IP BRIEFS

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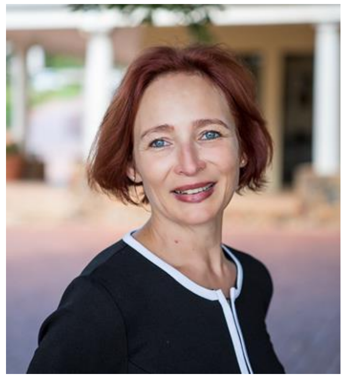
IN THIS ISSUE



FROM THE EDITOR

Dr. MM Kleyn

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It remains a concern that many qualified and skilled professionals are leaving South Africa in search of better opportunities. The ongoing problems of crime, economic uncertainty, political problems, affirmative action, BEE and unemployment are driving citizens to look for greener pastures overseas. This effects the South African economy. In July, the Department of Science and Technology announced the intent to establish a R5 billion fund for innovative start-up companies; may this realise. Technology development is at the forefront of the IP agenda too. For the immediate future it appears that the focus is on the entrepreneur, SMEs and their competitiveness. There are various IP conferences, trade shows and events: WIPO is presenting a few seminars on the topic in August, the License Executive Society is presenting a conference on Innovation and Technology in Stellenbosch end of August followed by the SARIMA conference in September. Artificial Intelligence receives much attention. In April, Google opened a new Artificial Intelligence research laboratory in Ghana to address the continent's economic, environmental and political issues using AI technology. As has been recently widely reported (BBC, Financial Times and The Times), a number of patent applications have been filed designating a machine learning (ML) algorithm as an inventor. One example the inventive algorithm covered by patent application US 2015/0379394 invented by Dr Stephen Thaler. The debate on whether artificial intelligence system should be recognised as inventor, continues and it would be interesting to monitor how this evolves and what the implications of AI inventors would hold for society.

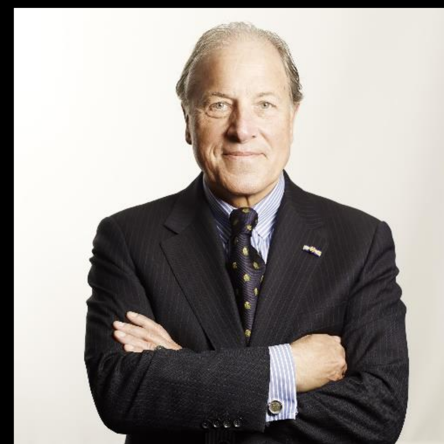
Quote for today:

"Grant is the beginning of the Patent Game, not its end."

— **Kalyan C. Kankanala,** Fun IP, Fundamentals of Intellectual Property

DEBRANDING….
A FORM OF TRADEMARK INFRINGEMENT?

PROFESSOR CHARLES GIELEN



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Court of Justice of the European Union (CJEU); *Mitsubishi Shoji Kaisha Ltd, Mitsubishi Caterpillar Forklift Europe BV v Duma Forklifts NV, G.S. International BVBA Case* ***C 129/17 ECLI:EU:C:2018:594***

Is "Debranding" (the removal of a trademark from a product without the trademark proprietor's consent) a form of trademark infringement?

This question was addressed before the Court of Justice of the European Union in the *Mitsubishi/Duma* case.

The CJEU has decided that, in the particular circumstances of this case, this indeed constitutes trademark infringement. In his written opinion, Advocate-General Campos Sánchez-Bordona had – in contrast – expressed the view that it is not possible to challenge debranding on the basis of trademark law, but that it might be possible to do so based on unfair competition rules. So, what are the facts of this case? The defendants purchased original Mitsubishi forklift trucks outside the EEA and placed them in customs warehousing. There, the defendants removed the Mitsubishi marks, attached their own signs and made a number of modifications to bring the trucks in line with EU standards, after which the trucks were taken out of the warehousing and imported into the EEA market. Mitsubishi opposed this before the Belgian courts, invoking its EU and Benelux trademarks. The Brussels Court of Appeal asked the CJEU – in brief – whether the debranding of goods that have not previously been traded within the EEA can be opposed as a form of trademark infringement and, in this regard, if it makes a difference whether the other party has affixed a distinctive sign of its own ("rebranding") and whether the relevant goods can still be identified by the average consumer as originating from the trademark proprietor.

To refresh the reader's memory: a trademark proprietor's rights include the right to oppose the unauthorised use, in the course of trade, of a sign identical or confusingly similar to the relevant trademark in relation to goods or services such as those for which that trademark is registered (see Article 5 of the Trade Marks Directive and the virtually identical Article 9 of the European Union Trade Mark Regulation; for the sake of convenience I will generally refer only to the Directive provision from now on). In order for the proprietor to be entitled to exercise a right of opposition, the sign's use must therefore occur both (a) in the course of trade and (b) in relation to goods or services. The abovementioned provisions give non-exhaustive examples of use, such as affixing the trademark to goods (or their packaging), importing or exporting goods under the trademark, or using the trademark in advertising. Debranding is not mentioned.

In the run-up to its actual decision, the CJEU begins by reminding us of the doctrine of the exhaustion of trademark rights (pars. 31-32) and the court's case law on the various functions of a trademark (pars. 34-38). With regard to exhaustion (once goods bearing a trademark have been placed on the market by or with the consent of the proprietor of that trademark, the proprietor cannot oppose the use of the trademark in relation to those goods), a political choice was made at the time to limit the scope of its application to the territory of the EEA and to preclude worldwide exhaustion. In other words: if goods that have been placed on the market outside the EEA by or with the consent of the trademark proprietor are imported into the EEA by another party, the exhaustion rule does not apply and the proprietor can oppose the importation of those goods. At the time of the harmonisation of European trademark laws, a problem was posed by the fact that some of the countries recognised worldwide exhaustion of trademark rights and others only national exhaustion. A compromise was reached by opting for EEA-wide exhaustion, hence the current rule.

THE CJEU HAS HELD THAT THE PROPRIETOR OF A MARK MAY TAKE ACTION AGAINST PARALLEL IMPORTERS OF THEIR PRODUCTS WHO REMOVE ALL SIGNS IDENTICAL TO THEIR MARK AND REPLACE THEM WITH OTHER SIGNS, WITHOUT THE CONSENT OF THE TRADE MARK OWNER AND WITH A VIEW TO IMPORTING AND TRADING THE PRODUCTS FOR THE FIRST TIME IN THE EEA.

According to the CJEU, this means that the trademark proprietor can control the first placing of goods bearing the trademark on the market in the EEA; the court actually refers to a "right" to such control and even to the infringement of that right. The concept of a "right to control" comes from an earlier CJEU judgment in the *Top Logistics* case (CJEU, 16 July 2016, C-379/14, EU:C:2015:497). This "right" forms the point of departure for the CJEU's judgment in the case at hand; it is set out in the very first part of the justification of the judgment. This, in my view, is where things go wrong. As I see it, the trademark proprietor cannot be said to have a right here. The rights of a trademark proprietor are explicitly formulated in Article 5 of the Directive under the heading "Rights conferred by a trade mark". Nowhere in the legislation is there a reference to a right to control the first placing of trademarked goods on the market in the EEA. The fact that the proprietor has such control is a consequence of the political decision to apply an EEA-wide exhaustion rule. This rule is an exception to the rights granted by law to the proprietor, but does not in itself give the proprietor an autonomous right. The CJEU, however, relies on a right of control as the first argument in support of its decision, by asserting that debranding deprives the trademark proprietor of its ability to invoke that right. If the CJEU is correct, this means that the proprietor will be able to invoke this construed right also where goods are debranded outside the EEA and then imported into the EEA in debranded form, without it being necessary to address the question of whether or not there has been an act of "use" in the EEA.

Instead of using this so-called right as a point of departure, the CJEU should first have addressed the question of whether debranding constitutes use of the trademark in the course of trade in relation to goods under Article 5 of the Directive. It is only in the fourth point of the court's assessment that the subject of use is raised. In paragraph 38, the CJEU states, referring to its case law on the list of types of use given in Article 5(3) of the Directive, that this non-exhaustive list refers exclusively to active behaviour. The court then rules that the removal of signs identical to the trademark and the affixing of the third party's own signs "involves active conduct on the part of that third party" and also occurs in the course of trade. What the court overlooks, however, is that there must always be use *in relation to goods or services*, that is to say use for the purpose of distinguishing those goods or services in the eyes of the relevant public. In my view, removal of the trademarked sign does not constitute use in this sense; on the contrary, the consequence is that the public cease to be confronted with the mark distinguishing the products. In other words: there may indeed be active conduct on the part of the third party, but not for the purpose of distinguishing the goods by means of the trademark. At the very most, there is active conduct in that the third party affixes its *own* distinctive sign to the goods, but this obviously does not constitute use of the *trademark*.

The CJEU also refers to the functions of a trademark and invokes these as further (second) grounds for its conclusion that debranding can be opposed on the basis of trademark law. The first (and, in the court's opinion, essential) function of a trademark is to guarantee the identity of the origin of the relevant goods to the consumer or end user, by enabling the latter to distinguish them from goods of a different origin. The CJEU concisely states that any act preventing the proprietor of a trademark from exercising his right to control the first placing of goods bearing that mark on the market in the EEA *by its very nature undermines that essential function of the trademark*. With all due respect, however, here the court completely overlooks the fact that, following its removal, the trademark is no longer visible and, therefore, that the question of control over goods *bearing the trademark* does not arise. Advocate-General Campos Sánchez-Bordona is correct in observing, in paragraph 80 of his opinion, that the *Top Logistics* judgment does not apply here. In its discussion of the indication-of-origin function, the CJEU addresses the question posed by the referring Belgian court about whether it makes a difference that the trucks are still recognisable to the relevant consumers as original Mitsubishi products, despite the removal of the trademarks and the affixing of the third party's own signs. However, the only thing the court says is that this fact "is likely to accentuate" the effects of the harm to the trademark's essential function. Why the court finds this to be the case is not explained. The author is of the opinion that the recognition of the trucks by consumers has nothing to do with the function of the Mitsubishi trademark as a distinctive sign. The potential confusion on the part of the consumer is due to the fact that Mitsubishi products apparently have a distinctive appearance and therefore if the consumer sees that same outward form that can be confused as to the origin of the relevant product. In other words, the confusion results not from the function of the trademark, but from the distinctive character of the products' outward appearance.

In addition, the CJEU discusses why, in its view, debranding and the affixing of the third party's own sign also harm two other functions recognised earlier by the court, namely, the investment function and the advertising function. This harm consists, in brief, of substantially impeding the use of the trademark by the proprietor for the purpose of building a positive reputation among consumers, as a factor in sales promotion or as an instrument of commercial strategy. I understand why the court has concerns about the trademark proprietor's inability to use its trademark to generate goodwill among consumers for its own products. But this can, at most, form the basis of an action for unfair competition: from a trademark law perspective, no harm to the functions of the trademark in question can be said to have occurred because, as stated earlier, no use of that trademark can be said to have taken place.

As a third argument in support of its decision the CJEU states that debranding and the affixing of new signs is contrary to trademark law's objective of ensuring undistorted competition on the market. In paragraph 30, the court had reminded us that in the EU system for the protection of undistorted competition, undertakings must be able to attract and retain customers by the quality of their products and that this is made possible only by distinctive signs allowing those products to be identified. The point, however, is that in the case at hand the relevant sign has been removed and replaced with the third party's own sign. It is certainly possible for this to be seen as unfair competition that gives rise to a distortion of competition, but because the trademark is not used, there is no trademark infringement. Here, of relevance is the Advocate-General's opinion, in which he explicitly points out the possible applicability of legislative provisions against unfair competition to a case such as the one at hand. Particularly because customers will recognise the original manufacturer from the appearance of the forklift trucks, there will indeed be confusion regarding the trucks' origin and hence grounds for an action based on unfair-competition law.

This is the first time that the CJEU has ruled on the subject of debranding. The *Portakabin/Primakabin* case involved a reseller of mobile buildings that removed all the trademarks of the trademark proprietor and affixed its own mark, but continued to use the original trademark in advertising. The trademark's use in advertising was considered by the CJEU to be trademark infringement. However, the court did not rule on the actual act of debranding.

Under former Benelux trademark law, the predominant position was that debranding did not constitute use of the relevant trademark (see Benelux Court of Justice, 6 November 1992, A 89/1, Nederlandse Jurisprudentie 1993.454 *AP/Valeo*, in which that court rejected the position taken by a number of lower courts and commentators). If the drafters of the EU legislation had wanted to characterise the removal of a trademark as an act of use, the obvious course of action would have been to explicitly include it in the list of examples in Article 5(3) of the Directive, especially as each of the examples listed involves the visible use of a trademark for the purpose of distinguishing goods or services. This constitutes additional support for the argument that the CJEU's judgment is not in line with what the drafters of the EU legislation had in mind. Interestingly, under French law the removal of a trademark is explicitly considered as use of that trademark.[1] It is questionable whether this provision is in accordance with the Directive.[2]

The *Mitsubishi/Duma* case involved the importation of debranded goods into the EEA. It remains to be seen whether the CJEU will rule the same way in other debranding cases. If the so-called right to control the first placing on the market does not play a role (like in *Mitsubishi/Duma*), because it concerns goods that have already been put on the EEA market by the trademark proprietor before debranding took place, it could very well be that the CJEU will decide differently.

[1] See art. L713-2 Code de la propriété intellectuelle: *Sont interdits, sauf autorisation du propriétaire…(b) La suppression ou la modification d'une marque régulièrement apposée*. (The removal or modification of a lawfully affixed trademark without the consent of the owner is prohibited.)

[2] See also: Ronald Knaak and Annette Kur, Markenentfernung als rechtsverletzende Benutzung? GRUR 2018/11, p. 1120.

e-MARK AND OTHER MARKING REQUIREMENTS FOR PRODUCTS

By Janet Tomkow-Coetzer

Janet is an Associate at Hahn & Hahn Attorneys and holds degrees in Biotechnology and Law. She is an admitted attorney and practices predominantly in litigation of patents as well as patent applications and is interested in all aspects of intellectual property law. Janet is also involved with Consumer and Food Law and deals with legislative issues around food and consumer protection, labelling of food products, product liability, and resolution of disputes in the supply chain.

Some readers may not be aware of the unbundling of the National Regulator for Compulsory Standards (NRCS) from the South African Bureau of Standards (SABS) several years ago leaving two independent bodies with the NRCS focusing on the enforcement of the Compulsory Standards and the new Legal Metrology Act.

This is of particular importance to importers since the NRCS has been on a drive to ensure that imported products meet all the compulsory standard requirements on the marking of goods sold in South Africa, such as SANS 285 and SANS 458, which determine where an how the quantity in the package is to be indicated.

There are some requirements which make it very difficult for imported goods to comply without overlabelling, for example, the requirement that there be a gap of a character's width between the last digit of a content indication and the SI unit used to indicate the quantity. Off-course the letter sizes are prescribed depending on the quantity in the packaging and the units used must be SI units.

The NRCS has ordered products to be removed from sale because the letter sizes were 5.5 mm instead of 6 mm, or because there was no gap between the last digit and the SI unit. This has the label corrected after which the product can once again be placed on sale.

The e-MARK

Another critical issue to the sale of products in South Africa is the accuracy of the content indication on the packaging of products. A consumer has the right to be sure that when a bag of compost is marked 30 dm^3 it in fact contains 30 dm^3 when packed, otherwise price comparison becomes impossible. Yet further there are some products, such as pasta, which may only be sold in predetermined pack sizes e.g. 250 g and 500 g and you may not import and sell a 400 g of pasta regardless whether it is clearly marked as such and the mass indicated thereon is accurate.

Many importers and consumers may have noticed an "e" placed after the weight indication of a product, but what does it really mean and why is it there? An "e" mark indicates to the consumer that the weight indicated on the package of a product is in fact what the consumer is getting i.e.: a bag of sugar really is 250 g as indicated on the label and not 230 g or even 200 g.

The "e" mark applies to any item that indicates a measurement, or quantity of a product such as drinks, food, appliances, anything indicating a weight or measurement. For packaged goods the symbol "e" is used, whereas container bottles will bear the "ɜ" mark. It indicates to the consumer that the average weight or measurement of the product is not less than the quantity declared on the label.

There are specific specifications that must be complied with in South Africa such as the Standard SANS 1841 in order for a product to bear the “e” mark. It is a form of providing international confidence in trade measurements as well as confidence in consumers and reduces overfill in products resulting in savings for the importer. The e-mark provides the consumer with an assurance that the consumer is not being misled and is purchasing the quantity declared on the packaged product. It is a guarantee that provides a consumer with peace of mind when it comes to the quantity of a product.

The Legal Metrology Division of the National Regulator for Compulsory Specifications (NRCS) is responsible for ensuring fair trade and traceability of measurements in trade. They are equipped with all the tools to investigate packaged products that bear the “e” mark but do not comply with the quantity declared on the package the product comes in. Although “e” marking is not compulsory in South Africa the Trade Metrology division is taking “e” marking very seriously and have begun to discuss details regarding “e” mark registration with retailers, suppliers as well as importers. Workshops will be held in respect of “e” marking to inform consumers and retailers of the meaning of the “e” mark and the implications of packaged products bearing the “e“ mark.

This drive by the NRCS is derived from a goal to align itself with international standards to ensure uniformity and standardization in business. A new system recently implemented by the Legal Metrology Division now places companies wishing to place an “e” mark on their packaged products into three categories:

A: Once off importation

B: Importers who continue to import goods into South Africa and are registered with a Legal Metrology Authority in their country.

C: Importers who continue to import goods into South Africa but are not registered with a Legal Metrology Authority in their own country but instead claim compliance.

Each of the above categories have specific steps that must be followed in order to register with the NRCS.

Once a supplier of imported products or importer has applied to register with the NRCS the inspectors of the Legal Metrology Division will begin the process of inspecting the suppliers of imported products or importer’s labels and documents as well as a sample of the products will be tested. Audits will be carried out and once satisfied that the supplier of imported products or importer comply with all the requirements as well as specifications set out in SANS 1841, a certificate is issued by the NRCS to the supplier or importer who may then confidently place the “e” mark on its products.

It may already be necessary for an importer to bear the “e” mark on its packaged products in the country of origin they are importing from. Even though “e” marking is not yet compulsory in South Africa, the NRCS will get involved should one of their inspectors find a product bearing the “e” mark but the supplier of the imported product and/or the importer is not registered with the NRCS and/or it is discovered the quantity declared on the package of the product is not what is inside the package.

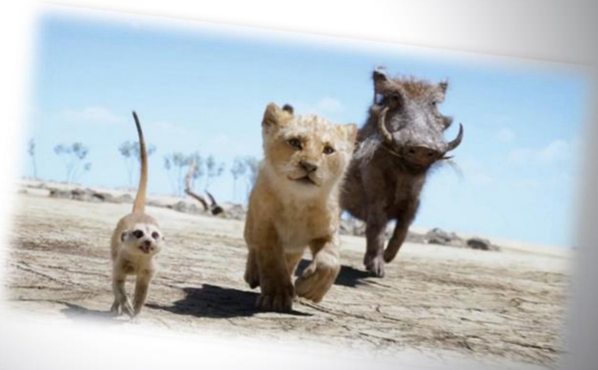
What happens if a supplier of imported products or an importer bears the “e” mark on its product but is not registered with the NRCS and/or it does not comply with the quantity requirements?

Inspectors from the Legal Metrology Division at the NRCS may conduct random checks at any retailers, whether as part of a routine investigation or by way of a tip off. If it is found that a supplier who imports products bearing the “e” mark or an importer are not registered with the NRCS and/or the quantity as declared on the package is not the quantity of the product. The NRCS has the power and the authority to issue a Prohibition of Sale Notice on the supplier or importer whereby the product must then be removed from the stores and either destroyed or returned back to its country of origin. A fine will be imposed on the supplier or importer and/or the products may even be blacklisted.

Local suppliers that wish to bear the “e” mark must also register with the NRCS and comply with all the requirements set out in the SANS 1841.

Mbube in the age of social media

By Cobus Jooste



Walt Disney's 2019 remastering of *The Lion King* as an entirely computer generated, or so-called live-action, film, broke several records to beat the previous box office figures held by *Harry Potter and the Deathly Hallows Part 2* and Disney's own *Frozen* and the live-action version of *Beauty and the Beast*.

Despite lacklustre reviews and a lack of originality in every respect other than animation medium, *The Lion King* take-two is a resounding success for the company that built an empire by recycling the intellectual property of others. The list of public domain works which inspired everything from *Pinocchio* and *The Jungle Book* to *Tarzan* and *Snow White* contains at least 50 of Disney's most notable, and successful, films. Thanks to the availability of immense computing power, Disney has invested heavily in re-recycling these works at increasingly shorter intervals between the first and second iterations to attract both new viewers and the nostalgic older crowd.

However, all was not well in the first weeks after the launch of *The Lion King*. In that maelstrom of public opinion, namely social media, a call to boycott Disney's film arose and spread to other media. The impetus of this call is a fortuitously timed Netflix documentary, published less than two months before.

The latter film, entitled *The Lion's Share,* is largely an update to the 2002 film *A Lion's Trail* by Francois Verster, which was based on his earlier TV production *The Story of Mbube*.

Netflix's highly edited, interview-based film retells the familiar saga of Solomon Linda's song *Mbube*, from which a plethora of works were derived and commercialised over a nearly 80-year period, including several manifestations of *The Lion Sleeps Tonight*.

The film takes a precarious and impassioned approach to historical events that led to the settlement with the Linda family in relation to copyright in the original recording and the accreditation of Solomon Linda as a contributor.

Produced for a contemporary audience, the digital media platform saturated *The Lion's Share* with all of the hallmarks of a modern, emotionally sensitive work of art. The documentary relies heavily on Rian Malan to drive its discourse of residual racial discord in post-apartheid South Africa, the power of foreign white monopoly capital, and the devastation of human expectations.

Blurring the details of the case for effect, the first half of the film negotiates familiar ground in truncated form. It sets up the anticipated victory of millions in overdue royalties and then swiftly dashes all expectation of a satisfactory or fair outcome.

It then seeks to uncover the missing millions, identify the shortcomings of the system and apportion blame accordingly. Of course, the settlement remains secret, which affords Netflix the opportunity to leave the viewer to infer, from not-so-subtle suggestions and innuendo, that Mbube remains subject to widespread exploitation.

And herein lies the trouble for Disney's new film. Netflix told the Mbube story in a masterful way, ensuring that it would leave the viewer with a feeling of righteous indignation. The call to boycott *The Lion King* is made in the hope of shaming Disney into making reparation, despite, or because of, the fact that the original settlement has since expired.

There is no doubt that the famous Timon and Pumbaa performance has value to Disney. It features prominently in the new version of *The Lion King* film and took pride of place as the final hook in the official trailer for the film.

But, judging from the film's success, the boycott did nothing to dissuade the populace, even though Sam Cullman, producer of *The Lion's Share,* is among its supporters.

Today the legacy of Mbube resides in a trust, managed entirely by Linda family members. In a recent radio interview on 702, Zandile Nzama, granddaughter of Solomon Linda and current trustee, stated that investigations of the trust activity have found nothing to substantiate the suggestions of foul play dramatized by Netflix. She also asks that people should stop "probing and writing things they are uncertain of" and, instead, provide support in a non-invasive manner.

The interviewer, Azania Mosaka, makes the valuable point that, perhaps, the time has come to say something new about the Mbube story. The feelings of injustice and a "failure of ethics and morality" that surround the Mbube story are vividly portrayed by Netflix, but it too does not add anything to the story.

The increasing pressure on intellectual property law, in particular copyright and patent law, to perform a more visible social welfare role based on egalitarian morality is not new. And the proliferation of mass communication may either be its best friend or its worst enemy, depending on the skill with which this new sword is wielded.

The story of Mbube strikes a particular note in South Africa and has been directly cited as a reason for legislative reform in copyright and performers' protection. It is suggested that the power of the Linda family's voice has the potential to effect change for others. Regardless of the law, it is the experience of individuals that matter to the subjects of the web2.0.

In this respect, it must be made known that the exploitation of local musicians and recording artists in South Africa persist and occur at a vast scale, not at the hands of foreign bullies but, by the state itself.

In March this year, the SABC's outstanding bill for needle-time and other royalties to collecting societies exceeded

R248 million. And this is nothing new. In 2017 the reported figure stood at R75 million, up from R25.7 million in 2016, which dates as far back as 2014. In 2011 the Copyright Review Commission noted the "SABC's failure to pay royalties for mechanical rights since September 2009."

Ironically, with reference to the Performers' Protection Amendment Bill, in 2018, Joanmariae Fubbs, chairperson of the portfolio committee on trade and industry, remarked: "We wanna be there and we know we will be there when no longer will musicians, singers, performers die in poverty. Mahlathini died a pauper in 1999. And the SABC said it owed him R4-million in royalties. It's great to say that after the event when people have died in poverty. […] And we can no longer carry on in this manner. We can no longer say it's ok, it's ok, its alright just wait, – mamela mama. No, we can't say that any longer."

More than a year later, Mercy Pakela also refers to Simon "Mahlathini" Nkabinde, Senyaka Kekana and Tiki Nxumalo as examples of non-payment, claiming that she has not received royalties since 1990.

And yet, their stories made an insignificant impact on the media compared to the attention paid to a recent statement issued by David Scott (a.k.a The Kiffness) regarding the future use of his music by the SABC. He stated that, despite receiving a royalty via SAMPRA, the amount does not include a royalty by the SABC and, therefore, his work will no longer be licensed to the SABC.

There is no substantive reason why his story should receive greater attention than any other, except that it was made public on social media and coined a useful rallying call #NoPayNoPlay.

The lesson from all of this, and the contribution it may make to the Mbube story, is simple. Social media offers a tool for change that the Linda family never had. It was not available to garner support or to effect change on their own terms. The same is true for many others who followed.

Intellectual property has gained a reputation for facilitating exploitation and no amount of careful legal explanation will change that – *The Lion's Share* has proven that. Nor will shouting into the wind at Disney or the SABC. If real change is to be affected, opposition voices must be focused on a target and repeated by many. As E.M. Foster put it: "Our immediate duty — in that tinkering which is the only useful form of action in our leaky old tub — our immediate duty is to stop it."

Cobus Jooste

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His primary field of expertise is copyright and trade mark law in the digital environment, technology applications, social media regulation and domain names. He is the author of several articles on issues of intellectual property and ICT law and co-author of the chapter on EIP Law in Dean & Dyer: Introduction to Intellectual Property Law published by Oxford University Press.

By Gaelyn Scott

THE ADVERTISING REGULATORY BOARD: NO ONE-TRICK PONY

GAELYN SCOTT

Gaelyn is an executive at ENSafrica. She heads up the firm's intellectual property ("IP") department. Gaelyn specialises in strategic brand management and the enforcement of IP rights, both locally and internationally, with extensive experience in Africa.

She is experienced in litigation and dispute resolution relating to IP rights, including trade mark infringement, passing-off and unlawful competition matters, trade mark oppositions, copyright litigation, franchising and licensing disputes, corporate name and domain name objections and Advertising Standards Authority complaints. She is a leading expert in the ASA field in South Africa.

ENSafrica often reports on rulings of the new advertising authority in South Africa, the Advertising Regulatory Board ("**ARB**"). Three more rulings that make it clear that the ARB deals with a range of important issues.

Privacy and jurisdiction

In the case of *Nonkazimale Mbanjwa and Department of Health,* the complaint related to billboard advertising placed by the Department of Health. The advert consisted of a photo of a woman and a baby. The complainant claimed that the photo was of her and that it had been used without permission. She said that it had been taken years ago for a particular modelling assignment, and that the photographer had sold it on to other advertisers. The complaint was in terms of clause 11 of section II of the ARB Code, which states that "advertisements should not... portray or refer to, by whatever means, any living persons, unless their express prior permission has been obtained."

The Department of Health did not respond to the complaint, leading the ARB to conclude that the department would not consider itself bound by any ruling. The MOI of the ARB makes it clear that it has no jurisdiction over any person or entity who is not a member, and that it cannot issue any instruction to a non-member unless that party expressly submits to its jurisdiction. The ARB may, however, still consider a complaint involving a non-member and issue a ruling on the matter for the guidance of its members.

The ARB said this: "The Advertiser in this matter is, it appears, an innocent party to this situation... (it) has presumably used the Complainant's image in good faith, believing that the correct permissions were in place."

It concluded: "The fact remains, however, that in the absence of submissions to the contrary, the image is used without the Complainant's permission. Given this, and given the lack of response before the Directorate, the Directorate has no choice but to conclude that the advertising is in breach of Clause 11 of Section II. Members of the ARB are advised not to accept the advertising."

Race, violence and a sense of humour

The case of *Bonita Ngwenya and Comair Ltd* dealt with matters of race and violence.

A YouTube advert showed a white couple standing outside their house with suitcases (clearly ready to go on holiday), a black neighbour arriving in his car, the threesome having a friendly chat about the couple's upcoming holiday, and the neighbour suddenly turning nasty, driving over the luggage and disappearing. This was followed by a voiceover: "Don't be a travel hater, book affordable holidays, flights, hotels and car rentals – Kulula.com." The complainant said that the advert incited racial division and portrayed violence.

The ARB described the advert as "clearly over the top and humorous" and that the "hypothetical reasonable viewer will understand the humour in the commercial". It said that "it is patently clear that the trigger for his action is that he is jealous of their holiday, and irritated by their bragging, and not any racial issue." It therefore dismissed the complaint based on race as well as a complaint based on violence: "The commercial is clearly exaggerated to be humorous and the viewers would understand that the behaviour in the commercial is unacceptable and should not be emulated."

Offensiveness and children

In the case of *Piet Nienaber and Multichoice (Pty) Ltd,* a member of the public lodged a complaint about a YouTube commercial for Showmax. The advert showed a call centre employee watching Showmax on his phone and being so distracted by it that he was rude to a caller, left his desk (in the process pulling office equipment along), grabbed and took a bite out of a fellow employee's sandwich, and finally ran his finger through the icing of a birthday cake.

The first complaint was that the underlying message was a complete disrespect for the work environment, making the advert offensive. Multichoice argued that the advert was clearly humorous and satirical, and that the "concept of a poorly-behaved employee...is already well-established as an acceptable device to use in a commercial." It said that it was quite clear from the reactions of the employee's colleagues that they did not approve.

The ARB agreed. It said that clause 1, section II of the ARB Code talks of an advert that is "likely to cause serious or wide-spread or sectoral offence." It went on to say that "the fact that a particular product, service or advertisement may be offensive to some is not in itself sufficient grounds for upholding an objection to an advertisement for that product or service."

The ARB went on to say this: "The commercial communicates how distracting the Showmax offer is in a totally over the top way, and the hypothetical reasonable consumer would not take it as a suggestion of what is normal and acceptable behaviour in a workplace."

The second complaint was that the advert was harmful to children, as per clause 14 of section II of the Code of Advertising Practice. That complaint also failed. The ARB said this: "The Directorate shared the Complainant's discomfort with the idea of children thinking that it is acceptable to take someone's clearly marked food or run your finger through the icing of a birthday cake. However, given how over-the-top the commercial is, the Directorate is convinced that no child watching the commercial would take it as a literal portrayal of how one SHOULD act in the workplace, but rather as a portrayal of bad behaviour in the workplace."

More to law than just being a lawyer…

Many lawyers, perhaps as a result of their legal training and education, believe that the key ingredient for becoming a successful lawyer is to possess and demonstrate superior legal technical skills and expertise.

What this belief fails to consider is that lawyering is a 'people's' profession – one that deals with people and with their personal dilemmas. Clients do not hire lawyers simply because of their legal technical and subject-matter expertise, but mostly because they feel a human connection, have a rapport, with them.

To be honest – most lawyers worth their salt, all have the necessary legal technical skills and expertise – but what ultimately makes one lawyer more successful, gives them a distinct competitive edge over their competition is the ability to connect with a client, to make the client feel and believe that they are understood, that there is a trusted confidence, not just a client-lawyer relationship.

It is these 'softer' (a term I distinctly dislike as implies that these skills are somehow 'lesser than' one's legal technical skills when in fact they are more fundamental and important to master and possess) skills that all successful coaches possess, and which make coaching so successful and effective in helping people achieve success and results.

So, what can lawyers learn from the discipline of coaching that would help them to develop these key skills and attributes which would help enhance relationships with clients and ultimately result in being a more successful lawyer?

1. Be compassionate and empathetic

To establish trust, you should not simply drum out cold hard legal facts and advice. Show compassion and empathy for your client and what they may be going through. Show genuine concern and demonstrate that you really care.

2. Be present

Stop 'clock-watching' and being concerned about the length of time you may be with a client. Your client is paying for <u>your</u> undivided time and attention. So be completely present during a consultation and don't think about how quickly you can 'wrap things up', the other matters you need to attend do. Engage fully with and be completely present and focused on your client and their issue.

3. Show integrity

Always be completely honest, open and transparent with your client – whether it is regarding fees, the options available to them, how the matter is progressing etc.

Do not 'sugar-coat' things or avoid telling your client when things are not going as planned. This will only lead to distrust between you and your client and, ultimately, a lost client.

> ***"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel" – Maya Angelou***

4. Listening actively

Do not simply listen to what your client is saying – but be aware of their non-verbal cues too. What is their tone of voice? How rapidly are they speaking? What is their body language telling you?

A disconnect between the words being spoken and how your client is behaving can be a powerful tool in uncovering what is really at the heart of a problem – with the result being that you will and are better able to provide the best and most appropriate solution.

5. Be direct in your communication

Be clear and articulate. Tell your client exactly how things are, where they stand. Clear, direct communication creates trust and implies that you have not hiding anything from them. Use language that is appropriate for the situation and your client.

6. Don't prescribe solutions to your client, be open to their views

Be mindful and respectful of your client's wishes – resist simply forcing down your advice and proposed solution. Brainstorm possible scenarios and solutions with the client. Remember that it is the client's agenda which you should be addressing and supporting, not your own.

Develop and hone these skills – consider hiring a professional coach to help fast-track the process – and you, your legal practice and indeed your clients will be the beneficiaries of the successful results and outcomes.

Helen Burt

Helen is a professionally qualified business, personal development and transition coach, with accreditation from the Coaches & Mentors Association of South Africa and qualified in the International Coaching Federation's core coaching competencies. Member of COMENSA and the International Coaches Register. An Ennea International 5 Lens Certified Practitioner.

South Africa: Time to elect IP

by André J Maré

The South African general national election was fought against a backdrop of massive unemployment and a stagnant economy.

During the course of the election, there was considerable focus on the issue of property rights and particularly, the possible expropriation of immovable property, especially farms.

There's little doubt that the government's priorities will include kick-starting the economy and tackling the thorny issue of property rights. It would be a very good thing if the government didn't restrict itself to immovable property. If the South African Government is indeed serious about stimulating economic growth, it should also look closely at intellectual property ("**IP**").

So, where might the South African Government look for inspiration? It might well look at the UK, a country that is: (a) celebrating its anticipated prosperous post-Brexit economic freedom and all the riches associated therewith; or (b) grappling with complex issues of how to thrive outside of the European Union and the apocalyptic aftereffects of Brexit (delete (a) or (b) according to political predisposition, but if the British press is to be believed, there is no middle ground between these two positions).

At a recent House of Commons summit that was held shortly before World IP Day (yes, it's important enough to have its own day, we anticipate that Hallmark will start printing cards for the occasion soon), the idea was to consider how UK business can use IP to stay competitive. The summit was organised by a group called the Intellectual Property Awareness Network, and attendees included IP institutions, law firms, universities and business leaders.

Some of the comments made at the summit make it clear how important IP is.

One participant said this: "It is a well-known fact that 80% of a company's value is in intangible assets such as IP, but unfortunately many British companies aren't making it part of their business strategy." The UK Minister for Universities, Science, Research and Innovation said this: "Britain is a world leader because of IP. It underpins everything we do in the economy itself and is fundamental to this country's success…and we need to work together as one single IP community."

The South African Government might also look to China for inspiration. There are many lessons to be learned from China and one of the effects of the current US trade war is likely going to be increased innovation (for instance the proposed Huawei operating system). One recent story stands out as worth mentioning. It's been reported that a Chinese coffee chain called Luckin (known in China as Little Blue Cup) has grown from nine stores to 2 073 stores within the space of a year. The company anticipates having 4 500 stores in China by the end of this year, which means that it will be challenging Starbucks for dominance in the market. This story highlights the huge potential of the Chinese market but it also highlights the fact that there doesn't have to be complicated technology involved with IP developments. In a case like this, it's all about trade marks (brands) and the business method of franchising – a commercial IP arrangement that involves a trade mark owner authorising third parties to use its trade mark, and ensuring that the users (franchisees) maintain quality standards.

Trade marks and franchising can create employment and opportunities for large numbers of people. This shows that commercially, successful

IP does not always have to be developed by someone in a white coat or by a trendy computer nerd in a black turtleneck sipping a cortado.

The South African Government might further look at the example of the Government of Iceland, which clearly feels that IP rights are worth fighting for. The country's Ministry of Foreign Affairs recently went to the trouble and expense of applying for the cancellation of EU trade mark registrations for the name ICELAND, which belonged to the UK retail chain that trades under that name. The basis of the claim was that the registrations were likely to deceive consumers as to the geographic origin of the goods or services, and would also make it difficult for Icelandic businesses to market their goods and services in the EU. The EU trade mark authorities agreed with the claim and cancelled the registrations.

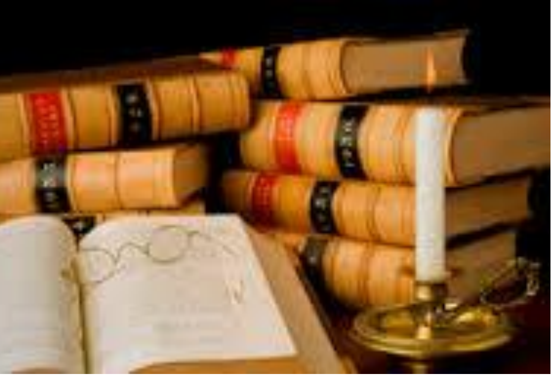
We're not suggesting that the government should follow everyone's example. It may wish to avoid the example of a South African political party that contested the recent election, the Freedom Front Plus, which managed to get itself into a pickle over the unauthorised use of a spectacular photo of the famous Cape Town landmark, Lion's Head. As one publication put it, the intellectual property right (copyright) in the picture was "expropriated without compensation" – which has a deliciously ironic ring to it in the current South African political zeitgeist.

Besides looking, the government might also do some listening. As we have reported previously, there have been significant criticisms about the proposed changes to the Copyright Act, 1978, with the most recent one being published in *City Press* on 17 May 2019. Demanding broader consultation, Dr Mbongeni Ngema argues that the government really does need to address the concerns of "international governments and local musicians and other creators." Ngema says that the new fair-use provisions will "allow free use of content that will end up benefitting online content platforms, to the detriment of content creators." They will "create uncertainty around royalty payments that may even discourage investment in South Africa's creative product."

Seen against this backdrop, one hopes that government will take the lessons learnt from the Copyright Amendment Bill exercise and will apply these to the anticipated legislative changes aimed to facilitate access to medicine as envisioned by the South African IP Policy (Phase 1). Wide and sensible consultation will be required to avoid implementation delays, which will ultimately delay access to medicine by the poorest and most vulnerable in our society.

It would be unfair not to mention and congratulate the South African Government on the great strides made in the IP arena in the recent years. More can always be done. Sensible use of this valuable asset has kick started many economies and there is no reason to believe that South Africa will not be next.

André Marè is an executive in ENSafrica's intellectual property ("IP") department. He specialises in intellectual property aspects of the pharmaceutical industry, general commercial and transactional intellectual property matters, and trademark prosecution. André has a specific passion for commercialisation strategies of IP assets and assisting clients to execute these strategies – this passion is supported by a deep understanding of the nature of IP rights, the legal aspects thereof and its potential commercial use beyond the traditional understanding of IP. He also has experience in pharmaceutical patents, domain name management and enforcement, IP licensing strategies and antitrust and tax concerns around IP commercialisation strategies



From the Juta Law Reports

The following judgments were reported since April 2019

ENFORCEMENT OF FOREIGN ORDER: Practice — Judgments and orders — Foreign judgment — Enforcement — Ministerial permission for enforcement — Requirement of where judgment or order arising from act or transaction connected with possession of 'matter or material' — Whether vines and grapes were 'matter or material' — Partial enforcement of foreign order — Protection of Businesses Act 99 of 1978, ss 1(1)(a) and 1(3). International Fruit Genetics, LLC v Okran 28 (Pty) Ltd Case No: 9963/2018 29-03-2019 WCC JI Cloete J Serial No: 0598/2019

PASSING OFF: An application to restrain the respondent from passing-off its "Metal Range" of electrical accessories and any other metal range of metal accessories as that of the applicant – Application dismissed with costs. Crabtree Electrical Accessories v Lesco Manufacturing (Pty) Ltd Case No: 83095/2016 29-03-2018 GP Davis J Serial No: 1381/2019

TRADEMARK INFRINGEMENT: An urgent application for an interdict to restrain the respondent from infringing the applicant's registered trade marks inter alia "Bless My Soul" by the respondent's use inter alia of "Oh My Soul", and cow device mark – The word "soul" having a different meaning to both litigants and used in contexts diametrically opposed to each other – Applicant failing to prove that the respondent had sought to adopt the applicant's badge of identity – Application dismissed with costs. Trade Marks Act 194 of 1993, ss 34(1)*(a)* and *(c)*. Golden Fried Chicken (Pty) Ltd v Oh My Soul Ltd t/a Oh My Soul Café Case No: 25-03-2019 KZD Pillay J Serial No: 1384/2019

APPEAL — Appealability — Of order postponing matter and referring specific issue to oral evidence — Applicant seeking leave to appeal arguing that said order followed on finding that applicant fell under definition of 'private body' as defined in the Promotion of Access to Information Act 3 of 2000, which finding was appealable — Applicant arguing that the 'interests of justice' standard required leave to appeal to be granted — Respondent arguing that postponement of application for a referral to oral evidence not appealable — Court pointing out that established law states that appeal lying against order and not reasons for order — Therefore ruling postponing application and referring it to oral evidence not appealable and findings made by court in reaching such conclusion irrelevant — Application for leave to appeal dismissed as being premature. Chawla v Manuel Case No: 69804/2017 22-02-2019 GP Weiner J