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Discovery vs Liberty – When is use of a trade mark an infringement?

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Various Discovery companies took Liberty Group Limited ("Liberty") to court over Liberty's use of Discovery's VITALITY and DISCOVERY registered trade marks in relation to the Liberty Lifestyle Protection Plan ("the Liberty Plan").

During 2019 Liberty introduced a Wellness Bonus feature to its Liberty Plan whereby qualifying customers could decide to disclose their existing membership of an external wellness programme to Liberty and if recognised by Liberty, the policyholder would be paid back a portion of the premiums they paid under the Liberty Plan. This amount would depend on the Liberty Wellness Score which is determined by the status of the policyholder on the external wellness programme. Liberty recognised DISCOVERY VITALITY and MOMENTUM MULIPLY.

So, for example, if the policyholder has a Blue Status under the Vitality programme then there would be a lower Liberty Wellness Score and the policy holder would receive a lower percentage of premiums back as compared to a Diamond status policyholder.

Discovery alleged that Liberty had infringed Discovery's VITALITY and DISCOVERY trade marks and that they had made unlawful and unfair use of the Vitality programme.

While Liberty did not dispute that they used the trade marks, DISCOVERY and VITALITY or that Discovery had not authorised the use thereof, it disputed that the use amounted to infringement.

Liberty had used the marks in documents addressed to its customers including an online quotation that is generated for a customer by an insurance broker and an instruction document issued to the existing policy holder.

Although the quotation did not include reference to DISCOVERY or VITALTITY, the word VITALITY is recognised by the software used to generate an online quotation. Access to the quotation process is not available to the general public but is processed by the broker who would generate the quotation based on the customer's wellness programme status.

Discovery's attack based on trade mark infringement was concerned firstly with primary trade mark infringement and secondly with the well-known status of the marks.

Primary Infringement

The court confirmed the findings in previous cases regarding the established principle that a trade mark serves as a badge of origin.

The question which is to be answered is whether the unauthorised use of the trade mark misleads a customer by falsely identifying the origin of the goods or services. Asked differently, is there a material connection in trade that amounts to trade mark use? The particular facts and circumstances of each case and the context in which the trade mark is used must be looked at in answering these questions.

The court analysed Liberty's use of the words DISCOVERY and VITALITY and the context in which they were used including advising the public that to qualify they must be a member of "an external wellness programme recognised by Liberty".

It concluded that Liberty's use of the trade marks in the documents before the court was not trade mark use for the purposes of primary infringement. It held that Liberty had used the trade marks in a limited manner, restricting the use to two documents, the purpose of which was to inform Liberty Plan customers that Liberty recognises Discovery Vitality membership as membership of an external, third party

wellness programme that will qualify the customer in terms of the Wellness Bonus policy. It used the trade marks to capture, in the two documents, the information that is supplied by a customer who is a member of Discovery Vitality. It held that the use is descriptive and not trade mark use.

Did the use constitute infringement of a well-known mark?

Infringement under section 34(1)(c) will occur if a trade mark is well-known in South Africa and the use of which will take unfair advantage of, or be detrimental to the distinctive character or repute thereof.

It is not necessary to show that the use is likely to cause deception or confusion as is the case of primary infringement. The court accepted that both DISCOVERY and VITALITY are well-known.

Discovery alleged that Liberty was taking unfair advantage of the trade marks by selling its insurance products to Vitality members and by using its trade marks to do so. In order to be successful on this ground, the court held that case-specific facts are required to establish that any advantage Liberty may gain is unfair.

The court also took into account the reputation which Liberty had in its own trade mark and the prominent use thereof on the documents concerned together with the fact that it made relatively limited, non-confusing and descriptive references to Discovery's trade marks.

It was held that Discovery had adduced no evidence to support its allegation that there would be significant detriment to its reputation and therefore concluded that Discovery did not cross the finish line in proving liability under this section.

Conclusion

Although, the judgment has interesting implications with regard to the use of third party trade marks by competing parties, it does not mean that the use of such trade marks is now a free-for-all. The context of the use is crucial and it would be suggested that advice be obtained from a trade mark attorney in the event that you intend using third party trade marks in any manner.



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