

SOUTH AFRICA / JUDGMENT

Golden Fried Chicken (Pty) Ltd v Vlachos and Another (4923/2018) [2020] ZAGPJHC 284; 2020 BIP 379 (GJ) (20 October 2020) [2020] ZAGPJHC 284

COURT

South Gauteng High Court, Johannesburg

BEFORE

S Yacoob

CASE / FILE NUMBER

4923/2018

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IN

THE HIGH COURT OF SOUTH AFRICA

GAUTENG

LOCAL DIVISION, JOHANNESBURG

CASE

NO: 4923/2018

In the matter

between:

GOLDEN FRIED CHICKEN (PTY)

LTD

Applicant

and

VLACHOS,

D

First Respondent

SOUL

SOUVLAKI (PTY)

LTD

Second Respondent

JUDGMENT

YACOOB J:

1. The applicant (“Golden”) trades under the name “Chicken Licken”, through some 200 outlets across the country. These outlets are either franchises or operated by Golden itself. Part of the branding used in the business are the words “Soul” and “Soul Food”. Golden has registered these words as trade marks in terms of the Trade Marks Act, 194 of 1993. Golden’s business was started in 1981, and it claims that it is now second to the ubiquitous KFC in the takeaway fried chicken market.
2. The first respondent has been selling souvlaki, a type of Greek street food, under the name “Soul Souvlaki” since November
2012. At the time of the hearing he had two restaurants as well as selling food at events and providing catering. The second respondent was registered in 2016 and apparently now is the proprietor of the restaurants. The first respondent has been somewhat coy as to the relationships between the two respondents and the restaurants. For convenience, and unless I have the need to distinguish between the respondents, I refer to them jointly as “Souvlaki”.
3. Golden brings this application to interdict the respondents from infringing its trademarks in a manner that falls foul of the Trade Marks Act, 193 of 1994 (“the Act”).
4. The first respondent contends that he has been wrongly joined to this application as the restaurants are run by the second respondent, which was registered in 2016. In this regard I accept Golden’s contention that, taking into account the version set out in the answering affidavit, the first respondent is in any event the controlling mind of Soul Souvlaki and that for purposes of this application they can, and should, be considered together.
5. The second respondent also brings a counter-application, to deregister or remove certain trade marks of the applicant from the trade marks register on the basis of disuse.

Hearsay evidence

6. Both Golden and Souvlaki rely to an extent on hearsay evidence. Both seek the admission of that evidence, although only Souvlaki included a prayer to that effect in its notice of motion.
7. In my view it is in the interests of justice to admit the hearsay evidence on both sides, save for that evidence which has been successfully rebutted or which I find in the body of this judgment to have no probative value.

The main application

8. Golden has registered the trade marks “soul” and “soul food” in classes 29,[1] 30,[2] 35[3] and 43,[4] amongst others. Golden’s other trade marks are not relevant to this application.

9. The second respondent has applied for the registration of the trade mark “Soul Souvlaki” in classes 35 and 43.
10. Golden alleges that it and Souvlaki are competitors, and that Souvlaki’s mark is confusingly and deceptively similar to Golden’s registered marks. It alleges that the word “soul” is the dominant factor in both marks and the thing that makes each mark distinctive.
11. It is alleged that an ordinary person would be confused or deceived into thinking that there is a connection between Golden and Souvlaki or that Souvlaki’s products have their origin with Golden.
12. Golden alleges further that Souvlaki is exploiting Golden’s trade mark and damaging its brand, as well as possibly or potentially causing loss of sales by confusion.
13. Golden relies on sections 34(1)(a) and 34(1)(c) of the Trade Marks Act, 194 of 1993 for the relief it seeks.
14. Section 34 (1) provides:

The rights acquired by registration of a trade mark shall be infringed by-

- (a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;
 - (b) the unauthorized use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion;
 - (c) the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception: Provided that the provisions of this paragraph shall not apply to a trade mark referred to in section 70(2).[5]
15. Golden’s allegation that Souvlaki’s intended mark is confusingly and deceptively similar to those of Golden brings the matter within the purview of section 34(1)(a). It was further contended that Souvlaki’s use of the word “soul” is likely to take unfair advantage of or be detrimental to the distinctive character and repute of Golden’s trade mark, implicating section 34(1)(c).

0cm; line-height: 150%">16. Unsurprisingly, Golden does not rely on section 34(1)(b), which requires the goods and services provided by the two entities to be so similar that a likelihood of confusion or deception would exist. I consider that this is an indication that Golden prudently does not suggest that the goods and services it provides are “so similar” to those provided by Souvlaki.

17. Golden emphasises in its founding affidavit that its brand is built around the African American concept of “soul”, both in soul music and other aspects of African American culture. This also includes the idea of “soul food”. Golden has built its branding around this idea, and its various advertising campaigns have developed the idea in various ways.
18. Souvlaki’s answering affidavit also serves as the founding affidavit in its counter-application. It was submitted on behalf of Golden that Souvlaki does not seriously dispute the allegations in Golden’s founding papers, and that Souvlaki’s real defence is the counter-application. It is the case that Souvlaki relies on its counter-application to avoid the relief sought in the main application. Nevertheless Souvlaki does dispute the allegations in the founding papers.
19. Souvlaki contends that the two business could not be further apart. The food, and the look and feel of the restaurants, are very different. Souvlaki’s restaurants appear to be somewhat less of a “fast food” offering as it caters to festivals, and has been mentioned in various reviews and other media features. This implies also that Souvlaki attracts a different clientele, and that, to the extent that the clientele overlaps with Golden, there is no likelihood of confusion. Souvlaki denies that Golden and Souvlaki compete.
20. Golden suggests that it is well known in “the market” without attempting to define the market, and in reply, alleges that Souvlaki is aimed at the same market. However, there is no evidence of this, merely an assertion.
21. Souvlaki further contends that the word “soul” has many different meanings, and that Golden has no right to monopolise the concept. Souvlaki also denies that Golden uses the word “soul” as a mark on its own. It contends that the “soul food” mark is only ever used together with the Chicken Licken logo.
22. I am satisfied that, at least as far as the “soul” mark is concerned, Golden has demonstrated that it uses it independently of the Chicken Licken logo.
23. Souvlaki denies also that Golden has demonstrated any goodwill or reputation, contending that packaging and menus are meaningless without more. Souvlaki also contends that the use of the marks by Golden’s franchisees has not been established to be permitted use under the Act. Souvlaki also contends that the marks “soul” and “soul food” as used by Golden are not well known.
24. Souvlaki points out that there are numerous companies registered which use the word “soul”, a number of which are food related, and that since Souvlaki began operating in 2012, there has not been any incidence of confusion.

25. In response to this, Golden contends that any restaurants using the word “soul” are infringing Golden’s rights.

Has Souvlaki infringed section 34(1)(a)?

26. Golden contends that Souvlaki’s use of the word “soul” is deceptively and confusingly similar to Golden’s trade marks, because it contains the whole of the mark “soul” which Golden has registered and the mark then retains its character. Golden contends that the word “souvlaki” does not serve to distinguish Souvlaki’s mark as it is simply descriptive of the goods Souvlaki offers. Golden suggests, further, that “soul” is the dominant element in both “Soul Souvlaki” and “Soul Food” because it is the first word in each mark, and is therefore there most memorable and dominant.
27. In the founding affidavit, Golden identifies Souvlaki’s restaurants as having “a cosmopolitan patronage, serving people from a variety of backgrounds, cultures, income levels and localities”.
28. It is notable that, apart from the allegation that Golden “is second only to KFC in size in the take-away fried chicken market” Golden makes no attempt to describe the kind of people it attracts or the kind of food it serves. The impression is created that Golden leaves this deliberately vague. The closest Golden comes to any kind of definition of the market is the reference to KFC alluded to above.
29. An examination of the menus and marketing material annexed to the papers leads one to the conclusion that the outlets sell takeaway or “fast” food, including burgers, sandwiches and fried chicken and its accompaniments.
30. Golden alleges that there are similarities between the two businesses, but again leaves this somewhat vague. The only similarity identified is that they both “provide restaurant services, selling prepared meals and related items”.
31. Golden then alleges that a distinguishing factor is branding. It alleges that Souvlaki has engaged in conduct “characterised by the competitive adoption of a confusingly similar brand” which “misappropriates and prejudices” Golden’s goodwill.
32. No factual basis is provided on the basis of which any misappropriation or prejudice may be established, nor of any reason why there may be confusion.
33. The fact that both entities provide food or restaurant services does not, in itself, result in any basis on which an inference may be made that there is any confusion or deceptive similarity between the two.
34. On Golden’s own version it has sought to trade on a cultural association with American soul food, soul music and other cultural elements associated with the word soul, and in particular African American culture, in its branding, including basing its primary food offering on a food that is well known as an American staple, crumbed fried chicken.

35. Also on Golden's version, Souvlaki is a Greek word and a Greek inspired food. It could not be further away from Golden's brand.
36. Golden suggests that because souvlaki is merely a kind of Greek food it cannot be a "distinguishing" factor which will distinguish Souvlaki's product from Golden's, and that the word "souvlaki" is simply descriptive.
37. This is patently not the case. If one accepts that Golden is in the fast food business selling burgers, fried chicken and the like, the word "souvlaki" in fact does distinguish Souvlaki from Golden. It defines Souvlaki's product as grilled skewered meat in the Greek style, and in particular, as Greek food. There is clearly no risk of confusion.
38. Golden suggests that the word "soul" is the dominant and distinguishing factor in the trade marks of both parties. It may be the dominant factor in Golden's trade marks, taking into account the reliance Golden placed on a culture that already existed, in building its brand. However, it does not appear that "soul" is the distinguishing factor in Souvlaki's brand. Here it is the "souvlaki" that informs the consumer that the food is likely to be Greek, and, for the more informed consumer, likely to be built around meat grilled on a skewer.
39. I agree with Souvlaki that Golden cannot contend that only it has the right to exploit the culture and meanings associated with the words "soul" and "soul food". This would be impractical and chilling not only on businesses wishing to use the words but also on the manner in which the associated culture may be disseminated and grown in the marked. Certainly, for example, Golden cannot claim to have sole benefit of the popularity of American soul music, or of American soul food, particularly when people's exposure to such things has been exponentially increased as a result of many factors, including the expansion of Internet access.
40. The issue then must be whether there is any likelihood of deception or confusion arising from the overlap in the marks used by Souvlaki and Golden. This approach is consistent with that set out by Keightley J in *Discovery Ltd and Others v Liberty Group Ltd*.^[6] In that judgment Keightley J usefully sets out a summary of relevant judgments, particularly those of the SCA.
41. The important question is whether the public may perceive a connection between Golden and Souvlaki by Souvlaki's use of the trade mark "Soul Souvlaki", and whether there is likely to be any confusion. Is there any likelihood that consumers may be misled into believing that the origin of Souvlaki's goods has anything to do with Golden?^[7] If there is nothing misleading there is no breach.^[8]
42. It is clear that the answer to this question in this particular case must be no.
43. It follows that Golden has not established any infringement of section 34(1)(a) of the Act.
- Has Souvlaki infringed section 34(1)(c)?

44. Section 34(1)(c) does not require any deception or confusion for an infringement to occur. It protects a trade mark that is well known in the Republic, and an infringement occurs if the use complained of takes unfair advantage of, or is detrimental to the distinctive character or repute of the registered marks.
45. Golden has included in the evidence of its reputation the results of a survey it conducted in 2014. It alleges that participants are a true sample of the (undefined) market, and shows that a percentage of the participants associate “soul food” with Golden’s business.
46. The percentage is certainly not a majority, and the number of people surveyed is not significant. However, it does show an association, and that Golden is somewhat well known. It is not clear exactly how well known the trade mark must be for purposes of the section, but I accept that Golden has established that it is at least relatively well known.
47. Souvlaki suggests that all that the survey demonstrates is that the majority of people surveyed did not associate the trade mark with Golden’s business. I think that this is an unreasonably simplistic way of looking at it. The manner in which people recognise things is always nuanced, and there certainly appears to have been at least a measure of recognition.
48. I accept, again, for purposes of the test under section 34(1)(c), that Golden has established that its use of the registered trade marks “soul” and “soul food” is well known.
49. The question then is whether Souvlaki’s use of the word “soul” which is part of Golden’s trade marks takes unfair advantage of Golden’s reputation, or in any way is detrimental to the distinctive character or repute of Golden’s marks.
50. The purpose of section 34(1)(c) is to protect the reputation and value of a well known mark.
[9]
51. Certainly, having found that there is no similarity in the offerings of the two parties, it would be difficult for me to find that Souvlaki takes or will take unfair advantage of Golden’s reputation. There can be no advantage to Souvlaki in any association with Golden, considering the differences between them. Nor has Golden alleged any facts which support such a conclusion. Again, Golden simply asserts that this is a possibility, without providing any basis for the assertion.
52. Similarly, the difference between the two, and the fact that the word “souvlaki” clearly distinguishes Souvlaki’s offering as a Greek type of food, means that Souvlaki’s use of the word “soul” cannot affect the distinctive character or repute of Golden’s marks. The context shows that the use of the two marks is entirely different and means entirely different things. It is difficult to see how Souvlaki’s use of the word “soul” affects Golden at all, and Golden has made no attempt to demonstrate that to the court.

53. I agree with Souvlaki that Golden cannot contend that only it has the right to exploit the culture and meanings associated with the words “soul” and “soul food”. This would be impractical and chilling not only on businesses wishing to use the words but also on the manner in which the associated culture may be disseminated and grown in the market. Certainly, for example, Golden cannot claim to have sole benefit of the popularity of American soul music, or of American soul food, particularly when people’s exposure to such things has been exponentially increased as a result of many factors, including the expansion of Internet access.
54. In any event, Souvlaki’s use of the word is not associated with the American concept, and so is unlikely to be associated with or to affect Golden’s branding which relies on it.
55. In my view Golden has not demonstrated that the integrity of its reputation and the value of its trade marks would in any way be affected by Souvlaki.
56. Since Golden has not demonstrated any infringement of the sections of the Act on which it relies, its application for an interdict must fail.

The counterclaim

57. Souvlaki’s counterclaim is based on, first, section 27(1)(b) of the Act, and second, 24(1) read with sections 10(2)(a), (b) and (c) and 10(12) of the Act, seeking the removal of the registered marks “soul” and “soul food”.

Section 27(1)(b) – non use

58. Souvlaki contends that, up to the date of three months before the counter application was instituted, the marks had not been used for a continuous period of five years. This allows an order to be made removing the marks from the register. In terms of section 27(4) of the Act, Golden bears the onus of establishing that there has been use of the marks.
59. Souvlaki contends that there is no use of the marks by themselves, but only of a composite mark including Golden’s cockerel head logo and the “Chicken Licken Logo”.
60. Souvlaki relied upon the SCA judgment in *Morris Material Handling Limited v Morris Material Handling SA (Pty) Ltd*[10] for the contention that none of the material put up by Golden to show use of the marks show clear and unambiguous facts. It suggests that, as in the Morris judgment, sales contracts, invoices, trading accounts and financial records would be needed. This is not so. In the context of Golden’s

business, its use of the mark would be in advertising, marketing, menus, and the material used and seen by its customers when they

enter an outlet. That is where the use would count, and where Golden’s branding is focused. If Golden has invoices made out

in its name as Golden Fried Chicken and does not use the registered marks, that would be neither here nor there as that is not how Golden's business trades with the public. The menus and till slips annexed are far more relevant.

61. Souvlaki also contends that there is no advertisement showing just the "soul" and "soul food" marks.
62. There is a plethora of marketing material that shows the use of the word "soul" without the Chicken Licken and cockerel logos. This includes the menus and flyers annexed. The word "soul" is used in describing and naming offerings, such as "soulslaw", "soul fries", "soulsister", "soulfire" a reference to "salt

with a lot of soul" and so on. I am satisfied that Golden has demonstrated the use of the trade mark "soul", and in the context of trade.

63. There is one example annexed where the mark "soul food" is used without the Chicken Licken logo, but with the cockerel head. There is one showing the "soul food" mark on the top of a box, where the other logos occur on the sides of the box. This shows use in ways other than the composite alleged by Souvlaki.
64. Souvlaki argues that Golden, by annexing social media posts, does not establish anything. For this submission, Souvlaki relies on a decision by the European Union Intellectual Property Office (EUIPO) which finds that the presence of a trade mark on a website does not in itself show use unless there are indications of traffic and hits, or of sales conducted through that website.[11]
65. I disagree that the case relied upon supports Souvlaki's submission. There is a difference between a (often static) website which does not show any traffic, and a social media page. The extracts show that Golden has interacted with members of the public using the marks, in a manner that establishes and maintains its brand presence and awareness.
66. But even disregarding the print outs of social media posts, Golden has in my view shown that there has been at least some use of the mark "soul food" in a manner that is not in the composite which Souvlaki alleges is the only use that has taken place.
67. The application based on section 27(1)(b) of the Act therefore cannot succeed.

Section 24(1) read with section 9 and 10(2)(a)(b) and (c) of the Act – removal of a mark not registrable

68. Section 24(1) of the Act provides that a court may make an order for the removal or variation of an entry in the trade marks register of, amongst others, a wrong or erroneous entry in the register. Section 9 (1) requires a mark to be capable of distinguishing the relevant goods or services and sections 10(2)(a)(b) and (c) provide that certain types of marks are not registrable or, if registered, are liable to be removed from the register.

69. It is important to note that the court has a discretion in terms of section 24(1), and is not obliged to order that a mark be deleted from the register. The court has a discretion to order the removal or variation of the mark, amongst other remedies.
70. A mark not registrable in terms of section 10(2):
- (a) is not capable of distinguishing within the meaning of section 9; or
 - (b) consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services;
- or
- (c) consists exclusively of a sign or an indication which has become customary in the current language or in the bona fide and established practices of the trade.
71. Souvlaki contends that both the “soul” and “soul food” marks are not capable of distinguishing goods and services.
72. It contends also that the “soul food” mark consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality or other characteristics of the goods and services, and also that it consists exclusively of a sign or an indication which has become customary in the current language or in the bona fide and established practices of the trade.
73. In addition Souvlaki contends that it would be contra bonos mores for Golden to monopolise the “soul food” mark, which would mean that the mark is not registrable in terms of section 10(12) of the Act.
74. In response to the section 10(2) attack, Golden relies on the proviso to the section:
- Provided that a mark shall not be refused registration by virtue of the provisions of paragraph (2) or, if registered, shall not be liable to be removed from the register by virtue of the said provisions if at the date of the application for registration or at the date of an application for removal from the register, as the case may be, it has in fact become capable of distinguishing within the meaning of section 9 as a result of use made of the trade mark.
75. Golden also contends that the marks are not descriptive of food in general, nor in customary usage.
76. A reading of section 10(2) together with the proviso makes it clear that a mark which is capable of distinguishing within the meaning of section 9 can not be “exclusively” an indication of characteristics or customary usage. If a mark is capable of distinguishing within the meaning of section 9, because of the reputation it has acquired when the inquiry is carried out, then it is safe from removal for any of the section 10(2) grounds.

77. It may well be that had Golden attempted to register the trade marks at issue in today's climate, when there is much more access to information than when Golden first registered the marks, and there is more information available about various cultures and usages than there was in 1982 when Golden first registered the marks, it would not have been successful.
78. As indicated for example in one of the judgments I was referred to be Souvlaki, Golden Fried Chicken (Pty) Ltd v Oh My Soul (Pty) Ltd,[12] the word "soul" has entirely different meanings for different consumers and in different cultures.[13] The accessibility of information also means that people are more aware of different cultures and consumers choose to either associate

themselves with or sample different cultural experiences, whether food or otherwise, in a more informed way.

79. However, one must take into account that this was not the case when Golden first registered the trade marks, and that since then, Golden has capitalised on an African American culture which at the time was less accessible. The question then is whether the marks have in the intervening time, and through Golden's use of them, acquired the ability to distinguish.
80. For the reasons set out in my consideration of section 34(1)(c) of the Act, I am satisfied that Golden has demonstrated that the marks have acquired the ability to distinguish Golden's products within the fast food market, but no more.
81. The Act provides for other remedies than expungement from the register where a trade mark offends, for example by applying conditions to the use of the mark or other limitations on the way the mark is used. However those other remedies were not ventilated before me so I am not able to properly consider them.
82. At present and for purposes of this case I then conclude that the application founded on section 10(2) fails because the marks have acquired, within a limited market, the ability to distinguish.
83. As far as section 10(12) is concerned, the contention is that the registration of the words "soul food" is contra bonos mores. This is because the term is associated with a particular type of cuisine, particularly American, and associated with African American

culture and tradition, stemming out of slavery. Golden's response is that the evidence put up in this regard is only hearsay.

but do not seriously deal with the contra bonos mores argument.

84. Again, this is a pity as the idea that one company should have the monopoly on a term which represents the cuisine of a group of people and their culture is, at the very least, problematic. Had the argument been treated more seriously, and alternative remedies ventilated, a more satisfactory outcome may have been obtained.

85. As it is, I am not satisfied that Souvlaki has established that, were I to find conclusively that the registration of the term “soul food” is contra bonos mores, the appropriate remedy is expungement from the register. Certainly I cannot see, for example, why the registration should not remain with conditions applied.

86. For these reasons, Souvlaki’s application in terms of section 24(1) also cannot succeed.

Conclusion

87. I see no reason why costs should not follow the result.

88. For the reasons set out above, I make the following order:

1. The main application is dismissed with costs.
2. The counter-application is dismissed with costs.

_____S. YACOOBJUDGE OF THE HIGH COURT

Appearances

Counsel for the applicant: A J Bester SC

Instructed by:

Ron Wheeldon Attorneys

Counsel for the respondents: Ms P Cirone

Instructed by:

Christodoulou & Mavrikis

Date of hearing:

05 November 2019

Date of judgment:

20 October 2020

- [1] Class 29 includes various types of food and food products, whether prepared or not.
- [2] Class 30 includes seasonings and sauces, as well as beverages, prepared meals and baked goods.
- [3] Class 35 includes general retail and wholesale of goods and services.
- [4] Class 43 includes restaurants, snack bars, cafes and fast food outlets, as well as catering.
- [5] Section 70(2) is part of the transitional provisions of the Act.
- [6] 2020 (4) SA 160 (GJ)

- [7] See in this regard Verimark (Pty) Ltd v BMW AG BMW AG v Verimark (Pty) Ltd 2007 (6) SA 263 (SCA) at [5] and
- [8] Commercial Auto Glass (Pty) Ltd v BMW AG 2007 (6) SA 637 (SCA) at [8]
- [9] Verimark (above) at [13], Discovery (above) at [45].
- [10] (829/2017) [2018] ZASCA 67 (25 May 2018)
- [11] EUPIO, Cancellation No 14 788 C (Revocation), Supermac's (Holdings) Ltd v McDonalds International Property Company Ltd.
- [12] 2019 JDR 1384 (KZD)
- [13] At [10]
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