

## CHALLENGES OF TRADEMARK PROTECTION LAWS TO THE NIGERIAN ECONOMY\*\*\*

### Abstract

*Trademark registration/licensing has proved to be an important aspect of Nigeria's economy. With registration, registered proprietors of trademarks are conferred with some protection enabling them to enjoy exclusive rights over their intellectual property. Unfortunately, globalization and technological advancement have exposed the gaps in the Nigerian Trademark Act with serious impact on the Nigerian economy. Relying on doctrinal method of legal research, including the Constitution of the Federal Republic of Nigeria 1999 (as amended), Trademark Act, 1965, case-law, legal text books, and journal articles, the paper appraised the challenges of trademark protections laws to the Nigerian economy. The paper employed analytical approach to elucidate the data collected from these sources. The paper found that the Trademark Act 1965 is too archaic and fails to recognize certain categories of marks such as service marks; and other categories of trademark infringements such as counterfeit of domain names, also requiring protection under the law. With these gaps, foreign investors and trademark owners have suffered losses from trademarks counterfeiting. On the other hand, Nigeria also suffers loss of revenues as foreign investors are discouraged from investing in Nigeria; and the teeming employees of these businesses also lose their jobs. To address these challenges, the paper recommended the review of the Trade Marks Act of 1965 to incorporate service marks and domain name. The paper also recommended the domestication of the relevant international treaties/conventions to which Nigeria is a State party. It is rather hoped that the amendment of the Trademarks Act of 1965 would strengthen the protection of trademarks Nigeria thereby improving Nigeria's economy.*

**Keywords:** Trademarks, Economy, Infringement, Protection, Nigeria

### 1. Introduction

The aim of every law is to ensure the integration and coordination of various interests in the society<sup>1</sup> so that no one's rights or legitimate interests are violated or harmed. This protection also extends to trademarks used by a trader in the course of trade to distinguish the goods on which it is applied, from other goods of the same description;<sup>2</sup> brand names which are used by the producer to categorize their products; or any word or symbol used by a manufacturer to distinguish his or her product.<sup>3</sup> Thus, trademarks serve to identify/differentiate a business, intellectual property and display ownership and exclusive rights over the proprietor's idea, creation or design. It is an indicator to consumers that they are buying authentic products or services from a recognized brand.

The use of trademarks dates to ancient times when, owners of goods were as a matter of practice, seen inscribing marks either with a sign or initial on their goods so as to differentiate their goods from others.<sup>4</sup>

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<sup>1</sup> Kiki Handoko Sembiring, *et. al.*, "Reconstruction of Legal Protection Regulations for Teachers who Commit Acts of Violence in an Educational Environment based on the Value Dignified Justice" (2023) 4 1, *International Journal Reglement & Society*, 48

<sup>2</sup> MC Okanyi, *Nigerian Law of Property* (Fourth Dimension Publishing Co.Ltd 2000) p. 333.

<sup>3</sup> F Shyllon, *Intellectual Property Law in Nigeria: Studies in Industrial Property and Copyright Law*. (Max Planck Institute for Intellectual Property, Competition and Tax Law 2003), 18.

<sup>4</sup> F Shyllon, *Intellectual Property Law in Nigeria: Studies in Industrial Property and Copyright Law*(C H Beck pub 2003), 192.

This practice still exists today among merchants. In Nigeria too, the inscription of marks by the owners of particular goods is not a new phenomenon. It was used in the olden days to identify both agricultural implements and local industrial products. Trademarks can take any form, the most common form being the logo trademark or sign trade mark. It can also take the form of names, numerals, letters or anything that is capable of differentiating one manufacturer's product from another. Many works of art in brass, bronze, gold, clay, wood and calabash had characteristics which were and are still used to identify their origin. For instance, bronze from Ife had their own characteristic, a work of art from the Nok region often had two holes made in the head.<sup>5</sup>

As a British colony, Nigeria had its first indigenous legislation on trademark in 1900 which was applicable to the then Protectorate of southern Nigeria. This Act was later repealed by the Trademark Ordinance of 1910 and its applicability was limited to southern Nigeria.<sup>6</sup> As a result of amalgamation of the Northern and Southern Protectorate, the Trade Marks Ordinance (No 20) of 1914 was enacted and this was applicable also, to the whole country. This was followed by the Trade Mark Ordinance of 1920, 1923 and 1926.<sup>7</sup> In 1958, a consolidating Trademarks Ordinance was enacted.<sup>8</sup> In 1965, five years after Nigeria's independence, the Trade Marks Act, 1965 was promulgated. The primary legal framework for trademark protection in Nigeria as it stands today is the Trade Marks Act.<sup>9</sup> This Act repealed the Trademark Act of 1958 and its Regulations.

A trade mark must be registered before the proprietor of the mark can benefit from the protection guaranteed under the law.<sup>10</sup> The effect is for the trademark owner to have exclusive right to use the registered mark and the legal capacity to sue for infringement against an unauthorized user.<sup>11</sup> In other words, trademark registration gives trademark owners the exclusive right to commercially use the protected names or symbols, including licensing them to third parties. However, unregistered trademark owners still have trademark right under common law if their trademark is distinctive and identify a specific products or service since the Trademark Act still preserves common law rights.<sup>12</sup>

Trademark protection is very crucial and contributes immensely to the economic growth<sup>13</sup> and development of any country in the world, and Nigeria is not an exception.<sup>14</sup> More so, globalization and technological development have introduced e-commerce thereby making trademarks more important to economic development as it increases revenue, ensures economic stability, creates more job opportunities, and encourages foreign investors, among others. Trademarks are an essential part of e-commerce business as identification of products, customer recognition and goodwill are essential elements of web-based business, which are protected by trademarks and unfair competition laws.<sup>15</sup> However, much as the Nigerian Trademark Act plays an important role in safeguarding the exclusive rights of trademark proprietors, the Act does not take account of technological advancement

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<sup>5</sup> B Sodipo, *Piracy and Counterfeiting: GATT, TRIPs and Developing Country* (Springer pub 1997) <<https://searchworks.stanford.edu/view/3502650>> assessed 31 May 2024.

<sup>6</sup> AO Oyewumi, *Nigeria Law of Intellectual Property* (University of Lagos Press and Bookshop Ltd 2015), 234.

<sup>7</sup> AO Oyewumi, *Nigeria Law of Intellectual Property* (University of Lagos Press and Bookshop Ltd 2015), 234.

<sup>8</sup> Cap 199, Laws of the Federation and Lagos, 1958. AO Oyewumi, 234.

<sup>9</sup> Trade Marks Act, 1965 Cap T13LFN 2004

<sup>10</sup> *Ibid*, Section 5.

<sup>11</sup> WM Landes and RA Posner, 'Trademark Law: An Economic Perspective' *Journal of Law and Economics*, (1987) (30) 265, 271-73.

<sup>12</sup> Trade Marks Act, 1965, Section 3.

<sup>13</sup> O Nwachukwu, and N Okolie, "Examination of the Legal Effect of Regulation of Trademarks in Nigeria" *Beijing Law Review* (2022) ( Vol 13) (3) <<https://www.scrip.org>> accessed on 6 April 2024.

<sup>14</sup> OA Olugbenga, and OO Suliyat, "The Trademark Act of Nigeria and the United Kingdom: A comparative Examination" *National Journal of Intellectual Property (NJIP)*, (2014/2015) (9) 63.

<sup>15</sup> WIPO, 'Understanding How Intellectual Property (IP) Relates to E-commerce' <[www.wipo.int/sme/ip](http://www.wipo.int/sme/ip)> Accessed on 31 May 2024.

particularly in relation to trade name, service mark and regulation of counterfeit of domain name peculiar to e-commerce. These *lacunae* have in turn affected the Nigerian economy by causing loss of revenue, discouragement of foreign investors, increasing the level of unemployment among others. Against this background, this work appraises the challenges of trademark protection laws to the Nigerian economy with a view of making recommendations to address the challenges.

## 2. Clarification of Terms

### 2.1 Trademark

Okanyi, defines trademark as a mark used by a trader in the course of trade to distinguish the goods on which it is applied, from other goods of the same description.<sup>16</sup> Shyllon; referred to trademark as being brand names which are used by the producer to categorize their products and that any word or symbol can be used by a manufacturer to distinguish his or her product.<sup>17</sup> Trade mark means a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods, and some person having the right either as proprietor or as registered user to use the mark, whether with or without any indication of the identity of that person, and means.<sup>18</sup> Trademark can take any form, the most common form being the logo trademark or sign trade mark. It can also be names, numerals, letters or anything to differentiate a manufacturer's product. A trademark symbol is visual mark next to the trade mark and there are usually 3 trade mark symbols ®, TM and SM all have different meaning, uses and level of protection. TM represents unregistered trademarks (not registered with the registrar of Trade marks). It shows that a business claims the rights to the trademark (either the logo, name, slogan, letter, numerals etc). On the other hand, SM trademark symbol stands for "service mark" and is for unregistered trademarks that represent services. Like Air peace, Zenith Bank (Z) that uses the SM trademark symbol and rely on international recognition to protect their branding under common trademark law in line with section 67 of trade mark Act<sup>19</sup>. Furthermore, the ® trademark symbol stands for a registered trademark and the proprietor of a mark is entitled to use it once he has applied for a trademark with the registrar of trademark and it is approved, the registered trademark symbol provides the proprietor with a complete protection against infringements. Unlike the registered trademark proprietors, the owners of unregistered trademarks have only right to the mark but less legal protection than those with registered mark. However, they still have trademark right under common law if their trademark is distinctive and identifies a specific products or service.<sup>20</sup>

### 2.2 Economy

Economy in ordinary parlance is the state of a country or region in terms of the production and consumption of goods and services and the supply of money.<sup>21</sup> Idris, stated that it is generally agreed that the knowledge, innovation, technology transfer and protection of the intellectual property rights are the key contributing factors for the fast economic growth of countries<sup>22</sup> Kenton, stated that an economy encompasses all of the activities related to the production, consumption, and trade of goods and services

<sup>16</sup> MC Okanyi, *Nigerian Law of Property* (Fourth Dimension Publishing Co. Ltd 2000), 333.

<sup>17</sup> F Shyllon, *Intellectual Property Law in Nigeria: Studies in Industrial Property and Copyright Law*. (Max Planck Institute for Intellectual Property, Competition and Tax Law 2003), 18.

<sup>18</sup> Trade Mark Act, 1965, Section 67.

<sup>19</sup> Trade Mark Act, 1965 Cap T 13 LFN 2004.

<sup>20</sup> Trade Marks Act, 1965, Section 3.

<sup>21</sup> 'Definition of Economy' <<http://www.google.com>> accessed 9 April 2024.

<sup>22</sup> K Idris, 'intellectual property: A Power Tool for Economic growth' (General – WIPO Publication 2002) No 888e <<https://wellcomecollection.org/works/f55r>> accessed 9 April 2024.

in an entity, whether the entity is a nation or a small town.<sup>23</sup> No two economies are identical. Each is formed according to its own resources, culture, law, history and geography.

Nigeria has a mixed economy structured around capitalism,<sup>24</sup> in a mixed economy, private businesses may receive government intervention and some sectors may be regulated or entirely controlled by the government. Nigeria's economy increasingly revolves around importing and exporting and is considered an emerging economy, despite being so large and having big role in international trade, this is because so much of its economy is still concentrated in the primary sector; food production, petroleum extraction and mineral extraction.<sup>25</sup> The economic role of trademark is to help the consumer identify the unobservable features of the trademarked product. This information is not provided to consumer in an analytic form, such as an indication of size or a listing of ingredients, but rather in summary form, through a symbol which the consumer identifies with a specific combination of features. Information in analytic form is a complement to, rather than a substitute for, trademarks.<sup>26</sup> Trademark therefore plays an important role on economy in upholding the quality level of consumer goods.

### **2.3 Infringement**

The right to trade mark is infringed if another person, without the permission of a registered proprietor does or causes the doing of any act which that other person is precluded from doing.<sup>27</sup> Okanyi,<sup>28</sup> stated that a registered proprietor or permitted user, who alleged that his trade mark is infringed or about to be infringed, may institute an action to restrain the infringement. Upon infringement, no action can be commenced by or against a trade mark, as the trade mark is not a juristic person. It is the proprietor of the trade mark who can sue or be sued.<sup>29</sup> It therefore means that a trademark should be capable of distinguishing goods or service of one from others. To establish infringement of trademark, the court considers distinctiveness. It is not enough to have invented the mark first or even to have registered it first: the party claiming ownership must have been first to actually use the mark in the sale of goods or services under the Nigerian Trade Marks Act.<sup>30</sup> The test for infringement focuses primarily on consumer confusion, a trademark owner who is unable to demonstrate such confusion may not prevent the unauthorized use and subsequent weakening of a mark through an infringement action.<sup>31</sup>

### **2.4 Protection**

The Black's Law Dictionary<sup>32</sup> defines protection as "the act or action of defending or shielding someone or something from harm, injury or danger." Salmond defines it as "the safeguarding of rights and interests against infringement or violation." Protection means the means and measures put in place to safeguard the rights of individuals and entities. This may come by way of laws, enforcement/ administrative agencies, or judicial remedies. In this work, protection refers to the legal and institutional framework put in place to safeguard the trademarks of proprietors from infringement.

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<sup>23</sup> W kenton, 'Economy: What it is, Type of Economies, Economic Indicators' <<https://www.google.com/investopedia.com>> updated Dec (2023) accessed 12 April 2024.

<sup>24</sup> 'Nigeria Economy' <<http://www.google.com/study smarter .co.uk>> accessed on 12 April 2024.

<sup>25</sup> Nigeria Economy' <<http://www.google.com/study smarter .co.uk>> accessed on 12 April 2024.

<sup>26</sup> NS Economides, 'The Economics of Trademarks' ( *American Journal of Industrial and Business Management* vol78 )TMR p.526

<sup>27</sup> Trade Mark Act, 1965, Section 5(2).

<sup>28</sup> MC Okanyi, *Nigeria Law of Property* (2<sup>nd</sup> ed: Fourth Dimension Publishers 2000), 336.

<sup>29</sup> *Maersk line and Anor v Addidde investment Limited and Anor* (2022) 11 NWLR, 317.

<sup>30</sup> Trade Mark Act, Section 7.

<sup>31</sup> KB McCabe, "Dilution by Blurring: A Theory Caught in the Shadow of Trademark Infringement" [2000] (68) 1827 *Fordham Law Review* <<https://ir lawnet.fordhamedu/fir/vol68/iss5/13> >accessed on 9 April 2024.

<sup>32</sup> Black's Law Dictionary, 11<sup>th</sup> Edition, <https://www.amazon.com/Blacks.Dictionary> Accessed 14 November, 2024.

### 3. Trademark Registration in Nigeria

The registration of trademarks in Nigeria is governed by the Trade Mark Act. A trade mark must be registered before the proprietor of the mark can benefit from the protection granted under the law. Such a mark may be registered under part A or part B of the register, unlike the part A mark which must be distinctive on registration, the part B mark does not have to be distinctive when registered.<sup>33</sup> All that is required is that it should be capable of becoming distinctive in use.<sup>34</sup>

Distinctiveness is important to a valid and registrable trademark. If a mark fails to stand apart from another mark, it fails its function as a source identifier for corresponding products.<sup>35</sup> Marks that are not distinctive may cause consumer confusion, especially if the similar marked products share market cross over. A distinctive mark gains consumer awareness and earn protection. An applicant may, as a preliminary step, inquire from the Registrar whether the trade mark appears to him *prima facie* distinctive enough to qualify for registration, and the Registrar can tender his advice accordingly.<sup>36</sup> The Registrar may, for reasons stated by him, in writing, refuse his application or accept it absolutely, or subject to condition. If the application is accepted, notice of it is published by the Registrar in the trade mark journal.<sup>37</sup> Within two months of the publication in the journal, any person may, for reason stated by him, oppose the registration.<sup>38</sup> After hearing the applicant and the opposition, a final decision will be taken as to whether or not the trade- mark will be taken as to whether or not the trademark will be registered.<sup>39</sup> If the Registrar after further investigation or consideration, gives to the applicant notice of his objection to the acceptance of the application on the ground that the trade mark is not adapted to distinguish, or not capable of distinguishing, as the case may be, the applicant shall be entitled, on giving notice of withdrawal of the application within the prescribed period to have repaid to the applicant any fee paid on filing of the application<sup>40</sup>

When an application for registration of a trade mark in part A or in part B of the register has been accepted, where there is no opposition and the time for notice has expired, or where opposition is deemed abandoned, or the opposition is decided in favour of the applicant, the Registrar shall, unless the application has been accepted in error, register the trade mark in part A or part B, as the case may be<sup>41</sup> and issue a certificate of registration to the applicant with the seal of the Registrar.<sup>42</sup> The trademark when registered is registered as of the date of the application for registration. Registration is for a period of seven years subject to renewal for a period of fourteen years<sup>43</sup> However, where separate application are made by different person to be registered in respect of the same goods or description of goods as proprietors respectively of trademarks that are identical or so nearly resemble each other, the Registrar can also refuse to register any of them until their rights have been determined by the court or have been settled in manner approved by the Registrar or by the court on appeal from the Registrar<sup>44</sup> Any person who has applied for protection for any trade mark in a convention country, or his legal representative or assignee, will be entitled to registration of his trade mark in priority to other applicants and the

<sup>33</sup> FO Babefemi, 'Intellectual Property the Law and Practice of Copyright, Trademarks, Patent and Industrial Designs in Nigeria' (1<sup>st</sup> edition: Ibadan Nigeria Reprinted Polygraphic Ventures Limited 2007), 177.

<sup>34</sup> FO Babefemi, 'Intellectual Property the Law and Practice of Copyright, Trademarks, Patent and Industrial Designs in Nigeria' (1<sup>st</sup> edition Ibadan Nigeria Reprinted Polygraphic Ventures Limited 2007), 177.

<sup>35</sup> CD Nichols, 'Trouble in Trademark Law How Applying Different Theories Leaves Door Open for Abuse' SMU Science & Technology [2024] (17). < <https://www.scholar.smu.edu/citedvol17/iss1/2/>> accessed on 19April 2024.

<sup>36</sup> Trademark Act 1965, Section 17.

<sup>37</sup> Ibid, Section 19.

<sup>38</sup> Trademark Act 1965, Section 20 (1).

<sup>39</sup> Ibid, Section 20(4).

<sup>40</sup> Ibid, Section 17 (2).

<sup>41</sup> Ibid, Section 22 (i).

<sup>42</sup> Ibid, Section 22 (3).

<sup>43</sup> Ibid, Section 23 (2).

<sup>44</sup> Ibid Section 13 (3) (a) (b).

registration will have the same date as the date of the application in the convention country<sup>45</sup> Where registration of a trade mark is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice of the non-completion to the applicant in writing in the prescribed manner, treat the application as abandoned<sup>46</sup>

An opposition may within two months from the date of any advertisement in the journal of an application for registration of trade mark, give notice to the Registrar of opposition. The notice will be given in writing and include a statement of the grounds of opposition. The Registrar will send a copy of every such notice to the applicant and within one month after the date on which the copy is received by the applicant, the applicant will send to the Registrar a statement of grounds on which he relies for his application and if he does not do so, will be treated as having abandoned his application<sup>47</sup> in the case of *Beecham Group PLC v. General Nutrition Ltd*<sup>48</sup> the court held that where an applicant for registration of a trade mark which is opposed fails to file the counter<sup>49</sup> statement within the mandatory period of one month as required by section 20 (3), the application will be regarded abandoned.

The Trademark Act does not provide for equitable title on a proprietor whose application for registration is pending. In *Welcome Foundation limited and Anor v. Ranbaxy Montrari (Nig) Ltd*<sup>50</sup> the court held that the Trademark Act does not recognize the vesting of an equitable title on a proprietor whose application has been accepted but not yet registered,

#### **4. Economic Benefits of Trademark Protection**

Trademarks are an essential component of Intellectual property protection; they grant exclusive rights to the trademarks owner, enabling them to prevent unauthorized use and infringement.

##### **4.1 Increased Brand Value**

Protected trademarks increase brand value and creates consumer confidence of the authenticity of products. Brands are more than just logos or slogans; they represent values such as dependability, quality and innovation. Developing economies work hard to build significant brand equity in order to develop a long term market presence and foster consumer loyalty<sup>51</sup> trademark and brand are often used interchangeably, they hold distinct meanings. Trademarks specifically represent a company goods and services, protecting reputation, generating revenue, ensuring legal protection, and differentiating companies from competitors. Brands encompass a broader concept, encapsulating the overall image, reputation, and associations with a company's products or service.<sup>52</sup>

Trade mark plays an important role in brand protection as it helps build brand recognition and customer loyalty, making it easier for consumers to identify and choose the company's offerings over competitors. For customer, trademarks serve as indicator of quality and consistency. When customers see a familiar trademark, they associate it with a particular company, its reputation, and the quality of its products or services. Trademarks provide assurance and trust, allowing customers to make informed purchasing decision based on their previous experiences or positive associations with a specific brand.

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<sup>45</sup>Ibid Section 44 (1).

<sup>46</sup>Trade Marks Act 1965, Section 22 (4).

<sup>47</sup> Section 20.

<sup>48</sup> (1997) F H C L R 662.

<sup>49</sup>Trade Marks Act 1965.

<sup>50</sup> (19984) F H C L R 353.

<sup>51</sup>Shivani Singh, 'Trademarks and the Modern Economy' <<http://www.Sanrachna Foundation>> accessed 2<sup>nd</sup> September 2024.

<sup>52</sup>Shivani Singh, 'Trademarks and the Modern Economy' <<http://www.Sanrachna Foundation>> accessed 2<sup>nd</sup> September 2024.

## 4.2 Increased Revenue

Trademark protection ensures increased economic activities and increased economic activities means increased revenue. The World Intellectual Property Organization shows that trademarks generate 30-40 per cent of global trade. This in turn means increased tax revenues and royalties for the licensing of trademarks. Increased GDP boosts national economic growth thereby contributing to economic stability.

## 4.3 Competitive Advantage

Trademarks distinguish one business competitor from the other. Distinctiveness enables consumers to identify or recognize product or services of their choice thereby giving one business an edge over their competitors.

## 4.4 Encouragement of Innovation

Trademark facilitates brand differentiation enabling businesses to distinguish their goods and services from other market competitors. This encourages healthy competitions that drive innovation.

## 4.5 Creation of Job opportunities

Trademark protection intensifies economic activities and increased economic activities create job opportunities such as brand managers, marketing professionals, advertising experts, trademark lawyers, intellectual property professionals, licensing experts, among others.

## 4.5 Attraction of foreign Investors/international trade

Protected trademarks attract foreign investors and facilitate international trade and commerce by attracting foreign investment, a country's revenue is also increased.

## 5. Trademark Infringement under the Trademark Act

Under section 5(2)<sup>53</sup> “marks shall be deemed to be infringed by any person who not being the proprietor of the trade mark, uses a mark identical to it or so nearly resembling it as it is likely to deceive or cause confusion in cause of trade in relation to any goods in respect of which it was registered.” By the clear provisions of the Act,<sup>54</sup> infringement of trademark occurs in 3 instances, to wit,

- i. **Infringement by Use.** The registration of trademark entitles the registered proprietor as the owner of the trademark. Hence, where a person not being the proprietor of a trademark or who does not have the authorization of the proprietor of a trade mark uses a mark that resembles the registered trademark, it will amount to infringement for which the registered proprietor can file a suit.<sup>55</sup> To succeed under this head however, the plaintiff must prove that (a) he or she is a registered owner of the trademark; (b) that the trademark used by the defendant is identical to his/hers and capable of confusing customers; and (c) that the use of the said mark by the defendant threatens his/her interest.<sup>56</sup>
- ii. **Infringement using marks confusing to consumers.** Distinctiveness is important to any registrable trademark. If a mark fails to stand out from another mark it fails its function as a source identifier. Section 13,<sup>57</sup> provide that where a mark is bought to registered, it should not be similar to another mark that has already been registered and recorded in the trademark register In this case, infringement of trade mark occurs when an identical or similar mark which is known but used on a different package is put on display amongst people who are aware of the trademark but may be

<sup>53</sup> Trademark Act.

<sup>54</sup> Section 5(2).

<sup>55</sup> *British American Tobacco (Nig.) Ltd & Anor v. International Tobacco Company Ltd*, (2003-2007)5 IPLR, 285, 280, 272).

<sup>56</sup> *EBS Ltd v. Evans Medical Plc & 4 Ors* (2003-2007) 5 IPLR 106(2003-2007) 5 IPLR 106.

<sup>57</sup> Trademark Act 1965.

confused when the original and fake goods are put side by the side. The test for infringement here is premised on whether the use of such trademark will confuse or is capable of confusing consumers as not to differentiate the original product from the faked one.<sup>58</sup> Unless the plaintiff proves this fact, he will succeed in an action for infringement. In *Nigeria Distillers Ltd v. Gybo and Sons & Anor*,<sup>59</sup> the court was faced with the issue of deciding whether the Plaintiff's trademark 'Bacchus' will be confusing to consumers when put side by side with the defendant's mark 'Cacchus' is whether the person who sees the word 'Cacchus' in the absence of the plaintiff's mark, 'Bacchus' as to deceive them into believing that it is 'Bacchus.'

In this regard, the Supreme Court had in the case of *Ferodo Ltd v. Ibeto Industries Ltd* laid down the following yardstick and required the questions to be answered in the affirmative to establish that marks are confusing to the consumers:

- a. Whether the marks are greatly similar as to create a likelihood of confusion to a reasonable man;
  - b. Whether Plaintiff's infringed mark is so popularly and widely recognized by consumers;
  - c. Whether the plaintiff's mark carries any strength;
  - d. Whether there is evidence that the defendant's mark caused confusion;
  - e. Whether the location of the business of the plaintiff and the defendant and how careful consumers might be in considering both businesses;
  - f. whether a consumer in the marketplace is likely to be confused by similar marks;
  - g. whether the commercial value of the infringed mark and how it is likely to affect the brand of the plaintiff;
  - h. the intention of the defendant; and
  - i. Whether the defendant was aware of the mark before infringing on it.
- iii. **Infringement relating to goods for which the mark is registered.** To succeed for a suit against infringement under the Trademark Act, the mark must be in relation to the same class of goods for which the mark is registered. For instance, if the registered mark is for shoes but the infringing mark is for racket, the act will not amount to infringement under the Act.<sup>60</sup> Again, the Act does not recognize trademark infringement relating to services but to goods. Thus, the Act defines trademark to mean a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods, and some person having the right either as proprietor or as registered user to use the mark, whether with or without any indication of the identity of that person, and means.<sup>61</sup>

This is a serious lacuna that calls for the amendment of the Act. However, the Business Facilitation (Miscellaneous Provisions) Act<sup>62</sup> has filled in this *lacuna* by defining trade mark to include services.

#### **iv. Other Categories of Trade Mark Infringement**

The emergence of industrialization and global commerce, have witnessed other categories of trademarks such as counterfeit of domain names, trade dress/get up, dilution and parallel importation, not recognized under the Trademark Act.

##### **a. Counterfeit of Domain Names/Domain Spoofing**

Counterfeit of Domain name/Domain spoofing is a category of trademark infringement, although it is not recognised by the Trademark Act. Counterfeit of domain name is when cyber criminals fake a

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<sup>58</sup>*Alban Pharmacy Ltd v Sterling Products Int Inc* (1968) All NLR 300.

<sup>59</sup> (1997-2003)4 IPLR 464.

<sup>60</sup> Trademark Act 1965, Section 67.

<sup>61</sup> Trademark Act 1965, Section 67.

<sup>62</sup> Paragraph 69 of the Schedule to the Act.



website name or email domain to try to fool users.<sup>63</sup> The goal of domain spoofing / counterfeiting is to trick a user into interacting with a malicious email or a publishing website as if it is a legitimate one.

A domain name is a key to a brand online. The common practice in domain spoofing is creating a look-alike website using a slight variation of your domain names. The faked website is not distinguishable from the authentic one and the risk of such fake website includes that consumers may give out their payment information and personal details on such websites. A more sophisticated technique in domain spoofing is using malware to hack URL. Counterfeit of domain names may lead to a trademark infringement when the defendant is dealing in goods online similar to a registered owner, in relation to the mark or logo itself, or the packaging and service marks.

#### **b. Trade dress /Get-up**

Trade dress also known as get-up is the overall commercial image of a product or service that indicate or identifies the source of the product or service and distinguishes it from those of others.<sup>64</sup> Trade dress consists of such element as size, shape, colour, texture, etc. The goal of trade dress is to prevent competitors from creating products or package that is confusingly similar to the protected product, which could unfairly benefit from the reputation and goodwill of the original product.<sup>65</sup> Trade dress is important for business because the distinctive looks which help them stand out in the market place and create a strong connection with consumers. It also helps business protect their investments in branding and product design by preventing competitors from unfairly benefiting from the reputation and goodwill of their products. Despite this, trade dress is not recognised under the Trademark Act.

#### **c. Dilution**

Dilution is an infringement which can occur when a person uses a well-known name which would occur inadvertently to destroy the uniqueness and originality of a particular mark. This would affect the value of the product in currency especially if the reputation of the mark was extended across a diverse range of products.<sup>66</sup> Dilution can take the form of blurring or Tarnishment. Dilution by blurring occurs when a mark is used by a different manufacturer in an unrelated line of business. Dilution by Tarnishment occurs where the trademark is used by a different seller in unrelated goods of lower quality than those of the trademark holder. Tarnishment covers cases where the defendant uses a similar mark in a way that severely clashes with the meanings that consumers associate with the plaintiff's mark.<sup>67</sup> In essence, dilution interferes with the proper economic function of trademarks.<sup>68</sup> Infringement by dilution is not recognized under the Trademarks Act in Nigeria.

#### **d. Parallel Importation**

Parallel Importation (also known as grey goods) refers to a situation where the owner of the trademark has not given its consent to import its trademarked goods to a certain area.<sup>69</sup> Currently, In Nigeria, no statutory prohibition on parallel importation exists. Parallel importers operate outside the distribution network set up by the manufacturer or his or her authorized distributor, parallel imports are not fake or

<sup>63</sup> "What is domain spoofing/Website and email Spoofing" <<http://www.cloudflare.com>> accessed 13 May 2024.

<sup>64</sup> Trade Dress: International Trademark Association<<http://www.inta.org>> accessed 31 August 2024.

<sup>65</sup> 'Protection of Trade dress under intellectual property' <<https://www.excelonip.com>> accessed 31 August 2024.

<sup>66</sup> F Shyllon, 'Intellectual Property Law in Nigeria, Studies in Industrial Property and Copyright Law' *Max Planck Institute for Intellectual Property, competition and Tax Law, Munich* vol. 21, 183.

<sup>67</sup> D Klernan, 'Trademark Dilution, Search Cost and Naked Licensing' (2006) 74 *FORDHAML Rev* 1759, 1762.

<sup>68</sup> F Shyllon, 'Intellectual Property Law in Nigeria. Studies in Industrial Property and Copyright Law' *Max Planck Institute for Intellectual Property, competition and Tax Law, Munich* vol. 21 at P. 241.

<sup>69</sup> I Avogoutis, 'Parallel Imports and Exhaustion of trademark Rights: Should Steps be taken towards an International Exhaustion Regime'? (2012) *European Intellectual Property Review*, vol. 34 No 2 P 108-121

counterfeit goods,<sup>70</sup> but they occur when products are imported cheaply without the owner's consent having a trademark or other intellectual property in the goods, thereby aiming to compete with the owner's own products which had originally been marketed abroad at a lower price.<sup>71</sup> A deficiency in the Trade Mark Act is that it does not define infringement or infringing materials in the Statute. Infringement in Nigeria is still related to closely resembling goods likely to cause confusion or deception.<sup>72</sup> This does not punish parallel importation as the trademark in this case is original and registered. Consumer goods businesses are unable to control the quality of this grey goods/parallel

## **6. Gaps in Trademark Protection Laws of Nigeria**

### **6.1 Obsolete Laws**

The current primary law for trademark protection in Nigeria (Trademark Act, 1965) is obsolete and inadequate to address modern trends and technological advancement giving rise to counterfeit of domain name/domain spoofing, dilution, parallel importation and so on. The Act was enacted in 1965, five years after Nigeria's independence and is a replica of the UKTMA 1938<sup>73</sup> which has long been repealed in UK. Since the enactment of the Act, no effort has been made at amending it to align it with the current technological advancement in trademark protection.

### **6.2 Restrictive definition of what constitutes trademark under the Trademark Act**

One of the major problems of the Nigerian Trademark Act – the primary legal regime for trademark protection is that there is no provision for the registration of service marks in the Trade Marks Act. The Act only recognizes and defines trademark only in relation to goods.<sup>74</sup> Although the Business Facilitation (Miscellaneous Provisions) Act<sup>75</sup> has bridged this gap by extending trademark protection to services, it is expected that the Trademark Act will be amended to that effect. This is because like in goods, service mark is essential to helping the public to distinguish one service from another. Such services include banks, airlines and other service.

### **6.3 Non- Recognition of other Types of Trademark Infringements**

As noted earlier, the Trademark Act is archaic and as such fails to address current trend in technology that could advance international trademark system. The effect is that other categories of infringement such as counterfeiting of domain name, dilution, trade dress up, cyber-squatting, parallel importation trade, are not recognized by the Act. This is quite unlike the UK Trademark Act which is quite extensive in this regard and also provides for different instances on how trademark infringements can occur.<sup>76</sup>

### **6.4 Non-Recognition of other categories of Trademarks**

Again, quite unlike the UK Trademark Act of 1994,<sup>77</sup> the Nigerian Trademark 1965 Nigeria Trade Mark Act only refers to infringement under section 13, in relation to goods which look alike.<sup>78</sup> It does not recognise scents, shapes and the packaging of goods as marks needing protection.<sup>79</sup> According to

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<sup>70</sup> O Agaba, 'The Parallel Importer and the Nigerian Trademark Jurisprudence: A Critical Analysis' (2013) *NAIL Journal of Intellectual property* vol. 2, No1.

<sup>71</sup> F Shyllon, 'Intellectual Property Law in Nigeria. Studies in Industrial Property and Copyright Law' *Max Planck Institute for Intellectual Property, competition and Tax Law, Munich* vol. 21 at P 255.

<sup>72</sup> Trade Marks Act, 1965 Section 13(1).

<sup>73</sup> UKTMA, Cap 22, 1938.

<sup>74</sup> Trade Marks Act 1965, Section 67.

<sup>75</sup> Business Facilitation (Miscellaneous Provision) Act, Para XXI, Section 68.

<sup>76</sup> UKTMA 1994, Sections 16, 17 & 18.

<sup>77</sup> UK Trade Marks Act, Cap 26, 1994, Section 1(1).

<sup>78</sup> Trade Marks Act 1965, Section 13(1).

<sup>79</sup> AI Adewopo and C Oguamanam, 'The Nigeria Trademark Regime and Challenges of Economic Development' (199) *Int'l Review of Industrial Property and Copyright Law* vol. 30, I, 632-653.

Trademark Act, infringement only occurs when a person uses a trade mark identical to the registered user as a means of deceiving buyers.<sup>80</sup> This does not punish parallel importation as the trademark in this case is original and registered. Like the Information Technology and Creative Industries, Nigeria continues to suffer from counterfeiting in the consumer goods industry due to the lack of technology, and infrastructure to regulate the importation of grey goods / parallel importation.

### 6.5 Non-Domestication International Treaties & Conventions on Trademark

It is a principle of international law that States are bound by their international obligations (*Pacta Sunt Servanda*).<sup>81</sup> In international law, agreements are reached through treaties and convention by and the consent of a State to be bound by treaty is shown by among others, signature and exchange of instruments constituting a treaty.<sup>82</sup> The idea is to ensure international cooperation. Nigeria is a party to many international treaties and conventions, including the Paris Convention. However, Nigeria is yet to domesticate these treaties. This is because in Nigeria, unless international treaties and conventions are domesticated in accordance with the provisions of the Constitution,<sup>83</sup> they will not have the force of law.<sup>84</sup> This is a serious challenge, especially given that the Vienna Law of Treaties stipulates that States cannot raise the deficiencies in their domestic laws as a ground not to perform their international obligation.<sup>85</sup>

### 6.5 Expensive and Cumbersome Registration Process due to ineffective leveraging on Technology

The Trade Marks Act, 1965, does not for instance make provision for online search and registration of trademark. It does not recognize online hearing for refusal of a trademark application. This is quite unlike the United States where the Trademark Trial and Appeal Board (TTAB)<sup>86</sup> leverages on technology through the instrumentality of the Electronic System for Trademark Trials and Appeals (ETTA) for electronic filing and document management, online case management, hearings, digital evidence and electronic service and notification. The inadequate leveraging on technology makes the process of trademark registration in Nigeria expensive, cumbersome, time wasting and energy sapping. It also creates difficulty in regulating counterfeiting and importation of grey goods/parallel importation.

## 7. Challenges of Trademark Protection Laws to the Nigerian Economy

### 7.1 Discouragement of Foreign Investment

The idea of law is to ensure the protection of rights. However, where the law is weak, or lacks effective enforcement mechanisms, it will discourage foreign direct investment (FDI), innovation, and technology transfer. The extant primary legal regime for trademark protection in Nigeria does not provide adequate protection for trademark proprietors who spent time and energy creating symbols or marks to ensure that their marks are not imitated or passed off. This is particularly evident in lack of recognition of other categories of trademark infringements like counterfeiting of domain name, dilution, among others and non-recognition of other forms of trademarks like scent, shapes, among others. For instance, counterfeiting/spoofing of domain name constitutes a threat to foreign investment while the fraudsters reap the benefits of what they never laboured for. If a customer is tricked, for instance under a domain name, the genuine domain will be deemed the scammer and this will discourage other brands from advertising on the website. Again, counterfeiting of goods damages the long-established brand

<sup>80</sup> Trademark Act, Section 13.

<sup>81</sup> Vienna Convention on the Law of Treaties, 1969, Article 26.

<sup>82</sup> Ibid, Article 13.

<sup>83</sup> Constitution of the FRN, 1999 (as amended), Section 12(1).

<sup>84</sup> Ibid

<sup>85</sup> Article 27.

<sup>86</sup> 'Trademark Trial and Appeal Board' <<http://www.uspto.gov>> accessed 6<sup>th</sup> September 2024.

reputations of trademark proprietors. Unfortunately, fake domains are a safety net for the sale of counterfeit products, as counterfeiters will assume no responsibility for the hazard caused by selling fake products. These threaten and discourage foreign investors in key sectors.

### **7.2 Loss of Revenue**

Another challenge of trademark protection laws to the Nigerian economy is loss of revenue for the businesses and for Nigeria as a country. Nigeria incurs loss of revenue through reduced foreign investment.

### **7.3 Loss of Jobs**

Lack of adequate protection of trademark has ripple effects with chain reaction as one act causes another. Reduced foreign investments mean loss of jobs for Nigerians employed by these foreign businesses.

### **7.4 Lack of Economic Stability**

Lack of incentives for innovation as a result of counterfeiting and damage to reputation owing to counterfeit goods, discourages foreign investors thereby reducing the GDP of Nigeria. Reduced foreign investment and loss of jobs owing to inadequate protection of trademarks creates economic instability.

## **8. Conclusion and Recommendations**

The paper appraised the challenges of trademark protection law to the Nigerian economy. The paper particularly observed that the extant legal regime is too deficient to meet the challenges posed by technological advancement in the trademark system, particularly counterfeiting to which business and trademark proprietors have lost so much revenue. To address these challenges, the paper recommends as follows:

### **8.1 Review of the Trademark Act, 1965**

One of the important ways of addressing the present economic challenge caused by the gaps in the trademark protection laws of Nigeria is the amendment of the Act in line with the current technological development. For instance section 67 of the Act relating to the definition of trademark should be amended to recognize service mark as a class of trademark. Although it could be argued that the Business Facilitation (Miscellaneous Provisions) Act 2023 recognizes service mark, it however makes more sense that Trademarks Act which is the primary legislation that governs registration and trademarks practices, to recognize service mark. It is also important to amend the Act to recognize other categories of marks such as trade dress, shapes, product packaging, among others. This will give room for the recognition of other categories of trademark infringement such as counterfeit of domain names. Finally, the Act should be amended to provide stringent punishment for counterfeiting.

### **8.2 Domestication of International Treaties and Conventions to which Nigeria is a party**

Nigeria should be bound by its international obligation by domesticating the relevant international trademark treaties and conventions such as the Paris Convention. This will help shape Nigeria's trademark system. Foreign investments in Nigeria comes with huge economic benefit and raises revenue for the government which will be used for national development.

### **8.3 Introduction of trademark-specific courts or Tribunals**

The establishment of trademark-related courts or tribunals will help deal with expeditiously with trademark-related cases to avoid the congestion characterizing the conventional courts.

**8.4 Awareness Campaign**

Combating trademark challenges in Nigeria requires more than robust laws; educating and public awareness in crucial area, prioritizing public awareness and educational initiatives for stakeholders like trademark owners, consumers, judges, law enforcement agencies, lawyers and the public is the key. Educating the public on the concept of trademark practices will foster respect for trademark, reducing inadvertent infringement and counterfeiting. There is erroneous impression of illiterate manufacturers that registrations with the corporate affairs commission confer trademark protection on the owner.

**8.5 Simplification of Registration Process**

The relevant trademark authorities should leverage on the modern technology to simplify the rigid, time consuming, energy sapping registration process so as to facilitate seamless registration of trademarks in Nigeria. Simplification of the process will also include leveraging on technology to introduce online registration, management of cases, among others as it is obtainable in other climes.

**8.6 Adequate Funding**

The relevant trademark administration mechanisms should be adequately funded to help function effectively and efficiently.