

STEALING FOREIGN FRUITS – II

Trade-mark and copyright infringement

By
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In my previous article¹ the facts of *Tie Rack plc v Tie Rack Stores (Pty) Ltd* were summarized and the allegation by Tie Rack plc, the British applicant, that Tie Rack Stores (Pty) Ltd, the South African respondent, was passing off its business as being that of the applicant or as being connected with it was discussed. In this article the applicant's claims of trade-mark and copyright infringement are examined.

Readers will recall that the respondent purchased and took assignment of two existing South African registrations of the trade mark 'The Tie Rack'. The registrations, effected on 9 May 1985, had been secured by two individuals who had anticipated opening speciality stores selling ties and other items of clothing under that mark but had subsequently abandoned their intentions because they had considered the project to be economically unattractive.

The applicant claimed that it was aggrieved by these registrations and sought a court order cancelling them on various grounds. The applicant's aim was obviously to avoid being precluded from conducting business under its own 'Tie Rack' trade mark in South Africa, on the ground that to do so would infringe the statutory rights of the respondent flowing from its registered ownership of the South African mark.

The principal ground on which the applicant claimed cancellation of the registrations was s 20(1) of the Trade Marks Act 62 of 1963, which entitles '[a]ny person claiming to be the proprietor of a trade mark used or proposed to be used by him' to make application to register that mark. The applicant claimed that the individuals who had initially registered the 'Tie Rack' trade mark could not claim to be its proprietors, since the applicant

had conceived of or originated the 'Tie Rack' mark and was therefore its true proprietor.

The court, relying heavily on a judgment of Mr Justice W G Trollop in an unreported decision, *Moorgate Tobacco Co Ltd v Philip Morris Inc*, held that the applicant's claim was unfounded and that the individuals who registered the 'Tie Rack' trade mark in South Africa during 1985 were, as far as our law was concerned, the proprietors of that mark. Someone who proposed to use a trade mark originated, acquired or adopted by him but not used hitherto, said Kriegler J in the *Tie Rack* case, could justifiably claim to be entitled to register it. The crucial issue was what an applicant for the registration of a trade mark was required to do in order to be able to claim that he had originated, acquired or adopted the mark. An applicant for registration, said his lordship, may be regarded as the 'author' of a trade mark in the eyes of our law even though he has copied it from a trade mark registered and extensively used in a foreign country for the same class of goods for which the South African registration is sought.

This principle is subject to the proviso that there must have been no prior use of the trade mark by a foreigner in South Africa, for that would negative the applicant's claim to authorship of the mark. Since there was no evidence of any such prior use in this country of the 'Tie Rack' trade mark by the applicant, however, the individuals who originally registered it in South Africa on 9 May 1985 could justifiably claim to be its authors and proprietors.

¹ (1989) 19 BML 7. The *Tie Rack* case has since been reported: 1989 (4) SA 427 (T).

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The second ground on which the applicant claimed cancellation of the registrations in the name of the respondent was that the 'Tie Rack' mark had not been registered with the serious intention of using it but rather with a view to trafficking in it — trading in the mark itself as a saleable commodity. This contention was, however, rejected, on the basis that, although the original applicants for South African registration had never in fact used the mark, they had at the critical time proposed or contemplated doing so but had subsequently been diverted from their original intention by the result of a feasibility study, which militated against the success of a business along the lines contemplated by them. Kriegler J approved of a dictum in the *Moorgate* case that an applicant 'must have a definite, present intention of using [the trade mark], not necessarily in the immediate future, but at some future time when he deems fit'.

Yet a further ground upon which the applicant sought cancellation of the 'Tie Rack' registration in class 42 in respect of 'wholesale, retail merchandising and mail order services' was that our law does not contemplate or permit of the registration of a trade mark in respect of such services. This line of argument was based on statements to that effect made in *Miele et Cie GmbH & Co v Euro Electrical (Pty) Ltd*,² a view subsequently applied in *Action Bolt (Pty) Ltd v Tool Wholesale Holdings (Pty) Ltd*.³ But Kriegler J brushed this argument aside, saying that, while the sale by a retail shop of men's clothing does not seem to constitute a service capable of identification by a registered trade mark (a dubious proposition, in my submission), the respondent might still at some time in the future use the 'Tie Rack' mark in respect of services for which a trade mark was registrable.

The court rightly judged the propriety of the registrations of the 'Tie Rack' mark in the light of the circumstances prevailing during May 1985 when the mark was first registered by the respondent's predecessors in title. It is apparent, however, that the court's conclusion would have been the same whenever the initial application for registration in South Africa had been made, provided only that that application was made prior to the use or request for registration in this country of its own 'Tie Rack' mark by Tie Rack plc. By 1985 that company had been using its mark overseas for four years, and the evidence showed that there were in existence twenty-six stores operated by it.

Although the judgment of Kriegler J does not say so, the applicant's mark was probably already well known internationally at that time. But, as in its adjudication of the passing-off claim, the court was altogether disinterested in the international reputation of the applicant's mark, and placed the emphasis on the question whether the applicant had used its mark in South Africa before May 1985:

such use, it was held, was necessary to generate the goodwill identified by the mark that was a prerequisite for relief. A distinction was thus drawn between reputation and goodwill.

For the same reasons as I advanced in my previous article in dealing with the question of passing-off,⁴ I submit that it is unsatisfactory for our courts, in this age of fast communications, to insist upon the existence of goodwill in South Africa and to disregard entirely the existence of an overseas reputation that has spilled over into this country. It is submitted that, as with passing-off, it is time for our courts to take account of the realities of international trade and the existence of a world market-place.

Furthermore, the registrar of trade marks and the court, in determining the registrability of a trade mark, are directed by the Trade Marks Act to have regard to the public interest. It cannot be in the public interest for a trade mark whose use will confuse the South African public to be registered in the name of a local person simply on account of the fact that only a reputation exists in South Africa and no goodwill identified by the foreign mark.

The court's distinction between reputation and goodwill may be of some relevance as between the competing parties but is of little or no consequence in a determination what is in the public interest. Our courts, it is submitted, should break away from the old-fashioned concept that registered trade marks are purely territorial in nature (which was largely the position during the first half of this century) and give effect to the provisions of art 6bis of the Convention of Paris for the Protection of Industrial Property to which South Africa is a signatory, which obliges us 'to refuse or to cancel the registration, and to prohibit the use, of a trade mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country'.

The law applied by Kriegler J on the cancellation issue is in keeping with judicial precedent on the topic and cannot be faulted if one accepts the legal principles developed in our country over the years. The point, however, is that circumstances have changed, and the law must be adapted to keep pace, lest it become entirely out of kilter with the needs of modern commerce, particularly international commerce.

In a further claim for relief based upon copyright infringement, the applicant con-

² 1988 (2) SA 583 (A).

³ 1988 (4) SA 752 (T).

⁴ See note 1 above.

tended that the 'Tie Rack' logo was an 'artistic work' as defined in the Copyright Act 98 of 1978, that it had been made by a 'qualified person' (an individual who is a citizen of or is domiciled or resident in South Africa or some other country that is a signatory to the Berne Convention) and that it was first published in the United Kingdom, in the sense that copies of the logo in significant quantities were initially distributed to the public in that country. On the strength of this approach, it was argued, copyright in the logo subsisted in South Africa and the applicant was the copyright owner.

The term 'artistic work' is defined in s 1 of the Copyright Act as meaning, amongst other things, 'irrespective of the artistic quality thereof — . . . paintings, sculptures, drawings, engravings and photographs'. In copyright law the term 'artistic work' is something of a misnomer. It is not necessary that the work be a work of art in the ordinary sense of that term — what is in effect required is that the work constitute the visual representation of ideas or the result of intellectual effort expressed in a material form. Our courts have held (as have those in Britain) that the most elementary and simple drawings — even design drawings for items of machinery or spare parts — may qualify as artistic works.

Although in the papers before the court the respondent denied that copyright subsisted in South Africa in the 'Tie Rack' logo, at the hearing of the matter this view was abandoned.

It was claimed by the applicant that the respondent had made unauthorized reproductions or adaptations of the British 'Tie Rack' logo in using the South African logo and had therefore infringed the copyright in the applicant's work. The crisp issue in the copyright-infringement claim therefore became whether the respondent's logo, not being identical to the applicant's, was a reproduction of a substantial part of it.

Our courts, in a line of cases culminating in the decision in *Galago Publishers (Pty) Ltd v Erasmus*,⁵ have held that the determination whether an allegedly infringing work constitutes a reproduction of a substantial part of an earlier work involves a two-stage test. First, the court must determine objectively whether there is a substantial similarity between the two works. If so, there must be, at the second stage, an inquiry whether there is a causal connection between the second work and the first — whether the second work is a derivative of the first. If there is no objective similarity between the two works, it does not matter whether the second work is derived from the first; conversely, if there is no causal connection between the two, it matters not whether they are, objectively viewed, substantially similar to each other. In short, the works must be similar to each other and the similarity must be caused by copying.

When each logo as a whole was compared with the other, opined Kriegler J, a striking resemblance became apparent. Out of the vast number of available styles, the respondent had chosen the twin brother of the type style used by the applicant. Out of an infinite number of colour combinations, the respondent had adopted one almost identical to that of the applicant. The only stylized device contained in the applicant's logo, the collar and tie representing a capital 'T', appeared also in the respondent's logo, although not functioning as a capital 'T'.

The court relied on two formulations of the standard of similarity required for a finding of infringement of copyright in English cases. According to the first, an infringement of copyright in an original is perpetrated by 'that which comes so near to the original as to give every person seeing it the idea created by the original'; in terms of the second, a copy will infringe if it is such as 'to suggest the original to the mind of every person seeing it'. The court accordingly reached the conclusion that the creator of the respondent's logo had adopted the substance of the applicant's logo and held that the two logos displayed the requisite degree of similarity to each other.

The reader will recollect my having mentioned in the previous article that the respondent's logo had been designed for South African use from the logo appearing on one of the applicant's plastic carrier bags. The artist responsible for the composition of the respondent's logo, one Banks, denied that he had copied the applicant's logo in producing the South African mark. The court had before it only evidence on affidavit, and therefore did not have the opportunity of observing Banks under cross-examination; nevertheless, Kriegler J was of the opinion that the similarity between the two logos was such as to give rise to a necessary inference that copying must have taken place. Moreover, Banks had enjoyed access to the British logo and this reinforced the inference that copying had taken place. A causal connection therefore existed between the respondent's logo and that of the applicant.

In consequence, the court upheld the applicant's claim of copyright infringement and granted an interdict restraining the respondent from using this logo in the future. The interdict did not, however, have any effect on the use by the respondent of the words 'Tie Rack': a different trade-mark design would allow the respondent to continue to use those words with impunity.

In the result, all that the applicant was able to achieve was to prevent the respondent from using its existing 'Tie Rack' logo; the respondent could continue to use the words

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⁵ 1989 (1) SA 276 (A).

'Tie Rack' and could therefore retain its registrations of its 'Tie Rack' trade mark. Effectively, therefore, the applicant has been rendered incapable of doing business in South Africa under its well-known international trade mark.

Copyright was not originally intended to protect works such as logos. The limited protection afforded by the Copyright Act to the logo in the *Tie Rack* case came about through the extension over the years of the principles of copyright law. This extension is a positive development. What occurred in the *Tie Rack*

case, however, was an application of copyright law to what was properly a trade-mark problem in order to make up for shortcomings in modern trade-mark (and passing-off) law. Lacunae in the law governing trade marks cannot, however, be tolerated merely because a measure of relief can be obtained by reliance upon the law of copyright, an extraneous field of legal science. Our trade-mark law should shake off the shackles of the past and redirect itself to catering for current realities. It should give well-known foreign trade marks the protection that fair play demands.

A BILL OF RIGHTS FOR SOUTH AFRICA – II

Group rights

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In the first part of this article,¹ I argued that a bill of rights is closely tied to a liberal conception of society because it accords primacy to the interest of the individual in pursuing his own way of life. Such a commitment to the moral merit of individualism has elicited scepticism among those who look upon the state as the principal agency for moulding society according to some conception of the common good. Certain South Africans fear both individualism and the pursuit of the collective good, viewing one or the other as a threat to the existence of some minority group with which they identify themselves. The question therefore arises: should our constitution recognize and protect the interests of minority groups and, if so, how should this result be achieved?

This point brings me to the controversial issue of group rights. The South African Law Commission recently produced a working

paper on group and human rights, which has been widely praised and is likely to shape much of the future debate about a bill of rights in South Africa. Chapter 13 of the working paper is entitled 'Group or Minority Interests: Evaluation', and its treatment of the idea of group rights is discussed here.

The very idea of group rights is often considered to be beyond legitimate constitutional debate in South Africa. The reason is that the present government has based its political programme on the assumption that groups must be conceived of along racial lines and given constitutional protection according to their race. Insistence upon a racial definition of groups has done immense harm to the idea of group rights, since race is simply not a valid

¹ See (1989) 19 *BML* 29.