

IP BRIEFS

Volume 3 / Issue 5 / Oct 2018

And, Because Your Card Will Be Received
BEFORE Your Competitors Who Wait Until December!

IN THIS ISSUE

*No governance....no
structure....no trade mark*

*A broader view of property,
and property of all sorts*

*Importance of women
innovators for the economy*

*Cost of examination – A
Remedy*

*Global Vitality: Approach to
the jurisdiction of the High
Court in Company disputes*

Case Law summaries

News around the World

Events Calendar



SAIPL

FROM THE EDITOR

Dr. MM Kleyn



Madelein.kleyn@outlook.com

Intrigued by the title of a presentation “Introduction to exponential technologies” by Michael Fichard (an entrepreneur, technologist, investor and finance professional), I recently found myself amidst Cape Town biotechnology Mecca. Humankind, since the Stone Age, has evolved culturally, socially and economically. The one thing that was sure to come was the technology. Today Artificial intelligence (AI) is poised to enhance productivity and innovation around the world. The expected benefits promise to be transformative, but the threat of the livelihoods of many people are at stake. In the end the importance of human values will determine where this will lead.

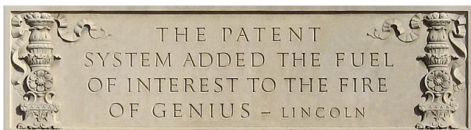
In the Intellectual property world important changes were noted in Europe (the new copyright act) as well as the USA on claim construction regulations affecting inter partes review (IPR), post grant review (PGR), and covered business method (CMB) patent proceedings.

With 2018 coming to a close I hope that the year has been a successful year for each of our readers. Thank you for taking the time to read our articles, thank you to the many authors submitting articles! Without your contributions, IP Briefs would not exist.

Our next edition will be end January 2019.

*Quote for today: “Imagination is more important than knowledge.
Knowledge is limited. Imagination encircles the world....”*

— Albert Einstein



NO STRUCTURE..... NO GOVERNANCE..... NO TRADEMARK

HUGO PRINSLOO AND LINDY LE ROUX

Complex commercial decisions businesses must make on a day-to-day basis, such as budget meetings, marketing meetings, supply chain management, quarterly reports, human resources and risk management can be overwhelming.

Two recent decisions handed down by the South African Supreme Court of Appeal highlighted the risks to trade mark owners when businesses are careless in their use policies, specifically by not setting up their corporate structures properly and not taking greater care in avoiding vagueness and ambiguity in their corporate / marketing materials.

In a trade mark context, proof of use is often fundamentally important in *inter alia* the following ways:

1. Some jurisdictions require proof of use before granting registration certificates;
2. Proof of use is required to either maintain trade mark registrations and / or defend them against non-use cancellation / partial cancellation proceedings;

3. From a common law perspective, evidence of use is required to prove the existence of common law reputational rights.

The following two Supreme Court of Appeal judgments touch on scenarios (2) and (3) above, respectively.

Herbal Zone (Pty) Limited vs Infitech Technologies (Pty) Limited and four others (204/2016) [2017] ZASCA 8 (10 March 2017)

While many issues were raised in this case, the focus of this article is on how the Supreme Court of Appeal dealt with the evidence of use put forward by the appellant in substantiating its claim for interdictory relief against the respondent based on passing-off.

The relevant legal principles governing the common law action of passing-off in South Africa are well-entrenched. In summary, it protects a trader against deception or confusion arising from a misrepresentation by another trader concerning a trade source or business connection of the latter trader's goods. One enquires whether there is a reasonable likelihood that a substantial section of the public may be confused or deceived into believing that the

Hugo Prinsloo



Lindy le Roux



Hugo is a partner and Lindy a candidate attorney in Von Seidels' trade mark department.

product of the one is, or is connected with, that of another.

Innocent misrepresentations are also actionable (See *Cambridge Plan AG v Moore* 1987 (4) SA 821 (D) at 837D-E).

The key requirement in a passing-off case is to prove the existence of a goodwill / reputation amongst a substantial number of persons in the relevant industry. The plaintiff must prove that the proprietary: “name, mark, sign or get-up has become distinctive, that is, that in the eyes of the public it has acquired a significance or meaning as indicating a particular origin of the goods (business, services) in respect of which that feature is used. This is called reputation.” (See *Bress Designs (Pty) Ltd v GY Lounge Suite Manufacturers (Pty) Ltd* 1991 (2) SA 455 (W) at 471D)

In order to do so, substantial evidence of use of a particular trade mark in South Africa must be presented in the form of *inter alia* marketing / advertising examples, marketing/advertising expenditure, sales/revenue figures, affidavits from third parties in the trade, etc., to warrant the conclusion that it has become recognised by a substantial section of the relevant public.

The *existence* of a reputation is therefore assessed through the eyes of the public (i.e. with reference to public impression).

Importantly, however, the issue of *ownership* of the goodwill (in the form of reputation) is not determined by public perception and it is not required to be proven

that the public knows the identity of the trade mark proprietor. In this regard, it has been stated that:

“the plaintiff must prove in the first instance that the defendant has used or is using in connection with his own goods a name, mark, sign or get-up which has become distinctive “in the sense that by the use of (the plaintiff’s) name or mark, in relation to goods they are regarded, by a substantial number of members of the public or trade, as coming from a particular source known or unknown. In other words, the plaintiff must prove that the feature of his product on which he relies has acquired a meaning or significance, so that it indicates a single source for the goods on which that feature is used” (see *Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* 1977 (4) SA 434 (W).)

The Herbal Zone matter involved the sale and distribution of a product called **PHYTO ANDRO FOR HIM**. The product was imported from Malaysia and had been sold in South Africa since 2006. The name was originated by the sole shareholder of the appellant, Herbal Zone (Pty) Ltd (“Herbal Zone”) who was also, as it appears from the court papers and judgement, the majority shareholder of the Malaysian company who manufactured the products, namely Herbal Zone International Sdn Bhd (“Herbal Zone International”).

The first respondent in the matter, Infitech Technologies (Pty)

Limited (“Infitech”), was appointed in terms of a written distribution agreement by Herbal Zone as its sole distributor in South Africa for the **PHYTO ANDRO FOR HIM** product between 2009 and 2014.

In addition to appointing Infitech as a sole distributor, it appears from the court papers that Herbal Zone also took *inter alia* the following actions in relation to the **PHYTO ANDRO FOR HIM** product:

- a) It was the first to import and sell the product in South Africa;
- b) Apart from Infitech, it also appointed other distributors to sell the product in South Africa;
- c) It monitored the performance of these distributors and their compliance with their agreements by *inter alia* varying and terminating their appointments as and when necessary;
- d) It took steps to obtain regulatory approvals and certificates which would assist in the promotion of the product (including those issued by the South African Medicines Control Council and South African Bureau of Standards, as well as a Halaal certificate and a GMP certificate); and
- e) It dealt with matters relating to the enforcement of rights subsisting in the **PHYTO ANDRO FOR HIM** product.

The relationship between Herbal Zone and Infitech deteriorated and ultimately broke down, whereafter Infitech continued to sell the **PHYTO ANDRO FOR HIM** product under the same name and with similar packaging without Herbal Zone's consent.

Although the Supreme Court of Appeal appeared to accept, as did the court *a quo*, that the sale of Infitech's product, in its particular get-up, constituted a representation for purposes of passing-off, which was likely to lead to deception or confusion, it dismissed the relief sought by Herbal Zone on the basis that it failed, on a balance of probabilities, to establish that the reputation in the **PHYTO ANDRO FOR HIM** product vested in it and not another entity.

At face value, it appeared that Herbal Zone had exercised enough control over the brand to not simply be regarded an inactive link in the chain of distribution or a mere conduit between the manufacturer and the end user of the product. (See *Premier Trading Company (Pty) Ltd v Sportopia (Pty) Ltd* 2000 3 SA 259 (SCA))

So why did the Supreme Court of Appeal fail to conclude that the reputation in the product vested in the appellant?

In our view, it appears that loose corporate structures and corporate governance were to blame. The evidence of use put forward by the appellant was riddled with

ambiguities and contradictions in the way it referred to itself and other companies forming part of its group. In this regard, some of the issues highlighted by Wallis JA in his judgment included the following:

"[17] When the disputes in this case arose, that letter was attached to a letter from Herbal Zone's attorney addressed to the attorney for Infitech in which he described the situation in the following terms: '... the fact remains that Herbal Zone itself, whether the proprietary limited company operation in South Africa or the international company operating out of Malaysia, is the original importer, distributor, and manufacturer of phyto andro products.'

Elsewhere the attorney said that Herbal Zone was importing Phyto Andro under licence from its sole distributor, Herbal Zone International, but, contradictorily, then said that Herbal Zone was the manufacturer of Phyto Andro products and capsules worldwide operating under the name and style of Herbal Zone International. Throughout the letter there was a failure to distinguish between Herbal Zone, the South African entity, and Herbal Zone International, the Malaysian entity. This failure to distinguish between the two corporate entities and uncertainty about the true role of Herbal Zone characterised much of the evidence..." (our emphasis)

With respect to pamphlets distributed by the appellant, Wallis AJ stated the following in paragraph 19 of the judgement:

"The pamphlet that gave rise to the defamation claim had the name Herbal Zone International CC at the head and referred to Herbal Zone International and an English entity at the foot. There are a number of letters in the papers on the same letterhead as the pamphlet and a few that refer additionally to 'Herbal Zone International' in Dubai and to Herbal Zone International Ltd a New Zealand company. An application addressed to the Medicines Control Council described the applicant as Herbal Zone International CC. It was said that this was an oversight and that these references were intended to be references to Herbal Zone, but the use of that letterhead and description extended from at least 2012 through to the commencement of these proceedings. Over such a protracted period it could not have been inadvertent and no other explanation was proffered."

With respect to internal email correspondence included in the appellant's papers, the following was concluded at paragraph 20 of the judgment:

"The confusion manifests itself elsewhere. In internal emails Mr Herzallah inserted his name above the words 'Herbal Zone International,

Cape Town – South Africa’. The website of the business referred simply to ‘Herbal Zone’ without identifying either the Malaysian or the South African entity. The website addresses were equally unspecific referring either to ‘herbalzone.com’ or ‘herbalzone.net’ or ‘phytoandro.com’. This was all consistent with the business of Herbal Zone being conducted in a manner that blurred the distinction between the local and the Malaysian entity.”

With respect to the product packaging, Wallis AJ made the following observations in paragraph 23 of the judgment:

“The packaging of Phyto Andro for Him identified Herbal Zone International as the manufacturer of the product. Both the GMP and Halaal certification obtained by Herbal Zone International appeared on the exterior of the box and on each foil, package containing a capsule. There was no indication on the external package that it had any direct South African connection, much less a connection with Herbal Zone. The product information on the side of the box said that it was a product used ‘internationally’. The only connection with Herbal Zone was that its name, fax number, email address and the words ‘Cape Town South Africa’ were printed on the foil sachet in which the capsule was sold. But that was packed in a box that identified Herbal Zone International as the manufacturer. Inasmuch as the purpose of a trademark is to serve as a badge of origin virtually all the information available to a person purchasing the product, whether for

resale or use, pointed to the origin being Herbal Zone International.”

In summarising his assessment of the abovementioned evidence, Wallis AJ stated the following in paragraph 24 of the judgment:

“I appreciate that a trademark’s function as a badge of origin does not require that the mark should identify the corporate entity that is the proprietor of the mark or, in the case of an unregistered mark, the entity in which the reputation attaching to that mark is vested. Nonetheless, when the public material associated with the product and the mark points to a particular entity as the manufacturer of the product, the ordinary inference by consumers will be that this is in fact the origin or source of the product. Where large corporate groups consolidate all their intellectual property rights in a single subsidiary that is done by way of formal agreements such as assignments of rights – a situation that is not present here.” (our emphasis)

Morris Material Handling Limited vs Morris Material Handling (Pty) Ltd SA (829/2017) [2018] ZASCA 67 (25 May 2018)

The Morris matter involved an application for the cancellation of the **MORRIS** trade mark because of non-use.

Section 27(1)(b) of the South African Trade Marks Act provides that any interested person may apply to have a trade mark registration removed from the register claiming there was no *bona fide* use of the trade mark, from the date of issue of the registration certificate, for a continuous period of five years or more.

Evidence of use does not need to be elaborate and the threshold is very low. The only requirement is that use must be “use by the proprietor of his registered trade mark in connection with the particular goods in respect of which it is registered with the object or intention primarily of protecting, facilitating, and furthering his trading in such goods, and not for some other, ulterior object”. (See Westminster Tobacco (Pty) Ltd v Philip Morris Products S.A. and others [2017] 2 All SA 389 (SCA))

In terms of section 38 of the South African Trade Marks Act, use by permitted users are attributed to the trade mark proprietor and, although provision is made for permitted users to be recorded, this is not a pre-requisite for use by these users to accrue to the benefit of the trade mark proprietor.

Against the above background, it comes as a surprise to read that the Supreme Court of Appeal accepted that there had been sufficient use of the **MORRIS** trade mark for the purpose of establishing *bona fide* use thereof to effectively dispose of the cancellation application, but that the appellant failed, on a balance of probabilities, to prove that such use

must be attributed to it as “the proprietor of the mark”.

The Supreme Court of Appeal’s assessment of the applicable facts before it sheds some light on this finding and, again, highlights the dangers of loose corporate structures and the absence of clear (preferably written) agreements between trade mark proprietors and licenced users / distributors.

In the Morris case, the appellant was the proprietor of the **MORRIS** trade mark in South Africa. The respondent, on the other hand, claimed that it owned the reputation in the **MORRIS** trade mark, being the only entity to have used the mark in South Africa.

To the contrary, the evidence presented showed that the trade mark was used by another South African company called Kronecranes SA. Considering this, the respondent accepted that there had been sufficient use of the mark for purposes of section 27(1)(b), but contended that the use was not “use by the proprietor of the mark”, namely Morris Material Handling Ltd.

Wallis JA, who incidentally also wrote the judgment in the Herbal Zone case discussed above, stated the following in dismissing the appeal:

“no attempt was made to place before the court information showing the relationship between these various aspects of the overall group or to explain how they now conduct business. There was a considerable measure of

ambiguity about this... It was wholly unclear who was making use of the MORRIS mark in South Africa.”

Wallis AJ found that the invoices, emails, fliers and press releases relied on by the appellant to prove use of the mark were equally ambiguous in identifying the entity that was making use of the mark and that the appellant did not have a sufficient explanation for the ambiguity and that it did not produce a single document that “unequivocally demonstrated that the mark was being used by the appellant”.

In this regard, he concluded as follows:

“I find it difficult to believe that if there were an arrangement under which either the international or the South African company was acting as distributor for MORRIS branded products in this country there would be no record of it. In enterprises of that size records are kept of such matters in formal agreements, minutes of board and executive meetings and in correspondence. Yet none of these have been produced. In their absence the position in my view is that the appellant failed to discharge the onus resting upon it of showing on a balance of probabilities bona fide use by it, as the proprietor of the mark, during the relevant period.”

In conclusion, it appears evident from the two judgments discussed that any evidence of use put forward is carefully scrutinised by the Supreme Court of Appeal.

Trade mark proprietors must need to take greater care in the construction of public- and / or client-facing marketing materials, correspondence, packaging, etc., to ensure that there is no ambiguity in the way in which it refers to itself and / or permitted users and, where materials put forward as evidence fails to send a clear and consistent message about the entity using the mark, this needs to be explained sufficiently and adequately.

You would think that these two cases discussed above constitute the exception to rule but, unfortunately, we regularly see these issues crop up on behalf of clients on a day-to-day basis.

Directors and / or executive committees are often making corporate restructuring decisions (assigning trade marks from trading companies to holding companies, etc.) without necessarily involving trade mark portfolio and / or marketing managers in the process. As a result, public- and / or client-facing materials are not updated to ensure that clear and unambiguous messages are conveyed regarding trade mark ownership, permitted use, and the like. Greater consideration should also be given to recording permitted users on the Trade Marks Register which involves a simple and uncomplicated process. This could aid in avoiding proof of use issues down the line.

A broader view of property and property rights of all sorts!

Andre van der Merwe
Consultant – Patent and Trademark attorney
Kisch-IP

The link between fixed and tangible (or physical) property and its rights, on the one hand, and intellectual property (“IP”) and its rights, on the other hand, is not always apparent. Hence there appears, somewhat incidentally, to be a gulf between these two species of property and their associated rights.

The reason for such an apparent gulf may be because of the considerable difference in nature between these two forms of property and the rights that protect these. Some forms of IP can be quite advanced scientifically and esoteric while physical property is generally understood and dealt with by the public.

A professional body such as the South African Institute for Intellectual Property Law (“SAIIPL”), founded in 1954, is focused on IP law and protection, and has thereby considered itself to be the guardian or custodian of IP law in South Africa. Since that time, its Fellows have been involved both in the drafting of new IP legislation and in amendments relating to existing IP laws.

SAIIPL does not generally concern itself with property law or rights in the broader sense, although it had submitted a formal proposal that IP and IP rights should be protected as a particular form of property rights in the Constitution, at the time that the Constitution was being drafted by CODESA during the 1990’s.

The question of association of sorts therefore arises – does an organization or body exist (or possibly a mechanism or system) that keeps a watchful eye over both forms of property, and their protection, whether on a national or international level? And does that organization or body report on and keep the world informed of changes in the levels of such protection?

The Property Rights Alliance (“PRA”)

Fortunately, there is a body, namely the Property Rights Alliance (“PRA”), based in Washington DC, USA, which stands as an advocacy organization dedicated to the protection of physical and IP rights, both domestically and internationally.

PRA’s efforts to protect property rights are all-encompassing and include issues such as US federal and state law, piracy and counterfeiting of intellectual property in domestic and international arenas, property law and land ownership in developing countries in order to foster economic growth and democracy, and strong intellectual and physical property safeguards. Property rights are of course a key indicator of economic success and political stability, in addition to being an essential component of prosperous and free societies.

On the international stage, PRA works closely with various property rights advocates and with over 100 think-tanks, NGO's and other organizations around the world.

The International Property Rights Index ("IPRI") of PRA

The flagship publication of PRA is its annual International Property Rights Index ("IPRI") and Report. The IPRI measures and scores, for each country, the underlining institutions of a strong property rights regime namely the strength of physical property rights, intellectual property rights, and the legal and political environment in which these operate.

The IPRI presents a valuable tool for policy-makers, business communities, and civic activists, and it highlights the essential role that property rights play in creating a prosperous economy and a just society. Most importantly, it is the world's only index dedicated entirely to the measurement of intellectual and physical property rights.

The twelfth edition of this Index, IPRI 2018, released on 8 August 2018, and available in full on PRA's website, covers 125 countries, 98% of the world's Gross Domestic Product and 93% of the world's population.

It was produced this year by Prof Sary Levy-Carciente in partnership with PRA and 113 international organizations/think-tanks from 70 countries, including the Free Market Foundation in South Africa, and using *inter alia* data from the latest Global Competitiveness Index of the World Economic Forum. In addition, the 2018 Index examines the robust relationship between property rights and other economic and social indicators of well-being including gender

equality, entrepreneurship, research and development, human development, civic activism and ecological performance.

What exactly does the IPRI 2018 Report show?

a) Internationally

Firstly, it shows that world-wide progress over the last year in strengthening property rights systems remained incremental, yet consistent. The world's IPRI average increased only 1.95% to 5.74.

Secondly, and quoting Dr Hernando De Soto, a noted economist and President of PRA, it shows that: "Finland traded places with New Zealand for top spot (with an index score of 8.69) by improving access to loans and patent protection. In fact, Finland's improvement also allowed it to displace the USA to become the world leader in protection of IP rights. The world's largest economy will no doubt recover from this slight setback. Citizens residing in the USA having a US\$19 trillion economy are among the world's top 13% in their ability to enjoy a robust property rights ecosystem allowing them to own and use their land, their businesses and their inventions with relative ease compared to the rest of the world."

"The other 6 billion people are unable to enjoy the same advantages. Weak property rights systems not only blind economies from realizing the immense hidden capital of their entrepreneurs, but they withhold them from other benefits as evidenced through the powerful correlations in this year's Index: human freedom, economic liberty, perception of corruption, civic activism, and even the ability of being connected to the Internet, to name a few."

Three countries – Finland, New Zealand and Switzerland (a quarter of 1% of the world) have

achieved, together with the USA, the highest levels of property rights protection.

IPRI 2018 is the first publication to use the recently updated Patents Rights Index developed by Professor Walter Park at American University.

IPRI 2018 includes correlations with 23 economic and social indicators, including nine that are specific to e-commerce, which displayed some of the strongest relationships the IPRI has ever produced, suggesting that rights play an important role in addressing Internet access issues.

In some countries, property rights are restricted by gender. Poor property rights are bad in themselves but the Gender Equality component of the Index reveals that several countries in the Middle East, North Africa and Sub-Saharan Africa continue to limit property ownership based solely on gender.

b) South Africa

South Africa has received a favourable mention of its efforts to realize property rights from its indigenous communities based on their traditional knowledge and cultural expressions. However, South Africa fell from 27th place overall in IPRI 2017 to 37th place in this year's IPRI, with a score declining by 0.65 from 7.00 last year to 6.35 this year. This is the largest decline for any country measured in the Index, and this places South Africa second in the region behind Rwanda.

South Africa's largest decline was measured in the variable Physical Property Rights protection (-1.18). The data for this variable is derived from the World Economic Forum's Executive Opinion Survey. This was prepared in April 2018, shortly after a majority of South African parliamentarians supported a motion submitted by the Economic Freedom Fighters party (EFF) to establish an ad-

hoc parliamentary committee to review and amend section 25 of the Constitution.

With the rest of the world generally improving their property rights protections - at an increase of an average score of 0.25 - South Africa sadly appears to be moving in the opposite direction.


Unfortunately, with the world watching, and noting IPRI 2018, South Africa may predictably find itself in a position that will deter major future investment and that will accelerate capital flight - unless it can drastically reverse this trend and restore confidence in its property/land rights protections.

The importance of women innovators for the economy

Give a man a fish, and you feed him for a day.
Teach a man to fish, and you feed him for a lifetime.
Teach a woman to fish, and you feed society for a lifetime.

Michael Porter once said “Innovation is the central issue in economic prosperity.” We know that innovators obviously drive innovation and innovation in turn - drives the economy.

In this edition, we raise a glass to all the brave and ambitious women who continuously challenge society’s limits and create innovations which form part of our everyday lives and drive the economy.



Magdaleen Jooste is a
candidate Patent Attorney
at Bredenkamp Intellectual
Property Attorneys

One such a brave woman was the Duchess Ada Lovelace, who was the “founding mother” of what we now call a computer program. In 1842, a century before computers existed, the computer pioneer, Charles Babbage, asked Lovelace to translate Luigi Federico’s Menabrea paper on his Analytical Engine. This analytical engine was the first successful automated calculating machine. During the translation, she added numerous notes about the machine as well as detailed explanations on how the machine can be used in the future, including algebraic equations for using the machine to generate Bernoulli numbers, which essentially constituted the first computer program.

Another female computer programmer, Margaret Hamilton, was the strong driving force behind Neil Armstrong and the trillion-dollar space industry. Hamilton coined the term “software engineering” to give legitimacy to that discipline and to distinguish it from hardware and other types of engineering. She joined MIT’s NASA Apollo project in 1965 and led a team responsible for designing the onboard flight software of the Apollo computers⁴. Hamilton’s abilities were once again proved on July 20, 1969; just minutes before the Apollo II touched down on the Sea of Tranquility. The computer system of the spacecraft was overwhelmed with tasks unrelated to landing, and Hamilton quickly build priority scheduling software which enabled the computers to prioritise the landing task. The software designed by Hamilton and her team during the Apollo project was of such

a standard that it was later adapted to be used in SkyLab, the space shuttle, and the first digital fly-by-wire systems in aircraft⁴. Hamilton is also the founder (1986) and CEO of Hamilton Technologies, Inc. There she designed the Universal Systems Language (USL) and its automation, the 001 Tool Suite as well as the preventative mathematical theory upon which it is all based, Developed Before the Fact (DBTF).

Stephanie Kwolek, a scientist at DuPont, was stronger than steel. Stephanie invented Kevlar, which is 5 times stronger than steel. Kevlar is commonly used in bulletproof vests, aerospace components as well as some tires. This strong invention generated millions of dollars for DuPont.

Today we are focusing more and more on using green energy. Maria Telkens made a major contribution to green energy, by creating Dover House, which was the first building to only use solar energy. She later designed a solar oven and an apparatus for distilling sea water, which was included in soldiers' emergency kits.

Another great inventor was Margaret E. Knight who invented a machine to fold and glue paper to create flat-bottomed paper bags. Interestingly enough, the invention was stolen from her and patented by a man. Knight took him to court for "patent interference". He then argued that there is no way that a woman can possibly invent a machine. She won the case and patented the machine. She later invented many other products, including an automatic tool for boring concave or cylindrical surfaces as well as a shoe-cutting machine.

It is vital to recognise Marie Skłodowska Curie. She is thus far the only person to have won Nobel Prizes in two different fields, physics and chemistry. Marie is a perfect example of how women do not only uplift and empower themselves but also all those around them, especially their families. The Curie family is also thus far the only family where five member received Nobel Prizes.

If one woman could contribute, directly or indirectly, to five Nobel Prizes – imagine a world where more than a mere 5.4 % of Nobel Prizes were awarded to women!

small entities. Independent inventors and non-profit organizations such as universities are considered small entities in both jurisdictions, with USA having an additional category for micro entities who are entitled to a 75% fee reduction.



Bheki Zulu

In order to comply with international treaties such as Trade Related Aspects of Intellectual Property Rights (TRIPS) and Paris Convention, which make reference to national treatment obligations, such provisions would have to be accorded to the nationals of other countries who are members of the international treaties. This would not only serve as an acknowledgment of a wide spectrum of innovators, but would also be an incentive to promote the use of the patent system. Upon the exploration of a tier fee system, South African law makers would have to establish a criteria for small entity classification for patent prosecution purposes, and may be guided by the National

Small Business Amendment Act 26 of 2003.

The aforementioned measures unfortunately constitute a small portion of the bulk of patent application costs, as they may be proposed only for the official fees. The higher costs are those payable for the services of a competent patent legal practitioner.

The World Intellectual Property Organization (WIPO) has recently collaborated with World Economic Forum to launch an Inventor Assistance Program (IAP). This initiative is aimed at pairing under-resourced inventors and small business entities with patent attorneys who are willing to provide *pro bono* legal assistance to secure patent protection for their inventions. To date, intellectual property law firms in South Africa have expressed interest, with some having already taken initial steps to partake in this initiative.

Experts who provide services to the different factions of business entities for patent applications for prosecutions are confined, which may play a major role in the costs incurred by the inventors. In jurisdictions such as USA, the pool of experts has been expanded through the recognition of patent agents, as an addition to patent attorneys, to represent clients before the United States Patent and Trademark Office (USPTO). These agents may however not represent applicants in litigations

as they are not admitted into law practice. Under the current South African Patent Act of 1978, it is no longer possible for an individual to be registered as a patent agent. The Act only retained the right of representation by existing registered patent agents who qualified under the repealed Patent Act of 1952 or, within five years of the enactment of the current Act. A reintroduction of empowering provisions for the recognition of individuals to practise as patent agents as defined in the repealed Act of 1952 before the national patent office may serve to expand the pool available to inventors.



Mehluli Ncube

Lastly, an introduction of a patent opposition mechanism may serve as a cost remedy for the applicant as it would potentially reduce the cost that is associated with patent litigation which is not only costly but also prolonged. The gazetted IP Policy recommends that the legislation makes provisions for both pre-grant and post-grant opposition proceedings in the new patent prosecution regime.

Thandanani Cwele

The idea of having two opposition proceedings may disadvantage inventors who devise inventions and technologies with a shorter life span as this is generally the space which most SMMEs and individual inventors occupy. It is worth mentioning that third-party observation mechanism, also proposed by the policy as an interim measure for pre-grant opposition, is not an opposition means. It should be seen as a medium where information, relevant to patentability of the invention covered by the patent application, is submitted for consideration during examination of patent applications. Notably, well established patent offices, namely Japan Patent Office, USPTO and European Patent Office (EPO) have adopted the post-grant option. It is inevitable that implementation of such measures will require capacity building in the patent office.

It is worth bearing in mind that the ideological basis of the patent system is to stimulate innovation, through having effective competition on the basis of

technology. Thus, the manner in which the SSE system should seek to achieve this is by offering an exclusive monopoly for subject matter of particular quality whilst minimising financial discrimination through the introduction of various cost remedies.

Anathi Njokweni

Anathi holds a PhD in Biotechnology from University of Western Cape, is an LLB student at Unisa and has 2 years patent law experience

Bheki Zulu

Bheki holds an MSc. in Physics from the University of Zululand. He is also an intellectual property practitioner possessing over 6 years' experience in IP matters

Mehluli Ncube

Mehluli holds an MSc in Physics, and studying for his PhD from the University of Witwatersrand. He has over 2 years' experience of patent law.

Thandanani Cwele

Thandanani holds a PhD in chemistry from University of KwaZulu-Natal, is an LLB student at Unisa and has 2 years patent law experience

A “global vitality”: Approach to the jurisdiction of the High Court in Company disputes

By JR Coetzer

The streamlining of the commercial backdrop in South Africa has in recent years proliferated with the establishment of the Companies Tribunal (“the Tribunal”) in terms of the ‘new’ Companies Act No. 71 of 2008 (“the Act”). As a creature of statute, the Tribunal aims at providing an alternative forum to resolve company disputes, including disputes relating to the erroneous registration of company names as contemplated by the Act. Since its inception, the bulk of the applications adjudicated by the Tribunal revolve around company name disputes.

The relative ease and lower costs associated with Tribunal proceedings have strengthened the position of brand owners objecting to the registration of company names which incorporate their trade marks. By the same token, however, this has resulted in an alarming upsurge of the caseload before the Tribunal coupled with decisions which are at times questionable.

If regard is to be had to the jurisdiction conferred upon the Tribunal in terms of the Companies Act in adjudicating company name disputes, it then begs the question whether or not a brand owner has a discretion to apply directly to the High Court to resolve the dispute and obtain relief based on the same factual matrix as would be decided before the Tribunal.

The judgment handed down in the case of *Global Vitality Incorporated v Enzyme Process Africa (Pty) Ltd* (21 August 2015, Western Cape High Court) shed some light on this particular question. Whilst the

decision covers a wide range of legal issues relating to passing-off, cancellation of trade mark registrations, a company name objection and an objection to a co.za domain name registration, the judgment particularly echoed that the High Court has jurisdiction to deal with disputes relating to company names.

The salient facts of the case are as follows: Global Vitality (the Applicant) is the USA manufacturer, distributor and seller of dietary nutritional supplements under its ENZYME PROCESS brand. The Respondent was appointed in South Africa to distribute ENZYME PROCESS products.

The relationship between the parties eventually deteriorated causing the distribution agreement to be terminated as a result of the inappropriate conduct of the Respondent in four key instances: (i) it purchased and imported similar dietary nutritional supplements in unbranded packaging from other foreign manufacturers, and labelled and sold those (unbranded) products in South Africa under the trade mark ENZYME PROCESS; (ii) it registered a local company under the name “Enzyme Process Africa (Pty) Ltd”; (iii) it registered the domain name enzymeprocess.co.za in its own name; and (iv) it registered the trade mark ENZYME PROCESS in South Africa in its own name.

Global Vitality instituted legal proceedings against the Respondent seeking the cancellation of the offending trade mark registrations, the transfer of the offending domain name, an order to change the offending company name and passing-off. Global Vitality was

successful in pursuing each of these claims.

In addition to the findings by the Court in favour of Global Vitality concerning passing-off, cancellation of the Respondent’s trade mark registrations and the transfer of the abusive domain name registration, the Court made vital pronouncements in deciding the offending company name dispute.

One form of relief sought by Global Vitality was an order directing the Respondent to change its registered company name to a name that does not incorporate the mark ENZYME PROCESS, or any mark confusingly similar thereto. Global Vitality argued that the Respondent’s company name, “Enzyme Process Africa”, falsely implies, suggests or could reasonably mislead a person to believe that the Respondent is still its distributor or associated with Global Vitality.

The Court turned to the provisions of Sections 11(2)(a)(iii), 11(2)(b) and 11(2)(c) of the Act which prohibits, *inter alia*, the registration of a company name: that is the same as a registered trade mark owned by a different person, or a mark which is the subject of an application for registration as a trade mark in South Africa; or which falsely implies or suggests or would reasonably mislead a person to believe that the company is part of, or associated with, any other person or entity.

Section 157(1) of the Act, sets out who has *locus standi* to resort to the remedies contained in Section 156 of the Act, i.e. “and who may therefore apply to Court, the Companies Tribunal, the Panel or the Commission to address complaints or secure rights” and, in terms of Section 157(1)(a), includes a person “directly contemplated” in any provision of the Companies Act.

Section 156 of the Act, particularly provides that a person contemplated in Section 157(1), who seeks to address an alleged contravention of the Act, or to enforce any provision of, or right in terms of the Act, may do so by, *inter alia*, applying to the Tribunal for adjudication in respect of any matter in terms of the Companies Act, or applying for appropriate relief to the High Court that has jurisdiction over the matter.

The Court continued to identify an internal remedy contained in Section 160(1) of the Act for the resolution of disputes concerning the reservation or registration of a company's name, which provides that any other person with an interest in the name of a company, may apply to the Tribunal for a determination whether the name satisfies the requirements of the Companies Act.

The Court concurred with Global Vitality's contention that the existence of the internal remedy in Section 160 of the Act does not bar its application to court for relief in respect of a complaint regarding the Respondent's company name.

The Court's discourse in support of its view turned on the interpretation of statutes and that the word "may" contained in Sections 157 and 160 of the Act, when given its ordinary meaning, means "expressing possibility". Conversely, the word "shall" means "expressing an instruction or command".

The Court held that instead of being peremptory as with the word "shall", the word "may" then logically allows for a discretion.

The Court further pointed out that a party dissatisfied with a decision of the Tribunal has recourse to the High Court and Section 160(4) of the Act confers on a court the power to review a Tribunal decision.

The Court deliberated that, in light of the plain wording of Sections 157 and 160, an interpretation of Section 160(4) limiting the court's jurisdiction to review power only, would lead to '*insensible or unbusinesslike results*'.

In reaching its decision, the Court identified three vital considerations: (i) That it was the specific intention of the legislature to adopt the use of the word "may";

(ii) A limiting interpretation otherwise would require an Applicant to institute proceedings in two separate forums at the same time, for inextricably linked relief, turning on the same legal principles and the same facts; (iii) This would theoretically result in two different forums (i.e. the Tribunal on the one hand, and the Court on the other) reaching different decisions on the same factual matrix. The Tribunal's decision would then be subject to review by the High Court in terms of Section 160(4) of the Act, whereas the decision of the High Court would be subject to the appeal process, with the two legal processes running parallel to each other.

The Court granted the order sought by Global Vitality directing the Respondent to change its offending company name.

The Global Vitality judgment fundamentally fortifies the jurisdiction of the High Court in company name disputes – which remains the principal forum for the resolution of disputes and the interpretation and enforcement of the Companies Act

Jeanine Rachel Coetzer is a final year Candidate Attorney at Spoor & Fisher. She is working under Herman Blignaut, a Partner at the firm in the Trade Mark Enforcement Department





From the Juta Law Reports

The following judgments were reported since May 2018

Copyright — Infringement — Applicant the distributor of confectionary products under S.SUGARLESS logo — Respondent a competitor and distributing product in similar packaging bearing S.SUGARLEAN logo — Applicant seeking order, on basis of inter alia breach of copyright, interdicting conduct of respondent — Applicant qualifying as holder of copyright in its logo — Given similarity between logos and packaging, respondent having breached copyright of applicant — Interdict granted — Copyright Act 98 of 1978. *The Sugarless Company (Pty) Ltd v Quad Africa Energy (Pty) Ltd* Case No: 25802/2018 GJ WHG Van der Linde J 30 pages Serial No: 1450/2018 — CD 18/2018

Copyright — Infringement — Applicant contending that respondent infringing copyright on database (donor list) — Alleged joint ownership — Facts of case requiring that element of originality and element of ownership be examined together — Whether work original depending on when work was created and who created it — Court finding on facts that applicant sole owner of database; that applicant established that database qualifying for protection under Copyright Act; and that respondent carried out act in respect of which applicant as owner enjoying exclusive right in terms of Act — Respondent interdicted and restrained from reproducing, adapting, accessing or using database of donors — Copyright Act 98 of 1978, s 1(1). *The Philanthropic Collection (Pty) Ltd v Girls & Boys South Africa* Case No: 3029/2017 GJ Modiba J 11 pages Serial No 705/2018

Counterfeit goods — Seizure of goods — Institution of proceedings — Whether issue of summons sufficient — Court concluding that issue of the requisite summons on its own satisfying requirements of s 9(2)(b) of Counterfeit Goods Act 37 of 1997 despite fact that 'suspect' may remain unaware of the institution of proceedings after the 10 day period referred to in section, until summons served. *Puma SE v Ham Trading Enterprise CC* Case No: 9366/2017 KZD Olsen J Serial No 1426/2018

Passing-off — Size, material and background of respondent's packaging strikingly similar to that of applicant's similar product (sugarless confectionary) — Passing-off established. *The Sugarless Company (Pty) Ltd v Quad Africa Energy (Pty) Ltd* Case No: 25802/2018 GJ WHG Van der Linde J 30 pages Serial No: 1450/2018 — CD 18/2018

Trademark — Expungement Infringement — Non-use — Well-known mark — Respondent's PRIMARK mark — Respondent, international company, having registered PRIMARK in South Africa in 1976 but never used it — Appellant seeking to register same mark and seeking removal of respondent's mark on ground of non-use — Respondent claiming that mark well-known and not subject to expungement for non-use — Requirements for proof that mark is a well-known Mark — Trade Marks Act 194 of 1993, s 35(1). *Truworthe Ltd v Primark Holdings* Case No: 989/2017 SCA Maya P, Wallis JA, Willis JA, Dambuza JA and Van der Merwe JA 39 pages Serial No: 1553/2018

Trademark — Expungement — Non-use — Appellant's MORRIS mark — Respondent claiming reputation for MORRIS mark used on cranes — Whether MORRIS mark used by appellant — Whether such use bona fide — Sufficiency of evidence — Unclear who was making use of mark in South Africa — No evidence that appellant commercially alive — Appeal dismissed — Trade Marks Act 194 of 1993, s 27(1)(b). *Morris Material Handling Ltd v Morris Material Handling SA (Pty) Ltd* Case No: 829/2017 25-05-2018 SCA Maya P and Majiedt JA, Wallis JA, Dambuza JA and Van Der Merwe JA 15 pages Serial No: 1073/2018 — CD 18/2018

Trademark — Infringement — Unauthorised use of identical mark or of mark so similar as to be likely to deceive or cause confusion — Applicant the registered proprietor of trade mark S.SUGARLESS in class of confectionary products — Respondent a competitor and distributing product in similar packaging bearing S.SUGARLEAN logo — Applicant seeking order, on basis inter alia that respondent infringing its trademark, interdicting conduct of respondent — Court finding that respondent's logo so nearly resembling applicant's mark that it was likely to deceive or cause confusion — Court rejecting argument that 'sugarless' merely descriptive adjective, and incapable of distinguishing product and justifying registration — S.SUGARLESS trademark, when viewed as integrated whole more distinctive than descriptive — Interdict granted — Trade Marks Act 194 of 1993, s 34(1)(a). *The Sugarless Company (Pty) Ltd v Quad Africa Energy (Pty) Ltd* Case No: 25802/2018 GJ WHG Van der Linde J 30 pages Serial No 18/2018



IP Around the world

News and Events

INSIDE THIS ISSUE

1. USA invents Act
2. Namibia Industrial Property Act
3. INTA Middle East and Africa Conference
4. SAIPL AGM and annual lunch

USA Invents Act

By M Kleyn

On October 11th, the USPTO published a Federal Notice announcing the final rule to replace the current broadest reasonable interpretation (BRI) claim construction standard for in inter partes review (IPR) , post grant review (PGR), and covered business method (CMB) patent proceedings with the standard as articulated in the *Phillips v. AWH Corp.* case.

This means that the Patent Trial and Appeal Board (PTAB) is now required to construe unexpired and proposed claims “in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” The rule also specifies that the PTAB will consider prior claim construction determinations made by federal courts or the ITC that are entered into the record timely. In response to comments received on the proposed rule published in May, the USPTO modified the final rule to “apply only to IPR, PGR, and CBM petitions filed on or after the effective date of the final rule, which is Nov. 13, 2018.

This rule change should provide more legal certainty to patent owners with regards to validity and infringement as it is now possible to strategically align claim construction arguments before a district court, the ITC, or the Federal Circuit, which allows for greater consistency across all tribunals and synchronized positions as to patent claim scope.

This two-day event, which will include crucial discussion about the opportunities and challenges of attracting investment into the regions, how innovation is re-shaping the economy, and the importance of a robust IP strategy for effective protection and enforcement in these regions. Industry experts and government officials will share essential insights and strategies including:

- The significant role of IP in an innovation-based economy
- The growing need for harmonization
- Cross-border enforcement
- Fighting counterfeits—online and offline
- Data protection and data privacy
- Balancing IP rights and regulatory restrictions
- And much more!

To learn more about the program, industry speakers, and networking opportunities, please visit www.inta.org/2018Dubai today.



SAIIPL

AGM

The Annual General meeting of the SAIPL takes place on 14 November at 11h00 at the Pretoria Country Club The Grand room.

The AGM will be followed by a members lunch at 13h00.

Look out for the Notice of meeting.

By Karin Malherbe

Introduction of the long anticipated Industrial Property Act, 2012

The Namibian Industrial Property Act, 2012 will finally come into effect on 1 August 2018 and will have far-reaching implications for the protection, use and enforcement of trade mark and other intellectual property rights in Namibia.

This Act provides for the registration and protection and administration of patents, utility model certificates, industrial designs, trade marks, collective marks, certification marks and trade names. It repeals the Patents, Designs, Trade Marks and Copyright Act, 1916, the Patents and Designs Proclamation, 1923 and the Trade Marks in South West Africa Act, 1973, making it one of the most anticipated pieces of intellectual property legislation in Namibia, aimed at ensuring compatibility of national laws with the international legal framework.

The Act provides for the protection of well-known trade marks in Namibia under article 6bis of the Paris Convention. This is an effective manner of providing protection for international brands which are yet to enter the Namibian market.

There has been considerable uncertainty in Namibia regarding the validity and enforceability of registrations filed under international and regional systems, such as the Madrid Protocol and the Banjul Protocol to which Namibia is a signatory. The new Act recognises Namibia's obligations in terms of these systems and provides legislative clarity as to the manner in which they are to be administered within Namibia's borders.

A further noteworthy development is the attachment of trade marks for the purposes of providing security to creditors and to confirm jurisdiction. This is a useful tool when instituting legal proceedings in Namibia against foreigners.

Infringement proceedings under the new Act will now be brought before the newly established Industrial Property Tribunal, consisting of various academics as well as Namibian legal practitioners knowledgeable within the field of intellectual property, which will hopefully result in well-informed, timeous decisions. Decisions of the Tribunal may further be appealed to the High Court of Namibia.

Another noteworthy amendment is the period of non-use which has been amended from five years to three years, effectively making it easier to remove trade marks that are not used in Namibia.



Karin Malherbe is a senior associate and head of intellectual property at ENSafrica in Namibia. She specialises in trade mark, copyright and other intellectual property matters.

In respect of patents, the Act repeals the Patents and Designs Proclamation, 1923 and provides for the substantive examination of patents, whereas the previous legislation merely provided for a very rudimentary formal examination. The Act further introduces an extended patent term of 20 years. Any patent or design registered prior to the new Act will remain in force for the unexpired portion of the period of protection.

Lastly, the Regulations to the Act provide for revised prescribed forms and an increase of the official fees payable in respect of all forms of intellectual property.