

Question Q214

National Group: South African Group

Title: Protection against the dilution of a trade mark

Contributors: Wim Alberts

Representative within Working Committee: Johnny Fiandeiro

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Questions

I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

Protection is provided in the Trade Marks Act 194 of 1993.

2. Is there a legal definition of dilution in your legislation or case law?

Dilution refers to the situation where the use of a mark takes unfair advantage of, or is detrimental to, the distinctive character of a well-known registered mark (confusion is not required).

- 3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

The mark must be registered and must be well-known.

- 3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

A mark must be distinctive in order to qualify for dilution protection. It can be so either because of inherent distinctiveness or through use.

- 3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

The term "well-known" is best reserved for art 6(bis) of the Paris Convention type marks. Marks that are famous and not merely well-known could qualify for dilution protection, and have a wider scope of reputation. In determining the latter, one must have regard to factors such as the duration and extent of use, the geographical extent of use, the channels of trade, the degree of recognition in its and the defendant's trading areas and channels of trade, and the nature and extent of use of the mark by third parties. The relevant dates would be, subject to vested rights, the date of application of the other party, or the date on which use was commenced.

- 3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

It is required that a mark must at least be known amongst a substantial number of people. It has however been suggested that a stricter test should apply as the rights given by the legislation are quite extensive. The position in our law is not altogether clear. In some cases knowledge of a mark only in certain parts of the country (coastal areas) was considered to be sufficient for recognition as being well-known. That would not necessarily provide protection though against use on goods of a different nature, distributed in other areas of the country. The fact that a mark is famous in one country is not in itself sufficient. The criterion would still be whether it is famous in South Africa.

- 3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market ("niche market") sufficient?

As mentioned above, dilution protection in a limited market has been granted. The narrower the extent of the fame the narrower the scope of protection will be. If a mark is only well-known amongst a particular group of the public it could prevent wider protection. It is a flexible standard.

- 3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

It is specifically required that the mark must be registered.

- 3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

The above sets out the position fully.

- 3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

The standard is of course prescribed by law, but the evidence must still be presented to prove that a mark is famous. In a major case involving the McDonald's trade mark, the court did consider opinion surveys. Sales and advertising figures in themselves would not be sufficient. With regard to the issue of detriment/unfair advantage, it can be said that that involves more of a legal norm, and an inference will be made from the facts to a greater extent than would be the case with the question of a mark being famous.

- 3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

There is no register of famous marks.

4. Does your law require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark? If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'? Are there other factors to take into account? Is the assessment of a link a question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

Our highest civil court has recently decided that a mental association is not sufficient to lead to either blurring or tarnishing. The matter must be looked at through the eyes of the consumer. A material link pointing to the existence of confusion is not required, but its absence will be relevant. The evaluation of a link in this specific context will be a question of law.

5. Does such 'mental association' or 'link' between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark's repute or distinctive character? Or does detriment have to be proved over and above the existence of a 'mental association' or 'link'?

It is not sufficient that a link exists. It must be determined whether the originality and distinctiveness, as well as the advertising effectiveness of the mark is impaired.

6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

The above factors will be relevant. Our courts however also require very specifically proof of material economic detriment. This may either be loss of sales or an unfavourable association with the mark.

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?

It is sufficient if a likelihood of detriment is proven. The burden of proof will be on the proprietor of the famous mark. A possible change in economic behaviour will be an issue that features in the context of unfair advantage being taken of a famous mark. It is not related, usually, to the issue of detriment. A change of economic behaviour can probably include a reduced willingness to buy the proprietor's goods, or even an increased willingness to purchase goods from the alleged infringer. It is however not sufficient for someone merely to obtain an advantage, it must be unfair.

8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object
- to the registration of a later trademark?
 - to the actual use of a later trademark?
 - in respect of dissimilar goods only or also in respect of similar goods?

Objection can be made to the use or registration of later marks. The objection can be in relation to dissimilar goods, hence the concept of dilution.

9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?

An owner may oppose a trade mark application, or expunge an existing registration. He may also obtain an injunction in cases of infringement. The Registrar is entitled to rely on dilution grounds to refuse an application.

II. Proposals for adoption of uniform rules

The Groups are invited to put forward proposals for adoption of uniform rules with a view to protecting trademarks against dilution. More specifically, the Groups are invited to answer the following questions:

1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market (“niche market”) be sufficient?

One should continue with the notion of a famous mark, one that is more than simply well known. The extent of the fame will determine how wide the protection will be.

2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

It should be required that a registration exists in the country in which protection is sought.

3. Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?

A register would not be practicable. Normal rules of evidence should apply.

4. Should the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

It should be a minimum requirement, but there must still be proof that, in particular, unfair advantage is taken.

5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?

It should be sufficient if there is a probability of a change in behaviour. If actual change is required, there could already be damage to the famous mark.

6. What should the remedies be for dilution of a mark?

The existing remedies (injunction/damages) should suffice.

National Groups are invited to comment on any additional issue concerning the protection of a mark against dilution.

Note: It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

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SUMMARY

The basis for protection against dilution in South Africa is the Trade Marks Act 194 of 1993, which refers to the situation where the use of a mark takes unfair advantage of, or is detrimental to, the distinctive character of a well-known registered mark. The marks must be well-known, and registered. Relevant factors in determining whether a mark is well-known include the duration and extent of use, and the degree of recognition of the mark. No specific threshold for protection exists. The fact that a mark is famous in one country is not in itself sufficient. The scope of protection will depend on the extent of the fame. Sales and advertising figures are not in themselves sufficient, and survey evidence is admissible.

A mental association is not sufficient to lead to either blurring or tarnishing. The matter must be looked at through the eyes of the consumer. It is sufficient if a likelihood and not actual detriment is proven. The burden of proof will be on the proprietor of the famous mark. A possible change in economic behaviour will be an issue that features in the context of unfair advantage being taken of a famous mark. It is not related, usually, to the issue of detriment. An owner may oppose a trade mark application, or expunge an existing registration. He may also obtain an injunction in cases of infringement. The Registrar is entitled to rely on dilution grounds to refuse an application.