COUNTDOWN TO FIFA'S 2010 WORLD CUP – and the IP debate hots up.

With kick off in the 2010 World Cup now less than a month away, the degree of protection afforded to FIFA is becoming a matter of considerable public debate in South Africa. Many people feel that FIFA has exacted rights that go way beyond any legitimate trade mark concern and unduly limit the rights of ordinary citizens in a manner which is grossly unconstitutional. This note outlines the discussions, the rights (beyond trade mark registration) which FIFA has obtained, the theoretical arguments and the practical situation.

Some challenges have been publically entertaining, but have fallen short of court battles.An example is the recent airing of an advertisement by a local airline, Kulula.com, which claimed to be "Unofficial National Carrier of the You-Know-What" and in conjunction with this claim Kulula used representations of the Cape Town Soccer World Cup ("SWC") Stadium, soccer balls and vuvuzelas*. FIFA was quick to respond, sending a cease and desist letter to Kulula.com claiming that it was infringing FIFA's intellectual property rights, in response Kulula withdrew the Ad, but claims that it will launch another and that FIFA's extraordinary rights do not go as far a FIFA claims.

These rights primarily have their *fons* in The Merchandise Marks Act, No 17 of 1941. This old, much amended piece of legislation is being used as one means of trying to fulfil the obligations of the SA government to FIFA's stipulations for allowing South Africa to host the event. One of the statutory remedies for ambush marketing is provided by means of the Merchandise Marks Amendment Act 61 of 2002 which amended the MMA by the insertion of provisions to prohibit the abuse of trade marks in relation to any event declared by the Minister in terms of s. 15A(1) to be a "protected event". This designation was effected by a notice in the Government Gazette (Notice 683 of 2006). It is effective from 25 May 2006 until six calendar months after the 11 June, 2010 the date of commencement of the event.

This step was been taken along with others authorized by a special statute, the Second 2010 FIFA World Cup South Africa Special Measures Act, 2006. Most of these measures are seen as justified and they are not controversial.

What did cause controversy is that the Minister of Trade and Industry published a lengthy list of FIFA trade marks and words describing event venues which he proposed to declare marks as "prohibited" marks under the MMA. These included the words WORLD CUP, the date 2010 and such variations such as SOUTH AFRICA 2010. He derives this power from s 15 of the Act (NOT s. 15A, which is a later addition), which imbues him with the power of prohibition against certain marks that are not trade marks – this because according to the definition in the Act, "mark" excludes "trade mark".
The list as set out in Government Notice 787 0f 2007 was very lengthy but –after numerous objections were received, the actual prohibitions as published in Government Notice 1791 of 2007 were much less than projected, but not everyone realized the

limitation . This is because the lists were not substantially changed in Notice 1791, but the language in the first part of the Notice extended prohibition to only some of the listed "marks" – so many of the "marks" listed are not actually prohibited marks! For example, Annexure C2 to the Notice lists (among others, we have omitted some of the city names):

WORLD CUP
SOUTH AFRICA WORLD CUP
WORLD CUP SOUTH AFRICA
2010
TWENTY TEN
CAPE TOWN 2010
BLOEMFONTEIN 2010
MANGAUNG 2010
PORT ELIZABETH 2010
DURBAN 2010
JOHANNESBURG 2010
POLOKWANE 2010
TSHWANE 2010
PRETORIA 2010
NELSPRUIT 2010
RUSTENBURG 2010
CONFEDERATIONS CUP
WIN IN AFRICA FOR AFRICA
FOOTBALL FOR A BETTER WORLD

Quite a list! Only CONFEDERATIONS CUP is actually prohibited on this list. There is no reason for the rest of the marks being there at all.

In the only case on "ambush marketing" so far concluded and reported in relation to the FIFA World Cup, the prohibited marks did not come into play. Here the focus was on section 15A of the MMA.

This is widely drafted provision the relevant portions of which read:
"

…
(2) For the period during which an event is protected, no person may use a trade mark in relation to such event in a manner which is calculated to achieve publicity for that trade mark and thereby to
derive special promotional benefit from the event, without the prior authority of the organiser of such event.

(3) For the purposes of subsection (2), the use of a trade mark includes
(a) any visual representation of the trade mark upon or in relation to goods or in relation to the rendering of services;
(b) any audible reproduction of the trade mark in relation to goods or the rendering of services; or
(c) the use of the trade mark in promotional activities,

which in any way, directly or indirectly, is intended to be brought into association with or to allude to an event."

Although the MMA is an old Act, Section 15A is a recent addition. and FIFA has been the first to use it. Proponents of "free expression" were disappointed with the resulting judgment in *FIFA v Metcash Trading Africa (Pty) Ltd*. In this case Metcash was selling lollipops in a wrapper depicting of the South African national flag, the numeral "2010" and a picture of a soccer ball (apparently the official ball of a past FIFA World Cup tournament). FIFA claimed that this use was directly or indirectly intended to bring the lollipops into association with or allude to the SWC.

FIFA argued, and the court accepted, that the numeral 2010 was used to identify the SWC and **no other** promotional activities. This seems to create an *onus* on a defendant to prove that it did not intend for an association between its packaging and the protected event which – probably - is a reasonable literal reading of the provision.

Metcash claimed that the packaging was intended to evoke the "Shona Khona" programme, a soccer promotion sponsored by Metcash and aimed at children, the target market, which concluded in 2010. The court preferred FIFA's argument that - if this was the case - Metcash would have made specific reference to the programme in the packaging.

While the defence might raise a knowing snigger from the cynics among you – it is after all quite a coincidence – but is there really a legitimate IP interest that is being impinged upon? It was, it appears, a genuine programme that existed and which Metcash sponsored. Perhaps ven more important is that all South African laws need to be weighed against the Constitution, now the supreme law, which guarantees, *inter alia*, freedom of expression.

Metcash argued that section 15A has to be balance against its right of freedom of expression and that the form of use fell within the freedom.. FIFA argued that the restriction of rights in the Constitution in Section 36 justifies the limitation of the respondent's rights to freedom of expression if the use would deceive or confuse the public and end up jeopardising an event such as the SWC. The court again preferred FIFA's argument and gave the freedom of expression argument short shrift.

The rather limited constitutional examination of Section 15A is interesting against background of the *Laugh It Off Promotions CC v SAB* decision by South Africa's highest court, overturning judgments by the High Court and the Supreme Court of Appeal, which championed the right to freedom of expression by setting a two part test:

1. Is the expression protected expression? If it is, is it
2. So damaging in the real world to the commercial interests of the IP owner that the court is justified in restricting it.?

The approach of the Constitutional Court in this case, which concerned the provisions of the Trade Marks Act was that the law must be interpreted in a way which is the least destructive of other entrenched rights and in particular free expression rights. This is a standard view that the court has expressed in interpreting legislation, namely the least obstructive interpretation must be used which still effectively prevents the harm the provision was designed to prevent.

What was the legislation designed to protect? It seems it is two rights which accrue in a protected event:

1. the right of association (accrues to a paying sponsor);
2. the advertsing right. (accrues to the organizer).

The right of association: to be know and recognised as an official sponsor.

Sponsors are willing to pay for this right and the positive image that results from their brand being associated and recognised as the sponsor of such an event. If organisers, such as FIFA, of these events were unable to sell this positive association their ability to host such events and promote the sports as a whole would be severely limited. Protection of this valuable right of association is one of the purposes of the section; if non-sponsors were able to use FIFA's marks or create the impression that they were sponsors of the event the value associated with being recognised as an official sponsor would be diminished.

The advertising right: This value is developed by the organiser, and can be characterized as the right to derive income from advertising potential. The harm would be a flooding of the advertising space so as to dilute the barnd messages of paying sponsors and therefore the value of the right to send those images out into the media.

One's attitude to the Metcash decision will probably vary according to one's view of FIFA, but it does seem to be at odds with the *Laugh it Off* decision in view of the lack of damage demonstrated by FIFA in the case. The court may have overstepped the mark, but in doing so there is a very clear message to ambush marketers to be very clever with their efforts. The next Kulula ad is awaited with anticipation!

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*a vuvuzela is a plastic horn which is beloved of South African football supporters and dangerous to hearing. There are moves afoot to ban it.