South Africa

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Selection, clearance and registration

South African trademark law is governed by the Trademarks Act (194/1993). Section 10 of the act provides absolute and relative grounds for refusal.

Sections 10(1) and 10(2) provide that a mark shall not be registered if:

- it does not constitute a trademark;
- it is not capable of distinguishing within the meaning of Section 9;
- it consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services; or
- it consists exclusively of a sign or an indication which has become customary in the current language or in the *bona fide* and established practices of the trade.

There is no need to belabour these grounds as they are – if not in word, then at least in intent – similar to trademark law in other jurisdictions. In line with many jurisdictions, shape trademarks are a burning issue in South Africa from both a registrability and enforcement point of view, which are often two sides of the same coin.

An interesting interpretation of Section 10(1) arose in *Beecham Group plc v Triomed (Pty) Limited* (2002 4 All SA 193 (SCA)) (reported in the South African chapter of the previous edition of this supplement), where the appeal court decided that a tablet shape did not constitute a trademark.

The distinctiveness of shape trademarks was debated in an earlier case of the European Court of Justice (ECJ) (*Koniklijke Philips Electronics NO v Remington Consumer Products Ltd*, [2003] RPC 2-14), where it was decided that the fact that a particular shape had been used consistently and extensively was not itself proof that it had sufficient distinctiveness to secure trademark protection. It must be shown, in these circumstances, that the reasonable or notional user recognises the shape as a brand or, as the ECJ put it, "that the identification... is as a result of the use of the mark as a trademark".

Another important observation flowing from *Triomed* was the interpretation of the phrase 'represented graphically'. A 'mark' is defined in Section 1 of the act as any sign capable of being represented graphically, including a device, name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour or container for goods or any combination of the aforementioned.

This issue was debated at some length in the appeal. It is clear from the judgment that any endorsements accompanying a picture of a shaped tablet or pill must contain enough specificity to allow the public to understand the extent of the monopoly.

Applicants for a shape trademark face further obstacles.

Section 10(5) of the act provides that a mark consisting exclusively of the shape, configuration, colour or pattern of goods where such shape, configuration, colour or

pattern is necessary to obtain a specific technical result, or where such shape results from the nature of the goods themselves, is not registrable, or if registrable, is vulnerable to cancellation.

The Supreme Court of Appeal in *Triomed* found that the tablet's shape was necessary to obtain a specific technical result – in this case, ease of swallowing. The UK Court of Appeal debated fully the nature of this enquiry in *Philips Electronics NV v Remington Consumer Products* ([1999] RPV 809 (CA)), where the validity of a registered trademark for a graphically represented three-headed rotary shaver was in issue. The court held, among other things, that the fact that a different shape (or configuration) of rotary razor heads could achieve the same technical result was irrelevant to the enquiry. Simply, if the shape of the trademark is necessary to obtain a specific result, that other shapes do the same thing is not relevant.

The tenor of these and similar judgments appears to beg the question: will a shape mark ever succeed as a trademark? Specifically, could the shape of a pill that is not necessary to obtain a specific technical result ever be swallowed? In all likelihood, to be registrable as a trademark the shape of a pill would have to be so capricious as to be inutile.

It has been argued by some South African authorities that when a shape is contiguous with the product itself, that shape cannot function as a mark. In support, the authorities quote Section 2(3)(a) of the act, where 'use of a trademark' is defined as the use thereof upon, or in physical or other relation to, such goods. The use is "in relation to goods", not the goods themselves.

Inasmuch as shape marks are problematic for the pharmaceutical industry, so too are colour marks.

Assuming that the resistance of the South African courts to accepting the shape or colour of a pill as a trademark can be overcome, any applicant for a single colour trademark is nonetheless faced with the 'colour-depletion doctrine', which supposes that there are only a limited number of colours available in certain spheres of industry. Section 10(11) of the act provides that the registrar can refuse a mark that consists of a container for goods, or the shape, configuration, colour or pattern of goods, where the registration of such mark will or is likely to limit the development of any art or industry.

Applicants for pharmaceutical trademarks must furthermore be cognisant of the regulatory environment in South Africa, with reference to the Medicines Act, the Medicines Control Council's guidelines, the Consumer Protection Act and the Advertising Standards Authority.

The Medicines Control Council regulates medicines under the Medicines and Related Substances Control Act (101/1965) and regulations. All medicines in South Africa must be registered with the council under a proprietary name and pursuant to the guidelines; a name cannot convey a misleading therapeutic or pharmaceutical connotation.

Section 10(12) prohibits the registration of any trademark which is inherently deceptive or whose use would be likely to deceive, cause confusion or be *contra bonos mores* (contrary to good morals). It follows that a trademark application for a pharmaceutical proprietary name which conveys a therapeutic regime should be refused if its specification is not appropriately restricted.

A proprietary name of a medicine cannot, in terms of these regulations, consist of or contain an international non-proprietary name (INN). Consequently, any trademark application that consists of an INN can be refused pursuant to Section 10(2)(c) of the Trademarks Act.

Parallel imports and repackaging

There have been no new developments in parallel importation law in South Africa for some time.

Section 34(2)(d) of the Trademarks Act provides that a trademark is not infringed by the import into, or distribution, sale or offering for sale in South Africa of goods to which the trademark has been applied by, or with the consent of, the proprietor thereof.

The term 'genuine' implies 'unaltered'; *Television Radio Centre (Pty) Ltd v Sony Kabushiki Kaisha t/a Sony Corporation* (1987 2 SA 994 (A)) confirmed that parallel imported products adapted for South African use fell outside the exemption since they were no longer genuine.

Repackaging medicines is allowed by the Medicines Control Council within the framework of its own guidelines: "Any medicine may be imported if it is already registered in South Africa, provided that the importer obtains a permit. If the medicine is not registered in South Africa, the importer must do so and inform the owner of the proprietary medicine within 30 days of registration. Either way, the importer must inform the owner of its intention to parallel import four weeks before importation."

An importer must be aware of the implications of trademark infringement. Reference to, for instance, the originator's trademark in a co-pending labelling scenario may well constitute trademark infringement.

Although parallel importing does not constitute trademark infringement as such, it can amount to copyright infringement. A foreign owner of copyright in, for instance, certain packaging can assign its South African copyright to its agent in the latter country, which can enforce that copyright against a parallel importer. There is nothing in the Copyright Act that exempts a grey goods importer from copyright infringement in this situation.

In light of the appeal court's decision in *Biotech Laboratories v Beecham Group Plc Liability Co* (2002 (4) SA 249), which upheld the lower court's decision that copyright exists in a package insert, parallel importing of pharmaceuticals can, in the right circumstances, amount to copyright infringement.

The Consumer Protection Act, which came into force on May 1 2011, must be taken into consideration by any parallel importer. The seller of parallel imported goods without the trademark owner's authority must inform the end user that the manufacturer's warranty no longer applies.

Continuing issues flowing from the Consumer Protection Act, pharmaceutical manufacturers and producers need to be aware of the change in the liability onus when it comes to dysfunctional preparations. The law has changed from 'fault' liability to strict liability for manufacturing defects that make a product dangerous. In other words, a patient need no longer prove that the manufacturer of the pharmaceutical preparation was negligent.

Anti-counterfeiting and enforcement

'Counterfeiting' is defined by the Counterfeit Goods Act as manufacturing, producing or making, or applying the subject matter of an IP right to protected goods without the rights holder's authority in order to create confusion with the protected goods of the rights holder or its licensee. 'IP rights' are limited to registered trademarks, works of copyright and prohibited marks.

In plain language, 'counterfeit goods' are goods made in imitation of the genuine, with the intent to defraud. However, a recent appeal court judgment may have widened the definition to goods that carry an infringing trademark. This apparent confusion stems from an imperfect definition of 'protected goods' in the Trademarks Act.

In *Puma AG v Rampar Trading (Pty) Ltd*, the Supreme Court of Appeal reviewed the two definitions of 'protected goods' in the act. The court held that while the first definition was meant to cover pirated or cloned goods, the second definition did not; and that Rampar's shoes, which bore Puma's trademark, constituted a counterfeit under the second definition.

Where offending goods are not counterfeit (under either definition), classic trademark infringement and opposition come into play.

An issue facing a trademark owner in South Africa is the courts' insistence that the end users of prescription drugs are the doctors who prescribe them or the pharmacists who sell them. Confusion and deception, the two pillars of trademark infringement and opposition, are seen through the lens of the 'careful health worker', who is arguably less likely to confuse one drug brand with another. The reliance on this conventional approach makes it difficult for a pharmaceutical originator to restrain a generic producer from infringing the former's trademark. Without cogent evidence in South Africa that healthcare experts can make errors, the courts are reluctant to move away from this approach.

Advertising

The regulations published under the Medicines Act prohibit the direct advertising to the public of most prescription medicines. More specifically, medicines that contain a substance appearing in Schedule 2 and upwards may be advertised "only for the information of medical practitioners... and other persons authorised to prescribe, or in a publication which is normally made available to such persons".

The code of advertising practice of the Advertising Standards Authority contains some very basic rules about the nature of advertising. Clause 8 provides that advertisements may not take advantage of the advertising goodwill relating to the trade name or symbol of the product or service of another or advertising goodwill relating to another party's advertising campaign or advertising property.

Clause 9(1) prohibits an advertiser from copying an existing advertisement, local or international, or any part thereof in a manner that is recognisable or clearly evokes the existing concept and which may result in the likely loss of potential advertising value. This will apply notwithstanding the fact that there is no likelihood of confusion or deception, or that the existing concept has not been generally exposed.

The Advertising Standards Authority also publishes specific regulations for the voluntary regulation of the advertising of medicines. For example, "no advertisement should offer any product for a condition which needs the attention of a medical practitioner", and "no advertisement should cause the public unwarranted anxiety lest they are suffering from any disease or condition of ill health; or falsely suggest that any product is necessary for the maintenance of health or the retention of physical or mental capacities". Particular emphasis is devoted to children: "advertisements for pharmaceutical product should not encourage unsafe practices by children, or other inexperienced persons, or to create perceptions that such practices are desirable."

Although submission to decisions of the Advertising Standards Authority is voluntary, the authority remains a powerful body. Any organisation that ignores a directive by the authority can be blacklisted – an effective excommunication that can result in a marketing blackout.

Generic substitution

Generic substitution is encouraged by the Medicines Act, by Section 22F thereof, which states that a:

pharmacist or a person licensed in terms of section 22C (1) (a) shall-

(a) inform all members of the public who visit the pharmacy or any other place where dispensing takes place, as the case may be, with a prescription for dispensing, of the benefits of the substitution for a branded medicine by an interchangeable multi-source medicine, and shall, in the case of a substitution, take reasonable steps to inform the person who prescribed the medicine of such substitution; and

(b) dispense an interchangeable multi-source medicine instead of the medicine prescribed by a medical practitioner, dentist, practitioner, nurse or other person registered under the Health Professions Act, 1974, unless expressly forbidden by the patient to do so.

The only exemption to this peremptory provision is if the healthcare professional in question specifies "no substitution" on the prescription.

Online issues

The sale of prescribed medicines through legitimate e-pharmacies is restricted in terms of the Medicines Act, since scheduled medicines can be prescribed only by pharmacists or doctors, and only to members of the public who are over 14 years of age. Further, Schedule 2 medicines (and above) cannot be advertised directly to the public, with the result that legitimate e-pharmacies are restricted to Schedule 0 products.

Domain names

The registration of domain names in the country-code top-level domain '.za' is regulated by the South African domain dispute resolution regulations, published in the Electronic Communications and Transactions Act (68/2002), which prohibits both abusive and offensive registrations.

Abusive registrations are those which are registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of, or were unfairly detrimental to, the complainant's rights, or which have been used in a manner that takes unfair advantage of, or is unfairly detrimental to, the complainant's rights. An 'offensive registration' means a domain name in which the complainant cannot necessarily establish rights, but whose registration is contrary to law, *contra bonos mores* or likely to give offence to any class of persons.

All other top-level domains are dealt with under the Internet Corporation for Assigned Names and Numbers' Uniform Domain Name Dispute Resolution Policy. WTR

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Brian Wimpey joined Norton Rose South Africa in April 2011 to head up the IP department.

Mr Wimpey completed his BProc and postgraduate LLB in the early 1980s at Wits University. He was elected as a fellow of the South African Institute of Intellectual Property Law (SAIIPL) in 1991 and has practised in the field of intellectual property for some 25 years. He was appointed president of the SAIIPL in 2009.

Mr Wimpey has run various high-profile court litigation matters, including representing Google Inc against an organisation that attempted to use its GOOGLY trademark to lever some advantage over it. He was also instrumental in obtaining Supreme Court of Appeal approval for the existence of copyright in pharmaceutical package inserts on behalf of GlaxoSmithKline and represented the same client in an attempt to enforce the shape of a tablet as a trademark.