

SOUTH AFRICA / JUDGMENT

Berman Brothers (Pty) Ltd. v Sodastream Ltd. (47/86) [1986] ZASCA 27; [1986] 2 All SA 252 (A) (24 March 1986)

[1986] ZASCA 27

COURT

Supreme Court of Appeal

BEFORE

Corbett, Hoexter, Botha, Nicholas, Nestadt

CASE / FILE NUMBER

47/86

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IN THE SUPREME COURT OF SOUTH AFRICA (APPELLATE DIVISION)

In the matter between:

BERMAN BROTHERS (PROPRIETARY)

LIMITED Appellant

and

SODASTREAM LIMITED 1st Respondent;

TELTRON HOLDINGS (PROPRIETARY)

LIMITED 2nd Respondent:

CORAM: Corbett, Hoexter, Botha, JJA, Nicholas et Nestadt AJJA.

DATE OF HEARING: 17 Feb 1986

DATE OF JUDGMENT: 24 March 1986

J_ U D G M E N T CORBETT, JA:

This appeal concerns an action for the infringement of certain trade marks and for relief under the Merchandise Marks Act 17 of 1941. The action was institu-

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2bed in the Transvaal Provincial Division by first and second respondents , as co-plaintiffs, against appellant, as defendant. After the close of pleadings it was agreed by the parties at a pre-trial conference that the action should proceed on the basis of a special case stated in terms of Rule 33 of the Uniform Rules of Court . A state-ment setting forth the agreed facts and the legal

contentions of the parties (which I shall call the "Stated Case") was prepared and the Court a quo, presided over by O'DONOVAN J, was asked to adjudicate thereon . After-hearing the parties O'DONOVAN J concluded that certain admitted conduct on the part of the appellant constituted an infringement of one of first respondent's registered trade marks and also contravened certain provisions

of the Merchandise Marks Act, and he granted an interdict with costs and certain ancillary relief.

I shall deal with the terms of the order in

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3more detail later. The judgment of the Court a quo has been reported: see Sodastream Ltd and Another v Herman brothers (Pty) Ltd 1984 (4) SA 425 (T).

With the leave of the Court a quo appellant appeals to this Court against the whole of the judgment and order of the Court a quo, save in two minor respects; and, similarly with the leave of the Court a quo, respondents have cross-appealed against portions of the judgment and the order of the Court a quo . I shall later indicate the portions of the judgment and order covered by the appeal and cross-appeal respectively.

THE FACTS AND CONTENTIONS

The facts revealed by the Stated Case are as follows . The first respondent, Sodastream Limited, is a British company with its factory and principal place of business in Peterborough. England. In certain countries

/in.....

4in Southern Africa, including the Republic of South Africa, first respondent markets its products through second respondent in terms of a distributorship agreement which appoints second respondent "the exclusive distributor" of first respondent's products in these countries (termed "the Territory" in the agreement).

First respondent is the proprietor of a number of South African trade marks registered in terms of the Trade Marks Act, 62 of 1963, including -

- (a) trade mark no 78/4435 for the mark "Sodastream" registered in class 1 of Schedule IV to the Trade Marks Regulations in respect of " chemical substances and chemical preparations for use in manufacture, and gases for use in manufacture and dispensing of beverages" (to be referred to as "the gas mark"); and

/ (b) trade

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- (b) trade mark no 78/4436 for the mark "Sodastream" registered in class 6 of schedule IV to the Regulations in respect of "containers made wholly or principally of common metal and their alloys; and parts and fittings therefor" (to be referred to as "the cylinder mark").

Under the distributorship agreement second respondent is given the "sole right" to purchase what are termed "the Products" from first respondent for re-sale in the Territory. The products are defined in a schedule to the agreement as meaning the following components:-

"1. Sodastream domestic carbonating machines manufactured or sold by the Company to the specifications (if any) required in the Territory ('the Sodastream machines').

2. Cylinders chargeable with carbon dioxide for use with the Sodastream machine manufactured or sold by the Company to the specifications (if any) required in the Territory ('the Sodastream Cylinders').

/ 3. Concentrated

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3. Concentrated flavour syrups for use with the Sodastream or other machines manufactured or sold by the Company to the specifications (if any) required in the Territory ('the Sodastream Flavours').
4. Accessories manufactured or sold by the Company for use with the Sodastream machine ('the Sodastream Accessories')."

In addition the agreement grants second respondent "the exclusive right" to sell in the Territory under, inter alia, the "Sodastream" trade marks the following items not purchased from first respondent -

- (a) concentrated flavour syrups for use with Sodastream and other machines;
- (b) carbon dioxide gas rechargeable into cylinders for use with Sodastream machines;
- (c) accessories for use with Sodastream machines.

In pursuance of the distributorship agreement first and second respondents also entered into a user agreement granting second respondent the right to use
in.....

7in the Republic of South Africa for the duration of the distributorship agreement certain trade marks of which first respondent was the proprietor, including the gas mark and the cylinder mark. It was the desire and intention of the parties that second respondent be entered as a registered user of the marks in terms of sec. 48 of the Trade Marks Act. And this was evidently done.

In terms of the distributorship agreement and the registered user agreement the second respondent has, in the Republic of South Africa and more particularly in the Transvaal Province, traded in products under the aforementioned trade marks and will continue to do so in the future. Both respondents have derived income through the course of such trade and will continue to do so. Details of these trading activities are given in para-7 of the Stated Case which reads as follows (first and second respondents being referred to as first and second

/ plaintiffs): 8plaintiffs):

"7. (a) In particular, the second plaintiff

has from time to time filled cylinders bearing the word 'Sodastream' with carbon dioxide gas for use in the manu-facture of beverages such as sodawater or flavoured soft drinks or mixers based on soda water. Such gas is hereinafter-referred to as 'gas'. The gas used by the second plaintiff for this purpose has not been manufactured or produced by either of the plaintiffs but has been selectively purchased by the second plaintiff from different sources, and inspected and decanted by the second plaintiff, and the second plaintiff assumes responsibility for the good quality of this gas. 'The second plaintiff has further sold such cylinders containing gas to members of the trade or exchanged them (with a cash adjustment for empty cylinders), the price of such cylinders or such cash difference being charged to the members of the trade : members of the trade have in turn sold or exchanged such cylinders to members of the

/ public

9public, the price of such cylinders or the cash adjustment being charged to the members of the public (the retail price

of such cylinders being in the order of R18.00 whilst the retail price of

the gas therein being in the order of R1,50) . The second plaintiff has there-after accepted the return of such cylinders from its customers, has refilled them with gas, and has then resold them to its cus-toiners or re-exchanged them . Photographs of such a cylinder bearing a label applied by the second plaintiff are attached hereto as Annexures E1 and E2, and samples of such cylinders will be handed in at the hearing of this matter marked Exhibits I. and XX. Exhibit I is a cylinder without the particular wording 'guaranteed' filled by a athorised Sodastream distributor referred to in sub-paragraph 7(d) infra, and Exhibit 11 is a cylinder with this wording marked on it. These cylinders were originally made by or to the order of the first plaintiff in Europe and sold by the first plaintiff to the second plaintiff: in South Africa for resale or exchange containing gas.

/ (b) The

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(b) The gas-containing cylinders sold or

resold or exchanged by the first and second plaintiffs in the Republic of South Africa have in all cases carried a firmly applied gummed label bearing the word 'Sodastream'. These labels have varied over the course of time and copies of the labels used up to the present are set out in Annexures F1 to F6 respectively.

(c) The gas-containing cylinders sold or resold or exchanged by the first and second plaintiffs in the Republic of South Africa have in all cases been stamped with the word 'Sodastream'. This marking has appeared on a valve at the head of the cylinder, in conjunction with other stamped markings. Such markings are set out by way of example in Annexure G together with a correct explanation (not present on the cylinders themselves) of the significance thereof.

(d) Some of the gas-containing cylinders

sold or resold or exchanged by the first and second plaintiffs in the Republic of South Africa have been further stamped

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with the wording guaranteed filled by authorised 'Sodastream distributor'.

(e) In filling cylinders as described In

sub-paragraph (a) above, the second plaintiff has acted in accordance with quality control procedures laid down by the first plaintiff. These procedures include provision for the use of gas of food quality, and for the checking and when necessary the repair of the cylinders, using spare parts supplied by the first plaintiff. These procedures are intended to ensure that the cylinders to which they have been applied are mechanically sound and safe for the public to handle, and that the gas they contain is of an acceptable quality and quantity. (f) The word 'Sodastream' as used on the cylinders when sold or exchanged by either of the plaintiffs as set forth above in this paragraph is a trade mark as defined in the Trade Marks Act, No 62 of 1963 and as registered under either or both of the trade marks nos. 78/4435 and 78/4436

/T shall 12I shall make reference later to the content of the gummed labels, annexures F1 to F6, mentioned above.

The gravamen of respondents complaint concerning the conduct of appellant is contained in para.8 of the Stated Case, which reads (appellant being referred to as defendant):-

" 8 . (a) Subsequent to the registration of

the two abovementioned trade marks , the defendant has from time to time accepted from customers (both retailers and members of the public who are end-users) cylinders stamped with the word 'Sodastream'. The defendant has then in most cases exchanged such cylinders by supplying such customers with similar cylinders filled by the defendant with gas and has charged for the gas only; and in the other cases has sold such refilled cylinders to its customers. These cylinders emanated originally from the first plaintiff.

/ (b) After

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(b) cylinders with gas the defendant has from time to time exchanged or sold such cylinders, as detailed in paragraph 8(a) above, and the gas therein contained , to retailers and to members of the public with the cylinders still bearing the word 'Sodastream' stamped upon them and, in some cases, still bearing one of the gummed labels referred to above in paragraph 7 (b) .

(c) The gas contained in these cylinders when sold or exchanged by the defendant was not supplied by or obtained from either of the plaintiffs, save in relation to the cylinders mentioned in paragraph 12 infra .

(d) From time to time the defendant

has covered the marking, 'guaranteed filled by Sodastream distributor' present on some of these cylinders. the covering material being an opaque gummed label, a sample of which is attached hereto marked Annexure H.

/ (e) Subsequent

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(e) Subsequent to September 1982 all

cylinders exchanged or sold by the

defendant as aforementioned have borne

labels as exemplified in Annexure H.

The facts stated on Annexure H are

correct.

(f) From time to time the defendant has applied the label of Annexure H to cylinders bearing the marking 'guaranteed filled by authorised Sodastream distributor' in a position in which the label has not obscured such marking

(g) From time to time the defendant has

removed from the cylinders the gummed label bearing the word 'Sodastream' and referred to in paragraph 7 (b) above, and has in other cases wholly or substantially obscured this gummed label with the label of Annexure H .

- (h) The conduct of the defendant set out in sub-paragraphs (a) to (g) of this paragraph has not been expressly authorised by the plaintiffs .

/ (i) When

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- (i) When refilling the cylinders referred to above, the defendant does not observe quality control standards laid down or supervised by either of the plaintiffs, and the defendant does not repair the cylinders with spare parts supplied by either of the plaintiffs; but the plaintiffs agree that such repairs as may take place from time to time do not change the character of the cylinders and are conducted under strict quality control . The defendant is not aware of the quality control standards of the plaintiffs, but adheres to a strict quality control standard of its own. In particular, the defendant selects certified food quality CO2 gas from Messrs Afrox Limited. When refilling the cylinders as aforementioned;, the defendant ensures by means of weighing on a scale approved and assized by the Assize Division of the Department of Industries , Commerce and Tourism that the gross weight appearing on each cylinder (and exemplified in Annexure G) is correct, after filling .

/ (j) Samples

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- (,i) Samples of the cylinders sold or exchanged in the ordinary course of trade by the defendant and referred to in sub-paragraphs (b) , (d) , (f) and (g) above will be handed in at the hearing of this matter marked Exhibits III. IV, V, VI and VII respectively . "

Apart from certain details which are not relevant for present purposes, what the gummed label, annexure H, states (in both official languages) is: "Filled with food CO2 by Herman Bros (Pty) Ltd" , followed by appellant's postal address.

Relevant portions of the Stated Case continue:

"9. Despite demand made by the plaintiffs

on the defendant, the defendant has refused to desist from the conduct set out in paragraph 8 above.

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11. 11.1 The defendant has been in lawful possession of, and has been the lawful owner, of the cylinders/ received

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received by it for refilling from customers and referred to in paragraph 8 above .

11.2 The defendant does not sell or

exchange the aforementioned • cylinders as new cylinders. but sells the gas contained in these cylinders as fresh gas of food quality •

12. The defendant has since 1980 to the

present, and with the knowledge of thesecond plaintiff, lawfully purchasednew machines for making beverages andnew and used gas-filled cylinders bearing the mark SODASTREAM from thesecond plaintiff , as well as beverageconcentrates, kept a stock of suchmachines and cylinders, and sold thesame to members of the public. Thecylinders as received by the defendantfrom the second plaintiff have in allcases been filled with gas suppliedby the second plaintiff , and have beensold by the defendant in the ordinarycourse of trade, the defendant being astockist and supplier of such products/ 13. Other

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13. Other parties in the Republic of

South Africa have from time to time refilled and do refill cylinder's bearing the label and markings referred to in paragraph 7 above and have sold or exchanged them and do sell and exchange them , such activities having taken place without the authority of either of the plaintiffs . At the hearing of this matter the defendant will hand up to the above Honour-ahie Court examples of such cylinders received and exchanged or sold by other parties, marked Exhibits VIII, IX and X respectively."

The contentions of respondents are contained in paras.14 to 18 inclusive of the Stated Case, which read as follows:-

"14. The conduct of the defendant set forth in paragraph 8 above constitutes infringement of the trade mark 78/4435 and/or infringement of the trade mark 78/4436 under section 44(1)(a) of the / Trade Marks Act

19 Trade Marks Act, No 62 of 1963.

15. (a) The wording 'guaranteed filled by authorised Sodastream distributor ' is a trade description within the meaning of the Merchandise Marks Act .

(b) The same wording describes the gas within if not also describing the cylinder itself.

16. Neither the first plaintiff nor the

second plaintiff has made any representation of any nature to the defendant that the plaintiffs authorise or condone the conduct of the defendant set forth in paragraph 8 above.

17. The conduct of the defendant set forth in paragraph 8 above constitutes:

(a) Contravention of section 7 of the Merchandise Marks Act, No. 17 of 1941, in that, in acting as a fore-said, the defendant has sold goods, namely: (i) The gas, to which a forged

trade mark was applied; and/ to

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to which a trade mark was falsely applied; within the meaning of these terms under the Merchandise Mar k s Act.

(ii) The cylinders, to which a

forged trade mark was applied, within the meaning of the terms 'forged' and 'trade mark' under the Merchandise Marks Act.

(b) Contravention of section 6 of the Merchandise Marks Act in that, in acting as aforesaid, the defendant forged one or more trade marks; falsely applied a trade mark to goods (namely the gas) ; and applied a false trade description to goods (namely the gas): all within the meaning of the relevant terms under the Merchandise Marks Act.

The conduct of the defendant complained of by the plaintiffs amounts to the delict of unlawful competition if such conduct does not amount to contravention

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of the Trade Marks Act and of the

Merchandise Marks Act . "The contrary contentions of appellant, as set forth in paras. 19 to 22 inclusive; are:-

"19 The defendant,. having purchased or

otherwise obtained lawful possession and ownership of cylinders marked as described above in paragraph 8. is entitled to conduct itself in the manner hereinbefore described in the course of refilling such cylinders with gas and preparing them for resale or exchange as second-hand goods to the defendant's customer's in the Republic of South Africa.

20 (a) The defendant contends that the word'Sodastream' as appearing on thecylinders sold or exchanged by thedefendant as set forth above inparagraph 8 is not a trade mark asdefined in the Trade Marks Act,No. 62 of 1963, and farther contends that the word 'Sodastream'/ has

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has not been used by the defendant as such a trade mark.

(b) The contention set forth in sub-

paragraph 20 (a) app l ies to the word 'Sodastream' as it appears in or on:

(i) The wording guaranteed filled by authorised Sodastream dis-tributor' stamped on certain cylinders;

(ii) The labels forming Annexures F1 to F6 hereto and applied to cylinders;

(iii) The wording stamped on the valve of the cylinders .

21. The defendant contends further that its conduct, either as complained of or at all, does not in any way constitute:

(a) Infringement of any of the provisions of the Trade Marks Act;

(b) Contravention of any of the provisions of the Merchandise Marks Act; and

(c) Unlawful competition vis-a-vis either of the plaintiff's .

/ 22. The

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22. The defendant contends further that one or both of the plaintiffs have represented to it that its conduct is unobjectionable; the defendant has acted on such representation to its detriment and the plaintiffs are therefore estopped from claiming the relief sought."

As the Stated Case shows, there were three main matters in contention between the parties: (i) the alleged trade mark in fringements, (ii) the claim based on alleged contraventions of the Merchandise Marks Act, and (iii) estoppel. (The claim founded on unlawful competition was not pursued.) In addition, in its heads of argument appellant has contended that whatever the outcome of the appeal, certain of the ancillary relief should not have been granted by the Court a quo. And in certain supplementary heads of argument appellant has raised a point not previously taken and not mentioned in the application for leave to appeal, viz . that respondents did not have locus standi to apply for relief

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24 in respect of appellant's alleged contraventions of the Merchandise Marks Act. At the hearing of the appeal. however, appellant's counsel announced that he was not pressing the estoppel contention or the point based on locus standi. In my view, counsel acted wisely in so doing. I shall deal with the other matters seriatim.

THE ALLEGED TRADE MARK INFRINGEMENTS As far as trade mark infringement is concerned, the conduct on the part of the appellant complained of by respondents consists of receiving empty Sodastream cylinders from members of the trade or the general public, refilling them with its (appellant's) own carbon dioxide gas and re-selling or exchanging the gas-filled cylinders in the course of trade -

(1) with the mark "Sodastream" stamped on the valve at the head of the cylinder;

/ (2) in

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- (2) in some instances, with the words "Guaranteed filled by authorised Sodastream distributor" stamped on the cylinder and with these words remaining uncovered or unobscured in any way; and
- (3) in some instances bearing one of the gummed labels constituting annexures F1 to F6 , such label remain-ing unobscured.

Each of these complaints, and the issues arising therefrom, must be considered separately, but before I do so there are some observations of a general nature which should be made.

Respondents originally based their case on the infringement of both the gas mark and the cylinder mark in terms of sec. 44(1)(a) of the Trade Marks Act. The relevant portion of sec 44 reads as follows:

- (1) (1) the rights acquired

by registration of a trade mark shall be infringed by —

- (a) unauthorized.....

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- (a) unauthorized use as a trade mark in relation to goods or services in respect of which the trade mark is registered, of a mark so nearly resembling it as to be likely to deceive or cause confusion;"

With this provision must be read certain definitions contained in sec. 2 of the Trade Marks Act. In sec. 2(1) a "mark" is defined to include a name or word; and a "trade mark" is defined to mean —

" a mark used or proposed to be used

in relation to goods or services for the purposes of —

- (a) indicating a connection in the course of trade between the goods or services and some person having the right, either as proprietor or as a registered user, to use the mark , whether with or without any indication of the identity of that person; and
- (b) 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."

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27In sec. 2(3)(a) it is provided:

"(a) References in this Act to the

use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods."

In this case we are not concerned with a mark "nearly resembling" the registered trade marks: it is in each case the mark itself, viz. the word "Sodastream", that is alleged to have been used unauthorisedly by the appellant. Originally sec. 44(1) spoke of —

"the unauthorised use... of the identical trade mark or of a trade mark so nearly resembling"

This was the wording in paragraphs (a) and (b). For some reason, obscure to me, the words "of the identical trade mark or" were deleted in both paragraphs by sec 21 (a) of Act 46 of 1971.

Presumably it was thought that if the mark used by the infringer was the identical mark it would / necessarily

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necessarily be a mark so nearly resembling as to be likely to deceive or confuse. Obviously it was never the intention to exclude from the ambit of infringement the use of the identical mark (cf. remarks of Chowles and Webster, *The South African Law of Trade Marks*, 2nd ed., p 98). I think that this amendment is an unfortunate one and not conducive to clarity; and I would hope that when the Act is again amended the deleted words be restored. At all events, the unauthorised use of the identical mark must, in my view, be regarded as falling under sec. 44(1) (a).

Furthermore, in this case there are two marks involved, the gas mark and the cylinder mark. In terms of the alleged acts of infringement (1), (2) and (3) above, the word "Sodastream" appears upon the same object, that is, the cylinder; and in each case the question arises as to whether it is used only in relation to the cylinder itself (in which case only the cylinder mark becomes rele-

/vant)

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vant) or only in relation to the contents of the cylinder (in which case only the gas mark becomes relevant) or in relation to both the cylinder and its contents (in which case both marks are relevant). The importance of these distinctions lies in the fact that the Court a quo held (see reported judgment; p 429 F-I) that no infringement of the cylinder mark had been established and the further fact that this finding is accepted by respondents. I agree with this finding. It need not now be decided whether the true basis of such non-liability be, as held by the Court a quo, that in dealing with the cylinders themselves the appellant trades with "genuine" goods (see also in this connection *Ilampo Systems (Pty) Ltd v Audio-lens (Cape) (Pty) Ltd* 1985 (4) SA 257 (C), at p 261 C-F) or that, having regard to all the circumstances, the appellant is authorised to deal with the cylinders themselves and to use the cylinder mark in relation thereto.

I return to the alleged trade mark infringements. The first matter to be determined is which, if any, of the uses of the word "Sodastream" on the cylinder by the res-

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pondents relate to the gas mark or to the gas mark and the cylinder mark. If the appellant has used the marks, then his user cannot differ from that of the respondents as far as the identity of the mark used is concerned and for the reasons already stated only uses relating to the gas mark can give rise to liability on the part of the appellant. Uses relating only to the cylinder mark can consequently be disregarded. As to the alleged trade mark infringement (1) above, it was held by the Court a quo that the word "Sodastream" stamped on the valve was use of the cylinder mark only and could therefore be disregarded (see reported judgment at p 428 F). On appeal appellant naturally supported this finding, whereas respondents, in terms of their cross-appeal, challenged it.

Where the same word constitutes the trade mark under more than one registration, each in respect of a separate class of goods, and this word is used upon an article which comprehends elements which fall within

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31 more than one of these classes of goods, the test as to which of the registered trade marks is so used should, in my view, be an objective one. The court must ask itself: having regard to all the circumstances, to what would the ordinary reasonable consumer of the article regard the mark as referring?

In regard to the word "Sodastream" stamped on the valve it was submitted by respondents' counsel that the Court a quo had erred in ignoring the other markings stamped on the valve, which, so it was argued, linked "Sodastream" with the carbon dioxide gas. The valve is a brass fitting which evidently screws onto the head of the cylinder. In addition to the word "Sodastream" there are stamped upon it various cryptic letters and figures which relate to such matters as the mass of the cylinder when full and empty, the year of manufacture, the test pressure and the country of manufacture. One of the stampings is "CO₂": but it is not in close proximity to the word "Sodastream".

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These markings are not at all prominent. I accept that the reasonable consumer would know that CO₂ meant carbon dioxide gas. but I do not think that he would regard the word "Sodastream" as relating to the gas inside the cylinder. In my view, he would relate this use of the mark to the valve or to the cylinder as a whole and not to its contents. I, therefore, agree with the finding of the Court a quo.

As to (2) above (the inscription "Guaranteed filled by authorized Sodastream distributor" stamped on the cylinder - for the sake of brevity I shall call this "the stamped guarantee"), it was held by the Court a_ quo that the acts of the appellant in refilling with its own gas and selling cylinder's with the stamped guarantee constituted a use of first respondent's gas mark (see reported judgment at p 429 B-C) . I agree with this conclusion. It was argued by appellant's counsel, both before us and in the Court a quo, that the word "Sodastream" in the

/ stamped

33stamped guarantee qualifies the word "distributor" and relates to a service, ie. the refilling of gas cylinders; and in this connection reference was made to certain other registered trade marks in respect of services of which first respondent is the proprietor. There is, in my view, no substance in this argument. As the trial Judge succinctly put it (at p 429 B-C) —

"A member of the public, when exchanging an empty cylinder for a gas-filled cylinder, is purchasing gas, which he is told has been supplied by a distributor with the authority of the registered proprietor of the trade mark. This description of the source of the gas amounts to a use of the trade mark 'in relation to goods' in class 1."

(The gas mark relates to class 1.) And, I might just add, the service marks referred to by counsel relate, respectively, to class 37 ("construction and repair") and class 42 ("miscellaneous").As.....

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above As to (3) / (the use of the gummed labels annexures

F1 to F6), these labels fall into three groups: (a) F1, F2 and F3; (b) F4 and F5; and (c) F6. Each group must be considered separately. F1, F2 and F3, which are substantially identical, are headed in large script "Sodastream Car-bonator" and underneath, in small script, appear the injunctions "Keep in a cool place", "Do not store in a car", "Do not tamper with valve", "Do not attempt to refill". "Treat carefully" and "Avoid direct sunlight". The Court a. quo held that these labels were used solely in relation to the metal cylinder and its attachments and therefore did not have reference to the gas mark (see reported judgment p 428 G). Respondents cross-appealed against this finding. Although the point is debatable, I am of the view that the reasonable consumer would regard this label, including the word "Sodastream", as having reference both to the cylinder and to its contents. This label consequently does involve the gas mark.

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script "Serviced and refilled with Sodastream gas under licence from Sodastream Ltd., Peterborough, England, in accordance with approved procedures and standards of quality"; and at the bottom second respondent's name and address . "In argument appellant's counsel conceded that the use of the mark Sodastream on this label was in relation to both the cylinder and the gas. In my view this concession was well-founded.

Finally, as regards F6, appellant's counsel contended that the trial Court had erred in holding that it related to the cylinder and the gas, whereas respondents' counsel supported this finding. The essence of this label is the word Sodastream written in a fancy script and below this the words "Guarantee this CO2 cylinder to be full ex factory". Again the matter is debatable but on the whole I think that the reasonable consumer

/ would

35In regard to F4, F5 and P6, the Court a quo found that the word "Sodastream" on them was obviously used in relation to both the cylinder and the gas, but proceeded to disregard these labels on the ground that the Stated Case did not indicate whether the appellant had ever marketed gas-filled cylinders bearing any of those labels. This view was presumably founded on the learned Judge's interpretation of paragraphs 7 (b) and 8(b) of the Stated Case. Whatever the merits of this view, appellant's counsel indicated that his client did not wish to rely upon this finding and asked the Court to rule on these labels on the basis that appellant did market gas-filled cylinders bearing these labels. F4 and F5 are substantially identical. Apart from a warning in regard to the handling of cylinders, the label contains, at the top, the words in bold type "Original Carbonator Cylinder"; below that the word "Sodastream" in large fancy writing; below that the words, in smaller

/ script

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would regard the label as a use of the word Sodastream in relation to the cylinder rather than the gas.

In the result, therefore } the use of the mark

"Sodastream" on the cylinder should be construed as having reference to the contents of the cylinder and therefore as involving the gas mark in the case of the stamped guarantee and labels F1, F2, F3, F4 and F5. The question now is whether appellant's conduct in re-selling the cylinders, filled with its own gas and still bearing the stamped guarantee and/or one or other of the labels F1 to F5 inclusive, constituted an infringement of the first respondent's gas mark. This depends, in terms of sec. 44(1)(a), on whether such conduct amounted to —

- (i) the use by appellant of a mark, (ii) as a trade mark;
- (iii) in relation to goods in respect of which the trade mark is registered,
- (iv) such use being unauthorized.

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It is common cause that if the other requisites are satisfied requisite (iii) is satisfied, i.e. the user, if established, was in relation to goods in respect of which "the trade mark (the gas mark) is registered. The other three requisites are, however, in contention.

It was submitted by appellant's counsel that appellant did not use the mark at all. Me argued that when a mark is used in connection with consumable goods it ceases to exist, or at any rate loses its attributes as a trade mark, once those goods have been consumed; that, consequently, although second respondent uses the gas mark when marketing its new cylinders, once the ultimate consumer has used the gas in the cylinder the marks lose their attributes as marks and in effect no longer exist; and that, therefore, in subsequently refilling and selling the returned empty cylinder's appellant does not use a mark. Counsel used the homely

/ example

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example of a slab of chocolate. I can appreciate the argument if in the example given the mark is applied to the chocolate itself, but where the mark is to be found on the wrapping paper or, as in this case, on the cylinder containing the gas, I find the argument unconvincing. I do not believe that a seller of chocolate who used, say, a discarded Cadbury's chocolate wrapper (the chocolate bar having been consumed), bearing the Cadbury's trade mark (if there be one), in which to market a brand of chocolate other than Cadbury's could claim that he was not using the Cadbury's mark. Nor do I believe that the appellant in this case can claim that it is not using the gas marks appearing on the cylinders which he has refilled and supplied to customers. When appellant refills and sells or exchanges one of the cylinders in question, the cylinder still has on it one or more of first respondent's gas marks. These marks are a

/ physical reality.

physical reality. In no way can they be said no longer to exist. They are there for all to see. And since, ex hypothesi, they relate to the gas inside the containers, there is, in my view, no escape from the conclusion that in so dealing with the cylinders the appellant uses the mark in relation to the gas which it sells in the cylinder. And it matters not that appellant did not itself place the mark on the cylinder. This conclusion, which flows from an application of the provisions of Act 62 of 1963., seems to be broadly in conformity with what has been the approach in similar cases in other jurisdictions (see *Rose v Loftus* (1878) 47 LJ Ch . 576 ; *Barr and Co v Ma: i v and Dougall* (1904) 21 RFC 665; *Calor Gas (Distribution) Co Ltd v Cooper* ["1962] RPC 16, at pp 22-4; cf.

Thwaites & Co

M'Evilly (1904) 21 RPC 397; *Kerly's Law of Trade Marks and Trade Names*, 11 ed., par 14 - 08 . p 245:

/ *Prest-O-Lite* 40

41 *Prest-O-Lite Co v Avery Lighting Co* 161 Fed. 648; 87 *Corpus Juris Secundum* 876). Accordingly, I find that requisite (i) above is satisfied.

As to requisite (ii) , use of a mark" as a trade mark", this means, in terms of the definition of "trade mark", that the use must be for "the purposes of"

(i) indicating a connection in the course of trade between the gas in the cylinders and the proprietor of the mark (first respondent) or the registered user (second respondent) and (ii) distinguishing such gas from the same kind of gas connected in the course of trade with any other person. There is no question that as far as respondents are concerned the gas marks appearing on the cylinders were used for these purposes. The Stated Case does not deal with the question as to the purposes for which appellant used the gas marks. It seems to me, however, that where, as in this case, an alleged infringer has used a trade mark on or in relation to goods in such a manner as to lead others to think that there is a connection in the course of trade between the goods and the proprietor registered user of the trade mark, and the alleged infringer was aware of this (or must be taken to have been aware of this), he must be held to have used the trade mark as a trade mark and cannot be heard to say that, subjectively, in reality this was not his purpose. In this sense the test, in my view, is an objective one. (Cf. the remarks of Chowles and Webster, *op. cit.*, at p 204; and, in another context, the observations of TRENGOVE JA in *Cape Town Municipality v Frerich Holdings (Pty) Ltd* 1931 (3) SA 1200 (A), at p 1216 G-H).

It was argued by appellant's counsel that appellant was not using the word "Sodastream" to connote a connection in the course of trade between its gas and respondents. In support thereof counsel cited a number of hypothetical examples involving a member of the public who approached the appellant with an empty Soda-stream cylinder which he wished to have refilled and was made aware of the fact that what he obtained was a cylinder filled with appellant's own gas. The Stated Case contains no reference to such hypothetical situations. but what it does make clear is that appellant has from time to time exchanged or sold refilled cylinders to retailers as well as members of the public. As appellant's counsel conceded, this argument based on hypothetical situations would not apply where the refilled cylinder reached the consumer through a retailer and, in my view, it would often not apply even where appellant dealt directly with the customer. Consequently, assuming in appellant's favour that someone who has used in relation to his goods the trade mark of another can avoid liability for infringement on the ground that

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by reason of extraneous circumstances the public at the

/ time

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used in relation to his goods the trade mark of another

can avoid liability for infringement on the ground that

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by reason of extraneous circumstances the public at the

/ time

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time of purchase became aware of the fact that the goods were those of the alleged infringer and not those of the proprietor or registered user of the trade in mark (and I might add that I am by no means convinced of the validity of this proposition), I do not see how this argument can assist the appellant on the facts of this case. Obviously in many instances this hypothetical situation would not occur. And it has never been the law that in order to constitute infringement the unauthorized use of another's trade mark should mislead ail members of the public.

In similar vein appellant's counsel further submitted that the application of the label annexure "H" to the cylinders since 1982 negated the gas marks as indicators of a connection in the course of trade between the gas and the proprietor or registered user of the mark. This particular argument was explicitly rejected by the Court a quo (see reported judgment at p 429 E). I agree that it is unsound. I very much doubt whether, once

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it is clear that appellant has used the gas mark, considered on its own, as a trade mark, appellant can avoid infringement by showing that annexure H indicated a different origin for the gas (see in this regard *adidas Sporbschuhfabriken Adi Dassler K G v Harry Walt & Co (Pty) Ltd* 1976 (1) SA 530 (T) at pp 535 H - 536 A; *Aristoc Ld v Rysta Ld* (1945) 62 RPC 65 at p 77; *Lever Brothers, Port Sunlight, Ld v Sunniwite Pro-ducts, Ld* (1949) 66 RPC 84, at p 89); but in any event I do not think that annexure "H" does unequivocally proclaim that the gas with which the cylinder has been filled is not Soda-stream gas, but gas selected or produced by appellant.

For these reasons I am of the opinion that respondents established requisite (ii) as well.

With regard to requisite (iv) , unauthorized. user, appellant's counsel made the submission in their heads of argument that to give business efficacy to the

/ contracts

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contracts whereby second respondent sold Sodastream cylinders to appellant (and other traders) it was necessarily to be implied that appellant and fellow traders were authorized to conduct themselves in the manner set out in para.8 of the Stated Case . This point was not pursued with any enthusiasm in argument before us. In my view , it is devoid of substance. The question is whether it is necessarily to be implied that traders to whom second respondent sold cylinders were entitled to refi11 them with their own gas and resell or exchange them under first respondent's mark. There is no such necessary implication. On the contrary, the more likely implication is that empty cylinders would have to be returned to second respondent or some authorized agent or sub-distributor for refilling . There is no basis for finding that the user of first respondent's gas mark by appellant was in any way authorized. Requisite (iv)

was, therefore, established.

/ Accordingly

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Accordingly I hold that in refilling with its own gas and selling or exchanging cylinders carrying the stamped guarantee and/or one or other of the labels F1 to F5 inclusive, appellant infringed first respondent's gas mark and this entitled respondents to an interdict and damages. As far as labels F1 to F5 inclusive are concerned this goes further than the finding of the Judge a quo (see reported judgment at p 4 29 I)•

THE ALLEGED CONTRAVENTIONS OF

THE MERCHANDISE MARKS ACT .

The provisions of the Merchandise Marks Act which

appellant is alleged to have contravened are sec. 6(a) , (b)and (e) and sec. 7. These read as follows:

"6. Any person who —

(a) forges any trade mark; or (b) falsely applies to goods any trade mark; or

(e) applies any false trade description to goods;

shall be guilty of an offence

/7. Any.....

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7. Any person who sells any goods to which any forged trade mark or false trade description is applied, or to which any trade mark is falsely applied, shall be guilty of an offence ..."

(Each of these sections contains an exemption clause, but neither is relied upon by the appellant.)

As in the Court below, appellant's main argument on appeal was that the Merchandise Marks Act did not apply to trade marks registered in terms of the Trade Marks Act 62 of 1963. This argument was rejected by O'DONOVAN J (see reported judgment p 430 A-G). And the argument based on respondent's alleged lack of locus standi was, as I have said, not pursued.

It is true that sec. 1 of the Merchandise Marks Act defines a "trade mark" (I quote only the relevant portion) as -

// "... a trade

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"... a trade mark registered in the register of trade marks kept under the Patents, Designs, Trade Marks and Copyright Act, 1916 (Act No 9 of 1916)

It is also true that first respondent's trade marks (and here we are concerned with both marks) were registered not in terms of Act 9 of 1916, but in terms of Act 62 of 1963. Nevertheless, it is provided by sec. 12(1) of the Interpretation Act 33 of 1957 that -

"Where a law repeals and re-enacts with or without modifications, any provision of a former law, references in any other law to the provision so repealed shall, unless the contrary intention appears, be construed as references to the provision so re-enacted".

Respondents contend that in terms of sec. 12(1) the reference in the definition of "trade mark" in sec. 1 of the Merchandise Marks Act to the Patents, Designs, Trade Marks and Copyright Act, 1916 (Act No 9 of 1916) must be construed as a reference to the Trade Marks Act 62 of 1963.

Appellant, on the other hand, contends that sec. 12(1) does not apply.

/ I have

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I have no doubt that respondents contention is the correct one. Act 62 of 1963 repealed so much of Act 9 of 1916 as related to trade marks (see sec. 82 of Act 62 of 1963) and replaced what had been repealed with its own provisions. It was argued by appellant's counsel that the provisions of sec. 12(1) do not apply as there is no "provision" of the 1916 Act which was re-enacted in the 1963 Act and which is referred to in the Merchandise Marks Act: sec. 82 of the Trade Marks Act of 1963 repealed the 1916 Act in its entirety, in so far as it related to trade marks. I am not sure that I understand the intended import of this argument. In so far as it may suggest that sec. 12(1) does not apply where the repealed provision forms part of an Act, or portion of an Act, which has been repealed and replaced in its entirety the argument is clearly wrong (see eg. *Rex v Ngcobo* 1941 AD 412, at p 425; *Publications Control Board v Central News Agency Ltd* 1977 (1) SA 717 (A), at pp 739 H - 740 A). The argument may, however, merely mean that there has not been a repeal and re-enactment "with or without modifications"

/ of 51 of a provision (or provisions) of the 1916 Act by the 1963 Act. To this issue I now turn. The reference in the Merchandise Marks Act, under the definition of "trade mark", to the Act of 1916 relates to a trade mark registered in the register of trade marks. The 1916 Act defined "trade mark" and in sec. 132(1) it provided:

"(1) There shall be kept at the trade marks office a register of trade marks wherein shall be entered particulars of —

- (a) all registered trade marks, with the names and addresses of their proprietors and of all registered users thereof together with the date of registration and expiry thereof;
- (b) notification of assignments and transmissions, and disclaimers: and (c) any other matters relating to registered trade marks which are prescribed."

/ The . . .

52The 1963 Act. the general object of which, according' to the long title, is "(t)o consolidate and amend the law relating to trade marks", also defines "trade mark" and in sec. 31(1) and (3) provides:

"(1) There shall be kept at the trade

marks office a register of trade in marks wherein shall be entered particulars

of __

(a) all applications to register trade marks and at registra-tions of trade marks with the names and addresses of their proprietors and of all registered users thereof, together with the date of registration and the date of expiration of the registration;

(b) notifications of assignments

and transmissions; and disclaimers; and

(c) any other matters relating to registered trade marks which are prescribed.

{ 3) The register kept under the repealed law and existing at the commencement

of 53 53

of this Act shall be incorporated with and form part of part A of the register kept under this Act .
"

There are differences between the provisions of the 1916 Act relating to these matters and those of the 1963 Act. And in this connection appellant's counsel emphasized in particular the fact that the definition of " trade mark" had been widened in the 1963 Act to include container marks and marks in respect of services. I shall assume in appellant's favour that the reference in the Merchandise Marks Act comprehends the definition of "trade mark" in the Act of 19-16 and that, therefore, the new definition of "trade mark" in the 1963 Act is relevant to the enquiry. The question then is whether or not. bearing in mind these aforementioned differences, there has been a re-enactment with modifications of the relevant provisions of the 1916 Act. In D v Minister of the Interior 1962 (1) SA 655 (T), at p 659 D, the Full Bench of the Transvaal Provincial Division

/ approving

approving the finding of WILLIAMSON J in the same case (see I960 (4) SA 905, at 909) held that in this context the word "modifications" -

is not limited to the action of limiting or qualifying or toning down or restricting any statement; it can mean to make partial changes or to make changes in respect of certain qualities or to alter or vary without radical transformation. Insofar as the meaning of the word 'modifications' in sec. 12(1) of the Interpretation Act is concerned it seems to me that WILLIAMSON J was correct when he held that it must mean any alteration which does not change the essential nature or character of the repealed provision."

This.....54

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This interpretation and the test adopted were followed in

_Nkomo and Others v Minister of Justice and Others 1965 (1)

D-G SA 498 (SR, AD), at p 505/; Ex parte Glavonic 1967 (4) SA

141 (N), at pp 142 H - 143 A; and S v Msitshana 1978 (1) SA 386 (W), at pp 388 H - 389 C; and it seems to me that they should be followed by this Court. Applying the test in the present case, the question is whether or not the relevant provisions of the 1963 Act, in repealing and re-enacting with alterations the corresponding provisions of the 1916 Act, changed "the essential nature or character" of the repealed provisions. In my opinion, they did not. In particular, I do not think that the inclusion of container marks and service marks within the definition of "trade mark" changed the essential nature and character of a trade mark.

Appellant's counsel also referred to the definition of "use" in sec. 2{2) and the new sec. 44(1)(b) of the 1963 Act, but these provisions do not appear to me

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to have any relevance to the reference contained in the Merchandise Marks Act.

*Sec. 12(1) contains the qualification "unless the contrary intention appears". It is not clear whether the existence of this contrary intention is to be sought only in "the other law" which makes reference to the repealed provision (as was done in *R v Ngcobo*, supra, at p 425 and in *R v Grove 1956 (2) SA 254 (A)*, at p 258 H - 259) or only in the law which repeals and re-enacts (as was done in *Rex v Fynn 1941 NPD 95*, at p 97 and in *S v Msitshana*, supra, at p 389 C-D) or in either. It is not necessary to decide this point for in neither the Merchandise Marks Act nor the Trade Marks Act of 1963 do I discern any such contrary intention. In fact "there are various pointers in the opposite direction. The Legislature, when enacting the Merchandise Marks Act. would surely have been cognizant of the fact that the law governing trade marks and their*

/ registration,

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registration, as embodied in the 1916 Act (which by then had been on the statute book for some 25 years), would probably be replaced in a consolidating and amending measure at some time in the future. And to me it seems very unlikely that it would have been intended that the provisions of the Merchandise Marks Act should not apply to trade marks registered under such new legislation: that once the trade marks registered under the 1916 Act had run their course the Merchandise Marks Act should become a dead letter. Moreover, sec. 31(3) of the 1963 Act, which provides that the register of trade marks kept under the 1916 Act should be incorporated with and

form part of the register kept under Act 62 of 1963, also appears to negative the suggested distinction between trade marks registered under the 1916 Act and those registered under the 1963 Act.

Appellant's counsel also argued that the fact that

/ the

58the Merchandise Marks Act had been amended as recently as 1967 without the definition of "trade mark" being altered supported his case. Assuming that it is appropriate to have regard to this factor, it takes the matter no further, in my opinion. The Legislature, had it adverted to this point, could well have considered that, in view of the provisions of sec. 12(1), such alteration was not necessary.

For these reasons I am of the view that sec.

12(1) does apply and that, applying it, the reference in the definition of "trade mark" in the Merchandise Marks Act to the 1916 Act must be read as a reference to the corresponding provisions of the 1963 Act. The net result of that is that under the Merchandise Marks Act "trade mark" now means a trade mark registered in the register of trade marks kept under Act 62 of 1963.

I turn now to the alleged contraventions of the Merchandise Marks Act. These are:-

/ (1) That

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(1) That, in covering the stamped guarantee with the opaque gummed label, annexure H (as described in par. 8(d) of the Stated Case) and in either removing labels F1 to F6 or obscuring them with annexure H (as described in par. 8(g) of the Stated Case), appellant was guilty of forging a trade mark and, therefore, of contravening sec. 6(a):

(2) That in filling the cylinders in question with its own gas (as described in par. 8(a) and 8(b) of the Stated Case) while first respondent's gas marks were thereon and remained visible appellant falsely applied a trade mark to goods (ie the gas) in contravention of sec. 6(b);

(3) That in filling the cylinders in question with its own gas while the stamped guarantee and/or the statements contained in the labels annexures F1 to

/ F6 inclusive

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F6 inclusive were thereon and remained unobscured,

the appellant applied to the goods (ie the gas)

a false trade description in contravention of sec 6(e); and

- (4) That appellant had contravened and was contravening sec. 7 by -
- (a) selling its gas in cylinders to which forged trade marks had been applied in the circumstances described in (1.) above : and/or (b) selling its gas in cylinders to which a trade mark had been falsely applied in the manner set forth in (2) above; and/or (c) selling its gas in cylinders to which false trade descriptions had been applied in the manner described in (3)

above.

/ Generally

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Generally, in regard to the alleged contraventions of the Merchandise Marks Act, appellant's counsel raised the same argument as was advanced in regard to the trade mark infringements, viz. that once gas cylinders emanating from the respondents had been emptied of Sodastream gas, those representations of "Sodastream" on the cylinder which related to the gas mark ceased to exist or ceased to have the attributes of a trade mark. For the reasons already stated, when dealing with the question of trade mark in fringe-ment, this argument cannot prevail. I proceed to consider individually the alleged contraventions of the Merchandise Marks Act. As to (1) above (the alleged forging of a trade mark), the provisions of sec. 6(a) must be read with sec. 2(3)(b), which reads —

"A person shall be deemed to forge a trade mark who —

- (b) alters, adds to or effaces any genuine trade mark".

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It is not disputed that each of the various acts on the part of the appellant, as described in (i) above, amounted to the effacing of a trade mark. Appellant's counsel submitted, however, that in the circumstances the trade mark was not a "genuine" one. The argument ran thus: a "genuine" trade mark in the context of sec. 2(3)(b) means a registered trade mark used in connection with the registered proprietor's goods; a registered trade mark used in relation to goods which are not those of the registered proprietor is a false and not a genuine trade mark; consequently, since appellant's effacement of first respondent's gas mark coincided with the filling of the cylinder with appellant's own gas, the gas mark was not genuine when effaced. (It was conceded that this argument did not apply to the effacement of a cylinder mark.) This argument was not addressed to the Court a quo.

/ Counsel

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Counsel were not able to refer this Court to any authority on the meaning of "genuine" in this context; nor have I been able to find any, either in our law or in English law, with reference to sec. 4(b) of the English Merchandise Marks Act, 1887, which is similar to sec. 2(3)(b) of our Act. In *S v Smith en Andere*, 1978 (3) SA 749 (A) this Court had occasion to consider the meaning of "eg" (English: "genuine") appearing, with reference to writing, in sec. 228 of the Criminal Procedure Act 51 of 1977. In delivering the judgment of the Court on this aspect of the case, TRENGOVE AJA (as he then was) stated (at p 756 A) :

"Na my mening beteken die woord 'eg' (of 'genuine'), in die sinsverband van art 228, 'werklik synde wat dit skyn, aangeneem word of voorgewees om te wees', soos dit in die WAT gestel word, of, 'really proceeding from its reputed source or author', wat een van die betekenisse is wat in die Oxford English Dictionary aangegee word."

/Similarly 64 64

Similarly it seems to me that in the context of. sec. 2(3)(b) "genuine" means really proceeding from its reputed source or author, ie . having in fact been applied by the registered proprietor or some person authorized to use and apply the mark

- k. On this interpretation appellant's argument must be rejected. The trade marks in question were in fact applied by the registered proprietor or an authorized user. I accordingly hold that the conduct described in (1) above did amount to contraventions of sec. 6(a). As to (2) above (the alleged contraventions of sec. 6(b)), the Court a quo made no finding on this issue and respondents cross-appealed against its failure to do so. Sec. 6(b) must be read in conjunction with sec. 2(1). the relevant portion of which provides:

"(i) A person shall be deemed to apply a

trade mark or trade description to goods who —

- c) places... the goods in.... any covering. . . to which that trade mark or trade description has been applied."

/ "Covering"

65"Covering" is defined to include a " container" . There can be no question that the conduct of the appellant described in (2) above amounted to applying first respondent's gas mark to appellant's goods, viz. the gas. Inasmuch as this involved the intentional and unauthorized application of a trade mark to goods not emanating from the proprietor of the trade mark, I have no doubt that appellant falsely applied the mark and thereby contravened sec. 6(b). And I did not understand appellant's counsel really to dispute these propositions.

As to (3) above (applying a false trade description) sec. 6(e) must be read with sec. 2(1) (c), quoted above, and with the definition of "trade description" appearing in sec. 1 of the Merchandise Marks Act, the relevant portion of which reads:

/ "'trade'.....

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'trade description' means any description statement or other indication, direct or indirect, as to the name of the manufacturer or producer (sc. of any goods) or as to the mode of manufacturing or producing any goods ...

It was respondents' case, as set forth in their contentions in the Stated Case, that appellant contravened sec. 6(e) by applying a false trade description to goods "namely the gas". The application relied upon was that deemed in terms of sec. 2(1)(c) by reason of appellant having placed goods, ie the gas, in a container, ie the cylinder, to which a trade description had been applied. The Court a quo held that the stamped guarantee constituted a trade description and, when thus applied to a cylinder filled with appellant's own gas, constituted a false trade description (see reported judgment p 431 A-D).

/ Appellant's

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Appellant's counsel challenged this finding, arguing that respondents do not "manufacture or produce" the gas which they sell, but only select the same, and that the stamped guarantee could, therefore, not amount to a trade description.

The reasoning of the Court a quo is contained in the following passage in the reported judgment (at p 431 B-C):

"The words 'trade description' are comprehensively defined and include any indication, direct or indirect, of the mode of producing goods. The plaintiffs do not manufacture gas, but 'producing' does not necessarily mean 'manufacturing'. The selection of gas, which is what the plaintiff's do, in order to ensure that it is of the required quality, and the process of filling pressure cylinders with the selected gas for the purpose of sale, involve an expenditure of time and effort which amounts, in my view, to 'producing' the gas. The words 'Guaranteed filled by authorised SodaStream distributor' which appear on certain of the cylinders are therefore a trade description"

/ With

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With respect, it seems to me that in deciding whether the stamped guarantee constitutes a trade description one is concerned with what the words of the stamped guarantee convey rather than the actual operations of respondents in filling the cylinders,

The Oxford English Dictionary gives three basic meanings for the verb "produce". The first meaning conveys, the idea of bringing forth, presenting to view, exhibiting and is clearly not relevant in the context of the definition of trade description. Nor is the second basic meaning, which is a geometrical term. The third basic meaning comprehends:

"3. To bring forth, bring into being or existence.

- a. generally. To bring (a thing) into existence from its raw materials or elements, or as the result of a process; to give rise to, to bring about, effect, cause, make (an action, condition, etc.).

/ b . Of an

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- b. Of an animal or plant: To generate, bring forth, give birth to, bear, yield, (offspring, seed, fruit, etc.).
- c. Of a country , region, river, mine , process, etc.: To give forth, yield, furnish, supply; to grow, raise (plants); to yield or bring in as profit.
- d. To compose or bring out by mental or physical labour (a work of literature or art); to work up from raw material, fabricate, make, manufacture (material objects) ; in Pol. Econ . often blending with sense c."

It seems to me that where the definition of "trade description" speaks of "the mode of manufacturing or producing any goods", the word "producing" conveys the operation of bringing into being or existence the goods in question. "Produce" is a wider concept than "manufacture". It would include the fabrication or manufacture of goods , but it would also include, for example, the raising of animal products and the growing of agricultural products (operations which would not fall under the description of "manufacture") : cf . South African Railways and Harbours

/ v Cemafrigue

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v Cemafrigue 1978 (3)SA 388 (A), at p 394; Rex v Rabie 1952 (1) SA 577 (C), at p 580 B.

Assuming that the stamped guarantee conveys that the cylinder is filled with gas selected by an authorized Soclastream distributor, I do not think that this amounts to a trade description. The mere act of selecting gas from that made available by gas suppliers does not, in my view, connote "producing" the gas. The gas was produced by those who, by some process, brought it into being or existence. And in this connection it is significant that in the definition of "mark" in the Merchandise Marks Act a distinction appears to be drawn between the concepts of "manufacture", "production" and "selection"

By parity of reasoning I am of the view that none of the labels F1 to F5 constitutes a trade description, either as to the name of the produce"1 or the mode of production. Accordingly, the respondents did not establish a contra-

/ vention

71vention of sec. 6(e) on appellant's part.

As to (4) above (the alleged contraventions of sec. 7), it has already been found with reference to (1) above that in certain instances appellant must be deemed to have forged trade marks on gas cylinder's. It is not disputed that appellant used such cylinders in which to sell its own gas.

Reading sec. 7 in conjunction with sec. 2(1), it is clear that on these facts appellant was guilty of selling goods to which a forged trade mark had been applied. Similarly, the finding, in regard to (2) above, that appellant in certain instances falsely applied first respondent's gas mark to his own goods, viz. the gas, together with the undisputed fact that appellant subsequently sold such gas, establishes the further contravention of sec 7, viz. selling goods to which a trade mark is falsely applied. On the other hand, the finding that the stamped guarantee and the labels annexures F1 to F5 did not amount

72to or contain trade descriptions disposes of any claim that appellant sold goods to which a false trade description had been applied.

THE RELIEF GRANTED.

The relief granted by the Court a_ quo was the following:

"(a) The defendant is interdicted and restrained from infringing the first plaintiff's mark No 78/4435 in class 1 (schedule IV) (the 'gas mark').

(b) The defendant is interdicted and restrained from contravening ss 6 and 7 of the Merchandise Marks Act 17 of 1941. (c) That delivery up be made to one or both of the plaintiffs:

(i) of all cylinders which the

defendant possesses and which bear the first plaintiff's gas mark and in respect of which a contravention of the Trade Marks Act 62 of 1963, has been committed; and

/ (ii)

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(ii) of all cylinders which the

defendant possesses and which bear one or more of the first plaintiff's gas mark or cylinder mark and in respect of which a contravention of s 6 of the Merchandise Marks Act 17 of 1941 has been committed .

(d) The plaintiffs are awarded the costs of suit, including the costs of two counsel.

(e) The action is postponed to a date to

be arranged in order that the question of damages suffered by the plaintiffs may be investigated and determined."

It is not disputed that on the basis of the Court's finding and in view of what was stated in par. 9 of the Stated Case, the respondents were entitled to interdicts. Appellant's counsel, however, criticised the interdicts granted in terms of paras. (a) and (b) of the Court's order on the ground that they are general in their terms, whereas the Court a quo found only certain specific acts of infringement or contravention, as the case may be.

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It is obvious to me that the learned Judge a quo intended the orders

(a) and (b) to be read in the light of his specific findings ; and that, in my view, is how his order ought to be interpreted. Nevertheless, it is always open to a court, in cases of trade mark infringement, either to grant an interdict in general terms or to prohibit the specific form or forms of infringement which have been established, with or without a general prohibition (see Chowles and Webster, *op . cit.*, p 236 ; and also as to the English practice Kerly, *op . cit .* , par. 15-66 , pp 295-6). And it seems to me that the same principles should apply to contraventions of the Merchandise Marks Act. Indeed, here the reported cases seem to show a preference for a specific order (see eg. Sheffield Electro-Plating and Enamelling Works Ltd v Metal Signs and Nameplates (Pty) Ltd and Another 1949 (1) SA 1034 (W), at pp 104.L-2; Tobler y Durban Confectionery Works (Pty) Ltd 1965 (4) SA 497 (C), at p 504 F-G). In the present case this Court has altered a

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number of the findings of the Court a quo and since the resulting grounds of liability, both as to trade mark infringement and as to contravention of the Merchandise Marks Act, are somewhat complex, I think that it is advisable that the order made by this Court should spell out specifically the terms of the interdicts. Inasmuch, however, as the parties have not had the opportunity to make representations in regard to paragraphs (a) and (b) as reformulated by this Court, this portion of the order will be provisional in order to enable the parties to make such representations, should they wish to do so.

Appellant's counsel also objected to the delivery-up order granted by the Court a quo on the ground that the appellant was the lawful possessor and owner of the cylinders in its possession. Respondents' counsel indicated. that his clients were prepared to agree to a compromise: (i) that in regard to empty Sodastream cylinders in appellant's possession, appellants be ordered to remove

/ therefrom

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therefrom, under supervision by a representative of the respondents, all labels thereon not affixed by the respondents; and (ii) that in regard to Sodastream cylinders filled by appellant and in its possession all unauthorized labels be removed under supervision as in (i) above and, in addition, that appellant be ordered to empty the cylinders by releasing the gas, again under supervision. Appellant's counsel did not indicate his attitude to this proposal. It seems to me, however, to be a reasonable one and I propose to adopt it.

Thirdly, appellant's counsel submitted in their heads that the Court a quo "erred in ordering an enquiry into the damages suffered by the respondents". No argument was addressed to us in support of this submission. The actual order made by the Court a quo appears from the reported judgment at p 432 C-D. It is similar to the form of order adopted in *Harvey Tiling Co (Pty) Ltd v*

Rodomac (Pty) Ltd and Another 1977 (1) Pty 316 (T), at

/ P 330

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p 330 A-B and subsequently followed in other cases. I can see no objection to this form of order.

COSTS OP APPEAL AND CROSS-APPEAL The only success achieved by appellant has been in regard to the issue of trade description which arises under both sec. 6(e) and sec. 7 of the Merchandise Marks Act and in regard to the amelioration of the delivery-up order. As the conduct giving rise to the allegation of liability under sec. 6(e) will, from a practical point of view, be restrained by the interdict granted in respect of trade mark infringement and as it has been found that appellant contravened sec. 7 in other respects, viz. selling goods to which a forged trade mark had been applied and to which a trade mark has been falsely applied, I do not consider that in these respects appellant has achieved substantial success on appeal. Nor do I think that the

/ amelioration

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amelioration of the delivery-up order constitutes substantial success. Appellant is, therefore, not entitled to any costs on appeal.

Respondents, on the other hand, have succeeded in establishing that, contrary to the finding of the Court a quo, the labels FI to F5 inclusive related to the gas mark and that appellant's conduct constituted the unauthorized user of these marks as trade marks. In addition, respondents have obtained a specific order in respect of sec. 6(b) of the Merchandise Marks Act. This must be regarded as substantial success and as entitling the respondents to the costs of the cross-appeal. Since the Court a quo's orders (a) and (b) must, as I have indicated, be read subject to the limitations imposed by the Court's findings as to infringement, etc., it seems to me that the cross-appeal was necessary and, to the extent

that it was successful, justified.

/ ORDER 79

ORDER

The following order is made:-

- (1) The appeal is allowed in part and the cross-appeal is allowed in part. (The extent of the success respectively of appeal and cross-appeal appears from the judgment and from para. 3 of this Order.) (2) Appellant is to pay the costs of appeal and

cross-appeal including costs of two counsel.

- (3) The order of the Court is altered to read as follows:

"(a) The defendant is interdicted and

restrained from infringing the first plaintiff's trade mark No 78/4435 in class 1 (schedule IV) (the 'gasmark') by selling, exchanging or otherwise dealing in gas cylinders, when such cylinders are filled with carbon dioxide gas by anyone other than an authorized Soda-stream/ distributor

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distributor and bearing first plaintiff's gas mark in one or more of the following forms:

- (i) the words 'Guaranteed

filled by authorised Soda-stream distributor' stamped on the cylinder, and/or

- (ii) the labels, annexures F1, F2, F3, F4 or F5 to the Stated Case .

- (b) The defendant is interdicted and restrained from contravening —

- (i) sec. 6(a) of the Merchandise Marks Act 17 of 1941 by effacing or otherwise forging first plaintiff's gas mark or first plaintiff's trade mark No 78/4436 in class 6 (schedule iv) (the 'cylinder mark') as applied to any gas cylinder in one or more of the forms stated in paras. (a) (1) and (ii) above and in the form of the label annexure F6 to the Stated Case;

- (ii) sec 6(b) of the said Act by filling any gas cylinder, bearing first plaintiff's gas mark in one or more of the forms stated in paras, (a) (i) and (ii) above, with carbon dioxide gas;

/ (iii) sec

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- (iii) sec . 7 of the said Act by selling carbon dioxide gas in any gas cylinder in respect of which first plaintiff's gas mark and or its cylinder mark as applied in one or more of the forms stated in para . (b) (1) above has been effaced or otherwise enlarged:: and '.

(iv) sec. 7 of the said Act by selling carbon dioxide gas in any gas cylinder to which first plaintiff's gas mark has been applied in one or more of the forms stated in paras. (a) (i) and (ii) above and which has been filled with carbon dioxide gas by anyone other than a distributor authorized by first plaintiff or second plaintiff.(c)

The defendant

remove from all gas cylinders emanating from the plaintiffs in its possession all labels not affixed thereon by the plaintiffs or by a distributor authorized by first plaintiff or second plaintiff, such removal to take place under

/supervision....

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supervision by an authorized

representative of the plain-

tiffs;and

(iii)in addition empty all such gas

cylinders in its possession

which have been filled with

carbon dioxide gas by anyone

other than a distributor autho-

rized by first plaintiff or

second plaintiff, by releas-

ing the said gas, such emptying

to take place under supervi-

sion by an authorized repre-

sentative of the plaintiffs. The plaintiffs are awarded the costs of suit, including the costs of two counsel.

(e) The action is postponed to a date to be arranged in order that the question of damages suffered by the plaintiffs may be investigated and determined."

(4) The order made in para. 3 above, in so far as it substitutes new paragraphs for paras. (a), (b) and (c) of the order of the Court a quo, is provisional and leave is granted to each party, if so advised, to make written application, supported by written submissions, for the variation.....

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variation of the said paras, (a) (b) or

Such written application shall be served ON THE

other party and filed with the Registrar of this

Court on or before 14 April 1986 . The pa rty

upon whom an application is served shall beentitled to file written sub-, missions in reply

thereto within a period of 21 days of service

of the application . If no such written app

cation is filed by the appointed date, the pro-

visional order shall forthwith become final .

If such written application or applications to

the Court are filed, the Court will make a

further order.

M M CORBETTHOEXTER, JA)BOTH, JA)NICHOLAS., AJA)NESTADT, AJA)

CONCUR

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