

SOUTH AFRICA / JUDGMENT

National Brands Limited v Cape Cookies CC and Another (309/2022 ; 567/2022) [2023] ZASCA 93; 2023] 3 All SA 363 (SCA); 2024 (2) SA 296 (SCA); 2023 BIP 7 (SCA) (12 June 2023) [2023] ZASCA 93

COURT

Supreme Court of Appeal

BEFORE

Ponnan, Gorven, Hughes, Goosen, Siwendu

CASE / FILE NUMBER

309/2022 ; 567/2022

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THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

JUDGMENT

Reportable

Case nos: 309/2022 and 567/2022

In the matter between:

NATIONAL BRANDS LIMITED

APPELLANT

and

CAPE COOKIES CC

FIRST

RESPONDENT

THE REGISTRAR OF

TRADE MARKS

SECOND RESPONDENT

Neutral citation: National Brands Limited v Cape Cookies CC and Another (Case nos: 309/2022 and 567/2022) [2023] ZASCA 93 (12 June 2023)

Coram: PONNAN, GORVEN, HUGHES and GOOSEN JJA and SIWENDU AJA

Heard: 17 May 2023

Delivered: This judgment was handed down electronically by circulation to the parties' legal representatives via e-mail, publication on the Supreme Court of Appeal website and released to SAFLII. The date and time for hand-down are deemed to be 12 June 2023 at 11h00.

Summary: Trade Marks – opposition to registration – section 10(17) of the Trade Marks Act 194 of 1993 – test – applies to similar goods – proof of actual detriment or advantage not required – opposition well-founded – registration refused.

ORDER

On appeal from: Gauteng Division of the High Court, Pretoria (Le Roux AJ, sitting as court of first instance):

1 The appeal is upheld with costs, including those consequent on the employment of two counsel.

2 Cape Cookies CC is directed to pay the costs arising from the inclusion of the two supplementary volumes in the appeal record on the scale as between attorney and client.

3 The order of the high court is set aside and the following order substituted:

‘(a) The opposition to trade mark application no. 2013/06837 in class 30 in the name of Cape Cookies CC succeeds and the application for registration is refused.

(b) Cape Cookies CC is directed to pay the costs of the opposition proceedings, including those consequent on the employment of two counsel.’

Coram: Ponnan, Hughes and Goosen JJA and Siwendu AJA concurring)

[1] The first respondent, Cape Cookies CC (Cape Cookies) applied to register the trade mark SNACKCRAX by way of application no. 2013/06837 under the Trade Marks Act 194 of 1993 (the Act).

Publication took place on 28 May 2014. The registration was sought in the following specification in class 30:

‘Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery,

ices; honey, treacle; yeast, baking-powder, salt, mustard, vinegar, sauces (condiments); spices; ice.’

It was common ground that these specifications covered savoury biscuits. The application for registration was opposed by the appellant, National Brands Limited (National Brands), on one or more of ss 10(4), 10(7), 10(12), 10(14) and 10(17) of the Act. As is customary, the Registrar of Trade Marks, who was cited as the second respondent, elected to abide the decision in both the high court and in this court.

[2] National Brands is the proprietor in South Africa of the following registered marks:

- (a) trade mark registration no. 1951/2139 SALTICRAX in class 30 in respect of ‘salt flavoured biscuits’, dating back to 1 August 1951 (the SALTICRAX registration);
- (b) trade mark registration no. B1985/03525 SNACKTIME in class 30 in respect of ‘flour and preparations made from cereals; bread, biscuits, cakes, pastry, confectionery and bakery products of all kinds; yeast, baking powder’, dating back to 29 October 1986 (the SNACKTIME registration);
- (c) trade mark registrations no. 2001/18858 VITASNACK and no. 2003/01759 VITASNACK WHOLEWHEAT CRISPS logo in class 30 in respect of ‘coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder, salt, mustard, vinegar, sauces (condiments); spices; ice’ dating back to 2 November 2001 and 31 January 2003 respectively (the VITASNACK registration).

[3] Cape Cookies’ SNACKCRAX savoury biscuits have been on the market since August 2014 and are sold in competition with National Brands’ SALTICRAX savoury biscuits. In addition, Cape Cookies uses the VITACRAX mark, registered in 2009, in relation to a crisp bread snack. National Brands has sought to interdict that use in the Western Cape Division of the High Court, Cape Town (the Cape litigation). The Cape litigation is still pending.

[4] The opposition proceedings were heard in the high court by Le Roux AJ in the Gauteng Division of the High Court, Pretoria (the high court), who dismissed the opposition and ordered that the relevant trade mark application must proceed to registration and directed the Registrar of Trade Marks to register it. National Brands was ordered to pay the costs of the opposition proceedings. The high court granted leave to appeal on a limited basis but this court granted leave on the balance of the grounds of opposition.

[5] The opposition by National Brands was based on the following

provisions of s 10 of the Act:

‘The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register:

...

- (4) a mark in relation to which the applicant for registration has no bona fide intention of using it as a trade mark, either himself or through any person permitted or to be permitted by him to use the

mark as contemplated by section 38;

- (7) a mark the application for registration of which was made mala fide;
- (12) a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonos mores, or be likely to give offence to any class of persons;
- (14) subject to the provisions of section 14, a mark which is identical to a registered trade mark belonging to a different proprietor or so similar thereto that the use thereof in relation to goods or services in respect of which it is sought to be registered and which are the same as or similar to the goods or services in respect of which such trade mark is registered, would be likely to deceive or cause confusion, unless the proprietor of such trade mark consents to the registration of such mark;
- (17) a mark which is identical or similar to a trade mark which is already registered and which is well-known in the Republic, if the use of the mark sought to be registered 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 deception or confusion . . .’.
- [6] It is as well to reiterate that, historically and primarily, a trade mark functions as a badge of origin of the goods offered.[1] This originates from the definition of ‘trade mark’ in the Act. [2] It reassures persons seeing the mark that the proprietor is the source of those goods. A registered trade mark constitutes a monopoly. That being the case, it must not be interpreted in such a way as to impermissibly widen its scope. On the other hand, the registration stage is aimed at ensuring the sanctity of the Trade Mark Register, which should contain only distinctive marks.[3] It is also worth noting that only one ground of opposition need succeed for registration to be prohibited and the application dismissed. There is an overall onus on the applicant for registration to satisfy the court that there is no bar to registration under the Act.

- [7] I turn to the objection under s 10(17) of the Act which precludes registration of:

‘a mark which is identical or similar to a trade mark which is already registered and which is well-known in the Republic, if the use of the mark sought to be registered 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 deception or confusion . . .’.

Section 10(17) was introduced in 1997 along with s 34(1)(c) of the Act, which is the equivalent section dealing with infringement, and provides:

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

...

- (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 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 . . .’.

These are known as the ‘anti-dilution’ provisions.

- [8] We were not referred to any authority, which has dealt with the provisions of s 10(17) of the Act. Nor have I found any. There are a number of cases dealing with s 34(1)(c). These afford some guidance as far as the applicable principles are concerned but cannot be applied without more, because the provisions

are not entirely on all fours and since they relate to infringement whereas s 10(17) relates to the registration stage. What is more, the incidence of the onus in respect of each differs.

- [9] In *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a SabMark International (Laugh It Off SCA)*, Harms JA listed the requirements for proceedings under s 34(1)(c):

‘In order to establish infringement, the owner of the trademark must establish:

- (a) the unauthorised use by the defendant of a mark
- (b) in the course of trade
- (c) in relation to any goods or services
- (d) the mark must be identical or similar to a registered trademark
- (e) the trademark must be well known in the Republic, and
- (f) the use of the defendant's mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trademark.’[4]

Of these, the first three are not in dispute.

- [10] I will turn to item (d) presently. In support of its contention that item (e) was satisfied, National Brands made the point that, for a period of 58 years, it was the only proprietor of a mark which included the expression ‘CRAX’ in any guise or form in class 30. At the time of the application by Cape Cookies for the registration of SNACKCRAX, there were three such marks appearing in the Trade Marks Register: SALTICRAX, Cape Cookies’ VITACRAX and trade mark registration no. 2009/24890, ETI CRAX, in the name of a third party who, when requested by National Brands to cancel the registration, did so. Cape Cookies were also requested to cancel the VITACRAX mark and refused, leading to the Cape litigation.

- [11] National Brands gave detailed, unchallenged, evidence of the reputation and goodwill of the SALTICRAX brand. It is sold through more than 2095 retail stores in South Africa. It is also sold at over 270 convenience stores located at the major South African fuel stations. It is sold in at least ten countries in Africa as well as in the United Kingdom, the United States of America and Australia. Through its Snackworks division, National Brands held a total of 66.7 percent of the savoury biscuit market in 2012, with SALTICRAX biscuits alone accounting for 14.8 percent. In 2013, the percentages were 66.2 and 14.9 and in 2014, they were 66.9 and 13.7 respectively. In addition, nett sales of SALTICRAX for the period from 1999 to 2014 totalled some R671 million. Between 1994 and 2009, National Brands spent more than R11 million in advertising SALTICRAX.
- [12] In argument it was conceded that the trademark SALTICRAX is well known in South Africa. The high court found that the SALTICRAX trade mark enjoyed a significant reputation and goodwill. This finding is now unchallenged. This means that like items (a) to (c), item (e) has also been met. It is items (d) and (f) which must accordingly be considered.
- [13] Turning to item (d). By introducing the anti-dilution provisions, it was recognised that protection should be extended beyond merely ‘protecting the mark as a badge of origin.’[5] In *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd*, this court explained as regards s 34(1)(c) of the Act:

‘Section 34(1)(c) introduces a new form of trade mark protection into our law, which aims to protect the commercial value that attaches to the reputation of a trade mark, rather than its capacity to distinguish the goods or services of the proprietor from those of others . . .’[6]

Verimark expanded:

‘. . . the provision “aims at more than safeguarding a product's ‘badge of origin’ or its ‘source-denoting function’”. It also protects the reputation, advertising value or selling power of a well-known mark.’[7]

- [14] The inclusion of anti-dilution provisions was prompted by developments elsewhere. In 1988, the Council of the European Communities (EC) agreed a Directive whose material terms in Article 5 provide:

‘2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from

using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trademark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’[8]

Paragraph 5 of Article 5 omits the requirement of use on ‘goods or services which are not similar to those for which the trademark is registered’ and that of reputation in a Member State.

[15] This prompted the production in the United Kingdom of a White Paper on the reform of Trade Mark law in 1990. The UK then introduced its anti-dilution provisions in 1994 by way of s 10(3) of its Trade Marks Act:

- (a) is identical with or similar to the trade mark, and
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered, where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’

As will be noted, this aligns with paragraph 2 of Article 5 of the EC Directive.

[16] As was explained by Harms JA in *Laugh It Off SCA*:

‘According to the ‘Memorandum on the Objects of the Draft Trade Marks Bill’ an object of our current Act, was to harmonise our law with that of the European Community, taking into account the said White Paper.’[9]

That memorandum led to the introduction in 1997 of the anti-dilution provisions in our Act. The Constitutional Court approved the dictum in *Premier Brands UK Ltd v Typhoon Europe Ltd*,[10] concerning the provisions of s 10(3) of the UK Act:

‘(T)he owner of . . . a distinctive mark has a legitimate interest in continuing to maintain the position of exclusivity he acquired

through large expenditures of time and money and that everything which could impair the originality and distinctive character of his distinctive mark, as well as the advertising effectiveness derived from its uniqueness, is to be avoided . . . Its basic purpose is not to prevent any form of confusion but to protect an acquired

asset.’[11]

Moseneke J went on to say of s 34(1)(c) of the Act:

‘Clearly, in our case too s 34(1)(c) serves a vital purpose in preserving trade and commercial interests of owners of trademarks which have a reputation. This it does by prohibiting use which, although it may not confuse or deceive, materially undermines the repute of well renowned trade marks ordinarily harnessed to sell goods and services. The . . . section aims at more than safeguarding a product’s “badge of origin” or its “source-denoting function”. The section strives to

protect the unique identity and reputation of a registered trademark. Both of these attributes underpin the economic value that resides in the mark's advertising prowess or selling power. As it is often said the mark sells the goods and therefore its positive image or consumer appeal must be saved from ruin.’[12]

[17] Cape Cookies submitted that the provisions of s 10(17) should not be regarded as a ‘fall-back’, in the event of the other grounds of opposition in s 10 not being met. However, as mentioned, each of the provisions of s 10 are self-standing grounds of opposition to registration. If any one of them is established, the opposition must succeed and the registration of the mark must be refused.

[18] Cape Cookies also submitted that s 10(17) applies only to goods that are different to those for which the mark had been registered. As a result, since both SALTICRAX and SNACKCRAX would cover savoury biscuits, National Brands was not entitled to rely on s 10(17) to resist registration. For this proposition, Cape Cookies called in aid the following dictum of Smit J in *Triomed (Pty) Ltd v Beecham Group plc and Others*:

‘It would appear, although not specifically stated in the section, that the purpose of the section is to prevent the use of a well-known mark in the Republic on goods other than those for which the mark is registered. It seems to me that this subsection is not intended to protect a proprietor who cannot prove the requirements of s 34(1)(a) or 34(1)(b) of the Act in respect of the same or similar goods, as those for which a trade mark is registered.’[13]

This found support in *Klimax Manufacturing Ltd and Another v Van Rensburg and Another*. [14] Neither matter employed any reasoning in arriving at that conclusion.

[19] There are a number of strong indicators that this dictum cannot be supported. Firstly, the language of our anti-dilution provisions does not in terms exclude similar goods and services. In the second place, the provision was adopted with the stated purpose of aligning our Act with provisions of the EC and the UK White Paper. The EC provisions found expression in the Directive mentioned above. It allowed for at least two kinds of provisions: those which applied to non-similar goods or services and those which did not do so. The UK opted in s 10(3) of its Act to limit the provision to non-similar goods and services. Our legislature, cognisant of both options in the Directive and the election by the UK, chose not to limit the application of our anti-dilution provisions to non-similar goods and services.[15] This has also been noted in some academic writing.[16]

[20] In the third place, this court has considered whether the provisions of s 34(1)(c) apply to alleged infringements without limiting the enquiry to non-similar goods. Some examples will suffice. *Bata Ltd v Face Fashions CC and Another*, [17] was concerned with the infringement of the appellant’s trade mark in respect of footwear on the respondents’ clothing.

Consideration was given to the merits of a s 34(1)(c) infringement claim. Likewise, in *Lucky Star Ltd v Lucky Brands (Pty) Ltd*,^[18] both the LUCKY STAR mark and the LUCKY FISH AND CHIPS were used in relation to fish products; the former in respect of canned fish and the latter, cooked fish and chips. Once more, the merits of alleged infringement under s 34(1)(c) were considered. Finally, in *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd*,^[19] this court had to consider whether the respondent was infringing the appellant's 'YUPPIECHEF' mark by using the

unregistered mark 'Yuppie Gadgets' in respect of 'different types of kitchen equipment . . . as well as other

items of household equipment'. Although in each matter the alleged claim of infringement failed, this court considered the

infringement claim on its merits despite some overlap in the nature of the goods.

[21] Finally, certain dicta of this court lend some support to an inclusive interpretation. In *Verimark*, the goods were dissimilar: one being a car and the other a car polish. Harms JA there said that s 34(1)(c) applied to 'any goods'.^[20] Likewise, in *Laugh It Off SCA*, it was said that, 'the defendant's use need not be in relation to similar goods or services'.^[21] In *National Brands v Blue Lion*, this court held, 'the nature of the goods or services in relation to which the offending mark is used is immaterial . .

.'. [22] It must be pointed out however that in none of these matters was the nature of the goods placed in issue. But, they all support the general acceptance of the notion that the provision applies to 'any goods'.

[22] For all of the above reasons, I conclude that s 10(17) is not limited to matters involving different goods or services to those covered by the registered trade mark. Similar goods and services fall

squarely within its ambit. The submission of Cape Cookies to the contrary effect must be rejected, as must the dicta in *Triomed Gauteng* and *Klimax*.

[23] With that in mind, I turn to a comparison of the two marks. These are to be compared as they are without taking into account extraneous

matter. [23] Special care needs to be taken that only the marks are compared in matters where, as here, the getup on goods to which they relate has been extensively dealt with in the papers. [24] It has also been made clear that 'in opposition proceedings the question that falls to be decided is not how the parties use or intend to use their marks, but how they would be entitled to use them if both were to be registered'.^[25]

[24] With that as a backdrop, the long-accepted approach as to how to compare word marks must be applied:

‘You must take the two words. You must judge them both by their look and their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks.’[26]

In addition, ‘global appreciation of the visual, aural and conceptual similarity of the marks in question must be based on the overall impression given by the marks bearing in mind in particular the distinctive and dominant components.’[27] The ‘value judgment is largely a matter of first impression and there should not be undue peering at the two marks to find similarities and differences.’[28]

[25] It hardly needs saying that the marks are not identical. As was said in *LTJ Diffusion SA v Sadas Vertbaudet SA*, ‘[t]he very definition of identity implies that the two elements compared should be the same in all respects’.[29] Accordingly, it is an evaluation for similarity which must be undertaken. Many of the cases conflate this enquiry with that of deception or confusion. Section 10(17) explicitly excludes deception or confusion as an element of the enquiry. I do not think

it goes so far as to exclude the possibility that the marks, albeit similar, might also deceive or confuse. Simply put, the enquiry

before us does not have to encompass that element.[30]

[26] The cases have recognised that the word ‘similarity’ introduces the notion of a continuum. In *R v Revelas*, Schreiner ACJ remarked that there are:

‘. . . degrees of similarity or likeness, some approaching, and exceptionally perhaps even reaching, sameness, others amounting to no more than a slight resemblance. The similarity may be basic or superficial, general or specific.’[31]

Having mentioned this dictum, and in the context of the test for infringement under s 34(1)(c) of the Act, Melunsky AJA held:

“‘Similar’ must obviously be construed in the context in which it appears and, in my view, it should not be given too wide or extensive an interpretation for the purposes of s 34(1)(c). The section, while seeking to preserve the reputation of a registered mark, introduces a new concept into South African law. If the word “similar” is given too extensive an interpretation the section might have the effect of creating an unacceptable monopoly to the proprietor of a trade mark and thus unduly stultify freedom of trade. I doubt whether the Legislature could have intended such a result.’[32]

The need to guard against the impermissible broadening of a trade mark monopoly was succinctly stated in English law:

‘The attraction of a trade mark registration is that provided it is used and the fees are paid, it gives a perpetual monopoly. The problem is the same as the attraction but from the other perspective. Unless the registration of trade marks is kept firmly in its proper sphere, it is capable of creating perpetual unjustified monopolies in areas it should not.’[33]

[27] Using a dictionary definition of ‘similar’, and in the light of the warnings of overbroad monopolies, Melunsky AJA concluded that it meant ‘having a marked resemblance or likeness’.[34] This court in turn explained that “‘marked” means “easy to recognise”.”[35] The European Court of Justice assesses whether there is a link between the marks:

‘The types of injury referred to in Article 4(4)(a) of the Directive, where they occur, are the consequence of a certain degree of similarity between the earlier and the marks, by virtue of which the relevant section of the public makes a connection between those two marks, that is to say, establishes a link between them even though it does not confuse them.’[36]

I agree with the academic comment that the opposite extreme of virtual identity should not be required.[37] The test, in my view, is that the likeness in the marks should be easy to recognise and that a connection will be made or a link

established between them. This, of course, gives expression to the approach which recognises first impressions and imperfect recollection, and eschews undue peering.

[28] In assessing similarity, the courts have regard to any dominant feature of the marks. In *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd*, Corbett JA said:

‘. . . if each of the marks contains a main or dominant feature or idea the likely impact on the mind of the customer must be taken into account.’[38]

Clearly, the dominant feature in the present matter is the use by both of the suffix CRAX. This is what would strike the mind of a customer. Cape Cookies contended that this was a descriptive word in common use rather than a made-up, distinctive one. It submitted that ‘both parties know and accept that CRAX is an abbreviation, or variation, of the word “CRACKERS”, which is an ordinary, descriptive, word’. It sought support for this submission in the affidavit of National Brands where it claimed that “‘CRAX” was used instead of the descriptive word “crackers””. But the opposite is true. National Brands argued for the distinctiveness of ‘CRAX’ over the non-distinctive and descriptive ‘crackers’.

[29] Evidence of language usage must include dictionary use, even though this is not decisive. The Concise Oxford Dictionary does not list ‘crax’ or give it as a form of ‘cracker’ or ‘crackers’. The Merriam-Webster online dictionary defines ‘crax’ as ‘the type genus of Cracidae’.[39] There is no mention of its being a shortened term or an abbreviation for ‘crackers’. The Online Cambridge Dictionary has no meaning for ‘crax’, simply listing similar words, the closest of which is ‘crack’.[40] The Online Etymology Dictionary has no result for ‘crax’.[41] There is no basis for concluding that it is, or was, a word in everyday use or is used as an abbreviation for crackers.

- [30] In support of its contention that ‘crax’ was a commonly used word for ‘crackers’, Cape Cookies attempted to rely on averments in an affidavit delivered in the Cape litigation. National Brands submitted that the affidavit in question did not form part of the papers in the present matter. It had simply been added to the application papers without agreement or the leave of the high court. When pressed in argument, Cape Cookies was constrained to concede that this was the case and that the affidavit in question had not been properly introduced in evidence in the present matter. This means, of course, that it cannot be relied on. The costs arising from this action shall be dealt with later.
- [31] It must be recognised that the competing words are both composite word marks which include the suffix CRAX. CRAX has not been registered as a standalone mark. The question is whether the different prefixes achieve sufficient prominence to render SNACKCRAX dissimilar to SALTICRAX. Both prefixes are descriptive words and thus not distinctive. SALT alludes to taste and SNACK the envisaged use for the biscuit. CRAX accordingly must be given more prominence than was held to be the case in the word ‘Lucky’,[42] the phonetical equivalent of the commonly used word pepper in the mark PEPPA,[43] and the common words ‘Power’[44] and ‘Yuppie’.[45] All of these were held to be non-distinctive despite their being arguably the dominant element of the composite marks in question.[46] CRAX as the dominant feature of the two words is a coined word, unlike the other example cited. It is therefore capable of distinguishing. In so far as the others are concerned, it has come to be accepted that it is not the purpose of trade marks to enable people ‘to secure monopolies on the commons of the English language’[47] and that the phonetic equivalent of a non-distinctive word is itself non-distinctive.[48]
- [32] It is worth mentioning some cases where comparisons of words have been found to be similar and registration refused. In *American Chewing Products Corporation v American Chicle Company*,[49] this court upheld the opposition of the proprietor of a registered trademark CHICLETS for chewing gum to registration of Chicks for the same goods. In *Century City Apartments Property Services CC and Another v Century City Property Owners’ Association*, this court held that, despite the addition of the word ‘apartment’, Century City Apartments was not only similar to Century City but confusingly so.[50] In *Orange Brand*, the holder of the ORANGE trademark in the technology goods category was held to be entitled to resist registration of ORANGEWORKS,

despite the word ‘orange’ being in common use. This court explained:

‘The suffix WORKS – a word that might at best suggest an imprecise metaphor – trails off considerably when the mark is expressed orally, is dominated visually by the distinctive ORANGE when written, and is entirely overshadowed by the unusual conceptual use of ORANGE in association with technology.’[51]

In the Court of Appeal in England, registration of 'Alka-vescent' was refused as being too similar where 'Alka-Seltzer' had been registered.[52] Finally, in relation to prescribed medicines, this court held that ZEMAX and ZETOMAX were not only similar, but confusingly so for lay purchasers.[53]

[33] The suffix CRAX is a distinctive feature of SALTICRAX, as TWIST was held to be in PepsiCo.

[54] As was said in *Distell Ltd v KZN Wines and Spirits CC*, 'the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components'.[55] Not only is the first letter of both an 'S', but phonetically each commences with a strong 's' sound. It is well established that the first syllable of a word is important for distinction.[56] Both are three syllables. When spoken, they sound the same, with the emphasis on 'CRAX'. The difference, to the extent that there is any, lies in the middle syllable. But, that distinction fades into insignificance, against the backdrop of the overall impression created by the marks. Considered as wholes, bearing in mind their dominant and distinctive features, SNACKCRAX must be considered to be similar to SALTICRAX. I do not consider that the prefix SNACK serves to sufficiently distinguish SNACKCRAX from SALTICRAX either visually or aurally. The conceptual similarities are clear.

[34] Of further significance is that the marks at present, and if registered, will be capable of being used on identical goods. In my view, the relevant consumer will make a connection or discern a link between the two. In this regard, the *Rus/Sanrus* matter is instructive.[57] In that case, the plaintiffs were the registered proprietors of a trademark consisting of the word *Rus* in respect of porcelain and earthenware. They brought proceedings for infringement and passing off against the defendants for use of the word *Sanrus* in respect of bricks. In that matter, *Simonds J* held that, due to its reputation in the building trade and despite the words not being similar, a link would be made by a 'person accustomed to deal in this class of material, that is to say an architect, builder or purveyor of builders' materials'. As such, *Sanrus* was held to amount to an infringement of *Rus*. By analogy, it would seem reasonable to suppose that SNACKCRAX might be linked with, and thus amount to an infringement of, SALTICRAX in the same way.

[35] The test of an easily recognisable similarity between the two marks is met. The mark SNACKCRAX must therefore be held to be similar to SALTICRAX for the purposes of s 10(17).

[36] Item (f) remains: This pertains to whether, as National Brands contends, it can be said that 'the mark sought to be registered would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark'.

[37] It is noteworthy that s 10(3) of the UK Act proscribes registration where, 'the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.' Our legislation

differs in only requiring the mark to be likely to do so. This court has accepted that the word 'likely' in s 17 of the Act must be taken to mean a reasonable probability as opposed to a reasonable possibility.[58] That approach applies equally here. In Verimark, the following comments were said to be apposite to s 34(1)(c):

'... the unfair advantage or the detriment must be properly substantiated or established to the satisfaction of the Court:

the Court must be satisfied by evidence of actual detriment, or of unfair advantage.'[59]

These were, however, made in the context of the UK legislation which requires actual advantage or prejudice.[60] They accordingly did not apply to the test that such advantage or detriment was likely. However, in a footnote to that dictum, Harms JA said that, '[d]epending on the primary facts these may be self-evident'.[61]

[38] Concrete evidence of actual advantage or detriment is not required under s 10(17). Only a likelihood need be shown. It seems to me that a well-founded basis for why it would be likely that an unfair advantage would be gained if registration takes place suffices. I agree that, as opposed to bare assertions, facts supporting such an inference must be put up.[62] In any event, at the time that opposition proceedings are launched, concrete evidence may well not yet have emerged.

[39] The Constitutional Court accepted as correct what was stated in Pfizer Ltd and Pfizer Incorporated v Eurofood Link (United Kingdom) Ltd,[63] which said:

'The concept of "unfair advantage" requires an enquiry into the benefit to be gained by the defendant from the use of the mark complained

of and the concept of "detriment" requires an enquiry into the goodwill accruing to the business in the goods sold under the trade mark.'[64]

The benefit which National Brands contends Cape Cookies will likely derive from the use of SNACKCRAX must thus be considered.

[40] National Brands submitted that Cape Cookies would be likely to take unfair advantage of 'the power of attraction, the prestige and repute' of the SALTICRAX mark. It submitted with some force

that this had been built up over a considerable period and with a considerable investment of money. Cape Cookies chose to go into

direct competition with it. The use of the similar mark will enable Cape Cookies to 'ride on the coat tails' of National

Brands as regards the well-established SALTICRAX mark without itself having to expend time and money to achieve an equally competitive

position. It was submitted that this was why Cape Cookies chose a mark similar to SALTICRAX as opposed to a different mark under which it could have traded without that advantage. Cape Cookies was challenged to produce its instructions to the advertising agency so as to negate this inference but refused to do so on the grounds that they were confidential.

[41] In my view, National Brands went beyond simply parroting the provisions of the section. The trademark SALTICRAX was registered in

1951. It was the only mark containing 'CRAX' until 2009, when Cape Cookies registered the disputed VITACRAX mark. National Brands spent more than R11 million in advertising SALTICRAX over

a 15-year period and achieved strong market penetration over many years. The products marketed under the SNACKCRAX mark are virtually

the same as SALTICRAX biscuits. The significance of this is that Cape Cookies does not have to embark upon any marketing campaign of its own (and there is no evidence that it has thus far done so) to achieve market penetration, despite the fact that it will be trading in the same stores with a similar product and in the same consumer niche market.

[42] In all the circumstances, I take the view that, if registration was to be allowed, use of SNACKCRAX would reasonably probably, or be likely to, take unfair advantage of the distinctive character or repute of SALTICRAX. In the result, the case was made out that s 10(17) stands in the way of registration of the mark applied for. In my view, the high court erred in dismissing the opposition to the registration application. It is thus not necessary to consider the other grounds of opposition relied upon by National Brands.

[43] As mentioned, Cape Cookies attempted to utilise an affidavit from the Cape litigation when it did not form part of the present papers. Cape Cookies persuaded the Registrar of this court to admit into the

appeal record two additional volumes totalling 287 pages containing that affidavit in the face of protest by National Brands. National

Brands sought a punitive costs order against Cape Cookies for the inclusion of those volumes. It had warned Cape Cookies that a

punitive costs order would be sought. Despite this, Cape Cookies persisted. There was absolutely no basis on which Cape Cookies was entitled to include the volumes. I see no reason why Cape Cookies should not bear the costs arising from the inclusion of those volumes on an attorney and client scale.

[44] As regards the balance of the costs in the high court and on appeal, they should follow the result. Although Cape Cookies utilised the services of only one counsel, it raised no argument against the entitlement of National Brands to the costs of two counsel which, in my view, was warranted.

[45] In the result, the following order issues:

T R GORVEN

JUDGE OF APPEAL

Appearances

For appellant: C E Puckrin SC, with L G Kilmartin Instructed by: Adams and Adams, Pretoria Honey Attorneys, Bloemfontein For first respondent: M Seale SC Instructed by: Brian Bacon Incorporated, Cape Town Webbers Attorneys, Bloemfontein

[1] Verimark (Pty) Ltd v BMW AG; BMW AG v Verimark (Pty) Ltd [2007] ZASCA 53; 2007 (6) SA 263 (SCA) para 5 (Verimark). This applies also to services which are not relevant here.

[2] Apart from a non-applicable provision, 'trade mark' is defined as 'a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person'.

[3] See s 9 of the Act.

[4] Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a SabMark International

[2004] ZASCA 76; 2005 (2) SA 46 (SCA); [2004] 4 All SA 151 para 20 (Laugh It Off SCA). This judgment was reversed on appeal by the Constitutional Court in Laugh It Off Promotions CC v SAB International (Finance) BV t/a Sabmark International (Freedom of Expression Institute as Amicus Curiae)

[2005] ZACC 7; 2006 (1) SA 144 (CC); 2005 (8) BCLR 743 (Laugh It Off CC) but this aspect was not departed from in that court.

[5] Verimark para 5.

[6] National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd 2001

(3) SA 563 (SCA) (National Brands v Blue Lion) para 11.

[7] Verimark para 13.

[8] First Council Directive 89/1988 of the Council of the European Communities 'To approximate the laws of the Member States

relating to trademarks'. To be found at David Kitchen et al Kerly's Law of Trade Marks and Trade Names (13 ed) 1017.

[9] Laugh It Off SCA para 18.

[10] Premier Brands UK Ltd v Typhoon Europe Ltd

[2000] EWHC 1557; [2000] FSR 767.

[11] Laugh It Off CC para 39.

[12] Laugh It Off CC para 40.

[13] Triomed (Pty) Ltd v Beecham Group plc and Others 2001

(2) SA 522 (T) at 555D-E (Triomed Gauteng). It should be noted that Triomed was upheld on appeal to this court in Beecham Group plc and Another v Triomed (Pty) Ltd

[2002] ZASCA 2002; 2003 (3) SA 639 (SCA); [2002] 4 All SA 193 (SCA) (Triomed SCA). However, this court decided the case on a different point and did not deal with the dictum, saying in para 6, 'In view of my conclusion that the appeal stands to be dismissed, I do not intend to canvass the whole area as did the learned Judge, but my failure to deal with any particular issue should not be seen as either approval or disapproval of his judgment.'

[14] Klimax Manufacturing Ltd and Another v Van Rensburg and Another

[2004] 2 All SA 301 (O); 2005 (4) SA 445 (O) at 454G-H (Klimax).

[15] In Laugh It Off CC, this difference in our Act was not material and not dealt with. There Moseneke J commented in para 36 that: 'Provisions virtually identical in text and substance to our s 34(1)(c) are found in art 5(2) of the European Directive and s 10(3) of the 1994 United Kingdom Act. However, there is an important difference. The corresponding European Community and United Kingdom (UK) provisions require proof of actual detriment or unfair advantage. Our section requires a likelihood of unfair advantage or detriment.' Reference omitted. As will be seen, the difference identified by him achieves some significance below.

[15] In Laugh It Off CC, this difference in our Act was not material and not dealt with. There Moseneke J commented in para 36 that:

'Provisions virtually identical in text and substance to our s 34(1)(c) are found in art 5(2) of the European Directive and s 10(3) of the 1994 United Kingdom Act. However, there is an important difference. The corresponding European Community and United Kingdom (UK) provisions require proof of actual detriment or unfair advantage. Our section requires a likelihood of unfair advantage or detriment.' Reference omitted.

As will be seen, the difference identified by him achieves some significance below.

[16] Roshana Kelbrick: The term 'well-known' in South African trade-mark legislation: some comparable interpretations in https://journals.co.za/doi/pdf/10.10520/AJA00104051_44, p435 at p437. Accessed on 30 May 2023.

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

[18] Lucky Star Ltd v Lucky Brands (Pty) Ltd [2016] ZASCA 77; 2017 (2) SA 588 (Lucky Star).

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- [19] Yuppiefchef Holdings (Pty) Ltd v Yuppief Gadgets Holdings (Pty) Ltd [2016] ZASCA 118 (Yuppiefchef).
- [20] Verimark para 11.
- [21] Laugh It Off SCA para 20. Emphasis in the original.
- [22] National Brands v Blue Lion para 11.
- [23] Tri-ang Pedigree (South Africa) (Pty) Ltd v Prima Toys (Pty) Ltd 1985
- (1) SA 448 (A) at 468G–H.
- [24] National Brands v Blue Lion para 7.
- [25] Orange Brand Services Ltd v Account Works Software (Pty) Ltd
- [2013] ZASCA 158 para 6 (Orange Brand).
- [26] See ‘In the Matter of an Application by the Pianotist Company Ltd. For the Registration of a Trade Mark’ (1906) Reports of Patent, Design and Trade Mark Cases vol 23(32) 774-778.
- [27] Orange Brand para 14.
- [28] Yuppiefchef para 26.
- [29] LTJ Diffusion SA v Sadas Vertbaudet SA [2003] ETMR 83 (European Trade Mark Reports) para 50. This dictum was approved in Century City with the caveat that ‘minute and wholly insignificant differences’ should not be taken into account. Century City para 12.
- [30] Although it might arise in the future, I do not think it necessary to attempt to resolve the ‘conundrum’ adverted to by Wallis JA in Yuppiefchef para 44 as to the possibility of a mark being similar but not deceiving or confusing.
- [31] R v Revelas 1959
- (1) SA 75 (A) at 80B–C.
- [32] Bata para 14.
- [33] Société des Produits Nestlé SA v Cadbury UK Ltd [2012] EWHC 2637 (Ch) para 20.
- [34] Bata par 14.
- [35] National Brands v Blue Lion para 12.
- [36] Intel Corporation Inc. v CPM United Kingdom Ltd Case C-252/07 (ECJ) para 30. Cited in Webster and Page, issue 19, para 12.26, p12-55.
- [37] C Job: ‘The Value Judgment Conundrum: A critical review of recent trade mark appeal decisions in South African Intellectual Property Law Journal (2017) p202 at p213.
- [38] Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd

- [1984] ZASCA 51; 1984 (3) SA 623 (A) at 641B-D. See also *PepsiCo v Atlantic Industries* [2017] ZASCA 109 para 20 (PepsiCo).
- [39] 'Crax.' Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/Crax>. This is a species of long-legged bird. Accessed 25 May 2023.
- [40] <https://dictionary.cambridge.org/spellcheck/english/?q=crax>. Accessed 25 May 2023.
- [41] <https://www.etymonline.com/search?q=crax>. Accessed 25 May 2023.
- [42] As in *Lucky Star*.
- [43] As in *Dinnermates (Tvl) CC v Piquante Brands International & another* [2018] ZASCA 43.
- [44] As in *Bata*.
- [45] As in *Yuppiechef*.
- [46] There has been criticism of some of these findings. See C Job: 'The Value Judgment Conundrum: A critical review of recent trade mark appeal decisions in South African Intellectual Property Law Journal (2017) p202 at p211-215; Roshana Kelbrick and Coenraad Visser: Intellectual Property Law in 2017 Annual Survey of South African Law p658 at p670.
- [47] *Yuppiechef* para 38; *Quad Africa Energy (Pty) Ltd v The Sugarless Company (Pty) Ltd and Another*
- [2020] ZASCA 37; [2020] 2 All SA 687 (SCA); 2020 (6) SA 90 (SCA); 2020 BIP 426 (SCA) para 15.
- [48] *Cochrane Steel Products (Pty) Ltd v M-Systems Group* [2017] ZASCA 189 para 21.
- [49] *American Chewing Products Corporation v American Chicle Company* 1948 (2) SA 736 (A).
- [50] *Century City Apartments Property Services CC and Another v Century City Property Owners' Association* [2009] ZASCA 157; 2010 (3) SA 1 (SCA); [2010] 2 All SA 409 (SCA) para 13.
- [51] *Orange Brand* para 16.
- [52] *Broadhead's Application for Registration of a Trade Mark*
(1950) 67 RPC 209 at 217.
- [53] *Adcock Ingram Intellectual Property (Pty) Ltd and Another v Cipla Medpro (Pty) Ltd and Another*
- [2012] ZASCA 39; 2012 (4) SA 238 (SCA); [2012] 3 All SA 1 (SCA) para 31.
- [54] *PepsiCo* para 27. I am aware that the matters are not on all fours because TWIST was on the register. It is the prominence of the distinctive
feature that is similar.
- [55] *Distell Ltd v KZN Wines and Spirits CC* [2016] ZASCA 18 para 10.

- [56] Tripcastroid [1925] RPC 264 cited in In the matter of Trade Mark application m1553108 by Flexiform Business Furniture to Register the Mark Flexilink and In the matter of Opposition Thereto Under Opposition m 42604 by Wagon Storage Products Ltd <https://www.ipo.gov.uk/t-challenge-decision-results/o05399.pdf>. Accessed 6 June 2023.
- [57] Ravenhead Brick Co v Ruabon Brick & Terra Cotta Co. Ltd [1937] RPC 341 also cited in Flexilink fn 56 above.
- [58] Cowbell AG v ICS Holdings Ltd
- [2001] ZASCA 18; 2001 (3) SA 941 (SCA); [2001] 4 All SA 242 para 10.
- [59] Verimark para 14.
- [60] Ibid, Harms JA said: ‘The following points made by Lord Menzies with reference to a number of authorities are in this context apposite: . . . that the unfair advantage or the detriment must be properly substantiated or established to the satisfaction of the Court: the Court must be satisfied by evidence of actual detriment, or of unfair advantage.’
- [60] Ibid, Harms JA said:
- ‘The following points made by Lord Menzies with reference to a number of authorities are in this context apposite: . . . that the unfair advantage or the detriment must be properly substantiated or established to the satisfaction of the Court: the Court must be satisfied by evidence of actual detriment, or of unfair advantage.’
- [61] Footnote 21 of Verimark.
- [62] See Laugh It Off CC para 54.
- [63] Pfizer Ltd and Pfizer Incorporated v Eurofood Link (United Kingdom) Ltd
- [2000] FSR 767.
- [64] Laugh It Off CC para 39.

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