

SOUTH AFRICA / JUDGMENT

Moosa NO and Others v Urban Gateway (Pty) Ltd (formerly ZitonoX (Pty) Ltd) (9255/2017) [2018] ZAWCHC 12 (31 January 2018)

[2018] ZAWCHC 12

COURT

Western Cape High Court, Cape Town

BEFORE

Davis

CASE / FILE NUMBER

9255/2017

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IN THE HIGH COURT OF SOUTH AFRICA

(WESTERN CAPE DIVISION, CAPE TOWN)

Reportable

CASE NO: 9255/2017 In the matter between: OSMAN MOOSA N.O First Applicant ASMA ABDOOL GAFAAR KHAMMISSA N.O Second Applicant CHAVONNE BADENHORST ST CLAIRE COOPER N.O Third Applicant OSMAN MOOSA N.O Fourth Applicant JUANITA MARTIN DAMONS N.O Fifth Applicant and URBAN GATEWAY (PTY) LTD (formerly ZITONOX (PTY) LTD) First Respondent MOIRA TANYA O'REILLY Second Respondent MARCEL PHILIP JOUBERT Third Respondent MERCHANT COMMERCIAL FINANCE 1 (PTY) LTD Fourth Respondent

JUDGMENT: 31 January 2018

DAVIS J

Introduction

[1] This application comes before this Court in the form of relief which the applicants seek in order to restrain first, second and third respondents from:

1.1 infringing Tresso Trading 594 (Pty) Ltd's (in final liquidation) ("Tresso 594") trade mark registration numbers 2010/00018 and 2010/15069 URBAN DEGREE, in terms of ss 34 (1) (a) and 34 (1)(b) of the Trade Marks Act 194 of 1993 ('the Act');

1.2 using the marks URBAN and/or any mark so nearly resembling the registered trademarks as to be like to deceive or cause confusion'

by using the URBAN DEGREE, URBAN° and URBAN GATEWAY (collectively “the URBAN marks”) in relation to its retail business.

- [2] The applicants also seek orders compelling the first, second and third respondents to erase and remove the registered marks and/or the URBAN mark and/or any other marks resembling them from

2.1 the Gateway Premises;

2.2 all merchandise, goods, containers, labels, advertising matter and any documents of whatsoever nature or type at the gateway premises and/or elsewhere and/or which may be in the possession of the respondents or any of them and/or under their control.

The factual matrix

- [3] The background to this dispute and hence the relief sought by applicants can be summarised thus: Applicants are the provisional/final

liquidators of Tresso 594 and Rapitrade 8 (Pty) Ltd (in final liquidation) (‘Rapitrade’). Both of these companies

fall within what has become known as the Platinum Group of Companies, the businesses of which was conducted by second and third respondent, being Mr Joubert and Ms O’Reilly. The entire group is insolvent and is either under business rescue or being wound up. According to applicants, Tresso 594 was the sole proprietor of all the intellectual property and/or associated with the conduct of a wholesale and/or retail business involving manufacturing, clothing bearing the Urban Degree brand and which intellectual property included the Urban and Urban Degree registered trademarks, the reputation and goodwill of the brand and/or copyrights relating to the getup, logo, design and presentation of the brand and every single element otherwise associated therewith (‘the Urban Degree IP’). Up until it was wound up, Rapitrade operated under a license from Tresso 594 as a retail clothing business from premises in the Gateway Shopping Centre in Durban, utilising the Urban Degree brand and all the Urban Degree IP, including the Urban trademarks associated therewith.

- [4] Old Mutual is the owner of the Gateway Shopping Centre and thus the landlord of the premises from which Rapitrade 8 conducted its

business. Joubert was originally the director of the first respondent but he has been sequestrated and accordingly has been compelled to resign his office. O’Reilly became the director of Urban Gateway thereafter and she currently is and at all material times has been the sole director of Urban Gateway.

- [5] During 2016 and coinciding with the provisional winding up of Rapitrade 8, Urban Gateway was effectively acquired for and on behalf of Joubert and O'Reilly to serve as a vehicle for them to relaunch a business referred to as the Urban Degree business not for the benefit of Rapitrade 8 and/or Tresso 594 and/or the Platinum Group but for their exclusive benefit and profit.
- [6] According to applicants, this was achieved by Joubert and O'Reilly utilising an entity, Pegasus Gateway, of which O'Reilly is a sole director ('Pegasus Gateway'). It concluded a lease with Old Mutual for the Gateway Premises being precisely the same premises as those from which Rapitrade had earlier conducted the Urban Degree branded business.
- [7] Applicants contend that through Pegasus Gateway, Urban Gateway has been permitted to occupy and trade from the Gateway Premises, has utilised all of the Urban Degree IP; that is the intellectual property related to the Urban brand business which it alleges currently vests in and is held by Tresso 594. Furthermore, applicants contend that Joubert and O'Reilly caused Urban Gateway to conduct the Urban Degree branded business, being the same business as previously had been conducted by Rapitrade 8; in short, the sale of clothing under the Urban Degree brand, getup, logo and design from the same premises.
- [8] It is applicants' case that the business conducted by Urban Gateway represents an effective 'high jacking' of the Urban Degree business as previously conducted by Rapitrade 8 under license from Tresso 594 but this time done without the authority or consent of the liquidators of Rapitrade 8. Similarly, applicants contend that the liquidators of Tresso 594 have found absolutely no evidence whatsoever, whether in writing or otherwise, of Tresso 594, prior to its winding up, having authorised the use of Urban Degree IP, including the Urban trademarks and brands by Urban Gateway and/or Pegasus Gateway and/or O'Reilly personally and/or Joubert personally.
- [9] It is the case of applicants that all the evidence indicates that there was no agreement concluded between Tresso 594 and Urban Gateway prior to the winding up of Tresso 594 and thus no valid or enforceable agreement to justify the use of the trademarks. Similarly it is contended that the liquidators of Tresso 594 did not authorise nor consent to the use by Urban Gateway and/or by Pegasus Gateway of the Urban Degree IP, including the Urban trademarks and brand.
- [10] During March 2017 the Tresso 594 liquidators, together with the Rapitrade 8 liquidators, gave notice, inter alia, to Urban Gateway, O'Reilly and Joubert to cease infringing the Urban trademarks and thus using the Urban Degree brand and, by implication, also to cease the Urban Degree branded business or utilisation in any way of the Urban Degree IP and to account for their unlawful use thereof.
- [11] In response Urban Gateway, Joubert and O'Reilly claimed an entitlement on the part of Urban Gateway to utilise these trademarks

and brands asserting that ‘a bona fide license’, had been concluded between Tresso 594 and Urban Gateway. Given that it is applicants case that no evidence is available to show ‘this bona fide license’ they launched this application on 24 May 2017. Various delays resulted thereafter to which I shall return presently in that they are relevant to costs.

The core dispute

[12] Respondents have raised two fundamental defences to the relief sought by applicants; namely

1. There is no trademark infringement of the statutory trademark in terms of s 34 of the Trademarks Act 194 of 1993 (“the Act”);
2. Urban Gateway has used the Urban Degree trademarks under a license granted to it by Tresso 594, prior to the latter’s having been wound up.

The applicable law

[13] Much of the dispute turned on sections 34 (1) (a) and (b) of the Act. The two subsections read thus:

‘(1) The rights acquired by registration of a trade mark shall be infringed by –

- (a) the unauthorised 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 unauthorised use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion.’

[14] According to Mr Rosenberg, who appeared together with Mr Walters and Mr Hilita on behalf of the applicants, the elements of applicants’ cause of action are:

1. the trademark registrations for Urban Degree;
2. unauthorised use by the first, second and third respondents;
3. in relation to goods and services in respect of which the trademark is registered;
4. of the trademark Urban, Urban Degree or of a mark so nearly resembling the registered trademark;
5. as to be likely to deceive or cause confusion.

Turning to s 34 (1) (b), he submitted the elements of the cause of action based on this section are:

1. the trademark registrations for Urban Degree
2. unauthorised use by the respondents

3. in the course of trade
4. of the trademark Urban Degree or the mark so nearly resembling the registered trademark.
5. in relation to goods or services so nearly resembling the goods or services in relation to which Urban Degree is used;
6. as to be likely to deceive or cause confusion.

Applicants' case in relation to these sections

[15] Mr Rosenberg submitted that the following facts were neither in dispute nor could be disputed:

1. first and second applicants are the liquidators at Tresso 594;
2. the third, fourth and fifth applicants are the liquidators of Rapitrade 8, first applicant is both the liquidator of Tresso 594 and Rapitrade 8;
3. Tresso 594 is the proprietor of trademark registration number 2010/00018 in class 25 ('class 25 registration') in respect of clothing, foot wear and headgear;
4. Tresso 594 is the proprietor of trademark registration no 2010/15069 in class 35 (class 35 registration in respect of;

'advertising services, business management and administration, business information and research, office functions, information agencies,

rating services, business appraisals, marketing research and studies, opinion polling, consultancy and advisory services, relationship

marketing, services relating to the arrangement, presentation, promotion, organisation and holding of trade fair shows, markets,

expositions, exhibitions and displays for commercial or advertising purposes, public relations, retail, wholesale, franchising and merchandising services, services relating to the advising on, supplying and promoting of commodities, selection and display of goods, advice and assistance to prospective purchasers of conveniently view and purchase these goods, offering for sale and sale of goods in the retail and wholesale trade, auctioneering services.'

The class 35 registration is endorsed as follows:

'Registration of this trade mark shall give no right to the exclusive use of the word DEGREE or of the word URBAN separately and apart from the mark.'

5. the first second and third respondents used the Urban marks in the course of their trade;
6. Tresso 594 does not trade but is the proprietor of the registered Urban Degree trademarks, various pending applications such as Urban Air, Urban logo and Urban Air logo;

7. Tresso 594 was provisionally wound up on 24 March 2016 and finally wound up on 02 February 2017 because of its inability to pay its debts
8. At the time of the wounding up of Tresso 594, at the instance of Blue Strata which was owed in excess of R 40 m, the latter was aware and believed that Rapitrade 8 was using the Urban marks;
9. Rapitrade 8, notwithstanding that Joubert sought to place it under business rescue, was provisionally wound up on 24 March 2016 and finally wound up on 02 May 2016 on the same basis as Tresso 594.
10. Joubert and O'Reilly were the directors of both companies;
11. Joubert's personal estate was provisionally sequestrated on 07 June 2016 and he was finally sequestrated on 12 July 2016 making him an unrehabilitated insolvent;
12. Following the liquidation of Rapitrade 8 Joubert acquired Pegasus Gateway and/or Urban Gateway to sign new leases with Old Mutual, the owner of the Gateway Premises and to commence trading;
13. The business of Urban Gateway essentially is the same as and/or identical to that of Rapitrade 8 in that it utilises the Urban registrations

and Urban marks and is controlled by Joubert and O'Reilly;

14. An eviction order was granted in favour of Old Mutual against Pegasus Gateway for arrear rental on 07 February 2017, an order which has been appealed to the Supreme Court of Appeal.
 15. Pegasus Gateway was subsequently placed under a compulsory order for its provisional liquidation at the instance of Old Mutual;
 16. Respondents have not paid the liquidators of Tresso 594 any license fees, have not made Urban Gateway's financial records available to applicants and have asserted that they have no obligation to pay license fees in terms of an agreement between Tresso 594 and Urban Gateway, notwithstanding that they have failed to provide copies of any license agreement allegedly so concluded.
- [16] According to applicants, the only issue, given these facts, which now requires determination as being a necessary element for both s 34 (1) (a) and (b), which are sections upon which applicants rely for their cause of action, concerns the phrase 'as is likely to deceive or cause confusion.
- [17] In determining the meaning of this phrase, recourse must be had to the locus classicus in this regard, being the judgment in *Plascon-Evans Paints v Van Riebeeck Paints (Pty) Ltd*

[1984] ZASCA 51; 1984 (3) SA 623 (A) at 640-641.

'In an infringement action the onus is on the plaintiff to show the probability or likelihood of deception or confusion. It is not

incumbent upon the plaintiff to show that every person interested or concerned (usually as customer) in the class of goods for which his trade mark has been registered would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. The concept of deception or confusion is not limited to inducing in the minds of interested persons the erroneous belief or impression that the goods in relation to which the defendant's mark is used are the goods of the proprietor of the registered mark, i.e. the plaintiff, or that there is a material connection between the defendant's goods and the proprietor of the registered mark; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection.

The determination of these questions involves essentially a comparison between the mark used by the defendant and the registered mark and, having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant's mark would make upon the average type of customer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as for example, the use of name marks in conjunction with a generic description of the goods.'

[18] On one level the words 'are likely to deceive or cause confusion' are plain. A court must compare the trademarks for similarity in order to establish whether the impugned mark is likely to deceive or cause confusion, given the comparison with the remaining mark. Deception can result when the similarity is such as to cause members of the purchasing public to assume that the goods bearing the two competing trademarks come from the same source. Confusion occurs if members of the public will be caused to wonder if the goods have a common origin. See, for example, *Roodezandt Kooperatiewe Wynmakery Ltd v Robertson Winery (Pty) Ltd* and another 214 BIP 294 (SCA) at para 4 as well as the authorities cited therein.

[19] In this comparison the determination by the Court involves a value judgment. See *Cowbell AG v ICS Holdings Ltd* 2001 BIP 384 (SCA) at para 10. A valuable guide is provided by Colman J in *Laboratoire Lachartre SA v Armour – Dial INC* 1976 (2) SA 744 (T) at 746 where the learned judge said:

‘We have had ample time for full consideration and close comparison of the two trademarks with which we are concerned. These

advantages, however, carry their own dangers. They have caused us to look at the trade marks with far greater care than they would be looked at by the members of the public whose probable reactions we are required to assess, and with a far keener awareness of similarities and dissimilarities than such people would probably have as they go about their daily lives.

What we have now to do is, therefore, to transport ourselves, notionally, from the court-room or the study, to the market place. We must try to look at the marks as they will be seen, if they are both in fair and normal commercial use, by the hypothetical consumers of [wine]. Those will be people of many races and degrees of education, having varied gifts, interest and talents. We are not to postulate the consumer of phenomenal ignorance or extraordinarily defective intelligence... We are to

consider a person of average intelligence and proper eyesight, buying with ordinary caution.’

[20] According to Mr Rosenberg, it cannot be said that the trademarks are not visually, conceptually, or aurally similar. In the first place a degree sign °, “URBAN” is identical to the Urban marks which the respondents have admitted to be using. Secondly, the marks are conceptually similar in that the one depicts a degree sign and the other the word “Degree”. Thirdly, Urban with the degree sign ° and Urban Degree are pronounced in the same way.

[21] In support Mr Rosenberg referred to a judgment of Thring J who held in *New Media Publishing (Pty) Ltd v Eating Out Web Services (CC)* [2005] ZAWCHC 20; 2005 (5) SA 388 at 394 as follows:

‘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.’

[22] The comparison in this case is strengthened when account is taken of the fact that the deception or confusion is more likely to arise, given the similar uses of the goods and users of the goods, the physical nature of the goods, the respective trade channels through which the goods reach market and the extent to which the goods compete. In short, respondents are operating in the market for retail clothing, and Tresso’s registrations were in respect of clothing and similar retail services. They were thus operating in the same market. The physical similarity between the goods, the high degree of conceptual similarity between the marks, the reputation of the Urban Degree trademark and what would clearly be a consumer’s imperfect recollection of the initial trademarks supported, in Mr Rosenberg’s

view, applicant's case that there was a significant likelihood of confusion. Accordingly, applicant was entitled to rely on s 34 of the Act.

Respondent's version

[23] Mr Marriot, who appeared together with Mr Miller on behalf of the respondents, contended that there was a significant difference

between s 34 (1)(a) and s 34 (1)(b) of the Act in that the former dealt with a trademark on goods and/or services which were identical

to those for which the trademark alleged to be infringed was registered, whereas the latter related to a trademark on goods and/or

services which were similar but not identical to the goods and services for which the trademark is registered.

[24] In his view, it was common cause that the Urban Gateway uses the mark URBAN° Hilton Wiener in respect of clothing and retail services. Tresso 594's cause of action is one that falls exclusively to be considered in terms of s 34 (1) (a) of the Act and not under s 34

(1) (b) of the Act. Accordingly, the case must be determined in terms of s 34 (1)(a) of the Act; that is in terms of an identical trademark, not one that is similar, notwithstanding, according to Mr Marriot that the focus of applicants heads was on an alleged similarity between Urban Degree and URBAN°.

[25] According to Mr Marriot, there was no evidence that Urban Gateway used the mark Urban. The mark that it employed was URBAN° Hilton Wiener. There was no basis upon which Tresso 594 can apprehend, on a reasonable basis, that Urban Gateway will use the mark without the ° symbol and they did not alleged that they held such an apprehension. Accordingly, the cause of action could not be based on the use of Urban (simpliciter) for which Tresso 594 could surely not claim any exclusive right, simply because it was used in relation to clothing or retail services. See in this connection Nestle SA and another v International Food Stuff Company and others [2015] 1 All SA 492 (SCA).

[26] On the basis that Tresso 594 had acknowledged that "Urban" was not distinct as the subject matter for a trademark used in the clothing and clothing retail services, it could not be contended that there was an infringement of the trademark, where the only similarity between the trademarks was the use of the word "Urban". Furthermore, as there had been no suggestion in the founding affidavit that Urban Gateway had used the mark Urban Degree, it could not be argued that the applicants' cause of action was based thereon and thus the application fell to be dismissed.

[27] The remaining question was whether the respondents use of Urban° Hilton Wiener on clothing and in respect of retail services infringed the applicants' class 25 and 35 registrations respectively. In this connection, Mr Marriot contended that there was considerable similarity between the case made out by applicants and the approach adopted in *Lucky Star Ltd v Lucky Brands (Pty) Ltd and others* 2017

(2) SA 588 (SCA) at para 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.'

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*, 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.'

[28] When the marks are examined holistically, a court had to take account of the ° degree and the word "Hilton Wiener" which was a significant feature of Urban Gateway's mark. On the basis of the dictum in *Lucky Fish*, the result of the comparison could not justify a conclusion could not be considered to be a likelihood to confuse or deceive the consuming public.

Evaluation

[29] It is difficult to see how the respondents can argue that the case made out is, at the least, not in breach of s 34 (1) (b) of the Act. In the founding affidavit of Mr Moosa, applicants sets out their case thus:

‘The Tresso liquidators have now, with the cooperation and assistance of the RapiTrade 8 liquidators, established that Urban Gateway/Zitonox

has for some time now and it would appear from as early as 1 February 2006 already... used the Urban trademarks at the Gateway

premises both as to the name of the store itself and to the advertising and marketing material displayed at on or in the store

and offered and still offers for sale from the Gateway premises men’s and women’s clothing branded with the Urban trademarks and or marks so similar as to appear identical thereto.’

[30] The wording used in this affidavit may appear inelegant in that there is a conflation between ‘identical’ and ‘similar’

but it appears to me that a sensible reading therefore is that the case made out was on the basis of similarity. Significantly, in answer thereto Mr Joubert, on behalf of the respondents, says ‘I deny that the respondents have made unlawful use of the trade marks’. He also states ‘that the mark Urban is not confusingly similar to the registered mark Urban Degree within the meaning of s 34 of the Trademarks Act ...’.

[31] In summary, there is a denial by respondents that they breached the trademark of applicants. In answer to applicants’

averments, respondents appear to say no more than that, in the absence of a license agreement, there was no unlawful use of a trademark. This is confirmed later in the same affidavit where the following appears: ‘the Urban trademarks have been lawfully used by each of RapiTrade 8, Brand Retails 3 and Urban Gateway in succession in terms of the license agreements I have referred to above’.

[32] This paragraph from the answering affidavit brings the enquiry back squarely to the question of whether the symbol degree (°) which qualifies Urban and Urban Degree is sufficiently similar as to create confusion in the eyes of brand consumers. While it is true that Urban Gateway employs the mark Urban° Hilton Wiener it also employs the mark Urban°. So much is evident from photographs attached to the founding affidavit which depict clothing sold at respondents’ premises and the averments which accompany these photographs. They are not placed in dispute in the answering affidavit.

[33] In this case, as in all the cases dealing with the question of the similarity between marks, context is almost everything. When one compares applicants registered trademark to the mark employed by respondents, the fact remains that the relevant consumers search for clothing brands of a particular kind. The clothing which carries the applicants’ trademark and the clothing on which appears the mark employed by the respondent falls within the exact same product market. As Webster and Page South African Law of Trademarks at 12-18 (4) write:

‘The fact that the defendant’s name and address appear boldly upon the label or that the goods are by other matter clearly distinguished upon the plaintiff’s goods will not avail the defendant. The wrong of infringement consists in the unauthorised use of a registered trade mark or of a trade mark that so nearly resembles a registered trade mark as to be likely to deceive; once that use has been established, it will avail the defendant nothing to show that his goods are sufficiently differentiated. The likelihood of deception or confusion must be decided in relation to the trade mark itself and not in relation to the label of which it forms a part.’

[34] In short, once the comparison is made between the Urban degree symbol ° and Urban Degree in respect of clothing of the same kind, then, in my view ‘the similarity is sufficient to cause members of the consumer public, seeking to purchase within the same product market, to assume that the goods bearing the two competing marks came from the same source. Certainly, at a lower level of interrogation, there is a clear likelihood of confusion, because members of the public seeking goods in the same product market will ‘be caused to wonder if the goods had a common origin.’ *Roodezandt Kooperatiewe Wynmakery Ltd v Robertson Winery (Pty) Ltd* and another 2014 BIP 294 (SCA) at para 4.

The alleged license agreement

[35] According to Mr Joubert, with the knowledge of all the major creditors of the Platinum Group, the business rescue practitioners and other stakeholders concluded a deal with Old Mutual which was negotiated in February 2016 to secure five retail store premises to trade the brands in the Gateway Shopping Centre. Old Mutual, on this line of argument, was insistent, during the negotiation process, on the creation of new trading entities to achieve this purpose. Five new entities were duly formed to replace the brand retail trading entities, one of which was Urban Gateway.

[36] Mr Joubert continues:

‘It was again plain that these entities would trade the brands in terms of license agreements concluded with the Tresso brand owning entities which included Urban Gateway acquiring a license to trade the Urban Degree brand. This was done with the full knowledge of all relevant parties including Merchant Finance. In and around April 2016 Urban Gateway started trading at the Gateway premises under the name and style “Urban” and used and continues to use the “Urban” or “Urban” marks.’

[37] Applicants, while conceding that Mr Joubert ‘with the knowledge and/or assistance of the business rescue practitioners in question perhaps, did ‘deal with Old Mutual ... in February 2016 to secure five retail store premises to trade the brands at the Gateway Shopping Centre’, deny that the major creditors of Rapitrade 8, Tresso 594 and Blue Strata and/or Investec Bank, in particular, had knowledge of any licensing agreement. Further, Blue Strata and Investec Bank deny having such knowledge. A letter written by Mr Gootkin, on behalf of Merchant Factors, the other major creditor, indicates that neither Tresso 594 nor Rapitrade 8 had “full knowledge” of this development.

[38] Mr Miller, on behalf of the respondents, submitted that it was conceded that Tresso 594 had previously granted a license to Rapitrade 8, which license was in place until the provisional winding up of Rapitrade 8. In other words, there was a license which endured for some thirteen years prior to the recent developments. It was an unwritten agreement which was the way in which the parties had chosen to conduct their business. In particular Ms O'Reilly had followed the previous in formal procedure with regard to the present licensing arrangement.

[39] Mr Miller also referred to a letter written by Mr Corin an attorney acting on behalf of Urban Gateway (Pty) Ltd of 19 April 2017 in which he said the following:

'In the circumstances, Urban Gateway (Pty) Ltd denies i. that it is unlawfully exploiting the URBAN DEGREE trademarks, logos and/or

get-up at its retail outlet in the Gateway Shopping Centre in any way whatsoever; and ii. that your letter of 31 March 2017 in any way constitutes lawful termination of the above license agreement, in that the purported termination does not provide a reasonable notice period in general nor provide for inter alia the terms of the licence period nor the 5 year lease period, in particular as required in terms of South African law and as set out in case law such as Putco Limited v TV & Radio Guarantee Company (Pty) Limited 1985 2 SA 533 (A), to enable the licensee to wind down any business pertaining to the trademarks, logos an/or get-up, as envisaged in both the above agreement and circumstances.'

[40] Mr Miller also submitted that the restructuring of the Platinum Group in 2001/2002 was premised on the assumption that there had been a valid license between Tresso 594 (and the other Tresso brand owning entities) and Rapitrade 8 (and the other Rapitrade trade entities). This was manifestly supported by the terms of the sale of business agreements, pursuant to which relevant intellectual property was transferred to the Tresso brand owning entities. For a period of thirteen years, these trading entities had traded the brands in terms of these licenses. According to respondents, the intention of the parties was for the brand owning entities to hold these licenses for as long as they were trading these brands.

[41] While it has also been the intention of the Tresso brand owning entities and the Rapitrade trading entities to enter into written license agreements as part of restructuring, this was never done due to an oversight. As had been the case between Tresso 594 and Rapitrade 8, previously it was inherent in the manner in which the business was practiced that Urban Gateway, as a new trading entity, would also have a license from Tresso 594 to use Urban°. Furthermore, respondents claimed that, in the context of an unwritten license agreement, there was no license fee which was attached thereto. All of these averments had been set out in Mr Corin's letter of 19 April 2017 to which I have made reference.

[42] On the basis of Plascon-Evans Paints Ltd v Riebeeck Paints (Pty) Ltd

[1984] ZASCA 51; 1984 (3) SA 623 (A) at 635 respondents contended that neither of the two exceptions to the general Plascon-Evans rule applied in this case. There was, in short, no bare denial of the applicant's material averments but rather a detailed account which meant that there was no plausible basis by which to reject respondents' version and find that there was not a license.

[43] Even if there was a license agreement concluded by Mr Joubert representing Tresso 594 and Urban Gateway represented by Mr Joubert and/or Ms O'Reilly, it was manifestly prejudicial to the concursus creditorium of Tresso 594 and therefore the agreement was either invalid or voidable at the instance of the liquidators. To the argument

that Tresso 594 was only placed under a provisional winding up order on 15 December 2016, it must be remembered that Blue Strata applied for the compulsory winding up of Tresso 594 on 09 June 2015. That Mr Joubert representing Tresso 594 would grant a license to Urban Gateway, also represented by Mr Joubert, even with the participation of Ms O'Reilly, had to lead to a conclusion of invalidity and unenforceability because this transaction would have been clearly in conflict with the interests of the concursus creditorium of Rapitrade 8 and of Tresso 594. It would thus constitute a voidable disposition, having been done without any value to Tresso 594 whatsoever.

[44] For this reason, it is not necessary to examine whether the version of respondents with regard to the license falls to be protected by the Plascon-Evans rule or within the exceptions thereof, notwithstanding the difficulties which respondents' version raises; in particular,

the absence of any supporting version by Ms O'Reilly, the current sole director of Urban Gateway or that Blue Strata had filed an affidavit confirming that they were unaware of the use of these trademarks by respondents.

Costs

[45] There is an issue with regard to costs. It appeared that there was an application in terms of Rule 6 (11) on 25 July 2017.

Postponement was required because the respondent have not filed their answering affidavit timeously. The hearing on 10 August 2017 was again postponed because of non-compliance by respondents with the requisite timetable. In both cases this clearly justifies an appropriate costs order.

[46] For all of the reasons the following order is granted:

46.1 A final interdict is issued in the following terms:

46.1.1 The first respondent, the second respondent and the third respondent, individually and collectively (and hereinafter referred to

collectively as “the respondents”) are interdicted and restrained from infringing the rights of Tresso Trading 594 (Pty) Ltd (in final liquidation) (“Tresso Trading 594”) acquired by the registration of trademark number 2010/00018 and trademark number 2010/15069 by using, directly and/or indirectly, in relation to goods in respect of which the trademarks are registered, or in any other manner, the registered trademarks or any mark so nearly resembling the registered trademarks as to be likely to deceive or cause confusion.

46.1.2 Further in regard to the order made in paragraph 46.1.1 above, and without derogating from the generality of the foregoing, the marks “Urban” and/or “URBAN” fall within the ambit of the orders made in paragraph 46.1.1 above and also with that as dealt with in all paragraphs hereunder.

46.1.3 Without derogating from the generality of the foregoing, the respondents and any of them are directed to cease using, directly and/or indirectly, the registered trademarks and/or any mark so nearly resembling the registered trademarks as to be likely to deceive or cause confusion in relation to:

46.1.3.1 all and any premises, and including but not limited to, Shop F105 Gateway Shopping Mall, Durban, Kwa-Zulu Natal (“the Gateway premises”) in relation to any naming, branding, styling, advertising or any other form of depiction and/or representation of the registered trademarks and/or the marks in question;

46.1.3.2 all and any men’s or women’s clothing and/or apparel and/or accessories and/or other merchandise offered for sale whether at the Gateway premises and/or any other premises and/or elsewhere and/or in any manner whatsoever.

46.1.4 The respondents and each of them are to erase the abovementioned offending marks from all goods, containers, packages, labels, advertising matter and documentation of whatsoever sort, form, nature or bearing the registered trademarks and/or the any other mark so nearly resembling the registered trademarks so as to be likely to deceive or cause confusion; and which may be in their possession and/or under their control and/or under the possession and/or control of any of them.

46.1.5 Without derogating from the generality of the foregoing, the respondents and/or any of them are to remove the registered trademarks and/or any other marks resembling the registered trademarks as provided for hereinabove from:

46.1.5.1 All and any stores and/or any part of the Gateway shopping centre situated in Umhlanga Rocks, KwaZulu-Natal (“the Gateway premises”); and

46.1.5.2 all merchandise, goods, containers, labels, advertising matter and any documents of whatsoever nature or type at the Gateway premises and/or elsewhere and/or which may be in the possession of the respondents or any one of them and/or under their control and/or the control of any of them.

46.1.6 Directing that the first respondent and the second respondent be liable for the costs of:

46.1.6.1 this application;

46.1.6.2 the applicants' application in terms of Rule 6(11) dated 25 July 2017;

46.1.6.3 the postponed hearing on 10 August 2017;

the one paying the other to be absolved; such costs shall include the costs of the applicants' employment of two counsel.

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