



**THE SUPREME COURT OF APPEAL
OF SOUTH AFRICA**

Reportable
Case No 242/2003

In the matter between:

LAUGH IT OFF PROMOTIONS CC

Appellant

and

**SOUTH AFRICAN BREWERIES INTERNATIONAL
(FINANCE) B V T/A SABMARK INTERNATIONAL**

Respondent

Coram: HARMS, STREICHER, NAVSA, MTHIYANE
JJA AND COMRIE AJA

Heard: 30 AUGUST 2004

Delivered: 16 SEPTEMBER 2004

Subject: Trademark infringement – Trade Marks Act 194 of 1993 s 34(1)
(c) – dilution – effect on freedom of expression

J U D G M E N T

HARMS JA/

HARMS JA:

Introduction

[1] This appeal relates to trademark infringement and more particularly infringement by way of dilution through tarnishment. Section 34(1)(c) of the Trade Marks Act 194 of 1993 provides the statutory basis for such a claim by stating that the rights acquired by registration of a trade mark are infringed by –

‘(c) the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception: Provided that the provisions of this paragraph shall not apply to a trade mark referred to in section 70 (2).¹

The related question is whether or not, on the facts of this case, a finding of infringement would impinge on the appellant’s entrenched freedom of expression, which is contained in s 16(1) of the Constitution, and which includes –

- ‘(a) freedom of the press and other media;
- (b) freedom to receive or impart information or ideas;
- (c) freedom of artistic creativity; and
- (d) academic freedom and freedom of scientific research.¹²

¹ The proviso plays no role in the case.

² The proviso of ss (2) does also not arise. It reads:

‘The right in subsection (1) does not extend to—

- (a) propaganda for war;
- (b) incitement of imminent violence; or
- (c) advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm.’

[2] The trademark owner ('Sabmark') – the respondent in this court – is a Dutch company which forms part of the SAB group of companies. It holds the trade marks of the group. A local member of the group is The South African Breweries Ltd. It produces and sells beer and uses a series of Carling Black Label trade marks under licence from Sabmark.³ It is common cause that the name mark 'Carling Black Label'⁴ has not been infringed and the case concerns two marks which consist of a representation of Black Label stickers on the neck and body of a beer bottle.⁵ The discussion will be limited to one of these because it is not in dispute that what applies to the one applies to the other.

[3] The label (see the annexure to the judgment) on the neck contains the words 'Carling' and 'enjoyed by men around the world', all in black uppercase type on a red background between two golden lines. The sticker for the body of the bottle is much larger and is oblong. The background is red. There are also two gold lines, the upper one containing the phrase 'America's lusty, lively beer' and the lower one 'Brewed in South Africa', all in black upper case. In a parallelogram with a black background the words 'Carling Black Label Beer' appear – 'Carling' and 'beer' in red typeface and 'Black Label' in white script.

[4] The appellant is a close corporation and the alter ego of Mr JB Nurse. He graduated in journalism and politics at Rhodes University and holds a postgraduate diploma in enterprise management. He has a special interest in the effect of trade marks and branding on society. The appellant, he says, is the result of the thought, research and input of a collective of graduates and students from Rhodes. 'They' are 'conscientious objectors to niche-market selfhood and

³ In what follows no clear distinction is drawn between SAB and the companies in the group.

⁴ TM 1979/03675.

⁵ The marks are 1991/09236 and 1991/09237 registered in class 32 (schedule 3) in relation to beer, ale and porter.

mass-market mediocrity' who 'grew up to be brand atheists'. In order to bring this point home, the appellant markets clothing – mainly, it would seem, T-shirts – using well-known logos and trade marks 'back on' themselves. Nurse calls it 'ideological jujitsu' in which the weight of a brand is used against itself.

[5] In relation to the Black Label neck and body mark, the jujitsu grip consists of what may be characterised as a caricature of the said trade mark used on T-shirts shown as an annexure. It employs the general lay-out and colours of the registered mark. However, the message is different. The words 'Black Label' were replaced with 'Black Labour' and 'Carling Beer' with 'White Guilt'. The laudatory part on the label was replaced by 'Africa's lusty, lively exploitation since 1652' and 'No regard given worldwide'.

The litigation

[6] In the court below the trademark owner applied for an interdict based on s 34(1)(c). Initially the appellant raised the constitutionality of the provision but later abandoned it. (As will appear later, anti-dilution provisions are common in major democracies that hold freedom of expression in high regard.) Cleaver J found against the appellant. He apparently accepted the submission that the message conveyed by the T-shirts was that SAB has in the past exploited and continues to exploit black labour and is guilty of racial discrimination and that the words conjure up this country's racist past by falsely attributing to SAB the lusty and lively exploitation of black labour since 1652, the year during which the Dutch settled in the Cape. This message, he held, established that the appellant's use of its caricature of the Black Label trade mark would be likely to take unfair advantage of or be detrimental to the distinctive character or repute of the trade marks in question. Freedom of expression, the learned judge held, did not justify

the actions of the appellant because the appellant deliberately exploited the marks for commercial gain (it is an admitted fact that it will not be able to sell its T-shirts without using caricatures of well-known marks) and its lampooning or parodying was not a harmless clean pun which merely parodies or pokes fun but bordered on hate speech. He accordingly held that the appellant's conduct was covered by s 34(1)(c) and issued an interdict. (I shall revert to its terms in due course.)

[7] Cleaver J granted the necessary leave to appeal to this court. We granted the Freedom of Expression Institute ('FXI') leave to intervene as *amicus curiae* and it was duly represented by counsel. As will become apparent, the issues before us on appeal were limited. In particular, it should be noted, the constitutionality of s 34(1)(c) was accepted by all.

The approach to trademark infringement

[8] Concern is expressed from time to time about the pervasiveness of trade marks, the fact that trademark owners tend to be voracious and that trademark protection is not always kept within its legitimate bounds. Nurse, in his affidavit, raises this as a justification for attacking well-known marks. He says, for instance, that 'they' (presumably he and his colleagues) are doing their bit to promote freedom of expression in a world where commercial expression and debate is being crowded out in the name of the protection of a brand. He also believes that brands tend to control ideas and concepts. Some of this, but not all, is hyperbole.⁶

[9] Prof David Vaver, for one, has pointed out that intellectual property cannot be treated as an absolute value. Its value should be weighed up against a range

⁶ Cf *First National Bank of SA Ltd v Barclays Bank plc* 2003 (4) SA 337 (SCA) para 10.

of values of at least equal importance such as the 'right of people to imitate others, to work, compete, talk, and write freely, and to nurture common cultures.'⁷

This court, too, on occasion emphasised that intellectual property rights should be confined within their legitimate boundaries.⁸ If so confined, the concerns expressed can be accommodated considerably.

[10] On the other hand, and in spite of some judicial resistance in certain quarters,⁹ trade marks are property, albeit intangible or incorporeal. The fact that property is intangible does not make it of a lower order.¹⁰ Our law has always recognised incorporeals as a class of things in spite of theoretical objections thereto.¹¹ Also, simply because, as the appellant has it, trademark protection and branding are the result and part of a 'capitalistic' economy does not mean that trade marks may be disregarded by those who do not believe in such an economy.

[11] But then again, intellectual property rights have no special status. The Constitution does not accord them special protection and they are not immune to constitutional challenge. Even if constitutional, their enforcement must be constitutionally justifiable.¹² The problem, as will appear later, is that the question of how far guarantees of freedom of the media and expression affect intellectual property rights, is, except for the USA, somewhat virgin territory.¹³

⁷Canada's intellectual property framework: A comparative overview' 17 *Intellectual Property Journal* 125 at 187-188. See the trenchant comments of Kozinski J in *White v Samsung Electronics America* 989 F2d 1512 (1993).

⁸*Cadbury (Pty) Ltd v Beacon Sweets & Chocolates (Pty) Ltd* 2000 (2) SA 771 (SCA) quoting *Wagamama Ltd v City Centre Restaurants Plc* [1995] FSR 713 (Ch D) 728-729.

⁹ Eg the minority judgment in *Mutual of Omaha Insurance Co v Novak* 836 F2d 397 405-406.

¹⁰*Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR. 273 (HL) 291.

¹¹ Cf *MV Snow Delta : Serva Ship Ltd v Discount Tonnage Ltd* 2000 (4) SA 746 (SCA) para 9.

¹² Cf in general Thomas B Nachbar 'Intellectual property and constitutional norms' [104] 2004 *Columbia LR* 272.

¹³ As to Canada: David Vaver *Intellectual Property Law* (1997) 19. More generally Christine Steiner 'Intellectual property and the right to culture' in *Intellectual Property and Human Rights* (1998), the proceedings of a panel discussion published by World Intellectual Property Organisation and the Office of the UN High Commissioner for Human Rights.

Anti-dilution and trademark infringement

[12] In *Beecham Group plc v Triomed (Pty) Ltd*¹⁴ we pointed out that the function of a trade mark, in terms of the definition in the Act, is to indicate the origin of the goods or services. In a footnote we quoted the European Court of Justice where it held that the essential function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

[13] *Beecham* also pointed out that the protection granted to a trade mark by s 34(1) and its secondary commercial functions extend beyond the 'badge of origin' concept. Section 34(1)(c) in particular is not concerned with either origin or confusion. It protects the economic value of a trade mark, more particularly its reputation and its advertising value or selling power.¹⁵ As summed up by Tony Martino:¹⁶

'A trademark is a "creative 'silent salesman'" stimulating sales by creating goodwill and assuring buyers that all goods bearing the same mark have the same quality. "The mark actually *sells* the goods"; the more distinctive the mark, the greater its selling power.'¹⁷

[14] The anti-dilution doctrine can be traced to German jurisprudence but was first formulated with a measure of precision by Frank I Scheckter.¹⁸ What

¹⁴ 2003 (3) SA 639 (SCA).

Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc [1999] RPC 117 (ECJ) par 28.

¹⁵*National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 563 (SCA) para 11; Webster & Page *SA Law of Trade Marks* (loose-leaf ed) para 12.24 and the authorities there quoted especially BR Rutherford 'Misappropriation of the advertising value of trade marks, trade names and service marks' in J Neethling (ed) *Onregmatige Mededinging/Unlawful Competition* (1990); P Ginsburg 'Trade-mark dilution' in Coenraad Visser *The New Law of Trade Marks and Designs* (1995). In the German *Mars* case – see below – reference was made to a promotional advertising right (Case I ZR 79/92, 1995 [26] IIC 282). FW Mostert, in his doctoral thesis, spoke of the 'reg op die reklamebeeld': *Grondslae van die reg op die reklamebeeld* (Rand Afrikaans University 1985).

¹⁶*Trademark Dilution* (1996) 25. Further at p 72 et seq.

¹⁷ References omitted.

¹⁸'The Rational Basis of Trade Mark Protection' [1927] 40 *Harvard Law Review* 813.'

Scheckter principally had in mind was dilution by means of blurring of a trade mark when used on non-competing goods. He gave the example of the blurring of Rolls-Royce if the mark were to be used for restaurants, cafeterias, pants or candy. A modern German example is the use of the trade mark Dimple for whiskey in relation to cosmetics.¹⁹

[15] The instant case is, however, not concerned with blurring but rather with tarnishment. FW Mostert²⁰ quotes another German case to illustrate: the owner of the well-known perfume '4711' was able to interdict a sewer company from using the number on a malodorous tank truck even though the number only formed part of its telephone number. Courts in different jurisdictions have come to similar conclusions on similar facts in this regard. For instance, the use of the American Express charge card and the slogan 'Don't leave home without it' in relation to condoms was not acceptable to a US court.²¹ In Germany, the Federal Supreme Court found that the use of the confectionary trade mark Mars and its slogan that it will liven you up in relation to a gag item consisting of a condom, tarnished Mars.²² And in England an attempt to register Visa as a trade mark, also in relation to condoms, was dismissed on the same ground.²³

[16] In the USA some states adopted anti-dilution statutes, the first being Massachusetts in 1949.²⁴ The problem is that these laws are not in identical terms. As far as the federal position is concerned, Congress in 1995 amended s 43 of the Trademark Act of 1946 (the Lanham Act) to provide a remedy for the

¹⁹ GRUR 1985 (7) 550. The judgment is quoted and discussed in *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] FSR 767 (Ch) 786.

²⁰ *Famous and Well-Known Marks* (1 ed) 59-60; (2 ed) 1-103.

²¹ *American Express Co v Vibra Approved Laboratories Corp* 10 USPQ 2d 2006 (SDNY 1989).

²² Case I ZR 79/92, 1995 [26] IIC 282.

²³ *A Sheimer (M) SDN BHD's Trade Mark Application* [2000] RPC 13 (p 484).

²⁴ Tony Martino ch 6. Canada has an anti-dilution provision in s 22 of its Trade Marks Act but it is said to be poorly drawn and that it does its job equally poor: David Vaver 'Need intellectual property be everywhere? Against ubiquity and uniformity' 2002 [25] *Dalhousie LJ* 1 at 20. The Australian Trade Marks Act 1995 s 120 does not have a similar provision.

dilution of famous marks.²⁵ That amendment, the Federal Trademark Dilution Act (FTDA), provides that –

‘the owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.’

FTDA describes the factors that determine whether a mark is ‘distinctive and famous,’ and defines ‘dilution’ as ‘the lessening of the capacity of a famous mark to identify and distinguish goods or services.’ It sets out a number of specific defences namely fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark; non-commercial use of a mark; and all forms of news reporting and news commentary.

[17] A European Community directive²⁶ provides in relation to trademark infringement, inter alia, as follows in art 5:

‘2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’

²⁵ The detail can be found in *Moseley dba Victor’s Little Secret v V Secret Catalogue Inc* 123 S Ct 1115; 65 USPQ 2d 1801.

²⁶ First Council Directive 89/1988 of the Council of the European Communities ‘To approximate the laws of the Member States relating to trade marks’. To be found at David Kitchin et al *Kerly’s Law of Trade Marks and Trade Names* (13 ed) 1017.

'5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.'

[18] This led to a White Paper on the 'Reform of Trade Mark Law', 1990 in the United Kingdom. The subsequent UK Trade Marks Act 1994 (ch 26) deals with the issue in s 10(3):

'A person infringes a registered trade mark if he uses in the course of trade a sign which

—

(a) is identical with or similar to the trade mark, and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.'

(According to the 'Memorandum on the Objects of the Draft Trade Marks Bill' an object of our current Act, was to harmonise our law with that of the European Community, taking into account the said White Paper.)²⁷

[19] Although reliance will be placed in the course of this judgment on foreign case law it must be understood that it is done principally in order to illustrate or to compare. The different statutory setting of all these cases must always be kept in mind. It is also not suggested that the outcome in those cases would necessarily have been the same had the case been decided under our legislation and in our social context.

Interpreting s 34(1)(c)

²⁷ Notice 808 of 1991 GG 13482 of 30 August 1991.

[20] This provision has arisen but parenthetically in our case law.²⁸ At first blush its meaning is clear. In order to establish infringement, the owner of the trade mark must establish:

- (a) the unauthorized use by the defendant of a mark
- (b) in the course of trade
- (c) in relation to any goods or services
- (d) the mark must be identical or similar to a registered trade mark,
- (e) the trade mark must be well known in the Republic, and
- (f) the use of the defendant's mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark.

As mentioned, the defendant's use need not be in relation to *similar* goods or services and the liability is not dependent on confusion or deception.

[21] Nothing as far as interpretation is concerned turns on integers (a) to (e), but (f) on the other hand requires some elucidation. It must, obviously, be interpreted in the light of the Constitution and its application must be such that it does not unduly restrict a party's freedom of expression.²⁹ This requires a weighing-up of the freedom of expression and the trademark owner's rights of property and freedom of trade, occupation or profession.

[22] In the ordinary course of events acts proscribed by the provision will not impinge on a defendant's freedom of expression but since there are instances

²⁸*Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA); *Triomed (Pty) Ltd v Beecham Group plc* 2001 (2) SA 522 (T) 554H-557J; *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 563 (SCA) para 11; *Klimax Manufacturing Ltd v Van Rensburg* [2004] 2 All SA 301 (O).

²⁹ On the value of the freedom of expression: *S v Mamabolo (E TV and others intervening)* 2001 (3) SA 409 (CC) esp para 72; *Islamic Unity Convention v Independent Broadcasting Authority* 2002 (4) SA 294 (CC) para 25 et seq.

where it may, some limitation should be found or implied in the provision or in its application insofar as it may be required by a balancing of divergent rights and interests. The express terms of s 34(1)(c) do place important limitations on its scope. First, it provides protection to well-known marks only.³⁰ Second, the prohibited use must be 'in the course of trade'. This accords for instance with the position in the USA³¹ and the EC. And then, significantly, the use must be in relation to goods or services.³² Integer (f) contains an important limitation namely that a defendant may not take 'unfair advantage' of the distinctive character or repute of the trade mark – according to Mostert something akin to misappropriation or unjust enrichment.³³ This allows for a proper balancing of freedoms, rights and interests.

[23] The word 'detrimental' is not qualified in express terms. However, it is inconceivable that *any* detriment could suffice and it is implicit that detriment, in order to be actionable, has to be unfair in the sense that the relief sought may not unfairly or unduly encroach on the rights of others – including the freedom of expression. There is another qualification: The law, as a general proposition, concerns itself with matters of substance only and, accordingly, insubstantial prejudice to the trademark owner is not enough.³⁴ Since neither freedom of expression nor trademark rights are absolute, it will be necessary to consider

³⁰As to the importance of this qualification: FW Mostert *Famous and well-known marks* (2 ed) 1-97.

³¹On commercial speech in the USA cf Sanette Nel 'Freedom of commercial speech: evaluating the ban on advertising of legal products such as tobacco' XXXVII *CILSA* 65 68 (2004).

³²Cf *LL Bean Inc v Drake Publishers Inc* 811 F2d 26 (1987): a parodic article in a magazine was held not to infringe the senior mark.

³³FW Mostert *Famous and well-known marks* (2 ed) 1-115.

³⁴Cf *Pfizer Ltd and Pfizer Inc v Eurofood Link (UK) Ltd* [2000] ETMR 896 (Ch) para 37. A mere conjuring up of the trade mark is not enough: cf *Cliffs Notes Inc v Bantam Doubleday Dell Publishing Group Inc* 886 F 2d 491 496 (1989).

how they should be balanced.³⁵ Before doing that it is necessary to consider whether the appellant has otherwise infringed the trade marks in issue.

Infringement

[24] It is common cause that integers (a) to (e) have been established and all that remains is whether the use by the appellant of its Black Labour White Guilt mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the Black Label mark. That depends, amongst other things, on its message, which is a matter of interpretation through the eyes not only of the typical purchaser of such T-shirt but also through the eyes of those who are perforce exposed to the purchaser's attire.

[25] Sabmark submitted that the message conveyed is that since time immemorial SAB has exploited and still is exploiting black labour and that it has or should have a feeling of guilt and that SAB worldwide could not care less. That is more or less in accordance with the finding of the court below. Counsel for both the appellant and for FXI had some difficulty in explaining what the message was. Initially appellant's counsel asked us to ignore Nurse's evidence that the intention was to satirise the mark and to find that the T-shirt says nothing about SAB but says something in general about whites having exploited black labour. In reply he retracted and adopted FXI's submission which was that it is a complex message which criticises the methods used by SAB to market its beer by targeting black workers. It should be emphasised that the appellant accepts that it has no ground for attacking the employment practices of SAB. Nowhere on the papers is any case made out of the exploitation of black labour. On the contrary, in a radio interview shortly after proceedings were instituted, Nurse said

³⁵*Ashdown v Telegraph Group Ltd* [2002] RPC 5 (CA) 235 at 242-243, [2001] EWCA Civ 1142; *Levi Strauss & Co v Tesco Stores Ltd* [2003] RPC 18 (Ch) at 336; *Rogers v Grimaldi* 875 F 2d 994 (1989)..

that 'it's obviously not a statement about SAB and their labour practices'. What Nurse intended is not the issue, it is what he in fact said or did. I have only referred to this evidence in order to indicate that the appellant does not rely on a defence akin to truth and public interest or fair comment in the law of defamation.³⁶

[26] I find the interpretation contended for by counsel for the appellant and for FXI strained to say the least and that the interpretation contended for by Sabmark to be evidently the correct one. That leads to the next question namely whether a T-shirt with such a message is substantially detrimental to the repute of the marks (I shall return to deal with 'unfairly' in due course). Sabmark submits that the impression created and left in the mind of the public that SAB has always been and still is guilty of exploiting its black labour will, in the light of the history of the country, in all likelihood be seriously damaging to its trade marks. Appellant's counsel did not attempt to meet the point head-on because it could not be met. It would be fair to pose the question whether the message is not likely to create in the mind of consumers a particularly unwholesome, unsavoury, or degrading association with Sabmark's marks.³⁷ The answer must be yes. Otherwise put, will anyone who has seen the appellant's T-shirt be able thereafter to disassociate it from Sabmark's trade marks?³⁸ The answer must be no.

[27] The appellant attempted to find the answer to the question of detriment to repute elsewhere. It contends that SAB has not established that there has been

³⁶ Cf *Khumalo v Holomisa* 2002 (5) SA 401 (CC) para 21 et seq. In his affidavit Nurse raised a large number of serious social and political issues but these have nothing to do with the issues in this case. Neither the appellant's nor FXI's counsel relied on any of those matters.

³⁷ Cf *Mutual of Omaha Insurance Company v Novak* 648 F Supp 905; 231 USPQ 963 upheld on appeal: *Mutual of Omaha Insurance Company v Novak* 836 F2d 397.

³⁸ Cf *Dallas Cowboys Cheerleaders Inc v Pussycat Cinema Ltd* 604 F2d 200.

a loss of sales as a result of the appellant's T-shirt sales but on the other hand it accepts that s 34(1)(c) does not require proof of actual loss but only the likelihood of loss.³⁹ It then contends that because the appellant is a small concern with relatively limited sales there can be no detriment to the trade marks but counsel simultaneously recognised that the size of an infringing operation is never relevant in determining infringement. There was also a refrain about the need to establish irreparable harm for a permanent interdict. Quite a novel proposition.

[28] I therefore find that the message on the T-shirt is materially detrimental to the repute of the trade marks concerned. This leaves for consideration the freedom of expression justification.

Freedom of expression⁴⁰

[29] One should recognise that in latter-day societies one-liners, sound bytes and SMS messages have become the favourite method of communication, replacing political, religious and social monographs and tracts. T-shirts fall in the same class and provide a powerful medium for making socio-political comments. As PJ O'Rourke once remarked somewhat sardonically –

'If Martin Luther were a modern ecologist, he would have to nail ninety-five T-shirts to the church door at Wittenberg.'⁴¹

[30] It is important to note what s 34(1)(c) does not forbid and the extent to which it does not impinge on freedom of expression. The appellant is free to use its caricature in the course of trade subject to a proviso: it may not use it in

³⁹ The position is different in the UK: *DaimlerChrysler AG v Javid Alavi (t/a Merc)* [2001] RPC 22 at p 842 and under US federal law: *Moseley dba Victor's Little Secret v V Secret Catalogue Inc* 123 S Ct 1115; 65 USPQ 2d 1801.

⁴⁰FW Mostert *Famous and well-known marks* (2 ed) 1-122 for a discussion of the free speech defence.

⁴¹*All the trouble in the world.*

relation to goods or services. The appellant may use it in relation to goods or services by placing the caricature on T-shirts, flags or whatever provided it is not so used in the course of trade. That is more or less why Canadian courts have found that the caricature of an employer's trade marks by a trade union during a labour dispute does not amount to trademark infringement.⁴² The appellant may declaim the message about black labour and white guilt from rooftops, pulpits and political platforms; and it may place the same words (without appropriating the registered mark's repute) on T-shirts, and sell them. In other words, its freedom of expression is hardly affected. A Canadian court has held that freedom of expression is not at all affected if the appellant is able to say what it wants to say in another manner.⁴³ US courts have also held that trade marks need not yield to First Amendment rights under circumstances where adequate alternative avenues of communication exist.⁴⁴ Whether these statements are correct in absolute terms one need not decide since it suffices to say that the availability of adequate alternative avenues is a relevant factor to consider in this context.

[31] Returning to the fact that trade marks are property: Some courts have held that the freedom of expression does not entitle a party to damage private property.⁴⁵ No-one would suggest that painting graffiti on private property (or even public property) is not an abuse of free speech. Why should it be different

⁴² *Compagnie Générale des Établissements Michelin/Michelin & Cie v National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada) (T.D.)* [1997] 2 F.C. 306; *Rotisseries St- Hubert LTEE v Le Syndicat des Travailleurs (EUSES) de la Rotisseries St- Hubert de Drummondville (CSN)* 17 CPR (3d) 461.

⁴³ *Compagnie Générale des Établissements Michelin/Michelin & Cie v National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada) (T.D.)*; *Mutual of Omaha Insurance Co v Novak* 836 F2d 397 (1987).

⁴⁴ *Dallas Cowboys Cheerleaders Inc v Pussycat Cinema Ltd* 604 F2d 200 206.

⁴⁵ *Eg Compagnie Générale des Établissements Michelin/Michelin & Cie v National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada) (T.D.)*; *Mutual of Omaha Insurance Co v Novak*.

simply because the property is a trade mark? That is not to suggest that puns and the like are not countenanced or that trademark owners' over-sensitivity should be humoured. However, courts are in general not amused by sex- and drug-related 'parodies', even if they are clever or funny, simply because the prejudice to the trade mark tends to outweigh freedom of expression.⁴⁶ On the same principle, unfair or unjustified racial slurs on a trademark owner (even if not hate speech or approximating it) should in general not be countenanced, more so in a society such as ours. The whole point about reputation is that, like sanity, it operates as a working assumption – to question it is, in itself, to devalue it.⁴⁷

[32] Another factor to be taken into account is the predatory intent of the defendant.⁴⁸ T-shirts are primarily a marketable commodity and not only a communication medium. It is not the appellant's case that they were used in this case otherwise than in the course of trade. It is also not the appellant's case that the mark was not used in relation to goods. On the contrary, the appellant is in the business of marketing clothing. Using well-known marks for the marketing of its goods is the whole basis of the appellant's commercial existence.

[33] Purely derisory 'parody' of a mark should also not be entitled to protection.⁴⁹ In this regard defamation principles may be of assistance and matters such as truth, public interest and fair comment may play a role in determining whether the use of a caricature is justified. That is a reason why the nature of the message conveyed by the T-shirt is important.

Parody

⁴⁶ Tony Martino *Trademark Dilution* 60-62.

⁴⁷ An adaptation of a statement about status by Fintan O'Toole *A Traitor's Kiss* 71.

⁴⁸ Tony Martino *Trademark Dilution* 61-62.

⁴⁹ *Gucci Shops Inc v RH Macy's Co* 446 F Supp 838 (1977); *Anheuser-Busch Inc v Balducci Publications* 28 F3d 769 (1994).

[34] Appellant and FXI submitted that the message was a parody of Sabmark's trade marks and, as such, entitled to freedom of expression protection. In this regard much reliance was placed on American jurisprudence, more often than not on copyright cases. It is necessary to place all this in a proper perspective.

[35] The leading case on copyright parody in the USA is the judgment of the Supreme Court in *Campbell v Acuff-Rose Music Inc.*⁵⁰ It concerned the question whether a song which parodied Roy Orbison's song, 'Oh, Pretty Woman,' may be a fair use within the meaning of the US Copyright Act.⁵¹ The 'fair use' of a copyright work for purposes of criticism or comment is in terms of the statute not infringing use. To determine whether parody falls within the meaning of 'criticism' the court defined 'parody' and it did so in these terms:

'The germ of parody lies in the definition of the Greek *parodeia*, quoted in Judge Nelson's Court of Appeals dissent, as "a song sung alongside another." 972 F.2d, at 1440, quoting 7 *Encyclopaedia Britannica* 768 (15th ed. 1975). Modern dictionaries accordingly describe a parody as a "literary or artistic work that imitates the characteristic style of an author or a work for comic effect or ridicule," or as a "composition in prose or verse in which the characteristic turns of thought and phrase in an author or class of authors are imitated in such a way as to make them appear ridiculous." For the purposes of copyright law, the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works. If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish),

⁵⁰ 510 US 569; 29 USPQ 2d 1961.

⁵¹ (1976) 17 U.S.C. 107.

and other factors, like the extent of its commerciality, loom larger. Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.⁵²

[36] A finding that an allegedly infringing work is a parody does, however, not conclusively establish that its use of the senior work was fair. In order to determine whether 'use' constitutes fair use all relevant factors have to be taken into account, including those specifically listed in the US statute. One such factor is the purpose and character of the use. For example, as *Campbell* makes clear, the use of a copyright work to advertise a product, even in parody, is treated with less indulgence than the sale of the parody itself. (In Canada, on the other hand, parody is not regarded as fair use of a copyright work⁵³ and there is no indication that the position in the UK is any different.) Satire, on the other hand, differs from parody since it does not comment on the senior work and can, therefore, not be considered to be a comment or criticism of the copyright work.⁵⁴ Even then, as a literary critic said –

'a satirical intention, however sincerely felt, does not supersede the requirements of ordinary decency.'⁵⁵

Mr Nurse, who should know, ironically enough, described his use as satire and not as parody. Mr Welz, the editor of *Noseweek* who filed an affidavit in support

⁵² References have generally been omitted.

⁵³ *Compagnie Générale des Établissements Michelin "Michelin & Cie v National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada) (T.D.)* [1997] 2 F.C. 306.

⁵⁴ See in general: *Dr Seuss Enterprises LP v Penguin Books USA Inc* 109 F3d 1394 (1997); *Rogers v Koons* 960 F 2d 301 (1992); *Suntrust Bank v Houghton Mifflin Co* 268 F 3d 1257. In a recent Dutch case the court did not consider that parodying Russian society justified the copyright infringement of Harry Potter books: Ilanah Simon 'Parodies: A touch of magic' [2004] *European Intellectual Property Review* 185.

⁵⁵ Clive James *The Dreaming Swimmer* 117.

of Nurse, was able to give a number of examples of true parody of trade marks as used in his publication.⁵⁶ And as counsel for FXI accepted during argument, some of the appellant's other caricatures can be classified as parody and others not.

[37] As in the case of copyright infringement, parody cannot *per se* be a defence against trademark infringement in terms of s 34(1)(c). It is nevertheless a factor like the other factors mentioned above that has to be considered in determining whether a defendant's use of a mark contrary to the provisions of s 34(1)(c) is constitutionally protected.⁵⁷ A good example of fair parody is to be found in the judgment of the Paris Tribunal de Grand Instance in *Greenpeace France v Esso*.⁵⁸ Greenpeace used, instead of the trade mark ESSO, the mark E\$\$O in a context in which it criticised Esso's ecological record. The court found that to be permissible because Greenpeace should be able to, in its writings or on its internet site, denounce, as it considers appropriate to the goal pursued, the environmental impacts and human health risks caused by certain of Esso's industrial activities. The court pointed out that this freedom is not absolute and it can be subject to the restrictions necessary for the protection of the rights of others. Although the mark E\$\$O refers to Esso's trademark, Greenpeace did not aim to promote its products or service commercially but used E\$\$O for polemical purposes. This underscores the view that parody in France is not a *per se* trade

⁵⁶ The fact that a work is a parody may indicate that it is not a copy of the senior work, only that it used the idea of the senior work: *Joy Music Ltd v Sunday Pictorial Newspapers* (1920) Ltd [1960] 1 All ER 703 (QBD) 708 but that is another issue altogether. It seems to be related to the transformative test for determining fair use: Cf Pierre N Leval 'Toward a fair use standard' [103] *Harvard LR* 1105 and the response by Lloyd L Weinreb 'Fair's fair: a comment on the fair use doctrine' [103] *Harvard LR* 1137.

⁵⁷ *Anheuser-Busch Inc v Balducci Publications* 28 F3d 769 (1994). In the US parody is often used to answer the question whether there is a likelihood of confusion: *Hard Rock Café Licensing Corp v Pacific Graphics* 776 F Supp 1454 (1991).

⁵⁸ 26 February 2003 General index registration number: 2002/16307, 2002/17820.

mark defence but that the exception of parody appears to be allowed in relation to trade marks provided, *inter alia*, that the parody was not made for commercial purposes and does not overstep the limits of parody.⁵⁹

[38] Another illustration is the recent decision in *Mattel Inc v Walking Mountain Productions*.⁶⁰ The defendant produced artistic photographs which parodied the lifestyle represented by Barbie dolls. The court dismissed the dilution claim on the ground that tarnishment caused merely by an editorial or artistic parody which satirizes plaintiff's product or its image is not actionable under an anti-dilution statute because of the free speech protection provided by the First Amendment.⁶¹

[39] On the other hand, in *Mutual of Omaha Insurance Co v Novak*,⁶² the defendant, who was protesting nuclear proliferation, used the trade mark of an insurance company to make his point on T-shirts and coffee mugs. This use was found not to be parody because the defendant was not commenting on the plaintiff's trade mark or business. In *Anheuser-Busch Inc v Balducci Publications*⁶³ the defendant placed a fake advertisement, which it thought humorous, in which the plaintiff's beer Michelob was represented as an oily product. The intended message concerned an oil spill which had no connection with Michelob and water pollution in general. No other justification was proffered for the damaging implication that Michelob contained oil. In balancing the trademark owner's rights against that protected under the First Amendment, the court found that the First Amendment defence had to yield to Michelob's rights.

⁵⁹ Olivier Bancheraeu in an Intellectual Property newsletter at <http://www.lovells.com>.

⁶⁰ US Court of Appeals for the 9th Circuit. Reference not yet available.

⁶¹ Cf *LL Bean Inc v Drake Publishers Inc* 811 F2d 26 (1987) and, in another statutory context: *Lighthawk, Environmental Air Force v Robertson* 812 F Supp 1095, 25 USPQ 2d 2014

⁶² 836 F 2d 397 402.

⁶³ 28 F3d 769 (1994).

[40] German law appears to be similar. According to Nicola Dagg and Emma Alanko⁶⁴ –

'German legal protection against dilution is subject to the condition that it is "without due cause". In applying this provision, German courts attempt to strike a balance between the interests of the trade mark owner and - most usually - the constitutionally protected right to free expression. In striking this balance, German courts have considered:

1. Use of the slogan "Bild Dir keine Meinung" (do not form your own opinion), which alluded to the advertising slogan "Bild Dir Deine Meinung" (form your own opinion) of the well-known tabloid paper *Bild* (which is also the German word for "picture" and "to form"). This was held to be a critical expression with regard to the quality of the *Bild* newspaper, which did not amount to an infringement.
2. Use of the word Mordoro (Mord = murder) in a mock advertisement for Marlboro cigarettes which was included in a non-smokers calendar. This was held not to infringe the Marlboro trade mark because it was protected by the constitutional right to freedom of expression.

On the other hand, the use of the expression Deutsche Pest was held to be an infringement of the mark Deutsche Post because it did not contain a specific criticism of the German post office, but merely amounted to a mindless denigration of the post office.'

[41] It follows from this analysis that the appellant's reliance on parody as a defence is misconceived. The appellant is using the reputation of Sabmark's well-known trade mark, which has been established at considerable expense over a lengthy period of time, in the course of trade in relation to goods to the

⁶⁴'Defining the limits of parody' in *Managing Intellectual Property* July/August 2004.

detriment of the repute of the mark without any justification. Such use and detriment is unfair and constitutes an infringement of the said provision. The appellant's reliance on the freedom of expression is misplaced. It did not exercise its freedom, it abused it.

Order

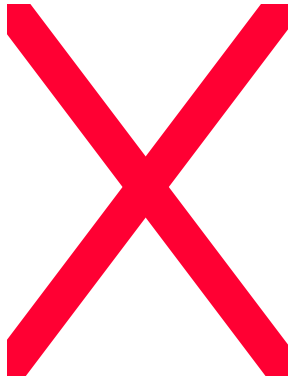
[42] The order issued by the court below was formulated in terms too wide. It does not limit the interdict to use in the course of trade or on use in relation to goods or services as required by s 34(1)(c). It included the trade mark 'Carling Black Label' within its scope although not infringed by the appellant. Restraining not only the appellant but also its servants and agents was unnecessary and extending the order beyond the infringing mark to 'any other mark' was wrong. However, these aspects were not issues in the appeal and do not affect costs of appeal. The appeal stands to be dismissed subject to the indicated changes to the order.

[42] The following order issues:

(a) Save as indicated in para (b), the appeal is dismissed with costs, including the costs of two counsel.

(b) The order of the court below is amended to read:

'The respondent is interdicted from infringing registered trade marks 91/9236 and 91/9237 of the applicant by using in the course of trade and in relation to goods or services the mark depicted in annexure A7. The respondent is to pay the costs of the application, including the costs of two counsel.'



L T C HARMS
JUDGE OF APPEAL

AGREE:

Streicher JA
Navsa JA
Mthiyane JA
Comrie AJA

