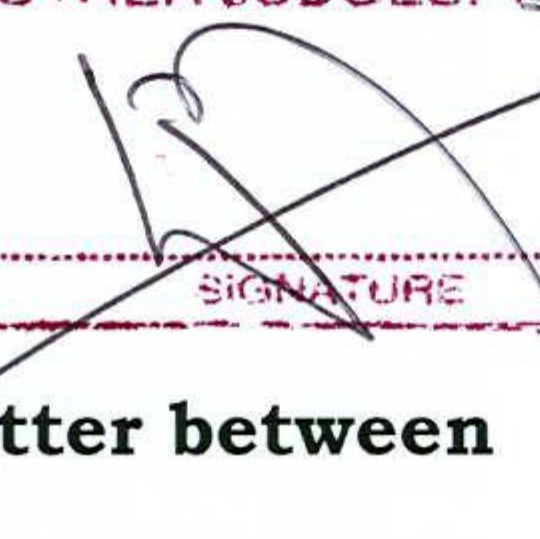


FMT

IN THE HIGH COURT OF SOUTH AFRICA

(NORTH GAUTENG HIGH COURT, PRETORIA)

DELETE WHICHEVER IS NOT APPLICABLE	
(1) REPORTABLE. YES /NO.	
(2) OF INTEREST TO OTHER JUDGES: YES /NO	
(3) REVISED ☒	
1/10/09 DATE	 SIGNATURE

01/10/2009.

CASE NO: 53304/07

In the matter between

**FEDERATION INTERNATIONALE DE
FOOTBALL ASSOCIATION (FIFA)**

APPLICANT

And

METCASH TRADING AFRICA (PTY) LTD

RESPONDENT

JUDGMENT

MSIMEKI, J

INTRODUCTION

[1] The Applicant is an association which is organised and exists under the laws of Switzerland. The Applicant is a world wide body of "association football". According to Mr

David Murray the deponent to the founding affidavit, the Applicant was founded in 1904 and its membership consists of National Football Associations of 208 countries around the world. The Applicant is the organiser and manager of the world famous international soccer tournament officially called the FIFA WORLD CUP and commonly known as 'The soccer world cup' or 'World cup'. The tournament is staged once in four years. Mr Puckrin, on behalf of the Applicant, contended that it is probably the best known and supported sports tournament the world over. Several national teams compete in several qualifying matches and the final competition which will be staged in South Africa in 2010. The deponent to the founding affidavit, Mr David Murray, ("Murray") has given figures of international coverage of the final competition in a few world cups as follows: 1998 tournament had 33 billion viewers, the 2002 tournament 28 billion and the 2006 tournament 26 billion. Organising and conducting a soccer world cup tournament is said to be very expensive. According to

him it cost in excess of R5 billion to stage the 2006 tournament which was held in Germany. To stage the tournament, the Applicant is said to rely on: television rights which it grants to broadcasters; sponsorships by commercial enterprises, merchandising goods and services that have a connection in the course of trade with the tournament and licensing its sponsors and merchandisers who use its intellectual property. The licensees and sponsors expect protection and a measure of exclusivity when they pay the fees. It follows therefore, it is submitted on behalf of the Applicant, that no licensee or sponsor would want to be associated with the soccer world cup unless all who enjoy the benefits pay fees which usually comprise large sums of money. Because of the position it occupies, the Applicant enjoys both statutory and common law protection in its trade marks and in the soccer world cup event that it stages. The Applicant is the registered proprietor of trade mark number 2003/040150 SOUTH AFRICA 2010 BID & DEVICES ("the Applicant's trade mark") which is

registered in class 30 in respect of, inter alia, “confections”. The soccer world cup has been declared a “protected event” in terms of section 15 A of the Merchandise Marks Act of 1994 (“the MMA”) which permits the Minister to designate an event as a “protected event”. Government Gazette Notice 28877 of 25 May 2006 (“the Ambush Marketing Notice”) read with section 15 A of the MMA evidences the declaration of the soccer world cup as such protected event. It is submitted on behalf of the Applicant that soccer world cup tournaments have had significant publicity and public interests in South Africa. It is further submitted that there is enormous repute and goodwill in the 2010 soccer world cup in South Africa and that strong common law rights in the event vests in the Applicant.

FACTS OF THE CASE

- [2] The Respondent is said to be one of the largest South African distributors of fast moving consumer goods which has made use of the mark Astor since 1985. Astor is said to enjoy a very substantial representation in the market place. The Astor lollipops, the subject matter of this application, are marketed under the trade mark Astor. The trademark was registered in 1985. Mr Clive Kairuz, ("Kairuz") the deponent to the answering affidavit, averred that the Astor 2010 pops formed an extension of the Respondent's range of confectionery and that they were launched in December 2004. He further averred that they have contributed 3.3 million Rands worth of revenue since they were launched and the sales for the period March to November 2007 contributed R816.539.00. The Applicant alleges that the Respondent is in unlawful competition with the Applicant on the strength of the fact that the Respondent is contravening

section 15 A of the MMA. The Applicant contends that the Respondent intended its pops to be associated with, not only soccer, but also the 2010 soccer world cup. Contrariwise, the Respondent, contends that it intended its pops to be associated only with soccer in general. It is further the Applicant's contention that the soccer world cup was uppermost in its mind when the Respondent considered its trade mark for its pops. According to the Applicant, the Respondent's use of its trade mark in relation to the event is calculated to achieve publicity for its trade mark and in the process derive special promotional benefit from the event without the prior authority of the organiser of the event and without paying for it. The Applicant contends that the Respondent's use of the trade mark in its promotion activities directly or indirectly is intended to bring it into association with or allude to the event. This, the Respondent denies. The Applicant, initially brought its application on the basis that the Respondent's conduct complained of constituted passing off, a contravention of section 15 A of the MMA

and/or section 9 (d) of the Trade Practices Act of 1976 (TPA); and trade mark infringement in terms of the Trade Mark Act of 1993 ("the TMA").

At the end the matter was argued on the unlawful competition on the strength of the contravention of section 15 A of the MMA. The argument did not include the other two heads which, Mr Puckrin submitted, were not necessarily abandoned. This then narrowed the issues to be resolved or determined. The Applicant, initially, had sought an order in the following terms:

- "1. restraining the Respondent from infringing the Applicant's trade mark registration no. 2003/04015 SOUTH AFRICA 2010 BID & device in class 30 by making unauthorised use, in the course of trade, of the mark 2010 POPS and/or 2010 in conjunction with depictions of the South African flag or parts thereof and/or depictions of soccer balls in relation to confectionery products;*

2. *restraining the Respondent from passing its products off as being those of the Applicant or as being products made by or with its licence or authority and/or as being connected or associated with the Applicant and/or the 2010 FIFA WORLD CUP SOUTH AFRICA event (hereinafter referred to as "the event") by using the marks 2010 POPS and/or 2010 in conjunction with depictions of the South African flag or parts thereof and/or depictions of soccer balls in relation to confectionery products;*
3. *restraining the Respondent from competing unlawfully with the Applicant by contravening Section 15 A of the Merchandise Marks Act of 1941 (read with Notice 683 of 2006 appearing in Government Gazette no 28877 of 25 May 2006, designating the event as a protected event) and/or Section 9 (d) of the Trade Practices Act of 1976 by using the mark 2010 POPS and/or 2010 in conjunction with depictions of the South African flag or parts thereof and/or depictions of soccer balls in relation to confectionery products;*

4. *ordering the First Respondent to pay the costs of this application, including the costs of two counsel;*
5. *further and/or alternative relief;*”

THE ISSUES TO BE DETERMINED

- [3] The issue then to be determined is whether or not the Respondent is contravening Section 15 A of the MMA, the issue that was argued on behalf of the parties.

COMMON CAUSE FACTS

- [4] The following facts are common cause.
1. The Applicant is the organiser and manager of the world famous international soccer tournament.
 2. The tournament is staged once in 4 years.

3. The international coverage of the final competition in each world cup is enormous.
4. Organising and conducting the soccer world cup tournament is very expensive.
5. The organiser and manager relies heavily on:
 - 5.1 granting television rights to broadcasters;
 - 5.2 sponsors and commercial enterprises;
 - 5.3 merchandised goods and service that have connection in the course of trade with the tournament;
 - 5.4 The use of the intellectual property by the licensees and merchandisers.
6. Licensees and sponsors pay fees which are of great assists to the organiser and manager.
7. The Applicant is the registered proprietor of inter alia, trade mark number 2003/04015 SOUTH AFRICA 2010 BID & DEVICES ("The Applicant's

registered trade mark ") registered in class 30 in respect of inter alia, "confections".

8. In terms of section 15 A of the MMA read with GG Notice 28877 of 25 May 2005 ("The ambush marketing notice"), the soccer world cup has been declared a "protected event."
9. The soccer world cup tournaments have received significant publicity and public interest in South Africa.
10. The 2010 soccer world cup has enormous repute and goodwill which presupposes the existence of common law rights which vests in the Applicant.

[5] It is important when determining the issue to have regard to the relevant legislation. The Applicant relies on section 15 A of the MMA.

Section 15 A of the MMA provides:

*“No person may use a trade mark in relation to such event **in a manner which is calculated to achieve publicity for that trade mark and thereby derive special promotional benefit from the event, without the prior authority of the organiser of such event.**”* (My emphasis)

The use of the trade mark referred to in section 15 A (2) includes:

*“the use of the trade mark in promotional activities, which in any way **directly or indirectly, is intended to be brought into association with or to allude to an event.**”* (my emphasis)

- [6] Mr Puckrin on behalf of the Applicant submitted that section 15 A needs no complicated interpretation as the section means what it says. It is his contention that the words should be given their simple meaning.

[7] The Applicant contends that the manufacturing and/or the offering for sale and/or the selling of confectionery products under the trade mark 2010 pops coupled with the partial depiction of the South African flag and depictions of soccer balls (“the offending marks”) seen on paginated papers 175, annexure “DM8” being images of the Respondent’s ASTOR 2010 POPS products showing the manner of use of the offending marks constitutes unlawful competition in that the Respondent is thereby contravening section 15 A of the MMA. The Applicant contends that in the event of the conduct of the Respondent being contrary to the provisions of section 15 A of the MMA then and in that event the conduct will amount to unlawful competition. The contention, in my view, has merit.

[8] It is contended on behalf of the Applicant that regard must be had to the fact that licensees and sponsors of a world cup tournament use their own trade marks on the

licensed products to promote their own trade marks and businesses. The examples are: MTN, FNB and TELKOM. The use of its trade mark by the Respondent, according to the Applicant, shows that it intended its pops to be associated with soccer and 2010 soccer world cup. If the Respondent had only intended its pops to be associated with soccer only, then the need would not have been there to mention 2010 world cup. The soccer world cup, it is further contended, was in the Respondent's 'mind' when its trade mark for its pops was considered. A proper consideration of the offending marks seem to confirm this. It is submitted on behalf of the Applicant that it cannot be correct that the numeral 2010 was chosen because the Shona Khona programme would run up to and until 2010. This, according to the Applicant, is simply because the offending marks make no reference to Shona Khona. The submission, in my view, appear to have merit. The change of the initial get up packaging of the Respondent to its current get up i.e. from annexure "J" to annexure "DM8", according to the Applicant,

with. This according to Mr Puckrin, simply means that section 36 of the Constitution would allow and justify the limitation of the Respondent's rights to freedom of expression or to the intellectual property if their use would deceive or confuse the public and end up jeopardising an event such as the soccer world cup and at the same time prejudicing the sponsors and the licensees of the event. There is again, in my view, merit in this submission.

- [11] It was contended by the Respondent that section 15 A should be used in circumstances where "the user of a trade mark which has no reputation of its own relies on the event rather than the mark's reputation to sell its products." I do not think this is what the legislature intended as section 15 A envisages the use of one's own trade mark in a manner which would derive special promotional benefit from the event. This is the

Applicant's contention which, in my view, appears to be correct.

The nub of the matter, is whether the Respondent's conduct is calculated to achieve publicity for the trade mark which results in the deriving of special promotional benefit from the event **without the prior authority of the organiser of the event**". (my emphasis)

If the answer is yes, then the conduct is unlawful, as Mr Puckrin submitted, irrespective of any damage to the "trade mark" of the Applicant. I agree.

- [12] Mr Morley on behalf of the Respondent submitted that section 15 A has some constitutional implications. The submission, in my view, is correct. He further submitted that the court should favour an interpretation of legislation which is consistent with the constitutional provisions than the interpretation which would lead to invalidity (See *Daniels v Campbell N.O. and Others* 2004 (5) *South Africa* 331 (CC) at [16]/ F – G). This is trite law.

The facts of the case and the Respondent's version however, do not support the Respondent's case.

[13] It was contended on behalf of the Respondent that section 15 A of the MMA limits the prohibited use to that which is unfair and likely to result in material harm to the Applicant's marks. Section 15 A, as shown above, is not complicated. According to it, the conduct is either unlawful or lawful. The Respondent's version supports the Applicant's case. The Respondent's conduct clearly, falls foul of the provisions of 15 A of the MMA. The submission, on behalf of the Respondent, "that the Respondent's trade mark use cannot reasonably possibly be seen to constitute use in relation to the event itself nor that its use is intended to derive special promotional benefit from the event itself, as required by the section" in light of the facts of the case, in my view, cannot be correct.

[14] The Respondent's version clearly discloses its intention in the marketing of its lollipops which is to derive special promotional benefit from the event itself. Evidence shows how the sales have gone up since the trademark use was implemented. The association with the event or the link thereto has generated a lot of money for the Respondent without the prior authorisation or authority of the organiser of the event. This conduct is therefore, unlawful. No money is paid for the association or the link while other sponsors and licensees are paying fees for the use of their trade marks.

[15] The Applicant, in my view, has made out a case for the relief that it seeks. The application, therefore ought to succeed.

[16] The order that I make, in the result, is as follows:

1. The Respondent is restrained from competing unlawfully with the Applicant by contravening section 15 A of the Merchandise Marks Act no 17 of 1941 (read with Notice 683 of 2006 appearing in Government Gazette no 28877 of 25 May 2006, designating the event as a protected event.)
2. The Respondent is ordered to pay the costs of this application including the costs of two counsel one senior the other junior

M. W. MSIMEKI

JUDGE OF THE HIGH COURT

Heard on: 11 December 2008

For the Applicant: Adv. C. Puckrin (S.C.) with Adv R. Michau

Instructed by: Adams & Adams

For the Respondent: Adv. G. E. Morley (S.C.) with Adv. A. M. Annandale

Instructed by: Bouwers Inc.