

# IP COMES TO THE FORE IN EAST AFRICA

John Sykei and Ariana Issaias at Bowmans offer tips on intellectual property protection in Kenya



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Until recently, intellectual property was not a priority for investors seeking their nest of golden eggs in Africa. That is changing amid the growing realization that by taking care of intellectual property issues sooner rather than later, investors can avoid being tripped up by unforeseen obstacles. In this regard, awareness is key.

## OWNERSHIP FROM THE OUTSET

The concept of paying for, or even requiring legal services is still relatively novel and most individuals or entities think they can “get by” without obtaining legal advice. The problem is that many grassroots entities and small and medium enterprises draw on free favours from acquaintances to develop their underlying software. This can complicate efforts down the line to determine ownership of the relevant intellectual property rights in the underlying IT system.

In Kenya, the law provides that the ownership of any copyright created by an employee or consultant commissioned to do such work vests with the employer or commissioner. In the absence of any agreement or consideration, however, and as in most parts of the world, the copyright will vest with the original developer. As the years pass and as the product becomes more successful, some investors find themselves in protracted negotiations with the declared owner. Full due diligence at the outset will save time and effort, especially when investing in technology companies.

## CYBERCRIME AND CYBERSECURITY

With the remarkable and impressive technological expansion in the region, the threat of cyber-attacks is significant and real. Cyber security is a crucial expense for companies in Kenya, where mobile money transfers reached approximately US\$26.07 billion in 2014 and the number of mobile data and

internet subscriptions grew to 19.8 million in 2015. Cybercriminals are becoming increasingly active.

Although the law in Kenya has been slow to catch up, the Computer and Cybercrimes Bill, 2016, is now before the legislature. Many of the bill's provisions are adapted from the Council of Europe's Convention on Cybercrime, (which Kenya has not ratified) and provide for international cooperation and mutual assistance with other territories, recognizing the borderless nature of technology.

This legislation is in line with the general raft of changes being implemented globally to tackle this ever-increasing threat. An example is the EU's Directive on cybercrime, introduced as a result of its ongoing Cybersecurity Strategy, which aims to deal with large-scale cyber-attacks by requiring member states to strengthen national cyber-crime laws. This uniformity across the globe is reassuring to international companies.

## COUNTERFEIT GOODS

Issues concerning counterfeit goods affect Africa and Africans as much as any other region. Fake drugs, sports clothing, cosmetics, perfumes, books – it's all here. Policing and seizure of counterfeit goods has improved recently, but as ever, tracking the culprits is far from easy.

The Anti-Counterfeit Act passed in Kenya in 2008, as well as the establishment of the Anti-Counterfeit Agency (ACA), marks a positive step in combating counterfeiters. As a firm, we continue to be instructed in various anti-counterfeit enforcement actions together with the Kenyan ACA. Through the ACA, owners of intellectual property rights, as well as manufacturers, can claim damages against counterfeiters and, through the Anti-Counterfeit Act, can restrain the sale of counterfeit goods in the domestic market.

## AGRICULTURAL INNOVATION

Aid institutions are recognizing the need to invest in technological platforms to assist small-scale farmers, and to conduct research into drought and pest-resistant plant varieties. Hence, we are seeing a significant increase in parties relying on technology transfer licensing solutions.

Investors are often unaware of the requirement to register contractual licences and related activities with the Kenya Industrial Property Institute (KIPI). What some investors also discover is that the KIPI may refuse registration if a licence imposes “unjustified restrictions” which are “harmful to the economic interests of Kenya”. As a result, refusal of registration renders the contract void and unenforceable.

## SECURITY RIGHTS

Until recently, there was no law in Kenya allowing a natural person to use an intangible asset (such as intellectual property) as security for a loan. This is set to change with the introduction of the Movable Property Security Rights Bill, 2016.

Whilst it is not yet clear how an asset such as an intellectual property right will be valued, the bill introduces alternative ways to recover debt (rather than relying on the courts), which will make it easier for lenders to enforce their securities. It may still take months or even years for the bill to be passed, but it signals the growing awareness in Kenya of the economic value of intellectual property rights.

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