

Study unit 1

Introduction

Overview

In this study unit, we will explain the development of trade marks, from personal markings to assets of enormous commercial value. We will then deal with legislative history, first in England and then in South Africa. Finally, we will summarise the most important international agreements that are relevant to trade marks.

Learning outcomes

After completion of this study unit, you should —

- ☐ be able to explain how trade marks evolved
- ☐ know how legislation developed in England and South Africa
- ☐ know what international agreements are relevant in the trade mark field.

Discussion

Preface

The law of trade marks is part of the law of intellectual property. This course is offered using South African trade mark law as example, and so the historical survey that follows is based on English, rather than continental, developments.

It is essential that you have all the reading material provided to you at hand when you study this course. Please always read what follows together with the legislation, regulations or decided cases that we have provided and that are relevant to the specific issue being discussed.

Historical review -the development of trade marks in England

Although there is evidence that in ancient times man used symbols on articles to identify their ownership or origin, the origins of the modern trade mark are to be found in the history of the mediaeval craft guilds. The marks used by guild craftsmen were of two types — signa mercatorum and hallmarks. The signa mercatorum served to identify the owner of the goods bearing them. Where goods were lost in transit through shipwreck, piracy or other agency, the owner of the goods could identify and reclaim them by identifying his mark on the goods. Hallmarks indicated the origin of manufacture of the goods bearing them. Each guild craftsman was obliged to place his mark on the goods he manufactured. This enabled the guild warden to identify the source of inferior goods and maintain the standard of guild craftsmanship by disciplining the errant craftsman so identified. With the passage of time purchasers came to recognise marks which featured upon goods manufactured according to a consistently high standard. In this way marks used by guild craftsmen developed into marks of quality and purchasers were able to distinguish goods of a certain quality from goods of lesser quality by the marks featured on the goods. Previously regarded as a liability by guild craftsmen, their marks now became a potential asset to them. This potential never fulfilled its promise in mediaeval times as the guild system suppressed the establishment of individual goodwill in its members, encouraging a collective goodwill instead. Furthermore, most purchases in mediaeval times were made directly from the manufacturer and there was therefore no great need for trade marks in the commerce of that period.

It was only as a consequence of the industrial revolution during the second half of the nineteenth century that the trade mark took on real significance as a commercially valuable asset. The manifold expansion in the means of production, distribution and advertising of goods meant that the manufacturer and purchaser were no longer in close contact. With the loss of personal contact between manufacturer and purchaser, the nature of the manufacturer's reputation for good craftsmanship changed from a personal reputation to a nonpersonal one, symbolised by his trade mark. The nineteenth century courts of both common law and equity granted a manufacturer a remedy

to prevent the passing off by another of his goods as those of the manufacturer. The basis of the action was the protection of the reputation that the manufacturer had acquired in his trade mark. It was not a right in or to the manufacturer's trade mark which the court protected.

This initial approach was stated as follows by James LJ in *Singer Manufacturing Co v Loog* [1880] 18 Ch D 395 at 412:

'Whatever name is used to designate goods, anybody may use that name to designate goods: always subject to this, that he must not, as I said, make, directly or through the medium of another person, a false representation that his goods are the goods of another person.'

In addition to the remedy of passing-off, the Court of Chancery developed a more specialised action regarding the infringement of a trade mark. The latter action was based on the idea that the right to a trade mark is a right of property arising from its adoption and use (*Millington v Fox* [1838] 3 My & Cr 338).

Activity 1.1

- ☐ What historical development led to the growth of trade marks as commercial assets?
- ☐ The concept of a trade mark as a form of property is a relatively recent concept. Before this, on what basis could the owner of a mark attempt to protect it?

Discussion

Legislative history

English common law relating to trade marks was inadequate in the following respects:

- ☐ An action to restrain improper use of his trade mark caused a manufacturer to incur considerable expense, primarily because it was necessary for him to adduce a great deal of evidence in order to establish his right to the mark. Since proprietorship in a trade mark could be acquired only by adoption and public use, the

manufacturer had to adduce evidence of his use of the mark and the reputation acquired thereby. The action was a protracted one and a favourable judgment in one instance did not mean that in the event of subsequent disputes arising concerning his trade mark, it would not be necessary for the manufacturer to prove once again his right to the trade mark.

- ❑ It was difficult for a manufacturer to establish whether he was encroaching upon the rights of another by adopting and using a particular mark.

These considerations and the generally unsatisfactory state of the law regarding trade marks and the marking of merchandise, led to the appointment of a Select Committee of the House of Commons in 1862 to consider certain trade and merchandise mark Bills. However, it was not until 1875 that the Trade Marks Registration Act was promulgated. This Act made provision for a register of trade marks and for the registration of trade marks as a means of establishing, at least prima facie, a right of title in and to a trade mark. The Act further created a statutory infringement action but restricted such proceedings to registered trade marks only. On the other hand, the common-law action for passing-off was preserved.

The English Trade Marks Registration Act of 1875 represented the basis of all pre-Union trade mark legislation in South Africa, legislation which was subsequently repealed by the Patents, Designs, Trade Marks and Copyright Act 9 of 1916. This Act was based on the British Trade Marks Act of 1909 which replaced the 1875 Act. The British Trade Marks Act of 1938 provided the basis for the South African Trade Marks Act 62 of 1963. The 1963 Act was amended extensively by the Trade Marks Amendment Act 46 of 1971.

The most recent British Act is the Trade Marks Act of 1994, which was drafted to take account of international developments and to comply with TRIPs and the EEC Directive. For this reason, it differs in substantial respects from previous English legislation.

Identify the major problems experienced by the owner of a trade marks who attempted to protect his mark in terms of the English common law.

Discussion

South African legislation

The current South African legislation governing trade marks comprises the Trade Marks Act 194 of 1993 (as amended) and the Trade Mark Regulations, GN R 578 of 1995 *Regulation Gazette* 5493 (21 April 1995). Besides repealing previous trade mark legislation, the Act applies with retrospective effect to all trade marks registered or deemed to be registered under the previous Act save in regard to the validity of the original registration (s 3(1)). The validity of the original entry of a trade mark on the register of trade marks is determined in accordance with the laws in force on the date of the entry concerned (s 70(1)).

The present South African Trade Marks Act 194 of 1993 is again influenced by the British Trade Marks Act of 1994. Although the 1993 Act repeals the previous Trade Marks Act 1963, the previous Act still applies to applications and proceedings commenced before the current Act came into operation. Furthermore, the repealed Act continues to determine the validity of the original entry of a trade mark on the register existing at the commencement of the current Act. It is for this reason that it remains necessary to refer to the 1963 Act and to related court decisions, although the provisions of the present Act will be our concern here. The present Trade Marks Act was amended by the Intellectual Property Laws Amendment Act 38 of 1997.

The Trade Marks Act of 1993 constitutes the main source of our law of trade marks. However, it is not the only one. Although the Act provides that no person shall be entitled to institute infringement proceedings in respect of a trade mark which has not been registered in terms of the Act, it preserves a person's right to institute an action under the common law, for example, for unlawful competition (s 33). Furthermore, there are a number of other statutes which contain provisions having a

bearing on trade mark law. These include the Merchandise Marks Act 17 of 1941, the Standards Act 30 of 1982, the Business Names Act 27 of 1960, and certain provisions of the Companies Act 61 of 1973 and the Close Corporations Act 67 of 1984. In addition, there are numerous other statutes which regulate the labelling of goods or which in some way restrict the use of particular marks.

Although the present British Trade Marks Act of 1994 has influenced our current South African trade mark legislation, it is important to bear in mind that present-day British and South African trade mark law differs substantially in many respects. British trade mark decisions and sources, although of strong persuasive value in South Africa, must therefore be consulted with caution.

(For a more detailed discussion of the history of British and South African trade mark legislation see Webster & Page *South African law of trade marks* 4 ed (1997) 1-3 — 1-10; *GE Trade Mark* [1973] RPC 297, 324 *et seq*; *Protective Mining and Industrial Equipment Systems (Pty) Ltd v Audiolens (Cape) (Pty) Ltd* 1987 (2) SA 961 (A).)

Activity 1.3

Name three statutes, other than the Trade Marks Act of 1993, which have a bearing on trade mark law.

Discussion

International agreements

Although trade marks enjoy protection only in the territory within which they are registered (the principle of territoriality), they are rarely found only within that territory, and international arrangements which protect trade marks are of immense importance, as they can enable a proprietor to protect his mark outside his own national borders. If a proprietor wishes to trade

outside the borders of his country, he must ensure that his mark is protected in those territories. Failure to do this can result in the adoption by other traders of his mark, or allegations by rival traders that his mark infringes other marks.

South Africa is a signatory of various international agreements which relate to trade marks. The International Convention for the Protection of Industrial Property was concluded in Paris in 1883. The Convention has been revised six times, the last revision being in Stockholm in 1967. South Africa joined the Convention, which currently has a membership of about one hundred and forty, in 1947. The Convention of Paris is the cornerstone of international cooperation regarding the protection of industrial property rights including those in trade marks. In terms of article 2 of the Convention, member countries are obliged to accord to nationals of other member countries the same rights, privileges and remedies as regards the protection of trade marks as they accord their own nationals. In addition, a trade mark application in one member country gives the applicant a six-month priority period in another country over somebody who wishes to register the same mark.

The aim of the Paris Convention was not to simplify registration or to provide for multi-national or international trade-mark applications. To enjoy protection, a proprietor has to ensure that he complies with the requirements for registration in each member country where he seeks protection. Subsequently, a number of agreements attempted to simplify registration procedures or make provision for multi-national registrations.

The first such agreements was the Madrid Agreement on the International Registration of Marks of 1891. It currently has about fifty signatories. It provides that an applicant who has obtained a registration in a member country may file an application, through his national trade-mark office, at the International Bureau of the World Intellectual Property Organisation (WIPO). On registration, this gives protection in all designated member countries. The application is filed in French and there are limited formalities. This agreement has been of less value than envisaged because a number of important countries, including the United Kingdom, the United States and Japan, are not members. Neither are any of the Commonwealth countries, including South Africa. The Madrid Protocol, while similar to the Madrid Agreement, has amendments dealing with

some of the issues which prevented countries from signing the original Agreement.

The 1973 Trademark Registration Treaty provided for the filing of a single initiating application direct at the International Bureau of WIPO. This would secure a number of national registrations in the member countries designated. The application of this treaty is limited, as only a few countries have become members.

The Trademark Law Treaty of 1994, which has been signed by all member states of the European Union, the United States, Russia and China, simplifies procedures relating to the registration of trade marks. The Trademark Law Treaty was revised by the Singapore Treaty on the Law of Trade Marks 2006. It introduces the alternative of electronic communication as well as the recognition of new types of marks such as motion marks, colour marks and non-visible signs such as sound and taste marks.

The other route towards harmonisation is that of regional registrations. The best-known of these is the Benelux Treaty, which provides for a centralised trade-mark system covering the three countries. Similarly, the Community Trade Mark Regulation of 1993 provides for a single trade-mark registration which is valid throughout the European Community.

A more relevant regional arrangement is that of the African Intellectual Property Organisation (OAPI). A centralised Trade-mark system has been established for the former French-African colonies, and registration at the central office in the Republic of Cameroon affords the same protection in all member countries. The members of OAPI, which are also all members of the Paris Convention, are Cameroon, Central African Republic, Chad, Congo, Benin, Gabon, Mali, Ivory Coast, Mauritania, Senegal, Togo, Burkina Faso, and Niger.

Finally, it may be mentioned that in recent years efforts have been made towards harmonising substantive aspects of trade mark legislation. The most important developments in this regard are the European Council Directive on Trade Marks 1988 and the Uruguay Round Negotiations on the General Agreement on Tariffs and Trade (GATT) and more particularly Annexure III thereof which contains the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The

Trade Marks Act 1993 reflects South Africa's endeavours to keep abreast of these developments. It introduces a number of fundamental changes to trade mark law which brings South Africa into line with the European Directive (on which the new British Trade Marks Act is based) and TRIPS.

Activity 1.4

- ☐ State the primary aim of the Paris Convention.
- ☐ What is the intended purpose of the Trademark Law Treaty?
- ☐ Name one agreement which provides for regional registrations.
- ☐ Determine whether your country is a member of any of the international agreements listed above.