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[*] The views and opinions expressed in this paper are those of the author and not necessarily those of the World Intellectual Property Organization (WIPO) or its Member States.

Introduction

It is a great honour and privilege for me to be invited to address this Advisory Committee on Enforcement. The Department Trade and Industry (the dti) and people of South Africa are grateful to be part of this occasion and of the existence of the Committee and are hoping that it will play a significant role in enforcing IP rights. This session comes at a time when the people of South Africa have joined together to celebrate 12 years of democracy. Thus to be part of today's Third Session on Enforcement ought to be seen as a double celebration.

The trade in counterfeit products results annually in huge losses to most industries that might eventually cause industries to collapse and legitimate business to fall into the hands of the criminals. In a recent survey commissioned by the Department of Trade and Industry, it was found that during the period 2001 –2005, the total number of all suspected counterfeit goods seized by all law enforcement agencies was more than 20 million items, with a combined value of more than R 1 billion. Only just more than 1 million of theses items were not declared to be counterfeited goods. All of this strangles the economy and results in job losses, loss of taxes and the further burdening of the socio-economic development in South Africa. The responsibility to balance the protection of legitimate businesses with the responsibility towards consumers will always be that of Government.

The Trademarks Act is aimed exclusively at regulating the law relating to trade marks in South Africa and provides inter alia, definitions on the nature and functions of trademarks, requirements for registration and the ambit of protection afforded to registered trademarks. In addition to the protection afforded under this Act, the proprietor may also rely on the law of copyright, patents and designs as well as the common law remedies of passing off and unlawful competition in order to protect against the unlawful use of its intellectual property. As a result, trademarks should not be viewed in a vacuum, but rather in conjunction with other intellectual property rights that may be available to the trademark proprietor.

Section 33 of the Trademarks Act provides that no person shall be entitled to institute any proceedings under section 34 in relation to a trademark not registered under the Act provided that nothing in the Act shall affect the rights of any person at common law, to bring an action against any other. It is therefore a requisite that a trademark must be registered in order for there to be an infringement proceedings. This section confirms that the registration of a trademark does not affect the rights that the party may have in order to bring an action based on the passing off and unlawful competition under common law.

In addition to the protection afforded under the Trademarks Act, the Counterfeit Goods Act no 37 of 1997 (CGA) was promulgated to enforce and protect intellectual right holders against acts of counterfeiting and piracy and implements the Trips enforcement requirements. The CGA enables the owner of certain intellectual property rights or any other person with an interest in the protected goods, including the licensee, importer, exporter, distributor and/or a duly authorized attorney or agent, to obtain legal relief speedily and efficiently against persons involved in counterfeiting or piracy on either a criminal or civil level. In accordance with Trips, the CGA only relates to copyright, trademark and certain marks under our Merchandise Marks Act

The dti is responsible for creating and maintaining regulatory systems that provide transparent, efficient and coherent regulatory services for business and access to redress for

investors and inventors, consumers and small businesses. This is achieved through the Office of Company and Intellectual Property Enforcement (OCIPE). It needs to be mentioned that OCIPE has three functional directorates that are responsible for enforcement, namely,

- Education and Capacity Building
- Investigations, and
- Monitoring and Complaints

Apart from being the custodian of the legislation, the dti also performs an enforcement function and has inspectors that are appointed in terms of the Counterfeit Goods Act. In order to rely on the provisions of the CGA, the counterfeit goods must infringe either a trademark, which is registered in South Africa, or a copyrighted work and/or the counterfeit goods must contain a prohibited mark. Therefore, in order to ensure that IP right holders can effectively combat counterfeiting in South Africa, it is therefore necessary to ensure that their trademarks are registered in South Africa. Owners of Intellectual Property Rights may approach the dti, South African Police Service (SAPS) or South African Revenue Services (SARS) Customs official for assistance should they be of the opinion that those rights are infringed. Counterfeit products are mostly imported and therefore SARS Customs officials play a significant role in keeping the counterfeits away from our South African ports (including sea and airports), streets and shops.

Information on activities to raise awareness of decision-makers

South African decision-makers receive extensive training from the WTO on trade related matters. For example, the Trade and Industry Portfolio Committee on IP attends training at the WTO and are well versed with trade related matters.

In addition to this the Deputy Minister of Trade and Industry responsible for the first economy is responsible for international trade and has sound knowledge of IP.

Education of the young generation on IP rights

In an attempt educate the younger generation on the protection of intellectual property, the dti embarks on University outreach programs whereby students and researchers are sensitized on issues of copyright and are instilled with a respect for intellectual property. The dti is in the process of formalizing a co-operation agreement with the Department of Education in order to ensure that IP related subjects are included in academic curricula.

Sensitization of consumers and information exchange to broaden the experience of the judiciary on IP matters

The dti**,** in a bid to establish a focused and strategic intergovernmental approach to the enforcement of IP related matters, is formalizing co-operation agreements with provincial consumer and economic affairs offices, which falls under the Department of Finance.

OCIPE produces information in the form of training manuals, brochures pamphlets and other publications for public dissemination. Regular workshops and information sessions are held with the public in order to sensitize them of the dangers of purchasing counterfeit products. The co-operation agreement with the Department of Finance, has so far resulted in workshops being held with provincial consumer affairs offices and targeting consumers at grassroots levels through community policing forums. The rationale behind these workshops is to ensure

that consumers spearhead the fight for IP rights. The dti is strongly of the view that in order to curb the incidences of counterfeit products, one should begin by destroying the market for counterfeit goods. This can be done only by sensitizing consumers.

The dti is also forging co-operation agreements with the Departments of Health and Science and Technology in respect of the pharmaceutical industries and patents. These governmental departments have shown a keen interest in partnering with our office to curb IP related crimes.

The Office is also responsible for the training and education of the judiciary which includes judges, magistrates as well as the prosecuting authority. The relationship with the judiciary has worked very well in that the inspectors, prosecutors and magistrates work together with the police and customs officials. This has led to speedy finalisation of cases. For instance this is evident in the landmark case of State v Ferhard Mohamed wherein the Pretoria Specialised Commercial Crime Court sentenced Mr Mohamed for dealing in counterfeit goods, to 18 months imprisonment or alternatively the payment of a fine of R90 000, with a further 18 months imprisonment suspended for five years. The Justice College has since included intellectual property into its curriculum.

While South Africa does not have a dedicated court to hear IP related cases, certain judges are known to have developed expertise in hearing IP cases. In an effort to broaden the judicial and magisterial expertise in the field of IP, the office engages in specialized training programmes for members of the judiciary, namely, the prosecutors and magistrates.

Capacity-building and educational programs to enhance the skills of customs and police officials in the area of enforcement of IP rights

The dti is also responsible for the implementation of policies and legislation by strengthening the capacity of enforcement role players through information sharing and training. In terms of the CGA three enforcement agencies, being the Police, Customs officials as well as the dti share enforcement responsibilities.

OCIPE produces information materials for internal and external stakeholders and for the broader public. This information material is also used for marketing the work of OCIPE in conferences, seminars and in workshops. The directorate also builds the capacity of regulators. It sensitizes the different law enforcement agencies on the importance of enforcing the relevant legislation and to a common understanding of what information should be obtained by and provided to the various enforcers for successful enforcement through workshops and by providing the enforcers with necessary training material.

This office has a mandate to enforce the provisions of the CGA in response to the enforcement provisions contained in part 3 of the Trade Related Agreement on Intellectual Property Rights (TRIPS). The target groups for this directorate are law enforcement agencies such as SAPS, SARS, NPA, Magistrates and other stakeholders including paralegals.

The Education and Capacity Building Directorate of OCIPE represents the dti on the stakeholder organizations involved in education and capacity building and is responsible for strategizing and co-coordinating the efforts of all governmental enforcement agencies under the Counterfeit Goods Act.

As mentioned above, through the work of OCIPE, it has become apparent that there is a need to develop a detailed training manual on the CGA for all our enforcement role players. The content we have developed is needs-driven and is largely based on practical experience gained through enforcement of the Act. The training manual is used as a tool to train enforcement agencies in order to increase their knowledge about the Counterfeit Goods Act. Furthermore, the manual has become the cornerstone of enforcement of Intellectual Property Rights. The training manual addresses the specific needs of the different role players and recognizes prior learning.

The manual's main objective is focused on training of inspectors in procedural and other issues as outlined in the Act. Inspectors are authorized officials appointed by the Minister of Trade and Industry to search and seize suspected counterfeit goods. The CGA is complaints-driven and inspectors act on complaints and information received from whistleblowers regarding IP. This ladies and gentlemen has led to uncovering of big consignments of counterfeit goods and to prosecutions. Although these inspectors come from three government institutions their roles and responsibilities when it comes to the enforcement of IPR in term of the CGA are similar.

The CGA created the employment of depot managers whose roles and responsibilities are included in the content that will be provided. The manual should be designed in such a way that it is available in hard copy and in an electronic format. It must also be in a format that it could be changed and amended to keep it current, updated and relevant.

OCIPE has also pushed the boundaries and/or the frontiers and has included non-governmental organizations such as paralegals and community policing forums. The rationale behind this is to make people at grass roots level aware of the dangers that counterfeiting has towards our economy and how it affects employment, contributing to unemployment, and the dangers of buying counterfeits to their health. For example there are reported cases of ill health caused by toxic toys and counterfeited medicines.

Impact of Counterfeiting on South African Economy

Protecting IPR and combating Intellectual Property Crime (IPC) is an underpinning factor for economic growth. Often large and well-resourced syndicates engage in the production and distribution of counterfeit goods. Such syndicates then prey on the socio-economic vulnerabilities of the in formal sector in that it is the informal sector that is usually used to distribute counterfeit goods. The sale of counterfeit goods on the streets and flea markets evidences this. In developing countries the informal economy has expanded with globalisation, and represents a significant level of economic activity, hence one may find counterfeit goods freely available within the informal sector.

Challenges facing the enforcement of the Counterfeit Goods Act

While South Africa has a very progressive CGA, the Act does contain certain provisions which may hamper or obstruct the efficient enforcement of IP rights.

The Act contains certain prescriptive time periods, for instance the Act provides that the complainant must lay a criminal charge within three days of receiving a notice of seizure by the inspector. Failure to accede to this results in goods being released on prescription grounds.

Furthermore the Act provides that goods are to be released if the State fails, within ten days of the date of the notice mentioned , to inform the suspect of its intention to institute criminal

proceedings. In practice these time periods are unrealistic and often the prosecuting authorities require more time in order to decide whether or not there is sufficient evidence to sustain a criminal charge.

These time periods therefore retard the efficacy of the Act.

Another significant challenge relates to the seizure and declaration of machines as counterfeit goods. The Act is silent on whether any machine found within a certain radius or distance of counterfeit goods, may be deemed to have been used for counterfeiting purposes. A proposed amendment of the Act is that such machines, found within a certain distance of counterfeit goods, could be seized and destroyed. We would thereby ensure that they are not re-used for counterfeiting purposes.

In conclusion, South Africa has taken concrete actions to combat counterfeiting and regards it crucial to focus on co-operation agreements with all regional structures on the Continent such as SACU and SADC. The dti believes that a focused continental strategy on IP enforcement is necessary to curb further proliferation of counterfeit goods and urges the international community to take the necessary steps in combating counterfeiting. The dti also encourages all countries to work closely with other international bodies that are involved in fighting counterfeiting such as Interpol.

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