

IN THE CONSTITUTIONAL COURT OF SOUTH AFRICA

HELD AT CONSTITUTIONAL HILL

CASE NO:

In the matter between:

LAUGH IT OFF PROMOTIONS CC

Applicant

and

**SOUTH AFRICAN BREWERIES INTERNATIONAL
(FINANCE) B.V. t/a SABMARK INTERNATIONAL**

Respondent

THE FREEDOM OF EXPRESSION INSTITUTE

Amicus Curiae

AFFIDAVIT: JUSTIN BARTLETT NURSE

I, the undersigned,

JUSTIN BARTLETT NURSE

do hereby make oath and state that:

1. I am an adult male South African citizen and the sole member of the Applicant. The Applicant is a close corporation registered in terms of the law of South Africa. It was formed specifically for the purpose of seeking to challenge the ascendancy of brands and aims to challenge the

assertion by large corporate entities that they can blot out expression and debate by branding concepts, ideas and lifestyles and then attempt to prevent comment on their brands through intellectual property legislation not enacted for this purpose. The Applicant conducts the business of, *inter alia*, manufacturing, marketing and selling a range of t-shirts bearing illustrations which comment on well-known brands in the market place.

2. The facts herein contained are within my personal knowledge, unless otherwise stated or indicated by the context, and are to the best of my knowledge and belief both true and correct. Where I make legal submissions, I do so relying on the advice of the Applicant's legal representatives, which advice I believe to be correct.
3. The Applicant seeks special leave to appeal to this Court against the whole of the judgment and order of the Supreme Court of Appeal ("the SCA") handed down on 16 September 2004 dismissing the Applicant's appeal to that Court. A copy of the judgment of the SCA (per Harms JA - "the SCA judgment") is annexed hereto marked "JN1".
4. The Respondent is **SOUTH AFRICAN BREWERIES INTERNATIONAL (FINANCE) B.V. t/a SAB MARK INTERNATIONAL**, a company registered as such in the Netherlands. It is a trader in a range of products, including alcoholic beverages. It owns trade marks, which are in turn licensed to users in, among other

countries, South Africa. It has licensed the marks in South Africa to The South African Breweries Limited (“SAB”) which was not an applicant in the Cape High Court proceedings or a party before the SCA.

5. The Respondent’s licensee, SAB, produces and sells beer in South Africa, *inter alia*, using Carling Black Label trade marks, displaying the words “*enjoyed by men around the world*”, “*America’s lusty lively beer*” and “*Brewed in South Africa*”, together with the phrase “*Carling Black Label Beer*”.
6. The Applicant uses a caricature of the Respondent’s marks on its t-shirts (“the t-shirts”) which was the cause of the Respondent’s complaint to the Courts below. The words “*Black Label*” were replaced by “**Black Labour**” and “*Carling Beer*” with “**White Guilt**”. The enticing message on the label was replaced by “**Africa’s lusty lively exploitation since 1652**” and “**No regard given worldwide**”.
7. The Respondent launched proceedings in the Cape High Court to interdict the Applicant from continuing its activities in relation to its marks, pursuant to the provisions of section 34 (1)(c) (“the section”) of the Trade Marks Act, 194 of 1993 (“the Act”).
8. The Applicant opposed the application, contending that it had not infringed the section and that a finding to the contrary would result in a violation of its right to freedom of expression embodied in section 16(1) of the Constitution.

9. The Respondent was successful. On 16 April 2003 the Cape High Court (per Cleaver J) made an order interdicting the Applicant from infringing certain of the Respondent's registered trade marks, and thus - I contend - violated its right to freedom of expression. A copy of the judgment of Cleaver J is annexed hereto marked "JN2".
10. On 12 May 2003 Cleaver J granted the Applicant leave to appeal to the SCA. Thereafter the Freedom of Expression Institute ("the FXI") applied for leave to intervene as an *amicus curiae* and, although the Respondent opposed such application, leave to make written representations was granted by the SCA, which later permitted the FXI's counsel to present oral argument.
11. The appeal was heard on 30 August 2004 and, as already stated, the appeal was dismissed on 16 September 2004.
12. The dispute between the parties raises new and fundamental constitutional issues. More particularly, the constitutional right to freedom of expression and its effect on trade mark law are raised.
13. It is in the interests of justice that this Court grants special leave to appeal and hears the appeal against the decision of the SCA, in an application in respect of constitutional matters - including the interpretation of legislation which affects rights - and issues connected with a decision on constitutional matters.

14. I contend that the prospects of success in the appeal are strong. There are good prospects that this Court will reverse or materially alter the decision of the SCA.
15. In all the circumstances I request this Court to exercise its discretion and grant the Applicant special leave to appeal.
16. The SCA decision was based on its interpretation of the section and the impact of the Constitution on that section as it is applied.
17. A proper interpretation of the section, interpreted in light of the Constitution, in particular sections 16 and 39 thereof, should not have led to the interdict that was granted by Cleaver J and effectively upheld by the SCA.
18. An interpretation of the section, consistent with the right to freedom of expression and the values contained in the Bill of Rights, would not have resulted in the interdict being granted, and the Applicant's right to freedom of expression would have been both protected and respected, as enjoined by the Bill of Rights. The appeal against the grant of the interdict should have succeeded before the SCA.
19. The t-shirts marketed by the Applicant make pointed political and social comment. This causes it to deserve special protection under the Constitution. The Applicant's right to freedom of expression has been and is violated by the order restraining it from marketing the t-shirts.

The message on the t-shirts constitutes, *inter alia*, social satire or parody, which are constitutionally protected activities and the grant of the interdict prevents the Applicant from engaging in those protected activities.

20. Freedom of expression is essential to an open and democratic society based on freedom and equality. Without freedom of expression, openness is severely compromised. Freedom itself is put in jeopardy. In this regard I make reference to this Court's main judgment in *South African National Defence Union v Minister of Defence and Another* 1999 (4) SA 469 (CC) at paragraphs [7] and [8].

21. The section reads:-

“34. Infringement of registered trade mark

(1) The rights acquired by registration of a trade mark shall be infringed by –

...

(c) the unauthorised use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well-known in the Republic and the use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered mark, notwithstanding the absence of confusion or deception: ...”.

(Underlining added.)

22. It is accepted that the Respondent established all the requirements of the section, but for those relating to the taking of unfair advantage of or being detrimental to the distinctive character or the repute of the marks in question.
23. The purpose for which the section was enacted was to protect the brand value of a trade mark:

“Trade mark dilution recognises a function of a trade mark which goes beyond the traditional original or distinguishing function of a trade mark by recognising the selling power, advertising function and commercial magnetism of a trade mark which has become well known. It must be stressed that it is not the mark *per se* which is protected but the advertising value or selling power of the trade mark which it has acquired, normally as a result of an extensive advertising effort.” (Underlining added.) See Webster & Page *The South African Law of Trade Marks*, 4th Edition, para 12.24 p12-44.

24. Or, as stated at paragraph [13] of the SCA judgment:

“Section 34(1)(c) in particular is not concerned with either origin or confusion. It protects the economic value of a trade mark, more particularly its reputation and its advertising value or selling power. As summed up by Tony Martino: ‘A trademark is a “creative ‘silent salesman’” stimulating sales by creating goodwill and assuring buyers that all goods bearing the same mark have the same quality. “The mark actually sells the goods; the more distinctive the mark, the greater its selling power.’” (underlining added)

25. An interpretation of the section, consistent with the constitutional right to freedom of expression - as required by section 39 of the Constitution - requires a party wishing to invoke the provisions of the section to establish the likelihood of economic harm.
26. There was and is no evidence whatsoever that the sales of the Respondent's products have decreased or probably will decrease in consequence of the manufacture and sale of the Applicant's products.
27. It is clear that by the use of the phrase "**take unfair advantage of**" (underlining added), the legislature intended that one may take advantage of the distinctive character or repute of a mark, provided that such advantage is not "**unfair**".
28. In the circumstances of the case the Applicant could not have taken "**unfair advantage**" of the Respondent's marks, for the Respondent did not establish that any harm whatsoever would as a matter of probability be suffered by it in consequence of the sale of the t-shirts in question.

Similarly the Applicant's conduct was not "**detrimental**" to the distinctive character or the repute of the Respondent's marks - with their advertising value or selling power - for the same reason, *viz.* that no impairment of the economic value of the marks was proved.
29. I was present in the SCA when senior counsel for the Applicant argued strongly that the Respondent should not have succeeded before the

Court *a quo* for the reason that it did not establish that the Applicant's conduct in selling the t-shirts to which the Respondent objected, had resulted or would probably result in the sale of one less Carling Black Label beer in South Africa. This argument about loss of sales was adverted to in paragraph [27] of the SCA judgment, the Applicant accepting that the Respondent did not have to prove actual loss, but the likelihood of loss. Unfortunately the SCA did not consider whether the Respondent had established a likelihood of loss of sales. It could, however, not come to a conclusion that a likelihood of such loss had been proved because there was no evidence whatsoever which would justify such a conclusion. That no loss of sales would, as a matter of probability, ensue must also be the logical inference to be drawn from the following passage in the Respondent's replying affidavit at paragraph 33.3:

“It is not normal for consumers to leap from one brand to another simply because of advertising and this is apparent from the fact that well-established brands maintain their market share in spite of the introduction with substantial publicity of new brands into the market place. Consumers, in general, know what they like and buy the same product again and again.” (Emphasis added.)

30. In regard to the likelihood of loss, it must not be overlooked that Harms JA had found in paragraph [23] of the SCA judgment that **“insubstantial prejudice to the trademark owner is not enough”**. On

the facts of the instant case I contend that not even insubstantial prejudice to the Respondent was proved by it.

31. The SCA found at paragraph [26] of its judgment that the impression that would be created and left in the mind of the public - by the message on the t-shirts - is that SAB (which is not a party to the proceedings) has always been and still is guilty of exploiting its black labour and that this will, in the light of the history of the country, in all likelihood be seriously damaging to the Respondent's trade marks. But - so I contend - damage to a trade mark cannot be caused *in abstracto*. If no loss of sales will in likelihood ensue, no question of damage to trade marks can arise. In any event, to succeed in an application for a final interdict, it was incumbent upon the Respondent to prove an injury to it actually committed or reasonably apprehended. This the Respondent did not do.

32. What is interesting is that at paragraph [25] of the SCA judgment it is stated that nowhere in the papers is any case made out of the exploitation of black labour by SAB. What the SCA, however, forgot was that senior counsel for the Appellant drew to its attention - as he did in the Court of first instance - the following statement in paragraph 39.3 of the Respondent's replying affidavit:

“The natural interpretation of the distorted trade mark is that there is labour exploitation and misuse by SAB, which is a delicate issue from the past and is one that SAB, above all

commercial enterprises in South Africa, has taken steps to remedy and has remedied more effectively than any other major business in South Africa.”

This statement carries with it an acceptance by the Respondent of SAB's guilt for having exploited and misused (black) labour - for otherwise SAB would not have had to take steps to remedy this. If the SCA's interpretation of the message on the t-shirts is considered correct, then that which the Applicant says on the t-shirts would constitute fair comment.

33. To establish the likelihood that the use of a mark would be detrimental to the character or repute of the registered mark, one would have expected the Respondent to produce evidence that this had already occurred or, at the very least, that it would probably occur. Thus the Respondent should have proved by testimony that **“unfavourable associations”** had been generated or would probably be generated between the Respondent's marks and the ideas expressed by the Applicant on the t-shirts, and that it would probably suffer economic harm in the form of loss of sales.
34. In this regard, the following words, in respect of the European Union and English statutory provisions which closely resemble the section, are apt in the instant case:-

“I consider that in order to succeed under Article 5(2) and section 10(3) it must be shown that there is established in the mind of the relevant public a connection between the mark with which they are familiar and the disparaging use. Thus, it is not sufficient to see the word MERC, note that this is the word which one uses to refer to Mercedes cars, see the disagreeable web-site and register it as disagreeable, if nothing actually rubs off on the sign MERC itself or on MERCEDES, or on DaimlerChrysler.”(underlining added.)

(Per Pumfrey J in *Daimler Chrysler AG v Javid Alavi (t/a Merc)* [2001] R.P.C. 42 813 at p.844 para 94.)

35. No effort was made by the Respondent to show that anything done by the Applicant of which it complained **“actually rubbed off”** on either of its marks, and thus no case of dilution was made out.

36. It has been accepted in South African courts that the basic purpose of legislation such as the section is **“to protect an acquired asset against impairment”**. The **“acquired asset”** is the **“commercial magnetism of the mark”**. What the Respondent had to show, in effect, was that it was likely that the commercial magnetism of its marks would as a fact be impaired by the Applicant’s conduct, and that a fall-off in sales of Carling Black Label beer would ensue. (See *Triomed (Pty) Ltd v Beecham Group plc* 2001 (2) SA 522 (T) at 557B.) This it did not do.

37. That being so, the finding in paragraph [28] of the SCA judgment “**that the message on the T-shirts is materially detrimental to the repute of the trade marks concerned**”, is clearly inconsistent with its own finding in paragraph [13] of the SCA judgment, quoted in paragraph 24 above, and also that portion of paragraph [23] of the SCA judgment quoted in paragraph 30 above, and clearly wrong.
38. Sight should not be lost of the fact that the SCA did not find that the Applicant’s use of the Respondent’s marks would be likely to take unfair advantage of the distinctive character or of the repute of the marks. It only found detriment to the repute of these marks to have been established, at paragraph [28] of its judgment.
39. The SCA was moved to its finding that the message on the t-shirts was materially detrimental to the repute of the marks - which, as indicated above, was not established as a likelihood - by its conclusion in paragraph [25] of the SCA judgment that the message conveyed on the t-shirts is that since time immemorial SAB has exploited and still is exploiting black labour and that it has or should have a feeling of guilt and that SAB worldwide could not care less.
40. In this regard it should be emphasised that SAB was not a party to the litigation and that the message clearly in no way referred to the Respondent. Furthermore - although not relevant - there was no evidence that SAB operates “**worldwide**”.

41. Obviously SAB did not exist in 1652, whereas it cannot be gainsaid that since 1652 black labour has been exploited in South Africa by whites and that those whites are (do or should feel) guilty about this exploitation. This, it is contended, was the message on the t-shirts, and not one accusing SAB of such exploitation. The SCA erred in not finding this.

42. At paragraph [41] of its judgment the SCA concluded that, in conveying its message on the t-shirts, the Applicant did not exercise its right to freedom of expression, but abused it. This finding flowed, *inter alia*, from its conclusion that the Applicant was guilty of a “**predatory intent**”, which view it could only have held in consequence of its incorrect interpretation of the message conveyed on the t-shirts.

43. Not only was the SCA wrong in finding a “**predatory intent**” on the part of the Applicant, but the SCA should have held that in protecting and promoting the Applicant’s constitutional right to freedom of expression - which the SCA was obliged to do in terms of section 7(2) of the Constitution - the intention of the Applicant (at the very least where no harm has been established) in selling the t-shirts which displayed the message about which the Respondent complained, was irrelevant insofar as the Applicant’s right to the freedom of expression is concerned. In this regard I contend that the guarantee of freedom of

expression is most important precisely when it deals with matter that might be said to offend, shock or disturb.

44. If, however, it were to be decided that the SCA's construction of the message on the t-shirts was not incorrect, then it is contended that the SCA erred in finding - at paragraphs [34] to [41] - that this message did not constitute a parody of the Respondent's marks.

45. In *Campbell v Acuff-Rose Music Inc* - quoted in paragraph [35] of the SCA judgment - the United States Supreme Court said:

“Modern dictionaries ... describe a parody as a ‘literary or artistic work that imitates the characteristic style of an author or a work for comic effect or ridicule’, ... Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination.”

46. The SCA's interpretation of the message on the t-shirts falls within the meaning of a parody and accordingly such expression fell to be protected under, *inter alia*, section 16 of the Constitution - as was the relevant speech held to be protected in the case of *Mattel Inc v Walking Mountain Productions* (referred to in paragraph [38] of the SCA judgment) and in the first two German cases referred to in paragraph [40] of the SCA judgment.

47. In all the circumstances it is submitted that the Applicant should be granted special leave to appeal against the whole of the judgment and

order of the SCA dated 16 September 2004 dismissing its appeal against the judgment and order of the Cape High Court on 16 April 2003. What the Applicant seeks is that the interdict granted against it be set aside so that it may continue to exercise its right to freedom of expression.

48. The Applicant will ask for costs should special leave to appeal be granted.

JUSTIN BARTLETT NURSE

I certify that:

1. the deponent has acknowledged that:
 - 1.1 he knows and understands the contents of this declaration;
 - 1.2 he has no objection to taking the prescribed oath;
 - 1.3 he considers the prescribed oath to be binding on his conscience.
2. The deponent thereafter uttered the words "*I swear that the contents of this declaration are true, so help me God*".
3. The deponent signed this declaration in my presence at the address set out hereunder on this day of OCTOBER 2004.

Commissioner of Oaths