

SOUTH AFRICA / JUDGMENT

iCollege (Pty) Ltd v Xcellence Skills Development and Mentorship CC and Another (40105/2019) [2021] ZAGPPHC 609 (20 September 2021)

[2021] ZAGPPHC 609

COURT

North Gauteng High Court, Pretoria

BEFORE

Basson

CASE / FILE NUMBER

40105/2019

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IN

THE HIGH COURT OF SOUTH AFRICA

GAUTENG

DIVISION, PRETORIA

Case

No: 40105/2019

NOT

REPORTABLE

NOT

OF INTEREST TO OTHER JUDGES

REVISED

In

the matter between:

ICOLLEGE
(PTY)
LTD APPLICANT
(In
the application for leave to appeal)
and
XCELLENCE
SKILLS DEVELOPMENT
AND
MENTORSHIP
CC FIRST
RESPONDENT
ZA

CENTRAL REGISTRY NPC SECOND
RESPONDENT

JUDGMENT

IN THE APPLICATION FOR LEAVE TO APPEAL

BASSON J

[1] This is an application for leave to appeal against this court's decision dismissing the applicant's application for

interdictory relief against the first respondent in terms of section 34(1)(a), (b) or (c) of the Trade Marks Act[1] ("the Act"). The alternative relief sought was for an interdict to restrain the first respondent from passing off its

services as being associated to those of the applicant's services.

[2] The test for leave to appeal is set out in section 17(1) of the Superior Courts Act[2] and requires that –

"Leave to appeal may only be given where the judge or judges concerned are of the opinion that – a. (i) The appeal would have a reasonable prospect of success; or (ii) There is some other compelling reason why the appeal should be heard, including conflicting judgments on the matter under consideration."

[3] Bertelsman, J in *Mont Chevaux Trust v Goosen*[3] Bertelsmann J explained the import of this section as follows: [4]

"It is clear that the threshold for granting leave to appeal against a judgment of a High Court has been raised in the new Act. The former test, whether the leave to appeal should be granted was a reasonable prospect that another court might come to a different conclusion, see Van Heerden v Cronwright and others 1985 (2) SA 342 (T) at 343H. The use of the word 'would' in the new statute indicates a measure of certainty that another court will differ from the court's whose judgment is sought to be appealed against..."

Grounds for leave to appeal

Identical services

[4] The applicant contended that once this court has found that both the applicant and the first respondent render "education and training services" the enquiry stops there and accordingly this court was not permitted thereafter to enquire into the matter any further. I do not agree. A court cannot be constrained not to consider the true nature of the services rendered by the first respondent in connection with its allegedly offending mark simply because they render similar services. To do so will amount to granting absolute protection to an applicant which will be akin to copy-like protection. In this regard Harms ADP stated in *Verimark (Pty) Ltd v BMW AG*[5] as follows in the context of section 34(1)(a) of the Act:

“It is trite that a trade mark serves as a badge of origin and that trade mark law does not give copyright-like protection. Section

34(1)(a), which deals with primary infringement and gives in a sense absolute protection, can, therefore, not be interpreted to give greater protection than that which is necessary for attaining the purpose of a trade mark registration, namely protecting the mark as a badge of origin. In *Anheuser-Busch*⁸ the ECJ was asked to determine the conditions under which the proprietor of a trade mark has an exclusive right to prevent a third party from using his trade mark without his consent under a primary infringement provision. The ECJ affirmed (in para 59) that

'the exclusive right conferred by a trade mark was intended to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfill its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods'.

That is the case, the ECJ said (in para 60), where the use of the mark is such that it creates the impression that there is a 'material

link in trade between the third party's goods and the undertaking from which those goods originate'. There can only be primary trade mark infringement if it is established that consumers are likely to interpret the mark, as it is used by the third party, as designating or tending to designate the undertaking from which the third party's goods originate.”

[5] In *Lucky Star Ltd v Lucky Brands (Pty) Ltd and others*[6] the court pertinently considered a similar issue. In this matter the issue centred around the likelihood of confusion between the Lucky Star brand on canned Pilchards with the Lucky Fish brand on a takeaway fish and chips outlet despite the fact that both purvey fish products. The court held that the comparison between two trade marks cannot take place in isolation:

“It is clear that in a trademark infringement case what is required is 'an objective comparison between the registration and the

[respondents'] actual use'. The 'enquiry is confined to the marks themselves and that no regard should be had to other features of the get-up or other indications of origin of the goods as actually marketed by the [appellant] and the [respondents] respectively'. The alleged infringer cannot 'rely upon matter extraneous to the mark itself, which he may have used in conjunction with the mark, in order to negate the likelihood of deception or confusion'. Consequently, to the extent that the court a quo may have considered, or been influenced by, a comparison of the get-up of the appellant's canned-pilchards product with the respondents' trademark, it erred. What is required is a comparison of the appellant's registered trademark 'Lucky Star' with the trademark of the respondents' 'Lucky Fish' or 'Lucky Fish and Chips'.

It is clear that this comparison should not take place in isolation. It must take into account the inter-relationship between the similarity of the marks and the similarity of the goods and services as registered for the appellant, including the 'notional use' to which the mark may be put by the appellant, and the use to which the marks have actually been put by the respondents. A court in infringement proceedings —

'has regard to the notional use to which the [appellant] may put its mark, that is to all possible fair and normal applications of the mark within the ambit of the monopoly created by the terms of the registration . . . '.

Notional use of the registered mark requires that notice must be taken 'of the full range of permissible fair use' of the registered mark, 'in relation to any of the goods in respect of which it is registered' and 'must embrace all ways in which the marks are likely to be employed in fair and normal use, eg use of the marks in conjunction with a generic description of the goods!...'.

[6] I am accordingly not persuaded that another court would come to a different conclusion in this regard.

Similarity / badge of honour

[7] This court found in its judgment that -

“The word ‘college’ is therefore not distinctive enough on its own (even if used with the prefix “i”) to distinguish its products (educational courses) from that of the Respondent. The word ‘college’ is not descriptive of any particular educational services or courses. The word ‘college’ is as already stated purely descriptive of the type of educational institution that offers certain educational services and training which may include academic, non-academic and/or practical courses.”

[8] The applicant criticised this court’s application of the “similarity test” and submitted that the two marks are phonetically, conceptually and visually the same. This court was alive to the test but found that although the word “iCollege” both in respect of spelling and phonetics are the same, they are not distinctive in respect of the products to which they pertain. To have held otherwise, would have, in my view, ignored the principle that a trade mark does not afford “copyright-like protection”. [7]

[9] It is not only the visual comparison of a trade mark that should be taken into account, what should also be considered was whether there is “a reasonable likelihood of confusion or deception”, particularly in circumstances where the mark is non-descriptive of any particularly educational services or courses. In this regard this court referred to the decision in Bata [8] and Discovery. [9] I do not intend repeating what the court held in those decisions.

[10] The applicant also criticised this court’s reference to a “badge of origin” in circumstances where the first respondent did not seek expungement of the applicant’s mark. There is no merit in this argument. The court in Verimark [10] referred to the issue of a badge of origin in the context of an alleged contravention in terms of section 34(1)(a) of the Act:

“As far as English Courts are concerned, I do not intend to trawl through the development of the law but shall limit myself by referring to some of the observations of the House of Lords in Johnstone. Lord Nicholls of Birkenhead stated (in para 13):

'But the essence of a trade mark has always been that it is a badge of origin. It indicates trade source: a connection in the course of trade between the goods and the proprietor of the mark. That is its function. Hence the exclusive rights granted to the proprietor of a registered trade mark are limited to use of a mark likely to be taken as an indication of trade origin. Use of this character is an essential prerequisite to infringement. Use of a mark in a manner not indicative of trade origin of goods or services does not encroach upon the proprietor's monopoly rights.'

Taking his cue from the ECJ jurisprudence, Lord Walker said (in para 84):

'The [ECJ] has excluded use of a trade mark for "purely descriptive purposes" (and the word "purely" is important) because such use does not affect the interests which the trade mark proprietor is entitled to protect. But there will be infringement if the sign is used, without authority, "to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor" . . . '

This approach appears to me to be eminently sensible. It gives effect to the purpose of the Act and attains an appropriate balance between the rights of the trade mark owner and those of competitors and the public. What is, accordingly, required is an interpretation of the mark through the eyes of the consumer as used by the alleged infringer. If the use creates an impression of a material link

between the product and the owner of the mark there is infringement; otherwise there is not. The use of a mark for purely

descriptive purposes will not create that impression but it is also clear that this is not necessarily the definitive test.”

[11] Despite the applicant’s criticism, I am not persuaded that another court would come to a different conclusion on these aspects.

Notional customer

[12] Although the applicant does not contend that the court was at fault to consider the notional customer, it contended that it (the applicant) did not need to deal with it. There is no merit in this argument and the first respondent correctly submits that this contention begs the question: how else is the court to deal with the issue?

[13] In this regard, the applicant submitted that there is a reasonable prospect that another court will find that the notional consumer, being any person who is interested in an educational and training qualification, will be deceived and confused into believing that the educational and training services offered by the first respondent are one and the same and associated with those educational services offered by the applicant.

- [14] I am not persuaded that there is merit in this submission. I have dealt with this issue in some detail in the judgment. The first respondent raises a further additional submission in its heads of argument and submits that the applicant themselves define their notional customers as unemployed South Africans citizens between the ages of 18 to 27 with minimum grade
10. The first respondent also points out that the applicant provides “free education”. Only on this score, apart from the differences that this court had referred to in the judgment (such as the NQF level of the courses and the class-based teaching method), the first respondent submitted that there is a vast difference between what the applicant does and what the respondent does: The first respondent does not offer any kind of free education or scholarships and its learning products can only be accessed after having been purchased on its website with a credit card. In this regard, it is submitted on behalf of the first respondent that it is highly unlikely that an unemployed person, the applicant’s notional customer, would be enticed to purchase any of the first respondent’s courses. I agree with this additional submission.
- [15] I am likewise not persuaded that another court would come to a different finding in respect of the issue of who the “notional customer” is.

Conclusion

- [16] I am not persuaded that there is a reasonable prospect that another court would come to a different conclusion. The application for leave to appeal is dismissed with costs.

AC BASSON

JUDGE OF THE HIGH COURT

GAUTENG DIVISION OF THE HIGH COURT, PRETORIA

Delivered: This judgment was prepared and authored by the Judge whose name is reflected and is handed down electronically by circulation to the Parties/their legal representatives by email and by uploading it to the electronic file of this matter on CaseLines. The date for hand-down is deemed to be 20 September 2021

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Date of judgment: 20

September 2021

[1] Act 194 of 1993.

[2] Act 10 of 2013.

[3] 2014 JDR 2325 (LCC).

[4] Ibid fn. 3 at para 6.

[5] 2007

(6) SA 263 (SCA) at para 5.

[6] 2017

(2) SA 588 (SCA) at para 7, 8 and 9.

[7] Verimark supra at para 5.

[8] Bata Ltd v Face Fashions CC and another 2001 (1) SA 844 (SCA).

[9] Discovery Holdings Ltd v Sanlam Ltd and Others 2015

(1) SA 365 (WCC). Ad para [50] and [51] of this court's judgment.

[10] Verimark Supra at para 6 and 7 .

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