

Puma wins landmark counterfeiting case

Following the loss of its counterfeiting case against Rampar Trading, the Supreme Court of Appeal (SCA) on 19 November 2010 handed down a landmark judgment which secured Puma an important victory against Rampar Trading on behalf of all brand holders. The court found that it is possible for an act of counterfeiting to exist even if the fake product is not a copy of an existing item.

"The judgment is to be welcomed, especially if you consider the impact of counterfeiting on a global scale," says Paul Ramara, a partner at intellectual property specialist law firm Spoor & Fisher. "According to research by the Counterfeiting Intelligence Bureau (CIB) of the International Chamber of Commerce (ICC), counterfeiting is said to account for between 5% and 7% of world trade."

Explaining the context of the judgement, Ramara says that in September 2009, the Commercial Branch of the South African Police Service (SAPS) in Durban detained a consignment of shoes imported by Rampar Trading on suspicion that they were counterfeit.

"Samples of the shoes were sent to Puma which confirmed that the shoes were fake in accordance with the terms of the Counterfeit Goods Act (CGA)," says Ramara. "Puma filed the required affidavit, the SAPS subsequently obtained a search and seizure warrant and the shoes were seized from the importer, which then filed an urgent application at the Durban High Court.

The importer sought an order to set aside the search and seizure warrant issued by the magistrate, declare that the shoes in the photos were not counterfeit and direct that the goods be released to the company.

Its main contentions were as follows:

1. The mark appearing on the seized shoes (which Puma claimed resembled its formstrip device trade marks), was merely a decoration and did not fulfil the function of a trademark. Rampar relied heavily on a judgment handed down by the Supreme Court of Appeal about a year earlier against Puma in the matter between Puma and Global Warming
2. Puma had not provided a shoe alleged to have been counterfeited. In other words, it was not possible to imitate a shoe which does not exist irrespective of the confusing similarity with the registered mark.
3. None of the shoes detained by the SAPS were counterfeit
4. The Counterfeit Goods Act includes "notional use".

The court ruled in Rampar's favour and declared the goods not to be counterfeit on the basis that the CGA deals with goods that are in existence and Puma had not produced a shoe that was alleged to be counterfeited by Rampar. Puma applied for

leave to appeal.

Interpretation of protected goods

Protected goods are defined as any goods which feature the subject matter of an intellectual property right only with the authority of the owner of that right or to which that subject matter may be applied, only by that owner or with their authority, but which has not yet been manufactured, or to which that subject matter has not yet been applied, with the authority of the owner.

The case proceeded to the SCA, which upheld Puma's appeal with costs, and said the following: "The term "protected goods" covered any particular class/kind of goods which may bear a registered trade mark, but which has not yet been produced or been applied with authority by the intellectual property owner. It is therefore not a requirement that the trade mark owner must have used the mark in relation to the goods for which it is registered, in order to establish counterfeiting."

"The ruling nullified the importer's argument that Puma had to have a shoe that could be compared to its shoe," Ramara notes. "It is therefore possible for an act of counterfeiting to take place even if the item which has been cloned is not based on an existing item. In this case, the fact that the marks on the shoes were significantly similar to Puma's distinguishing marks meant that the shoes were fakes, even though they did not resemble an existing Puma item."

Rampar, in turn, argued that the Puma formstrip device on its shoe was decorative. The SCA, however, ruled that you cannot use someone else's trade mark (Puma) and then hide behind the argument that it was used as a decoration. "The ruling will hopefully clarify legal practitioners' understanding of what is decoration or adornment," says Ramara.

Protection from counterfeiters

The SCA decided that the high court erred in requiring cloning and concluded that all three models of the importer's shoes were fake.

The SCA next asked whether the marks applied to Rampar's shoes were the "subject matter" or "colourable imitation" of any of Puma's registered trade marks. "In other words, were the marks on Rampar shoes identical to Puma's trade mark?" says Ramara. "The SCA concluded that Rampar's marks on all three models of shoes were the same as Puma's split formstrip device and therefore counterfeit.

"Given the devastating impact of counterfeiting on global and national economies, this judgment will help South Africa in its effort to fight this destructive phenomenon. The judgment entrenches the country's position as an investment destination of choice. It shows the lengths our judiciary will go to protect intellectual property. It also demonstrates Puma's determination to protect its well known formstrip trade marks."

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