Plus measures in the draft EAC Anti –Counterfeit Bill and the analysis shall discuss: (a) nature of IPR to be protected; (b) scope of protection; and (c) enforcement of the rights in event of infringement.

\subsection*{4.4.1 Nature of IPR protected}

Although the draft EAC Anti–Counterfeit Bill is aimed at dealing with instances of IPR infringement related to trademarks and copyright, and related rights as required by Article 51 and footnote 14 of TRIPS,\footnote{The definition of Intellectual Property Rights in the draft Anti Counterfeit bill stipulates that the term refers only trademarks and copyrights.} the definition of the word “counterfeiting” in the draft bill is wide enough to include patents. Moreover, patent examiners are amongst the inspectors to be recruited to enforce the provisions of the proposed
legislation.\textsuperscript{119} Therefore, it can be reasonably inferred that patent infringement is amongst the infringements to be dealt with by the legislation.

Since TRIPs only contemplated the occurrence of counterfeiting within the context of trademarks,\textsuperscript{120} potential inclusion of patents amongst protected goods capable of being counterfeited effectively mean that a TRIPS plus clause has been inserted regarding goods capable of being counterfeited.

However, due to public health concern and the need to guarantee access to essential medicines as required by Article 31 of TRIPs, the draft Anti Counterfeit Bill provides for generic drugs not to be treated as counterfeit products by EAC member states.\textsuperscript{121}

\textbf{4.4.2 Scope of protection afforded}

Since IPR are private rights to be enforced by the registered owner, the only obligation that WTO member states have under Article 51 of TRIPs is to ensure that their customs authorities prevent importation or release into the market, goods suspected of infringing IPR which are duly registered in the country.

Article 51 of TRIPs is instructive in this regard by stating that:-

\begin{quote}
Members shall, in conformity with the provisions set out below, adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of the counterfeit trademark or copyrighted goods may take place, to lodge an application in writing with competent authorities, administrative or judicial, for suspension by customs authorities of the release into free circulation of such goods…
\end{quote}

Despite the narrow scope of application of Article 51 of TRIPs, section 13(1)(f) of the

\textsuperscript{119} Section 10(3) of the Draft EAC Anti –Counterfeit Bill.

\textsuperscript{120} Article 51 and Footnote No. 14 of the TRIPS agreement.

\textsuperscript{121} Section 13(ii) of the Draft Bill.
draft Anti–Counterfeit Bill not only require customs authority to prohibit importation of counterfeit goods into EAC, but also to deter transiting, transshipping or export of such goods from any EAC partner states. The obligation that seeks to deter transiting or export of counterfeiting goods is more than what is expected of WTO members by TRIPS when dealing with counterfeit goods.

The problem with such a wide mandate being conferred on customs authorities is that it can be used to impede legitimate trade, since IP right holders can take undue advantage of border seizures to detain genuine products from their competitors. Imposition of extensive borders measures also has the potential of undermining legitimate trade through complicated, costly and unwarranted delays which TRIPS was meant to remove.

Considering that under TRIPS, intellectual property is a private right to be protected by the owner with assistance of the state, the draft Anti–Counterfeit Bill has transferred the responsibility for detection of any potential infringement of IPR and enforcement thereof from IP right holder to Anti Counterfeit Agencies of the EAC member states. These powers given to national anti-counterfeit agencies to act on their volition in cases of suspected IPR infringement is beyond what Article 58 of TRIPs prescribes for ex-officio actions which are primarily concerned with importation only.


123 See Para. 1 of the Preamble of TRIPS as well as Article 41(1) and (2) of TRIPS.

124 Para 4 of Preamble of TRIPS.

125 The Draft EAC Anti Counterfeit Bill has given enormous powers to the heads of the national agencies and inspectors to move on their own and arrest persons suspected of dealing in prohibited goods, seal of those depots where prohibited goods are kept and detain vehicles suspected of ferrying prohibited goods.
4.4.3 Enforcement of the right

Although Article 41(5) of TRIPS explicitly states that WTO members shall not be required to divert law enforcement resources to intellectual property enforcement, Part V Article 16 and 17 of the draft Anti-Counterfeit Bill requires each EAC member state to appoint prosecutors and judges to specifically handle cases related to counterfeit.

The requirement for appointment of special prosecutors and judges to handle counterfeit matters is an added obligation which will put financial pressure on EAC member states. This is contrary to provision of TRIPS that IPR are private rights for which WTO member states should not be compelled to reallocate resources to enforce.126

The common denominator under the TRIPS Agreement is that it is incumbent upon the IP right holder to engage with government agencies to protect its IP right from any infringement. This obligation is recognized by Articles 42 and 51 of the TRIPS. The term “right holder” is defined in footnote no. 11 in the TRIPS Agreement as including federations and associations having legal standing to assert such rights.

However, in different jurisdiction such as United States, the term right-holder has been interpreted to include not only the IP right owner but also third parties and others who may have legal standing in the jurisdiction to assert the right. This wide interpretation of the term “right holder” has been included in the draft Anti-Counterfeit Bill in Article 18(2) whereby any consumer of a product has a locus standi to lodge a complaint with any national anti–counterfeit agency, if he has reasonable cause to believe that any trade in counterfeit products is likely to be committed.

Also the heads of national anti–counterfeit agencies are permitted to act ex- officio by launching investigations if they believe or suspect any act of dealing in counterfeit

products.\footnote{127}

Article 61 of TRIPS explicitly provides for application of criminal procedure and penalties only in instances of willful trademark counterfeiting, or copyright piracy on a commercial scale. However, in the draft EAC Anti–Counterfeit Bill, there is no requirement for proof of intent in criminal cases related to counterfeit products,\footnote{128} therefore possession of counterfeit products is a strict liability offence.

Under Article 46 of TRIPS, other remedies to be imposed by judicial authorities in cases involving infringement of IPR should be proportional to the seriousness of the infringement. This was meant to avoid abuse of IPR enforcement mechanism. The principle of proportionality seems to have been disregarded in the draft EAC Anti – Counterfeit Bill and, it is only at mitigation stage during the sentencing process that the judicial officer is required to consider if ever the convict had truthfully and fully disclosed to the national anti –counterfeit agency the source, channel and identity of the person or persons from whom he got those counterfeit products.\footnote{129}

4.5 Possible challenges to EAC implementation of IPR

4.5.1. Non–uniformity of EAC member states IPR laws

As things stand, the members of EAC are parties to different Treaties and Conventions that deal with different kinds of IPR. For instance, amongst all the EAC member states, only Kenya has ratified the UPOV Convention for New Varieties of Plants. Therefore, to protect plant varieties as required by the EAC Common Market Protocol, all the other four countries must ratify the UPOV Convention.

Considering that it is easy to jointly implement IPR obligations if the member states are parties to the same conventions. EAC member states have not ratified same

\footnote{127} Article 18(7) and 19 of the Draft Bill, although the powers under Article 19 can only be exercised upon possession of a search warrant issued by a Court of Law.

\footnote{128} See Article 15 of the Draft EAC Anti –Counterfeit Bill.

\footnote{129} Article 15(3) (b) of the draft EAC Anti Counterfeit bill.
treaties since Burundi has only ratified three (3) treaties that have IPR obligations, Kenya has ratified 13, Rwanda has ratified 10 treaties, Tanzania has ratified 9 treaties and Uganda has ratified 8 treaties.

The non-uniformity of IPR laws is also present at the municipal law level where Kenya has legislation on trademarks,\(^{130}\) patents,\(^{131}\) industrial designs,\(^{132}\) copyrights,\(^{133}\) and seed and plant varieties.\(^{134}\) Tanzania has legislation on trade and service mark, merchandise marks, patents, designs, copyrights and neighbouring rights and new plant varieties. Uganda has legislation on trademarks, patents and copyright and neighbouring rights. Rwanda has legislation on patents, copyrights, trademarks, designs and lastly Burundi has legislation on trademarks, patent, designs and copyright.

From the above list of EAC member states legislation on IPR, it is clear that only Kenya and Tanzania have legislation dealing with new plant varieties. Moreover, none of the countries has a legislation dealing with geographical indication (GI), although GI is one of those IPR to be protected by EAC common Market Protocol.

Therefore, before any significant progress can be made by EAC member states to enforce their IPR obligations under the Common Market Protocol, there is an urgent need for harmonisation of IPR laws to create a level playing ground for enforcement of IPR within EAC.

**4.5.2. Weak enforcement mechanisms.**

Within EAC, financial resources for activities have always been a big challenge and matters are further exacerbated by the fact that four out of the five EAC member countries are classified by United Nations as least developed countries (LDC).

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\(^{130}\) Kenya trade Mark Act was adopted in 1957 and subsequently amended in 2002.  
\(^{132}\) Supra note 35.  
\(^{133}\) Kenya Copyright Act was adopted in 2002.  
\(^{134}\) Kenya Seeds and Plant Varieties Act was adopted in 1972 and subsequently amended in 2002.
Due to various competing needs, the little money that EAC member states collect from tax revenue and donor partners is always directed to most pressing needs such as provision of health care, public security and payment of civil servant. Therefore, enforcement of IPR is the least of the things that a poor country such as Burundi with a GDP of US$ 2.67 billion can afford to reallocate its meager resources to protect.

So far, it is only Kenya that has established a national anti-counterfeit agency to combat trade in counterfeit products. Other EAC member states have enacted the necessary anti counterfeit legislation but have not yet started enforcing them.

The law enforcement agencies in most of the EAC are often few, ill equipped with machines to detect products that violate IPR, and even if they are equipped, they do not have requisite training on how to differentiate a genuine product from a counterfeit product. For instance, Kenya which is the most developed economy within the EAC has a police to civilian ratio of 1:1000 which is far below the UN recommended ratio of 1:450.135

Therefore, resource constraint is likely to negatively impact on EAC members’ states efforts to fully implement their obligation in protection of IPR within the regional bloc.

4.5.3 Lack of public awareness on use of counterfeit products
Despite many deaths caused by using counterfeit pharmaceutical products and counterfeit motor vehicle brake pads in many of the EAC member states, the public is still not well informed of the consequences of purchasing and consuming counterfeit products.

In Kenya, people have lost their eye-sights from consuming illicit liquors while ladies have developed strange skin conditions after using body care products that contain

harmful chemical compounds on expectation that they were using genuine product.

Farmers have suffered losses after spraying their livestock with poisonous chemicals which had labels of product which they thought were genuine. Musicians and artists who used to earn decent living out of their careers have been subjected to abject poverty by rampant incident of violation of copyrights.

Therefore, unless a well concerted public awareness campaign is done regarding the devastating consequences of using counterfeit products, majority of the people in EAC who are mostly poor will continue to use counterfeit products without knowing that they are risking their lives and livelihood of their kinsmen.

4.6 Conclusion
Despite well intended legislation to protect IPR within the EAC region by using EAC Common Market Protocol and the proposed EAC Anti–Counterfeit Bill, there still exist enormous challenges for tangible results to be seen and felt by both the producers and consumers. The TRIPS-Plus obligation incorporated in the draft EAC Anti–Counterfeit Bill has the potential to better the fortunes of multinational corporations doing business in EAC that own IPR only if EAC governments and private sectors combine resources to fight the counterfeit menace together.
CHAPTER 5
CONCLUSION

The decision by EAC member states to incorporate IPR in the Common Market Protocol are timeous and laudable, since it presents a good opportunity for entities doing business in EAC member states to invest more in IPR related fields with full confidence that their investments will not result in losses due to trade in counterfeit products.

The slightest confidence in national and any regional bloc’s IPR regime has a cascading effect with a potential of reaching multinational corporations which will be interested in investing in the countries within the economic bloc.

As countries become wealthier due to increase in the purchasing power of their nationals, market-seeking multinational corporations who deal in fast moving products such as households and consumables will always be the first to invest in such emerging economies.

Within EAC, Kenya became a lower middle income economy in September 2014 following the rebasing of its GDP. Tanzania and Uganda are also fast approaching middle income status due to rapid economic growth they have been recording over the last few years coupled with discovery of hydrocarbons. Not far behind is Rwanda which has now become one of the most competitive economies in Africa with one of the highest rankings in the World Bank ease of doing business in Africa annual report.

Therefore, as the purchasing power of the nationals of EAC member states continue to increase, there is corresponding increase in demand for genuine, high quality

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products whose low domestic supply are complimented with imports from Europe and North America. This is so because China is alleged by local people to be a main source of counterfeit and low quality products.

However, to be able to realize the benefits that will come with implementation of the IPR regime contemplated by the EAC common market protocol, the EAC Secretariat in conjunction with the EAC member states should consider implementing the under listed recommendations.

**Recommendations**

1. Harmonisation of the EAC member states’ municipal laws dealing with matters related to IPR to ensure uniformity of legislation to avoid creating safe haven for persons dealing in counterfeit products among the regional bloc member states.

2. Conducting intensive nation-wide public awareness campaigns to sensitive nationals of EAC member states of the economic and social consequences of purchasing and using counterfeit products. Kenya Anti–Counterfeit Agency started such a nation-wide campaign, but the campaign was confined to the major towns, leaving out people in rural areas who suffer the most from using counterfeit household products.

3. The EAC secretariat should follow up with the Governments of Tanzania, Uganda and Rwanda to ensure that they establish national anti–counterfeit agencies to combat menace of trade in counterfeit products. Moreover, the EAC legislative assembly should be urged to fast-track the adoption of the Anti–Counterfeit Bill so that EAC member states’ agencies such as customs authorities and anti–counterfeit agencies can co-operate in addressing the problem of cross-border trade in counterfeit products.

4. Coordination and harmonisation of the process of ratification of international conventions and treaties dealing with IPR by EAC member states so that they have common international obligations on matters dealing with IPR. The only exception should be WTO -TRIPS agreement which provides waivers and exceptions for the Least Developed Countries (LDC) regarding certain IPR obligations under the WTO multilateral trade regime;
5. On the international relations front, EAC as regional trade bloc should initiate negotiations of a trade agreement under Article XXIV of GATT with Government of the People’s Republic of China where most of the counterfeit products in EAC market originate from. Within such a legal framework, the EAC member states can even negotiate a voluntary export restraint agreement with China which would enable local industries to also develop and expand their production facilities. The United States of America (USA) and EAC have already signed a Cooperation Agreement on Trade Facilitation, Sanitary and Phytosanitary (SPS) Measures, and Technical Barriers to Trade (TBT) which is aimed at enhancing trade facilitation in customs regime between the United States and EAC as a Common Market;\(^\text{138}\)

6. Proper enforcement of the municipal laws and treaty obligations dealing with IPR is central to realisation of the benefits emanating from a strong IPR regime. Although the EAC member states often have budgetary constraints and would therefore be reluctant to spend large sums of money protecting foreign-owned IPRs, the developed countries where the high technology IPR intensive products originate and other international development agencies can be approached to fund enforcement of IPR laws.

7. The symbiotic relationship between IPR and competition law requires that EAC member states operationalize the EAC Competition Act of 2006. The regional competition law and policy would protect the EAC member states against the restraints of competition initiated by private market actors. Proactive measures to

implement EAC competition law would compel other EAC member states to also establish National Competition Regulatory agencies since it is only Kenya and Tanzania that have competition regulatory agencies.\textsuperscript{139}

In conclusion, although it can be argued that low income countries do not have any national interest in enforcing strong IPR laws, as it will be to their detriment since their nationals will not be able to afford genuine products, the benefits of a strong IPR regime in post-WTO Uruguay Round are immense since reverse engineering which developed South East Asia is no longer permitted by WTO TRIPS Agreement.

Moreover, with a fast globalizing world, multinational corporations would prefer to locate their production facilities in those countries with strong legal system, skilled human resources and good logistics infrastructure for ease of distribution of their products.

Within Africa continent, Nigeria, South Africa, Egypt and Kenya have benefited immensely from hosting production facilities of multinational corporations from where they distribute to countries located nearby. The common thread amongst these four countries is a strong commercial law regime which ensures enforcements of contracts. Therefore, with the emergence of regional blocs such as EAC, many non-oil and natural resource-seeking multinational corporations would be interested in investing only in those countries or RECs where their long term investments are assured of profit returns. This is what EAC member states should strive to achieve.

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