South Africa

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Selection, clearance and registration

South African trademark law is governed by the Trademarks Act (194/1993), Section 10 of which provides absolute and relative grounds for refusal.

Sections 10(1) and 10(2) provide that a mark shall not be registered if:

- it does not constitute a trademark;
- it is incapable of distinguishing within the meaning of Section 9;
- it consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services; or
- it consists exclusively of a sign or an indication which has become customary in the current language or in the good-faith and established practices of the trade.

Section 10 also governs the registrability of unusual or non-traditional marks which, as in many jurisdictions, have their own peculiarities. The challenges faced by pharmaceutical companies in their attempts to register and enforce shapes and colours of pills and tablets have not abated and the principles arising from the judgments in *Beecham Group plc v Triomed (Pty) Limited* (2002 4 All SA 193 (SCA)) and *Koniklijke Philips Electronics NO v Remington Consumer Products Ltd* ([2003] RPC 2-14) remain unchanged.

There is no prohibition on registering a shape as a trademark, but even a shape that has been used consistently and extensively is not in itself proof that it is registrable as a trademark.

Any applicant for a shape trademark must also overcome Section 10(5) of the act, which provides that a mark that consists exclusively of the shape of goods, where such shape is necessary to obtain a specific technical result or results from the nature of the goods themselves, is not registrable or is vulnerable to cancellation. As illustrated in *Triomed*, the shape of a tablet which contributes to the ease of swallowing is not registrable as a trademark

Because Section 10(11) allows for the refusal of a container, shape or colour mark where the registration of such mark will or is likely to limit the development of any art or industry, any applicant for a single colour trademark will find it difficult to surmount this provision because of the 'colour depletion' doctrine, which recognises that only a limited number of colours are available to any particular industry.

Applicants for pharmaceutical trademarks must be cognisant of the regulatory environment in South Africa created by various acts and regulations, as well as the Consumer Protection Act and the Advertising Standards Authority of South Africa (ASASA).

The life sciences and pharmaceutical industry is strictly regulated by the Medicines Control Council, a statutory body established by the Medicines and Related Substances Control Act (101/1965) to oversee the registration, manufacture, production, import, export, sale, marketing, licensing, disposal and regulation of medicines and, to a lesser extent, medical devices

Pursuant to the Medicines Control Council's guidelines, a proprietary name cannot convey a misleading therapeutic or pharmaceutical connotation. Because Section 10(12) of the Trademarks Act prohibits the registration of any trademark which is inherently deceptive, it follows that a trademark application for a pharmaceutical proprietary name which conveys a specific therapeutic regime will be refused if its specification is not appropriately restricted.

Under the regulations, the proprietary name of a medicine cannot consist of or contain an international non-proprietary name (INN). Consequently, any trademark application that consists of an INN can possibly be refused pursuant to Section 10(2)(c) of the Trademarks Act.

Parallel imports and repackaging

There have been no new developments in parallel import law in South Africa.

Section 34(2)(d) of the Trademarks Act provides that a trademark is not infringed by the import into, or distribution, sale or offering for sale in, South Africa of goods to which the trademark has been applied by, or with the consent of, its owner.

The term 'genuine' implies 'unaltered'. The decision in *Television Radio Centre (Pty) Ltd v Sony Kabushiki Kaisha t/a Sony Corporation* (1987 2 SA 994 (A)) confirmed that parallel imported products adapted for South African use fell outside the exemption, since they were no longer genuine.

The repackaging of medicines is allowed by the Medicines Control Council within the framework of its own guidelines, but an importer must be aware of the implications of trademark infringement. Reference to, for instance, the originator's trademark in co-pending labelling may constitute trademark infringement; if the packaging is unchanged but the product is altered for South African use, trademark infringement will occur.

Parallel imported products can fall foul of copyright law. The appeal court decision in *Frank & Hirsch (Pty) Ltd v A Roopon and Brothers (Pty) Ltd* (1993 (4) SA (A)) is authority for the fact that where trade dress is reproduced without the authority of the South African copyright owner, this reproduction constitutes an infringement of copyright in the artistic work if the parallel imported products are distributed in South Africa.

Pursuant to the appeal court's decision in *Biotech Laboratories v Beecham Group Plc Liability Co* (2002 (4) SA 249) that copyright exists in a package insert, parallel importing of pharmaceuticals can amount to copyright infringement where the package insert is reproduced.

The Consumer Protection Act, which came into force on May 1 2011, must be taken into consideration by any parallel importer. The seller of parallel imported goods without the trademark owner's authority must inform the end user that the manufacturer's warranty no longer applies.

Pharmaceutical manufacturers and producers must also be aware of the change in the liability onus when it comes to dysfunctional preparations. The Consumer Protection Act altered the law from fault liability to strict liability for manufacturing defects that make a product dangerous. In other words, a patient need no longer prove that the manufacturer of the pharmaceutical preparation was negligent.

Anti-counterfeiting and enforcement

Trademark infringement

There has been a paradigm shift regarding

the test of confusing similarity in relation to trademarks for prescribed medicines

The Trademarks Act defines 'classic infringement' as unauthorised use in the course of trade in relation to goods or services in respect of which the trademark is registered (or to goods or services which are so similar) of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion. The act also provides for infringement by dilution.

The determination of confusion is a two-stage test. In the first stage, the tribunal must ask whether the trademarks are confusing in themselves. If the marks are found to be so, the second stage requires the tribunal to decide whether the public is likely to be confused as to the source or origin of the products bearing those marks.

Pursuant to the first stage, South Africa applies the test approved by the 1997 European Court of Justice decision in *Sabel BV v Puma AG* – namely, that conflicting trademarks must be aurally, visually or conceptually similar. In the words of the court, a "global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components".

Once the conflicting marks are found to be confusing, a tribunal is faced with the question of whether the remaining factors lead to a likelihood of deception or confusion as to origin. In doing so, it must take into account the nature of the goods covered by the marks, which in turn leads to an enquiry about the type of purchaser of those goods or, in other words, the class of customer.

South Africa has consistently identified the class of customer for prescribed medicines to be a healthcare professional, not a patient. Because healthcare professionals are deemed to be less susceptible to confusion, in the past it has been difficult to persuade South African courts that similar trademarks for prescription medicines can be confusing.

The appeal decision in *Adcock Ingram v Cipla Medpro* ((265/2011) [2012] ZASCA 3) changed the test. The court recognised that Section 8 of the National Health Act (61/2003) and Section 22F of the Medicines and Related Substances Act extended the 'notional consumer' beyond the prescribing doctor and pharmacist to include the patient or ultimate consumer.

In short, the bar for establishing confusion between trademarks for prescribed medicines has been lowered.

Anti-counterfeiting

'Counterfeiting' is defined by the Counterfeit Goods Act as manufacturing, producing or making, or applying the subject matter of an IP right to protected goods without the rights holder's authority in order to create confusion with the protected goods of the rights holder or its licensee. 'IP rights' are limited to registered trademarks, works of copyright and prohibited marks.

In plain language, 'counterfeit goods' are goods made in imitation of the genuine, with the intent to defraud. However, a recent appeal court judgment may have widened the definition to goods that carry an infringing trademark. This apparent confusion stems from an imperfect definition of 'protected goods' in the Trademarks Act.

In *Puma AG v Rampar Trading (Pty) Ltd* the Supreme Court of Appeal reviewed the two definitions of 'protected goods' in the act. The court held that while the first definition was meant to cover pirated or cloned goods, the second definition did not, and that Rampar's shoes, which bore Puma's trademark, constituted a counterfeit under the second definition.

Where offending goods are not counterfeit (under either definition), classic trademark infringement and opposition come into play.

An issue facing a trademark owner in South Africa is the courts' insistence that the end users of prescription drugs are the doctors who prescribe them or the pharmacists who sell them. Confusion or deception, the two pillars of trademark infringement and opposition, are seen through the lens of the 'careful health worker', who is arguably less likely to confuse one drug brand with another. The reliance on this conventional approach makes it difficult for a pharmaceutical originator to restrain a generic producer from infringing the former's trademark. Without cogent evidence in South Africa that healthcare experts can make errors, the courts are reluctant to move away from this approach.

Advertising

The regulations published under the Medicines Act prohibit the direct advertising to the public of most prescription medicines. More specifically, medicines that contain a substance appearing in Schedule 2 and following may be advertised "only for the information of medical practitioners… and other persons authorised to prescribe, or in a publication which is normally made available to such persons".

The ASASA's Code of Advertising Practice contains some basic rules about the nature of advertising. Clause 8 provides that advertisements may not take advantage of the advertising goodwill relating to the trade name or symbol of the product or service of another, or advertising goodwill relating to another party's advertising campaign or advertising property.

Clause 9(1) prohibits an advertiser from copying a local or international existing advertisement or any part thereof in a manner that is recognisable or clearly evokes the existing concept, and which may result in the likely loss of potential advertising value. This will apply notwithstanding the fact that there is no likelihood of confusion or deception, or that the existing concept has not been generally exposed.

The ASASA also publishes specific regulations for the voluntary regulation of the advertising of medicines. For example, "no advertisement should offer any product for a condition which needs the attention of a medical practitioner" and "no advertisement should cause the public unwarranted anxiety lest they are suffering from any disease or condition of ill health; or falsely suggest that any product is necessary for the maintenance of health or the retention of physical or mental capacities". Particular emphasis is devoted to children: "advertisements for pharmaceutical product should not encourage unsafe practices by children, or other inexperienced persons, or to create perceptions that such practices are desirable."

Although submission to decisions of the ASASA is voluntary, the authority remains a powerful body. Any organisation that ignores a directive by the authority can be blacklisted – an effective excommunication that can result in a marketing blackout.

The ASASA often provides a cheaper and quicker alternative to court proceedings in preventing the unauthorised use of a trademark in certain circumstances

Generic substitution

Generic substitution is encouraged by Section 22F of the Medicines Act, which states that a:

pharmacist or a person licensed in terms of section 22C (1) (a) shall-

(a) inform all members of the public who visit the pharmacy or any other place where dispensing takes place, as the case may be, with a prescription for dispensing, of the benefits of the substitution for a branded medicine by an interchangeable multi-source medicine, and shall, in the case of a substitution, take reasonable steps to inform the person who prescribed the medicine of such substitution; and

(b) dispense an interchangeable multi-source medicine instead of the medicine prescribed by a medical practitioner, dentist, practitioner, nurse or other person registered under the Health Professions Act, 1974, unless expressly forbidden by the patient to do so.

The only exemption to this peremptory provision is if the healthcare professional in question specifies 'no substitution' on the prescription.

As a result of the encouragement of generic substitution, a plethora of trademarks have been filed or used which are similar to proprietary names registered as trademarks. By lowering the bar for confusing similarity, the *Adcock Ingram* decision affords manufacturers and producers of proprietary medicines a better chance of preventing the use of similar marks for generics.

Online issues

The sale of prescribed medicines through legitimate e-pharmacies is restricted under the Medicines Act, since scheduled medicines can be prescribed only by pharmacists or doctors, and only to members of the public who are over 14 years of age. Further, Schedule 2 medicines (and above) cannot be advertised directly to the public, with the result that

legitimate e-pharmacies are restricted to Schedule 0 products.

Domain names

The registration of domain names in the country-code top-level domain '.za' is regulated by the South African domain dispute resolution regulations, published in terms of the Electronic Communications and Transactions Act (68/2002), which prohibits both abusive and offensive registrations.

Abusive registrations are those which are registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of, or were unfairly detrimental to, the complainant's rights, or which have been used in a manner that takes unfair advantage of, or is unfairly detrimental to, the complainant's rights. An 'offensive registration' means a domain name in which the complainant cannot necessarily establish rights, but whose registration is contrary to law, against good morals or likely to give offence to any class of persons.

All other top-level domains are dealt with under the Internet Corporation for Assigned Names and Numbers' Uniform Domain Name Dispute Resolution Policy.

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Brian Wimpey joined Norton Rose Fulbright South Africa in April 2011 to head up the IP department.

Mr Wimpey completed his BProc and postgraduate LLB in the early 1980s at Wits University. He was elected as a fellow of the South African Institute of Intellectual Property Law (SAIIPL) in 1991 and has practised in the field of intellectual property for some 25 years. He was appointed president of the SAIIPL in 2009.

Mr Wimpey has run various high-profile court litigation matters, including representing Google Inc against an organisation that attempted to use its GOOGLY trademark to lever some advantage over it.