

# IP BRIEFS

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The logo for SAIPL (South African Intellectual Property Law) features the letters 'SAIPL' in a bold, black, sans-serif font. The letter 'I' is stylized with a red and orange curved shape above it, resembling a flame or a drop.

## FROM THE EDITOR

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Winter is in our midst and it is a chilly one!

It has been an intriguing few months filled with horrific events of Isis senseless killings and the unexpected results of the recent UK referendum. Both events evenly shocking.

The majority vote was passed for the UK to leave the European Union (EU) (BREXIT) which resulted in the resignation of British Prime Minister David Cameron with Theresa May as his successor. BREXIT raised many questions within the intellectual property community, especially for non-EU and non-UK companies with a European intellectual property presence. We provide a glimpse on the position of IP post- BREXIT in this edition.

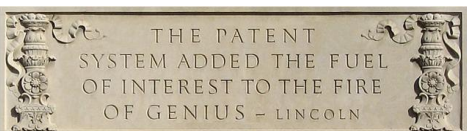
The revised IP Policy of South Africa has been approved by the Cabinet, it is expected to be available to the public soon. We trust the long deliberation resulted in a better product than the previous version.

The International Trademark Association (INTA) is hosting its first conference in Africa. It is entitled Building Africa with Brands and will be held from 1-2 September 2016 in Cape Town, South Africa. INTA promises that this conference will give you the unique opportunity to meet with African and international brand owners, government officials, and legal experts from around the world, who recognize the importance of the African market to their businesses. Registration can be done via INTA web-portal.

Stay warm.

*Quote for today: In the business world, everyone is paid in two coins: cash and experience. Take the experience first; the cash will come later.*

Harold S. Geneen





## Please call me

By Jaco Hamman Hahn & Hahn Attorneys

Mr Makate a former employee of Vodacom instituted action against Vodacom in 2008 seeking an order to compel Vodacom to comply with its obligations under an agreement which Mr Makate alleged he entered into with Vodacom.

Mr Makate alleged that he entered into an agreement with Vodacom in terms of which Vodacom and Mr Makate would enter into negotiations pertaining to the remuneration he would receive for his “Please Call Me” concept.

Vodacom responded *inter alia* that Mr Makate’s claim had prescribed; that there was no agreement and/or that the individuals who purportedly represented Vodacom during the conclusion of this agreement did not have actual or ostensible authority to enter into the agreement on Vodacom’s behalf.

The Court *a quo* found that the alleged contract was in fact concluded but that Mr Makate’s claim had prescribed and that as Mr Makate did not plead estoppel in replication to Vodacom’s plea of no actual or ostensible authority, he could not rely on this and his claim was therefore dismissed with costs.

The Court *a quo* and the Supreme Court of Appeal refused leave to appeal; the Constitutional Court however granted Mr Makate’s leave to appeal and subsequently found in favour of Mr Makate.



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On 26 April 2016 the Constitutional Court handed down its judgement in the matter of Kenneth Nkosana Makate v Vodacom (Pty) Ltd<sup>1</sup>. For purposes of this article the emphasis will be placed on three of the pertinent issues raised in the judgment

### ***The interpretation of the word “debt” as provided for in the Prescription Act 68 of 1969***

Mr Makate approached the High Court for an order compelling Vodacom to enter into negotiations with him pertaining to the remuneration he would receive for his IP.

The trial court found that the claim related to debt. As the cause of action arose more than 3 years prior to the instituting of the action against Vodacom, the court found that Mr Makate’s claim had prescribed in terms of the Prescription Act.

The Constitutional Court on the other hand found that Mr Makate’s claim had not prescribed as it fell beyond the scope of the word “debt”, as the relief sought was not an amount of money, goods or service, which Vodacom had to pay or render to Mr Makate,

but rather the enforcement of an agreement to negotiate in good faith.

This is a confirmation of the interpretation of the word “debt” as found by the Appellate Division in *Electricity Supply Commission v Stewarts and Lloyds of SA (Pty) Ltd 1981 (3) SA 340 (A) (Escom)*. The Appellate Division here found that the word should be interpreted using the shorter Oxford English Dictionary, namely:

*“1. Something owed or due: something (as money, goods or service, which one person is under an obligation to pay or render to another. 2. A liability or obligation to pay or render something; the condition of being so obligated.”*

It is the opinion of the author, that the Constitutional Court, being a court of equity,<sup>1</sup> (on the backdrop that the remedy provided for the aggrieved party must be just and equitable in the light of the facts, the implicated constitutional principles and the controlling law) was correct in its interpretation. This ruling will surely have an impact on what sort of claims in the future will be regarded as falling within the ambit of the Prescription Act.

### ***Ostensible Authority***

Ostensible authority is when a principal represents by words or actions to the outside world that it’s representative (or agent) has the necessary authority to bind the principal. Whether the representative then in fact had the actual authority to bind the principal becomes immaterial.

The High Court held that in order for a party to rely on ostensible authority, that party should plead estoppel, which according to the trial Court could only be done in replication. The authority for its ruling was Amler’s Precedents of Pleadings, additions 7 (2009).

According to Amler, *“A plaintiff wishing to rely on estoppel must plead it in replication in reply to the defendant’s plea where reliance is placed on the true facts.”* Amler further states *“Because estoppel can only be raised as a defence, a plaintiff intending to rely upon estoppel is well advised to allege actual authority and rely on estoppel as an alternative in the replication.”*

The Court *a quo* held that Mr Makate had not established ostensible authority as he did not plead Estoppel in replication.

The Constitutional Court however found that the facts accepted by the Court *a quo* confirmed that there was ostensible authority and that the trial Court erred in finding that it had to be pleaded in replication. This is in contradiction to Amler and academics that teach law students that ostensible authority in essence can only be pleaded through estoppel and then only in replication.

The author is in agreement with the Constitutional Court's ruling as it is illogical that if a party (plaintiff) foresees that a defendant will plead no authority, why the plaintiff should be compelled to wait until the defendant has filed its plea to then only in replication use estoppel whereas the plaintiff could have pleaded ostensible authority from the outset.

The Constitutional Court therefore ruled that Vodacom is bound by the agreement as the CEO had authority to bind Vodacom.

When pleading ostensible authority from the outset, a plaintiff must accordingly allege and prove that as it appears to others, the representative of the principal had the ostensible authority to bind the principal and that the plaintiff acted there upon.

The issue was further raised between the difference between ostensible authority and estoppel and it is on this issue that there is a difference of opinion between the majority judgment and the minority judgment. The minority judgment and the majority judgement however came to the same conclusion as to the relief sought and accordingly for purposes of this article is not included herein.

### ***The enforceability of an agreement to negotiate in good faith***

The Constitutional Court confirmed the position that an agreement to negotiate in good faith is enforceable in the event that the agreement contained a deadlock-breaking clause. In other words, a clause that describes what will happen should the parties not be able to agree. In this instance the deadlock-breaking clause determines that should Mr Makate and Vodacom not reach a settlement the matter should be referred to the CEO of Vodacom.

Whether an agreement to negotiate in good faith which does not contain a deadlock-breaking clause is enforceable or not however remains a grey area in our law. Unfortunately, the Constitutional Court did not make a ruling on this nor did they expand on the issue.

### **Where to from here?**

Vodacom and Mr Makate have 30 days from date of the judgement to start with negotiations in good faith in order to determine the reasonable compensation that Vodacom is to pay Mr Makate for his idea of the "please call me".

One of the first challenges would be is how the amount will be calculated and the basis of that calculation.

One argument is that Mr Makate is entitled to a percentage of the profit that Vodacom has made, is currently making and will be making in the future. A consideration should be given to had Mr Makate applied for patent protection, he would have been entitled to only 20 years' license fees albeit against all third party infringers. The question is why he then in this instance, where no such patent exists he should be entitled to remuneration in perpetuity.

Another argument is that the only advantage that Vodacom had over its competitors for using Mr Makate's idea was the approximate 3 months that it took Vodacom's competitors to offer a similar service to its clients and consequently that Mr Makate is only entitled to a percentage of the profits that Vodacom made during this period.

A further important question then is whether it is the current CEO of Vodacom or Mr Alan Knot Craig who was the CEO when the initial agreement was entered into that should be involved in these negotiations and whether a right to appeal exists if the parties cannot agree or only take the decision on review. It is the view of the author that in view of agreement the decision of the CEO should be final that the decision is not appealable but only reviewable, which means that the decision can only be overturned if the aggrieved party can prove fraud or impartiality of the CEO.

In the meantime, and in the background of the dispute between Mr Makate and Vodacom another dispute has arisen. As can be imagined the legal fees incurred to date in this matter amounts to millions and the legal fees had to be paid by someone, and for this there were funders. Among the funders are now a dispute as to what percentage of Mr Makate's should each funder be entitled to. Recently an urgent application was brought by one of the alleged funders to interdict Mr Makate or any of the other funders or legal representatives to negotiate with Vodacom on Mr Makate's behalf. The result of this High Court application was that as there was an arbitration clause in the funding agreement, the parties had already initiated arbitration proceedings that the funders' dispute should be decided through the arbitration process. Mr Makate is accordingly allowed to proceed with his negotiations with Vodacom.

Although Mr Makate has won the Constitutional Court case it is clear that his battles with Vodacom and the funders is in no way complete. There remain more questions than answers.



**The recent UK referendum passed by majority vote (52% - 48%) for the UK to leave the European Union (EU) (BREXIT) resulted in the resignation of British Prime Minister David Cameron with Theresa May as his successor. BREXIT raised many questions within the intellectual property community, especially for non-EU and UK companies with a European intellectual property presence.**

Although it is anticipated that the exit of UK from the EU will have impact on IP protection. It is expected that UK patents based upon an EPO validation would not be significantly affected, but there currently remains some uncertainty with respect to the impact of this referendum on EU Trademarks, EU Community Designs, and the proposed Unitary Patent and unified EU IP Courts. There remain still the formal steps to be taken to effectively leave the EU and it is foreseen that EU law will continue to apply in the UK for at least a two-year period, during which the UK will negotiate the specific terms of its exit with the EU governing body.

The potential impact on European Patents, Trademarks, and Designs are briefly summarized herein.

## PATENTS

Patents can presently be granted in the UK through direct application to the UK Intellectual Property Office (UKIPO) or as national validation in the UK following the European Patent Office (EPO)

patent grant wherein the UK was designated as member state on application

The European Patent Office (EPO) system is completely separate from the EU. It is therefore unaffected by Brexit. In particular, patents already granted by the EPO that have been validated in the UK will remain in force. Future European patents granted by the EPO in the usual way can still be validated in the UK, regardless of the UK's relationship with the EU. More particularly, the EPO President released a short statement confirming that the referendum result has no effect on EPO membership and therefore European patents in the UK. It also refers to looking for a solution to keep the unitary patent process on track (<http://www.epo.org/news-issues/news/2016/20160624.html>).

The Unitary Patent, which has been moving towards approval, provides for a single patent which can be granted for all EU-member countries, with a single Unified Patent Court for enforcement throughout the EU. Prior to the Brexit vote, it was widely expected that the Unitary Patent and Unified Patent Court would be implemented by mid-2017. However, it is likely that the uncertainty created by the Brexit vote will delay this implementation date. With BREXIT it is likely that the UK will NOT be allowed to participate in the Unitary Patent and Unified Patent Court after it leaves the EU, as it would entail a benefit to the UK without any corresponding EU obligations. However, excluding the UK would be against the commercial and economic

interests of virtually all countries involved. Therefore, the argument is made by some that it seems quite likely that the UPC will continue with the involvement of the UK.

## TRADEMARK & DESIGNS

Similarly, trademarks and designs can be registered in the UK directly or an EU Trademark (EUTM) application (previously CTM) or an EU Community Design application respectively, which is a centralized application covering EU member states.

Again a national UK application should not be affected by a potential BREXIT. However, rights under EUTM applications are available only within EU member states. The implication being that the protection provided by a registered EUTM mark may no longer apply in the UK after the implementation of BREXIT.

Should the UK eventually leave the EU, it is expected that there will be transitional arrangements to 'convert' the EU rights into national rights in the UK. That should avoid any loss of rights. This process should also apply to any EU design or trademark applications filed from now until such arrangements come into effect.



## 3-D PRINTING



Dr Elmar Muller

Elmar has a keen interest in Intellectual property. He holds a My PhD in Organic chemistry and an MBA in Strategy development.

3 D printing started as Rapid Prototyping (RP) in the 1980s, but was only seen as a tool for Big Industry. The first patent application on RP technology was filed in Japan, in May 1980. The application lapsed and the first patent was issued in the US in 1986 for stereolithography (SLA) in the name of Charles Hull, who first invented his SLA machine in 1983.

For the next 25+ years the technology was developed for Industrial applications and two of the leaders are Materialise NV and Stratasys.

This started to change in 2007 when for the first time 3D printers became available at prices of USD 10 000. In 2009 the first desktop 3D printing models started to appear and in 2012 desktop models became available for approximately USD 500. This turned out to be a game changer.

The 3 most widely used printing methods are Stereolithography (SLA), Laser sintering and Extrusion. Application specific methods like Inkjet, binder jetting and material jetting, Selective Deposition Lamination (SDL) and Electron Beam Melting (EBM) are slowly being accepted. The speed at which 3D printing proceeds has always attracted huge critics and two new Digital light processing (DLP) methods are addressing this with products being produced in minutes, rather than hours. The people behind the technologies, Joseph DeSimone of University of North Carolina and Carbon 3D and Kobus du Toit of Gizmo 3D printers claim printing speed increases of 100 fold and more. Originally the material that could be "printed" were very limited but the choice now includes Photopolymers, Powdered plastics, Thermoplastics and even Metals.

In 2016, the 3D printing industry was pushed to the forefront when Airbus announced that the Airbus A350 XWB aircraft will be assembled with over 1,000 plastic end-parts from Stratasys, a partially 3D printed engine from Rolls-Royce, a 3D printed fuselage and engine pylon parts from Alcoa and other components from Materialise.

Airbus even opened a 3D printing center in Germany with the Ludwig Bolköw Campus.

Copyright infringement will probably be one of the IP Rights fields that will be mostly impacted by this technology. 3D scanners are now available off-the-shelf and Smart phone enabled apps are starting to appear that will turn a smart phone into a 3D scanner.

In March 2016, three companies, Shapeways, Formlabs, and Matter and Form, submitted a "friend of the court" brief to the U.S. Supreme Court in association with a clothing case, where the Court may address the question of what is copyrightable - what types of objects can be copyrighted.

Under the U.S. Copyright Act, to be copyrightable an object's design must incorporate "pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article."

"Printable" items now include food, medical devices and prosthesis, parts for automobiles, houses, electronic pcbs, parts for aircraft and household devices. This technology really has the potential to revolutionise the manufacturing industry.

Unfortunately, this technology can also be abused. In 2012, the U.S.-based group Defence Distributed disclosed plans for a working plastic gun that could be downloaded and reproduced by anybody with a 3D printer. In 2013 a Texas company, Solid Concepts, demonstrated a 3D printed version of an M1911 pistol made of metal, using an industrial 3D printer.

## KEYWORD BIDDING - UNLAWFULL OR NOT?

In *Cochrane Steel Products (Pty) Ltd v M-Systems Group (Pty) Ltd and Another* (227/2015) [2016] ZASCA 74 (27 May 2016), the Supreme Court of Appeal of South Africa's confirmed a High Court ruling - that bidding on a competitor's trademark as a keyword, without more, is not passing off. This decision brings South Africa's laws on keyword bidding in line with trends in international jurisprudence most notably in the United Kingdom, Canada, New Zealand, France and the United States. It also shows the reluctance of South African courts to extend the laws of passing off and unlawful competition beyond their classic formulations.

Notably, this case deals with a factual scenario where there is no visual use of the trade mark in the sponsored advert and it is clear from the advert that a competitor's product is sold. It is also a case brought on the basis of an unregistered trademark symbolising the goodwill in Cochrane Steel's *CLEARVU* fence as opposed to trademark infringement. The issue on appeal then was whether the mere bidding on a keyword amounted to unlawful competition and, pleaded in the alternative, passing off.

In dismissing the case, Appeal Court Judge Ponnann held that

*"The critical question to be answered in a keyword bidding case is whether the Google advertisement which appears in response to the search using the keyword does not enable normally informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to in the Google advertisement originate from the proprietor of the trade mark (whose mark has been used as a keyword) or an undertaking economically connected to it or, on the contrary, originate from a third party."*

The judge went on to say that there may be some *"irritation and perhaps even annoyance but it does provide the consumer with alternatives thereby fostering competition"*, that *"Sorting the wheat from the chaff insofar as Google advertisements are concerned is by no means difficult"* and held that there was no likelihood of confusion, even initial interest confusion. Hence there was no passing off.

Turning to the question of unlawful competition, the court held that:

*"As a general rule, every person is entitled freely to carry on his trade or business in competition with his rivals. But the competition must remain within lawful bounds. If it is carried on wrongfully, in the sense that it involves a wrongful interference with another's rights as a trader, that constitutes an injuria for which the Aquilian action lies if it has directly resulted in loss."*

And that

*"...the use by one trader of the unregistered trade mark or trade name of another is not unlawful under the common law except to the extent that that use gives rise to passing off."*

As the court had held that passing off was not present and it could not be argued with any conviction why the practise of keyword bidding on a competitor's trademark (without more) was wrongful, there could be no unlawful competition.



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The Authors acted for M-Systems

## DOMINANT FEATURE TEST - NOT SO LUCKY IN THE END....

HUGO PRINSLOO

### TRADE MARK PRINCIPLES IN INFRINGEMENT PROCEEDINGS...ESTABLISHED OR NOT?

Over the last number of years, trade mark practitioners in South Africa (or at least the writer hereof) have been finding it increasingly difficult to gauge how the courts will deal with, what they consider, trite (and well-established) legal principles applicable to trade mark infringements and oppositions.

As there is no need to restate these well-established principles laid down by the Supreme Court of Appeal<sup>1</sup>, this article will primarily focus on the application of the dominant feature test in some select cases. Some illustrative examples of the difficulties that have been experienced by our courts when dealing with these well-established principles will assist in painting the

landscape of how trade mark practitioners can advise their clients in this complicated environment.

The likelihood of confusion between two marks must be appreciated globally, taking into account all relevant factors. The factors that are traditionally considered to be most relevant are the similarities / dissimilarities between the respective marks ; the relevant goods and / or services and the interdependency between these two enquiries<sup>2</sup>.

Over the past number of years, our courts have struggled with the concept of notional use and similarity of goods and / or services (see *Due South*<sup>3</sup> and the reasoning adopted by the Registrar of Trade Marks in the *Chantelle* opposition which was overturned on appeal, for example). The full



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bench of the North Gauteng High Court stated that goods falling in different classes are *prima facie* dissimilar (*Due South*)<sup>4</sup>.

A great emphasis has been placed on the physical nature of the relevant goods, and the trade channels through which they are placed on the market, when a

*the goods / services are in different classes would indicate, at least prima facie, that the goods and services are not similar”.*

<sup>1</sup> Plascon-Evans Paints (TVL) Ltd vs Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A)

<sup>2</sup> New Media Publishing (Pty) Ltd v Eating Out Web Services CC 2005 (5) SA 388 (C) at 394C-F

<sup>3</sup> Foschini Retail Group (Pty) Ltd vs Jan Frederick Coetzee (Case no. A1/11) before the North Gauteng High Court (unreported)

<sup>4</sup> “The starting point for an assessment of similarity must therefore be with reference to the classification system itself. The fact that



comparison for purposes of similarity is made. In a matter involving a comparison between wine grapes and wine the Supreme Court of Appeal, in *Zonquasdrift*<sup>5</sup>, expressed the following view:

*“On application of these considerations to wine grapes and wine, first impressions are that the likelihood of confusion is slight indeed. The nature of the two products is entirely different. The one is a fruit – albeit inedible – and the other is an alcoholic beverage...since wine grapes are not suitable for consumption as a fruit, they are not sold to the public and they are therefore not to be found in any retail outlets.*

In contrast to this case, it has been held by the Supreme Court of Appeal<sup>6</sup> and, more recently, by a full bench of the High Court<sup>7</sup>, that articles of clothing (the latter case even involving specific / selective knitted clothing and underclothing items) and cosmetics, despite differences in physical nature, constitute similar goods.

Against the above background, the application of the dominant feature principle / test by our courts over the years deserves a discussion.

In every case involving marks featuring the same dominant element, reliance is placed *inter alia* on *Searles Industrials*<sup>8</sup> which found that the dominant feature is the determining factor.

On appeal before a full bench, Margo J<sup>9</sup> elaborated on this principle and stated the following:

*“The conclusion to be drawn from the authorities is that, while in certain cases the dominant feature of each mark may be the determining factor, the true rule is a broader one, namely, that the comparison is to be made between the main idea or impression left on the mind by each of the marks, having regard to any essential or salient or leading or striking feature or features in each.”*

In cases featuring arguments based on an alleged dominant

element, a defence based primarily on the well-known *Bata*<sup>10</sup> case is put forward.

In finding that no likelihood of confusion or deception between the marks **POWER** and **POWERHOUSE** was present, the Supreme Court of Appeal found that in relation to the dominance of the word “POWER”:

*“It is an ordinary word in everyday use, as distinct from an invented or made-up word, and it cannot follow that confusion would probably arise if it is used in combination with another word.”*

Surely, every English word in the dictionary carries an “ordinary” meaning, and barring some exceptions such as “discombobulate”<sup>11</sup>, are probably also an everyday use. The Supreme Court of Appeal could certainly not have intended that these words are not capable of monopolising.

For example, words like “APPLE” (for electronic equipment such as computers and cellphones)

<sup>5</sup> *Mettenheimer vs Zonquasdrif Vineyards CC* (965/12) [2013] ZASCA 152 (19 November 2013)

<sup>6</sup> *Danco Clothing (Pty) Ltd vs Nu-Care Marketing Sales & Promotions (Pty) Ltd and another* 1991 4 SA 850 (AD)

<sup>7</sup> *Chantelle v Designer Group (Pty) Ltd* (A743/2013) [2015] ZAGPPHC 222 (24 April 2015)

<sup>8</sup> *Searles Industrials (Pty) Ltd v International Power Marketing (Pty) Ltd* 1982 4 SA 123 (T) 127D

<sup>9</sup> *International Power Marketing (Pty) Ltd v Searles Industrials (Pty) Ltd* 1983 (4) SA 163 (T) at 168H

<sup>10</sup> *Bata Ltd v Face Fashions CC and Another* (206/98) [2000] ZASCA 192 (29 September 2000)

<sup>11</sup> Which, somewhat appropriately, means “to confuse” - <http://www.fluentu.com/english/blog/weird-strange-english-words/>

and “WINDOWS” (for computer software) are *ordinary words in everyday use*. Yet, since their adoption, these words have been inherently distinctive trade marks which have, furthermore, grown into well-known brands.

The context in which the said *dictum* by Melunsky AJA was made is important. Evidence was submitted that showed there were numerous trade mark registrations in South Africa in respect of clothing which incorporated or included the word “power”. It was evident that the word “power”, in addition to being an ordinary word, had become common in the particular industry and trade and, hence, incapable of monopolising. As a result of this, it is submitted that the word could no longer act as a “leading” or “striking” feature as referred to by Margo J in *Searles*.

When the same issue came before the Supreme Court of Appeal in the *Orange*<sup>12</sup> case, it appeared that the problems surrounding the *dictum* in *Bata* had finally been cleared up, in addition to the proper application of the concept of notional use.

In *Orange*, the court had to determine whether the marks **ORANGE** and **ORANGEWORKS** were confusingly similar.

Nugent JA stated the following:

*“I accept that ‘orange’ is an ordinary English word, in wide use to describe a colour or a fruit, and is not a constructed word finding its distinctiveness in the word itself. But to my mind the dominant feature of the word when used as a mark in this context, is that in its ordinary meaning it has no association with computer software or computer technology. It is precisely the absence of any natural association that makes the mark distinctive and catches attention.”*

Unfortunately, the decision in the *Orange* matter has since been followed by a short-and-(not so) sweet judgment in *Lucky Star*<sup>13</sup>. Although there were a number of infringing marks involved, the court reduced the comparison mainly to **LUCKY STAR** and **LUCKY FISH / LUCKY FISH & CHIPS**.

**LUCKY STAR** is an iconic trade mark in South Africa in relation to canned fish products. The **LUCKY STAR** trade marks are registered for *inter alia* food products and the retail, wholesale and distribution thereof.

**LUCKY FISH** was / is being used in relation to services for the provision of food and drink, particularly sit-down restaurants.

Swain AJ, who incidentally also formed part of the bench in the *Orange* matter, dismissed the appeal based on the precedent set by the *Bata* case and in contrast to the more recent *Orange* case (which was not mentioned in the judgment). In the absence of any evidence that the word “LUCKY” had become common in the parties’ respective industries, the following was stated:

*“In my view, the common elements of the appellant’s and the respondents’ marks being the word ‘Lucky’ is of minor significance when the marks are looked at as a whole. The word ‘Fish’ as opposed to the word ‘Star’ is distinctive and cannot be ignored. When the marks are compared side by side, and the main or dominant features of the marks are considered, namely the words ‘Star’*

<sup>12</sup> *Orange Brand Services v Account Works Software* (970/12) [2013] ZASCA 158 (22 November 2013)

<sup>13</sup> *Lucky Star Ltd v Lucky Brands (Pty) Ltd and Others* (164/2015) [2016] ZASCA 77 (27 May 2016)

*and 'Fish', there is no likelihood of deception or confusion. In this regard the appellant submits that the distinctiveness of the word 'Fish' is diminished because it is used in the context of the sale of fish. As I understood the argument, the word 'Fish' was descriptive of the product sold and not distinctive, because the product sold by both parties was fish, in whatever form. I disagree, the distinctiveness of this word is not diminished simply because it also serves to describe the product sold.*

The reasoning adopted by the court is clearly inconsistent with that reasoning followed in the *Orange* case and renders some points of controversy:

- a) The Supreme Court of Appeal appears to be divided on the proper application of the dominant feature test;
- b) The word "LUCKY" (which has no ascribable meaning to the particular industries involved), was nevertheless found to be common (and hence not dominant, leading or distinctive) and of minor significance, while the word "FISH" (for a fish

restaurant) was said to be distinctive;

- c) The concept of distinctiveness in trade mark law probably needs to be re-evaluated in view of the statement that "*the distinctiveness of this word [FISH] is not diminished simply because it also serves to describe the product sold*". It is respectfully submitted that this is clearly wrong – for example, the word "CLOTHING" for clothing, could never be distinctive;
- d) Even if the reasoning as set out in (b) above is accepted for argument's sake, what about the appellant's reliance on its **LUCKY STAR label**, which prominently includes the (now distinctive, if the court's reasoning is followed) device of a fish? Does the reasoning adopted by Swain AJ not, by implication, render this particular trade mark confusingly similar to the

alleged infringing **LUCKY FISH** marks?:



Future cases

The reasoning adopted in the latest *Lucky Star* judgment complicates the matter. There is no clear guideline set by courts of well-established legal principles applicable to trade mark infringements and oppositions. This applies to the High Courts and the Supreme Court of Appeal.

More consistent outcomes in cases involving similar factual scenarios are desperately needed.

The introduction of specialised intellectual property courts on the adjudication of intellectual property-related disputes appears to be a logical answer to the challenges currently being faced, in the writer's view at least.



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# The Law Reports

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**The following judgments were reported since March 2016\***

## **Trade Marks**

SAIC Motor Co Ltd v Deutz AG (Case no 65401/2015)

Cochrane Steel Products (Pty) Ltd v M-Systems Group (Pty) Ltd and Another (227/2015)

[2016] ZASCA 74

## **Patents**

Constitutional Court Judgment: Makate v Vodacom (Pty) Ltd [2016] ZACC 13- "Please Call Me"

## **Copyright**

Moneyweb PTY Ltd and Media24 Ltd and Fadia Salie (Case number 31575/2013)

## **Designs**

None

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### Complete judgments

Please request a copy of the judgment from Marie Louise Grobler at [saiipl@icon.co.za](mailto:saiipl@icon.co.za)

\* The list can only be complete if members submit judgments to the SAIPL office

## BOWLS EVENT MOMENTS



# Bowling

The SAIPL hosted its annual bowls day at the Irene Country Club on Friday 10 June 2016. The event was well attended and was a great success.

The afternoon kicked off with some mingling, competitive banter and light refreshments before the teams got down to business.

Team 1, consisting of Gerard du Plessis, Deon Boucher, Mandy Swanepoel and Adele Els, were like lightning out of the starting blocks and maintained a convincing lead until the end.

Many thanks to all of those who participated and to Marie-Louise for her efforts in organising another successful SAIPL event. For those who could not attend, below are some action shots from the event.

Vicky Stilwell

President - SAIPL

## EVENTS CALENDAR

Date	Event
12-Aug-16	Ladies Luncheon High Tea at Café Hemingways in Kyalami
09-Sep-16	SAIPL Golfdays Wingate or CopperLeaf
12-Nov-16	Annual Dinner Venue in JHB (TBA)
16-Nov-16	Annual General meeting Venue TBA

## Sudoku

			8					5
				7		6		
					3			
		6						8
	3		5				1	
4	9	2	1					
		9				4	2	
	2			3	5			
	1					9		

3	7			8				
				1			6	
	5				3			
	8		2	3				5
							9	8
1					4			
2					6		7	3
						2		
		8		4				