Haase Aspects of Mercantile and Business Law in South Africa

Berichte aus der Rechtswissenschaft

Aspects of Mercantile and Business Law in South Africa

Selected Topics on Trade Marks, Advertising, Suretyship, Employee Participation,E-commerce and Arbitration from a Global and a South African perspective

Dr. Jörg Walter Haase Rechtsanwalt

SHAKER Verlag Aachen 2003

Die Deutsche Bibliothek - CIP-Einheitsaufnahme

Haase, Jörg Walter:

Aspects of Mercantile and Business Law in South Africa: Selected Topics on Trade Marks, Advertising, Suretyship, Employee Participation, E-commerce and Arbitration from a Global and a South African perspective/Jörg Walter Haase.

Aachen: Shaker, 2003

(Berichte aus der Rechtswissenschaft)

ISBN 3-8322-0877-1

Copyright Shaker Verlag 2003 Alle Rechte, auch das des auszugsweisen Nachdruckes, der auszugsweisen oder vollständigen Wiedergabe, der Speicherung in Datenverarbeitungsanlagen und der Übersetzung, vorbehalten.

Printed in Germany.

ISBN 3-8322-0877-1 ISSN 0945-098X

Shaker Verlag GmbH • Postfach 101818 • 52018 Aachen Telefon: 02407/9596-0 • Telefax: 02407/9596-9 Internet: www.shaker.de • eMail: info@shaker.de

PREFACE

This book is not intended to state on Commercial Law and on Business Law in South Africa but to have a more detailed view on some selected aspects out of these fields of law comparing legal developments in South Africa with the legal situation in other countries, namely Germany,the UK, the United States, Canada, Australia, New Zealand, Scotland and in the European Union or focusing on international and global trends to show consequences for the legal situation in South Africa in some fields of commerce and business by improving the legal framework. This book therefore deals in five independend chapters with the following topics:

CHAPTER I is about the South African Trade Marks Act 194 from 1993 and Comparative Brand Advertising with focus on the South African Constitution, the legal evaluation in the EU and statutory interpretation. followed by CHAPTER II on Suretyship in South Africa compared with the situation in German as well as Scots and English law. In CHAPTER III the focus is on International Arbitration in South Africa in the banking sector by reference to international loan agreements and a discussion of the pros and cons of arbitration, particular in a cross-border environment, as well as an outlook on the new International Arbitration Act of South Africa adopting the UNCITRAL Model Law and the chances for South African banking institutes, borrowers, lenders and lawyers. CHAPTER IV and CHAPTER V both deal with E-commerce and office communications policies from a global perspective with emphasis on South Africa comparing jurisprudence and legislation, the former listing the risks of internet usage and modern means of communication internal and external and providing the reader with a practical example to show risks obvious in a law firm environment and prevention methods, the latter with focus on the human factor by stressing the importance of motivating the workforce by allowing and encouraging employee participation as a prevention tool to protect private as well as company assets in cyber space.

The law is stated as at 31 August 2002 and the reader is encouraged to do further research on his own on the law in South Africa in it's global context as the selected topics in this book can not cover the whole range of aspects and is also not intended to serve as a general introduction but to give specific insight to limited problems in South African law and to show perspectives for South African law by comparison with foreign countries.

Jörg Walter Haase

Recklinghausen/Marl September 2002

CONTENTS

Overview

PREFACE

CONTENTS

CHAPTER ONE: THE NEW TRADE MARKS ACT IN SOUTH AFRICA AND COMPARATIVE BRAND ADVERTISING - A CASE FOR INTERPRETATION WITH DUE REGARD TO THE SOUTH AFRICAN CONSTITUTION AND THE LAW IN THE UNITED KINGDOM AND THE EUROPEAN UNION

CHAPTER TWO: THE LAW OF SURETYSHIP IN SOUTH AFRICA, IN SCOTLAND, IN ENGLAND AND IN GERMANY - A COMPARATIVE LEGAL APPROACH WITH EMPHASIS ON SOUTH AFRICAN LAW

CHAPTER THREE: INTERNATIONAL LOAN AGREEMENTS AND DISPUTE RESOLUTION BY MEANS OF ARBITRATION – A GLOBAL PERSPECTIVE ON LOAN AGREEMENTS, ON INTERNATIONAL ARBITRATION AND ON RECOGNITION AND ENFORCEMENT OF ARBITRAL AWARDS WITH REMARKS TO THE SITUATION IN SOUTH AFRICA

CHAPTER FOUR: EXTENSIVE ELECTRONIC COMMUNICATION POLICY AND IT'S IMPORTANCE FOR ANY BUSINESS PROVIDING ACCESS TO INTERNET COMMUNICATION TOOLS - A GLOBAL OVERVIEW WITH EMPHASIS ON THE SITUATION IN SOUTH AFRICA

CHAPTER FIVE: THE IMPLEMENTATION OF A POLICY FOR THE OFFICE COMMUNICATION - IN SOUTH AFRICA AND ALL OVER THE WORLD A MATTER OF EMPLOYEE PARTICIPATION

BIBLIOGRAPHY

INDEX

Table of Contents

| PRF | EFACE | \mathbf{V} |
|------|--|--------------|
| COI | NTENTS | VII |
| CHA | APTER ONE | |
| Tra | de Marks and Advertising | 1 |
| I. | Introduction | 1 |
| | 1. Trade marks infringement | 1 |
| | 2. Practical example | 3 |
| | 3. Comparative advertising | 4 |
| | 4. Case: Abott | 6 |
| | 5. Opinions | 7 |
| II. | Interpretation | 11 |
| | 1. Constitutional and statutory interpretation | 11 |
| | a. The Constitution | 11 |
| | b. The Bill of Rights | 12 |
| | c. Statutory interpretation | 13 |
| | 2. Indirect application of the Constitution | 16 |
| | 3. Juristic persons | 19 |
| III. | Freedom of expression | 20 |
| | 1. Freedom of commercial expression | 21 |
| | 2. Limitation of rights | 25 |
| | a. Section 36(1) of the Constitution | 25 |
| | b. Section 36(2) of the Constitution | 26 |
| IV. | Section 34(1)(a) of the Trade Marks Act | 30 |
| | 1. Literal interpretation | 30 |
| | 2. Legislative history of the provision | 32 |
| | 3. Purpose of the provision | 35 |
| | 4. Purpose of the Act | 38 |
| | 5. ASA-Regulations | 40 |
| | 6. Effect of the Competition Act | 43 |
| | 7. Legislative developments in the EU | 45 |
| | a. The European directives | 45 |
| | b. United Kingdom | 49 |
| | c. Case: Ryanair | 52 |
| | 8. Common law remedies for unfair competition | 54 |
| V | Conclusion | 54 |

| CHA | APTER TWO | |
|-------------|--|----------|
| Law | of Suretyship | 57 |
| I. | Introduction | 57 |
| II. | Suretyship in South African Law | 58 |
| | 1. Definition and distinction | 58 |
| | 2. Principal obligation | 60 |
| | 3. Contract of suretyship: formation and interpretation | 61 |
| | 4. Benefits of the surety | 64 |
| | 5. Release of the surety | 67 |
| | a. Discharge | 67 |
| | b. Defences in rem | 67 |
| | c. Exeptio doli generalis | 68 |
| III. | Cautionary obligation in Scots Law and English Law | 70 |
| | 1. Relationship between Scots and English Law | 70 |
| | 2. Definition and destinction | 71 |
| | 3. Principal obligation | 73 |
| | 4. Contract of caution: formation and interpretation | 73 |
| | 5. Benefits of the cautioner | 75 |
| | a. Benefits against the creditor | 75 |
| | b. Rights against the principal debtor and co-cautionars | 77 |
| | 6. Release | 78 |
| | 7. Evaluation | 81 |
| IV. | Suretyship in German Law | 81 |
| | 1. Law of suretyship | 81 |
| | 2. Contract of suretyship | 82 |
| | 3. Illegality of the surety's undertaking | 83 |
| | 4. Benefits of the surety | 83 |
| | 5. Discharge of the surety | 84 |
| V. | Conclusion | 85 |
| СНА | APTER THREE | |
| | king and Arbitration | 87 |
| I. | Introduction | 87 |
| II. | Objections against arbitration | 90 |
| 11. | 1. Simplicity of facts | 90 |
| | 2. Fear of equitable decision | 90 |
| | 3. Lack of publicity | 92 92 |
| | | 93 |
| TTT | 4. Summary of proceedings | |
| III. IV. | Arguments in favour of arbitration Conclusion | 96 99 |
| 1 V . | | 99 99 |
| | 1. General | |
| | 2. South Africa | 100 |

| CHA | APTER FOUR | |
|------|---|-----|
| Elec | tronic Communications Policy | 103 |
| I. | Introduction | 103 |
| II. | Risks of unregulated computer use | 105 |
| III. | Limitation of risks | 108 |
| IV. | Legal framework and legislative intervention | 112 |
| | Creation of an effective Communication Policy | 114 |
| VI. | Practical example | 116 |
| VII. | Conclusion | 118 |
| CHA | APTER FIVE | |
| IT a | 121 | |
| I. | A policy for prevention | 121 |
| II. | | 122 |
| III. | Employee participation and refresher training | 123 |
| IV. | Employee protection | 125 |
| V. | Conclusion | 125 |
| | 1. General | 125 |
| | 2. South Africa | 126 |
| BIB | LIOGRAPHY | 127 |
| IND | 131 | |