

**UNIVERSITY OF PRETORIA, CENTRE FOR HUMAN RIGHTS**

**EXPLORING THE LEGAL IMPLICATIONS OF THE TRIPS TRADEMARK RULES ON THE  
CONSUMERS' RIGHT TO HEALTH IN AFRICA**

**LLM, HUMAN RIGHTS AND DEMOCRATISATION IN AFRICA**

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**By**

**Grace Kamugisha Kazoba**

**Student No. 27543855**

**Prepared:**

**Under the supervision of Dr Atangcho N Akonumbo Senior Lecturer, Catholic University,  
Yaounde, Cameroon**

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## LIST OF ABBREVIATIONS

ACHPR	African Charter on Human and Peoples' Rights
AIPPI	The International Association for the Protection of Intellectual Property
ARIPO	African Regional Intellectual Property Organisation
CEDAW	Convention on the Elimination of Discrimination Against Women
CERD	Convention on the Elimination of All Forms of Racial Discrimination
CESR	(UN) Committee on Economic, Social and Cultural Rights
CRC	Convention on the Rights of the Child
ECHR	European Convention on the Protection of Human Rights
ESCRS	Economic, Social and Cultural Rights
FDI	Foreign Direct Investment
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
IHRL	International Human Rights Law
IPR	Intellectual Property Rights
IP	Intellectual Property
MNCs	Multinational Corporations
NGOs	Non-Governmental Organisations
OAPI	Organisation Africaine de la Propriete Intellectuelle
TRIPS	Trade Related Aspects of Intellectual Property
TNCs	Transnational Corporations
UDHR	Universal Declaration of Human Rights
UN	United Nations (Organisation)
UNDP	United Nations Development Programme
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

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To my friends, Annemarie, Christina, Respicious, LLM 2007 and all the above named persons and others whom I could not mention due to the constraint of space, I am truly grateful.

## DECLARATION

I, **Grace Kamugisha Kazoba**, declare that the work presented in this dissertation is original. It has never been presented to any other University or institution. Where other people's works have been used, references have been provided, and in some cases, quotations made. It is in this regard that I declare this work as originally mine. It is hereby presented in partial fulfilment of the requirements for the award of the LL.M Degree in Human Rights and Democratisation in Africa.

Signed.....

Date.....

Supervisor: Dr. Atangcho N. Akonumbo

Signature.....

Date.....

## **DEDICATION**

To my late father Gervase Kamugisha and my mother Roozalia Kamugisha, my siblings and friends who inspire and support me to aim higher always in life.

## Chapter 1: Introduction

### 1.1 Background to the study

International law on trademarks is generally regulated by the Paris Convention for the Protection of Industrial Property.<sup>1</sup> The Paris Convention confers exclusive rights to use a trademark to the proprietor of a registered trademark. The Trade Related Aspects of Intellectual Property (TRIPS) Agreement introduced intellectual property (IP) law into the international trade system for the first time and echoes the same rules on exclusivity of use of a registered trademark. Moreover, the TRIPS Agreement sets minimum standards for the members of the World Trade Organisation (WTO).<sup>2</sup>

Based on the principle of exclusivity discussed above, where third parties use, without the proprietor's consent in relation to trade of identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered and where such use would result in a likelihood of confusion, infringement arises.<sup>3</sup> Where the proprietor's exclusive right to a registered trademark is infringed a right to sue accrues to him or her. However, the law provides for the possibility of licensing.<sup>4</sup> This research will focus on the aspects of licensing and infringement of a trademark as they impact on consumers' right to health.

The Paris Convention does not deal with licensing. Under the Convention the proprietor can assign<sup>5</sup> his or her mark to another person together with transfer of business or goodwill. Where such an assignment leads to misleading the public as to the nature, origin or essential qualities of goods to which the mark is attached, the country concerned is under no obligation to recognise the validity of such assignment. In addition, the TRIPS Agreement does not impose an obligation on the proprietor/licensor of a trademark to maintain quality of products traded under his trademark although this rule exist in some domestic legislation, and is referred to in WIPO publications.<sup>6</sup>

The licence can either be exclusive or non-exclusive to a registered user, to use such a trade or service mark locally or internationally. In such circumstances, there would be goods or services in the market place bearing the same trademark but essentially originating from different sources while not infringing the proprietor's rights due to the existence of a license. Should the licensee produce inferior quality products, it will be difficult for consumers to distinguish the products of the licensor from those of other licensees including those which have poor quality even those likely to affect their health.

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<sup>1</sup> Article 10bis 3 (iii) Paris Convention, 1967.

<sup>2</sup> See chapter two on a further discussion on TRIPS and WTO.

<sup>3</sup> Article 15(1) of the TRIPS Agreement.

<sup>4</sup> See article 21 of TRIPS Agreement.

<sup>5</sup> The act of transferring to another all or part of one's property, interest or rights. (*Higgins v. Monckton*, 28 Cal. App. 2d 723; *Black's law Dictionary* p.119); Article 6(1) and (2) *quarter* of Paris Convention, 1967.

<sup>6</sup> For example section 44 of Trade and Service Marks Act, no. 12 of 1986 (Tanzania). See also *Intellectual Property Reading Materials*, WIPO Publication No. 476 (1998), 60.



The rules promoting international trade under the aegis of WTO and the TRIPS Agreement relating to non restriction of flow of goods pose a challenge on consumers' rights.<sup>7</sup> In a globalised economy, the flow of goods across regional and international borders is commonplace.<sup>8</sup>

On the other hand, a right to health is an inherent right that every human being possess by a mere reason of being human. In the early formulation of human rights which was mainly allied with natural law, three inalienable rights were enumerated that is: life, liberty and property. The right to life is directly connected to the right to health. The right to health is guaranteed under many international and regional human rights instruments including the UDHR (article 25), ICESCR (article 12) and the African Charter (article 16).

Against this background, the research will attempt to explore the international and national (such as Kenya, South Africa, Uganda, Tanzania and the OAPI region) standards of trademark law on one hand and the international rules promoting free flow of goods so as to show whether the two legal systems safeguard the consumers' right to health. Two specific aspects of trademark law will be examined and these are counterfeiting which includes infringement, and licensing of a trademark in relation to consumers' protection.

## 1.2 Literature review

Literature review reveals that there is no author who has dealt with the aspect of trademark and consumer protection from a human rights perspective. However, some authors have touched on the aspect of consumer protection in the context of enforcement of IPR particularly when discussing the functions of a trademark. For example, Wilson argues that a function of a trademark is to act as an indicator of trade origin, and that this aids both consumers of branded goods and trademark's proprietor. The argument goes that the trademark acts as indicator of quality and reliability, protecting consumers from confusion or deception in the market place.<sup>9</sup> This author presumes that strict protection of IPR will automatically protect consumers from deception which leads them to buying poor quality products dangerous to their health. As will be demonstrated shortly from the perspective of IPR holders who are profit driven, the protection of IPR which at the same time emphasises profit making can be stingy and yet erode consumers' rights.

However, as Wilson argues, it is clear that one of the functions of a trade mark is to act as an indicator of quality and reliability thus protecting consumers. Although consumers do not have any

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<sup>7</sup> For example the Preamble to the TRIPS Agreement states in part that members desire 'to establish a mutually supportive relationship between the WTO and the World Intellectual Property Organisation [WIPO] as well as other relevant international organizations. See n 2 above.

<sup>8</sup> A. N. Akonumbo, 'Beyond Getting Noticed: branding, trademarks and business strategy in small and medium-sized enterprises' *Juridis, Revue de Droit et de science politique*, N0 66/Avril-Mai-Juin 2006 92.

<sup>9</sup> C. Wilson, *Nutshells Intellectual Property Law* 94.

protected right in a trademark it is argued that if a trademark ceases to present one of its function namely indication of quality and reliability its validity should be questioned. The quality-indication function of a trademark is maintained for example where the goods bearing a certain well known trademark are traded by the proprietor and if under license, the licensor controls the quality of products so that consumers should expect the same quality. Where maintenance of same quality is impossible for example due to consumers' low purchasing power, at least a notice of trade under licence should be included to alert consumers. It serves no purpose if a trademark is not infringed but yet some of goods traded under that same trademark are of poor quality.

Stressing on the same point Cornish argues that, trademark owners typically use their marks to indicate the origin of what they have to offer. Proprietors of trademarks do so with hope that this will trigger off an association in consumer's minds between origin and good value. Cornish argues further that one of the underlying themes for the use of trademarks concerns the uses to which trademarks are put and the scope of legal protection that ought in consequence to be accorded to them. He acknowledges that over a period of time these uses have increased in diversity, which has raised conflicts with policies, directed towards the welfare of consumers. Cornish points out that the consumers' main concern is in the quality of what they are buying. He emphasises that what a trademark does is to enable the consumer to link goods to a range of personal expectations about quality which derive from previous dealing, recommendations of others, attractive advertising and so on.<sup>10</sup>

Robbani argues as others above who advocate for stingy protection of IPR as a means of among others protecting consumers from counterfeit products. He acknowledges in the first place that developing or least developed countries like those in Africa possess very little, if any IPR.<sup>11</sup> He suggests that a sound IPR regime may offer healthy business practice, protect consumer interests and 'most likely attract high-tech FDI to ensure transfer of technology to the South'. According to him a plausible system will not only encourage innovations for society but will also encourage registration of many existing IPR and, in particular, stop the misuse of IPR.<sup>12</sup> Robbani is of the view that the argument against strict IPR protection on the basis that the price of goods will increase significantly due to extra licensing fees and monopolistic competition if IPR are enforced strictly in developing countries should be dismissed on the ground of various arguments he advances. Pertinent to this study is the argument that 'relatively cheap, counterfeit products are usually made of sub-standard materials and undergo little or no quality control or even basic health and safety testing'. As a result, Robbani argues, consumers suffer by wasting their money and putting themselves at risk by purchasing fake goods.<sup>13</sup>

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<sup>10</sup> W.R. Cornish, *Patents, Copyright, trademarks and Allied Rights*' 391 and 399.

<sup>11</sup> Md. G. Robbani, Trade Related Aspects of Intellectual Property Rights and Least Developed Countries, *Journal of World Intellectual Property*, Vol. 8 No. 4 July 2005, 569.

<sup>12</sup> As above.

<sup>13</sup> As above.

Robbani describes the alarming condition of prevalent counterfeit products in Africa as follows:

Generally, the markets in LDCS are overcrowded with many counterfeit products bearing well-known brands. The situation is so bad that even the smartest customer may easily be confused-let alone the poor peasant. One simple example should be enough to understand the gravity of the situation. In rural areas in most LDCS, a variety of counterfeit medicine is available under different standard brand-names, but these are actually produced locally with no standards or quality control. Because of ignorance or dishonest village health practitioners, the poorest of the poor buy those drugs, mainly for their children. Needless to say, such counterfeit medicines are not only ineffective but also risky for their loved ones.<sup>14</sup>

To dismiss and clear the impression that the above description is an overly emphasized western negative view on Africa, one need to know what Africans themselves are on the record reporting about the situation of counterfeit and how it affects the public health to the extent of resulting to deaths. At the African regional 8<sup>th</sup> Meeting of the African Heads of Drug Services held in Arusha, Tanzania<sup>15</sup> the issue of counterfeit pharmaceuticals was of heated debate. Among the presenters that exhaustively considered the question of the health impacts of the counterfeit trademark was the President of Interpol Jackie Selebi and Stanley<sup>16</sup>. Stanley presenting on fake and adulterated pharmaceuticals in the African Region revealed disquieting information on this scourge. For example he reveals that 200,000 persons treated for malaria die each year in Africa as a result of use of fake drugs. With regard to Sub-Saharan Africa, for example in Nigeria in 1990, 109 children died due to fake paracetamol and 17 lorry-loads of banned drugs were recovered from Onitsha markets in March 2007.

Stanley goes further to report that in 1995, 2500 people died in Niger from fake meningitis vaccine.<sup>17</sup> In 2007, it was reported that 90 percent of combination malaria drugs in Cambodia, Tanzania and Cameroon are faked.<sup>18</sup> In the Democratic Republic of Congo in 2004, a number of people died prematurely due to fake Anti-Retroviral cure in Lubumbashi.<sup>19</sup> According to the same source in Angola reports show that in 2004, for example, approximately 70 percent of medicines used by the population were forged.<sup>20</sup> Stanley mentioned the most faked drugs in the region to be paracetamol, phensic, Aspirin, Ampicilline, Tetracycline, totapen, amoxicylin, anafranil and Viagra.<sup>21</sup>

According to Stanley 'conditions encouraging' the prevalence of sub-standard and faked drugs and pharmaceuticals are poverty, political factors, and social factors such as corruption, street hawking and open market. On the other hand the general effects of the fake drugs include drug resistance, waste of resources, health complications, aggravation of ailments, provocation of other ailments

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<sup>14</sup> As above.

<sup>15</sup> The meeting was held on 9-10 July 2007.

<sup>16</sup> Regional Specialized Officer, SRB Abidjan.

<sup>17</sup> Stanley, n 16 above.

<sup>18</sup> Stanley, n 16 above.

<sup>19</sup> N 16 above.

<sup>20</sup> N 16 above.

<sup>21</sup> N 16 above.

and deaths.<sup>22</sup> Stanley identifies two sources of fake drugs in the region as the locally manufactured drugs and the imported drugs.

Ducket echoes the above view but with a different ambience as follows:

sub-standard, expired and counterfeit drugs are increasingly found in international and local markets. Control of production, importing and exporting of drugs varies greatly among countries. Hundreds of people have died as a result. Paradoxically... 10 to 20% of sampled drugs in developing countries fail quality control tests. Only one developing country in six has a fully functional drug regulation system.<sup>23</sup>

However, both Ducket and Stanley bring out other causes for the present situation in Africa apart from loose enforcement of IPR contended by Robbani and others. For example Stanley blames the situation to poverty, political factors, social factors such as corruption and open market while Ducket explains what can be termed as Africa's low purchasing power that for example in the global pharmaceutical market the continent accounts only for 1.3 percent of the entire market.<sup>24</sup>

It should be born in mind that defenders of IPR have profit making motivation as an overriding factor for its protection. It is less likely that owners of trademarks will invest in protecting the trademark in Africa such as incurring cost for registration of trademark so that they can enforce their rights against infringement, or incur cost to maintain the goodwill of the licensed trademark if it is unlikely for them to make profit out of Africa's market leave alone, covering the cost of production.<sup>25</sup>

While in some instances strict protection of IPR also protects consumers, the underlying competing interests between proprietors of trademarks and consumers emerge very clearly. Both trademark owners and consumers share common benefit in IPR protection in relation to prohibition of infringement, however in the case of licensing for example, it appears proprietors prefer some sort of loose rules which create room for maximisation of profits on their part.

The International Association for the Protection of Intellectual Property (AIPPI)<sup>26</sup> considered the effects of misleading trademarks to consumers at length in its resolution responding to Question 80<sup>27</sup>. The AIPPI made several observations with regard to the general problems dealt with within the WIPO memorandum<sup>28</sup> and agreed with WIPO memorandum that: (i) industrial property law has

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<sup>22</sup> N 16 above.

<sup>23</sup> M. Ducket, Compulsory licencing and parallel importing: What do they mean? Will they improve access for essential drugs for people living with HIV/AIDS, Background Paper, international Council of Aids Service Organisations (ICASO), July 1999. <<http://icaso.org/docs/compulsoryenglish.htm>> (accessed on 1 June 2007).

<sup>24</sup> Ducket, As above.

<sup>25</sup> See further discussion on territoriality of trademarks in chapter five.

<sup>26</sup> AIPPI is a non profit international Organisation, established in 1897 with a purpose of improving and promoting the protection of intellectual property on international and national basis (<<http://www.aippi.org/>> accessed on 17 May 2007).

<sup>27</sup> <[http://www.aippi.org/reports/resolutions/Q80 E.pdf](http://www.aippi.org/reports/resolutions/Q80_E.pdf)> (accessed on 20 February 2007) Question 80 Trademarks and Consumer Protection Resolution, Yearbook 1984/I, pages 162 - 165 , (32nd Congress, Paris, May 1983).

<sup>28</sup> WIPO Revised Memorandum of 1982 (WIPO document COPR/III/1).

a close connection with consumer protection, (ii) that because of the trademark's function to distinguish goods of one enterprise from those of another, it enables consumers to recognize goods or services with which they were content and to avoid others, and that (iii) even without recognition of a direct quality function, the trademark generally enables consumers to expect a certain level of consistency as regards the quality of the goods.<sup>29</sup> Therefore, AIPPI emphasized that: (i) because of the economic and social relevance of the trademark to the consuming public, the interests of consumers should be adequately taken into account in trademark law, and (ii) that enquiry should be made whether trademark law, within its given boundaries, should go further in considering the legitimate interests of consumers, (iii) in principle, trademark proprietors and consumers have parallel interests. However, AIPPI emphasises that consumers have no direct interest in a trademark.<sup>30</sup> AIPPI concludes that 'the conclusions of the WIPO memorandum can be accepted that 'in principle consumer interests are best served by an effective protection and regulation of industrial property rights'.<sup>31</sup>

However, motivated by economic interests, AIPPI is against restrictive rules in respect of trademark licensing, such as nullifying a license agreement when it leads to misleading consumers; and a requirement that goods of licensee should have the same quality as those of licensor.<sup>32</sup> Moreover, AIPPI considers a rule imposing an obligation in every case, for the licensee to include, on the products, a notice stating that the trademark is used under license and the examination of license agreements by the trademark office as to the question of their misleading the consuming public as inappropriate measures.<sup>33</sup> Such a notice that consumers are entitled to for example under article 9 of the African Charter providing for a right to information, would serve to warn them of the origin and quality of products.<sup>34</sup> However, it is not surprising that AIPPI is against such a rule because its inclusion would lead to consumers shunning away from products traded under a licensed trademark where there are options of accessing the competitors' products, and in a long run this would decrease the proprietor's profit.

Conversely, as opposed to AIPPI proposition, section 15 of the United States Trademark Act provides that a registered trademark may be subject to cancellation at any time if it is used by 'an assignee (or licensee)' so as to misrepresent the source of the goods in connection with which the trademark is used.<sup>35</sup>

Moreover, the assumption that the effective protection and enforcement of IPR would in its own eliminate the problem of counterfeit products in Africa overlooks other factors embedded in

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<sup>29</sup> n 27 above, Resolution 1 (i)-(iii).

<sup>30</sup> As above, Resolution 2.

<sup>31</sup> As above.

<sup>32</sup> Further response to Question 80 Trademarks and Consumer Protection Resolution (transfer of trademarks and granting of licenses, Year Book 1985/III ,319-311.( Executive Committee of Rio de Janeiro 13-18 May, 1985), resolution III (a) and (b) (<<http://www.aippi.org/reports/resolutions/Q80> E. pdf.> accessed on 20 February 2007).

<sup>33</sup> As above, Resolution IV (b) and (4).

<sup>34</sup> See for example s. 6(2) (a) of the Consumer Protection law of the Mongolian People's Republic.

<sup>35</sup> R. M. Filseck n 5 above.

trademark law such as the presence of valid unregistered trademarks,<sup>36</sup> the expiration of trademark protection<sup>37</sup> and the fact that trademark protection is territorial.<sup>38</sup>

Therefore, to appropriately address the problem of trademarks counterfeit and consumer protection in Africa, one has to question the underlying rules of international trade and the IPR protection regimes from a human rights perspective, particularly a right to health. As Kihwelo argues:

Despite the adoption of sometimes painful economic reforms by many African countries over the past two decades... [f]ully 70 percent of the wealth generated by trade liberalization has flowed to developed countries. By some measures the current rules governing world trade, set largely by the industrialized countries over the course of the 1986-94 Uruguay Round Agreements, have only contributed to Africa's economic woes.<sup>39</sup>

Twinomugisha writing generally on the access to health care in Uganda laments: 'because of the dictates of globalisation, the state has largely embraced free market economic policies. He goes further to argue that, 'The state has given a disproportionate weight of priority to economic growth to the detriment of social services such as health care.'<sup>40</sup>

Therefore, a human rights based approach is imperative to address the problem discussed above whereby consumers will not only be the beneficiaries of the enforcement of proprietors' rights but their interests should be adequately and independently taken into account when formulating IP and international trade law rules in more clear terms.

For example Akonumbo argues that a trademark is used to identify a product; a certain quality and image in it.<sup>41</sup> According to this author, a trademark is a sign of consistency of a quality of the product and is used to differentiate products in the interests of consumers.<sup>42</sup> This reasoning is in concordance with international human rights standards. Article 27 UDHR enumerates the right of authors, creators, and inventors to some form of recognition and benefit from their intellectual products. Correspondingly, Article 15 (1) of the ICESCR) requires states parties to the covenant, to recognize the right of everyone 'to benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.'

In both instruments, however, realization of these rights has been made conditional on protecting and promoting other rights. Article 15 of ICESCR and article 27 of the UDHR specify that IP claims

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<sup>36</sup> For example under the 1999 revised Bangui Agreement to institute the *Organisation Africain de la la Propriete Intellectuelle* (OAPI Agreement) registration of a trademark is optional. (See Akonumbo n 8 above, 93.

<sup>37</sup> For example under the TRIPS Agreement a trademark enjoys a renewable protection for seven years indefinitely from initial and each renewal of registration. Under OAPI Agreement a trademark enjoys protection for 10 years renewable indefinitely.

<sup>38</sup> See generally Akonumbo, n 8 above.

<sup>39</sup> P. F. Kihwelo, n 12 above.

<sup>40</sup> B. Twinomugisha, Protection of the right to health care of women Living with HIV/AIDS (WLA) in Uganda: the case study of Mbarara hospital, HURIPPEC Working Paper, No. 5, April 2007.

<sup>41</sup> Akonumbo, n 8 above. 96.

<sup>42</sup> As above, 48.

must be balanced with the right of everyone to enjoy the benefits of scientific advancement and cultural rights. Thus, a human rights perspective to IP has a fundamentally different character from commercial IP regime. Ultimately, a human rights perspective requires that IP protection serves the objective of human well-being, such as public health issues, legally known as a right to health.

From the foregoing, this research focuses on a human rights perspective to the protection of consumers against misleading trademarks. The misleading takes place under the technicalities of trademark law. This is sometimes encouraged by the rules governing, and spirit of international trade particularly those that promote free trade of goods without adequately safeguarding consumers' interests. This work will therefore be different from others in three aspects. Firstly, it looks at the issues of misleading trademarks from a human rights (right to health) perspective; secondly, it considers the consumers' protection against misleading trademarks as independent of and sometimes different from or even conflicting with the proprietor's rights; and thirdly, it reviews trademark and trade liberalisation rules in the context of consumers' protection, particularly right to health.

### **1.3 Research questions**

This research will be guided by one central research question and two secondary questions the latter being a further expansion of the central question. The central and secondary questions are as follows respectively:

Central question: Does international and domestic law in Africa sufficiently safeguard consumers' right to health in relation to trademarked products?

Secondary questions: What is the states' responsibility in safeguarding the consumers' right to health in relation to trademarked products?

What are the implications of lack of a trademarked product quality control on the right to health?

### **1.4 Hypotheses**

- a) Trademark law pertaining to territoriality and enforcement mechanisms which are IPR owner interests oriented does not sufficiently safeguard consumers' right to health.
  
- b) Intellectual Property and international trade rules that are tailored to favour free movement of goods create a leeway for trademark counterfeiting thus affecting consumers' health.

### **1.5 Objectives of the study**

The objectives of this study are as follows:

- a) To examine the international and national trademark protection regime and how it takes into account the protection of consumers' right to health in Africa.

- b) To examine the international rules of trade particularly those relating to free movement of goods and their effects on consumers' right to health in Africa.
- c) To enquire into bridging the gap between international and national trade rules relating to trademarks use and consumer's right to health.

## **1.6 Methodology**

This research will be carried out through desk method of in-depth legal and descriptive qualitative analysis of materials, focusing on secondary data such as books, journals, articles, legislation, policies, case law and media reports as well as materials from the internet. Also unstructured interviews will be employed.

## **1.7 Significance of the study**

The significance of this study is to approach the concept of consumers' protection from a human rights perspective, particularly in relation to the origin-indicating function of a trademark. The research addresses states' responsibilities in protecting individuals' right to health against misleading trademarks and comes up with an innovative way of curbing the chronic problem of counterfeit in Africa through public interest litigation in addition to the traditional insistence on strict enforcement of IPR as a solution for consumer protection. The study will be useful to consumers, international and state policy makers as well as human rights activists.

## **1.8 Limitations/Scope**

The research was conducted in Yaounde, Cameroon where many materials are in French language while the researcher is an Anglophone by and large. Time allowed for research and the word limit, will not allow the researcher to survey all African countries with the in-depth analysis of the respective country's legal frameworks. With regard to the scope, only legislation relating to trademarks from certain African countries will be considered as examples and this study does not attempt to review all public health related legislation. Also the nature of the study does not allow the researcher to specifically focus on specific African countries because IP standards are universal especially with the advent of the WTO's minimum standards set by TRIPS.

## **1.9 Definition of key terms**

It is worthwhile to have an understanding of some of the key terms that are used significantly and are at the root of this dissertation. These are trademark, infringement, counterfeiting and licensing. A brief definition and in some cases, application of each of them is therefore made.



### a) trademark

A trademark is defined as any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings.<sup>43</sup> Normally a trademark for goods appears on the product or on its packaging.<sup>44</sup> For the purpose of this research the term 'trademark' includes 'brand'

### b) Counterfeit and infringement

Under the TRIPS Agreement the aspect of infringement is referred to in the context of counterfeit goods as follows:

For the purposes of this agreement:

(a) "counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation;<sup>45</sup>

Therefore, the TRIPS Agreement gives an impression that only validly registered trademarks can be counterfeited thereby infringing the trademark owner's rights. This position is by far in contrast with the traditional understanding of trademark law which recognises unregistered trademarks.<sup>46</sup> However, this should be understood in context since under the TRIPS Agreement only registered trademarks are protected.<sup>47</sup> Nevertheless the TRIPS Agreement deals with the aspects of 'counterfeit' and 'infringement' together as part and parcel of each other, meaning that goods bearing the infringing mark are counterfeit goods.

In *AM Moola Group Ltd v The Gap Inc*<sup>48</sup> the Constitutional Court of South Africa criticised the definition of 'counterfeit' in the Counterfeit Goods Act, pointing out that an element of fraud should be required.

Black's Law Dictionary defines counterfeit as follows: '[t]o forge; to copy or imitate, without authority or right, and with a view to deceive or defraud, by passing the copy or thing forged for that which is original or genuine'.<sup>49</sup> Therefore where authorisation is not required (like where a trademark is not protected in a particular country) legally speaking there can be no counterfeit. However, for purposes of consumer protection, it does not matter whether the copied trademark is protected or not, what matters is that it misleads them to poor quality products. Therefore, in this research the term counterfeit will be used to refer to the copying of both protected and unprotected trademarks.

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<sup>43</sup> Article 15(1) of TRIPS Agreement.

<sup>44</sup> WIPO n 6 above, 60; See also Akonumbo, n 8 above.

<sup>45</sup> See Footnote 14 to article 51 of the TRIPS Agreement.

<sup>46</sup> See n 44 above.

<sup>47</sup> Article 16 of the TRIPS Agreement.

<sup>48</sup> [2005] (6) SA 568 (SCA).

<sup>49</sup> See *Smith v. State*, 7Md. App.457 in ( *Black's law dictionary* p.349).

### **(c) Licensing**

A trademark license involves authorisation of another person or corporation to use the owner's trademark (whether it be registered or not).<sup>50</sup>

#### **1.10 Outline of chapters**

Chapter 1 Introduction consisted of this proposal.

Chapter 2 WTO, TRIPS Agreement and common law principles relevant to consumer protection.

Chapter 3 Enforcement of trademark protection and consumers' rights under TRIPS Agreement.

Chapter 4 Human rights standards for the protection of consumers' right to health against the background of the IP regime.

Chapter 5 Scrutiny of IPR legal framework for the protection of consumers' right to health: whether in harmony or discord.

Chapter 6 Conclusion and recommendations.

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<sup>50</sup> R. M. Filseck 'Licensing of Trademarks', T. M. R. vol. 46. 735 (heinonline accessed on 17 May 2007).

## Chapter 2 WTO: TRIPS Agreement and common law principles relevant to consumer protection

### 2.1 introduction

The WTO and TRIPS mechanisms are the recent developments in trade law history especially when compared with other general principles such as common law principles developed over time with the aim of protecting consumers of goods and services. In this chapter a brief survey of such rules is made. However, to retain focus, a brief history, underlying theories and the operation of the WTO and the TRIPS Agreement will be explored. Discussions on the common law principles such as manufacturer's liability, 'fitness for purpose' and law of negligence will also be addressed.

### 2.2 World Trade Organisation

There are different ways of looking at the WTO. One of such ways is that it is an organisation for liberalising trade and deals with rules of trade between nations at a global or near-global level.<sup>51</sup> According to the proponents of WTO which came into force on 1 January 1995, it is a negotiating forum where governments meet to sort out problems they face with each other.<sup>52</sup> The advocacy for WTO goes on to say, 'The WTO was born out of negotiations, and everything WTO does, is the result of negotiations'<sup>53</sup>. This assertion is true in theory especially considering the bargaining power African countries possess in the entire negotiation process. As Oloka-Onyango puts it: '[a]lthough the WTO ostensibly operates on the basis of consensus, powerful states are better able to exercise their influence in determining trade policy and practice even if they are numerically fewer'.<sup>54</sup> Where countries have faced trade barriers and wanted them lowered, the negotiations in the WTO have assisted to liberalise trade.<sup>55</sup> Moreover it is argued, WTO's rules in some circumstances, support maintaining trade barriers for example to protect consumers or prevent diseases.<sup>56</sup>

At the heart of the WTO are the agreements, negotiated and signed by the governments. These documents provide the legal ground-rules for international commerce. They are to all intents and purposes contracts, binding governments to keep their trade policies within agreed limits.<sup>57</sup> Although negotiated by governments, the aim is to aid producers of goods and services, exporters and importers conduct their businesses, while enabling governments to meet social and

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<sup>51</sup> World Trade Organisation, *Understanding the WTO*, 2006, 9.

<sup>52</sup> The Trade negotiating Committee (TNC) concluded the Uruguay Round in Marrakesh on 15 April, 1994 with the signing of the Final Act embodying the results of the Uruguay Round of Multilateral Trade Negotiations and opening for signature of the agreement establishing the WTO. (See Mbogoro, 'Global Trading Arrangements and their relevance to Tanzania Economic Development: Challenges and Prospects, Dar es Salaam, Friedrich Ebert Stiftung, 1996 p.12).

<sup>53</sup> N 51 above, 9.

<sup>54</sup> J Oloka-Onyango 'Who's watching 'Big Brother'? Globalisation and the protection of cultural rights in present-day Africa' *African Human Rights Law Journal* Vol. 5 No. 1 2005, 13.

<sup>55</sup> N 51 above, 9.

<sup>56</sup> N 51 above, 9.

<sup>57</sup> N 51 above.

environmental objectives.<sup>58</sup> However, the last stated objective of the WTO is questionable in the context of Africa and human rights concern generally. For example, Twinomugisha<sup>59</sup> restates the trite principle of international human rights that the primary responsibility to respect, protect and fulfil human rights lies with the state and argues however that the globalisation process has weakened the capacity of the state to provide social services, such as health care to the people. He mentions institutions such as World Bank, IMF and WTO as increasingly determining and influencing policy framework in the countries. One good example is the exclusion of the rules requiring a clause for quality control by licensor in trademark licensing contracts/agreements. However, as it was argued above this rule was considered to constitute ‘inappropriate measures’<sup>60</sup> by AIPPI and it can arguably be said that it is through such profit motivated negotiations the rule did not make its way into the TRIPS Agreement. The WTO’s overriding purpose is to help trade flow as freely as possible, presumably, so long as there are no undesirable side-effects.<sup>61</sup>

The WTO Agreements deal with various issues including the trade-related aspects of intellectual property and are annexed to and therefore form part of the Agreement establishing the WTO. There are basic principles which are applicable in the trading system under the WTO. These include, non discrimination which means a country is under obligation not to discriminate between its trading partners, and instead it is required to give to all of them the ‘Most favoured Nation (MFN)<sup>62</sup>’ equal treatment. Moreover, a country is not to discriminate between its own and foreigners’ products, nationals or service in the area of trade. This principle is known as the ‘national treatment’. A further principle is that barriers should come down through negotiations and a system must be predictable in a sense that trade barriers will not be raised arbitrarily. Tariff rates and market-opening commitments are binding in the WTO trading system.

On the other hand, the WTO as any other relevant body within the United Nations System is called upon to cooperate effectively with states parties in relation to the implementation of the right to health.<sup>63</sup> The preamble to the agreement establishing the WTO recognizes raising standards of living as one of the WTO’s underlying objective. In view of that one is inclined to argue as Twinomugisha<sup>64</sup> that the WTO has ‘an explicit obligation to protect public health’. For example, under article 25 of the UDHR a right to an adequate standard of living is intricately linked with a right to health including food, clothing, housing and medical care among others. The CESCR Committee noted that, as members of international organizations such as the WTO, states parties have an obligation ‘to take whatever measures they can to ensure that the policies and decisions

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<sup>58</sup>

N 51 above.

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Twinomugisha, n 40 above, 15.

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N 33 above.

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N 51 above, 10.

<sup>62</sup>

See also article 4 of TRIPS Agreement.

<sup>63</sup>

See CESCR General Comment 14 paragraph 64.

<sup>64</sup>

B. Twinomugisha, n 40 above.

of those organizations are in conformity with their obligations under the Covenant.<sup>65</sup> In the same vein, Oppong argues that the WTO's objective to raising standards of living provides a foundation for putting human rights at the forefront of the activities of the WTO and its members.<sup>66</sup> In this context, the obligation may also be said to be of an obligation to respect whereby the WTO should not 'impose' trading policies which will interfere with peoples' right to health<sup>67</sup> or which are not supportive of public health standards generally.

The European Union Court of Justice offers a best practice in counterbalancing consumer protection and free movement of goods. This was in the case of *Graffione SNC v Ditta Fransa*. The case concerned an order prohibiting the importation of products under a trademark whose use was prohibited in the member state, an order which amounted in effect to a quantitative restriction on imports within the meaning of article 30 of the EC Treaty. While the Court held that articles 30 and 36 preclude reliance on protection against unfair competition as a ground for prohibiting an undertaking from using its right to import into a member state products coming from another member state where they are lawfully marketed, the court declined to hold the same view on the basis of the ground of consumer protection and held as follows:

On the other hand, Articles 30 and 36 of the Treaty do not preclude a prohibition, adopted to protect consumers against the misleading effect of a particular trade mark, on the marketing by all traders of products coming from a Member State where they are lawfully marketed, provided that the prohibition is necessary in order to ensure consumer protection.<sup>68</sup>

Therefore, according to the EU Court of Justice consumer protection has more weight than the need for free movement of goods and services in determining the appropriate policy to adopt in international trade.

### 2.3 TRIPS Agreement

The TRIPS Agreement, as the name suggests deals with IP from a purely trade or commercial approach. The TRIPS Agreement is one of the Agreements of the WTO and is annexed to the Agreement establishing the WTO, the Marrakesh Agreement as Annex 1c.<sup>69</sup> A brief history of the TRIPS from the predecessor of the WTO, the GATT is worthy a mention for a good background towards understanding the TRIPS. The General Agreement on Tariffs and Trade (GATT) was established in 1948 to set up a common code of conduct in international trade among members.

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<sup>65</sup> General Comment 17, paragraph 56.

<sup>66</sup> R.F Oppong 'Trade and human rights: A perspective for agents of trade policy using a rights-based approach to development' *African Human Rights Law Journal*, Vol 6 No.1 2006, 130.

<sup>67</sup> *SERAC v Nigeria* (2001) AHRLR 60 (ACHPR 2001) Para 45.

<sup>68</sup> *Case C-313/94*. European Court reports 1996 Page I-06039, paragraph 27.

<sup>69</sup> The TRIPS Agreement was adopted in Marrakesh, Morocco in 1994 and entered into force on 1 January, 1995. Developing countries had an exemption from implementing the TRIPS Agreement up to 1 January 2005 while Least developed countries have an additional period of 10 years, that is until 1 January 2016 to become TRIPS compliant with respect to pharmaceutical patents. (See articles 65 and 66 of the Agreement as well as paragraph 5(b) of the Doha Declaration on the TRIPS and Public Health of 2001).

The main objective was to bring about a considerable reduction of tariffs and elimination of tariff preferences in order to ensure full employment and development and full use of the resources of members. The disparity of tariff levels and the application of the principle of reciprocal advantages caused member countries of GATT to devise novel techniques for the establishment of a new international trading system. The consequence was the emergence of the WTO as a successor to GATT. While GATT was restricted only to trade in goods, the WTO covers IPR and services, hence the TRIPS Agreement. The TRIPS Agreement sets minimum standards and binds all members of the WTO.<sup>70</sup>

The preamble to the TRIPS Agreement states that members desire to reduce distortions and impediments to international trade, emphasize the need for effective protection of IPR and moreover stress the need to ensure that measures and procedures to enforce IPR do not become barriers to legitimate trade. On the other hand, the TRIPS Agreement operates on the principle that members may in formulating their laws and regulations adopt measures which are necessary to protect public health.<sup>71</sup>

## **2.4 Common law principles with a bearing on consumer protection**

The concept of consumer protection is addressed from different legal disciplines including the concept of manufacturer's liability in the tort of negligence in common law systems and the law of contracts especially with its focus on the aspect of 'fitness for purpose' generally contained in the Sale of Goods legislation. These concepts are introduced here to a limited extent attempting to demonstrate their thrust in the protection of the consumer's right to health.

### **2.4.1 Products' fitness for purpose**

Common law imposes obligations to the supplier in relation to contracts for sale of goods to the effect that the goods supplied must be 'fit for purpose'. By this it means that where the consumer informs the supplier either expressly or impliedly any particular purpose for which the goods are being required it is the obligation on the part of the supplier to ensure that the goods are reasonably fit for the purpose. This condition will not prevail where the consumer does not rely on, or it is not reasonable for him to rely on the skill or judgment of the supplier.<sup>72</sup> Where the supplier makes it clear to the consumers that he has no idea as to whether the required goods will be suitable for the consumer's special requirements, in such a case the supplier will not be liable.<sup>73</sup> In the case of *Priest v Last* it was held that 'there is no need for the buyer to specify the particular

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<sup>70</sup> See P.F Kihwelo, 'Intellectual Property Rights Jurisprudence in Tanzania: Turning an Eye to the Commercial Division of the High Court' *The Journal of World Intellectual Property* (2006) Vol. 9, no. 6, pp. 675. See also article 11.2 of the WTO Agreement. There are four annexes to the Marrakesh Agreement establishing the WTO. Annex 1 contains the Multilateral Agreements on Trade in Goods, including, in addition, TRIPS Annex 1C.

<sup>71</sup> Article 8 of the TRIPS Agreement.

<sup>72</sup> D. Kenaan, *Mercantile Law*, 7<sup>th</sup> Ed, 189.

<sup>73</sup> As above.

purpose for which the goods are required when they have in the ordinary way only one purpose'.<sup>74</sup> In *Ashington Piggeries Ltd v Christopher Hill Ltd*<sup>75</sup> the House of Lords held that words 'any particular purpose' apply where the goods are sold for a variety of uses and are unsuitable for a particular use to which a particular buyer puts them.

The law discussed above presumes some sort of either express or implied communication between the consumer who buys certain goods and the supplier. The law however, does not deal with a situation whereby the consumer does not communicate any thing to the supplier but instead relies on the goodwill of a trademark and expects a certain level of quality. Arguably, the role of a trademark in the circumstances to influence the consumer and to impute the obligation on the supplier as regards fitness of the goods for the purpose for which the consumers requires them can be presumed to be covered under the rule in *Priest v Last* referred to above; that is by virtue of a trademark the supplier is presumed to know the purpose for which the consumer requires the products.<sup>76</sup> This rule yet does not cover the problem at stake as 'fitness for purpose' is not the same as sameness in quality. In the case of trademark, the problem emanates from the fact that the proprietor's trademark acquires a substantial goodwill which attracts consumers to use the products marketed under it expecting a certain level of consistency. A good example to illustrate this point is where a consumer buys a drug to treat for example malaria and based on previous use of that same drug expects relief in say four hours. It turns out that the drugs he or she uses does not have the same effect as the one he or she was used to as a result of counterfeiting.<sup>77</sup>

Another example is for instant that of soft drinks. It is common knowledge that drinks like Coca Cola have different tastes in different places leave alone countries. In a discussion between some respondents and the researcher, while it was a common belief that many companies all over the world including in Africa involve in trade in Coca Cola products under license, it was also argued that the difference of taste of Coca Cola company drinks is due to the nature of water used in a particular country. However, on the arrival of this researcher in Cameroon, she was surprised when she ordered a Coca Cola drink and upon opening the bottle the neck of the mouth of a bottle was full of rust after lifting off the lid. When she asked the attendant, she was informed that that was a common eventuality in Cameroon for coke bottles to contain rust on the neck of the bottle due to the nature of a lid used. While whether and to what extent the dust is likely to affect human health is a medical question especially when someone drinks from such a bottle repeatedly, there is no guarantee that the cleaning of the bottle clears all of the rust particles which are likely to contaminate the coke whether one pours the liquid into a glass or drinks directly from a bottle. The problem is that, someone may not consider this as being unfit for quenching the thirsty which is a

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<sup>74</sup> [1903] 2 K.B. 148.

<sup>75</sup> [1071] 1. All E. R. 847.

<sup>76</sup> Since trademarks are always registered in respect of specific classes of goods.

<sup>77</sup> See Robbani, n 14 above; Stanley n 16-22 above.

purpose for buying a Coke. A much more important question is how far are we sure if other packaging standards are complied with. However, to trace liability in such cases it would be pertinent to consider whether the license included franchise which deals with the production and marketing technical know-how of a product.

#### 2.4.2 Liability of manufacturer

The above discussion revolves around the consumer and the supplier. However, it is common knowledge that suppliers (retailers) in most cases do not know the content of the products or the conditions under which the goods were manufactured. As far as a contract is concerned the consumer is limited by the common law doctrine of privity of contract from suing the manufacturer as no any kind of contract exist between the two. The consumer may have an action in negligence against the manufacturer in respect of physical injuries caused by defects in the goods, a principle established by the House of Lords in the case of *Donoghue v Stevenson*<sup>78</sup> that the manufacturer owes a duty of care to consumers. The court held that a manufacturer of products, which are sold in such a form that they are likely to reach the ultimate consumer in the form in which they left the manufacturer with no possibility of intermediate examination, owes a duty to the consumer to take reasonable care to prevent injury.

In *Grant v Australian Knitting Mills Ltd*<sup>79</sup>, the appellant bought a pair of underpants from a retailer. The underpants contained an excess of sulphites being a chemical used in their manufacture. This chemical was supposed to be eliminated before the product was finished. After wearing a pant, a rash which turned out to be dermatitis appeared on the appellant's ankles and soon became generalised causing the appellant to spend a number of months in hospital. The retailers were held liable by the Privy Council in England because the article was not fit for the purpose, not of merchantable quality. Moreover, the manufacturers were liable in negligence following the principle in *Donoghue v Stephenson*. The effect of this case was to widen the rule in *Donoghue v Stephenson* making it applicable to defective chattels generally which cause injuries to purchasers.

The principle developed in *Donoghue v Stephen* (and the developments thereafter) is insufficient for purposes of protecting the ordinary consumer's right to health in African context. This is because, firstly in most cases, the manufacturer will be outside the jurisdiction of the residence of the consumer hence making it difficult to proceed against such manufacturers. Secondly, although recourse to court is the ultimate appropriate remedy for the protection of those whose rights are violated, it should be regarded to be appropriate as a last resort considering the cost involved, time, technicalities and comparing this with the consumer's health. Thirdly, it is difficult to prove

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<sup>78</sup> [1932] A.C. 562.

<sup>79</sup> [1936] A.C. 85.



negligence in manufacturing products. Therefore, it is pertinent to put in place other mechanisms that will prevent the prevalence of low quality products in the first place.

## **2.4 Conclusion**

This chapter has attempted to first look at the instruments of globalisation such as the WTO and the TRIPS Agreement in relation to international trade and consumer protection. On one hand the focus was to show the human rights obligation attached to these instruments by international standards and on the other, to show the deficiencies embedded in the systems especially with regard to the practice. Moreover, other common law principles have been discussed in the first place to justify that consumer protection is a concern which has existed for many years, but also to show the inefficiencies of the rules and hence the need to revisit the trademark trade rules in addressing the indispensable need for consumer protection from a human rights perspective.

## **Chapter 3: Enforcement of trademark protection and consumers' rights under the TRIPS Agreement**

### **3.1 Introduction**

This chapter focuses on the legal regime of the TRIPS Agreement for the enforcement of trademarks. It was raised in chapter two that some authors argue that strict enforcement of IPR will serve both proprietors and consumers by protecting their interests against misleading trademarks. It is therefore significant to look at the enforcement procedure to substantiate or discard this argument. TRIPS provide enforcement mechanisms that will be addressed in succeeding parts of this chapter.

### **3.2 General obligation**

Article 16 of the TRIPS Agreement confers exclusive right to the owner of a registered trademark against third parties. It is due to this right of exclusive use that its owner possesses which gives rise for a right of enforcement against infringement to the trademark's proprietor.

Article 41 of the TRIPS Agreement requires all members of WTO to ensure that the enforcement procedures provided for under part three are made available under the members' law so as to permit effective action against any act of infringement of IPR. Measures should include expeditious remedies to prevent infringement and the provision of remedies which constitute deterrence to further infringements. However, the procedures to be adopted by members are to be applied in such a manner as to avoid the creation of barriers to legitimate trade and provide for safeguards against their abuse.<sup>80</sup> Moreover, the procedures for enforcement are supposed to be fair and equitable, not to be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.<sup>81</sup>

### **3.3 Civil and administrative procedures and remedies**

Articles 42 and 43 deal with the right of right holders to access civil judicial procedures and guidelines on the tendering of evidence in the process of enforcing IPR respectively. In respect to civil judicial procure; the procedures are to be fair and equitable. For example, defendants are entitled to written notice which is timely and which contains sufficient details including the basis of the claim.<sup>82</sup> Legal representation is anticipated and personal appearance is not mandatory.<sup>83</sup> Parties to the litigation are entitled to substantiate their claims and present all relevant evidence.<sup>84</sup>

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<sup>80</sup> Article 41(1) of the TRIPS Agreement.

<sup>81</sup> Article 41(2) of the TRIPS Agreement. See further sub-articles 3, 4, and 5 on the nature of a decision, rights of parties to the proceedings, and, the nature of judicial obligation of members.

<sup>82</sup> Article 42 of the TRIPS Agreement.

<sup>83</sup> As above.

<sup>84</sup> As above.

Also, where a party alleges that substantial relevant evidence lies in the control of the adverse party, the judicial authorities are authorised to order the adverse party to produce such evidence.<sup>85</sup>

The substantive enforcement measures are provided for under articles 44 (injunction), 45 (damages), 46 (other remedies), 47 (right of information to the right holder) and 48 (indemnification of defendant). Having satisfied articles 42 and 43 above, and the defendant is found guilty of infringement, the judicial authorities in member states have authorities to order the defendant to desist from an infringement including to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of IPR, immediately after customs' clearance of such goods.<sup>86</sup> This would appear to refer to permanent injunctions.

Article 44(1) provides for a possible defence and that is where the defendant involved itself in such a business which constitute infringement prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail infringement of IPR, whereby, members are not obliged to authorise the order of injunction.<sup>87</sup>

It is difficult to speculate the circumstances under which an enterprise would order goods for importation traded under a registered trademark (protected in its territory) without knowing or having reasonable grounds to know that its act would amount to infringement. The Agreement does not shed any light on this issue either. However, what is clear is that if the defendant can satisfy the judicial authorities that it neither had knowledge of the plaintiff's rights nor had it reasonable grounds so to know the infringing goods will be allowed into the channels of commerce and it is difficult to expect that consumers will be able to differentiate the infringing goods from those of the proprietor. It is submitted that since a registered trademark is sufficient notice to the world of the existence of protected right, the presumption of notice on the defendant should be imputed. This is so because a registered trademark appears in all international searches and before an enterprise takes a risk to trade in a trademarked product to which it does not have exclusive right itself, it should satisfy itself that its act will not constitute infringement in any way. The case would be different if reference was made to unregistered trademark, but as argued above, TRIPS Agreement protects only registered trademarks.<sup>88</sup>

Article 45 deals with payment of damages to the right holder by the infringer. The damages to be paid are to be adequate to compensate the right holder for the injury suffered due to the act of infringement. Again the condition that the infringer should have known or had had reasonable

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<sup>85</sup> Article 43.

<sup>86</sup> Article 44(1).

<sup>87</sup> As above.

<sup>88</sup> See article 16 of the TRIPS Agreement.

grounds to know that it was engaging in infringing activity is made precedent to payment of damages.<sup>89</sup>

Moreover, judicial authorities are authorised to order that goods that they have found to be infringing to be disposed off outside the channels of commerce so as to avoid harm to the right holder without compensation to the infringer.<sup>90</sup> Also such goods can be destroyed unless such an order would be contrary to existing constitutional requirement. At this juncture also it is submitted that the law does not seem to take into consideration the interest of the consumers. It appears there are conflicting interests between the infringer's economic interests who may seem to be protected even for the benefit of the right holder so that presumably, after sale of the infringing goods may be able to pay damages to the right holder and those of the consumers. For the consumer, what matters is whether the infringing goods are of the same quality or not. Given the circumstances that they may be allowed into some channels of commerce even though not necessarily in the jurisdiction in which the infringement was discovered the rights of consumers in that end will still be affected. The protection of consumers in such circumstances becomes complex to the extent that it needs to be regulated at global level. In the described scenario, it means infringing goods may be prohibited in the member state where an action for infringement was successful and if in that same member there are constitutional provisions against destroying the infringing goods the brave businessman will look for another country where the same goods can be sold at the detriment of poor consumers.

Moreover, the TRIPS Agreement provides for countermeasures against abuse of the IPR enforcement procedures. Under article 48(1) a party (applicant) at whose request measures were taken and who abused enforcement procedure, may be ordered by judicial authorities to pay the wrongfully enjoined or restrained party adequate compensation for the injury suffered because of such abuse. This may among others include payment of the defendant's expenses and attorney's fees.<sup>91</sup> However, public authorities and officials are exempted from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of administration of the law pertaining to the protection or enforcement of IPR.<sup>92</sup>

The TRIPS Agreement also provides for a possibility of provision of civil remedies available through administrative procedure.<sup>93</sup> Such procedures are to conform to principles equivalent in substance to those described above, that is procedures followed under judicial procedures.<sup>94</sup> Article 50 dealing with provisional measures such as injunctions, are substantially the same as injunctions discussed above only that at this level they are only provisional pending the

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<sup>89</sup> Article 45 of TRIPS.  
<sup>90</sup> Article 46 of the Trips Agreement.  
<sup>91</sup> Article 48(1).  
<sup>92</sup> Article 48(2).  
<sup>93</sup> Article 49.  
<sup>94</sup> As above.

determination of the matter. Other rules relating to evidence, fairness of hearing procedure and indemnification of the defendant also apply as discussed above.<sup>95</sup>

However, some judicial authorities have found it difficult to deal with cases of temporary injunctions in trademark cases as there is always a danger of crossing over into the merits of the case as was exposed by the Court of Appeal of Tanzania in the case of *CPC International Inc. v Zainab Grain Millers*.<sup>96</sup> In the view of Kalegeya J these dangers lie very prominently in disputes involving trademarks and business names—passing off and infringement. Therefore, Kalegeya J observed in the case of *Glaxo Group Limited v Agri-Vet Limited*<sup>97</sup> as follows:

My views are that in conflicts of trademarks..., temporary injunctions should very sparingly be sought by parties and granted by courts because of the intricacy surrounding the first principle of establishment of a prima facie case with probability of success... I fail to see how the Plaintiff/Applicant can establish a prima facie case with a probability of success without going into details of what he alleges to be passing off or infringement and in turn without the court analyzing what is submitted and being satisfied of those allegations and at the same time escape ...an error of trying issues which [are] due for trial at a later stage of the main suit.

### 3.4 Border measures

Border measures include for example suspension of release of counterfeit trademark goods upon application by the right owner.<sup>98</sup> There must be grounds for making such an application such as availability of *prima facie* evidence of infringement under the laws of the country of importation<sup>99</sup> and there is a requirement for the provision of security or equivalent assurance to prevent abuse of the process, protect the defendant and competent authorities.<sup>100</sup> The application is to be made to either the judicial or administrative authorities of a member. Moreover, the applicant (right holder) is obliged to supply sufficiently detailed description of the goods to make them readily recognisable by the customs authorities.<sup>101</sup>

By virtue of article 55, the applicant has to initiate proceedings which can decide the matter on merit within ten working days, the failure of which may result into the release of the goods if all other conditions for importation or exportation are satisfied. Where otherwise proceedings leading to a decision on merits of a case have been initiated the TRIPS provides for a right of review including a right to be heard upon request by the defendant with a view to deciding, within a reasonable period, whether these measures shall be modified, revoked or confirmed.<sup>102</sup> In a case where for example the customs authorities do not comply with article 55, and where the provisional

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<sup>95</sup> Article 50 (1)-(8).

<sup>96</sup> Civil Appeal Number 49 of 1995 Court of Appeal of Tanzania (unreported).

<sup>97</sup> Commercial Case Number 73 of 2002, High Court of Tanzania.

<sup>98</sup> Article 51.

<sup>99</sup> Article 52.

<sup>100</sup> Article 53.

<sup>101</sup> Article 52.

<sup>102</sup> Article 51.

measures have been confirmed by a judicial body but no proceedings leading to a decision on merits has been initiated, the defendant is entitled to apply for the revocation or otherwise that the provisional measures to cease their effect.<sup>103</sup>

Where the defendant defaults to initiate proceedings for the determination of the case on merits and which leads to the release of the goods, the defendant shall be liable to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to article 55.<sup>104</sup> Both the right holder and the importer are afforded an opportunity to inspect.<sup>105</sup> Also the right holder may be informed by the customs authorities of the names and addresses of the consignor, the importer and the consignee as well as of the quality of the goods in question, where a positive determination has been made on the merits of the case.<sup>106</sup>

### **3.5 Criminal procedures**

Article 61 provides that ‘Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting... on a commercial scale’. Remedies available are to include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties for similar grave crimes.<sup>107</sup> In appropriate cases, shall also include the ‘seizure, forfeiture and destruction of the infringing goods and of any material and implements the predominant use of which has been in the commission of the offence’.<sup>108</sup>

### **3.6 Conclusion**

This chapter was dedicated to a discussion on the enforcement mechanism for the exclusive right of a registered trademark endowed to the proprietor. The impediments that exist in the course of enforcement have been discussed and more importantly the focus and spirit of the measures provided with their deficiencies for the purposes of protecting consumers. Therefore, a logical conclusion is to endeavour to suggest more measures sufficient for the protection of consumers.

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<sup>103</sup> Article 55 read together with paragraph 6 of article 50 of the TRIPS.  
<sup>104</sup> Article 56.  
<sup>105</sup> Article 57.  
<sup>106</sup> As above.  
<sup>107</sup> Article 61.  
<sup>108</sup> Article 61.

## Chapter 4: Human rights standards for the protection of consumers' right to health against the background of the IP regime

### 4.1 Introduction

The discussion under this topic will focus on the nature of a right to health and state's obligation in relation to the protection of consumers against misleading trademarks that affect their health.

### 4.2 Evolution, definition and normative content of a right to health

The formulation of health as a human right culminated at the United Nations Conference in 1945 for the first time at a global level.<sup>109</sup> This resulted to the inclusion of a reference to health in article 55 of the UN Charter and to the adoption of a declaration on the founding of the World Health Organisation (WHO).<sup>110</sup> WHO was the first organisation to formulate explicitly this right in its Preamble to its constitution.<sup>111</sup> The WHO text inspired the definition of a right to health in subsequent human rights treaty provisions.<sup>112</sup>

Scholars have grappled with locating the rights relating to health. Different terminologies are used to describe what revolves around health entitlements. For example terms like right to health care, right to health protection and right to health, have all been advanced as sufficiently conveying the notion of entitlement to the protection of health.<sup>113</sup> These terminologies are reflective in various international human rights instruments and some domestic legislation.<sup>114</sup> Although different contexts may suggest otherwise, the ultimate goal and objective for the use of any of these terms is the realisation of the highest standard of health.<sup>115</sup> Moreover, it has been argued in contrast to the proponents of the terms 'right to health care' and 'right to health protection' that 'right to health' is a more convenient term to cover the detailed language and references to fundamental health rights principles that are found in international treaties, such as UDHR and CESC. <sup>116</sup> Thus Ngwena and Cook conclude that the expression 'right to health' covers the whole range of health components such as access to a range of facilities, goods and services on one hand, but also other conditions necessary for the attainment of health, such as food, housing, safe water, housing, sanitation, healthy working conditions and a healthy environment.<sup>117</sup> This approach as

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<sup>109</sup> M. Sepulveda and Others *Human Rights Reference Handbook* 2004, 283.

<sup>110</sup> The Constitution of the WHO, adopted by the international Health Conference on 22 July 1946, opened for signature on 22 July 1946, and entered into force 7 April 1948, (available at <<http://www.who.int/en>> accessed on 22 August 2007)

<sup>111</sup> AR Chapman 'Core obligations related to the right to health and their relevance for South Africa' (2002) in D Brand & S Russell (eds) *Exploring the core content of the socio-economic rights: South Africa and international perspectives* (2002) 35 51-52.

<sup>112</sup> N 109 above.

<sup>113</sup> C Ngwena and R Cook, 'Rights Concerning Health', in D Brand and C. Heyns (eds), *Socio-Economic Rights in South Africa*, 2005 107.

<sup>114</sup> For example the UDHR article 25, ESCR article 12, article 24 of CRC. Moreover, South African Constitution under section 27 uses the term right to health care services.

<sup>115</sup> Ngwena and Cook n. 113 above.

<sup>116</sup> As above.

<sup>117</sup> Ngwena and Cook n 113 above, 108.

will be argued further is preferred for the purpose of this study for it is more inclusive than eliminative in the sense that it is capable of bringing many health concerns such as those addressed in this study under the ambit of health protection than for example if the term 'right to health care' was to be used. This is because health entitlements are not necessarily in the form of 'preventive' or 'curative' measures in the strict sense of these words. However the former (preventive) may fall under the scope of this study.

Akonumbo sees public health as entailing 'the physical and mental well-being of all citizens, through available adequate curative care and health care infrastructure...'.<sup>118</sup> This author argues further that the obligation of the state in relation to realising the right to health should be understood to constitute both curative and preventive care.<sup>119</sup> The focus of this research is on the preventive care in a broader sense that includes putting in place laws and policies at domestic level, as well as influencing international policies, being guided by consumer-health sensitive policies back home (at national level), that protect consumers from misleading trademarks the latter that have continuously affected peoples' enjoyment of their guaranteed health right.<sup>120</sup> The traditional normative content of a right to health usually tend to link it with concerns and issues such as access to medical care, immunisation against the major infectious diseases, appropriate treatment for common diseases and injuries, access to essential drugs, adequate supply of safe water<sup>121</sup> and basic sanitation and freedom from serious environmental health threats.<sup>122</sup> Moreover, other core content of the right to health encompass the principle of non discrimination in the access of health care services available on the basis of gender, origin, station in life such as poverty that renders peoples' access to health services virtually impossible.<sup>123</sup>

Yet the approach described above still presents significant challenges in handling the issue of public health in the context of misleading trademarks to consumers. As evidenced above counterfeit trademarked pharmaceuticals for example have led to deaths in Africa because people rushed for what they considered to be the utilisation of their right to health-access to medical care and ended up buying defective substances.<sup>124</sup> One would argue that based on the pharmaceutical example, the right is infringed on the basis of the poor quality of goods and services.<sup>125</sup> The problem with that argument is that counterfeit products do not only exist in the pharmaceutical

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<sup>118</sup> A. N. Akonumbo, 'Intellectual Property and Public Health in Africa' in *Protection des droits de l'homme en Afrique*, Manuel des formateurs, 2007 at p. 169.'

<sup>119</sup> As above.

<sup>120</sup> N 77 above.

<sup>121</sup> On this conception particularly on a right to safe drinking water see *Free Legal Assistance v Zaire* Communication no 25/89 African Human Rights Commission.

<sup>122</sup> Health for All and Primary Health Care strategies of the WHO.

<sup>123</sup> See for example on the last note the decision of the African Commission in the case of *Purohit and Moore v Gambia* communication no 24/01 May 2003.

<sup>124</sup> N 77 above.

<sup>125</sup> For example, Kapindu argues that quality demands strong adherence to issues of safety and upholding of high standards including availability of unexpired drugs. (See Kapindu, 'Poverty reduction strategies and the rights to health and housing: The Malawian and Ugandan experiences' *African Human Rights Law Journal* Vol. 6 No. 2 2006, 506-7). See also General Comment No 14, of the CESCR, paragraph 12.



industry but even in other areas of trade the access of which would not at any rate entail access to medical care.

The correct approach would be the UDHR way that links the right to health with other rights such as food, clothing, housing and medical care, social security as well as other necessary social services.<sup>126</sup> In this context, a right to health is linked to a solidarity rights, as a right to a healthy environment and other rights such as a right to life.<sup>127</sup> This is so because, the infringement of a right in these circumstances is due to the governments' failure to prevent the entry of harmful products into the markets where people access them, coupled with the further failure to appropriately regulate the law on trademark and international trade to the extent that the surroundings of the individuals are packed up with poor quality products, the latter which eventually endanger their right to health.

### **4.3 International standards for the protection of a right to health**

There is a vast array of international documents and particularly human rights instruments dealing with the right to health. However, for limitation of space few core documents dealing with this right at the global level will be addressed under this part. These include the WHO Constitution, the UDHR, ICESCR and CRC<sup>128</sup>.

#### **4.3.1 WHO Constitution**

The Preamble to WHO Constitution states that '[t]he enjoyment of the highest attainable standard of living is one of the fundamental rights of every human being, without distinction of... economic or social condition'. The WHO further defines health as a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity'.<sup>129</sup> In the first place the WHO insists on the principle of non discrimination which has now attained the status of customary international law<sup>130</sup>. In this case discrimination on the basis of economic or social condition is prohibited. The advent of misleading trademarks is always accompanied with low prices which attract the poor into buying such goods. Moreover, the situation is rampant in rural areas and particularly in Africa where the majority of residents are not educated. This goes to the route of discrimination on basis of economic or social status whereby people are subjected to poor quality and harmful products that eventually injure their health status.<sup>131</sup> Secondly, WHO offers a broader definition encompassing generally a state of mental and social well being that does not necessarily require proof of presence of disease or infirmity to prove that a right to health has been infringed. Therefore, it can be argued that in the situation whereby people are not precisely sure of the

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<sup>126</sup> Article 25(1) UDHR.

<sup>127</sup> See Akonumbo n 118 above.

<sup>128</sup> See also article 12 CEDAW, Article 5 CERD and Article 28 CMW.

<sup>129</sup> N 116 above, Preamble.

<sup>130</sup> M. N Shaw *International law*, 1997 204 and 213.

<sup>131</sup> See n 20 and 21 (chapter one) above.

quality and content of what they are buying and its effects to them and their children or elderly, that state of affairs should be held to constitute breach of a right to mental or social well-being. However, in this regard as it has been evidenced above, the situation is so alarming that it is not just a case of uncertainties but in most cases it has led to real dangers including deaths.<sup>132</sup>

#### 4.3.2 Universal Declaration of Human Rights

The UDHR generally regarded as the earliest modern human rights instrument proclaims right to health though without mapping its normative content.<sup>133</sup> However, it provides a broader description of a right to health as follows under article 25.

Every individual has a right to standard of living adequate for health and well-being of himself and his family, including food, clothing, housing, and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, old age or other lack of livelihood in circumstances beyond his control.

As a principle of international law the Universal Declaration was not meant to be a legally binding document.<sup>134</sup> However, it has come to acquire significant legal and moral force providing the inspiration of many domestic constitutions and formulation of subsequent human rights treaties and resolutions.<sup>135</sup> Nevertheless it is evident that many or all African states do not live up to the standard of the UDHR particularly as proclaimed in article 25. States in Africa have not been able to ensure the availability of quality food for example for everybody including children and elderly, let alone health care and necessary social services in cases of unemployment, sickness, disability, widowhood, old age or other lack of livelihood.<sup>136</sup> As the result people are forced to fend for themselves with whatever they can access regardless of its quality. In this regard the states have failed to live up to the common standards of achievement agreed upon for all peoples and all nations.<sup>137</sup> Former UN High Commissioner for Human Rights, Mary Robinson once said: 'I am often asked what is the most serious form of human rights violations in the World today, and my reply is consistent: extreme poverty.'<sup>138</sup> Haugh and Ruan writing about Africa state that poverty in its extreme forms amounts to a violation of all social and economic rights<sup>139</sup>. One is inclined to argue that African people are generally vulnerable to poor quality products due to their economic and social conditions. The best way to protect them is for the state to prevent entry of such goods in the market of their access by regulating rules of trademarks and international trade. The most vulnerable deserve most protection. Oloka-Onyango has argued that, there are injustices in the mechanisms of trade liberalisation, whereby, the institutional mechanisms are greatly implicated in

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<sup>132</sup> N 77 above.

<sup>133</sup> Ngwena and Cook, n 119 above, 111.

<sup>134</sup> Shaw n 130 above, 207.

<sup>135</sup> As above.

<sup>136</sup> See generally Akonumbo, n 118 above, 164.

<sup>137</sup> Preamble to the UDHR.

<sup>138</sup> UNDP Poverty and human rights: A practice note (2003) iv.

<sup>139</sup> R Haug and E Ruan 'Intergrating Poverty Reduction and the right to food in Africa' (2002) in Kapindu (n 125 above), 496.

promoting the lopsided flow of goods, 'and practices that are considered anathema in countries in the South are still widely tolerated in the north'.<sup>140</sup>

#### **4.3.3 International Covenant on Economic, Social and Cultural Rights**

Article 12(1) of ICESCR provides for the right to 'the highest attainable standard of physical and mental health'. Article 12(2) identifies four steps the state has to take in order to promote conditions in which people can lead a healthy life. These include, among others, the improvement of environmental hygiene, preventive health care and the prevention of occupational diseases. Thus, Article 12 of ICESCR like the UDHR acknowledges that the right to health includes a wide range of socio-economic factors which are underlying determinants of health.<sup>141</sup>

Moreover, the ESCR Committee has stated in General Comment 14 that the right to a healthy environment includes, among others, preventive measures; the requirement to ensure an adequate supply of safe and potable water and basic sanitation; and the prevention and reduction of the population's exposure to harmful substances such as harmful chemicals or other detrimental environmental conditions that directly or indirectly impact upon human health.<sup>142</sup> This interpretation it is submitted, falls in all fours in the ambit of the argument presented in this study that the presence of harmful products which are perpetrated by misleading trademarks in the market place in Africa is a violation of the right to health of African peoples.<sup>143</sup>

The tripartite typology of obligations demonstrates that the right to health gives rise to both the negative obligation to 'respect', as well as the positive obligations to 'protect' and to 'fulfil'. The obligation to respect the right to health that African states undertake under article 2(1) includes the obligation to refrain from activities that are detrimental to health. Therefore, practices such as permitting the nature of trade to be run in such a way that renders the populations in Africa prone to buying uncontrolled quality products can be construed to constitute a violation of the obligation to respect. The obligation to protect the right to health includes the obligation to take legislative and other measures to protect people from health infringements by third parties.<sup>144</sup> Finally, the obligation to fulfil includes the adoption by the state of a national health policy, and the devotion of a sufficient percentage of the available budget to health. In this context the devotion of a sufficient budget would serve to monitor the malpractice in trade where the rules exist and initiation of policy reforms for purposes of regulating trade relating to use of trademarks.<sup>145</sup>

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<sup>140</sup> J Oloka-Onyango n 54, above.

<sup>141</sup> UN Committee on ESCR General Comment no. 14.

<sup>142</sup> Compare this with the KIWI counterfeit products discussed in chapter five below.

<sup>143</sup> See for example chapter two generally especially the conclusion.

<sup>144</sup> See below on a discussion on human rights obligations by non state actors.

<sup>145</sup> General Comment 14, paragraph 50.

The ESCR Committee has elaborated the nature of states' obligation, in respect of the minimum core obligation. Due to the coaching of article 2 of ICESCR which refers to progressive realisation of the rights while depending on the available resources, the Committee has given an interpretative guidance that where a state cannot meet the full realisation of a right due to a lack of resources, it must at least endeavour to meet a certain minimum level content of the right.<sup>146</sup> Moreover, the state must demonstrate that it has deployed its available resources to the maximum extent with a view to at least satisfying, as a matter of priority, the minimum obligation.<sup>147</sup> In the context of a right to health, essential underlying determinants of health such as quality foodstuffs, pharmaceuticals, constitute minimum core obligation. It is submitted that, since what is advocated in this work is not so much of the requirement of making available health care facilities by states, but more of the preventive measures; the states in Africa cannot and should not raise the defence of lack of resources. What is required of the states is adoption of proper policies instead of bad ones while utilising the same resources. Vulnerable peoples can be protected by adoption of 'low cost targeted programmes' even in times of severe economic constraints.<sup>148</sup>

Article 24 of CRC like ICESCR recognises a right to the highest attainable standard of health for children in a broader sense including the provision of adequate nutritious foods and clean drinking-water. It also brings out the aspect of a right to information.<sup>149</sup> Article 24(2)(e) enjoins state parties to 'ensure that all segments of society, in particular parents and children, are informed, have access to education and are supported in the use of basic knowledge of child health and nutrition...'. This element of information and education in article 24 of CRC can be interpreted generously and broadly to include the right of information to the nature of products that children feed on, such as their real quality, the guarantee by the state's certifying body of the product's safety, nutritious content, whether they are traded under licence, and if they are not a result of counterfeited trademarks.

#### **4.4 Regional standards.**

At African level the right to health was firstly provided for under the African Charter.<sup>150</sup> Article 16 of the African Charter provides as follows:

Every individual shall have the right to enjoy the best attainable state of physical and mental health. States Parties to the present Charter shall take the necessary measures to protect the health of their people and to ensure that they receive medical attention when they are sick.

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<sup>146</sup> General Comment No 3 paragraph 10.

<sup>147</sup> As above.

<sup>148</sup> As above, para 12.

<sup>149</sup> See also article 9 of the African Charter.

<sup>150</sup> At Inter-American level, the American Declaration of the Rights and Duties of Man contains the right to health (Article XI), Article 10 of the Protocol of San Salvador specifically deals with the right to health. Also see In the European system, article 11 European Social Charter deals with the right to health.

The African Charter's provision is coached in such a way that once it is established that through misleading trademarks people may buy low quality products resulting to injuring their health, states have obligation to take necessary measures to protect the health of their people. The right to health can be affected by the use of various substances contained in daily consumables such as food, drugs, cosmetics, water and so on. Therefore when article 16(2) enjoins states to protect the health of their people, it should be understood to mean that the measures adopted for protection should include those that will protect the people from, for example, harmful substances. The African Commission, the monitory body of the implementation of the African Charter, has made some progressive decisions in respect of the right to health. In one case the Commission demonstrated that what matters is not only the availability of facilities but also the safety of such facilities. Also, in that same case the African Commission interpreted article 16 to include other essentials that are underlying the realisation of the right to health such as safe drinking water, electricity and availability of medicines. That was in the case of *Free Legal Assistance Group v Zaire*.<sup>151</sup>

The fact that the Commission referred to 'safe drinking water' can be welcomed to include by analogy, even safe food, safe drugs, and many other substances that have health implications on a human health if used when they are not safe. This interpretation is also supported by the African Commission's decision in *SERAC v Nigeria*<sup>152</sup> where a right to health was interpreted to include a right to food.

Addressing the issue of resources in African context the Commission held in *Purohit v The Gambia*<sup>153</sup> as follows:

[M]illions of people in Africa are not enjoying the right to health maximally because African countries are generally faced with the problem of poverty which renders them incapable to provide the necessary amenities, infrastructure and resources that facilitate the full enjoyment of this right. Therefore,... the African Commission would like to read into Article 16 the obligation on part of the states party to the African Charter to take concrete and targeted steps, while taking full advantage of its available resources, to ensure that the right to health is fully realised in all aspects without discrimination of any kind.

The Commission in the above case elaborates on the issue of requirement of resources and states obligation. It sets a bench mark that states are called upon to take concrete and targeted steps, while taking full advantage of its available resources to realise this right. It is submitted that the threshold set by the Commission is very high and it is difficult for states to plead lack of resources in most public health litigations. This is because the Commission places a right to health at a prime level. Thus for the government to successfully plead resources, it must have utilised all of its resources at its disposal. This is in consonance with the CESCR Committee interpretation in General Comment 14. The Committee has developed on the subject of minimum core obligation to

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<sup>151</sup> (2000) AHRLR 74 (ACHPR 1995).

<sup>152</sup> (2001) AHRLR 60 (ACHPR 2001).

<sup>153</sup> (2003) AHRLR 96 (ACHPR 2003).

the extent that available resources are taken to mean all the resources that the state has at its disposal. This includes international assistance and not merely what the state chooses to appropriate.<sup>154</sup> For African states that are state parties to the ICESCR, this obligation and interpretation by the Commission is further cemented by the interpretation of the Committee in General Comment 14 which treats the core obligation as strict non derogable obligations.<sup>155</sup> It emphasises that a state cannot, under any circumstances whatsoever, justify its non compliance with core obligations.<sup>156</sup>

Finally, the Commission emphasises on the issue of non discrimination. As it was submitted earlier, the prevalence of counterfeited trademark products affects more the poor, illiterate especially in rural areas and children than the 'haves'. Therefore, the tolerance by African states of this practice may well fall within the prohibited practice of discrimination.

#### **4.5 Obligations of Non State Actors**

Non state actors are major stake holders in the discussion on consumers' protection against misleading trademarks. The traditional principle of international law particularly human rights law is that only states are duty bearers while individuals are rights holders in human rights field. However, considering the increasing forces of globalisation and international trade in particular a special attention to the effect of non state actors such as transnational corporations has received much observance and comment in international forum. At international level, the United Nations adopted the 'norms on the responsibilities of trans-national corporations and other business enterprises with regard to human rights'<sup>157</sup>. The Preamble to these principles provides in part as follows:

*Recognizing* that even though States have the primary responsibility to promote, secure the fulfilment of, respect, ensure respect of and protect human rights, transnational corporations and other business enterprises, as organs of society, are also responsible for promoting and securing the human rights set forth in the [UDHR].

Article 13 of the Norms goes further to provide as follows:

13. Transnational corporations and other business enterprises shall act in accordance with fair business, marketing and advertising practices and shall take all necessary steps to ensure the safety and quality of the goods and services they provide, including observance of the precautionary principle. Nor shall they produce, distribute, market, or advertise harmful or potentially harmful products for use by consumers.

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<sup>154</sup> General Comment 14 paras 43 and 45.

<sup>155</sup> General Comment No 14 para 47.

<sup>156</sup> As above. See also Ngwena & Cook n 119 above, 117. According to CESCR Committee minimum obligations include ensuring access to minimum essential food which is nutritiously adequate and safe; and adopting and implementing a national public health strategy and plan of action, addressing the health concerns of the whole population. (See General Comment 14 para 43).

<sup>157</sup> U.N. DOC. E/CN.4/SUB.2/2003/12/REV.2 (2003). Approved August 13, 2003, by U.N. Sub-Commission on the Promotion and Protection of Human Rights resolution 2003/16, U.N. Doc. E/CN.4/Sub.2/2003/L.11 at 52 (2003).

In Africa, the Africa Commission dealt with the impact of trans-nationals and other business enterprises in the realisation of human rights in the case of *SERAC v Nigeria*<sup>158</sup> and held that states have responsibility to protect individuals from the interference of non state actors in the enjoyment of human rights. In this case the Nigerian Government had not only allowed the Shell Company to interfere with peoples' peaceful enjoyment of their rights but also lent it the state military power to implement their plan in violation of the Ogoni peoples' various rights including right to health, food, shelter and housing. Therefore, it is submitted that the states in Africa have an obligation also to ensure that trans-national corporations and other business enterprises comply with the obligation enshrined in principle/norm 13 above as it represents the global common objective for achievement.

#### 4.5 Conclusion

The right to health is of primary importance to the existence of humanity. It was observed by the Supreme Court of India in *Paschim banga Khet Samity v. State of West Bengal* that, in a welfare State the primary duty of the government is to secure the welfare of the people and that the preservation of human life is of paramount importance.<sup>159</sup> States in Africa are bound by international human rights law. Even though socio- economic rights are not provided for in most African Countries Constitutions in a justiciable manner with the exception of few Constitutions such as that of South Africa, almost all African states have constitutional provisions guaranteeing right to life, (not to mention public health legislation) which cannot be protected without protecting a right to health thus its realisation is indispensable.

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<sup>158</sup> (2001) AHRLR 60 (ACHPR 2001), n 67 above.

<sup>159</sup> Supreme Court of India Case No. 169, Judgement of 6 May 1996.

## Chapter 5 Scrutiny of IPR legal framework for the protection of consumers' right to health: whether in harmony or discord

### 5.1 Introduction

Under this chapter, the TRIPS Agreement will be examined in light of its substantive rules such as those relating to infringement and licensing. Other general rules of trademarks law with bearing to this study will be discussed. These include the protection of unregistered trademark and territorial protection of trademarks. Examples from some African countries will be drawn to show how the IPR protection regime is implemented. This is because the TRIPS Agreement in particular binds all WTO members and provides for minimum standards of IP that all members including African states are to abide to.

### 5.2 Infringement and territorial protection of trademarks

Trademark law is always strict in cases of infringement once the infringement has been established. The discussion in chapter three revealed the harshness of the law on the enforcement of the holder's rights against infringement. However as it was also pointed out the TRIPS Agreement only recognises registered trademarks.<sup>160</sup> In this sense, protection against infringement is only afforded to registered trademarks within a specified territory, normally a country or under regional arrangements.<sup>161</sup> Under the TRIPS Agreement the duration of the protection is 7 years renewable indefinitely.<sup>162</sup> Under the 1999 revised Bangui Agreement to institute the *Organisation Africaine de la la Propriete Intellectuelle* (OAPI Agreement)<sup>163</sup> the scope of trademark is wider than that under the TRIPS Agreement.<sup>164</sup> In the first place, the duration of protection is 10 years renewable indefinitely.<sup>165</sup> While the registration of trademarks under TRIPS is a conditional precedent for protection, under OAPI it is optional. However, states members to the OAPI are allowed the possibility of exceptionally making registration mandatory for specified products.<sup>166</sup> Registration of trademarks in each country is expensive.<sup>167</sup> Therefore logically, a trademark proprietor will prefer to register a mark where there is a potential market for his products or where its unfair exploitation is likely to threaten his or her business. Under the OAPI system registration of a trademark with the regional office is sufficient for its protection in all member countries of OAPI.<sup>168</sup> On the other hand the OAPI's counterpart, the ARIPO<sup>169</sup> deals mostly with harmonisation

<sup>160</sup> However, traditionally, trademark law recognizes unregistered trademarks although the proprietor of unregistered trademark cannot sue for infringement but can sue for passing off. See section 5 of the Trademark Act (Kenya), section 4 of the Trademark Act (Uganda), article 30 of the Trade and Service Mark Act (Tanzania) and section 33 of Trade Marks Act (South Africa).

<sup>161</sup> See articles 16(1) and 52 of the TRIPS Agreement.

<sup>162</sup> Article 18.

<sup>163</sup> The OAPI countries are Benin, Burkina Faso, Cameroon, Central African Republic, Congo, Cote d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Mali, Mauritania, Niger, Senegal, Chad and Togo.

<sup>164</sup> Akonumbo ( n 8 above), 93.

<sup>165</sup> From the date of filing application. Article 19, Annexure III.

<sup>166</sup> Article 1.

<sup>167</sup> N 8 above.

<sup>168</sup> See article 9(1)-(2) of Revised Bangui Agreement and article 8 of Annex III to Bangui Agreement.



of the industrial property laws and corporation generally among English speaking countries of Africa. As of today ARIPO's membership stands at 14 members.

From the foregoing, it is possible where a certain trademark is famous in one country but it is not registered in another country for businessmen in the latter country to exploit it without infringing the proprietor's rights but at the detriment of the consumers.<sup>170</sup> The concept of territorial protection of trademarks is a standard one recognised world wide. For example in the United States of America (USA) the adverse effects of territorial protection of trademarks was considered in the case of *Steele v. Bulova Watch Co*<sup>171</sup>. The case rested in the interpretation of the Lanham Trade-Mark Act of 1946 (Lanham Act) and its broader jurisdictional language.<sup>172</sup> In *Steele*, the defendant was a U.S. citizen dealing in a watch business in Mexico, where he registered a Mexican trademark for BULOVA. The plaintiff watch manufacturer had already registered the BULOVA mark for use on its watches in the USA. The defendant imported watch components to Mexico from Switzerland and the United States, assembled them and stamped BULOVA on the assembled watches. The defendant did not sell his counterfeit BULOVA watches in the USA but they were always purchased by Americans in Mexico and brought back to the USA.

The plaintiff was alerted to the defendant's infringing acts by consumers whose watches had broken, hence filed a suit. The defendant claimed that the Court lacked jurisdiction over the case because the Lanham Act could not extend to acts of infringement that occurred outside the USA, in Mexico the Act being US legislation.

Therefore, the question before the Court was whether Congress intended the Lanham Act to be applied to the facts such as those in this case. The Supreme Court held that the congressional intent for applicability of the Act existed where both parties to the case were American citizens. .

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<sup>169</sup> African Regional Intellectual Property Organisation, established by the Lusaka Agreement which was adopted in Lusaka, Zambia on 9 December, 1976. (<<http://www.aripo.org/articles.php?lng=en&pg=12>> accessed 19 September).

<sup>170</sup> An attempt was made at international level to introduce the Madrid system for the international registration of marks (the Madrid system). The Madrid system established in 1891 functions under the Madrid Agreement (1891), and the Madrid Protocol (1989). It is administered by the International Bureau of WIPO located in Geneva, Switzerland. The Madrid system offers a trademark owner the possibility to have his trademark protected in several countries by simply filing one application directly with his own national or regional trademark office, if the country of origin of the proprietor or region is a member of the Madrid Union. However, for example the OAPI region is not a member of the Madrid system, so are many other African countries. Of the 81 members of the Madrid Union including the European Union only 9 African countries are parties to both the Agreement and Protocol. These are Kenya, Sierra Leone, Sudan, Swaziland, Lesotho, Morocco, Mozambique and Namibia as of 16 July 2007.<sup>16</sup> July 2007.  
(<[http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid\\_marks.pdf](http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf)> accessed on 18 October 2007).

<sup>171</sup> 344 U.S. 280 (1952) in B.J. Witherell 'Trademark law --the extraterritorial application of the Lanham Act: the first circuit cuts the fat from the vanity fair test' 2006 *Western New England Law Review Association, Inc* , 29 W. New Eng. L. Rev. 193, at 205.

<sup>172</sup> The Act defines "commerce" as "all commerce which may lawfully be regulated by Congress" and holds liable "any person who shall . . . in commerce" infringe on the mark of another. As above.

As the result of territorial protection of trademarks, it has been widely documented that African countries are usually used as a dumping place from jurisdictions with stricter safety laws. For example Galenga states that '[i]t is not inconceivable for unscrupulous foreign manufacturers to target the markets of developing countries with products that fail to meet the safety requirements of their home countries, by charging low prices for these products in the importing country'.<sup>173</sup> A research conducted by Braithwaite mentions an example of 'Depo-Provera, an 'injectable' contraceptive drug manufactured by Upjohn'. Due to its dangerous side effects, the Food and Drugs Administration (FDA) in America banned it. The drug has since been exported to a number of developing countries.<sup>174</sup> Galenga also asserts that it is common to find an article bearing a reputable brand being clearly defective in Cameroon. The culprits he mentions in this regard are Nigerian and Asian brands.<sup>175</sup>

A recent case in Tanzania also demonstrates the problem of counterfeit products in relation to trademarks. The Tanzania Fair Competition Commission (FCC) recently burnt 300 cartons of fake KIWI (shoe polish) imported to Tanzania from India that were impounded by the Tanzania Ports Authority.<sup>176</sup> The FCC decided to burn the articles because it was advised by environmentalists that some have chemicals which are human health hazardous. The FCC Director of consumer Affairs and Administration stated that, many local traders took samples of specific products to China where fake brands were manufactured and then sell them in the market at a cheaper price compared to that of original goods. However, the FCC was waiting for the amendment of the law regulating its functions to give it more teeth as fake products was currently a major problem in the country.

When one compares the two scenarios; that of Cameroon and the Tanzanian one, can see some disparities. The Cameroonian description presumes some kind of collusion between trademark owners and local business dealers. For example, Galenga on one occasion asserts that the ingredients or components for such products that are banned in developed countries are separately exported to developing countries where a recombining facility is set up for assembly.<sup>177</sup> The Tanzanian scenario does not bring out that possibility clearly. For example, the FCC official said, for FCC to differentiate a counterfeit from the original product it collaborates with the manufacturer's representatives of a specific product. Both scenarios pose a question as to whether there could be no any agreement or license between dealers (proprietors) in trademark-producing

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<sup>173</sup> S. D. Galenga 'Strict liability for defective products in Cameroon? Some illuminating lessons from abroad' *Journal of African Law*, 48, 2 (2004) at 253-4.

<sup>174</sup> J. Braithwaite, *Corporate crimes in pharmaceutical industry*, Routledge and Kegan, 1985, 258 in S.D. Galenga (n 173 above), 254.

<sup>175</sup> As above.

<sup>176</sup> 'Bulk of Kariakoo imported goods fake' *The Guardian* (Tanzania) 12 September 2007. <<http://www.ippmedia.com/ipp/guardian/2007/09/12/98241.html>> (accessed 12 September 2007).

<sup>177</sup> Galenga, n 173 above.

country to the dealers in a trademark receiving or using countries, the vast majority of the latter which are most African countries. That is the consideration under the succeeding part.

### **5.3 Licensing: quality control and non exclusive licenses**

It was mentioned earlier that trademark law allows licensing of trademarks. This could be exclusive or non exclusive license. The license could be for manufacturing, importation or even assembling the components of a particular brand. What matters is that a particular brand is put to use for gain. Article 21 of the TRIPS Agreement provides that members may determine conditions of licensing trademarks. Article 40 of the TRIPS warns against licensing practices which may restrain competition thus having adverse effects on trade and hence impeding the transfer and dissemination of technology.<sup>178</sup> However, the Agreement encourages member to adopt measures for the prohibition of abuse of IPR. The measures that may restrain competition or impede transfer of technology are not specified. It will be recalled however, that organisations like AIPPI consider certain licensing conditions to constitute inappropriate measures. Such measures were pointed out to include: nullifying a licence agreement when it leads to misleading consumers, a requirement that goods of licensee should have the same quality as those of licensor, a rule imposing an obligation in every case, for the licensee to include, on the products, a notice stating that the trademark is used under license and the examination of license agreements by the trademark office as to the question of their misleading the consuming public.<sup>179</sup> It is submitted that since the inappropriate measures are not specified in the TRIPS Agreement it is very likely that organisations like the AIPPI are likely to bring up these arguments to the TRIPS dispute settlements forum set up under the TRIPS Agreement itself.<sup>180</sup>

In one WIPO Publication it was argued that some few national legislation provide for quality control in cases of licensing agreement for use of trademarks.<sup>181</sup> However, the WIPO Publication argues further that it serves no purpose as far as consumer protection is concerned if such control provisions are included in the licensing agreement while their enforcements are not found under the law in the states concerned. Indeed as it can be observed from a recent legal document; the TRIPS, such rule requiring a licensor to control the licensee as to the quality of products traded under the former's trademark is not mandatory or barely non existent. This was also confirmed by Dr Edward Kwakwa, WIPO Legal Counsel through an email<sup>182</sup> that such a rule for quality control in licensing agreement does not exist in the legal regime of IP in particular trademarks. However, some domestic law provide for that requirement. Section 44(1) of the Tanzania Trade and Service Marks Act<sup>183</sup> provides as follows:

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<sup>178</sup> Article 40(1).

<sup>179</sup> See n 32-33 above.

<sup>180</sup> See article 63 and 64 of the TRIPS.

<sup>181</sup> WIPO (n 6 above), 88.

<sup>182</sup> With the researcher on file dated 31 May 2007.

<sup>183</sup> Act No. 12 of 1986.

44.-(1) A licence contract shall be invalid in the absence of relations or stipulations between the registered proprietor of the trade or service mark and the proposed registered user, ensuring effective control by the registered proprietor of the quality of the goods or services of the proposed registered user in relation to which the trade or service mark is to be used.

Yet, the Tanzanian law does not provide for any enforcement mechanism to make this rule effective. As pointed out in the WIPO Publication, the proprietor may include such a provision in the licensing agreement just to secure registration and yet not implement it. To the contrary, the Ugandan<sup>184</sup>, Kenyan<sup>185</sup> and South African<sup>186</sup> trademark legislation do not make a requirement to control quality of products traded under a licensed trademark mandatory. The three legislation mentioned here, just refers to a level of control without specifying whether it is control in respect of quality of goods or not.

However, both the Ugandan and Kenyan laws (sub-sections sections (8) (c) (i) of articles 30 and 31 respectively provide that the registration of a person as a registered user may be :

cancelled by the Registrar on the application in writing in the prescribed manner of any person on any of the following grounds—  
(i) that the registered user has used the trade mark otherwise than by way of the permitted use, or in such a way as to cause, or to be likely to cause, deception or confusion;<sup>187</sup>

These provisions though not clearly couched offer some basis for a consumer to apply for cancellation of a licensed trademark if it causes or it is likely to cause deception or confusion. However in the former case referring to using the mark otherwise than by a permitted use, it depends on whether the condition to comply with product quality of the proprietor was included in the licensing contract. This is because the application for cancellation of registered use that can be brought by any person under the first limb is limited to challenging the permitted use.

Moreover all of the five legislation reviewed here permit either expressly or impliedly the non exclusive licenses.<sup>188</sup> It is submitted that the existence of non exclusive licences amidst the weak quality control laws adds salt to the wound.

## 5.4 Conclusion

This chapter attempted to discuss the legal regime of the IPR and how it has been implemented in domestic and regional legislation based on some African countries trademark legal framework. It has been observed that the enforcement of trademark protection is not sufficient protection of

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<sup>184</sup> See article 30 of the Uganda Trademarks Act, Chapter 217. The content of the Ugandan Act on registered users is in *parimateria* with the Kenyan Act under section 31(4)(a). (See the Trade Marks Act (Chapter 506) (as last amended by the Trade Marks (Amendment) Act, 1994).

<sup>186</sup> See section 38 of the South African Trade marks Act No. 194 of 1993 as amended by Intellectual Property Laws Amendment Act No. 38 of 1997.

<sup>187</sup> See section 30(9)(c)(i) of the Ugandan Trademark Act and section 31(8)(c) (i) of the Kenyan Trademark Act (n 184 above).

<sup>188</sup> See Tanzania, Kenya, and Uganda sections 44(2), 31(4)(a) and 30(5)(a) (n 160 above) as well as article 29 of Annex III to the Bangui Agreement respectively.

consumers' interests due to the nature of trademark itself including the principal of territorial protection and the recognition of unregistered trademarks, the latter which do not enjoy protection against infringement. On the other hand, licensing provisions are coached in such a way as not to create barriers to international trade for the benefit of IPR owners and not for consumers.

## **Chapter 6 Conclusions and recommendations**

### **6.1 Conclusions**

The central research question that was set fourth to guide this study was: 'Does international and domestic law in Africa sufficiently safeguard consumers' right to health in relation to trademarked products in Africa?'. This question has been answered in the negative based on the evidence born by this research. This may be due to the IPR regime which is couched focussing on IPR owners interests without considering those of consumers. Moreover, the overemphasis on trade particularly free flow of goods and services contributes to a large extent to the adoption of laws and regulations that are somewhat consumer interest blind. It has also been born by this research's findings that the states in Africa have failed in their obligation to fulfil, respect and promote the right to health. As the result of these failures, the peoples of Africa have suffered many injuries particularly those relating to their health including deaths, developing other diseases such as cancer and so on. From the foregoing the following recommendations are made.

### **6.2 Recommendations**

Firstly, the consumers individually and through consumer associations should be afforded *locus standi* in trademark litigation including entitlement to file opposition for the registration of a mark which is likely to cause confusion.

Secondly, while It is appreciated that maintaining exactly the same quality of products as the original may limit access to those goods due to low purchasing power of consumers in Africa the following suggestions are made to mitigate the impact of misleading licensed trademarks. First the licensing contracts should include a provision for quality control for the acceptable standards of respective country. Secondly, those traded under license should include a notice of their being traded under license so that consumers may be conscious of the possible difference of quality as compared to the original ones. And thirdly, where an acceptable standard of quality is not complied with the license should be cancelled. This should be capable of happening including, upon the consumers and their associations bringing complaints to courts or trademark registration offices whichever is preferred.

Thirdly, as to the question of territoriality African states should encourage regional registration of trademarks. Even though the trademark may not be registered the business involving such a trademark must be registered. Therefore when registering the business the registration office should cooperate with the trademark protection system to know whether the proposed unregistered trademark is used somewhere else or not, assess the likely deception impact on the consumers and recommend appropriately. For example the office can recommend as in the first case that the trader is not the proprietor of the unregistered mark and impose a requirement cooperating with the

standard regulating authority to ensure that standards are maintained. In this case the business registering authority will be required to conduct international search or it may include it as a condition for the application of business registration for public interests.

Fourthly and lastly African states should introduce strict liability legislation in the domestic system as it was adopted in the United Kingdom.<sup>189</sup> This is because traders are always powerful both technically and economically as compared to consumers. The manufacturer or trader who sells a defective product fraudulently using a reputable brand to attract consumers into buying his product and pays damages in consequence, can recover the cost of compensation through economies of scale or through insurers. Such a law will have deterrent effect and ease prosecution since it is difficult for consumers to adduce evidence relating to qualities, including chemical contents. These efforts can culminate at regional level by adopting a Consumer Protection Protocol to the African Charter.

(Word count: 17,979 including footnotes but excluding bibliography, table of contents and indexes)

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<sup>189</sup> The protection culminated at the regional level through the European Product Liability Directive and was implemented in the UK by the Consumer protection Act, 1987. (See Galenga n 173 above).

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