

SOUTH AFRICA / JUDGMENT

3 Jerks Manufacturing CC v Vital Health Foods (Pty) Ltd (22452/2011) [2011] ZAWCHC 491; 2011 BIP 423 (WCC) (2 December 2011)

[2011] ZAWCHC 491

COURT

Western Cape High Court, Cape Town

BEFORE

J I Cloete

CASE / FILE NUMBER

22452/2011

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IN THE HIGH COURT OF

SOUTH AFRICA

(WESTERN CAPE HIGH COURT, CAPE
TOWN)

CASE NUMBER: 22452/2011

3 JERKS MANUFACTURING CC

.....Applicant

v

VITAL HEALTH FOODS (PTY) LTD

.....Respondent

Court: Acting Judge J I Cloete

Heard:

21 November 2011

Delivered: 2 December 2011

JUDGMENT

CLOETEAJ:

Introduction

- [1] The applicant effectively seeks a final interdict against the respondent to restrain it from passing off its product 'Cholesterol Ease' as the applicant's product 'CholesterolEase'. The applicant concedes that the get-up of the respective products is distinguishable, but contends that the respondent's use of the phrase 'Cholesterol Ease' as its product name is by

itself sufficient to entitle it to the relief sought on the basis of aural similarity between the respective product names. The applicant's trade name 'CholesterolEase' is not registered under the Trade Marks Act No 194 of 1993, nor is any application for registration pending. The applicant has also not sought any patent protection for its product. The respondent denies that the name 'Cholesterol Ease' is used otherwise than in conjunction with its registered trade name VITAL. This is not seriously disputed by the applicant.

- [2] The applicant argues that as a result of its advertising campaign since its product was launched in 2005, that product and its trade name have developed both a selling power and a reputation. It also claims that its trade name 'CholesterolEase' is a distinctive and invented or 'fancy' name and as such has acquired a secondary meaning which is being eroded by the respondent's use of it since the latter launched its competing product in late September
2011. The extent to which the applicant has allegedly suffered monetary loss as a result thereof is in dispute.
- [3] The respondent concedes that the applicant has made out a case 'for some sort of reputation' but denies that this is sufficient to entitle the applicant to the relief sought.
- [4] The delict of passing off was defined by Nicolas J in *Adcock-Ingram Products Limited v Beecham SA (Pty) Ltd* 1977 (4) SA 434 (W) at 436H as follows:

'The delict of passing off consists in a representation, direct or indirect, by a manufacturer or supplier that his business or goods or both are those of a rival manufacturer or supplier.'

- [5] For an applicant to obtain interdictory relief based on passing off it must show that firstly, the name, get-up or mark used by the applicant has become distinctive of his goods or services; and secondly, that the name, get-up or mark used by the respondent is such or is so used as to cause the public to be confused or deceived into believing that the respondent's goods or services emanate from the applicant. See *Williams t/a Jenifer Williams & Associates and Another v Life Line Southern Transvaal* [1996] ZASCA 46; 1996 (3) SA 408 (A) at 418G-H.
- [6] In *South African Football Association v Stanton Woodrush (Pty) Ltd t/a Stan Smidt & Sons and Another* 2003 (3) SA 313 (SCA) at 321B-D Harms JA said:

'The starting point is that there can be no exclusive right in a name. The position was well summarised by Stegmann J in *Moroka Swallows Football Club Limited v The Birds Football Club and Others* 1987 (2) SA 511 (W) at 531E-G]:

"The mere fact that a person has made a name famous does not give him a right of property in the name. He cannot stop other entrepreneurs

from making such use of the famous name in the marketing of their goods and services as they may be able to make without either

defaming any person or causing a likelihood of confusion as to the origin of the goods or services. Provided that he does not commit the delicts of defamation or passing off or offend against any specific statutory prohibition, there is no reason why an entrepreneur should not take the benefit of such advantage as he may be able to gain in the marketing of his goods and services by associating them with names that have become famous.”

- [7] The applicant relies solely on an alleged reputation in the name ‘CholesterolEase’, contending that the respondent’s use of this phrase written in two words as part of its mark ‘Vital Cholesterol Ease’ would cause the public to be confused or deceived into believing that the respondent’s goods emanate from the applicant.
- [8] The respondent argues that although the applicant has no trademark rights in the phrase ‘Cholesterol Ease’ it seeks to claim rights akin to trade mark rights under the guise of passing off. In *Stellenbosch Farmers Winery Limited v Stellenvale Winery (Pty) Ltd* 1957 (4) SA 234 (C) at 240B-E Van Wyk J described the difference between trademark infringement and passing off as follows:

‘Inasmuch as the registration of a trade mark confers exclusive rights to the use of such trade mark the enquiry whether such rights of exclusive use have been infringed does not necessarily involve an enquiry as to whether the public is likely to be misled. In passing-off cases the complaint is not based upon any property rights in a mark as such; it is based on the likelihood that the similarity of another’s get-up may mislead the public (Halsbury, 2nd ed Vol 32 p 614). The result is that in passing-off actions the comparison is between the whole get-up of the applicant and the whole get-up of the respondent ... whereas in infringement of trade mark actions the enquiry is confined to a comparison of the registered trade mark with that portion of the respondent’s get-up which is alleged to infringe the applicant’s registered rights.’

[Followed in *Adidas Sportschuhfabriken Adi Dassler K.G. v Harry Walt & Co Ltd* 1976

(1) SA 530 (TPD) at 531H-532B.]

[9] In *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd*

[1998] ZASCA 44; 1998 (3) SA 938 (SCA) at 947A Harms JA held that the elements of the delict of passing off consist of the ‘classical trinity’ of reputation (or goodwill); misrepresentation; and damage. It is thus necessary to consider these in the context of the present

matter.

Reputation

- [10] It is trite that in order to establish the requisite reputation the applicant must prove that ‘the feature of his product on which he relies has acquired a meaning or significance, so that it indicates a single source for goods on which that feature is used’. See the *Adcock-Ingram Products* case at 437A. Where an applicant claims a reputation based on a descriptive slogan or phrase, special rules apply and even more is required from the applicant to prove the requisite reputation. Unless it does so it cannot claim a monopoly over the use of a

descriptive phrase. In *Sea Harvest Corporation (Pty) Ltd v Irvin & Johnson Ltd* 1985 (2) 355 (C) it was common cause that the respondent knew about the applicant's use of the descriptive phrase 'prime cuts' in the marketing of its fish products. (I mention this since in the present matter the respondent claims that it did not know about the applicant's use of the name 'CholesterolEase'. This is disputed by the applicant but in the context of what follows it is my view that nothing much turns on this.) At 359G Aaron AJ said:

'In particular, it has been settled that the mere fact that a trader is the first in the field to use a particular phrase or slogan gave him no monopoly (save possibly in the field of copyright), and also that a competitor would not be prevented from using ordinary descriptive words.'

[11] At 360B-D he said:

A long line of decisions in passing-off and trade mark cases has established that where descriptive words, as opposed to invented or fancy words, are used in a trade name or trade mark, the Courts will not easily find that such words have become distinctive of the business or products of the person using them, and will not give what amounts to a monopoly in such words to one trader at the expense of others. *Cellular Clothing v Murray*, 1899 AC 326 (HL); *Patlansky & Co Ltd v Patlansky Bros*, 1914 TPD 475 at 492; *Selected Products (Pty) Ltd v Enterprise Bakeries* 1963 (1) SA 237(C) at 242F-243B; *Rovex Ltd and Another v Prima Toys*, 1982 (2) SA 403

(C).'

[12] As mentioned above the applicant claims that the term 'CholesterolEase' is a 'fancy name' and that the rules relating to the use of 'descriptive terms' as names would accordingly not apply. The reason for this, according to the applicant, is that the phrase 'CholesterolEase' is not descriptive of the product itself which is nothing other than a combination of vitamin supplements. Accordingly the applicant argues that the present matter is distinguishable from the facts in the *Sea Harvest* case where the court found that the two words 'prime cuts' taken together were nothing more than 'a convenient and natural way of describing a selected piece of fish of superior quality' (at 360G-H).

[13] The respondent however argues that the name used by the applicant is not a 'fancy name' but clearly constitutes a 'descriptive term'. The respondent relies on the distinction drawn by *Wadlow: The Law of Passing Off – Unfair Competition by Misrepresentation*, 3rd Ed. (Sweet and Maxwell) 2004 at para 8-63, p625:

'A fancy word is one which has no obvious relevance to the character or quality of the goods or business in relation to which it is used such as "Eureka" for shirts, "June" for toiletries and "Puffin" or "Penguin" (names of unpalatable seabirds both) for chocolate coated sandwich biscuits. It is of an arbitrary and fanciful nature in that context.'

[14] The term 'Ease' is defined in the *New Oxford Dictionary of English* when used as a verb as follows: '(to) make (something unpleasant, painful or intense) less serious or severe'. In my view the respondent correctly argues that the phrase 'CholesterolEase' describes the function of the applicant's product and is thus nothing more than descriptive. The name

used by the applicant is not a fancy name, nor is it an arbitrary or invented or fanciful name. It merely constitutes the use of 'descriptive terms'. Put differently, it seeks to describe the claimed function of the product. It is simply a convenient and natural way to describe a product which is intended to lower cholesterol.

[15] In the Sea Harvest case at 360I-361F Aaron AJ said:

'As stated in Kerly's Law of Trade Marks & Trade Names (11th Ed.) in para. 16.50-

"where a trader adopts a trading name containing words in common use, some risk of confusion may be inevitable, and that risk must be run unless the first trader is allowed an unfair monopoly in those words".

That principle was reaffirmed by the Full Bench decision of this Court in Rovex Ltd & AnovPrima Toys (Pty) Ltd 1982 (2) SA 403

(C), where SCHOCK, J adopted with approval the following passage from the Australian case of Hornsby Building Information Centre (Pty) Ltd vSydney Building Information Centre [1978] HCA 11; (1978) 52 ALJR 392, approved by the Privy Council in the case of Cadbury Schweppes (Pty) Ltd & Others vPub Squash Co(Pty) Ltd [1981] 1 All ER 213 at 218:

"There is a price to be paid for the advantages flowing from the possession of an eloquently descriptive trade name. Because it is descriptive it is equally applicable to any business of a like kind, its very descriptiveness ensures that it is not distinctive of any particular business and hence its application to other like businesses will not ordinarily mislead the public. In cases of passing off, where it is the wrongful appropriation of the reputation of another or that of his goods that is in question, a plaintiff which uses descriptive words in its trade name will find that quite small differences in the competitor's trade name will render the latter immune from action. The risk of confusion must be accepted, to do otherwise is to give to one who appropriates to himself descriptive words an unfair monopoly in those words and might even deter others from pursuing the occupation which the words describe."

Mr van Schalkwyk sought to place reliance on the fact that respondent's conduct had been deliberate, but, while that may sometimes be a factor to take into account, it is not sufficient to render respondent's conduct "unlawful competition" in this particular case. Our law recognizes the freedom to trade competitively, and competition more often than not involves a

deliberate intention to benefit oneself at the expense of a rival business. A trader is entitled to use ordinary descriptive or

laudatory words, which are appropriate to his product to describe his product: it does not become unfair to do so because another trader first realised that they were appropriate, and made extensive use of them, even though he deliberately adopts them for his own product.'

[16] Since I have found that the words used by the applicant to market its product are descriptive words only, it is necessary to consider whether the applicant has nonetheless shown that the words used by it have become so identified with its product that they have acquired a secondary meaning in the sense that they are associated in the minds of the public with the applicant's product only and no-one else's. See *Selected Products Ltd v Enterprise Bakeries (Pty) Ltd* 1963 (1) SA 237 (CPD) at 242F-243F; *Van der Watt v Humansdorp Marketing CC* 1993

(4) SA 779 (SECLD) at 783A.

[17] The short answer is that the applicant expressly bases its case on the allegation that the name which it uses is a 'fancy' name, not that the name, if held to be descriptive, has replaced the original meaning of the descriptive words. Although the 'secondary meaning' issue was raised by the applicant's counsel in argument there does not appear to be anything of substance on the applicant's

papers to support this argument. What the applicant says is the following:

'In the present matter, the trade name CholesterolEase as one word is a distinctive and invented name and not a descriptive name as contended for by the Respondent. To the extent that it is alleged that the Applicant's product's trade name is a general descriptive term, and, as the Respondent appears to do, contends that it is at liberty to use the term Cholesterol Ease, it is respectfully submitted that the Applicant has established that it has acquired a secondary meaning and has come to designate the Applicant's product.'

[Para 48, founding affidavit].

[18] In support of this contention the applicant says that:

'Now, and I have personally experienced this, when I have requested of a pharmacist to provide me with CholesterolEase I have been greeted with the responses of: "Which one?", and, more disturbingly: "Would you prefer the cheaper option?"...

The Applicant's brand has been established in the public's perception and is sought after by name, and not by package

differentiation. There is with respect, nothing on the packaging or get-up which effectively distinguishes the two brands...The

ordinary customer in this matter is a person who suffers from cholesterol problems, and who is seeking a health product and a non-pharmaceutically based product to alleviate his symptoms or to control his cholesterol problem. In other words, the ordinary

customer is a person who more or less knows what the particular and peculiar characteristics of the article he wants is, and as a result of the oral and aural marketing efforts of the Applicant seeks a product known as CholesterolEase... In most instances the purchaser of CholesterolEase is not aware of the get-up and presentation of the product but is focused on its trade name.'

[Paras 36, 39, 51-52, founding affidavit].

[19] Possibly being mindful of the difficulties which the applicant faced in proving a ‘secondary meaning’ it sought, in reply, to introduce the affidavit of a pharmacist which sells its product. However it is not necessary to deal with that affidavit since the applicant was successful in having the paragraph of that affidavit in which the pharmacist concerned expressed an opinion struck out. Accordingly all that is left to support the applicant’s contention as to a ‘secondary meaning’ are those portions of the applicant’s affidavit which I have quoted hereinabove. To my mind the applicant’s contentions in those paragraphs as to the establishment of a ‘secondary meaning’ fall far short of what the applicant is required to prove.

[20] In the Selected Products Ltd case at 242F-243A Theron AJ said

‘Now it has been stated over and over again by the Courts that if a trader has applied to his merchandise ordinary descriptive words, he will have great difficulty in proving that such words constitute a trade name designating his goods as opposed to those of others. Save in the most exceptional circumstances no individual can be allowed to monopolise words which are the common heritage of us all and which provide a convenient and natural method – even if not the only or the most correct method – of describing an article. The reluctance of the Courts to find that words primarily descriptive have acquired among the public or that class of the public likely to deal with the article designated thereby, a subsidiary or secondary meaning denoting or connoting a particular origin, is well illustrated by the following passage from the judgment of Lord Shand in Cellular Clothing Co., Ltd. v. Maxton, 1899 A.C. 326... at p.340;

“Of that case, i.e. Reddaway v Banham, 1896 A.C. (199) I shall only say that it no doubt shows it is possible where a descriptive name has been used to prove that so general, I should rather say so universal, has been the use of it as to give it a secondary meaning and so to confer on the person who has so used it a right to its exclusive use or, at all events, to such a use that others employing it must qualify their use by some distinguishing characteristic. But I confess that I have always thought, and I still think, that it should be made almost impossible for anyone to obtain the exclusive right to the use of a word or term which is in ordinary use in our language and which is descriptive only – and, indeed, were it not for the decision in Reddaway’s case, I should say this should be made altogether impossible.”

[21] In Online Lottery Services (Pty) Ltd v National Lotteries Board and Others 2010 (5) SA 349 (SCA) at 360A-C Heher JA said:

‘If a term is descriptive, in the sense that it is the name of the goods themselves, it cannot simultaneously denote any particular trade source. Therefore, a party cannot be prevented from unambiguously using a descriptive term in its original descriptive sense, unless it has wholly lost that descriptive sense and become distinctive of the claimant in every context: Wadlow, The Law of Passing Off 3ed at 616. Even if the claimant succeeds in proving that a prima facie descriptive term has acquired some degree of secondary meaning, the scope of protection for the mark is narrower than for a wholly arbitrary term. Relatively minor differences will suffice to distinguish

the defendant's goods or business when both use a mark which is descriptive of the goods or services they provide. This applies even though the defendant is using the closely similar term in a trade mark sense: Wadlow, *op cit*, at 617, paragraph 4.'

Misrepresentation and confusion

- [22] Confusion *per se* does not give rise to an action for passing off. It does so only where it is the result of a misrepresentation by the respondent, in the sense that the goods which he offered are those of the applicant or are connected with the applicant. See *Hoechst Pharmaceuticals v The Beauty Box (Pty) Ltd* 1987 (2) SA 600 (A) at 619D-E.
- [23] In determining whether there is risk of confusion the court must postulate the class of customers who are likely to purchase the goods or services and accordingly who the notional average purchaser is likely to be. In *Pasquali Cigarette Co Ltd v Diaconicolas & Capsopolus* 1905 TS 472 at 475 Solomon J described the notional average purchaser as 'a man who knows more or less the peculiar characteristics of the article he wants; he has in his mind's eye a general idea of the appearance of the article and he looks at the article not closely, but sufficiently to take its general appearance'.
- [24] In the present matter the applicant's complaint is not directed at any similar get-up of its product by the respondent. The complaint is directed at the aural use of the descriptive term 'Cholesterol Ease'. In my view the applicant has two insurmountable difficulties. The first is that, even on its own version, it cannot seriously dispute that the respondent markets its product (including aurally) as 'Vital Cholesterol Ease'. Any ordinary purchaser listening to an advertisement should thus readily be able to distinguish between 'Cholesterol Ease' and 'Vital Cholesterol Ease'. The second is that the applicant concedes that there is no authority in our law which provides protection, in a passing off action, to advertising value as being worthy of protection in itself. As said by B R Rutherford: *Value of Trade Marks, Trade Names and Service Marks* (1990) 2 SA Merc LJ at p162:

'A claim for misappropriation of the advertising value of a trademark represents a significant departure from the traditional view that the true legal function of a trademark is to indicate source or origin. Like the American Courts, our Courts are conservative in their approach and are reluctant to accord judicial recognition to the advertising function of a trade mark. A claim for misappropriation of the advertising value will succeed only if the defendant's conduct also involves an impairment of the origin function of the trade mark, that is, where such conduct is likely to cause confusion as to the origin or sponsorship of the product concerned. Legislative reform, therefore, appears to be the only viable alternative for the speedy introduction of such a claim.'

- [25] Further, in the *Adidas* case at 537C-E Botha J said that in passing-off actions 'the enquiry is concerned with the actual conduct of the parties, i.e. the manner in which their goods have been marketed in fact.' In the present matter the factual position is that the respondent markets its product (including aurally) as 'Vital Cholesterol Ease'. The get-up of the two respective products is entirely distinguishable. In my view it thus cannot be said that there is

a likelihood that a substantial number of people who buy or are interested in these products will be confused as to whether the respondent's

product is the product of the applicant or that there is a material connection between the respondent's product and the applicant's

product. (See the test set out in the Adidas case at 537D). In the words of Solomon J in the Pasquali Cigarette Co Ltd case at p479:

'A certain amount of imitation in these matters is perfectly legitimate. If one manufacturer sees that another manufacturer gets up his wares in a form which attracts the public, he is entitled to some extent to take a lesson from his rival and to copy the get-up provided that he makes it perfectly clear to the public that the articles which he is selling are not the other manufacturer's, but his own articles, so that there is no probability of any ordinary purchaser being deceived. So long as it does that a certain amount of imitation is legitimate.' (emphasis supplied)

[26] By parity of reasoning the same must apply to the alleged aural passing off complained of by the applicant. The respondent has not made a misrepresentation to the effect that its product is that of the applicant's. In fact the only similarity between the respective descriptive terms is that part of the respondent's corresponds partly with the applicant's. The applicant is not entitled to a monopoly in the use of such descriptive words as the names have in common, i.e. 'Cholesterol' and 'Ease' and the products themselves are clearly distinguishable.

[27] In addition, one cannot ignore the reputation-denoting function which the respondent's well-known trade mark VITAL fulfils within the respondent's mark 'Vital Cholesterol Ease'. Above all, where the respective get-ups of the products differ significantly (as is the case in the present matter) the inclusion of a well-known trade mark immediately directs the public's attention to the fact that they are now dealing with the respondent's

product and that of no-one else. (The same applies to the aural advertising campaign). To say that the well-known trade mark would

not serve any distinguishing function in the present matter to prevent a misrepresentation would be to ignore the essential function

of a trade mark, which is that it is a badge of origin. See *Converge (Pty) Ltd v Woolworths Ltd* 2003 BIP 292 (C) at 298 where Erasmus J accepted obiter with reference to a joining of a well-known trade mark to a descriptive word that such well-known mark could distinguish the goods of traders so as to avoid any misrepresentation being made.

Conclusion

[28] To sum up, the applicant has failed to establish that 'CholesterolEase' is a fancy name. It has failed to establish that its use of the descriptive words 'Cholesterol' and 'Ease' has resulted in those words acquiring a secondary meaning sufficient to warrant the conclusion that they have wholly lost their

descriptive sense and have become distinctive of the applicant in every way. The applicant has also failed to establish that the

advertising value of its trade name is one worthy of protection in itself. Finally, the applicant has failed to establish a likelihood

of deception or confusion in the minds of the public that the respondent's product is that of the applicant's or that

there is a material connection between the respondent's product and the applicant's product. It is thus not necessary for me to consider the third element of the 'classical trinity' of damages allegedly suffered by the applicant.

[29] As mentioned above the respondent successfully applied to strike out a paragraph of one of the replying affidavits. The applicant also successfully applied to strike out two paragraphs of the respondent's opposing affidavit. For sake of completeness I will incorporate the orders which I made ex tempore during the course of argument as part of my order hereunder.

[30] In the result I make the following order:

- '1. The applicant's application to strike out paragraphs 10.2 and 10.3 of the respondent's opposing affidavit succeeds with costs.
2. The respondent's application to strike out paragraph 3 of the affidavit of Mr Van Eyk succeeds with costs.
3. Save as aforesaid the application is dismissed with costs, including the wasted costs of the postponement on 8 November 2011.

J I CLOETE

FOR THE APPLICANT : Adv B Dyke – Club Chambers – 0418116000

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