

FEDERATION INTERNATIONALE DE FOOTBALL AND OTHERS v BARTLETT AND OTHERS 1994 (4) SA 722 (T)

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Citation	1994 (4) SA 722 (T)
Case No	21252/93
Court	Transvaal Provincial Division
Judge	Joffe J
Heard	November 8, 1993
Judgment	November 12, 1993
Annotations	Link to Case Annotations

Flynote : Sleutelwoorde

Trade and competition - Trade - Passing off - Character merchandising - Concept of character merchandising (the use of popular names, characters and insignia in order to boost sales of those consumer products in relation to which they are used) having taken hold in South Africa - Man in the street would have knowledge thereof and would make link between merchandising property and events or circumstances which made it famous and would be aware that such link established by licensing - Respondents having by their conduct represented that they were holders of licensing rights in South Africa in respect of soccer World Cup tournament held in the United States in 1994, whereas they had rights only in respect of trade mark consisting of words 'world cup' superimposed on map of the world device for use on range of sports clothing - Although not constituting character merchandising in strict sense, licensing use of properties such as logos associated with major sporting events can be regarded as character merchandising in broad sense - Public would associate references to World Cup with applicants who have reputation and goodwill in South Africa - Applicants (the international controlling body for soccer, responsible for the organisation of the World Cup, and various licensors of trade marks, emblems and other intellectual property associated with World Cup) and their licensees likely to suffer injury through loss of revenue as result of respondents' conduct - Relief based on passing off and unlawful competition granted - Respondents interdicted from using words 'world cup' together with words '1994' and/or '94' and/or 'America' and/or 'USA'.

Trade mark - Amendment of - Disclaimer - Trade Marks Act 62 of 1963 s 18(b) - Matter 'common to the trade' - Meaning of in section - Court reiterating that words not comprehending 'something reasonably required for use in the trade' but rather 'in common use in the trade' - Words 'world cup' common to sports clothing trade - Such words furthermore descriptive of one or more international sporting events - Because of awareness of general public thereof, use thereof non-distinctive in respect of sports clothing and sports equipment - Words 'world cup' accordingly of non-distinctive character in South Africa and cannot fulfil function of trade mark in respect of such goods - Application granted for order that trade mark consisting of words 'world cup' superimposed on representation of the globe for use on range of sports clothing be amended by addition of disclaimer to effect that it shall give no right to

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exclusive use of words 'world cup' separately and apart from mark.

Trade mark - Validity of - Attack on - Trade Marks Act 62 of 1963 s 42 - Effect of - Section 42 only applicable where original registration attacked - Court following English case which

held that section not precluding removal of trade mark from register where it has 'become likely to deceive as a result of blameworthy conduct by the proprietor since the date of its original registration'.

Headnote : Kopnota

The first applicant, the international controlling body for soccer and the organiser of the World Cup soccer tournaments, the second and third applicants, both foreign companies involved in the licensing of trade marks, emblems and other intellectual property associated with the World Cup (the second applicant was the proprietor of the copyright in the official 1994 World Cup logo and insignia and was involved in the exploitation of the World Cup and its insignia by way of securing of sponsorships for the 1994 World Cup, in return for which the sponsors were given the right to utilise the insignia in connection with their business operations, while the third applicant had been granted a licence by the second applicant conferring upon it the right to exploit World Cup insignia throughout the world), and the fourth applicant, a South African close corporation which held the local rights to certain world cup insignia, sought (1) an interdict against the respondents on the basis of passing off and unlawful competition; (2) an order in terms of s 18 of the Trade Marks Act 62 of 1963 relating to a trade mark used by the respondents, alternatively a *declarator* to the effect that the said trade mark did not entitle the second or third respondent to restrain others from using the words 'world cup'; and (3) an interdict prohibiting the fifth respondent from infringing the second applicant's copyright in the 1994 World Cup logos and insignia. The first respondent was married to the second respondent and was the managing director of the third respondent. During 1965 the first respondent designed a trade mark consisting of the words 'world cup' superimposed on a map of the world device ('the Bartlett trade marks'). The trade mark was registered in 1969 in class 25 in respect 'men's clothing and footwear included in this class' and in class 28 in respect of 'soccer equipment included in this class'. During 1989 the first respondent assigned the Bartlett trade marks to third respondent. The first respondent also gave the fourth respondent, a close corporation, the right to exploit the Bartlett trade marks from June 1993 to December 1994. The fourth respondent subsequently appointed several sub-licensees, one of which was the fifth respondent, another close corporation.

The applicants alleged that the respondents had embarked on a campaign of illegal conduct in South Africa which was calculated to cause them serious and irreparable damage. This conduct allegedly consisted of the making of representations by the respondents to the effect that they were the holders of the licensing rights in South Africa in respect of World Cup USA '94. In addition it was alleged that the first respondent was attempting to extract commission and royalty payments from applicants' sponsors and sub-licensees. (The conduct and representations complained of consisted *inter alia* of the publication of newsletters and brochures promoting third respondent's 'World Cup USA 1994' range of clothing and sports equipment; a letter to the World Cup sponsors in South Africa stating that the fourth respondent had 'the exclusive marketing rights with regard to the use of the words "world cup" on clothing . . . in South Africa' and that the 'words "world cup" when used in the above context must be authorised by our company'; a letter to one of the World Cup sponsors stating that 'should any sporting articles . . . (be) utilised for promotional purposes in . . . South Africa, a 12,5% royalty on their value will be expected'; an advertising brochure produced by the fifth respondent bearing a slightly altered version of the official logo of the 1994 World Cup stating that fifth respondent 'has secured sole rights for manufacturing all World Cup bags in South Africa'; and a newspaper article from which it appeared that the first respondent had told the journalist that he was launching a 'World Cup USA '94 range of clothing' and which described first respondent's coup in registering

the words 'World Cup' as a trade name as well as featuring a photograph of one of first respondent's employees

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wearing a 'World Cup' shirt with a logo similar to the official World Cup logo as well as the Bartlett trade mark and the words 'USA World Cup '94'.) This conduct also gave rise to the interdict sought on the basis of passing-off and unlawful competition. The basis for the relief sought in terms of s 18 of the Trade Marks Act was that the words 'world cup' contained 'matter common to the trade or otherwise of a non-distinctive character'. The applicants accordingly sought an amendment of the Bartlett trade marks by the addition of the disclaimer that 'registration of the trade mark shall give no right to the exclusive use of the words "World Cup" separately and apart from the mark', alternatively the abovementioned *declarator* that the respondents were not entitled to restrain others from using the words 'world cup'.

The Court pointed out that the concept of character merchandising (the use of popular names, characters and insignia in order to boost the sales of the consumer products in relation to which they are used) has by now taken hold in South Africa. The man in the street would have knowledge thereof and would make the link between the merchandising property and the events or circumstances which made it famous. He would also be aware that the link is established by licensing. (At 738B-C.) The Court further pointed out that, although the licensing of the use of properties such as the logos associated with major international sporting events like the World Cup soccer tournament did not constitute character merchandising in the strict sense, it could be regarded as character merchandising in the broad sense. (At 737B-C.) Thus, the public would associate any references to the 1994 World Cup with the applicants and their licensees, who clearly had a reputation and goodwill in South Africa. (At 739I.) This was established by the fact that numerous prominent retailers, as well as the fourth respondent itself, were anxious to obtain and pay for licences from the applicants for the purpose of manufacturing and marketing clothing bearing the World Cup insignia. Furthermore, by reason of the fact that the applicants were engaged in character merchandising, it was sufficient to create in the mind of the public a link between the merchandising product and the applicants. (At 739I/J-740A.)

The Court held that the applicants were accordingly likely to suffer injury or damage as a result of the first, fourth and fifth respondents' abovementioned conduct in representing that they were the holders of licensing rights in South Africa in respect of the 1994 soccer World Cup. (It was not alleged by the applicants that the first respondent represented the third respondent when acting as aforesaid, and there was no evidence that the second respondent had made or had associated herself with any of the representations complained of.) Firstly, the applicants and their licensees were likely to lose revenue, and, secondly, because of the uncertainty created by first, fourth and fifth respondents' conduct, potential licensees were refraining from entering into licensing agreements with the applicants, thereby depriving the applicants of income. In the circumstances the Court was disposed to grant the applicants relief against the said respondents based on passing off and on unlawful competition. (At 740A/B-C.) The Court accordingly interdicted the respondents from using the words 'world cup' together with the words '1994' and/or '94' and/or 'America' and/or 'USA'. (At 740D-E.)

With regard to the relief sought in respect of the Bartlett trade marks, the Court, after setting out the provisions of s 18, held that the words 'matter common to the trade' in s 18(b) did not comprehend something that was 'reasonably required for use in the trade', and pointed out that any doubt in this regard had been removed by the decision in

Distillers Corporation (SA) v Stellenbosch Farmers Winery Ltd 1979 (1) SA 532 (T) at 535G-H where it was held that 'the Legislature intended the phrase to mean "in common use in the trade"'. (At 741D/E-G.) The Court held that the evidence proved that the words 'world cup' were common to the trade and in particular in respect of sports clothing; that they were furthermore descriptive of one or more international sporting event; that because of the general public's awareness thereof, use thereof was non-distinctive in respect of sports clothing and equipment; that its connotation in South Africa was accordingly that of a sporting event and not capable in any way of being distinctive of clothing; and that as such the words 'world cup' could not fulfil the function of a trade mark in respect of such goods. (At 742B/C-E.) In the result the Court was disposed to grant the applicants relief in terms of s 18 in respect of the Bartlett trade mark. (At 742E/F.) As to the respondents' argument that s 42 of the Act precluded on attack on the registration after the expiration of seven years, the Court held that s 42 was only applicable

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where the original registration was attacked, agreeing with the judgment in the English case of *GE Trade mark* 1973 RPC 297 (HL) where it was held that the section did not 'preclude removal of a trade mark from the register if it had become likely to deceive as a result of blameworthy conduct by the proprietor since the date of its original registration'. (At 742G/H-J.) The Court accordingly ordered that the second respondent's trade mark registration be amended by the following disclaimer: 'Registration of this trade mark shall give no right to the exclusive use of the words "world cup" separately and apart from the mark.' (At 743D/F read with 744C.)

As to the relief concerning the copyright infringements, the Court, in the light of the abovementioned circumstances, granted the order sought by the applicants, namely that the fifth respondent be interdicted from infringing the copyright of the second applicant in the artistic works mentioned. (At 743E/F read with 744C/D-D.)

Case Information

Application for interdicts based on passing off, unlawful competition, infringement of copyright, and for an order in terms of s 18 of the Trade Marks Act 62 of 1963. The facts appear from the reasons for judgment.

P Ginsburg SC (with him *M M Ripp*) for the applicants.

D N Beasley SC (with him *J R Peter*) for the respondents.

Cur adv vult.

Postea (12 November 1993).

Judgment

Joffe J: The final phase of the 1994 World Cup football competition takes place in the United States of America during June and July 1994. As with past World Cup football competitions, fierce competition on the football field can be anticipated. This competition is not limited to the foot-ball field. It spills over into commerce. One of the issues that will have to be determined in this application is whether the competition, as it pertains to this application, is lawful or not.

The application comes before me by way of urgency. The relief which the applicants seek covers a wide spectrum. Interdicts are sought based on passing off, alternatively

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unlawful competition. Relief is sought in regard to certain registered trade marks. Interdicts are sought based on copyright infringement.

The papers are voluminous and the issues complex. The parties are *ad idem* that the application is urgent and should be dealt with expeditiously. The parties' agreement in regard to the urgency of the application is well-founded in the averments contained in the affidavits. I have had the benefit of argument from counsel representing the applicants and the first to fourth respondents. The issues that have to be determined, as indicated, are wide ranging and multi-faceted. The applications must however be determined expeditiously. This I proceed to do as a matter of urgency against the background of the considerations set out above.

In this judgment the parties will first be introduced and their respective roles and interests will be explained. The history and nature of the World Cup football competition will then be looked at. Thereafter the nature of the disputes between the applicants and the respondents will be set out. This will be followed by a synopsis of the relevant evidence. The concept of character merchandising will then be considered in general as well as its application in the present matter. Thereafter, the relief which the

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applicants seek will be considered under individual heads with reference to the relevant facts and law.

In view of the fact that final relief is sought by the applicants, in determining the relevant facts set out in this judgment, unless otherwise indicated, the general rule as enunciated in *Stellenbosch Farmers Winery Ltd v Stellenvale Winery (Pty) Ltd* 1957 (4) SA 234 (C) at 235E-G, as clarified and qualified in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA 623 (A) at 634G-635C, will be applied.

The parties and their respective roles and interests

The first applicant is the Federation Internationale de Football Association, more commonly known as 'FIFA'. It is a body corporate organised under the laws of Switzerland. First applicant is the world-wide organiser of the sport of football or soccer and, *inter alia*, arranges international tournaments under the name 'World Cup'. This competition commenced in 1930 when it was staged in Uruguay. Since then, apart from a break of 12 years between the 1938 world cup which was held in France and the 1950 world cup which was held in Brazil, the competition has been held every four years. The 1994 World Cup competition is to be held in the United States of America. This competition will be known as 'World Cup USA '94'.

The second applicant is ISL Properties AG. It is a company organised and existing under the laws of Switzerland. Second applicant carries on business as a licensor of trade marks, emblems and other intellectual property associated with the World Cup football tournament as organised by the first applicant. Its function is the commercial exploitation of the World Cup soccer tournament. This commercial exploitation takes two forms. First, the conclusion of licence arrangements and, second, the conclusion of sponsorship arrangements. Both of these forms of commercial exploitation will be alluded to in greater detail. First reference will be made to the licence arrangements and then to the sponsorship arrangements.

In terms of a licence agreement between first applicant and second applicant, second applicant was granted for the period 1 January 1991 to 31 December 1998 the exclusive

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and sole right to the use of, *inter alia*, all World Cup trade marks, designs, artistic works, names, designations, symbols and emblems of first applicant in all countries around the world in relation to all goods and/or services capable of commercial exploitation. In terms of the agreement, second applicant may also apply at its own expense and in its own name for the registration of trade marks. Second applicant is also granted the right of concluding sub-licences in respect of all of the foregoing.

During 1991, one Michael Gericke, a full-time employee of Pentagram Design Services Inc of New York, prepared certain logos for the 1994 World Cup. The copyright in these logos was assigned to second applicant by Pentagram Design Services Inc. The two logos are set out hereunder.

In addition to the logo, second applicant has a range of World Cup insignia. These are to be found at pages 144 and 145 of the papers. In some of the insignia, in addition to the logo, the words 'World Cup USA '94' appear prominently, sometimes accompanied with the words 'Making

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Soccer History'. In other of the insignia, the mascot of the World Cup appears either with or without the words 'World Cup USA '94' which appears either with or without the logo. Second applicant is the applicant for registration in South Africa in classes 25 and 28 of certain trade marks. The trade marks consist of the official logo already alluded to with the following on top of it: 'USA '94'.

The third applicant is World Cup '94 Marketing International BV. It is a Dutch company. Third applicant carries on business *inter alia* as a licensor of trade marks, emblems and other intellectual property associated with the 1994 World Cup soccer tournament. It is a joint venture between second applicant and World Cup USA '94 Inc, a corporation incorporated in the United States of America. Second applicant granted third applicant a licence in respect of the World Cup insignia. This licence conferred upon third applicant the right to exploit the World Cup insignia throughout the world. Third applicant in turn concluded a representation agreement with Time Warner Sports Merchandising, an American corporation. In terms of this agreement the latter corporation was appointed as third applicant's sole and exclusive representative in licensing the World Cup insignia

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in connection with retailing, direct marketing and premium licensing of merchandise in all product categories readily recognised as licensed merchandise in the licensing industry.

The fourth applicant is Character Licencing & Marketing CC. It is a close corporation incorporated in South Africa. In June 1993 Time Warner Sports Merchandising entered into a representation agreement in terms whereof fourth applicant was appointed as Time Warner Sports

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Merchandising's representative in South Africa. The relationship between the parties operates in such a manner that where the fourth applicant secures a licensee in South Africa, it facilitates the execution of a licence agreement between the third applicant and the licensee. The World Cup insignia in respect of which fourth applicant holds rights in terms of its appointment by Times Warner Sports Merchandising are limited to the World Cup '94 design emblem and the official World Cup '94 mascot.

Fourth applicant granted a licence in favour of Harilela George Ltd, a Hong Kong company which in turn appointed Alpha Promotions (Pty) Ltd, a South African company, as its representative in South Africa. In practice, licences for use of the relevant World Cup insignia in South Africa are solicited by Alpha Promotions (Pty) Ltd and are granted by time Warner Sports Merchandising acting as the representative of third applicant. Such licences ultimately derive from first applicant and second applicant.

As already alluded to, the second applicant also exploits the World Cup and its insignia by way of securing sponsorships for the World Cup tournament. The sponsorship programme entails inviting companies to make substantial contributions to the financing of the event. In return for providing such financial contributions, sponsors are given the right to utilise the World Cup insignia in connection with their business operations and, in particular, their marketing and promotional activities. Second applicant has appointed as sponsors for the 1994 World Cup tournament various companies which produce the following well-known international brands: Canon, Coca-Cola, Fuji Film, General Motors, Gillette, JVC, MacDonalds, Mars and Phillips. Mastercard is a further sponsor. The local South African distributors or manufacturers of the abovementioned brands are entitled to use the world cup insignia in the course of conducting their business. This means of use could include use in relation to clothing and novelty items which are distributed as promotional items as opposed to items which are sold to the public bearing the World Cup insignia and which is the domain of the merchandising licensees. An example of the proposed use of the World Cup insignia by a sponsor appears from the affidavit of one Cyril Nathan, the projects manager of National Beverage Services (Pty) Ltd. This company is authorised under licence from the Coca-Cola Company to use and to sub-licence the use of certain Coca-Cola trade marks. It was National Beverage Services (Pty) Ltd's intention that its products would bear certain cartoon logos incorporating the words 'World Cup USA '94' together with the official logo alluded to above, as well as the official mascot on whose chest the words 'World Cup '94' appear and who holds a bottle of their product in his hand.

Second applicant appointed Sampram (Pty) Ltd trading as Sandy's (Pty) Ltd Creative Sponsorship Marketing and Management as its sponsorship representative in South Africa.

The first respondent, Colin Bartlett, and the second respondent, Sandra Eunice Bartlett,

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are husband and wife. The third respondent, Colin Bartlett Agencies (Pty) Ltd, is a South African company. First respondent is the managing director of the third respondent. In the early 1960's first respondent was employed as an agent and representative in the sports

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clothing and equipment industry. He saw a commercial opportunity to manufacture sports clothing in South Africa. During 1965 he designed a trade mark to which reference will be made later, which he thought would be commercially viable for sport clothing. In 1966 first respondent opened a clothing factory and commenced manufacturing and selling sports and leisure clothing. From the outset of his manufacturing he utilised the aforesaid trade mark. The trade mark was registered in 1969 in class 25 in respect of 'men's sports clothing and footwear included in this class' and in class 28 in respect of 'soccer equipment included in this class' in the name of first respondent. The trade mark consists of a map of the world device with the words 'world cup' superimposed on the device. The trade marks are subject to a disclaimer, namely that registration thereof shall give no right to the exclusive use of a device of a 'map of the world' separately and apart from the mark. Reference will be made hereinafter to these two registered trade marks as the 'Bartlett trade marks'.

On 2 January 1989, first respondent assigned the Bartlett trade marks with goodwill to the third respondent. Third respondent assigned without goodwill the Bartlett trade marks with effect from 7 December 1992 to the second respondent.

Fourth respondent, The Promotions Group CC, carries on business as a sportswear marketer and manufacturers. Pursuant to an agreement ostensibly concluded between first respondent and fourth respondent and with effect from 9 June 1993 until 31 December 1994, the fourth respondent was afforded the right to exploit the aforesaid Bartlett trade marks. According to fourth respondent, such right of exploitation 'was in respect of goods falling within classes 25 and 28 save that soccer jerseys and soccer balls were specifically excluded'. First respondent appears to regard fourth respondent's rights as being limited to men's fleecy tracksuits, sweat shirts, T-shirts, long sleeved T-shirts, sports shirts, caps and bags. (Nothing seems to turn on this and it was not alluded to during argument.)

Subsequent to June 1993, fourth respondent appointed several sub-licensees. One of these sub-licensees was the fifth respondent, Alligator Manufacturing Corporation CC, a close corporation incorporated in South Africa. It appears that fifth respondent was licensed by fourth respondent to manufacture, import and distribute bags under the world cup trade mark. Fifth respondent gave certain undertakings prior to the launch of the application. It has not sought to oppose the application. Applicants persist in seeking relief against fifth respondent as the undertakings are not conterminous with the relief claimed. No costs are claimed against the fifth respondent.

Finally, in this introduction to the parties and their respective roles, reference must be made to the sixth respondent, the Registrar of Trade Marks. No relief is sought against the Registrar. He is joined in his capacity as the official responsible for keeping the register of trade marks. I will refer herein to the first, second, third and fourth respondents collectively as the respondents.

The World Cup

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every four years. In view of the popularity of football or soccer throughout the world, enormous enthusiasm and interest is created in virtually every country in the world in the staging of the tournament and, in particular, the final elimination rounds. The final series of matches such as those to take place in the United States of America during June and July 1994 are widely televised virtually throughout the world and are watched by enormous audiences of viewers in virtually every country of the world.

The initial qualifying rounds for the 1994 World Cup commenced in 1992. For the first time in many years South Africa entered its national team. Although the South African team was eliminated from the competition, its participation highlighted public interest in South Africa in the competition. The final round of the previous World Cup was held in Italy in 1990. It, too, received wide coverage on television. South Africa was no exception. Coverage of the matches in the final round was provided by the television services of the South African Broadcasting Corporation. (The suggestion in the answering affidavit that the coverage was more limited in that it was limited to the M-Net channel was specifically abandoned by respondents' counsel.) The television broadcast achieved a very wide viewership. Arrangements have been made for the 1994 final round of matches to again be screened on the television services of the South African Broadcasting Corporation.

Soccer or football is not the only sport to hold a world cup competition. It appears from the affidavit deposed to by the managing director of the United Cricket Board of South Africa, that the premier cricketing event in the world is the cricket World Cup. It is staged approximately every four years in different countries in the world. To date five world cricket tournaments have been held, the last in Australia and New Zealand. South Africa participated therein. The competition was televised in South Africa on the M-Net channel. The logo which was used to advertise and promote the 1992 World Cup includes the words 'World Cup 1992'. It further appears from the affidavits deposed by the President of the South African Rugby Football Union and the President of the Transvaal Rugby Union that the premier event in the rugby world for international teams is the rugby World Cup. Two World Cup rugby tournaments have been held to date, the first in 1987 and the second in 1991. The 1995 World Cup rugby tournament is scheduled to take place in South Africa. The logo which was used to advertise and promote the 1991 Rugby World Cup contains the words 'World Cup'.

The commercial importance of the World Cup will be discussed when the concept merchandising is dealt with.

The nature of the disputes

The applicants allege that the respondents have embarked on a campaign of unlawful conduct in South Africa which is calculated to cause serious irreparable damage to the applicants. It is alleged that the respondents are, by their conduct and in certain correspondence, making misrepresentations to the effect that they hold the licensing rights in South Africa in respect of World Cup USA '94. In addition, it is alleged that first respondent is attempting to extract commission and royalty payments from the applicants' sponsors and sub-licensees. This conduct gives rise to

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the interdict sought on the basis of passing off and unlawful competition. Applicants further allege that the fifth respondent (all the respondents were initially included but no case has been made out in respect of any of them other than the fifth respondent) is infringing the copyright alluded to above, and owned by second applicant. An interdict is sought in this regard against fifth respondent.

In regard to the Bartlett trade marks, applicants seek an order in terms of s 18 of the Trade Marks Act 62 of 1963. The basis for the relief sought is that the words 'world cup' contain 'matter common to the trade or otherwise of a non-distinctive character'. Applicants seek the amendment of the Bartlett trade marks by a disclaimer being added to the trade marks in the following terms:

'Registration of the trade mark shall give no right to the exclusive use of the words "world cup" separately and apart from the mark.'

In the alternative the applicants seek a *declarator* to the effect that the Bartlett trade marks do not entitle the second respondent or the third respondent to restrain others from using the words 'world cup'. In the alternative to both of the foregoing, the applicant seeks that the Bartlett trade marks be expunged from the register of trade marks on the grounds of non-use in terms of s 36(1)(b) of the Trade Marks Act.

Synopsis of the relevant evidence in respect of passing-off and unlawful competition

The third respondent has exhibited its goods annually at the Sasgam Show, which first respondent describes as the leading trade fair in South Africa. A newsletter is published together with the holding of the show. In the newsletter for the Sasgam '93 trade show, an article is featured under the caption 'World Cup brings USA '94 to Trade Show'. The article reads as follows:

'In 1994, for the first time ever, the world will flock to America as the United States hosts the World Cup soccer tournament, billed as the biggest, most spectacular single sport event in the world.

From a qualifying field of 141 nations, only 24 will survive to compete in nine of America's largest metropolitan centres. These games will be watched by over 3,5 million live spectators with a cumulative worldwide television network of more than 32 billion.

Capturing some of the excitement of this electrifying event right here in South Africa, Colin Bartlett's World Cup will launch an extensive World Cup USA '94 range of clothing and equipment at the 1993 SASGAM Trade Show. Comprising items including shirts, sweat tops, T-shirts and tracksuits, the clothing collection is expected to collar great interest from the large South African contingent of soccer followers. A range of soccer balls - both for match play and as souvenirs - will also be offered in this World Cup USA '94 range.

"With the kind of enthusiasm World Cup USA '94 is generating worldwide, we see the event as a ticket to reach a growing consumer market. For soccer, it has to be the merchandising opportunity of the decade and we look forward to providing retailers with the chance to claim their share of the action", enthuses Bartlett.'

Mr B G Hobbs, the managing director of Alpha Promotions, to whose affidavit the aforesaid article is annexed, submits therein that the statements made by first respondent strongly suggest that he has an official or

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trade connection with the 1994 World Cup tournament and/or its organ-iser. In the answering affidavit first respondent does not dispute this submission made by Hobbs. The first respondent, however, points out that he was not responsible for the preparation or publication of the article. He states that, as far as he can recall, a journalist telephoned him ahead of the trade show. The journalist, according to first respondent, was well aware that the third respondent marketed goods under the 'world cup' trade mark. First respondent states that he expressed great enthusiasm that 'our new range of goods using the trade mark would generate interest in the market place'. First respondent goes on to state that he

'certainly did not convey to her at any time that (he) was an official licensee of the applicants. I was at pains not to go further than the rights flowing from the Bartlett registration. I deny that I told her that I was launching a "World Cup USA '94 range of clothing and equipment".'

The applicants have annexed to their replying affidavit an affidavit deposed to by the journalist to whom first respondent refers. She states in the affidavit that, as in previous years, in order to obtain material for publication in the 1993 Sasgam Trade Show newsletter, she contacted all the exhibitors prior to the exhibition and requested them to provide her with any newsworthy information with regard to their business or products. In or about June or July 1993, she received a proposed article from first respondent. The article concerned the launch of what was termed as first respondent's 'World Cup USA '94' range of clothing and sports equipment. In view of the specific reference in the article to the World Cup soccer event, which suggested that the range of clothing and sports equipment was connected to the event, she was requested to confirm that the article was factually correct. First respondent indicated to her that in view of certain trade mark registrations owned by him, he was entitled to use the term 'world cup' in the manner and in the context reflected in his article. She concludes her affidavit by stating that the article provided by first respondent was subsequently published in the Sasgam newsletter with minor editorial changes. The substance of the article was the same as originally received from first respondent.

There is clearly a dispute of fact as to the genesis and source of the Sasgam article. Although I doubt first respondent's version, I am not prepared to determine this dispute on the papers, save in respect of one aspect of the article, namely that first respondent told the journalist that he was launching a 'World Cup USA '94 range of clothing'. This denial, when considered against the shirt which was exhibited in the *Business Times* and to which I will refer to hereinafter, is clearly far-fetched and untenable. It is quite clear from the shirt that the range of clothing which was produced was a World Cup USA '94 range of clothing. In this regard I do not accept that there is a genuine dispute of fact on the papers.

On 3 October 1993, on the front page of the *Business Times* section of the *Sunday Times*, an article appeared together with a photograph of first respondent and an employee of his. The article reads as follows:

'A man who registered the words "World Cup" in 1969 when there was no chance of South Africa taking part in the football event has struck gold.

For with South Africa welcomed back into world sport and the World Cup set

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to start next June in the US, companies who want to jump onto the bandwagon find they cannot use the words "World Cup" in South Africa.

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The words were registered as a copyright by Mr Colin Bartlett in 1969, as he "liked the sound of them" and wanted to use them as a trade name for his sportswear manufacturing operation.

He has just sold his rights to the words "World Cup" for the next two years to The Promotions Group, a sportswear and T-shirt manufacturing group.

How much will Mr Bartlett receive from his World Cup rights?

"We haven't disclosed the figure but it will be substantial" says the Promotion Group's head, Pierre Thackwray.

Mr Bartlett also owns the rights to the words "world cup" for sportswear in rugby, cricket and hockey.'

The photograph has the following caption: 'Captured Market: Colin Bartlett tries out his World Cup merchandise on employee Bhekithemba Mgaga.' Mr Mgaga appears in the photograph wearing a shirt and a peaked cap. The shirt, according to first respondent, was one of the initial garments manufactured by the fourth respondent. It is necessary to closely describe the shirt. The front of the shirt has a white background. Five vertical red waves are imposed on the background. An effect is created when holding the shirt sideways not unlike that created by the official World Cup USA '94 logo. In the left top of the shirt, white stars are to be found on a blue background. The Bartlett trade mark appears on the shirt. Under the Bartlett trade mark the words 'USA World Cup '94' appear. The colouring of the shirt, as already alluded to, reinforces the link to the United States of America. The peaked cap bears the words 'World Cup Soccer' on the peak. On the front of the cap, surrounded by a circle made up of international flags, the letters 'USA' appear as well as the Bartlett trade mark.

As far as this article is concerned, first respondent states that it contains numerous inaccuracies for which he is not responsible. He, however, only furnishes two examples. He states that he did not inform the journalist that he registered any copyright nor that he had sold his rights in the words 'world cup'. He then deals with the individual components making up the shirt, namely the words 'world cup', 'USA', '94' or '1994' and the stars and stripes. In regard to the 'world cup' and the device, he correctly points out that this is the Bartlett trade mark. As far as the other components are concerned, first respondent points out that they freely appear on other garments available commercially in downtown Johannesburg. Whilst all of this may be correct, what first respondent does not deal with is that when all the component parts of the shirt appear together, a close connection with the World Cup in the United States is created. The impression is created that the shirt is related to the World Cup and has a relationship with those in charge of the world cup.

On 12 May 1993, fourth respondent directed a letter to Sampram (Pty) Ltd. The letter was apparently directed to Sampram (Pty) Ltd after fourth respondent had ascertained 'who would be marketing the official World Cup soccer logo'. The purpose of the letter was to acquire for fourth respondent 'the sole manufacturer and distributor' rights of the world cup soccer range in respect of certain classified clothing items. Fourth respondent was informed by a director of Sampram (Pty) Ltd that fourth

1994 (4) SA p734

JOFFE J

applicant has been afforded rights of representation in regard to character merchandising.

On 27 August 1993, the fourth respondent directed a so-called newsletter to the World

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Cup sponsors in South Africa. The first paragraph of the letter reads as follows:

'I have noted with interest that your company is involved in sponsoring the 1994 soccer World Cup to be held in the USA next year. It is regarding this sponsorship and the related merchandising benefits that I am writing to you.'

The newsletter, after referring to some information relating to the fourth respondent, continues as follows:

'Our experience in these areas afforded us the opportunity of negotiating the exclusive marketing rights with regard the use of the words "world cup" on clothing . . . in South Africa. The words "world cup" when used in the above context must be authorised by our company. We have already licensed various manufacturers in South Africa to produce "world cup" clothing for the up-coming event and understand that many retailers have already committed themselves to orders.'

On 28 September 1993, Sampram (Pty) Ltd directed a letter to the fourth respondent. In the letter exception is taken to the content of the paragraph in the newsletter wherein it is stated that the situation has been discussed with Sampram (Pty) Ltd 'and both of us feel comfortable with this approach'.

In the answering affidavit deposed to by fourth respondent's managing director, he states that when he wrote the letter he was under the impression that Sampram (Pty) Ltd would not object to his approaching the sponsors in this way. He states that he 'certainly did not intend to suggest to the sponsors that fourth respondent was a marketing or merchandising agent of the applicants and it is inconceivable that they could have understood the letter in this context'. He goes on to add that it would have been perfectly apparent to the sponsors that he was referring to the rights which flowed from the Bartlett trade marks. If it was his intention to limit himself to the rights flowing from the Bartlett trade marks, Mr Thackwray went a long way in disguising that intention in the newsletter. He certainly seems to create an impression that there is a relationship between the fourth respondent and the official organisers of the World Cup.

On 22 September 1993, the fourth respondent directed a letter to one of the World Cup sponsors, namely Gillette. The letter is headed 'Re: World Cup'. The letter reads as follows:

'Subsequent to our World Cup Newsletter to yourselves, we have been informed that various articles under our World Cup registration rights in this country will be imported for promotional purposes.

We are fully aware of your rights package from ISL International but should any sporting articles, ie bags, caps, T-shirts, tracksuits etc be utilised for promotional purposes in the Republic of South Africa, a 12,5% royalty on their value will be expected. All manufactured goods which are presently sold country-wide by manufacturers we have licensed, the same royalty is applied.

This is certainly a unique situation but there is no argument from the biggest corporation in this country as to the facts of this registration.

Hoping we can resolve this matter as some World Cup sponsors who are having goods manufactured locally are also liable for the same royalty.'

1994 (4) SA p735

JOFFE J

Counsel for the applicants argued that in this letter, similarly, an impression is created of a link between the fourth respondent and the official organisers of the World Cup. I do

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not agree. Such an impression does not appear to me to emerge from this letter.

As already alluded to, fourth respondent manufactured the garment seen in the photograph which accompanied the article in the *Business Times* and licensed the manufacture of the peaked cap to which reference was also made.

Fifth respondent produced during September 1993 a brochure for use in the promotion of a particular product. In the top right-hand corner of the cover of the brochure, the official logo of the 1994 World Cup appears, save that the soccer ball is placed on the right-hand corner thereof instead of in the left-hand corner thereof. The words 'World Cup '94 USA' appear boldly on the cover. On the third page of the brochure, under the heading 'World Cup '94 USA', the following is set out:

'World Cup kicks off in USA in June 1994. It has become the world's premier sporting event, taking place every fourth year. Participants from all the great soccer nations take part in a month long tournament of fierce sporting competition. The excitement of these matches is beamed into millions of homes around the world, viewership exceeding any other major sporting event, including the Olympic Games. South Africa will be no exception in 1994, as local television serves up a sporting feast to local fans. With America hosting the 1994 World Cup, it promises to be the best sporting extravaganza ever. The World Cup is famous for creating big stars in the soccer world and it is here where major international stars such as Pele, Maradona and Gullitt have shone and have become immortal in the minds of soccer fans around the world. World Cup 1994 promises to be no different with plenty of action, drama and excitement.'

On the last page of the brochure, the following is stated, *inter alia*:

'Alligator Luggage is proud to be associated with premier events such as the World Cup. The company has secured sole rights for manufacturing all World Cup bags in South Africa. We are producing a number of exciting ranges for the retail market and hope to optimise sporting sales for the retailer in 1994.'

The connection between the official organisers of the 1994 World Cup and fifth respondent appears clearly from this brochure.

On 13 October 1993, the applicants' attorney of record transmitted a facsimile to the fifth respondent requiring it to cease and refrain from using the official names and symbols of the World Cup and to carry out certain other steps. On the same day fifth respondent indicated that it would comply therewith. On 21 October 1993, attorneys acting on behalf of the fifth respondent informed the applicants' attorney of record that the fifth respondent would not oppose the application brought by the applicant.

The concept of character merchandising

The concept of character merchandising has received judicial attention in South Africa. In *Lorimar Productions Inc and Others v Sterling Clothing Manufacturers (Pty) Ltd*; *Lorimar Productions Inc and Others v OK Hyperama Ltd and Others*; *Lorimar Productions Inc and Others v Dallas Restaurant* 1981 (3) SA 1129 (T) (the 'Dallas case') Van Dijkhorst J held at 1152F that character merchandising is not so well-known in South

1994 (4) SA p736

JOFFE J

Africa that he could 'without proper evidence in this regard assume that the man in the street will have any knowledge thereof'. The learned Judge went on to hold that he would rather be inclined to find that the man in the street has no knowledge of character merchandising. As was pointed out by Van Dijkhorst J, his finding was in conformity with

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a series of English decisions, namely *Lyngstad and Others v Anabas Products Ltd* [1977] FSR 62 (Ch) (the 'Abba case'); *Tavener Rutledge Ltd v Trexaplam Ltd* [1975] FSR 479 (the 'Kojak case'); *Wombles Ltd v Wombles Skips Ltd* [1975] FSR 488 (the 'Wombles case'); *Granada Group Ltd and Others v Ford Motor Co Ltd* [1973] RPC 49 (the 'Granada case') and two American decisions. It is to be emphasised that the learned Judge came to the findings set out above on the evidence, or rather the lack of evidence, before him.

As appears later herein, a mass of evidence in respect of character merchandising has been placed before me. Moreover, in the 13 years that have elapsed since the *Lorimar* judgment, markets may have changed and consumers may have become more sophisticated and knowledgeable. All this falls to be determined on the evidence placed before me in the present application.

In discussing the concept of character merchandising, I borrow freely from the content of the affidavit deposed to by Janine Glenda Wills. She is a director of fourth applicant. Character merchandising is defined as being the business of merchandising popular names, characters and insignia in order to enhance the sales of consumer products in relation to which such names and characters are used. This form of marketing had its origin in the United States of America in approximately 1930. The major impetus in the development of character merchandising in South Africa was the introduction of television in South Africa in 1975. The association of a famous person or character with a consumer product can boost that product's sales considerably. The fame and popularity of the name or character in question enhances the desirability of the product from the consumer's point of view. The association between the name or character, which can be referred to as the 'merchandising property', and the consumer product is usually created by depicting the merchandising product prominently on the product. A typical merchandising product is the well-known cartoon character Mickey Mouse. As the proprietor of the merchandising property has already invested substantial time and money in developing and popularising such character, and it is the fame and desirability of the merchandising property which will promote the sale of the goods to which it is applied, the proprietor of the merchandising property charges a royalty or licence fee for the use of his merchandising property. The royalty is payable in terms of a licence agreement under which the owner of the merchandising property authorises the licensee to utilise the merchandising property in relation to his goods. Generally a licensor exercises a measure of supervision over the use of the merchandising property which is the subject of the licence and such supervision is commonly exercised by a licensing agent such as the fourth applicant. It appears that the consumer makes a connection and an association between the character and its creator or owner and the products featuring the character. Thus it is widely known, according to the deponent Wills, that

1994 (4) SA p737

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the character Mickey Mouse was created by Walt Disney. Clothing bearing the image of Mickey Mouse is inevitably then associated with Walt Disney.

The extent of character merchandising in South Africa can be gauged from fourth applicant's income from it. It is stated to amount to approximately R4 000 000 per annum.

Although not constituting character merchandising in the strict sense, licensing the use of properties such as the Barcelona Olympic Games logo, the Olympic rings device, the

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Davis Cup tennis logo and logos associated with other major international sporting events, such as the World Cup soccer tournament, can be regarded as character merchandising in the broad sense. According to Wills, when an event like the World Cup soccer tournament is in the public's eye, use of the insignia symbolising such an event in relation to clothing and similar goods will cause the public to believe that such goods have a trade connection with the events symbolised by the insignia. A link is established between the goods featuring the merchandising property and the person who or entity which is the original source of the material which launched the merchandising property on its path to fame and fortune.

The averments made by Wills as set out above are not disputed by the respondents. On the contrary, fifth respondent eloquently extols the benefit of character merchandising in the brochure already alluded to. Under the heading 'Marketing the World Cup' the following is stated:

'Off the pitch too there will be plenty of action as companies use the World Cup association to promote their products. The World Cup means big business, American style. With an audience as large as captivated by World Cup magic, there will be lots of opportunities open to dynamic companies.

International companies who have acquired sponsorship rights will maximise their product Association (*sic*) with the big event by advertising and various promotions. Retailers can maximise sales performance too by stocking dynamic merchandise. World Cup is an area definitely not to be missed by retailers. Soccer in South Africa has a large number of avid supporters. A natural local market exists for merchandise related to the world's premier soccer event. A hugely publicised event such as this will probably create World Cup fever, resulting in record sales in sporting event paraphernalia. For the soccer fan there is no better event to be associated with than the World Cup.

The World Cup promises to be a major consumer trend in 1994.'

Fourth respondent, perhaps not as eloquently as fifth respondent, also acknowledges the benefit of character merchandising. In the newsletter directed by it to sponsors of the World Cup, it is stated that fourth respondent has

'already licensed various manufacturers in South Africa to produce "world cup" clothing for the upcoming event and understand that many retailers have already committed themselves to orders'.

In an affidavit deposed to by Sandra Anne-Marie Papale, a director of Sampram (Pty) Ltd, the deponent to the affidavit states in regard to the Barcelona Olympic Games that sponsors of the games were permitted to use the Olympic Games insignia in their advertising and promotion. She states that many consumer items such as clothing, sporting articles, publications and a variety of other sporting goods embellished with the

1994 (4) SA p738

JOFFE J

Olympic Games insignia were manufactured locally and were on sale. It was made plain to the public that where these insignia appeared on items of merchandise, it occurred with the authority and licence of the organisers of the Olympic Games.

In view of the evidence that has been placed before me, I find that the concept of character merchandising has taken hold in South Africa. The man in the street would have knowledge thereof. He would make the link between the merchandising property and the events or circumstances which made it famous. He would be aware that the link

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is established by licensing or a licence.

In coming to this decision, I find support in the writings of Webster and Page *South African Law of Trade Marks* 3rd ed and a judgment of the High Court of Justice, Chancery Division in the matter of *Mirage Studios and Others v Counter-Feat Clothing Company Ltd and Another* [1991] FSR 145 (the '*Ninja Turtles* case'). The learned authors state at 475 with reference to the *Dallas* case that there was in that matter

'no evidence that respondents' conduct was likely to lead to deception or confusion as to the existence of a connection in the course of trade between the goods or services and the applicants . . . if such proof was forthcoming, respondent's conduct would have amounted to unlawful competition in the form of passing off'.

In the *Ninja Turtles* case, an interlocutory injunction was granted by the Court. The facts appear from the headnote. They were these. The first plaintiff did not manufacture or market any goods itself. The major part of its business consisted in creating and marketing cartoons, videos and films of turtles. Part of its business, however, included the turning to profit of these characters by licensing the reproduction of them on goods sold by third parties and a major part of its business income arose from royalties received from such licensing activities. The second plaintiff was the first plaintiff's world-wide licensing agent and the third plaintiff the licensing agent in the United Kingdom. The contractual requirements were such that parties included provisions as to quality control of the goods to which the reproductions of turtles were attached. At 165 of the judgment the following was held:

'Here the plaintiffs have no part in either manufacturing or marketing the goods; they are neither makers nor sellers. The goods, the T-shirts, the jogging bottoms and so on are manufactured by others. The plaintiffs' only connection with the marketing of those goods is by their affixing of their characters, the turtles, on the merchandise of others but crucially the evidence shows that the public is aware that the turtle characters would not normally appear without the licence of the plaintiffs.'

At 158, with reference to the *Kojak* case (also referred to by Van Dijkhorst J), the following is held:

'It is interesting to note that at line 40 on page 280, Walton J said that it was not established on the evidence (and he would have been very surprised if it had been) that the system of character merchandising was known to the man on the street. That is contrary to the position as it exists on the evidence before me where, as I say, the evidence clearly establishes that it now is known to the man in the street. After all, 13 years have passed since the decision in that case.'

1994 (4) SA p739

JOFFE J

The words of the learned Judge can be applied to the facts of this case without any distinction whatsoever.

I will revert to this finding when considering the applicant's claim for relief based on passing-off and unlawful competition.

Relief in respect of passing-off and unlawful competition

From the synopsis of the relevant evidence it is apparent that first respondent, fourth respondent and fifth respondent represented that they are associated with the World Cup which is to take place in the United States in 1994. Although it appears that first respondent is the managing director of third respondent, it is not alleged by the

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applicants that first respondent represented third respondent when acting aforesaid. There is no evidence that second respondent made or associated herself with any of the representations complained of. No relief can be granted against second respondent and third respondent under this heading.

In *Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and Others* 1977 (2) SA 916 (A) at 929C the delict of passing off was defined as follows:

'The wrong known as passing-off consists in a representation by one person that his business (or merchandise, as the case may be) is that of another, or that it is associated with that of another, and, in order to determine whether a representation amounts to a passing-off, one enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another.'

See also *Brian Boswell Circus (Pty) Ltd and Another v Boswell Wilkie Circus (Pty) Ltd* 1985 (4) SA 466 (A) at 478E-479E and *Hollywood Curl (Pty) Ltd and Another v Twins Products (Pty) Ltd (1)* 1989 (1) SA 236 (A) at 249B-E.

As was held in the *Boswell Wilkie* case *supra* at 478I:

'Passing-off is a form of wrongful competition. It is unlawful because it results, or at any rate is calculated to result, in the improper filching of another's trade and an improper infringement of his goodwill and/or because it may cause injury to the other's trade reputation.'

Further on in the same judgment Corbett JA (as he then was) states: 'Engagement in the same field or business activity is not a prerequisite to success' in a passing-off action.

In the *Ninja Turtles* case *supra* it was likewise held at 157 that there is

'no reason why a remedy in passing-off should be limited to those who market or sell the goods themselves. If the public is misled in a relevant way as to a feature or quality of the goods as sold, that is sufficient to found a cause of action in passing-off brought by those people with whom the public associate that feature or that quality which has been misrepresented.'

I have already held in regard to character merchandising that the public would associate any references to the 1994 World Cup with the applicants. The evidence clearly establishes that the applicants and their licensees have a reputation and goodwill in South Africa. This is established by the fact that numerous prominent retailers, as well as the fourth respondent itself, are anxious to obtain and pay for licenses from the applicants for the purpose of manufacturing and marketing clothing bearing the World Cup insignia. Furthermore, by reason of the fact that applicants are engaged in

1994 (4) SA p740

JOFFE J

character merchandising, it is sufficient to create in the public's mind a link between the merchandising product and the applicants.

As a result of the conduct of first respondent, fourth respondent and fifth respondent as alluded to above, the applicants are likely to suffer injury or damage. Firstly, the applicants and their licensees are likely to lose revenue and, secondly, because of the uncertainty created by their conduct, potential licensees are refraining from entering into licensing agreements with the applicants, thereby depriving the applicants of income.

In the circumstances I am disposed to grant the applicants relief against the first, fourth and fifth respondents based on passing off. I would also be disposed to grant this relief

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on the basis of unlawful competition. In view of my earlier finding it is not necessary to set out the reasoning for this.

The formulation of the relief set out in para 1 of the notice of motion is too wide. Clearly those respondents entitled to make use of the Bartlett trade mark are entitled to use the words 'world cup'. During argument Mr Ginsburg, who appeared together with Mr Ripp for the applicants, restricted the relief sought by the applicants in para 1 of the notice of motion to an interdict from using the words 'world cup' together with the words '1994' and/or '94' and/or 'America' and/or 'USA'. I propose at the end of this judgment to grant such relief against first, fourth and fifth respondents as well as to make an order in terms of para 2 of the notice of motion only against the first, fourth and fifth respondents.

Relief in respect of the Bartlett trade marks

As already set out, the applicants seek an amendment of the registration of the Bartlett trade marks by the registration of a disclaimer. In the alternative a *declarator* is sought whilst in the alternative to both the foregoing, the expungement of the Bartlett trade mark is sought.

The relief in respect of the disclaimer and *declarator* is sought by the applicants in terms of the provisions of s 18 of the Trade Marks Act 62 of 1963 (the Act). The applicants are 'persons aggrieved' in terms of s 33(1) of the Act. Section 18 of the Act reads as follows:

'If a trade mark -

(a) contains any part not separately registered by the proprietor as a trade mark; or

(b) contains matter common to the trade or otherwise of a non-distinctive character,

the Registrar or the Court, in deciding whether the trade mark shall be entered or shall remain on the register, may require, as a condition of its being entered or remaining on the register -

(i) that the proprietor shall disclaim any right to the exclusive use of any such part of the trade mark, or to the exclusive use of all or any portion of any such matter as aforesaid, to the exclusive use of which the Registrar or the Court holds him not to be entitled; or

(ii) that the proprietor shall make such other disclaimer or memorandum as the Registrar or the Court may consider necessary for the purpose of defining his rights under the registration:

Provided that no disclaimer or memorandum on the register shall affect any rights of the proprietor of a trade mark except such as arise out of the registration of the trade mark in respect of which the disclaimer is made.'

1994 (4) SA p741

JOFFE J

Mr Ginsburg argued, with reference to *Distillers Corporation (SA) Ltd v SA Breweries Ltd and Another; Oude Meester Groep Bpk and Another v SA Breweries Ltd* 1976 (3) SA 514 (A) that the words 'commonly used in the trade' comprehend something that is 'reasonably required for use in the trade'. In my view the learned Judge of Appeal did not hold at the passage referred to by Mr Ginsburg that the words 'commonly used in the trade' comprehended something that is 'reasonably required for use in the trade'. At 552B Trollop JA stated that in the lower courts and in counsel's heads of argument 'it was assumed that the statutory postulate "matter common to the trade" comprehends something that is reasonably required for use in the trade . . .'. The learned Judge of

Appeal held at 552B as follows:

'But at first blush "matter common to the trade" would seem to mean matter that is commonly used in the trade (cf the Afrikaans version, "iets wat algemeen deur die handel gebruik word"); and that, while such matter is registrable subject to an appropriate disclaimer under s 18, matter reasonably required for use in the trade is not registrable (s 10(1A), as inserted by Act 46 of 1971); and, if it is entered on the register, it is expungeable under s 33. Possibly, if the latter is also matter of a non-distinctive character, it could be subjected to a disclaimer under s 18 instead of expungement under s 33. However, it is unnecessary to pursue these interesting points any further for reasons that will appear presently.'

Contrary to the submission and as would appear from the *dictum* set out above, the express wording of s 18 and s 10 of the Act indicates the contrary. Any doubt in this regard is removed by the judgment of the Full Bench in *Distillers Corporation (SA) Ltd v Stellenbosch Farmers Winery Ltd* 1979 (1) SA 532 (T) at 535G-H where the following was held in regard to the *dictum* of Trollip JA:

'Mr MacArthur submitted that his remarks were clearly *obiter*. But, since the phrase "common to the trade" in the signed English text is ambiguous it is permissible to have regard to the Afrikaans text in order to resolve that ambiguity In my view such a reference clearly indicates that what Trollip JA considered "at first blush" to be the true meaning of the phrase "common to the trade" is correct, and that the Legislature intended the phrase to mean "in common use in the trade".'

Mr Beasley, who together with Mr Peter appears for the respondents, submitted that the absence of any evidence that the words are in actual use in the trade is fatal to proving that the words 'world cup' are common to the trade. There is, however, notwithstanding Mr Beasley's submission, evidence of use of the words 'world cup' in addition to the plaintiffs' trade mark and not referring to the plaintiff's trade mark. Firstly, during the 1992 cricket World Cup shirts were sold to the general public in South Africa through the Pick 'n Pay supermarket chain. The cricket shirts bearing the words 'world cup' and in the colours as worn by the participating teams in the cricket World Cup were worn by many spectators at international cricket matches played in South Africa after the World Cup. Secondly, Adidas (South Africa) (Pty) Ltd ('Adidas') concluded an agreement with third respondent during February 1990. In terms of this agreement Adidas acquired the rights to use the words 'world cup' for a period of 12 months from 1 May 1990 to 30 April 1991. Adidas marketed and distributed products bearing the words 'world cup'. At no stage was the device which forms part of the Bartlett trade mark utilised.

1994 (4) SA p742

JOFFE J

The purpose of the exercise by Adidas was to actively promote the World Cup soccer event by marketing products containing reference to the World Cup. An example of one of the products marketed by Adidas appears at p 517 of the record, namely a shirt upon which the words 'world cup' appear. The World Cup trophy also appears on this shirt. Thirdly, the use of the words 'USA World Cup '94' on the shirt manufactured by the fourth respondent and appearing in the photograph in the *Business Times* is a further example of such use.

It appears from the foregoing that the words 'world cup' are common to the trade and in particular in respect of sports clothing. The words 'world cup', as appears from the foregoing, are furthermore descriptive of one or more international sporting event. Certainly on the papers before me it appears that the soccer World Cup is internationally the most well-known. That may be the position in South Africa as well, but in South

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Africa the cricket World Cup and the rugby World Cup are also well-known. The words 'world cup' have become descriptive of a sporting event. Because of the general public's awareness thereof use thereof is non-distinctive in respect of sports clothing and sports equipment. Its connotation in South Africa is that of a sporting event and not capable in any way of being distinctive of clothing. As such the words 'world cup' cannot fulfil the function of a trade mark in respect of such goods. The words 'world cup' are simply of a non-distinctive character in South Africa.

In the result I am of the view that the applicants would be entitled to the relief in terms of s 18 in respect of the Bartlett trade mark.

Mr *Beasley* argues, however, that the provisions of s 42 of the Act preclude an attack on the registration after the expiration of seven years unless

- (a) that registration was obtained by fraud; or
- (b) the trade mark offends against the provisions of either s 16 or s 41.

There is no suggestion that the registration of the Bartlett trade marks was obtained by fraud. Section 16 of the Act is clearly not applicable. The applicants have not, on the evidence before me, made out a case in terms of s 41 and cannot make out such a case.

Mr *Ginsburg* argues that s 42 is only applicable where the original registration is attacked. This appears to be what the Legislature had in mind by the use of the words 'original registration of the trade mark'. Support for this interpretation is to be found in the judgment of Lord Diplock in the case of *GE Trade Mark Case* 1973 RPC 297 (HL). In the judgment reference is made to the provisions of s 41 of the English Act of 1905 (the predecessor to the current English Act of 1938) which is the counterpart of s 42 of the Act. At 333 of his judgment Lord Diplock held as follows:

'What s 41 did was to preclude removal of trade mark from the register after seven years upon any grounds of invalidity, such as lack of distinctiveness, which would have applied to the original registration. What it did not do, was to preclude removal of a trade mark from the register if it had become likely to deceive as a result of blameworthy conduct by the proprietor since the date of its original registration.'

1994 (4) SA p743

JOFFE J

See in this regard also W R Cornish in *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* 2nd ed at 460 (para 17-49). I accordingly find that s 42 of the Act is not a bar to the applicants obtaining relief in respect of s 18 of the Act.

In *Webster and Page (op cit* at 180) the following is stated in regard to when a disclaimer is necessary:

'It has been said that the requirement of a disclaimer "is one for the imposition of which some good reason ought to be established, rather than one which ought to be imposed unless some good reason to the contrary is made out".'

The learned authors then refer to *Eclipse Sleep Products Appn* 99 CLR 300 in which the Australian High Court analysed in detail the manner in which the discretionary power should be utilised.

I propose to apply the approach set out by the authors and that set out in the judgment alluded to. In view of the fact that the words 'world cup' do not form an insignificant part of the Bartlett trade mark, I am of the view that the registration of the Bartlett trade

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mark be amended by a disclaimer being added thereto as sought by the applicants.

In the result, at the end of this judgment I propose to make an order in terms of para 3 of the notice of motion. In view of my findings it is not necessary to consider the expungement relief which is sought in the alternative.

Relief in respect of copyright infringement

Although this relief is sought against all the respondents as already alluded to, applicant only makes out a case against fifth respondent. I propose making an order at the end of this judgment against fifth respondent in terms of para 6 of the notice of motion.

Finally, I should point out that when the application came before me on Thursday, 4 November 1993, Mr *Beasley* challenged the authority of the deponents to the founding affidavit to make the affidavit and bring the application on behalf of first, second and third applicants. The application stood down to enable the applicants to clarify the matter. This was done on Friday, 5 November 1993 when the matter proceeded. The question of authority was not again raised by Mr *Beasley*. No order was made as to the costs of 4 November 1993.

The question of authority or rather the lack of authority was not fully argued by counsel. Nor were the consequences of the respondents having requested the applicants to furnish security for costs, which were in fact furnished prior to the point being raised by Mr *Beasley*, fully argued by counsel.

In the result I am of the view that the wasted costs of 4 November 1993 should be costs in the application.

Finally, in regard to costs, certain relief was not granted against the second respondent and the third respondent. They were represented by the same attorneys as the first, second and third respondents and by the same counsel as all the respondents. I can see no reason why a special order as to costs must be made in respect of the portion of the application where the applicants were unsuccessful.

In the result, I make the following order:

1994 (4) SA p744

JOFFE J

1. The first, fourth and fifth respondents are interdicted from using the words 'world cup' together with the words '1994' and/or '94' and/or 'America' and/or 'USA'.
2. The first, fourth and fifth respondents are interdicted from dealing in any goods or conducting or offering any services in connection with or in respect of the 1994 soccer World Cup competition by using in relation to such goods or services the marks and/or logos, copies of which are annexed thereto as annexures A1 and A2 or any marks or logos confusingly or deceptively similar thereto.
3. The registration of second respondent's trade mark registration No 69/3345 and 69/3346 world cup and device be amended by a disclaimer being added to the trade marks in the following terms: 'Registration of this trade mark shall give no right to the exclusive use of the words "world cup" separately and apart from the mark.'

4. The fifth respondent is interdicted from infringing the copyright of the second applicant in the artistic works, copies of which are annexed as annexures A and B to the affidavit of Michael Gericke.
5. The first, second, third and fourth respondents are ordered to pay the costs of the application, such costs to include the costs consequent upon the employment of two counsel.

Applicants' Attorneys: *Spoor & Fisher*. Respondents' Attorneys: *D M Kirsch Inc*, Johannesburg.

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Annexure A1

Annexure A2
