HOW TO TELL A TAKE-OFF FROM A RIP-OFF:[1] TRADE MARK PARODY AND FREEDOM OF EXPRESSION IN SOUTH AFRICA

I INTRODUCTION

The recent Constitutional Court decision in *Laugh it Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International*[2] presented the South African judiciary with a unique and novel challenge. This challenge involved the intersection between the constitutional right to freedom of expression, as provided for in s 16 of the Constitution of the Republic of South Africa, 1996 and the protection of intellectual property rights in terms of s 34(1)(c) of the Trade Mark Act 194 of 1993. [3] The case highlighted the legal consequences of and issues relating to a phenomenon which has received little, if any, attention in our courts: trade mark parody.

II BACKGROUND

The case originated in the Cape High Court where the respondent[4] brought an application for an interdict prohibiting the applicant from the alleged unauthorised use of the respondent's registered trade mark in the course of trading T-shirts.[5] On these T-shirts, the words 'BLACK LABEL' (as they appeared on the respondent's registered trade mark) had been replaced by the words 'BLACK LABOUR'. The words 'CARLING' and 'BEER' above and below the respondent's mark had been replaced by the words 'WHITE' and 'GUILT' respectively. The words at the top of the trade mark, namely 'AMERICA'S LUSTY, LIVELY BEER', had on the T-shirts been replaced by 'AFRICA'S LUSTY, LIVELY EXPLOITATION SINCE 1652'. Finally, the words 'BREWED IN SOUTH AFRICA' at the foot of the trade mark had been replaced by 'NO REGARD GIVEN WORLDWIDE'.

The only point in dispute was whether the mark used by the applicant had indeed taken unfair advantage of, or was detrimental to, the repute of the Carling Black Label trade mark.[6] On behalf of the applicant it was

1 This phrase was taken from the judgment of Manion J in *Nike Inc v Just Did It Enterprises* 6 F 3d 1225 para 7.
2 2006 (1) SA 144 (CC).
3 This section provides that, in order to prove infringement of its trade mark, the trade mark owner must prove: (1) that the mark is well known in the Republic; (2) that the applicant had used the mark 'in the course of trade', and (3) that the mark used by the applicant would take unfair advantage of, or be detrimental to, the repute of the registered trade mark.
4 The respondent in the Constitutional Court decision was the respondent in the Supreme Court of Appeal and the applicant in the Cape High Court decision. The appellant (Laugh it Off Promotions CC) in the Constitutional Court decision was the appellant in the Supreme Court of Appeal and the respondent in the High Court decision. For purposes of consistency, I will refer to the parties as they were in the Constitutional Court decision.
5 *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C).
6 Ibid para 9.

argued that the trade mark had not been infringed. This, it was submitted, was firstly because the likelihood of detriment to the reputation of the mark had not been established by the trade mark owner. Secondly, the applicant argued that even if such likelihood of detriment had been established, the use of this mark constituted an exercise of the applicant's right to freedom of expression as provided for in s 16 of the Constitution.[7]

The court of first instance (Cleaver J in the Cape High Court) rejected the arguments advanced by the applicant and granted the interdict, finding that the infringement did not impinge on the applicant's right to freedom of expression as guaranteed by s 16, since it amounted to lampooning which bordered on hate speech.[8]

The matter was subsequently brought before the Supreme Court of Appeal, where the applicant appealed against the judgment of the Cape High Court.[9] The Court dismissed the appeal. Harms JA delivered the judgment for the court and found that the message on the T-shirts did, indeed, carry a likelihood of material detriment to the distinctive character of the registered trade mark. The Court also rejected the second part of the applicant's argument, which was based on the defence of freedom of expression. Rather than a mere parody which makes fun of the registered trade mark, the Supreme Court of Appeal found that the applicant's use of the trade mark invoked a race factor which should be avoided given South Africa's history of racial oppression.[10]

The applicant was granted leave to appeal to the Constitutional Court. The unanimous judgment was delivered by Moseneke J. The Court upheld the appeal on the basis that the respondent had failed to prove that the applicant had infringed the trade mark. It found that s 34(1)(c) clearly required proof of material harm to the trade mark owner, and concluded that the respondent had failed to adequately present such proof.[11]

The supplementary concurring judgment of Sachs J is of particular significance for the fledgling debate on the proper analysis of trade mark parody in the South African constitutional order. In the first instance the judgment provides a thorough analysis of the nature of trade mark parody as a form of expression. In the second instance, Sachs J sets out a number of guidelines which may be of valuable assistance in any future endeavour involving the balancing of constitutional considerations with commercial interests in the context of trade mark parody.

7 Ibid para 16.
8 Ibid para 18.
9 *South African Breweries International (Finance) BV t/a Sabmark International, Laugh It Off Promotions CC* 2005 (2) SA 46 (SCA).
10 Ibid para 41.
11 *Laugh it Off* (CC) (note 2 above) para 66.

III Trade Mark Dilution

Trade marks form an integral part of the modern consumer-oriented society and serve a number of functions. Traditionally, the function of a trade mark was primarily to indicate the source of a product or goods. It later also acquired the function of guaranteeing the consistency of a certain product.[12] In modern society the advertising function of a trade mark is seen as the most important aspect of its economic value.[13]

In its most basic form, a trade mark is a 'silent salesman' — it conveys the desirability of the commodity upon which it appears. A trade mark provides a 'merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants'.[14]

In the present context the trade mark infringement occurred by what has become known as dilution.[15] Section 34(1)(c) of the Act introduced dilution as a particular species of trade mark infringement in South Africa. Dilution occurs when the distinctive quality of a trade mark is lessened by its use on a product which is not similar to the original product.[16] It is possible to discern two categories or dilution: blurring and tarnishing. Both forms of dilution reduce the value of the trade mark to its owner by undermining its selling power. Blurring occurs when the unique and distinctive nature of the trade mark is eroded by the use of the trade mark in relation to other non-competing goods. When a trade mark is used on the products of an infringer, in the eyes of consumers it may result in a weakening of the trade mark's distinctiveness and their ability to distinguish the source.[17] Where, for example, the well-known Toyota trade mark is used to sell headache tablets, the trade mark is used in a manner that dilutes the strength of the Toyota mark through blurring.[18] Tarnishing, on the other hand, takes place when potentially damaging connotations arise between the registered trade mark and the infringer's mark. The positive associations which exist in the mind of the consumer are degraded and the mark is tainted by its association with something inappropriate.

In the present case the respondent alleged that the T-shirts sold by the

12 KL Baxter 'Trademark Parody: How to Balance the Lanham Act with the First Amendment' (2004) *Santa Clara LR* 1179, 1181. This function of trade marks was acknowledged by the High Court in *Triomed (Pty) Ltd v Beecham Group plc* 2001 (2) SA 522 (T).

13 B Rutherford 'Misappropriation of the Advertising Value of Trade Marks, Trade Names and Service Marks' (1990) *SA Merc LJ* 151.

14 Frankfurter J in *Mishawaka Rubber v Woolen Manufacturers Co* 316 US 203, 205, quoted in K Levy 'Trademark Parody: a Conflict between Constitutional and Intellectual Property Interests' (2001) *George Washington LR* 425.

15 Frank Scheckler is credited with formulating the concept of dilution. See F Scheckler 'The Rational Basis of Trademark Protection' (1927) *Harvard LR* 813.

16 Ibid 825–826.

17 Baxter (note 12 above) 1184.

18 Ibid. See also N Dopson 'The Federal Trademark Dilution Act and its Effect of Parody: No Laughing Matter' (1998) 5 *J of Intellectual Property Law* 539, 544.

applicant had amounted to dilution by tarnishing.[19] The basis of this argument was that the T-shirts sent out a message to the public that the respondent exploits black labour and unethically feeds off the legacy of apartheid. In this sense, it was submitted, the respondent's capacity to stimulate the consumer's desire to buy the product was impaired.[20]

IV PARODY

Parody is a unique style of expression by which an author seeks to express his ideas through humour.[21] It can be defined as 'the transformative use of a well-known work for purposes of satirising, ridiculing, critiquing or commenting on the original work, as opposed to merely alluding to the original to draw attention to the later work'.[22]

(a) The problem with trade mark parody

A number of characteristics[23] of parody as a form of expression make it potentially problematic in the context of intellectual property. Firstly, the intellectual property of another party is used as the platform of the parodist's humour. In the case of a trade mark, the possibility arises that the trade mark owner may challenge the parody on the basis that it diminishes the value and worth of the trade mark. A second aspect which poses difficulty lies in the paradoxical relationship between the original trade mark and the parody. Kotler explains this relationship as follows:

> [I]f the parody does not take enough from the original trade mark, the audience will not be able to recognise the trade mark and therefore not be able to understand the humour. Conversely, if the parody takes too much it could be considered infringing, regardless of how funny the parody is.[24]

In this sense the trade mark is 'turned against itself': the parodist draws attention to the original trade mark and presumes its authority, and makes the consumer an accomplice in the creation of the parody relying on their ability to recognise the original work. Parody has the distinct ability to maintain both closeness to and distance from the original work. This ability enables it to create a new image which attaches to the parody, while at the same time reinforcing the association with the original work (the trade mark).[25]

From the discussion above it should be clear that all parodies involve

19 *Laugh it Off* (C) (note 5 above) para 15.
20 *Laugh it Off* (CC) (note 2 above) para 20.
21 Dopson (note 18 above) 540.
22 *Black's Law Dictionary* 8th ed (2004) sv 'parody'.
23 Kotler mentions a number of basic characteristics of trade mark parody. See J Kotler 'Trademark Parody, Judicial Confusion and the Unlikelihood of Fair Use' (1999-2000) 14 *Intellectual Property J* 219, 221.
24 Ibid 222.
25 E Gredley & S Maniatis 'Parody: A Fatal Attraction?' (1997) *European Intellectual Property Review* 412.

expression. Where the object of the parody is a registered trade mark, the parodist's constitutional right to freedom of expression may come into conflict with the intellectual property rights of the trade mark owner.[26] The judgment of Sachs J highlights the importance of delicately balancing convergent interests[27] rather than viewing this matter strictly within the confines of trade mark infringement. It should be commended for its context-based approach to this complex issue, and specifically for the useful discussion of the manner in which the balancing exercise should be performed.

(b) Getting the balance right

The first aspect which may, according to Sachs J, may play a role in this balancing exercise is the question whether the parody involves commercial or non-commercial expression.[28]

In the United States a distinction is drawn between the levels of protection afforded to commercial and non-commercial expression. Political expression receives the highest level of protection while commercial expression is only given an intermediate level of protection.[29] In the same vein, politically-motivated trade mark parody enjoys the highest level of protection against trade mark infringement.[30] The same can be said of parody which is used for purely artistic and editorial purposes.

The distinction between commercial and non-commercial expression for purposes of defining levels of constitutional protection is problematic in the present context.[31] This is because almost every trade mark parody involves some form of commercial expression.[32] It has been said that 'no man but a blockhead ever wrote, except for money'.[33]

Sachs J rejects an analysis which focuses on the distinction between

26 Levy (note 14 above) 451.

27 These interests include the value of humorous social commentary, the value of artistic expression, the parodist's right to ridicule the trade mark, the trade mark owner's desire to maintain a positive image of the trade mark, and public policy interests of discouraging 'freeloading' on the owner's investment. Kotler (note 23 above) 220.

28 In *City of Cape Town v Ad Outpost (Pty) Ltd* 2000 2000 (2) SA 733 (C) the Court confirmed that commercial speech was not less worthy of protection than other categories of speech and that it was not per se less deserving of constitutional recognition than political or artistic speech.

29 G Skoch 'Commercial Trade Mark Parody: A Creative Device worth Protecting' (1999) *Kansas J of Law & Public Policy* 357, 361

30 The facts of *Mutual of Omaha Insurance v Novak* 836 F 2d 397 provides an example of political speech in the trade mark parody context. Novak sold t-shirts, caps, buttons and mugs mocking the plaintiff's trade mark in order to protest against nuclear weapons.

31 For a discussion regarding commercial speech in South Africa, see S Nel 'Freedom of Commercial Speech: Evaluating the Ban on Advertising of Legal Products Such as Tobacco' (2004) 37 *CILSA* 65.

32 Skoch (note 29 above) 361.

33 This statement is attributed to Samuel Jackson and quoted with approval by Sachs J in *Laugh it Off* (CC) para 84.

commercial and non-commercial expression. In his view, a trade mark parody should not be excluded from constitutional protection simply because it has a commercial element.[34] Rather, he advocates an approach which examines whether the expressive activity is primarily communicative or primarily commercial. As such, the commercial element of the parody may be a factor which should be taken into account in the balancing exercise, but should not in and of itself be determinative.[35]

Sachs J also considers the means used to convey the parodist's message as a significant factor in determining whether the specific parody should be protected. How relevant, in the present case, is the fact that Laugh it Off could possibly have used some means other than the T-shirts containing the parody of SAB's trade mark to get their message across? SAB argued before the Supreme Court of Appeal that the availability of adequate alternative means of conveying the parodist's message played a determinative role. Sachs J rejected this argument on the basis that it will always be possible to identify a more direct, though less, convincing, way of getting the message across. Given, however, the vital role of branding in our consumer-driven society, it may well be that the medium used is so intertwined with the very nature of the parody that the medium *is* the message.[36]

A final factor mentioned by Sachs J which may be useful in performing the balancing exercise, relates to the question whether a trade mark parody should be afforded less protection if it is of an unsavoury nature. Both Canadian and American courts have tended to give less protection to parodies that treat the trade mark in question in an offensive or distasteful manner. Sachs J makes it clear that a court should not base its decision whether or not to protect trade mark parody as a form of speech on whether the parody is, in its view, in good taste or not.[37]

34 There seems to be a growing recognition amongst commentators of the fact that this strict distinction is not conducive to achieving a coherent analytical framework for the resolution of trade mark parody issues. See Levy (note 14 above) 451; Baxter (note 12 above) 1206.

35 *Laugh it Off* (CC) (note 2 above) para 84–85. Because the legal landscape surrounding trade mark parody is of recent vintage in South Africa, there is always the temptation to rely on the experience in other jurisdictions where the issue has more frequently been the subject of judicial scrutiny. Freedom of expression jurisprudence in this country has, however, developed along different lines than has been the case in other countries, for instance, in the United States of America. Sachs J's judgment indicates clearly the importance of keeping in mind the South African context in adjudicating trade mark parody cases.

36 *Laugh it Off* (CC) (note 2 above) para 86: '. . . the more the trade mark itself is both directly the target and the instrument, the more justifiable will its parodic incorporation will be. Conversely, the more the trade mark is used in arbitrary fashion and simply as a mere attention-seeking device for the lazy or the deceitful, the less justifiable it will be.'

37 Ibid. At para 88 Sachs J quotes with approval the approach followed by the US Supreme Court in *Luther Campbell aka Luke Skywalker et al, Petitioners v Acuff-Rose Music, Inc* 510 US 569 (1994) 599, where it was said that 'First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed'.

V CONCLUSION

The judgments of the Cape High Court and the Supreme Court of Appeal in the *Laugh it Off* case, as well as the majority judgment of Moseneke J,[38] dealt with the issue of trade mark parody strictly within the confines of s 34(1)(c) of the Act. Sachs J's broader analysis of the issue, which locates the problem of trade mark parody within the framework of freedom of expression, is to be welcomed. We live in an era where trade marks have become icons and where brand images are promoted by trade mark owners as symbols of social and cultural values. The approach followed in Sachs J's judgment recognises the complex nature of trade mark parody as a form of social commentary and makes a valuable contribution to the constitutional jurisprudence on freedom of expression rights in South Africa.

THEA ILLSLEY
Senior Lecturer, Faculty of Law
University of Pretoria

38 *Laugh it Off* (CC) (note 2 above) para 66.