



## Training Manual on IP Crime Prosecution

### 3. COUNTERFEITING OF TRADEMARKS

#### Function of a trademark

- The sign must be capable of distinguishing the goods or services of one undertaking from those of other undertakings.
- It must serve as a badge of origin.
- The ability to distinguish can either be:
  - Inherent in the mark, or
  - Acquired through use.

#### Main function of a trademark

- The prime function of a trademark is to protect the business of the trademark owner.
- Serve big and small
- Trademarks promote
  - invention,
  - protect investment and
  - enhance market-share by securely identifying a product or service.

#### TM Act

- A trademark must consist of a “mark” which is any “sign”
- capable of being represented graphically,
- including a device (i.e., any visual representation or illustration capable of being reproduced upon a surface),
- name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour or container for goods or any combination of the aforementioned.

#### DEGREES OF DISTINCTIVENESS

##### ❖ Inherent

- invented (arbitrary or fanciful): Exxon, Google
- arbitrary: Tiffany
- suggestive: Microsoft

##### ❖ Acquired through use:

- descriptive: General Electric, Eveready, Raisin Bran

5/6/2019

4

#### Secondary function of a trademark

- They also serve the consumer and the public in general
- Trademarks facilitate choice by:
  - Identifying the product or service
  - Guaranteeing its provenance (source or origin)
  - Guaranteeing its presumed quality.



## THE ESSENCE OF INFRINGEMENT: TO CAUSE CONFUSION



- Object of trade mark law is to prevent misleading commercial 'speech'.
- Trademark infringement consists essentially in causing confusion in relation to origin.
- It destroys or dilutes the badge of origin.
- It confuses and misleads the public.
- Through "trademark use" by the defendant.

5/6/2019

7

## Primary infringement

- the unauthorized use
- in the course of trade
- in relation to goods or services in respect of which the trade mark is registered,
- of an identical mark or
- of a mark so nearly resembling it as to be likely to deceive or cause confusion

## Secondary infringement

The unauthorized use of a mark

- which is identical or similar to the trade mark registered,
- in the course of trade in relation to goods or services
- which are so similar to the goods or services in respect of which the trade mark is registered,
- that in such use there exists the likelihood of deception or confusion.



5/6/2019

10

## Counterfeiting does not raise difficult questions

- Counterfeiting is basically concerned with primary infringement.
- Issues relating to similarity do not arise.
- Issues relating to (the likelihood of) confusion do not arise.



## TRIPS definition of "counterfeit trademark goods"

- any goods, including packaging,
- bearing without authorization
- a trademark which is identical to the trademark
- validly registered in respect of such goods,
- or which cannot be distinguished in its essential aspects from such a trademark,
- and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.

- but trademark counterfeiting requires:
  - manufacturing, producing or making, or applying to goods,
  - whether in the Republic or elsewhere,
  - the subject matter of an IPR (i.e. a trademark),
  - subsisting in the Republic
  - in respect of protected goods
  - without the authority of the owner
  - or a colourable imitation thereof
  - so that the other goods are calculated to be confused with or to be taken as being the protected goods of the said owner or any goods manufactured, produced or made under his or her licence.
- For a full discussion see *Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd and Others* [2010] ZASCA 140; 2011 (2) SA 463 (SCA); [2011] 2 All SA 290 (SCA).

### “Bearing a trademark validly registered”



- The trademark must have been “registered”.
- Within the jurisdiction where the prohibited dealing takes place.
- Imported goods: registered in the jurisdiction into which the goods are imported.
- Certificate issued by the local Registrar of Trademarks.
- Unregistered tms may be entitled to other protection:
  - passing-off
  - well-known unregistered foreign trademarks Article 6bis of the Paris Convention and Article 16 of TRIPS.

### Cloning

Can it be counterfeiting if a trademark is used in respect of goods for which the mark is registered but not used?

### “Any goods, including packaging”

- Trademarks can apply to goods (say: computers) or services (say: financial services like insurance).
- TRIPS also applies to the counterfeiting of service marks even though not common.
- It is not necessary that a trademark is affixed to the goods themselves.
- It may be on the packaging.
- Either amounts to infringement and counterfeiting.

### “Registered in respect of such goods”

- Trademarks are registered in respect of specific goods in classed.
- Requirement of primary infringement
- The mere use of an identical mark does not amount to counterfeiting.
- It is only if the trademark has been registered in respect of those goods.

### “Which is identical to the [registered] trademark”

- The same in all material respects.
- Based on the overall impression.
- Insignificant differences must be ignored.
- Comparison with the “registered mark” as it appears on the official registration certificate and not as it has actually been used by the trademark owner on its merchandise.



## Evidentiary problems

### Counterfeiting

- In more than one country;
- In one country, but a substantial part of its preparation, planning, direction or control takes place in another country;
- In one country but involves an organized criminal group that engages in criminal activities in more than one country; or
- In one country but has substantial effects in another country.

## “Which infringes the rights of the owner of the trademark”

- Trademark infringement by means of counterfeiting is a crime while “ordinary” trademark infringement is a statutory civil wrong.
- Criminal counterfeiting inevitably constitutes civil infringement of the registered trademark.

## “Under the law of the country of importation”

- Requirement not of general application.
- Applies to imported goods only.
- Consequence of
- the principle of territoriality and
- the requirement of registration

## Who counterfeits?

- Local law determines who is deemed to be a counterfeiter.
- Person who commits the actual act of counterfeiting
- Importer
- Dealer
- Accessory.