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- 552 Policy Framework for the Protection of indigenous Traditional Knowledge through the Intellectual Property System and the Intellectual Property Laws Amendment Bill, 2008: For public comments.....

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GENERAL NOTICE

NOTICE 552 OF 2008

DEPARTMENT OF TRADE AND INDUSTRY

POLICY FRAMEWORK FOR THE PROTECTION OF INDIGENOUS TRADITIONAL KNOWLEDGE THROUGH THE INTELLECTUAL PROPERTY SYSTEM AND THE INTELLECTUAL PROPERTY LAWS AMENDMENT BILL, 2008

I, Mandisa Mpahlwa, Minister of Trade and Industry, hereby publish the following draft Policy and Bill for public comments.

- (a) Policy framework for the protection of indigenous knowledge through the intellectual property system; and
- (b) Intellectual Property Laws Amendment Bill, 2008

The Bill provides amongst others:

- that the law of trade marks/geographical indications may be able to provide protection of certain names/features associated with traditional knowledge e.g. Rooibos and Honey bush tea;
- that a National Council consisting of experts on traditional knowledge must advise the Minister and the Registrar of intellectual property on traditional intellectual property (TIP) rights;
- that communities may form business enterprises such as collecting societies in order to administer their traditional intellectual property, as well as commercializing such TIP;
- that such business enterprises may enter into licensing agreements (commercialization of TIP) with third parties;
- that other rights in the copyright regime should preferably also be subjected to "collective management of copyright regime".

The Policy uses the words "traditional knowledge" and "indigenous knowledge" interchangeably, but the two expressions have different meanings nationally and internationally.

Interested persons may submit their comments on the Policy and the Bill to the following address:

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Attention: MacDonald Netshitenzhe

The closing date for the submission of comments is **15 June 2008**



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

The Protection of Indigenous Knowledge through the Intellectual Property System

A Policy Framework

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1. INTRODUCTION

Purpose of this document

The Indigenous Knowledge Systems (IKS) Policy, adopted in November 2004, was the result of an interdepartmental effort to create a guide for the recognition, understanding, integration and promotion of South Africa's wealth of indigenous knowledge resources. One of the areas of action identified by the policy is the protection of indigenous knowledge, and the holders of such knowledge, against exploitation. This will also include ensuring that communities receive fair and sustained recognition and, where appropriate, financial remuneration for the use of this knowledge.

The purpose of this document is to present the findings and recommendations of **the dti** with regards the use of **intellectual property** as a tool for protecting indigenous knowledge systems. It is the framework for a proposed Protection of Indigenous Knowledge through Intellectual Property Policy, hereinafter referred to as the IP Policy for ease of differentiation.

This framework will describe how the various forms of the South African intellectual property system - trademarks, geographical indications, patents, designs and copyright - can be used to protect traditional knowledge systems. It also makes a business and economic case as to why there is a need to protect and commercialise issues pertaining to traditional knowledge systems. Finally, it makes conclusions and recommendations on how best to implement this protection, including the amendment of intellectual property legislation to bring it in line with the objectives of the IKS Policy and the contents of this latest policy framework.

Background to the IKS Policy

In 1999 the then Department of Arts, Culture, Science and Technology approached Cabinet to formulate a policy on indigenous knowledge systems. An interdepartmental task team embarked on what turned out to be a complex process of consultation and research which took a lot longer than anticipated. However, the result was a policy which encompassed a wide scope of actions and recommendations pertaining to indigenous knowledge systems, including, *inter alia*, integration of IK into the national education, research and development systems, proposed administration of IK systems, institutionalisation, funding and legislative imperatives.

The Indigenous Knowledge Systems Policy was adopted by Cabinet in November 2004. Since then, various departments have been tasked with developing policies and legislative amendments that will support the objectives of the IKS Policy.

International practice in protecting IKS

The use and exploitation of traditional knowledge by other nations has become a topic of discussion at many international forums. Developed and developing countries alike have engaged in debate and concluded agreements which include the protection of indigenous knowledge. Intergovernmental organisations such as UNESCO, WIPO, WTO, UNEP and UNCTAD have opened debates on the possible protection of indigenous knowledge, referred to in the Policy as traditional knowledge (TK), using intellectual property systems.

Led largely by debate from developing nations, UNESCO formulated the Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions and this has been adopted recently by the member states.

Unfortunately, negotiations at the WTO around amendments to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) surrounding traditional knowledge have collapsed. Article 27(3)(b) of TRIPS empowers member states to consider protection of traditional knowledge using intellectual property systems. During discussions on the review of the TRIPS Agreement at Doha, Qatar, developing countries proposed amendment of article 27(3)(b) to cater for the protection of the use of traditional knowledge that leads to an invention. Developed nations are opposed to this, leading to the collapse of negotiations. WIPO has established an Intergovernmental Committee (IGC) to initiate discussion on the protection of traditional knowledge, genetic and biological resources and folklore using intellectual property systems. Although treaties that can protect these issues are under discussion, many developed nations are opposed to formulation of such treaties and negotiations are on the verge of collapse.

United Nations Environment Programme (UNEP), which is the custodian of the Convention on Biological Biodiversity (CBD), has requested WIPO, WTO and FAO to consider protection and benefiting of local communities that have contributed to an invention or intellectual property development. WIPO convened the ICG mentioned above and UNCTAD has voiced support, emphasising the economic value of traditional knowledge systems.

Regional organisations such as the Asia and Pacific and the African Union have started to issue treaties and conventions regarding the regulation of traditional knowledge. Member states of these regions are legislating accordingly.

The Protection of IKS locally

Against this international backdrop, and considering the systems and processes available locally, the IKS Policy identified that there are various means of protecting indigenous knowledge in the South African context. These would include the intellectual property system, databases, *sui generis* laws (laws of a special kind) and registers.

However, these systems fall under different departments and care must be taken to ensure that issues that are crosscutting in nature are dealt with in a cohesive manner. For example, genetic issues should be protected in terms of both the patent system and environmental legislation.

All participating departments agreed that each should initiate legislative amendments based on the IKS Policy. For example, **the dti** initiated amendments to the Patents Act, 1978, now the Patents Amendment Act, 2005 and DEAT initiated amendments to the Biodiversity legislation (Biodiversity Act, 2004).

the dti is proud of the fact that the Patents Amendment Act, 2005 is being used at the WTO and to a certain extent at WIPO as model legislation in this regard.

Although patents have been considered and adapted to the IKS Policy, **the dti** must now explore the appropriate use of remaining IP tools, namely trademarks, copyright, designs and geographical indications to protect and commercialise traditional knowledge.

This IP Policy framework therefore deals with the protection of traditional knowledge using the orthodox intellectual property system. It must however be pointed out that in many circumstances, the IP system is not the best vehicle for the protection of traditional knowledge, particularly if not adapted or used in conjunction with other mechanisms.

PROBLEM STATEMENT:**Use of Intellectual property to protect indigenous knowledge*****Limitations of the IP system***

There are essentially two main concerns with regard to the protection and commercialisation of traditional knowledge in South Africa using the intellectual property system:

The current intellectual property system allows individuals to protect their inventions and intellectual property rights, but does not allow communities to collectively protect their knowledge in all areas; and

In those areas where collective intellectual property registration is possible, communities are not exercising their rights.

As a result, in both South Africa and internationally, traditional knowledge is not generally protected using the intellectual property system. However, the intellectual property system has been protecting traditional knowledge using geographical indications in the area of wines and spirits exceedingly well.

Misappropriation of indigenous knowledge using the IP system

Even though the intellectual property system is limited, in the absence of its protection, other users are "poaching" or "misappropriating" indigenous or traditional knowledge under the auspices of intellectual property. In other words, they are using the IP system to register ownership of an idea without appreciating or benefiting the holders of any pertinent traditional knowledge.

The traditional knowledge holders are disadvantaged economically and socially without protection and the country is disadvantaged economically if no immediate protection is afforded. The pharmaceutical and agricultural industries are major contributors to the economy and if there is no protection of traditional knowledge, the locals and the country are the major losers.

Whilst the largest threat in this regard is from foreign sources, unfortunately, "poaching" of traditional knowledge also takes place at national level by local companies and research institutions.

International resistance

Internationally, developing countries and least developed countries support the use of intellectual property to protect traditional or indigenous knowledge. Developed countries, however, are not in favour for this approach, possibly due to the fact that multinational pharmaceutical companies from these countries are the greatest "poachers" of traditional knowledge from their developing counterparts. As mentioned above, many developed countries do not support treaties and debate which will lead to the protection of traditional knowledge at international forums such as WTO and WIPO. Some of them, including the United States are also not members of the Convention on Biological Biodiversity (CBD), which encourages the protection of traditional knowledge through the IP system.

Benefits of using IP to protect traditional knowledge

Various sectors would immediately benefit from the adoption of the IP Policy to protect traditional knowledge:

Culture

Laws of copyright, designs, trade mark and geographical indications may be used to protect indigenous culture. Designs unique to South Africa, for example, could be protected using the laws of design. There is a need for aggressive marketing of these products and there should be market access.

Pharmaceutical and chemical sectors

These sectors work closely with genetic, chemical and biotechnological resources in formulating inventions. Local communities are also involved and benefit-sharing arrangements may be entered into in terms of the Patents Amendment Act, 2005.

Agriculture

The agricultural sector also hinges on biological diversity. If indigenous knowledge is used in securing patents, protection and befitting of the local communities may take place under the law of patents. Geographical indications may be used to protect and commercialised names of both plants and animals that are peculiar to geographic areas, e.g. Nguni cattle.

Medical or health sector

Traditional medicines are being used as complementary medicines in the health sector. Traditional healers may use the laws of trade secrets or patents to protect and

commercialise this traditional knowledge. Benefit-sharing agreements would assist in this regard.

South Africa is rich in diversity and there is a need to update its laws, including the intellectual property laws, in order to protect this diversity. The most important reasons why TK should be protected at a commercial scale are to assimilate the TK holders into the mainstream of the economy through providing a fair environment for all role players.

Special concern:

Agricultural biodiversity is not catered for in the possible protection of traditional knowledge using the IP system. There is a need for the National Department of Agriculture to amend its legislation like the Plant Varieties Act to be in line with the CBD and Food and Agriculture Organisation (FAO) approaches. This means that TK associated with plant varieties should be protected using international treaties (e.g. UPOV). Equally, the Plant Varieties Act can be amended to complement both the Biodiversity Act and the Patents Amendment Act, 2005. This can be done without ratifying the ITPGR or UPOV 1991.

3. Objectives

What can be achieved by the IP Policy

The purpose of the Protection of Indigenous Knowledge through Intellectual Property Policy is to argue for the protection of traditional knowledge using the present system of intellectual property. Thus far, the IP has not been used to protect traditional knowledge but has in fact been used to usurp traditional knowledge, without any benefit to the knowledge holders.

Note:

While this policy demonstrates the possibilities of protecting traditional knowledge using the IP system, it does acknowledge that there are other systems that protect traditional knowledge very well, e.g. trade secret and *sui generis* laws that may be crafted under other departments.

The objectives of using the IP system to protect traditional knowledge would be:

3.1 To improve the livelihoods of traditional knowledge holders and communities

Indigenous peoples depend on traditional knowledge for their livelihoods and well-being and so they can manage and exploit their local ecosystems. Local communities also depend on traditional medicines for their primary health care. If traditional knowledge is protected and commercialised, individuals, communities and national economies will benefit.

3.2 To benefit national economies

Traditional products such as handicrafts, medicine, agricultural products and non-wood forest products (NWFP)¹ are traded locally and internationally and provide substantial benefits for the exporter country. Internationally, NWFP trade alone generates around US\$11 billion per year.

Traditional knowledge is also used as an input into industries such as pharmaceutical, botanical, cosmetics, agriculture and biological pesticides. The market value of plant-based medicines is in the hundreds of billions (US\$) per year. And the value added globally to rice yields by use of land races is estimated at US\$400 million per year. South Africa is rich in similar trends and it is up to us to quantify benefits for the individual, communities and national economy. For this reason alone, South Africa should proceed in protecting and commercialising traditional knowledge using the IP system.

¹ Examples of NWFP include products used as food and food additives (edible nuts, mushrooms, fruits, herbs, spices and condiments, aromatic plants, game), fibres (used in construction, furniture, clothing or utensils), resins, gums, and plant and animal products used for medicinal, cosmetic or cultural purposes.

3.3 To conserve the environment

Traditional farming methods by nature ensure the protection of the environment upon which they depend. Land races, rotation of crops and other methods not only protect the land, but in fact increase harvest yields.

3.4 To prevent bio-piracy

Bio-piracy refers to either:

the unauthorised extraction of biological resources and/or associated traditional knowledge (usually from developing countries); or

the patenting, without compensation, of "inventions" based on such knowledge or resources.

The failure to recognise and compensate for intellectual property contributions, past and present, of traditional communities is a form of intellectual property piracy.

3.5 To provide legal protection

In South Africa, as in other developing countries, there is no legal redress that addresses either the protection or commercialisation of traditional knowledge and no legal instruments that deal with collective ownership of traditional knowledge or benefiting traditional knowledge holders. As a result, issues of economic, social and socio-economic development cannot be addressed.

Approval of this policy should result in a review of IP legislation. There is also a need for **the dti** to play an advocacy role with a view to influencing other departments to effect similar legislative reviews in their areas of authority.

4. DISCUSSION:

Various intellectual property tools in the protection of indigenous knowledge

Each of the tools of intellectual property which may be used to protect traditional knowledge has different benefits and shortcomings. It is not enough to say that the IP system can protect traditional knowledge, rather each tool has been examined in terms of this unique set of new circumstances. The following gives a brief overview of the findings:

4.1 Patents

Nature:

A patent is a set of exclusive rights granted by the government to a person(s), usually with regard to an invention, for a fixed period of time. In South Africa, a patent's lifespan may range from fifteen to twenty years.

TK protection:

If an invention took place because using knowledge of local peoples, then the following must occur:

There must be a disclosure of the origin of indigenous genetic/biological resources;

There must be a disclosure of traditional knowledge;

There must be a prior informed consent of the indigenous peoples;

There must be benefit-sharing agreements; and

There must be co-ownership of the patents (where applicable).

Benefits / shortcomings

Patents are one of the best IP tools for protecting traditional knowledge as the scope for ownership and commercial sharing is great. The only significant shortcoming is the limited time frame, which does not allow for perpetual benefits to the knowledge holders.

Recommendations

There is no need for legislative changes as Parliament has already passed the Patents Amendment Act, 2005 in order to cater for the protection of traditional knowledge.

It is incumbent on South Africa to influence other developing countries to also legislate in this regard. If China, the African and Asian regions legislate in this area, international forums such as WIPO will be forced to formulate a treaty in this regard. These regions are the richest in biodiversity and any dealing with them should be in their terms.

4.2 Trademarks***Nature:***

A trademark is a brand name, a slogan or a logo used to distinguish goods and services of one trader from another. The lifespan of a trademark is ten years and can be renewed indefinitely.

Benefits / shortcomings

Trademarks may well be used to protect culturally recognised names or symbols, since the lifespan of cultural names or symbols is perpetual in nature and trademark law can accommodate this scenario.

Certification marks (a form of trademark) can be used to certify that a product is made in a manner which has certain characteristics which are as a result of the efforts of an indigenous group, e.g. the process of growing and processing Rooibos tea.

Collective marks are owned through associations or authorities that are mostly semi-government institutions and permission must be obtained to use such a mark. Collective marks are used effectively in the wine and spirits industries of South Africa, Chile, Peru and

France. Other countries such as Greece and Bulgaria are using collective marks in other agricultural products.

Recommendations

Government should encourage the Rooibos industry to trade mark Rooibos tea and market it accordingly. Rooibos tea brings a lot of revenue to small farmers via exports.

4.3 Geographical Indications (GIs)

Nature:

A geographical indication is a sign used on goods that have a specific geographical origin and process qualities or reputations that are due to their place of origin. If a connection between the goods and a geographical area can be established, a GI can be claimed to distinguish the goods and the protection will be perpetual. A collective trade mark may sometimes qualify to be a GI.

TK protection:

The examples of Rooibos tea and wines given above are illustrative of products which can be protected using geographical indications. Internationally, there are numerous examples of crafts and other traditional knowledge that has been protected by GIs, including Talavera de Puebla (pottery hand-made in the town of Puebla, Mexico), Jablonec Crystal Ware \Jablonec Jewellery (from the region of Jablonec and Nison, Czech Republic) and Modranska Majolica (hand-painted pottery made in the town of Modra, Slovakia).

Benefits / shortcomings:

Unauthorised parties may not use GIs if such use is likely to mislead the public or consumers as to the true origin of the product. Local communities can ensure that their GIs do not become generic by registering them and promoting their use in the public domain. Again, Rooibos tea is a good example of a GI that is fast becoming generic due to a lack of protection as a GI or a collective mark.

A country does not have to follow formalities in declaring certain names to be GIs. This can be done unilaterally without consulting with trading partners. Many countries have compiled

registers of products that they deem to qualify as GIs and are commercially marketing them successfully. In bilateral trade agreements, the countries request that these products should be recognised as GIs. For example, South Africa was asked by France to renounce the use of the name "champagne" with reference to sparkling wines, and by Peru not to allow the use of the word "tequila" in liquor products. South Africa has already conceded to France's request, but has not done so for Peru.

The salient point is that countries (or regional organisations) do not have to wait for an international dispensation. At the WTO level, there is no agreement to have an international register of GIs outside the realm of wines and spirits.

Recommendations:

South Africa should not be afraid to have a legislation that protects GIs and should legislate for the protection of GIs and appellation of origin. Collective and Certification marks under the Trade Marks Act are just starting points. GIs legislation should apply in all areas of products if they comply with the definition. Rooibos and honey bush tea are two excellent examples.

In this regard, South Africa can draw from international instruments such as:

- The Paris Convention for the Protection of Industrial Property, 1883;
- Madrid Agreement for the Repression of False and Deceptive Indications of Source on Goods;
- Lisbon Agreement for the Protection of Appellations of Origin; and
- Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS),

4.4 Industrial Designs

Nature:

Design law protects registered designs, either aesthetic or functional, based on the shape, form, appearance, pattern, ornamentation and configuration of a product or article.

Protection is afforded to aesthetic designs for a period of 15 years, and to functional designs for 10 years.

TK Protection:

Indigenous designs could be protected using industrial design law. However, there are certain factors that should be taken into account if this protection and commercialisation has to take place in a fair manner, as outlined in recommendations below.

Recommendations:

It is recommended that design legislation be adapted to protect TK, with the following in mind:

- Traditional literary and artistic productions must be protected against unauthorised reproduction, adaptation, distribution and performance, including insulting derogating and/or culturally and spiritually offensive use.
- Handicrafts and other cultural goods should be protected using, for example, their "style" (GI, certification and collective marks can also be used). The recent UNESCO convention on the protection of cultural goods is illustrative of this point.
- Prevention of false and misleading claims as to the authenticity or originality and failure to acknowledge source (unfair competition and GI).
- Defensive protection of traditional signs and symbols. A community's secret or sacred place may be protected defensively. The community may also register a symbol or name as a trade mark or design so as to prevent use by third parties. This is called defensive registration.
- An Advisory Board or authority should be established to advise the Registrar regarding traditional names or symbols in order to prevent unauthorised registration. Traditional communities could seek representation in the Advisory Board, based on their area of expertise.

4.5 Copyright**Nature:**

A copyright is an exclusive right given by law for a term of years to an author, designer, etc. for his/her original work. The Copyright Act protects certain classes or categories of original works, including literary, broadcast, artistic, musical etc. For a work to be eligible for copyright, it must be written down, recorded or otherwise reduced to material form. The lifespan of copyright depends on the type of work protected but is usually in the order of 50 years.

Benefits / shortcomings:

Copyright protects only the *expression* of an idea. If a community collectively owns the copyright, there is no limited lifespan of a "copyright owner". Defensive protection, unfair competition, and protection of confidential information may be used to protect copyright of a local community. The holders would allow the right to make reproductions via licensing and as such could obtain continuous payment of royalties. Communities could establish collecting societies or trusts that would administer their collective rights and therefore negotiate and receive royalties for sharing.

Recommendations:

Licensing of traditional knowledge would be more favourable than the deed of sale that is currently under the Copyright Act. Licensing would result in the continuous payment of royalties as opposed to a once-off payment that would result from the sale of the intellectual property. In this regard there is a need to amend the Copyright Act, 1978.

Lessons can be learned from New Zealand and Australia, which are both good examples of countries whose courts use the common law to protect traditional knowledge.

4.6 Contractual Arrangements

Contractual agreements can also be used to protect the traditional knowledge of indigenous peoples. Courts in South Africa, New Zealand and Australia have on a number of occasions protected traditional knowledge through the interpretation of contracts.

Benefits / shortcomings:

Contractual agreements can be set up to allow for benefit sharing. In South Africa an example of this is the agreement between the Khoi and San communities and the Council for Scientific and Industrial Research (CSIR) concerning patents around the patents derived from the hoodia plant using the traditional knowledge of the Khoi and Sans people.

Artists or owners of folklores may license their work to third parties for exploitation and thereafter receive royalties on agreed terms. This is how the saga around the ownership of the song Mbube (folklore of the Xhosa tribe) should have been resolved.

Recommendations:

Developed countries are in favour of traditional knowledge protection through contractual arrangements instead of legislating it through the IP system. However, developing countries, where most of the unprotected traditional knowledge is vested, are of a different view. In South Africa, contractual agreements should not be the primary tool for protecting traditional knowledge and should be applied within the context of a protective IP legislation.

4.7 Trade Secret**Nature:**

Trade secret has been used from time immemorial to protect traditional knowledge and is in fact the traditional means of passing down secret knowledge. Trade secret is a practice which is kept secure within a business or similar entity in order to give an advantage over competition. The recipe for popular products such as Coca-Cola are protected using trade secret.

Benefits / shortcomings:

The disadvantage for using trade secret as a method of protection is that if third parties innocently (by chance) discover the knowledge and its use, the secrecy is no longer in force. However if an internal or an associate person that have a duty to keep the information secret but such a person reveals such confidential information, the trade secret is protected and the knowledge holder has legal recourse.

Recommendations:

Trade secret is perpetual if not discovered innocently by a third party and may thus be the best method of protecting traditional knowledge under most circumstances. However, traditional knowledge holders should be encouraged to use trade secret with caution.

Note:

Traditional healers use mainly trade secret to protect their methods. Health authorities that wish to protect the IP of traditional healers should be careful not to demand disclosure of secrets during clinical trials on traditional medicines.

4.8 Civil and Common Law Principles: Unfair Competition

The principle of unfair competition may be used to protect traditional knowledge. In this regard, article 10 of the Paris Convention is applicable and provides that member states ensure that there is an effective protection against unfair competition in their jurisdictions. Any act of competition contrary to honest practices in commercial matters constitutes an unfair competition. The following in particular are prohibited:

All acts aimed at creating confusion with the establishment, the goods, or the industrial or commercial activities of the competitor.

False allegations in the course of trade aimed at discrediting the competitor.

In terms of traditional knowledge, examples of false and misleading claims would be selling a souvenir item carrying a label falsely indicating that it is "authentic," "indigenous made" or originates from a particular community.

Recommendations:

Unfair competition law, trade practices and labelling laws could be helpful in protecting traditional knowledge from exploitation in this way. Geographical indications, collective marks and certification marks as discussed above may also be helpful. The Rooibos tea example can easily be protected using these principles.

Defensive Protection

Defensive protection is a means of preventing third parties from gaining or maintaining illegitimate intellectual property rights, but does not stop others from actively using or exploiting traditional knowledge.

For example, Shona descendants may prevent the registration of the Mapungubwe rhino and its derivatives as a trademark, but cannot prevent others from using the symbols. The Registrar of trademarks may also protect indigenous names by refusing registration of such indigenous names as trademarks, e.g. "vuvuzela", "mhalamhala", "phalaphala", and "phalafala."

The main focus of defensive protection has been in the patent system where an application is assessed against the so called "prior art", which is the defined body of knowledge that is considered relevant to the validity of a patent.

Recommendations:

There will be both legal and practical considerations in protecting traditional knowledge by means of defensive protection:

Legally, steps must be taken to ensure that the criteria defining relevant prior art apply to traditional knowledge. This would also mean ensuring that orally disclosed information is taken into account since much traditional knowledge is transmitted orally.

Practically, it will be necessary to ensure that traditional knowledge is actually available and accessible to search authorities and patent examiners, and will likely be found in a search for relevant prior art.

The development implications of this issue are that, as the reach of intellectual property extends to the indigenous and local communities, their traditional knowledge will constitute an increasingly relevant body of prior art, the effective identification of which will be increasingly important for the functioning of the IP system. Creation of databases and registers of this knowledge may be helpful.

This will of course mean disclosure to the registers and possible failure to protect the information contained in registers and databases is a cause for concern to owners of the knowledge. The knowledge should not be in the "public domain" and any user should pay a fee and the owners of the knowledge should benefit. Countries such as India and Venezuela have created such registers and toolkits but unintended consequences have resulted. The communities who were supposed to be benefiting are not benefiting at all.

4.10 *Sui generis* Protection

Nature:

Sui generis is Latin for "of its own kind," and is used to describe something that is unique or different. What makes an IP system *sui generis* is the modification of some of its features so as to properly accommodate the special characteristics of its subject matter (traditional knowledge) and the specific policy needs which led to the establishment of a distinct system.

TK Protection:

In an effort to extend protection to traditional knowledge, various countries have adapted existing IP systems to the needs of traditional knowledge holders through *sui generis* measures. These take different forms. For example the Chinese have a team of patent examiners specialising in traditional Chinese medicine.

Several countries have adopted *sui generis* laws for traditional knowledge protection. These include Peru, Costa Rica, Portugal and Thailand. When policy makers seek to develop a *sui generis* system, the following key issues must be considered:

What is the policy objective of the protection?

What subject matter should be protected?

What criteria should the subject matter meet to be protected?

Who are the beneficiaries of the protection?

What are the rights?

How are the rights acquired?

How are the rights administered and enforced?

How are the rights lost or how do they expire?¹

¹ www.wipo.org , Intellectual Property and Traditional Knowledge, Book 2

5. RECOMMENDATIONS AND CONCLUSIONS

It is the strong recommendation of **the dti's** task team that South Africa implement this Protection of Indigenous Knowledge through Intellectual Property Policy and review relevant legislation in order to protect its rich bio-diversity. If the proposed recommendations are implemented, growth and development will be spurred on in numerous areas and sectors, including:

Health

Pharmaceuticals

Biotechnology

Chemical

Agriculture

Environment

Cultural

Research and development Innovation

There is a need for South Africa to be guided by foreign, regional and international best practices, but there is no need for us to wait for the evolution of these practices. The country must implement this Policy to use intellectual property to protect indigenous knowledge, including the review of relevant legislation without delay.

This IP Policy is not the same as the IKS Policy of 2004 but rather is will be important in complementing the IKS Policy of 2004 and there should be a co-coordinated approach by all government tiers its implementation is to be a success.

South Africa should also influence the regional and international regimes in this area. It is not difficult to conclude that there are certain areas where the IP system can best protect TK-based innovations.

Overall Recommendations

In view of the above **the dti** recommends that South Africa should:

Embark on a legislative review based on the IP Policy deliberations;

Have a co-coordinated (departmental) approach when legislating for the protection of traditional knowledge;

Influence member states of the regional trading blocks such as SACU, SADC and others in legislating for the protection and commercialisation of traditional knowledge;

Adopt the IP Policy approach when it conducts trade negotiations and cultural relationship;

Not wait for international solutions in this regard;

Work closely with UNCTAD, relating to the Biotrade Initiative;

Adopt the CBD's approach (see section 6.1), that biodiversity and genetic resources should fall under the sovereignty of government;

Establish a dedicated team to handle crosscutting issues in this area (nationally, regionally and internationally);

Approach the issue of traditional knowledge holistically and evenly, for example not promoting genetic issues at the expense of cultural issues;

Build appropriate capacity for implementing the IP Policy and legislation, including developing negotiation skills of communities, formation of development trusts, establishing national authorities and collecting societies, etc; and

Do a benefit analysis of the traditional knowledge "industry".

Specific sub-recommendations

South Africa should adopt the approach of the Peru Project (see section 6.3) in conducting intellectual property law reviews, negotiating trade agreements and conducting regional and international negotiations.

South Africa should accede to the ITPGRFA (see section 6.1) and related treaties. The Plant Varieties Act and related legislation should be amended accordingly, towards which the dti will play an advocacy role.

Awareness and advocacy programmes of the Policy must be put in place.

Costing of the policy and implementing legislation

No studies on benefits have as yet been conducted in South Africa, but UNCTAD studies can be taken as conclusive in that there are quantifiable benefits associated with traditional knowledge. The benefits to be derived from the implementation of the IP Policy and supporting legislation should outweigh the costs related to the enforcement thereof.

The Policy will also necessitate review of legislation in, *inter alia*, IP, agriculture, environment, health, water and forestry.

Costs benefit analysis of the TK-related industry should be conducted but this should not delay the implementation of the Policy and allied legislation.

Capacity in relation to implementation of the Policy

Capacity can be built around the implementation of the IP Policy and supporting legislation. As a start, cross-functional departmental teams should be formed to monitor and evaluate the effectiveness of the implementation. Capacity-building should then be focused on the following areas:

Establishment of national authorities in relevant departments, e.g. well staffed IP Office, National Biodiversity Office, development trust funds, community trust funds and collecting societies for cultural expressions;

Training of personnel in implementing agencies;

Training of communities to participate in decision-making regarding traditional knowledge; and

Establishment of enforcement agents for the IP Policy and supporting legislation.

Regional formations at SACU/SADC/IBSA may enhance capacity on enforcement of the Policy and legislation.

Effective enforcement of TK policies and legislation will be evolutionary as countries are not yet united on the recognition of traditional knowledge. Developing countries and least developed countries should make an effort to succeed on enforcement of these policies and legislation as commercialisation of traditional knowledge could be the backbone of their economies.

Education and awareness among the public will also assist in effective implementation of the traditional knowledge policies and legislation.

Implementation Strategy

the dti will develop an implementation strategy for the IP Policy including, *inter alia*:

Employing effective communication, such as conducting seminars and workshops to various stakeholders; publishing the Policy in the Government Gazette, Government and **the dti** websites;

Employing advocacy of the Policy at national, regional and international levels; and
Effective legislative review.

INTELLECTUAL PROPERTY LAWS AMENDMENT BILL, 2007

GENERAL EXPLANATORY NOTICE

[] Words in bold type in square brackets indicate deletions from existing provisions

____ Words underlined with solid lines indicate insertions into existing provisions

BILL

To amend the Performers' Protection Act, 1967, so as to amend certain definitions and insert new definitions; to provide for the recognition and protection of traditional performances having an indigenous origin and a traditional character; to provide for the payment of royalty in respect of such performances; to provide for the recordal of traditional performances; to amend the Copyright Act, 1978, so as to amend certain definitions and insert new definitions; to provide for the recognition and protection of copyright works of a traditional character; to provide for the establishment of a National Council in respect of traditional intellectual property; to provide for a national database for the recordal of traditional intellectual property; to provide for the establishment of a national trust and a trust fund in respect of traditional intellectual property; to amend the Trade Marks Act, 1993, so as to amend certain definitions and insert new definitions; to provide for further protection of geographical indications; to provide for the recognition of terms and expressions of indigenous origin and for the registration of such terms and expressions as trade marks; to provide for the recordal of traditional terms and expressions; to amend the Designs Act, 1993, so as to amend certain definitions and insert new definitions; to provide for the recognition and registration of traditional designs of indigenous origin; to create for this purpose a further part of the designs register; to provide for the recordal of traditional designs and to provide for matters incidental thereto.

SCHEDULE OF CONTENTS

Sections 1 – 4	:	Amendments to the Performers' Protection Act, 1967
Sections 5 – 16	:	Amendments to the Copyright Act, 1978
Sections 17 – 26	:	Amendments to the Trade Marks Act, 1993
Sections 27 – 36	:	Amendments to the Designs Act, 1993
Section 37	:	Short title and commencement.

BE IT ENACTED by the Parliament of the Republic of South Africa as follows:–

Amendment of section 1 of Act 11 of 1967

1. Section 1 of the Performers' Protection Act, 1967, is hereby amended–

- (a) by the insertion in subsection (1) after the definition of '**collecting society**' of the following definitions:

"**Council**' means the National Council for Traditional Performances contemplated in section 13A;

'**database**' means the database of traditional performances contemplated in section 13B;

'**film**' means any fixation of images, or of images and sounds, of a performance with or without other images or sounds;"

- (b) by the substitution in subsection (1) for the definition of '**fixation**' of the following definition:

" 'fixation' includes storage of—

(a) sounds or images or both sounds and images; or

(b) data or signals representing sounds or images or both sounds and images,

in any manner or on any medium so as to be capable of being reproduced or performed;"

- (c) by the insertion in subsection (1) after the definition of **'fixation'** of the following definitions:

"**'fund'** means the National Trust Fund for Traditional Intellectual Property contemplated in section 13C."

'indigenous community' means any community of people currently living within the borders of the Republic, or which historically lived in the geographic area currently located within the borders of the Republic;"

- (d) by the substitution in subsection (1) for the definition of **'literary and artistic works'** of the following definition:

"**'literary, musical, [and] artistic and traditional works'** [includes **musical, dramatic and**] respectively, have the meaning assigned to them in the Copyright Act, 1978 (Act No. 98 of 1978) insofar as such works are capable of being performed, and include **dramatico-musical** works and expressions of folklore;"

- (e) by the insertion in subsection (1) after the definition of **'literary, musical, artistic and traditional works'** of the following definition:

"**'performance'** means any mode of visual or acoustic presentation of a literary, musical, artistic or traditional work including by acting, singing, delivering, declaiming, playing or otherwise performing such work, and including any such presentation by the operation of a loudspeaker, but not including such performance by the use of a phonogram, a radio or television broadcast, or by the exhibition of a film, and **'perform'** has a corresponding meaning;"

- (f) by the substitution in subsection (1) for the definition of **'performer'** of the following definition:

" **'performer'** means an actor, singer, musician, dancer or other person who acts, sings, delivers, declaims, plays in or otherwise performs, literary, musical, **[or]** artistic or traditional works;"

- (g) by the addition to subsection (1) of the following definition:

" **'traditional performance'** means a performance which is recognised by an indigenous community as a performance having an indigenous origin and a traditional character;

Amendment of section 6 of Act 11 of 1967

2. Section 6 of the Performers' Protection Act, 1967 is hereby amended by the addition of the following subsection:

"(3)(a) Where the performance contemplated in subsection (2) is a traditional performance recorded in the database contemplated in section 13A and a commercial benefit is derived from such performance, a royalty shall be paid to the trust by the person or persons receiving the commercial benefit.

(b) The amount of the royalty contemplated in paragraph (a) shall be determined:

(i) by agreement between the performer or performers or the person or persons receiving the commercial benefit and the fund;

(ii) by one or more collecting societies representing either or both of these parties; or

(iii) in the absence of agreement, by:

(aa) the Copyright Tribunal contemplated in subsection (2); or

(bb) arbitration in terms of the Arbitration Act, 1965 (Act No. 42 of 1965) contemplated in subsection (2)."

Substitution of section 7 of Act 11 of 1967

3. The following section is hereby substituted for Section 7 of the Performers' Protection Act, 1967:

"Term of protection

7. The prohibition against the use of a performance as provided for in section 5, shall commence:

(a) on the date when the performance first took place; or

(b) if incorporated in a phonogram or film, when it was first fixed on such phonogram or film; and

continue for a period of 50 years calculated from the end of the calendar year in which the performance took place or was incorporated in a phonogram or film, as the case may be."

Insertion of sections 13A, 13B and 13C in Act 11 of 1967

4. The following sections are hereby inserted in the Performers' Protection Act, 1967 after section 13:

"National Council

13A.(1) The National Council for Traditional Intellectual Property contemplated in section 40A of the Copyright Act, 1978 (Act No. 98 of 1978) shall constitute and function as the Council for traditional performances under this Act.

(2) When a traditional performance is performed by several performers as a group, as contemplated in section 6, the Council

shall function as the Council contemplated in section 6, in the absence of another specifically designated authority.

National database

13B.(1) The national database of traditional intellectual property contemplated in section 40C of the Copyright Act, 1978 (Act No. 98 of 1978), shall constitute and function as the database of traditional performances under this Act.

(2) Any indigenous community, or any person acting on behalf of an indigenous community, may submit to the Council a request together with the appropriate information for a traditional performance to be recorded in the database.

National trust fund

13C.(1) The National trust fund for traditional intellectual property established in terms of section 40D of the Copyright Act, 1978 (Act No. 98 of 1978), shall constitute and function as a fund for traditional performances under this Act.

(2) Any payment made in respect of traditional performances in terms of section 6(3) shall be paid into the fund contemplated in subsection (1) and shall be applied for the benefit of indigenous communities, in the prescribed manner."

Amendment of section 1 of Act 98 of 1978

5. Section 1 of the Copyright Act, 1978, is hereby amended:

- (a) by the addition in subsection (1) to the definition of 'author' of the following paragraph:

“(j) a traditional work, the indigenous community from which the work originated and acquired its traditional character;”

- (b) by the insertion in subsection (1) after the definition of ‘**copyright**’ of the following definition:

“ ‘**Council**’ means the National Council for Traditional Intellectual Property contemplated in section 40A;”

- (c) by the insertion in subsection (1) after the definition of ‘**country**’ of the following definition:

“ ‘**database**’ means the national database for traditional intellectual property contemplated in section 40B;”

- (d) - by the insertion in subsection (1) after the definition of ‘**exclusive licence**’ of the following definitions:

“‘**fund**’ means the National trust fund for traditional intellectual property established by section 40D;

‘**indigenous community**’ means any community of people currently living within the borders of the Republic, or who historically lived in the geographic area currently located within the borders of the Republic;”

- (e) by the substitution in subsection (1) for paragraph (a) of the definition of ‘**infringing copy**’ of the following paragraph:

“(a) a literary, musical or artistic work or a published edition or a traditional work, means a copy thereof;”

- (f) by the substitution in subsection (1) for paragraphs (a) and (b), respectively, of the definition of ‘**reproduction**’ of the following paragraphs:

- “(a) a literary or musical work or a broadcast or a traditional work, includes a reproduction in the form of a recordal or a cinematograph film;
- (b) an artistic work or a traditional work, includes a version produced by converting the work into a three-dimensional form or, if it is three-dimensions, by converting it into a two-dimensional form;”
- (g) by the insertion in subsection (1) after the definition of **‘this Act’** of the following definitions:

“‘traditional intellectual property’ means an intellectual property that has an indigenous origin and is owned or could be owned by an indigenous community as determined by the Registrar.

‘traditional work’ means a literary work, an artistic work or a musical work which is recognised by an indigenous community as a work having an indigenous origin and a traditional character;

Amendment of section 2 of Act 98 of 1978

6. Section 2 of the Copyright Act, 1978 is hereby amended:

- (a) by the addition to subsection (1) of the following paragraph:

“(j) traditional works”;

- (b) by the substitution for subsection (2), of the following subsection:

“(2) A work, except a broadcast or programme-carrying signal or a traditional work, shall not be eligible for copyright unless the

work has been written down, recorded, represented in digital data or signals or otherwise reduced to material form."

(c) by the insertion after subsection (2A) of the following subsection:

"(2B) A traditional work shall not be eligible for copyright unless it has been written down, recorded, represented in digital data or signals, or otherwise reduced to material form or communicated to the public".

Amendment of section 3 of Act 98 of 1978

7. Section 3 of the Copyright Act, 1978, is hereby amended:

(a) by the insertion after subsection (1) of the following subsection:

"(1A) Copyright shall be conferred on a traditional work if:

(a) the work was created

(i) on or after the date of commencement of the Intellectual Property Laws Amendment Act, 2007;
or

(ii) within a period of fifty years preceding the date contemplated in subparagraph (i); and

(b) the community from which the work or a substantial part thereof originated is or was an indigenous community when the work was created."

(b) by the addition in subsection (2) of the following paragraph:

"(g) traditional works, fifty years from the end of the year in which:

(i) the Intellectual Property Laws Amendment Act, 2007 came into operation; or

(ii) the work was first communicated to the public with the consent of the authors,
whichever term expires last."

Amendment of section 9A of Act 98 of 1978

8. Section 9A of the Copyright Act, 1978, is hereby amended by the substitution in subsection (1) for paragraph (b) of the following paragraph:

"(b) The amount of any royalty contemplated in paragraph (a) shall be determined by an agreement between:

- (i) the user of the sound recording, the performer and the owner of the copyright;
- (ii) the user of literary works and the author of copyright ;
- (iii) the user of artistic works and the author of copyright;
- (iv) the user of cinematographic films and the author of copyright;
- (v) the user of broadcasts and the author of copyright ;
- (vi) the user of programme-carrying signals and the author of copyright;
- (vii) the user of published editions, the author of the work, and the publisher of the work;
- (viii) the user of computer programs and the owner of the computer programs, and
- (ix) the user of traditional works and the owner of traditional work, or between their representative collecting societies.

Insertion of section 11C in Act 98 of 1978

9. The following section is hereby inserted in the Copyright Act, 1978 after section 11B:

"Nature of copyright in traditional works

11C. (1) copyright in a traditional work vests the exclusive right to do or authorise the doing of any of the following acts in the Republic:

- (a) reproducing the work in any manner or form;
- (b) publishing the work if it was hitherto unpublished;
- (c) in the case of a work of a literary or musical nature, performing the work in public;
- (d) in the case of a work of a literary or musical nature, broadcasting the work;
- (e) in the case of a work of a musical or artistic nature, or a literary work in the form of a dramatic work, including the work in a cinematograph film or a television broadcast;
- (f) causing the work, or a television or other programme which incorporates the work, to be transmitted in a diffusion service, unless such service transmits a lawful broadcast including the work and is operated by the original broadcaster;
- (g) making an adaptation of the work;
- (h) doing in relation to an adaptation of the work, any of the acts specified in relation to the work in subparagraphs (i) to (vii) inclusive."

(2) The exclusive right vested under subsection (1) shall be exercised subject to:

- (a) any rights in respect of the traditional work acquired by any person prior to the commencement of the Intellectual Property Laws Amendment Act, 2007, as provided for in section 23(4); and
- (b) the rights of an indigenous community or any one of its members.

Insertion of section 19C in Act 98 of 1978

10. The following section is hereby inserted in the Copyright Act, 1978 after section 19B:

"General exceptions regarding protection of traditional works

- 19C.** (1) The provisions of sections 12(1), (2), (3), (4), (5), (9), (11), (12) and (13) shall, with the necessary changes, apply with reference to traditional works, in so far as they can be applied to the specific work.
- (2) The indigenous community from which the work originated, or any one of its members, shall be entitled to do any of the acts referred to in section 11C.
- (3) If any commercial benefit is derived from any act contemplated in subsection (2), the person or persons who derived such benefit shall pay a royalty to the trust as the owner of the copyright.
- (4) The amount of the royalty contemplated in subsection (3) shall be determined:
- (a) by agreement between the community or person as the user of the traditional work and the fund as the owner of the copyright;
- (b) by one or more collecting societies representing either or both of these parties; or
- (c) in the absence of agreement by:
- (i) the Copyright Tribunal referred to in section 29(1); or
- (ii) arbitration in terms of the Arbitration Act, 1965 (Act No. 42 of 1965)."

Amendment of section 21 of Act 98 of 1978

11. Section 21 of the Copyright Act, 1978 is hereby amended by the addition to subsection (1) of the following paragraph:

"(f) If the work is a traditional work, the ownership of any copyright conferred by section 3, shall vest in the fund established in terms of section 40D.

Amendment of section 22 of Act 98 of 1978

12. Section 22 of the Copyright Act, 1978, is hereby amended by the insertion after subsection (2) of the following subsection:

“(2A) The copyright in a traditional work shall not be transmissible by assignment, testamentary disposition or operation of law, but the doing of an act which is the subject of the copyright may be licensed.”

Amendment of section 23 of Act 98 of 1978

13. Section 23 of the Copyright Act, 1978 is hereby amended by the addition of the following subsection:

“(4)(a) The copyright in a traditional work shall not be infringed by the doing of any acts referred to in section 11C by the indigenous community from which a traditional work originated, or by any one of its members, in the circumstances contemplated in subsections (2) and (3) of section 19C.

(b) The copyright in a traditional work shall not be infringed by a person if that person –

(i) has acquired rights in respect of the work by doing any of the acts referred to in section 11C prior to the commencement of the Intellectual Property Laws Amendment Act, 2007; and

(ii) continues to do such act or acts,

provided that, if any commercial benefit is derived from any such act, a royalty shall be paid by that person to the trust as the owner of the copyright in respect of such continued act or acts.

(c) The amount of the royalty contemplated in paragraph (b) shall be determined:

(i) by agreement between the person as the user of the traditional work and the trust as the owner of the copyright;

- (ii) by one or more collecting societies representing either or both of these parties; or
- (iii) in the absence of agreement, by:
 - (aa) the Copyright Tribunal referred to in section 29(1); or
 - (bb) arbitration in terms of the Arbitration Act, 1965 (Act No. 42 of 1965)."

Amendment of section 39 of Act 98 of 1978

14. Section 39 of the Copyright Act, 1978 is hereby amended by the substitution for paragraph (c) of the following paragraph:

“(c) in consultation with the Minister of Finance, prescribe the remuneration and allowances of members of the advisory committee referred to in section 40, the national council referred to in section 40A, and of **[its]** their subcommittees, and the conditions upon which such members shall be appointed;”

Amendment of section 40 of Act, 98 of 1978

15. Section 40 of the Copyright Act, 1978 is hereby amended by the substitution for subsection (6) of the following subsection:

“(6) The registrar shall be responsible for the administration of the advisory committee referred to in section 40, the national council referred to in section 40A, and **[the]** their subcommittees.”

Insertion of sections 40A, 40B, 40C and 40D in Act 98 of 1978

16. The following sections are hereby inserted in the Copyright Act, 1978 after section 40:

"National Council"

- 40A.(1)** The Minister shall establish a National Council for Traditional Intellectual Property.
- (2)** The Council shall consist of not more than 12 members, appointed by the Minister.
- (3)** The Minister shall designate a member of the Council to be the Chairperson of the Council
- (4)** In appointing the members of the Council, the Minister may consult:
- (a)** the ministers responsible for:
 - (i)** agriculture;
 - (ii)** arts and culture;
 - (iii)** environmental affairs; and
 - (iv)** science and technology;
 - (b)** organised local government;
 - (c)** association of traditional healers; or
 - (d)** any other relevant body or institution.
- (4)** The Council shall:
- (a)** be broadly representative of the different cultures of the Republic; and
 - (b)** at all times have as members:
 - (i)** at least two persons with extensive knowledge in and patronage of traditional cultures and values of indigenous communities;
 - (ii)** at least two persons with extensive knowledge in and patronage of traditional artistic, literary, musical and performing arts; and
 - (iii)** at least two persons with extensive knowledge and expertise in intellectual property law;
- (5)** A member of the Council shall hold office for a period of three years and may be reappointment, upon the expiration of the initial period of three years, for a further period of three years;

(6) For the sake of continuity, at least, five members of the Council shall at all times, be former members of the Council;

(7) The Minister may remove a member of the Council for –

(a) non-performance;

(b) serious misconduct; or

(c) conduct that undermines the integrity or objective of the Council.

5

Duties and functions of Council

40B.(1) The Council shall:

(a) advise the Minister on any matter concerning traditional knowledge;

(b) advise the registrars of patents, copyright, trade marks and designs on any matter relating to the registration of intellectual property as against traditional knowledge;

(c) advise on the integrity of a database of intellectual property in relation to traditional knowledge;

(d) undertake such further functions as provided for in the:

(i) Patents Act, 1978 (Act no. 57 of 1978);

(ii) Trade Marks Act, 1993 (Act no. 194 of 1993);

(iii) Designs Act, 1993 (Act no. 195 of 1993); and

(iv) Performers' Protection Act, 1967 (Act no. 11 of 1967);

and

(e) carry out such tasks as assigned to it from time to time by the Minister.

(2) The Council may:

(a) appoint any person to assist it with the performance of any specific act, task or assignment, or to investigate any matter relating to its functions;

(b) constitute and maintain such committees as it may deem necessary;

- (c) appoint as members of the committees any of its members and any other persons for such periods of time as the council may determine; or
 - (d) refer to such committees any tasks or matters as may be necessary to enable the council to carry out its functions.
 - (3) The Minister may, in consultation with the Minister of Finance, prescribe the tariff of fees payable for:
 - (a) any work performed or services rendered by any person at the specific request or instruction of the Council;
 - (b) access by any person to the results of, or other information in connection with, any research performed or information collected by the council; or
 - (c) access by any person to the database established and maintained in terms of section 40C.
 - (4) The Council may recommend to the Minister appropriate measures to ensure the effective implementation of the Act in relation to all matters pertaining to traditional knowledge.

National database

- 40C.**(1) There shall be kept at the offices of the registrars of patents, copyright, trade marks and designs a database for traditional intellectual property in the prescribed manner.
- (2) The database contemplated in subsection (1) shall incorporate separate sections
- (3) All information regarding:
- (a) traditional innovations;
 - (b) traditional copyright works;
 - (c) traditional terms and expressions;
 - (d) traditional designs; and
 - (e) traditional performances
- shall be recorded in the database in the appropriate sections, in the prescribed manner.

(4) The database may be kept in an electronic format, and shall be open to inspection by the public during office hours, upon payment of the prescribed fee.

(5) The registrars of patents, copyright, trade marks and designs may request any person, institution, body or agency to provide them with such information as they may require in order to maintain the database.

(6) Any

(a) indigenous community;

(b) person acting on behalf of an indigenous community; or

(c) other person, institution, body or agency,

may submit to the registrar of copyright a request together with the appropriate information for a traditional copyright work to be recorded in the database.

National trust fund

40D. (1) There is hereby established a fund to be known as the National Trust Fund for Traditional Intellectual Property.

(2) The fund shall be made up of separate sub-funds which shall vest in and be administered by the registrars of patents, copyright, trade marks and designs, respectively.

(3) The registrars of patents, copyright, trade marks and designs shall be responsible for the promotion and preservation of the traditional intellectual property, including the commercialisation and exploitation of such traditional intellectual property for the purpose of generating income.

(4) Income derived from the use of the such traditional intellectual property, including all royalties payable to the fund as provided for in –

(a) this Act; and

(b) the legislation referred to in section 40B(1)(c), shall be paid into the fund, to be applied for the benefit of indigenous communities, in the prescribed manner;

- (5) All monies paid into the fund shall be allocated to the respective sub-funds to be held in trust for the purposes contemplated in subsection (5);
- (6) The registrars of patents, copyright, trade marks and designs shall submit an annual report to be Minister in respect of the administration of the fund;
- (7) Notwithstanding the provisions of this section, any indigenous community may establish a legal entity, business or any other enterprise to promote or exploit traditional intellectual property.

Amendment of section 1 of Act 194 of 1993

17. Section 1 of the Trade Marks Act, 1993, is hereby amended by the insertion after the heading "Part XII Certification Trade Marks and Collective Trade Marks (section 42 and 43)" of the following heading:

"Part XIIA Council, database and fund for traditional terms and expressions (sections 43A to 43C)".

Amendment of section 2 of Act 194 of 1993

18. Section 2 of the Trade Marks Act, 1993 is hereby amended:

- a) by the insertion in subsection (1) after the definition of '**certification trade mark**' of the following definition:

" '**collecting society**' means a collecting society contemplated in section 34(2B);

- (b) by the insertion in subsection (1) after the definition of '**convention country**' of the following definition:

“ ‘**Council**’ means the National Council for Traditional Intellectual Property contemplated in section 43A;

- (c) by the insertion in subsection (1) after the definition of ‘**court**’ of the following definitions:

“‘**database**’ means the national database for traditional intellectual property contemplated in section 43B;

- (d) by the insertion in subsection (1) after the definition of ‘**device**’ of the following definitions:

“‘**fund**’ means the National Trust Fund for Traditional Intellectual Property contemplated in section 43C;”

‘**geographical indication**’ means an indication which identifies goods as originating in the territory of the Republic or in a region or locality in that territory, and where a particular quality, reputation or other characteristic of the goods is essentially attributable to the geographical origin of the goods, including natural and human factors;

‘**indigenous community**’ means any community of people currently living within the borders of the Republic, or which historically lived in the geographic area currently located within the borders of the Republic;

- (e) by the insertion in subsection (1) after the definition of ‘**trade mark**’ of the following definition:

“ ‘**traditional term or expression**’ means a terms or expression which is recognised by an indigenous community as a term or expression having an indigenous origin and a traditional character and which is used to designate, describe or refer to goods or services;”

- (f) by the addition of the following subsections:

- "(5) Subject to subsection (6) and section 9(3); and subject to any rights in respect of a traditional term or expression acquired by any person prior to the commencement of the Intellectual Property Laws Amendment Act, 2007,
a traditional term or expression shall not be capable of constituting a trade mark.
- (6) A traditional term or expression shall be capable of constituting :
- (a) a certification trade mark or a collective trade mark; and
 - (b) a geographical indication.

Amendment of section 9 of Act 194 of 1993

19. Section 9 of the Trade Marks Act, 1993, is hereby amended by the addition of the following subsection:

- "(3)(a) In order to be registrable as a trade mark, a traditional term or expression shall be capable of distinguishing the goods or services of an indigenous community in respect of which it is registered or proposed to be registered, from the goods or services of another community or person, either generally; or where the traditional term or expression is registered or proposed to be registered subject to limitations, in relation to use within those limitations,
- (b) The applicant for registration and the registered proprietor shall be the indigenous community or a person or body authorised to act on its behalf.

Amendment of section 10 of Act 194 of 1993

20. Section 10 of the Trade Marks Act, 1993, is hereby amended:

- (a) by the substitution in subsection (2), for paragraph (b) of the following paragraph:

- “(b) subject to sections 42 and 43, consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographic origin or other characteristics of the goods or services, or mode or time of production of the goods or of rendering of the services; or”
- (b) by the addition to subsection (2)(c) of the word “or” and the addition of the following paragraph:

“(d) subject to section 9(3), consists exclusively of a traditional term or expression and which in the *bona fide* and established practices of the trade has become indicative of or is generally associated with the goods or services in respect of which the mark is sought to be registered.”

Amendment of section 16 of Act 194 of 1993

21. Section 16 of the Trade Marks Act, 1993 is hereby amended:

- (a) by the insertion after subsection (2) of the following subsection:

“(2A)(a) If it appears to the registrar that the mark sought to be registered:

(i) consists exclusively of, or the essential part thereof constitutes, a traditional term or expression as contemplated in section 10(2)(d); and

(ii) is not registrable in terms of section 9(3), 42 or 43, he or she shall provisionally refuse the application and refer the application to the Council for its advice.

(b) Upon receipt of the advice of the Council, the registrar shall accept or refuse the application.”;

- (b) by the substitution for subsection (3) of the following subsection:

"(3) The registrar shall advise an applicant for registration in writing within a reasonable period from the date of the application of his decision in terms of subsection (2) or subsection (2A)."

(c) by the substitution for subsection (4) of the following subsection:

"(4) In the case of:

(a) an acceptance in terms of section (2)(b) [or],

(b) a refusal in terms of section (2)(d), or

(c) a provisional refusal; or refusal in terms of subsection (2A),

the registrar shall, on application by the applicant in the prescribed manner and form, state in writing the grounds for his or her decision."

(d) by the insertion after subsection (4) of the following subsection:

"(4A) (a) In the case of an acceptance of a traditional term or expression for registration as a trade mark, the registrar shall notify the Council in the prescribed manner; and

(b) In the case of an acceptance of a geographical indication as:

(i) a certification trade mark in terms of section 42, or

(ii) a collective trade mark in terms of section 43,

the registrar shall notify the Director-General for the Department of Agriculture in the prescribed manner."

Amendment of section 34 of Act 194 of 1993

22. Section 34 of the Trade Marks Act, 1993, is hereby amended by the insertion after subsection (2) of the following subsections:

"(2A) Notwithstanding the provisions of subsection (1), the registered proprietor of a trade mark registered in terms of section 9(3) in

respect of a traditional term or expression shall not be entitled to interfere with or restrain a person who—

- (a) commenced using a mark in the course of trade in the manner contemplated in subsection (1) at a date prior to the commencement of the Intellectual Property Laws Amendment Act, 2007, and has continued to make bona fide use of such mark; provided that if any commercial benefit is derived from any such use after the date of registration of the trade mark in terms of section 9(3), a licence fee shall be paid by such person to the trust as provided for in subsection (2B);
- (b) is a member of the indigenous community in whose name the trade mark was registered and uses a mark in the course of trade in the manner contemplated in subsection (1); provided that if any commercial benefit is derived from any such use after the date of registration of the trade mark, a licence fee shall be paid by such person to the trust as provided for in subsection (2B).

(2B) The amount of the licence fee contemplated in subsection (2A) shall be determined:

- (a) by agreement between the person who is the user of the mark and the fund; or
- (b) by one or more collecting societies representing either or both of these parties; or
- (c) in the absence of agreement, by:
 - (i) the Court; or
 - (ii) arbitration in terms of the Arbitration Act, 1965 (Act No. 42 of 1965)."

Amendment of section 42 of Act 194 of 1993

23. Section 42 of the Trade Marks Act, 1993, is hereby amended by the insertion after subsection (1) of the following subsection

"(1A) Geographical indications or other indications of geographical origin may be registered as certification marks."

Amendment of section 43 of Act 194 of 1993

24. Section 43 of the Trade Marks Act, 1993 is hereby amended by the substitution for subsection (2) of the following section:

"(2) Geographical [names] indications or other indications of geographical origin may be registered as collective trade marks."

Insertion of Part XIIA and sections 43A, 43B and 43C in Act 194 of 1993

25. The following Part is hereby inserted in the Trade Marks Act, 1993 after Part XII:

"Part XIIA

Council, database and fund for traditional terms and expressions

National Council

43A.(1) The National Council for Traditional Intellectual Property contemplated in section 40A of the Copyright Act, 1978 (Act no. 98 of 1978) shall constitute and function as the Council for traditional terms and expressions under this Act.

(2) The Council shall:

- (a) consider applications referred to it by the Registrar in terms of section 16(2A), and
- (b) advise the Registrar within 3 months of receipt of the referral whether or not, in its opinion, the mark is registrable.

National database

- 43B.(1)** The national database for traditional intellectual property contemplated in section 40C of the Copyright Act, 1978 (Act No. 98 of 1978) shall constitute and function as the database of traditional terms and expressions under this Act.
- (2) Traditional terms and expressions:
- (a) contained in applications referred to the council by the Registrar in terms of section 16(2A), and
 - (b) accepted traditional terms and expressions notified to the Council in terms of section 16(4A),
- shall be recorded in the database.
- (3) Any
- (a) indigenous community; or
 - (b) person or body authorised to act on behalf of an indigenous community,
- may submit to the Council a request together with the appropriate information for a traditional term or expression to be recorded on the database.
- (4) Section 22(4) shall apply, with necessary changes, in relation to a database for traditional terms and expressions.

National trust fund

- 43C.(1)** The National trust fund for traditional intellectual property contemplated in section 40D of the Copyright Act, 1978 (Act No. 98 of 1978), shall constitute and function as a a fund for traditional terms and expressions under this Act.
- (2) All monies payable in respect of the use of traditional terms and expressions registered under this Act shall be paid into the fund contemplated in subsection (1) and shall be applied for the benefit of indigenous communities in the prescribed manner."

Amendment of section 69 of Act 194 of 1993

26. Section 69 of the Trade Marks Act, 1993 is hereby amended by the insertion after subsection (1) of the following subsection:

“(1A) The Minister may, in consultation with the Minister of Finance, make regulations providing for the establishment, composition, funding and functions of collecting societies contemplated in section 34 (2B), and any other matter that it may be necessary or expedient to regulate for the proper functioning of such societies.”

Amendment of section 1 of Act 195 of 1993

27. Section 1 of the Designs Act, 1993 is hereby amended:

- (a) by the insertion in subsection (1) after the definition of ‘**cessionary**’ of the following definition:

“ ‘collecting society ’ means a collecting society contemplated in section 35(14);”

- (b) by the insertion in subsection (1) after the definition of ‘**convention country**’ of the following definition:

“ ‘council’ means the National Council for Traditional Intellectual Property contemplated in section 38A;”

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- (c) by the insertion in subsection (1) after the definition of ‘**court**’ of the following definition:

“ ‘**database**’ means the national database for traditional intellectual property contemplated in section 38B.”

- (d) by the substitution for the definition of ‘**design**’ of the following definition:

“ ‘**design**’ means an aesthetic design [or], a functional design “or a traditional design.”

- (e) by the insertion in subsection (1) after the definition of ‘**functional design**’ of the following definitions:

‘**fund**’ means the National trust fund for traditional intellectual property contemplated in section 38C.”

‘**indigenous community**’ means any community of people currently living within the borders of the Republic, or who historically lived in the geographic area currently located within the borders of the Republic.”

- (f) by the addition to paragraph (d) of the definition of ‘**proprietor**’ of the word “or” and the addition of the following paragraph:

“(e) where the design is a traditional design, the indigenous community from which the design originated.”

- (g) by the insertion in subsection (1) after the definition of ‘**this Act**’ of the following definition:

‘**traditional design**’ means any design applied to any article, by whatever means it is applied whether for the pattern, shape, configuration or ornamentation thereof; or for any two or more of the purposes contemplated in paragraph (a); and whether or not it has features which are necessitated by the function which the article to which the design is applied is to perform, which design is recognised by an indigenous community as having an indigenous origin and a traditional character;

Amendment of section 2 of Act 195 of 1993

28. Section 2 of the Designs Act, 1993 is hereby amended by the addition to subsection (1) of the following proviso:

"and provided further that a traditional design shall not be revoked unless the Council has been notified as contemplated in section 31(2A)."

Amendment of section 7 of Act 195 of 1993

29. Section 7 of the Designs Act, 1993 is hereby amended by the substitution for subsection (5) of the following subsection:

"(5) The register shall consist of a Part A with regard to aesthetic designs [and] a Part F with regard to functional designs and a Part T with regard to traditional designs."

Amendment of section 14 of Act 195 of 1993

30. Section 14 of the Designs Act, 1993 is hereby amended:

- (a) by the insertion in subsection (1) after paragraph (b) of the following paragraph:

"(c) in the case of a traditional design, is—

(i) new; and

(ii) has features which are based on or derived from the designs of an indigenous community and which have a traditional character."

- (b) by the substitution in subsection (2) for paragraph (b) of the following paragraph:

“(b) in the case of any other design excluding a traditional design,
within six months,”

(c) by the insertion after subsection (2) of the following subsection:

“(2A) A traditional design shall be deemed to be new if it is different
from or does not form part of the state of the art immediately
before:

_____ (a) the date of application for registration thereof; or

_____ (b) the release date thereof,

whichever is the earlier;

_____ Provided that in the case of the release date being a date:

_____ (i) within a period of 10 years preceding the date of
commencement of the Intellectual Property Laws
Amendment Act, 2007, the application for the
registration of the design is lodged within two years
after the said commencement date; or

_____ (ii) after the date of commencement of the Intellectual
Property Laws Amendment Act, 2007, the
application for the registration of the design is
lodged within two years of such release date.”

Amendment of section 15 of Act 195 of 1993

31. Section 15 of the Designs Act, 1993 is hereby amended:

(a) by the substitution for subsection (1) of the following subsection:

“(1) The registrar shall examine in the prescribed manner any application for the registration of a design and, if it complies with the requirements of this Act, register the design in Part A of the register if it is an aesthetic design [or], in Part F of the register if it is a functional design or in Part T if it is a traditional design.”

- (b) by the insertion after subsection (1) of the following subsections:

"(1A) In the case of a traditional design, the registrar shall refer the application to the Council for advice, if the registrar is in doubt as to whether or not the application complies with the requirements of the Act.

(1B) Upon receipt of the advice of the Council, the registrar shall either:

(a) register the design in Part T of the register if it is found to comply with the requirements of the Act, or

(b) refuse the application.

(1C) In the case of the design being registered as contemplated in subsection (1B), the registrar shall notify the Council.;"

- (c) by the addition to subsection (3) of the following proviso :

"Provided that a traditional design may be registered only in Part T of the register."

Amendment of section 22 of Act 195 of 1993

32. Section 22 of the Designs Act, 1993 is hereby amended by the insertion after subsection (1) of the following subsection:

"(1A) The duration of the registration of -

(a) a traditional design registered in terms of section 14(2A)(a) shall be ten years from the date of commencement of the Intellectual Property Laws Amendment Act, 2006;

(b) a traditional design registered in terms of section 14(2A)(b) shall be fifteen years from the date of registration or from the release date, whichever date is earlier,

subject to the payment of the prescribed renewal fee."

Amendment of section 31 of Act 195 of 1993

33. Section 31 of the Designs Act, 1993 is hereby amended by the insertion after subsection (2) of the following subsection:

“(2A) In the case of a traditional design, an application for the revocation of a traditional design shall also be served on the Council in the prescribed manner.”

Amendment of section 35 of Act 195 of 1993

34. Section 35 of the Designs Act, 1993 is hereby amended by the addition of the following subsections:

“(13) Notwithstanding subsections (9) and (10), the registered proprietor of a traditional design shall not be entitled to interfere with or restrain a person –

(a) who commenced making, importing, using or disposing of any articles included in the class in which the traditional design is registered and embodying:

(i) the registered traditional design; or

(ii) a design not substantially different from the registered traditional design,

within the period of 10 years contemplated in section 14(2A)(a), provided that if any commercial benefit is derived from any such act after the date of registration of the traditional design, a royalty shall be paid by such person to the trust as provided for in subsection (14);

(b) who is a member of the indigenous community from which the traditional design originated by doing any of the acts contemplated in paragraph (a); provided that if any commercial benefit is derived from any such acts after the date of registration of the traditional

design, a royalty shall be paid by such person to the trust as provided for in subsection (14).

(14) The amount of royalty contemplated in subsection (13) shall be determined:

(a) by agreement between the person who is the user of the traditional design and the fund; or

(b) by one or more collecting societies representing either or both of these parties; or

(c) in the absence of agreement, by:

(i) the Court; or

(ii) arbitration in terms of the Arbitration Act, 1965 (Act No. 42 of 1965)."

Insertion of sections 38A, 38B and 38C in Act 195 of 1993

35. The following sections are hereby inserted in the Designs Act, 1993 after section 38:

"National Council

38A.(1) The National Council for Traditional Intellectual Property contemplated in section 40A of the Copyright Act, 1978 (Act No. 98 of 1978) shall constitute and function as the Council for traditional designs under this Act.

(2) The Council shall consider applications referred to it by the Registrar in terms of section 15(1A), and shall advise the Registrar within three months of receipt of the referral whether or not, in its opinion, the design is registrable.

(3) If the Council is notified of an application for the revocation of a traditional design, as contemplated in sections 2(1) and 31(2A), it shall notify the Registrar within the prescribed period whether it intends to contest the revocation.

National database

- 38B.(1)** The national database of traditional intellectual property contemplated in section 40B of the Copyright Act, 1978 (Act No. 98 of 1978) shall constitute and function as the database of traditional designs under this Act.
- (2)** Traditional designs contained in applications referred to the Council by the Registrar in terms of section 15(1A)(a) and registered traditional designs notified to the Council in terms of section 15(1A)(c), shall be recorded in the database.
- (3)** Any:
- (a) indigenous community; or
 - (b) person or body acting on behalf of an indigenous community,
- may submit to the Council a request together with the appropriate information for a traditional design to be recorded in the database.
- (4)** Section 8 shall apply, with necessary changes, in relation to the database for traditional designs

National trust fund

- 38C.(1)** The National trust fund for traditional intellectual property contemplated in section 40C of the Copyright Act, 1978 (Act No. 98 of 1978) shall constitute and function as a fund for traditional designs under this Act.
- (2)** All monies payable in respect of the use of traditional designs as contemplated in section 35(13) and (14) shall be paid into the fund contemplated in subsection (3)(a), and shall be applied for the benefit of indigenous communities in the prescribed manner."

Amendment of section 54 of Act 195 of 1993

- 36.** Section 54 of the Designs Act, 1993 is hereby amended:
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(a) by the substitution for paragraph (a) of the following paragraph:

“(a) with the concurrence of the Minister of **[State Expenditure]** Finance, prescribing the matters in respect of which fees shall be payable, and the tariff of such fees;”

(b) by the insertion after paragraph (a) of the following paragraph:

“(aA) with the concurrence of the Minister of Finance, providing for the establishment, composition, funding and functions of collecting societies contemplated in section 35(14), and any other matter that it may be necessary or expedient to regulate for the proper functioning of such societies;”

Short title and commencement

37. This Act is called the Intellectual Property Laws Amendment Act, 2007 and comes into operation on the date fixed by the President by proclamation in the Gazette.
