

SOUTH AFRICA / JUDGMENT

El Baik Food Systems Co. SA v Al Baik Fast Food Distribution Co. S.A.E (A998/13) [2015] ZAGPPHC 620; 2015 BIP 302 (GP) (1 September 2015) [2015] ZAGPPHC 620

COURT

North Gauteng High Court, Pretoria

BEFORE

Murphy, Rabie, Legodi

CASE / FILE NUMBER

A998/13

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REPUBLIC OF SOUTH AFRICA

IN THE HIGH COURT OF SOUTH AFRICA

(GAUTENG DIVISION, PRETORIA)

CASE NO: A998/13

DATE: 1/9/2015

In the matter between:

EL BAIK FOOD SYSTEMS CO. SA

Appellant

and

AL BAIK FAST FOOD DISTRIBUTION CO. S.A.E

Respondent

APPEAL JUDGMENT

MURPHY J

Introduction

1. This is an appeal in terms of section 53 of the Trade Marks Act 194 of 1993 (“the Act”) against a decision of the Registrar of Trade Marks dismissing the appellant’s opposition against the respondent’s trade mark application number 2006/18331 ALBAIK AND DEVICE in class 43 (“the subject mark”).
2. The appellant is a company registered in Luxembourg, whose particulars are set out later in this judgment. The respondent is Albaik Fast Food Distribution Co. S.A.E a joint stock Egyptian company with its head office in Cairo from where it conducts its main business operations. The respondent commenced business under the subject mark in Egypt in 2001. It owns six restaurants and its own processing plant to serve its restaurants in Egypt. Outside Egypt it has two franchised restaurants in Sudan, one in Pakistan, two in Iran and five in Gauteng, South Africa. The first franchisee in South Africa began to trade under the mark in February 2007. There are plans to open a further fifteen restaurants under the mark in South Africa in the future.
3. In August 2006, prior to any of the respondent’s franchisees commencing business operations in South Africa, the respondent

instructed its attorneys to file an application for registration of the subject mark. The details of the trade mark application are: 2006/18331 ALBAIK Logo and Arabic Characters in class 43 in relation to services for providing food and drink, dated 7 August 2006. The graphic representation of the device mark appears as follows:

NB: Please consult the PDF and RTF to view the images.

The trade mark application was accepted by the Registrar in terms of section 16(2) of the Act and advertised in the Patent Journal in August 2008.

4. In so far as the registrability of the subject mark has been challenged, the relevant date for the purposes of determining the rights of the parties normally would be the filing date of the trade mark application, being 7 August 2006.
5. On 18 March 2009 the appellant filed with the Registrar a notice of opposition and a founding affidavit opposing the trade mark

application. It opposed the registration on the basis of the rights it has acquired in the mark ALBAIK through its use of its trade mark in various countries around the world. I shall refer to the trade marks of the appellant as “the

Albaik marks”. The Albaik marks are graphically depicted as follows:

6. The appellant contends that the subject mark application offends the provisions of sections 10(3), 10(6), 10(7), 10(12) and 10(16) of the Act and that it should accordingly not be registered as a trade mark. The subject mark bears evident similarities to the appellant’s

Albaik marks and there are disputes between them regarding their use of the marks both inside and outside South Africa.

7. The proceedings before us are essentially motion proceedings. There was some debate in argument regarding the incidence of onus and the respective evidentiary burdens on the parties with regard to the requirements for registration under section 10 of the Act. Since in the final analysis the outcome of this appeal largely turns on these questions, it is necessary to re-state the general rules of evidence and pleading applicable in trade mark motion proceedings.[1]
8. As a general rule, the trade mark applicant bears the onus of showing that the mark sought to be registered by it is in fact

registrable.[2] In motion proceedings, however, the question of onus usually does not arise,[3] and the issues of fact fall to be determined by the Plascon-Evans rule,[4] irrespective of where the legal or evidential onus lies. That rule provides that where in motion proceedings disputes of fact arise on the affidavits, a final order can be granted only if the facts averred in the applicant's affidavits, which have been admitted by the respondent, together with the facts alleged by the latter, justify such order. It is permissible however to reject the respondent's version when it consists of bald or uncreditworthy denials, raises fictitious disputes of fact, is palpably implausible, far-fetched or so clearly untenable that the court is justified in rejecting them on the papers.[5] In a trade mark application, however, the court may be required to determine whether an evidentiary burden imposed by the statute has been met. In *New Balance Athletic Shoe Inc v Dajee and Others* NNO,[6] Nugent JA stated:

"But the rule in Plascon-Evans is not blind to the potential for abuse... 'in the interests of justice, courts have been at pains not to permit unvirtuous respondents to shelter behind patently implausible affidavit versions or bald denials'. That seems to me to be particularly important in proceedings of this nature, in which the proprietor respondent, who bears the onus of proving relevant use, can be expected to have comprehensive and peculiar knowledge of that fact if it has occurred. In those circumstances it can be expected

that a proprietor who alleges relevant use will advance clear and compelling evidence to that effect, and ought not to expect that the evidential burden will be discharged by allegations that are sparse, ambiguous, or lacking in conviction."

9. These dicta, insofar as they relate to the question of sufficiency, are instructive and helpful in resolving two key factual questions in this appeal: firstly, whether the respondent has established a bona fide claim to proprietorship of the subject mark; and secondly whether the Albaik marks of the appellant are well known marks deserving of the protection afforded to proprietors of foreign marks under section 10(6) of the Act.
10. In the motion proceedings before the Registrar, the applicant for registration is in the position of the respondent in ordinary motion proceedings. This flows from the fact that the opponent (the appellant in casu) is required to establish grounds of opposition in its

founding papers and is entitled to reply to the answering case put up by the applicant for registration (the respondent in casu) who has to make out its case justifying the registration of the proposed mark in a single set of affidavits.[7] Being motion proceedings the approach to disputes of fact arising on the papers is again that set out in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd*. [8] The Registrar is accordingly required to determine the facts by taking into account the facts averred by the opponent which have been admitted by the trade mark applicant, the facts alleged by the trade mark applicant and those factual averments by the opponent, the denials of which by the trade mark applicant do not raise real, genuine or bona fide disputes of fact, and in respect of which the Registrar is satisfied as to their inherent credibility etc.

11. As in all motion proceedings, the appellant (the opponent before the Registrar) was required to set out in the founding affidavit

sufficient facts to disclose a cause of action and upon which the court could find in its favour.[9] What might be sufficient in a declaration to foil an exception would not necessarily be sufficient to resist an objection that a case has not been adequately made out.[10] In other words, the allegations in the founding affidavit must make out a *prima facie* case in as complete a way as the circumstances demand. Bald allegations of fact will often not suffice. The respondent (the trade mark applicant), as is familiar to all practitioners, is required to state in the answering affidavit which of the applicant's

allegations it admits and which it denies and to set out its versions of the relevant facts. Failure to deal with an allegation will amount to an admission. It is normally not sufficient to rely on a bare or unsubstantiated denial, but it is permissible to seek to impugn the veracity of the allegations in the founding affidavit by examining their inherent validity or probity in all the proved circumstances and without advancing evidence.[11] There will furthermore be instances where a bare denial meets the requirements of a real, genuine and bona fide dispute of fact because there is no other way open to the disputing party and nothing further can be expected of it. Likewise, the mere fact that an allegation is uncontradicted does not mean that it must be accepted. It may be so improbable, or wanting in other respects, that it cannot be accepted as sufficient proof of the matter testified about.[12]

The background and general nature of the dispute

12. The appellant is one of the corporations in the Al Baik Group of companies, which is registered in and operates out of Luxembourg. In the founding affidavit the appellant described its main business as being "the operator and franchiser of the ALBAIK chain of quick service restaurants", and "the trade mark owner of all the technical, legal and management know-how that is required to operate an ALBAIK franchise". It maintains that its "famous" trade marks are registered in several countries around the world including the European Union, the Arab world and others. It annexed to its founding affidavit, as Annexure RSAG3, copies of international registrations in the United Arab Emirates, Bahrain, Benelux, Canada, Egypt, India, Jordan, Lebanon, Morocco, Malaysia, Philippines, Pakistan,

Qatar, Syria, Turkey and USA. For reasons that have not been fully explained, these annexures have been removed from the record of appeal by agreement between the parties.

13. The appellant stated in its founding affidavit that it has 40 high volume ALBAIK restaurants in Saudi Arabia, one in Egypt and another in Jordan. The restaurants are essentially fast food outlets supplying chicken and fish dishes, as well as salads and soft drinks. During Hajj, the month of pilgrimage, ALBAIK operates one of the largest restaurants in the world in Makkah which serves hundreds of thousands of pilgrims, including many pilgrims from South Africa. The appellant misstated the position in the founding affidavit by claiming that it operated the restaurant. The restaurant is in fact run by a Saudi Arabian subsidiary company. Nonetheless, the operations of the restaurants, it stated, result in its trade marks and signage being seen by millions of people from across the world. The appellant claimed to employ over 1900 full time members and to serve over 30 million customers every year. This statement is again inaccurate. The restaurants are run by the appellant's subsidiary. The restaurant chain has been in business since 1974 and the ALBAIK logo was first introduced to the public in 1987.
14. The Albaik marks were registered initially in Saudi-Arabia in 1986. Usage of them does not comprise of restaurant use only. They are used on foodstuff items and food products that are manufactured in Europe and North America. The appellant had an annual advertising budget of US \$3,8 million in 2005 and owns the domain names albaik.com and elbaik.com on the World Wide Web. The Albaik marks consequently have enjoyed exposure in different forms of media. As a result, the appellant has acquired a reputation and goodwill throughout various countries across the world. It contended that this extended to South Africa where in its view the Albaik marks have become well-known particularly amongst members of the Muslim community.
15. The respondent challenged the perception the appellant sought to create regarding its reputation and goodwill in the international

community. Firstly, it expressed doubt about whether the appellant's evidence established that all the trade mark registrations referred to by the appellant actually belonged to the appellant. Secondly, it alleged that the appellant had misrepresented the position regarding its use of the marks. The restaurant business in Saudi Arabia is in fact conducted by its subsidiary, Albaik Food Systems Co Ltd, a Saudi Arabian company, which is the actual user of the Albaik marks. The first restaurant was opened by this company in Saudi Arabia in 1990. The Saudi Arabian company does not conduct business outside of Saudi Arabia. Neither the appellant nor the Saudi Arabian company have ever used the Albaik marks in South Africa. The respondent on the other hand has made extensive use of the subject mark in South Africa since 1 February 2007 which has resulted in it acquiring a goodwill and reputation in the mark that is associated with it and its business. It commenced business through its franchisees in South Africa in 2007 and the mark has been advertised and marketed here since then. Twenty five advertisements have been run on Channel 456 Saffaron TV on DSTV. It has also advertised on Radio Islam and in print media. The respondent's franchisees in South Africa have distributed

almost 200 000 menu pamphlets advertising the business.

16. The appellant dealt with the respondent's allegations comprehensively in the replying affidavit, which comprised evidence

that ought properly to have been in the founding affidavit. Its response may be summarised as follows. The appellant is in fact a holding company for intellectual property, registered in Luxembourg. It does not run the commercial operations of the group. It has trade mark registrations in over 80 countries worldwide and is the franchisor/licensor of such trade marks to several master franchisees in the Arab world, particularly in Saudi Arabia, Jordan, Syria, Lebanon, Egypt and the United Arab Emirates. Its licensees include the Saudi Arabian company as well as companies involved in food manufacturing and real estate development in the region. All the licensees form part of the Albaik group of companies. The use of the Albaik marks by Albaik Food Systems Co. Ltd in Saudi Arabia is in fact based on a simple license. It is not unusual for large enterprises to register companies which constitute holding companies for intellectual property and then simply to license the use of its trade marks to its subsidiaries worldwide. None of this information it must be reiterated, was included by the appellant in its founding affidavit, with the result that it has not been adequately dealt with by the respondent in response. The impression created by the appellant in the founding affidavit was that it was the user of the trade marks in various countries across the world. There is however little evidence of the use of the trade marks outside of the Arab world. It is nonetheless common cause that the use of the Albaik marks in Saudi Arabia and its neighbouring countries has been by Albaik Food Systems Co Ltd, and not the appellant.

17. The respondent's assertion that the appellant misrepresented the true situation in the founding affidavit is hence correct. The appellant does not have 40 high volume restaurants in Saudi Arabia, nor does it have restaurants in Egypt and Jordan. Nor does it operate the large seasonal restaurant in Makkah during the Hajj. Thus, its allegation that it has used the Albaik marks since 1987 in these businesses is also not correct. It does not use the mark; separate legal entities in Saudi Arabia, Jordan and Egypt in fact use the Albaik marks.
18. In an attempt to meet the criticism, the appellant for the first time in reply sought to rely on section 38 of the Act. The relevant provision of section 38 read:

"(1) Where a registered trade mark is used by a person other than the proprietor thereof with the licence of the proprietor, such use shall be deemed to be permitted use for the purpose of subsection (2).

- (2) The permitted use of a trade mark referred to in subsection (1) shall be deemed to be use by the proprietor and shall not be deemed to be use by a person other than the proprietor for the purposes of section 27 or for any other purpose for which such use is material under this Act or at common law."

Section 27 of the Act is concerned with the removal of a trade mark from the register on the ground of non-use and has no application or relevance to the present dispute. The reliance on the deemed use provision by the appellant is aimed at bolstering its claim of bona fide

proprietorship. The respondent has argued that such reliance is misplaced. Section 38 of the Act finds no application in the use of a trade mark under a licence where such use has occurred outside of South Africa. The deemed use conferred on a proprietor of a trade mark by virtue of the use of a licensee applies only in respect of “a registered trade mark” in terms of section 38(1) of the Act. A registered trade mark is defined in section 2 of the Act to mean “a trade mark registered or deemed to be registered under this Act”. The Albaik marks have not been registered under the Act in South Africa. Moreover, the appellant has furnished no evidence in support of its allegation that there is a licensing relationship. It is therefore not possible to determine i) if the licenses were oral or in writing; ii) the terms of the licences; iii) their duration; and iv) if any quality control provisions are in place. Nor is the extent of the use made of the trade mark by the licensees evident from the papers.

19. Furthermore, while use by a licensee in South Africa of a trade mark registered here will accrue to the proprietor, it is by no means clear that the laws of the countries in which the Albaik marks have been used provide similarly. The appellant’s claim to exclusive proprietorship in Saudi Arabia or elsewhere is thus open to some question.
20. In 2007, some months after the respondent filed its application for registration of the subject mark, the appellant filed an application for the registration of its trade marks numbers 2007/21487 ALBAIK and device and 2007/21489 ALBAIK Logo in class 43. It is common cause that the appellant has never used the Albaik marks in South Africa. Nonetheless, in its replying affidavit it averred that it has the “real intention” of using its marks in South Africa and has gone to much expense and effort to develop and extend its franchising activities. It was compelled to concede though that it has not yet started its franchising activities and has been slow to do so because of its commitment to quality and brand protection. It also furnished no details of the expenses it has incurred.
21. By the same token, it must be kept in mind that the respondent did not use the subject mark in South Africa prior to 7 August 2006, the date of its application for registration. It commenced use in February
2007. However, a lack of prior use is no impediment. In terms of section 20(1) of the Trade Marks Act 62 of 1963, repealed by the Act, an applicant was permitted to seek registration of a trade mark if it claimed “to be the proprietor of a trade mark used or proposed to be used”. Under the present Act, a trade mark is defined inter alia to mean a mark “used or proposed to be used” by a person in relation to goods or services; and section 16 of the Act permits an application for registration of a trade mark so defined. The respondent’s lack of use of the subject mark prior to its application for registration is therefore no bar to its application for registration of it. A bar will only arise where it is shown that the applicant has no intention to use the mark in the future. [13]
22. The Registrar rejected the appellant’s opposition to the respondent’s application for registration and directed that the application should proceed to registration. The appeal is against that decision. The appellant has been critical of the Registrar’s paucity of reasoning

in his reasons for decision. While due regard should always be had to the reasons of the Registrar, it is not necessary to engage with them in the present case. The issues have been argued fully before us. This court has an original and independent discretion and is at liberty to confirm, vary or reverse the decision appealed against, as justice may require and on the basis of the grounds raised before us.[14]

23. As stated, the appellant's opposition to the registration of the subject mark rests on its contention that registration will offend the provisions of various subsections of section 10 of the Act. It argued firstly that the subject mark should not be registered because the respondent has no bona fide claim to proprietorship - section 10(3); secondly, that the application for registration was made mala fide - section 10(7); thirdly, that the mark constitutes a reproduction, imitation or translation of a trade mark which is entitled to protection under the Paris Convention on the Protection of Industrial Property ("the Paris Convention") as a well-known trade mark - section 10(6); fourthly, that the subject mark is a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonos mores, or be likely to give offence to any class of persons - section 10(12); and finally that the subject mark is a mark which is the subject of an earlier application for registration and its registration would be contrary to the existing rights of the

appellant who has made a later application - section 10(16).

The opposition to registration in terms of section 10(3) and 10(7) of the Act

24. I turn to the issues of bona fide proprietorship and mala fides. The relevant part of section 10 provides:

"The following marks shall not be registered as trade marks or, if registered, shall ... be liable to be removed from the register:

- (3) a mark in relation to which the applicant for registration has no bona fide claim to proprietorship; ...
- (7) a mark the application for registration of which was made mala fide:"

A determination of the applicability of both subsections involves similar considerations; it is therefore fitting to consider the two grounds of opposition together.

25. The issue of the proprietorship of the trade mark applicant under the Trade Marks Act 62 of 1963 was treated differently than under the present legislation. Under section 20(1) of the old Act, the applicant for trade mark registration had to claim to be the proprietor of the mark. It provided:

"Any person claiming to be the proprietor of a trade mark used or proposed to be used by him shall apply to the registrar..."

Under the present legislation a trade mark will not be registrable unless the applicant establishes that he has a bona fide claim to proprietorship. The subtle difference between the two provisions is that under the Act the applicant may now assert that although it is not in fact the owner of the mark, it has a bona fide claim to become proprietor. The validity of such a claim would depend upon the evidentiary and legal basis put forward in support of it.

26. In the present case, as already mentioned, the evidence discloses that the respondent made no actual use of the subject mark in South Africa prior to its application for registration in August 2006. It began using the mark in February 2007. This is not an uncommon situation. At common law a trade mark could not be the subject of propriety rights and one could only become the proprietor of the goodwill associated with a mark in consequence of the use which had been made of it. Early trade mark legislation in the UK circumvented the problem of non-use prior to an application for registration by creating a fiction in the statute whereby application for registration was deemed to be equivalent to prior use of the mark. This deeming provision was omitted from later statutes in favour of the requirement that the applicant had to have a bona fide claim to proprietorship.[15]
27. In the absence of such a deeming provision, competing claims to proprietorship are burdened with certain difficulty in their

resolution. The definition of “trade mark” in section 2(1) of the Act, to which I have already referred, intimates that the notions of proprietor and proprietorship in the Act do not equate with common law ownership, since, among other reasons, it is possible to seek registration of an unused trade mark which is proposed to be used. It follows that actual use prior to the application for registration is not a legal requirement for registration, and similarly, I would add, for a claim of proprietorship.

28. The concept of a “proprietor” in trade mark law is accordingly wider than that of a common law owner. The position was clarified by the Honourable WG Trollip in *Moorgate Tobacco Co Ltd v Phillip Morris Inc*[16] as follows:

“The true meaning of section 20(1) has caused our courts some difficulty The effect of the relevant dicta can be summarised thus. An applicant can rightly claim to be the common law proprietor of the trade mark if he has originated,

acquired, or adopted it and has used it to the extent that it has gained the reputation as indicating that the goods in relation to which it is used are his He can then claim to be registered as the statutory proprietor of the trade mark with all the benefits and rights conferred by our Act. But section 20(1) is not confined to that kind of applicant. It applies also to one who has originated, acquired or adopted the trade mark but has hitherto not used it at all, or to the requisite extent, provided he proposes to use it.”

29. The notion that proprietorship derives from the appropriation of a mark means that a proprietor includes a person who takes the mark for its own, and hence, besides origination and acquisition, includes the adoption of a mark.[17]The proprietor of a mark need not be

its originator. A person who has adopted the mark for its proposed future use in relation to goods or services as a trade mark can claim to be the proprietor. A person claims to be the proprietor of a trade mark by asserting a claim to be the proprietor.[18] This has obvious implications where there are competing claims of proprietorship.

30. In *Oils International (Pty) Ltd v Wim Penn Oils Ltd* [19] the court outlined the applicable paradigm as follows:

“I turn now to the ground of objection raised in the notice of opposition, namely that the applicant was not entitled to claim to be the proprietor of the trade mark, and that the objector was the owner thereof.....

The use of the word “proprietor” in the provision is a legacy from early English trade marks legislation and, as has been judicially pointed out, the word is unfortunately chosen. It gives rise to no difficulty when the mark to be registered is one which has been extensively used by the applicant before registration is sought; in such a case the mark will ordinarily have become a valuable item of intangible property, of which he can properly claim to be the owner. But in relation to a mark that has never been used, the concept of ownership becomes a more difficult one, because no goodwill has yet become attached to it, and it will not necessarily be an invented word, or an original design, for which copyright could be claimed.

For this reason, some of the authorities suggest that all that is required of the applicant for registration of a new mark is that he should claim, in good faith, the right to have it registered in his name.... But other cases have said that something more is required. The applicant must be in position, if his claim to proprietorship is challenged, to show some sort of title to the mark, in the sense that he either acquired it from someone or originated it The concept of “origination” within the meaning of these authorities is, I think, wider than invention: it would cover a decision to use, as a trade mark, a well-known word or phrase.....

I would say that intended use is clearly sufficient. If it were not, the registration of a mark not yet used by the applicant would be precluded by the terms of the statute. But there is a wealth of authority to show that, in proper cases, marks which have not yet been used may be registered.”

31. With these general principles in mind, I turn to an assessment of the proofs submitted by both parties in support of their respective

claims of proprietorship.

32. The subject mark and the Albaik marks are undeniably similar, at least prima facie. The appellant stated that its use of the Albaik marks and logo date to 1986-1987 when the marks were first registered and used by Albaik Food Systems Co Ltd in Saudi Arabia. The respondent disputed this and maintained that the Albaik marks were in fact used first in 1990. Not much turns on this difference. Although the respondent openly conducted business in Egypt under the subject mark, the appellant alleged that the respondent did not have a trade mark registration there.[20] The respondent countered that it had commenced using the subject trade mark in Egypt in 2001, runs six restaurants there operating under the

mark and used the mark extensively pursuant to judgments of the Egyptian courts allowing it to do so. It did not annex copies of any Egyptian registration of the mark or the relevant judgments in support of its averments. The respondent nevertheless has adopted and used the subject mark in Pakistan, Iran and Botswana. The respondent's averments are sparse in relation to the date the mark was adopted and used in those countries.

33. The respondent, the appellant maintains, became aware of the appellant and its marks through the efforts of its CEO, Mr Bajamal,

while he was in the employ of the National Commercial Bank in Jeddah and used the knowledge he gained there to misappropriate the mark. It is common cause that Mr Bajamal worked as vice president at the bank before his retirement when he left Saudi Arabia and moved to Egypt. The appellant initially averred that it was a client of the bank and inferred from that fact that Mr Bajamal "has at all material times been aware of" the appellant.[21] It provided no dates or time line when any of this took place. It failed to mention when it became a client and for how long it

remained so. Mr Bajamal, without stating exactly when he worked there, admitted that he had been an employee of the National Commercial Bank in Jeddah, but averred that he had not personally dealt with the appellant as a client or in business and denied that his prior employment is of any relevance in this matter.[22] The appellant in reply did not challenge Mr Bajamal's averment that he had never dealt with the appellant as a client or in business. Instead it merely reiterated that he had been an employee at the bank with whom its Saudi Arabian subsidiary (and not it, as originally alleged) had done business. It did not explain the nature of the business done between the Saudi Arabian subsidiary and the bank, and by implication conceded that it held no account at the bank. Nonetheless, it asserted that it could be inferred from his prior employment that Mr Bajamal had knowledge of the Albaik marks.

34. The appellant asserted that as a result of its "earlier proprietary rights" in the Albaik marks, the respondent has no bona fide claim to proprietorship in relation to the subject mark.[23] In its view, its first use of the marks in the Arab world, as well as its registrations of the marks in other countries, preceded the respondent's application for registration of the subject mark by years and therefore the respondent could not in good faith claim to be the owner of the subject mark, which it described as "identical, alternatively confusingly similar" to its marks that at the relevant date were well established and "extremely reputable" across the world.

35. The respondent pointed out in its response that the appellant in its founding affidavit failed to provide any evidence of use of the marks in other countries by it. It averred moreover that the appellant had no statutory or common law rights to claim proprietorship in the marks in South Africa.[24] The Albaik marks have never been used by the appellant or its Saudi Arabian subsidiary in South Africa. By contrast, the respondent has made use of the subject mark in South Africa through its assertion of proprietorship in the context of its application for registration.

36. The appellant went further in its challenge to the respondent's claims of proprietorship by accusing the respondent, when it realised that the appellant's business under its marks was a "winning recipe", of misrepresenting itself as the appellant on numerous occasions, or as being associated with the appellant, and had thereby attempted to reap where it had not sown.[25] It mentioned no specific instances in which the respondent had misrepresented itself as the appellant or of the manner and the means by which it had done so. The respondent by way of a bare denial denied that it had ever acted in bad faith by misrepresenting itself as the appellant.[26] Earlier in the founding affidavit the appellant referred to a cautionary notice it had posted on its website claiming proprietorship in its marks and warning unsuspecting parties of others misrepresenting themselves as the appellant.[27] It did so, it said, because of the respondent's conduct misleading third parties into believing it was the appellant. It did not mention or identify the third parties by name, nor did it particularise the specifics of the fraudulent conduct allegedly

committed by the respondent. The website notice makes no reference to the respondent. The respondent averred that the cautionary notice resulted not from its conduct but from that of another entity, described merely as Egyptianit Eit.[28] That allegation is not countered in the replying affidavit. The appellant also referred to a dispute before WIPO regarding the

alleged use of a domain name by the respondent,[29] which the respondent pointed out again related to Egyptianit Eit,[30] as is confirmed by the WIPO judgment annexed to the papers.[31] No case was made out by the appellant establishing any legal or other relationship between the respondent and that entity. There has also been other litigation between the parties in different jurisdictions regarding the respondent's use of intellectual property which the appellant alleges the respondent has improperly appropriated from it.

37. It may be accepted as fact, if only for present purposes, that the Albaik marks have been used extensively in the Arab world, and to a lesser extent in Europe and North America, under licence by the subsidiary and associated companies related to the appellant. The appellant and its subsidiary and associated companies, therefore, probably have acquired some goodwill and reputation in relation to the Albaik marks in the Arab world, Europe and North America. The respondent appears to have done likewise in relation to the subject mark mainly in Egypt.

38. Both parties claim to have acquired reputation and goodwill in South Africa in relation to their marks. Yet, as mentioned more than once, it is common cause that neither used their marks here prior to the application for registration of the subject mark in August 2006. The respondent commenced using the mark in February 2007, while the appellant has still not done so, though, as also mentioned, it applied for registration of the Albaik marks in September 2007. The appellant's claim of reputation in South Africa rests primarily upon the assertion that many South African Muslims visit Saudi Arabia during Hajj and thus have been exposed to and are aware of the Al Baik restaurants run by the Saudi Arabian subsidiary. As will become clearer later, it has offered little in the way of additional evidence in substantiation of those factual allegations.

39. The respondent's claim to have developed a reputation in South Africa is equally vague. It is undisputed that it has had some presence here subsequent to its trade mark application and has engaged in promotion and advertising activities itself and through its licensees. It too failed to substantiate this evidence in a meaningful way, besides annexing certain advertising materials which confirm that business is indeed being conducted under the subject mark in Gauteng. Nonetheless, there can be no doubt that the respondent proposed to use the trade mark in South Africa at the time of the application for registration of the subject mark, and its advertising material confirms that it gave some effect to its intended use.
40. From what has been set out above, it should be apparent that the evidence in this case is in certain important respects sparse and incomplete, which I suspect may be the result of misplaced strategic considerations in pleading and the presentation of proofs. Be that as it may, the paucity of evidence in the final analysis is no impediment to the determination of the issue. That is because our law generally permits the appropriation of unused foreign trade marks by businesses in this country in accordance with the doctrine that a trade mark is a territorial concept. The fact that the appellant might have been the first person to use and register the trade mark incorporating the word Albaik, and the fact that the respondent was aware of the appellant and its proprietary rights or interests in its trade marks internationally, offer insufficient basis to defeat the respondent's claim to proprietorship. The fact that a trade mark is registered or used in a foreign country does not in itself constitute a bar to its adoption and registration by some other person in South Africa. In *P Lorillard Co v Rembrandt Tobacco Co (Overseas) Ltd*,^[32] Boshoff J said the following in relation to a challenge such as the appellant's in this case:

"The basis of the challenge on this ground is that the objector was to the knowledge of the applicant the proprietor of such a trade mark in the United States of America and that the applicant improperly appropriated the mark. In the present state of the law a trade mark is a purely territorial concept and there is, generally speaking, nothing to prevent a person from asserting a proprietary right in a trade mark in relation to which no one else in the same territory asserted a similar right."

41. The proprietorship, actual use or proposed use of a trade mark, as contemplated in section 10(3) read with the definition of a "trade mark" in section 2(1) of the Act, are all premised by the statute to be within South Africa.^[33] It follows that the fact that the appellant has registered and used its trade marks extensively in other countries does not in itself constitute a bar to its adoption and registration by the respondent in South Africa.^[34] It also matters not that the respondent had not used it in South Africa prior to its application. For the reasons already discussed, its intended or proposed use was sufficient to sustain its claim to proprietorship. The adoption of a foreign trade mark, hitherto not used in South Africa, for the purposes of seeking registration of it for proposed future use, constitutes a claim of proprietorship.^[35]

42. It remains under this head to consider whether the respondent's claim to proprietorship is bona fide under section 10(3) of the Act and whether the application for registration was made mala fide under section 10(7) of the Act. In *Reynolds Presto Products Inc T/A Presto Products Co v PRS Mediterranean Ltd and Another*,^[36] I stated that insofar as the requirements for registration in section 10(3) of the Act require the claim to proprietorship to be bona fide, there is some overlap in the considerations to be evaluated by the court in making that determination with those that will arise in deciding under section 10(7) of the Act whether the application was made mala fide. The requirements go to the motive and intention of the claim and application and involve an ethical value judgment in relation to whether the application meets the standards of acceptable commercial behaviour in the trade or industry concerned.^[37]
43. The allegations or factual basis upon which the appellant relies as showing bad faith, or an absence of good faith, are i) the CEO of the respondent, Mr Bajamal, had knowledge of the appellant when he was employed as the vice president of the National Commercial Bank in Saudi Arabia and was thus aware of the proprietorship of the Albaik marks; ii) the unsubstantiated and unsupported allegations (referred to in paragraph 36 above) that the respondent misrepresented itself as the appellant; and iii) a bald allegation of fraudulent conduct. It has not provided any supporting evidence of fraud or misrepresentation, nor has it established that Mr Bajamal owed it any fiduciary or similar duty by reason of his job at the bank. The appellant was not even a client of the bank. Insofar as there are consequently disputes of fact in this regard, the *Plascon-Evans* rule requires us to accept the respondent's version.
44. Although the respondent might be said to have the onus to prove bona fides, and that the mark is registrable, (something which is questionable in the context of the *Plascon-Evans* rule), the appellant has at least an evidentiary burden to adduce evidence constituting a prima facie case of bad faith. It has not done that. The allegations in the founding affidavit in relation to bad faith have not made out a prima facie case in as complete a way as the circumstances demand. The bald and unsubstantiated allegations in the founding affidavit regarding Mr Bajamal's former employment and alleged misrepresentations are not sufficient to resist an objection that a case has not been adequately made out.^[38] The primary facts do not suffice to permit a secondary inference of bad faith. While some of the respondent's denials of bad faith might have profited from fuller substantiation, given the bald nature of the appellant's allegations on this aspect, it was permissible for the respondent, without advancing additional evidence, merely to have impugned their veracity by pointing to their inherent invalidity or lack of probity in all the proved circumstances.^[39] In short, the appellant's allegations of bad faith are so deficient, that they cannot be accepted as sufficient proof of the matter.^[40] What Nugent JA said in *New Balance Athletic Shoe Inc v Dajee and Others NNO*^[41] in relation to a proprietor's allegations of relevant use, applies equally to allegations of bad faith. It can be expected that a party alleging bad faith by a trade mark applicant will advance clear and compelling evidence to that effect, and ought not to expect that the evidential burden will be discharged by allegations that are

sparse, ambiguous, or lacking in conviction.

45. Beyond that, there is no other evidence of any kind that the actions or motives of the respondent comprehended any dishonesty, breach of confidence, sharp practice or the like. Thus, the respondent's adoption of the foreign mark in South Africa was not "attended by something more". There is no evidence of any other prior contractual dealings between the appellant and the respondent in relation to which the respondent is in breach of either the letter or the spirit. The appellant is understandably aggrieved by the fact that the respondent, on the basis of its prior knowledge of the Albaik marks and their use in foreign countries, has adopted a similar or identical mark and asserted proprietorship of it in South Africa, where they have never been used before. The respondent has stolen a march on the appellant. But in doing so, it has acted bona fide within the confines of the law, and, without something more, its lawful conduct cannot be described as so unethical as to be beyond the bounds of acceptable commercial practice. It has done that which the law allows it to do. The appellant has no business of any kind in South Africa and nothing the respondent has done has harmed the appellant in the patrimonial sense in this country.[42]
46. In the premises, the evidence presented in the tribunal below was insufficient to bar the registration of the subject mark under

sections 10(3) and 10(7) of the Act. The Registrar was accordingly correct in his decision not to uphold these grounds of opposition.

Section 10(6) of the Act and protection under the Paris Convention

47. The appellant's main ground of objection is that the Albaik marks are marks that are well-known trade marks which are entitled to protection under the Paris Convention in terms of section 10(6) of the Act which provides that a mark shall not be registered as a trade mark where:

"subject to the provisions of section 36(2), a mark which, on the date of application for registration thereof, or, where appropriate, of the priority claimed in respect of the application for registration thereof, constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of a trade mark which is entitled to protection under the Paris Convention as a well-known

trade mark within the meaning of section 35(1) of this Act and which is used for goods or services identical or similar to the goods or services in respect of which the trade marks is well-known and where such use is likely to cause deception or confusion;"

Section 36(2) of the Act has no application or relevance to the present dispute. The relevant provisions of section 35 of the Act provide:

"(1) References in this Act to a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark, are to be a mark which is well known in the Republic as being the mark of -

- (a) a person who is a national of a convention country; or

- (b) a person who is domiciled in, or has a real and effective industrial or commercial establishment in, a convention country, whether or not such person carries on business, or has any goodwill, in the Republic.

(1A) In determining for the purposes of subsection (1) whether a trade mark is well-known in the Republic, due regard shall be given to the knowledge of the trade mark in the relevant sector of the public, including knowledge which has been obtained as a result of the promotion of the trade mark.

- (2) A reference in this Act to the proprietor of such a mark shall be construed accordingly.”

48. The protection conferred on well-known trade marks provides an exception to the principle of territoriality, which, as we have seen, permits the local appropriation of a foreign mark used outside of South Africa. It is not sufficient, however, for the foreign trade mark proprietor seeking the protection of the Paris Convention to prove that the mark is well-known internationally. It is required to prove that the mark is well-known in South Africa as a foreign mark and that it is a person who falls within the categories of persons mentioned in section 35(1)(a) or (b) of the Act. The purpose of these legislative provisions is to extend the protection of a passing off action to foreign businessmen who do not have a business or enjoy a goodwill inside the country, provided their marks well-known in the country.[43]
49. Section 35(1A) of the Act assists in the determination of whether a trade mark is well-known. The court must give due regard to the knowledge of the trade mark in the relevant sector of the public, including knowledge which has been obtained as a result of the promotion of the trade mark. The foreign trade mark proprietor must lead evidence to prove the extent to which its mark is well-known and normally should rely upon a properly constructed and implemented market survey for this purpose.[44] It is clear from the dicta and the approach followed by the court in *McDonalds Corporation v Joburgers Drive-In Restaurant (Pty) Ltd* [45] (the McDonald’s case) that while a trade mark applicant bears an overall onus to prove that the requirements for registration have been met, the

opponent (appellant in casu) bears an evidentiary burden under section 10(6) of the Act to adduce sufficient evidence to show that its marks are well-known to a substantial number of persons who are interested in the goods.

50. Luxembourg is a convention country, and thus the appellant falls into the category of persons referred to in section 35(1) of the Act. The primary question for consideration under this head is whether the appellant’s trade marks have been proved to be well-known so as to afford it the applicable protection. As stated, that is a matter of fact and for evidence. The evidence must show that the foreign trade mark has had exposure in South Africa, for instance, as a result of advertising in the media or because South Africans travelling abroad have come into contact with the trade mark. The question ultimately resolves into a quantitative determination of the level of awareness of the trade mark in the public mind and whether such is sufficient to qualify as well-known.

51. In the McDonald's case the court held that to enjoy the protection of the Paris Convention the foreign trade mark proprietor must show that a substantial number of the class of persons who would have an interest in the goods or services of the foreign trade mark proprietor (potential customers and potential franchisees) would know the trade mark and would be confused by its use by someone else in relation to the relevant goods and services. In short, a mark is well-known in the Republic if it is well-known to persons interested in the goods and services to which the mark relates. It will be useful to set out the court's reasoning fully. The court held:

"Section 35 of the new Act was intended to provide a practical solution to the problems of foreign businessmen whose marks were known in South Africa but who did not have a business here. The South African population is a diverse one in many respects. There are wide differences in income, education, cultural values, interests, tastes, personal life styles, recreational activities, etc. This was obviously known to the legislature when it passed the new Act. If protection is granted only to marks which are known (not to say well-known) to every segment of the population (or even to most segments of the population) there must be very few marks, if any, which could pass the test. The legislation would therefore not achieve its desired purpose. Moreover, there would not appear to be any point in imposing such a rigorous requirement. In argument we were referred as an example to a mark which might be very well known to all persons interested in golf. Why should it be relevant, when deciding whether or not to protect such a mark, that non-golfers might never have heard of it? I consider therefore that a mark is well-known in the Republic if it is well-known to persons interested in the goods or services to which the mark relates.

The next question then is: how well should it be known to such persons? On behalf of McDonald's it was argued that the test in this regard is a qualitative and not a quantitative one. The question is not, it was argued, how many of the relevant persons know the mark, but how profound the knowledge of the mark is among those who do know it. In my view this argument is untenable. I suppose that knowledge of a mark could be so vague or superficial as hardly to count as knowledge at all but apart from that I would not have thought that there would normally be great differences in the degree of knowledge of the mark by members of the public, or that such differences, if they existed, would be of any relevance. In the present context the important practical question is not whether a few people know the mark well but rather whether sufficient persons know it well enough to entitle it to protection against deception or confusion. How many people are sufficient? The only guideline provided by the legislature lies in the expression "well-known". This is in itself so vague as hardly to provide any assistance at all. It is certainly capable of bearing the meaning urged upon us by counsel for McDonald's, namely a substantial number as used in the law of passing off generally. In this regard the judge a quo commented that if it was the object of the sub-section to require knowledge only of a substantial number of persons, "it is strange that this was not simply stated to be the requirement instead of merely adopting the terminology of section (sic) 6bis(1) of the Paris Convention". With respect, I do not agree. The purpose of the legislature clearly was to give legislative force to article 6bis of the Paris Convention. To this end it was natural to repeat the language of the Convention, leaving it to the courts to give practical effect to the vague expressions used. On behalf of the respondents it was

contended that a greater extent of public knowledge is required. The difficulty here is one of definition and practical application. If a substantial number is not sufficient, what is? To require one hundred percent would clearly be excessive, but how much less would suffice? Seventy-five percent, fifty percent? What logical basis is there for laying down any such requirement? And how does one prove any such arbitrary percentage? It seems to me that McDonald's contention must be sustained. The legislature intended to extend the protection of a passing off action to foreign businessmen who did not have a business or enjoy a goodwill inside the country provided their marks were well-known in the Republic. It seems logical to accept that the degree of knowledge of the marks that is required would be similar to that protected in the existing law of passing off. The concept of a substantial number of persons is well established. It provides a practical and flexible criterion which is consistent with the terms of statute. No feasible alternative has been suggested."

52. This line of reasoning requires three issues to be supported by adequate proof before the statutory protection may be conferred.

First, the foreign trade mark proprietor must identify the sector of the population interested in the goods or services to which the mark relates. Second, it must show that the mark is well-known within the local jurisdiction as a trade mark belonging to an enterprise with a base in another country. And, thirdly, it must be determined whether these who have the requisite knowledge represent "a substantial number of the chosen universe".[46]

53. The sector of the South African population interested in the goods or services to which the Albaik marks relate would generally be the fast-food market in the Muslim community. The appellant has submitted that this class should be narrowed further to include only potential franchisees, primarily because it was this group more likely to be exposed to spill-over advertising and international travel. It has provided as evidence of the existence of potential franchisees, four letters from persons expressing an interest in franchising activities. This is hardly sufficient to establish a substantial number of the chosen universe representing an appreciable commercial value. I will examine the sufficiency of this evidence more fully later. The common cause fact that the appellant has not pursued franchising in South Africa is an indication that it saw little value in franchising in the sector. Accordingly, the sector of the population interested in the goods and services should at least also include potential customers of the appellant in the Muslim community.
54. The principal basis the appellant puts forward for its marks being well-known among potential franchisees and customers in the Muslim community is that many South African Muslims visit Makkah during Hajj and have been exposed to the restaurants run by its subsidiary company, Albaik Food Systems Co Ltd. It states that it serves hundreds of thousands of pilgrims during Hajj, including many pilgrims from South Africa who would see its trade marks and signage.[47] It does not state how many South African pilgrims it serves, nor does it estimate their number or the number of South Africans who attend the Hajj annually.

55. The appellant relies further on the fact that its trade marks and logos appear on foodstuffs, including Coca Cola cans manufactured in Europe and North America and distributed in the Arab world.[48] Its annual advertising budget was US\$ 3,8 million in 2005. It also owns two domain names on the internet, but has furnished no evidence at all regarding its usage and the traffic on the web pages, and in particular any South African usage or traffic. It urged us to rely on these primary facts to infer the secondary fact that it has acquired a substantial reputation and goodwill in the Albaik trade marks, resulting in their being well-known in South Africa, particularly in the Muslim community, the chosen universe.[49] In further support of this contention, as mentioned earlier, the appellant annexed four letters from South African Indian businessmen

expressing an interest in franchising possibilities.[50] The letters are brief, take the form of inquiries or expressions of interest and say nothing at all about possible terms and conditions of any franchising arrangement. They also say little about the authors of the letters, who did not file supporting affidavits confirming their interest.

56. That then is the sum total of evidence presented by the appellant in substantiation of its contention that the trade marks are well-known in South Africa.

57. The respondent in response[51] reiterated that the appellant is not the entity conducting the business under the Albaik trade marks in Saudi Arabia and that there

is no evidence to indicate that the Saudi Arabian company serves South African pilgrims. And, even if the appellant's subsidiary

did serve South Africans, that alone, it submitted, was not enough to establish that the marks are well-known in South Africa among members of the Muslim community. It pointed out that the products referred to, such as the Coca Cola cans bearing the Albaik marks, are not available in South Africa and that Muslims around the world for ideological reasons are antagonistic to Coca Cola products.

Furthermore, it expressed doubt upon whether the appellant is in fact that owner of the two domain names upon which it relies.[52] It concluded as follows:

"The Applicant (respondent) submits that, if there is a reputation acquired as a result of the use of the mark ALBAIK in Saudi Arabia,

the reputation would accrue to the business Albaik Food Systems Co S.A in Saudi Arabia and not to the Opponent (appellant). It would not extend to South Africa. There is no evidence to support the claims regarding South Africa. The copies of correspondence attached to the Opponent's evidence as Annex "RSA9" does not support the Opponent's position. Those letters, without any background information, have not been verified and are not indicative of any plans for the Opponent or the Saudi company to conduct or authorise trade in South Africa."[53]

58. The respondent thus again in effect contended that the bald and unsubstantiated allegations in the founding affidavit are insufficient and do not make out a prima facie case in as complete a way as the circumstances demand. The primary facts alleged, in its view, do not suffice to infer the secondary fact that the trade marks are well-known in South Africa. The respondent has impugned the veracity of the appellant's allegations by pointing to their inherent invalidity or lack of probity in all the proved circumstances.
59. The first difficulty facing the appellant is that it has failed to provide a legal or factual basis for why the use of its licenses by its subsidiary, Albaik Food Systems Co Ltd, in Saudi Arabia should accrue to it. But leaving that aside, or giving the appellant the benefit of the doubt, it has still failed to provide any evidence at all as to how many South African pilgrims visit Makkah annually or how many have been served at the restaurants run by the subsidiary company, or even have knowledge of the restaurants. It has conducted no real count of its customers to determine how many are South African, something which could be done by an analysis of credit card sales or by means of a survey of its customers on entering the restaurants. Moreover, there is no evidence establishing the number of South African Muslims in total and whether the unknown number of those visiting Makkah on Hajj represents a "substantial number of the chosen universe".
60. As regards the appellant's trade mark registrations in other jurisdictions, because the information in that regard is incomplete and has been removed from the record, it is not possible to verify with the requisite degree of certainty whether the South African Muslim community has knowledge of any trade marks of the Albaik group outside of Saudi Arabia. And, perhaps most importantly, the appellant has not conducted any market research within the Muslim community in South Africa to test the level of awareness of the Albaik marks registered in Saudi Arabia or elsewhere; an exercise, we were informed by counsel, although no evidence of cost was placed before us, would be prohibitively expensive.
61. The fact that the appellant has spent an average of about US\$ 3 million on advertising annually since 2000, and has had exposure in printed media and on the internet, is of limited value without testing the level of awareness such exposure has achieved in the relevant sector of the South African market and while the extent of the use by South Africans of the websites remains unknown. The evidence on these aspects requires additional corroboration before a conclusion might be drawn that it has contributed to the trade marks becoming well-known by a substantial number of the chosen universe. This is more so in relation to the print media advertising in view of the fact that the appellant made no averment and furnished no proof that the print media documents upon which it relied were ever in fact distributed by any media in South Africa.[54]
62. Finally, to the extent that the appellant relies upon the expressions of interest by potential franchisees as an indication of some level of awareness in the relevant sector, in addition to what has already been said, all that evidence establishes is that four potential franchisees had some awareness of the business conducted by the Saudi Arabian subsidiary. The letters are not supported by confirmatory affidavits from the writers of them. They are accordingly

hearsay. They are equally lacking in cogency and can hardly be held up as sufficient proof that a substantial number of the relevant sector had the requisite knowledge.

63. As an indication of the insufficiency of the appellant's evidence on the issue, it might be helpful to recall the nature of the evidence submitted on behalf of the appellant in the McDonald's case concerning the extent to which its trade marks were known in the Republic. The appellant proved that it was probably the largest

franchiser of fast food restaurants in the world, with almost 14 000 restaurants spread over 70 countries. Its advertising spend exceeded US\$ 900 million annually and related significantly in part to high profile international advertising campaigns tied to the Football World Cup and the Olympic Games. In addition, the respondents did not deny that the McDonald's trade marks were some of the best known trade marks in the world. The court accordingly felt at ease in the circumstances to accept that spill over advertising in the media and travel abroad in all probability meant that the marks were known to many South Africans in the chosen universe. Besides that, the company adduced evidence under oath of an expert in the franchising business, who had been the chairman of the South African Franchise Association, whose evidence proved that there was a high level of interest in the McDonald's franchise in South Africa. In addition there was evidence about two market surveys, ruled to be admissible hearsay evidence, which established convincingly that the majority of white adults, aged 16 and over, living in households in higher income suburbs in Gauteng and Durban, were aware of the McDonald's brand name, and associated McDonald's with hamburgers. No evidence vaguely resembling this kind of evidence, showing that the majority of South African Muslim adults are aware of the Al Baik brand name or that Al Baik is associated with fast food chicken, has been placed before us. Moreover, the Al Baik brand enjoys nowhere near the same level of international exposure enjoyed by McDonald's 14 000 restaurants in 70 countries.

64. The appellant submitted that the few primary facts it has alleged, because they were in some instances the subject of bald denials by the respondent in response, are sufficient to prove the secondary fact that its marks are well-known in South Africa. It argued in effect that the respondent, given the overall onus upon it, had an evidentiary burden to prove that the Albaik marks were not well-known in South Africa, no matter how scant and sparse its own allegations. There are two flaws in that submission. Firstly, the respondent's rebuttals do not in all instances take the form of bare denials. As mentioned, its main denial is essentially that the appellant has not made out a prima facie case in as complete a way as the circumstances demand. It effectively has impugned the veracity of the appellant's allegations by pointing to their inherent invalidity or lack of probity in the circumstances. The deficiency of the appellant's case, it implied, did not give rise to a burden upon it to rebut with additional evidence. Secondly, to place the evidentiary burden in relation to the issue on the respondent would be contrary to the approach of the Appellate Division in the McDonald's case and the Supreme Court of Appeal ("the SCA") in *AM Moolla Group Ltd and Others v The Gap Inc and Others*,^[55] as bolstered by the dicta of the SCA in *New Balance Athletic Shoe Inc v Dajee and Others NNO*.^[56] This authority decisively signifies that the

burden to adduce sufficient evidence to establish that a foreign mark is well-known in the Republic for the purposes of obtaining the protection under section 10(6) of the Act rests with the person seeking that

protection. That stands to reason primarily because he who alleges an entitlement to protection should prove it, particularly when the right to protection is a statutory exception to the normal right of a proprietor to appropriate and adopt a foreign mark that has no presence in the territory of the Republic. Additionally, the facts required to establish the reputation of a foreign mark in South Africa would typically be in the exclusive or peculiar knowledge of the party seeking protection. To impose an evidentiary burden on the respondent in such circumstances would offend judicial policy, the dictates of justice and the line of reasoning and approach in the McDonald's case.

65. In the circumstances, I agree with the submission made on behalf of the respondent that the appellant has failed to establish that the Albaik marks are well-known in the relevant sector of the public in South Africa. That being the case, it is not necessary to determine conclusively for the purposes of the enquiry under section 10(6) of the Act whether the subject mark constitutes a reproduction or imitation of the Albaik marks and whether its use is likely to cause deception or confusion. The Albaik marks are not well-known marks in South Africa entitled to protection under the Paris Convention. It follows that the Registrar was correct not to bar the application for registration of the subject mark or under section 10(6) of the Act on the grounds that it constituted a reproduction or imitation of a mark entitled to protection under the Paris Convention as a well-known trade mark.

The opposition based on section 10(12) of the Act

66. In terms of section 10(12) of the Act a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonos mores, or be likely to give offence to any class of person shall not be registered as a trade mark. The provision is designed for and aimed at the protection of the public against all forms of deception, illegality and immorality in the use of trade marks.
67. The appellant's case under this head, as I understand it, is that registration of the subject mark is likely to deceive or cause confusion and is restricted to that ground. The appellant has relied in this regard on the reputation it claims to have established in the Albaik marks and the confusing similarity between them and the subject mark. The respondent argued that for the same reasons that the appellant failed to establish that the trade mark is well-known for the purposes of section 10(6) of the Act, it has failed to prove that the Albaik marks have acquired a reputation in South Africa.

68. The method of decision under this provision is “to contrast the notional use by the respondent of its mark in a normal and fair manner with the reputation of the appellant (encompassing its mark in relation to the goods it sells) in order to determine whether it is more likely than not that a not negligible number of ordinary members of the buying public would be deceived or confused as a result of the use of the identical mark on the respective goods, as to their origin”. [57]
69. The respondent’s assertion on this issue once again falls on fertile ground. The appellant has not adduced sufficient evidence proving that it has a reputation encompassing its unregistered mark in relation to any goods or services that it sells or provides in South Africa. Absent a reputation it is not possible to contrast such with the notional use by the respondent of its mark. That being the case, the respondent cannot be called upon to negate any probability of deception or confusion in relation to the use of its mark. There is accordingly no bar to registration under section 10(12) of the Act, and the Registrar was correct to hold as much.

The opposition based on section 10(16) of the Act

70. Section 10(16) of the Act provides that a mark will not be registrable if it is a mark which is the subject of an earlier application, if the registration of that mark is contrary to existing rights of the person making the later application for registration. This ground of opposition was easily disposed of by the respondent. The appellant, being the later applicant for registration, has not

shown that it is the holder of any existing rights in South Africa. The Registrar was again correct in not upholding this ground of opposition.

Conclusion

71. In the ultimate result, the Registrar did not err in dismissing the appellant’s opposition and directing that the subject trade mark application proceed to registration. The appellant’s opposition does not provide sufficient basis for refusing to register the subject trade mark. The appeal must accordingly fail.
72. In the premises, I would make an order that the appeal be dismissed with costs.

JR MURPHY

JUDGE OF THE HIGH COURT

I agree

CP RABIE

JUDGE OF THE HIGH COURT

I agree

MF LEGODI

Date Heard:

5 August 2015

For the Appellant

Adv I Joubert, Pretoria

Instructed By:

Spoor & Fisher

For the Respondent:

Adv P. Cirone, Sandton

Instructed By:

Adams & Adams

[1] The following discussion borrows liberally from Harms: Civil Procedure in the Supreme Court B 32 – B 63.

[2] Smithkline Beecham Consumer Brands (Pty) Ltd v Unilever PLC [1995] ZASCA 26; 1995

(2) SA 903 (A) at 910A

[3] National Director of Public Prosecutions v Zuma (Mbeki and Another Intervening)

[2009] ZASCA 1; 2009 (2) SA 277 (SCA) at par 26

[4] See Plascon-Evans Paints Ltd v van Riebeeck Paints (Pty) Ltd

[1984] ZASCA 51; 1984 (3) SA 623 (A) at 643E-635C and Ngqumba en ‘n Ander v Die Staatspresident en Andere 1988

(4) SA 224 (A).

[5] National Director of Public Prosecutions v Zuma (Mbeki and Another Intervening) [2009] ZASCA 1; 2009

(2) SA 277 (SCA) at par 26

[6] 2012 BIP 102 at para 17

[7] Webster and Page: South African Law of Trade Marks, page 8-28(1) footnote 29.

[8]

[1984] ZASCA 51; 1984 (3) SA 623 (A) at 643E-635C

[9] Philotex (Pty) Ltd v Snyman 1994 (2) SA 710 (T)

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- [10] Democratic Alliance v Kouga Municipality and Others [2014] 1 All SA 281 (SCA)
- [11] Kelleher v Minister of Defence 1983
- (1) SA 71 (E)
- [12] Ngqumba en 'n Ander v Die Staatspresident en Andere 1988
- (4) SA 224 (A).
- [13] A mark in relation to which the applicant for registration has no bona fide intention of using it will be considered an unregistrable trade mark under section 10(4) of the Act.
- [14] Section 53(3) of the Act ; and Distillers Corporation (SA) Ltd v Stellenbosch Farmers Winery Ltd 1979 (1) SA 532 (T) at 539B-C
- [15] Webster and Page South African Law of Trade Marks pg 5-3.
- [16] Unreported decision 21 May 1986; see Webster and Page South African Law of Trade Marks pg 3-67 to 3-68.
- [17] Victoria's Secret Inc v Edgars Stores Ltd [1994] ZASCA 43; 1994
- (3) SA 739 (A) at 744C - 745B.
- [18] Victoria's Secret Inc v Edgars Stores Ltd
- [1994] ZASCA 43; 1994 (3) SA 739 (A) at 744D.
- [19] 1965 (3) SA 64 (T) at 70
- [20] Paragraph 2.8 of the founding affidavit.
- [21] Paragraph 2.4 of the founding affidavit.
- [22] Paragraph 31 of the answering affidavit.
- [23] Paragraph 6 of the founding affidavit.
- [24] Paragraph 64 of the answering affidavit.
- [25] Paragraph 8.2 of the founding affidavit.
- [26] Paragraph 70 of the answering affidavit.
- [27] Paragraph 2.10 of the founding affidavit and Annexure RSAG3 to the founding affidavit.
- [28] Paragraph 40 of the answering affidavit.
- [29] Paragraph 2.9 of the founding affidavit.
- [30] Paragraph 37 of the answering affidavit.
- [31] Annexure RSAG2 to the founding affidavit.

- [32] 1967
- (4) SA 353 (T) at 356G-H
- [33] Tie Rack plc v Tie Rack Stores (Pty) Ltd 1989 (4) SA 427 (T) 446I-447B.
- [34] Victoria's Secret Inc v Edgars Stores Ltd [1994] ZASCA 43; 1994
- (3) SA 739 (A) at 745H.
- [35] Victoria's Secret Inc v Edgars Stores Ltd [1994] ZASCA 43; 1994
- (3) SA 739 (A) at 744D
- [36] 2014
- (5) SA 353 (GP) at para 31
- [37] Webster and Page - South Africa Law of Trade Marks pg 3-77
- [38] Democratic Alliance v Kouga Municipality and Others [2014] 1 All SA 281 (SCA)
- [39] Kelleher v Minister of Defence 1983
- (1) SA 71 (E)
- [40] Ngqumba en 'n Ander v Die Staatspresident en Andere 1988
- (4) SA 224 (A).
- [41] 2012 BIP 102 at para 17
- [42] Tie Rack plc v Tie Rack Stores (Pty) Ltd 1989
- (4) SA 427 (T) at 445A-D.
- [43] McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd 1997(1) SA 1 (A)
- [44] McDonalds Corporation v Joburgers Drive-In Restaurant (Pty) Ltd 1997 (1) SA 1 (A) at 27B.
- [45] 1997 (1) SA 1 (A).
- [46] AM Moolla Group Ltd and Others v The Gap Inc and Others 2005 (6) SA 568 (SCA) at 579-582.
- [47] Paragraph 3.3 of the founding affidavit.
- [48] Paragraph 3.7 of the founding affidavit.
- [49] Paragraph 3.12 of the founding affidavit
- [50] Annexure RSAG9 to the founding affidavit.
- [51] Paragraphs 45-51 of the answering affidavit
- [52] Paragraph 54 of the answering affidavit.

[53] Paragraph 60 of the answering affidavit

[54] Annexure RSAG7-RSAG8 to the founding affidavit

[55] 2005 (6) SA 568 (SCA)

[56] 2012 BIP 102 at para 17

[57] Danco Clothing (Pty) Ltd v Nu-case Marketing Sales and Promotions (Pty) Ltd [1991] ZASCA 121; 1991

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