

SOUTH AFRICA / JUDGMENT

**Beecham Group PLC v Colgate-Palmolive
Company (A828/08, A829/08, A830/08) [2011]
ZAGPPHC 160; 2011 BIP 159 (GSJ) (11 May 2011)
[2011] ZAGPPHC 160**

COURT

North Gauteng High Court, Pretoria

BEFORE

B.R. Du Plessis, S. Potterill, J. Goodey

CASE / FILE NUMBER

A828/08, A829/08, A830/08

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IN

THE HIGH COURT OF SOUTH AFRICA

(NORTH

GAUTENG, PRETORIA)

Case

No: A828/08; A829/08; A830/08

Date

heard: 13/04/2011

Date

of judgment: 11/05/2011

In

the matter between:

Beecham

Group

PLC.....APPELLANT

and

Colgate-Palmolive

Company.....

RESPONDENT

JUDGMENT

Introduction

- [1] There are three related appeals before us. The appeals are against almost identical orders made by the Deputy Registrar of Trade Marks.
- [2] The appellant ("Colgate") made three applications to the Registrar of Trade Marks for the registration of trade marks in terms of the Trade Marks Act, 194 of 1993 ("the Act"). The respective applications are for registration of the trade marks COLGATE GERMDEFENSE and GERMDEFENCE in different classes. The applications were respectively advertised for purposes of opposition

in the Patent Journals of September and November 2003.

- [3] Section 21 of the Act provides that "(a) ny interested person may, within three months from the date of the advertisement of an application in terms of section 17 or within such further time as the registrar may allow, oppose the application in the manner prescribed."
- [4] On 25 April 2005, some 18 months after the applications had been advertised, the respondent ("Beecham"), through its

attorneys, DM Kisch Inc, gave notice of its intention to oppose the registration of each of the trade marks.

- [5] Having followed the steps prescribed by the rule, Colgate's attorneys, Adams & Adams, applied to the Registrar in terms of rule 30 of the High Court Rules¹ for orders declaring each of the opposition notices to have been an irregular step. Orders dismissing Beecham's opposition were also sought and Colgate also sought orders directing that certificates of registration be issued in respect of each of the marks.
- [6] Beecham opposed the rule 30 applications and also filed conditional counter applications. In the counter applications Beecham sought, in the event of the rule 30 applications succeeding, "condonation for late filing of request for an extension". (The quotation is from the heading to the counter applications. I shall in due course make more detailed reference to the specific prayers².)
- [7] The three applications and the conditional counter applications came before the Deputy Registrar, (it is convenient to refer to him as "the Registrar".) The Registrar dismissed Colgate's three rule 30 applications and in each case he ordered that the opposition to the registration of the trade marks is to proceed. In the result it was unnecessary for him to rule on the conditional counter applications. The Registrar has as yet not heard the now opposed applications for registration.

[8] Colgate now appeals in each of the three matters against the dismissal of its rule 30 applications and against the Registrar's

resultant failure summarily to dismiss Beecham's opposition.

[9] Beecham has filed notice of a conditional cross-appeal. The cross-appeal is conditional upon this court holding that Beecham's

opposition was indeed an irregular step. In the latter event, Beecham seeks orders aimed at this court allowing it to oppose the

registration of the trade marks.³

The core facts

[10] The three records before us are for practical purposes identical. What follows is a summary of the facts in case number A829/08.

[11] Colgate's trade mark application was advertised in the Patent Journal of September 2003. In October 2003 DM Kisch addressed respective letters to the Registrar and to Adams & Adams, Colgate's attorneys. In these letters DM Kisch informed the addressees that its client, "GlaxoSmithKline" (Beecham was not mentioned), was "considering opposition" to the trade mark applications. They requested an extension of the statutory opposition period⁴ until 28 February 2004. Adams & Adams did not object to the extension.

[12] In view of GlaxoSmithKline's possible opposition, settlement

negotiations followed between Adams & Adams for Colgate and DM Kish, throughout acting for GlaxoSmithKline. In the course of the negotiations DM Kisch repeatedly requested Adams & Adams for further extensions of the opposition period. Such extensions were granted. On 13 April 2005 DM Kisch sought, and Adams & Adams did not object to, a final extension until 18 April 2005.

[13] No opposition was noted and on 20 April 2005 Adams & Adams wrote to the Registrar requesting him to issue the certificate of registration of the trade mark.

[14] On 25 April 2005, Beecham (and not GlaxoSmithKline)

represented by DM Kisch filed a notice of opposition to the registration of the trade mark in its intended form.⁶ This was followed by the rule 30 application to set aside the notice of opposition as an irregular step.

The Rule 30 application

- [15] The thrust of Colgate's founding papers in the rule 30 application may be summarised as follows. Extensions of the opposition period were sought on behalf of and granted to GlaxoSmithKline. The latter did not formally note its opposition. Beecham, that noted opposition, had neither sought nor had been granted extensions. Hence, Beecham's purported opposition was irregular.
- [16] In the answering papers the attorney acting for Beecham explains that he has for many years been representing in South Africa the GlaxoSmithKline group of companies and affiliated companies within the group. Beecham (its full description is Beecham Group Pic, a company registered in the United Kingdom) and GlaxoSmithKline Pic are both members of the group. The attorney (Mr Wimpey) goes on to explain that the entire group, including GlaxoSmithKline Pic and Beecham, share the interest in opposing the registration of Colgate's relevant trade marks. Therefore, Mr Wimpey states, "whether Glaxo and/or Beecham take action to oppose the Trade Mark Applications, they are really simply acting as an agent of the GlaxoSmithKline Group of Companies and conduct the Group's business and further the Group's interests as a whole". The thrust of Mr Wimpey's affidavit is that the extensions granted to GlaxoSmithKline should be regarded as having been granted also to Beecham.
- [17] The Registrar gave full reasons for dismissing the rule 30 application. The reasons may be summarised as follows. As a starting

point, Colgate's "main contention was that the irregularity lies in the fact that the extensions were applied for in the name of one legal entity but the opposition was entered in the name of another". The Deputy Registrar reasoned, with reference to authority, that "it is clear that the acts of a holding company (and, I would add, an affiliated company) are not per se the acts of its wholly owned subsidiaries (or affiliates), or vice versa, since (each company) is a separate legal entity but in recent years, it has become evident that there has been a relaxed approach to the application of this basic principle". After he had quoted further authority for the relaxation of the principle, the Registrar held that "the court is entitled to overlook, in proper cases, any irregularity in procedure which does (not) work any substantial prejudice to the other side". Obviously exercising his discretion to overlook, in this case, such irregularity as Beecham may have committed, the Registrar dismissed the rule 30 application.

Colgate's appeal

- [18] Rule 30(3) provides: "If at the hearing of such application the court is of opinion that the proceeding or step is irregular or improper it may set it aside in whole or in part and grant leave to amend or make any such order as to it seems meet" (My emphasis).

[19] The adjudication of a rule 30 application entails two stages. First, the court (registrar) must determine whether the proceeding or step complained of was indeed irregular. If it was, "the court is empowered to set it aside, wholly or in part. The court, however, has a discretion. ... It is entitled in a proper case to overlook an irregularity in procedure that does not cause substantial prejudice to the party complaining of it ,..".⁷

[20] In this case the Registrar did not decide the rule 30 application in two discrete stages. One must, however, not be pedantic in that regard. Reading his reasons as a whole the Registrar decided to pierce the proverbial corporate veil. From this it follows that he regarded the extension granted to GlaxoSmithKline as in fact also an extension to Beecham. On that basis, Beecham's opposition did not constitute an irregular step. The Registrar did not stop there, however. He also decided to overlook the fact that the extension was granted to GlaxoSmithKline but that it was Beecham who filed the opposition.⁸ In that regard he exercised the discretion afforded to him under rule 30(3). I would paraphrase and summarise the Registrar's reasoning as follows: Beecham's opposition was not an irregular step but, if it was, it should be overlooked in view of the relatedness between it and the GlaxoSmithKline group.

[21] I am inclined to the view that Beecham's late opposition was an irregular step. I am so inclined because it seems to me that

extensions granted to GlaxoSmithKline cannot, simply because Beecham belongs to the GlaxoSmithKline group, be held to have been granted also to Beecham. I, however, need not enter into the debate as to exactly when the corporate veil may or may not be pierced. I shall proceed on the basis that Beecham's late opposition was an irregular step.⁹

[22] The assumption that an extension to GlaxoSmithKline cannot in law or in fact be regarded as one to Beecham, does not render the inter-relatedness of the two entities irrelevant. The inter-relatedness could still afford an explanation for Beecham's late opposition. In my view the Registrar cannot in principle be faulted for deciding to overlook the late opposition (the irregular

step) in view of the inter-relatedness of Beecham and GlaxoSmithKline. It is one thing to say that in fact and in law an extension to GlaxoSmithKline is one to Beecham. It is another to say that Beecham's late opposition (irregular step) should be overlooked

in view of the inter-relatedness.

[23] Accepting, as I understood him, the proposition put forward in the previous paragraph, Mr Michau for Colgate submitted that there were insufficient facts before the Registrar on which to decide that the inter-relatedness was such that Beecham's irregular step should be overlooked.

The assumption makes it unnecessary to consider an argument advanced by Mr Bester for Beecham that any interested party may note opposition once an extension has been granted albeit that such extension was granted to a completely unrelated party.

In an able argument counsel submitted that Beecham's answering affidavit in the rule 30 application does not contain evidence from which the Registrar could determine the inter-relatedness. The affidavit contains, the argument went, mere conclusions in the stead of evidence from which the conclusions may be drawn. It is to that argument that I now turn.

[24] In paragraph 17 of the answering affidavit Mr Wimpey, the attorney who deals with the matter, states: "My firm¹⁰ and I have represented the Glaxo Group of Companies and the affiliated companies within the Group in their trade mark and other

matters in South Africa over many years. I am therefore conversant with the Glaxo Group's internal relations, relationships and

structures." Based on knowledge so gained, Mr Wimpey states that GlaxoSmithKline Pic and Beecham both form part of the GlaxoSmithKline

group. Mr Wimpey then continues to explain that the different companies within the group share an interest in matters concerning

trade marks and brand names. When his firm received instructions in this matter, the initial letters were written in the name of the principal company in the group. In accordance with the practice within the group (to use one of the companies in the group to object) Mr Wimpey was then instructed to note the objection in the name of Beecham.

[25] Mr Wimpey also states that "whether Glaxo and/or Beecham take action to oppose the Trade Mark Applications, they are really simply acting as an agent of the SmithKline Group of companies and conduct the Group's business and further the Group's interests as a whole."

[26] It is correct, as counsel pointed out, that Mr Wimpey's evidence falls far short of proving a contract of agency in terms whereof

Beecham acted. But that is not the issue. The issue is whether the evidence puts forward facts that explain why an extension was sought on behalf of GlaxoSmithKline while the ultimate objection was made by Beecham. In my view it does for the reasons that follow.

[27] While, as counsel submitted, Mr Wimpey might not be qualified to state as a fact exactly what, in legal terms, the relationship

between the companies is, there is no reason why his evidence as to the practice that he experienced cannot be accepted. It is his experience that, while instructions might be received from one company in the group, the final instruction to litigate might come from another company. His evidence that the relevant companies are members of the group must, in view of his experience, be accepted.

[28] It is on those facts that the Registrar exercised his discretion to overlook the irregular step. In my view the discretion was properly exercised on the admissible evidence before the Registrar.

[29] Mr Michau further argued that the Registrar did not have due regard to the prejudice that Colgate will suffer as a result of the irregular step. In that regard counsel had to concede that Colgate did not on the papers deny an allegation that it did not suffer any prejudice. Counsel submitted, however, that Colgate is bound to suffer prejudice because, if Beecham's irregular opposition is overlooked and it opposes the applications, Colgate would bear the onus to prove that the marks should be registered.¹¹ Conversely, if the marks are registered without opposition, it will be for Beecham to apply to have the marks removed from the register. In such event the onus would be on Beecham to prove that the marks must be removed.¹² The argument loses sight thereof that Colgate bears the onus of proving to the Registrar that the marks must be registered whether

the applications are opposed or not. Moreover, even the fact that Colgate will bear an onus to prove its case in the face of opposition

does not in itself amount to substantial prejudice. Had the facts been that Colgate would be deprived of an opportunity or an ability

to prove its case, that may have been regarded as substantial prejudice. The question is not whether the late opposition is prejudicial to Colgate's interests but rather whether it would or, possibly, might result in an injustice. (See *Amod v SA Mutual Fire &*

General Insurance Co. Ltd 1971 (1) SA 611 (N) at 614H to 615A where it was held that even the fact that a party may lose its case when the other party withdraws an admission does not constitute prejudice or injustice to the extent that the withdrawal should not be allowed. See also *Metedad v National Employers' General Insurance Co. Ltd* 1992

(1) SA 494 (W) at 499J to 500A.)

[30] It is concluded that there is no basis for this court to interfere with the Registrar's exercise of his discretion. Colgate's appeal must therefore fail. This conclusion renders it unnecessary to deal with the conditional counter appeal (or the conditional counter application before the Registrar).

[31] Costs must clearly follow the event.

The following order is made:

1. The appeal in case number A828/08 is dismissed with costs.
2. The appeal in case number A829/08 is dismissed with costs.
3. The appeal in case number A830/08 is dismissed with costs.

B.R. Du Plessis

Judge of the High Court

I agree.

S. Potterill

Judge of the High Court I agree.

J. Goodey

Acting Judge of the High Court

On behalf of the appellant: Adams & Adams

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Adv. A.J. Bester SC

1Section 45(2) of the Act provides: "Where no provision is contained in this Act on any matter of procedure, the registrar shall apply the rules governing procedure in the Transvaal Provincial Division of the Supreme Court."

2The prayers of the counter application are, in my view, not a model of clarity. It is clear enough, however, that the intention was to seek condonation for the late noting of the opposition.

3Whether this court can competently grant such orders will be dealt with later, if necessary.

4See section 21 of the Act.

5This was seven days after the extension had elapsed but, as shall become apparent, no point is made of thereof.

6The reader will recall that this summary of facts relates to appeal A829/08, that is in respect of the mark COLGATE GERMDEFENSE. The opposition to the registration of the mark GERMDEFENCE is not identical, but the differences are for present purposes immaterial.

7See Harms: Civil Procedure in the Supreme Court, B30.8.

8See the quotation from the Registrar's judgment in paragraph 17 above.

9The assumption makes it unnecessary to consider an argument advanced by Mr Bester for Beecham that any interested party may note opposition once an extension has been granted albeit that such extension was granted to a completely unrelated party.

10 DM Kisch Inc.

11See sections 9 and 16 of the Act.

12 See section 24 of the Act.

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