

CONSTITUTIONAL COURT OF SOUTH AFRICA

Case CCT 42/04

LAUGH IT OFF PROMOTIONS CC

Applicant

versus

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

Respondent

and

FREEDOM OF EXPRESSION INSTITUTE

Amicus Curiae

Heard on : 8 March 2005

Decided on : 27 May 2005

JUDGMENT

MOSENEKE J:

Introduction

[1] This case brings to the fore the novel, and rather vexed, matter of the proper interface between the guarantee of free expression enshrined in section 16(1)¹ of the Constitution and the protection of intellectual property rights attaching to registered trade marks as envisaged by section 34(1)(c)² of the Trade Marks Act 194 of 1993

¹ See para 2 of this judgment.

² See para 3 below.

(the Act) and consequently to related marketing brands. The issue confronts us in the context of an application for leave to appeal against the whole of the judgment and order of the Supreme Court of Appeal (SCA).³ The SCA upheld the decision but amended the final interdict granted against the applicant by the Cape High Court (High Court).⁴ In its essence, the interdict prohibits the applicant from infringing specified registered trade marks of the respondent by using them without permission and in the course of trading T-shirts.

[2] The free expression right conferred by section 16 of the Constitution is couched in the following words:

“16 Freedom of expression.–

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

- (a) freedom of the press and other media;
- (b) freedom to receive or impart information or ideas;
- (c) freedom of artistic creativity; and
- (d) academic freedom and freedom of scientific research.

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

- (a) propaganda for war;
- (b) incitement of imminent violence; or
- (c) advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm.”

[3] On the other hand, the protection of intellectual property contemplated in section 34(1)(c) takes the form of a prohibition against dilution and in particular

³ *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International* 2005 (2) SA 46 (SCA).

⁴ *SAB International t/a Sabmark International v Laugh It Off Promotions* [2003] 2 All SA 454 (C).

against blurring or tarnishment of a registered trade mark. The section reads as follows:

“34 Infringement of registered trade mark.–

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

....

(c) the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception: Provided that the provisions of this paragraph shall not apply to a trade mark referred to in section 70(2).”⁵

Parties

[4] The applicant is Laugh It Off Promotions CC, a close corporation that occupies itself with the appropriation of brands which inhere in well-known trade marks. This it does by altering the images and words on trade marks and printing them onto T-shirts. The applicant sells the T-shirts for profit in order to make social comment. The applicant was respondent in the interdict proceedings before the High Court and appellant in the SCA.

[5] The respondent is South African Breweries International (Finance) B.V. t/a Sabmark International (now known as SABMiller Finance B.V.) (SABMiller), a company registered in Rotterdam in the Netherlands. The respondent is the holder

⁵ It is common cause that section 70(2) does not apply to the facts of this case.

and owner of the registered trade marks in issue. The respondent approached the High Court as applicant.

[6] The Freedom of Expression Institute (FXI or amicus) has been admitted as an amicus. FXI is a not for profit non-governmental organisation which pursues the principal objects of advancing freedom of expression in South Africa and resisting censorship. FXI was admitted as amicus before the SCA.

Factual Background

[7] The material facts of this case are undisputed and may be rendered briefly. Besides being a trader largely of alcoholic and also of non-alcoholic beverages, the respondent holds, manages, maintains and controls the use of a range of trade marks throughout the world. With effect from 31 December 1997, the respondent acquired ownership of three South African registered trade marks from a company known as Sabmark International Inc. They are CARLING BLACK LABEL trade marks in class 32.⁶ Here follows a graphic representation of the trade marks and of their challenged use on the T-shirts of the applicant.

⁶ The three trade marks are registered as: (1) no. 1979/03675 CARLING BLACK LABEL label in respect of alcoholic brewery beverages, including beer, ale, lager; porter and stout; shandy; non-alcoholic drinks; preparations for making all such drinks, dated 19 July 1979; (2) no. 1991/09236 CARLING BLACK LABEL neck and body label (colour) in respect of beer, ale and porter, dated 1 November 1991; and (3) no. 1991/09237 CARLING BLACK LABEL neck and body label in respect of beer, ale and porter, dated 1 November 1991.

Trade Mark No. 1979/03675:

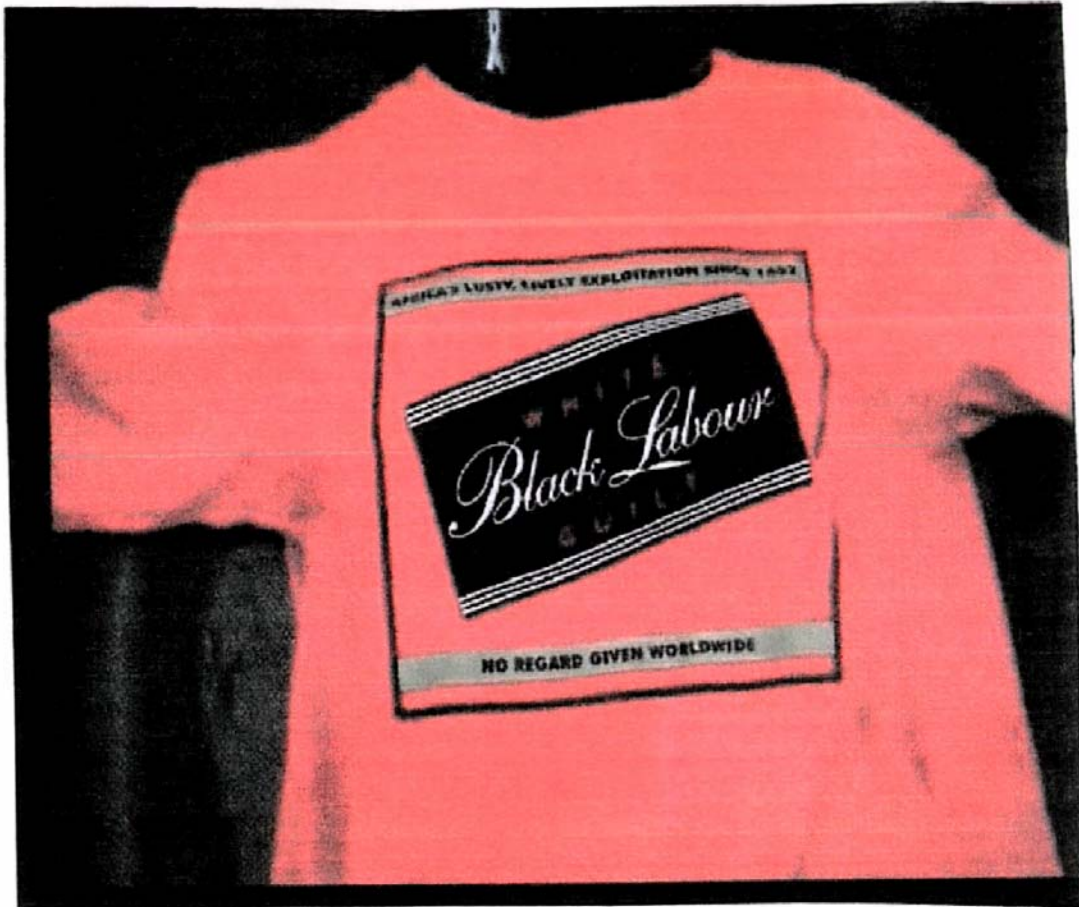
CARLING BLACK LABEL

Trade Mark No. 1991/09236:



Trade Mark No. 1991/09237:



Laugh It Off T-shirt:

A domestic company known as South African Breweries Ltd (SAB) is using the trade marks, with the permission of the respondent. SAB manufactures, distributes, exports and sells alcoholic and other products, particularly beer, under the CARLING BLACK LABEL marks.

[8] The respondent and SAB tell us that the marks have become well-known and are used extensively across South Africa in relation to beer sales. In fact Black Label beer has been sold in this country through a variety of trade outlets, from shebeens to mega-wholesalers, for over 30 years. The label and get-up of the beer were selected because they have a very strong visual impact; something which, we are told,

compliments the beer rather well. The product's reputation has progressed to become one of the leading beer products in the country. The volume of sales of Black Label beer for the 2000/2001 financial year is said to have exceeded 1.4 billion 340ml bottles. This, we are assured, translates to 350 bottles of 340ml for every man, woman and child of all 40 million of us in this country. SAB points out that these excellent beer sales volumes are owed to the Black Label brand whose market popularity derives from costly, concerted and pervasive advertising in the form of sport sponsorships, television, radio, print media, coasters, posters, flags, T-shirts, billboards and advertising on taxis.

[9] At the end of November 2001, the respondent came to know that the applicant had produced and was offering for sale to the public T-shirts, which bore a print that was markedly similar, in lettering, colour scheme and background, to that of the respondent's CARLING BLACK LABEL trade marks. The only real difference was in the wording. The words "Black Label" on the respondent's registered trade marks were replaced, on the T-shirt, with "Black Labour"; the respondent's "Carling Beer" was substituted with "White Guilt"; and where written "America's lusty lively beer" and "enjoyed by men around the world", the applicant had printed "Africa's lusty lively exploitation since 1652" and "No regard given worldwide", respectively.

[10] The marketing of the T-shirts with the offending marks took the form of advertising on the Internet. The applicant's website points to two objectives of its enterprise. The one is to create a close association with well-recognised branded

materials and the other is to make fun of them. It is clear from the website that the applicant's effort was not limited to the respondent's marks. It had been marketing T-shirts using at least eleven other brands. However, no other brand holder has litigated against it on grounds similar to the present. These well-known brands include Coca-Cola, Kentucky Fried Chicken, Shell, e-tv, Standard Bank, Diesel, McDonald's, Virgin, National Lottery and Lego. Relying on legislation regulating counterfeit goods,⁷ seemingly Standard Bank made an unsuccessful attempt to confiscate T-shirts produced by the applicant and carrying comment on that bank.

[11] The respondent was less than amused by the applicant's conduct. During January and again in February 2002 it dispatched letters of demand calling on the applicant to desist from using the trade marks. The demand elicited neither compliance nor a substantive response. Litigation ensued.

In the High Court

[12] The respondent approached the High Court for an interdict on the ground that the unauthorised use of its registered trade marks by the applicant in the course of trade offended the anti-dilution provisions of section 34(1)(c). The applicant resisted the relief sought, contending that its use of the trade marks had not infringed the section inasmuch as the likelihood of detriment to the reputation of the marks had not been established and that, in any event, it was exercising freedom of expression entrenched in section 16(1) of the Constitution.

⁷ The Counterfeit Goods Act 37 of 1997 creates a class of protected goods incorporating intellectual property and prohibits certain acts as counterfeiting in relation to protected goods.

[13] The pith of the applicant's contention on free expression is that, properly construed, section 34(1)(c) does not oust its constitutional right to comment on, lampoon or make fun of any trade mark and its associated brand. Brands, the applicant asserts, are often put to work by powerful corporations to crowd out equally legitimate expression. They tend to stifle the open and free flow of ideas. Brand building, the applicant argues, sets out to occupy cultural space, social space and even one's own "headspace". Since, in time, marketing brands graduate to cultural icons, they should not be beyond the reach of public disclaim or indeed applause. The purpose of copyright and trade mark laws in an open and democratic society is not to shut out critical expression or to throttle artistic and other expressive acts in a manner that gives way to inordinate brand sway.

[14] The sole member of the applicant, Mr. Justin Bartlett Nurse, explains that he has grown to become a "brand atheist"; he is intolerant of brand sanctity and mass-market mediocrity. That, he says, explains the applicant's election to make and sell T-shirts that display a message of "social satire or parody". To that end the applicant employs what he calls "ideological jujitsu". The brand is pitted against its own weight and popularity. The technique entails using well-known, registered trade marks of large corporations, slightly altered but still recognisable as an adaptation of the original brand. The purpose, the applicant explains, is to lampoon the brands; to make a statement about the company's policies or practices; to probe issues bearing on the

broader society; to assert free expression and in so doing to challenge the inordinate use of trade mark laws to silence expressions that are unflattering about brands.

[15] The High Court was unimpressed by the stance adopted by the applicant. It took the view that the message on the T-shirts carried a likelihood of material detriment to the distinctive character or repute of the marks. The court considered it not open to the applicant to raise the defence of free expression because the applicant exploited the marks for gain. The court found that the applicant's use of the marks was not mere parody that pokes fun at the trade marks. It is rather publication which borders on hate speech because it invokes the race factor, something that our Constitution and our new democracy are at pains to eschew. The court concluded that the use of the marks by the applicant manifests an intention to be hurtful or harmful to the respondent because it is premised on race, ethnic or social origin and colour.

[16] The High Court upheld the respondent's claim and granted with costs the restraint order sought. Aggrieved by the decision, the applicant sought and was granted leave by that court to appeal to the SCA.

In the SCA

[17] The SCA dismissed the appeal on several grounds. At the outset, the court recognised the concern often expressed about the pervasiveness and ascendancy of trade marks.⁸ It acknowledged that protection of trade marks has not always been

⁸ For the debate on legitimacy and bounds of intellectual property, see Vaver "Need Intellectual Property Be Everywhere? Against Ubiquity and Uniformity" (2002) 25 *Dalhousie Law Journal* 1; Schechter "The Rational

kept within its legitimate bounds and that the right to intellectual property is not absolute but rather a value which must be weighed against other values of arguably equal importance, such as the right to work, create, compete, talk, write and imitate freely.⁹ However, the court noted that the protection of trade marks is of importance and that despite a measure of what it calls judicial reluctance their status is that of property albeit incorporeal.¹⁰ Even so, the court rightly observed, like other property intellectual property does not enjoy special status under the Constitution.¹¹ It is not immune from challenge and therefore its enforcement must be constitutionally tenable.¹²

[18] The SCA correctly held that section 34(1)(c) must be construed in the light of the Constitution and applied in a manner that does not unduly trample upon freedom of expression. This approach would necessitate the weighing-up of the constitutional safeguard of free expression of the unauthorised user against the right to intellectual

Basis of Trademark Protection” (1927) 40 *Harvard Law Review* 813; Martino *Trademark Dilution* (Clarendon, Oxford 1996) at 25-7.

⁹ See Vaver *Intellectual Property Law: Copyright, Patents, Trade-marks* (Irwin Law, Ontario 1997) at 19; Steiner “Intellectual Property and the Right to Culture” (1999) *Intellectual Property and Human Rights* 43; Mostert *Famous and Well-Known Marks* (Butterworths, London 1997) at 63-4; Leval “Toward a Fair Use Standard” (1990) 103 *Harvard Law Review* 1105 at 1109-10.

¹⁰ But see *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465 (HL) at 479; *Compagnie Générale des Établissements Michelin-Michelin & Cie v National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada) (T.D.)* [1997] 2 FC 306 at para 96.

¹¹ *Ex Parte Chairperson of the Constitutional Assembly: In re Certification of the Constitution of the Republic of South Africa, 1996* 1996 (4) SA 744 (CC); 1996 (10) BCLR 1253 (CC) at para 75. See also the critique by Dean “The Case for the Recognition of Intellectual Property in the Bill of Rights” (1997) 60 *Tydskrif vir Hedendaagse Romeins-Hollandse Reg* 105.

¹² See Vaver “Canada’s Intellectual Property Framework: A Comparative Overview” (2004) 17 *Intellectual Property Journal* 125 at 128 and 186-8. But see Nachbar “Intellectual Property and Constitutional Norms” (2004) 104 *Columbia Law Review* 272.

property of the trade mark owner and where appropriate the owner's freedoms of trade, occupation or profession. To this I return later.

[19] The court held that in its express terms the section places important internal constraints on its scope in order to avoid unduly trampling upon the freedom of expression of others. The language of the section requires the defendant not to take "unfair advantage" of the distinctive character or repute of the trade mark. The advantage that is proscribed is an unfair one. In this way the section anticipates the proper balancing of rights of others. Freedom of expression is one such right. By the same logic the court held that the detriment proscribed must be substantial or material. Flimsy or negligible prejudice would not suffice.

[20] Turning to the merits of the infringement complaint, the SCA held that whether the message of "black labour white guilt" inscribed on the T-shirts carries a likelihood of material detriment to the distinctive character or repute of the Black Label marks comes down to interpretation. The meaning of the message must be assessed through the eyes of the typical purchaser of the T-shirt and of others who are exposed to the purchaser's attire. The respondent had advanced the contention that the message is capable of only one reasonable meaning and urged its adoption. The amicus argued that the T-shirt bore a complex expression, capable of more than one reasonable meaning. One such meaning, the amicus contended, is that the message is critical of the methods used by SAB to market and to sell beer mainly to black workers. The court rejected the contention of the amicus and instead found the meaning advanced

by the respondent to be evidently correct. That meaning is that since time immemorial SAB had exploited and still is exploiting black labour, that it has and should have a feeling of guilt and that SAB worldwide could not care less.

[21] The court found that the expression on the T-shirt is substantially detrimental to the repute of the marks; that it is likely to create in the minds of consumers a “particularly unwholesome, unsavoury, or degrading association” with the marks because it is an “unfair” and “unjustified racial slur” on the trade mark owner. The court found that the message questions the reputation of the marks and by that very act has unfairly and materially tarnished the marks.

[22] In argument before the SCA the applicant had readily conceded that section 34(1)(c) did not require proof by the owner of the marks of actual loss but only the likelihood of loss. Even so, the applicant argued, the claimant had to establish the likelihood of detriment to the repute of the marks. It had to show on the facts a probability of serious trade harm or loss. On this argument, in the present case, the claimant had to show the likelihood of unsavoury association by consumers with the mark or a likely decline in sales of Black Label beer as a sequel to the sale of T-shirts. The court dismissed this submission on the ground that proof of actual loss is not a requirement under the section. In similar fashion, the court also disposed of the argument that because the applicant is a small concern with relatively minuscule sales, there can be no detriment to the brand.

[23] Having found that the applicant's conduct had infringed the trade marks, the SCA turned to the applicant's contention that its right to freedom of expression is a complete answer to a claim under section 34(1)(c). The court found that the section does not forbid the use of caricature in the course of trade, subject to it not being utilised in relation to goods or services, and provided further that if it is used in relation to goods and services it is not used in the course of trade. The court found that the applicant is free to express an identical message about "black labour" and "white guilt" through other media without appropriating the repute of the registered marks onto T-shirts in order to sell them. In sum, the court concluded that the applicant's freedom of expression was hardly limited as there were adequate alternative avenues available to it.

[24] The court found that the applicant is not exercising the right to free expression but rather harbours a "predatory intent" because the T-shirts are primarily marketable commodities and not only a medium of expression. It noted that the using of well-known marks for the marketing of its goods is the whole basis of the applicant's existence.

[25] In the last instance the SCA considered the applicant's defence that the use of the marks amounts to parody and is therefore permissible as fair use. The court observed that a favourable finding that an infringing work is parody does not by that reason only render the use of the senior work fair use.¹³ It noted that, in balancing

¹³ For an account of the United States (US) position on parody see *Campbell v Acuff-Rose Music Inc* 510 US 569 (1994).

rights and interests of parties concerned, a court has to take into account all relevant considerations listed in the section, amongst these being the purpose and character of the use. The court held that the applicant's reliance on parody is misconceived because its work does not comment on the senior work; instead it abuses freedom of expression. It concluded that the unauthorised use of the marks is not saved by the free expression guarantee. It is thus an infringement of the trade marks and impermissible under section 34(1)(c) of the Act.

Procedural matters

[26] It is now convenient to get out of the way three preliminary matters of a procedural kind. They are the application for leave to appeal to this Court, the respondent's contention on mootness and the application of the amicus for the admission of new evidence.

Leave to appeal

[27] The applicant seeks, on several grounds, leave to appeal against the decision of the SCA. The applicant urges that the issues before us are important constitutional matters, which ought to be heard by this Court. They engage the proper construction of the intellectual property protection found in section 34(1)(c) in the light of section 39(2) of the Constitution¹⁴ and of the constitutional guarantee of free expression.

¹⁴ The section reads as follows:

“39. Interpretation of Bill of Rights.—

....

None of the parties was heard to contend otherwise. We are indeed seized with constitutional issues of considerable private and public moment. Moreover, it cannot be said that no reasonable prospect exists that this Court might materially alter the decision sought to be appealed against. All relevant considerations weighed,¹⁵ it is manifestly in the interests of justice for this Court to hear the appeal.

Mootness

[28] In supplementary grounds of opposition, the respondent submits that this matter has become academic in that there is no longer a live dispute between the parties.¹⁶ This it says because, in other court proceedings between the same parties, Mr. Nurse, on behalf of the applicant, has made an affidavit stating that the applicant no longer conducts trade, has become dormant and has since ceased producing the T-shirts that gave rise to the initial offence.

[29] Mr. Nurse admits the contents of the affidavit in issue. However, he refutes the assertion that the dispute has become moot. He explains that the applicant ceased

(2) When interpreting any legislation, and when developing the common law or customary law, every court, tribunal or forum must promote the spirit, purport and objects of the Bill of Rights.”

¹⁵ See *Radio Pretoria v Chairman of the Independent Communications Authority of South Africa and Another* 2005 (3) BCLR 231 (CC) at para 19; *Fraser v Naude and Others* 1999 (1) SA 1 (CC); 1998 (11) BCLR 1357 (CC) at para 7; *De Freitas and Another v Society of Advocates of Natal (Natal Law Society Intervening)* 1998 (11) BCLR 1345 (CC) at para 21; *Member of the Executive Council for Development Planning and Local Government, Gauteng v Democratic Party and Others* 1998 (4) SA 1157 (CC); 1998 (7) BCLR 855 (CC) at para 32; *S v Pennington and Another* 1997 (4) SA 1076 (CC); 1997 (10) BCLR 1413 (CC) at paras 10-11.

¹⁶ For considerations in determining mootness see: *Mkontwana v Nelson Mandela Metropolitan Municipality and Another*; *Bissett and Others v Buffalo City Municipality and Others*; *Transfer Rights Action Campaign and Others v MEC, Local Government and Housing, Gauteng, and Others (KwaZulu-Natal Law Society and Msunduzi Municipality as Amici Curiae)* 2005 (1) SA 530 (CC); 2005 (2) BCLR 150 (CC) at para 24; *Khosa and Others v Minister of Social Development and Others*; *Mahlaule and Others v Minister of Social Development and Others* 2004 (6) SA 505 (CC); 2004 (6) BCLR 569 (CC) at para 92.

trading only because of the interdict proceedings initiated in the High Court against it. Should this appeal succeed, he says, the applicant would probably resume trading. Besides, the applicant argues, the matter is one of considerable public importance and ought to be heard and decided.

[30] It can hardly be gainsaid that a decision by this Court on the issues at hand would be of importance to both litigants. Both seek to assert rights conferred directly or implicitly by our Constitution. Should the applicant succeed in the appeal, it would be in a position to resume its business that is presently dormant only by reason of present proceedings. Similarly, should the respondent succeed in its contention, its rights would be ascertained and possibly vindicated. More importantly, the constitutional issue, which falls to be decided, has a bearing well beyond the litigants before us. The interplay between free expression and intellectual property in the form of trade marks is not merely academic. It is a matter that has important and abiding implications for the workings of our economy and is of concern to the broader public. The dispute has not become moot and, in any event, it is clearly in the interests of justice to decide the matter.

New evidence

[31] Before the hearing of the appeal the amicus gave notice, in terms of rule 31 of the rules of this Court,¹⁷ of its intention to rely on factual material that does not appear

¹⁷ *Rail Commuters Action Group and Others v Transnet Ltd t/a Metrorail and Others* 2005 (4) BCLR 301 (CC) at para 35; *Mabaso v Law Society, Northern Provinces, and Another* 2005 (2) SA 117 (CC); 2005 (2) BCLR 129 (CC) at para 45: Ordinarily the Court is cautious not to let amici tender new evidence, except where the circumstances justify otherwise.

on the record. The amicus says that the material, consisting of 15 pages of “brand photos and facts”, is incontrovertible. All but three pages are said to emanate from SAB or its website and the balance from the website of its advertising agent. The contents of the pages are presented as evidence of the manner in which SAB depicts and describes its brands and in particular how it has positioned the CARLING BLACK LABEL brand in the market place. A few of the pages placed before us relate to promotional material on Amstel Lager beer.

[32] The respondent opposes the admission of the evidence on the grounds that in some respects it is irrelevant and in others controvertible. However, the difficulty is that, barring this bland assertion, the respondent does not say which part of the material is refutable and why. In its answering affidavit on this application, the respondent does not deny the accuracy or authenticity of the documents, which are said to depict the manner in which the Black Label brand is currently marketed in South Africa. Nor does it suggest that since May 2002, being the date of the publications, there had been any material change to the marketing positioning of the CARLING BLACK LABEL brand. At the hearing, the respondent was unable to point to the respects in which the material was refutable.

[33] I am inclined to agree with the respondent that all the material relating to Amstel Lager beer should not be admitted, as it is irrelevant to the present dispute. However, the balance of the brand and marketing material on the Black Label marks and brand use is both relevant and incontrovertible and is admitted into the record.

The purpose and scope of anti-dilution protection under section 34(1)(c)

[34] The essential elements of an infringement of a trade mark under section 34(1)(c) are hardly obscure. They are readily discernible from the text:¹⁸

- (a) unauthorised use by the defendant of a mark identical or similar to the registered mark;
- (b) in the course of trade in relation to goods or services;
- (c) the registered trade mark must be well-known in the Republic; and
- (d) the use of the trade mark would be likely to take unfair advantage of, or be detrimental to the distinctive character or repute of the registered trade mark.

[35] Before the SCA and in this Court the applicant conceded that the respondent had established the requirements for an infringement as set out in subparagraphs (a) to (c) above. However, the disjunctive elements of a likelihood of taking unfair advantage of, or being detrimental to, the distinctive character or repute of the marks remained in contention. The SCA made no finding on the element of taking unfair advantage of the distinctive character of the marks but rather disposed of the dispute on the restricted footing that the offending publication was detrimental to the repute of the registered marks. In the result, the merits of the appeal before us resolve

¹⁸ These elements have been identified and restated in a number of judgments albeit tangentially: *Bata Ltd v Face Fashions CC and Another* 2001 (1) SA 844 (SCA) at para 13; *Triomed (Pty) Ltd v Beecham Group plc and Others* 2001 (2) SA 522 (T) at 556-7; *Klimax Manufacturing Ltd v Van Rensburg* [2004] 2 All SA 301(O) at paras 32-9.

themselves into whether the respondent had properly demonstrated the likelihood of detriment to the repute of the marks as required by the section. This compels a construction of section 34(1)(c).

[36] With the advent of overhauled trade mark legislation,¹⁹ section 34(1)(c) introduced a new species of trade mark infringement commonly known as dilution.²⁰ As we have seen earlier,²¹ the section prohibits unauthorised use in the course of trade of a mark which is similar to a well-known registered trade mark if the use of the mark would be likely to take unfair advantage of, or be detrimental to the distinctiveness or repute of a registered trade mark.²² Provisions virtually identical in text and substance to our section 34(1)(c) are found in article 5(2) of the European Directive²³ and section 10(3) of the 1994 United Kingdom Act.²⁴ However there is an

¹⁹ Trade Marks Act 194 of 1993.

²⁰ With respect to the advent of dilution into our trade mark law see Webster and Page *South African Law of Trade Marks, Unlawful Competition, Company Names and Trading Styles* 4 ed (Butterworths, Durban 1997) at para 12.24. See also Rutherford “Misappropriation of the advertising value of trade marks, trade names and service marks” in Neethling (ed) *Onregmatige Mededinging/Unlawful Competition: verrigtinge van 'n seminaar aangebied deur die Department Privaatreg van Die Universiteit van Suid-Afrika op 3 November 1989* (1990), as cited in Webster and Page at n 4.

²¹ Above para 3.

²² In the US the primary source of trade mark protection against dilution is the Trademark Act of 1946 (Lanham Trade-Mark Act), 15 USC section 1051 et seq. For a discussion of the relevant US position see Cantwell “Confusion, Dilution and Speech: First Amendment Limitations on the Trademark Estate: An Update” (2004) 94 *The Trademark Reporter* 547.

²³ Article 5(2) of the First Directive of the Council of the European Union (89/104 of 21 December 1988) provides that:

“Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character of the repute of the trade mark.”

important difference. The corresponding European Community and United Kingdom (UK) provisions require proof of actual detriment or unfair advantage.²⁵ Our section requires a likelihood of unfair advantage or detriment. Despite the difference I have drawn attention to, UK decided cases provide a useful starting point in our understanding of the terms of our section 34 (1)(c).

[37] It is now expedient to ascertain the purpose of the section. The rationale for the protection of well-known marks envisaged in the section appears in the following observations by Rutherford.²⁶

“The preservation of the reputation and unique identity of the trade mark and the selling power which it evokes is of vital importance to the trade mark proprietor in order to protect and retain his goodwill. . . . The proprietor of the trade mark usually expends vast sums of money through advertising in order to build up the reputation and selling power or advertising value of his trade mark. The growth of his business is dependant upon the growth of the meaning and importance of his trade mark. It is

Also Article 9(1)(c) of the Council of the European Union Regulation 40/94 of 20 December, 1993 is couched in similar terms. For a discussion of anti-dilution protection of trade marks registered as such in the European Community also see Kitchin et al (eds) *Kerly's Law of Trade Marks and Trade Names* 13th ed (Sweet & Maxwell, London 2001) at 1022 and 1037-8.

²⁴ Section 10(3) the United Kingdom (UK) Trade Marks Act 1994 which was fashioned along the provisions of the first European Directive provides that

“A person infringes a registered trade mark if he uses in the course of trade a sign which - (a) is identical or similar to the trade mark, and (b) is used in relation to goods and services which are not similar to those for which the trade mark is registered, where the trade mark has a reputation in the United Kingdom and the use of the sign, being without cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.”

Also see a brief discussion of the UK position in *Halsbury's Laws of England* 4 ed (2000) re-issue 54-55 at para 72.

²⁵ *DaimlerChrysler AG v Javid Alavi (t/a Merc)* [2001] RPC 42 at para 88; *General Motors Corporation v Yplon SA* [C-375/97 European Court of Justice]; [1999] All ER 865 at 871C.

²⁶ Rutherford above n 20 at 55. Also see the explanatory memorandum to the Draft Trade Marks Bill published in GN 808 in GG13482 of 30 August 1991.

therefore only fair that he should be entitled to protect this valuable asset against misappropriation.

. . . .

It has been argued that the protection of trade marks against dilution amounts to the creation of a monopoly in the trade mark. However, this argument ignores the nature of the subject matter which is protected. It is not the mark *per se* which is protected but the advertising value or selling power of the trade mark which may be the result of its inherent uniqueness, but is usually the result of an extensive advertising effort.”²⁷ [footnotes omitted]

[38] In *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd*²⁸ the SCA had occasion to identify the purpose of the newly introduced trade mark prohibition under section 34(1)(c) as being:

“to protect the commercial value that attaches to the reputation of a trade mark, rather than its capacity to distinguish goods or services of the proprietor from those of others . . . That being so, the nature of the goods or services in relation to which the offending mark is used is immaterial, and it is also immaterial that the offending mark does not confuse or deceive.”²⁹

[39] Courts in the UK and Europe have considered the purpose of similar anti blurring protections in their jurisdictions. For instance in *Premier Brands UK Ltd v Typhoon Europe Ltd*³⁰ the following was said of the provisions of section 10(3) of the UK Act:

²⁷ Rutherford id at 56-7.

²⁸ 2001 (3) SA 563 (SCA).

²⁹ Id at para 11. Also see Webster and Page above n 20; *Triomed* and *Klimax* above n 18.

³⁰ [2000] FSR 767.

“[T]he owner of . . . a distinctive mark has a legitimate interest in continuing to maintain the position of exclusivity he acquired through large expenditures of time and money and that everything which could impair the originality and distinctive character of his distinctive mark, as well as the advertising effectiveness derived from its uniqueness, is to be avoided . . . Its basic purpose is not to prevent any form of confusion but to protect an acquired asset”.³¹

Another instructive dictum is to be found in the decision of *Pfizer Ltd and Pfizer Incorporated v Eurofood Link (United Kingdom) Ltd*³² where the following was stated:

“The concept of ‘unfair advantage’ requires an enquiry into the benefit to be gained by the defendant from the use of the mark complained of and the concept of ‘detriment’ requires an enquiry into the goodwill accruing to the business in the goods sold under the trade mark. The advantage or detriment must be of a sufficiently significant degree to warrant restraining what is, *ex hypothesi*, a non confusing use.”³³

[40] Clearly, in our case too section 34(1)(c) serves a vital purpose in preserving trade and commercial interests of owners of trade marks which have a reputation. This it does by prohibiting use which, although it may not confuse or deceive, materially undermines the repute of well renowned trade marks ordinarily harnessed to sell goods and services. The protection must be seen to extend beyond the

³¹ Id at 786.

³² [2000] E.T.M.R. (issue 10) 896. Also see the decision of Benelux Court of Justice in *Lucas Bols v Colgate-Palmolive* (1976) 7 IIC 420 at 423:

“It is . . . possible . . . that the goods to which . . . a similar mark relates, appeal to the sensations of the public in such a way that the attraction and the ‘capacity of the mark to stimulate the desire to buy’ the kind of goods for which it is registered are impaired.”

And also the German Federal Court decision in *Quick* [1959] GRUR 182 cited in *Premier Brands* above n 30.

³³ *Pfizer* above n 32 at 910.

traditional and primary function of a trade mark, which is to signify the origin of goods and services on offer. Rather, the section aims at more than safeguarding a product's "badge of origin"³⁴ or its "source-denoting function".³⁵ The section strives to protect the unique identity and reputation of a registered trade mark. Both of these attributes underpin the economic value that resides in the mark's advertising prowess or selling power. As it is often said the mark sells the goods and therefore its positive image or consumer appeal must be saved from ruin.³⁶

[41] When one considers the origins of the anti-dilution doctrine in the law of trade marks,³⁷ it appears that its initial target was to avoid blurring. But the law has

³⁴ Unlike the UK and European Union (EU), some US courts appear to have stuck to the narrow purpose of trade mark protections by holding that "[i]t is the source-denoting function which the trade mark laws protect, and nothing else." See for example *Anti-Monopoly Inc v Gen Mills Fund Group* 611 F 2d 296, 301 (9th Cir 1979). Generally speaking, their courts aggressively protect the rights of the trade mark owner within this core purpose but refuse to allow the owner to control public discourse whenever the public meaning of the mark goes beyond the source-identifying purpose. See above n 32.

³⁵ *Id*

³⁶ In the Trade Marks Act 194 of 1993 trade mark (other than a certification trade mark or a collective 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" (section 2(1)(xxiii)).

In terms of section 9, trade marks are deemed registrable only if they are, inherently or by reason of prior use, "capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person". Section 10 limits section 9 by setting out specific instances where trade marks may not be registered due, for example, to their being comprised of a sign or indication that denotes the product's origin, time of production, kind (subsection 2(b)) or to their being shaped or coloured by natural or technical necessity (subsection 5). Section 11 adds the further limitation that trade marks may only be registered "in respect of goods or services falling in a particular class or particular classes" (subsection 1). It is clear from these provisions and others (such as sections 32 and 37) that the protection of the distinct character of the mark for the purposes of preserving its selling power is the primary aim of the Act. See *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) at 646A-B; *National Brands* n 28 above at para 11.

³⁷ Although dilution originated in German jurisprudence Schechter articulated the concept clearly in his article, "The Rational Basis of Trade Mark Protection", above n 8 at 825-6. He aspired to see the courts "base their protection of trademarks squarely upon this principle that 'the value of the plaintiff's symbol depended in large

advanced to include protection of a trade mark against tarnishment.³⁸ I should now explain that the dilution of a trade mark appears to occur in two ways, by blurring or by tarnishment.³⁹ Blurring takes place when the distinctive character or inherent uniqueness of the trade mark is weakened or reduced. Tarnishment occurs where unfavourable associations are created between a well-known registered trade mark and the mark of the unauthorised user. In a case of tarnishment, the object of the protection appears to be the repute, the good selling name of the mark.⁴⁰

[42] The SCA rightly found that the instant case is concerned, not with blurring, but with tarnishment of the CARLING BLACK LABEL marks. This appears clearly so because the source of the respondent's disquiet is the offending use of its marks, in relation to non-competing goods, and yet in a manner that creates unfavourable associations and unsavoury connections, which carry the likelihood of tarnishing the repute of its marks.

Anti-dilution protection and free expression

[43] It is trite that under our constitutional democracy, the requirements of the section ought to be understood through the prism of the Constitution and specifically

part upon its uniqueness” [footnote omitted]. According to Martino (above n 8 at 28), when Schechter died he left a proposal of a Trademarks Act which had a provision that protected registered marks from dilution.

³⁸ Section 34(1)(c), being in this respect alike to the provisions of the UK, EU, US and Canada, refers not only to detriment caused to the distinctive character of a registered trade mark but also to its repute.

³⁹ See *Premier Brands* above n 30 at 786-8; also *Dimple* [1985] GRUR 550; *Taittinger SA and Others v Allbev Ltd and Another* [1993] FSR 641 at 678, as cited in *Premier Brands*; and *Mostert* above n 9 at 58-9.

⁴⁰ *Webster and Page* above n 20 at 12-43-12-44; *Mostert* above n 9 at 58-61; *Triomed* above n 18 at 557C.

that of the free expression guarantee.⁴¹ The SCA too correctly recognised that a construction of the section is subject to the dictates of the Constitution and that its application must not unduly restrict a party's freedom of expression. However, in deciding the merits of the infringement claim it opted for a two-stage approach. In the first enquiry the court held that the message on the T-shirts amounts to an infringement because it is unfair and materially harmful to the repute of the trade marks. Only thereafter did the court enquire into and found that freedom of expression does not afford justification for the infringement. This approach appears to be premised on the reasoning that one must first find an infringement under the section and only thereafter determine whether the infringement is excused by an assertion of freedom of expression. This approach is flawed.

[44] A finding of unfair use or likelihood of detriment to the repute of the marks hinges on whether the offending expression is protected under section 16(1) of the Constitution or not. If the expression is constitutionally protected, what is unfair or detrimental, or not, in the context of section 34(1)(c) must then be mediated against the competing claim for free expression. By determining the unfairness and detriment anteriorly, the SCA in effect precluded itself from properly taking into account the free expression guarantee claimed by the alleged infringer. The two-stage approach advocated by the SCA in effect prevents an understanding of the internal requirements of the section through the lens of the Constitution. The injunction to construe statutes consistent with the Constitution means that, where reasonably possible, the court is

⁴¹ See a fuller discussion on interpretation of the section below.

obliged to promote the rights entrenched by it.⁴² In this case the SCA was obliged to balance out the interests of the owner of the marks against the claim of free expression for the very purpose of determining what is unfair and materially harmful to the marks. It is to that task that I now turn.

[45] I have intimated earlier that section 34(1)(c) falls to be construed bearing in mind the entrenched free expression right under section 16.⁴³ The importance of freedom of expression has been articulated and underscored by this⁴⁴ and other⁴⁵ courts in this country and indeed in other open democracies⁴⁶ and by its inclusion in international law instruments.⁴⁷ Suffice it to repeat that freedom of expression is a

⁴² See section 39(2) of the Constitution; *Daniels v Campbell NO and Others* 2004 (5) SA 331 (CC); 2004 (7) BCLR 735 (CC) at paras 43-6 and 81-2; *Investigating Directorate: Serious Economic Offences and Others v Hyundai Motor Distributors (Pty) Ltd and Others: In re Hyundai Motor Distributors (Pty) Ltd and Others v Smit NO and Others* 2001 (1) SA 545 (CC); 2000 (10) BCLR 1079 (CC) at paras 21-6.

⁴³ *Id*

⁴⁴ See *De Reuck v Director of Public Prosecutions, Witwatersrand Local Division, and Others* 2004 (1) SA 406 (CC); 2003 (12) BCLR 1333 (CC) at paras 46-50; *Khumalo and Others v Holomisa* 2002 (5) SA 401 (CC); 2002 (8) BCLR 771 (CC) at paras 21-4; *Islamic Unity Convention v Independent Broadcasting Authority and Others* 2002 (4) SA 294 (CC); 2002 (5) BCLR 433 (CC) at paras 25-30; *S v Mamabolo (E TV and Others Intervening)* 2001 (3) SA 409 (CC); 2001 (5) BCLR 449 (CC) at para 37; and *South African National Defence Union v Minister of Defence and Another* 1999 (4) SA 469 (CC); 1999 (6) BCLR 615 (CC) at para 7.

⁴⁵ See *Mthembi-Mahanyele v Mail & Guardian Ltd and Another* 2004 (6) SA 329 (SCA); 2004 (11) BCLR 1182 (SCA) at paras 6 and 33; *Delta Motor Corporation (Pty) Ltd v Van Der Merwe* 2004 (6) SA 185 (SCA) at para 12; *National Media Ltd and Others v Bogoshi* 1998 (4) SA 1196 (SCA) at 1217B-D; 1999 (1) BCLR 1 (SCA) at 18B-D.

⁴⁶ *Chavunduka and Another v Minister of Home Affairs and Another* 2000 (1) ZLR 552 (SC) at 558-9; *Kauesa v Minister of Home Affairs and Others* 1996 (4) SA 965 (NmS) at 975B-6C and 977H-981B; *R v Keegstra* (1991) 3 CRR (2d) 193 (Can SC) at 241-2; *Quebec (Attorney General) v Irwin Toy Ltd* [1989] 1 SCR 927; *New York Times v Sullivan* 376 US 254 (1964); *Cohen v California* 403 US 15 (1971); *Hector v Attorney General of Antigua and Barbuda and Others* [1990] 2 All ER 103 (PC) at 106C-E and 106G; *Reynolds v Times Newspapers Ltd and Others* (2000) 7 BHRC 289 (HL) at 294F-G.

⁴⁷ Article 9 of the African Charter on Human and Peoples' Rights; Article 10 of the European Convention on Human Rights and Fundamental Freedoms; Preamble and Article 19 of the Universal Declaration of Human Rights.

vital incidence of dignity, equal worth and freedom.⁴⁸ It carries its own inherent worth and serves a collection of other intertwined constitutional ends in an open and democratic society.

[46] Of it Mokgoro J says⁴⁹ it should not be understood in isolation:

“[B]ut as part of a web of mutually supporting rights enumerated in the Constitution, including the right to ‘freedom of conscience, religion, thought, belief and opinion’, the right to privacy, and the right to dignity. Ultimately, all of these rights together may be conceived as underpinning an entitlement to participate in an ongoing process of communicative interaction that is of both instrumental and intrinsic value.”⁵⁰
[footnotes omitted]

In similar vein O’Regan J points out⁵¹ that:

“These rights taken together protect the rights of individuals not only individually to form and express opinions, of whatever nature, but to establish associations and groups of like-minded people to foster and propagate such opinions. The rights implicitly recognise the importance, both for a democratic society and for individuals personally, of the ability to form and express opinions, whether individually or collectively, even where those views are controversial. The corollary of the freedom of expression and its related rights is tolerance by society of different views. Tolerance, of course, does not require approbation of a particular view. In essence, it

⁴⁸ For a discussion of the theories behind the recognition of free expression see Van der Westhuizen “Freedom of Expression” in Van Wyk et al (eds) *Rights and Constitutionalism: The New South African Legal Order* (Kenwyn, Juta 1994) 254 at 267-73. See also Meyerson “‘No Platform for Racists’: What Should the View of Those on the Left Be?” (1990) 6 *South African Journal on Human Rights* 394 and Suttner “Freedom of Speech” (1990) 6 *South African Journal on Human Rights* 372.

⁴⁹ *Case and Another v Minister of Safety and Security and Others; Curtis v Minister of Safety and Security and Others* 1996 (3) SA 617 (CC); 1996 (5) BCLR 609 (CC).

⁵⁰ *Id* at para 27.

⁵¹ *South African National Defence Union* above n 44.

requires the acceptance of the public airing of disagreements and the refusal to silence unpopular views.”⁵²

[47] We are obliged to delineate the bounds of the constitutional guarantee of free expression generously.⁵³ Section 16 is in two parts: the first subsection sets out expression protected under the Constitution. It indeed has an expansive reach which encompasses freedom of the press and other media, freedom to receive or impart information or ideas, freedom of artistic creativity, academic freedom and freedom of scientific research. The second part contains three categories of expression which are expressly excluded from constitutional protection. It follows clearly that unless an expressive act is excluded by section 16(2) it is protected expression.⁵⁴ Plainly, the right to free expression in our Constitution is neither paramount over other guaranteed rights nor limitless. As Kriegler J in *S v Mamabolo* puts it:⁵⁵ “With us it is not a pre-eminent freedom ranking above all others. It is not even an unqualified right.” In appropriate circumstances authorised by the Constitution itself, a law of general application may limit freedom of expression.

[48] It is so that the anti-dilution prohibition under section 34(1)(c) seeks, in effect, to oust certain expressive conduct in relation to registered marks with repute. It thus limits the right to free expression embodied in at least section 16(1)(a) to (c) of the

⁵² Id at para 8.

⁵³ *S v Zuma and Others* 1995 (2) SA 642 (CC); 1995 (4) BCLR 401 (CC) at paras 13-15; and *S v Williams and Others* 1995 (3) SA 632 (CC); 1995 (7) BCLR 861 (CC) at para 51.

⁵⁴ *Islamic Unity* above n 44 at paras 31-3.

⁵⁵ Above n 44 at para 41.

Constitution. We are however not seized with the adjudication of the constitutional validity of the section. We must assume without deciding that the limitation is reasonable and justifiable in an open and democratic society to which our Constitution is committed. That in turn impels us to a construction of section 34(1)(c) most compatible with the right to free expression. The anti-dilution provision must bear a meaning which is the least destructive of other entrenched rights and in this case free expression rights. The reach of the statutory prohibition must be curtailed to the least intrusive means necessary to achieve the purpose of the section. Courts must be astute not to convert the anti-dilution safeguard of renowned trade marks usually controlled by powerful financial interests into a monopoly adverse to other claims of expressive conduct of at least equal cogency and worth in our broader society.⁵⁶

[49] I agree with the SCA that properly read the section requires that an infringement of a trade mark may occur only if “unfair advantage” or “unfair detriment” is shown. Equally clear is that the detriment relied upon must not be flimsy or negligible. It must be substantial in the sense that it is likely to cause substantial harm to the uniqueness and repute of the marks. Therefore, on its terms the section has internal limitations. It sets fairness and materiality standards. The section does not limit use that takes fair advantage of the mark or that does not threaten substantial harm to the repute of the mark, or indeed that may lead to harm

⁵⁶ For similar concern see *Klimax* above n 18 at para 34:

“Great care must be taken in interpreting section 34(1)(c) to ensure that the parameters of this new form of trade mark protection are defined in . . . such a manner that the legitimate interests of proprietors of *well-known* trade marks are protected while, at the same time, not creating an absolute monopoly or a form of copyright in a trade mark.” [reference omitted]

but in a fair manner. What is fair will have to be assessed case by case with due regard to the factual matrix and other context of the case. A court will have to weigh carefully the competing interests of the owner of the mark against the claim of free expression of a user without permission.

[50] The exercise calls for an evaluation of the importance of the purpose, nature, extent and impact of the limitation of free expression invoked against claims of unfair advantage or of likelihood of material detriment to a registered mark. In sum, in order to succeed the owner of the mark bears the onus to demonstrate likelihood of substantial harm or detriment which, seen within the context of the case, amounts to unfairness. What remains is to settle the content of the substantial detriment the section envisages.

Likelihood of detriment

[51] Before us the applicant strenuously persisted in the contention that the respondent had not adduced facts to show that the offending use of its marks would be likely to be hurtful, in the economic and trade sense, to the repute of the marks. The respondent accepts, correctly so in my view, that, seen through the lens of the Constitution, the likely prejudice or detriment required by the section must be restricted to material harm in the commercial sense. The respondent, however, refutes the assertion that there is no evidence to demonstrate the probability of economic harm and argues, in its words, that “the likelihood of suffering economic harm as a consequence of the offending use is self-evident”. The respondent elaborates that no

right thinking South African would wish to be associated with the racially insensitive message conveyed by the applicant on the T-shirts. The racial slur, it submits, is likely to erode the exclusiveness of the mark, discourage people from purchasing the respondent's Black Label Beer and adversely curtail SAB's opportunities to sponsor domestic sport.

[52] In *Bata Ltd*⁵⁷ the appellant, relying on section 34(1)(c) claimed that its trade mark registration had been infringed by the use of specified words and motivated the averment by simply rehashing the text of the section. In a unanimous decision, the SCA rightly held that:

“The aforesaid statement is merely a repetition of the section. It amounts to nothing more than a conclusion of law. No particulars were furnished of the respects in which the use of the mark would be likely to take unfair advantage of or be detrimental to the distinctive character or repute of the appellant's trade marks. In the absence of evidence to support the contention put forward in the affidavit it is in this case not possible to hold that requirement (b)(3) was established. On this point, too, the appellant cannot succeed.”⁵⁸

[53] In *Triomed*⁵⁹ the court had to adjudicate a claim that the capacity of a well-known registered mark to stimulate the desire to buy was being tarnished by its unauthorised use by the defendant. The mark related to a well-known antibiotic. The court examined considerable evidence on the market and dispensers of antibiotics

⁵⁷ Above n 18.

⁵⁸ Id at para 15.

⁵⁹ Above n 18 at 557D-J.

such as doctors and pharmacies and concluded that generic equivalents complained of would not be tarnishing or detrimental to the mark and therefore that no infringement under section 34(1)(c) had been shown.

[54] It is clear that even without reference to the dictates of the Constitution our courts rightly tend to determine likelihood of detriment to the selling appeal of a mark in the light of established facts and not bald allegations. However, in the present case, the SCA dismissed this contention of the applicant out of hand and on the narrow basis that section 34(1)(c) does not require proof of actual loss but only the likelihood of loss. Unlike the position in the UK,⁶⁰ European Union⁶¹ and under the United States (US) federal law,⁶² it is so that section 34(1)(c) does not require actual loss but its likelihood. In other words, it requires a probability of the occurrence of material loss. The SCA and the High Court appear to have approached the likelihood of detriment on the footing that the message on the T-shirts would probably create in the minds of consumers a particularly unwholesome, unsavoury and degrading association difficult to detach from the reputation of the respondent's marks. But the difficulty is that ordinarily probability is a matter of inference to be made from facts consistent with the inference. No such facts have been pleaded.

⁶⁰ Section 10(3) of the UK Trade Marks Act 1994. See *Premier Brands* above n 30 and *DaimlerChrysler AG* above n 25.

⁶¹ Article 5(2) of the First Directive of the Council of the European Union (89/104 of 21 December 1988). See *General Motors Corp* above n 25.

⁶² Trademark Act of 1946 (Lanham Trade-Mark Act), 15 USC section 1125. See *Moseley dba Victor's Little Secret v V Secret Catalogue Inc* 537 US 418 (2003).

[55] In my view, the inference of material detriment made by the SCA hinges solely on the meaning it has attached to the impugned publication on the T-shirts. Even accepting that meaning, as evidence it is at best scant and unconvincing as an indicator of substantial economic harm to the respondent's marks. It is appropriate to observe that the mere fact that the expressive act may indeed stir discomfort in some and appear to be morally reprobate or unsavoury to others is not ordinarily indicative of a breach of section 34(1)(c). Such a moral or other censure is an irrelevant consideration if the expression enjoys protection under the Constitution. Of course freedom of expression is not boundless but may not be limited in a manner other than authorised by the Constitution itself such as by the law of defamation.⁶³ The constitutional guarantee of free expression is available to all under the sway of our Constitution, even where others may deem the expression unsavoury, unwholesome or degrading. To that extent ordinarily such meaning should enjoy protection as fair use and should not amount to tarnishment of the trade marks.

[56] I hold that in a claim under section 34(1)(c), a party that seeks to oust an expressive conduct protected under the Constitution must, on the facts, establish a likelihood of substantial economic detriment to the claimant's mark. There is indeed much to be said for the contention that, in a claim based on tarnishment of a trade mark, the probability of material detriment to the mark envisaged in the section must be restricted to economic and trade harm. In essence the protection is against detriment to the repute of the mark; and not against the dignity but the selling

⁶³ See *Mamabolo* above n 44 at para 41; *Khumalo* above n 44 at para 25.

magnetism of the mark. In an open democracy valuable expressive acts in public ought not to be lightly trampled upon by marginal detriment or harm unrelated to the commercial value that vests in the mark itself.

[57] In the respondent's depositions there are no facts which deal with probability of trade or commercial harm. Its attitude is that the likelihood of harm is self evident. I simply do not agree. In my view, if anything the facts suggest otherwise. What is clear is that over decades the CARLING BLACK LABEL marks have and still enjoy considerable recognition and renown in our land. The marks make up a leading, in-the-face, beer brand selling billions of litres of beer nation-wide. There is not even the slightest suggestion that, from the time the T-shirts saw the light of day to the date the interdict proceedings were launched, there had been a real possibility of a reduction of its market dominance or compromised beer sales. Nor is there evidence of the likelihood of future commercial detriment. The number of T-shirts produced and sold or viewed by the public is unknown but is at best truly negligible. On the applicant's version only a few hundred T-shirts were sold. For instance there are no facts on sales beyond a coterie of media students and activists. I am unable to agree with the SCA that the reach of the offending use is irrelevant. In the context of a tarnishment claim, it is important in understanding likely harm relative to the selling power and popularity of the mark in question.

[58] In contrast, SAB has deposed graphically to its awesome marketing machinery bolstered by impressive advertising spend on every conceivable medium including

artefacts and, not least, T-shirts. Even accepting that the racial slur may be unsavoury there is no evidence that it has or is likely to attach to or tarnish the selling power of the mark. It is plain from the record that no evidence, direct or inferential, was adduced to establish likelihood of detriment either in the sense of unfavourable associations that have been created between the registered marks and the illustration on the T-shirts, or in the context of a likelihood of loss of sales by virtue of the reduced commercial magnetism of the mark. In theory and in live trade there is a direct link between the mark and sales. As it is often said, the mark actually sells the goods and it is the acquired asset that the section seeks to protect from tarnishment.

[59] In effect we are invited to find a probability of material economic detriment to the respondent's marks of well-entrenched repute on conjecture alone. We must decline the invitation. It follows that the claim of the respondent for a final interdict against the applicant must falter.

Interpretation of the message on the T-shirts and fair use arguments

[60] The SCA found the interpretation of the message on the T-shirts contended for by the respondent to be "evidently the correct one". The meaning, it held, must be discerned through the eyes of those confronted by the T-shirt. The amicus urged us to depart from the test formulated by the SCA because it is inadequate to resolve disputes where competing interpretations of complex or controversial messages of, say, a political, social or artistic nature are at stake. The amicus contended for the test to be whether the meaning is one for which a reasonable lay person might contend.

Our case law on the section appears to require a court to consider the impression created to a “notional customer of average intelligence, viewing the marks as a whole or looking at the dominant features of each mark”.⁶⁴

[61] Both the respondent and amicus argued that for the purpose of determining whether an infringement has occurred under section 34(1)(c) a court is required to enter the interpretive fray of giving meaning to the offending expression. As we have seen, the SCA adopted the meaning of the message on the T-shirts advanced by the respondent. But it thought the interpretation advanced by the amicus to be complex and strained. The difficult issue is whether the interpretation of the offending message in this case yields more than one plausible meaning. Before us the respondent argued that like the SCA this Court must grasp the nettle and support only one plausible meaning of the message. The applicant and the amicus argue that the message lends itself to at least one other reasonable meaning being that the statement is a critical but parodic comment on the methods used by SAB to market its beer by targeting male workers and in particular black male workers and should therefore be protected as fair use under section 34(1)(c) read with the Constitution.

[62] On its approach, the SCA found that in this matter, the constitutional freedom of expression was no justification for the unauthorised use of trade marks because the applicant used the message on the T-shirts in relation to goods or services and in the course of trade. It found that the T-shirts are marketable goods and not only a

⁶⁴ *Bata Ltd* above n 18 at para 11.

medium of communication and therefore the message does not deserve constitutional protection. The amicus however draws our attention to the clear duality of the roles of the T-shirts – to sell and to make a social statement. It is the expressive role, the amicus argues, which engages the constitutional protection and is worthy of its shield. To limit valuable communication to non-commercial enterprises would further marginalise alternative and competing voices in society. In this way voices of the best resourced would tend to prevail. But also it is important to keep in mind the purpose for which the marks have been appropriated. What is being sold is not another beer or other product under the guise or on the back of the registered marks. What is being sold is rather an abstract brand criticism. T-shirts are not much more than the medium of choice.

[63] The SCA denied the applicant the constitutional protection of freedom of expression on the further ground that it has adequate alternative means of expression. The amicus makes the point that although this test is of well-established pedigree in US jurisprudence,⁶⁵ the critical enquiry is the sufficiency of the alternative modes of expression for the particular communication at hand. Adequacy of lines of communication is relative to a myriad of variables such as the nature of the message, the target audience, the means of the author or creator of the message and so on. In each case such adequacy must be probed with utmost care and before a conclusion is reached that the use ought not to be protected as part of free speech.

⁶⁵ *Dallas Cowboys Cheerleaders Inc v Pussycat Cinema Ltd* 604 F 2d 200, 206 (2d Cir 1979).

[64] The SCA rightly accepted that parody is a relevant factor in determining whether the use of senior work is fair within the meaning of section 34(1)(c) but not an absolute defence to a claim of infringement of a trade mark. The SCA endorsed the definition of parody found in US jurisprudence. In *Campbell*⁶⁶ that court noted that

“the heart of any parodist’s claim to quote from existing material, is the use of some elements of a prior author’s composition to create a new one that, at least in part, comments on that author’s works . . . whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.”⁶⁷ [footnote omitted]

[65] The SCA rejected the submission that the message conveyed by the T-shirts is parodic expression. This attitude is in line with the interpretation the SCA has placed on the message on the T-shirts as bearing one reasonable meaning of an unjustified racial slur unconnected to the registered marks save as unsolicited “graffiti” on the marks. The amicus submits that the expressive conduct undertaken through the medium of the T-shirts falls well within the core meaning of parody. At least one of the meanings of the message on the T-shirts contended for by the applicant and amicus is reasonable and capable of parodic meaning and falls within the protection offered by section 16(1) of the Constitution.

[66] I have expressly refrained from making any finding on any of the submissions of the amicus and on the findings of the SCA on fair use of a mark under section 34(1)(c) and freedom of expression. This is so because, firstly, it is unnecessary. I

⁶⁶ Above n 13.

⁶⁷ *Id* at 580-1.

have given an account of the submissions and relevant findings only for the sake of completeness. I have already reached the conclusion that the claim of infringement of the respondent's marks stands to be dismissed because no likelihood of economic prejudice has been established. Secondly, where no economic harm has been shown, the fairness of parody or satire or lampooning does not fall for consideration. It must always be kept in mind that, unlike in the US,⁶⁸ in our jurisprudence there are no enclaves of protected expression such as parody or satire and therefore the mere characterisation of an expression as such would not be decisive of what is fair use under our anti-dilution protection of section 34(1)(c) because ordinarily all categories of expression, save those excluded by the Constitution itself, enjoy constitutional shield and may be restricted only in a way constitutionally authorised.

[67] It must follow that the application for leave to appeal ought to be granted; that the appeal against the judgment and order of the SCA ought to succeed; and that the order of the High Court ought to be substituted with an order that the application is dismissed.

⁶⁸ Id. The position in the US is to be contrasted with that in Canada. It is noted in *Compagnie* above n 10, at paras 63 and 65, that

“American case law permitting parody as criticism under the American doctrine of ‘fair use’ is not applicable nor terribly persuasive in the Canadian context of a different legal regime and a longstanding trend to deny parody as an exception. As well, exceptions to copyright infringement should be strictly interpreted. I am not prepared to read in parody as a form of criticism.

...

In doing so, I would be creating a new exception to the copyright infringement, a step that only Parliament would have the jurisdiction to do.”

Costs

[68] The respondent sought an interdict to vindicate its intellectual property rights in the form of trade marks, but is unsuccessful in this Court. On the other hand the applicant has invoked the right to free expression under the Constitution and has been upheld by this Court. There is no doubt that the respondent launched proceedings to safeguard its commercial interests. The applicant is asserting a constitutional right vital to his life view and relatively tiny and virtually dormant enterprise. I know no reason why the applicant should forfeit costs in this Court and other courts that heard the matter before us. It is just and equitable to order that the respondent pay the costs of the applicant, in the High Court, SCA and in this Court.

Order

[69] The following order is made:

- (1) The application for leave to appeal to this Court is granted.
- (2) The appeal against the judgment and order of the Supreme Court of Appeal succeeds.
- (3) The order of the Supreme Court of Appeal is set aside.
- (4) The order of the High Court is set aside and replaced by the following order: “Application dismissed”.
- (5) The respondent is ordered to pay costs, including costs consequent upon the employment of two counsel, in the High Court, Supreme Court of Appeal and in this Court.

Langa DCJ, Madala J, Mokgoro J, Ngcobo J, O'Regan J, Sachs J, Skweyiya J, Van der Westhuizen J and Yacoob J concur in the judgment of Moseneke J.

SACHS J:

[70] Does the law have a sense of humour? This question is raised whenever the irresistible force of free expression, in the form of parody,¹ meets the immovable object of property rights, in the form of trademark protection. And if international experience is anything to go by, it would seem that far from providing clear guidance court decisions on the topic have been as variable as judicial humour itself.²

¹ Parody is derived from the ancient Greek words “para” [beside, alongside, near] and “ode” [song]. This implies comparison between the parody and its original [a song sung alongside another]. Rutz “Parody: A Missed Opportunity” (2004) 3 *Intellectual Property Quarterly* 284 at 286.

² In a review of twenty years of trademark parody cases, Kane explained: “While the courts pay lip service to the usual trademark factors in judging likelihood of confusion, the results seem as unpredictable as the judicial sense of humour Is it just a case of different facts, different decades, or different judicial sensibilities?” My reading of literature from many countries, which I refer to below, suggests that despite differences in the constitutional and legislative texts with which they work, the courts invariably have to work with the same inherently unstable situation created by the tension in modern society between the need to protect both free speech and intellectual property. This results in court decisions that are highly fact-sensitive, and not easily transported. See Kane “Developments in the Law of Trademark Parody: If it’s Funny, Does That Mean it’s Fair?” in *Current Developments in Trademark Law and Unfair Competition* (Practising Law Institute 1984) 263 at 265 as quoted in Levy “Trademark Parody: A Conflict Between Constitutional and Intellectual Property Interests” (2001) 69 *George Washington Law Review* 425 at n 51.

[71] In the present matter a graduate of a course in journalism decided to do battle with a number of corporate giants, calling his enterprise Laugh it Off and arming himself with T-shirts bearing parodied images and words brazenly pilfered from his opponents. One of his victims, South African Breweries [SAB], saw one of its well-known trademarks reproduced on T-shirts for public sale. The words 'Black Label' and 'Carling Beer', which accompanied the logo were transformed into 'Black Labour' and 'White Guilt'. In smaller lettering the slogans, 'America's Lusty Lively Beer' and 'Brewed in South Africa' were converted into 'Africa's Lusty Lively Exploitation Since 1652, No Regard Given Worldwide'. SAB did not laugh. Instead it went to the Cape High Court and sought, and obtained, an interdict restraining distribution of the T-shirts.

[72] On appeal, the Supreme Court of Appeal [SCA] was equally un-amused, holding that it was unfairly detrimental to SAB to link its protected imagery with imputation of racial exploitation, particularly if the objective was to sell T-shirts. Accordingly, the future sale of the T-shirts was, and remains, interdicted. The result of this double forensic defeat was paradoxically that while the tradename Laugh it Off achieved national and international fame, Laugh it Off itself faced looming insolvency. The joke now being on it, it appeals to this Court.

[73] The facts are well traversed and the broad issues set out with clarity and precision in the judgment of Moseneke J. I agree with the order it makes and with its central proposition, namely, that in the context of our country's free speech values,

SAB have failed to prove the likelihood of any appreciable detriment to the marketability of their beer. I feel, however, that something more needs to be said.

[74] It would in my opinion be unfortunate if SAB [and the others targeted by the T-shirts] were left with the impression that their case failed simply because they did not back it up with clip-board evidence to prove a measure of detriment. I believe the appeal should be upheld on more substantial grounds. Although the SCA judgment was thoughtfully crafted and raised all the basic considerations in what Moseneke J aptly describes as a novel if not vexed area of our law, I believe that when balancing the different interests involved it failed to appreciate why the parodic use of the trademark in the milieu in which Laugh it Off operated was central to its critical project. By de-contextualising both the nature of the mockery contained in the image and the context in which it was deployed, the SCA over-emphasised the fact that the T-shirts were sold at a profit, and attributed undue weight to the literal meaning of the words used. At the same time it gave far too little regard to the uniquely expressive weight of the parodic form used. The result was inappropriately to allow what were tenuous property interests to outweigh substantial expression rights.

[75] At the heart of this matter lies the legal dilemma posed by the fact that Laugh it Off utilised the SAB brand, not adventitiously, but deliberately and precisely in order to challenge SAB's use of branding. It went further. It employed the enemy's brand to denounce the power of branding in general, and to confront the employment of trademark law, in our country as elsewhere, to suppress free speech. It was a

calculatedly risky activity, with the sense of irreverence and provocation being intrinsic to the enterprise. If parody does not prickle it does not work. The issue before us, however, is not whether it rubs us up the wrong way or whether Laugh it Off's provocations were brave or foolhardy, funny or silly. The question we have to consider is whether they were legally and constitutionally permissible. I believe they were eminently so, and give my reasons.

The paradox of parody

[76] Parody is inherently paradoxical. Good parody is both original and parasitic, simultaneously creative and derivative.³ The relationship between the trademark and the parody is that if the parody does not take enough from the original trademark, the audience will not be able to recognise the trademark and therefore not be able to understand the humour. Conversely, if the parody takes too much it could be considered infringing, based upon the fact that there is too much theft and too little originality, regardless of how funny the parody is.⁴

[77] Parody is appropriation and imitation, but of a kind involving a deliberate dislocation. Above all, parody presumes the authority and currency of the object work or form. It keeps the image of the original in the eye of the beholder and relies on the ability of the audience to recognise, with whatever degree of precision, the parodied work or text, and to interpret or 'decode' the allusion; in this sense the audience shares

³ Spence "Intellectual Property and the Problem of Parody" (1998) 114 *Law Quarterly Review* 594 at 594.

⁴ Kotler "Trade-mark Parody, Judicial Confusion and the Unlikelihood of Fair Use" (1999-2000) 14 *Intellectual Property Journal* 219 at 222.

in a variety of ways the creation of the parody with the parodist. Unlike the plagiarist whose intention is to deceive, the parodist relies on the audience's awareness of the target work or genre; in turn, the complicity of the audience is a sine qua non of its enjoyment.⁵

As Gredley and Maniatis write:

“The effect on the audience of parodic dislocation is often comic, provoking laughter, not necessarily at the expense of the parodied work or its author, but at the dislocation itself. Other reactions can include shock, disgust, anger or even simply intellectual pleasure at the recognition of the object work and at the skill and imagination of the parodist. . . . [It may be suggested] that the courts are prepared to tolerate genuine parody, especially in cases where the sole or primary injury to the copyright owner is to his *amour propre*.”⁶

[78] In a society driven by consumerism and material symbols, trademarks have become important marketing and commercial tools that occupy a prominent place in the public mind.⁷ Consequently, companies and producers of consumer goods invest substantial sums of money to develop, publicise and protect the distinctive nature of their trademarks; in the process, well-known trademarks become targets for parody.⁸ Parodists may then have varying motivations for their artistic work; some hope to entertain, while others engage in social commentary, and finally others may have

⁵ Gredley and Maniatis “Parody: A Fatal Attraction? Part 1: The Nature of Parody and its Treatment in Copyright” (1997) 7 *European Intellectual Property Review* 339 at 340.

⁶ Id at 341.

⁷ Levy above n 2 at 425.

⁸ A Canadian writer states that trademark parodies are typically fashioned to critique and identify modern social issues, which they do through the most common and available vehicle, consumerism. Kotler above n 4 at 219.

duplicitous commercial aspirations.⁹ Rutz states that “[o]ften laughter is provoked not at the expense of the original work and its author, but at the dislocation itself. The public may find pleasure in recognising the parody’s object; on the other hand, reactions may be anger or shock, depending on the context in which the parody is set.”¹⁰

[79] The closer the object of the parody is to the parody itself, the more intense will the paradox be. ‘Target’ parodies seek to comment upon the text itself or its creator or owner, while ‘weapon’ parodies involve the use of that text to comment on something quite different. Jurists such as Posner¹¹ and Kennedy J¹² have suggested that weapon parodies involving the hijacking of a well-known image to attack something entirely unrelated, should not enjoy free speech protection. Another view is that whether the parody of a trademark targets the mark directly or uses it to hit at another target should not be decisive in itself, but merely one of the factors to enter the scales when free speech and property rights are balanced against each other.¹³ In either event some degree of paradox will exist to trouble the law.

⁹ Levy above n 2 at 425.

¹⁰ Rutz above n 1 at 288.

¹¹ Posner “When is Parody Fair Use?” (1992) 21 *Journal of Legal Studies* 67 at 71.

¹² *Luther Campbell aka Luke Skywalker, et al, Petitioners, v Acuff-Rose Music, Inc* 510 US 569 (1994) at 599.

¹³ Spence above n 3 at 612. My preliminary view is that the intricate and categorical distinctions sometimes made in United States law between protected and unprotected speech are particularly unhelpful when the relevant judicial exercise involves balancing rather than line-drawing. It might well be that the more closely the parodic point being made is related to the brand itself, the greater the justification for using it. Yet it should always essentially be a matter of degree, not kind.

Trademark protection

[80] The importance of trademark protection needs to be emphasised. In the words of Frankfurter J,

“The protection of trade-marks is the law’s recognition of the psychological function of symbols. . . . A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value.”¹⁴

From the producer’s side, trademarks promote invention, protect investment and enhance market-share by securely identifying a product or service. From the consumer’s point of view, they facilitate choice by identifying the product and guaranteeing its provenance and presumed quality. Furthermore, although this case has been presented as a David and Goliath contest, it is not only the Goliaths of this world who need trademark protection. Small entrepreneurs fighting to increase their share of the market against the Goliaths strive energetically to identify their uniqueness and that of their products and services. Confusion, dilution or tarnishing of their trademarks can be as harmful to them as to any of the major companies, indeed more so, because their capacity to mitigate any detriment will be attenuated.

¹⁴ *Mishawaka Rubber & Woolen Manufacturing Co v S. S. Kresge Co* 316 US 203 (1942) at 205 referred to in Levy above n 2 at 427.

[81] There is nothing in our law to suggest that parody is a separate defence. Rather, it should be considered as an element in the overall analysis.¹⁵ As a United States court put it:

“Some parodies will constitute an infringement, some will not. But the cry of ‘parody!’ does not magically fend off otherwise legitimate claims of trademark infringement or dilution. There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through the use of someone else’s trademark. A non-infringing parody is merely amusing, not confusing.”¹⁶

The issue in that matter was confusion, not detriment, but the principle is the same: there are parodies that cause unfair detriment and parodies that do not. Everything will depend on the context. Thus, the fact that the trademark image is central to the parody does not make it automatically or even presumptively liable for restraint. Nor, on the other hand, does the fact that it is offered as humour automatically or even presumptively render it immune from restraint. Parody, like any other use, has to work its way through the relevant factors and be judged case by case, in light of the ends of trademark law and the free speech values of the Constitution.¹⁷ Given the importance of trademark protection on the one hand and free speech on the other it becomes necessary to balance the one against the other.

Balancing free speech and trade mark protection

¹⁵ In France and Spain intellectual property legislation expressly recognises parody as a defence. See Gredley and Maniatis above n 5 at 343-4.

¹⁶ *Dr Seuss Enterprises, LP v Penguin Books USA Inc* 109 F3d 1394 (9th Cir 1997) at para 10.

¹⁷ See *Campbell* above n 12 at 569.

[82] The question to be asked is whether, looking at the facts as a whole, and analysing them in their specific context, an independent observer who is sensitive to both the free speech values of the Constitution and the property protection objectives of trademark law, would say that the harm done by the parody to the property interests of the trademark owner outweighs the free speech interests involved. The balancing of interests must be based on the evidence on record, supplemented by such knowledge of how the world works as every judge may be presumed to have. Furthermore, although the parody will be evaluated in the austere atmosphere of the court, the text concerned [whether visual or verbal or both] should be analysed in terms of its significance and impact it had [or was likely to have], in the actual setting in which it was communicated.

[83] It seems to me that what is in issue is not the limitation of a right, but the balancing of competing rights. The present case does not require us to make any determinations on that matter. But it would appear once all the relevant facts are established, it should not make any difference in principle whether the case is seen as a property rights limitation on free speech, or a free speech limitation on property rights. At the end of the day this will be an area where nuanced and proportionate balancing in a context-specific and fact-sensitive character will be decisive, and not formal classification based on bright lines.

[84] The mere fact that the expressive activity has a commercial element should not be determinative itself. As the US Supreme Court observed in connection with an analogous copyright question:

“If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble . . . including news reporting, comment, criticism, teaching, scholarship, and research, since these activities ‘are generally conducted for profit in this country’. . . . Congress could not have intended such a rule, which certainly is not inferable from the common-law cases, arising as they did from the world of letters in which Samuel Johnson could pronounce that ‘[n]o man but a blockhead ever wrote, except for money.’”¹⁸

Codero explains further:

“Both artists and advertisers have used the image or representation of cultural icons to comment on society, criticize the symbol, or sell merchandise. In our pop culture where salesmanship must be entertaining and entertainment must sell, the line between commercial and non-commercial speech has disappeared.”¹⁹

[85] Of more significance is whether the activity is primarily communicative in character or primarily commercial. Thus, some degree of commerce should not in itself exclude the activity from free speech protection. Nor, however, should an element of social criticism on its own save an inherently commercial activity from a charge of unfairly causing detriment.

¹⁸ Id at 583 paras 8-9.

¹⁹ Codero “Cocaine-Cola, the Velvet Elvis, Anti-Barbie: Defending the Trademark and Publicity Rights to Cultural Icons,” (1997-1998) 8 *Fordham Intellectual Property Media & Entertainment Law Journal* 599 at 650.

[86] Similarly, the fact that the message could have been conveyed by means other than parody should not be decisive or even significant, again depending on the facts. If this were not so there would be no scope at all for trademark parody, because the message could always be conveyed more directly, if less convincingly, by production of a leaflet or else a letter to the editor. In our consumerist society where branding occupies a prominent space in public culture, one does not have to be a 'cultural jammer' to recognise that there is a legitimate place for criticism of a particular trademark, or of the influence of branding in general or of the overzealous use of trademark law to stifle public debate. In such circumstances the medium could well be the message, and the more the trademark itself is both directly the target and the instrument, the more justifiable will its parodic incorporation be. Conversely, the more the trademark is used in arbitrary fashion and simply as a mere attention-seeking device for the lazy or the deceitful, the less justifiable will it be.

[87] Another relevant factor to be placed on the scales would be the medium used and the context of its use. Thus, parodic illustrations in satirical columns, or editorial cartoons in newspapers or magazines, or a satirical programme on TV, are likely in any open society to enjoy a large measure of protection. The very same images in another context could be regarded as unfair. Thus, the fact that lampoons appear on T-shirts to be worn by young irreverent people who enjoy the idea of being gadflies, could be highly relevant.

[88] Then there is the more vexed question of whether the fact that the parody is deemed unsavoury should deprive it of any serious degree of free speech protection. Siegrun Kane interprets the courts' focus on a parody's unsavouriness as follows:

“The less [the] redeeming social value in the use [of the parody], the greater the chances for injunctive relief. If, for example, the entertainment is lewd, lascivious, pornographic, disparaging or tasteless, watch out!”²⁰

At the same time it has frequently been emphasised that the courts should be extremely reluctant to evaluate a parody on the basis of whether they consider it to be funny or feeble. As the US Supreme Court said in *Campbell*:

“Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use. As Justice Holmes explained, ‘[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. . . . First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed.’”²¹

[89] I have mentioned factors which I believe will be relevant to the balancing exercise. The list is by no means exhaustive. Nor should they be seen as a series of discrete hoops through which the litigants must pass in order to succeed. Rather, they

²⁰ Kane above n 2 at 272-73. See also Kotler above n 4 at 225.

“No matter how clever the parody is, the courts may fail to see value in its humour and be distracted by the encroachment of the parody on the original trade-mark's goodwill and reputation. A parody that treats the trade-mark in an offensive, distasteful and unwholesome manner is certainly more at risk of being held to be trade-mark infringement in Canada”

²¹ *Campbell* above n 12 at 583.

are illustrations of the kind of considerations to be evaluated in a fact-sensitive and contextual manner and against the backdrop of the values of an open and democratic society. With these considerations in mind I turn to the facts of this case.

The facts

[90] The sole member of Laugh it Off, Justin Nurse, states that Laugh it Off is and continues to be a very small concern operating on a shoestring budget. The way it has operated thus far has been to prepare limited runs of T-shirts, to set up a website, and from time to time to hold comedy events where these T-shirts are promoted.

[91] Laugh it Off explains the logic behinds its use of T-shirt lampoons as follows. Brands are omnipresent, and invade every aspect of our private and public space. They entrench themselves in modern cultural consciousness by their self-made associations with certain lifestyles, ambitions, appeal to emotion, etc. Branding often has very little to do with the product itself. Thus Black Label beer tastes completely different all over the world, but has a similar brand. In South Africa the branding has nothing to do with actual taste and quality of the beer. It links the consumption of beer and particularly Black Label to manliness, sporting prowess and even sexual prowess:

- Carling Black Label is projected as something that is enjoyed by “men” around the world. This clearly intends to convey that masculinity can be confirmed by drinking Black Label;
- Carling Black Label is a “lusty, lively beer”;

- Carling Black Label drinkers have or will acquire, one assumes, “a big one”;
- Carling Black Label drinkers get more at the end of the day.

Laugh it Off avers that the Black Label man is clearly intended to be a particular type, and if you want to be such a man, you should use your hard earned money to buy and drink Black Label beer. The love affair with America, and all things American (for example, township youth are attracted to the hip-hop culture prevalent in American inner cities), is also relied upon – almost as a fallacious “appeal to authority”. The affidavit made in its support claims that

“we live in a society where business and culture occupy the same space. It is here that the debate starts to arise, as the corporates try to make their brands South African culture icons – and yet, when they achieve this and their icon is commented on, they hide behind a set of rules (trademark and copyright laws) that were surely not intended for the purpose of stifling cultural expression. It is fair to say that brands largely affect the way we act, and the decisions that we make. . . . They are powerful, pervasive and persuasive. It is the nature of the brand’s unquestionability that cannot stand”

[92] Thus, when resistance to the self-ordained sanctity of the brand comes in the form of satirical T-shirts, corporate reaction is as if a crucifix had been smashed in a monastery in the 14th century. And indeed, Laugh it Off argues, the parallels between the church as an institution that defied any challenge or criticism for centuries, and big business’s banner concept, the brand, defying challenge nowadays, could easily be drawn.

[93] The use of the logo on the T-shirt is explained as follows:

“Black Label has the luxury of having the most money, and therefore the most speech. And if I don’t necessarily like what they have to say, and I want my opinion to be heard on as big a platform as their, what am I to do? Write a letter to the editor? . . . It is then that one turns to what could be called ‘ideological jujitsu.’ Jujitsu is a form of martial art that sees a fighter using his opponent’s massive weight against him. In this same way, Laugh it Off has used the force of a massive entity (namely, the Black Label brand) back on itself. . . . Like the political cartoonist scribbles on his inkpad, like the comedian does his interpretations on stage, we put our message on T-shirts. We have accepted that we operate in a capitalist economy and we have found a medium that affords us the opportunity of earning enough money to continue saying what we want to say. Furthermore, the medium of T-shirts is ideal, as it speaks directly to our target audience: we of the branded generation, who have walked around as advertising billboards for other brands since we were born. It is unavoidable BUT: what you say on your T-shirt says a lot about you. Our T-shirts are sold on campuses to like-minded, freethinking academic students, and in underground clothing stores that attract a young market. Our T-shirts have appeared on display in the National Art Gallery. . . .”

[94] Laugh it Off sums up its position by claiming that it uses the vocabulary of our media-rich environment in a statement directed at a media-literate audience. This statement is made the more powerful because the vocabulary of our environment is the brand; in a media-saturated environment, the most evocative and powerful public discussion will use the vocabulary of that environment.

[95] I have presented Laugh it Off’s position at some length because it highlights elements of the enquiry which were dealt with in a rather cursory fashion by the SCA. It is clear that Laugh it Off cannot carve out for itself immunity simply by asserting the objective of promoting free speech. Similarly, a claim it makes that it cannot be

held accountable for the way its message is interpreted, because that is the nature of art, cannot be sustained. Just as it claims that SAB cannot dissociate itself from the objective impact of its branding message, so Laugh it Off must bear the consequences of the actual effect of its counter-branding statement. Furthermore, the subjective intentions of Laugh it Off are as irrelevant to the judicial enquiry as is the degree of subjective offence its use of the logo may cause to the amour propre of SAB. The subjective intentions of Laugh it Off only became directly relevant when they entered the objective public realm and were interpreted, understood and incorporated into the world-vision of the people who bought, wore and saw the T-shirts. Their significance must accordingly be evaluated not as if they were court exhibits to be scrutinised outside of the context of their use, but according to their actual impact.

[96] There is no suggestion in the present case that Laugh it Off was competing with SAB for a share of the beer market; whether or not the T-shirts can be said to amuse, they do not confuse. Nor does the parody attack the quality of SAB's product. The sale of the T-shirts dilutes neither the beer itself nor its unique position in the consumer imagination.²²

[97] The only possible sting as far as trademark protection is concerned relates to the possible negative impact of the sale of the T-shirts on the image of Carling Black

²² According to Schechter, the chief value of the trademark lies in its capacity to convey positive meanings. The use of a similar mark vitiates the original's unique or distinctive ability to convey meaning, thus diluting its strength in the consumer imagination. As he pointed out in his seminal article, a trademark's symbol "would soon lose its arresting uniqueness and hence its selling power if it could be used on pianos, shaving cream, and fountain pens." Schechter "The Rational Basis of Trademark Protection" (1926-1927) 40 *Harvard Law Review* 813 at 830.

Label. It could be said that the imputation of racist labour practices in the past would tarnish the goodwill associated with the trademark thereby creating unfair detriment. The analogy would be that given by Posner, namely the association of Mickey Mouse with sex, blurring the image of the childish innocence that Walt Disney sought to create for his animated cartoon characters.²³

[98] The Posner example I have given, however, points the other way. If valid, it suggests that a lascivious Mickey Mouse would be incompatible with the product being sold, with negative potential for audience ratings. There is no proof whatsoever that imputations of racist labour practices in the past by SAB would in any way affect the eagerness of present day customers to down another glass of Carling Black Label. Indeed, it is difficult to imagine that black working class drinkers would raise an eyebrow at the suggestion that together with virtually every other enterprise of the time, SAB benefited from the use of cheap black labour produced by the pass laws and lack of trade union and political rights. Even assuming that before the launching of the litigation they would have become aware of the existence of the T-shirts, I have the greatest difficulty in imagining that the manly thirst-quenchers would have taken the lampoon at all seriously, let alone regarded it as constituting hate speech or a racial slur. There is hardly an institution in South Africa that has not in the recent period been accused of being associated in one way or another with racist practices.

²³ Posner states that against that it can be argued that creators of intellectual property should not be allowed to control the public image of their property by forbidding others to suggest variant images of it. Posner above n 11 at 75.

[99] And as far as the actual and rather small community of media-literate purchasers was concerned, what evidence we have suggests that they acquired the T-shirt precisely because it poked fun at enterprises considered as taking themselves too seriously. The purchasers would have noted that this was just one of a batch of T-shirts; which relied for their effect on a pun.²⁴ The game in which they participated was one of vivacious word-play, not solemn social history. The seriousness of the campaigning enterprise comes from the challenge to the dominion of the brand. The Laugh it Off campaign was to get them to laugh, not to hate; and laugh, it appears, is what they did.

[100] The evidence indicates that everybody concerned with the T-shirts, whether as producer or consumer, knew that they were intended to poke fun at the dominance exercised by brand names in our social and cultural life. What united seller and buyer had nothing to do with beer, but was all about irreverence. The use of the trademark was central to the project. This was not an example of a weapon parody being used exploitatively to “get attention or to avoid the drudgery in working up something fresh”.²⁵

[101] The rule against trademark tarnishment would accordingly seem to have little if any application in the present matter. Looked at in its context, the T-shirt lampoon hardly touched upon SAB’s prowess as producer of a lusty, lively brew. If it did

²⁴ Thus a T-shirt lampooning the Standard Bank brand changed the name to Standard Wank, and kept the motto simpler, better, faster. It can hardly be suggested that this would have been taken as a serious factual statement.

²⁵ Campbell above n 12 at para 6.

cause any hurt to the owners of the trademark, such hurt could hardly be classified as detriment to the marketability of the beer. Other non-trademark protection remedies might exist for harm to the repute of the beer producer rather than the beer. As Spence writes in England, intellectual property rights are essentially rights against appropriation, not rights against unfair criticism. Unfair criticism, he observes, is regulated, if at all, by the law of injurious falsehood and defamation.²⁶ It follows that it might be important not to weaken the tarnishment rule where the owner has legitimate claims of product tarnishment via false factual assertions harmful to the viability of a product.²⁷ By way of contrast, however, parody of a trademark, unlike product disparagement and other actions which undermine a product's marketability, is a form of public debate about a public enterprise in the public domain.²⁸

[102] The balancing exercise in the present matter is therefore easily done. On the detriment side there is virtually no harm, if any at all, to the marketability of Carling Black Label beer. This is a case where the communication was far more significant than the trade. The trade was incidental to the communication. The objective of the enterprise, as clearly understood by all those involved, was to get a message across. The sale of the T-shirts was necessary for sustainability. This was not a commercial activity masquerading as a free speech one. To say that the message could have been conveyed by means other than the use of the trademark is to miss the point of the

²⁶ Spence above n 3 at 612.

²⁷ Schlosser "The High Price of (Criticizing) Coffee: The Chilling Effect of the Federal Trademark Dilution Act on Corporate Parody" (2001) 43 *Arizona Law Review* 931 at 963.

²⁸ *Id* at 963-4.

parody. The message lies precisely in the dislocated use of the trademark. The challenge is to the power of branding in general, as exemplified by the particular trademark. It is not to the particular beer as such. It should be stressed that the question is not whether the parody succeeds in hitting the mark. What matters is that it was part of a genuine attempt to critique the status quo in our society. The scales come down unequivocally on the side of Laugh it Off. In the felicitous phrase of an American judge, the evidence shows that in the present matter the parody was a take-off, not a rip-off, and the interdict should accordingly not have been granted.

[103] I would like to add two considerations of special constitutional significance which I believe reinforce the conclusion to which I have come.

[104] The first relates to the chilling effect that overzealously applied trademark law could have on the free circulation of ideas. In this respect one must recognise that litigation could be a risky enterprise for a meritorious trademark owner as well as the prankster. Applicants seeking to interdict the abusive use of their trademarks stand to be involved in lengthy litigation in which every manner of accusation could be made against them by persons from whom no costs could ultimately be recovered. Furthermore, any businesses seen as trying to block free speech could hardly be surprised if the media tended to champion their opponent's cause. Indeed, the very act of invoking the heavy machinery of the law might be regarded as being in conflict with the image of freedom, liveliness and good cheer associated with their product brand. Thus, in the present matter simply bringing the proceedings against Laugh it

Off risked being more tarnishing of Carling Black Label's association with bonhomie and cheerfulness than the sale of 200 hundred T-shirts could ever have done. The principle of litigator beware, however, faces any person contemplating legal action.

[105] Of more significance from a constitutional point of view is the manner in which even the threat of litigation can stifle legitimate debate. Large businesses have special access to wealth, the media and government. Like politicians and public figures, their trademarks represent highly visible and immediately recognisable symbols of societal norms and values. The companies that own famous trademarks exert substantial influence over public and political issues, making them and their marks ripe and appropriate targets for parody and criticism.²⁹

[106] Yet when applied against non-competitor parody artists, the tarnishment theory of trademark dilution may in protecting the reputation of a mark's owner, effectively act as a defamation statute.³⁰ As such it, could serve as an over-deterrent. It could chill public discourse because trademark law could be used to encourage prospective speakers to engage in undue self-censorship to avoid the negative consequence of speaking— namely, being involved in a ruinous lawsuit.³¹ The cost could be inordinately high for an individual faced with a lawsuit aimed at silencing a critic, not

²⁹ Id at 962-3.

³⁰ Schlosser writes: "Although many cases of trademark parody are successfully defended on First Amendment grounds, they present significant financial and legal hurdles to those individuals who would speak against a corporation. The effectiveness of lawsuits to silence corporate critics derives in part from the disparity of resources between the plaintiff corporation and the defendant parody artist. Corporate plaintiffs with famous marks will usually have large treasuries with which to mount protracted litigation. In addition, corporations can claim tax advantages for the legal expenses involved." Above n 27 at 948.

³¹ Id at 949.

only in terms of general litigation expenses, but also through the disruption of families and emotional upheaval. Such protracted vexation can have the effect of discouraging even the hardiest of souls from exercising their free speech rights.³² As the US Court of Appeals for the First Circuit explained in *LL Bean*, parodies serve an important public function which should not easily be suppressed:

“The central role which trademarks occupy in public discourse (a role eagerly encouraged by trademark owners), makes them a natural target of parodists. Trademark parodies, even when offensive, do convey a message. The message may be simply that business and product images need not always be taken too seriously; a trademark parody reminds us that we are free to laugh at images and associations linked with the mark. . . . Denying parodists the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression.”³³

[107] This brings me to the second consideration of special constitutional import. The Constitution cannot oblige the dour to laugh. It can, however, prevent the cheerless from snuffing out the laughter of the blithe spirits among us. Indeed, if our society became completely solemn because of the exercise of state power at the behest of the worthy,³⁴ not only would all irrelevant laughter be suppressed, but temperance considerations could end up placing beer-drinking itself in jeopardy. And I can see no

³² McEvoy, “‘The Big Chill’: Business Use of the Tort of Defamation to Discourage the Exercise of First Amendment Rights” (1990) 17 *Hastings Constitutional Law Quarterly* 503 at 505 as quoted in Schlosser above n 27 at 952.

³³ *LL Bean Inc. v Drake Publishers Inc.* 811 F 2d 26 at 34 (1st Cir 1987).

³⁴ Umberto Eco reminds us of the dangers of overzealousness in the pursuit of truth. “Fear prophets, Adso,” he writes “and those prepared to die for the truth, for as a rule they make others die with them. . . . Perhaps the mission of those who love mankind is to make people laugh at the truth, to make truth laugh, because the only truth lies in learning to free ourselves from insane passion for the truth.” Eco *The Name of the Rose* (Vintage, London 1980) at 491.

reason in principle why a joke against the government can be tolerated, but one at the expense of what used to be called Big Business, cannot.

[108] Laughter too has its context. It can be derisory and punitive, imposing indignity on the weak at the hands of the powerful. On the other hand, it can be consolatory, even subversive in the service of the marginalised social critics. What has been relevant in the present matter is that the context was one of laughter being used as a means of challenging economic power, resisting ideological hegemony and advancing human dignity. We are not called upon to be arbiters of the taste displayed or judges of the humour offered. Nor are we required to say how successful Laugh it Off has been in hitting its parodic mark. Whatever our individual sensibilities or personal opinions about the T-shirts might be, we are obliged to interpret the law in a manner which protects the right of bodies such as Laugh it Off to advance subversive humour. The protection must be there whether the humour is expressed by mimicry in drag, or cartooning in the press, or the production of lampoons on T-shirts. The fact that the comedian is paid and the newspaper and T-shirts are sold, does not in itself convert the expression involved into a mere commodity. Nor does the fact that parodists could have voiced their discontent by phoning into a talk show rather than employ the trademark remove their protection. They chose parody as a means, and invited young acolytes to join their gadfly laughter.

[109] A society that takes itself too seriously risks bottling up its tensions and treating every example of irreverence as a threat to its existence. Humour is one of the great

solvents of democracy. It permits the ambiguities and contradictions of public life to be articulated in non-violent forms. It promotes diversity. It enables a multitude of discontents to be expressed in a myriad of spontaneous ways. It is an elixir of constitutional health.

[110] It follows that I fully support the order made by Moseneke J.

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For the respondent: P Ginsburg SC, R Michau and SM Lebala instructed by Adams & Adams.

For the amicus curiae: GJ Marcus SC and AD Stein instructed by Rosin Wright Rosengarten.