IN THE CONSTITUTIONAL COURT OF SOUTH AFRICA

Laugh It Off Promotions CC v South African Breweries International (Finance) B.V. t/a Sabmark International

CCT 42/04

Decided on: 27 May 2005

MEDIA SUMMARY

The following explanatory note is provided to assist the media in reporting this case and is not binding on the Constitutional Court or any member of the Court.

This case presents a dispute around the proper interpretation of the anti-dilution provision, section 34(1)(c), of the Trade Marks Act in light of section 16 of the Constitution.

Sabmark International (Sabmark) holds trade marks that it licences to SAB Ltd for use on beer bottles and related products. One of the trade marks states:

"America's lusty, lively beer
Carling
Black Label
Beer
Brewed in South Africa".

In 2001 Sabmark discovered that Laugh It Off Promotions CC (Laugh It Off) was producing and selling T-shirts that lampooned the trade mark by stating:

"Africa's lusty, lively exploitation since 1652
White
Black Labour
Guilt
No regard given worldwide".

Sabmark then sought and obtained an interdict from the Cape High Court to restrain Laugh It Off from using the mark. The interdict was granted in terms of the anti-dilution provision of the Trade Marks Act on the basis that Laugh It Off's use of the mark would be likely to take unfair advantage of, or cause detriment to, the repute of the trade mark.

Laugh It Off appealed to the Supreme Court of Appeal (SCA). The SCA held that the mark on the T-shirts conveys the message that Sabmark was and still is guilty of exploiting black labour and of racial discrimination, and that the message is likely to take unfair advantage or cause detriment to the trade marks. The SCA also held that the constitutional right to freedom of expression did not protect the mark on the T-shirts because Laugh It Off fed off the reputation of the trade mark in order to sell T-shirts, and it can still express itself in other ways that do not harm Sabmark. The SCA therefore upheld the interdict granted by the High Court.

Laugh It Off then applied to this Court for leave to appeal against the SCA judgment. It contended that the mark on its T-shirts either criticises the way SAB markets its beer by targeting black workers, or generally criticises the exploitation of blacks by whites. It contended that the right to freedom of expression protects both these messages, and hence that an interpretation of the anti-dilution provision that gives adequate effect to this right does not allow Sabmark to obtain an interdict, except where it has shown that it is likely to suffer economic harm.

Sabmark opposed the application on the basis that the right to freedom of expression, though implicated, does not protect Laugh It Off's use of the CARLING BLACK LABEL mark and that it

is not necessary for it to adduce evidence to show the likelihood of economic harm required for it to obtain an interdict against Laugh It Off's use of the mark. It also contended that the matter is no longer a live issue because Laugh It Off has not been trading since the High Court proceedings.

This Court admitted the Freedom of Expression Institute (FXI), which made common cause with Laugh It Off, as amicus curiae. The FXI argued that the protection of the trade mark must be interpreted in the light of the constitutional right to freedom of expression and hence allow parody as an instance of "fair use" that does not violate the anti-dilution provision.

Writing for a unanimous Court, Moseneke J finds that the matter is not merely academic. The matter raises novel concerns in our law and is of importance to the South African economy and public. This is so also because Laugh It Off would be able to resume trading were this Court to find in its favour.

This Court holds that Sabmark failed to prove Laugh It Off's infringement of its trade marks. The "likelihood of taking advantage of, or being detrimental to, the distinctive character or repute of the marks", has not been established. The rights of persons to express themselves cannot be lightly limited: the harm to the trade mark holder has to be material, and this is one of the internal limitations of section 34(1)(c). However, an interpretation of the section that conforms to the Constitution and the kind of society it envisions requires the one relying on the protection of the Act to show a real likelihood or probability of harm. Such harm must be of an economic sort. This is because the aim of the section is to protect the trade mark's selling power rather than its dignity. It cannot therefore be inferred from a mere observation of the two marks that there is a likelihood of economic harm. This must be shown by adducing evidence to this end. To allow otherwise would be to permit a near-monopoly on the part of the trade mark holder. This is impermissible in a democracy such as ours.

The Court is of the view that it is not necessary to decide the question of parody in this case because no likelihood of economic harm has been shown. However, our Constitution does not exclude or afford special protection to any expression but that falling under section 16(2). Hence, all speech is protected and must be appropriately balanced against other rights, of which the right to property (including intellectual property) is one. Placing the onus on the trade mark holder to adduce evidence to prove the likelihood of substantial economic harm as a result of Laugh It Off's expressive conduct is an appropriate balance of these rights. In the present matter, Laugh It Off is not selling another beer in competition with Sabmark but is rather involved in the sale of "an abstract brand criticism" for which T-shirts are merely a choice of medium. Such expressive conduct is acceptable in terms of our Constitution and, in light of Sabmark's failure to establish likelihood of economic harm, not an infringement of the Act.

Therefore the Court grants leave to appeal and sets the order of the SCA aside.

Concurring in the judgment, Sachs J states that in his view Sabmark's case fails not only because of lack of evidence. The parody is central to the challenge to the cultural hegemony exercised by brands in contemporary society. The issue is not whether the court thinks the lampoons on the T-shirts are funny, but whether Laugh It Off should be free to issue the challenge. In his view, the expression of humour is not only permissible, but necessary for the health of democracy.