

Ambush marketing legislation, contravention or constitutional?

Wim Alberts, consultant to Bowman Gilfillan, in commenting on the recent decision over the Kulula Airways* advertising states, “highlight the excesses of so-called ambush marketing legislation, and the choice the government, by implication, made to allow freedom of expression or placate FIFA.” He says it is only now becoming clear what the real consequences of the choices are.

Alberts considers the rationale of the relevant legislation, principally the Merchandise Marks Act, is justifiable; that businesses should be protected in view of the significant amounts paid for the right to describe themselves as official sponsors. The monies earned would then be used for the development of soccer.

“This objective is, incidentally, not one traditionally classified as a governmental duty. Law enforcement, by contrast, is. Whereas the lack of law enforcement in general has been criticised, one now has the ironic situation where the simple act of painting a soccer ball can mean the difference between the words goal and goal.”

He says that in the process of “enforcing” the law, state machinery is actually not directly involved -- nor need it be. “One confronted with a private adjudication system being allowed to operate parallel to the courts. FIFA is effectively the prosecutor, if not persecutor, judge and jury.”

Alberts points out that the creation of an artistic work like the painting of a ball would clearly not be wrong from a moral standpoint. It should be the same from a legal point of view. “Yet FIFA and its attorneys were strengthened in their resolve by judgments in which freedom of speech was held not to be a defence to an alleged contravention of the legislation.”

Different views

“In the Laugh It Off decision, it was made clear by the Constitutional Court that famous marks can only be protected if economic detriment can be shown. FIFA was certainly not harmed by Kulula's aircraft decoration. If the FIFA marks are, on the other hand, classified as not being famous, the decision of the Supreme Court of Appeal in the Verimark* decision may find application.”

Alberts explains that in the Verimark decision, the court said that the use of an ordinary trademark could only be prevented if a mark was used as a trademark. In other words, its use must indicate origin.

“Did members of the public consider Kulula's services to be part of FIFA, or rather merely a playful act? Probably the latter. Also, the Laugh It Off case made specific mention of the need for constitutional protection for humorous expressions.”

Alberts says the enforcement of the law has been extended to persons making any form of association with the World Cup. “This is the main weapon in FIFA's arsenal. However, there is a difference between someone making an association merely with the event, and someone attempting to make an association with FIFA - that is, to give the impression that the entity is a sponsor. This nuance seems to go unnoticed.

“In fact, the main objection against FIFA's enforcement campaign is the indiscriminate and mechanical view adopted towards perceived infringement cases. No wonder that FIFA had to take the unprecedented step of officially clarifying that the message would be ‘permitted’ to refer to the World Cup in coverage of the event.”

Absence of confusion

Referring to the Metcash decision, Alberts points out that the court attached considerable importance to advantages accruing to Metcash through an association with the World Cup.

“However, decisions of the European Court of Justice, a highly-respected body, have consistently held that a mere mental association does not lead to liability.”

The Supreme Court of Appeal has stated, in the Verimark ruling, that the absence of confusion is an important factor in determining whether unfair advantage has been taken of a trademark. If members of the public accordingly do not think that a business is a sponsor, then that should virtually be the end.”

Alberts concedes that some businesses could benefit from an association, but asks if such benefit constitutes a criminal offence. “South Africans are presently being bombarded with advertising and encouraged to join in the celebration of the World Cup; but it could be perilous to do so. The event is said to be a powerful injection for the economy. Maybe so, but it does not come without a variety of side effects,” he concludes.

*Kulula Airways: Kulula has been targeted by FIFA for its advert on being the “Unofficial National Carrier of the ‘You Know What’.” The low cost airline recently challenged other carriers to keep their fares low during the FIFA World Cup in June & July this year. FIFA objected to the use of “South Africa” but also to the use of soccer balls and the image of a stadium.

*Verimark: BMW tried to stop Verimark from using adverts in which BMW vehicles were used to show how well Verimark products work. After applying Verimark products, even fire did not damage the cars. BMW alleged that this harmed the image of their brand. The court said that no link with the car company was suggested, it was merely as illustration.

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