

South Africa

Contributing firm

Spoor & Fisher

Authors

Owen Dean

Chairman

Duncan Maguire

Attorney

1. Legal framework

National

South African trademark law has its origin in both common law and legislation. Common law rights giving rise to actions for passing off and unlawful competition are derived from Roman-Dutch law. However, as common law rights alone do not afford sufficient protection to the trademark owner, it was necessary to supplement the common law with legislation.

The Trademarks Act (194/1993) substantially revised South African trademark law as follows:

- The definition of a ‘trademark’ has been expanded;
- A one-part Trademarks Register has been introduced;
- The registration of defensive marks has been abolished;
- Collective marks may now be registered; and
- The protection afforded to well-known marks has been extended.

The validity of an original entry in the Trademarks Register already in existence when the act came into force will be determined in accordance with the laws in force at the date of such entry.

A number of additional statutes contain references to trademark law, including:

- the Counterfeit Goods Act (37/1997);
- the Standards Act (29/1993);
- the Business Names Act (27/1960); and
- the company name provisions of the Companies Act (61/1973).

The Intellectual Property Law Rationalization Act (107/1996) repealed the IP legislation in Bophuthatswana, Transkei and Venda (BTV) and integrated trademark rights subsisting in the former BTV independent homelands into the national system. Consequently, the Trademarks

Act now applies to all trademarks registered under the previous legislation of BTV.

The South African Constitution also has an impact on trademark law, insofar as the rights and interests of a trademark owner must be balanced against other constitutional rights, including the freedom of expression, which may not be abused.

International

South Africa is a signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and became a member of the World Trade Organization with effect from January 31 1995.

2. Unregistered marks

Protection

The delict of unlawful competition deals with matters within trademark law, including the wrong of passing off.

Unlawful competition is derived from the provisions of common law, to compensate someone for damage caused by another’s intentional wrongful act. It has emerged as a result of case law. In *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Gwano (Pty) Ltd* 1981 2 SA 173 (T) the court found that the norm to be applied in testing for unlawfulness is the objective norm of public policy: that is, the general sense of justice of the community manifested in public opinion.

The proprietary right protected in an action for passing off is the goodwill associated with the name, mark or get-up of the owner. In *Capital Estate and General Agencies (Pty) Limited v Holiday Inns Inc* 1977 2 SA 916 (A) the court defined ‘passing off’ as: “a representation by one person that his business (or merchandise, as the

case may be) is that of another, or that it is associated with that of another... [I]n order to determine whether a representation amounts to a passing off, one inquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another.”

The first requirement for a successful passing off action is proof of the relevant reputation. In *Caterham Car Sales and Coachworks Limited v Birkin Cars (Pty) Limited* (1998) 3 All SA 175 (A) the court found that what should be considered is whether the word, sign or symbol relied upon has the requisite reputation in the locality in which the misrepresentation allegedly took place. In certain cases the courts have been prepared to infer the existence of the required reputation from evidence of extensive sales and advertising figures of the owner alone. Market survey evidence may also be used, although the question asked of a sample must be framed correctly.

The second requirement is proof that the defendant’s use of the name, get-up or trading style is likely to confuse or deceive the public. Where a party has conducted itself wrongly in order to cause confusion, and it is not made perfectly clear that its goods or services are not those of or associated with another, resulting in confusion, this will give rise to passing off. However, an intention to compete should not be construed as an intention to deceive.

The plaintiff’s burden of proving the likelihood of deception or confusion must be discharged on a balance of probability.

In determining whether there is a danger of confusion, the likely purchasers of the relevant goods or services must be taken into account, with due regard to an average member of that class of person. The relevant trade names, trading styles and get-ups must also be compared visually, phonetically and

conceptually. They must not only be compared side by side: allowances must also be made for a time lapse in between and the average consumer’s likelihood of imperfect recollection. In addition, the products must be considered in the circumstances in which they are used, sold or marketed.

Use requirements

While long use of the relevant name, get-up or trading style is not essential, the court will have regard to the locality in respect of which use has been made. In *Stannard v Reay* (1976) RPC 589 the applicant succeeded in obtaining an injunction after using the name MR CHIPPY for only a few weeks. The court found that as a result of the limited locality of use involved, goodwill had been built up in the applicant’s business during this short period.

3. Registered marks

Ownership

Anyone – whether an individual, firm, partnership or body corporate – may apply for registration of a mark, as long as it uses or intends to use the mark. If an application is filed by a firm or partnership, it may be signed in the name or for and on behalf of the firm or partnership by one or more members or partners. If the application is made by a body corporate, it may be signed by any authorized person.

There is one exception to the general rule that the applicant must have a good-faith intention to use the mark: this applies where a body corporate is about to be established, and the applicant intends to assign the mark to the body corporate with a view to the body corporate using the mark for the designated goods or services. In this case the application must be accompanied by an affidavit confirming that a body corporate is about to be established and that the applicant intends to

assign the mark in this way. The trademark can be registered only once the registrar of trademarks is in a position to register the assignment of the mark to the body corporate together with registration of the mark. The assignment of a trademark must always be in writing. The registration of an assignment in the Register of Trademarks is not a requirement to the transfer of the rights in a trademark.

Scope of protection

Protected: The Trademarks Act provides that in order to be registrable, a trademark must be capable of distinguishing the applicant's goods or services from those of others, either in general or, where the mark is registered or proposed to be registered subject to limitations, in relation to use within those limitations. A mark satisfies this criterion if, at the date of the trademark application, it is capable of distinguishing either inherently or as a result of prior use.

The act provides that the following may be registered as trademarks: "Any sign capable of being represented graphically, including a device, name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour or container for goods, or any combination of the aforementioned."

Consequently, colour marks and three-dimensional marks may be registered, as well as everything that can be represented graphically.

Not protected: Certain marks may not be registered as trademarks and, if registered, are liable to be removed from the Trademarks Register. The most relevant are as follows:

1. marks that do not constitute a trademark;
2. marks that cannot be represented graphically;
3. marks that are not capable of distinguishing the applicant's goods or services from those of others;
4. marks consisting exclusively of a sign or 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 time of production of the goods or provision of the services;

5. marks consisting exclusively of a sign or indication which has become customary in the current language or in good-faith and established trade practices;
6. marks for which the applicant has no good-faith claim to ownership;
7. marks which the applicant has no good-faith intention of using as a trademark, either itself or through any authorized party;
8. marks consisting exclusively of the shape, configuration, colour or pattern of goods which is required to obtain a specific technical result or which results from the nature of the goods themselves;
9. marks that constitute, on the filing or priority date, in whole or in essential part, a reproduction, imitation or translation of a trademark which is entitled to protection as a well-known mark under the Paris Convention, and that are used for goods or services identical to those for which the trademark is well known, where such use is likely to cause deception or confusion;
10. marks consisting of a container for goods or the shape, configuration, colour or pattern of goods, where the registration is or has become likely to limit the development of any art or industry;
11. marks that are inherently deceptive or whose use would be likely to deceive or cause confusion, contrary to law or morality, or likely to offend any class of persons;
12. marks that are 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;
13. marks that are identical or similar to a mark which is the subject of another's

prior 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 mark;

14. marks that are the subject of an earlier application as referred to above, if their registration is contrary to the existing rights of the person making the later application for registration as contemplated above; and
15. marks that are identical or similar to a mark which is already registered and well known in South Africa, if use of the mark for which registration is sought would be likely to take unfair advantage of, or be detrimental to, the distinctive character or repute of the registered trademark, notwithstanding an absence of deception or confusion, unless the owner of the registered well-known mark consents to the registration.

A mark mentioned in point 3, 4 or 5 above may be registered if, at the date of filing, it has become capable of distinguishing the goods or services for which registration is sought through the use made of it. Further, such a mark will not be vulnerable to removal from the Trademarks Register if, at the date on which the application for its removal is filed, it has become capable of distinguishing the goods or services for which it is registered through the use made of it.

A mark mentioned in point 9, 12, 13 or 15 above may be registered, subject to such conditions and limitations as the registrar may deem fit to impose, in the case of honest concurrent use or other special circumstances. Further, if removal of a mark from the register is sought because it is not registrable on the basis of points 9, 12, 13 or 15 above, the court or the registrar, as the case may be, may refuse to remove the mark from the

register in the case of honest concurrent use or other special circumstances.

Service marks may be registered in South Africa, including for services relating to the sale or offering for sale of goods in the retail or wholesale trade.

Certification trademarks may also be registered. A certification trademark may not be registered in the name of a person who carries on a trade in the goods or services for which registration is sought. When applying for registration of a certification trademark, the applicant must file a statement confirming that it does not carry on a trade in the goods or services for which registration is sought, and the rules governing use of the mark must also be submitted.

Collective trademarks may be registered in South Africa, and may also be registered in the name of an association. When filing an application for the registration of a collective mark, the rules governing use of the mark must be filed. These rules specify:

- the persons authorized to use the mark;
- the conditions for membership of the association owning the mark; and
- if applicable, the conditions for use of the mark, as well as the penalties for misuse.

Geographical names and other indications of geographical origin may be registered as collective marks.

Colour trademarks may be registered if the trademark is limited to a particular colour or colour combination. Where an application for registration of a colour trademark is filed, the fact that the mark is limited to a particular colour or colours will be taken into consideration in deciding whether it is capable of distinguishing. In the event or to the extent that a mark is registered without limitation of colour, it is deemed to be registered for all colours.

4. Procedures

Examination

When a trademark application is filed, the registrar will issue acknowledgement of receipt, which will include the official number and date of the application.

The registrar will then conduct a search of registered marks and pending applications in order to establish whether there are any existing or pending marks that may conflict with the trademark for which registration is sought in terms of Section 10 of the Trademarks Act. The most relevant provisions of Section 10 are outlined in section 3 above. The registrar will also determine whether the trademark is inherently registrable. If the registrar concludes that there are no objections to registration, he will accept it either absolutely or subject to conditions, modifications or amendments which will be communicated to the applicant or its agent. If any objections exist, a written statement of those objections will be sent to the applicant, which will then have the opportunity to make representations to the registrar in order to overcome them, or otherwise to deal with the application as it sees fit.

Opposition

Once the trademark application is accepted and published in the *Patent Journal*, any interested party may oppose its registration within three months of publication. The registrar will often extend the opposition term in order to afford the parties an opportunity to attempt to resolve the potential opposition. While opposition proceedings are generally brought before the registrar, the registrar may refer the opposition to the High Court at any stage of the proceedings.

All oppositions brought before the registrar must be filed in the form of a notice of opposition, supported by an affidavit setting out

the facts on which the opponent relies for relief. The opponent must appoint an address for service at which it will accept notice and service of all documents in the proceedings, and set a date, not less than one month after service on the trademark applicant, by which the trademark applicant must notify the opponent and the registrar, in writing, of whether it intends to defend its application. If the trademark applicant fails to do so, the opposition will be set down for hearing on the stated date not less than 10 days after the expiry of the initial one-month period.

The trademark applicant (or its agent) must inform the opponent that it intends to defend its application and appoint an address for service at which it will accept notice and service of all documents. Within two months of notifying the opponent of this intention, it must deliver its answering affidavit, if any.

Within one month of service of the answering affidavit, the opponent may deliver a replying affidavit; the registrar has discretion to permit the filing of further affidavits, after which the matter will be set down for hearing and argument. If the opposition cannot properly be decided on affidavit, the registrar may refer the matter to the High Court to make such order which seems appropriate with a view to ensuring a just and expeditious decision.

Registration

If no oppositions are filed within three months of publication, the trademark application will proceed to grant and a registration certificate will be issued.

Cancellation/surrender

A registered trademark owner may voluntarily request the registrar to cancel the registration or delete any goods or services from those for which the trademark is registered.

Revocation

Any interested party may apply to the registrar to have a trademark removed from the register in respect of any of the goods or services for which it is registered if, up to a date three months before the date of the application, a continuous period of five years or longer has elapsed since the date of issue of the registration certificate and there has been no good-faith use of the mark in relation to those goods or services by the trademark owner or any authorized person during this period.

Under the Trademarks Act 62/1963, defensive trademarks could be registered and could not be removed from the register on the grounds of non-use. However, defensive trademarks can no longer be registered under the Trademarks Act 194/1993. Consequently, defensive trademarks registered under the previous act are regarded as ordinary trademarks under the new act, provided that they cannot be removed from the register on the grounds of non-use or lack of good-faith intent to use in the 10 years until May 1 2005.

Invalidation

If the registrar is satisfied that any entry relating to the registration, assignment or transmission of a trademark has been secured in bad faith or by misrepresentation, or was wrongly made or wrongly remains in the register, he may apply to the court for an order for the addition, removal or amendment of the entry, as the court may deem fit.

5. Enforcement

Complexity

In respect of registered trademark rights, infringement proceedings must be instituted before the competent division of the High Court. The Trademarks Act essentially provides for four types of infringement:

- In terms of Section 34(1)(a), infringement occurs where there is unauthorized use in the course of trade, in relation to identical goods or services to those for which the trademark is registered, of either an identical mark or a mark so closely resembling the registered trademark as to be likely to deceive or cause confusion.
- In terms of Section 34(1)(b), infringement occurs when there is unauthorized use in the course of trade of an identical or similar mark in relation to goods or services which are so similar to those for which the trademark is registered that there is a likelihood of deception or confusion.
- In terms of Section 34(1)(c), infringement occurs when there is unauthorized use in the course of trade of an identical mark in relation to any goods or services, if the registered trademark is well known in South Africa and the use of the infringing mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or repute of the registered trademark, notwithstanding the absence of confusion or deception. This provision is often referred to as the 'dilution provision'.
- Section 35 also provides for the protection of unregistered well-known marks. However, the owner of the well-known mark must be a national of a convention country, or must be domiciled in or have a real and effective or commercial establishment in a convention country. It is not required that the owner carry on business or have any goodwill in South Africa. The owner of a well-known mark is entitled to prevent the use in South Africa of a mark that constitutes, in whole or in essential part, a reproduction, imitation or translation of the well-known trademark and that is used for identical or similar goods or services as the well-known trademark, where the use is likely to cause deception or confusion.

In the *McDonald's Case* 1997 1 SA 1 (A) the Supreme Court of Appeal found that the term 'well known' means "well known to a substantial number of persons who are interested in the relevant goods or services".

Owners of unregistered trademarks may also institute passing off proceedings against third parties.

Timeframe

Trademark infringement, passing off and unlawful competition proceedings may be brought either by way of application on notice of motion, or by way of action, by issuing a summons. However, the trademark owner may proceed by way of application only where there is no dispute of facts.

In application proceedings, an injunction and surrender of infringing goods can be obtained, but no damages may be claimed. In action proceedings, an injunction and surrender of the infringing goods together with damages can be obtained.

Application proceedings are finalized more swiftly than action proceedings. In general, application proceedings would ordinarily be finalized within four months of filing the notice of motion. In action proceedings, matters may be finalized within one-and-a-half to three years of the issuing of summons.

6. Ownership changes – legalization requirements

Any affidavit executed outside South Africa will be deemed to be sufficiently authenticated for the purposes of use in South Africa if it is duly authenticated by the signature and seal of office of a notary public.

However, the registrar may accept as sufficiently authenticated any affidavit which is shown, to the registrar's satisfaction, to have been actually signed by the purported signatory. In practice, documents executed outside South Africa for use in respect of the registration of trademarks need not be legalized. However, documents executed outside South Africa for use in the High Court or other litigation proceedings must be legalized in accordance with Rule 63(2) of the High Court.

7. Areas of overlap with related rights

Section 10(12) of the Trademarks Act provides that if use of a trademark would be contrary to law, the trademark is not entitled to registration. For example, if use of a trademark would infringe copyright in a device mark which is an artistic work, the trademark will be denied registration. As there are various acts which regulate or prohibit the use of trademarks where such use is clearly contrary to law, such a trademark will be refused registration under Section 10(12).

Therefore, if the owner of a registered trademark is aware of a trademark applicant's use of a mark incorporating the whole or a substantial reproduction of its device mark, the owner can oppose registration of the mark which infringes its copyright in its artistic work as embodied in the trademark on the basis of Section 10(12). The owner is also in a position to institute copyright infringement proceedings against the infringer who has reproduced its artistic work, provided it can prove that copyright subsists in its artistic work.

8. Online issues

The owner of a registered trademark may institute infringement proceedings against

anyone who has registered a domain name which is confusingly similar to its registered trademark on the basis of the infringement provisions of the Trademarks Act. A dispute resolution policy for South African domain names, such as '.co.za' domain names, is being finalized, but until it is in place, domain name disputes must be resolved through trademark infringement proceedings in the High Court.

The South African courts have not yet interpreted whether the use of trademarks as metatags would amount to trademark infringement. However, any finding in this regard would depend on the circumstances of the particular case.

The owners of unregistered trademarks would have recourse to their common law rights of use in instituting passing off proceedings against another party who has registered a domain name which is likely to cause deception or confusion by implying that its business is in some way connected to that of the trademark owner.

