IN THE CONSTITUTIONAL COURT OF SOUTH AFRICA

HELD AT CONSTITUTIONAL HILL

On the roll: 8 March 2004

CCT CASE NO: 42/04

In the matter between:

LAUGH IT OFF PROMOTIONS C.C. Applicant

and

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

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APPLICANT'S HEADS OF ARGUMENT

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I. INTRODUCTION

1. Applicant applies for special leave to appeal against the dismissal of its appeal by the Supreme Court of Appeal ("the SCA") upholding the finding of the Cape High Court, which granted an interdict sought by the Respondent against the Applicant pursuant to the provisions of section 34(1)(c) of the Trade Marks Act 194 of 1993 ("the Act").

2. It will be submitted that leave to appeal should be granted, the appeal should succeed and that an order dismissing the Respondent's application for an interdict should be substituted for the order made by the Cape High Court.

3. In these heads of argument, the following will be dealt with:

   3.1 the relevant background facts, all of which are common cause;

   3.2 the principles relating to the grant of special leave to appeal to this Court from the SCA;

   3.3 the Constitution and the right to freedom of expression;

   3.4 the law of trade marks, and particularly the provisions of section 34(1)(c) of the Act;

   3.5 and lastly, the conclusion and remedy.

II. THE FACTS

4. In 1997 the Respondent acquired ownership of many trade marks throughout the world, including South African trade marks relating to Black Label in class 32.[1]

5. The Respondent is a Dutch company which owns trade marks which are in turn licensed to users in, among other countries, South Africa. The Respondent is the registered proprietor of three "Carling Black Label" trade marks, the one being in respect of the words "Carling Black Label" and the other two being in relation to the label used on bottles of Carling Black Label beer which is produced and sold in South Africa by the Respondent's South African licensee, the South African Breweries Limited ("SAB"). Only two of the marks were relevant in the appeal to the SCA,[2] and remain in issue before this Court.

6. The Respondent has granted to SAB the right to trade in certain products, particularly beer, bearing the Black Label marks.[3] The Black Label marks are used in relation to products for which the marks are registered, particularly beer.[4]

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[1] Vol 1, p 6 para 4.
[2] Vol 4, p 289 para [2].
[3] Vol 1, p 7 para 6.
[4] Vol 1, p 7 para 7.

7. The Applicant conducts the business of, *inter alia*, manufacturing and selling a range of T-shirts bearing illustrations which lampoon well-known brands.

8. At the end of November 2001 the Respondent learned that the Applicant was offering for sale red T-shirts bearing a logo similar in get-up to the Black Label registered mark.[5]

9. On 8 May 2002 the Respondent launched proceedings in the Cape High Court seeking *inter alia* an interdict under the provisions of section 34(1)(c) of Act.[6]

10. The Respondent complains that the use by the Applicant of the illustration on its "Black Labour – White Guilt" T-shirt constitutes trade mark infringement in terms of section 34(1)(c) of the Act. The complaint was that the Respondent's trade marks are well-known marks within the meaning of section 34(1)(c) and that the Applicant's use of the marks takes unfair advantage of, or is detrimental to, the distinctive character or repute of the registered trade mark. Accordingly the Respondent relies on trade mark dilution.

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[5] Vol 1, p 8 para 11.
[6] Vol 1, pp 1 – 3.

11. It is not in dispute that the Respondent's Black Label trade marks are well known in South Africa. However, no case was made out that the use by the Applicant of the "Black Labour" illustration was likely to cause any confusion or deception amongst the purchasing public as to the origin of the T-shirts. Indeed, the case made out by the Respondent in its founding affidavits amounted to establishing its trade mark rights and putting up the Applicant's T-shirt as constituting proof of an infringement of those rights.[7]

12. In paragraph 16 of the founding affidavit the Respondent's deponents stated:

> **"Sabmark therefore contends that its rights acquired by registration of its BLACK LABEL marks, as registered, are infringed by the unauthorised use in the course of trade by the respondent, in relation to clothing, of a mark which is similar to Sabmark's registered trade mark, that Sabmark's registered trade mark is well known in South Africa, and that the use of the respondent's mark would be likely to take advantage of and be detrimental to the distinctive character or the repute of the registered trade marks. This is so whether or not there is deception or confusion."**

[7] Vol 1, p 9 para 16.

13. No allegation is made by the Respondent that a single less Carling Black Label beer will be sold in consequence of the Applicant's sale of the T-shirts in question, and no factual *substratum* is furnished in support of the averment relating to dilution.

14. The premise appears to be that a mere comparison between the T-shirt and the Respondent's registered marks establishes the infringement claimed. It is submitted that this approach is without foundation.

15. The Respondent was in any event obliged to prove – not merely allege – the infringement of which it complained, *viz.* trade mark dilution. As will be demonstrated below, such infringement only occurs, in terms of section 34(1)(c) of the Act, if the trade mark owner establishes, *inter alia*, that the use of the registered mark would be likely to take unfair advantage of or be detrimental to the distinctive character or the repute of the mark concerned.

16. On 16 April 2003 the Cape High Court (per Cleaver J.) ruled in favour of the Respondent and made an order restraining the Applicant from infringing the rights of the Respondent acquired by the registration of the Black Label trade marks.[8]

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[8] Vol 3, pp 250 – 263.

17. On 12 May 2003 the Cape High Court granted the Applicant leave to appeal to the SCA.[9]

18. On 16 September 2004 the SCA (per Harms JA) dismissed the appeal.[10]

19. On 8 October 2004 the Applicant applied to this Court in terms of Rule 19 of this Court's Rules for special leave to appeal against the whole of the judgment and order of the SCA.[11]

20. On 20 October 2004 the Respondent filed a Notice of Opposition to the Application for Leave to Appeal[12] together with its Grounds of Opposition.[13] On 25 October 2004 it filed Supplementary Grounds of Opposition in which it submitted that the matter had become academic.[14]

21. On 5 November 2004 the Applicant filed a Supplementary Affidavit, which dealt in detail with the Supplementary Grounds of Opposition.[15]

22. On 23 November 2004 the Acting Chief Justice gave directions indicating that the application for special leave to appeal is set down for hearing on 8 March 2005. The directions provide that the arguments must be sufficient

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[9] Vol 3, p 273.
[10] Vol 4, pp 287 – 311.
[11] Vol 4, pp 312 – 330.
[12] Vol 4, pp 332 – 333.
[13] Vol 4, pp 334 – 347.
[14] Vol 4, pp 350 – 352.
[15] Vol 4, pp 353 – 356.

to enable this Court to dispose of the matter without further argument should leave be granted. In the circumstances the Respondent's Supplementary Grounds of Opposition, *viz.* that this matter is academic, is not addressed in these heads of argument.

III. PRINCIPLES: APPLICATION FOR SPECIAL LEAVE TO APPEAL TO THIS COURT

23. Whether special leave should be granted to appeal to this Court depends on whether it is in the interests of justice.[16]

24. The issues to be decided in the appeal must be constitutional matters or issues connected with constitutional issues.[17]

25. It is this Court that makes the final decision as to whether the subject-matter of the appeal constitutes a constitutional matter, or is connected with a decision on a constitutional matter. [18]

26. The interpretation, application and upholding of the Constitution are obviously constitutional matters.[19] The interpretation of a statute, where the

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16 Section 167(6)(b).
17 See section 167(3) of the Constitution; *S v Boesak* 2001 (1) SA 912 (CC) at para [11] at 918A; and *S v Basson* 2005 (1) SA 171 (CC) at para [17].
18 Section 167(3)(c).
19 Section 167(7).

application of its provisions affects rights in the Bill of Rights, is similarly a constitutional matter.[20]

27. This Court has an extensive jurisdiction to determine constitutional matters and issues connected with decisions on constitutional matters.[21]

28. The protection of the right to freedom of expression is an important constitutional objective.

29. In determining what is in the interests of justice, each case has to be decided on its own facts and all the relevant circumstances.[22]

30. The following factors impact on that issue:

30.1 the importance of the constitutional issue raised;

30.2 the nature of the constitutional rights threatened or violated; and

30.3 the public interest in a determination of the constitutional issues raised.

31. The issue in this matter, *viz.* an analysis of the role of the protection of trade marks, and more particularly section 34(1)(c) of the Act, and its relationship

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[20] Section 39(2) of the Constitution.
[21] *S v Boesak* (*supra*) at para [14] at 919B.
[22] *S v Basson (supra)* at para [39].

to the right to freedom of expression, are such that it is in the interests of justice that this Court should grant leave to appeal and consider the appeal.

IV. THE CONSTITUTION AND THE BILL OF RIGHTS

32. Section 39(2) of the Constitution provides:

> "**When interpreting any legislation, and when developing the common law or customary law, any court, tribunal or forum must promote the spirit, purport and objects of the Bill of Rights.**"

33. Courts are therefore enjoined to interpret statutory provisions "**through the prism of the Bill of Rights".**[23]

34. The Applicant does not contend that section 34(1)(c) of the Act should be struck down as being inconsistent with the Constitution. The contention is, however, that section 34(1)(c) of the Act should be read in the light of the right to freedom of expression enshrined in section 16 of the Constitution, which reads:

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[23] Cf. DPP:Cape of Good Hope v Robinson, unreported decision of this Court (per Yacoob J) dated 2 December 2004 in Case No: 15/04 at paras [53] – [54]; Investigating Directorate: Serious Economic Offences v Hyundai Motor Distributors 2001 (1) SA 545 (CC) at 558D-560B, paras [21] to [26].

"**Freedom of Expression**

16. (1) Everyone has the right to freedom of expression, which includes –

(a) freedom of the press and other media;

(b) freedom to receive or impart information or ideas;

(c) freedom of artistic creativity; and

(d) academic freedom and freedom of scientific research.

(2) The right in subsection (1) does not extend to –

(a) propaganda for war;

(b) incitement of imminent violence; or

(c) advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm."

35. Section 16 of the Constitution not only protects the right to freedom of speech and expression in general terms, but specifically includes freedom of the press and "**other media**" and the freedom of "**artistic creativity**".

36. The conduct of the Applicant in the present matter includes elements of both "**artistic creativity**" and the use of "**other media**" in conveying an expression. "**Expression**" should, it is submitted, be interpreted widely so as to include "**every act by which a person attempts to express some emotion, belief or grievance**".[24]

37. It is submitted that the use of a T-shirt as a medium to express ideas is in principle no different from the use of any other media to achieve this purpose. If the "**Black Labour**" illustrations were used on posters or billboards, it would amount to no less a use of the media to express an idea than the use of the illustration on a T-shirt. At the same time, however, the use of the illustration on T-shirts is an expression of artistic creativity. This freedom is specifically protected by the Constitution.[25]

38. The right to freedom of speech is one of the most important rights contained in the Bill of Rights:

> "**In a free society all freedoms are important, but they are not all equally important. Political philosophers are agreed about the primacy of the freedom of speech. It is the freedom upon which all**

[24] De Waal *et al The Bill of Rights Hand Book* 4th Edition p 311; see also Meyerson, *Rights Limited* pp 65-70.
[25] Chaskalson *et al Constitutional Law of South Africa* para 20.5(c) p20-22; De Waal *et al*, *op cit* p316.

others depend; it is the freedom without which the others would not long endure."[26]

39. Although this Court has refrained from ranking this right as more important than the other rights contained in the Bill of Rights[27] - the Respondent does not complain that the Applicant has violated or threatened any of its rights contained in the Bill of Rights - it has nonetheless recognised that "**(f)reedom of expression lies at the heart of democracy**".[28] It is constitutive of the dignity and autonomy of human beings.[29]

40. It is submitted that our Courts have, in the past, paid insufficient attention to the provisions of section 16 of the Constitution when interpreting section 34(1)(c) of the Act. In the leading case on the scope of the protection of trade marks,[30] the provisions of the Constitution were not mentioned.[31]

41. On the other hand, the First Amendment to the Constitution of the United

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[26] Mandela v Falati 1995 (1) SA 251 (W) at 259F. See also, Gardiner v Whittaker 1995 (2) SA 672 (E) at 687H-I; Chaskalson *et al*, *op cit*, para 20.2(*a*), pp20-5 to 20-6; Holomisa v Argus Newspapers Ltd 1996 (2) SA 588 (W) at 608J-609D.

[27] S v Mamabolo (ETV, Business Day and the Freedom of Expression Institute Intervening) 2001 (3) SA 409 (CC) at paras [40] and [41].

[28] South African National Defence Force Union v Minister of Defence and Another 1999 (4) SA 469 (CC) at para [7]; Islamic Unity Convention v Independent Broadcasting Authority 2002 (4) SA 294 (CC) at 306D-307F and Cheadle *et al South African Constitutional Law: The Bill of Rights 2002* pp 220-222.

[29] Khumalo & Others v Holomisa 2002 (5) SA 401 (CC) at para [21].

[30] Triomed (Pty) Ltd v Beecham Group plc and Others 2001 (2) SA 522 (T).

[31] See 554I-557JK (Although this case went on appeal, section 34(1)(c) of the Act was not dealt with by the SCA).

States,[32] ensures that statutes in that country are required to be treated in a manner more similar to those in our country than, for example, those in England.[33] That is not to say that the significant differences in the respective constitutional enactments should not be accorded their full importance.[34]

42. It was not in issue in the Cape High Court and SCA that section 34(1)(c) of the Act should be interpreted having due regard to section 16 of the Constitution. The necessity for interpreting section 34(1)(c) of the Act in the light of the Bill of Rights was recognised by the Cape High Court and by the SCA.

43. It is contended that an interpretation of section 34(1)(c) of the Act consistent with the Constitution is one which is focused on the requirements of the section to the effect that the infringement complained of should take unfair advantage of or be detrimental to the distinctive character or the repute of the mark in an economic or trade context, *viz.* the owner of the mark should suffer economic harm in consequence of the alleged infringement.

44. American courts have found that the equivalent provision in the Federal Trademark Dilution Act ("FTDA") should be read as requiring "**actual**

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[32] Which provides that "**Congress shall make no law … abridging the freedom of speech, or of the press**".

[33] On a comparison between section 15 of the interim Constitution and the First Amendment, see Chaskalson *et al*, *op cit* para 20.4B, p 20-12.

[34] See S v Mamabolo *supra* at paras [40] and [41].

economic harm" so that it would be necessary to show conduct which takes unfair advantage of or is detrimental to the mark in the sense that actual economic harm is suffered by the trade mark proprietor.[35] That formulation was premised upon an interpretation of the FTDA which construed the requirement in the relevant legislation that the conduct of the infringer must cause "**dilution of the distinctive quality of the mark**" as requiring actual dilution.[36]

45. Actual dilution is not a requirement of section 34(1)(c) of the Act, but the likelihood of harm occurring is the requisite jurisdictional fact. "**Likelihood**" means probability.[37] Section 34(1)(c) requires, it is submitted, that the trade mark proprietor establish that the alleged infringer is taking unfair advantage of or is acting detrimentally to the distinctive character or the repute of the registered mark in the sense of at least probably causing the trade mark proprietor economic harm.

46. In this regard it is contended that the Respondent failed to establish any basis for the relief granted by the Cape High Court. No factual case was made out that there was any prospect that the Applicant's conduct would probably

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[35] Ringling Bros. – Barnum & Bailey Combined Shows Inc v Utah Division of Travel Development 170 F 3d 449 (4th Circ. 1999).

[36] See Moseley, dba Victor's Little Secret v V Secret Catalogue Inc., *et al*, a decision of the Sixth Circuit of the United States Court of Appeals http://laws.findlaw.com/us/000/01-1015.html .

[37] Peregrine Group (Pty) Ltd and Others v Peregrine Holdings Ltd and Others 2001 (3) SA 1268 (SCA) at para [10].

adversely affect the distinctive character or repute of the Respondent's registered trade marks, let alone in an economic way by a loss of sales.

V. THE LAW OF TRADE MARKS

SECTION 34(1)(c) OF THE TRADE MARKS ACT

47. Section 34(1)(c) provides:

> "**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: …".** (Emphasis supplied)

48. The only factors in issue are encompassed in the underlined portions of the section, it being common cause that the other requisite jurisdictional facts in the section were established by the Respondent.

49. It is recognised that the purpose for which section 34(1)(c) 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.**"[38] (Emphasis supplied)

50. This is crisply encapsulated in the words of Tony Martino, *Trademark Dilution* 25 (as quoted by Harms JA in the SCA):

> **"The mark actually *sells* the goods."**[39]

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[38] Webster & Page *The South African Law of Trade Marks* 4th Edition, para 12.24 p 12-44.
[39] Vol 4, p 293 at para [13].

51. It is the distinctive character and the repute of the trade mark which are thus created which are protected. In order to establish an infringement of section 34(1)(c) it is required of the Respondent to show that the use of a mark similar to that owned by the Respondent "**would be likely to take unfair advantage of, or be detrimental to**" that distinctive character or the repute of the registered mark.

52. It is significant that the words used are **"take unfair advantage"**, and not **"take advantage"**. This means, it is contended, that it is permissible to take advantage of the distinctive character or the repute of the registered mark, provided that such advantage is not unfair. **"Unfairness"**, it is submitted, would require the trade mark proprietor to prove material prejudice in order to succeed. In this regard, it should be pointed out, the SCA did not hold that the Respondent had established the taking of unfair advantage by the Applicant.

53. The SCA rejected the Applicant's appeal on the basis that the Respondent had established that the use of the marks by the Applicant was materially detrimental to the repute of the trade marks concerned.[40]

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[40] Vol 4, p 301 para [28].

54. Dilution is said to take place by "**blurring**" or "**tarnishment**". Blurring takes place when the distinctive character of the trade mark is weakened or reduced[41], and tarnishment takes place "**where unfavourable associations are created between the well known registered trade mark and the mark of the defendant. It is an impairment of the well known mark's capacity to stimulate the desire to buy.**"[42] It is submitted that the SCA correctly held that the instant case is not concerned with blurring, but rather with tarnishment.[43] The question of unfair advantage or detriment to the distinctive character of the marks is accordingly not in issue in this application.

DETRIMENT TO THE REPUTE OF THE MARKS

55. We now turn to address the question of whether the Respondent did indeed prove the requisite detriment to the repute of the marks in question.

56. Webster and Page suggest that:

> **"… great care must be taken by our courts in interpreting section 34(1)(c) to ensure that the parameters of this new form of trade mark protection are defined in such a manner that the legitimate**

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41 Webster & Page *op cit* para 12.24 p 12-43; DaimlerChrysler AG v Javid Alavi [2001] R.P.C. 42 813.
42 Triomed (Pty) Ltd v Beecham Group plc *(supra).*
43 Vol 4, p 294 para [15].

> **interests of proprietors of well-known trade marks are protected while, at the same time, not creating an absolute monopoly or a form of copyright in a trade mark**."[44]

57. It is contended that the most effective method of establishing a likelihood that the use of a mark will result in tarnishment, *viz.* be detrimental to the repute of the registered mark, would be to produce evidence that this has already occurred. In other words, one would expect the Respondent to have produced evidence that "**unfavourable associations"** have been created between the Respondent's marks and the illustration used by the Applicant on its T-shirts. This is so because if the Respondent was not able to show the requisite unfavourable association in the period between the end of November 2001, when it first learned that the Applicant was offering the T-shirts in question for sale, and the launching of the application on 8 May 2002, it is unlikely that any such association would be established in the future. The Respondent, possibly unwittingly, acknowledged this by stating:

> **"Customers, in general, know what they like and buy the same product again and again."**[45]

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[44] *op cit*, para 12.4 p 12-42.
[45] Vol 2, p 184, replying affidavit 33.

58. In this regard, the following has been said of the European Community and English statutory provisions,[46] which closely resemble section 34(1)(c) of the Act:

> "**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, <u>if nothing actually rubs off on the sign MERC itself or on MERCEDES, or on DaimlerChrysler</u>.**"[47]
>
> (Emphasis supplied).

59. No effort has been made by the Respondent to show that anything "**actually rubbed off**" - or is likely to **"rub off"** - on either of the marks in this sense, and it is submitted that no case of dilution has therefore been made out.

60. It has been accepted in our courts that the basic purpose of legislation such as section 34(1)(c) of the Act is "**to protect an acquired asset against**

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[46] Council Directive 89/104, Art 5(2) and Section 10(3) of the Act.
[47] <u>DaimlerChrysler AG v Javid Alavi</u> (*supra*) p 844, para 94.

impairment."[48] The "**acquired asset**" to which reference is made is the "**commercial magnetism of the mark.**"[49] It is therefore submitted that what the Respondent had to show, in effect, was that on the probabilities the commercial magnetism of its marks would as a fact be impaired by the Applicant's use of its marks. This it could do only by proving a loss of sales - bearing in mind that **"(t)he mark actually *sells* the goods" -** as a fact or as a probability, in consequence of the conduct of the Applicant. No such evidence was adduced, and no factual matter was placed before the Court by the Respondent from which any inferences of loss of sales fell to be drawn on the probabilities.

61. The Respondent's complaint of tarnishment was premised on a single interpretation of the use of its "**Black Labour**" T-shirt by the Applicant. That interpretation would have it that such use "**is undoubtedly intended to suggest that improper racial discrimination is a factor in the business of Sabmark and SAB and to harm the reputation of Sabmark and SAB and the reputation of the BLACK LABEL marks and products."**[50]. The Respondent averred that the Applicant's use of marks similar to those registered by the Respondent was done in "**a racially prejudiced and**

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48 Triomed (Pty) Ltd v Beecham Group plc *supra* at 557B quoting the German Federal Supreme Court in Quick [1959] GRUR 182.
49 Webster & Page *supra* para 12.28 p 12-54(1).
50 Vol 1, p 9, para 15.

inflammatory manner",[51] and in bad taste, at that. In the first place, it is contended, whether or not the T-shirt is in bad taste is irrelevant. Second, it is submitted that the Applicant's T-shirt is not susceptible to these interpretations by the Applicant. The allegation of bad taste (insofar as it may be relevant to the enquiry) is inextricably connected with the contention that the use of the illustration contains racially abusive content. It is contended that, on an examination of the T-shirt itself, no conclusion of racial prejudice or insensitivity is justified. This will be dealt with below, when the judgment of the SCA is analysed.

62. No evidence was adduced by any witness that, on seeing the Applicant's T-shirt, he or she formed a negative association with the "**Carling Black Label**" brand. Nor, on consideration, is it ever likely that any reasonable person would form such an association. It is submitted that this absence of evidence is destructive of the Respondent's case and that it failed to discharge the onus of establishing that the Applicant's conduct is likely to be detrimental to the repute of the marks used in South Africa by SAB.

63. To the extent that the law of defamation may be of assistance by parity of reasoning, it is significant that a plaintiff who relies on an innuendo is obliged to both plead and prove the meaning sought to be attached to the

[51] Vol 1, p 9, para 14

alleged innuendo.[52] In effect, the Respondent relied on an innuendo, yet led no evidence other than the unsubstantiated opinion expressed by the deponents to the founding affidavit – resident in the Netherlands, and not in South Africa - as to the meaning and import of the innuendo.

64. The Respondent was obliged to establish on a balance of probabilities, and by admissible evidence, that the use by the Applicant of the **"Black Labour White Guilt"** illustration on the T-shirts would be likely to be detrimental (in the economic or trade sense) to the repute of the Respondent's registered trade marks. This it did not do.

65. The Cape High Court accepted that no direct evidence was adduced by the Respondent as to the likelihood of dilution occurring. The onus was found by the Cape High Court to have been discharged on the basis of the following:

65.1 a comparison of the marks; and

65.2 the Applicant's purpose in using the Respondent's marks.[53]

66. It is submitted that on a proper application of the law relating to the drawing of an inference,[54] the mere comparison of the marks constituted an insufficient basis for finding that the most plausible inference to be drawn

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[52] Wallachs Ltd v Marsh 1928 TPD 531 at 538; Unie Volkspers Bpk v Rossouw 1943 AD 519 at 524.
[53] Vol 3, p 259 para [13].
[54] R v Blom 1939 AD 188 at 202-203; Govan v Skidmore 1952 (1) SA 732 (N) at 734B-G

from the two factors set out above was that the use by the Applicant of its mark would be likely to take unfair advantage of or be detrimental to the distinctive character or the repute of the Respondent's marks.

67. In any event, it is submitted that the comparison of the marks alone did not constitute a basis for finding that the onus had been discharged. The Applicant's purpose in using the mark is, it is submitted, irrelevant.[55]

68. It is submitted that on the basis outlined above, the Respondent's application should not have succeeded, the appeal to the SCA should have been upheld and that the Applicant's application for special leave to appeal and its appeal should be successful.

THE SCA JUDGMENT ON THE ISSUE OF TARNISHMENT

69. The Applicant accepts the correctness of the SCA's finding that the section in question must be interpreted in the light of the Constitution and that the application of the section must be such that it does not unduly restrict a person's freedom of expression.[56]

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[55] Cf. John Craig (Pty) Ltd v Dupa Clothing Industries 1977 (3) SA 144 (T) at 157H-158A and the SCA judgment *a quo*, vol 4, p 300 para [25].

[56] Vol 4, pp 297-298 para [21].

70. It also accepts the SCA's finding that the relief sought may not unfairly or unduly encroach on the rights of others - including the freedom of expression - and that insubstantial prejudice to the trade mark owner **"is not enough".**[57]

71. The Respondent submitted to the SCA that the message conveyed by the Applicant's T-shirt is that since time immemorial, SAB - which was not an applicant before the Cape High Court or a party in the SCA - has exploited and is still exploiting black labour and that it has or should have a feeling of guilt and that SAB worldwide could not care less.[58] This submission was accepted by the SCA,[59] although nowhere in the papers is there any evidence of SAB being active worldwide. It was not suggested that the message on the T-shirt referred in any way to the Respondent itself.

72. It is contended that the SCA erred in accepting the Respondent's interpretation of the message conveyed on the T-shirt.

73. The T-shirt bore a logo similar in get-up to the label of the Carling Black Label beer bottle label, with the difference that instead of reading:

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[57] Vol 4, pp 298-299 para [23].
[58] Vol 4, p 299 para [25].
[59] Vol 4, p 300 para [26].

"America's lusty, lively beer
Carling
Black Label
Beer
Brewed in South Africa,"[60]

it read:

"Africa's lusty, lively exploitation since 1652
White
Black Labour
Guilt
No regard given worldwide."[61]

74. It is submitted by the Applicant that what was being conveyed by the T-shirt was that since 1652 whites in South Africa have exploited black labour, and that they should feel guilty about it. Inasmuch as SAB was not in existence in 1652, the exploitation since that year could not have been at the hands of SAB.

75. The finding by Harms JA[62] that (on appeal) the Applicant accepted that it has no ground for attacking the employment practices of SAB and that nowhere in the papers is any case made out of the exploitation of black labour, is incorrect. In both the SCA and the Cape High Court, the Court's attention

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60 Annexure "S4", vol 1, p 14.
61 Annexure "S7", vol 1, p 36.
62 Vol 4, p 300 para [25].

was drawn by counsel for the Applicant to paragraph 39.3 of the Respondent's replying affidavit,[63] where its deponents stated that SAB **"above all commercial enterprises in South Africa, has taken steps to remedy"** exploitation and misuse by SAB. SAB could only remedy exploitation and misuse by itself if it was formerly guilty thereof.

76. It is accepted - as did the SCA - that, for purposes of the construction of section 34(1)(c) of the Act, what the Applicant (subjectively) intended by the message is not the issue, but that what it in fact said and did is germane.[64]

77. The SCA then addressed the question of **"whether a T-shirt with such a message is substantially detrimental to the repute of the marks …"**.[65]

78. In the first instance, if the message on the T-shirt means what the Applicant contends, as set forth in paragraph 74 above, no question of substantial detriment to the repute of the marks can arise, and no infringement of the section would have been established. This must be axiomatic.

79. If, however, this Court were to accept the Respondent's interpretation of the message, as did the SCA, then the Applicant in any event submits that the Respondent did not prove substantial detriment to the repute of the marks.

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[63] Vol 2, p.188 para 39.3.
[64] Vol 4, p 300 para [25].
[65] Vol 4, p 300 para [26].

80. In the light of what is set forth above, it is submitted that the SCA erred in finding both that the T-shirt's message would probably **"create in the mind of consumers a particularly unwholesome, unsavoury, or degrading association with** [the Respondent's] **marks",** and that nobody who has seen the Applicant's T-shirt will be able thereafter to disassociate it from the Respondent's trade marks.[66]

81. As contended in the courts below, the Applicant submits that for material detriment to repute to have been proven by the Respondent it was incumbent upon it to establish as a likelihood that a loss of sales of Carling Black Label beer would ensue as a result of the distribution of the Applicant's T-shirts. This it did not do. Interestingly enough, the SCA did not as a fact address this argument in its judgment, although it alluded to it.[67]

82. Harms JA found that the message on the T-shirts was materially detrimental to the Respondent's relevant marks.[68] How this could be, where the Respondent did not contend or establish that a loss of sales would result, is not explained by the SCA. In this regard it is submitted that the SCA's reasoning and conclusion were flawed, for the reasons set forth above.

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[66] Vol 4, pp 300-301 para [26].
[67] Vol 4, p 301 para [27].
[68] Vol 4, p 301 para [28].

83. Harms JA, having found material detriment to the repute of the marks, then said: **"This leaves for consideration the freedom of expression justification."**[69]

84. From this it is clear that the SCA did not consider the idea of material detriment to the repute of the trade marks through the prism of section 16 of the Constitution.

85. It is submitted that an important consequence of **"the prism principle"** is that section 34(1)(c) is to be construed in such a manner that material economic harm - here in the form of a substantial loss of sales of Carling Black Label Beer - would have to be established, on the probabilities, for an applicant to succeed on the basis of material detriment to the repute of the trade marks in question. This the Respondent did not do.

86. The SCA referred to the fact that using well known marks for the marketing of its goods is the whole basis of the Applicant's commercial existence.[70] In the absence of deception or confusion, there can be no objection to this as a matter of principle, subject to the provisions of section 34(1)(c) of the Act, read with section 16 of the Constitution.

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[69] Vol 4, p 301 para [28].
[70] Vol 4, p 303 para [32].

PARODY

87. The SCA found that purely derisory parody should not be entitled to (constitutional) protection.[71] No reason for this finding was proffered by Harms JA and, it is contended, no logical or legal reason exists.

88. It is submitted that whether or not one is dealing with parody or with satire or lampooning makes no difference, as each enjoys constitutional protection. Where no economic harm has been established, the fairness of the parody/satire/lampooning does not fall for consideration.

VI. CONCLUSION AND REMEDY

89. It is submitted accordingly that the Applicant's conduct should not be regarded as unlawful, but rather a lawful exercise of its right to freedom of expression.

90. The Respondent could have succeeded in the Courts below if, and only if, it satisfied the well known requirements for a final interdict, *viz:*

90.1 a clear right;

90.2 an injury to it actually committed or reasonably apprehended; and

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[71] Vol 4, p 304 para [33].

90.3 that it has no alternative remedy.[72]

91. It is submitted that:

91.1 the Respondent did not prove that the Applicant's use of a mark similar to the Respondent's registered trade marks was likely to be materially detrimental to the repute of the marks; and that

91.2 the publication of social or political commentary of the kind published by the Applicant did not constitute an infringement of the trade mark proprietor's rights in terms of section 34(1)(c) of the Act, read with section 16 of the Constitution, because of the absence of proof of economic harm caused by such commentary.

92. In the premises the Respondent did not prove that an injury to it - let alone SAB - had actually been committed or was reasonably apprehended.

93. It is contended that the Applicant's application for special leave should succeed and that the appeal should be upheld with costs, including the costs of two counsel. The order of the SCA should be altered to one upholding the Applicant's appeal, and the order of the Cape High Court should be

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[72] LAWSA, vol 11 first re-issue (by Harms) para 309. This Court has accepted the common law legal principles governing interim interdicts in *Janse van Rensburg N.O. v Minister of Trade and Industry* 2001 (1) SA 29 (CC) at paras [31] - [34] and there are no reasons for different principles to apply to final interdicts.

substituted with an order dismissing the Respondent's application with costs, including the costs of two counsel in both Courts below.

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14 JANUARY 2005