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Trade mark parody in South Africa — The last laugh!

Summary

This article endeavours to find the balance (if any) in South African law between the rights of trade mark owners from infringement of their trade marks, and the constitutional right to free expression (with particular reference to parody) in a society that advocates the values of democracy and freedom. As intellectual property, registered trade marks deserve the protection of the law, a careful balancing act between property rights and fundamental freedoms must be performed to determine if one outweighs the other. In this regard *Laugh It Off Promotions CC v South African Breweries International* will be discussed. The position of parody in South African trade mark law desperately needs to have a last laugh, once and for all.

Bespotting van handelsmerke in Suid-Afrika — Die laaste lag

Hierdie artikel poog om 'n balans te vind (indien enige) in die Suid-Afrikaanse reg tussen die regte van handelsmerk eienaars wie se handelsmerke geskend word aan die een kant en die grondwetlike reg tot vrye uitdrukking (met spesifieke verwysing na bespotting) in 'n gemeenskap wat die waardes van demokrasie en vryheid voorstaan. As intellektuele goedere, geniet geregistreerde handelsmerke beskerming deur die reg, 'n versigtige balans tussen eiendomsregte en fundamentele vryheid moet gehandhaaf word om te bepaal of die een swaarder as die ander een weeg. In hierdie verband sal *Laugh It Off Promotions CC v South African Breweries International* bespreek word. Wie laaste lag, sal die lekkerste lag! Bespotting van Suid-Afrikaanse handelsmerke het dringend vir eens en altyd 'n finale lag nodig.

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1. Introduction

Businesses around the globe are competing for a market more world-wise, spoilt for choice, and discerning than ever before. The value of a good reputation combined with a distinguishable feature — a logo, a slogan, a symbol, a catchy tune is indispensable in the quest to attract (and retain) consumers, both old and new.

The three stripes of Adidas athletic products, the little red tab on Levis jeans, the golden 'M' of McDonalds, the distinctive script and ribbon design of Coca Cola are all accepted, recognisable and valid trade marks of these businesses.

Registering and protecting a trade mark from violation enables a business to carve a niche in the market in the hope that consumers will associate a particular mark with a particular brand (and its reputation). It is argued that violation and misuse of the brand identity serves to confuse and mislead consumers, thereby diminishing the value of the brand's legacy and reputation. Especially well-known, established businesses,¹ will fiercely contest a violation of their long-standing brand identity.

Businesses have found that it is not just other competing businesses that may challenge the use of a mark as its distinguishing factor. Other entities (commercial or not) in an exercise of freedom of speech, have come under the spotlight for "diluting" and exploiting well-known brands.

Of importance to this article is the use of parody, which can be defined as "writing, music, art, speech, etc. which intentionally copies the style of someone famous or copies a particular situation, making the features or qualities of the original more noticeable in a way that is humorous".² Whilst intellectual property is afforded statutory protection, humour also plays a valuable role in society which deserves a measure of protection.³ The recent Supreme Court of Appeal decision in *Laugh It Off Promotions CC v South African Breweries International⁴ (Finance) B.V. t/a SABmark International* and the subsequent Constitutional Court decision⁵ brought to South African shores the issues of trade mark protection⁶ and violation on the one hand and the protection of freedom of speech⁷ and social commentary on the other.

1 E.g. *The Coca Cola Company v Gemini Rising, Inc*, 346 F. Supp. 1183 (1972); *McDonald's Corporation v Joburger's Drive-Inn Restaurant & Another* (AD) 1997(1) SA 1(A); *Gucci America, Inc v Dafy's, Inc* 354F 3d 228 2003;69 U.S. PQ2D (BNA) 132.

2 According to www.dictionary.com which sources information from the Cambridge Advanced Learner's Dictionary, parody is a form of social and literary criticism.

3 Myers 1996:210.

4 2005(2) SA 46(SCA)

5 *Laugh It Off Promotions CC v South African Breweries International (Finance) B.V t/a Sabmark International* 2006(1) SA 144(CC).

6 As provided for in the *Trade Marks Act* 194 of 1993.

7 Section 16 of the *Constitution* of South Africa, Act 108 of 1996. It was the first time that a constitutional defence was raised in a major trade mark dispute in South Africa. See article by Alberts at <http://www.derebus.org.za/scripts/derebus_s.pl?ID=54683&index=200307_articles&hitID=0&original=yes> (accessed on 2 December 2004).

This article endeavours to find the balance (if any) in South African Law between the rights of trade mark owners from infringement of their trade marks, and the constitutional right to free expression (with particular reference to parody) in a society that advocates the values of democracy and freedom.

The *Laugh It Off* case will form the basis for reference with regard to the South African position. The position in the United States will be studied and analysed with the view of finding solutions to the problems found in the *Laugh It Off* case.

2. The South African position

The *Trade Marks Act* 194 of 1993 (hereinafter 'the Act') came into operation on 1 May 1995, repealing and replacing the old *Trade Marks Act* 62 of 1963. This resulted in the introduction of sweeping changes⁸ in the area of trade mark law, considerably broadening the scope and extent of protection afforded to trade mark owners. In addition, what qualifies as a mark under the Act has been extended so much so that anything or everything that differentiates one product from another, and which can be represented graphically, will be afforded protection as a mark under the Act.⁹

Most importantly, our trade mark legislation reflects both South Africa's membership to the international community and our recognition of international law, as it incorporates the European Directive on Trade Marks and the Uruguay Round of the negotiations on the General Agreement on Tariffs and Trade (GATT), in particular the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).¹⁰

The issues that will be dealt with in this section will focus on the protection afforded by the Act, what constitutes infringement — with particular emphasis on dilution of a trade mark. Thereafter an analysis of *Laugh It Off Promotions CC v South African Breweries International*¹¹ (hereinafter *Laugh It Off v SAB*) with a brief look at the arguments presented by the appellant and respondent, the effect of the Constitution on freedom of expression (encompassing the role and arguments presented by the *amicus curiae*, the Freedom of Expression Institute) and the judgement by Harms JA will follow.

A 'trade mark' is defined as

a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person.¹²

8 Job 1995:21.

9 Spoor & Fischer Intellectual Property Information Booklet 2004:8.

10 See 'Trade marks in South Africa — the 1993 Act' by Dr Owen Dean. This was downloaded from <<http://www.spoor.com/article.php?no=269>> (accessed on 14 September 2004).

11 (*Finance*) *B.V T/A SABmark International* 2005(2) SA 46(SCA).

12 Section 2(1).

A 'mark' correspondingly, is defined to mean "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".¹³

Section 37(1) of the Act affords protection to registered trade marks for a period of 10 years.¹⁴

The purpose of trade mark law in South Africa (used in respect of goods or services) is two-fold viz, (a) to prevent deception and confusion linking the goods to the holder of a trade mark and (b) to balance the interests of the registered holder, ensuring he has the widest possible protection against the interests of other traders to continue fair and normal trade.¹⁵ More than a 'badge of origin', trade marks serve a distinguishing function.¹⁶

The value of registering a trade mark to qualify for protection under the Act cannot be over-emphasised,¹⁷ but the Act also provides for protection of unregistered marks that are well-known in the Republic as being the marks of persons who are nationals of, domiciled in or have commercial establishments in member countries to the Paris Convention¹⁸ (of which South Africa is a member).

Section 34(1)(c) states that the rights acquired by registration of a trade mark shall be infringed if the following seven requirements¹⁹ are met:

- a) a mark which is identical or similar to
- b) a well-known²⁰ registered trade mark, is
- c) used
- d) without permission,
- e) in the course of trade,
- f) in relation to goods or services,
- g) if such use would be likely to take unfair advantage of, or be detrimental to the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception.

13 Section 2(1).

14 This may be renewed from time to time for periods of 10 years.

15 Ebersöhn 2002:564-565. See *SA Breweries Ltd and Another v Distillers Corporation (SA) Ltd and Another* 1973 (4) SA 145 (W):152F; *Oude Meester Groep Bpk and Another v SA Breweries Ltd* 1976 (3) SA 514 (A):517 E-F.

16 Visser 2000:143. See also *Abbot Laboratories & Others v UAP Crop Care (Pty) Ltd & Others* 1999 (3) SA 624(C).

17 See Michau 1995:137.

18 See the landmark judgement of the Appellate Division given by EM Grosskopf JA in *McDonalds Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd & another; Dax Prop CC v McDonalds Corporation & another; McDonalds Corporation v Joburgers Drive-Inn Restaurant & another* 1997 (1) SA 1(A). Also see Norton 1996:183-188.

19 Ebersöhn 2002:591.

20 In the Republic — section 34(1)(c).

Webster and Page²¹ refer to section 34(1)(c) as the 'dilution' provision.

2.1 Trade mark dilution

Factor (g) above, in particular, aims to prevent dilution of a trade mark's reputation or distinctiveness in South Africa.²²

The exploitation of the commercial magnetism, goodwill or popularity of a well-known trade mark by a competitor or pirate on non-competing goods results in particular forms of injury to the trade mark owner.

Firstly, the trade mark owner may be prejudiced if the use of a similar trade mark by the competitor leads consumers to believe that the trade mark owner is connected to or sponsors the competitor's goods.²³ Secondly the trade mark owner suffers injury because the infringer's conduct may 'dilute' the advertising or attractive value of a trade mark.²⁴

The literal English meaning of 'dilution' includes: to weaken in strength or concentration or forcefulness.²⁵

Dilution may occur in one of two ways, either by blurring or through tarnishment.

Dilution by *blurring* occurs when the uniqueness and novel nature of a trade mark, usually applied to non-competing goods and services, is weakened.²⁶

The result of blurring is an erosion of the uniqueness and exclusivity of the trade mark. The more strongly a trade mark is associated with a single product or a set of particular products, the more likely unauthorized use on dissimilar products will result in blurring.

Dilution may also occur through *tarnishment* where the trade mark is parodied or used in an offensive or negative light. Unfavourable associations are generally drawn about the trade mark as a result.²⁷ Furthermore, the capacity of the well-known trade mark to stimulate the desire to buy is impaired.²⁸

21 2002:12.24. Webster and Page list five factors similar to those in section 34(1)(c) above, as determined from *Bata Ltd v Face Fashions* CC 2001 (1) SA 844 (SCA) and *Triomed (Pty) Ltd v Beecham Group plc* [2001] 2 All SA 126 (T)

22 Ebersöhn 2002:593. See *Triomed (Pty) Ltd v Beecham Group plc and Others* 2001 (2) SA 522 (T):556H and *Bata Ltd v Face Fashions CC and Another* 2001 (1) SA 844 (SCA):851E.

23 See Mostert and Mostert 1995:443. It is very possible that if the competitor's goods are of inferior or poor quality, the trade mark owner may be attributed with the bad reputation.

24 Mostert and Mostert 1995:443. "This will lead to the erosion of the heart and core of a trade mark and its ability to lure and to channel the purchasing public towards the particular goods on which the trade mark is used."

25 Collins *New Pocket English Dictionary* 1992:139.

26 Webster and Page 2002:12.43. The popular example of using the Rolls-Royce mark on clothing, restaurants, etc. to illustrate how it would dilute the well-known association of the trade mark with quality automobiles is used — *Walls v Rolls-Royce of America Inc* 4 F 2d 333 (CA 3 1925)

27 Webster and Page 2002: 2.24. Hence the trade mark and/or its reputation is said to be 'tarnished'.

28 Ebersöhn 2002:593.

In *Coca-Cola Company v Gemini Rising, Inc*²⁹ the defendant utilized the distinctive red design of Coca-Cola and replaced it with “Enjoy Cocaine” on posters that it sold. It was held by Neather, J that “a strong probability exists that some patrons of Coca Cola will be “turned off” rather than “turned on” by the defendant’s so-called ‘spoof’, with resulting immeasurable loss to the plaintiff”.³⁰

Dilution by tarnishment is of importance to this study and will be revisited in SAB’s arguments and the analysis of the judgement.

2.2 Freedom of expression

Section 2 of the *Constitution* entrenches it as the ‘supreme law of the land’ — a benchmark against which all law, policy and rulings may be tested.

Section 16(1) of the *Constitution* provides that 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.

Section 16(2)(c) specifically provides that subsection (1) does not extend to advocacy of hatred that is based on race, ethnicity, gender, or religion and that constitutes enticement to harm.

Free speech may be of instrumental value³¹ (such as in the political process with the promotion of the free flow of ideas essential to political democracy) or of intrinsic value³² in that it allows for the growth of human personality, allowing individuals to express and define themselves.

In *South African National Defence Union v Minister of Defence and Another*³³ the court held that:

Freedom of expression lies at the heart of democracy ... its instrumental function as a guarantor of democracy, its implicit recognition and protection of the moral agency of individuals in our society and its facilitation of the search for truth by individuals and society generally. The *Constitution* recognises that individuals in our society need to be able to hear, form and express opinions and views freely on a wide range of matters.

A similar approach has been followed in *Islamic Unity Convention v Independent Broadcasting Authority and others*³⁴ and *Khumalo v Holomisa*.³⁵

29 346 F. Supp. 1183, 175 U.S.P.Q. 56 (EDNY1972)

30 346 F. Supp. 1183, 175 U.S.P.Q. 56 (EDNY1972), see at 1190: paragraph 8

31 Motala and Ramaphosa 2002:363-364.

32 Motala and Ramaphosa 2002:364.

33 1999(4) SA 469 (CC); 1999(6) BCLR 615 (CC).

34 2002(4) SA 294(CC)

35 2002(5) SA 401(CC)

In the *Laugh It Off* case we have a trade mark dilution outcry on the one hand and a loud voice on the freedom of expression on the other.

2.3 The Supreme Court of Appeal: *Laugh It Off v SAB*

This case pertains to the infringement of a trade mark by way of dilution (through tarnishment)³⁶ and whether or not a ruling against the appellant would curtail the appellant's right to freedom of expression.³⁷ This application was first launched in November 2001 by the respondent, South African Breweries (SAB).

The respondent is a Dutch company, forming part of the SAB group and the owner of the trade mark in question. South African Breweries is a local member of the group and produces and sells beer. It is common cause that the name 'Carling Black Label' has not been infringed. The label on the Carling Black Label beer bottle reads "America's lusty, lively beer. Brewed in South Africa". A label on the neck of the bottle states "Carling. Enjoyed by men around the world".

The appellant is a close corporation, Laugh It Off Promotions, and fronted by Mr JB Nurse. Nurse considers himself and his group to be 'conscientious objectors to niche-market selfhood and mass-market mediocrity who grew up to be brand atheists'. The appellant markets T-shirts using well-known logos and trade marks in what Nurse calls 'ideological jujitsu' in which the strength of the brand is used against itself.

The T-shirts in question employ the general lay-out and colours of Carling Black Label. The message reads 'Black Labour. White Guilt. Africa's lusty, lively exploitation, since 1652' and 'No regard given worldwide'. 'Black Labour' replaces 'Black Label', 'White Guilt' replaces 'Carling Beer', 'Africa's lusty, lively exploitation since 1652 no regard given worldwide' replaces 'America's lusty, lively beer — brewed in South Africa.'

In the court *a quo*, Cleaver J found against Laugh it Off, stating that the message conveyed by the T-shirts was that SAB has and still does exploit black labour and is guilty of racial discrimination. The words, he found, falsely associate SAB with the exploitation of black labour since the settlement of the Dutch in the Cape (1652). As a result, Cleaver J concluded that the appellant's use of its parody/caricature on its T-shirts for sale makes unfair use of SAB's trade mark and brings it into disrepute. SAB obtained an injunction against the appellant in the lower court. The appellant was granted leave to appeal and the Freedom of Expression Institute (FXI) was granted leave to intervene as *amicus curiae*.

The appellant's argument³⁸ in the Supreme Court of Appeal:

The appellant averred that no proof of unfavourable associations had been produced by the respondent and that it was unlikely that any such association would be established in the future. The respondent had not produced a single witness to state he/she had formed a negative association with the "Carling Black Label" brand.

36 Section 34(1)(c).

37 Section 16(1) of the *Constitution*.

38 Practice note and Heads of Argument 2004:8-23, case no 242/2003.

The constitutionality of section 34(1)(c) of the Act was not contested but it was contended that it should be read in the light of section 16 of the *Constitution*. The appellant's conduct comprises of elements of "artistic creativity"³⁹ and "other media"⁴⁰ and should thus not have been infringed upon. Freedom of speech is a fundamental right.⁴¹

The appellant averred that the 'infringer' should have caused 'actual' dilution as decided in *Moseley, dba Victor's Little Secret v V Secret Catalogue, Inc*⁴² No case for dilution was made by the respondent and no conclusion of racial prejudice or insensitivity had been justified. The appellant did not, through the T-shirt, advocate hatred based on race (which constitutes enticement to cause harm and is not the case here).

The provisions of the *Promotion of Equality and Prevention of Unfair Discrimination Act* 4 of 2000 should have been read in the broader context of the statute and it was therefore not applicable to juristic persons (both Laugh It Off Promotions CC and SAB are juristic persons).

Finally, the applicant argued that the respondent had evidenced no proof that the appellant's use of the trade marks amounted to 'unfair use'.

The Freedom of Expression Institute (FXI) acted as *amicus curiae* (friend of the court) submitting that:

- a) the appeal raises fundamental questions which are entirely novel in South African law regarding the constitutional rights to freedom of expression — in particular its effect on the law of copyright and trade marks.
- b) Section 34 of the Act must be interpreted in the light of sections 16 and 39 of the *Constitution* and spheres of "protected activity" such as social satire or parody must be recognised, and
- c) Even where a trade mark is exploited for commercial gain, the defence of parody (subject to certain conditions) is a good one.⁴³

The FXI relied heavily on American jurisprudence where the conflict between the freedom of expression and trade mark law has undergone considerable development.⁴⁴

It was argued that as a form of expression, a parody would enjoy protection under section 16 of the *Constitution*, barring the exceptions in section 16(2).

39 Section 16(1)(c).

40 Section 16(1)(a).

41 "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 others depend; it is the freedom without which the others would not long endure". *Mandela v Falati* 1995(1) SA 251 (W) at 259: F.

42 123 S Ct. 1115 1 (2003); 65 U.S.P.Q. 2d 1801.

43 See *Amicus Curiae's* Practice Note and Heads of Argument 2004:4-5, case no. 242/2003.

44 Section 39(1)(b) of the *Constitution* provides that when interpreting the Bill of Rights, the court must consider international law and i.t.o. section 39(1)(c): it may consider foreign law.

A parody needs to draw from and imitate the original work, whereas a satire can stand on its own feet and therefore requires justification.⁴⁵ Parodies usually copy from publicly known, expressive works.

The Freedom of Expression Institute uses the American Polaroid test⁴⁶ in *Campbell v Acuff-Rose* viz whether a reasonable lay-person would perceive the parodic character of the activity or work complained of as fair or unfair use of the original work.

FXI submitted⁴⁷ that section 34(1)(c) of the Act should be limited by the fundamental rights in the *Constitution* — in particular section 16 which requires the *Trade Marks Act* to be interpreted to allow for 'fair use' as done so in American jurisprudence. It was submitted that parody is an instance of fair use. Parody is unlikely to cause confusion and in this case the aim was to poke fun at SAB's products.

The T-shirts contribute to legitimate public commentary concerning the nature and effect of brand marketing and commercialism in society today. When commercial entities strive to associate their products with certain 'virtues' or portray them in an esteemed light in the public domain, individuals must be afforded the right to freely critique, lampoon or undermine these attempted associations. No commercial entity should have the right or power (through trade mark or otherwise) to control the legitimate public domains of free expression or the way others in society view its products. In a free and democratic society, the commercial market place cannot be allowed to undermine the market place of ideas.

While Laugh It Off's endeavours were for commercial gain, their activity also embodies legitimate expressive aims. It is unlikely that the public would be confused into thinking that SAB sponsored Laugh It Off's product. It is also highly unlikely that the T-shirt's display any hate speech based on race (section 16(2) of the *Constitution*) and should not be construed as such.

The respondent's argument⁴⁸ in the Supreme Court of Appeal:

The respondent submitted that the appellant's marketed clothing took unfair advantage of and was intended to be detrimental to the distinctive character or the repute of the Black Label trade marks in that it suggested improper racial discrimination was a factor in SAB's business. The respondent averred that the T-shirt's message was distasteful and undesirable and US courts had been reluctant to protect crude parodies.⁴⁹

It was submitted that the appellant did not merely make an altruistic socio-political comment but was using a mark similar to Black Label to generate an

45 *Campbell v Acuff-Rose Music, Inc* 510 US 569(1994) para 32 (Hereinafter *Campbell v Acuff-Rose*).

46 The so-called Polaroid factors, as determined in *Polaroid, Inc v Polaroid Electronics Corp, Inc* 287 F.2d 492 (2nd Cir. 1961).

47 See *Amicus Curiae's* Heads of Argument 2004:43-51, Case no 242/2003.

48 Practice note and Heads of Argument 2004:7-34, case no 242/2003.

49 *Coca-Cola Company v Gemini Rising, Inc* 346 F Supp. 1183 (1972).

income, in the same way as any other commercial entity. United Kingdom cases⁵⁰ as well as German cases were given in support of this argument.

The Appellant did not rely on any statutory defences set out in section 34(2) of the Act but chose to revert to section 16 of the *Constitution*. The appellant's conduct could, at best be defined as 'commercial expression'.⁵¹

The Court traced the history of the dilution provisions referring to the *Lanham Act*,⁵² the *European Community Directive*,⁵³ and the *United Kingdom Act*.⁵⁴

Harms JA held that trade marks are property (albeit intangible) and must not be disregarded even by those who do not support them or what they stand for. On the other hand, trade marks receive no special constitutional protection but their enforcement must be constitutionally justifiable. This requires balancing the rights to freedom of expression against the trade mark owner's rights of property and freedom of trade, occupation, or profession.

In interpreting section 34(1)(c), Harms JA used the same factors listed above. The last factor, viz 'the use of the defendant's mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark' must be interpreted to establish whether the appellant's use of 'Black Labour White Guilt' would take unfair advantage of or be detrimental to the distinctive character or repute of the Black Label mark. While the word 'detrimental' is not qualified in express terms, the court held that it is inconceivable that any detriment could suffice and it is implicit that the detriment, to be actionable, must be unfair in the sense that the relief sought may not unfairly or unduly encroach on the rights of others — including the freedom of expression. The Court also stressed that as a general proposition, the law concerns itself with matters of substance only, and accordingly, insubstantial prejudice to the trade mark owner is not enough.⁵⁵

Harms JA found both the appellant's and FXI's explanation of the parody less than satisfactory and that the respondent's interpretation was the correct approach, i.e. that since time immemorial SAB has and still is exploiting black labour and that SAB world wide could not care less.

Furthermore, the learned judge drew the conclusion that anyone who has seen the appellant's T-shirt will not be able to disassociate it (and its negative connotations) from SAB's trade mark. The message on the T-shirt is therefore materially detrimental to the repute of the SAB trade mark concerned.

50 *Premier Brands UK Limited v Typhoon Europe Limited* [2000] FSR 767; *Lucas Bols v Colgate-Palmolive* (1976) 71.1.C.420; *Pfizer Limited and Pfizer Incorporated v Eurofood Link (United Kingdom) Ltd* [2000] E.T.M.R (issue 10), etc

51 Speech which proposes a commercial transaction: Heads of Argument:32, case no 242/2003

52 15 United States Code (USC). The *Lanham Act* is the source of federal trade mark protection. See 2005(2) SA 46(SCA) 55: D

53 2005(2) SA 46(SCA) 56: A

54 1994 Chapter 26. See 2005(2) SA 46(SCA) 56: D

55 Webster *SAB has the Last Laugh-Again*. <<http://www.inta.org/membersonly/bulletin/A.asp?1=118&s=7>> (accessed on 2 December 2004)

The Court rejected Laugh It Off's argument that there was no detriment because SAB had not established that there had been a loss of sales of its beers as a result of the T-shirt sales, stressing that section 34(1)(c) does not require proof of actual loss, but only the likelihood of loss. The requirement in South Africa is accordingly different from the corresponding requirement of actual loss under the U.S. *Federal Trademark Dilution Act*,⁵⁶ as established in *Moseley dba Victor's Little Secret v V Secret Catalogue Inc.*⁵⁷

Regarding the freedom of expression, T-shirts are a powerful medium for making socio-political comments. The appellant is free to use its caricature as long as it is not used in relation to goods or services in the course of trade or vice versa.

According to Harms JA, the appellant's reliance on parody as a defence is misconceived and its reliance on freedom of speech misplaced, because it did not just exercise its freedom, it abused it.

As a result, the appeal was dismissed and an injunction only with regard to use of the mark in the course of trade and in relation to goods or services, and legal costs were granted against Laugh It Off.

2.4 The Constitutional Court: *Laugh it Off v SAB*⁵⁸

Laugh It Off applied to the Constitutional court, arguing that SAB can only obtain an interdict if it can show that it is likely to suffer economic harm because the message on the T-shirts is protected by the right to freedom of expression.

SAB opposed the application saying that Laugh It Off's use of the CARLING BLACK LABEL mark is not protected by the right to freedom of expression and that they do not need to give evidence to show the likelihood of economic harm. They also argued that the matter is no longer a live issue because Laugh It Off has not been trading since the High Court proceedings.

The Constitutional Court admitted the Freedom of Expression Institute (FXI), which made common cause with Laugh It Off, as friend of the court. The FXI argued that the protection of the trade mark must be interpreted in the light of the constitutional right to freedom of expression and hence allow parody as an instance of 'fair use' that does not violate the anti-dilution provision.

It was found that the matter is not merely academic since it raises novel concerns in our law and is of importance to the South African economy and public. In addition, Laugh It Off would be able to resume trading if the court found in its favour.

The court held that SAB failed to prove Laugh It Off's infringement of its trademark. The 'likelihood of taking advantage of, or being detrimental to, the

56 15 U.S.C. § 1125(c) (Supp. I 1996).

57 123 S. Ct. 1115 (2003); 65 U.S.P.Q 2d 1801.

58 Authors hereby acknowledge the research contribution on the constitutional case of Beatrix van der Spuy in her 2005 LL.B mini thesis titled "Does the anti-dilution provision have any value to a trademark owner?".

distinctive character or repute of the marks', has not been established. The rights of people to express themselves cannot be lightly limited: the harm to the trade mark holder has to be material and this is one of the internal limitations of section 34(1)(c). However, an interpretation of the section that conforms to the constitution and the kind of society it envisions requires the one relying on the protection of the Act to show real likelihood or probability of harm. Such harm must be of an economic sort, this is because the aim of the section is to protect the trade mark's selling power rather than its dignity. It cannot therefore be inferred from a mere observation of the two trademarks that there is a likelihood of economic harm, but it must be shown by adducing evidence to this end. To allow otherwise would be to permit a near monopoly on the part of the trade mark holder. This is impermissible in a democracy such as ours.

The court was of the view that it was not necessary to find on the issue of parody because no likelihood of economic harm had been shown.⁵⁹ However, the constitution does not exclude or afford special protection to any expression but that falling under section 16(2). Hence, all speech is protected and must be appropriately balanced against other rights, of which the right to property is one. Placing the onus on the trade mark holder to adduce evidence to prove the likelihood of substantial economic harm as a result of Laugh It Off's expressive conduct is an appropriate balance of these rights. In the present matter Laugh It Off is not selling another beer in competition with SAB but is rather involved in the sale of an abstract brand criticism for which T-shirts are merely a choice of medium. Such expressive conduct is acceptable in terms of our *Constitution* and, in light of SAB's failure to establish likelihood of economic harm, not an infringement of the Act.

Judge Sachs placed emphasis on humour and asked the question: "Does the law have a sense of humour?" He concluded with the remark: "Humour is one of the great solvents of democracy ... It is an elixir for constitutional health".

The Court ruled in favour of Laugh It Off.

3. The United States position

In the *Laugh It Off* case both the FXI and Harms JA referred to the United States. FXI referred the court to the US case of *Campbell v Acuff-Rose Music, Inc* and Harms JA to the *Lanham Act*. The legal position on trade mark protection will be discussed with a brief reference to the *Lanham Act* and *Campbell v Acuff-Rose Music*.

In the United States, governments became involved in trade mark protection because of the public interest in furthering commercial goals as well as the

59 However, Sachs J stated that in his view SAB's case failed not only because of the lack of evidence. The parody is central to the challenge to the cultural hegemony exercised by brands in contemporary society. The issue is not whether the court thinks the lampoons on the T-shirts are funny, but whether Laugh It Off should be free to issue the challenge. In his view, the expression of humor is not only permissible, but necessary for the health of public democracy.

public benefits served by such trade marks.⁶⁰ The public values trade marks as a means of increasing the reliability of products. When consumer confidence increases, the economy is bolstered.

There are two goals served by trade mark law, viz. (a) it protects the public from confusion and provides a stable platform for making purchasing decisions; and (b) it protects the trade mark owner's property rights in the trade mark.⁶¹

The *Lanham Act*⁶² also known as the *Trademark Act* of 1946 gave relief to owners of registered trade marks only when use by another party of the registered trade marks constituted infringement or unfair competition. In other words, a party's use of another's trade mark must create a likelihood that the consumer will be *confused* as to the owner or source of the goods.⁶³

The parodic use of trade marks⁶⁴ created a problem because often, the 'infringement' and 'unfair competition' causes of action were not established.⁶⁵ Prior to 1996, trade mark owners had little relief against parodists under federal trade mark law. The *Lanham Act* did not have an anti-dilution provision.

On January 16 1996, the *Federal Trademark Dilution Act*⁶⁶ (FTDA) was enacted and it amended the *Lanham Act* by establishing an anti-dilution cause of action.⁶⁷ The FTDA differs from prior federal trade mark law in that it does not require the traditional likelihood of confusion test.

60 Pearson 1997:982.

61 Pearson 1997:982.

62 Title 15 of U.S.C. 1946. A copy can be downloaded from www4.law.cornell.edu/uscode/15.html.

63 Pearson 1997:975.

64 These cases (of both commercial and non-commercial parodic use of trade marks) have occurred quite often in the U.S. E.g. *Jordache Enters., Inc. v Hogg Wyld, Ltd.* 828 F.2d 1482 (10th Cir. 1987) (involving imitation designer jeans for large women converting the 'Jordache' name to 'Lardashe'); *L.L.Bean, Inc. v Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987) (involving fake sex toy catalog modelled after L.L.Bean fashion catalog); *Mutual of Omaha Ins. Co. v Novak*, 836 F.2d 397 (8th Cir. 1987) (involving t-shirts and accompanying products marketed with alteration of Mutual of Omaha Indian head trade mark to comment on nuclear waste); *Dr. Seuss Enters v Penguin Books USA, Inc.* 924 F. Supp. 1559 (S.D. Cal. 1996) (involving humorous account of O.J. Simpson double murder trial in the style of trademarked children's books); *Eveready Battery Co. v Adolph Coors Co.*, 765 F. Supp. 440 (N.D. Ill. 1991) (involving actor Leslie Nielsen in beer ads dressed as Eveready's trade mark bunny character); *Pillsbury Co. v Milky Way Prods.*, 215 U.S.P.Q. 124 (N.D. Ga. 1981) (portraying Pillsbury 'Poppin Fresh' trade mark in sexual acts); *Reddy Communications, Inc. v Environmental Action Found.*, 477 F. Supp. 936 (D.C. Cir. 1979) (depicting the trade mark mascot of a public utility as expressing derision toward paying customers of the utility); *General Elec. Co. v Alumpa Coal Co.*, 205 U.S.P.Q. 1036 (D. Mass. 1979) (altering trade mark to 'Genital Electric'); *Coca-Cola Co. v Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (altering trade mark slogan of Coca-Cola to read 'Enjoy Cocaine').

65 This is because parodies do not always create a likelihood of confusion. Pearson 1997:975.

66 15 U.S.C. § 1125(c) (Supp. I 1996).

67 § 1125(c)(1).

Several exceptions⁶⁸ are contained in the FTDA which are said to address the First Amendment⁶⁹ of the concerns pertaining to free expression. However, this overlooks the expressive interest in commercial parodies.⁷⁰

The following section will discuss what constitutes trade mark infringements, dilution and its elements.

Essentially two requirements must be met in order to establish a trade mark infringement viz, (a) the plaintiff must own a protectable trade mark and (b) the defendant's use of such trade mark must create a 'likelihood of (consumer) confusion'.⁷¹

Likelihood of confusion is a pre-requisite for liability and must be established amongst an appreciable number of ordinary prudent consumers.⁷² Establishing a 'likelihood of confusion' is essential to procure protection under the *Lanham Act* and comprises of an eight-factor test, known as the Polaroid factors which are discussed below. Furthermore, to support a finding of trade mark infringement, a plaintiff must show a probability, not just a possibility of confusion.⁷³

3.1 Dilution

Trade mark dilution refers to the diminishing of a trade mark's marketing value⁷⁴ and is statutorily defined as the "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (a) competition between the owner of the famous mark and other parties, or (b) likelihood of confusion, mistake, or deception.⁷⁵ Actual dilution as opposed to likely dilution must be proven to establish a federal dilution claim.⁷⁶

Dilution may occur in one of two ways, viz. *blurring* or through the *loss of business reputation*.⁷⁷

68 These are "parody, satire, editorial and other forms of expression that are not part of a commercial transaction" 15 U.S.C. 1125(c)(4)(B) (Supp. I 1996). Also called the 'bright line' exceptions.

69 Of the U.S. Constitution.

70 Commercial parodies are those used to sell a product or propose a fiscal transaction. In *Dr Seuss Enters v Penguin Books USA, Inc.*, 924 F. Supp. 1559 (S.D. Cal 1996), the Court found a book parodying Dr Seuss and commenting on the O.J. Simpson murder trial non-commercial even though it was sold in bookstores and via mail (i.e. clearly of a commercial nature).

71 Pearson 1997:975.

72 Ebersöhn 2002:274. See *Northern Light Technology v Northern Lights Club* 97 F. Supp. 2d 96 (D. Mass 2000):113

73 *Playtex Products, Inc. v Georgia-Pacific, Inc.* (2003) 67 U.S.P.Q. 2d (BNA) 1923:5. Page number could differ from reported judgement page number. Case downloaded 12 October 2004 from www.lexisnexis.com.

74 Pearson 1997:987.

75 Section 1127 *Lanham Act*.

76 As held in *Moseley v V. Secret Catalogue, Inc.*, 123 S.Ct. 1115 (2003); 65 U.S.P.Q. 2d 1801.

77 Pearson 1997:987-989.

Blurring results in the erosion of the trade mark's identity and has been characterised as a use that does not necessarily confuse the consumer but compromises the uniqueness of the subject mark in a way that the senior⁷⁸ trade mark is weakened.⁷⁹

Loss of business reputation has two branches: inferior association and tarnishment. Inferior association involves applying the trademark to inferior goods. This threatens to weaken a trade mark's reputation and value by causing the public to associate the trade mark with the lesser quality product of the infringer.⁸⁰

In *Gucci America, Inc. v Daffy's, Inc.*,⁸¹ Gucci successfully appealed against Daffy's, a high-end store selling designer goods at discounted prices, for selling counterfeit Gucci 'Jackie-O' handbags (which incidentally were of such an outstanding quality that a Gucci clerk and Gucci's own service centre were initially unable to pick up that they were fake). Gucci sued Daffy's for trademark infringement in that the sale of the counterfeit bags resulted in the Gucci name being associated with these fake products (despite their high quality) and for tarnishment.

A case of reverse inferior association⁸² can be found in *Deere & Co v MTD Products, Inc.*⁸³ where a competitor lawn tractor company made an animated commercial wherein the competitor's tractor frightened the Deere & Co.'s trademarked deer which leapt away in fear. The court reasoned that the alteration of the trade mark deer destroyed the reputation of the products and the positive associations between the trade mark and the products and made the products appear ridiculous and weak. Thus, the court interdicted the junior user from damaging the product reputation by impugning the trade mark.

Tarnishment results in a trade mark being degraded or devalued. In *Pillsbury Co. v Milky Way Products, Inc.*,⁸⁴ the defendant published in its adult magazine, a picture of the plaintiff's trademarked 'Poppin Fresh' and 'Poppie Fresh' characters, who in this depiction were engaging in sexual acts. Pursuant to Georgia's anti-dilution statute, the court granted Pillsbury an injunction, finding that using the trade marks in a depraved context would be likely to injure the commercial reputation of the trade marks.

78 A senior user is the first user of a trade mark. The junior user is a subsequent user of the same trade mark or an altered version thereof.

79 Pearson 1997:987.

80 See *Gibson Guitar Corp v Paul Reed Smith Guitars* 2004 U.S. Dist. LEXIS 14541 (downloaded on 2 October 2004 from www.lexisnexis.com) where Gibson contended that the defendant infringed on its Les Paul single cutaway guitar and will likely cause confusion as to the source of origin, to Gibson's detriment. Gibson was granted an injunction against the defendant.

81 345 F.3d (2003) 69 U.S.P.Q.2d (BNA) 1321.

82 This occurs when the junior user alters the senior trademark, potentially injuring the reputation of the product associated with the senior trade mark. See Pearson 1997:989-990.

83 41 F.3d 39 (2d Cir. 1994)

84 215 U.S.P.Q. 124 (N.D. Ga 1981). Pearson 1997:990 considers *Pillsbury Co. v Milky Way Productions* to be the 'quintessential case of the tarnishment branch of the loss of business reputation prong of dilution'.

In *Playtex, Inc. v Georgia Pacific, Inc.*,⁸⁵ decided on 12 August 2003, the court listed the five elements for a claim for dilution, viz.:

- a) The plaintiff's mark is famous;
- b) It is inherently distinctive;
- c) The defendant's user of the junior mark is a commercial use,⁸⁶ in commerce;⁸⁷
- d) The defendant's use began after the plaintiff's mark became famous; and
- e) The defendant's use of the junior mark causes dilution of the distinctive quality of the plaintiff's mark.

In *Nabisco, Inc. v PF Brands, Inc.*,⁸⁸ a further 9 factors⁸⁹ pertaining to factor (e) above, are listed.

3.2 US legislative and case law analysis

As far back as 1976, the American courts acknowledged that the First Amendment⁹⁰ provides at least a measure of protection to commercial speech.⁹¹ The court held that classifying speech into commercial or non-commercial categories should be avoided⁹² and remarked that expression should not lose its protected status simply because of its economic nature.⁹³

Parodies have received protection as a form of protected expression, chiefly due to their nature — parodies are more akin to expression than just exploitation of another's work.⁹⁴ In *Cliff's Notes, Inc. v Bantam Doubleday Dell Publishing Group, Inc.*,⁹⁵ it was held that parodies and satires deserve protection because their expressive element requires more protection than commercial product labels.⁹⁶

85 2003 67 U.S.P.Q. 2d (BNA) 1923. Page 10 of copy downloaded on 12 October 2004 from www.lexisnexis.com. Page number may differ from that of reported case.

86 The junior mark is used to capitalize on the senior mark — Ebersöhn 2002:282.

87 Section 1127 of the *Lanham Act* provides that the term 'use in commerce' means "the bona fide use of a mark in the ordinary course of trade".

88 191 F.3d 208 (2nd Cir. 1999):215.

89 See discussion of these factors and an additional factor by Ebersöhn 2002:264-265.

90 The United States Constitution Amendment 1 — Freedom of Religion, Press, Expression. Ratified 12/15/1791. "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances"

91 *Virginia State Bd of Pharmacy v Virginia Citizens Consumer Council*, 425 U.S. 748 (1976).

92 *Virginia State Bd of Pharmacy v Virginia Citizens Consumer Council*, 425 U.S. 748 (1976) see at 758.

93 E.g. money was spent to create it, it was in a form sold for profit or because it raised money.

94 Pearson 1997:999.

95 886 F.2d 490 (2nd Cir. 1989).

96 886 F.2d 490 (2nd Cir. 1989) see at 495.

Pearson⁹⁷ states that “although it may disparage its subject, some measure of freedom needs to be carved out for parody because parody tends to be entertaining and critical. For instance, parody of a celebrity or political figure makes a vital contribution to the ‘marketplace of ideas’ because it exposes weaknesses in ideas and values. The humorous content of parodic expression should not lessen the level of protection under the First Amendment; indeed parody need not even be effectively humorous to merit protection.”

Historically, trade mark law in the U.S. has prohibited any use of a trade mark that would harm the associated product’s reputation. Trade mark law can only remedy unauthorized commercial uses of a trade mark that is likely to cause injury to the owner.⁹⁸ Protection of parodies against copyright and trade mark infringement actions, also apply to cases of trade mark dilution.⁹⁹

The above protection is also subject to limitations.¹⁰⁰ Furthermore, the First Amendment only protects trade mark parodies that are recognizable as such and are therefore less likely to confuse the public.

Parodies that are challenged in dilution actions raise various considerations such as the subject¹⁰¹ of the parody, artistic uses and the right to publicity.

In American law, the First Amendment is a powerful defence used in aid of parodic expression.

3.3 Parody and the Federal *Trademark Dilution Act*

The FTDA¹⁰² protects trade mark owners against unauthorised commercial uses of their marks that cause dilution of the distinctive quality of the marks. It has been suggested that the FTDA not threaten non-commercial expressions (e.g. parody and satire) that are not a part of a commercial transaction.¹⁰³

The exceptions¹⁰⁴ protected by the FTDA include parody and satire. An example of the exceptions covered by section 1125(c)(4) can be found in *Dr. Seuss Enterprises, L.P. v Penguin Books USA, Inc.*¹⁰⁵ where the estate of

97 1997:999-1000.

98 *L.L. Bean, Inc. v Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987):29.

99 *L.L. Bean, Inc. v Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987):28.

100 Free speech is not absolute and must be weighed against other legitimate interests. Pearson 1997:1001.

101 Where a famous trade mark is the subject of an outrageous or offensive parody, this alone is insufficient to limit the expression. Pearson 1997:1003-1004 “Famous trademarks’, more so than famous people, are major symbols of expression and often convey ideas and ideals such that parodies of these symbols deserve protection as much as those regarding public figures!” See also *L.L. Bean, Inc. v Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987):33.

102 15 U.S.C. § 1125(c) (Supp. I 1996).

103 Pearson 1997:1014.

104 These are “parody, satire, editorial and other forms of expression that are not part of a commercial transaction” 15 U.S.C. 1125(c)(4)(B) (Supp. I 1996). Also called the ‘bright line’ exceptions.

105 109 F.3d 1394 (9th Cir. 1997)

children's author Dr Seuss brought a suit against the defendant's book about the infamous double-murder trial of O.J. Simpson. The book was written as a parody in the distinct style of the Dr. Seuss books, because the *Dr. Seuss Enterprises* court held that marketing, selling, and advertising a literary parody is non-commercial and, thus, exempt from application of the FTDA, the case did little to analyze any First Amendment claims under the Act.¹⁰⁶

3.4 Parody under the *Lanham Act*

The *Lanham Act* deals with deception and confusion and is not directly dealing with dilution, though deception and confusion might in some instances have an effect on dilution.

Where the use of the senior trade mark by the junior mark causes no (likely) confusion to the public, there would be no action under federal trade mark infringement and unfair competition statutes. The FTDA offers protection against a parody causing dilution. However, the FTDA may not protect a commercial trade mark parody (even though the First Amendment would). Herein lies the problem.

In order to establish a case for trade mark infringement, the plaintiff must prove that the public consumers are likely to be confused¹⁰⁷ as to the source of the goods. The likelihood of confusion standard is determined by eight (Polaroid) factors.¹⁰⁸ It should be stressed that the Polaroid factors deal with deception and confusion and not with dilution. These factors are:

1. Strength of plaintiff's trade mark

This will link the trade mark of goods sold under it to a particular source. For example, a Levis' denim jacket or T-shirt will be linked to the source, Levis Strauss & Co. The stronger the mark that is parodied, the more likely the public will be confused. This factor often betrays parodists because often strong trade marks are used as targets.

2. Similarity of the trade marks

The purchasing public's impression is of paramount importance. If the court determines that a similar mark is likely to confuse the public, this will weigh against the parodist.¹⁰⁹ A successful trade mark parody must make the viewer realize what it was poking fun at.¹¹⁰

106 Pearson: 1997:1014.

107 The 'likelihood of confusion' test.

108 The so-called Polaroid factors, as determined in *Polaroid, Inc. v Polaroid Electronics Corp, Inc.* 287 F.2d 492 (2nd Cir. 1961).

109 In *Mutual of Omaha Insurance Co. v Novak* 836 F.2d 397 (8th Cir. 1987), the court found that because the defendant used a 'virtually identical' mark, logo and name, this factor weighed in the plaintiff's favour.

110 Pearson 1997:1007. Because a parody typically differs from the original in such ridiculous ways, the consumer is not likely to associate it with the trade mark owner.

3. Proximity of the products

The main question is whether the products compete with each other or not. The courts may also consider the medium and manner of sale of the products and the target markets.¹¹¹ According to Myers,¹¹² this factor ordinarily favours the parodist. However, the facts in *Mutual of Omaha Insurance Co v Novak*¹¹³ are a parodist's nightmare because the plaintiff was not only an insurance company but it sold novelty items such as mugs and T-shirts too. However, these items were purely promotional.

4. Likelihood that senior user will market similar products as junior user

*Gucci Shops, Inc. v R.H. Macy & Co.*¹¹⁴ was one of the few cases in which a court found a parodic use on a product to occur within the scope of products that the senior user would most likely consider marketing. Gucci involved a parody of the senior user's 'Gucci' mark when the defendant placed a 'Gucchi Goo' mark on diaper bags. The court noted that diaper bags are very similar to the many handbags and totes sold by Gucci, a producer known for its high priced fashion accessories, and that the public could conclude that the diaper bags were within an expanded line of Gucci products.

5. Actual confusion

If the plaintiff could prove actual confusion to the public it would help to establish likelihood of confusion.

6. Parodist's intent

This factor determines if the defendant acted *bona fides* or *mala fides* in considering whether he intended to exploit the plaintiff's goodwill. This bad faith intent pertains to the intent to confuse and not necessarily the intent to disparage.¹¹⁵

7. Quality of defendant's product

If the parodist's product is inferior to that of the plaintiff, or greater likelihood of confusion may exist in that consumers are more likely to assume that the plaintiff distributed the inferior product.

8. Sophistication of buyers.

Courts look at the ordinary purchaser under normal market conditions.¹¹⁶ The more expensive a product, the more prudent the typical consumer is expected to be. Furthermore the sophistication of buyers is dependent on the goods being marketed.

111 See *Cliff's Notes, Inc. v Bantam Doubleday Dell Publishing Group, Inc.* 718 F. Supp. 886 F.2d 490 (2nd Cir. 1989).

112 1996:196. "When a T-shirt maker parodies an insurance company, no-one would expect him to sell insurance as well".

113 836 F.2d 397 (8th Cir. 1987)

114 446 F. Supp. 838 (S.D.N.Y. 1977). The court granted an injunction against the use of the "Gucchi Goo" mark on diaper bags because it infringed the 'Gucci' trade mark for handbags).

115 Therefore, in *Pillsbury Co. v Milky Way Productions, Inc.* 215 U.S.P.Q. 124 (N.D. Ga 1981), Milky Way's parody was found not to have bad faith intent, even though it intentionally singled out the dough-boy mark in its lewd sexual parody.

116 Pearson 1997:1011.

3.5 *Campbell v Acuff-Rose Music, Inc.*

In the *Laugh It Off* case the *amicus curiae*, FXI, referred to the above case and argued that the same test should be applied as in the *Campbell v Acuff-Rose* case.

*Campbell v Acuff-Rose Music, Inc*¹¹⁷ (hereinafter *Campbell v Acuff-Rose*) involves an important copyright case pertaining to commercial parody, which will be used to analyse several thorny issues faced in trade mark parody cases. A well-known song, 'Oh Pretty Woman' by Roy Orbison, written by himself and William Dees in 1964 was made the subject of a satire¹¹⁸ by rap group 2 Live Crew. Orbison and Dees assigned their rights in the song to Acuff-Rose Music, Inc. which had it registered for copy right protection. Luther R. Campbell, a member of 2 Live Crew wrote the satirical song 'Pretty Woman'. 2 Live Crew's manager sent a copy of the song to Acuff-Rose, Orbison and Dees,¹¹⁹ seeking permission to proceed. The manager offered to give full credit and pay a fee for the song. The request was denied. 2 Live Crew, having the choice to abandon the parody or proceed and face a possible lawsuit, chose to proceed. Almost a year after the band's successful album release, Acuff-Rose brought a suit against 2 Live Crew's record company Luke Skywalker Records for infringement of its federal copyright. This brought to light the consideration of parody as *fair use*.¹²⁰

The lower court granted the defendant's application for summary judgement based on the fair use defence. The court held that the defendant's use of the parody was successful.¹²¹ Furthermore the court rejected the argument that 2 Live Crew's commercial purpose precluded the fair use defence as it was unlikely that 2 Live Crew's parody would affect the market for the original song.¹²² The Sixth Circuit Court of Appeals reversed the court's *quo's* decision because the defendants had taken the 'heart of the work' and proceeded to damage the original based on the commercial nature of the parody.¹²³ The Supreme Court held, firstly that 2 Live Crew did infringe the copyright and then proceeded to evaluate the 'fair use' doctrine.¹²⁴ The court also held that 2 Live Crew's parody was of a highly transformative¹²⁵ nature and in this instance parody is a protected form of use. If a work is borrowed from to avoid creating a new work as opposed to borrowing from the work for humorous intent, no fair use may be established by the defendant. The court then went on to analyse various other facets of the fair use doctrine and ruled in favour of the applicant (Campbell).

117 510 U.S. 569 (1994).

118 They were clearly not impressed. See Myers 1996:184.

119 In this case the song is both referred to as a satire and a parody.

120 Myers 1996:184.

121 The song used no more than was necessary of the original to conjure up the original and substituted predictable lyrics with shocking ones to show how bland the original song is — Myers 1996:185.

122 *Campbell v Acuff-Rose*, 510 U.S. at 573.

123 *Campbell v Acuff-Rose*, 510 U.S. at 574.

124 To determine this, the court examined the purpose and character of the use, including whether such use is of a commercial nature or for a non-profit educational purpose — See *Campbell v Acuff-Rose*, 510 U.S. at 578.

125 Therefore, other factors (e.g. commercialism) will be of less value — See *Campbell v Acuff-Rose*, 510 U.S. at 579.

Campbell v Acuff-Rose presents conceptual problems similar to those in trade mark parody cases. Both copyright and trade mark law share the troublesome task of delineating boundaries with respect to the protection of creative expression in copy right law, and the protection of commercial goodwill in trade mark law.¹²⁶ Several important lessons¹²⁷ can be learned from the court's analysis of *Campbell v Acuff-Rose* according to Myers.¹²⁸

Firstly, regarding the strength of a plaintiff's trade mark, *Campbell v Acuff-Rose* instructs against giving too much weight to this factor in parody cases. This is because the parodist will most probably target a strong trade mark.

Secondly, *Campbell v Acuff-Rose* adopted a more careful assessment of the similarity between the plaintiff's copy right and the defendant's parody. Courts in trade mark cases should still continue to determine the similarity between the original work and the parody but with an appropriate measure of consideration for the parodist's need to draw attention to the original.¹²⁹ If the parodist used more than was needed from the original, this may weigh against him.

Thirdly, regarding the competitive proximity of products, *Campbell v Acuff-Rose* asserted that where a parodic product appears in the same market as the original it is more likely to draw sales away from that product. According to Myers,¹³⁰ the seller of a bag parodying a trade mark used in the sale of bags would be more likely to generate confusion than a T-shirt parodying an insurance company or beer product.

A further point brought out in *Campbell v Acuff-Rose* stresses that unnecessary weight should not be given to a parodist's commercial purpose. According to *Campbell v Acuff-Rose*, most parodies involve at least some commercial element.¹³¹ This is a likely and desirable character in free market economies and does not necessarily establish bad faith.

The fifth factor examined is the 'actual confusion' factor. The plaintiff bears the onus to prove this and the courts should carefully scrutinize the plaintiff's evidence.¹³² *Campbell v Acuff-Rose* does not address this issue in the copy right context but rather focuses on 'remediable displacement' and 'unremediable displacement'.¹³³

The sixth lesson in *Campbell v Acuff-Rose* pertains to the assessment of the quality of the defendant's product. The rule is that if the defendant's product is inferior in quality, courts infer that the defendant tried to trade on the plaintiff's good name and high quality trade mark. *Campbell v Acuff-Rose* warns against a mere qualitative evaluation of the parody itself.¹³⁴ In evaluating the 'quality' of a parodist's product in trade mark law, a subjective assessment of humour

126 Myers 1996: 204.

127 These pertain to the Polaroid factors which examine the 'likelihood of confusion'.

128 Myers 1996:204.

129 Myers 1996:205.

130 Myers 1996:206.

131 510 U.S. at 584.

132 Myers 1996:207.

133 *Campbell v Acuff-Rose* 510 U.S. at 592.

134 *Campbell v Acuff-Rose* 510 U.S. at 582-583.

of the parody should be avoided. If one examines the various cases mentioned above, e.g. *Coca Cola Co. v Gemini Rising, Inc.*,¹³⁵ an assessment of the message has influenced many of the outcomes of the cases. Offensive, unamusing or objectionable parodies often weigh against the parodist. *Campbell v Acuff-Rose* maintains a protective view of parodies.

The seventh relevant factor is the sophistication of buyers and the care with which they make a particular purchase. Courts have often stated that parodists should place a notice (disclaimer) on their products to warn prospective buyers,¹³⁶ but *Campbell v Acuff-Rose* states that parody serves its goals whether labelled or not and needn't state the obvious.¹³⁷

Lastly, *Campbell v Acuff-Rose* brings into question the 'fair use' doctrine and the commercial¹³⁸ motivation of a copyright.

4. Commentary on *Laugh It Off v SAB* in the light of the American perspectives

To establish a case of trade mark dilution in South African law, section 34(1)(c) of the *Trade Marks Act*¹³⁹ provides the requirements to be met. *Laugh It Off v SAB* is a case of dilution via tarnishment in that it has been held that the unfavourable associations are drawn about SAB as a result of the appellant's parody. The only factor in question is factor (g)¹⁴⁰ of the elements needed to prove trade mark infringement, i.e. 'if such use would be likely to take unfair advantage of, or be detrimental to the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception'.¹⁴¹

It is apparent that even if no confusion or deception is present, the plaintiff's use of the trade mark must take unfair advantage of or be detrimental to the distinctive character or repute of the trade mark. In contradistinction to our law, the American position requires that the likelihood of confusion be established in order to proceed with an action for trade mark infringement.

In the *Laugh It Off* case the issue in dispute was dilution. However had SAB argued confusion or deception, then the Polaroid factors could have been used. Since the appellant averred that the respondent made no case in the Supreme Court of Appeal that the "Black Labour" illustration was likely to cause any amongst the purchasing public as to the origin of the T-shirts",¹⁴² a brief overview of the eight Polaroid factors of the 'likelihood of confusion' test, found in American law, will be sketched.

135 346 F. Supp. 1183 (E.D.N.Y.).

136 *Mutual of Omaha v Novak, Inc.* 836 F.2d at 401.

137 *Campbell v Acuff-Rose* 510 U.S. at 583.

138 See above under the fourth point.

139 194 of 1993.

140 Section 34(1)(c).

141 Section 34(1)(c).

142 Appellant's Heads of Argument 2004:4, case no 242/2003.

1. Strength of the plaintiff's mark

SAB has a strong trade mark with an established reputation in South Africa and a large budget to advertise products bearing the Black Label trade mark.¹⁴³ The copyright case *Campbell v Acuff-Rose Music, Inc.*¹⁴⁴ advises against giving too much weight to this factor since parodists usually target strong trade marks.

2. Similarity of the trade marks

It is submitted that the purchasing public would not confuse the T-shirts with SAB as the source, given the tongue-in-cheek nature of the message. It should be obvious to the normal prudent buyer that the T-shirt is aimed at poking fun or relating a particular message.¹⁴⁵ Courts must also take heed of the parodist's need to draw attention to the original.

3. Proximity of the products

SAB may also market T-shirts (as was the case in *Mutual of Omaha Insurance Co. v Novak*¹⁴⁶) but these items will undoubtedly be promotional and will most likely not be a marketed line intended to derive an income. Furthermore, unnecessary weight should not be given to the parodist's *commercial purpose*.¹⁴⁷ SAB asserts that without the SAB mark, the appellant's T-shirt would not sell.¹⁴⁸

4. Likelihood that senior user will market similar products as junior user

As stated above, it is unlikely that SAB will market humorous T-shirts in the future, in a similar vein as Laugh It Off.

5. Actual confusion

It is not a pre-requisite that the plaintiff establish actual confusion as opposed to likely confusion, in American law. It is unlikely that consumers or the general public would actually believe the appellant's products to be those of SAB. However, Myers¹⁴⁹ asserts that the plaintiff bears this onus and the courts should carefully scrutinize the evidence procured.

6. Parodists intent

Mala fides must be established with regard to the intent to confuse and not necessarily the intent to ridicule or lambaste. It is unlikely that Laugh It Off intended to confuse the public as to the source of the T-shirts. If anything, the intent would be for the public to associate such T-shirts with their fledgling business.

143 Respondents Heads of Argument 2004:4, case no 242/2003.

144 510 U.S. 569(1994).

145 Even if the exact target of the message cannot be distinguished.

146 836 F.2d 397 (8th Cir. 1987).

147 *Campbell v Acuff-Rose Music, Inc.* 510 U.S. at 592 states that most parodies involve at least some commercial element.

148 See Heads of Argument 2004: 27, case no 242/2003.

149 Meyers 1996:207.

7. Quality of defendant's product

Laugh It Off's product is so substantially different from SAB's that the two cannot be compared as far as quality is concerned. A subjective assessment of the 'quality' of the parodist's humour should be avoided.

8. Sophistication of buyers

According to *Campbell v Acuff-Rose*¹⁵⁰ a parody needn't be labelled to serve its goals. So too, Laugh It Off needn't have to place a disclaimer on its T-shirts proclaiming them to be their own, so as to facilitate the choice made by consumers.

Evaluating these factors, it would appear that factors 1-6 and 8 weigh in favour of Laugh It Off as far as the 'likelihood of confusion' test is concerned. If SAB had provided sufficient and suitable evidence of actual confusion (factor 5) and since the quality of the parody (factor 7) was in fact assessed to be objectionable,¹⁵¹ these two factors would weigh against Laugh It Off.

The United States has faced many cases on commercial trade mark parody whilst this is a fairly new area in our law — particularly the constitutional impact on trade mark infringements and parody. It is advisable to consider U.S. court decisions since they have successfully waded through the teething stages of the problem at hand.¹⁵²

There will always be a reluctance to expose statutorily established rights (such as those enjoyed under the *Trade Marks Act*¹⁵³) to the scrutiny of lesser known interpretative rights (such as that of free expression¹⁵⁴) for fear of a 'floodgate' response. The United States has a longstanding protection of freedom of expression under the First Amendment and has two statutes offering trade mark protection — the *Lanham Act*¹⁵⁵ and the FTDA.¹⁵⁶

An applicable American case in point is that of *Mattel, Inc. v Walking Mountains Productions*.¹⁵⁷ The defendant parodied the lifestyle represented by Barbie dolls by placing the doll in everyday situations, but showing how unintelligent, incompetent and superficially beautiful she is. It is a critique of the objectification of women, questioning the beauty myth and social acceptance of women as objects. The court found in favour of the defendant in terms of the First Amendment, despite the obvious mockery and disrepute brought to the Barbie doll.

In *Laugh It Off v SAB*, it cannot be conclusively established that SAB was the exact target of the message. Despite Nurse changing his initial statement

150 510 U.S. at 583.

151 See judgements by Harms, JA at 13-14. Downloaded on 30 November 2004 from www.uovs.ac.za/fac/law/appeal/files/2004/3/360Laugh%20It%20Off.pdf.

152 Harms, JA gives considerable weight to Canadian, German and English decisions. See above at pages 6, 8, 9, 13, 16, 17, 19, 22, 23 of his judgement.

153 194 of 1993.

154 Section 16 of the *Constitution Act* 108/1996.

155 Title 15 of U.S.C. 1946.

156 15 U.S.C. § 1125(c) (Supp. I 1996) Although our legislation on trade marks differs in some aspects, there are several lessons to be learned from the U.S. position.

157 U.S. Court of Appeals 9th Cir. Reference not obtained.

to one targeting SAB's labour practices, one can infer that it was probably done so on legal instruction and in an attempt to fit into a neat, legally acceptable definition of 'parody' and to thereby side-step legal repercussions.

The lay-public will in general have no knowledge of what is specifically viable in law and what is not. The above attempt to rearrange the definition of the use and provide an acceptable explanation of the message can in itself be seen as a curtailment of the freedom of expression. It is submitted that whether SAB or 'whites' in general were targeted, Laugh It Off has a valid right to artistic creativity and the public has a right to receive such information¹⁵⁸ (this is not to say that those who infringe valid trademarks for competitive and especially commercial competitive purposes should not be called to book).

Laugh It Off's message should be seen in the light of the country's political history. Sensitivity on the part of SAB regarding the discriminatory connotations is understandable — no company today would like to be associated, now or in the past with racially discriminatory practices. A society that shuns humour on its most sensitive subjects (if done intelligently) is clearly very far from the healing and progression phase. In the Supreme Court Harms, JA suggests that the message of the T-shirt be interpreted through the eyes of the purchaser as well as those exposed to the purchaser's attire.¹⁵⁹ The rights of purchasers of the T-shirts (what do they do with the T-shirt now?) and potential purchasers to receive information as laid out in section 16(1)¹⁶⁰ have been infringed. Extending the interpretation of the message beyond that of consumers and potential consumers to the general public is unacceptable. One could ask the 'general public' what they think of, for instance women wearing a certain type of outfit in the workplace, or teenagers sporting Mohawks and dark make up, and it would have no bearing on the individual's choice (or penchant for a particular season's fashion for that matter). It only encroaches upon the general public if the message received is *generally* offensive or otherwise derogatory. A T-shirt procuring violence against infants or sexual domination of women can be construed to be 'generally' offensive — but still the individual wearing it would at least have the right to explain himself or wear the garment in the privacy of his own home. In this case, the message is offensive to SAB only and cannot be said to offend the public at large.

Mulberg¹⁶¹ suggests that in assuming that people who see the T-shirt will draw a negative connotation of SAB, presumes that the public is fairly naïve. The American courts have progressively changed their position on commercial trade mark parodies over the years, from *Coca Cola Company v Gemini Rising, Inc.*¹⁶² to *Playtex, Inc v Georgia Pacific, Inc.*,¹⁶³ and beyond.

158 Section 16(1) of the *Constitution*.

159 Judgement by Harms JA. See 2005(2) SA 46 (SCA) at 58: E.

160 of the *Constitution*, Act 108/1996.

161 SAB should Laugh it Off — downloaded 1 December 2004 from www.marketingweb.co.za/news.

162 346 F. Supp. 1183 (1972).

163 2003 67 U.S.P.Q. 2d (BNA) 1923 — downloaded 12 October 2004 from www.lexisnexis.com.

The Supreme Court targeted Laugh It Off for its 'predatory intent'.¹⁶⁴ As pointed out earlier, the commercial nature of the parody should not weigh against Laugh It Off since not many institutions parody subjects for no monetary gain.¹⁶⁵ The Constitutional Court saw the lighter side of the T-shirt and not the predator.

5. Conclusion

As intellectual property, registered trade marks deserve the protection of the law. A careful balancing act between property rights and fundamental freedoms must be performed to determine if one outweighs the other.

Famous trade marks, like celebrities, have established certain associations in consumer's minds and for both the protection of these consumers and sociological¹⁶⁶ reasons, these associations must be open to comment. In order to effectively criticize or comment on society, parodists (and satirists) need access to images and works that mean something to people. SAB's Black Label is a beer many South Africans recognise, even from post-apartheid years.

Just as forbidding the use of celebrity names in communication is intolerable because of the resulting restriction on ideas, so too intangible trade marks should be exposed to attack by parodies that comment on ideas and values.¹⁶⁷ Trade marks, unlike celebrities, lack the 'human dignity' aspect and this tilts the balance even more in the parodist's favour. Not enough credit has been given to the wearers of the Laugh It Off T-shirts: to proudly embrace the historical past with a sense of humour and forgiveness should not go unnoticed. What, if any, are the consumer's rights in this case?

Furthermore it is submitted that the issue at stake is not that SAB is directly associated with the message, but rather that its mark was utilized to deliver a particular message. This interpretation still does not pardon Laugh It Off of all blame, but shifts the interpretation of factor (g) of section 34(1)(c)¹⁶⁸ slightly.

The Constitutional Court interpreted the message entirely differently, examining the right to freedom of speech and seeing the humour in the message without addressing the issue of parody.

The position of parody in South African trade mark law desperately needs to have a last laugh, once and for all.

164 2005(2) SA 46 (SCA) at 61:C.

165 See *Campbell v Acuff-Rose* 510 U.S. at 584.

166 Pearson 1997:1021.

167 As done so by Laugh It Off.

168 Act 194 of 1993.

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