

## **PROTECTION OF TECHNOLOGY BRANDING**

### **Branding of technology**

We are living, working and doing business in an environment where competitive supremacy has become essential to commercial survival. Strong brands play a decisive role in promoting product marketability and ensuring competitive advantage. At the same time we are experiencing what has been described as a "technology revolution", a consequence of which is that cutting-edge technology is now recognised as an extremely valuable intangible asset - one that can be used to enhance competitive advantage but also one that can be licensed or sold to others to realise very substantial profits, ie. as a marketable product. Know-how and information are sold every day. In the European Union, database protection is provided to give database owners rights in their property.

If information used in the field of technology is viewed as a highly valuable saleable commodity and if strong branding is stated to be a prime factor in promoting marketability of a product, can a brand name be registered as a trade mark in respect of a marketable but intangible commodity such as information? The answer to this question becomes even more important if the technology, know-how (including information) and brand names of a business are recognised as factors providing a competitive advantage.

### **Trade marks, brand names and trade names: are they synonyms?**

The terms "trade mark", "brand name" and "trade name" are often used interchangeably. These concepts are in fact not synonymous. "Trade mark" is a legal term used, for example, in South Africa's Trade Marks Act 194 of 1993 where it is defined for purposes of trade mark registration in South Africa. A "trade mark" is defined as a mark used by a person in relation to goods or services for the purpose of distinguishing them from the same kinds of goods or services connected in the course of trade with other persons. A "mark" is defined very widely to comprise any sign capable of being represented graphically, including such diverse items as a device, name, word, letter, numeral, shape, configuration, pattern, ornamentation or colour, or a container for goods, or any combination thereof.

In the Agreement on Trade-related Aspects of Intellectual Property Rights (the TRIPS agreement) of the World Trade Organisation, the term "trade mark" is circumscribed for

purposes of the international harmonisation of laws. The South African definition is broadly coterminous with TRIPS and certainly complies with the spirit of TRIPS. In the Paris Convention for the Protection of Industrial Property, first concluded in 1883, the term "trade mark" is used but no attempt is made to define the term.

It is envisaged in all three of these legal instruments that a trade mark can be the subject of a registration, the effect of which would be to grant to the proprietor of the trade mark the right to exclude all others from using an identical or confusingly similar mark as a trade indication on the same or similar goods or services. It is also clear from the definitions that it is envisaged that such a registration and the consequent protection would be in respect of **goods or services**.

The concept Use<sup>o</sup> of a trade mark is of particular relevance in regard to the definition and registrability of a trade mark. In this regard the Trade Marks Act provides (in section 2(3)) that Use of a mark<sup>o</sup> in relation to goods shall be construed as use upon, or in **physical or other relation** to, such goods; and in relation to services shall be construed as use in **any relation** to the performance of such services. These provisions will have to be interpreted and, if necessary, adapted or amplified where the goods are intangible, as in the case of information and other knowledge systems.

A "trade name" is something different, without statutory definition in the context of trade mark law but recognised in the Paris Convention, where it is provided (in Article 8) that a trade name shall be protected in all member countries of the Convention "without the obligation of filing or registration, whether or not it forms part of a trade mark". A trade name is usually a name under which a business entity identifies itself and/or its business activities. It could also serve as a trade mark or form part of a trade mark; however, the term "trade name" is generally used to indicate a corporate or business name, which is distinct from the trade marks used in respect of the goods or services offered by such corporation or business. A trade name can be registered under legislation **other than** the Trade Marks Act, for example under the Companies Act, 1973, the Close Corporations Act, 1984, etc. It follows that a trade name could thus be registered or unregistered and could serve as or form part of a trade mark to indicate goods or services, but more often is used to designate business activities. It may be the subject of statutory or common law rights.

### **Focus on branding**

The focus in this contribution will be on branding and the registrability of brand names as trade marks in respect of technology. "Brand name" and "brand" are terms frequently used to refer to trade mark rights, seemingly to denote a trade mark of more than ordinary distinctive power and impact, and sometimes to refer also to the relevant goods or services themselves as carriers of the reputation and market attracting power.

The term "brand" has a potent ring, and so it should have if it is borne in mind that it was initially used to signify an identification mark made on an animal by a hot iron to show ownership or quality. It seems, therefore, that a branded product is not merely a product bearing a trade mark but a product bearing a trade mark which has acquired a significant reputation and which, therefore, represents a significant asset.

Businesses the world over acknowledge the value of strong brands; brands together with other intellectual property represent an important component of the intangible asset values within a business. Brands are seen as having global appeal and as able to open up global markets.

### **Focus on technology**

Businesses the world over also agree that the technology revolution has assumed global proportions and that the 21st century will be dominated by the influence of innovation, information and technology. The competitive edge of a business will be determined by the effectiveness and ingenuity of its technology and information systems, and by the ability of the business optimally to manage these systems. Technology and its management and application will become the launching pad for success, economic growth, wealth.

Technology itself has already become a commodity to be commercialised, marketed or traded. Inevitably the need will arise to identify or distinguish the technology and know-how or information developed and being offered for sale or licence by a particular source to differentiate it from similar end-purpose technologies offered by others. In other words, the owner or originator of technology and know-how or information may wish to use a brand name in respect of his technology and to market it as a brand.

### **Can a trade mark be registered in respect of technology or information per se?**

The question is whether South African trade mark legislation in its present state will permit the registration of a trade mark in respect of **technology** or **information** as such. At present, the Trade Marks Act defines (section 2(1)(xxiii)) a trade mark as a mark used or proposed to be used in relation to **goods or services**. The term *Agoods* is not defined in the Act, but (as shown later on) generally covers only tangible goods. *AServices* are stated (section 2(1)(xxi)) to include the offering for sale or the sale of goods in the retail or wholesale trade. Although this definition does not stipulate a *numerus clausus* of activities that would qualify as services, it does not assist in determining whether technology, which is intangible but does not necessarily involve a service, would qualify as either goods to be sold or other services.

South African trade mark law was specifically amended to include the offering for sale or the sale of goods in the retail or wholesale trade as a species of services pursuant to the finding of the Appellate Division of the Supreme Court (as it was then designated) in the so-called **Action Bolt** case: **Tool Wholesale Holdings (Pty) Ltd v Action Bolt (Pty) Ltd** 1991(2) SA 80(A). In this case the court found that the selling of goods in the trade (either by way of retail or wholesale trade) did not qualify as *AServices* as contemplated by the Trade Marks Act 62 of 1963 (which then applied). The definition of *AServices* referred to above was accordingly inserted into the Trade Marks Act, 1993. However, there is nothing in the language of the Act to indicate that the term *Agoods* used in this context was intended to cover intangible goods, such as technology or information.

Although the Paris Convention provides (Article 7) that the nature of the goods to which a trade mark is to be applied shall in no case form an obstacle to the registration of the mark, the meaning and effect of this provision are not further elucidated. In most countries, a trade mark must be registered in respect of a specific class of goods or services. It can be registered in more than one class; however, it cannot normally be registered without a classification.

The South African Trade Marks Act does not have a provision similar to Article 7. To the contrary, it requires (in section 11(1)) that a trade mark shall be registered in respect of goods or services falling in a particular class or classes in accordance with the prescribed classification. Registration in a wrong class or with an inappropriate specification of the goods or services in respect of which the mark is to be used can

jeopardise the validity of a trade mark registration. In the **Action Bolt** case (supra), the Appeal Court quoted with approval from the earlier case of **Miele et Cie GmbH v Euro Electrical (Pty) Ltd** 1988(2) SA 583(A) where it was found that use of a trade mark in relation to services where the registration was for goods, or *vice versa*, did not qualify as use of the trade mark. The court in the **Action Bolt** case indicated that use of a mark in relation to a service only arises if the provider is remunerated for that service. A retailer is paid for the products sold and not for the service of selling the goods. It therefore found that a registration purporting to be in a service class in respect of activities alleged to be retail services was not in respect of services as contemplated in the applicable legislation and had in fact been placed on the register without sufficient cause. It had to be removed.

It is therefore crucial for the validity of a trade mark registration that both the selected class and the specification of goods or services should be correct and in accordance with the applicable law.

### **Classification of goods and services**

Section 69(2) of the Act provides that the Minister of Trade and Industry may determine a classification of goods and services for purposes of trade mark registrations under the Act. Regulation 4 deals with the classification of goods and services and provides that the classification of Schedule 3 (an appendix to the Trade Mark Regulations) is to be used for this purpose. The classification of Schedule 3 is in accordance with the 6th Edition of the International Classification of Goods and Services issued under the Nice Agreement of 1957 (as revised) and as published by the World Intellectual Property Organisation (WIPO) in 1992. Later updates may be introduced by publication in the Patent Journal. It is necessary to determine whether this classification envisages, and thus creates the framework for, the registration of trade marks in respect of intangible commodities other than services and, more specifically, for technology and information.

Schedule 3 contains 34 classes for goods and 8 classes for services. The goods classes all appear to cover tangible products or articles and none of them seems appropriate to receive an intangible commodity such as technology or information. If the alphabetical list of goods published by WIPO for purposes of the classification of goods is consulted, it appears that intangible commodities such as "technology", "methods", "processes", "systems" are not listed as goods at all. Although "software",

"computer programs" and such like are listed, the entries are all defined more precisely by the addition of the term "recorded". This is interpreted as an indication that the tangible, **recorded** version of the software, etc. can be the subject of a trade mark registration - not the underlying intangible technological information as such.

The services classes therefore, at present, provide the only possible locus for a trade mark registration in respect of an intangible commodity such as technological information. In principle, however, technology or information as such is not synonymous with the rendering of a service. Technology is the art or technique of carrying out a certain procedure to achieve a certain purpose; it exists independently from the entity who created the technology or who may be carrying out the procedure or rendering a service in regard thereto. Information alone can exist and be sold without the need for any related service and this is clear from **Action Bolt**. A service for the purpose of the Trade Marks Act is rendered by a person or entity for value and a trade mark registered in respect of that service is intended to distinguish that service when rendered by the proprietor of the trade mark, or persons authorised by him, from the same or similar service rendered by others.

Technology or information, on the other hand, although intangible, has an existence separate and distinct from the entity using the technology or rendering a service in regard to or by means of such technology or supplying information.

Apart from the philosophical problem of trying to equate technology itself with the services that may be rendered by using the technology, there is a real risk of invalidity of a trade mark purported to be registered in respect of services if the activity or commodity which forms the basis of the registration is found not to constitute a service as contemplated in the Act. This was made quite clear in the **Action Bolt** case.

### **Can the services classes provide a locus for technology brand names?**

Despite the fundamental fallacy in equating **technology** or **information** with **service**, it is nevertheless worthwhile to examine the service classes as presently defined to determine whether technology or information per se could notionally find a home in one or more of them. The class headings of classes 35 - 42 as set out in Schedule 3 are non-committal. However, from the International Classification as published by WIPO it is clear that the class headings are intended to cover **services** rendered by persons or

entities B not intangible commodities such as technology or information. For example, class 36, the class heading of which is "Insurance; financial affairs; monetary affairs; real estate affairs", is intended to cover services relating to financial or monetary affairs, services of banking institutions, services of credit institutions, services of brokers dealing in shares and property, etc. It does not purport to cover the underlying financial control **systems** or banking clearance **systems**, or the technology or information used in them. This is the pattern found in respect of all service classes.

When retail and wholesale sales of goods were included in the definition of Aservices@, this new species of services was incorporated into class 35 of the South African classification. Class 35 of the International Classification of Goods and Services naturally has not been amplified to include the selling of goods. It is noteworthy that the detailed alphabetical list of services as published by WIPO does not include Aselling@ or Aoffering for sale@ as a service. However, rental of various goods is listed as a service.

In the alphabetical list of services published by WIPO, a variety of "non-service" entries are surprisingly to be found, such as amusement parks, (Turkish) baths, beauty salons, boarding houses, cafés and cafeterias, hospices and hospitals, etc. It is evident that all of these instances relate to institutions or places where services are rendered. In listing these institutions under Aservices@, it is likely that the intention was to refer to the services rendered at or by these institutions.

It is also interesting to note that, although no services are listed in respect of technology alone, services such as licensing of intellectual property, technical research, technical project studies and a variety of consulting services are listed. References to information are to be found amongst a list of Ainformation@ topics: for example business information, construction information, education information, financial information, etc. are listed. However, these are all listed as services. It is clear that the intention was to refer to the giving of information regarding these topics and not to the information or knowledge systems as such as these all fall in the "services" section of the classification.

When the Classification Descriptions as used by the UK Patent Office for trade mark search purposes are consulted, it is again evident that, although these highly detailed

lists of class descriptions include various services and other activities relating to technology, such as giving advice in regard to technology, analysing technology, licensing and researching technology, they do not list technology as such.

It is possible that service class 42 comes closest to providing a possible locus for the classification of technology for purposes of trade mark registration, in that it covers items such as scientific and industrial research, medical care, and services that cannot be classified elsewhere. Nevertheless even this class is intended to cover **services** pertaining to these subjects and not the technology or knowledge systems themselves.

### **Is there really a need for registered trade marks in respect of technology?**

In South African business and legal publications, many references can be found where brand names are used in respect of systems and technologies by those enterprises which are administering or using them. For example, in a recent issue of **Financial Mail** (February 23, 2001) the settlement and share ownership system known as STRATE (acronym for Share Transactions Totally Electronic) is designated by the corporate executives of its service provider company, Strate Ltd., as "a known brand, not an acronym". Although the term STRATE could be (and probably has been) registered as part of a company name under the Companies Act, one wonders whether STRATE could be registered as a trade mark to cover the STRATE system itself and, if so, in which class (es). As the law stands at present, a registration in respect of the **services** provided by Strate Ltd. could probably be achieved in either or both of classes 35 and 36, ie. in respect of **services** regarding business management and business administration (class 35) or **services** regarding financial affairs or monetary affairs (class 36). It does not seem that such a registration would cover an electronic share trading **system as such**, ie. the system independently from the services of a service provider using the system at any given time or the know-how or technology that forms its foundation.

### **The way forward**

The conclusion can therefore be reached that the present legislative and regulatory system for the registration of trade marks in South Africa does not clearly provide for the registration of trade marks in respect of technology, know-how or information per se. There seems to be a philosophical lacuna inasmuch as the Agoods and services@in

respect of which trade marks can be registered have not been defined to include intangible goods (such as technology) with an existence independent of and unrelated to the services rendered in regard thereto.

There is no doubt that a brand name used in respect of technology could acquire common law rights as a trade name or trade indicator. Although such rights could be enforced in the case of unauthorised use by third parties, the advantages of statutory enforcement procedures and remedies would not be available.

If branding of economically valuable property is as important as we believe it to be and if technology is as valuable an intangible asset as we take it to be, the time is right for appropriate steps to be taken to initiate a debate about the registrability of trade marks in respect of technology and related know-how and information and to address the apparent shortcoming in present legislation in this regard.