

CHAPTER 1

INTRODUCTION

1. SUBJECT OF STUDY

1.1 General theme

What is the relevance of prior use in trade mark conflicts?¹ It is the aim of this study to answer the stated question. In South Africa, the ultimate focus of this study, prior use can be relevant in the context of the common law² as well as statutory law. The foundation of common law protection is, in general, the use of a mark. Statutory law, in contrast, essentially provides protection on the basis of a trade mark registration. However, the prior use of a mark can clearly impact on the obtainment and retention of a registration, as well as the enforcement of a registration against a prior user. The potential for a conflict between user and registered rights is apparent.

From an international perspective, the system of registration of trade marks has been in existence for decades. The purpose of the introduction of legislation was to regulate the enforcement of registered rights, to provide enhanced protection to trade mark owners, and to ensure a larger measure of certainty about the rights a particular trade mark proprietor may have. There are thus clear advantages to the registration of a mark.

Due to the prominence of the system of trade mark registration, the view has been expressed that the relevance of use as a basis of protection has decreased. This has, for instance, been said in relation to the situation of honest concurrent use, that is,

-
- 1 The comments below are directed towards the South African system, unless indicated otherwise.
 - 2 What is meant, in the South African realm, by the term "common law"? The concept carries various meanings. In the context of this study, insofar as the countries whose systems are discussed are concerned, it could be used to refer to common law countries such as the United States of America, the United Kingdom, and South Africa. In other words, countries in which the Anglo-American system of law applies. This can be contrasted with civil law countries such as Germany, France and Italy, which are Romanistic in structure, and have their law in the form of codes. See Hahlo and Kahn The South African Legal System and its Background (1968) Juta, Cape Town 132, and Hosten et.al. Introduction to South African Law and Legal Theory (1980) Butterworths, Durban 222. Compare also in general Harms "The Role of the Judiciary in the Enforcement of Intellectual Property Rights: Intellectual property Litigation under the Common Law System with Special Emphasis on the Experience in South Africa" [2004] EIPR 483. In the discussion that follows, the term common law is used to refer to that part of South African law that does not originate from legislation. In modern American jurisprudence there is a complicating factor, namely the existence of a statutory basis for what is in essence a body of common law rules. The issue of use, central to the common law, has,

typically, where one party commences use after another party has registered a mark. The British writers Annand and Norman³ adopt the following approach in this regard. It is said that, historically, a system of honest concurrent use may have been justified at the time of the introduction of legislation regulating the registration of trade marks. Some businesses would register their marks, and others would use them without obtaining registration. Businesses were localised, and it was possible for them to establish goodwill in a particular area without impinging on the rights of other traders. This is seen not to be applicable in the era of the Single Market and satellite television. Businesses also are more aware of the need to obtain registration of their marks. The question is then posed whether honest concurrent use can be harmonised with a system that accords priority to the applicant that is first to file.

In a similar vein is the following statement by Sir Robin Jacob, one of the leading intellectual property jurists in the United Kingdom:⁴

“It was perfectly possible before the Act merely to check with the Register to ensure a mark was free, and if it was, to go ahead and use it. Use was king. Now use has been de-throned by a bureaucratic rival – registration.”

A prominent writer in the United States adopts a different approach:⁵

“The United States does not have a 'first to register' system...ownership of a mark is not governed by a race to the Trademark Office. Ownership is determined by priority of use...”

Neither of these views presents a complete picture of the position in South Africa. What is thus the correct perspective on the role of use vis-à-vis registration?

Ideally, there should be harmony between the rights derived from the use of a mark, and those derived from the registration of a mark. In other words, the same person should have used and registered the mark. However, this is not the reality of commerce.

however, not been discarded, and it still features strongly. This aspect will be dealt with in the next chapter.

3 Blackstone's Guide to the Trade Marks Act 1994 (1994) Blackstone Press Limited, London 109-111.

4 Preface to Kitchin & Mellor Trade Marks Act 1994 (1995) Sweet & Maxwell, London (own emphasis).

Many, in particular small businesses, simply do not file trade mark applications. If a conflict arises, their use insofar as the common law is concerned, will be decisive. Accordingly, the common law rules are still very much of importance. This approach is borne out by legislation. Two examples can be provided. Firstly, the South African Trade Marks Act 194 of 1993⁶ determines that the provisions of the Act shall not affect the common law rights of someone to bring an action against another person.⁷ Secondly, by way of analogy, section 20(5) of the Close Corporations Act 69 of 1984 determines that nothing in the Act – dealing inter alia with the registration of close corporation names - shall be construed as affecting the rights of any person at common law to bring an action against any corporation for passing off any business, goods or services as those of another person.

The statutory or registration system thus does not, in general, replace the pre-existing common law relating to unlawful or unfair competition, where rights are based on the use of a mark. It should be pointed out, however, that statutory systems such as that in the United States adopt an approach towards the registration of marks that is in line with the common law, in that use is required as a condition for registration. In other systems, particularly in the United Kingdom and South Africa, registration rights can, however, be obtained without any use.

The emphasis of the common law and statutory protection mechanisms are not the same, the most important difference being the fact that reputation is a requirement for protection in terms of the common law, whilst neither use nor a reputation is a requirement for registration. Moreover, it is only in the geographical area where a reputation exists that common law protection can be obtained. A registration will have effect in the whole of the country, whether or not a reputation exists in the location concerned. It is also usually said that the common law protects the goodwill built up through the use of a mark, and that there is no right to the mark itself, which is, of course, distinctly different to the statutory position.

However, the two systems do intersect, and the relationship between them becomes evident when it is for instance noted that within the statutory law, concepts derived from

5 McCarthy Trade Marks and Unfair Competition Fourth Edition (2002) West Group, San Francisco 20-154 (own emphasis).

6 Section 33.

the common law are sometimes utilised. Section 10(12) of the South African Trade Marks Act, for example, provides that a mark shall not be registered if it is contra bonos mores, a concept that is of fundamental importance in the common law. In terms of British law, reference can be made to sections 5(4)(a) and 11(3) of the Trade Marks Act 1994, which both involve the concept of passing off in the regulation of statutory trade mark rights, in relation to opposition rights, and the prior use defence respectively. By way of illustration section 5(4)(a) determines that:

"A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

by virtue of any rule of law (in particular, the law of passing-off) protecting an unregistered trade mark or other sign used in the course of trade..."

In other words, the granting of statutory rights is made dependent on the existence of rights in terms of common law principles.

It is now necessary to consider the above aspects in more detail, in order to be able to formulate general principles which can be applied in instances of a trade mark conflict, where the priority of use is relevant.

1.2 Specific issues

There are a number of specific questions that must be considered and analysed. In this regard a broad distinction can be made between the position in the common law, and that pertaining to statutory law.

1.2.1 The relevance of prior use in a common law context

1.2.1.1 Nature of right being protected

It is clear from an overview of case law and relevant literature that the person that has used a particular trade mark is protected from the use of a confusingly similar trade mark

7 See also section 2(2) of the British Trade Marks Act of 1994 which is to the same effect

by a third party. Does the protection relate to the mere fact that a mark is being used, and, arguably, an investment, perhaps substantial, of time and money has been made, or should something more be required, such as that a reputation has been established? Alternatively, a right to the undertaking as a whole, of which goodwill may be only a component, could be postulated.

The question arises, in this context, whether it is not more appropriate to work with a right to a distinctive mark. That is, that one can identify a right that may be linked to the right to goodwill, or that may perhaps have a separate existence. If this is the position, will there be an absolute bar to protection for marks that are not distinctive? Is it for instance possible that a right to a trade secret could be identified that may be relevant for marks that are not distinctive, yet have value in a competition context?

An important distinction that has been made, historically, between common law and statutory protection, is that in the statutory realm there is a right to the mark itself, whilst in the common law it is related to the right to goodwill. It is also necessary to have regard to the relevant situation. A consideration of all of the above will then lead to a conclusion as to the nature of the right that is protected in the case of the prior use of a mark.

1.2.1.2 Basis of protection

A further aspect that requires investigation is the basis of protection for such rights that may be acquired through the prior use of a mark. In this regard it is necessary to consider whether it is possible that a statutory enactment could, in effect, be considered to be the common law on the issue in the jurisdiction concerned. As discussed, the common law is generally defined not to relate to legislation. In the context of common law protection, the obvious and classic form of protection for cases of prior use is the remedy of passing off. Relevant systems are, however, not in harmony about the issue whether there is a broader form of protection that may be relied on, or whether relief is limited to the confines of passing off. It is also necessary to investigate the approach of courts in this regard, in particular insofar as their readiness to consider such a broader basis of liability is concerned.

1.2.1.3 Requirements for protection

If it is accepted that passing off, or a statutory equivalent thereof, is the primary remedy for the prior user, the next question that arises is, of course, what the requirements are for obtaining relief on this basis. These requirements will be reviewed, and in particular the question of the existence of a reputation, or priority of use.

1.2.1.4 Use by foreign plaintiffs

The further issue that must be analysed is the position of foreign plaintiffs. The general thrust of this thesis is the rights acquired through the prior use of a mark. It is often the case that a plaintiff has not in fact used a mark in the country concerned, yet wishes to prevent another party from using his trade mark. The principle of territoriality is well-established, and it must be ascertained whether it will always apply in the case of passing off. If protection is granted, would it be a requirement that the plaintiff must actually have goods on the market, or is it sufficient if the mark is known amongst consumers? By their nature goods are able to move to a country, whilst services must have a localised basis. It is necessary to have regard to case law to ascertain whether this distinction is borne out by the relevant decisions. Lastly, it is necessary to discuss the issue whether the adoption of international instruments, such as the Paris Convention, has impacted on the position in the common law, in other words, whether there is a divergence in the scope of protection of the common and statutory law.

1.2.1.5 The acquisition of rights

One of the most important facets of the issue under consideration is the acquisition of rights. The first question is establishing the relevant date for determining the availability of protection. Is it always the date on which the other party commences use, or can it be the date on which court proceedings are instituted? The situation regarding distinctive marks also involves a consideration of the traditional problem question, namely whether the mere intention to commence use of a mark, or the conception of a mark, suffices to provide rights. Will the party first to use a mark always have the strongest rights? Where a party has moved beyond the stage of the conception of a mark, and has made actual preparations to commence business, a conflict can arise with another party that has done the same.

In some statutory systems the promotional use of a trade mark does not qualify for protection. In this regard the protection of rights that may be established in the common law must be considered and, in particular, whether the strict statutory regime that some countries have would also apply. This aspect requires investigation.

Another question is whether the announcement of the creation of a new entity, formed through the merger of previously unrelated businesses, can represent a reputation and goodwill qualifying for protection? Should the law protect such a new entity, and on what basis? It is also of relevance whether the internal use of a mark can establish rights. In this regard it is necessary to review, in particular, the situation where a company renders services to its employees, and to consider whether such a company can rely on that use to establish rights, or whether the use will be seen to be merely of an internal nature, not having effect insofar as third parties are concerned.

The question of the mala fide use of a mark will also be considered. Insofar as what is termed "sabotage marketing" in this thesis is concerned, the issue raised by case law is whether the intention to disrupt a competitor's launch will, per se, amount to conduct being considered to be passing off. Should it be said that such actions are merely part of general business strategy, where there is always, in essence, an intention to damage a competitor's business? Would an ulterior motive be of relevance where the party concerned has not entered the market at all?

The position regarding marks that are not distinctive, but require secondary meaning to be established first, will also be considered. The issue of protection where there is not yet a reputation, but one is "in the making," will be discussed, and whether such protection is founded on passing off type of principles, or the general ground of unfair or unlawful competition. In this context sabotage marketing can feature again, and the relevant principles will be discussed.

1.2.1.6 Geographical dimension

In the situation where parties use a mark in different geographical locations, it is not clear what the proper resolution of the problem should be. Should the principle of territoriality also apply in an "internal" situation? If confusion, which is really the grundnorm of trade mark law, is seen to be the overriding factor, the situation probably

does not allow either party to take action against the other. This is on the assumption that the areas are so far apart that confusion is not likely. It is, of course, possible that a party, whilst being aware of another's use of a mark, can commence use thereof in a remote area. Should the fact of knowledge exclude protection, or is it not in itself exclusionary? The issue is really one of the ambit of the rights a prior user enjoys, or should enjoy.

One right may relate to the protection of areas of possible expansion in the future, or areas of natural expansion. If so, how should this area be determined? It can, of course, also occur that two parties use a mark relatively close to each other, and co-exist peacefully. What would be the position when both expand to a third area, where a conflict arises? Does the possibility of a stalemate then exist? The manner in which the protection of prior user rights should take place is not readily apparent. These aspects will be examined.

1.2.1.7 Concurrent use

Another issue that is related to the above, is where there is concurrent use of a mark, but not necessarily in different locations. The situation of concurrent use raises the question as to whether more than one person may have the right to prevent the use of a mark, having regard, in particular, to the idea of the exclusivity of the right involved. It is also necessary to obtain clarity on the theoretical basis for the situation where the conclusion is reached that two parties must co-exist, and that neither can act against the other. This question is problematic in view of the principle that there is no right under South African common law to use a mark. Is the matter distinctive of the defendant and not of the plaintiff; distinctive of neither; or does the goodwill vest in both?

Another relevant situation is where an international company has established a subsidiary in a specific country. Does the goodwill belong solely to the parent company, or does the subsidiary establish independent rights? This question will be pertinent in the case where the parent company ceases to control the erstwhile subsidiary. This problem will be considered.

1.2.1.8 Honesty of adoption

In some countries the doctrine of “unclean hands” has been held to exclude protection for a plaintiff in cases where his conduct is somehow tainted. In this regard it must be considered whether the plaintiff, B, although aware of the prior user, A, can nevertheless prevent the use of another party, C. In some decisions it was held that a plaintiff will be denied protection if he himself makes a material false representation. The other viewpoint in the case law is that protection will be refused only if there is an element of bad faith involved. Some writers have adopted the view that the question is simply whether there is a reputation de facto, others have suggested that the criterion should be whether the distinguishing value of a mark is affected. It is accordingly necessary to analyse this aspect in detail.

1.2.1.9 Does the registration of a mark entail a right to use it?

Section 33 of the South African Trade Marks Act, as stated above, provides that the registration of a mark does not affect the ability of anyone to bring an action at common law against another party. Some decisions seem to suggest, however, that the fact that a registered mark is used is somehow of relevance in a passing off matter. This raises the issue whether the fact of registration provides a right to use the mark. Many cases have held that registration does provide the exclusive right to use the mark. It must be considered whether such a right exists, and what the effect of such a right may be in a conflict with a common law user, or another registered proprietor.

1.2.2 The relevance of prior use in a statutory law context

There are in essence four instances where the prior use of a mark will be relevant in a conflict in a statutory context.

1.2.2.1 Opposition of applications

1.2.2.1.1 Opposition by a co-applicant

The statutory systems of various countries contain mechanisms for the resolution of disputes where one application is “opposed” by another party that has also filed an application. These mechanisms constitute a form of resistance to registration, and in certain previous legislation. they could be distinguished from opposition proceedings on

the basis that the latter deals with applications that have already been accepted, and in fact have been published for opposition proceedings. In terms of current legislation in some countries, the mechanism concerned may not be readily distinguishable from opposition proceedings however. Nevertheless, the underlying idea remains that there is a conflict between two applicants, and not one applicant and a prior user without a filing.

Following on from the above is the question of registrability. Can the issue of registrability be raised in the conflict between co-applicants, or is it simply about the issue of priority and proprietorship, leaving registrability to be dealt with in eventual (proper) opposition proceedings? Another aspect that requires attention is whether an applicant that opposes or otherwise contests the registration of an application must establish his own entitlement to registration as a minimum requirement for interference or opposition. The theoretical possibility that a mark will have priority, yet not qualify for registration, will be investigated.

In the context of competing applications, the focus is inevitably on the filing date of the applications concerned. However, there may obviously be situations where use by the later applicant predates the filing date of the prior applicant. Should this use be relevant, and if so, should the later applicant be penalised for not filing earlier by a restriction of the scope of his registration? The legislation concerned does not provide for this situation. Accordingly, it will be necessary to have regard to general principles of priority, and to consider whether they provide a satisfactory solution to the problem.

Legislation is also not always clear about the quantum of use that would suffice for an opposition. The usual approach is to require use to such an extent that the mark on which reliance is placed has established a reputation. It has, however, been proposed that it may be necessary merely to prove some use that would indicate that the opponent had existing rights at the time of filing. The latter would imply, having regard to the specific enactment, that a principle is established that the mere fact of filing, which is a less arduous task than establishing use, would change the burden of proof. The accuracy of the assumption will thus have to be evaluated.

1.2.2.1.2 Opposition by a user of a mark

The first question relevant here is how the priority of the use of the applicant and opponent should be determined. Most decisions focus on the position at the filing date. It is said that it is required that a reputation must exist at that date. In other words, A commences use in 1999, B files an application in 2003. A can oppose B's application as it has a reputation on B's filing date. This formula will, however, not always work satisfactorily. For example, A commences use in 1990. B commences use in 1999. A files in 2004. On A's filing date B has use and perhaps a reputation, and can thus, theoretically, oppose A's application. Yet it seems incorrect that he should succeed in an opposition. The determination of the date of priority must thus be examined more closely. A related question is the situation where an application is opposed on the basis of a registration with an earlier filing date than the application being opposed. Does the use by the applicant prior to the filing date of the registration imply that the applicant would, mero motu, prevail, or is it necessary to first expunge the registration?

The difficult question of geographical priority requires special attention. In the conventional situation, A will have a prior application and prior use, and can oppose B's application even on the basis of use in only one area of the country. However, prior use on a small scale will in some countries not prevent the application from proceeding to registration, subject only to an exclusion for the limited area of prior use. The fact of prior use remains, however, and raises the question whether the prior filing date, in itself, should allow the prior applicant to trump the rights of the prior user. If this is the situation, does it represent an appropriate balance of the parties' rights? How should the problematic situation where the subsequent user has use on a vast scale be dealt with? In some countries the principle is applied that in such cases the senior user is deemed to have relinquished his right to a nationwide registration. It is possible in certain countries to have a registration limited territorially in that the particular geographical area of prior use is excised from the registration. This involves the recognition of the principle of geographical priority, in other words, that a particular user may have priority relevant in a registration context based (only) on first use in a given area, even if another party was the first to use in the country as a whole.

In some countries the ability of a party to oppose an application is not formulated with reference to prior use as such, but rather the ability to institute passing off proceedings against the applicant. This raises the issue whether, in effect, the applicant's use prior to the date of first use of the opponent is negated. This situation clearly involves a

conflict between the traditional concept of priority, namely a “clear winner”, and the idea of geographical priority, where the late arrival also obtains some rights. This situation also requires consideration.

1.2.2.2 Expungement of registrations

The question as to when a registration can be expunged will also be examined. It is necessary to consider the situation where a party’s registration is at risk, but where the registrant is clearly the dominant rights holder, and can easily again obtain registration. It is also relevant to ascertain whether it would in all cases be possible to apply to cancel a registration.

1.2.2.3 Registration on the basis of honest concurrent use

In relation to the above issue, the important question as to the meaning of “honest concurrent use” must be discussed. Some decisions have held that the honest belief of a party that his use is unlikely to lead to confusion is sufficient to qualify him for protection. Others have held that the fact of knowledge excludes protection. However, some situations, where there is the bona fide belief, following the obtainment of legal advice, that intended use is not unlawful, seem to warrant different treatment. Whether such an approach is tenable, is a question that must be examined.

Leaving aside the question of knowledge of a mark, the further aspect that requires attention is whether it is sufficient that a credible reason can be provided for the selection of a mark. This would, for instance, be the position where a company has been in business overseas for many years and then expands to another country where a different party has registered a confusingly similar mark. Is the origin of the mark a total defence? Consideration must also be given to the situation where a party is aware of the strong opposition to its use by the registrant, and whether the former can establish rights through use whilst litigation is being fought. In other words, are rights built up during this time, or “suspended”?

1.2.2.4 Prior use defence

The question of the determination of priority is again of relevance. Some countries merely require use prior to the filing date of the registration concerned, but others require use prior to the earliest of the filing date of the registrant or his date of first use. It is necessary to consider what quantum of use would be sufficient in order to rely on the defence. It must also be determined whether the norm concerned would apply to both the claimed prior user, and the registrant, if priority is in dispute.

The issue of rights in a geographical area again features in this context. In some instances the prior user will, of course, simply attack the registration concerned. The question that arises is whether the prior user, who does not, or cannot attack the registration concerned, will have a defence in the whole of the country. It seems that as the registration concerned covers the country, his right to continue use should have a concomitant scope. The other view is that the date of filing “freezes” the area of permissible use of the prior user, and that the extension of the area of use after the filing date would amount to infringement. Should the filing date, however, be accepted as the relevant date in all instances? In the case where the registrant did not use his mark prior to the filing date, no problem would arise. It is, however, possible that he has use prior to his filing date, although not prior to the date of first use of the perceived prior user. This issue will be dealt with.

In summation of the above, there are thus a number of questions that require analysis. The selection of the countries from which guidance will be sought in answering these questions is motivated below.

1.3 Selection of countries

1.3.1 United States of America

The position in the United States, being the most developed economy in the world, by its very nature and size warrants attention. It is also, as indicated, one of the common law system of countries. Another reason is that the American system is generally perceived to be one where the actual use of a mark is crucial. The system in existence was, however, changed by the introduction of intent-to-use applications, which would seem, at first, to convert the system into one comparable to that of the United Kingdom, South Africa. and numerous other countries where a registration can be obtained merely on the

basis of an application, and where use, at least initially, is not required. The accuracy of these views, and the interaction of traditional common law and statutory principles, are of interest from a comparative perspective.

1.3.2 United Kingdom

The importance of United Kingdom trade mark jurisprudence to South African trade mark law can probably not be overstated. The English common law is of considerable relevance, and decisions of English courts are often relied on in South Africa. It is necessary to discuss this aspect in more detail. When using the term “common law” to refer to non-statutory law, the concept is then usually refined by stating that our common law is the Roman-Dutch law. However, in the area of unlawful competition, it is customary to refer to decisions in English law. In the development of the South African common law, principles of English law have often featured in cases dealing with the issue under consideration. It is of value to provide a brief orientation regarding the approach followed by our courts in regard to this issue. Loubser⁸ refers to three cases in this regard. In Boswell Wilkie Circus (Pty) Limited v Brian Boswell Circus (Pty) Limited⁹ it was said¹⁰ that the persuasive authority of English decisions on passing off has long been accepted in this country.

In Meter Systems Holdings Limited v Venter¹¹ the need for a balanced approach was emphasised,¹² in particular the fact that it is of importance to recognise the difference in the historical sources from which English and South African law derive their modern remedies, and that a blind adherence to English decisions should be avoided. In Weber-Stephen Products Company v Alrite Engineering (Pty) Limited¹³ it was pointed out¹⁴ that South African law in this field is derived from the actio legis Aquiliae that is unknown in English law, but the latter can still offer guidance. Insofar as writers are concerned, Van Heerden and Neethling¹⁵ state the following:

8 “Principles and Policy in Unlawful Competition: An Aquilian Mask?” 2000 Acta Juridica 168 171 notes 15 - 17.

9 1984 (1) SA 734 (N).

10 Page 742 E – F.

11 1993 (1) SA 409 (W).

12 Page 427 E – J.

13 1990 (2) SA 718 (T).

14 Page 734 I – 735 A.

15 Unlawful Competition (1995) Butterworths, Durban 167

“One can therefore find no fault with the fact that the courts sought, and continue to seek, guidance concerning passing off in English decisions, provided, however, as stressed earlier, that our own delictual principles are not affected thereby.”

South African law does, however, differ from English law in some instances. A notable example is the issue of the requirement of goodwill on the part of foreign traders. In this regard South Africa does provide protection for a foreign trader who only has a reputation here,¹⁶ but under English law trading activities are necessary.¹⁷ Interestingly, the statutory law of both countries is in harmony in this regard.¹⁸

Our common law in this context should thus be interpreted to have a wider range of sources. It is submitted that the depiction of South African law as being a mixed system,¹⁹ is correct.

Insofar as statutory law is concerned, the previous South African Act and the 1938 British Trade Marks Act shared a similar philosophy and, in particular, a substantial amount of wording. Older British cases, therefore, provide a background against which the previous South African Act can be understood. Certain principles of the old legislation in both countries have been carried over into the current South African Act. For this purpose, the older cases are thus still relevant. To take one example, the issue of honest concurrent use in South Africa has hardly featured in cases here, yet there are a number of decisions providing strong guidance on the question in British law.

Current British and South African legislation also contain some provisions that are similar. Traces of international trade mark norms can be found in both, and leaving aside terminological differences, modern British cases are of considerable relevance to South Africa. To take one example, the decision in British Sugar plc v James Robertson & Sons Limited,²⁰ which deals with determining the similarity of goods or services, is often relied on in South Africa.

16 See paragraph 2.4. in chapter 5.

17 See paragraph 2.4 of chapter 3.

18 Compare section 56 of the British Trade Marks Act 1994, and section 35 of the South African Trade Marks Act 194 of 1993.

19 See Van Aswegen Die Sameloop van Eise om Skadevergoeding uit Kontraktbreuk en Delik (1991) unpublished LLD-thesis Unisa 19.

20 19961 RPC 281

1.3.3 International and European instruments

Some international trade mark instruments are also referred to. These instruments are discussed only in broad outline as, by definition, they are not primarily based on user rights. Instead, they contain mechanisms for extending protection of a mark to a specific country without use in that country being necessary.

The systems considered include the Paris Convention, in particular insofar as it provides priority for overseas applicants, and protection for well-known marks as envisaged in article 6bis. The Madrid protocol is also dealt with, an agreement that will in the near future become part of South African trade mark law. The provisions of TRIPS, which are of relevance in South Africa, are also discussed.

The position in Europe is also reviewed. European norms, for instance, the Directive,²¹ is of relevance to South Africa, especially when interpreted by the European Court of Justice. Reference can, for instance, be made to the well-known case of Sabel BV v Puma AG, Rudolf Dassler Sport.²² This ruling, dealing with the principles relating to the comparison of marks, was accepted in the decisions of the Supreme Court of Appeal in Cowbell AG v ICS Holdings Ltd²³ and Bata Ltd v Face Fashions CC.²⁴ The position in Europe is thus of practical significance to South Africa.

2. METHOD OF STUDY

It is necessary to briefly comment on the approach followed herein. It is customary to draw a distinction between a legal historical study, as opposed to a comparative perspective. In this study both approaches are followed. The countries that are compared are set out above. As far as the historic aspect is concerned, in the United Kingdom, the 1994 and 1938 Acts are considered, as well as the 1875 legislation. Older cases interpreting these Acts are also discussed, where relevant. In South Africa, the 1994 and 1963 Acts are studied, and, in some instances, the 1916 legislation.

21 The First Council Directive No. 89/104/EEC of December 21 1988 to approximate the laws of the member states relating to trade marks.

22 [1998] RPC 199.

23 2001 (3) SA 941 (SCA).

24 2001 (1) SA 844 (SCA)

3. STRUCTURE

In chapter 1 an overview of the study is given, including particulars of the problem studied, as well as the materials selected for comparison, the method employed, and the structure utilised.

In chapter 2 the position in the United States is discussed. As stated, this country has been selected on account of its emphasis on the requirement of use as a basis for registration, and also the importance of use in trade mark conflicts. The approach followed is to consider the manner in which the courts there have dealt with the issue of prior use. The first aspect considered is the nature of the right protected in the event of prior use of a mark, thereafter consideration will be given to the basis of the protection, which relates to state and federal law. The requirements of the Lanham Act are discussed. The position of foreign plaintiffs will also be reviewed. The important question of the acquisition of rights is considered in detail. Firstly, insofar as distinctive marks are concerned, the issues of the conception of a mark, promotional use, preparations to do business, internal use, quantum of use, and use in bad faith are discussed. Particular attention is given to marks requiring secondary meaning in order to qualify for protection. The whole issue of the geographical dimension of prior use disputes is also considered. Thereafter the relevance of prior use in the context of registered rights is analysed.

Chapter 3 deals with the position in the United Kingdom. Here the same format as that followed in relation to the United States will be utilised. In other words, the relevant rules regarding the common law and statutory law are analysed.

Chapter 4 contains an overview of other trade mark systems, specifically those relating to international conventions. Attention will also be given to European legislation. The systems of a number of leading individual European countries are also briefly referred to. In the chapter there are also a number of case studies on the approach of various other countries towards the issue of prior use.

The South African position is discussed in chapter 5. The same basic approach as followed in relation to the United States and the United Kingdom was adopted. That is

to give an explanation of the common law rules that relate to prior use, and thereafter to consider the relevance of prior use in the context of statutory provisions.

Chapter 6 contains a synthesis of all the material discussed in the preceding chapters. Recommendations are also made for the reform of South African trade mark law relating to the issue of prior use.