

The new Trade Marks Act 194 of 1993 – Clarity or confusion?

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One of the century's wonderdrugs is aspirin. New applications for the drug are found and millions of people benefit from it every single day. The drug will, in all probability, continue to be the wonderdrug of the new millennium. The brainchild of Felix Hoffman, an employee of Bayer Farbenfabriken of Elberfeld Co, the drug's formula and the trade mark *Aspirin* were expropriated by Britain, America and France after World War I because of anti-German sentiments. These sentiments associated with the drug were certainly not improved by the fact that IG Farben, a group of companies of which Bayer formed part, supplied Zyklon B gas to concentration camps during World War II.

For this very reason, aspirin became the generic name for acetylsalicylic acid in eg France, Britain, South Africa, and, until 1994, in the US (when Bayer managed to repurchase its formula and trade mark.¹) This was indeed fortunate for South African companies which were, as a result, entitled to sell aspirin *inter alia* under the trade mark *Disprin*.

It is self-evident that trade marks have become the most valuable assets of companies and businesses. Textbooks abound on the intricate subject regarding the valuation of trade marks. The amounts expended by companies such as *Coca Cola* or *McDonald's* on the advertising and protection of their trade marks against infringers are breath-taking. So are the profits generated for their proprietors by these trade marks.

Primary function

Under the regimes of the previous 1938 UK Trade Marks Act and the repealed SA Trade Marks Act 62 of 1963, which was modelled on its British counterpart, the primary function of a trade mark was that of indicating source. In other words, it was thought that the true function of a trade mark was to indicate that certain products or services emanated from a certain

source (although the source's identity might not have been known.) With the advent of television, drastic increases in worldwide travel, the worldwide dissemination of magazines containing advertisements and the Internet, the fact that a trade mark *per se* has its own "commercial magnetism" was recognised by various commentators. The example most often used by such commentators is the erosion (or dilution) of such commercial magnetism, by the use of a well-known trade mark, such as *Rolls Royce*, on eg jellies, ice-creams, toys, etc. Although the public is not confused by such use into believing that such goods emanate from *Rolls Royce*, wide-scale use of the trade mark on various goods could whittle away the prestige attached to the trade mark. Furthermore, the increasing use of trade marks on unrelated products (brand extension, for example, *Dunhill* clothing and *Dunhill* sunglasses in addition to *Dunhill* cigarettes) presents a danger that, in relation to certain goods, the public may indeed be deceived or confused into believing that the use of a well-known trade mark on unrelated goods indicates that all such goods emanate from one source. This would dilute its commercial magnetism.

Fortunately, when the UK joined the EC and the European Union issued a Directive²



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on the future provisions which all the national Trade Mark Laws of its member countries should contain, South Africa followed suit and promulgated its new Trade Marks Act 194 of 1993, which became effective on 1 May 1995. Subsequently, the Trade Marks Act has been changed in certain respects by the Intellectual Property Laws Amendment Act 38 of 1997. Proclamation 81 in *Government Gazette* 18484 at p 3 of 1 December 1997 gave the date of its commencement as 5 December 1997. Proclamation 81 was withdrawn by Proclamation R93 in *Government Gazette* 18573 at p 2 of 19 December 1997 and the new date of commencement was given as 1 January 1998.

The Trade Marks Act 194 of 1993 fully recognises the market reality that a trade mark has commercial magnetism. Section 1 of the Act defines the primary function of a trade mark as its ability to distinguish the goods or services of one trader from those of another. The concept that a trade mark's primary function is to indicate source has been done away with, although this function, of necessity, will always, *de facto*, remain a secondary function of a trade mark.

In terms of the new Act any sign capable of being represented graphically can constitute a trade mark, including a colour, a configuration, ornamentation or a shape. Regarding shape, the wording of the new Act is inadequate to surmount the problem with which the Full Bench of the Transvaal Provincial Division was confronted when it was sought to register the well-known shape of the *Weber* braai as a trade mark. The Court held that a trade mark, in accordance with the definition of a trade mark contained in the 1963 Trade Marks Act, is a mark which is to be used "in relation to" goods. The Court held that a shape is not used "in relation to goods", but constitutes the product itself. Given the wording of the new Act, this problem still presents itself and it is difficult to see how a Court will resolve this difficulty.³ Sig-

nificantly, the legislature balked at recognising that an aroma, which in terms of the first proposals for an EC Directive could also qualify as a trade mark, can constitute a trade mark. For the time being, therefore, the Registrar of Trade Marks and our Courts have been spared the indignity of having to sniff various products in order to establish whether an aroma is distinctive enough to qualify as a trade mark or whether it infringes another aroma trade mark.

The Trade Marks Act, 1993 applies to all trade marks registered in terms of the 1963 Trade Marks Act, save where proceedings have been initiated before 1 May 1995 or where the validity of the original entry of a trade mark on the trade mark register existing at the date of the commencement of the new Act is to be assessed.⁴ It should be noted that under the 1963 Trade Marks Act trade marks could be registered in either part A or part B of the trade mark register. In order to qualify for registration in part A of the 1963 Act trade mark register, the trade mark had to consist of a distinctive trade mark. For purposes of registration in part B of the trade mark register, a proposed trade mark had to be capable, through use, to become registrable in part A of the register. Part B trade marks received much lesser protection in infringement proceedings because the alleged infringer could raise the defence that, because of the addition of extraneous matter to the trade mark used by it, the public would not be deceived or confused into believing that the infringer's goods were those of the trade mark proprietor or associated therewith. Proprietors of part B trade marks have, therefore, received a windfall in that the Legislature has seen fit to confer on them, under the provisions of the 1993 Trade Marks Act, exactly the same protection as were conferred on erstwhile part A marks. One exception to the wide ambit of protection granted registered trade marks under the 1993 Trade Marks Act bears mention. It was possible, under s 53 of the 1963 Act, to register a well-known trade mark, which its proprietor did not intend using in respect of certain goods, defensively in part A of the trade mark register, provided that the proprietor could demonstrate that the use of its well-known trade mark on such goods or services would cause the public to be deceived or confused into believing that such goods or services emanated from the registered proprietor or were, in some way, associated in the course of trade with such goods or services. The legislature has seen fit to treat such trade marks as ordinary trade marks under the

1993 Trade Marks Act and to extend to such marks full trade mark infringement protection, save that such marks are not protected against dilution in terms of s 34(1)(c) of the 1993 Trade Marks Act (discussed *infra*).

Ambit of protection

The ambit of protection afforded a registered trade mark has been extended significantly by the new Trade Marks Act, 1993. The relevant section is s 34. Section 34(1)(a) merely parrots the protection which had been granted a trade mark registered under the 1963 Act, namely that the use of a deceptively or confusingly similar trade mark on goods or services in respect of which a trade mark is registered constitutes a trade mark infringement.⁵ Section 34(1)(b) goes further in stipulating that "the unauthorized use of a trade mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion" constitutes a trade mark infringement. The use of the phrase "similar" in s 34(1)(b) as distinct from the phrase "so nearly resembling" in s 34(1)(a) has given rise to some comment. Is the *onus* placed on the trade mark proprietor to prove an infringement of his trade mark more onerous under s 34(1)(a) than under s 34(1)(b)? In this regard, it bears mention that the new UK Trade Marks Act, 1994's counterpart to s 34, namely s 10, uses the word "similar" in both its equivalent subsections, as does the EC Directive. It is submitted that, read in context, the *onus* under s 34(1)(a) is the same as that under s 34(1)(b).

Section 34(1)(b) incorporates the protection which was afforded a trade mark under the provisions of s 44(1)(b) of the 1963 Trade Marks Act.⁶ Unauthorised use of a trade mark "otherwise than as a trade mark" is therefore covered by this section. Section 34(1)(b), in consequence, protects a trade mark proprietor against comparative advertising, even though the Advertising Standards Authority currently allows such advertising provided that any claims made by an entity comparing its products or services to those of another can be substantiated. Section 34(1)(b) therefore disallows an advertisement to the effect that, for example, "Bata running shoes are better than Bita running shoes", even though the trade mark *Bita* may only be registered in respect of sport T-shirts and not sport shoes. (Whether goods are "simi-

lar goods" for purposes of s 34(1)(b) is a factual inquiry which depends on the facts of each case.)

Section 34(1)(c) is the most innovative of the infringement provisions as it recognizes, in terms, that an infringer can damage the distinctive character or reputation of a registered trade mark, or, as it is termed, "dilute" a trade mark. This kind of protection has done away with the necessity to register trade marks defensively. The 1993 Trade Marks Act therefore contains no counterpart to s 53 of the 1963 Trade Marks Act. His Lordship Mr Justice Page was the first to make specific reference to this species of trade mark infringement in *Cambridge Plan AG and Another v Moore and Others* 1987 4 SA 821 (D). Long before then the US author Frank I Schechter had already addressed this issue in his seminal article "*The Rational Basis of Trade Mark Protection*".⁷ Various US States had, as a result, passed Anti-Dilution Statutes, although there was no Federal Anti-Dilution Statute.⁸ However, in the Benelux countries, dilution of trade marks has long been enjoined by the courts.

With the introduction of anti-dilution provisions in the UK and South African statutes as a result of the EC Directive, the most fruitful research into the precise meaning and ambit of this kind of protection is to be found in the national legislation of the Benelux countries. However, UK and EC cases dealing with equivalent Trade Mark legislation should be approached with care, as UK and EC judges are now required to take records of Parliamentary debates (Hansard), White Papers, Law Commission Reports, decisions of the European Court of Justice, European Union directives and their *travaux préparatoires*, minutes of the EU Council and decisions of the national courts of other EU Member states into consideration when interpreting a piece of legislation.⁸ How our Courts are going to deal with this problem remains to be seen, as guidance was often sought by our Courts from UK decisions in determining intricate trade mark issues due to the "close parallel" in the development of the UK and South African legislation which was recognized by his Lordship Mr Justice Plewman in *Luster Products Inc v Magic Style Sales CC* 1997 3 SA 13 (A) at 24.

Innovation

A further innovation introduced by the 1993 Trade Marks Act is the protection of well-known trade marks which have neither been

registered in South Africa nor used in South Africa (in the traditional sense ascribed to the word “used” in trade mark law, i.e. whether the trade mark has been applied to, or used to promote goods or services within South Africa).¹⁰ So long as the trade mark is well-known within the relevant segment of the market which is interested in the species of goods, a South African entity is not entitled to use the well-known trade mark or a mark the essential part of which is a reproduction, imitation or translation of the well-known trade mark in relation to its own goods or services. If it were to do so, it would infringe the well-known trade mark proprietor’s trade mark. The proprietor of the well-known trade mark’s only remedy, however, is an injunction to restrain such infringing use. The proprietor is not entitled to claim damages. In contrast, the proprietor of a trade mark registered in South Africa can claim damages or, *in lieu of damages*, in terms of s 34(1)(c), a reasonable royalty which would have been payable by a licensee for the use of the trade mark concerned. This species of damages is available to a trade mark proprietor in respect of a trade mark infringement in terms of s 34(1)(a), s 34(1)(b) or s 34(1)(c) of the 1993 Trade Marks Act. The latter type of “damages” are termed statutory damages as they compensate a proprietor even though he has suffered no actual damage.¹¹

Although the promulgation of the 1993 Trade Marks Act is to be welcomed, particularly in view of the fact that South Africa thereby provides a matrix within which to function which is as modernistic as that of the members of the EC, the fact that certain of its provisions do not accord in all respects with its UK counterpart or have retained the wording of the 1963 Act (the provisions of s 34(1)(a) quoted above being an example) may lead to a juristic interpretational nightmare. I address a few examples only. In *Luster Products (supra)* the Supreme Court of Appeal held that a trade mark may be expunged from the trade mark register where such trade mark has lost its distinctiveness due to fault on the part of its proprietor. In so holding, the Supreme Court of Appeal followed the UK case of *GE Trade Mark* [1973] RPC 297 (HL) and the Australian case of *New South Wales Dairy Corporation v Murray Goulburn Co-operative Co Ltd* 18 IPR 385. One of the questions which the Court had to address was whether a trade mark could be expunged on the basis of loss of distinctiveness given the wording of s 16(1) (read with s 33) of

the 1963 Act. The Court held that the phrase “to register” in s 16(1) includes post-registration acts. The question now arises – given the wording of s 70(1) of the 1993 Trade Marks Act which refers to the “validity of the original entry of a trade mark on the register of trade marks” and which has to be assessed in accordance with the laws (sic) in force at the date of such entry – whether a Court has to consider the provisions of the 1993 Act in assessing whether a trade mark registered under the 1963 Act which has become non-distinctive through use, should be expunged or whether it is bound by the provisions of the 1963 Act. (In this regard, it should be borne in mind that the 1993 Act pertinently provides that, subject to the provisions of s 3 and 70 of the Act, a mark shall be liable to be removed from the register if it has been used in such a manner that it would be likely to cause deception or confusion (s 10(13)). The matter becomes even more complicated when consideration is had to s 42 of the 1963 Trade Marks Act which provides that part A trade marks are, after the lapse of a period of seven years, to be considered valid unless they have become generic, or were obtained by fraud or offend against the provisions of s 16(1) of the Act.¹²

The question arises: do the provisions of s 42 of the 1963 Trade Marks Act still find application on a proper construction of s 70 of the 1993 Trade Marks Act? His Lordship Mr Justice McCreath held that they do in the case of *Cadbury (Swaziland) (Pty) Ltd v Mars Inc and Another; Mars Inc v Cadbury (Swaziland) (Pty) Ltd and Another* [1998] JOL 3650 (T). (This matter is the subject of an appeal to the Supreme Court of Appeal.)

Another potential nightmare for judges lurks in the provisions of s 10(5) of the 1993 Act pertaining to the registrability of trade marks. Where a mark consists “exclusively” of the shape, configuration, colour or pattern of goods where such shape, colour or pattern “... is necessary to obtain a specific technical result, or results from the nature of the goods themselves ...”, then such mark is not registrable. Anybody who has enjoyed the “privilege” of endeavouring to understand the US interpretation of a similar provision and the concepts of “*de facto*” and “*de iure*” functionality which US Courts developed in order to infuse this provision with an ascertainable meaning, will understand what juristic niceties await our judges. But such are the delights of development and esoteric thoughts. An interesting UK case in

which an equivalent section was considered is the case of *Philips Electronics NV v Remington Consumer Products* [1998] RPC 283. It was held that Philips Electronics NV’s three-headed rotary shaver, in which the three heads were arranged in an equilateral triangle, a picture of which had been registered as a trade mark, did not constitute a trade mark because it primarily denoted function and could therefore never be regarded as “capable of distinguishing” (which is the phrase which is also used in s 9 of the 1993 Trade Marks Act as a prerequisite for a mark to be registrable.) Jacob J held that Philips’ “trade mark” was akin to registering the word “soap” for a bar of soap. (It bears mention that in so holding he departed from the Swedish Court of Appeal case in *Ide Line A G v Philips Electronics NV* [1997] ETMR 337.) Jacobs J also held that in order to ascertain whether the goods consisted exclusively of a shape which results from the nature of the goods, one should consider the goods as “articles of commerce”, and use this consideration as a point of departure. He further held that objective standards should be applied in order to assess whether the shape of goods is necessary to obtain a technical solution. However, Jacob J was at pains to point out all the possible factual permutations with which a court may be confronted in seeking to apply these tests (at p 305 *et seq*).

As one frustrated scientist put it in relation to the fast developing and ever changing field of scientific thought – maybe, just maybe, we shall know how the world will come to an end before it comes to an end. In the same vein, we might begin to understand the provisions of the 1993 Trade Marks Act just before it is next amended.

Endnotes

- 1 Cover Magazine February 1999 “The Wonderdrug” *Independent on Sunday* at 32 *et seq*.
- 2 No 89/104/EEC of 21 December 1988. This was followed by a Council Regulation (EC) No 40/94 which regulates the existence of Community Trade Marks, and their effect.
- 3 S 10(5) seeks to address this problem, but it does not address the problem which the Full Bench experienced with the phrase “in relation to”.
- 4 S 3 read with s 70 of the Trade Marks Act 1993.
- 5 S 34(1)(a) provides as follows: “The rights acquired by registration of a trade mark shall be infringed by – (a) the unauthorized use in the course of trade in relation to goods or services

- in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;"
- 6 S 44 (1)(b) provided as follows: "(1) Subject to the provisions of ss (2) and (3) of this section and of ss 45 and 46, the rights acquired by registration of a trade mark shall be infringed by – (b) unauthorized use in the course of trade, otherwise than as a trade mark, of a mark so nearly resembling it as to be likely to deceive or cause confusion, if such use is in relation to or in connection with goods or services for which the trade mark is registered and is likely to cause injury or prejudice to the proprietor of the trade mark:" (emphasis added).
- 7 (1927) 40 *Harvard LR* 813 reprinted in 60 *TMR* 334 (1970)
- 8 A Federal Anti-Dilution Statute section was promulgated on 16 January 1996 with the introduction of s 43(c) into the Lanham Act which provides for the protection from "dilution of the distinctive quality of (a) famous mark", notwithstanding the absence of a likelihood of confusion, and even where the mark is not registered.
- 9 Abbe E L Brown *The Increasing Influence of Intellectual Property Cases on the Principles of Statutory Interpretation* [1996] 10 *EIPR* 526.
- 10 In enacting this provision, South Africa has, at long last given effect to its duty, as a signatory to the Convention of Paris for the Protection of Industrial Property to incorporate the provisions of article 6 *bis* thereof into its national legislation (which provides for protection to be extended by all signatories to well-known trade marks). In this context it should be pointed out,
- however, that the Legislature has not, as yet, introduced article 6 *quinquies* into the Trade Marks Act which provides that a trade mark which is registered in any other signatory country shall be registered and protected "*telle quelle*" ("as is") in other member countries.
- 11 It bears mention that statutory damages have been introduced into the Copyright Act 98 of 1978 as well as the Patents Act 57 of 1978.
- 12 The Trade Marks Act 62 of 1963 s 16(1) read as follows: "It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or cause confusion or would be contrary to law or morality or would be likely to give offence or cause annoyance to any person or class of persons or would otherwise be disentitled to protection in a court of law." 

Advocates' ethics: a need for reform?

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All advocates who wish to practise as members of the Bar are obliged to observe the Uniform Rules of Professional Ethics of the General Council of the Bar. There are, however, many "independent advocates" practising without being monitored by the profession.

These advocates can be divided into two categories. The first category consists of those who were members of constituent Bars, but had left disgruntled about what they regard as the Bars' apparent conservatism and their continued reliance on archaic ethical rules. The second category is that of persons who attempted to enter the advocates' profession, but could not pass the National Bar Examination. The disturbing aspect about this group is that the majority of them are blacks.

In recent days the legal profession has been plunged into a crisis. Complaints have been levelled against members of the attorneys' profession regarding the pilfering of trust funds. It has also been reported that some attorneys and advocates had claimed fees from the Legal Aid Board for days when they had not appeared in court. In addition, there have been calls to request the Heath Special Investigat-

ing Unit to probe allegations against attorneys enriching themselves from the Road Accident Fund.

The Bar and the attorneys' profession are aware of these developments and are also acting against culprits. But what about the "independent advocates"? Besides advocates who are members of the organised Bars, there are approximately 140 advocates practising as "independent advocates." Some of these have constituted themselves into associations claiming to be "independent" from the legal professional bodies. I have in mind associations such as the National Association of Law Societies of South Africa [NALSSA] and the Independent Association of Advocates of South Africa [IAASA]. For the purpose of this article I shall concentrate on the latter.

These voluntary associations would wish to disassociate themselves from the rules governing the profession (see 1999 March *DR* 55). Should we continue to condone this state of affairs? By so doing are we not exposing the public to legal opportunists who are not subject to professional training and discipline? What we need to do instead, is to tighten the rules governing members of the profession.

It is important to consider the recent case of *General Council of the Bar of South Africa v Van der Spuy* 1999 (1) SA 577. The facts were as follows: The General Bar Council (GCB) applied in court to have the name of the respondent removed from the roll of practising advocates. He had been admitted in 1950 and had taken silk in 1968. The respondent had been a member of the Johannesburg Bar, which had initiated disciplinary proceedings against him. After being convicted of professional misconduct, he participated in the formation of IAASA. The GCB's application was based on the following grounds:

- 1 The respondent had accepted instructions and fees directly from clients without the intervention of an attorney and had, therefore, violated a fundamental principle of the advocates' profession;
- 2 he had allowed his address to be used for the service of papers for the purpose of litigation; and
- 3 he had performed attorneys' work.

The respondent argued that he had reasonably believed and still believed, that in

Continued on page 36.