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WORLD INTELLECTUAL  
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## **WIPO WORKSHOP ON INTELLECTUAL PROPERTY FOR BUSINESS FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)**

organized by  
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in cooperation with  
the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA)

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**SELECTED CASE STUDIES AND BEST PRACTICES IN TANZANIA: SMES  
BENEFITING FROM USE OF INTELLECTUAL PROPERTY SYSTEM**

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## A. Introduction

1. Small and Medium Enterprises plays a potential role in the economy of our country. This is a sector which enjoys the participation of the majority of the population. However it is difficult to define what is SME, there is no agreed definition, each country has its definition, depending on the size of an enterprise in terms of:

- Turn over of the sales
- Number of employees
- The capital and assets employed

2. In Tanzania SMEs are categorized according to number of employees and capital investment:<sup>1</sup>

Category	Number of Employees	Capital Investments (000,000Tshs)
Micro Enterprise	1-4	5
Small Enterprise	5-49	5-200
Medium Enterprise	50-99	Above 200 - 800
Large Enterprise	100+	Above 800

3. Studies have been made to determine the importance of SMEs in the Country's economy. It is said that 20% of the labour force is engaged in SME, this data may not be precise when comparing the magnitude of what we see in the streets and everywhere around us, it is again said through research findings that 700,000 people enter into labour force yearly. Out of this 660,000 people are absorbed into SMEs formal and informal sector leaving only 40,000 to be employed into public services.<sup>2</sup>

4. SME's engage in all kind of business ranging from service providers to manufacturing of various goods and items.

5. Most of these SMES use Intellectual Property either in manufacturing and/or marketing their products; this adaptation to technology and transfer of technology is easily done in SME's more than even in large industries. Some times this can be attributed to ignorance as to the importance of Intellectual Property as a property, so innovation and copying in SME is common. Taking an example of what is practiced by small industries under SIDO and under the organization known as VIBINDO they are doing all kind of innovations making various things to suit the local environments.

### I. HOW DO SMEs BENEFIT FROM USING INTELLECTUAL PROPERTY

6. A study conducted in Dar es Salaam earmarked three Enterprises:

- Chemi and Cotex Industries LTD
- Said Salum Bakhresa LTD
- Tanzania Food Processing Association (TAFOPA)

<sup>1</sup> Ministry of Industry and Trade, Small and Medium Development Policy, DSM, 2002, p.3

<sup>2</sup> Source of information: University of Dar es Salaam Faculty of Commerce Paper

7. Sampling of the case study was made thorough a search in the Trade and Service Mark indeces.

8. The selected cases are proprietors of various trade and service marks and are manufacturers and/or processors of various items and are chosen to demonstrate how SMEs benefit from using Intellectual Property.

9. In all cases, interview conducted with owners or managers; some confessed that the use of Intellectual Property or the knowledge of Intellectual Property was by accident, others said that it was necessitated by stiff competition where the proprietors wanted to face the market and own the share in that market by identifying their products this was achieved by designing special marks.

## II. CASE STUDY: CHEMI & COTEX INDUSTRIES LTD

10. Chemi and Cotex Industries LTD is a subsidiary company of MAC GROUP a holding company under which about 20 manufacturing companies with several Trade Marks are registered. These Trade Marks are of various products; cosmetics; dentifrices, plastic products ranging from furniture to packaging containers, tanks, salt, edible oils, fertilizer, assembling of vehicle, banking, insurance. just to mention a few.

11. Use of intellectual property especially branding their product was practiced without registration a long time ago, until when the situation demanded so they came forward to protect their now well known brands. The hypothetical example is the mark "BODYLINE", the proprietor did not see a need to register it until when people started copying the mark and started to dilute the quality of her products by supplying good of lesser quality than those produced by her.

12. Today Chemi & Cotex Industries Limited one of MAC Group affiliate has elevated herself from small Enterprise to medium enterprise and may be it is in the process of becoming one of the large enterprise. It started as a small enterprise.

13. As it is said earlier this business started as a simple shop selling all types of consumable goods. It is with the entrepreneurial spirit of its proprietor that the business expanded as a small enterprise producing cosmetics; branding and packing them for the market. On the side of Trade Mark now they boast of more than thirty Trade marks some of which are well known Trade Marks like WHITE DENT for tooth paste, Bodyline for cosmetics etc.

- Protection of products through marks has enabled the company to have sustainable profit.
- Marks have guaranteed a stable market.
- It has also created a good will through advertisement and clear identification of product.
- With more profit expansion of the enterprise is obvious, employment also rises even quality of products is improved.
- All products in the world are marketed by using trade marks.

14. However the enterprise on the side of technology in manufacturing they use licensed technologies, that is patents protected elsewhere. They have not so far invented nor innovated any thing worth protecting. What is encouraging is that they are aware on the use of technology whether patented or not, they enter into agreements with owners for authorization to use the technology.

### III. CASE STUDY : TANZANIA FOOD PROCESSING ASSOCIATION

15. A very interesting situation is the case study on small or rather individual processors, through an association known as Tanzania food processing Association(TAFOPA). This association has registered a mark known as TAFOPA as a collective mark, the association itself does not use the mark but its members do so. The use of a collective mark is not a bar to members to further identify their products by using individual mark on top of this collective mark. These small producers produce pickles, peanut butter, honey, juices, canned fruits, wine from various fruits, soya products, nutrition flour locally known as “unga wa lishe” just to mention few products under the collective mark. All this demonstrates the importance of Intellectual Property in marking one's product. When going through the register of members one realizes that the use of a collective mark like TAFOPA guarantees the public of quality of the products. Members have to meet and maintain the set standard of quality, at the same time one has to develop his personal mark to identify his/her products from other producer of similar product in the association, illustrating such situation, one of the members who incidentally is an executive secretary to the association, owns a firm which produces banana wine known as “ASILIA” a mark registered in class 33 in respect of wine. This helps her to assure the consumers of her products of the quality of her products by the association's mark, at the same time her own mark helps the consumers a wider choice on the products they want to buy.

16. Another well known example though not registered as a collective/community mark is DABAGA. If one mentions “DABAGA” people associate it with the products which are tomato sauce, chilly sauce, tomato puree.

- The benefit of IP to this group of people is that it has created business strength and identity in the market the thing they did not have due to lack of capital.
- It has created quality guarantee to the consumers because jointly the mark appears as a certification mark

### IV. CASE STUDY: SAID SALIM BAKHRESA LIMITED (COMMONLY KNOWN AS SSB OR AZAM)

17. This is another enterprise which rose from small enterprise and now it has grown to medium and may be heading to becoming a large enterprise. This started with restaurant business known as AZAM restaurants spread in strategic areas in the city of Dar es Salaam selling cooked food. This was then transformed into food processing industry where snacks and ice cream branded AZAM were marketed under that Trade Mark. It then expanded into processing and selling cereals, wheat flour, home baking flour, the special brand developed by this enterprise is what distinguishes it with other manufacturers and supplier of similar products. It has developed into a famous mark, if you mention the word AZAM, everybody knows, that you are referring to confectioneries or flour. Through its proper marketing strategies the Enterprise is enjoying a large share of market in the country and it is now supplying its products to almost all neighbouring countries.

18. The Enterprise exports her products to Congo(DRC), Uganda, Rwanda, Burundi and Malawi. In Malawi and Uganda they have opened processing facilities. AZAM has become a household name in these countries. This proves how IP benefits SMEs by getting more profit and creating more employment opportunities.

19. On the side of technology, the enterprise maintain research facilities she has two laboratories with which they boast of high quality products produced using high level technology. They employ specialists, most of them graduates from Sokoine University of Agriculture.

20. The enterprise uses her personnel to understudy the experts who are currently employed to man the technology which the enterprise imported from Italy, France and Spain as a form of technology transfer.

21. So far the enterprise besides getting licenses from the owners of the technology, they have not invented nor innovated anything new, but at least they are aware of the existence of technology of their liking and how to access it through the internet. This also answers the question why they are not using the Patent office to access recent or any technology which has already fallen into public domain.

## V. GENERAL OBSERVATIONS

- The importance of Intellectual Property in business is acknowledged by all three enterprises. However there are problems which hinder effective utilization of Intellectual Property:
- Lack of sufficient knowledge and information in utilization of Intellectual Property.
- In the case of community mark, the mark is registered in one class only that is class 29 which deals with meat, fish, poultry, Meat extracts, preserved dried and cooked fruits and vegetables, jellies, jams, compotes, eggs, milk and mol product; edible oils and fats. Due to lack of sufficient knowledge members use this community mark on goods other than those listed above, goods which fall under other classes; these include cereal and all cereal products, wines etc.
- Piracy: Another problem facing entrepreneurs is piracy. After a success story of AZAM; people design their marks evolving on the well advertised mark, in fact this is passing off, people using others ignorance and the reputation of this well established mark to market their products. Consumers in most cases think that the new mark and the one already known to them are associated, they attribute the quality of the already known mark to the new mark which somehow look similar.
- Litigation costs: Despite the fact that the law provide for remedy in favour of proprietor of marks whose mark has been infringed, still suits against infringers are not filed at desired rate due to litigation cost which appear to be high.

## VI. WAYFORWARD

- In addressing the above problems a lot is to be done to raise the awareness of entrepreneurs. Much is to be done in sensitizing SMEs in using Intellectual Property. We commend SIDO for the work so far done in sensitizing SMEs and in trying to bridge the gap between formal and informal sector. It is through SIDO's effort that food processors through TAFOPA are coordinated. Use of Intellectual Property is still a myth to many SMEs, this is due to lack of understanding on the rights and advantages emanating from Intellectual Property. Though registration is not a mandatory requirement but the advantages of protecting ones Intellectual Property are immense, so SMEs should be sensitized and encouraged to use Intellectual Property.

- SMEs should be encouraged to employ people skilled in Intellectual Property matters. This will help to minimize the operational costs as the experts will handle Intellectual Property issues timely, expertly and avoid unnecessary litigations.

## VII. CONCLUSION

Intellectual Property is important to SMEs growth in Tanzania it is the backbone of industries, whatever is produced is to be marketed. For market stability SMEs growth depend on competitiveness this can be achieved if and when SMEs use effectively intellectual property.

Thank you for your attention.

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