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ARTICLE SERIES

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS IN NIGERIA BY FRANCHISORS

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Franchising is becoming more popular globally and with more franchises getting established in Nigeria, it is important that franchisors adequately protect the underlying rights that give value to franchises – their intellectual property rights (IPRs).

WHAT ARE IPRS?

IPRs are rights that are acquired over intangible creations of the human mind. It enables the creators of the IPRs enjoy financial benefits and recognition for what they create and invent. The existing IPRs are patents, trademarks, designs, copyright and trade secrets. For example, by having a trademark over the iPhone, Apple Inc's phones are easily identifiable and recognisable. The mark can also not be replicated by a third party as Apple can bring an action for the passing off and infringement of its trademark.

SECURING A FRANCHISE

Franchising commonly involves the use, by a franchisee, of the IPRs belonging to the franchisor. A franchisor's aim is for its consumers to enter any of its franchisee's stores and receive the same experience it would get from patronising the franchisor.

For this purpose, a franchisee is typically granted a licence to use specified IPRs in relation to the franchised products and for pre-approved marketing materials.

This use by the franchisee exposes the franchisor to the risk of his IPRs being used for unauthorised purposes. Furthermore, where the franchisor has not registered the IPRs in the jurisdiction where it is being used, the franchisee may decide to register the IPRs in its own name, rather than that of the franchisor.

To mitigate these issues, franchise agreements usually contain provisions prohibiting a franchisee from dealing with the franchisor's IPRs except as permitted by the franchisor. In addition to inserting clauses regulating the use of IPRs in the franchise agreement, and to ensure that the franchisor is adequately protected, it is advisable for a franchisor to also obtain registration for his IPRs in Nigeria before they are licensed to the franchisee.

This will put the franchisor in a good position to enforce his right to the IPRs in the event of infringement by the franchisee or any other third party as, by registering the IPRs, the franchisor is statutorily entitled to institute civil actions against the franchisee and claim reliefs such as damages, injunction and account of profits. Some key factors to be considered by franchisors in relation to securing the rights to their IPRs in Nigeria include the following:

TRADEMARKS

Nigeria is a first-to-file jurisdiction. As such, for a franchisor to obtain statutory protection for his trademark, it must be registered in Nigeria. An application to register a trademark is to be made to the Registrar of Trademarks and must contain the specification of goods or services the franchisor seeks to protect with the trademark.

A franchisor may however be able to enforce his rights to an unregistered trademark in Nigeria under the common law tort of passing off.

COPYRIGHT

The Nigerian law does not provide for the registration of works eligible [1] for protection as copyright arises automatically upon the creation of such a work. A work is not eligible for copyright protection unless sufficient effort has been expended to give it an original character and it fixed in a definite medium of expression

The above notwithstanding, in fulfilling its mandate of creating a databank of authors and their works, the Nigerian Copyright Commission (NCC) has established a voluntary notification process by which authors can notify it of their works.

Notifying the NCC of the creation of an eligible work is advantageous as it serves as evidence of the existence and date of creation of the work which may be helpful in the event of a dispute regarding ownership of the work.

PATENTS AND DESIGNS

The right to a patent or design is vested in the person who is first to file an application in Nigeria or validly claim foreign priority, regardless of whether he is the true inventor/creator or not. As such, for a franchisor to enjoy protection for his invention/design in Nigeria, he must take steps to register such invention/design with the Patents and Designs Registry in Nigeria.

[1] Eligible works include literary, artistic and musical works, cinematograph films, broadcasts and sound recordings.



KNOW-HOW AND TRADE SECRETS

Know-how and trade secrets are not afforded statutory protection in Nigeria. However, a franchisor may protect the trade secrets or know-how that it makes available to a franchisee through the use of a confidentiality or non-disclosure agreement.



In addition to the foregoing, it is advisable for a franchisor to register the licence granted to a franchisee with the Trademarks Registry or Patents & Designs Registry, as applicable. For this purpose, a short form licence agreement, separate from the franchise agreement, will be required.

Registration of a patent or design licence is important as an unregistered licence will be of no effect against third parties until registration is effected.

With respect to trademark licences, registration with the Trademarks Registry is recommended as the licensee/franchisee will be deemed a registered user of the trademark(s) and his use of the trademark will be deemed as use by the licensor/franchisor for any purpose for which trademark use is required under the Trademarks Act.



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