

## THE DISADVANTAGES OF NOT REGISTERING TRADE MARKS

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The registered trade mark is a statutory right which is only obtained through registration of that trade mark in terms of the Trade Marks Act, 1993. This is distinct from rights of goodwill at common law, often erroneously called "unregistered trade marks" which do not have the protection of statute, and are only protectable if in all the circumstances of the case, it appears that the action complained of amounts to unlawful competition to the extent that the one party is "passing off" his goods or services as those of the other. Such an action is inevitably costly and the results are, at best, uncertain.

Therefore, in order to assert a right analogous to a right of property in a particular trade mark, as distinct from the overall goodwill of a business, it is essential that the trade mark be registered or at least that an application for its registration should be made.

While there is debate as to whether a registered trade mark right is in fact a right of property, there is no doubt that the Trade Mark statute recognizes this *quasi*-property right in registered trade marks. Specifically, a registered trade mark may be used to secure a debt and may be attached to found or confirm jurisdiction.

Turning to the position where one has successfully prevented a passing off and wishes to recover damages, this is extremely difficult as it is necessary to show the degree to which the plaintiff business has actually been damaged by the passing off under the common law. Again in stark contrast to this, where a registered trade mark has been infringed, the Trade Marks Act provides for actual damages to be paid where these can be shown, or, alternatively, for a "reasonable royalty" to be paid. Quite clearly, establishing what would be a reasonable royalty in a particular industry for the use of a trade mark is a far easier undertaking than trying to show the actual impact of unlawful competition on a given business.

A registered trade mark is freely assignable from one party to another, separately from the business in which it may have been used and should appear on the balance sheet. None of this is true of a so-called "unregistered trade mark". In a modern business environment, therefore, it is tantamount to negligence for a company not to seek registration of its trade marks.