

The future of South African trade marks

Trade mark owners in South Africa have had some shocks in recent years. Owen Dean examines a number of possibilities which could make life easier for rights owners in the future

Where are South African trade marks going? This is a good question to ask as we stand on the threshold of the third millennium. There are a wide variety of factors which can influence the future course of South African trade marks. These include political, economic and social developments in South Africa and elsewhere in Africa, as well as international trends in intellectual property.

Internationalization of trade marks

For several years the international trend in the field of intellectual property, including trade marks, has been to erode the system of purely national registrations. Multi-national registration systems have sprung up around the world, especially in Europe, but also in Africa.

The African International Property Organisation (OAPI) administers a centralized system for registering trade marks and other forms of intellectual property. Its members are 14 west African countries that were formerly French colonies and are members of the Paris Convention. It was established by the Accord de Libreville in 1962 and amended by the Accord de Bangui of 1982. Its central office is in Yaounde, Cameroon. The OAPI system in effect creates a common intellectual property law and common registers for all the member countries. The centralized law provides protection for trade names, appellations of origin and other forms of intellectual property. It enables trade mark proprietors to cover the 14 member countries with a single registration. This system could serve as a model for other regions of Africa.

Now that South Africa has re-entered mainstream international commerce, pressure is developing in international circles for us to become part of one or more multi-national trade mark systems.

African politics

The South African government has made it plain that in the new political circumstances it will seek a greater political and economic role in Africa. South Africa identifies itself fully with Africa and has joined a number of pan-African organizations including the Organisation of African Unity (OAU) and the Southern Africa Development Community (SADC), a Southern and Central African economic grouping. We are now playing an active role in both of these organizations. South Africa is viewed

as the economic powerhouse of Africa which enhances its political power in the African continent. This willingness to be part of Africa and to play a leading role on the continent is already making itself felt in the intellectual property field.

The South African Customs Union, which comprises South Africa, Botswana, Lesotho, Swaziland and Namibia and has been in existence for a number of years, is of considerable significance. This organization entails there being a measure of economic cooperation and union among its members. This grouping could easily provide the foundation for the formation of a multi-national intellectual property registration system in southern Africa. The same is true, although possibly to a lesser extent, of the SADC.

Economic and social influences

South Africa's recent emergence from the political cold has brought about a marked increase in the number of trade mark applications. This is particularly true of applications emanating from foreign trade mark owners. Many trade mark owners, such as McDonald's Corporation, who were adverse to participating actively in the South African economy during the apartheid era, are now setting their sights on doing business in South Africa and protecting and exploiting their trade marks.

Increased educational and business opportunities for the previously disadvantaged sections of the community have led to increased economic activity in those sections. Black-controlled businesses are mushrooming around the country and the opportunities and necessities for use and protection of trade marks are being brought home to these people. This is leading to an increase in the local generation of trade marks. It can be expected that pressure on the South African trade marks office is likely to increase (see box below).

The expected rise in the level of trade mark filings is likely to be promoted or exacerbated by the increasing worldwide appreciation of the realization of the value of trade marks as business assets. Modern businesses are becoming progressively more trade mark-orientated and trade mark-conscious. The demand for an efficient and prompt South African registration system is going to rise in step with increased pressure on the meagre resources of

the South African Trade Mark Office. These two trends obviously run counter to each other.

Deposit system for registration of trade marks

The combination of the increased pressure on the South African trade marks office and the probable decline of the current standards of efficiency and expertise of that office due to redeployment of funds on social upliftment, call into question whether we can any longer afford the luxury of an examination system which has prevailed in South Africa throughout this century or whether we must change to a deposit system. In terms of a deposit system the nature of the examination to which a trade mark application is subjected and the time taken by that examination is reduced to a lower level, ie the absolute bars to registration, and this in turn effects the level of expertise or qualifications required by trade mark examiners.

Instead of legally trained examiners who are required to do comprehensive searches in the Register of Trade Marks to look for possibly conflicting marks and then make a judgement as to whether a pending mark is confusingly similar to any of the prior marks (ie consideration of relative bars to registration), the examiner need only scrutinize the application as to its formal correctness and possibly whether the mark is obviously lacking in distinctiveness. This will greatly speed up the present tardy process of examination and will obviate the necessity of the Trade Marks Office employing expensive legally trained examiners which are in short supply. A rationalization could take place leading to more lower level examiners being deployed. This change could significantly speed up the examination procedure and thus the entire registration process which would ultimately shorten the time taken to register a trade mark. This at present runs to a minimum of about three years.

Changing from an examination system to a deposit system would entail a change of emphasis in the approach to trade mark registration. More trade mark oppositions would probably come about as the conflict between prior marks and pending marks would not arise at the examination stage, but rather at the opposition stage of the registration procedure. Depending on the level of the scrutiny of pending trade marks as to inherent registrability under the changed registration system, there may also be an increase in the number of trade mark oppositions on the grounds of inherent registrability.

However, even under the present system, trade mark applications run the gauntlet of possible objections on account of conflicts or inherent unregistrability. Applications having to overcome these obstacles would be nothing new and this situation is not a material drawback of the proposed system. Problem-free trade marks will proceed to registration far more expeditiously than now and even those trade marks which may encounter obstacles will reach the opposition stage more quickly than they do under the present system.

It is also possible to have a deposit system which does not allow for applications to be opposed but rather for marks to be liable to cancellation once they have pro-

PROBLEMS IN THE TRADE MARK OFFICE

For several years the time taken by the South African Trade Marks Office for processing trade mark applications has been unduly long. The position has deteriorated progressively over the years. Ideally, trade mark applications would be examined by the Registrar just over six months after their filing date. The elapse of a period of six months would cater for any applications which might have been filed claiming priority under the Paris Convention. During the past few years, the examination period has crept up from approximately 15 months (already an excessive period) to 18 months and to 26 months where it currently stands. This is unacceptable and it leads to an inordinate delay in the registration of trade marks. This is not conducive to the proper functioning of the trade mark system and it leads to a loss of confidence in that system. An efficiently operating intellectual property system is an important factor in attracting foreign investment for which South Africa is in desperate need. A dramatic improvement is necessary.

The deterioration in the situation has largely been due to personnel problems at the Trade Marks Office given the nature of what is involved in examining a trade mark application. The determination of the Government to decrease the size of the public service and state expenditure taken together with the employment policies of the public service which have led to attrition of senior and well trained personnel, make the prospects of improving this situation look bleak. The solution is to make changes to the trade mark registration system.

ceeded to registration. This is a more streamlined form of deposit system.

The major disadvantage of a deposit system is that less store can be placed on the validity of a registered trade mark than under an examination system. The validity of many registered trade marks would only truly be tested when such trade marks are sought to be enforced. This in turn will create more uncertainty in the evaluation of searches conducted prior to the adoption of new trade marks. However, this situation applies to some extent at the present time even under an examination system. Adopting a deposit system of trade mark registration would bring trade marks into line with patent and design registrations where a deposit system has always operated in South Africa without any real disadvantage.

An examination system for trade marks is really a feature of a first world country (even though many have deposit systems). It is doubtful whether into the future South Africa will be able to lay claim to be a first world country. It is time to face up to the realities of our position and to adapt our trade mark registration system accordingly. We can no longer afford the luxury of an examination system.

Our present system can be transformed into a deposit system without major disruption to the Trade Marks Act and a relatively minor amount of surgery will be required

MADRID AGREEMENT AND PROTOCOL

The Madrid Agreement and Protocol have a widespread following, mainly among European countries. However, the ambit of the membership is expanding and it is possible that the United States will subscribe to the Madrid Protocol in due course. Once this happens there will be a strong inducement and incentive for most if not all other countries to do so. It is therefore likely that the Madrid Agreement and Protocol could in due course provide for a truly international trade mark. If this were to happen, I believe South Africa should subscribe to the Madrid Protocol (rather than the Agreement which is less well adapted to countries outside Europe). South African domestic trade mark law will have to be adjusted to facilitate and enforce international trade mark registrations on the same basis as domestic registrations.

to the Trade Marks Act. I favour a deposit system with an opposition phase in preference to the more truncated form of the system without opposition. The latter form makes for more uncertainty on the Register, which is undesirable.

Multiple class applications

South African trade mark law provides for a separate application to be filed in each class in which protection is required. The days of requiring a separate trade mark application to be filed in each class are numbered. The worldwide trend is towards multiple class applications and South Africa must inevitably follow suit. Indeed, the TLT, to which South Africa will probably in due course adhere, requires that members provide a multiple class application facility. Consequently our legislation will, in time, have to be amended to bring about this change.

This can be simply achieved and all that is required is that an appropriate amendment be made to the Trade Marks Regulations and to the prescribed form used for lodging an application. Bringing about this change will create certain complications as it is quite conceivable that a multiple class application could proceed to registration without problems in certain of the classes but will encounter obstacles in other classes.

This means that a pending application may have to be split into sub-applications which will then proceed separately according to different timetables. When this occurs the difference between a multiple class application and separate applications becomes one of form rather than of substance.

Multi-national trade marks

Undoubtedly South Africa will become a party to one or more multi-national trade mark registration systems. The modern current is flowing too strongly in this direction for us not to be swept along with it. The possible systems in which we might participate will be discussed below. One of these is the International Registration System under the Madrid Agreement and/or Protocol (see box above).

ARIPO – The Banjul Protocol

ARIPO came into being in 1976 and was originally intended to be an industrial property organization for English-speaking Africa. It was then known as ESARIPO (an acronym for the English Speaking Africa Regional Industrial Property Organisation). Membership of ESARIPO was originally open to certain member states of the United Nations Economic Commission for Africa. In 1982 the Harare Protocol was adopted under which ESARIPO was empowered to grant patents and register industrial designs and to administer these patents and industrial designs for the contracting states. In 1985 the name of the organization was changed to African Industrial Property Organisation (ARIPO) in order to open membership to all members of the United Nations Economic Commission for Africa. The ARIPO office is located in Harare, Zimbabwe. Up to now, the ARIPO office has been concerned only with patents and designs. It has not been very successful and it has registered a minimal number of patents and designs. Moreover, the organization is in considerable financial difficulty.

The Harare Protocol is defective in many respects and in particular the system which it has created is at variance with TRIPs. In view of the deferment granted to developing countries to comply with their TRIPs obligations, this is not a problem for the present subscribers to the Protocol in view of their developing country status. The position is, however, different for South Africa which is considered by the WTO to be a developed country. It would be problematical for South Africa at this stage to join an organization and implement a system which is not TRIPs compatible.

In April 1994 the Banjul Protocol on marks within the framework of ARIPO was adopted and signed by six countries including Kenya, Malawi, Swaziland and Zimbabwe. The provisions of the Protocol are simple. The ARIPO office in Zimbabwe is entrusted with the registration of trade marks and administration of such marks on behalf of the contracting states. An application for registration of an ARIPO mark can be filed either directly with the ARIPO office in Zimbabwe or at the Trade Marks Office of a contracting state. Where an application is filed at a National Trade Marks Office, that office is required to transmit the application without delay to the ARIPO office.

The ARIPO office or the national trade mark office where filing takes place must examine the application to see whether it complies with certain specified formal requirements. It must allocate a filing date. If the examining officer considers that the application does not meet with the prescribed formal requirements, the applicant must be invited to comply with such requirements within a prescribed period. If he fails to do so the office in question refuses the application. Where the application complies with all the formal requirements, the ARIPO office must notify each trade marks office of the countries covered by the application within a prescribed period.

An applicant is required to designate in which of the contracting countries he requires his mark to be registered. Such countries are called designated states. The

Registrar of each designated state is required to examine the application in accordance with the national laws of that country; however, the examination is only concerned with compliance with formalities under the national law and with inherent registrability. The results of this examination must be communicated to the ARIPO office within 12 months of the date of receipt of the ARIPO application by the national office. If a national office does not object on one of the aforementioned bases to an application within the 12 month period, the ARIPO office registers the mark and it has effect in the designated states as a national registration.

In my opinion this system as it presently stands is seriously flawed and South Africa would err if it were to join ARIPO and subscribe to the Banjul Protocol. The Banjul system is only compatible with a deposit system of national registration, which ironically none of the member countries have. It makes provision for no opposition by third parties whatsoever and will provide a means of securing unhindered registration with equal effect to a national registration in a country which provides for opposition. No provision is made for the cancellation of ARIPO marks. The system in its present form is untenable.

The purport of the Banjul Protocol is comparable to the Madrid Agreement and Protocol. However, given the international nature of the Madrid Agreement and Protocol, one questions whether there is any need for a localized African version and whether the same result can be achieved by the members or would-be members of ARIPO simply joining the Madrid Agreement or Protocol. I therefore see no purpose for the Banjul Protocol unless it is considered inadvisable to subscribe to the Madrid Agreement or Protocol. However, I foresee considerable pressure being brought to bear on the South African government to join ARIPO and to subscribe to the Banjul Protocol unless it were to be disbanded. If we are to subscribe to the Banjul Protocol then it must first be radically revised.

Regional registrations

The SADC grouping and the South African Customs Union creates economic groupings which could serve as the foundation for regional trade mark registrations such as the Community Trade Mark or even along the lines of the OAPI system. SADC and the Customs Union groupings have a certain amount of cohesion and could support such trade mark systems. The SADC countries are, from a trade mark point of view, perhaps comparable to the countries of the European Community and a SADC registration system could be set up along the lines of the Community Trade Mark system. In the same way that the Community Trade Mark system can coexist with and supplement the international trade mark registration system under the Madrid Agreement and Protocol, so too could a SADC regional registration system co-exist with the international trade mark system broadened so as to include South Africa and other African countries.

The OAPI model could be followed by the countries of

the Southern Africa Customs Union. These countries effectively form one market and their trade mark laws have a large amount in common. They also all have Roman Dutch Law as their common law and a British heritage to their statutory trade mark law. Until fairly recently, trade mark registrations in Botswana, Lesotho and Swaziland were extensions of South African or British registrations. The Namibian Trade Marks Act, on the other hand, is in essence the South African Trade Marks Act of 1963. There is a lot to be said for common trade mark law and registrations applying throughout these countries.

The considerations and circumstances which have promoted the establishment of regional intellectual property systems elsewhere in the world apply equally to South Africa. They are particularly pertinent in southern Africa now because of the political and economic circumstances prevailing in this part of the world. A reformed South Africa is hoping for an economic renaissance, and other countries in South Africa are expecting that renaissance to provide the impetus or stimulus for economic growth and development throughout the region. The existence and availability of an efficient and cost effective intellectual property system providing creators of this property, particularly foreigners, with good and practical protection can only benefit the region and serve as a beacon for attracting foreign investment. This is sorely needed if the sought-after economic renaissance is to materialize.

There is much benefit to be gained from setting up a regional system enabling owners of trade marks to obtain a single trade mark registration in a southern African region without necessarily having to file separate applications in each of the constituent countries. On the premise that effective protection for industrial property in a country provides an incentive for foreign investment in, and technology transfer to, that country, it is clear that especially the smaller countries of the Southern African region will benefit from a regional registration system. For example, a trade mark proprietor may be unwilling to register his trade mark in, say, Botswana, and also may be reluctant to do business there. But if a southern African registration covering not only South Africa but also a country such as Botswana can be obtained by means of a single application, then registration and the resultant economic activity in Botswana may become a different proposition.

I believe that South Africa should actively pursue a regional trade mark registration option encompassing the SADC countries and based on the Community Trade Mark system. If this is not attainable, then a more limited regional registration covering the countries of a Southern African Customs Union should be pursued. It goes without saying that the creation of any regional registration system would necessitate appropriate amendments to South African trade mark law so as to provide for the enforcement of such registrations on the same basis as national registrations.

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