

IN THE HIGH COURT OF SOUTH AFRICA
(TRANSVAAL PROVINCIAL DIVISION)

REPORTABLE

Dates: 7 September 2005, 24 January 2006

CASE NO: 14079/04

In the matter between:

Delivered: 24/1/06

COMMERCIAL AUTO GLASS (PTY) L TD

Applicant

and

THE BAKER STREET TRUST
THE TRUSTEES FOR THE TIME BEING OF THE
BAKER STREET TRUST
SHATTERPRUFE(PTY)LTD
THE REGISTRAR OF TRADE MARKS

First Respondent
Second Respondent
Third Respondent
Fourth Respondent

In the matter of a Counter-Application between:

STEWART ROBERT JENNINGS N.O.
MALCOLM STEPHEN CAREW N.O.
PHILIP JAMES NOTTINGHAM N.O.
RODNEY STANSFIELD N.O.
MICHAEL WINSTON STRATFOLD READ N.O.
[In their capacities as the Trustees of the Baker Street Trust]

First Applicant
Second Applicant
Third Applicant
Fourth Applicant
Fifth Applicant

and

COMMERCIAL AUTO GLASS (PTY) LTD

Respondent

JUDGMENT

Trade Mark - expungement of trade mark "Shatterprufe" not justified. Counter application for interdict not acceded to, since undertaking, in the absence of deliberate disregard and further use after undertaking, by respondent in interdict proceedings sufficient defence. Declaratory order that use of "Shatterproof" in descriptive sense, in the course of trade, acceptable in written form

Van Rooyen AJ

[1] This case involves an application to expunge from the register of trade marks a number of trade mark registrations for the trade mark SHATTERPRUFE, registered in a variety of classes. The relief sought by the Applicant includes, alternatively, a declaratory order that its use of the term "shatterproof" (whether spelt as one word or two) does not infringe any of those registered trade marks that are sought to be expunged.

[2] The Respondents, in opposing the application, have instituted a counter-application for an interdict in terms of s 34(1) of the Trade Marks Act 194 of 1993 ("the Act") against the infringement of those trade marks that are sought to be expunged. Although the main and counter-applications were dealt with in a single hearing they, of course, remain distinct and separate applications.

[3] The Applicant bears the onus in respect of the main application (subject to s 27(3)) and the Respondents bear the onus in respect of the counter-application, subject to the normal rules governing disputes of fact in motion proceedings.¹

THE PARTIES

[4] The Applicant, Commercial Auto Glass (Pty) Ltd, is involved in the automotive glass and windscreen manufacture and replacement industry (more commonly referred to in the trade as the "Automotive Replacement Glass Market" or "ARG Market").

[5] The Applicant has cited the First Respondent as "The Baker Street Trust" and the Second Respondent as "The Trustees for the time being of the Baker Street Trust".

[6] The Third Respondent is Shatterprufe (Pty) Ltd and is a licensee of the First and Second Respondents. The Fourth Respondent is the Registrar of Trade Marks cited in his official capacity as the custodian of the register of trade marks.

¹ *Luster Products Inc v Magic Style Sales* CC 1997(3) SA 13 (A) 21 H; *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984(3) SA 623 (A) 634 D - 635 C.

[7] I shall refer to the parties in both the application and the counter-application as follows: Commercial Auto Glass (Pty) Ltd as "the Applicant"; the Baker Street Trust, the Trustees for the time being of the Baker Street Trust and all of the Trustees in their capacities as Trustees of the Baker Street Trust as "the Respondent". "The Respondent" will include a reference to its predecessors in title; and Shatterprufe (Pty) Ltd as "the Third Respondent".

THE SHATTERPRUFE TRADE MARK REGISTRATIONS

[8] The Respondent is the registered proprietor of the trade mark SHATTERPRUFE. Its SHATTERPRUFE trade mark registrations are registered in numerous classes in respect of a wide variety of goods and services. The principal SHATTERPRUFE trade mark registrations date back to 1942. Certain of the SHATTERPRUFE trade mark registrations have been registered as "defensive" trade marks in terms of s 53 of the now repealed Trade Marks Act 62 of 1963 ("the repealed Act"). Most pertinent to the present case is trade mark no.1942/00516/2 SHATTERPRUFE in Class 12 that has been registered in respect of:

"Safety glass and windows included in the class; motorcar windscreens; the foregoing made of safety glass; articles of safety glass included in this class."

THE REASON FOR THE APPLICATION FOR EXPUNGEMENT

[9] In June 2003, use of the word SHATTERPROOF by the Applicant was brought to the attention of the Respondent. Believing this to be an infringement of the SHATTERPRUFE mark, the Respondent in June 2003 addressed a letter of demand to the Applicant. Correspondence ensued between the parties in order to resolve the dispute. In 2003 there was a letter from the Applicant's attorneys that undertook on behalf of the Applicant not to use the term Shatterproof in an emphasised form where it described the laminated glass provided by it. Infringement was, however, not

conceded. The correspondence culminated in a demand sent to the Applicant on the 26th May 2004. No further reply was forthcoming and thereafter, the Applicant instituted these proceedings on the 28th May 2004.

"INTERESTED PERSON"

[10] The Applicant has brought these proceedings under sections 24(1) and 27(1) of the Act. The application based on s 24(1) of the Act is that the SHATTERPRUFE trade marks of the Respondent are entries "wrongly remaining" on the register (for a variety of reasons) and the application in terms of s 27(1) of the Act is on the basis that the SHATTERPRUFE trade marks have not been used by the Respondent.

[11] Both these sections require that the Applicant must be an "interested person". It is common cause that the Applicant is involved in the "automotive glass and windscreen manufacture and replacement industry". It was submitted by the Respondent that the only trade mark registration of the respondent that covers these goods is registration no. 1942/00516/2 in class 12 in respect of: "Safety glass and windows included in the class; motorcar windscreens; the foregoing made of safety glass, articles of safety glass included in this class." The Respondent accepts that the Applicant is an "interested person", *vis-a-vis* trade mark no. 1942/00516/2 in Class 12. However, it is disputed that the Applicant is an "interested person" in respect of *all* the registered SHATTERPRUFE trade marks.

[12] The equivalent sections in the repealed Act (being sections 33(1) and 36(1)) required an applicant to be a "person aggrieved". Although the phrase "person aggrieved" has been interpreted widely by our Courts, an applicant for expungement is required to have an interest in the expungement of a mark.²

² *Ritz Hotel Limited v Charles of the Ritz Limited* 1988(3) SA 290 (A) at 307; *Mars Incorporated v Candy World (Pty) Ltd* 1991(1) SA 567 (A) at 575; *Valentino Globe BV v Philips and Another* 1998(3) SA 775 (SCA) at 781; *SAFA v Stanton Woodrush (Pty) Ltd* 2002(2) SA 236 at 239; *Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales and Promotions (Pty) Ltd* 1991 (4) SA 850 (A) at 855.

[13] Mr. *Morley*, for the Respondents, argued that the Applicant has not led any evidence that it wishes to expand its business beyond the "automotive glass and windscreen manufacture and replacement industry", As such, he submitted that, other than the class 12 registration under no. 1942/00516/2, the Applicant was not an interested person for the relief that it seeks. It is the only trade mark that can hamper its business activities or in respect of which it may have a "pecuniary or proprietary" interest.

[14] Mr *Wheeldon*, for the Applicant, however, argued that the term "interested person" should be given a meaning which would also accommodate the *bona fide* aspirations of a competitor in expanding its business to ARG related fields. I agree with Mr *Wheeldon*. His approach is, in principle, supported by the approach in *South African*

*Football Association v Sandton Woodrush (Pty) Limited*³ where Spoelstra J said the following at 239:

"The first respondent contends that in order to have *locus standi* to institute these proceedings the applicant must show that, as at the date of the institution of the proceedings, it was a 'person aggrieved' within the meaning of s 33(1) of the Trade Marks Act 62 of 1963 ('the old Act') or an 'interested person' within the meaning of s 24(1) of the Trade Marks Act 194 of the 1993 ('the new Act'). The new Act commenced on 1 May 1995 and repealed the old Act.

I do not consider the change of wording of 'person aggrieved' in s 33(1) of the old Act to 'interested person' in s 24(1) of the new Act of any real significance in this matter. It is clear from the cases which considered the term 'person aggrieved' that it refers to persons 'who are in some way or other substantially interested in having the mark removed from the register' (*Ritz Hotel Ltd v Charles of the Ritz Ltd and Another* 1988 (3) SA 290 (A) at 308A - B) and 'a genuine and legitimate competitive interest in the trade to which the offending mark relates' (*Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales and Promotions (Pty) Ltd and Another* 1991 (4) SA 850 (A) at 855C - D). In *Valentino Globe BV v Phillips and Another* 1998 (3) SA 775 (SCA) at 781 B - D Harms JA states:

'The onus rests upon the applicant for removal to establish, as a reasonable possibility, that he is a person aggrieved. For this purpose it is assumed that the trademark is wrongly on the register. A wide and liberal interpretation is given to the term "person aggrieved". The applicant must have a substantial interest in the mark or must substantially be damaged by it remaining on the register. The fact that the registered mark constitutes an obstacle to the registration of a mark applied for by the applicant is prima facie evidence of an interest, but if that application for registration was in bad faith, vexatious or without any substance, the prima facie inference is negated.'

³ 2002(2) SA 236 (T) at 239.

By abandoning the term 'person aggrieved' and embracing the term 'interested person' in the new Act, the Legislature has simply embodied in the legislation the test applied by the Court when investigating whether or not a person was aggrieved by the registration of a trade mark. . The same considerations seem to apply as did before the new legislation came into force. I shall approach the matter on this basis,"

To my mind the Applicant is an 'interested person' as such term is understood in terms of s 27(1) and s 24(1) of the Act. The Applicant is an "interested person" not only in relation to trade mark registration 1942/00516/2 SHATTERPRUFE but also in relation to all the SHATTERPRUFE registrations registered in the name of the First Respondent as all these registrations are either directly related to the ARG market in which the Applicant trades or are registered in relation to goods and services related, and similar, to those relevant to the ARG market. The Applicant most certainly does not fall in the category which was described by Spoelstra J as not *bona fide* or as vexatious.

THE HISTORY OF THE RESPONDENT AND ITS BUSINESS

[15] The application is based on the Respondent's SHATTERPRUFE trade marks allegedly not having been used by the Respondents and, in addition, that the SHATTERPRUFE registrations do not have the necessary capacity to distinguish the products of the Respondents from the products of others.

[16] In 1897, in Cape Town, the Brodie family established The Plate Glass Bevelling and Silvering Company Limited that trade in "plate" and "sheet" glass. It soon expanded into other centres in South Africa. In 1927, one Emmanuel Brodie visited and established links with Ford and General Motors, the American companies that had then recently commenced business in Port Elizabeth, and commenced supplying glass to them. A company established by the Brodie family then commenced developing a laminated automotive safety glass. It adopted the trade mark SHATTERPRUFE in 1929 and in 1931 the first consignments of this laminated automotive safety glass were

sent to Ford and General Motors. In 1935 the Brodie family relocated their business to Port Elizabeth, which business was acquired by a company called "The Shatterprufe Safety Glass Company (Pty) Ltd" ("the Shatterprufe Company"). In 1942 the

Shatterprufe Company applied for and registered the trade mark SHATTERPRUFE in the (then) Class 15 under the 1916 Trade Marks Act. Accompanying this application was an affidavit deposed to by Emmanuel Brodie proving the factual distinctiveness of the SHATTERPRUFE trade mark. The affidavit, which made out a case for factual distinctiveness of the SHATTERPRUFE trade mark records extensive sales of products depicting the SHATTERPRUFE trade mark from 1930 until 1942 and shows that Ford Motor Company had used SHATTERPRUFE glass since 1935, a fact that still exists today. During the 1950's and 1960's the Shatterprufe Company was at the forefront of technological advancements in the automotive safety glass industry.

[17] During the 1960's the Shatterprufe Company extended its range of safety glass to include "laminated building glass". The Shatterprufe Company underwent various changes in ownership in the form of mergers and public listings. In 1976 the Shatterprufe Company extended its business to Australia and the United Kingdom and, in South Africa, at the time, it had 15 factories and 223 trading units operating in 75 centres in South Africa.

[18] When the repealed Act came into force, the registration originally filed in class 15 under no. 516/42 in 1942 was divided into four marks covering classes 11, 12, 19 and 21. By virtue of the interest of the Shatterprufe Company in building glass, it was decided in 1978 to register the SHATTERPRUFE trade mark defensively in terms of the provisions of s 53 of the repealed Act. By 1980, the Shatterprufe Company was exporting windscreens to Europe, Australia and to the USA west coast. In 1987 an article appearing in the *Reader's Digest* in South Africa mentioned SHATTERPRUFE,

amongst others (Lennons, Moirs, Purity, Sanlam and Oros) as being one of the well known trade marks in South Africa. In 1990 application was made for further defensive trade mark registrations. By 1990 the turnover of SHATTERPRUFE products exceeded R335 million rand. In 1993 all of the SHATTERPRUFE trade marks were assigned to "The Baker Street Trust". At all times the actual users of the registered trade mark SHATTERPRUFE (as opposed to the registered proprietor) were recorded as registered users in terms of s 48 of the repealed Act. In terms of s 48 of the repealed Act, such use was "permitted use" and inured to the benefit of the proprietor. In 2001, a further restructuring took place in terms of which the Third Respondent became the user of the SHATTERPRUFE trade marks under the licence from the Trust and with the authority of the trustees. In terms of s 38 of the Act all use made of the SHATTERPRUFE trade mark by the Third Respondent inured to the benefit of the Trustees of the Trust, i.e. the Respondents (as defined).

[19] Mr *Morley* argued that the aforementioned evidence shows extensive use of the SHATTERPRUFE trade marks in South Africa by the Respondent and its predecessor in title since at least 1929. I shall return to the use presently made by the Respondent through its licensee, the Third Respondent, when dealing with the grounds of attack on the trade mark registrations by the Applicant.

THE EXPUNGEMENT

[20] The expungement application of the Applicant can be summarised as follows: (1) It is improper for the SHATTERPRUFE trade marks of the Respondent to be registered in the name of a "trust"; being the Baker Street Trust. Accordingly, the entries wrongly remain on the register as envisaged by s 24(1) of the Act. (2) The trade marks of the Respondent have not been used as contemplated by s 27(1)(a) and (b) of the Act. It was argued that since "The Baker Street Trust" is not a legal entity, it is not entitled to

own or exercise control over any property; there has, accordingly, been no use of the trade mark as contemplated by s 27(1)(a) and (b) of the Act; and (3) for a number of reasons (all related to the ability of the trade mark SHATTERPRUFE to function as a trade mark), the SHATTERPRUFE registrations of the Respondent fall to be expunged in terms of S 24(1) as read with sections 9, 10(1), 10(2), 10(12) and 10(13) of the Act.

[21] Section 1 of the Trust Property Act 57 of 1998 makes it clear that a trust is not regarded as a separate legal entity.⁴ As such, the Applicant contends that "The Baker Street Trust" is not entitled in law to "own" or be the registered proprietor of the trade mark registrations. Accordingly, the Applicant argues that the trade mark registrations registered in the name of "The Baker Street Trust" are entries wrongly remaining on the register as they have been entered on the register in the name of an entity that is not a "person" and thus not a valid "applicant" as contemplated in terms of the Act and therefore is not entitled to claim proprietorship in a trade mark.

[22] There is no merit in this approach. If one examines the Trust Deed itself it is clear that the founder of the Baker Street Trust intended that it be referred to as such for convenience, while at the same time recognising the legal reality that its assets vested in the trustees of the Trust. The fact that the trade marks are recorded in the register of trade marks as being in the name of "The Baker Street Trust" does not alter the underlying reality that the trade marks in issue vest in the trustees of The Baker Street Trust.

[23] The authorities are also clear. In *BOE Bank v Trustees, Knox Property Trust*⁵ the Court rejected the proposition that a suretyship undertaken for the debts of a trust

⁴ S 1 of the Trust Property Control Act 57 of 1998 provides: "A trust is not considered a separate independent entity vested with legal personality which, independently and of its own right, can own and exercise control over property, be it movable, immovable or immaterial property such as copyright and trade marks".

⁵ [1999] 1 All SA 425 (D).

(where recorded in the name of the trust) could not be valid since the trust was not a legal entity. The Court held that the identity of the trustees was readily ascertainable and that it was not necessary to amend the Deed of Suretyship to make reference to "the Trustees of that Trust". Similarly, the Supreme Court of Appeal has held that a bequest to an existing trust is valid, and can be construed as a bequest to the trustees for the purposes of the trust. In this regard Rabie CJ held in *Kohlberg v Burnett N. O. and*

*Others:*⁶

"If a trust can receive benefits under a will, I have difficulty in understanding the contention that the deceased did not in clause 3 of his will declare who were to be the beneficiaries in respect of the residue of his estate. It is clear from the language used in the clause that the deceased bequeathed the remainder of his estate to the two trusts mentioned therein. It is true, of course, that a trust, not being a legal persona, cannot as a trust, acquire or hold property, but this fact does not bring about that the two trusts were not properly appointed as beneficiaries in clause 3 of the Will. The trustees of the two trusts are in law entitled to act on behalf of the trusts and to hold, in their capacities as trustees, property for the purposes of the trusts."

[24] In substance therefore the trade mark registrations in question are "owned" by the trustees of the Baker Street Trust, whatever the form in which it has been registered; which is nothing other than a misnomer, which is understood to be such by all concerned. The identities of the trustees for the time being of the Baker Street Trust are readily ascertainable. Furthermore, it is not uncommon for trusts to litigate in their own name and the technicality of the fact that it should be more proper to be in the name of the trustees in their official capacity, is not fatal.⁷ There is, accordingly, no merit in this ground of attack on the registrations of the Respondent.

[25] The next ground of attack is based on s 27(1)⁸ of the Act. It is not disputed that

⁶ 1986(3) SA 12 (A) at 25 F-G.

⁷ *A Essack Family Trust v Kathree* 1974(2) SA 300 (D); *Goolam Ally Family Trust v Textife, Curtaining and Trimming* 1989(4) SA 985 (C).

⁸ 27(1) Subject to the provisions of s 70(2), a registered trade mark may, on application to the Court, or, at the option of the applicant and subject to the provisions of s 59 and in the prescribed manner, to the Registrar by any interest person, be removed from the register in respect of any of the goods or services in respect of which it is registered, on the ground either

[a] that the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be used in relation to those goods or services by him or any person permitted to use the trade mark as contemplated by s 38, and that there has in fact been no bona fide use of the trade mark in relation to those goods or

extensive use has been made of the trade mark. However, the ground is a legal one: a trust, not being a legal entity, would also not be in a position to "use" the trade mark in relation to the goods or services. The Applicant alleges that because the trade marks are registered in the name of "The Baker Street Trust" this entity "is not legally able nor entitled to exercise any control over the use of the trade mark registrations" and that it therefore "cannot itself use nor can it permit or consent to any third party using the trade marks"; any use by a third party, under any licence, is therefore not "permitted use" as contemplated by s 38 of the Act; "The Baker Street Trust" is "unable to grant a licence or consent to and control the use by any third party of the trade mark" SHATTERPRUFE".

[26] The attack on the basis of s 27(1) (a) is without merit. It is not in dispute that when the SHATTERPRUFE trade marks were originally registered in 1942 they were, in fact, in use. As such, not only did the Applicant for registration have the requisite intention to use, it was using the SHATTERPRUFE trade marks. In relation to the later marks under attack, they were registered as defensive registrations in respect of which the attack based on s 27(1)(a) has no merit.

[27] Similarly, the attack on the basis of s 27(1)(b) of the Act has no merit. Once it is accepted that the validity of the trade mark registrations is not compromised because they were assigned to "The Baker Street Trust" (as a convenient shorthand) as opposed to the "trustees for the time being of The Baker Street Trust", there can be no.

- services by any proprietor thereof or any person so permitted for the time being up to the date three months before the date of the application;
- [b] that up to the date three months before the date of the application, a continuous period of five years or longer has elapsed from the date of the issue of the certificate of registration during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof or any person permitted to use the trade mark as contemplated in s 38 within the period concerned." (emphasis added)

further scope for attacking the registrations of the Respondent in terms of s 27(1)(b) of the Act. The reference to the "Baker Street Trust" as assignee must be taken in common parlance to refer to the Trustees of the "Baker Street Trust".⁹

[28] The applicant contends that "no consent or licence to use the First Respondent's registered Shatterprufe trade mark appears to have been obtained by the Third Respondent from the First Respondent". Accordingly, the Applicant contends that there has been no *bona fide* permitted use of the SHATTERPRUFE trade mark as envisaged by s 38 of the Act. The evidence put forward by the Respondent is quite to the contrary.

[29] In terms of the licensing and registered user provisions contained in s 48 of the repealed Act, the recordal of a registered user was peremptory. The evidence is that each time that there was a licence to use the SHATTERPRUFE trade marks of the Respondent (or its predecessors in title), these licensees were recorded as registered users in terms of the repealed Act. The new Act came into force on the 1st May 1995. Section 38 of the Act brought about a relaxation of the strict formalities to have licensees formally recorded as registered users. In terms of s 38 of the Act, a licensee *may* be recorded as a registered user and such recordal is, accordingly, not peremptory.

[30] During 2001, a company by the name of Famexecs (Pty) Ltd changed its name to Shatterprufe (Pty) Ltd (the Third Respondent) and became a user of the SHATTERPRUFE trade marks. There is no evidence that the Third Respondent is formally recorded as a registered user in terms of s 38 of the Act. Non-recordal of the Third Respondent as a registered user in terms of s 38 of the Act is, however, irrelevant and does not take the application any further. The unequivocal statements

⁹ See *BOE Bank v Trustees, Knox Property Trust (supra)* 432 - 437; Honore *South African Law of Trusts [5th Ed Juta]* pages 70 - 72.

under oath by Jennings are that: the Third Respondent "has used the Shatterprufe trade marks as a licensee under authority continuously since the restructuring took place in 2001; "control over the use of the mark is exercised by the trustees acting in their representative capacity"; "the trustees of the Trust licensed the Third Respondent to use the SHATTERPRUFE trade marks"; "as a matter of fact and of law, the trustees ... consented to the use by the Third Respondent of the marks, and the Third Respondent's use of the marks, as licensee, has inured to the benefit of the trustees ..."; the trustees of "The Baker Street Trust" were "able to grant the requisite licence consent to the use" of the SHATTERPRUFE trade marks and "they have controlled the use of the SHATTERPRUFE trade marks on behalf of the Trust".

[31] It is not in dispute that the Third Respondent is using the SHATTERPRUFE trade marks. The evidence of the Respondent therefore is that there has been proper and controlled use of the SHATTERPRUFE trade marks by the Third Respondent and, as such, this amounts to "permitted use" as envisaged by s 27(1)(b) as read with s 38 of the Act. Insofar as the licence constitutes a factual dispute, it is trite that such a dispute is to be interpreted in favour of the Respondent.¹⁰

[32] In conclusion I might add that control, which would include quality control, is not a requirement in terms of the Act. From a business perspective quality control would, of course, be important. However, from a legal perspective there would seem to be no reason why this must be controlled. Market forces will take care of poor product and, where necessary, legal remedies provided by legislation and common law will ensure that the public is not exploited. ¹¹

¹⁰ *Plascon-Evans Paints Ltd v Van Riebeeck Paints* 1984(3) SA 623 (A) at 634 H-I.

¹¹ See *Moolla Group Ltd & Others v The GAP and Others* [2005] 4 ALL SA 245 (SCA) where Harms JA says the following: "[38]In principle, there does not appear to be any reason at present to require

The Other Trade Marks

[33] The trade marks in the footnote¹² were all registered as "defensive" trade marks in terms of s 53 of the repealed Act. In terms of s 70(2) of the Act, such defensive trade marks will be deemed to be trade marks registered in terms of the Act and shall not be entitled to be removed from the register in terms of s 27, within a period of 10 years

quality control by or on behalf of the proprietor as a requirement for permitted use. As Lord Nicholls explained in *Scandecor*.¹¹

'A trade mark is a badge of origin or source. The function of a trade mark is to distinguish goods having one business source from goods having a different business source. It must be "distinctive". That is to say, it must be recognisable by a buyer of goods to which it has been affixed as indicating that they are of the same origin as other goods which bear the mark and whose quality has engendered goodwill: see *GE Trade Mark* [1973] RPC 297,325, per Lord Diplock.'

This exposition accords with the position in our law.¹¹ Further, he said: ¹¹

'Although the use of trade marks is founded on customers' concern about the quality of goods on offer, a trade mark does not itself amount to a representation of quality. Rather it indicates that the goods are of the standard which the proprietor is content to distribute "under his banner": see Laddie J, in *Glaxo Group v Dowelhurst Ltd* [2000] FSR 529, 540-541. . . . Thus, in relying on a trade mark consumers rely, not on any legal guarantee of quality, but on the proprietor of a trade mark having an economic interest in maintaining the value of his mark. It is normally contrary to a proprietor's self-interest to allow the quality of the goods sold under his banner to decline.'

[39] Put differently, although in the ordinary course of events a trade mark owner would wish to ensure the consistency of the quality of the goods or services marketed under its mark, nothing prevents the owner from providing under one mark goods or services of differing, inconsistent or poor quality. The customer has in the event of the purchase of a standard product or the provision of standard services no redress based on trade mark principles. Market forces may eventually exact their toll. All a trade mark does, in the words of Laddie J in *Glaxo*¹¹ is to identify the enterprise that is responsible for the quality of the goods or services. Again Lord Nicholls: ¹¹

'This approach accords with business reality and customers' everyday expectations. Customers realise there is always the prospect that, unbeknown to them, the management of a business may change. To confine the use of a trade mark to the original owner of a business would be to give the concept of a business origin or business source an unrealistically narrow and impractical meaning. Of course, the new management, the new owners, may not adhere to the same standards as the original owner. But the risk of an unannounced change of standards is ever present, even when there has been no change in management. An owner may always decide to change his quality standards. As already noted, customers rely on it being in the owner's self-interest to maintain the value of his mark. The self-interest of the owner of a trade mark in maintaining its value applies as much to a purchaser of the mark as it does to the original owner.'

[40] Although *Scandecor* was concerned with an exclusive licence, its conclusion that the current UK Act countenances bare licensing, ie, licensing without quality control, applies in my view to all licences under our current Act. As Lord Nicholls explained:

'Customers are well used to the practice of licensing of trade marks. When they see goods to which a mark has been affixed, they understand that the goods have been produced either by the owner of the mark or by someone else acting with his consent.' ¹¹

'For their quality assurance customers rely on the self-interest of the owner. They assume that if a licence has been granted the owner can be expected to have chosen a suitable licensee and imposed suitable terms. They also assume that during the currency of any licence the licensee, as well as the owner, is likely to have an interest in maintaining the value of the brand name. Customers are not to be taken to rely on the protection supposedly afforded by a legal requirement that the proprietor must always retain and exercise an inherently imprecise degree of control over the licensee's activities.'

¹² 1978/05496 in Class 19; 1981/09520 in Class 12; 1990/04356 in Class 1; 1990/04357 in Class 2; 1990/04358 in Class 6; 1990/04359 in Class 8; 1990/04360 in Class 11; 1990/04361 in Class 16; 1990/04362 in Class 20; 1990/04363 in Class 28; and 1990/04364 in Class 37.

from the date of the commencement of this Act (i.e. 1st May 2005).

[34] Contrary to the contention of Mr *Wheeldon*, for the Applicant, s 70(2) does protect the Respondent. At the time of the institution of these proceedings (28th May 2004) the aforementioned trade mark registrations were protected by s 70(2) of the Act. That the time period has now expired is irrelevant, as it is trite that the proceedings are to be adjudicated upon the facts as at the date of the institution of the proceedings. The defensive registrations can therefore not be attacked in terms of s 27(1)(b) of the Act. In any case, extensive use has been made by the Respondent of registration no. 1942/00516/2 in Class 12. The balance of the trade marks are afforded the protection of s 31 of the Act that provides that use of a trade mark may be accepted as proof of use of trade marks that are associated with it. Furthermore, even if non-use has been proved, the Court still has a discretion not to grant expungement. This stems from the use of the word "may" in s 27(1) of the Act.¹³ By virtue of the inter-association of the trade marks, I do not believe, in the exercise of my discretion, that expungement would be justified on these grounds.

DISTINCTIVENESS OF THE SHATTERPRUFE TRADE MARKS

[35] There are a number of provisions of the Act that have a bearing upon the distinctiveness of trade mark registrations.

Section 2(1) defines a trade mark as, *inter alia*:

"... a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person".

Section 9 provides as follows:

"9(1) *In order to be registrable, a trade mark shall be capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within those limitations.*

¹³ See, generally Webster & Page *Trade Mark Law* para 13.32, pp 13-34 to 13-36, and the cases quoted.

- (2) A mark shall be considered to be capable of distinguishing within the meaning of subs (1) if, at the date of application for registration, it is inherently capable of so distinguishing or it is capable of distinguishing by reason of prior use thereof'.

The relevant provisions of s 10 provide as follows:

- "(10) The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of ss3 and 70, be liable to be removed from the register:
- [1] a mark which does not constitute a trade mark;
 - [2] a mark which -
 - [a] is not capable of distinguishing within the meaning of s 9; or
 - [b] consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services; or
 - [c] consists exclusively of a sign or an indication which has become customary in the current language or in the bona fide and established practices of the trade.
- (12) A mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be *contra bonos mores*, or be likely to give offence to any class of persons;
- (13) A mark which, as a result of the manner in which it has been used, would be likely to cause deception or confusion".

Section 10 of the Act contains an important proviso:

"Provided that a trade mark shall not be refused registration by virtue of the provisions of paragraph (2) or, if registered, shall not be liable to be removed from the register by virtue of the said provisions if at the date of the application for registration or at the date of an application for removal from the register, as the case may be, it has in fact become capable of distinguishing within the meaning of s 9 as a result of use made of the mark."

THE ORIGINAL ENTRY

[36] The Applicant does not attack the trade mark registrations of the Respondent on the basis of their having been "wrongly made" on the register as contemplated by s 24(1) of the Act. The Applicant only attacks the trade marks of the Respondent on the basis of their "wrongly remaining on the register" as envisaged by s 24(1) of the Act.

[37] The Applicant, in any case, has no basis for attacking the trade mark registrations on the grounds of their having been "wrongly made" on the register. The trade marks of the Respondent registered during 1942 in terms of Act No.9 of 1916 complied with s 99 of that Act. By virtue of s 122(2) of the 1916 Act, they are deemed to have been

validly registered by virtue of the fact that they have been registered for a period of 7 years or longer.

[38] Similarly, those trade marks registered in terms of the repealed Act are, by virtue of s 42 of the repealed Act deemed to have been validly registered. None of the exceptions in s 42 of the repealed Act is relied upon.¹⁴ As such, the trade mark registrations of the Respondent complied with all of the registrability requirements (i.e.

distinctiveness) in terms of which they were registered. In *Luster Products Inc v Magic Style Sales* CC¹⁵ it was held that a trade mark deemed to have been properly registered can only, in law, lose its distinctiveness if, after its original registration, there is some blameworthy conduct on the part of the proprietor. This principle remains good law, despite the 1995 Act. In the present matter it has, correctly, been contended that no such blameworthy conduct on the part of the Respondent exists. I do not agree that the Advertising Standards Authority's decision against the Respondent is evidence of blameworthy conduct. The Authority reached its decision by way of the application of an objective standard (whether the advertisement was "misleading") and did not conduct an inquiry into "blameworthy conduct". An isolated incident such as a contravention of the ASA Code would, in any case, hardly be sufficient to constitute blameworthy conduct. In so far as the use of a trust might be relevant in this regard, that argument has been dealt with earlier and found to be without merit.

[39] *Mr Wheeldon* contended that because of the alleged widespread and descriptive use of the term "shatterproof", it is a term that could never be capable of distinguishing the shatterproof products of one manufacturer from the shatterproof products of

¹⁴ Also see s 70(1) of the Act as read with s 3 of the Act; *Mars Incorporated v Cadbury (Swaziland) (Pty) Ltd* 2000(4) SA 1010 (SCA) at para 10

¹⁵ 1977(3) SA 13 (A) at 24 - 26.

another. Accordingly, the mark SHATTERPRUFE is nothing more than a misspelling of this word (i.e. shatterproof), and is phonetically identical to it. It, likewise, is wholly unregistrable and, accordingly, in conflict with sections 9, 10(1) and 10(2) of the Act.

[40] The trade mark SHATTERPRUFE is clearly not in conflict with s 10(1) of the Act in that it is a mark that does not constitute a trade mark or in that it is a mark that is not capable of distinguishing the goods of the Respondent from the goods of another. It is a mark capable of being used in the manner provided for in the Act and is quite obviously capable of being represented graphically. The core of the distinctiveness lies in its spelling and it would indeed be necessary that when the product is advertised only orally the spelling should always be given. There is also an originality in the "-prufe" which is striking and contributes to its distinctive character.

USE OF THE SHATTERPRUFE TRADE MARKS

[41] The use that the Respondent has made of its SHATTERPRUFE trade marks over the years, and in the recent past, is wide ranging. Most of the major motor manufacturers in South Africa make use of the Respondent's SHATTERPRUFE laminated automotive safety glass. This is the so-called original equipment market. From January 1997 to 30 September 2004, 2,303,700 units totalling R714 million were sold to the aforementioned motor manufactures and motor assembly plants. This equates to the fact that 80 % of all new vehicles sold in South Africa from the 1st January 1997 to September 2004 were fitted with the Respondent's SHATTERPRUFE windscreens. The trade mark SHATTERPRUFE appears prominently on each windscreen, which is guaranteed for a two year period. In the ARG market, the Respondent's SHATTERPRUFE laminated automotive safety glass is sold in 120 PG Glass outlets and in more than 100 Glasfit outlets countrywide. In addition, the SHATTERPRUFE products are sold in over 300 independent outlets in South Africa.

Since January 1997 to September 2004, 2,404,000 units to the value of R994 million have been sold in the ARG market. The SHATTERPRUFE trade mark has been advertised extensively in newspapers and magazines and in excess of R1.5 million has been spent on such advertising during the past four years. In addition, the trade mark has been extensively advertised on television and between 2002 and September 2004, more than R8 million has been spent on such television advertising. The SHATTERPRUFE trade mark has been extensively advertised on radio and between the years 2000 and September 2004 approximately R7.5 million has been spent on radio advertisements. Between 2000 and September 2004, more than R9 million has been spent on advertising SHATTERPRUFE products via billboards, point of sale material and the like. In addition, the SHATTERPRUFE trade marks appear prominently on delivery and other vehicles.

[42] By virtue of the foregoing extensive use of advertising of the SHATTERPRUFE products, it is safe to accept a substantial reputation and goodwill in the SHATTERPRUFE trade mark.¹⁶ The evidence of the Respondents, however, goes further than mere sales and advertising figures. Even from the earliest times, the Respondent (or its predecessors in title) used the name SHATTERPRUFE in a trade mark sense. The 1942 trade mark registrations were accepted by the Registrar of Trade Marks after accepting the affidavit by Mr Brodie of the distinctive nature of the SHATTERPRUFE trade mark.

[43]The Respondents have caused a market survey to be conducted in order to establish the notoriety of the SHATTERPRUFE registrations. A proper market survey

¹⁶ *Cambridge Plan AG v Moore* 1987(4) SA 821 (D) at 837; approved in *Hollywood Curl (Ply) Ltd v Twins Products (Pty) Ltd* (1) 1989(1) SA 236 (A) at 249 J.

is, of course, admissible evidence.¹⁷ The Applicant does not contest the admissibility of the market survey but, rather, contends that the results favour it. The results show that a large number of motorists understood the word SHATTERPRUFE to be a "brand/make of glass or windscreen", The facts, to my mind, on a balance of probabilities, in any case favour the Respondent that the trade mark SHATTERPRUFE is, in fact, capable of distinguishing within the meanings of s 9 of the Act, at least by virtue of the extensive use that has been made of this trade mark. As such, it is not necessary to venture into the debate as to whether or not the SHATTERPRUFE registrations are contrary to s 10(2) of the Act. Nevertheless, I shall consider this aspect as well.

[44] In support of its argument on the basis of s 10(2) of the Act, the Applicant refers to evidence where the word "shatterproof" appears to be used in a descriptive manner.

Because of this, so the argument ran, the trade mark SHATTERPRUFE falls foul of s 10(2) of the Act. Section 10(2)(b) provides that a mark that consists *exclusively* of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services; or [c] consists *exclusively* of a sign or an indication which has become customary in the current language or in the bona fide and established practices of the trade shall not be registered or be removed from the register, if it has already been registered. The evidence of the Respondent, supported by Mr Lubner, the CEO of Belron SA (the world's largest vehicle glass repair and replacement company), is that the term "shatterproof" is not used in the trade as a generic or descriptive term for

¹⁷ *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd; McDonald's Corporation v Dax Props CC; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd* 1997(1) SA 1 (A).

laminated safety glass. The common descriptive terms used internationally in the trade are "laminated", "safety glass", "laminated safety glass", "safety float" and "laminated safety float". In addition, the major manufacturers, internationally, do not use the term "shatterproof". The South African Bureau of Standards also does not refer to "shatterproof" glass but to "high penetration-resistant laminated safety glass".

I do not regard the official use of the terms "laminated glass" *et cetera* to be decisive of this matter. The word "shatterproof" is a well known descriptive word in the public's vocabulary and cannot be disregarded simply because the trade uses the term "laminated glass" or a similar term. Nevertheless, the very spelling of the word. *shatterprufe* establishes it both as a mark and as a description; this negates the s 10(2) requirement that it must be "exclusively" descriptive.

[45] The Applicant relies on a number of grounds as to why the trade mark

registrations of the Respondent are contrary to s 10(12) and 10(13) of the Act. First, it contends that the use by the Third Respondent of the SHATTERPRUFE trade mark is "uncontrolled" and apparently unauthorised. This question is unsupported by any evidence and is refuted by Mr Jennings' evidence that the "Trust" controls the licensed use of the SHATTERPRUFE mark through its trustees. I have already held that the mere fact that a trust is denoted as the proprietor of the trade mark does not imply that there is no control. It is clearly not a case where the Respondent has permitted third parties hither and dither to use the SHATTERPRUFE trade marks in a manner that would be likely to deceive and/or cause confusion as to the origin of the products. There is no evidence to support such an assertion.¹⁸ The onus of proving that the use of the Respondents' mark would lead to deception or confusion for the purposes of ss 10(12) and 10(13) falls squarely on the Applicant and the Applicant has failed to

¹⁸ See *Sportshoe (Pty) Ltd v Pep Stores (SA) (Pty) Ltd* 1990(1) SA 722 (A) 729.

discharge that onus. The Applicant contends that the public has already been confused and/or deceived into believing that the trade mark SHATTERPRUFE is the equivalent or is merely a misspelling of the generic term "shatterproof". I am not convinced on the evidence before me that such confusion has taken place or is likely to take place. The allegation that the Third Respondent has used the trade mark SHATTERPRUFE in its advertising in a misleading manner is also without merit, as already held above. The attacks on the basis of ss 10(12) and (13) must also therefore fail.

ENDORSEMENT IN THE NATURE OF A DISCLAIMER

[46] In the alternative the Applicant seeks, for the reasons advanced for the expungement of the trade marks, an endorsement in the following terms:

"The Applicant admits that registration of this mark will not debar others from use of the term "shatterproof" (whether as one word or two) other than as a trade mark".

Endorsing a trade mark that enjoys the benefit of s 42 of the repealed Act is impermissible. ¹⁹Plewman JA says the following in the *Luster Products* case (*supra*) at 26-27:

"However, since that matter [of disclaimer] was argued in the Court below and seemingly without objection, a preferable course would seem to be to enquire whether, in any event, the order should have been granted. On the facts of this case this is a simple question of law. Given the applicability of s 42, can a case be made out under s 18(b)? In the Court below reliance was placed on the decision in *Federation Internationale de Football and Others v Bartlett and Others* 1994 (4) SA 722 (T) where Joffe J held (at 743A) that s 42 was not a bar to relief in terms of s 18. The learned Judge seems to have relied for this view on an extract from Lord Diplock's speech in the GE case. (The quotation at 7421-J seems to relate to reasoning which underlies the third conclusion quoted by me above.) It is, with great respect to the learned Judge, difficult to understand how the quote assists. The terms of s 42 are clear. Save in the three exceptions already discussed a mark in part A is, after seven years, to be taken as valid in all respects. That must mean that it cannot be cut down or, in effect, amended by the entry of any (further) disclaimer. It would indeed be surprising if a section permitting, as an exception, an objection in terms of s 41 which lays down a concept which is extremely rigid in its form, would, without

¹⁹ See, generally *Federation Internationale de Football v Bartlett* 1994(4) SA 722 (T) at 743A as overruled in *Luster Products* (*supra*) at 27A

express mention, nevertheless allow an objection with the much less stringent test under s 18 to be invoked. I am of the view that Joffe J was wrong and to that extent his judgment is overruled. This of course also disposes of the respondent's case on s 18(b) and the order made in terms thereof in the Court below cannot stand. (the references were to sections in the repealed Act]."

[47] I believe that it would, in any case, be more appropriate to deal with the dispute by way of a declaratory order as to the use of the word "shatterproof". The Act grants an exception to *bona fide* description and it would seem out of place to add such a disclaimer. Although it is true that there is evidence that the word "shatterproof" is not used in the trade, seen from the public's perspective the word "shatterproof" is indeed descriptive of laminated glass. It is important that the Respondent should not have a monopoly on the shatterproof description, even if only in the word "shatterprufe". The problem is, of course, that the use of the term "shatterproof" might lead to misuse by the applicant or other traders. It has in fact been contended that the applicant has used the term on its tax invoice and website in such a manner that it could readily be perceived to be a trade mark. The same problem will arise when the applicant would place only the word *shatterproof* on its laminated glass: that is likely to lead to confusion with *shatterprufe*. Thus: if the word *shatterproof* were to be placed on laminated glass on its own, or even words such as "this is shatterproof" then it would not amount to a *bona fide* description, since it might be perceived to be a trademark. However, the words "this glass is shatterproof", without any accent on the word *shatterproof*, would for example not be confusing and permit the applicant to use the word which is indeed descriptive in the public's eye.

DECLARATORY ORDER

[48] The Applicant seeks a declaratory order that the descriptive use of the generic term "shatterproof" is not an infringement of the Respondent's trade mark registrations by virtue of s 34(2)(b) of the Act. Section 34(2)(b) provides that:

"A registered trade mark is not infringed by the use by any person of any bona

fide description or indication of the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of his goods or services, or the mode or time of production of the goods or the rendering of the services."

The relief that the Applicant seeks in the nature of the declaratory order overlaps with the defence that the Applicant raises in the counter-application for an interdict based on trade mark infringement. As such, the declaratory order sought and the issue of infringement will be dealt with together.

[49] The Respondent relies on trade mark registration no.

1942/00516/2

SHATTERPRUFE in Class 12 registered in respect of:

"safety glass and windows included in the class; motorcar windscreens; the foregoing mode of safety glass; articles of safety glass included in this class. "

S 34(1)(a) provides that:

"The rights acquired by registration of a trade mark shall be infringed by the unauthorised use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion. "

[50] For the principles to be considered in determining whether there is trade mark

infringement, I need only refer to *Plascon-Evans Paints (supra)* at 640H-641D;

*Cowbell AG v ICS Holdings Ltd*²⁰ and *Bata Ltd v Face Fashions CC and Another*.²¹ I

shall quote passages from *Plascon-Evans* and *Bata* hereunder.

[51] That the mark SHATTERPROOF is confusingly similar to the trade mark SHATTERPRUFE is not in dispute. The entire case of the Applicant is, indeed, based on their phonetic similarity. The only issue in the infringement proceedings therefore is whether the conduct of the Applicant falls within the ambit of the defence set out in s 34(2)(b) of the Act.

²⁰ 2001 (3) SA 941 (SCA) at 947H-948 D.

²¹ 2001(1) SA 844 (SCA) at 850, para [9].

[52] Section 34(2)(b) of the Act has not received any significant legal consideration in .

South Africa. Section 46(b) of the repealed Act provided that:

"No registration of a trade mark shall interfere with the use by any person of any bona fide description of the character or quality of his goods or services. "

. In *Plascon-Evans (supra)*, the Court held as follows in this regard at 645 F:

"Having regard to the foregoing and without attempting to give an exact or comprehensive definition of what constitutes a *bona fide* description for purposes of s 46(b), it seems to me that what the legislature intended to safeguard by means of the provisions of the sub section is the use by a trader, in relation to his goods, of words, which are fairly descriptive of his goods, generally for the purpose of describing the character or quality of the goods: the use of the words must not be a mere device to secure some ulterior object, as for example where the words were used in order to take advantage of the goodwill attaching to the registered trade mark of another".

[53] The question as to whether descriptive use was permitted by s 46(b) of the

repealed Act was pertinently considered in *Standard Bank of SA Ltd v United Bank Ltd*

1991 (4) SA 780 (T) where the Court stated at 806 B – D:

"The need to grant an exception for the ordinary English word is less pressing than in the case of a name. No one is prevented from using such words to describe the character or quality of his goods and services. But when it comes to using them as a *trade mark* which would infringe a registered mark unless they were saved by s 46(b), I agree with Webster & Page that it is not the purpose of s 46(b) to save them. Another trade mark can always be found, and the descriptive words remain to be used for description". (emphasis added)

On the question whether the use was *bona fide* or not the Court stated:

"The alternative finding that I just made is less absolute, and is that it is very difficult to prove *bona fide* descriptive use when the *use is as a trade mark*". (emphasis added)

[54] In the present case it was contended that Applicant's manner of use is to proclaim the origin of the goods as opposed to their description. In other words the Applicant is using *shatterproof* to fulfil the essential function of a trade mark.²² In June 2003 it came to the attention of the Respondents that the Applicant was using the word

²² See: *Beecham Group plc v Triomed (Pty) Ltd* 2003(3) SA 639 (SCA) para 8, 645 B - 646 B; *Cowbell AG v ICS Holdings Ltd* 2001 (3) SA 941 (SCA) 948 A - C; *SAFA v Stanton Woodrush (Pty) Ltd* 2003(3) SA 313 (SCA) para 13, 322 C - D; *Laugh it Off Promotions CC v SA Breweries International* [2004] 4 All SA 151 (SCA) 156 [par 12].

"shatterproof" on its website. It was contended that the bold and prominent use thereof

justified the inference that it was used in a trade mark sense and not in any *bona fide* descriptive manner. The prominent use of shatterproof is also evident, it was argued,

from the tax invoice of the Applicant. The aforementioned, it was argued, was clearly

trade mark use.²³ A demand was addressed to the Applicant and various correspondence ensued. On 15 August 2003, and without in any manner

acknowledging that the use originally complained of constituted infringing use, the

Applicant, through its attorney, provided an undertaking that it would cease

emphasising SHATTERPROOF.

[55] Without acknowledging the infringing conduct, such an undertaking is, it was

contended, "cold comfort" to the Respondent and the Respondent need not accept such

undertaking.²⁴ The onus rested upon the Applicant to take care to keep a safe

distance from the margin line between infringing and not infringing.²⁵ The Respondent

also ascertained that the Applicant was using SHATTERPROOF on its windscreens. It

was contended that the aforementioned use was clearly not use in a "*bona fide descriptive manner*" but, indeed, trade mark use.²⁶

[56] A further indication of the lack of *bona fides* of the Applicant, it was contended, is

that it has applied for registration of the trade mark SHAT-R-PROOF. The

²³ As per *Standard Bank (supra)*. Also see the unreported judgment of *Bayerische Motoren Werke Aktiengesellschaft v BW Tech* - unreported judgment in TPD dated 29 November 2004 under case no. 4990/04 at p 3, line 10)

²⁴ *Peter Jackson (Overseas) Ltd v Rand Tobacco (1936) Ltd* 1937 TPD 450 at 454; *Glenton & Mitchell v French Tea & Coffee Works* 1927 WLD 272 at 275 - 276

²⁵ *PPI Makelaars v PPS* 1998(1) SA 595 (SCA) 606C.

²⁶ See: *Aktiebolaget Volvo v Heritage (LEIC) Ltd* [2000] FSR 253 (ChD) 264.

aforementioned conduct supports the inference that the Applicant wishes to use this term as a *trade mark*. The Respondent argued that it has every reasonable apprehension that the Applicant will continue to infringe its trade mark rights. As such, it was contended that the relief sought in the form of the declaratory order is to be dismissed and the interdict sought in the counter-application should be granted.

[57] I have considered the three instances to which the Respondent refers as having

infringed upon its trademark. In *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty)*

*Ltd.*²⁷ the competing trademarks were MICATEX and MIKACOTE. At 640G-641E

Corbett, JA (as he then was) stated the test for infringement as follows:

"In an infringement action the onus is on the plaintiff to show the probability or likelihood of deception or confusion. It is not incumbent upon the plaintiff to show that every person interested or concerned (usually as customer) in the class of goods for which his trade mark has been registered would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. The concept of deception or confusion is not limited to inducing in the minds of interested persons the erroneous belief or impression that the goods in relation to which the defendant's mark is used are the goods of the proprietor of the registered mark, ie the plaintiff, or that there is a material connection between the defendant's goods and the proprietor of the registered mark; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection.

The determination of these questions involves essentially a comparison between the mark used by the defendant and the registered mark and, having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant's mark would make upon the average type of customer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as, for example, the use of name marks in conjunction with a generic description of the goods."

[58] In *Bata Ltd v Face Fashions CC and Another*²⁸ the facts were as follows.²⁹ The

appellant, a Canadian company, was the proprietor of several trademarks based upon

²⁷ 1984 (3) SA 634 (A).

²⁸ 2001 (1) SA 844 (SCA).

²⁹ In summing up the *Plascon-Evans*, *Bata* and *Standard Bank (infra)* judgments, I have made use of Raath AJ's very useful summary of these cases in *Zimbo Spares Co Pty Ltd t/a Motoquip v Car Quip CC & Another* (TPD Case number: 24116/03, handed down in 2004).

the word "Power". Thus there was "Power" as well as "Power" and device, both in respect of "all footwear"; "Power Points" in respect of "articles of clothing including footwear of all kinds"; "Power" in respect of "articles of clothing" and "Power" and device in respect of "clothing, including boots, shoes and slippers". The appellants' licensee in South Africa used the "Power" and "Power" and device marks on footwear it manufactured and imported for resale in South Africa. It also sold items of clothing on which the marks were displayed. The respondents manufactured and sold clothing under the name "Power House" or "Powerhouse". It was usually, but not invariably, accompanied by a distinctive dog device.

In *Bata* counsel for the appellant submitted that the common element in both marks, the word "Power", was likely to lead to confusion despite the fact that it is used in combination with the word "House" on the first respondent's clothing. The argument was rejected in the following terms:

"If full effect is given to this argument it would result in the appellant having a virtual monopoly to use the word 'Power' on clothing. According to the evidence, however, there are numerous trademark registrations in South Africa in respect of clothing which incorporate or include the word 'Power'. It is an ordinary word in everyday use as distinct from an invented or made-up word, and it cannot follow that confusion would probably arise if it is used in combination with another word.

What has to be considered, therefore, is whether the notional customer of average intelligence, viewing the marks as a whole or looking at the dominant features of each mark, is likely to be confused or deceived into believing that clothing bearing the words 'Power House' have a connection in the course of trade with the 'Power' trademark. In deciding this issue I have regard only to the respondent's 'Power House' mark without the distinctive dog device. In my view, the common element of the appellant's and the first respondent's marks is of minor significance when the marks are looked at as a whole. It is not possible to ignore the word 'House' in the first respondent's mark. I have considerable difficulty in imagining that the notional purchaser of the first respondent's clothing would focus attention only on the word 'Power'. The word 'House' is as significant as the word 'Power' and the two words used together sufficiently distinguish the first respondent's clothing from that of the appellant.

The result is the same whether the two marks are viewed side by side or in the market place where clothing is sold. *The overall impression which is created is that the marks do not resemble each other closely and the average customer would not be confused or deceived into believing that clothing bearing the "Power House" mark is clothing made or sold by the appellant. Accordingly it has not been established that the marks resemble each other so closely that deception or confusion is likely to arise.*"
(emphasis added in italics)

[59] In comparing *Bata* with *Plascon-Evans*, Raath AJ comments as follows in *Zimbo Spares Co Pty Ltd t/a Motoquip v Car Quip CC & Another* (TPD Case number:

24116/03):

"It is somewhat difficult to fully reconcile this reasoning with the reasoning in regard to the word "mica" in the passage quoted above from *Plascon-Evans*. On the approach in *Bata* one may have expected an objection to the effect that a monopoly could not be claimed in regard to the word "mica", being a generic name of a known substance. Perhaps the reasoning in *Plascon-Evans* was swayed by the consideration that appellant's use of the word "mica" in the painting trade was unique amongst trade names until the respondent in that matter commenced using the mark Mikacote."

I agree with Raath AJ and when the alleged infringement by "Shaterproof" is discussed hereunder, the *Bata* approach will be of particular significance.

[60] In *Standard Bank of SA Ltd v United Bank Ltd*³⁰ the competing marks, which were used in the home loan market, were "Equity Access Plan" by United Bank Limited and "Access" of which Standard Bank was the proprietor. It was argued that once it is indicated that the whole of the registered mark appears in the infringing mark, then, and whatever the context or the other feature of that mark, no inquiry into the likelihood

of deception or confusion needs to be undertaken. This approach was based on *Metal Box*

*South Africa Ltd v Midpak Blow-moulders (Pty) Ltd*³¹ where it was held that an applicant is required to prove: (i) the use by the respondent of the applicant's mark; (ii)

use as a trademark; (iii) in relation to goods in respect of which the trademark is registered and (iv) such use being unauthorised.

Mr Puckrin, for Standard Bank, argued that if a defendant's mark infringed, it did not avail him to show that he has distinguished his mark by additions *extraneous* to the mark. Schutz J (as he then was) then inquired whether it is possible to distinguish *within the mark itself*, in the sense that the difference between the two marks is made such that there is no likelihood of deception or confusion [at 788G-H]. There was no South African authority on this point. After extensive inquiry into foreign case law, Schutz J concluded as follows at 796I:

"...Standard does not have an 'absolute monopoly' in the sense contended for, that the

³⁰ 1991(4) SA 780 (T).

³¹ 1988 (2) SA 446 (T) at 4491-J.

marks are not identical, ... and that in order to succeed Standard has to prove the likelihood of deception or confusion."

After referring to the *Plascon-Evans* test concerning confusion, the learned Judge, at 801I- 802C held that United Bank had infringed the mark of Standard Bank:

"Given all these circumstances, do I think that there is a probability that a substantial number of persons will be at least confused, if not deceived? The answer is that I do. Take the case of the man who has watched Standard's notional television advertisement ... Suppose that his interest is aroused in the idea propagated as Standard's Access scheme. Suppose that he is thinking of buying a house and taking out a bond. Suppose that a few days later he sees, somewhere, an advertisement for United's Equity Access Plan. Given the facts that he does not have the two marks before him side by side, and that memory is often imperfect, may this not lead him to a United branch to open discussions, or may he not at least be confused? In the case of an individual I see this as perfectly possible. If that be so, it translates itself into a probability that a substantial number of persons will be so confused. When I say of the one individual that it is merely possible that he will be confused, I postulate that at least a majority will not be confused. But it is the remaining minority that will satisfy the test."

Standard Bank succeeded in its application for an interdict.

[61] Returning to *Shatterproof* and *Shatterprufe*. I agree that the instances on the

website and tax invoice where the word *shatterproof* is emphasised do amount to infringement in the sense that the word, although used in a descriptive context, stands out in such a manner that a substantial number of persons are likely to be confused as to the origin of the goods. It differs from *Bata* in the sense that the two words are very similar in spelling and are phonetically identical. Judged as a whole, the concept of "shatterproof" is overwhelming, despite the spelling that differs. In this sense the present facts are close to "access" in *Standard Bank*. By way of bold *emphasis* "shatterproof" stands out and is likely to be perceived as more than mere description. and as a trade mark:

[62] However, the Applicant has undertaken in August 2003, without conceding infringement, not to use the word in its emphasised form. This mere undertaking is, however, rejected by the Respondent as "cold comfort" against future infringement. The question is whether the Respondent's approach to the undertaking is justified in

the circumstances. In *Peter Jackson (Overseas), Ltd v Rand Tobacco Co. (1936) Ltd* 32

Shreiner J (as he then was) said the following in regard to the value which should, in

interdict proceedings, be attached to an undertaking not to use a trade mark in future:

"The risk of recurrence is obviously the central consideration, but where there has been a deliberate copying of the applicant's mark by the respondent the proper view seems to be that this in itself casts such doubt upon the *bona fides* of the respondent as to entitle the applicant to an order, whatever undertaking may be given ... It may be argued that it does not necessarily follow the fact of imitation that the imitator should be distrusted when not to repeat the offence. He has had a warning and might perhaps be expected, if only in his own interest, to keep within the law in future. The inadvertent infringer may, owing to his carelessness, be more likely to break his undertaking than the man who has acted advisedly. But there seems to be practical justification for holding that the deliberate copier should be interdicted even though he has given an apparently adequate undertaking."

And at 454:

"In *Glenton & Mitchell v French Tea & Coffee Works Ltd* at p 276, it is suggested that the absence of admission on affidavit that the user of the marks complained of would be wrongful is a reason for not attaching importance to the wrongdoer's undertaking, *but it is not clear to me why a confession of guilt should be regarded as materially strengthening a full and unequivocal undertaking. In my view of this case, however, it is unnecessary to consider this feature more closely.*" (emphasis added)

In *Juta & Co v De Koker and Another* 1994(3) SA 499(T) at 503 McCreath J said the following:

"It was argued, firstly, on behalf of the respondents that the applicants had failed to make out a prima facie case against any of the respondents in the founding affidavits, insofar as relief in respect of the affected work is concerned, it was contended that the undertaking given on behalf of the second and third respondents (which I shall accept would be effective against the first respondent as well even though no specific undertaking had been given on his behalf) rendered it unnecessary for the applicants to approach the Court for any relief. However, it is clear that the applicants, in seeking relief in respect of unlawful competition in regard to the *new work*, rely in the founding affidavits on an infringement of copyright in respect of the affected work and an allegation that substantial parts of the alleged infringing matter would be *repeated* in the *new work*. *To that extent the undertaking in respect of the old work was irrelevant.* In the correspondence between the attorneys it had also been indicated that there was no intention of copying all or any part of the copyright work in the new work and an undertaking had been given that the new work would not infringe the copyright in the copyright work. However, nowhere in the correspondence preceding the launching of the application is there any admission on behalf of the respondents that the passages in the text of the affected work in respect whereof the applicants complained as infringing copyright did in fact constitute such infringement. Indeed the contrary is indicated. *The undertaking and the expression of intent in regard to the new work did therefore not settle the dispute as to whether there had been any copying in the sense of an infringement of copyright and constituted no assurance that the new work would not contain the same or similar 'offending' material.* The applicants would accordingly be entitled to approach the Court if a *prima facie* case of infringement of copyright in respect of the affected work and of anticipated unlawful competition in respect of the new work had been made out. In that event relief could properly be sought against the first respondent as author and the third respondent as publisher of the new work. In addition thereto the applicants would be entitled, in the light of the allegation of *deliberate* copying by the first respondent, to an interdict against him in respect of the affected work. (See the dictum of Schreiner J in *Peter Jackson (Overseas) Ltd v Rand Tobacco Co (1936) Ltd* 1938 TPD 450 at 453-4. Insofar as the second respondent is concerned, in the event of the applicants showing a breach of the copyright in the affected work, I considered that prima facie they would be entitled to an order requiring the second respondent to recognise the second and third applicants' authorship in the affected work as provided in s 20 of the

Copyright Act 20 of 1978 ('the Act').' (emphasis added)

In *Abdulhay M Mayet Group (Pty) Ltd v Renasa Insurance Co Ltd & Another* 1999(4) SA

1039(T) at 1044-5 Van Dijkhorst J said:

"The applicant therefore. submits that it cannot be expected to accept or be content with the first respondent's statement of intent to which I have referred, particularly in view of the *deliberate* disregard of the applicant's rights. In this respect the applicant relies on the authority of *Glenton & Mitchell V French Tea & Coffee Works Ltd* 1927 WLD 272 at 275 - 6; *Juta & Co Ltd and Others v De Koker and Others* 1994 (3) SA 499 (T) at 503E - I and *Stellenbosch Wine Trust Ltd and Another v Oude Meester Group Ltd; Oude Meester Group Ltd v Stellenbosch Wine Trust Ltd and Another* 1972 (3) SA 152 (C) at 164E." (emphasis added)

[63] I agree with the *obiter dictum* of Schreiner J in the *Peter Jackson* matter that a confession of guilt (unlawfulness) is not a requirement for the successful warding off of an interdict. The main question in interdict proceedings is, as Schreiner J stated in the *Peter Jackson* matter, the risk of recurrence. Deliberate infringement would tend towards the granting of an interdict. I am, however, not convinced that the website and tax invoice emphasised use of *shatterproof* can be regarded as a *deliberate* disregard of the respondent's rights. That it amounts to trade mark infringement is clear, but the undertaking is sufficient. There was also no evidence of continued. infringement after the undertaking had been given.

[64] The mere fact that the Applicant has applied for a trade mark SHAT-R-PROOF, should not be held against it and be used as material from which an inference may be drawn that infringement will continue. Applicant indeed has a right to apply for registration. The present challenge of the trade mark should also not be held against the Applicant; it has the Constitutional right to challenge in Court what it regards as an unfair limitation to its rights. Lastly, I have considered the words on a laminated glass pane which the respondent regards as an infringement. The following words are used:

COMMERCIAL
AUTOGLASS

LAMINATED
SHATTER PROOF

Dot-637 M158 ASI

Had the words "Shatter Proof" (or Shatterproof) been on their own, even combined with Commercial Autoglass (which is in a frame in the above inscription), it would have amounted to an infringement. However, the addition of the company name plus "laminated" make the words *bona fide* descriptive. There is also no emphasis, compared to the capital letters in the other words, on the word Shatter Proof. Each case would have to be dealt with on its own merits. Of course, the descriptive aspect is based on the *written* form in which it appears. In the case of mere oral publication the likelihood of deception is much more substantial in the course of trade. Even to rectify a verbal advertisement of *shatterproof* by adding the spelling would be confusing. In the result I do not believe that the Respondent has made out a case for an interdict.

[65J I make the following order:

- 1.1 The application for expungement from or variation of the Register in terms of prayers 1 and 2 is dismissed with costs, including the costs consequent upon the employment of two counsel.
- 1.2 The application for a declaratory order is acceded to with costs. The registration does not prohibit the bona fide descriptive use of the *written* word "shatterproof" or "shatter proof" within the meaning of section 34(2)(b) of the Trade Marks Act 194 of 1993 in the course of trade, provided that the word "shatterproof" (or "shatter proof") may not be used on its own or emphasised in any manner where it is used as part of a description. The context must confirm that it is used in an exclusively descriptive manner. Specifically, the following description referred to in the judgment is not regarded as an infringement:



**COMMERCIAL
AUTOGLASS**

LAMINATED
SHATTER PROOF

(there must be a box, as in the papers, around Commercial Autoglass, which indicates the company name. For new products "(Pty) Ltd" must be added to the .name.of the Company as from 1 May 2006). Further, specifically, the instances on the tax invoice and website discussed In the judgment are regarded as infringements.

1.3 The counter-application for an interdict is dismissed with costs.

JCW van Rooyen

24 January 2006

Acting Judge of the High Court

R Wheeldon from Webber Wentzel Bowens (Johannesburg) for the Applicant.

GE Morley SC (with him *R Michau*) for the Respondents, instructed by Bowman Gilfillan, Midrand (for the First Respondent) and Moore Attorneys, Hyde Park .and Savage, Jooste & Adams, Pretoria (for the Second and Third Respondents).