

## CEO CORNER

### Print's thriving future

**FOR a second year, PIFSA has subscribed to the Printing Industries of America (PIA), in order to give paid-up members access to the PIA website and interesting articles, statistics, research and publications.**

Unfortunately, not many members use this facility and miss out on informative facts that could assist them in their business planning and execution.

An example of this is taken from the latest PIA article, entitled: 'Moving Past the Great Recession: Print's Recovery Path for 2011-2012 and Beyond'.

Extracts from this document from the PIA's Economic & Market Research Department address the following topics:

- The Economy: Recession and Recovery
- Assessing the Damage: Print and the Great Recession
- Print Market Outlook for 2011-2012 and
- Different Paths: Printers' Race for the Future

The article envisages three possible scenarios – a likely rebound, sluggish recovery, or a double-dip recession – and these are investigated in descending order of likelihood.

The article points out that the number of US printing plants declined to 33 565 – down from 36 508 (-8%) in 2008; that total turnover in 2009 declined from \$166,6-billion to \$140,7-billion (-15.6%) and employment declined by from 976 400 to 909 200 (6,9%). In total, 2009 print markets declined by 2,9%, \$25,9-billion in total turnover and more than 67 000 employees.

From there, the document researches the printing and packaging sector by function and process, addressing recent trends in printing profits. It also points out that 'printing leads recessions and lags recoveries and, over the next two years, there will be a continued shakeup of printing plants from industry restructuring. As the surviving plants pick up the sales of failing plants, they will, of course, outperform the overall print markets'.

The impact of all of this is that survivors will likely see overall sales grow by fairly significant rates over the next two years. However, the really interesting part of the article investigates the race for the future, discussing which of today's printing firms will survive and which will fail. Of those that survive, which will thrive in the future?

Researchers, Dr Ronnie Davis and Ed Gleeson, classify current printers into four categories: SuperPrinter, Survivor, At Risk and Expendable. They provide views on what printing and packaging companies will have to achieve in order to progress from being an Expendable to evolve as a SuperPrinter.

The article is short and succinct but contains pertinent remarks and conclusions on the fate of the industry. Every person in PIFSA membership should contact the National Office to find out how to log on to the PIA website and begin using this information. Remember that the USA is generally 18 to 24 months ahead of South Africa in developments, and local business owners have an amazing opportunity to foresee the future through this organisation.



Patrick Lacy, CEO

## Year-end function enjoyed by all

**THE Durban Country Club proved a popular venue for the KZN Chamber's highly successful year-end cocktail function.**

The event wouldn't have been possible without the support of Sappi and Xerox and, in addressing members, Chamber president, Bob Allan-Reynolds, thanked these two companies for their commitment to the KZN Chamber.

In a break with tradition, guest speaker and former pace-man for the SA Proteas, Fanie de Villiers, regaled members and guests with numerous entertaining recollections of his playing days with the national team.



▲ Surrounding Fanie de Villiers, the Sappi team included Sundren Naidoo, Zelda Schwalbach, Jon Shepard (seated), Ravie Kupersamy (front), Bernhard Riegler, Brian Balfour (front) and Manesh Singh.

◀ With guest speaker, Fanie de Villiers (centre) were members of the Bytes Document Solutions/Xerox team – Antonie Heyneke, Keith Knott, Garth van den Bergh, and Bob Allan Reynolds.

## Carbon Tax Option

**THE National Treasury has published a Carbon Tax Option paper for public comment by the end of February 2011.**

The tax is seen as a driving wedge to influence the reduction of GHG emissions by 34% by 2020 and 42% by 2025 – below the business as usual scenario in most government strategies and plans regarding climate change.

The tax mentioned in the paper is R75/ton, rising to around R 200/ton, to be introduced at a modest rate, increasing over a set period to allow taxpayers to adjust to the rates. The tax must cover all sectors and any relief measures proposed must be minimised and temporary.

The following options are proposed in the paper:

- An upstream tax where fuels enter the economy according to their carbon content, either at source, or as a proxy tax on specified producers and energy suppliers. This will reduce the administrative burden of levying and collecting the tax.

- Downstream tax to emitters at the point where fuels are combusted.

Tax will certainly be passed on to the consumer where possible or will reduce profitability in companies who must absorb the cost themselves, for competitive reasons, especially when trading with or competing with countries that have no existing carbon tax. The lack of a common global price for carbon is also a factor in country competitiveness.

Deloitte's recently-published report estimates the revenue stream from Carbon Tax to be in the region of R82-billion/annum based on a price of R165/ton of CO<sub>2</sub>e. The report suggests that government is reluctant to ring-fence or earmark this revenue, but may provide partial 'on-budget' earmarking of some revenue for specific purposes such as social and environmental projects, including revenue recycling to minimise the impact of the proposed tax on low income households.

Representatives from the UN Framework Convention on Climate Change will be attending



the Conference of Parties (COP) 17 in Durban in November this year, and South Africa may want to show the country's commitment to climate change and intention to keep to the level promised in Copenhagen in 2009.

What is of interest, and will be asked by PIFSA, is the expected roll out of alternative

renewable or clean power sources, particularly since coal accounts for 95% of fuel used in electricity generation.

Please contact Louise Moralee at **Lmoralee@pifsa.org** for further information or to make comments before February 21, 2011, for an industry sector submission.

## APPOINTMENT

# PIFSA appoints national training manager

**THE National Management Committee of the Printing Industries Federation of South Africa (PIFSA) welcomes Tania Williams as the organisation's first national training manager.**

Subsequent to the demise of the Cross Media Training Centre in April 2009, PIFSA had to take emergency steps to continue to provide training, for apprentices (TT blocks) and 'soft skills' through regional Chambers. At the same time, an independent consultancy was appointed to investigate training requirements in the broader industry and this investigation resulted in the establishment of a National Training Council, which subsequently approved the appointment of a national training manager.

Tania has been involved in the training environment for the past eight years and exposed to corporate environments which included SETA interactions. Tania indicates that this year will bring about much needed changes within the SETA landscape, particularly within the printing and packaging industries. She refers to Blade Nzimande's speech and highlights the alignment of the SETAs with FETs and universities, explaining that the marriage between the institutes will be favourable to the industry.

The strategy she would like to implement involves developing a learning pathway that allows individuals to enter the industry at any



Tania Williams joins PIFSA as national training manager.

point, either with a matric certificate or lower. With the use of ABET training, FET colleges and universities, skills programmes can be developed that would create a continuous learning flow, allowing an individual to build a career.

The apprenticeship programme will remain but will be seen as only one of the qualifications to enter into. This methodology of learning will encourage and motivate individuals as they will receive certification at various levels, no longer at the end of a three-year apprenticeship.

## LET'S TALK VAT

# VAT payments

**WHEN you have invoiced more than you have bought, you have to pay the difference over to SARS. The silver lining is that such a scenario means your business has customers and is able to invoice.**

So how do we now pay VAT to SARS? With the ease of the electronic age, there are a few options available, namely:

1. Make a cash payment at a SARS cash office
2. Post a cheque
3. Make a deposit at the bank
4. Make automatic payments by debit order
5. Make an electronic transfer via internet banking
6. Simply log on to e-filing and process your payment

The wonderful thing about options 4 to 6 is that you have until the last business day of each month to make payment, whereas with the first three options, your deadline is the 25th of the month.

Make sure you get a confirmation of payment just in case something falls flat!

And ensure you submit your VAT return when it falls due to avoid penalties and interest.

In the next issue, we'll look at payments received from government bodies.

Until then, keep your books clean and your SARS status clear!

[Extracts from the Practical VAT Handbook]



# Intellectual Property Rights

**Following an Intellectual Property seminar attended by PIFSA, here's a brief summary of each kind, based on a publication by patent attorneys Spoor & Fisher. This summary is published with their kind permission.**

## 1 Patents

1.1 A patent is an instrument used to protect an invention. It's issued by a Patent Office to prevent inventions being copied and reproduced.

1.2 Details of the invention must be disclosed to the Patent Office in a patent specification which defines the specific features of the invention (patent claims) that enjoy protection. It is important to keep the details of the invention confidential until the application has been filed. Prior disclosure can be used to invalidate a patent application.

1.3 Patent rights are limited to the countries in which patents are filed. There is no worldwide patent and they are limited to a maximum period of 20 years, subject to annual fees being paid to keep the patent in force.

1.4 Patent infringement cannot be avoided by making cosmetic changes to an existing patent. The differences have to be more fundamental and well thought through to avoid patent infringement.

1.5 When a patent is secured in a country the owner has a monopoly which allows him to control the manufacture, use, sale, licensing and leasing of the invention.

1.6 Inventions can include a process, a method, a device, a machine, a new material, chemical compound or composition. Inventions must be new (not previously known anywhere in the world), may not be an obvious variation of known technology and must be capable of being applied in trade, industry or agriculture.

1.7 The following cannot be patented: abstract ideas, natural phenomena and laws of nature.

1.8 Searches to identify 'prior art' (technology or similar inventions that pre-date the invention) are usually conducted to determine if an invention is new.

1.9 Patents rights are secured by filing a complete/final patent. However, one may apply for a provisional patent as it is quicker and this will protect the invention for a year before further patenting steps must be taken. During this time development work trials, patent searches, negotiations and improvements can be made before filing the final patent application. Furthermore, fewer formalities are involved in filing a provisional patent application.

## 2 Registered Designs

2.1 Registered designs are monopoly rights that are granted on the outward appearance of an object (the way it looks).

2.2 A registered design allows the owner to control the way in which it is used including the right to charge royalties for the use thereof and to prevent others from using it, or copies thereof.

2.3 The Designs Act provides for two types of registration being aesthetic designs and functional designs. Designs may have both features which can be protected separately.

2.4 In order to register a design it must be new (worldwide). In addition, functional designs may not be commonplace. Other than patents, designs can be disclosed before registration as long as an application is made within six months of its release. However, there are drawbacks in using this procedure and it is recommended that a design application be filed before any public disclosure is made.

2.5 Aesthetic design registration remains in force for 15 years and a functional design is registered for 10 years. Throughout the life of a registered design, renewal fees must be paid to keep it on the Register.

2.6 Separate applications must be filed in each country where protection is required within six months of the first application having been filed in SA.

## 3 Trade Marks

3.1 Trade Marks are words or other marks like logos that are used to distinguish goods or services of the trade mark owner from the goods and services of other manufacturers and suppliers.

3.2 The Trade Marks Act definition is 'any sign capable of being represented graphically' which can include a device name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour or container for goods, or any combination of these. Even sounds or smells could be registered.

3.3 Trade mark must be registered in respective of goods and/or services. Therefore, a trade mark may be registered for services such as engineering, banking, computer programming, advertising, insurance, entertainment, restaurants etc.

3.4 Before a trade mark is registered, it must be capable of distinguishing.

Any trade mark which is descriptive or it is reasonably required by other traders in connection with the goods or services cannot be registered. The Act also excludes designations as to the kind, quality, quantity, purpose, value, geographical origin or other characteristics of the goods or services.

3.5 If a trade mark is likely to be used on goods for export, they should be carefully selected, as words may be difficult to pronounce, or have an undesirable meaning in other languages.

3.6 After filing an application, the trade mark is examined. If accepted, the application will



then be advertised in the Patent Journal. The application will then be open to opposition by third parties for a period of three months. If no oppositions are encountered, the application will then proceed to registration.

3.7 Domain names are valuable corporate assets and it is important for trade mark owners to protect their trade marks on the internet by registering domain names.

#### 4 Copyright

4.1 Copyright protection prevents other parties from copying a work (covered by the Copyright Act) without the authorization of the copyright owner.

4.2 In South Africa copyright does not need to be registered; it subsists automatically. Only copyright subsisting in cinematograph films can be registered in South Africa.

4.3 In order to be eligible for copyright, subject matter must qualify as one or more of the types of 'works' provided for in the Act. They are: Literary works, Artistic works, Musical works, Sound recordings, Cinematograph films; Broadcasts; Programme-carrying signals; Published editions and Computer programs.

4.4 Secondly, work must be original and not copied from another source.

4.5 Thirdly such work must be in a material form as a physical or tangible product. Thoughts or ideas do not qualify; they must have been created and written down, recorded, filmed or captured electronically.

4.6 The author of a work must be a citizen of South Africa or be resident in South Africa or a country to which the Act has been extended.

4.7 The duration of copyright depends on the type of work. For literary, artistic and musical works, copyright exists for 50 years after the death of the author. For films and computer programs copyright expires 50 years after the work is made available to the public with the consent of the owner or after it is first published, whichever is longer.

4.8 After expiry of copyright in a work, the

work falls into the public domain and can be used freely.

The person who creates the work usually owns the copyright unless the work is created during the course of employment, in which case the employer owns the copyright, or someone who commissions the taking of a photograph, the painting or drawing of a portrait, the making of a sound recording or the making of a film, will own the copyright of that work.

4.9 Copyright can be transferred or assigned in a written document.

#### 5 Anti-counterfeiting

5.1 Pirate merchandise or Counterfeit goods are imitations of the genuine article. These goods are either imported into SA or manufactured locally. The goods are sold through retailers, stalls at flea markets, over the internet, in the informal market or at the roadside.

5.2 It is difficult to identify the transgressors who often use 'runners' to import or sell their goods. Considerate effort and financial investment is necessary to confine piracy or trading in counterfeit goods.

5.3 In terms of the Counterfeit Goods Act, dealing in, being in possession of, importation and exportation of counterfeit goods is unlawful.

5.4 This Act gives police and other inspectors wide ranging search and seizure powers. Dealing in counterfeit goods constitutes a criminal offence which can be prosecuted by the police and the justice system. Severe penalties can also be imposed by the court.

5.5 Where counterfeit goods are likely to be confused with protected goods, dealing in such goods constitutes 'passing-off' under common law and the trade mark proprietor can institute civil proceedings or the trade mark proprietor or distributor can claim unlawful competition.

**More details on these processes can be obtained from Erich Kühl [ekuhl@pifsa.org](mailto:ekuhl@pifsa.org) or patent attorneys Spoor & Fisher [info@spoor.com](mailto:info@spoor.com).**

#### PIFSA's address and telephone numbers:

The Braids, Unit D, Ground Floor, 113-115 Bowling Avenue, Gallo Manor, 2191  
PO Box 1396, Gallo Manor 2052

Switchboard 011 2871160 (Central & National)

Fax 011 287 1179 (National Office) | Fax 011 2871178 (Central Chamber)

#### PIFSA REGIONAL CONTACT DETAILS:

**BORDER CHAMBER:** *Sharonne Dewing*

Tel: 043 7022123 | Fax: 043 7435156

E-mail: [sharonne@dispatch.co.za](mailto:sharonne@dispatch.co.za)

**CAPE CHAMBER:** *Ken Leid*

Tel: 021 5951367 | Fax: 021 5951376

E-mail: [cape-chamber@pifsa.org](mailto:cape-chamber@pifsa.org)

**EAST CAPE CHAMBER:** *Lynette Milne*

Tel: 041 5816177 | Fax: 041 5816177

E-mail: [lynette1@iafrica.com](mailto:lynette1@iafrica.com)

**KWAZULU-NATAL CHAMBER:** *Geoff Warren*

Tel: 031 7058744 | Fax: 031 7054408

E-mail: [kzn-chamber@pifsa.org](mailto:kzn-chamber@pifsa.org)

**NORTHERN CHAMBER:** *Lana Human*

Tel: 087 8053675

Fax: 012 6871317 or 086 6275175

E-mail: [northern-chamber@pifsa.org](mailto:northern-chamber@pifsa.org)

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