



FROM THE EDITOR

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Welcome to the second edition of IP Briefs.

We're half way through 2017, an interesting and active IP world since March.

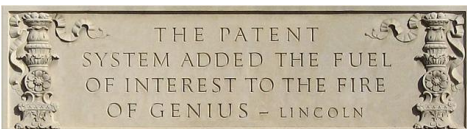
WIPO just published the Global Innovation Index 2017: Innovation feeding the world.

It concluded that laying the foundations for innovation-driven development is more important than ever to sustain economic growth. The full report can be viewed here http://www.wipo.int/wipo_magazine/en/2017/03/article_0004.html

Unitary Patent Court (UPC) -the Preparatory Committee of the UPC announced that the expected implementation date will now be early 2018 due to Germany and UK delays.

For more see: <https://www.unified-patent-court.org/news/message-chairman-alexander-ramsay-june-2017>.

On South Africa forefront – seems that the IP Policy is still stuck in bureaucratic and Cabinet processes. We trust there will be progress before our next edition.





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PASSING OFF

DISTRIBUTOR'S REPUTATION AND COUNTERFEIT GOODS

In *Herbal Zone v Infitech Technologies* ([2017] ZASCA 8 (10 March 2017)) the Supreme Court of Appeal had to determine a dispute concerning the selling of dried and crushed extract of Tongkat (or Tongkat) Ali in capsule form, which is claimed to enhance male sexual performance. The case provided some clarity on the issue of the proprietorship in a trade name (and the associated reputation) when there is a distributorship relationship and provided a common-law definition of “counterfeit” goods.

Facts

Herbal Zone (the first appellant) imported the product from Malaysia and had sold the product under the name *Phyto Andro for Him* in South Africa since 2006. Pursuant to an agreement between Herbal Zone and Infitech (the first respondent), Infitech was appointed as the sole distributor of the product in South Africa from 2009 until 2014.

Following the termination of the distributorship agreement, Herbs Oils (a company which had some of the same shareholders as Infitech)

started distributing a product under the name *Phyto Andro for Him*. Herbal Zone then published advertisements in a newspaper, and circulated notices to pharmacies and outlets claiming that Infitech and Herbs Oils were selling *counterfeit* products and that such conduct was illegal. These actions by Herbal Zone prompted Infitech and Herbs Oils to seek an interdict (injunction) against Herbal Zone on the basis that these statements were defamatory of the Infitech and Herbs Oils.

Herbal Zone, in turn, counter-applied for an interdict, based on passing off, to restrain Herbs Oils from distributing the product using trademarks, labels or names including the words *Phyto Andro* or packaging confusingly similar to that being used by Herbal Zone and its distributors. Herbal Zone claimed that the reputation attaching to the *Phyto Andro* mark vested in it. In response, Infitech claimed proprietorship of the *Phyto Andro* mark (which it claimed then vested in Herbs Oils) as *it* had established the market for the products in South Africa under that mark.

Decision

Passing off

Passing off occurs when one party (A) makes a misrepresentation, whether or not intentionally, that its business, goods or services are those of another (B), or are associated former. This misrepresentation requires that B's business, or its associated goods or services, have a

reputation. It is only as a consequence of the reputation that A can benefit from a misrepresentation, as it allows the public to be deceived because of possible confusion as to the trade source or business connection with B. Thus, passing off requires proof of reputation, misrepresentation and damage. The latter two requirements tend to go hand in hand: if there is a likelihood of confusion or deception, it is likely that damage will be suffered.

As Herbs Oils' product used the *Phyto Andro* name (which was an invented name, rather than descriptive of the product), and its packaging was very similar, it was accepted that it had made a representation to the public and that it would cause damage to the Herbal Zone as it would lead to a possible diversion of custom. The only issue was whether Herbal Zone enjoyed the necessary reputation in the *Phyto Andro* mark in South Africa.

Of relevance to the passing-off claim, the *Phyto Andro* mark had also been used in relation to the product at its source in Malaysia. The packaging for the products identified Herbal Zone International (a Malaysian entity) as the manufacturer thereof (although it too was not the actual manufacturer).

There was uncertainty concerning the relationship between the Malaysian entity and Herbal Zone,

PASSING OFF: DISTRIBUTOR'S REPUTATION AND COUNTERFEIT GOODS

Professor S Karjiker

and there was even an indication that the Malaysian entity had, after the commencement of the legal proceedings, severed its relationship Herbal Zone.

A trademark's badge-of-origin function does not require that the mark should identify a specific business entity which is the source of the product, but simply that it originates from a specific source. However, if the product does indicate a specific business entity as the source, consumers will regard the identified entity as the source of such product. While it is possible for an importer and distributor of a product to acquire a reputation in such product, the packaging of the product sold by Infitech identified the Malaysian entity as the manufacturer and source of the product, and Herbal Zone had not added anything to the mark, or to the (external) getup, under which the product was sold so that consumers would identify Herbal Zone as the source of the product, rather than the Malaysian entity. Herbal Zone had failed to establish that it devised the name or the accompanying logo which appeared on the product. Thus, Herbal Zone had failed to establish that it had the necessary reputation attaching to the product under the name *Phyto Andro*.

Infitech also failed to establish proprietorship of the *Phyto Andro* mark as the market for the product had already been established when it started selling the product. More importantly, as between Infitech and Herbal Zone, Infitech agreed in the

distribution agreement that it had no rights to the mark, which was the property of Herbal Zone. In any event, consumers also did not consider associate the mark with Infitech, as it was generally held out as only a distributor of the product.

Defamation

What appears to have been a very important factor in relation to the defamation claim was that Herbs Oils did not disclose the source of its rival product. As Herbal Zone first introduced the product in South Africa, it was entitled to claim that Herbs Oil's marketing of a competing product from a different source was "counterfeit", that is, not the genuine article. This was the case even if Herbal Zone did not have the right to claim the reputation in the *Phyto Andro* name. Herbal Zone, thus, had a possible defence to the defamation claim as there was a factual basis for Herbal Zone's claim that Herbs Oil's product was a counterfeit product.

Interestingly, the judgment suggests that Herbal Zone tried to have Herbs Oils' products confiscated, as "counterfeit" goods, under the Counterfeit Goods Act 37 of 1997, but was unable to do so. This would be correct, as the Counterfeit Goods Act does not afford any protection to common-law rights, such as passing off. It would, thus, appear that – at least for purposes of defamation law – there is common-law definition of "counterfeit", which is clearly wider (perhaps, unacceptably wide) than the statutory definition.

DID YOU KNOW

"PASSING OFF" IN THE SOUTH AFRICAN LAW

The South African trade mark law is derived from and closely related to the English law but, when applying doctrines of common law, many South Africans overlook the fact that the English tort of "passing off" is not identical to the wrong of "passing off" in the South African law which is a genus of the delict of unlawful competition (in English law, a separate tort). This is because, while the English common law recognises a number of separate well-defined torts as specific wrongs, the South African common law is Roman Dutch and does not recognise these torts. The South African common law of civil wrongs is known as delict. Most actions in delict are based on the developments of the Roman *lex aquilia*. The basis of this is threefold:

1. an unlawful act;
2. committed deliberately or negligently (*culpa* or *dolus*);
3. which causes or is likely to cause patrimonial loss.

(<http://www.brands-man.com/index.php/articles/55-qpassing-offq-in-the-south-african-law> (by Ron Wheeldon))

IN GOOD SHAPE, OR NOT?

SHER-MUHAMMAD KHAN, CHRISTIAAN J STEYN AND WARREN ROSSOUW

This article seeks to extract the principles on shape marks by considering the rationale of the European Court of Justice's judgment (as it was then, hereinafter "the ECJ") in Case C-299/99 *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* [2002] ECR I-05475 (hereinafter "*Philips v Remington*"), and thereafter the Supreme Court of Appeal's (hereinafter referred to as "the SCA") judgment in *Société des Produits Nestlé SA v International Foodstuffs* (100/14) [2014] ZASCA 187 (27 November 2014) (hereinafter referred to as "*Nestlé v Iffco*"), in the context of Section 10(5) of the Trade Marks Act 194 of 1993 (hereinafter referred to as "*the Act*").

Philips v Remington

The ECJ's judgment interpreted provisions, particularly those relating to the registrability of shape marks, of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the EU Member States relating to trade marks (hereinafter referred to as "the EU Trade Mark Directive"). This article will therefore provide an exposition of the legal questions interpreted by the ECJ. Although there were several questions forming part of the preliminary reference to the ECJ, only some of these were interpreted in the judgment. Set out herein is an analysis of the interpretation given to the following questions:

- Is there a special class of marks which, even though distinctive in fact, are none the less incapable of distinguishing as a matter of law?

- Where a trader has been the only supplier of particular goods to the market, is the extensive use of a sign which consists of the shape of those goods sufficient to give the sign a distinctive character where, as a result of that use, a substantial proportion of the relevant class of persons associates that shape with that trader, and no other undertaking?
- Is the shape of an article (being the article in respect of which the sign is registered) capable of distinguishing ... only if it contains some capricious addition, such as an embellishment which has no functional purpose?
- Is the shape of a product unregistrable if it is established that the essential functional features of that shape are attributable only to the technical result even if other shapes could achieve the same technical result?

The case background which started in UK courts will be set out and a brief overview of the ECJ's exposition of distinctiveness and an in-depth analysis of the ECJ's assertions in respect of shape marks will be provided. Parallels are drawn between the equivalent provisions in South Africa's 1993 Act.



SHER-MUHAMMAD KHAN



CHRISTIAAN J STEYN



WARREN ROSSOUW

Case Background

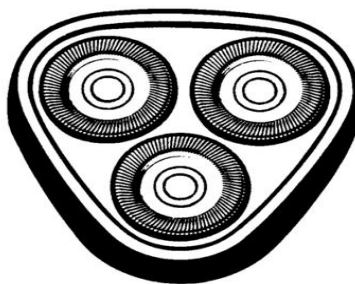
The Civil Division of the England and Wales Court of Appeal (hereinafter referred to as “the UK Court”), in terms of European Union Law, referred for a preliminary ruling several questions concerning the interpretation of several Articles of the EU Trade Mark Directive (*Philips v Remington* at paragraph 1).

The questions referred by the UK court as part of the preliminary reference arose from a dispute between Koninklijke Philips Electronics NV (hereinafter referred to as “Philips”) and Remington Consumer Products Ltd. (hereinafter referred to as “Remington”) “concerning an action for infringement of a trade mark which Philips had registered on the basis of use under the [UK’s] Trade Marks Act 1938” (*Philips v Remington* at paragraph 2).

Philips developed a new type of three-headed rotary electric shaver in 1966. Subsequently, it filed an application to register a trade mark in 1985:

“...consisting of a graphic representation of the shape and configuration of the head of such a shaver, comprising three circular heads with rotating blades in the shape of an equilateral triangle...” (*Philips v Remington* at paragraph 11)

As noted earlier, the trade mark was registered on the basis of use under the UK 1938 Act. The representation of the mark as found in the UK Trade Mark Register is as shown:



Several years later, in 1995, Remington, a competing company, “began to manufacture and sell in the United Kingdom the DT 55, which is a shaver with three rotating heads forming an equilateral triangle, shaped similarly to that used by Philips” (*Philips v Remington* at paragraph 12).

Philips sued Remington for infringement of its trade mark and Remington counter-claimed for revocation of Philips trade mark.

In the High Court of Justice of England and Wales, Chancery Division (Patents Court), Remington’s counter-claim was allowed. Revocation of Philips trade mark was ordered on the following grounds (*Philips v Remington* at paragraph 14):

- Philips trade mark was incapable of distinguishing;
- It was devoid of distinctive character;
- It consisted exclusively of a sign which served in trade to designate the intended purpose of the goods; and
- The mark consisted exclusively of a shape which was necessary to obtain a technical result and which gave substantial value to the goods.

Philips subsequently appealed to the Court of Appeal against the decision of the High Court. The Court of

Appeal stayed proceedings because the arguments of both parties raised questions relating to the interpretation of the EU Trade Mark Directive. This resulted in the preliminary reference to the ECJ.

Acquired Distinctiveness

The UK court sought clarity on whether “*there is a special class of marks which, even though distinctive in fact, are none the less incapable of distinguishing as a matter of law.*” (*Philips v Remington* at paragraph 24).

The ECJ disposed of this question by referring to the essential function of a trade mark. EU case law makes it clear that:

“...the essential function of a trade mark is to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin, and for the trade mark to be able to fulfil its essential role ... it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality...” (*Philips v Remington* at paragraph 39, referring to Case C-349/95 *Loendersloot* [1997] ECR I-6227 at paragraph 22 and 24; and Case C-39/97 *Canon* [1998] ECR I-5507 at paragraph 28).

After an analysis of the principles laid down in the Joined Cases C-10897 and C-109/97 *Windsurfing Chiemsee* (Joined Cases C-10897 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779) (hereinafter referred to as “*Windsurfing*”), the ECJ reached the conclusion that “*there is no class of marks having a distinctive character by their nature or by the use made of them which is not capable of distinguishing the goods or services.*” (*Philips v Remington* at paragraph 39).

In determining this, the ECJ analysed the EU Trade Mark Directive equivalent provision of South Africa’s Section 9 of the 1993 Act.

Furthermore, the ECJ relying on the principles laid down in *Windsurfing* concluded that:

“...where a trader has been the only supplier of particular goods to the market, extensive use of a sign which consists of the shapes of those goods may be sufficient to give the sign a distinctive character where, as a result of that use, a substantial proportion of the relevant class of persons associates that shape with that trader, and no other undertaking.” (*Philips v Remington* at paragraph 65)

This, in summary, identified the factors that need to be considered when dealing with “use” as a means of obtaining distinctive character and therefore validity for a trade mark:

- Market share;
- How intensive, geographically widespread and long-standing the use is;

- The amount invested in promotion;
- The proportion of the notional users that identify / recognise the origin of the goods; and
- Statements from chambers of commerce or other professional associations, trade magazines and the like.

The ECJ’s Pronouncements on Shape Marks

There were several questions referred to the ECJ concerning shape marks. The UK court asked the ECJ the following:

“[W]hether the shape of an article (being the article in respect of which the sign is registered) is capable of distinguishing ... only if it contains some capricious addition, such as an embellishment which has no functional purpose.” (*Philips v Remington* at paragraph 41)

The ECJ answered this question by stating that all categories of marks are to be treated the same in assessing distinctiveness (*Philips v Remington* at paragraph 48). Therefore, the ECJ emphasised that the EU Trade Mark Directive “*in no way requires that the shape of an article in respect of which the sign is registered must include some capricious addition*” (*Philips v Remington* at paragraph 49) for it to be capable of distinguishing.

The ECJ also interpreted Article 3(1)(e) of the EU Trade Mark Directive which states:

“Article 3 Grounds for refusal or invalidity:

The following shall not be registered or, if registered, shall be liable to be declared invalid:

(e) signs which consist exclusively of:

(i) the shape which results from the nature of the goods themselves;

(ii) the shape of goods which is necessary to obtain a technical result;

(iii) the shape which give substantial value to the goods”

Broadly, this provision bars the registration of natural shapes, technical shapes and aesthetic shapes. This list is set out in an exhaustive manner (*Philips v Remington* at paragraph 74). Furthermore, a mark which is barred from registration under this provision cannot be brought within the ambit of the provisions dealing with acquired distinctiveness (*Philips v Remington* at paragraph 75).

Examples of the different types of shapes referred to in EU legislation would be egg boxes as natural shapes and the Lego brick as a technical shape (B Strowel “*Beneflux: A Guide to the Validity of Three-dimensional Trade Marks in Europe*” [1995] EIPR 154).

The South African legislative equivalent is Section 10(5) of the 1993 Act which bars from registration:

“...a mark which consists exclusively of the shape, configuration, colour or pattern of goods where such shape, configuration, colour or pattern is necessary to obtain a specific technical result, or results from the nature of goods themselves.”

The ECJ unequivocally confirmed that a shape of a product is unregistrable *“if it is established that the essential functional features of that shape are attributable only to the technical result”* (*Philips v Remington* at paragraph 84). Additionally, the shape of a product is still unregistrable even if other shapes could achieve the same technical result (*Philips v Remington* at paragraph 84).

The essence of ECJ’s assertions lies in its articulate exposition of the rationale behind the provisions barring registration of natural, technical and aesthetic shapes.

Article 3(1)(e) of the EU Trade Mark Directive aims to:

“...prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors.” (*Philips v Remington* at paragraph 78)

It aims to prevent obstacles forming which would inhibit competitors from *“freely offering for sale products incorporating such technical solutions or functional characteristics.”* (*Philips v Remington* at paragraph 78)

Ultimately, this provision serves a public interest (*Philips v Remington* at paragraph 80) and safeguards competitors’ *“freedom of choice in regard to the technical solution they wish to adopt to incorporate such a function in their product”* (*Philips v Remington* at paragraph 79). These instructive principles have subsequently been solidified and expanded by the

ECJ in Case C-48/09P *Lego Juris A/S v OHIM* [2010] IP ET at paragraphs 28-87. Here the ECJ stated that if the shape of goods incorporated a major non-functional element which played an important role in the shape, registration cannot be refused.

Applied to South African trade mark law, Section 10(11) of the 1993 Act essentially encapsulates the underlying public interest and “freedom of choice” rationale espoused by the ECJ above (CE Webster and GE Morley, *“Webster and Page South African Law of Trade Marks”* at page 3-76; hereinafter referred to as *“Webster & Page”*) by barring from registration:

“...a mark which consists of a container for goods or the shape, configuration, colour or pattern of goods where the registration of such mark is or has become likely to limit the development of any art or industry.”

Webster & Page note:

“The whole approach of the South African Court in Triomed [Beecham Group plc v Triomed (Pty) Ltd 2003 3 SA 639 (SCA)] indicates that technological advance is not to be inhibited by means of the law pertaining to trade marks, and such advance can only take place in an economic environment where undue restrictions or burdens are not placed on legitimate competition.” (Webster & Page at page 3-76)

Concluding Remarks in Respect of *Philips v Remington*

In conclusion, it is worth briefly noting the key principles from the ECJ’s judgment in *Philips v Remington* and subsequent case law:

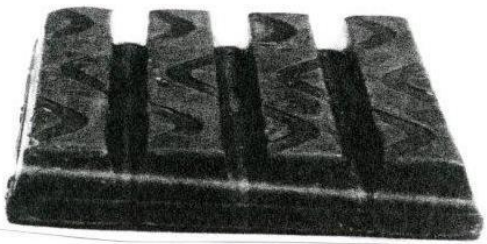
- Marks which are inherently distinctive or have acquired distinctiveness cannot ever be regarded as incapable of distinguishing (*Philips v Remington* at paragraph 39). This statement is directly related to the application of Section 9 of the 1993 Act.
- Shape marks need not have a capricious addition in order to be capable of distinguishing. All categories of marks should be treated the same in assessing distinctiveness. (*Philips v Remington* at paragraph 48)
- A shape of a product is unregistrable *“if it is established that the essential functional features of that shape are attributable only to the technical result”* even if other shapes could achieve the same technical result.” (*Philips v Remington* at paragraph 84)
- If the shape of goods incorporates a major non-functional element which plays an important role in the shape, registration cannot be refused.
- Where a trader has been the only supplier of particular goods to the market, then extensive use of the shape of those products may give sufficient distinctive character considering Article 3(3). However, it is for the courts to

verify the circumstances on the basis of specific and reliable data similar to those referred to in *Windsurfing*.

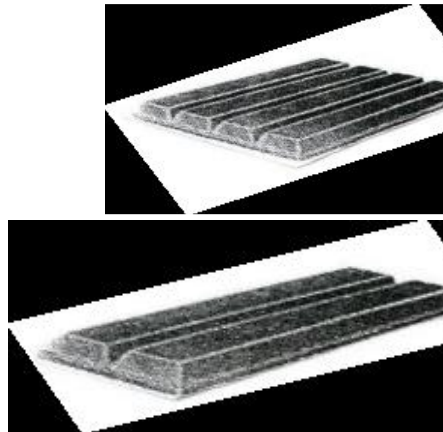
- The underlying rationale which must be borne in mind when assessing shape marks is the prevention of obstacles forming which would inhibit competitors from “freely offering for sale products incorporating such technical solutions or functional characteristics.” (*Philips v Remington* at paragraph 78)

Nestlé v Iffco: Case Background

Both the first Appellant (Société des Produits Nestlé SA) and the second Appellant (Nestlé South Africa (Pty) Ltd) (hereinafter referred to as “Nestlé”), as well as the first Respondent (International Foodstuffs Co) and the second Respondent (Iffco South Africa (Pty) Ltd) (hereinafter referred to as “Iffco”) are international competitors in the sale of chocolates.



Nestlé, having *inter alia* registered trade marks as shown below alleged:



“...that these attributes of Iffco’s ‘Break’ chocolate bar, infringe trade marks held by Nestlé in the ‘Kit Kat’ chocolate bar, marketed and sold by it.” (*Nestlé v Iffco* at paragraph 2)

In the court a quo, the North Gauteng High Court (as it was then), Nestlé was unsuccessful in its application for interdictory relief based upon trade mark infringement and passing off. Nestlé was also unsuccessful in its attempt to expunge certain word marks from the register in the name of Iffco. (*Nestlé v Iffco* at paragraph 3)

Iffco’s counter-application in the court a quo to expunge the shape marks held by Nestlé in its Kit Kat chocolate bar was also unsuccessful. Iffco’s application to review the registration of these shape marks was likewise unsuccessful. (*Nestlé v Iffco* at paragraph 4)

Leave was granted by the court a quo to Nestlé to appeal against the dismissal of its application. Leave was also granted to Iffco to appeal against the dismissal of its counter-application and review application. (*Nestlé v Iffco* at paragraph 5)

Section 10(5) of the Act

Iffco’s application, for the expungement of Nestlé’s finger wafer shape marks, was limited to Section 10(5) of the Act. This provision provides for the following:

“10. The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register:

...
(5) a mark which consists exclusively of the shape, configuration, colour or pattern of goods where such shape, configuration, colour or pattern is necessary to obtain a specific technical result, or results from the nature of the goods themselves.”

Iffco’s challenge “is that the trapezoidal shape of Nestlé finger wafer shape trade mark registrations is entirely a technical requirement.” (*Nestlé v Iffco* at paragraph 26). Essentially:

“...[w]hat is ... in issue is whether the additional elements which contribute to the shape of Nestlé’s finger wafer shape trade marks (other than the cross-sectional trapezoidal shape) are not distinctive but simply ‘banal’ arbitrary additions to the shape of

the product.” (Nestlé v Iffco at paragraph 26)

If the answer to this question is in the affirmative, then Nestlé’s marks would offend against Section 10(5) of the Act.

Swain JA confirmed the principle established by the Court of Justice of the European Union that a shape of a product is unregistrable “if it is established that the essential functional features of that shape are attributable only to the technical result” (*Philips v Remington* at paragraph 84). However, His Lordship omitted the further consideration that the shape of a product is still unregistrable even if other shapes could achieve the same technical result. (*Philips v Remington* at paragraph 84)

Both Nestlé and Iffco relied on decisions from courts in other jurisdictions in which Nestlé’s finger wafer shape marks were in issue.

Nestlé relied on the findings of the Second Board of Appeal of the Office for Harmonization in the Internal Market (OHIM) (as it was then) in the case of *Société des Produits Nestlé SA v Cadbury Holdings Ltd* (11 December 2012). The following attributes were regarded as not necessary to achieve a technical result (*Nestlé v Iffco* at paragraph 29):

- The rectangular base upon which the finger wafers are aligned was not a feature which responded to a technical need.
- Even if the fingers performed a portioning function, this is not a technical feature nor essential to the shape of the chocolate.

- The technical solution could be incorporated easily by other competitors in other shapes which do not have the same non-functional elements.

Iffco, on the other hand, relied on the decision of the United Kingdom’s Intellectual Property Officer dated 20 June 2013 in the case of *Société des Produits Nestlé SA v Cadbury Holdings Ltd* in opposition proceedings. Swain JA noted the following from this decision (*Nestlé v Iffco* at paragraph 31):

- The base rectangular ‘slab’ shape results from the nature of molded chocolate bars.
- The presence of breaking grooves was necessary to achieve a technical result.
- The depth of the grooves is likewise necessary to achieve a technical result.
- The number of breaking grooves was determined by the desired portion size.

Swain JA, dismissing Iffco’s application for expungement, therefore, concluded (*Nestlé v Iffco* at paragraph 32):

- Achieving a portion size is not a technical result, but is merely a marketing choice.
- Having finger wafers separated by grooves is not necessary to achieve a technical result, such as a portion size.
- The choice of fingers rather than any other shape is an aesthetic choice.
- A portion size can easily be achieved through other solutions.
- The presence of breaking grooves, while necessary to

achieve breakability, the shape of the fingers and dimensions of the grooves, are not necessary to achieve a technical result.

These conclusions, it is respectfully submitted, are questionable. Swain JA clearly indicates that the fingers and breaking grooves are necessary to achieve breakability. Why breakability is not a technical solution was not expanded upon. His Lordship also suggested that portion size could be achieved through other solutions. As mentioned above, this finding failed to take account of *Phillips* where it was stated that the shape of a product is still unregistrable even if other shapes could achieve the same technical result.

It is submitted that the fingers of the Kit Kat bar separated by the grooves are the essential components of the bar and because it achieves breakability, perform a technical function. Therefore, the elements cannot be considered as a major non-functional element of the chocolate bars as a whole.

The authors of Webster & Page (at page 3-75 – 3-76) interpret this judgment in respect of Section 10(5) in the following terms:

“In circumstances where a shape was originally designed and used for its visual and aesthetic impact and appeal, it is inappropriate to refuse to register a shape of goods as a trade mark solely on the ground that it has functional characteristics. By the terms ‘exclusively’ and ‘necessary’, the provision ensures that solely shape of goods which only

incorporate a technical solution, and whose registration as a trade mark would impede the use of that technical solution by other undertakings, are not to be registered.”

Furthermore, the learned authors conclude that *“marketing choices even though they may incorporate elements of a function do not of themselves render a particular shape necessary to obtain a specific technical result.”* (Webster & Page at page 3-77)

The CJEU has given definitive guidance on the approach to the EU equivalent provision of South Africa’s Section 10(5). In this regard, the following pronouncements were made in Case C-205/13 *Hauck GmbH & Co. KG v Stokke A/S* (hereinafter referred to as “*Stokke*”):

“Consequently, in order to apply the first indent of Article 3(1)(e) of the trade marks directive correctly, it is necessary to identify the essential characteristics — that is, the most important elements — of the sign concerned on a case-by-case basis, that assessment being based either on the overall impression produced by the sign or on an examination of each the components of that sign in turn (see, to that effect, judgment in Lego Juris v OHIM, EU:C:2010:516, paragraphs 68 to 70).

In that regard, it must be emphasised that the ground for refusal of registration set out in the

first indent of Article 3(1)(e) of the trade marks directive cannot be applicable where the trade mark application relates to a shape of goods in which another element, such as a decorative or imaginative element, which is not inherent to the generic function of the goods, plays an important or essential role (see, to that effect, judgment in Lego Juris v OHIM, EU:C:2010:516, paragraphs 52 and 72).

Thus, an interpretation of the first indent of that provision whereby that indent is to apply only to signs which consist exclusively of shapes which are indispensable to the function of the goods in question, leaving the producer of those goods no leeway to make a personal essential contribution, would not allow the objective of the ground for refusal set out therein to be fully realised”(our emphasis added). (*Stokke* at paragraphs 21-23)

The CJEU has also confirmed in Case C-215/14 *Société des Produits Nestlé SA v Cadbury UK Ltd* (hereinafter referred to as “*Nestlé v Cadbury*”), in a judgment concerning the exact same Kit Kat shape marks, that the interpretation under the EU equivalent provisions of South Africa’s Section 10(5), *“must be interpreted as referring only to the way the goods at issue function.”* (*Nestlé v Cadbury* at paragraph 57)

The recent pronouncements by the CJEU, it is submitted, are useful in clarifying the approach to the considerations under Section 10(5). If applied to the facts of the present case, Iffco may have succeeded in its expungement application as:

- Based on an overall impression of the Kit Kat finger wafer chocolate bars as well as an examination of its essential components, it is not certain that the aesthetic or visually appealing features of the chocolate bar played an essential role vis-à-vis the inherent generic functions of grooves which enhance breakability and achieve portion size; and
- The so-called marketing choice or aesthetic choice of fingers over any other solution does not detract from the inherent generic function of the breaking grooves upon a rectangular base.

It is apparent that the judgment of Swain JA, in respect of Section 10(5) of the Act, may have the net effect of limited application henceforth. Fortunately, the persuasive jurisprudence of the CJEU provides room, structure and clarity for informed interpretation.

Concluding remarks

It is evident that *Phillips v Remington* encapsulates the fundamental principles and considerations relating to shape trade marks. This is not surprising since our very own SCA followed *Phillips v Remington in Beecham Group plc v Triomed (Pty) Ltd* 2003 3 SA 639 (SCA)

(hereinafter "*Triomed*"). In this regard, it is submitted that the SCA in *Nestle v Iffco* missed an opportunity to provide

definitive and thorough guidance on the interpretation of Section 10(5) of the Act. It is hoped that future case law

in South Africa will build on the developments of our European counterparts and *Triomed*.

About the Authors

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Read more on the KitKat appeal case on page 11

Nestlé loses appeal to trade mark four-fingered



Chezanne Haigh is a Candidate Attorney in KISCH IP's Trade Mark Department

Nestlé, the Swiss confectionary company, may need to follow its KitKat slogan and take a break from its ten-year battle with Cadbury to get the particular shape of its four-fingered chocolate bar recognised as a trade mark in the United Kingdom.

The Court of Appeal ruled on Wednesday, 17 May 2017, that while KitKat's shape may be recognisable to consumers, the four-finger shape is "not inherently such that members of the public are likely to take it as a badge of origin in the way they would a newly coined word or a fancy name".

Although the KitKat shape has become well known, the court held that it does not automatically imply that consumers have come to perceive the shape of the Kit Kat as originating from Nestlé. Consumers may simply recall the familiar product and brand name or may recognise the shape as characteristic of products of that kind. For there to be acquired distinctiveness, the court held that consumers must perceive these goods

as being Kit Kats or as originating from makers of KitKat, to the exclusion of all others. A perception that they looked like KitKat is not enough to amount to distinctiveness for trade mark purposes. Consumers must regard the shape alone as exclusively indicating origin. The four-fingered shape of the KitKat does not perform this function.

Despite the Court of Appeal's ruling, Nestlé could apply for leave to file an appeal to the Supreme Court, depending on the legal grounds available. A spokesman for Nestlé said that although disappointed with this judgment, it was "considering its next steps" as "KitKat is much loved around the world and its four finger-shape is well known by consumers".

Notwithstanding Nestlé obtaining trade mark registration in its four-finger shape in many other countries (including Germany, France, Australia, South Africa and Canada), this case clearly highlights the complications that often accompany attempts to

obtain trade mark protection for the shape of a product, as companies will need to provide sufficient evidence that the shape of a product alone is enough to denote the origin of the product in the mind of the consumer.





The not so Perfect 10! By Darren Olivier

Darren is a partner at Adams & Adams attorneys, Sandton Office. He focuses on brand protection and IP commercialization

**ENJOY BEAUTY (PTY) LTD V
PETROVIA AND SMIT BEAUTY
SALON AND ORS Case No:
67970-1/2016**

It is a Pretoria High Court decision involving the cancellation of the Perfect 10 franchise in a prominent shopping centre in Menlyn, Pretoria, and the scope of the protectable interest of the franchisor after termination. Of particular interest is that it traversed the interesting question of when a franchisor can prevent an ex franchisee from competing at the same location under a different name and operating system?

Background

The applicant/franchisor provides health and beauty services operated through a franchise network. One of the brands is symbolised by the trade mark PERFECT 10 and its associated look and feel. The franchise operation sold the SKINDERM range of products and developed the "HeadStart salon management system". The franchised IP is

owned by The Imbalie Group, who owns the applicant.

The respondent is a franchisee who cancelled the franchise contract on 15 August 2016. The primary reasons for its dissatisfaction were the applicant's insistence on its use of the HeadStart salon system and sale of SkinDerm products only.

It claimed that the former was inferior to its current system and the latter would be commercial suicide (as it sold other products).

Applicant's claim for trade mark infringement

This was rejected by the courts as being premature. The basis, simply put, is that when the application was launched the applicant claimed both for the store to be "handed over" signage intact, and in the alternative, for the signage to be removed etc. It was only upon election of one of the alternatives (or judgment) that the respondent would know where it stood.

Hence the position that the respondent found itself in, was of the applicant's own making and

the claim for infringement premature, according to the judge.

Comment

The judge unfortunately incorrectly applies the law here (para 17-18). He states that because the respondent had no intention of infringing the trade marks (because of the franchisor's confusing requests), there is no trade mark infringement. The reasoning that the judge could possibly have used in coming to that conclusion (if that is what he meant), is that the franchisee's continued use of the trade marks was authorised (because of the franchisor's confusing requests) i.e. the use was not unauthorised as required by the Act. "Intention", as you know, has no part to play when considering trade mark infringement. It is questionable though whether, even if the Judge had used the proposed reasoning, whether the "confusion prayers" of the applicant, amount to "consent" but that was of course, not canvassed.

***A lesson to learn for all
franchise owners and their
lawyers***

The Restraint of Trade

There are two legs to this enquiry:

- Whether the letter of suretyship bound the third respondent (the application against the second respondent having been withdrawn) to the restraint of trade; and
- The scope of the restraint of trade.

Concerning the suretyship, the court gave short shrift to the issue stating that it had been signed prior to the relevant franchise agreement and not simultaneously with it, as the wording required. In addition, that the intention of the suretyship was to provide ongoing indemnification relating to monetary obligations and not to hold the franchisee to the restraint.

Comment

The judge is correct here and the lesson is to pay particular attention when drafting and agreeing documents. The word "simultaneously" means exactly that, and much like the formalities required for a confirmatory affidavit, it makes no sense to sign a separate suretyship document before the main agreement is signed. The scope of the suretyship should also spell out the obligations they apply to.

The second leg

The analysis of the second leg was more complex. Under RSA law the position on restraints is set out in the well known Magna Alloys case which is summarised in para 27 of the judgement.

The judge establishes that that the restraint was reasonable both in time frame (1 year) and geographical extent (5kms). The question was therefore, what exactly could be restrained.

What was the protectable interest?

Applied to this matter, the judge held that it was the "operations manual and operating system, their own specific product, branding and logos and everything that constituted the applicant's trade marks." (para 34) Absent of this, in this case, the applicant had no protectable interest. The effect of this is that respondents could set up a competing business within one year, within 5kms without falling foul of the restraint.

The applicant's request for interim relief was dismissed in its entirety, with costs.

Comment

It is foreseeable then that the ex franchisee of Perfect 10 could simply remove the signage, stop using the product, branding and logos and continue to operate from the same store. It would mean too that it could take advantage of the goodwill in the location - the so-called "habit effect" of consumers knowing where to get their "nails done" simply by location of the store.

Yet, the judge is correct, the agreement did not include "location" as part of the goodwill,

the ex franchisee did not only sell franchised products and use franchised systems (it had its own) and the franchisee, it appears, was also the lessee of the space. In these circumstances, without additional evidence that showed the location to be part of the protectable interest or at least any interest beyond those noted by the judge, that goodwill belonged to the franchisee.

This does not mean that goodwill in a location and restraints cannot be enforced in agreements. The lessons are to pay attention to them in the drafting and to secure as much clarity in the wording as possible, when entering into the agreement in the first place. This would also apply to non disclosure agreements, co-existence agreements and ordinary licenses. In addition, from a franchisor's perspective, it is important to control the lease. In other words, it enters the agreement with the shopping mall.

Perfect 10 Branding & SkinDerm Product:





Is it the Intellectual Property or its Management that requires Creativity.....

Alessia del Bianco is an IP Legal advisor at Sasol Group Service Limited

Intellectual Property (IP) is defined as “property that is the result of creativity”. From an IP management perspective, it is not only the property but rather its reduction into a tangible form, its administration, and its prosecution that requires imagination, ingenuity and vision. IP management begins at the very creation of a concept, idea, or invention as questions around how to protect a particular piece of IP begin. Should this be kept secret? Should we file a patent or a trade mark? Should we publish now, are aspects that need to be considered. An IP manager needs to juggle and balance expectations from the creative and/or scientific communities with expectations of the management and business teams. What to protect and how to protect it has to be balanced with budget and resource constraints, as well as marketing strategies.

We are working in a world where IP development is not limited to a

particular research or creative team but where collaborations and joint development with industry partners, universities or state run operations is becoming the norm. As these collaborative projects evolve, it is not just IP Portfolio development that needs to be considered but also issues around ownership and/or user rights of the IP developed, risk of infringement, and indemnification.

Strategies around how to manage these issues and risks have to be developed and implemented as projects begin in the lab and progress to bench scale, piloting and then hopefully, commercialization. Aspects pertaining to contractual arrangements and strategies, the implementation of communication protocols and in some instances ring fences have to also be considered. A further IP aspect regarding such projects includes the evaluation of risk and inevitably development of risk mitigation strategies. This

requires an understanding of the market the IP pertains to and players operating within that market.

The various strategies and management of IP as outlined above require the buy in from all players involved in the research and commercialization of IP in order for them to be implemented. In essence IP management requires a broad skill set as managers have to have the creativity and insight to understand when something created is new and inventive, to define the creation, and then to construct the infrastructure required to ensure that the creation can be implemented freely without infringing creations of others.

Creating strategies, creating portfolios, solving problems and issues..... makes one think that maybe IP management is closer to Creative management.....



Darren Margo (Registered Patent Attorney & Tax Practitioner) is a director of Margo Attorneys, Inc., and has a specialisation in the commercialisation & taxation of IP. Darren was involved in the preparation of submissions relating to both of the policy documents described in this article

Exchange Control Provisions Relaxed for Foreign IP Transactions

Finally, common sense prevails for *bona fide* transactions!

In 2011, The South African Reserve Bank (SARB) set the world of cross-border IP transactions into a tailspin, by steam-rolling the Supreme Court of Appeal decision in *Oilwell v Protec*.

In essence, the effect of the SARB action was to amend the governing Regulations, making it compulsory for a South African owner of IP to apply to SARB for approval before entering into an assignment or license of that IP to a non-resident.

Failure to do so would result in the entire transaction failing from the very start. The decision was criticised widely, largely on the basis – with respect – that the authorities did not appreciate the nature and effect of IP, which resulted in an inaccurate, inappropriate definition being adopted.

Following the 2017 Budget Review SARB issued Exchange Control Circular No 7 of 2017 and No 8 of 2017 in March, confirming that exemptions will now be introduced for both the sale (assignment) and the licensing of IP by South African residents to non-residents: "Government proposes that companies and individuals no longer need the Reserve Bank's approval for standard intellectual property transactions. It is also proposed that the "loop structure" restriction for all intellectual property transactions be lifted, provided they are at arm's length and at a fair market price. Loop structure restrictions prohibit residents from holding any South African asset indirectly through a non-resident entity."

In terms of the IP Circular, authorised dealers may now approve the outright sale, transfer and assignment of IP by South African residents to unrelated non-resident parties at an arm's length and a fair and market related price. A new paragraph has been inserted into the Currency and Exchanges Manual for Authorised Dealers to give effect to this change. So, approval from SARB is no longer required.

A Number of Provisos:

First, the relaxed provisions apply only to cases where the parties are unrelated. So, for groups of companies, no relief is in sight here. In addition, the relief will be available only where the transaction is conducted at arm's length, and at a fair, market-related price. In fact, a certificate confirming the basis for calculation of the price is a requirement under the new regime.

Even where this threshold is met, another significant exclusion applies: the relaxation is not available for sale-and-leaseback agreements. Simply put: narrow window of opportunity available for "vanilla" sale and "vanilla" license agreements.

What, Exactly, Is Relaxed?

The relaxed provisions excuse the South African resident from making a full application to the SARB. However, a (smaller) submission is still required. The reporting requirement is relaxed – it is not eliminated entirely.

In addition, it must be remembered: this change relates to the Exchange Control aspects of any cross-border IP transaction – it has nothing to do with the tax consequences of the transaction, and these continue to apply, without any form of relaxation. It's a step in the right direction, for sure, but certainly not yet enough.



EXCHANGE CONTROL HISTORY

- 2 September 1985 the Financial rand system was reintroduced. Effect was that the local sale of non-resident owned assets could not be converted into foreign currency at the Commercial Rand rate but had to be retained in SA with Authorised Dealers in the Form of Financial Rand balances.



By MM Kleyn

SOUTH AFRICA – SME'S AND IP

SMEs are generally considered to be small and medium-sized enterprises (SMEs) are firms employing between 10 and 250 (or 500) people and is often added a reference to a maximum turnover. In terms of the National Small Business Amendment Act (26 of 2003) of South Africa businesses are defined according to five categories established by the original act, namely, standard industrial sector and subsector classification, size of class, equivalent of paid employees, turnover and asset value – excluding fixed property. The categories are published.

In a recent publication for License Executive Society a summary of SME IP activity in South Africa has been assessed.

Government support of SME initiatives

Government raised the status of its small business initiatives with the creation, in 2014, of a department dedicated to this cause, i.e. the Department of Small Business Development (DSBD). Public entities that report to the Minister of DSBD are the Small Enterprise Development Agency (SEDA) established in terms of the National Small Enterprise Act, 1996 (No.102 of 1996), as amended in 2004 and the Small Enterprise Finance Agency (SEFA) established in terms of Section 3(d) of the Industrial Development Corporation Act, 1940 (No. 22 of 1940) (IDC Act).

SEDA provides non-financial business development and support services to small enterprises in partnership with other role players in the small business development environment. SEDA's mission is to develop, support and promote small enterprises to ensure their growth and sustainability. SEFA provides access to developmental finance to survivalist, micro, small and medium businesses throughout South Africa.

Further Government initiatives are provided through Act No 102 of 1996 in the establishment of the National Small Business Council, the Ntsika Enterprise Promotion Agency (Ntsika) as well as Khula Enterprise Finance which is charged with helping small and medium sized enterprises secure finance. This is primarily through the provision of security on behalf of small businesses to commercial banks, retail financial institutions, specialist funds and joint ventures, as well as offering loans through partner intermediaries.

Main supporting entities

There are many agencies and corporate entities that provide guidance and financial grants to SMEs and entrepreneurs, for the relevance of technology protection and commercialisation of intellectual property. Specific mention is to be made of THRIP and TIA.

Technology and Human Resources for Industry Programme (THRIP).

THRIP is a project between DTI (Department of Trade and Industry) and the NRF (National Research Foundation). This scheme was implemented to increase the high level technical skills for the industry and improve South Africa's competitive edge through the development of technology. This grant is primarily aimed at engineering graduates. The THRIP fund capacity is R150 million. THRIP aims to develop these SMEs into large companies, expanding the networks and allowing these SMEs access to scientific expertise, equipment and facilities at partner research entities.

The Technology Innovation Agency (TIA)

TIA is a national public entity related to the DTI. It serves as the key institutional intervention to bridge the innovation chasm between research and development from higher education institutions, science councils, public entities, and private sector, and commercialisation. In terms of the Technology Innovation Act (Act 26 of 2008). The object of TIA is to support the State in stimulating and intensifying technological innovation to improve economic growth and the quality of life of all South Africans by developing and exploiting technological innovations. TIA has available a Patent Support Fund ([http://www.tia.org.za/Funding-Procedure/intellectual-property-\(ip\)-fund](http://www.tia.org.za/Funding-Procedure/intellectual-property-(ip)-fund)) which is intended to provide the support mechanisms to assist entrepreneurs and SMEs with the protection of their IP. The Patent Support Fund is intended to support the filing, prosecution and maintenance of patents and/or patent applications in respect of technological innovations emanating from entrepreneurs and SMEs. The support is specifically intended for funding new or improved technologies which TIA can progress from the applied research stage to commercial deployment.

Other industrial and financial sectors that support SMEs through grants, free advice, infrastructure or networks include the Banking Association of South Africa. Apart from financial and financial risk assistance, it also facilitates stakeholder engagement of among others the Gauteng Dept. of Economic Development, Industrial Development Corporation, Khula, Small Enterprise Development Agency, South African Micro-Finance Apex Fund, Development Finance Institutions, Department of Trade and Industry, and provides Research and Knowledge Management.

SME South Africa is a daily online news portal that provides strategic business content to enable SMMEs to unlock their growth potential. They offer a one-stop shop for SMME-related issues in Africa, providing business owners with practical insights, advice and tools that are essential to running a profitable business. Our editorial content focuses on key aspects of running a business, such as Business Finance, SMME Laws & Regulations, Marketing, Technology, Leadership and Human Capital. They have an online audience reach in South Africa, Kenya, United States, India and United Kingdom. SME Toolkit (<http://southafrica.smetoolkit.org/sa/en>) aids SMEs to start-up businesses, advise on funding and include information on IP protection mechanisms and means for SMEs.

The National Intellectual Property Management Office (NIPMO)

NIPMO is an initiative of the Department of Science and Technology, responsible for implementing the Intellectual Property Rights from Publicly Financed Research and Development Act (No. 51 of 2008). NIPMO ensures that intellectual property emanating from publicly financed research and development is identified, protected, utilized and commercialized. NIPMO operates through three directorates: Regulatory and Compliance (registering IP created from use of public funds, approving

certain IP transactions, and enforcing the Government's IP rights), Advisory and Support (providing legal advice, and capacity building support in technology transfer), and Fund Management (providing funds for IP protection).

The IPR Act provided a new basis for the management and commercialization of IP created through universities and research institutions. It also allowed access to SMEs and Black Economic Empowered entities, previously not enabled to exploit IP opportunities. Between 2010 and 2016, over 1,000 invention disclosures were filed under the new system by South African institutions, of which 7% had been commercialized by the end of this period. Examples include systems to calibrate TB testing equipment, improving the accuracy of diagnosis to tens of thousands of individuals, and 3-D printing / rapid prototyping methods, for the creation of replacement facial features for individuals who not have access to medical funds and who are undergoing reconstructive facial surgery.

NIPMO provided support to 30 institutions and regional offices, offering R 106 M of support (which led to the creation of over 100 specialised technology transfer posts), and provided 24 institutions with R 83 M of fund management support for IP protection (https://view.officeapps.live.com/op/view.aspx?src=http%3A%2F%2Fwww.ipconference.boun.edu.tr%2Fipconference-2016%2Fpresentation%2FP6%2Fkerry_faul.ppt).

The Innovation Hub

The Innovation Hub was established by the Gauteng Provincial Government in 2001 and creates initiatives that support innovation and enterprise development. It is in Tshwane, South Africa's executive capital and has become a regional centre of innovation and knowledge creation.



Source: <http://www.theinnovationhub.com>

Legislative framework

The Patents Act 57 of 1978 as amended, governs the protection of inventions, the Companies and Intellectual Property Commission (CIPC) is the custodian of all new patent applications that are filed within the Republic of South Africa. Other than that an individual can privately file a provisional patent application (only a patent attorney can file a non-provisional patent application and assist in drafting the patent specification), no specific mention is made of any form of SME and there is no differentiation in filing or filing fee status that is derived from entity status. For quite some time there

has been international criticism on the South African patent system and specifically on the access to medicine protected by patents. In answer to this, the South African National Draft IP Policy was published in 2013. It included specific reference to BEE and SME enterprises in the context of the trademarks system with focus on licensing of franchising activities. The Draft Policy was severely and widely criticised and in 2016 the DTI issued the National IP Consultative Framework which replaced the IP Policy. There was no specific mention made of preferent treatment of SMEs, the focus was mainly on the pharmaceutical industry and the introduction of patent examination and pre- and post-grant oppositions. The public submissions process into the IP Consultative Framework has created a platform for IP stakeholders to once again call for IP law reform in South Africa. The DTI has not released a list of submitters nor the submissions themselves. After considering substantial comments received from various sectors in industry, IP professionals and institutions such as the SAIPL and LES, the new IP policy based on the IP Consultative Framework has been submitted to Cabinet in the first quarter of 2017. No further announcement has been made to date.

SME and patenting

The securing of Intellectual Property (IP) is an important aspect in the economic growth strategy for the knowledge economy. According to a study done by SAICA ((South African Institute of Chartered accountants –2014/5/6 SMME INSIGHT REPORTS) and BER “The Small Medium and Micro Enterprise Sector of South Africa Commissioned by SEDA Note 1 of 2016) patent propensity is lower in SMEs than in large organisations (or companies) and patenting as means for appropriation is of less importance among SMEs. There are however numerous examples of small businesses that have sufficient talent to produce significant and bankable innovations and this is confirmed by the patent statistics for South African inventions as shown below. SAICA’s research shows that a substantial portion of technology innovations and inventions emanating from the South African public, and in particular, entrepreneurs and SMEs have not made their way to the marketplace because of a lack of support mechanisms, largely financial, for patent protection.

South African research group, World Wide Worx has released its 2016 State of South African Small Business report, showing what small business leaders in the country are facing in the country. On the question on whether SMEs embrace technology two-thirds of small business owners said that technology was very important or essential for their business operations, with smart devices and apps making their lives and the running of their businesses easier.

It is evident from the statistics (not presented here) that since the implementation of the IP Rights Act in 2010 the patenting activity of individuals, research institutions and universities has increased significantly.



From the Juta Law Reports

The following judgments were reported since March 2017*

Copyright — Films — Applicant commissioning first respondent to make a pair of documentary films, and also purchasing copyright in them — Applicant screening the first, but of opinion that second defamatory, and not broadcasting it — First respondent apparently intent on showing film to third persons, contrary to applicant's wishes — This ultimately resulting in applicant's application to interdict its distribution, and for delivery of materials used in its making to it. *South African Broadcasting Corporation Soc Ltd v Via Vollenhoven & Appollis Independent CC (Freedom of Expression Institute Amicus Curiae)* Case No: 13/23293 02-09-2016 GJ L Nowosenetz AJ 27 pages Serial No: 1622/2016

Trade and competition — Passing off — Requirement of reputation — The dried and crushed extract of Tongkat Ali, a root found in Malaysia and other countries in the Far East, is believed to have aphrodisiacal properties — Commercial potential sought to be exploited by the manufacture of capsules 'Phyto Andro' containing this extract — Claims that (1) the reputation attaching to Phyto Andro in South Africa had been established by Infitech and now vested in Herbs Oils; (2) that it had been established by and vested in Herbal Zone; (3) that it had been established through the efforts of Herbal Zone and its sub-distributors on behalf of Herbal Zone International and vested in the latter — Failure to prove source of goods and that the reputation vested in the applicant — Claim for interdict dismissed. *Herbal Zone (Pty) Limited v Infitech Technologies (Pty) Limited* Case No: 204/2016 10-03-2017 SCA Cachalia JA, Shongwe JA, Wallis JA and Mbha JA and Schippers AJA Serial No: 0478/2017

Trademark — Interdict — Applicant brought an interdict against respondent to refrain from using its trade mark THE LOOK, as it was infringing the applicant's mark or passing off, by utilising the confusingly similar mark THE LOOK FOR LESS in respect of its goods, in terms of provisions of s 34(1)(a) and s 34(1)(c) of the Trade Marks Act 194 of 1993 — Respondent opposed this application and denied that it is infringing the applicant's mark, or passing off its goods as those of applicant — In turn, respondent filed a counter-application to expunge the trade mark from the Trade Mark Register in terms of s 10(1) and/or s 10(2)(a) and/or (b) and/or (c) of the Act. *Truworths Limited v Pepkor Retail (Pty) Ltd* Case No: 21025/14 03-08-2015 WCC Mantame J 25 pages Serial No: 2201





From the Juta Law Reports

The following judgments were reported since March 2017*

Trademark — Ownership of and passing off — 'Joest' — Whether sale of shares and licensing agreements transferring ownership — Contested proprietorship of confusingly similar registered trademarks — Application and counter-application for expungement of trade marks from register and consequential relief — Mark originating from first respondent, a German-based company and holding company of a subsidiary which introduced its machines and components into South Africa bearing the mark indicating provenance — Years later ownership in subsidiary relinquished — Commercial relationship continuing — No acquisition of proprietorship by former subsidiary — Licensee and not licensor — Ineffective assignment of rights not validly held. *Joest (Pty) Ltd v Jöst GmbH + Kg* Case No: 319/2015 01-09-2016 SCA Navsa JA, Petse JA, Willis JA, Saldulker JA and Swain JA 24 pages Serial No: 1599/2016

Trademark — Referral of a dispute to High Court concerning respondent's application to register mark OLYMP — Applicant the proprietor of the registered mark OLYMPIC — The applicant's trademark has been registered and used in South Africa for almost 100 years — Applicant has been holding exclusive rights for the use of the trademark OLYMPIC in South Africa since 1918 — Since then, there has been numerous well-recorded amendments and extensions to the scope of the use of the OLYMPIC trade mark — Currently the applicant's trade mark is used in further ranges such as clothing, bags and caps, which is sold in a wide range of retail outlets. *Feltex Holdings (Pty) Limited v Olymp Bezner GmbH & Co KG* Case No: 5918/2015 28-07-2016 GP SL Magardie J 13 pages Serial No: 1472/2016

Trademark — Registration — Similarity to existing mark — PEPPAMATE and PEPPADEW — The appellant applied for registration of a trademark, known as PEPPAMATE and a device, in a form of a side view picture or drawing depicting a single rounded pepper with a stalk, for goods in classes 29, 30 and 31, which application was lodged with the Registrar of Trade Marks — The respondents, who have registered the mark PEPPADEW also with a device in a form of a side view picture or drawing depicting a single rounded pepper with a stalk, filed a notice of opposition to the application for registration, based on the provisions of ss 10(13), 10(14) and 10(17) of the Trade Marks Act 194 of 1993 — Likelihood of confusion established — Registration correctly refused by court a quo — Appeal dismissed. *Dinnermates (Tvl) CC v Piquante Brands International (Pty) Ltd* Case No: A227/2015 15-12-2016 GP Molopa-Sethosa J, Mothle J and Hughes J 15 pages Serial No: 0239/2017

*[Digests 4 to 10 of 2017]



Ten Pin Bowling

The SAIPL Ten Pin Bowling function was held on 5 May 2017 at Let's Go Bowling in EcoPark, Centurion. As always, it was an enjoyable occasion where colleagues from different firms were able to socialise and have a few laughs, whilst participating in a bit of friendly rivalry. The event was attended by 35 players with prizes going to the highest scoring male and female, and lowest scoring male and female. The prize for the best female was won by Karien Postma and the best male player was Patrick O'Brien, both SAIPL student members from Spoor & Fisher.

Winners are:



Next up:

Annual Dinner - 10 Nov 2017

Venue TBA

AGM - 15 November 2017

Pretoria CC at 14H30



SAIPL GOLF DAY

FRIDAY 15 SEPTEMBER 2017

@ THE PRETORIA COUNTRY CLUB,
WATERKLOOF, PRETORIA

R500 PER PLAYER

PRICE INCLUDES;
GREEN FEES, CART/CADDIE FEES
A "GRAB-AND-GO" MEAL
PRIZES & A LIGHT DINNER

RSVP
NO LATER THAN
30 AUGUST 2017



THIS IS AN EVENT FOR BOTH SERIOUS AND NON-SERIOUS PLAYERS.