

SOUTH AFRICA / JUDGMENT

Mars Incorporated v Candy World (Pty) Ltd.
(265/89) [1990] ZASCA 149; 1991 (1) SA 567
(AD); [1991] 2 All SA 25 (A) (28 November 1990)
[1990] ZASCA 149

COURT

Supreme Court of Appeal

BEFORE

Botha, Nestadt, Kumleben, Goldstone, Nicholas

CASE / FILE NUMBER

265/89

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Case No. 265/89MARS INCORPORATED APPELLANT

and

CANDY WORLD (PROPRIETARY) LIMITED RESPONDENT

Judgment by: NESTADT JA

Case No 265/89 /CCC

IN THE SUPREME COURT OF SOUTH AFRICA

(APPELLATE DIVISION)

In the matter betweenMARS INCORPORATED APPELLANTandCANDY WORLD (PROPRIETARY)
LIMITED RESPONDENTCORAM: BOTHA, NESTADT, KUMLEBEN, GOLDSTONE JJA

et NICHOLAS, AJA DATE HEARD: 8 NOVEMBER 1990 DATE DELIVERED: 28 NOVEMBER 1990

JUDGMENT NESTADT, JA:

Appellant ("Mars") is a company incorporated in the United States of America. It is the proprietor
of a

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- trade mark "Chappie". The mark is registered in terms of the Trade Marks Act 62 of 1963 under No 1608/36 in class 31 in respect of "food for animals". Chapelat Industries (Pty) Ltd ("Chapelat") was formerly the respondent in the appeal but Candy World (Pty) Ltd, to which Chapelat has transferred its business and assets and assigned its trade marks, was at the hearing substituted as respondent. Chapelat applied in terms of sec 36(1)(b) of the Act for an order expunging Mars's mark from the register. This section empowers the court or registrar

of trade marks, on the application of "any person aggrieved", to order the removal of a registered trade mark which has not been bona fide used for a continuous period of five years or longer prior to one month before the date of the application. In its application, which was made to the registrar, Chapelat alleged such non-user. Mars did not dispute that it had not used its mark. The ground on which Mars

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opposed the application was that Chapelat was not a person aggrieved. The registrar upheld this defence and accordingly refused the application. Chapelat successfully appealed to the Transvaal Provincial Division. That court held that Chapelat was a person aggrieved. The dismissal of the application was therefore set aside. An order removing "Chappie" from the register was substituted. Mars now appeals against that order.

In summary, Chapelat's allegation that it is a person aggrieved under sec 36 is based on the fact that the presence of Mars's trade mark on the register is an obstacle to an application which Chapelat made in terms of sec 53(1) of the Act for the defensive registration of a trade mark in class 31. Let me explain this. Chapelat had for many years been the proprietor of certain trade marks consisting of or featuring the name "Chappies". They are registered in Part A of the

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4. register in respect of goods falling under class 30, viz, "sweets, chewing-gum, chocolates and confectionary". From about 1948 it has used the mark on a type of chewing-gum called bubble gum. According to Chapelat's evidence in the sec 36 proceedings, "Chappies" as used in this manner "is undoubtedly not only a household word but probably one of the best known trade marks in the country". The further allegation is made that the mark has a "very substantial reputation". In support of this, details of annual sales and amounts spent on advertising over a number of years are given. It is said that Chapelat feared that in these circumstances confusion could arise in the market-place if "Chappies" or a similar name were to be used by other parties on products other than bubble gum. Chapelat therefore decided to and did file an application (under No 81/1127) in terms of sec 53(1) for the defensive

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5. registration of "Chappies" in class 31. Sec 53(1) provides inter alia that where the registrar is of opinion that, by reason of use or any other circumstances, a trade mark registered in Part A would if used in relation to goods other than the goods in respect of which it is registered, be likely to be taken as indicating a connection in the course of trade between the first-mentioned goods and the proprietor of the registered mark, the mark may, on application by the proprietor, be registered defensively in respect of such first-mentioned goods. The section therefore provides for the extension of the protection afforded the registered proprietor of a trade mark. Before the introduction of sec 53 in the 1963 Act, the use of or

intention to use a trade mark was essential to procure and retain its registration. Now, even if the proprietor of a registered trade mark does not use or propose to use it for certain goods, he

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6. can procure and retain its registration as a defensive trade mark for such goods (cf Distillers Corporation (S A) Ltd vs S A Breweries Ltd and Another 1976(3) S A 514(A) at 541 H - 544). The registrar accepted the application but following on representations by Mars, based on the presence of its mark (1608/36) on the register, he provisionally refused Chapelat's application as being contrary to sec 17(1) of the Act. This section prohibits registration of a trade mark (even defensively) if it so resembles the registered trade mark of another proprietor that the use of both such marks would be likely to deceive or cause confusion. It was in these circumstances that Chapelat, wishing to pursue the defensive registration of "Chappies", made application for expungement of Mars's mark under sec 36(1)((b).

This is a novel case. In most of the reported judgments (and there are many) the question whether an

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applicant for expungement is a person aggrieved has depended on actual or intended participation by him in the

trade concerned. Here, having regard to the nature of a defensive registration, this is not so. Nevertheless,

the issue is readily susceptible of resolution. Though the Act does not define "person aggrieved", its meaning is by reason of judicial interpretation now reasonably clear.

It was considered by this Court in Ritz Hotel Ltd vs Charles of the Ritz Ltd and Another 1988(3) S A 290(A) at

307 H - 308 E. Applying the criteria there stated, and

dealing with the matter initially in principle only, I am

of the opinion that Chapelat is capable of qualifying as a

person aggrieved and thus having locus standi. NICHOLAS

AJA cites the Apollinaris case [1891] 2 Ch 186 (CA) in

which PRY LJ says (at 225):

"A man in the same trade as the one who has wrongfully registered a trade-mark and who desires to deal in the article in question is prima facie an 'aggrieved person'."

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8. This includes a person whose application to register a trade mark is blocked by the presence on the register of an allegedly unused mark (Kodiak Trade Mark [1987] RPC 269(CA) at 273). It is but a small step to conclude that, in similar circumstances, an applicant for a defensive registration is also a person aggrieved. His motive is not merely mischievous or fanciful or sentimental. He would have a substantial interest in having the offending mark removed from the register. As appears from the Ritz Hotel case (at 308 B), a person over whom an advantage is gained by a rival trader who is getting the benefit of a registered trade mark to which he is not entitled, is aggrieved. Even though Chapelat is not a trade rival in the normal sense, the principle is applicable. The consideration by the registrar of Chapelat's application under sec 53(1) is being blocked by the presence of Mars's trade mark.

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9. It was contended, however, that on the facts Chapelat had failed to sufficiently establish that its application for a defensive registration under sec 53(1) would succeed. Counsel for Mars submitted that the quantum of proof required was what he termed a *prima facie* case and that in judging whether this had been made out, account had to be taken of Mars's opposing affidavits. The argument, founded on a detailed criticism of Chapelat's evidence, was that it fell short of this standard and that Chapelat's *locus standi* had, in respect of the sec 36 proceedings, therefore not been proved. It was said that the bubble gum on which "Chappies" was used was so remote from any goods in class 31, that it would be difficult to infer a common origin; this was especially so because Chapelat's trade mark was neither an invented nor an unusual word; no weight could be attached to its sales and advertising figures; the allegations relating

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10. to the reputation of "Chappies" were bald and unsubstantiated; in the result there was an inadequate basis for finding the likelihood of the type of trade connection referred to in sec 53(1); and the application for expungement should therefore have been refused. The court *quo* rejected a similar argument. KIRK-COHEN J (with whom BOTHA J and JOFFE AJ concurred) held that it sufficed for Chapelat to establish that there was "some prospect of success" in its application under sec 53(1) and that this Chapelat had done. I am inclined to agree that on the facts Chapelat had (reasonable) prospects of success. It is, however, unnecessary to pursue this aspect of the matter. This is because I am of the view that Chapelat had *locus standi* in the sec 36 proceedings simply on the basis that Mars's trade mark constituted an obstacle to the defensive registration of "Chappies". That in itself, *prima facie*,

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established its interest. It was the fact of Chapelat's sec 53(1) application which determined whether Chapelat was a person aggrieved. Chapelat did not have to go further. It did not have to show in *initio* that there was merit in its application. Its allegations in this regard were really superfluous. The issue in the sec 36 application was not whether Chapelat was entitled to a defensive registration in terms of sec 53(1), but whether the registration of Mars's mark should be

expunged (cf *Broadway Pen Corporation and Another vs Wechsler & Co (Pty) Ltd and Others* 1963(4) SA 434(T) at 439 E - F). Chapelat had the right to apply for a defensive registration under sec 53(1). It was entitled to have such an application considered. The presence of "Chappie" on the register in class 31 prevented this. In the words of TROLLIP J in *De Hart NO vs Klopper and Botha NNO and Others* 1969(2) SA 91 (T) at 100 A (the learned judge was

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12. dealing with the meaning of "person aggrieved" in sec 151 of the Insolvency Act 24 of 1936), "he would ... be wrongfully deprived of his legal right to assert his claim ..." It must be assumed, in considering locus standi, that Mars's mark was wrongly on the register. Chapelat therefore had a legitimate grievance and was, in the sense of the Act, aggrieved. The Ritz Hotel case is not contrary to this approach. It is true that in relation to the application to remove the class 25 and 26 marks, the merits of the claim of the Ritz Hotel that it was a rival trader, or intended to be one, were investigated (and found wanting). But that was because the Ritz Hotel based its claim to be a person aggrieved on these grounds. No application by it for registration (whether defensive or otherwise) had been barred by a mark of Charles of the Ritz. It must, moreover, be remembered that in terms of sec 53(1) the jurisdictional fact is the opinion of the

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13. registrar. In these circumstances it is inappropriate to talk about what amounts to an objective assessment of an applicant's prospects of success.

It does not follow from what has been said that the merits of the application under sec 53(1) were necessarily irrelevant. If it appeared that the application was not bona fide or was vexatious or without any substance, then, I would have thought, the inference of an interest in the applicant for relief under sec 36 would be negated. In English law it is for the respondent to raise and demonstrate this (*Riviere's TradeMark* [1884] 26 Ch 48 (CA) at 54; *Powell's Trade Mark* [1894] 11 RPC 4 (HL) at 8 in fin; the *Apollinaris* case at 225). It seems from these cases that this is a separate issue the onus of proof whereof rests upon respondent. I am of the opinion that in our law there is really only one issue, viz whether the applicant under sec 36 is an

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14. "aggrieved person". In accordance with the general rule that it is for the party instituting proceedings to allege and prove that he has locus standi, the onus of establishing that issue rests upon the applicant. It is an onus in the true sense; the overall onus (*South Cape Corporation (Pty) Ltd vs Engineering Management Services (Pty) Ltd* 1977(3) SA 534(A) at 548 B). However, if the applicant shows that his sec 53(1) application is being blocked and that he therefore has an interest in having the offending mark expunged, there arises an inference that such application is bona fide, not vexatious and not without substance. It is then for the respondent in the sec 36 proceedings, if he wishes to displace that inference, to adduce rebutting evidence. Such evidence having been adduced by the respondent, the duty of

finally satisfying the court that he is an "aggrieved person" remains that of the applicant. But Mars has adduced no

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15.evidence to displace that inference. Chapelat's application for a defensive registration was obviously a genuine one. When it was made, Chapelat was ignorant of the existence of Mars's mark in class 31. And, as regards the merits, it cannot be found that the application was in any way frivolous. It was initially granted by the registrar. Though perhaps not an invented word, "Chappies" would seem to be a particularly

distinctive and well-established mark. And as Mr Puckrin, on behalf of respondent, pointed out, Mars's affidavits do not even deny the mark's alleged wide-spread reputation.

In the result, therefore, the court a quo correctly found that Chapelat was a person aggrieved. It follows that an order granting the application under sec 36(1) for the removal of Mars's mark was correctly substituted for the registrar's refusal of the application.

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16. The appeal is dismissed with costs. Such costs are to include the fees of two counsel.

NESTADT, JA

BOTHA, JA) KUMLEBEN, JA) CONCUR GOLDSTONE, JA) NICHOLAS, AJA)

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