

SOUTH AFRICA / JUDGMENT

## Lucky Star Ltd v Lucky Brands (Pty) Ltd and Others (164/2015) [2016] ZASCA 77; 2017 (2) SA 588 (SCA); 2016 BIP 180 (SCA) (27 May 2016) [2016] ZASCA 77

COURT

Supreme Court of Appeal

BEFORE

Ponnan, Petse, Swain, Dambuza, Kathree-Setiloane

CASE / FILE NUMBER

164/2015

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### THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

#### JUDGMENT

Reportable

Case No: 164/2015

In the matter between:

LUCKY STAR LIMITED

(Formerly Oceana Brands Limited) APPELLANT

and

LUCKY BRANDS (PTY) LTD FIRST RESPONDENT

MICHAEL RUSSELL TOWNSEND NO

(In his capacity as a trustee for the time being

of the MRT TRUST – IT 2004/2006) SECOND RESPONDENT

MARIE HOCKLY NO

(In her capacity as a trustee for the time being

of the MRT TRUST – IT 2004/2006) THIRD RESPONDENT

MERINDA MEINTJIES NO

of the MRT TRUST – IT 2004/2006) FOURTH RESPONDENT

MICHAEL RUSSELL TOWNSEND FIFTH RESPONDENT

HARBOUR HOUSE HOLDINGS (PTY) LTD SIXTH RESPONDENT

HARBOUR HOUSE RESTAURANT (PTY) LTD SEVENTH RESPONDENT

LUCKY FISH AND CHIPS – MUIZENBERG EIGHTH RESPONDENT

LUCKY FISH MUIZENBERG CC NINTH RESPONDENT

LUCKY FISH AND CHIPS – BREE STREET TENTH RESPONDENT

LUCKY FISH BREE STREET (PTY) LTD ELEVENTH RESPONDENT

LUCKY FISH AND CHIPS – SEA POINT TWELFTH RESPONDENT

LUCKY FISH REGENT STREET (PTY) LTD THIRTEENTH RESPONDENT

LUCKY FISH AND CHIPS – LONG STREET FOURTEENTH RESPONDENT

LUCKY FISH LONG STREET (PTY) LTD FIFTEENTH RESPONDENT

LUCKY FISH 5 (PTY) LTD SIXTEENTH RESPONDENT

THE COMMISSIONER OF THE COMPANIES

AND INTELLECTUAL PROPERTY

COMMISSION

SEVENTEENTH RESPONDENT

Neutral citation: Lucky Star Ltd v Lucky Brands (Pty) Ltd (164/2015)

[2016] ZASCA 77 (27 May 2016)

Coram:

Ponnan, Petse, Swain and Dambuza JJA and Kathree-Setiloane AJA

Heard:

10 May 2016

Delivered: 27 May 2016

Summary: Trade Marks Act 194 of 1993 – ss 34(1)(a)(b) and (c) – infringement – trade mark sufficiently dissimilar to registered trade mark – likelihood of deception or confusion

not established – Companies Act 71 of 2008 – s 11(2) – company name not confusingly similar to appellants company names and registered trade marks.

ORDER

On appeal from: Western Cape Division of the High Court, Cape Town (Rogers J sitting as court of first instance).

The appeal is dismissed with costs.

Swain JA (Ponnan, Petse and Dambuza JJA and Kathree-Setiloane AJA concurring):

- [1] This appeal concerns the sale and marketing of fish. In the case of the appellant, Lucky Star (Ltd), this is in the form of canned fish sold under the registered trade mark Lucky Star. In the case of the respondents, this is in the form of cooked fish and chips sold from several restaurants operated in Cape Town, under the trade marks Lucky Fish, Lucky Fish and Chips and Lucky Fish & Chips.[1] The issues appear to me to be considerably narrower than those raised in the court a quo and by counsel before us.
- [2] Relying upon the provisions of s 34(1)(a)(b) and (c) of the Trade Marks Act 194 of 1993 (the Act), the appellant unsuccessfully brought an application before the Western Cape Division of the High Court, Cape Town (Rogers J). An interdict, together with ancillary relief, was sought against the respondents restraining them from infringing the Lucky Star trade mark. The appellant also sought relief in terms of s 11(2)(b)(i) and (iii) and 11(2)(c)(i) of the Companies Act 71 of 2008 (the Companies Act) declaring that the company name of the first respondent, Lucky Brands (Pty) Ltd, was confusingly similar to the appellant's registered trade marks, Lucky Star and Oceana Brands and company names, Lucky Star Ltd and Lucky Star Foods. An order was accordingly sought directing the first respondent to change its name and trading name. Similar relief was also sought on the same grounds against the 9th, 11th, 13th, 15th and 16th respondents.
- [3] Section 34 of the Act provides as follows:
- ‘(1) 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 trade 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 a 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).’

[4] I shall commence with s 34(a) of the Act. For the purposes of s 34(1)(a) the appellant had to establish (i) its trade mark registrations; (ii) unauthorised use in the course of trade by the respondent of an identical mark or a mark so nearly resembling its registered trade mark as to be likely to deceive or cause confusion; and (iii) in relation to the goods in respect of which the mark is registered.[2]

[5] The appellant relies upon the following registered trade marks:

(a) Trade mark registration 1959/01636 Lucky Star in class 29 for 'fish and fish products'

(b) Trade mark registration 1993/00074 Lucky Star in class 42 for 'retail . . . services . . . concerned with or relating to the provision and supply of foodstuffs'; and

(c) Trade mark registration 1993/00071 Lucky Star in class 29 for 'all goods included in this class excluding fish and fish products'

(d) Trade mark registration 1989/07326 Lucky Star label in class 29 for 'fish and fish products' depicted as follows:

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[6] It was not contended on the appellant's behalf that the infringement in terms of s 34(1)(a) consisted in the respondents'

use of an identical mark. The contention was that the respondents make use of a mark so nearly resembling its trade marks as to be likely to deceive or cause confusion. For purposes of the alleged infringements under s 34(1)(a), I shall restrict myself to a consideration of whether the appellant has established that a substantial number of persons will probably be deceived into believing or confused as to whether there is a material connection in the course of trade between the respondents' goods and services

and the appellant's trade mark (see *Plascon-Evans* at 640G-I). In considering this issue it is appropriate to apply the principles summarized by Corbett JA in *Plascon-Evans* at 641A-E to the facts of the case. These principles are well known and need not be repeated in detail. It suffices to say that not only should the marks be compared side by side but consideration must be given to whether the average customer in the market place would probably be deceived or confused by their similarity. Corbett JA made it clear that the main or dominant features of the marks in question as well as the general impression and any striking features were all factors to be considered in deciding whether there was a likelihood of confusion or deception.

[7] It is clear that in a trade mark infringement case what is required is 'an objective comparison between the registration and the [respondents'] actual use'.[3] 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'.[4] 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'.[5] 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' trade mark, it erred. What is required is a comparison of the appellant's

registered trade mark 'Lucky Star' with the trade mark of the respondents 'Lucky Fish' or 'Lucky Fish and Chips'.

[8] 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 natural 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. . . ."[6]

[9] Notional use of the registered mark requires that notice must be taken 'of the full range of permissible fair use' of the registered mark,[7] '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'.[8] In *Adidas*[9] the following comments were made concerning the case of *Lever Bros, Port Sunlight Ltd v Sunniwite Products Ltd*,

(1949) 66 R.P.C. 84:

' . . . what was required to be postulated for the purposes of the comparison was a notional use of each of the marks "in a normal way as a trade mark". That this was indeed the approach of the Court in the *Sunniwite* case, in relation to the use of the registered mark of the plaintiff there, appears from an analysis of the facts of the case and the basis upon which the infringement issue was actually decided. The plaintiff had used its mark, "Sunlight", in respect of soap in tablet form and in respect of soap flakes. The defendant used its mark, "Sunniwite", in respect of a soapless detergent powder, which fell within the class of goods in respect of which the plaintiff's mark had been registered. In deciding that there had been an infringement, the Court found it unnecessary to pronounce finally on the question of confusion on the basis of the plaintiff's actual use of its mark being restricted to soap; the decision was based on the finding that there would have been confusion if the plaintiff, as it was entitled to do, had applied its mark to a soapless detergent as marketed by the defendant. . . . Thus, for the purposes of the comparison the actual use of the plaintiff's mark in respect of a specific category of goods was disregarded and a notional use, which would have been legitimate and reasonable, was postulated in respect of goods on which the plaintiff had never used the mark. . .

The principle underlying the aforementioned approach seems to me to be clear: the Act confers upon the registered proprietor of a trade mark the absolute right, subject to the provisions of the Act, to prevent the use of the trade mark or a mark so nearly resembling it as to be likely to deceive or cause confusion. . . [T]he fact that the owner of the registered mark has not used it in respect of the goods in question is irrelevant in infringement proceedings, and if the circumstances are such that non-use would be irrelevant, as is the position here, it must follow, in my view, that use in any particular manner is equally irrelevant. As far as protection against infringement is concerned, the owner of a mark who has used it in a particular fashion cannot be in a worse position, I consider, than the owner of a mark who has not used it at all'. (References omitted).[10]

The court a quo accordingly erred in considering the appellant's historical and current business operations in order to determine

whether the proposed use of the registered mark by the appellant, would constitute fair and normal notional use. What has to be assumed is such notional use by the appellant of the registered mark, within the ambit of the monopoly created by the terms of the registration.[11]

[10] The common element of the appellant's and the respondents' marks is the word 'Lucky'. As stated in Bata:

'It is an ordinary word in everyday use, as distinct from an invented or made-up word, and it cannot follow that confusion would probably arise if it is used in combination with another word.'[12]

In my view, the common elements of the appellant's and the respondents' marks being the word 'Lucky' is of minor significance when the marks are looked at as a whole. The word 'Fish' as opposed to the word 'Star' is distinctive and cannot be ignored. When the marks are compared side by side, and the main or dominant features of the marks are considered, namely the words 'Star' and 'Fish', there is no likelihood of deception or confusion. In this regard the appellant submits that the distinctiveness of the word 'Fish' is diminished because it is used in the context of the sale of fish. As I understood the argument, the word 'Fish' was descriptive of the product sold and not distinctive, because the product sold by both parties was fish, in whatever form. I disagree, the distinctiveness of this word is not diminished simply because it also serves to describe the product sold. As in Bata,[13] I have considerable difficulty in imagining that the notional purchaser of the respondents' fish and chips, would focus attention only on the word 'Lucky' as the words 'Star' and 'Fish' are at least equally significant as the word 'Lucky'. The overall impression which is created is that the marks do not resemble each other closely and the average customer would not be confused or deceived into believing that respondents' restaurants bearing the Lucky Fish mark is in any way associated with the appellant. Accordingly it has not been established that the marks resemble each other so closely that deception or confusion is likely to arise. The appellant's contentions based on s 34(1)(a) must therefore fail.

[11] Turning to s 34(1)(b). Unlike s 34(1)(a), the provisions of s 34(1)(b) do not require that the offending mark be used in relation to goods in the class for which the trademark has been registered.[14] It contemplates two elements:

‘(a) a mark identical or similar to the trade mark used in relation (b) to goods which are so similar to those for which it had been registered that it gives rise to a likelihood of deception or confusion.’ [15]

The relationship between these two elements has been described in the following terms:

‘There is, it seems to me, an interdependence between the two legs of the inquiry: the less the similarity between the respective goods or services of the parties, the greater will be the degree of resemblance required between their respective marks before it can be said that there is a likelihood of deception or confusion in the use of the allegedly offending mark, and vice versa. Of course, if the respective goods or services of the parties are so dissimilar to each other that there is no likelihood of deception or confusion, the use by the respondent even of a mark which is identical to the applicant’s registered mark will not constitute an infringement; also, if the two marks are sufficiently dissimilar to each other no amount of similarity between the respective goods or services of the parties will suffice to bring about an infringement.’[16]

[12] As ‘the two marks are sufficiently dissimilar to each other’ that ‘no amount of similarity between the respective goods or services of the parties will suffice to bring about an infringement,’[17] it follows that the claim based on s 34(1)(b) must also fail.

[13] That leaves s 34(1)(c) of the Act. Section 34(1)(c), which requires that the marks be ‘similar’ to each other, is intended ‘to provide protection against the dilution of a registered trade mark by the unauthorized use of an identical or similar mark in relation to any goods or services, notwithstanding

the absence of confusion or deception’.[18] In Bata,[19] it was held that the word ‘similar’ must not be given too wide or extensive an interpretation for the purposes of the section. To do so might have the effect of creating an unacceptable monopoly, and would thus stultify freedom of trade. The appropriate meaning to be given to the word was ‘having a marked resemblance or likeness’, which is not satisfied in this case. Because of the distinct lack of similarity between the registered trade mark of the appellant and the trade mark of the respondents, the issue of whether the goods and/or services of the respondent are, or will be the same as, or similar to those proposed by the appellant, does not have to be considered.

[14] I turn to the relief sought by the appellant in terms of s 11(2) of the Companies Act. The relevant portions of the section read as follows:

‘(2) The name of a company must –

(a) not be the same as -

...

(iii) a registered trade mark belonging to a person other than the company. . . , unless the registered owner of that mark has consented in writing to the use of the mark as the name of the company; or

(b) not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a) . . . ;

(c) not falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the company –

(i) is part of, or associated with, any other person or entity;

. . .’

[15] The appellant has to show in terms of s 11(2)(b) of the Companies Act that the company name of the first respondent, Lucky Brands (Pty) Ltd, is confusingly similar to the appellant’s registered trade marks Lucky Star and Oceana Brands, or company names Lucky Star Ltd and Lucky Star Foods, or that in terms of s 11(2)(c), the first respondent’s name falsely implies or suggests, or is such as would reasonably mislead a person to believe incorrectly that the first respondent is part of, or associated with, the appellant. The same test is applicable to the use of the trade mark Lucky Fish in the names of the 9th, 11th, 13th, 15th and 16th respondents with regard to the appellant’s registered Lucky Star and Lucky Star label trade marks and company names, Lucky Star Ltd and Lucky Star Foods.

[16] For the reasons already given there is no basis to conclude that any person would be led to believe that the 9th, 11th, 13th, 15th and 16th respondents are part of, or associated with the appellant, or that their names which include the words Lucky Fish are confusingly similar to the name Lucky Star. In addition, the name Lucky Brands when compared to the appellant’s registered trade mark Oceana Brands and company names Lucky Star Ltd and Lucky Star Foods, does not contravene the provisions of s 11(2) of the Companies Act.

[18] It is ordered that:

K G B Swain

Judge of Appeal

Appearances:

For the Appellant:

A R Sholto-Douglas SC (with G D Marriott)

Instructed by:

Adams & Adams, Cape Town

Honey Attorneys, Bloemfontein

For the Respondents:

M Seale

Brian Bacon Inc, Cape Town

Webbers Attorneys, Bloemfontein

- [1] The 1st to the 16th respondents comprise corporations, a close corporation, a natural person, a trust as well as firms or partnerships. It appears that the 8th and 9th respondents, the 10th and 11th respondents, the 12th and 13th respondents and the 14th and 15th respondents, are in each case the same entities. The correct entities are cited as the 9th, 11th, 13th and 15th respondents, whereas the 8th, 10th, 12th and 14th respondents are neither juristic nor natural persons. Nothing however turns upon the incorrect citation of these entities and it is not necessary for the purposes of this appeal to set out the individual details of each of the respondents. The citation of the parties before the court a quo will be retained to avoid confusion save that the 7th respondent is now correctly cited as Harbour House Restaurant (Pty) Ltd. The 17th respondent is the Commissioner of the Companies and Intellectual Property Commission against whom no relief is sought.
- [2] Commercial Auto Glass (Pty) Ltd v BMW AG 2007
- (6) SA 637 SCA para 3.
- [3] Puma AG Rudolf Dassler Sport v Global Warming (Pty) Ltd
- [2010] ZASCA 140; 2010 (2) SA 600 (SCA) para 10.
- [4] Adidas Sportschuhfabriken Adi Dassler KG v Harry Walt & Co (Pty) Ltd 1976 (1) SA 530 (C) at 535H in fine.
- [5] A C Webster, N S Page, C E Webster and G E Morley South African Law of Trade Marks (Service 19, 2015) para 12.8.5.
- [6] Bata Ltd v Face Fashions CC & another 2001 (1) SA 844 (SCA) para 7, quoting Plascon-Evans Paints Ltd v Van Riebeeck Paints supra at 641H-I.
- [7] Decro Paint and Hardware (Pty) Ltd v Plascon-Evans Paints (Tvl) Ltd 1982 (4) SA 213 (O) at 217B.
- [8] Hudson & Knight (Pty) Ltd v D H Brothers Industries (Pty) Ltd t/a Willoughton Oil and Cake Mills & another 1979 (4) SA 221 (N) at 224F-G and 225A-B.
- [9] Adidas Sportschuhfabriken Adi Dassler KG v Harry Walt & Co (Pty) Ltd 1976 (1) SA 530 (C).
- [10] Adidas above at 534G – 535E.

- [11] In Century City Apartments Property Services CC & another v Century City Property Owner's Association [2009] ZASCA 157; 2010 (3) SA 1 (SCA) para 14 the postulated notional use was described as 'reasonable'.
- [12] Bata above para 10.
- [13] Bata above para 11.
- [14] Mettenheimer & another v Zonquasdrif Vineyards CC & others
- [2013] ZASCA 152; 2014 (2) SA 204 (SCA) para 11.
- [15] Mettenheimer above para 11.
- [16] New Media Publishing (Pty) Ltd v Eating Out Web Services CC
- [2005] ZAWCHC 20; 2005 (5) SA 388 (C) at 394C-F.
- [17] New Media above at 394E-F.
- [18] Bata Ltd v Face Fashions CC & another 2001 (1) SA 844 (SCA) para 13.
- [19] Bata above para 14.

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