

SOUTH AFRICA / JUDGMENT

Hollywood Curl (Pty) Ltd. and Another v Twins Products (Pty) Ltd. (282/87) [1988] ZASCA 133; [1989] 1 All SA 377 (A) (30 September 1988)

[1988] ZASCA 133

COURT

Supreme Court of Appeal

BEFORE

Corbett, Smalberger, Milne, Kumleben, Nicholas

CASE / FILE NUMBER

282/87

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Case No 282/87

IN THE SUPREME COURT OF SOUTH AFRICA (APPELLATE DIVISION)

In the matter between:

HOLLYWOOD CURL (PTY) LIMITED first appellant and THE INTERNATIONAL HOLLYWOOD CURL HAIRDRESSERS SUPPLIERS AND TRAINING CENTRE second appellant

and

TWINS PRODUCTS (PTY) LIMITED . . respondent

CORAM: Corbett, Smalberger, Milne, Kumleben, JJA, et Nicholas AJA.

DATE OF HEARING: 22 August 1988

DATE OF JUDGMENT: 30 September 1988

J U D G M E N T CORBETT JA:

This is the First of two appeals which were argued

together before us. Judgment in the second appeal will be delivered immediately after judgment in this appeal. For reasons which will emerge from a reading of the two judgments, the two matters were heard together in the Court a quo (the Transvaal Provincial Division): hence the combined hearing before this Court. In the present matter the respondent, Twins Products (Pty) Ltd ("Twins"), made application to the Court a quo on notice of motion claiming as against the appellants

- (i) an interdict restraining the latter from infringing certain trade marks of which respondent is the registered proprietor, (ii) an interdict restraining the appellants from passing off their goods as those of the respondent, and (iii) an interdict restraining the appellants from passing off their business for that of the respondent, together with ancillary relief. In the proceedings in the Court a quo it transpired that second appellant was merely a style under which first appellant traded and that there was in reality only one party involved. Consequently I shall henceforth refer merely to "the appellant".

3 The application was opposed by appellant. The Judge of first instance (Ludorf J), having heard argument, gave judgment in favour of respondent and granted the three interdicts claimed, with costs. With leave of the Court a quo appellant now appeals against the whole of this judgment and order, including the order as to costs. The facts upon which the appeal must be decided are to be gleaned from the affidavits filed by the parties. Where there are disputes of fact the approach outlined in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984] ZASCA 51; 1984 (3) SA 623 (A), at pp 634 E - 635 C, must be adopted. The admissibility of certain of the evidence contained in the affidavits filed on behalf of the respondent was challenged in the Court a quo and notice was given of a motion to strike out. It appears from what we were told from the Bar that this motion was never formally moved in the Court a quo, but that argument was addressed to the Judge of first instance as to the admissibility of the evidence sought to

4 be struck out. The learned Judge dealt with one item of evidence objected to, on the ground that it was hearsay, and held that it was not; but did not rule on the admissibility of the other evidence specified in the notice of motion to strike out. Indeed he relied on certain of this evidence in reaching the conclusions which he did. Before us appellant's counsel drew attention to the evidence referred to in the notice of motion to strike out and contended (i) that to the extent that the Judge of first instance relied upon such evidence, he erred, and (ii) that this Court should ignore such evidence in its appraisal of respondent's case. On the other hand, respondent's counsel conceded, rightly in my view, that certain of the evidence objected to was inadmissible and could not be relied upon, but disputed appellant's contentions in regard to other evidence. In reviewing the relevant facts I shall, where this is appropriate, indicate what evidence is conceded to be inadmissible and, where the admissibility is in dispute,

5 rule thereon.

THE FACTS

Twins, which was formed in June 1957, is a subsidiary of Twins Propan Holdings (Pty) Ltd. A fellow subsidiary and associated company is Classique Products (Pty) Ltd ("Classique"), which was incorporated in June 1949. The founding affidavit in this matter was deposed to by a Mr Abraham Krok, who at present is a director of each of the three above-mentioned companies. He became a director of Twins in 1957 and has been a director of Classique since November 1964. According to Krok, Classique began, in the 1950's, to manufacture and market various cosmetic products, such as pomades and hair oils under the unregistered trade mark "HOLLYWOOD". These products were directed at what is described as "the cheaper end of the African Market" and resulted in sales

running into millions of units. In about 1959 Classique commenced selling a so-called "skin lightening" cream under the unregistered trade mark "HOLLYWOOD 7 DAY" and a perfume under

6

the unregistered trade mark "HOLLYWOOD 7". These were more expensive products, but were also intended for the Black consumer. During about 1966 it was decided to market the skin lightening cream in a new pack bearing the trade mark "HOLLYWOOD 7 DAY" and in 1968 Classique was registered under the Trade Marks Act 62 of 1963 ("the Act") in part A of the register as the proprietor of a trade mark (No 68/2459) in class 3 of schedule IV to the Act in respect of soaps, perfumery, essential oils, cosmetics, toiletries and hair lotions, the mark consisting of the following device:

The mark was registered subject to the following disclaimer:

"Registration of this mark shall give no right to the exclusive use of the words "Hollywood" and "Seven" and the numeral 7 separately and apart from the mark."

Attached to the founding affidavit are photographs

of the types of packaging material used in the late 1960's to market Classique's products using the HOLLYWOOD 7 DAY mark. On none of this packaging material does the registered device itself appear; but what do appear are the words "HOLLYWOOD", "SEVEN", "DAY" and "SUPER" and the numeral "7", separately and in various combinations and with varying degrees of prominence, together with other words, devices and decorative material. There are also attached to the affidavit photographs of samples of the labelling used in 1966 on bottles containing skin lightening cream and other cosmetics, such as vanishing cream, glycerine and camphor lotion, perfume, etc, and of the tube containers then used for the HOLLYWOOD 7 DAY skin lightening cream. These also make use of the words "HOLLYWOOD", "SEVEN" and "DAY" and the numeral "7" in a manner similar to that employed in regard to the packaging. One of the labels incorporates a device which is virtually identical to the registered mark No 68/2459. All these products too are directed at what is referred to as "the Black market". In 1970 and 1972 Classique became the registered

proprietor of two marks in class 3 of schedule IV, each of which incorporated the word "HOLLYWOOD". These registrations were, however, allowed to lapse and the marks are not in current use. Consequently they are of no significance in regard to either the alleged trade mark infringement or the passing off. During the early 1970's Twins manufactured and marketed, inter alia, a range of skin care products, aimed also at the Black market, under the name "SUPER ROSE". During this period a promotional campaign was commenced which consisted of combining, or "banding", the HOLLYWOOD 7 DAY mark with the SUPER ROSE mark and marketing cosmetic products thereunder. This was very successful.

In 1975 Classique was registered under the Act in part B of the register as the proprietor of a trade mark (NoB 75/6683) in class 3 of schedule IV in respect of toiletries, cosmetics, hair preparations, soaps, perfumery, essential oils, deodorants, deodorizers and skin lightening preparations,

9 the mark consisting of the words "HOLLYWOOD-SUPER-SCOTTS". The right to the exclusive use of the word "super" and the surname "Scotts", separately and apart from the mark and each other, was disclaimed. In the meanwhile, in 1973, Twins had become the registered user of trade mark No 68/2459. To complete the history of the registered marks, these were both assigned, together with goodwill, by Classique to Twins with effect from 15 April 1985. A further development in the marketing of the products sold by Classique and Twins was a practice known as "brand stretching", whereby the HOLLYWOOD 7 DAY mark was split up into its constituent elements and goods were marketed under the additional trade marks "HOLLYWOOD", and "HOLLYWOOD 7". Although the products marketed under these marks were mainly skin lighteners, other cosmetics were produced and marketed thereunder as well. One such product was HOLLYWOOD BLUE BUTTER complexion cream (later the name was changed from BLUE BUTTER to BEAUTY BUTTER). This sold very well.

10 Although this is not made clear on the papers, it is generally accepted that at some stage, probably in the early 1970's, Twins acquired from Classique the right to use these various unregistered marks (and the concomitant goodwill) and did so use them on its products up to the time of the institution of legal proceedings. Moreover, the founding affidavit alleges that in about 1975 the HOLLYWOOD 7 range of skin care cosmetics was broadened in accordance with standard marketing policies and by 1978, apart from HOLLYWOOD BEAUTY BUTTER, Twins was marketing some 16 different skin care products under what are termed "the various HOLLYWOOD trade marks". Attached to the founding affidavit are two brochures issued by Twins, the one in 1978 and the other in 1985, in which, inter alia, the full range of Twins products marketed under the so-called Hollywood marks is detailed and illustrated. These brochures are typical of those distributed annually by Twins to all major buyers of its products. Also annexed to the founding affidavit are photographs of

11 examples of the past and present usage of the so-called HOLLYWOOD trade marks by Twins on the products marketed by it.

These photographs indicate that, in addition to the marks

so far mentioned, Twins uses or has used the marks

"HOLLYWOOD LUCKY 7", "HOLLYWOOD SUPER 7" and "MISTERHOLLYWOOD".

It has been said:

"There is one way of obtaining business - publicity, one way of obtaining publicity - advertising." (See Oxford English Dictionary, s.v. "advertising".)

Appreciative of this truth Classique and Twins, as early as 1969, commenced an extensive and countrywide advertising programme on the radio and in the national press. To a certain extent, the advertising concentrated on "radio spots" and in general it related to the skin lightening cream under the trade marks HOLLYWOOD, HOLLYWOOD 7 and HOLLYWOOD 7 DAY.

The radio spots stressed the word "Hollywood". Attached

to the founding affidavit were certain documents purporting

to show when the various radio spots were broadcast over the years 1970 - 1972 and what the spots comprised. This evidence is clearly hearsay and cannot be relied on, as was conceded by respondent's counsel.

The more recent promotional and advertising support

in respect of the Twins products sold under one or other of the so-called Hollywood marks has been substantial. It has included the following:

- (a) Point of sale display stands, comprising a number of such products grouped together, which display stands have been used at all points of sale in most of the major retailing shops in South Africa;
- (b) Point of sale adhesive posters, which have also been utilised on advertising hoardings;
- (c) Magazine centrefold fixed insertions, which have been placed in all the major magazines circulating among and purchased by the Black population in South

13

Africa.

- (d) Circular hanging promotional displays, about 2 feet in diameter, which have been distributed to all major chain stores, supermarkets, retail traders, pharmaceutical wholesalers and general wholesalers for display on their premises;
- (e) Waterproof outdoor "flagpole" posters, measuring 1 metre by 1½ metres, which have been placed at vantage points, such as the sides of bus shelters, on the sides of busses, at railway stations, on hoardings next to railway lines, and so on;
- (f) Television and radio advertising; and
- (g) Beauty competitions.

Figures indicating the amounts expended by Twins on advertising are contained in the founding affidavit, but it was conceded by respondent's counsel that as these were not based on proper and admissible evidence they could not be relied on.

The founding affidavit also contains averments as

14

to the success of this advertising campaign. Sales figures quoted cannot be relied on for reasons similar to those which caused the advertising figures to be excluded. This again was conceded. Nevertheless it is clear, and obviously not disputed, that the Black market in such toiletries and cosmetics is a very large one. Furthermore, there is evidence from various dealers in respondent's products to show that the Black market is "very brand conscious" (ie will purchase a commodity because of the brand name or the trade mark under which it is sold); that the respondent's products marketed under the various Hollywood trade marks are amongst the top-selling products in these particular lines; and that these products are asked for by the Hollywood name. It further appears from the founding affidavit that these products are distributed through an enormous number of outlets, grouped as follows: (i) cash and carry general wholesalers, (ii) pharmaceutical wholesalers, (iii) major chain stores and supermarkets and (iv) retail pharmacies. The category num-

bered (i) above itself comprises some 803 stores throughout the Republic; and one of the retail pharmacy groups alone has 550 outlets. It is submitted by Krok in the founding affidavit that the facts demonstrate the extensive use by Twins of the HOLLYWOOD and HOLLYWOOD 7 trade marks; and that an extensive and substantial reputation resides in these trade marks, representing goodwill of "immense proportion" to Twins.

I come now to the activities of the appellant,

Hollywood Curl (Pty) Ltd, which are said to infringe respondent's trade marks and to constitute the wrong of passing off. Appellant was incorporated in South Africa on 14 August 1984, with its registered office in Johannesburg. According to its memorandum of association the main business which the company was formed to carry on is -

"The manufacture, purchase and sale and distribution of healing, nutrition and beauty products, the operation of beauty salons, directly or indirectly by way of franchise or other arrangement, the operation of

16

beauty academies and training establishments."

The managing director of appellant is a Ms Vida

Kannike. She deposed to the answering affidavit on appellant's

behalf. According to her the appellant was formed by herself

and others as an associated company of Kannike Martins Associates Inc ("Kannike Martins"), a United States corporation registered in California, and as an extension in South Africa of the business conducted in the United States of America by Kannike Martins. Vida Kannike further stated that Kannike Martins has for the past 15 years been an important manufacturer of hair products under, inter alia, the trade mark "Hollywood Curl". These products are sold not directly to the public but to hairdressing salons for use by professional hairdressers

in the treatment of their clients' hair. The Hollywood Curl

treatment relates to a specific form of perm which has

become extremely popular in recent times, especially amongst Black people. The Hollywood Curl concept has, moreover,

been successfully promoted in the United Kingdom and in Africa.¹⁷ As an initial step in its move to expand its business in the Republic of South Africa, Kannike Martins in February 1981 started advertising and promoting its products, under the mark Hollywood Curl, among hairdressing salons in Johannesburg, Durban and Pretoria. Numerous problems were, however, encountered: local salons were not skilled in the treatment of Black persons' hair and were untutored in the use of the Hollywood Curl products. It was, therefore, decided to set up a team of instructors to train aspirant hairdressers in the art of using the Hollywood Curl product in the treatment of hair in premises in Soweto. Soon thereafter Kannike Martins recognised that there was a large untapped market in South Africa for its goods and decided to set up a local company to conduct its business here. Hence the formation of the appellant. After its incorporation appellant established training facilities in Pretoria, Johannesburg and Durban at which aspirant hairdressers are trained, with particular emphasis on the

use of appellant's product in the treatment of Black persons' hair. Hairdressers who graduate from appellant's training centres either commence business on their own or secure employment with existing hairdressing salons. It would appear from evidence contained in the affidavits filed on behalf of respondent that the appellant conducts hairdressing salons at premises in Durban, Johannesburg and Soweto. This is not denied. There is, in addition, evidence that appellant's products, which are imported from the United States of America and the United Kingdom, are sold to the general public under the mark "Hollywood Curl" through these salons and through other trade outlets, such as shops and supermarkets catering for the Black trade. In her answering affidavit Vida Kannike stated that appellant's products are not sold directly to the public, but only to hairdressing salons for use by professional hairdressers in the treatment of their clients' hair. In view of some very cogent evidence to the contrary I do not think that the

19

correctness of this statement can be sustained; and indeed appellant's counsel accepted for the purposes of his argument that appellant's products were sold directly to the public, ie to the Black consumer. It is also averred by Vida Kannike in her answering affidavit that appellant does not compete in the same market as respondent and that the appellant's products are more expensive than respondent's. Appellant also sought to adduce evidence to the effect that the respective markets tapped by appellant and respondent, though both comprising the Black consumer, related to different age-groups and different geographical areas. These assertions appear to me to be unsubstantiated and, again, I did not understand appellant's counsel to place much, if any, reliance thereon. It would seem, however, that appellant's products are confined to various types of hair care preparations. The mark under which appellant markets and promotes its goods consists essentially of a white (or near white)

20

rectangular background, usually outlined, on which are written the words "Hollywood" and "Curl". The word "Curl" appears in large cursive script, the letters usually being merely outlined, upon which the word "Hollywood" in (smaller) Roman capitals is partially superimposed. The following is an illustration of the mark used by appellant on its products:

In July 1983 appellant filed applications for the registration under the Act of this mark as a trade mark in class 3 of schedule IV in respect of various types of hair preparation and in class 26 of schedule IV in respect of "Curl kits". These applications were advertised in September 1984 and are being opposed .

21 Respondent's initial reaction to the advent of the Hollywood Curl products on the South African market was an amiable one, and it suggested business cooperation in the near future. This overture produced no response and early in January 1985 the usual attorney's letter demanding that appellant cease trading under the Hollywood Curl mark was sent. Appellant refused to comply with this demand and in September 1985 the present proceedings were launched. Some point was made in argument of respondent's relative tardiness in taking action, but, as I shall show, this does not appear to me to have any real relevance to the issues before the Court. I come now to these issues.

TRADE MARK INFRINGEMENT Respondent's case is based on sec 44(1)(a) of the Act, ie infringement consisting of the unauthorized use as a trade mark, in relation to goods in respect of which the trade mark is registered, of a mark so nearly resembling it

22

as to be likely to deceive or cause confusion. It is not disputed by the appellant that it is using the above-described mark "Hollywood Curl" as a trade mark in respect of goods which fall within the classes of goods for which trade marks Nos 68/2459 and B75/6683 are registered and that such use is unauthorized. The only issue is whether the Hollywood Curl mark so nearly resembles either or both of respondent's registered trade marks as to be likely to deceive or cause confusion. The principles to be applied in considering this issue were recently summarized by this Court in the case of Plascon-Evans Paints Ltd v Van Rieheeck Paints (Pty) Ltd, supra, at pp 640 F - 642 F - see also Tri-ang Pedigree (South Africa) (Pty) Ltd v Prima Toys (Pty) Ltd 1985 (1) SA 448 (A), at pp 467 I - 468 H - and need not now be repeated. In applying these principles to the facts of the present case I shall commence by considering individually each of the registered marks.

23

As to trade mark No 68/2459, consisting of the de-

vice depicted earlier in this judgment, a comparison of this

device with the mark used by the appellant reveals what, in my opinion, are notable differences. The registered device has a black background, the appellant's mark a white, or nearwhite, one. The general shapes of the marks are different. Prominent in the registered mark are the words

SEVEN DAY and the DAY 7 symbol, for which there is no corresponding material in appellant's mark. Very prominent in appellant's mark is the word "Curl", for which there is no equivalent in the registered mark. In fact the only point of resemblance between the two marks is the incorporation in each of the word HOLLYWOOD, written in Roman capitals. It is true that this word, HOLLYWOOD, is a conspicuous feature of both marks, but at the same time it must be remembered that an exclusive right to the separate use of the word HOLLYWOOD has been disclaimed under trademark No 68/2459. The proprietor of a registered trade mark cannot bring an action for infringement in respect of the

24 unauthorized use of a disclaimed feature (see Webster and Page: South African Law of Trade Marks, 3rd ed, p 185 and the authorities cited under note 38). In all the circumstances, and taking into account the disclaimer, I am of the view that appellant's mark does not resemble trade mark No 68/2459 so closely as to be likely to deceive or cause confusion. Turning to trade mark No B 75/6683, consisting of the word "HOLLYWOOD-SUPER-SCOTTS", the only common ground is again the word HOLLYWOOD. In this instance the word has not been disclaimed, but nevertheless viewing the marks as a whole, both side by side and notionally in the market place, I do not think that there is sufficient similarity to cause deception or confusion.

In reaching the conclusion that appellant's mark

Hollywood Curl did infringe respondent's registered marks, Ludorf J pointed out that he was -

"... concerned not with a comparison between two trade marks in relation

25

to a single product but rather with the situation where there exists a series of registered trade marks for the same class of goods containing the common element "HOLLYWOOD" all belonging to the applicant."

He referred to the judgment of Margo J in the matter of

International Power Marketing (Pty) Ltd v Searles Industrials

(Pty) Ltd 1983 (4) SA 163 (T), at p 169 C-F, in which, he said, it was held that in such circumstances (ie. in the case of a series of marks containing a common element) buyers or potential buyers would be likely, by reason of the common element, to think that the alleged infringer's mark was a new mark added to the series, and he expressed agreement with

this proposition. He stated that the evidence showed that the respondent used the marks HOLLYWOOD SEVEN DAY, HOLLYWOOD SEVEN, HOLLYWOOD, HOLLYWOOD-SUPER-SCOTTS and MISTER HOLLYWOOD in respect of fifteen different products and held that

the existence of a common denominator in this series of marks

(viz. HOLLYWOOD) was a factor adverse to the appellant's case. This factor was also emphasized by respondent's counsel in

26

argument before us.

Kerly's Law of Trade Marks and Trade Names, 12th ed, par. 17-14, states that -"Where there are a 'series' of marks, registered or unregistered, but in use, having a common feature or a common syllable and where all the marks in such a series belong to an opponent, these are generally circumstances adverse to an applicant for a mark containing the common feature, since the public might think that such a mark indicated goods coming from the same source; the strength of this 'series' objection depending on how distinctive the common feature is." In the International Power Marketing case, *supra*, Margo J, having referred (at p 169 A-B) to a similar statement appearing in an earlier edition of Kerly (which he characterized as

27

a proposition relevant to opposition to an application for

the registration of a trade mark) and to certain other supportive

authority (including the second edition of Chowles and Webster: The South African Law of Trade Marks), said (at p 169 D-E):

"There appears to be no justification for not applying the same reasoning to cases of infringement, allowing for the different incidence of the onus of proving the likelihood of deception or confusion. Adapting the statements in Kerly and Chowles and Webster, we may accept the proposition that, in infringement proceedings, where each of a series of registered trade marks for the same class of goods contains a common element (which Kerly describes merely as a common feature or a common syllable), and where all the marks belong to the plaintiff, these circumstances would, in general, be adverse to the case of the defendant who has used, in relation to the same class of goods, a mark containing the same element, since buyers or potential buyers would be likely, by reason of the common element, to think that the defendant's mark is a new mark added to the series." Margo J also referred to the case of *Juvena Produits de Beaute*

SA v BLP Import and Export 1980 (3) SA 210 (T), in which a similar conclusion was reached (at p 218 H). I shall refer

to this proposition, for the sake of brevity, as the "series

28

principle".

In applying the series principle in this case, Ludorf

J appears to have taken into account both registered and unregistered marks used by the respondent. Assuming for the moment that the series principle is a valid one and that it can be extended to apply not only to opposition proceedings but also to infringement claims, in an

infringement action only registered trade marks could, in my opinion, be taken into account. In such an action the essential comparison is between the plaintiff's registered mark (or marks) and the mark used by the defendant and I do not think that it is legitimate to introduce, as a "surrounding circumstance", unregistered marks used by the plaintiff. To do so would,

in a sense, result in their being elevated to the status of

registered marks. Indeed, the proposition as formulated

by Margo J in the International Power Marketing case (*supra*) speaks only of a series of registered trade marks. In introducing the unregistered trade marks as a relevant factor

29

in regard to the infringement claim the trial Judge, therefore, erred.

Still assuming the applicability of the series

principle to cases of infringement and reducing the relevant

trade marks to the two registered ones, I do not think this

is a factor of any significance in this case. Two marks

hardly make a series; especially where they are as diverse as the two in question. I would add that I am by no means convinced that this assumption can validly be made. There are certain differences between opposition proceedings and

infringement actions and I know of no authority in the English courts (where the series principle appears to have originated) in which the principle has been applied to infringement actions. Certainly none was quoted to us. Since, however, this point was not fully argued before us, I refrain from expressing a decisive opinion thereon. I also do not wish to be understood as giving the stamp of approval to the application of the series principle in opposition proceedings. The point did

30

not arise in this case. For these reasons, I am of the view that the infringement claim ought to have failed in the Court *a quo* and that in allowing it and granting an interdict the Judge *a quo* erred. I pass on to -

THE PASSING OFF CLAIM

As I have indicated, the trial Judge found in respondent's favour on the passing off claim and issued two interdicts, one restraining the appellant from passing off its goods for those of the respondent and the other restraining the appellant from passing off its business and/or services for those of the respondent. In argument before us appellant's counsel conceded that if the Court *a quo* was correct in granting the first-mentioned interdict, the second interdict could not be

attacked: the one followed logically upon the other. And, of course, the converse is also true. It is, therefore, only necessary for me to deal with the passing off of goods.³¹ The nature of a passing off claim and the principles to be applied in adjudicating it have been recently re-stated in this Court in the cases of *Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and Others* 1977 (2) SA 916 (A), at p 929 C-G; *Brian Boswell Circus (Pty) Ltd and Another v Boswell-Wilkie Circus (Pty) Ltd* 1985 (4) SA 466 (A), at pp 478 E - 479 E; and *Hoechst Pharmaceuticals (Pty) Ltd v The Beauty Box (Pty) Ltd (In Liquidation) and Another* 1987 (2) SA 600 (A), at pp 613 D - 614 D. It is consequently not necessary to reformulate them in this judgment. In the present case the essential enquiry is whether the appellant, in marketing its goods under the name and mark Hollywood Curl, impliedly represents to the buying public, or a substantial section thereof, that its goods emanate from the respondent; or, to put it in a different form, whether the use by appellant of the name and mark Hollywood Curl for its goods raises a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused

32

or deceived into believing that the appellant's goods emanate from the respondent. In order to succeed in an action for passing off of goods, the plaintiff must establish that the name or mark or get-up adopted for his goods has by user become distinctive of his goods, ie. associated with his goods in the minds of the members of the purchasing public, irrespective of whether his actual identity as the producer of the goods is known to the public or not. This concept is sometimes described by saying that the plaintiff must have acquired a reputation in the name or mark or get-up, as the case may be (see generally the *Brian Boswell* case, *supra*, at p 479 A-E). In the present case the respondent does not rely upon similarity of get-up as such: in fact there does not appear to be any resemblance between the general get-up of the goods marketed by respondent and those of the appellant, apart from the use of the word lollywood. And indeed it is upon the use of this word that respondent really founds

33

its cause of action. Its case may be shortly stated as follows:

- (1) The respondent has for many years been marketing goods in the cosmetic/toiletry field under various trade marks (registered and unregistered), all of which include as a dominant feature the word lollywood.
- (2) In the minds of the purchasing public the word Hollywood has become distinctive of respondent's goods.
- (3) Consequently the use by appellant of the word lollywood in its trade mark lollywood Curl is likely to lead members of the purchasing public, or a substantial number thereof, to believe that appellant's goods emanate from the same source as respondent's goods.

The Court a quo found that the respondent had established a case along these lines and granted the interdict relief to which I have referred. This finding was attacked on appeal. The first question to be determined is whether the evidence shows that by the time appellant's goods came onto

34

the South African market respondent had established a reputation

in the name Hollywood for its goods. Now it is clear that

for many years respondent (and its predecessor Classique)

have been using the word Hollywood, either by itself or in

conjunction with other words or the numeral 7, as part of

the get-up of the various types of cosmetics, etc sold by them. Respondent may have tended to exaggerate the extent to which the word Hollywood simpliciter was so used; but

the fact of the matter is that such use did occur (eg. HOLLYWOOD BEAUTY BUTTER) and even where the word has not been used alone it has been a very prominent feature. My impression, too, is that in recent years respondent has tended, in the get-up of its goods, to give greater prominence to the word Hollywood. Thus, for example, one exhibit, a photograph depicting the history of the packaging of the HOLLYWOOD 7 DAY skinlightener from 1968 to the present, would seem to show a get-up which changes from one in which the word HOLLYWOOD and the figure 7 are close to one another and the figure 7 is far more prominent than the word HOLLYWOOD, to one in which the word HOLLYWOOD and the figure appear in separate compartments on the box and the size of the print of the word HOLLYWOOD has been greatly increased. Modern packaging also seems in some instances to have a less cluttered appearance in which the word HOLLYWOOD tends to stand out. In the advertising and promotion of its products respondent has also given great prominence to the word Hollywood. For example a self-adhesive poster, which dates from 1979 and was widely distributed to all sales outlets, shows an out-door scene with seven elegant and smartly-dressed Black women sitting on a bench below the word HOLLYWOOD 7 printed in large letters. The numeral 7 is so printed that it tends to merge with the word HOLLYWOOD. Underneath is printed the slogan "Seven beautiful reasons to use Hollywood 7" and below that seven such reasons are stated. It is a very eye-catching poster, dominated by the word HOLLYWOOD. I have referred earlier to the other forms of advertising which all feature the same

36 word. The evidence further shows that at present there is an extensive range of products sold under marks, or names, either comprising or including the word Hollywood; that respondent's products are marketed on a large scale, through many sales outlets; that respondent's Hollywood products are among the top-sellers in their respective fields; that the Black market is very brand conscious and that customers ask for respondent's products by the Hollywood name. In addition certain experienced dealers in cosmetic goods deposed to the substantial reputation residing in the

Hollywood marks. The name Hollywood is an evocative one, calling forth the world of film stars, beauty and glamour. It was no doubt for this reason that respondent (and Classique) chose it for their cosmetic products. It also has a geographical connotation, but in my view it is the former association that would be uppermost in the minds of the purchasing public in relation to respondent's goods and because of its evocative³⁷ nature the word Hollywood would tend to make more impact on the customer than words such as Seven or Seven Day. Moreover, where the marks consist of combinations of words and/or words and figures, Hollywood usually comes first and is therefore calculated to make greater impact. It was emphasized by appellant's counsel that in order to establish a reputation in the name Hollywood respondent had to show that the public associated the respondent's different products, sold under their different Hollywood trade marks or names, as emanating from a single source; and he referred in this connection to the authorities quoted by Preiss J in *S C Johnson & Son Inc and Another v Klensan (Pty) Ltd t/a Markrite* 1982 (4) SA 579 (T), at p 582. It would not suffice, so he argued, if customers thought that the goods emanated from a number of manufacturers, each using the name Hollywood. This is undoubtedly correct (see the remarks of Megaw LJ in *Jarman & Platt Ltd v I Barget Ltd and Others* [1977] FSR 260, at pp 271-2). Nevertheless, I am satisfied that the ordinary

³⁸purchaser would associate the products sold under the various Hollywood marks with a single producer. The goods are all within the cosmetic field; there is a similarity of get-up among the various products; different products are displayed and advertised together; and there is the emphasis in advertising and in the get-up on the word Hollywood. Having regard to all this evidence and the inferences to be drawn therefrom and the absence of any real countervailing proof, I am of the opinion that respondent has established a reputation in the word Hollywood. It was argued by appellant's counsel that evidence of substantial sales and extensive advertising is by itself not sufficient to establish reputation. In this connection I would refer to what was said about a similar argument by Page J in *Cambridge Plan AG and Another v Moore and Others* 1987 (4) SA 821 (D), at p 837 B-E, with which I agree. In any event, the evidence in this case was not confined to sales and advertising.

I come now to the likelihood of confusion. It is

³⁹conceded by respondent that it does not at present market any form of hair preparation under a Hollywood type of mark or name. Nor has it used the combination Hollywood Curl. Respondent's case is, however, that inasmuch as the word Hollywood, either simpliciter or in one or other of the various combinations used by it, has come to be distinctive of its products, there is a likelihood that the purchasing public, familiar with the Hollywood range, would on encountering a Hollywood Curl product in the market-place conclude that it was - to use a metaphor appearing in an English case - "another horse out of the same stable" (see "*Frigiking*" Trade Mark

[1973] RPC 739, at p 752). I think that there is substance in this. The fact that in the past respondent has used the word in combination with other words, eg. HOLLYWOOD 7 DAY, MISTER HOLLYWOOD and HOLLYWOOD LUCKY SEVEN, renders plausible the idea that respondent might market a new product under the name Hollywood Curl. It is true that

the Hollywood Curl range of products relates to various types of hair preparation⁴⁰ and that respondent does not market hair preparations as such under its Hollywood marks, but in my view cosmetics and hair preparations are sufficiently closely related for an extension of the Hollywood range into hair preparations to be equally plausible. Then there is a certain amount of evidence relating to actual confusion. Some of this evidence consists of opinions expressed by dealers and persons in the trade that the Hollywood Curl mark is confusingly similar to the Hollywood marks used by respondent. This was objected to on the ground of inadmissibility; and rightly so (see *Spillers Ld's Application to Register a Trade Mark* (1952) 69 RPC 327, at p 334). In addition, there is evidence by one Giltrow, the controlling buyer for a pharmacy, that when in June 1985 a customer asked for a hair relaxant sold under the trade mark Hollywood Curl, he, not having heard of such product, assumed that it was manufactured by Twins as an extension to its range of skin care and skin lightening products marketed under the Hollywood

⁴¹trade marks. It was only when some days later he telephoned Twins to place an order for the Hollywood Curl products that he became aware of his mistake. Objection was taken to portions of this evidence, but in my view it is perfectly admissible. Similar evidence was given by another deponent, Hassen Ishmail, director of a company selling cosmetics to the Black market. He deposed not only to his own mistake, but also the fact that customers asked whether the Hollywood Curl product was related to respondent's Hollywood products. This latter statement was objected to on the ground that it constituted hearsay evidence. Another deponent, Marrandes, who had been interested in setting up a hair-dressing salon to cater for the Black trade, encountered the products sold under the Hollywood Curl trade mark and telephoned H & H Wholesalers

(Pty) Ltd, cosmetics wholesalers, to find out who produced Hollywood Curl goods. A member of the staff of H & H Wholesalers suggested to him that he contact Twins, as being

the manufacturers of a range of cosmetic products sold under

⁴²the Hollywood trade mark. He later did so and learned that Twins did not manufacture Hollywood Curl products. Objection was taken to this evidence in so far as it related to what Marrandes was told by the staff member of H & H Wholesalers also on the ground that it was hearsay. But this evidence and the evidence of Ishmail which was objected to on the same ground was tendered not to establish the truth of the statement, but to indicate inferentially the state of mind of the staff member of H & H Wholesalers or the customers, as the case may be; and in my opinion the evidence was admissible (see *Estate de Wet v De Wet* 1924 CPD 341, at p 343; *Cash Wholesalers, Ltd v Hogan, TradinR As Cash Meat Wholesalers* 1933 NPD 117, at p 123; *Lego System Aktienselskab and Another v Lego M. Lemelstrich Ltd* [1983] FSR 155, at pp 176-9); cf. *International Tobacco Co (SA) Ltd v United Tobacco Cos (South) Ltd* 1953

(3) SA 343 (W)). All this evidence of confusion, though certainly not overwhelming, is nevertheless of substance. It was argued by appellant's counsel, relying on

43the case of Hoechst Pharmaceuticals (Pty) Ltd v The Beauty Box (Pty) Ltd, supra, and what was stated at pp 619 D - 620 B, that it has not been shown in this case that the use by appellant of the word Hollywood was the cause of the confusion. There is, in my view, no substance in this argument. The facts in the Hoechst case were quite different. There the applicant's product was the first of its kind on the market, was virtually unique and had been extensively advertised. Consequently there was a natural tendency for persons interviewed in a market survey, when shown the respondent's similar product, to assume that it was the applicant's product. For this reason, amongst others, the Court discounted the evidence of confusion said to be provided by the survey on the ground that it was not caused by any misrepresentation on the part of the respondent in that case. In the present case the respondent's products are far from being unique, are distinguished by the word Hollywood, and are different in kind from appellant's. And the evidence suggests that the confusion which occurred was⁴⁴ caused by appellant's use of the word Hollywood in its product mark. Having weighed all the evidence, I am of the view that there is a real likelihood of deception or confusion of the kind complained of by respondent and that if appellant is permitted to continue to market its goods under the name or using the mark Hollywood Curl it will to a substantial degree be trading on and infringing respondent's goodwill. This cannot be permitted. Finally, it was argued by appellant's counsel that even if it be found that a passing off has occurred an interdict should not have been granted. This last ditch defence, though valiant, cannot succeed. The submission is that because of the delay by respondent in bringing these proceedings in the Court a quo the appellant has established an independent reputation for its products; that the only damage suffered by respondent is the "dilution" of its goodwill and this damage has already occurred; and that in the circumstances respondent⁴⁵ should be confined to an action for damages. In my opinion, there is no adequate proof that at the time respondent instituted these proceedings appellant had established an independent reputation for its products. In fact, it seems to be more likely that whatever success appellant had by then achieved in selling its goods was to a substantial extent attributable to the goodwill attaching to respondent's Hollywood trade marks, registered and unregistered. Nor do I think that the dilution of respondent's goodwill had ceased when the proceedings were instituted. There was thus good ground for the grant of the interdicts against passing off by the Court a quo and the appeal against this portion of the Court's order must fail.

COSTS

In the result, when this Court makes its order,
the appellant will have been partially successful, ie. in
eliminating the interdict restraining infringement of

46

respondent's trade marks, and partially unsuccessful, ie. in failing in its attack upon the interdicts relating to passing off. In regard to costs, consideration must be given to the costs in the Court a quo and the costs of appeal. As to the former, I do not think that there is any good ground for altering the costs order made by the Judge of first instance. By obtaining an interdict

against passing off the respondent will have gone a long way towards achieving what it set out to achieve when it instituted proceedings. Moreover the inclusion of the cause of action based on trade mark infringement did not add substantially to the evidence placed before the Court a quo: most if not all of this evidence was relevant to the issue of passing off.

In regard to the costs of appeal, the position is that the appellant has undoubtedly been partially successful, but the success on the infringement issue is to a large extent nullified, from a practical point of view, by appellant's failure on the passing off issue. In terms of the interdicts granted against passing off appellant will be precluded from using the mark or name Hollywood Curl, in relation to both its goods and its business style. As far as the goods are concerned, this is in substance what the interdict against trade mark infringement would have achieved, had it stood. It is argued by appellant's counsel that success on the infringement issue is substantial because appellant might be able to continue to use the Hollywood Curl mark on its goods without contravening the interdict against passing off by in some way distinguishing his goods from those of the respondent, whereas this course of action would not have been open to him had the trade mark interdict stood. While this is theoretically correct (see Webster and Page, *op cit*, at p 432 and the authorities cited under note 15), the practical possibility of the appellant being able to so distinguish his goods without abandoning the use of the word Hollywood appears, in the circumstances of this case, to be somewhat remote. It may be argued that respondent ought to have

48

abandoned the order in its favour on the infringement issue. Had it done so then, of course, it would have been entitled

to have all its costs of appeal paid by appellant. On the

other hand, I am loath to say that its failure to do so was

the cause of the appeal costs being incurred. I have little doubt that, even if there had been such an abandonment, appellant would have persisted in the appeal.

All in all I find myself very much in the position

of this Court in the case of *Community Development Board v Mahomed and Others* NNO 1987 (2) SA 899 (A), wherein Botha JA, delivering the judgment of the Court stated, in relation

to very different facts (at p 919 J) -

"The appellant's success seems to be too insubstantial to carry the costs of the appeal, but on the other hand some recognition ought to be given to it by not awarding the respondents all their costs"

Incidentally, in that case the Court made a provisional order (the parties not having had the opportunity to argue costs)

49

that appellant pay half the respondent's costs. After considering written submissions on the point this Court later confirmed the order. Having given the matter careful consideration I am of the view that justice would be served in this case if appellant were ordered to pay one-half of respondent's costs. There is one further matter to be mentioned in regard to costs. The second appeal had its own appeal record; and a separate judgment and order for costs is given in regard thereto. The two appeals were, however, as I have indicated, argued together on the same day. To assist the taxing master in separating the costs of the hearing as between the two appeals, I would record that the entire hearing before this Court lasted 6 hours, of which an estimated 45 minutes was devoted to argument on the second appeal.

The following order is made:

(1) The appeal is allowed to the extent that para. (a) of the order of the Court a

50

quo is deleted. (2) The appellant is ordered to pay one-half of respondent's costs of appeal.

M M CORBETT SMALBERGER JA) MILNE JA) CONCUR KUMLEBEN JA) NICHOLAS AJA)

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