African IP specialists need to consider various issues that arise as legislation across the continent evolves. One issue in particular that tends to come up is in the form of a question that goes something like this: we are a multinational company with a brand that is internationally famous, but we do not actually sell in Africa – will we be able to rely on the law of passing off if someone copies our brand?

In order to deal with this most difficult of questions we will discuss some passing off decisions in the UK, Australia and Canada. We will go on to identify those African countries that recognise the tort of passing off. We will then discuss decided cases in South Africa, Kenya, Mauritius and Namibia. To conclude, we will look at alternatives such as relying on the protection that is given to well-known marks and, of course, trademark registration.

Goodwill/ reputation

In a famous South African case, the Supreme Court of Appeal described passing off as an action that is designed to “protect a business against a misrepresentation of a particular kind, namely that the business, goods or services of the representor is that of the plaintiff or associated therewith.” Passing off is, of course, a tort that comes to South Africa from English law. In the so-called Jif Lemon case, the court said that in order to succeed in a passing off claim the plaintiff must establish three things (now sometimes referred to as the ‘classical trinity’). The three things are:

- Goodwill or reputation.
- A misrepresentation that is likely to deceive the public into believing that the goods or services that the defendant is offering are those of the plaintiff.
- Damage, in the sense that the misrepresentation must damage, or be likely to cause damage to, the plaintiff’s goodwill.

It is the first of the three requirements that causes problems when it comes to deciding whether a company that has a brand with an international renown can sue for passing off in countries where it does not actually do any business. It is perhaps unfortunate that when Lord Oliver handed down his judgment in the Jif Lemon case he said this: “First, [the claimant] must establish a goodwill or reputation attached to the goods or services which he supplied in the minds of the purchasing public by association with the identifying ‘get up’.”

Is reputation simply another word for goodwill, or are these two distinct concepts, either of which will do?

It is goodwill that you need

The issue of whether you need to establish goodwill or reputation was addressed in considerable detail by the UK Supreme Court in the 2015 Now TV decision. The issue here was whether a Hong Kong subscription TV service called Now TV could sue for passing off in the
UK. Although the evidence showed that a significant number of people within the UK’s Chinese community associated the name Now with this service, the Supreme Court held that there was no passing off. The reason – the people in the UK who were accessing the Now TV service were doing so via websites and they were not paying for it.

This meant that they were not customers. This, in turn, meant that there was no business connection between the company and the viewers. The court further found that, not only was the TV service not being sold in the UK, but it was not being marketed either.

So, the Supreme Court came down firmly on the side of goodwill rather than reputation being the requirement for passing off. Goodwill requires the presence of customers in the UK, not simply the presence of people in the UK who are customers elsewhere.

But the court did make the point that goodwill does not require a direct physical presence in the form of an office – if people in the UK pay a third party in the UK for a service that emanates abroad, that might be sufficient.

The court accepted the very old dictum that goodwill is “the attractive force that brings in custom”. It also accepted the received wisdom that goodwill is incapable of subsisting by itself and that it has no independent existence apart from the business to which it is attached. The court suggested an earlier UK decision that seemingly gave recognition to reputation based on foreign usage was in fact more nuanced than that, because in that case UK customers could in fact buy goods and services from abroad.

The Supreme Court’s approach was therefore very much in line with what the legal author Christopher Wadlow has said on the issue: “The reason why goodwill is territorial is that it is a legal proprietary right, existing or not in any jurisdiction according to whether the laws of that jurisdiction protect its putative owner. Goodwill in the legal sense is therefore more than bare reputation... If goodwill were not territorial it would be stronger than a registered right.”

Reputation will do
There have been decisions in Commonwealth countries where courts have taken a very different view.

Australia
There is a well-known decision where the Federal Court of Australia decided that the “traditional approach” requiring goodwill was “too hardline”. In this case, the court said that it had to take account of modern conditions, globalised markets, mass advertising and international mobility.

It said that the old approach that requires an actual business in the country was in conflict with commercial realities. It concluded that a reputation in Australia would be sufficient for the purposes of a passing off claim.

These words from Judge Lockhart are important: “Reputation is the key business facet that passing off protects... the requirement of ‘goodwill’ was not meant to have a different meaning from reputation and its inclusion only serves to complicate the matter.”

Canada
In 2016, the Federal Court of Appeal handed down an important judgment that dealt with goodwill and reputation. In this case, the issue was whether the publisher of an India-based Punjabi-language print and online newspaper called Ajit Daily could use the law of passing off to stop circulation of a Canada-based Punjabi-language print and online paper, called Ajit Weekly.

The court said that a business in Canada is not a requirement for goodwill. The court held that it is possible to establish goodwill simply on the basis of reputation, without actual use in the relevant market.

What about Africa?
The first point to note is that the passing off action is only recognised in the so-called ‘common law countries’ of Africa, in other words those countries that have been influenced by English law. In the rest of Africa, enforceable rights to a trademark are obtainable only through registration. The common law countries of Africa include: Botswana, Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mauritius, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, Zambia, Zanzibar and Zimbabwe.

South Africa will be discussed in the first instance because there is far more IP jurisprudence in South Africa than any other African country.

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South Africa
When dealing with passing off cases, South African courts tend to use the word ‘reputation’ rather than ‘goodwill’. So, for example, in a very recent South African Supreme Court of Appeal decision the court made passing off sound very simple: “Proof of passing off requires proof of reputation, misrepresentation and damage. The latter two tend to go hand in hand, in that if there is a likelihood of confusion or deception there is usually a likelihood of damage flowing from that.”

In an earlier decision, the court described ‘reputation’ as “the opinion which the relevant section of the community holds of the plaintiff or his product”. But in South Africa, there is also a recognition that reputation is simply one aspect of goodwill. South African textbook writers talk of the fact that passing off protects the ‘reputation component of goodwill’.

This thinking comes from a 1998 Supreme Court of Appeal decision, one that came out strongly in favour of the less hardline approach. This case dealt with replica sports cars, and in particular the use of a word/numeral associated with Lotus – Seven. Judge Harms, who had read the Australian Congra decision, examined the issue of goodwill in some detail.

On the issue of the relationship between goodwill and reputation the judge said this: “Goodwill is the totality of attributes that lure or entice clients... the components of goodwill are many and diverse... the only component of goodwill of a business that can be damaged by means of passing off is its reputation and it is for this reason that the first requirement for a successful passing off action is proof of the relevant reputation... it is thus incorrect to equate goodwill with reputation... if the protection of the reputation of a business is the only or main concern of the remedy why is it necessary to localise goodwill for purposes of passing off?”

On the issue of whether the business must be in South Africa, he had this to say: “The fact that... the locality of a business might be a component of goodwill, does not mean that goodwill can only exist where the business is located.”

As for the nature of the enquiry: “The correct question... appears to me to be whether the plaintiff has, in a practical and business sense, a sufficient reputation amongst a substantial number of persons who are
either clients or potential clients of his business... as far as the ‘location’ of reputation is concerned, it must subsist where the misrepresentation complained of causes actual or potential damage to the drawing power of the plaintiff’s business,” the judge held.

So, a very clear endorsement of the less hardline approach, the one that says that a reputation in the country (without any sales or other form of business) may be sufficient to found a passing off action.

There is not a great deal of jurisprudence regarding passing off in the rest of Africa, but a few decisions are summarised below.

“African countries do not always follow the same path and some might follow the UK hardline approach, while others may opt for the more flexible South African/Australian/Canadian approach.”

Kenya
There was a recent High Court decision where passing off was an issue. The case dealt with alleged infringement and passing off of a family of ‘bix’ marks, in other words marks that end with ‘bix’ such as Weetabix and Chocobix.

As there had been significant use of the plaintiff’s marks in Kenya there was no need to discuss any possible differences between goodwill and reputation. The court simply confirmed that the requirements of goodwill, misrepresentation and damage had been met.

Mauritius
In 1999, there was an interesting case that may have some relevance. This was not a passing off claim but a trademark opposition, with the issue being whether the owner of a trademark in a number of countries (but not Mauritius) could stop another company registering that trademark in Mauritius on the basis that it was not the true owner and therefore not entitled to protection. The matter went up to the Privy Council, which found in favour of the opponent.

Lord Clyde echoed some of the less hardline sentiments expressed in the Congra case in Australia: “But it is essentially the reputation of the mark which gives rise to possible confusion and in the light of the growth in international commerce and communication it may now be possible in the case of an internationally established trademark to proceed upon evidence of its notoriety in a country even without actual user of the mark there.”

In a later case, a Mauritian court granted an injunction prohibiting the defendants from manufacturing goods under various Polo and Ralph Lauren marks, despite the fact that they were not registered. The court acknowledged that, in addition to common law passing off, there is a form of statutory passing off through the Unfair Practices Act.

The court said that, as with the common law action for passing off, the legislation covers any act that “damages or is likely to damage the goodwill or reputation of another enterprise.”

Namibia
A passing off judgment came out of Namibia recently. A Namibian company that hired large tools and equipment to the building industry under the name Talisman Tool Hire sued a competitor that hired smaller tools under the name Talisman Hire for passing off.

The court looked closely at South African case law and described passing off as follows: “The plaintiff must prove in the first instance that the defendant has used or is using in connection with his own goods, a name, mark, sign or get-up which has become distinctive... that the defendant’s use of the feature concerned was likely or calculated to deceive and thus cause confusion and injury, actual or probable, to the goodwill of the plaintiff’s business.”

So, a reference to goodwill rather than reputation. Surprisingly, the court went on to find that the claim failed because there was no likelihood of damage apart from a possible loss of custom.

What is the answer?
It is very hard to say. There is no doubt that courts in African countries will consider the views of the South African Supreme Court of Appeal carefully. Especially as they seem to be in line with developments in Australia and Canada. They may also be attracted to the less hardline position on the basis that it feels more modern and in line with 21st century business, an issue that is, of course, mentioned in the Sprints judgment in Mauritius.

Courts may be influenced by the fact that it is far more common for international brands to be known but unused in developing world countries than it is in developed countries, like the UK.

Yet, there is also no getting away from the fact that a very recent judgment of the UK Supreme Court will have considerable clout in English-law African countries. That judgment, of course, came down strongly in favour of goodwill rather than reputation.

Obviously one approach is to simply hope that a passing off action will be available in the event that the brand is copied – African countries do not always follow the same path and some might follow the UK hardline approach, while others may opt for the more flexible South African/Australian/Canadian approach. Those companies that operate
“There is no doubt that courts in African countries will consider the views of the South African Supreme Court of Appeal carefully. Especially as they seem to be in line with developments in Australia and Canada.”

online may take the view that even if a court follows the UK position that will not be a problem because there have been online sales – the court in the Now TV case did, of course, say that a physical presence might not always be necessary. But it is a pretty risky strategy.

Another approach might be to rely on the protection that is given to well-known marks by the Paris Convention - an ever-increasing number of African countries now specifically allow the owner of a trademark that is entitled to protection under the Paris Convention as a well-known mark to restrain the use of that trademark, in cases where it is likely to cause deception or confusion.

But there is very little jurisprudence on the topic of well-known marks and it is all a bit muddled.

In South Africa, the issue was considered in depth in a case that went all the way to the Supreme Court of Appeal.16

The court said that the protection given by the well-known marks provision “is typical of what is available under the common law of passing off”. It went on to say that a mark will qualify for protection if it is well known to the target market of the particular goods or services.

In the Kenyan case referred to earlier, the court found that Weetabix qualified as a “well-known trademark” but the issue was not examined in much detail, with the judge simply saying that the mark qualified as it was “quite well known in Kenya”.

In Zambia,17 the issue of well-known marks came up in a recent case where the judge ruled as follows: “Zambia has not yet domesticated the international law on ‘well known’ marks (Trade-Related Aspects of Intellectual Property Rights Agreement)… consequently they are not recognised for purposes of protection as well-known marks.”

Summary

Quite clearly, trademark registration remains the safest bet. With a trademark registration, you can sue for trademark infringement, and often that extends to trademark dilution. With a registration, you can also make use of the anti-counterfeiting agencies that exist, be they law enforcement or customs.

Owners should treat the common law countries of Africa in exactly the same way as the civil law countries.

Footnotes

1. Capital Estate and General Agencies (Pty) Ltd v Ors v Holiday Inns Inc & Ors 1977 (2) SA 916 (A).
2. Reckitt & Colman Products Ltd v Borden Inc & Ors [1990] RPC 341 (HL).
5. Star Industrial Co Ltd v Yap Kwee Kor [1976] FSR 256.
12. Weetabix Ltd v Manji Food Industries Ltd HCCC No. 23 of 2013.
17. Johnson and Johnson v Aardash Pharma Ltd (High Court of Zambia, 29 September 2017, seemingly unreported).

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