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Warning issued over brand name squatting in Nigeria: how to fight back

- **Third parties creating companies using name of overseas brands**
- **Disconnect between companies house and trademark registry a concern**
- **Defensive trademark registrations recommended, but not a silver bullet**

Companies wishing to enter Nigeria must follow a strict yet straightforward set of procedures. While trademark registration is allowed prior to entry, before conducting any business you must be incorporated with the Corporate Affairs Commission (CAC). However, a local expert warns that companies may find that entities have already been established their brand names.

While brands are long-used to the scourge of trademark squatting in a number of jurisdictions, it can be easy to overlook the challenge posed by companies trading off their name.

The CAC was established as part of the Companies and Allied Matter Act (CAMA) and has [provisions](#) that specify their position contra bad actors registering with the CAC. Section 30 (1) (d) states: “No company shall be registered under this act by a name which (d) would violate any existing trademark or business name registered in Nigeria unless the consent of the owner of the trademark or business name has been obtained.”

However, prior registration of trademarks at the IP office is unconnected to the Companies House run by the CAC. As such, the Trademarks, Patents and Designs Registry (IPONigeria) does not directly communicate with the CAC, which can result in bad actors trading off foreign registered and unregistered brands for prolonged periods of time within the territory. It also sets up a situation where they can try to speculatively sell their business to the rights owner once it makes plans to enter Nigeria.

Despite the CAMA provision, examples of infringement abound, says [Davidson Oturu, a partner at ALEX](#), who explains. “If I go to Companies House and say I want to register Nike Kids as a Nigerian Ltd company, I don’t think they [CAC] will know you cannot register Nike Kids.”

Oturu knows first-hand of this problem. His firm, ALEX, had to contend with someone registering ‘ALEXIS Partners’ at the CAC. “Once we got wind of it, we had to bring it to the attention of the CAMA authorities. They worked together with us and asked them to justify their registration, but they couldn’t do that, so they were struck off.”

Revocation procedures are available, but companies that do not yet possess trademark rights in the country are at a disadvantage. Nigeria is a first-to-file jurisdiction. Because of this, the CAC’s powers extend only to trademarks registered prior to the filing of the company name. Section 31 (4) of the CAMA states: “Nothing in this act shall preclude the commission from requiring a company to change its name if it is discovered that such a name conflicts with an existing trademark or business name

registered in Nigeria prior to the registration of the company and the consent of the owner of the trademark or business name was not obtained.”

Brands – even if not yet looking to set up a company in Nigeria – are therefore advised to register their marks as early as possible. Oturu explains: “I advise clients to register their marks as defensive marks because the law permits you to do so.” Use is **not a requirement** for trademark registrations or the five year renewal in Nigeria. Early registration means that, in addition to having protection for when you later enter the country, you have an additional weapon should infringers subsequently establish a company using your brand. Such a pre-emptive strategy may still not, of course, protect you from shrewd and prescient bad actors – rather it gives you a stronger case when and if someone sets up a company in your name.

Even with that, infringement can be hard to fight. Rights holders with infringed marks can appeal to the CAC to strike the squatter off the registry as with ALEX’s case. This is a CAC administrative directive, however, and companies can refuse orders to change their name. The CAC is not afforded coercive powers by the CAMA. In such instances, parties must apply to the court for a court action to enforce the directive.

Reflecting on this, Oturu believes the registries need to be coordinated: “If the trademark registry had computer access to the CAC, you could just enter a name and see if it appears. Then it could ask you whether you had consent from the trademark owner before registering.” He adds: “If the CAMA was amended to provide wide-reaching power to cover trademark infringers, and if the registries would come together, that would mean less problems.”

Despite the weaknesses in the system, brands wishing to avert future issues would be well advised to run corporate searches on the CAC registry and consider defensive trademark registrations to strengthen their hand. Notwithstanding, greater synchronisation for the parallel registries is still a necessity.

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