

LAW LETTER

Principles.Precedents.Plaintiffs

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Your strategic partner at law



This edition of Law Letter turns its spotlight onto intellectual property – the important and valuable rights to trade marks, copyright, patents and design. We also look at family and company law issues. Please remember that the contents of Law Letter do not constitute legal advice. For specific professional assistance, always ensure that you consult your attorney. We welcome your comments and suggestions.

EDITORIAL

Legacy of 12 Tables – Ancient Wisdom

“Fourteen? The good Lord has only ten.”

– French Premier, Georges Clemenceau,
on hearing of US President Woodrow Wilson’s
Fourteen Points for Peace (1918).

Our legal system is more than a collection of legal rules. It is based on Roman-Dutch principles modified by English law concepts and local factors. Becoming a democracy with a humanistic constitution has transformed our legal environment, without downgrading the importance of law as a product of our history dating back to the founding of Rome.

During the earliest period of the Roman Republic in 449 BC the emancipation of the Plebeians led to the breaking of the priests’ stranglehold on the knowledge of law and the adoption of the Law of the Twelve Tables.

Greek legislation, including the Solonian constitution of Athens, formed the basis of this primitive codification of the customary law of the time and became the main source of public and private law. It made the law accessible to all and was the starting point of Roman legal science that was finally preserved in a codified form a thousand years later in the *Corpus Iuris Civilis* (Body of Civil Law) by the last great emperor, Justinian.

A further thousand years passed before the intolerance of the Dark Ages was followed by the reception of Roman law in Western Europe during the Renaissance. A synthesis of this with the indigenous Germanic customary law of the various Netherlands provinces formed the Roman-Dutch substantive law.

Since the Twelve Tables there has been a division between law and religion. Before that the Ten Commandments had

been in existence for a thousand years at that stage. Religious laws had been in existence before the Jewish exodus from Egypt.

Religion’s quest for the revelation of truth is based on faith. Its non-material core is not bound by the rational, factual and causal confines of the law where legal proof to establish truth is sought within human experience with logical explanations. The humanity and compassionate spirit of religion complements the relativity of law, but rigid inflexibility can ensue as soon as its absolute character is adopted in legal issues. This is one of the reasons why even the fundamental rights in our Constitution are subject to limitation.

The New York World Trade Centre

destruction of 11 September 2001 once again revived worldwide intolerance on a “them” and “us” basis. In its aftermath both orthodox group priorities and individual liberal values have been proclaimed with fundamental zeal. It contributed to a widespread escalation of legalistic unreasonableness. Courts are increasingly required to be arbiters on morality in addition to law. Lawmakers as well as judges are regularly taken to task by sectors of the public for appearing to temper absolutist attitudes with equity.

Every lawyer knows that there are invariably at least two sides to each story and dogmatic prejudgment excludes the time-honoured Roman maxim of *audi alteram partem* (hear the other side). Law does include elements of morality, philosophy and ethics, but also realism, rationality, reasonableness, fairness, mercy and human rights of dignity, equality, freedom and flexibility. In a complex modern and rapidly changing world, the ability of legal systems to draw on the experience of centuries of human conduct is a crucial component of their value.



INTELLECTUAL PROPERTY

Copyright

■ *Your Place or Mine?*

"Bad artists copy. Good artists steal."

– Pablo Picasso (1881 – 1973)

THE SUPREME Court of Appeal has had to resolve the question whether a local court has jurisdiction in disputes relating to foreign copyright.

Gallo Africa and four other plaintiffs alleged that they were the owners of the musical and literary copyright in the musical *Umoja* by taking assignment of such copyright from the original authors. They issued summons against Sting Music and its associates for making recordings and cinematograph films of the musical and having them broadcasted.

The contentious part of the claim was that Sting Music was alleged to have infringed the copyright in nineteen other countries apart from South Africa. Jurisdiction is territorial and relates to the power vested in a court to adjudicate upon and dispose of a dispute. The nature of the proceedings and of the relief can play the deciding role in its determination.

Gallo claimed that it was within the High Court's competence to grant an interdict and damages as they were residents of and the defendants were domiciled in South Africa. Gallo relied on the fact that the court could determine through expert evidence what the relevant foreign laws were.

The infringement of copyright is defined with reference to the laws of each particular jurisdiction. All the countries concerned were signatories of the Berne Convention for the Protection of Literary and Artistic Works. This Convention underscores three principles, namely:

- that works originating in one of the contracting states must be given the same protection in each of the other contracting states;
- that copyright protection may not be conditional upon compliance with any formality; and
- that copyright protection is independent of the existence of protection in the country of origin of the work.

Copyright exists naturally in a material form without registration by means of local legislation. Gallo relied on the copyright laws of each of the nineteen countries. Although the South African courts had jurisdiction in respect of the defendants, the question was whether they also had jurisdiction to decide issues involving the infringement of foreign copyright.

The court followed a judgment of the Court of Appeal in

England and Wales, namely *Lucasfilm Limited v. Ainsworth* that relied on practical considerations for its decision as to why a local court should not exercise jurisdiction over a foreign copyright. It justified its conclusion on principle as well as convenience and common sense. It concluded that extra-territorial jurisdiction would place unwarranted restraints on actions in other countries and create too much room for forum shopping. Furthermore, the enforcement of any such ruling could cause discord between the intellectual property policies of different countries. The court also considered it significant that the Berne Convention did not put a system in place for the international litigation of copyright by the courts of a single state.

Our courts' jurisdiction over copyright disputes is accordingly limited to South Africa.

Gallo Africa v. Sting Music 2010 (6) SA 329 (SCA).

■ *Hamburger Headache*

SOUTH AFRICANS reacted with indignation when compelled to change names of food and drinks with regional connotations and quality criteria to comply with agreements with the European Union. Examples are Parma ham and Parmesan cheese from Parma in Italy, Port from Oporto in Portugal, Sherry fortified wines from Jerez in Spain and France's Claret red wine from Bordeaux.

Terms have to be generic in the extreme to fall outside the prohibition. English Cheddar cheese was deemed to be generic but Feta cheese from Greece was not. The prohibited terms cannot even be used in combination with words like "style", "type", "imitation" or "method".

These protected indications are justified if one considers the strict requirements to qualify for classification in Europe. For example, to qualify as Roquefort, cheese must be made from milk of a certain breed of sheep and matured in caves from the Aveyron region in France where fermentation is induced by spores from a fungus growing in these caves.

In Europe the prohibition extends further than types of products. The hair care company Andréon in the Netherlands could not celebrate its three score years and ten birthday with the launch of a "Champagne Shampoo". The *Comité Interprofession du Vin de Champagne*, representing sparkling wine producers, obtained an injunction to stop sales of the shampoo against its manufacturer, Unilever, in the District Court of The Hague on 8 October 2010.

The judge found that the sale of the shampoo infringed the protected geographical identification of champagne in France.



Trade Marks

■ *Chip off the Old Block*

"Bill Clinton finds cloning morally wrong. He thinks humans should be made the old-fashioned way."

– Jay Leno

THE DEFINITION of "counterfeiting" in the **Counterfeit Goods Act** of 1997 was an issue where reproductions were made of the marks but not the actual goods of a trade mark proprietor. Puma is a German company with an international reputation in the field of sport shoes. One of its registered trade marks is a strip device being a curved stripe that splits in two running from the upper portion of the heel to meet the lower middle part of these shoes.

A South African company, Rampar, used various strip devices on the side of its shoes together with its own trade marks. It submitted that the stripes on its shoes did not perform trade mark functions, but were only decorative and could not be counterfeits because the shoes were not clones of actual shoes.

According to the court it was not necessary that the Rampar shoes had to be identical to the Puma shoes. The test, however, requires more than the standard trade mark infringement enquiry whether the reproduction is likely to deceive or cause confusion. There had to be a deliberate and fraudulent infringement of trade marks to establish counterfeiting.

The Supreme Court of Appeal was satisfied that there could be little doubt that the Rampar shoe sported a copy of the Puma strip device. Rampar's efforts to distinguish its marks from the Puma mark by the presence of a prancing dragon and a Dodo device on the heel of the shoe and by displaying the name Dodo Sport on the inside of the shoe, did not detract from its copying the essence of the Puma mark. Rampar's use was consequently "calculated to be confused with" or to be "taken as being that of Puma".

The court's ruling that cloning was not required implies that trade marks intended for goods that have not yet been manufactured, produced or made, can also be the subject of counterfeiting.

Puma AG Rudolph Dassler Sport v. Rampar Trading (Pty) Ltd (59/10) [2010] ZASCA 140 (19 November 2010).

■ *Fabled Labels*

"We are living in a world today where lemonade is made from artificial flavours and furniture polish is made from real lemons."

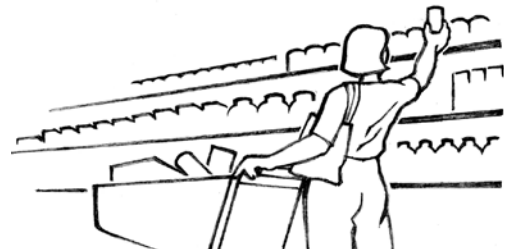
– Alfred E. Newman

New regulations for the labelling and advertising of foodstuffs came into effect on 1 March 2011. These regulations have been published in terms of the **Foodstuffs, Cosmetics and Disinfectants Act** of 1972 and apply to food not regulated by the **Agricultural Products Standards Act** of 1990. Labelling or advertising with misleading indications are required to meet specified standards for the use of laudatory or descriptive terms to be lawful in future.

Terms like "fresh", "real", "pure", "natural", "original", "authentic", "genuine", "finest", "best" and "traditional" will have to meet their own criteria. For example, "pure" should only describe a single ingredient food, except where a compound food is made with pure ingredients.

These terms should not form part of brands, fancy names or of coined and meaningless phrases to imply that a foodstuff has qualities that cannot be substantiated.

Trade marks that do not meet the criteria set out in these regulations may no longer be registrable.



■ *Keeping out Gatecrashers*

STRONG AMBUSH marketing measures have become essential for any successful bid to host a major sporting event. They provoke controversy because they appear to suppress free commercial speech and the exercising of legitimate rights of non-sponsoring trade mark owners.

The Board of Directors of the International Trademark Association has published a guideline on principles to be considered for ambush marketing legislation. Included are limitations to the time that restrictions should be in place as well as remedies to prevent "overreaching" and allowing fair use of descriptive and generic terms.

South Africa survived ambush marketing problems relatively unscathed during the 2010 FIFA World Cup. Although some would say that our laws are draconian, they have created enough certainty to deter large scale infringements of sponsors' trade mark rights.

New Zealand lost its bid to co-host the 2003 Rugby World Cup with Australia because at the time it could not guarantee "clean stadiums". For the 2011 event, the Kiwis made sure that the brands of sponsors of the event would be adequately protected and that third parties with existing advertising contracts would not again be able to scuttle its bid.

For the 2012 Olympic Games the International Olympic Committee first had to be assured that the Olympic brand and the rights of sponsors would be safeguarded during the event before the bid was granted to London. This included legislation to effectively pursue non-sponsors who would try to gain an unfair commercial advantage by being associated with the Games.

Our rigorous intellectual property legislation and good record during the 2010 event would certainly assist South Africa to again be chosen as host of major events in future.



FROM THE COURTS

Family Law

■ **Daddy Cool**

"Pilate saith unto him, what is truth?"

– St. John 18:38

MRS YM appealed against an order from the High Court that she and her daughter submit to DNA testing to determine whether Mr LB is her daughter's biological father. Mrs YM and Mr LB had a sexual relationship and became engaged. After Mrs YM had broken up the relationship she realised that she was pregnant.

Mr LB had on occasion denied paternity but his conduct and correspondence showed the contrary. His founding affidavit confirmed his belief that he was the child's father and wished to develop a relationship with her.

Mrs YM was certain that Mr LB was the father of the child but revived a relationship with a former boyfriend and married him before the birth of the child. Mrs YM kept in contact with Mr LB during her pregnancy and he informed her after the birth of his wish to see the child. Two days later he sent an attorney's letter denying paternity but stating that he was willing to pay for blood and DNA tests to determine the issue.

Mrs YM then changed her mind to allow Mr LB to be part of her daughter's life and informed him that he would not be granted any parental rights and would not be bound by any obligations to his daughter. In a follow up letter by his attorney, Mr LB acknowledged a "100%" certainty that he was the father but still required the blood tests. Mrs YM refused to submit to the scientific tests.

In the High Court Judge Murphy summarised the reason for his order as follows: *"In short, I agree with those judges and commentators who contend that as a general rule the more correct approach is that the discovery of truth should prevail over the idea that the rights of privacy and bodily integrity should be respected... I also take the position... that it will most often be in the best interests of a child to have any doubts about true paternity resolved and put beyond doubt by the best available evidence."*

The Supreme Court of Appeal agreed with this sentiment but said that it did not apply in this case. Paternity was not actually in dispute and in any event there was no reason for Mrs YM to be tested. In considering the particular position of the child, it was not the court's function to ascertain scientific proof of the truth as it determines disputes on a balance of probabilities.

The court observed that *"it is not necessarily always in an individual's interest to know the truth."* The order for the paternity test was therefore revoked.

YM v. LB 2010 (6) SA 338 (SCA).



Company Law

■ **Stooping to Snooping**

"All some folks want is their fair share and yours."

– Arnold H. Glasgow

MESSRS BARKHAN and Glasser were denied access to inspect the register of members of La Lucia Sands Share Block Ltd. They

ostensibly required this information to make offers to purchase the members' shareholding in this company.

The company passed a resolution in a general meeting confirming that members did not want their addresses and other pertinent private information divulged. Communication and interaction were tense because of prior litigation between the parties in which other persons were also involved.

The High Court in Durban ordered the company to provide Barkhan and Glasser with photocopies of its register of members in terms of Section 113(4) of the **Companies Act** of 1973. The company appealed against this ruling.

The Supreme Court of Appeal held that accessibility of the register of members of a company served an important public purpose, but that a court called upon to order the production of this information has a discretion to decline it. This will for example occur where it is shown that the information is sought for some unlawful purpose.

The company submitted that members of share blocks should be protected from "predatory practices". The appeal judges disagreed. Their view was that these members are not entitled to greater protection against the disclosure of their information in the register than members of other companies. The appeal accordingly failed.

For the sake of completeness the court recorded that the new **Companies Act** of 2008 that has been assented to but has not yet come into operation, also provides for inspection of the register of members during business hours. Similar provisions for obtaining such information will apply as with the old act, but that the provisions of the **Promotion of Access to Information Act** of 2000 will have to be employed by non-members when they object against the denial of information that they seek in terms of Section 26 of the new act.

La Lucia Sands Share Block v. Barkhan 2010 (6) SA 421 (SCA).



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