

INTRODUCTION

A major sporting event like the 2010 FIFA World Cup, which took place in South Africa under the auspices of Federation Internationale de Football Association (FIFA), is a significant marketing opportunity for producers of goods and services to promote their business activities and the brands or trade marks by which they are identified. A limited and select group of producers use the occasion by becoming sponsors of the event or licensees of the trade marks and other insignia by which the event is characterised. In general, sponsoring such an event, or becoming a licensee of the insignia, is a costly endeavour¹. Nevertheless, sponsors and licensees clearly believe that they obtain value for their money in what is spent on sponsorship and licence fees as these events are invariably fully subscribed by sponsors and licensees.

Other producers or suppliers use the promotional opportunities provided by such an event by freeloading on it and thereby using it to promote their goods and services without assuming any financial obligations towards the event organiser. These producers or suppliers are commonly known as "ambush marketers" and their endeavours in taking free advantage of the event is commonly referred to as "event piracy" or "ambush marketing". Ambush marketing has become a significant phenomenon in modern marketing, and controlling it has become a major preoccupation of event organisers². The very existence and commercial success of major sporting events are called into question by ambush marketing and, if unchecked, it has the capacity to undermine or even destroy the viability of major sports events. This is so because such events rely to a significant extent on sponsorships and licence fees in order to cover the costs of the events and to make them financially rewarding³. Sponsors and licensees would be disinclined to pay the large sums of money involved to the events organisers if their competitors are able to achieve the same exposure for their brands through the event without paying for the privilege. Paying sponsorship or licence fees is only justifiable if in return the payers receive a large measure of exclusivity or patronage in using the event and its insignia in return. There is thus strong pressure on an event organiser to be able to provide the required measure of exclusivity and protection to its clients and thereby provide value to those clients.

¹ See *Federation Internationale de Football Association (FIFA) v Metcash Trading Africa (Pty) Ltd* 2009 BIP 457 (GNP) at paragraph 1. Evidence was lead in that case that it cost in excess of R5 Billion to stage the 2006 FIFA World Cup, held in Germany. See also R Kelbrick "Ambush Marketing and Protection of the Trade Marks of International Sports Organisations – a Comparative View" XLI CILSA 2008 24, where it is stated that sponsors paid FIFA more than EUR 700 Million to be associated with the 2006 FIFA World Cup in Germany.

² See the description of the phenomenon of ambush marketing in P Johnson "Ambush Marketing: a Practical Guide to Protecting the Brand of a Sporting Event" Book 1 2007 EIPR Practice Series, at paragraph 1-14 at page 6.

³ See *Federation Internationale de Football Association (FIFA) v Metcash Trading Africa (Pty) Ltd*, *supra*, at paragraph 1. See also O. Dean "Ambush Marketing and the FIFA 2010 World Cup" 2003 (June) DR 17 and R Kelbrick, *op cit*, at page 25.

AMBUSH MARKETING

Ambush marketing has been defined as follows:

*"Ambush marketing takes place when a trader seeks to utilise the publicity value of an event, for instance a major sports tournament or concert, to gain a benefit from it despite not having an involvement or connection with that event and more particularly having made no financial contribution to entitle him to derive benefit from it."*⁴

The term "event piracy" is used synonymously with "ambush marketing" in the same way that "copyright theft" is a modern equivalent of "copyright infringement". The equivalent terms "event piracy" and "copyright theft" are perhaps even more emotive than the more traditional terms and cast a more negative light on the activities in question.

Ambush marketing takes two forms, namely so-called "association" and "intrusion"⁵. The first mentioned form of ambush marketing has been defined as follows:

*"In this form of ambush marketing, the ambush marketer misleads the public into thinking that he is an authorised sponsor or contributor associated with the event."*⁶

By contrast, "intrusion" has been defined as follows:

*"The ambush marketer seeks not to suggest a connection with the event but rather to give his own name, trade mark, or other insignia exposure through the medium of the publicity attracted by the event; this is done without any authorisation of the event organiser."*⁷

There is a distinct difference between these two forms of ambush marketing. By means of association, the event pirate essentially misrepresents that he is a sponsor, or licensee, under the event or that he has some form of authorised connection with it. On the other hand, by intrusion, the event pirate does not seek to pass himself off as a sponsor or a licensee, but rather seeks to utilise the limelight cast on the event in order to bring his product or service, and the brand under

⁴ See O H Dean "Ambush Marketing" 2000 (June) DR 24.

⁵ O. Dean "Ambush Marketing and Protected Events" 2003 (November) DR 20; R Kelbrick, *op cit*, at page 26; P Johnson, *op cit*, paragraph 1-18 at page 8.

⁶ O Dean "Ambush Marketing and Protected Events", *supra*.

⁷ O Dean "Ambush Marketing and Protected Events", *supra*.

which it is provided, to the public's attention. In other words, he seeks to benefit his brand from the aura and public interest surrounding the event⁸.

Both forms of ambush marketing are characterised by being unauthorised by the event organiser and in practice amount to the event pirate seeking to derive all the benefits of a sponsor or licensee from the event, without paying any fee to the event organiser for utilising the event as a promotional vehicle.

In this article ambush marketing by intrusion and a significant case pertaining to it, namely ***Federation Internationale de Football Association (FIFA) v Metcash Trading Africa (Pty) Ltd***,⁹ in which an incident of ambush marketing by intrusion was held to be unlawful, will be discussed and analysed.

BACKGROUND TO THE CASE

Ambush marketing by association, while being detrimental to the interests of an event organiser, is, and has at all material times, been capable of being combated by conventional remedies under the law of Intellectual Property such as infringement of registered trade marks, and passing-off¹⁰. Event organisers have generally registered insignia pertaining to the major sporting events as trade marks and by and large have been reasonably successful in taking action against event pirates who have perpetrated ambush marketing by association. Ambush marketing by intrusion, however, has traditionally presented a greater problem. Where an event pirate does not use insignia pertaining to the event and does not pass-off his promotional activities as being connected with the event, it has been difficult to counteract ambush marketing.

Commencing with the Rugby World Cup held in South Africa in 1995, and following up with the Cricket World Cup held in South Africa in 2003, the Government was lobbied to pass legislation which would enable event organisers to combat intrusion. These lobbying activities culminated in the Merchandise Marks Act, 1948, being amended so as to introduce Section 15A which contained a provision aimed specifically at counteracting ambush marketing by intrusion¹¹. The Section reads as follows:

"15A. Abuse of trade mark in relation to event

⁸ See O Dean *"Ambush Marketing and the FIFA 2010 World Cup"*, *supra*, at page 18; R Kelbrick, *op cit*, at page 26; P Johnson, *op cit*, paragraph 8-18 at page 8.

⁹ See footnote 1 above.

¹⁰ R Kelbrick, *op cit*, at page 30; O Dean, *"Ambush Marketing and Protected Events"*, *supra*, at page 21.

¹¹ O Dean, *"Ambush Marketing and Protected Events"*, *supra*, at page 22.

- (1) (a) *The Minister may, after investigation and proper consultation and subject to such conditions as may be appropriate in the circumstances, by notice in the Gazette designate an event as a protected event and in that notice stipulate the date -*
 - (i) *with effect from which the protection commences; and*
 - (ii) *on which the protection ends, which date may not be later than one month after the completion or termination of the event.*
- (b) *The Minister may not designate an event as a protected event unless the staging of the event is in the public interest and the Minister is satisfied that the organisers have created sufficient opportunities for small businesses and in particular those of the previously disadvantaged communities.*
- (2) *For the period during which an event is protected, no person may use a trade mark in relation to such event in a manner which is calculated to achieve publicity for that trade mark and thereby to derive special promotional benefit from the event, without the prior authority of the organiser of such event.*
- (3) *For the purposes of subsection (2), the use of a trade mark includes –*
 - (a) *any visual representation of the trade mark upon or in relation to goods or in relation to the rendering of services;*
 - (b) *any audible reproduction of the trade mark in relation to goods or the rendering of services; or*
 - (c) *the use of the trade mark in promotional activities, which in any way, directly or indirectly, is intended to be brought into association with or to allude to an event.*
- (4) *Any person who contravenes subsection (2) shall be guilty of an offence.*
- (5) *For the purposes of this section “trade mark” includes a mark.”*

Attention is drawn to the fact that the section creates a criminal offence in terms of sub-section (4) and it does not per se create any civil law liability,

At the request of the Department of Trade and Industry, the writer conceived the aforementioned provision and prepared the first draft of it. The underlying ratio of this section is analogous to the common law principle of abuse of rights and it was based on this concept. Neethling, Potgieter & Visser (translated by Knobel), *Law of Delict*,¹² describe the so-called doctrine of abuse of right thus:

¹² Fourth Edition (2001) at page 112.

"[It] is the notion that the exercise of a right or a power might take place in a manner or in circumstances which render such exercise wrongful; in other words that the actor may exercise his rights in a legally impermissible manner and thus 'abuse' them".

Generally speaking, a trade mark proprietor is entitled to use a trade mark in order to identify his goods and to promote them. This right, is, however, subject to various limitations contained in the Trade Marks Act and is subject to the rights of others. Section 15A of the Merchandise Marks Act (the "ambush marketing provision") placed a further and new limitation on a trade mark proprietor's use of his mark, namely it restricted him from using it in a manner which caused prejudice or annoyance to the organiser of a major event. Before an event can, however, be protected in this manner, it is necessary for it to be designated as a "protected event" in terms of the ambush marketing provision, subject to the terms and conditions of that provision. In practice, it is necessary for an event organiser to apply to the Minister of Trade and Industry to have the event declared a "protected event" and the Minister is empowered by the provision to make such a pronouncement, whereupon the protection conferred upon the event by the ambush marketing provision is activated.

FIFA applied to the Minister of Trade and Industry to have the 2010 FIFA World Cup declared to be a "protected event" in terms of the ambush marketing provision, and the Minister acceded to this request and made the necessary declaration in the Government Gazette dated 25 May 2006.

In addition to having the 2010 FIFA World Cup declared a protected event, FIFA registered numerous insignia pertaining to the 2010 FIFA World Cup, including the official emblem, as trade marks under the Trade Marks Act in respect of a wide variety of goods and services, and it also registered a number of designs under the Designs Act.¹³ In so doing, FIFA prepared itself to deal with the expected onslaught by ambush marketers in relation to the 2010 FIFA World Cup. In effect, it laid an ambush for event pirates.

¹³ For example, according to the records of the Companies and Intellectual Property Commission (CIPC) inter alia the following trade marks were registered in the following classes:

Trade mark nos. 2004/09046-082 SOUTH AFRICA 2010 in classes 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43.

Trade mark nos. 2005/24252-288 WORLD CUP 2010 in classes 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43.

Trade mark nos. 2006/11308-344 FOOTBALL PLAYER & DEVICE(the official logo) in classes 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43.

Trade mark nos. 2007/28914-939 ZAKUMI(the name of the official mascot) in classes 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43.

Trade mark nos. 2007/29240-265 2010 MASCOT DEVICE in classes 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43.

The official records reflect that FIFA registered inter alia as designs under the Designs Act the official logo under the following numbers in the following classes:

Nos. A2006/0721; A2006/0707 and A2006/0710 OFFICIAL EMBLEM DESIGN in classes 2, 19 and 21.

In preparing its ambush for event pirates FIFA could, of course, call on its experiences in dealing with ambush marketing in regard to previous World Cup tournaments, and more especially the 2006 FIFA World Cup held in Germany. However, its previous experience was of little or no value in regard to the issue of ambush marketing by intrusion. This is because the laws of none of the countries, including Germany, which had hosted previous World Cup tournaments comprised any provisions dealing with the phenomenon of ambush marketing by intrusion. The laws of such other countries were geared, insofar as ambush marketing was concerned, to this form of event piracy by means of association. This meant that litigation in other countries had very little, if any, precedential value or guidance in regard to the principle of intrusion.

The fact that for purposes of previous World Cup tournaments, and more especially the 2006 tournament in Germany, the only form of ambush marketing that was actionable was association meant that it was necessary in those countries for strong emphasis to be placed on the registration of trade marks exemplifying the FIFA World Cup, i.e so-called "event marks". Consequently, as it later did in South Africa, FIFA registered, or sought to register, various event marks in relation to the 2006 World Cup. Amongst the marks that FIFA registered at the German Trade Marks Office were FUSSBALL WM 2006 and WM 2006. It should be mentioned that the sign WM is the abbreviation of the word *Weltmeisterschaft* in German which means "World Championship" in English. This abbreviation was commonly used in Germany to indicate international sports events particularly those of a world championship nature.

After obtaining registrations of the aforementioned marks in respect of a wide range of goods and services, FIFA threatened trade mark infringement proceedings against Ferrero oHG mbH, a manufacturer of chocolates. This company was using marks such as GERMANY 2006 and WM 2006 in relation to the sale of its products. Ferrero counter-claimed by applying for the cancellation of FIFA's aforementioned trade mark registrations, which cancellation applications were successful. FIFA then appealed against this decision, and after an intermediate appeal, the cancellation application was finally decided by the German Federal Supreme Court in the landmark decisions FUSSBALL WM 2006¹⁴ and WM 2006¹⁵.

The German Federal Supreme Court upheld the cancellation applications and found that the trade mark FUSSBALL WM 2006 consisted of a common term to identify the occurrence of the FIFA World Cup in Germany in 2006. The term did not serve as an indication of commercial origin and was therefore not a valid trade mark. The court further found that no satisfactory evidence of acquired distinctiveness of the mark so as to give it a secondary meaning had been shown.

¹⁴ BGH, Beschluss v 27.04.2006 – IZB 96/05-FUSSBALL WM 2006. Marken R 2006 395.

¹⁵ BGH, Beschluss v 27.04.2006 – IZB 96/05- WM 2006. Marken R 2006 395.

The court's decision in regard to the cancellation of the trade mark WM 2006 was substantially identical to the aforementioned decision. The court was of the view, however, that the mark WM 2006 was not as strongly and directly a reference to an event taking place in Germany during that year. The court accordingly only cancelled those registrations of the mark that were closely connected with the event itself and it was prepared to accept that the mark was eligible for registration in respect of products not directly and closely connected to the event itself.

In parallel with registering various event trade marks in Germany, FIFA also filed applications for marks of this nature before the office for Harmonisation of the Internal Market (OHIM) in which it sought to obtain protection for the trade marks WORLD CUP 2006, GERMANY 2006, WM 2006, WORLD CUP GERMANY and WORLD CUP 2006 GERMANY. Registration of these marks was sought in respect of a very broad range of goods and services relating to or to be associated with football championships. FIFA's protagonist in Germany, Ferrero, likewise filed applications before OHIM seeking the cancellation of these trade marks on the grounds that they were descriptive and non-distinctive in respect of the relevant goods and services. The cancellation applications were refused by the Cancellation Division of OHIM. Ferrero appealed against the decision of the Cancellation Division to the First Board of Appeal of OHIM and this appeal was upheld. The marks were consequently cancelled. The reasoning of the First Board of Appeal of OHIM was substantially identical to that of the Germany Federal Supreme Court¹⁶.

FIFA had argued that in particular the trade mark WORLD CUP 2006 had acquired distinctiveness through extensive use. The Appeal Tribunal dismissed the argument based on this evidence on the grounds that the mark had not been used as a trade mark as such but rather in a descriptive and non-distinctive way in conjunction with the distinctive word FIFA or with the official logo of the event.

As a result of these adverse European judgments, FIFA's reliance on trade marks such as SOUTH AFRICA 2010 and WORLD CUP 2010 in order to curtail ambush marketing in connection with the 2010 tournament could prove to be rather tenuous as the arguments advanced in Germany could apply equally in South Africa to the South African marks. It was thus of paramount importance for

¹⁶ German Federal Supreme Court (Bundesgerichtshof – BGH) decisions are those in the landmark decisions "FUSSBALL WM 2006" and "WM 2006" (See footnotes 14 and 15 above). The decisions of the First Board of Appeal of the OHIM are those in cases R1466/2005-1 of 20 June 2008 – WORLD CUP 2006; R1467/2005-1 of 30 June 2008 – GERMANY 2006; R1468/2005-1 of 30 June 2008 – WM 2006; R1469/2005-1 of 30 June 2008 – WORLD CUP GERMANY and R1470/2005-1 of 30 June 2008 – WORLD CUP 2006 GERMANY. These cases dealt with European applications Nos. 002152817, 002153005, 002155521, 002152635 and 002047843 filed to cover products and services of international classes 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42. For a comprehensive list of the products and services claimed, see www.oami.europa.eu.

FIFA to be able to rely on other additional weapons in its arsenal, besides relying on registered trade marks, in order to prevent ambush marketing. In particular FIFA's position could be considerably enhanced if it could rely on ambush marketing by intrusion in terms of Section 15A of the Merchandise Marks Act in order to protect its interests in South Africa. What was required was a "test case" in which Section 15A of the Merchandise Marks Act was successfully invoked. Such a case could have a strong and important deterrent value on ambush marketing in respect of the forthcoming 2010 World Cup.

ANALYSIS OF FEDERATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA) V METCASH TRADING AFRICA (PTY) LTD

Background

At the time when the facts pertaining to Federation Internationale de Football Association (FIFA) v Metcash Trading Africa (Pty) Ltd arose, FIFA's ambush for event piracy had already been prepared and put in place, but no court judgment of any nature had been given in South Africa in respect of ambush marketing by intrusion, and more particularly based on an interpretation of the ambush marketing provisions¹⁷. The case was *res nova*, in effect a test case. Moreover, the case was brought as a civil claim against the ambush marketer, rather than a charge for a criminal offence, the Merchandise Marks Act, and thus the ambush marketing provision, being a criminal law provision. These circumstances made the case especially important and unusual. It is understandable that, given the unique nature of the ambush marketing provision and the crucial impact that a favourable decision would be likely to have on the practice of ambush marketing by intrusion with the 2010 FIFA World Cup looming, it was important to FIFA that a successful judgment relying on the ambush marketing provision should be obtained in this case. The case assumed an importance far beyond the value of the instant dispute. Such is the nature of a "test case".

The facts

Several facts were common cause between the parties. They are summarised as follows: The international coverage of the final stage of the competition in each of the past World Cups had been enormous. Organising and conducting the FIFA World Cup tournament is a very expensive

¹⁷ In case no. 52309/07 in the Transvaal Provincial Division of the Supreme Court, *Federation Internationale de Football Association (FIFA) v Eastwood Tavern* (unreported), a case dealing, inter alia, with ambush marketing by intrusion, a judgment by consent was entered against the Respondent and it was restrained from offending against the provisions of Section 15A of the Merchandise Marks Act. For a description of this case see O Dean "Ambush Marketing and the FIFA 2010 World Cup", *supra*, at page 19.

endeavour and FIFA relies heavily on the proceeds of the grant of television rights to broadcasters, sponsorships and commercial enterprises, merchandising goods and services, and generally the use of its intellectual property by licensees and merchandisers. Such revenue takes the form of sponsors' fees and licenses. Past World Cup tournaments had received significant publicity and enjoyed public interest in South Africa and the 2010 FIFA World Cup already had enormous reputation and goodwill in South Africa, giving rise to the existence of common law rights vesting in FIFA.

Metcash had for many years produced a confectionary product, being a lollypop on a stick, under the trade mark ASTOR. With the 2010 FIFA World Cup becoming imminent, Metcash changed the get-up of the wrapper of the ASTOR product so as to introduce several features which FIFA argued related or alluded to the 2010 FIFA World Cup, and commenced selling and advertising goods in the new get-up. The new features included the use of imagery, such as the date 2010 with the zeros of the date depicted in the form of round designs of the South African flag, and the use of a round device suggesting a soccer ball, arguably suggestive of the World Cup, accompanied by the brand name ASTOR. None of the trade marks belonging to FIFA associated with the soccer World Cup appeared on the wrapper or label of the product.

The essence of the litigation

FIFA claimed, inter alia, that the overall impact and effect of the label or wrapper alluded to the 2010 FIFA World Cup and that the manner in which Metcash's trade mark ASTOR was used in the context of a wrapper caused the mark to be brought into relation with, or to allude to, the soccer World Cup. Consequently, Metcash's conduct offended against the ambush marketing provision. It was claimed that Metcash's conduct was unlawful in this respect and that, since Metcash was competing with FIFA, its conduct amounted to unlawful competition under the common law and thus entitled FIFA to take civil law action against it. FIFA also raised various other causes of action against Metcash, including trade mark infringement and passing-off. It called on Metcash to desist from its offending conduct and to provide a suitable undertaking in this regard. It also sought various other forms of ancillary relief. Metcash denied that its conduct in using the wrapper in question was in any way unlawful and declined to accede to FIFA's demands. FIFA accordingly brought an application before the Transvaal Provincial Division of the High Court, based primarily on unlawful competition, for appropriate relief.

FIFA's claim

FIFA claimed that Metcash's use of its ASTOR trade mark in the context of the contentious label was use of that trade mark in relation to the event in a manner calculated to achieve publicity for the trade mark and in the process derive special promotional benefit from the event without FIFA's

prior authorisation and without paying any fee or licence to FIFA. Metcash's use of the trade mark ASTOR in the course of promoting the product, directly or indirectly was intended to bring the trade mark into association with, or allude to, the FIFA World Cup. This offending use of the trade mark ASTOR had come about through using it in relation to confectionary coupled with the partial depiction of the South African flag and depictions of soccer balls. This conduct offended against Section 15A of the Merchandise Marks Act and, since Metcash was in competition with FIFA in utilising the FIFA World Cup as a promotional vehicle, Metcash's unlawful conduct constituted the common law delict of unlawful competition. By changing its get-up so as to incorporate the contentious features, Metcash had deliberately intended to associate itself and its product with the 2010 FIFA World Cup.

Metcash's defence on the merits

Metcash denied that its use of its trade mark ASTOR in the context of the contentious label was calculated to achieve publicity for the mark and to derive special promotional benefit for it from the event. It claimed that its intention in amending the get-up of its product was to refer to soccer as a sport in general, and not to the FIFA World Cup. It stated that, when adopting the new get-up, it *"considered topical events and issues with a view to linking the marketing and advertising of its lollipops range to something topical ... at the relevant time 'soccer,, and more specifically, the event, featured prominently as news items"*. It claimed that its trade mark ASTOR had a substantial reputation in its own right and that the ambush marketing provision was aimed at circumstances where *"the user of a trade mark which has no reputation of its own relies on the event rather than the mark's reputation to sell its products"*.

The court's decision on the unlawful competition claim

The content of the court's decision in this matter is rather disappointing. It regrettably has little jurisprudential merit. The significance of the judgment, however, lies in the fact that it is a documented fully fledged decision of the High Court in which a civil unlawful competition claim founded on the commission of an offence under Section 15A of the Merchandise Marks Act has been upheld. The test case had been successfully accomplished. Since this is the first (and only at least for the time being) case of this nature, it in practice has considerable precedential value and significance in the area of the curtailment of ambush marketing by means of intrusion.

In the result the court upheld FIFA's contentions in the matter. It expressed the view that the ambush marketing provision needs no complicated interpretation as it means what it says and that the words should be given their simple meaning. It held that, in the event that Metcash's conduct being contrary to the ambush marketing provision, it would follow that such conduct constituted

unlawful competition¹⁸. Given the fact that this proposition had not yet been considered by any court, it is perhaps unfortunate that the learned judge did not address it more fully. This case differed from previous cases dealing with this form of unlawful completion by the circumstance that the claimant, FIFA, being the event organiser, only suffered prejudice from the conduct complained of in a rather indirect manner, as distinct from the sponsor whose exclusivity had been eroded and who therefore suffered rather more direct damage and who was more comparable to the claimants in the earlier cases. It could be argued that Metcash was competing (unlawfully) with the rival sponsor rather than with FIFA, the event organiser. Upholding the unlawful competition claim of the **event organiser** is one of the main advances in the law sought to be achieved, and realised, in this matter.

In the event, the court found that the change of the get-up of the ASTOR product to the contentious get-up was intended by Metcash to enable it to associate itself with the 2010 FIFA World Cup and that Metcash had by means of its explanation as to adoption of the contentious get-up really conceded that its intention was as aforementioned. Moreover, the court said that the evidence showed that sales of the ASTOR product had increased since the new get-up of the product had been adopted. The court therefore concluded that the association of the product with, or its link to, the event had generated considerable revenue for the Respondent and this underlined the unlawful nature of the conduct. In the result, Metcash had offended against the provisions of the ambush marketing provision and had perpetrated unlawful competition.

Constitutional issues

Metcash submitted that the ambush marketing provision had constitutional implications. It did not challenge the constitutionality of Section 15A of the Merchandise Marks Act, as it might have. Rather, it argued, and the court accepted, that the court should favour an interpretation of the section which is consistent with the Constitution, rather than one that would lead to invalidity. On this premise, Metcash argued that cognisance must be taken of its rights to freedom of expression and *“to use its products and trade marks in the manner and get-up that it chooses”*. The court held, however, that Metcash’s argument lost sight of the fact that the interests of the general public must still be taken into contention and that Section 36 of the Constitution would allow and justify the limitation of Metcash’s rights of freedom of expression, or to the use of its intellectual property, so

¹⁸ The court did not offer any substantiation for this finding but there is authority for it on the basis of *Patz v Greene & Co* 1907TS 427 and *Sodastream Ltd v Berman Bros (Pty) Ltd* 1984 (4) SA 425 (T) as confirmed in *Berman Bros (Pty) Ltd v Sodastream Ltd* 1986 (3) SA 209 (A). See also Dean *“Handbook of South African Copyright Law”* page 1-66 and especially footnote 8A. In the *Sodastream* cases the courts accepted that the Merchandise Marks Act (which was in issue) was intended for the common benefit and that a contravention of other sections of it could give rise to a claim of unlawful competition by someone who suffered damage as a result.

as to avoid deception or confusion of the public and placing in jeopardy an event such as the FIFA World Cup, thereby prejudicing the sponsors and licensees of the event.

Regrettably the court dealt with the Constitutional arguments in a rather perfunctory manner. It would seem that the Metcash did not place strong reliance on its constitutional point. It is submitted that the court reached the correct decision and, while it is beyond the scope of this article to make a thorough examination of the constitutional issues involved, the question of the constitutionality of Section 15A of the Merchandise Marks Act against the backdrop of the facts of this matter, the real nub of the constitutional issue, will be addressed briefly

Metcash relied upon the fundamental right of freedom of expression provided for in Section 16 of the Constitution. This section provides that everyone has the right to freedom of expression and this term is given a broad meaning with certain manifestations being mentioned specifically, for instance, freedom of the press and other media. Metcash contended that the concept of freedom of expression included the right to use its products and trade marks in a manner and get-up that it chooses. The correctness of this argument in principle was not disputed. The court appeared to accept that the section indeed amounted to a curtailment of Metcash's freedom of expression in this sense. Acceptance that Section 15A of the Merchandise Marks Act brought about an impingement of Metcash's right of freedom of expression brings Section 36 of the Constitution, dealing with the limitation of rights, into play. In terms of this section the right of freedom of expression may be limited only in terms of a law of general application and to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom. In assessing whether a permissible limitation can take place in a given situation, the court is enjoined to take account of all relevant factors, including the nature of the right impinged upon, the importance and the purpose of the limitation, the nature and extent of the limitation, the relation between the limitation and its purpose, and whether there are less restrictive means to achieve the purpose sought by the limitation.

In applying these criteria, the court took cognisance of the fact that the interests of the general public must be taken into consideration, more particularly the right of the public not to be deceived or confused. The court was also influenced by the consideration of avoiding placing the FIFA World Cup in jeopardy and thereby prejudicing the sponsors and licensees of the event. These are general factors which could qualify for consideration in terms of Section 36.1 of the Constitution. The court did not, however, specifically address the other particular factors detailed in the section.

The nature of the right being limited in the present instance is the ability to use a trade mark in relation to the 2010 FIFA World Cup in a manner which is calculated to achieve publicity for that trade mark and thereby to derive special promotional benefit from the event. This is a very narrow

right and the limitation does not cover the right to use that trade mark in all other circumstances, for instance in advertising and trade generally in manner which does not allude to the FIFA World Cup. The bulk of Metcash's right to use trade marks in a manner that it chooses is therefore undiminished. One can ask the question why it is necessary for Metcash to use a mark in the manner falling within the restriction. Indeed, the portion of the right to trade subjected to limitation would not exist but for the incidence of the FIFA World Cup. In a sense it is thus a right which has been artificially created by peculiar or special circumstances and the deprivation of that "right" creates something of an illusory or contrived forfeiture or limitation

The importance and purpose of the limitation provided by Section 15A is evident from the section itself. Section 15A(1)(b) provides that the Minister may not designate an event as a protected event (thus bringing Section 15A into play) unless the staging of the event is in the public interest and the Minister is satisfied that the organisers have created sufficient opportunities for small businesses and in particular those of the previously disadvantaged communities. The Minister is enjoined by the provision to undertake investigations and undergo proper consultation before designating the event as a protected event and bringing Section 15A into operation in relation to it. Accordingly, it can be assumed from the fact that the Minister declared the 2010 World Cup to be a protected event that he considered it to be in the public interest that South Africa should stage a successful World Cup and be in a position to qualify as the successful contender for the staging of the tournament.

The nature and extent of the limitation is, as previously mentioned, narrow in its scope. The only trading activity that Metcash was prevented from undertaking was using a trade mark in relation to the FIFA World Cup in a manner which is calculated to achieve publicity for that trade mark and thereby to derive special promotional benefit from the event. No other forms of use of any trade mark, and no manner of use of a trade mark that existed prior to the staging of the World Cup, or thereafter, was restricted. Furthermore, the restriction would automatically fall away six months after the completion of the event in terms of the Minister's notice.

Major sporting events like the FIFA World Cup are financed to a significant extent by sponsorship fees paid by sponsors. Sponsors require exclusivity of promotional activities as a *quid pro quo* for the payment of the sponsorship fees. Unless exclusivity can be guaranteed, sponsorships are unlikely to be forthcoming. The purpose of Section 15A is to enable an event organiser to deliver exclusivity to a sponsor in its particular field. There is thus a direct connection between the limitation of non-sponsors' use of trade marks in relation to the event and providing the circumstances in which a sponsorship of the event can achieve its objectives.

Past FIFA World Cups have been characterised by incidents of ambush marketing by intrusion. The legislation of previous host countries, such as Germany, has been ineffective in preventing ambush marketing by intrusion. Section 15A is a measure specifically designed to curtail ambush marketing by intrusion and in effect no less restrictive measures capable of achieving this objective have come to the fore anywhere in the world. Indeed, as will be shown below, several countries which have come in line to host major international sporting events have adopted legislation which is either to the same effect as Section 15A, or in some instances which is even derived from this provision.

LAWSA lists various sources that must be consulted in the process of interpreting the Constitution¹⁹. Amongst these sources are international and foreign law. The learned authors have distinguished between international law, which must be considered, and foreign law, which may be considered. The point is made that the courts always emphasise that foreign law cannot be decisive in interpreting the South African Bill of Rights but in practice it has happened that foreign law has been extensively researched and quoted in many judgments²⁰.

When one has regard to the steps that other countries hosting major international sporting events have taken to protect those events against ambush marketing it emerges that Australia, in respect of the 2000 Olympic Games held in Sydney; the West Indies, in respect of the Cricket World Cup held in 2007; New Zealand in respect of the Rugby World Cup held in 2011; and the United Kingdom in respect of the Olympic Games to be held in 2012, have all enacted legislation giving protection basically along similar lines to that afforded by Section 15A of the Merchandise Marks Act²¹. The pattern that emerges from these Statutes is that all of them make provision for curtailment of ambush marketing in circumstances where no confusion as to a trade connection with the event is likely to take place. The relevant provisions are thus dealing with ambush marketing by intrusion. The New Zealand Act makes specific reference to "ambush marketing by intrusion", while the relevant provision of the West Indies Act repeats Section 15A of the Merchandise Marks Act virtually verbatim. In other words, it has become the international norm for the measure of protection afforded to a major event by Section 15A of the Merchandise Marks Act to be put in place by any country hosting a major international sporting event. This circumstance supports the contention that the limitation on the use of trade marks provided for in Section 15A of the Merchandise Marks Act is reasonable and justifiable in an open and democratic society based on

¹⁹ LAWSA, paragraph 182.

²⁰ LAWSA, paragraph 182, relying on Section 39(1)(c) of the Constitution and *S v Williams* 1995 (3) SA 632 (CC), paragraph 23.

²¹ See Sections 8 to 13 of The Sydney 2000 Games (Indicia and Images) Protection Act, 1996 (no. 22), Sections 8 to 13; The ICC Cricket World Cup West Indies 2007 Act, 2006, Section 25 and in particular sub-section (3); The Major Events Management Act 2007 (no. 35) of New Zealand, sections 8-15; and The London Olympic Games and Paralympic Act 2006 (c.12), sections 32 and 33 and schedules 3 and 4.

human dignity, equality and freedom and is the kind of measure considered to be such by peer countries which have a similar legal philosophy and standards to South Africa.

In the premises it is submitted that section 15A of the Merchandise Marks Act is not unconstitutional in the context of the Metcash case.

Relief granted

In the result, the court found in favour of FIFA and granted an interdict restraining Metcash from competing unlawfully with FIFA by contravening Section 15A of the Merchandise Marks Act; Metcash was ordered to pay the costs of the application.

CONCLUSION

It is submitted that the court correctly interpreted the provisions of the ambush marketing provision, i.e. Section 15A of the Merchandise Marks Act, and that its application of those principles to the facts of this case was correct. There can be little doubt that Metcash's conduct amounted to a classic case of ambush marketing by intrusion and that it set out to achieve precisely what the ambush marketing provision seeks to prevent, namely that a non-sponsor or licensee of a major sponsored event, which has been declared a "protected event," should, by means of using a trade mark in a manner which, directly or indirectly is intended to be brought into association with, or allude to, that event, seek to achieve publicity for that trade mark and thereby derive special promotional benefit from the event, without the prior authority of the organiser of such event.

The court did not fall into the trap of equating ambush marketing by intrusion with the other form of ambush marketing, namely association, where it is necessary that there should be a likelihood of confusion that the ambush marketer is a sponsor or a licensee, or is somehow connected with the event or its organiser. In practice it is frequently sought to defend a claim of alleged ambush marketing by intrusion by arguing that the ambush marketer's contentious trade mark use is not likely to cause confusion with the event or its organiser. In most cases of ambush marketing by intrusion it may well be the case that no confusion is likely, but this is beside the point because it is not an element of ambush marketing by intrusion that there should be a likelihood of confusion between the contentious trade mark use and the event or its organiser. In short, it is important that the distinction should be made between ambush marketing by intrusion, on the one hand, and by association, on the other hand, and that the elements of the one form of ambush marketing should not be elided with the elements of the other. It is to the court's credit that it was not swayed from its task of approaching this case, and the judgment, as relating purely to ambush marketing by intrusion uncluttered by extraneous considerations such as confusion. The Ferrero cases in respect

of the 2006 World Cup in Germany should not be interpreted as having any impact on, or significance to, ambush marketing by intrusion,

While a constitutional issue was raised, namely the interpretation of Section 15A of the Merchandise Marks Act through the prism of the Constitution, and the court addressed this issue, it did not examine the constitutional issue in any depth. However, it is submitted on a proper consideration of all the relevant facts and circumstances, that any impingement on Metcash's right of freedom of expression brought about by Section 15A of the Merchandise Marks Act was justifiable and legitimate. In consequence, Section 15A is not at variance with the Constitution and any challenge which may be brought against it in the future ought to be rejected. Perhaps this specific question is an issue for another day.

Metcash took no steps to appeal against the judgment and it thus stands. Given the fact that the ambush marketing provision only applies to events that have been specifically designated as "protected events" and it is likely to be some while before another major sports event such as a World Cup is allocated to South Africa, it is probable that it will remain unchallenged for some time. In the meantime, since various other countries have borrowed from the wording of Section 15A in enacting their own ambush marketing legislation²², the judgment may come to be regarded as international precedent in this area of the law.

O H Dean

28 June 2011

²² See R Kelbrick, *op cit*, at page 36 *et seq.* The legislation by the Caribbean Regional Organisation, referred to on page 44 of the cited work, reproduced Section 15A, virtually verbatim. Several of the individual islands each passed their own legislation and similarly copied Section 15A. See also P Johnson, *op cit*, at page 137 *et seq.*