



ASSIGNMENT MEMORANDUM

**SUBJECT : INTERNATIONAL TRADE LAW 2 (ITL2)
INTERNATIONAL TRADE LAW 3 (ITL301)**

ASSIGNMENT : 2ND SEMESTER 2011

QUESTION 1 [90]

A. Briefly mention pieces of South Africa legislation with regard to intellectual property rights (including trade marks) and international laws/treaties that impact this legislation

- **Current South African Intellectual Property Legislation. *Only those marked in bold required:***

Merchandise Marks Act 1941, Business Names Act 1960, Unauthorised Use of Emblems Act 1961, Performers' Protection Act 1967, Trade Practices Act 1976, Plant Breeders' Rights Act 1976, **Registration of Copyright in Cinematography Films Act 1977, Copyright Act 1978, Patents Act 1978, Designs Act 1993, Trade Marks Act 1993, Intellectual Property Laws Rationalisation Act 1996, Counterfeit Goods Act 1997**, Intellectual Property Laws Amendment Act 1997, Medicines and Related Substances Control Act (parts) 1997, Harmful Business Practices Act 1998, Patents Amendment Acts 1986, 2001, Merchandise Marks Amendment Act 2001, Trade Practices Amendment Bill 2001, Performers' Protection Amendment Bill 2001, Copyright Amendment Bill 2001.

- **International Treaties and Conventions**

WIPO handles the administration of 24 international treaties (16 on industrial property; 7 on copyright; plus the convention creating WIPO).

The Paris Convention, The Berne Convention, Patent Cooperation Treaty (PCT), Budapest Treaty, TRIPS Agreement, UPOV – International Union for the Protection of New Varieties of Plants, Unfair Competition, Lisbon, Paris and Madrid Agreements, ARIPO (African Regional Industrial Property Organisation). **[Study Unit 5, p. 140]**

B. How to register a trade mark in South Africa – what a foreign company needs to know

In South Africa, the registration of trade marks is governed by the provisions of the Trade Marks Act of 1993 which was passed to bring South African Law in line with the requirements of the Uruguay Round agreement on intellectual property – more commonly known as TRIPs or the TRIP'S Agreement.

In terms of the Act, a trade mark is “a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person. Furthermore, a mark is “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 a combination of the afore-mentioned”. Trade marks can be registered for both goods and services.

The long and short of it is that the ‘trade mark’ is a very wide concept under South African Law. The concept is equally extensive in other legal systems around the world. Trade marks include the logo or name attached to an article [for example the VW on Volkswagen motor vehicles], and even the appearance or packaging of a product [for example the shape of the traditional, small coke bottle]. Trade marks can be brand names but they can also be any sign which can be graphically portrayed – for example a picture or a slogan, motto or motif.

Trade marks have also come to signify to purchasers that the quality of the goods bearing the mark is of a certain consistent standard. In this way, they serve as a focal point in the advertising of particular products or services. Apart from invented names such as ‘Kodak’ or ‘Exxon’, ordinary dictionary words, such as ‘Pioneer’, are also valid trade marks. Similarly, the red tab on the pocket of ‘Levi’ jeans, the stripes on ‘Adidas’ running shoes, and the distinctive bottles for ‘Perrier’ or ‘Coca-Cola’ are well-known trade marks.

Trading names or business names can also be registered as trade marks in South Africa. It is advisable to do this because the remedies available under the Companies and Close Corporations Act are not always available to protect trading or business names.

REGISTRATION OF TRADE MARKS

It is not compulsory to register a trade mark as our South African common law protects the owner of an unregistered trade mark, which has been widely used in South Africa and is well known. There are, however, several advantages to registering a trade mark. These include:

- The greater protection afforded/given to the trade mark holder
- Deterring potential infringements
- Claiming damages and securing an injunction [an order from a court to

order someone to stop doing something] to prevent further infringement after a trade mark has initially been infringed are easier, less costly and less time-consuming when the trade mark is registered. The acquisition of trade mark rights through registration is quicker than the acquisition of rights through use.

- Making the assigning/transfer of registered trade marks to other parties easier.
- Making it easier for a trade mark registered in South Africa to obtain trade mark protection abroad.

As mentioned earlier the Paris Convention also applies to trade marks. In terms of the Convention

- member countries are obliged to accord to nationals of other member countries the same rights, privileges and remedies in relation to trade mark protection as they accord to their own nationals.
- a person who has applied for the registration of a trade mark in a member country is entitled to registration in other member countries in preference to other applicants there provided that the application is made within six months from the date the first application was filed. If, during the six-month priority period, he files an application in another Convention country, the date on which the basic application was filed in his own country is regarded as the application date in the other country.

REGISTRABILITY

In order to be registerable, a trade mark must be capable of distinguishing, i.e. it must not be “devoid of any distinctive character”. An invented word such as ‘Kodak’ is clearly capable of distinguishing whereas ‘Excellent’ has no distinctive character. ‘Excellent’ is also purely descriptive of the relevant goods or services, and descriptive terms cannot be registered as a trade mark in South Africa. Under the **Trade Marks Act**, the grounds for refusal of a trade mark are divided into two sections, viz. **absolute grounds for refusal** and **relative grounds for refusal**.

a) Absolute grounds for refusal:

- Where the mark is a descriptive but [non-distinctive] term like ‘Wool’ for clothing, ‘Scotland’ for whisky, ‘Handmade’ for handmade goods, etc.
- Where the mark consists exclusively of a sign which has become common in day-to-day language or in the established practice of the trade. For or example, ‘Windsurfer’, ‘Thermos’, ‘Aspirin’, ‘Jacuzzi’, ‘Hoover’, ‘Xerox’, etc. used to be trade marks but have come to be used generically in common speech, i.e. with reference to a class or group of goods and not with reference to a specific good.
- Where the applicant has no bona fide [i.e. genuine and good faith] claim to the trade mark.
- Where the applicant for has no bona fide intention of using the trade mark.
- Where the mark consists exclusively of the shape, configuration or colour of goods where such shape, configuration or colour is

necessary to obtain a specific technical result, i.e. where these factors are functional.

- Where the mark contains the coat of arms, seal or national flag of South Africa. The new South African flag is often used commercially. No trade mark will however be registered which includes the new flag unless government authority is obtained. In fact, the use of the flag by any person on goods produced or sold by him without the necessary permission is a criminal offence.
- Where the mark contains any word, letter or device indicating state patronage – in other words that the South African government supports and uses the product or service.
- where the mark consists of a container for goods [or the shape, configuration, colour or pattern of goods] where the registration of such mark is likely to limit the development of any art or industry.

b) Relative grounds for refusal

A trade mark will also be unregistrable if it conflicts with the rights of another trade mark holder. Thus, a trade mark, which is likely to deceive or cause confusion with a registered trade mark of a different proprietor, is unregistrable unless the latter proprietor consents to such registration.

In terms of the Act “a trade mark application which constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark and which is used for goods or services identical or similar to the goods or services in question, will be unregistrable. [The mere fact that a trade mark is known in an overseas jurisdiction does not preclude the applicant from obtaining the identical trade mark in South Africa – the test is whether or not the mark is well known in South Africa. Clear examples of well-known trade marks in South Africa would include ‘McDonald’s’, ‘AT&T’, ‘Sainsbury’s’ and ‘Planet Hollywood’.]

Where the registration of a trade mark will result in the dilution of the distinctive character or reputation of well-known registered trade marks. An example of dilution would be the use of the trade mark ‘Rolls Royce’ in respect of practically all goods or services.

THE TRADE MARK APPLICATION

a) The applicant

Generally, only the person using or intending to use the trade mark may seek its registration. However, the applicant need not himself have the intention of using the trade mark where

- at the time of filing the application, he notifies the Registrar of Trade Marks that a company is about to be established and that he intends to assign the trade mark to the latter.
- the application is accompanied by a request for a third party to be recorded as the registered user of the trade mark.

b) Application and classification

The application must be made on a prescribed form and in relation to a particular class of goods or services. The register of trade marks is divided into numerous different classes covering all conceivable products or services. A separate application must be made for each class in which protection is sought.

c) Examination, acceptance, advertisement and opposition

Applications are examined strictly in the order in which they are filed. There is an appreciable delay before the Registrar examines new applications but in this regard it should be noted that rights flow from the registration date back to the date of filing the application.

Where an application has been accepted, the acceptance is advertised in the Patent Journal, and the application is open to opposition from interested parties for a period of two months from the date of such advertisement. Once the application has been advertised and either has not been opposed or has been opposed and then accepted, the Registrar registers the trade mark and furnishes the applicant with a certificate of registration. The date of registration is deemed to be the date upon which the application for registration was filed.

DURATION

The duration of a trade mark registration is 10 years, and is renewable thereafter for further 10 year periods. Where a registration is not renewed after the expiry of any 10 year period, it will be removed from the register by the Registrar.

If a trade mark registration is to remain valid, it must be used in the relevant trade in a genuine [and not a token] manner at least every five years. If it is not, a third party who is aggrieved by the existence of the registration may request the Registrar to remove the trade mark on the grounds of non-use.

MARKING

Marking of a good is not compulsory but it is advisable, where a trade mark is registered, to use the term 'Registered', the abbreviation 'Regd' or ® in conjunction with the trade mark. Non-marking will not adversely affect the right of a trade mark proprietor to obtain an interdict against an infringer but in some jurisdictions, e.g. the USA, it could affect the proprietor's claim for damages in this regard. It is a criminal offence to indicate that a trade mark is registered where this, in fact, is not the case. **[Study Unit 5, pp. 148-155]**

C. Licensing, assignment and hypothecation of trade marks in South Africa

LICENSING

The proprietor of a registered trade mark may license its use by other persons. This is called permitted use. Even if the trade mark proprietor fails to file a registered user application, this will not prejudice him if a de facto licence is deemed to exist. The following are some of the advantages of recording a licensee as a registered user of a trade mark:

- the recordal is prima facie evidence of permitted use. Prima facie means

'on the face of it' and when evidence is considered prima facie the onus/burden is on the other party – usually the defendant – to provide evidence to the contrary, and

- the registered user will be able to bring infringement proceedings in his own name.

The Registrar should be furnished with full particulars of the relationship between the licensor and the licensee or registered user. The Registrar will register the licensee if he is satisfied that the registered user's proposed use of the trade mark is not likely to deceive the public.

The relationship between the proprietor and the registered user may take one of the following forms:

- Shareholding, i.e. control over the quality of the goods or services is exercised by virtue of a controlling financial interest in the licence – such as with parent and subsidiary companies.
- Patent licence, i.e. control over the quality of the goods or services is exercised by virtue of a patent licence.
- Licensing agreement, i.e. control over the quality of the goods or services is exercised by virtue of a licensing agreement that expressly provides for the manner in which quality control will be exercised.

ASSIGNMENT AND HYPOTHECATION

A registered proprietor may assign/transfer the trade marks with or without the goodwill of the business concerned. The Act also makes provision for the hypothecation, i.e. mortgaging of a registered trade mark by means of a deed of security. Once a deed of security has been lodged with the Registrar, and the register has been endorsed to that effect, the deed of security will have the effect of pledging the trade mark to the person in whose favour the deed of security is granted. Assignments of a registered trade mark are subject to deeds of security. A trade mark may thus not be transferred without the written consent of the person in whose favour a deed of security was granted.

Because the Patents Act inter alia has the effect that the following are not patentable:

- the designs of goods, and
- architectural designs

and the Trade Marks Act excludes "a container for goods, or the shape, configuration, colour or pattern of goods" from being registered, South African Law also recognises another form of intellectual property which must be distinguished from both trade marks and patents, but which is easily to be confused with the latter. This form of intellectual property is what is known as design registrations. **[Study Unit pp. 156-157]**

D. Remedies for infringement of trade marks

INFRINGEMENT

If a trade mark is registered in South Africa, protection of the trade-marked good or service is only guaranteed in South Africa. Trade mark holders who

wish to extend their protection overseas can however apply for protection of their right in other countries under the provisions of the International Convention of Paris.

The Agreement on Trade Related Aspects of Intellectual Property Rights [TRIPS] also contains provisions which allow the holders of trade mark rights in any country which is a signatory to the Agreement to apply for protection in any of the other member countries.

The following constitute trade mark infringement:

- The unauthorised use of a mark identical to or so closely resembling the registered mark as to be likely to deceive or cause confusion.
- The unauthorised use of a well-known trade mark in respect of any goods or services i.e. dilution.
- The unauthorised use of a well-known trade mark in South Africa which constitutes a reproduction, imitation or translation of that trade mark in relation to goods or services in respect of which the trade mark is well-known and where the use is likely to cause deception or confusion.

It is important to note that if the alleged infringer uses the trade mark concerned on goods or services not covered by the proprietor's trade mark registration, there is no infringement under the Act. Such use may nonetheless constitute passing off under the common law. Passing off is a sub-category of what is known as Unlawful Competition – a concept and type of intellectual property, which is recognised in South African Law. Passing off describes a situation where a legal person advertises and sells goods or offers a service in a very similar manner to protected goods and services – thereby creating confusion.

Under the Act, possible remedies for infringement are:

- An interdict
- An order for the removal of the infringing mark from all material or the delivery of the infringing goods to the holder of the trade mark
- Damages
- A reasonable royalty in lieu of damages. **[Study Unit 5, pp. 154-155]**

E. Your substantiated opinion as to whether McDonald's would have been successful in preventing Mary Blair from using the McMunchies name

Own opinion substantiated required here: Seems highly unlikely due to nature of situation in Scotland where Mc is a common prefix for many businesses derived from people's surnames. The symbols used were different to McDonald's arches.

F. A brief overview of the trade mark issues that plagued McDonald's when it tried to enter the South African fast food market in the 1990s

Desk research required here:

Apartheid politics prevented McDonald's from expanding into SA.

Trade mark registered in 1968. Under SA trade mark law, trade marks cease to be property of a company if they are not used for a certain amount of time.

Renewal took place several times after 1968, but they missed a renewal deadline. Registration expired and McDonald's discovered two fast food restaurants were trading under MacDonald's name. A businessman had applied to register McDonald's name. Multiple lawsuits filed. First they lost. They eventually won under appeal.

PRESENTATION

[10]