

South Africa

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1. Legal framework

The domestic acts governing trademark law and related issues are:

- the Trademarks Act (194/1993);
- the Counterfeit Goods Act (37/1997);
- the Merchandise Marks Act (17/1941); and
- the Trade Practices Act (76/1976).

The international treaties which apply to South African trademark law are:

- the Paris Convention on the Protection of Industrial Property; and
- the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights.

2. Unregistered marks

Available rights

Both South African common law (which is Roman Dutch) and Section 35 of the Trademarks Act protect unregistered marks.

The common law protects the reputation or goodwill which attaches to a trademark that has been used.

Level of use

In *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Limited* (1997 (1) SA 1 (A)) the Appellate Division of the Supreme Court of South Africa (as it then was) held that in order for a trademark to be considered well known under Section 35 of the Trademarks Act, a substantial number of persons interested in the goods or services in question should know of the trademark. A "substantial number" means not a negligible number; therefore, the test is a fairly liberal one.

The common law requires exactly the same level of renown. In *Caterham Car Sales & Coachworks*

Ltd v Birkin Cars (Pty) Limited ([1998] All SA 175 (A)) the Appellate Division held that the test is whether the plaintiff has "in a practical and business sense, a sufficient reputation among a substantial number of members of persons who are either clients or potential clients of his business". Goodwill in the traditional sense is no longer a requirement in itself.

3. Registered marks

Ownership

Ownership of a trademark arises through its adoption and use in the course of trade. Any natural or legal person, including a company, close corporation, partnership, charity, trust, unincorporated association or body corporate, may own and register a trademark. The applicant must make use of the trademark or have the intention to do so in the course of trade in respect of the goods or services for which registration is sought.

Protectable marks

Registrable trademarks are signs that are capable of being represented graphically and include a device, name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour, container for goods or any combination of these.

The essential test for registrability is the mark's ability to distinguish the goods or services of the party in respect of which it is registered or proposed to be registered from the goods or services of another party. This requirement will be satisfied if, at the date of application for registration, the trademark is inherently capable of distinguishing or it has become capable of distinguishing by reason of prior use.

Registration of the following marks will be refused; if registered, such marks are liable to

be removed from the Trademark Register under Section 10 of the Trademarks Act:

- a mark which is not a trademark;
- a mark which is not capable of distinguishing, or which consists exclusively of a sign or an indication which designates various characteristics of the goods or services, or which has become customary in the current language and established practices in the trade;
- a mark in relation to which the applicant for registration has no good-faith claim to proprietorship or in respect of which an application has been made in bad faith;
- a mark in relation to which the applicant for registration has a good-faith intention to use as a trademark, either itself or through a licensee;
- a mark which consists exclusively of a shape, configuration or colour or pattern of goods which is required to obtain a specific technical result or which results from the nature of the goods themselves;
- a mark which constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of a well-known foreign trademark under the Paris Convention, in respect of which the trademark is well known and where such use is likely to cause deception or confusion;
- a mark which consists of or contains the national flag or armorial bearings or other emblem of the republic or a convention country;
- a mark which contains any word, letter or device indicating state patronage;
- a mark which contains any mark specified in the regulations as being a prohibited mark;
- a mark which consists of a container for goods or the shape, configuration, colour or pattern of goods where the registration of such mark is or has become likely to limit the development of any art or industry;
- a mark which is inherently deceptive or use of which would be likely to deceive or cause

confusion or be contrary to law or morality or be likely to give offence to any class of persons;

- a mark which, as a result of the manner in which it has been used, would be likely to cause deception or confusion;
- a mark which is identical or similar to another's trademark registered for identical or similar goods or services, where this would be likely to deceive or cause confusion, unless the owner of the earlier trademark consents to the registration;
- a mark which is identical or similar to a mark that is the subject of another's application and for which registration is sought in relation to identical or similar goods or services, where this would be likely to deceive or cause confusion, unless the party making the earlier application consents to the registration of the later application;
- a mark which is the subject of an earlier application if its registration is contrary to the existing rights of a person making the later application for registration as contemplated above; and
- a mark which is identical or similar to a mark which is well known in South Africa, if the use of the mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or reputation of the registered trademark, notwithstanding an absence of deception or confusion, unless the owner of the registered well-known trademark consents to the registration.

4. Procedures

Examination

The registrar of trademarks examines all trademark applications on absolute and relative grounds. He will then refuse an application or accept it either absolutely or subject to conditions, modifications or amendments.

During this process the registrar may issue an official action (examination report). The applicant must reply to the official action answering any objections within three months of the date of the official action, or apply for an extension of the reply period. If no reply or request for extension is received within the three-month period, the application is deemed to be abandoned.

Examination currently takes at least 12 months.

Opposition

Once an application has been accepted, it must be advertised in the *Patent Journal* for opposition purposes.

Any interested party may lodge an opposition to the registration of the trademark or request an extension of the opposition term within a period of three months from the date of advertisement. An initial three-month extension of the opposition term is available automatically. Further extensions of time throughout the opposition period may be obtained by agreement between the parties or, if one party refuses to agree an extension, upon application to the registrar.

The opposition procedure before the registrar is akin to application proceedings before the High Court.

Registration

A trademark may proceed to registration three months after advertisement if the application has not been opposed and the opposition period has expired. At present, it can take up to a year after the expiry of the opposition period for a registration certificate to be issued.

The rights of the trademark owner take effect from the date of filing the trademark application, except in the case of a convention application, where the effective date is the date of the first application in a convention country.

Removal from register

Under Section 24 of the Trademarks Act, any interested person may apply to the registrar or to the courts to rectify the register if:

- an entry has been omitted from the register;
- an entry has been wrongly made in or wrongly remains in the register; or
- there is any error or defect in an entry in the register.

To institute rectification proceedings, an applicant must be an interested person. The act does not define an 'interested person', but it broadly includes any person who is aggrieved by the trademark remaining on the register.

Cancellation: A registered trademark may be removed from the register (cancelled) on one or more of the following grounds:

- The mark does not comply with the requirements of the act;
- The mark breaches a condition of registration;
- The mark was registered without a good-faith intention to use it and has not been used at all;
- The mark has not been used for a continuous period of five years or more from the date of the issuance of the registration certificate; or
- The mark has been registered in the name of a company or an individual and such company has been dissolved or such individual has died, and the trademark has not been assigned to another party within two years of that event.

The procedures are the same as for oppositions.

Surrender: A mark owner may voluntarily cancel the mark.

Timeframes: The procedures involve the following timeframes:

- unopposed registrations – between 18 and 34 months;
- opposition and cancellation procedures – two to three years (or more if appealed);

- renewal – around three to four months;
- merger – around four to six months;
- registration of assignment – around four to six months; and
- registration of change of name – around four to six months.

Searches

The registrar will conduct a search for applications in any class to ascertain whether the applied-for mark conflicts with any registered mark. The current government charge for a search is approximately \$20 for each class.

However, it is recommended that searches be conducted by qualified practitioners, as the registrar's official searches are often inaccurate or limited.

The following official searches may be carried out:

- identical trademark search;
- similar trademark search;
- search per class;
- search of all classes; and
- search of slogans.

Searches cover all trademarks registered since 1917.

5. Enforcement

Enforcement of a registered trademark is relatively straightforward, involving the production of a valid registration certificate.

Causes of action

Causes of action to enforce trademark rights, both registered and unregistered, include trademark infringement, passing off and other forms of unlawful competition.

Sections 34 and 35 of the Trademarks Act deal with trademark infringement – the former deals

with registered rights, while the latter deals with unregistered, well-known trademarks.

'Trademark infringement' is defined as the unauthorized use of an identical or confusingly similar trademark in the course of trade in relation to goods or services that are either identical (Section 34(1)(a)) or so similar (Section 34(1)(b)) to those in respect of which the trademark is registered that such use is likely to cause deception or confusion.

Section 34(1)(c) protects against dilution – that is, the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trademark that is well known in South Africa, where use of the mark is likely to take unfair advantage of or be detrimental to the distinctive character and repute of the well-known trademark, notwithstanding the absence of confusion.

Under Section 35 of the Trademarks Act, proprietors of well-known and unregistered trademarks are entitled to restrain the use in South Africa of a trademark which constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of the well-known trademark in relation to goods or services which are identical or similar to those in respect of which the trademark is well known, and where the use is likely to cause deception or confusion.

Remedies

The remedies available in cases of trademark infringement are:

- an injunction;
- an order that the infringing trademark be removed or that the infringing material be delivered up;
- damages; and/or
- payment of a reasonable royalty, based on the infringer's sales.

As far as damages are concerned, Roman Dutch common law allows for the recovery of damages only based on actual patrimonial loss. A plaintiff must prove that it actually suffered a quantifiable loss – this is usually in the form of a loss of profits.

As this is difficult to prove, the South African courts have never awarded damages in a trademark infringement case.

However, South African courts do not award punitive damages in trademark infringement or passing off cases. An alternative remedy is the award of a reasonable royalty. This is calculated on the notional basis of what would have been paid by an authorized licensee had a licence agreement been in place. In reality, the maximum royalty that a trademark proprietor can hope for is around 10%.

Proceedings

Proceedings relating to trademark oppositions, cancellations, removals and infringements are governed by the Trademarks Act, while proceedings governing infringement of an unregistered trademark (ie, passing off and unlawful competition) are governed by the common law. These proceedings are all of a civil and judicial nature. However, criminal proceedings can be instituted under the Counterfeit Goods Act where counterfeiting is involved, but administrative procedures are not available.

Two types of civil proceeding may be instituted before the High Court – actions (trial proceedings) and applications (motion proceedings). The latter are usually used in trademark infringement cases.

A trial action is instituted by way of a summons, supported by particulars of claim, which set out the bare facts on which the plaintiff relies in support of its case. The defendant may then deliver a plea, as well as a counterclaim if the grounds to do so exist.

After the close of pleadings the matter is set down for trial, at which oral evidence is heard and witnesses may be cross-examined and re-examined. Counsel usually argue the case and judgment is handed down by the court around one month after the trial concludes.

An application for relief may be brought on notice of motion and supported by affidavit evidence. The respondent may submit an answering affidavit, while the applicant may submit a replying affidavit.

In an application the court may award an injunction and delivery-up of the infringing goods, but not damages or royalties. However, in an action, in addition to an injunction and delivery-up, damages and royalties may be claimed.

In general, applications are used more often as they are usually resolved more quickly and do not require oral evidence. However, if damages or payment of a reasonable royalty is sought, the proceedings must be launched by way of an action.

Forum

The two forums for trademark proceedings are the registrar of trademarks and the relevant division of the High Court of South Africa. However, criminal proceedings under the Counterfeit Goods Act can be brought only before the court.

Trademark oppositions are instituted before the registrar of trademarks, while applications for rectification or removal of a trademark from the Trademarks Register can be instituted before the registrar or the High Court. However, if proceedings concerning a trademark registration are already pending before the court, an application for rectification must be made to the court.

If any trademark case is before the registrar he may, at any stage of the proceedings, refer the application to the court; he must do so if the parties are in agreement and request this.

Proceedings for trademark infringement, passing off and unlawful competition must be instituted before an appropriate division of the High Court with the necessary jurisdiction.

Timeframe

Litigation before both the registrar of trademarks and the High Court in respect of registered and unregistered rights can take between 18 months and three years, or longer, to be resolved. However, in urgent cases temporary injunctions can be obtained pending the outcome of the main case within weeks.

6. Ownership changes – legalization requirements

Licences

The trademark owner may grant a licence to use the trademark and a licence agreement may be written, oral or inferred from conduct. It may be non-exclusive, exclusive or sole. The Trademarks Act makes provision for the non-compulsory recording of registered users.

Assignment

An assignment of a registered trademark must be in writing and signed by the assignor of the trademark. This can be done with or without goodwill. An assignment must be recorded at the Trademarks Office within 12 months of the effective date of the assignment (which must be stipulated in the agreement), failing which penalties will be payable.

Legalization

No legalization of documents to register a registered user, assignment or change of name is required.

7. Areas of overlap with related rights

Overlap

There is some overlap between the protection afforded to trademarks, copyrights and registered designs.

Copyright in an artistic work (eg, a logo) cannot be registered, but protection exists automatically on its creation. As South Africa is a Berne Convention country, it recognizes and protects copyright works of foreigners who are domiciled or resident in other Berne Convention countries without any formalities. In most cases, copyright subsists for 50 years following the death of the author.

Registered design protection may also be obtained concurrently with trademark rights and copyright. For example, the shape of a container for goods or the design of a label may be subject to design, copyright and trademark protection. Aesthetic design registrations are valid (subject to renewal) for 15 years, while functional design registrations are valid for a period of 10 years.

8. Online issues

Use of a domain name in South Africa will infringe any relevant trademark registration and can be dealt with through High Court infringement proceedings. However, in April 2007 South Africa introduced a new domain name dispute resolution procedure, relating to '.co.za' domain names. Details of this procedure are available at www.domaindisputes.co.za.

The South African Institute of Intellectual Property Law, of which all major IP firms in South Africa are members, has been accredited as a dispute resolution service provider.

The framework, procedures and rules broadly follow the World Intellectual Property Organization Internet Corporation for Assigned Names and Numbers dispute resolution process.

Any party is entitled to lodge a complaint against a '.co.za' domain if the domain name takes unfair advantage of the rights of that party or is contrary to law or likely to give offence to any class of persons.

Complaints can be filed against domain names which incorporate registered trademarks, as well as unregistered well-known trademarks.

The procedure provides a cost-effective and quicker alternative for disputes of this nature.