

# Study unit 3

## The applicant for registration

### Overview

In this study unit, you will find out who can claim to be an 'applicant' for purposes of registering a trade mark. We will deal with the concept of a 'bona fide' claim to proprietorship, and how this claim is affected by the territorial nature of trade marks. We will then discuss the word 'use' as it appears in trade mark legislation, both in respect of the concept 'bona fide use' and the concept 'use in relation to'.

### Learning outcomes

- After completion of this study unit, you should be able to —
- ☐ determine whether a claim to proprietorship of a mark is well founded
  - ☐ understand the meaning of the word 'use' in the trade mark context determine whether a sign constitutes a registrable trade mark

### Setting the scene

Thandi decides to open a fried chicken fast-food outlet. She tries to think of a good name for the restaurant and take-away venue, and eventually remembers a restaurant name she saw in a small village when she was on holiday in Mauritius. She decides to use the same name 'Crunchy Munchy' for her restaurant.

### Discussion

#### The proprietor of a trade mark

Traditionally, a person can acquire a proprietary right in a trade mark which, through use, has acquired a reputation in the

market place. However, this right is not a right to the trade mark per se, but a right to the goodwill which attaches to the mark. The remedy for the infringement of this right is the action for passing-off. When a system of trade mark registration was first introduced in England, only those marks which had been used and which had acquired a reputation in the market place could be registered, that is registration confirmed existing rights. If a mark had no public reputation, it could not be registered. To enable marks which had not yet been used, to be registered, a fiction was introduced in subsequent British legislation whereby the application for registration of the mark was deemed equivalent to public use thereof. This fiction was omitted from later legislation and no longer provides a basis for the registration of unused trade marks. So, as both used and unused trade marks are registrable in England, it follows that the applicant for registration need not have acquired common-law proprietorship in the mark. He must merely claim that he is entitled to be registered as the proprietor (Kerly DM *Kerly's Law of Trade Marks and Trade Names* 13 ed (2001) § 5-14). This is reflected in the United Kingdom Trade Marks Act, 1994, which provides that an application must 'state that it is being used, by the applicant or with his consent ... or that he has a *bona fide* intention that it should be so used' (s 32(3)).

International conventions also provide that registration of a trade mark may not be made conditional upon prior use thereof. Article 15(3) of the TRIPS agreement provides that actual use of a trade mark may not be made a condition for registration, while the Trademark Law Treaty makes provision for a 'declaration of intention to use' a mark (article 3(1)(a)(xvii)), or, instead of or in addition to that, a declaration of actual use (article 3(1)(b)).

Section 10(3) of the 1993 South African Act merely states that a trade mark is unregistrable if it is 'a mark in relation to which the applicant has no *bona fide* claim to proprietorship'.

The clearest exposition of the concept of proprietorship (with reference to the provisions of the 1963 South African Act) is generally considered to be the following:

'An applicant can rightly claim to be the common law proprietor of the trade mark if he has originated, acquired or adopted it *and* has used it to the extent that it has gained the reputation as indicating that the goods in

relation to which it is used are his.... He can then claim to be registered as the statutory proprietor of the trade mark with all the benefits and rights conferred by our Act. But section 20(1) is not confined to that kind of applicant. It also applies to one who has originated, acquired, or adopted the trade mark but has hitherto not used it at all, or to the requisite extent, provided he proposes to use it' ( *Moorgate Tobacco Co Ltd v Philip Morris Inc* unreported judgment by Trollop J sitting as hearing officer delivered on 21 May 1986.)

Therefore a person who

- ☐ acquires a trade mark from another in good faith, or
- ☐ takes an invented or adopted mark and originates the idea of using it as a trade mark upon or in relation to the goods or services in respect of which he wishes to register it

has the necessary bona fide claim to proprietorship (see *Oils International (Pty) Ltd v Wm Penn Oils Ltd* 1965 (3) SA 64 (T); *Wm Penn Oils Ltd v Oils International Ltd* 1966 (3) SA 339 (A); *Victoria's Secret Inc v Edgars Stores Ltd* 1994 (3) SA 731 (A)).

It is generally accepted that a person cannot have a *bona fide* claim to proprietorship if he is aware that someone else has a better claim to the mark. An employee cannot claim proprietorship of his employer's mark, an agent cannot claim proprietorship of his principal's mark, nor can a distributor claim proprietorship of the manufacturer's mark. This concept is reflected in article 6<sup>septies</sup> of the Paris Convention, which provides that the proprietor of a mark may apply for cancellation or transfer of a registration if an agent applies to register a trade mark without his authorization.

But a trade mark is a territorial concept and a person may, in some circumstances, adopt a mark which is used elsewhere and use and register it in his own country, despite the fact that he knows that someone else has a better claim to proprietorship elsewhere. Such applications were often filed in both England and South Africa under previous legislation, which did not afford protection to unregistered marks. Current legislation now makes provision for the protection of marks which are 'well-known under the Paris Convention'. In terms of article 6*bis* of the Paris Convention, signatories undertook to protect well-known marks owned by nationals of other member countries. Protection is now granted by section 6(1)(c) read

together with section 56 of the United Kingdom Trade Marks Act 1994 and in section 10(6) read with 35(1) of the South African Trade Marks Act 1993. In essence, both Acts provide that a foreign mark may not be used and registered by someone other than the foreign proprietor if it is 'well-known under the Paris Convention' in the country where registration is sought and the proposed use is on similar goods, where such use is likely to cause deception or confusion. So the only marks that may now be registered in a specific jurisdiction, despite the fact that they are owned and used elsewhere by another, are marks which have not been used or marketed in that jurisdiction. See further in this regard Study Unit 10.

### Activity 3.1

Thandi wants to borrow the money to open her restaurant from a friend, David. He agrees to lend her money, on condition that he and she run the restaurant in the name of a company as equal shareholders. He also thinks that she should register the name as a trade mark before she opens the restaurant.

- ☐ What does the phrase *bona fide* mean?
- ☐ Can Thandi have a bona fide claim to proprietorship if she has not yet started trading?
- ☐ Name two instances when a person has not yet used a mark but can have a *bona fide* claim to proprietorship.
- ☐ Does your domestic Trade Marks Act allow a person to claim that he is proprietor of a mark before he has actually used it? Write out the section which deals with this issue.

### Activity 3.2

- ☐ If David decides that he likes the name but does not want to do business with Thandi, can he apply to register the mark in his own name?

- ☐ Name a further instance of a person who cannot have a bona fide claim to proprietorship because someone else has a better claim to the mark.

### *Activity 3.3*

- ☐ Write out the provisions of section 6*bis* of the Paris Convention. Now study your domestic Trade Mark Act and determine if it provides protection in terms of section 6*bis*.
- ☐ Does this section prevent Thandi from registering the mark in South Africa, because the same name is used in a village in Mauritius?
- ☐ The name did not originate in Mauritius, and, unbeknown to Thandi, is also the name of a famous chain of restaurants in America. Does this fact prevent her from registering the mark in South Africa?

### *Discussion*

#### *Intention to use a mark*

If a mark has not yet been used by the applicant for registration, he must have the bona fide intention of using the mark as a trade mark himself or through a licensee (see article 15(3) of TRIPS, section 32(3) of the UK Trade Marks Act 1994, and section 10(4) of the South African Trade Marks Act 1993). A licensee is any person permitted or to be permitted to use the mark.

The applicant must have some definite and present intention to deal in the goods or services for which the trade mark is registered. A mere general intention on the part of the proprietor to extend his business at some time in the future to anything which he considers desirable is not sufficient (*Pfizer SA (Pty) Ltd v Robertsons (Pty) Ltd* 1967 (3) SA 8 (T)).

This requirement is also satisfied where -

- ❑ there is an intention to use the trade mark through a body corporate still to be formed. The mark will be registered only once the Registrar can register the assignment of the trade mark from the applicant to such body corporate, once the body corporate has been formed.
- ❑ the mark applied for is part of another composite mark already on the register and which the applicant uses.

### *Use of a trade mark*

The statutory definition of a trade mark envisages that it will be used in relation to goods or services. The concept 'use' is further explained in sections 2(2)–(4) of the South African Act.

Section 2(2) provides as follows:

'References in this Act to the use of a mark shall be construed as references to-

- (a) the use of a visual representation of the mark;
- (b) in the case of a container, the use of such container; and
- (c) in the case of a mark which is capable of being audibly reproduced, the use of an audible reproduction of the mark.'

In *Esquire Electronics Ltd v Executive Video* 1986 (2) SA 576 (A), the court held that the representation of the trade mark on a television screen when a video tape was played amounted to a visual representation of it.

A trade mark must be used in relation to goods or services. Section 2(3) provides that use of a mark in relation to goods shall be construed as use upon or in physical or other relation to those goods, whereas use in relation to services shall be construed as use in any relation to the performance of such services. This section contemplates not only the application of the mark to the goods themselves, but use of the mark on wrappers or tags attached to the goods (*Shalom Investments (Pty) Ltd v Dan River Mills Inc* 1971 (1) SA 689 (A)) and use of the mark in advertisements or on invoices or other documents relating to the goods or services (see further *Esquire Electronics Ltd v Executive Video* 1986 (2) SA 576 (A); *Berman Brothers (Pty) Ltd v Sodastream Ltd* 1986 (3) SA 209 (A)).

It is clear from the definition that a trade mark must relate either to goods or services, and cannot exist in a vacuum. The Act provides that the term 'services' includes the offering for sale or the sale of goods in the retail or wholesale trade. The definition is not exhaustive. Given its ordinary dictionary meaning, the term 'services' covers a wide range of activities. Webster and Page *South African Law of Trade Marks* 4 ed (1997) 3-13 point out that only services which are rendered in the course of trade are contemplated and that services performed for charitable, philanthropic, or noncommercial purposes are therefore excluded.

Does the term 'services' cover retail services? There is no uniformity in the various jurisdictions on this issue. In the United Kingdom Trade Marks Act 1994, the term 'services' does not include retail services. The South African Trade Marks Act 1993, on the other hand, specifically provides that the term 'services' includes the offering for sale or the sale of goods in the retail or wholesale trade.

### *Activity 3.4*

- ☐ Does your domestic Trade Mark Act define the word 'use'?
- ☐ Can Thandi allege that she has the intention to use the mark, when applying for registration, if she in fact intends transferring the mark to a company owned by her and David?

Is the only possible way to use a mark by actually fixing it to the goods concerned?

- ☐ Can she register a mark in respect of a restaurant? Would this be a goods mark or a service mark?
- ☐ Does your domestic legislation give trade mark protection for retail services?