

REPUBLIC OF SOUTH AFRICA

MERCHANDISE MARKS AMENDMENT BILL

*(As introduced in the National Assembly as a section 75 Bill; explanatory summary of Bill
published in Government Gazette No 22249 of 24 April 2001) (The English text is the
official text of the Bill)*

(MINISTER OF TRADE AND INDUSTRY)

[B 33—2001]

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- (e) by the substitution for the definition of “trade description” of the following definition:
- “ ‘trade description’ means any description, statement or other indication, direct or indirect, as to the number, quantity, measure, gauge or weight of any goods, or as to the name of the manufacturer or producer or as to the place or country in which any goods were made or produced, or as to the mode of manufacturing or producing any goods, or as to the material of which any goods consist, or as to any goods being the subject of an existing patent, privilege, or copyright, and includes any figure, word or mark which, according to the custom of the trade, is commonly taken to be an indication of any of the aforementioned matters, but does not include a trade mark;”; and
- (f) by the substitution for the definition of “trade mark” of the following definition:
- “ ‘trade mark’ means a **[registered]** trade mark as defined in section 2(1) of the Trade Marks Act, 1993 (Act No. 194 of 1993), and includes a well-known trade mark contemplated in section 35 of that Act.”.

Amendment of section 2 of Act 17 of 1941, as substituted by section 2 of Act 38 of 1997

2. Section 2 of the principal Act is hereby amended—
- (a) by the substitution for the heading of the following heading:
- “**What acts amount to applying false trade description**”; and
- (b) by the substitution for subsections (1) and (2) of the following subsections, respectively:
- “(1) A person shall be deemed to apply a false trade description to goods who—
- (a) applies it to the goods themselves; or
- (b) applies it to any covering, label or reel in or with which the goods are sold; or
- (c) places, encloses or annexes the goods in, with or to any covering, label, reel or other thing to which that false trade description has been applied; or
- (d) uses in connection with the goods a false trade description in such manner as to be likely to lead to the belief that the goods are designated or described by that description.
- (2) Goods delivered in pursuance of an offer or request in which reference is made to a false trade description contained in any sign, advertisement, invoice, wine list, business letter, business paper or other commercial communication, shall, for the purposes of paragraph (d) of subsection (1), be deemed to be goods in connection with which that false trade description is used.”.

Amendment of section 6 of Act 17 of 1941, as substituted by section 6 of Act 38 of 1997

3. Section 6 of the principal Act is hereby amended by the substitution for the heading of the following heading:
- “**Applying false trade description and alteration of trade mark**”.

Substitution of section 7 of Act 17 of 1941, as substituted by section 7 of Act 38 of 1997

4. The following section is hereby substituted for section 7 of the principal Act:
- “**Sale and hiring out of goods bearing false trade descriptions**
7. Any person who sells or lets or offers for sale or hire any goods to which any false trade description is applied, or in relation to which a trade mark has been altered in any manner, shall be guilty of an offence, if—

- (a) at the time of the commission of the alleged offence, the person knew or had reason to suspect that the trade description was not genuine or that the trade mark had been altered; or
- (b) the person did not take all reasonable steps in order to avoid the commission of the alleged offence.”.

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Amendment of section 8 of Act 17 of 1941, as amended by section 8 of Act 38 of 1997

5. Section 8 of the principal Act is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) This section shall not have effect in respect of the application of a name or **[trade]** mark to articles used or to be used for any of the following purposes, that is to say, as coverings, labels, reels, or otherwise as articles in or with which goods manufactured or produced in the Republic are or are to be sold, if the name or mark so applied is the name or **[trade]** mark of a manufacturer, producer of or trader in those goods in the Republic, and the name or **[trade]** mark was applied with **[his]** the consent of the manufacturer, producer or trader.”.

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Substitution of section 9 of Act 17 of 1941, as substituted by section 9 of Act 38 of 1997

6. The following section is hereby substituted for section 9 of the principal Act:

“Sale of imported goods bearing marks in official language, unaccompanied by indication of origin

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9. Any person who sells or, for the purpose of advertising goods, distributes in the Republic any goods which were not made or produced in the Republic, and to which there is applied any **[trade mark,]** mark or trade description in any official language of the Republic, shall be guilty of an offence, unless there is added to that mark or description, in a conspicuous manner, the name of the country in which the goods were made or produced, with a statement that they were made or produced there.”.

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Amendment of section 14 of Act 17 of 1941, as substituted by section 10 of Act 38 of 1997

7. Section 14 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsections:

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“(1) For purposes of this section, a person uses a mark or trade mark if he or she uses it—

- (a) in connection with his or her trade, business, profession or occupation; or
- (b) in connection with a mark, trade mark or trade description applied by him or her to goods made, produced or sold by him or her.

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(1A) (a) No person may use a mark or trade mark which consists of or contains the national flag of a convention country, or an imitation from a heraldic point of view, without authorization of the competent authority of the convention country or without being in possession of an authorization in writing signed by or on behalf of the Minister.

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(b) Paragraph (a) does not apply if no authorization for the use of a mark or trade mark contemplated in that paragraph is required by the convention country.

(1B) No person may use a mark or trade mark which consists of or contains the armorial bearings or any other state emblem, of the Republic or a convention country, or an imitation from a heraldic point of view, without authorization of the competent authority of the Republic or convention country, as the case may be.

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(1C) No person may use a mark or trade mark which consists of or contains an official sign or hallmark adopted by the Republic or a convention country, or an imitation from a heraldic point of view, and which indicates control and warranty in relation to goods or services of the same or similar kind as those in relation to which such official sign or hallmark indicates control and

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warranty, without authorization of the competent authority of the Republic or convention country, as the case may be.

(1D) (a) No person may use a mark or trade mark which consists of or contains the flag, armorial bearings or any other emblem, or an imitation from a heraldic point of view, or the name, or abbreviation of the name, of any international organization of which any convention country is a member, without authorization by such organization. 5

(b) Paragraph (a) does not apply if the use of the mark or trade mark contemplated in that paragraph does not suggest to the public that a connection exists between the organization and the mark or its proprietor, or is not likely to mislead the public as to the existence of a connection between the organization and the mark or its proprietor. 10

(1E) Any person who contravenes or fails to comply with any provision of subsection (1A), (1B), (1C) or (1D) shall be guilty of an offence.

(1F) This section does not apply to a trade mark registered before 1 February 1941. 15

(1G) Subsections (1B), (1C) and (1D) apply to a state emblem, official sign or hallmark of a convention country, and the emblem or name, or abbreviation of the name, of an international organization only and to the extent that—

(a) the convention country or international organization has notified the Republic in accordance with Article 6*ter* of the Paris Convention that it desires to protect that emblem, sign, hallmark, name or abbreviation, as the case may be; 20

(b) the notification contemplated in paragraph (a) is in force; and

(c) the Republic has not objected to the notification contemplated in paragraph (a) in accordance with Article 6*ter* of the Paris Convention. 25

(1H) Subsection (1B) or (1C) shall not prevent the use of a trade mark by any citizen of a country who is authorized to make use of a state emblem, official sign or hallmark of that country, notwithstanding the fact that it is similar to that of another country.” 30

Short title

8. This Act is called the Merchandise Marks Amendment Act, 2001.

MEMORANDUM ON THE OBJECTS OF THE MERCHANDISE MARKS AMENDMENT BILL, 2001

1. The Bill seeks to clarify the scope of the Merchandise Marks Act, 1941 (Act No. 17 of 1941) ("the Act"), in its application to trade marks. A distinction is drawn between a mark, a name, a device, a trade description and a trade mark. The definition of trade mark is extended to include that of a "well-known trade mark" contemplated in section 35 of the Trade Marks Act, 1993 (Act No. 194 of 1993).

2. The proposed amendments to sections 2, 6 and 8 of the Act deal with acts which amount to false trade descriptions and seek to outlaw such activities.

3. The proposed amendment to section 14 of the Act is to bring the section into line with the Paris Convention, of which South Africa is a member. An amendment is required to prohibit the unauthorized use of the state emblems of convention countries (members of the Paris Convention). Article 6ter of the Convention prohibits unauthorized use of state emblems by persons or entities. Member states are encouraged to prohibit private use of another state's emblems without authorization. The Paris Convention is part and parcel of the Trade Related Aspects of Intellectual Property Rights Agreement (Trips), and therefore South Africa has a duty to incorporate the provisions of this Article into its legislation.

4. FINANCIAL IMPLICATIONS FOR STATE

None.

5. CONSULTATION

The following bodies or organizations were consulted:

- * South African Police Service
- * South African Revenue Service
- * the business community in general.

6. PARLIAMENTARY PROCEDURE

The State Law Advisers and the Department of Trade and Industry are of the opinion that the Bill should be dealt with in accordance with the procedure set out in section 75 of the Constitution of South Africa since it contains no provision to which the provisions of section 74 or 76 of the Constitution applies.

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