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How Local Companies can use Intellectual Property to compete in the Oil and Gas Industry

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With an approximately 6.5 billion barrels of oil reserves in the Western region and at least 1.4 billion estimated to be economically recoverable, Uganda's oil and gas prospects look lucrative. The country is expected to start its commercial oil production after the Final Investment Decision was announced in early February of this year, a key event in Uganda's journey to join the oil producing countries.

The Final Investment Decision for Uganda's Oil and gas projects by Total Energies EP Uganda, China National Offshore Oil Company (CNOOC) Uganda limited, the National Oil Company (UNOC) and the Tanzania Petroleum Corporation (TPDC) is expected to unlock potential of Uganda's gas and oil sector in investment of close to \$15 billion in the next three years within Uganda. Oil could be a silver bullet to transform Uganda into a middle income status. Worthy to note is that local content shall be promoted under the Petroleum (Exploration, Development and Production) (National Content) Regulations 2016 intended to ensure participation of local Ugandan entities in the oil and gas sector. Indigenous Ugandans will take priority during procurement in the provision of goods and services including transport, security, foods and hotel accommodation.

Benefitting from Intellectual Property

However, as oil and gas companies and Ugandan local entities prepare to reap proceeds from oil, use of intellectual property should be given much attention. Intellectual property should be put at the core of their business strategies, as a tool to remain competitive. It should also be used for continuous adaptation to the evolving technology and the volatile nature of the oil and gas industry. This is an industry which demands intensive use of technology and strict compliance with safety, health and environment standards. Meaning, for players in the industry to remain buoyant, innovation is not an option but a mandatory pursuit to survive the vagaries of the business environment. Local companies providing goods and service are even more prone to such uncertainties. The lucrative deals in procurement of services and goods will attract many entrants and this will subsequently create stiff competition. Intellectual property as an asset can be used as a barrier of entry through patenting, protection of tradenames, securing joint venture agreements and consumer attraction and retention. In such a competitive space, where profits are attractive, it becomes necessary to leverage on Intellectual Property as a tool to carve a niche in the crowded market place. In a growing oil and gas market like Uganda, companies are likely to face market volatility and ever-changing technical challenges, which hamper growth and expansion. Increased focus on R&D and strategic processes for recognizing, protecting and commercializing Intellectual Property can provide a buffer from market downturns.

Protecting inventions

Oil and gas companies are usually faced with two choices to protect their technologies and brand names; this can be either through patents or trade secrets. Patents protect new, inventive and industrially applicable technological inventions. The patent holder is required to disclose the details of the invention to the public unlike under trade secrets. Where the oil and gas company chooses to protect its technology as a Trade secret, information about the technology will remain secret unless it falls in the public domain or independently discovered through reverse engineering. In the same way, local companies will have to be innovative and integrate Intellectual Property in their business strategies. Highly profitable competitive markets demand intensive marketing and consistency in branding. Different forms of Intellectual Property are involved in attempt to capture value in the market place including trademark protection of names, symbols, logos, images or a combination of the aforementioned; copyright protection images, software, electronic databases and artistic creations used in advertising campaigns; industrial design protection for ornamental an aesthetic features of a product.

Uganda's oil and gas industry presents immense opportunities for both the multinational oil companies and the local entities. However, it is illusory to think that value shall be captured in the market place without using Intellectual Property. Besides Intellectual Property can provide efficacious mechanisms against the "the Dutch disease" and also serve as a cleanser from the oil curse.

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