

SOUTH AFRICA / JUDGMENT

New Media Publishing (Pty) Ltd v Eating Out Web Services CC and Another (6937/03) [2005] ZAWCHC 20; 2005 (5) SA 388 (C); 2005 BIP 127 (C) (4 April 2005) [2005] ZAWCHC 20

COURT

Western Cape High Court, Cape Town

BEFORE

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CASE / FILE NUMBER

6937/03

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IN

THE SUPREME COURT OF SOUTH AFRICA

(CAPE

OF GOOD HOPE PROVINCIAL DIVISION)

CASE

NO: 6937/03

REPORTABLE

In

the matter between:

NEW

MEDIA PUBLISHING (PTY.) LTD.

Applicant

and

EATING

OUT WEB SERVICES CC

First Respondent

UNIFORUM

SA

Second Respondent

JUDGMENT

DELIVERED THIS 4th DAY OF APRIL, 2005.

THRING, J.:

The applicant is a publisher of, inter alia, various magazines in South Africa. One of these is called “Eat Out”. It is published annually. The first edition, that for 1999, was published in the latter part of 1998 and was distributed and made available for sale to the public about November,

1998. A new edition has appeared each year since 1999. It is a guide to restaurants throughout South Africa. It contains information about these restaurants such as location, telephone number, days and hours of opening, the type of cuisine offered, prices, a short review of the restaurant compiled by an independent contributor to the magazine, etc. The restaurants included in the publication are chosen by its editor. The 2003 edition contained information about approximately 800 restaurants. It is a high quality publication printed on glossy paper. The price, to a member of the public, of the 2003 issue was R29.95. It is sold at bookshops, newsagents and supermarkets. The estimated number of copies distributed for sale in each of the years 1999 to 2002 is as follows:

1999

45,000

2000

23,000

2001

17,500

2002

20,000

(Of these, a substantial number were distributed together with, and, it would seem, as a kind of supplement to, another magazine called “Habitat”: in 1999 20,000 copies were thus distributed, in 2000 16,000, and in 2001 and 2002 10,000 copies in each year. In addition, 2,000 copies are distributed each year to American Express Platinum Card members.) The applicant derives its revenue as regards this publication from sales of the magazine to the public and from advertisements of various kinds which are placed in it. The restaurants which feature in its text, however, do not pay to do so. They pay only for advertisements which they may wish to place in the magazine, whether or not they feature in the text. The applicant’s revenue from advertising in respect of the 2003 edition of “Eat Out” exceeded a million Rand.

The applicant also has an Internet website known as www.eat-out.co.za. This has been registered on the Internet since the 24th November, 2000. A visitor to this website is able to obtain some information about restaurants, but it is not as comprehensive as what appears in the applicant's printed publication, "Eat Out".

The applicant is the proprietor of a registered trade mark. The mark consists of the words "Eat Out Guide" and it is registered in Class 16, which comprises:

"Publications and printed matter; newspapers, periodicals, books, guides, magazines, manuals, brochures, journals, advertising material, photographs, bookbinding materials: paper and cardboard and articles made therefrom."

The registration was applied for in terms of section 16(1) of the Trade Marks Act, No. 194 of 1993 (to which I shall refer herein as "the Act") on the 3rd July, 1998 and was duly registered in terms of section 29(1) of the Act with effect from that date. It is valid for a period of ten years.

The applicant also publishes a magazine called "Sleep Out", but I was informed from the Bar that the relief sought in the notice of motion in respect thereof is not being persisted in by the applicant, and I need say no more about this.

In 2000 the first respondent was formed (to which I shall refer simply as "the respondent", as the second respondent, the administrator of the website domain "co.za" has been joined merely so that it can be ordered to give effect to the relief sought by the applicant against the first respondent, which relief it does not oppose). The respondent has websites known as www.eating-out.co.za and www.eatingout.co.za. It does not publish printed matter. Anyone with access to the Internet may visit these sites free of charge and make use of the service provided there by the respondent. That service consists of the provision of information about restaurants throughout South Africa. The information is similar in many respects to that contained in the applicant's "Eat Out" magazine, and includes such details as location, type of food offered, etc. However, the applicant makes no complaint of plagiarism, that is, of word-for-word copying of the text used in "Eat Out". The respondent derives its revenue from the subscriptions which it collects from the restaurants which are included on the website and, to a much smaller extent, from advertisements which appear on the site. It is in dispute on the papers exactly when the respondent's

website first became operational, and for whose benefit; however, at best for the respondent this was, at the earliest, in June,

2000. It is claimed by the respondent that its websites are visited by approximately 1,000 persons per day.

On the 22nd August, 2003 the applicant launched this application. In essence, it seeks orders:

- (1) Restraining the respondent from infringing its registered trade mark; and

- (2) Restraining the respondent from passing off its business, products or services as those of the applicant and from using the name or mark “Eating Out”, or any mark confusingly or deceptively similar thereto, in any manner so as to connect it with the applicant’s business, products or services.

Voluminous papers have been delivered by both sides: they run to some 900 pages. There are three main areas of dispute in this matter, viz. the applicant’s trade mark claim, its claim relating to alleged passing off, and the respondent’s defence of acquiescence. I shall deal with each of these in turn.

The applicant’s trade mark claim

The applicant’s trade mark is, as I have said, registered in Class 16, which comprises goods of certain kinds. The respondent does not produce goods: it provides a service to the public on the Internet. However, the applicant relies on the provisions of section 34(1)(b) of the Act, the relevant parts of which read as follows:

“The rights acquired by registration of a trade mark shall be infringed by –

- (a)
- (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;...”

The applicant complains that the unauthorised use by the respondent of the mark “Eating Out” in relation to its electronic

restaurant guide constitutes an infringement of the applicant’s registered trade mark, inasmuch as the respondent’s mark is deceptively or confusingly similar to the applicant’s mark, and it is used by the respondent in the course of trade in relation to services which are so similar to the goods in respect of which the applicant’s mark is registered that in such use there exists the likelihood of deception or confusion. In essence, the respondent contends, on the other hand, in the first place, that its mark is insufficiently similar to the applicant’s, and, secondly, that its activities neither fall within the ambit of the goods listed in Class 16, nor are they so similar thereto that there is a likelihood, in its use of its mark, of deception or confusion between the applicant’s goods and the respondent’s services.

The enquiry in this matter consists of two separate but closely interrelated questions: first, are the two marks identical or sufficiently similar to one another; secondly, is the respondent’s mark being used unauthorisedly in the course of trade in relation to services which are so similar to the applicant’s goods in respect of which its mark is registered that in such use there exists the likelihood of deception or confusion? There is no question here but that the respondent is using its mark without the applicant’s authority, and is doing so in the course of trade. There is, it seems to me, an interdependence between the two legs of the inquiry: the less the similarity

between the respective goods or services of the parties, the greater will be the degree of resemblance required between their respective marks before it can be said that there is a likelihood of deception or confusion in the use of the allegedly offending mark, and vice versa. Of course, if the respective goods or services of the parties are so dissimilar to each other that there is no likelihood of deception or confusion, the use by the respondent even of a mark which is identical to the applicant's registered mark will not constitute an infringement; also, if the two marks are sufficiently dissimilar to each other no amount of similarity between the respective goods or services of the parties will suffice to bring about an infringement. I respectfully agree with the learned authors of Webster and Page, "South African Law of Trade Marks", 4th Edition, paragraph 12.23 (p. 12-41), where they say, with reference to sec. 34(1)(b) of the Act:

"(O)n a proper interpretation of the South African section the degree of resemblance between the marks and the degree of resemblance between the goods or services must be such that their combined effect will be to produce a likelihood of deception or confusion when that mark is used on those goods or services."

I also agree with Mr. Sholto-Douglas, who appears for the applicant, that the proper approach in a trade mark infringement case of this kind is to compare the applicant's registered mark and any fair notional use of it, on the one hand, with the allegedly offending mark and the manner in which it is actually used by the respondent, on the other. For the purposes of this enquiry distinctiveness on the part of the registered mark is assumed, for distinctiveness must be taken to have been established as required by section 9 of the Act at the time of registration. There is no counter-application here for the expungement of the applicant's mark. Similarly, no question of the applicant's mark having acquired a reputation arises in this context: indeed, the applicant need not even have used the mark for it to enjoy protection under the Act.

In *Plascon-Evans Paints Ltd. v. van Riebeeck Paints (Pty.) Ltd.*, 1984(3) SA 623(A) Corbett, J.A., as he then was, summarised the main legal principles applicable to the enquiry as to whether an allegedly offending mark so nearly resembles a registered mark "as to be likely to deceive or cause confusion" for the purposes of section 44(1)(a) of the then applicable Trade Marks Act, No. 62 of 1963:

"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."

See, also, John Craig (Pty.) Ltd. v. Dupa Clothing Industries (Pty.) Ltd., 1977(3) SA 144(T) at 150 G-H. Where, as here, the two marks consist of words:

"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."

(Pianotist Co. Ltd's Application, (1906) 23 RPC 774 at 777, quoted in Webster and Page, op.cit., at paragraph 7.14, p. 7-13.) As Webster and Page, op. cit., put it at paragraph 7.14, p. 7-14:

"The judge must transport himself from the court-room to the market place and stand in the shoes of the purchaser, taking into consideration the actual circumstances in which sales are likely to take place, the nature of the customers and the likelihood of improper articulation"

(with reference to Oude Meester Groep Bpk. v. S. A. Breweries Ltd.; S.A. Breweries Ltd. v. Distillers Corporation (S.A.) Ltd., 1973(4) SA 145 (W) at 161 C-E).

Much turns, in this regard, on first impressions of the marks, and also on their overall impression and global appreciation by a potential customer: see Sabel BV v. Puma AG, Rudolf Dassler Sport,

[1998] RPC 199 (ECJ) 224; Bata Ltd. v. Face Fashions CC and Another, 2001(1) SA 844 (SCA) at 850 E-G; and Cowbell AG v. ICS Holdings Ltd., 2001(3) SA 941 (SCA) at 948 B-D.

With these principles in mind, I turn now to a comparison of the two marks.

The only differences between the applicant's registered mark, "Eat Out Guide", and the mark which is, effectively, used by the respondent, "Eating Out" are, first, the word "guide" which forms part of the registered mark, but is absent from the respondent's mark. I do not regard this as a difference of any real substance or significance. The word "guide" is purely generic and descriptive of the applicant's goods, and is used in conjunction with the name mark "Eat Out", which is the main or dominant feature or idea of the mark (the Plascon-Evans Paints case, *supra*, at 641 D-E). The generic description of the applicant's goods as a "guide" will make far less of an impression on, and is much less likely to be remembered by, a customer or potential customer than the much more striking words "Eat Out". Secondly, there is the presence of the suffix "-ing" at the end of the word "Eat" in the respondent's mark, the sole effect of which is to convert the present active indicative, (or, perhaps, imperative) form of the verb "eat", as used in the applicant's registered mark, into a present participle active (or, perhaps, a gerund). Whilst there is a more or less subtle difference in meaning between the two forms, I do not consider that the difference would be of great moment except, perhaps, to a grammarian or other student of language. In colloquial parlance, which tends to be somewhat loose, I think that an average customer or potential customer, confronted with the applicant's magazine and the respondent's website, could quite easily be heard to describe them both by using the terms "eat out" and "eating out" as qualifying both products, interchangeably.

Much was made by the respondent and by Mr. Oosthuizen, on its behalf in argument, of the differences which exist between the respective "logo's" in which the two marks are currently used by the parties: on the cover of the applicant's publication there appears, since and including the 2001 edition, the word "eatout" printed in lower case letters as one word, with the component "eat" in a different colour from the component "out" (in 2001 the colours were red and white, respectively; in 2002 red and black; and in 2003 gold and black); this legend is printed on a background which consists of a colour photograph of a restaurant scene, or of a scene which suggests gastronomic delight; immediately beneath the word "eatout" appear the words, in smaller, but capital, letters, in 2001, "RESTAURANT GUIDE", and, in 2002 and 2003, "THE RESTAURANT GUIDE OF SA"; the year of the publication is also featured on or near the word "eatout". On its website the applicant's "logo" consists, again, of the word "eatout" printed as a single word in lower-case letters, the component "eat" being in red and the component "out" being in black; beneath this, in smaller black capital letters, appear the words "THE RESTAURANT GUIDE OF SA"; the background is plain white.

The "logo" used by the respondent on its website, on the other hand, consists of the legend "www.Eating-OUT.co.za": all these letters are in bright yellow, and all are lower case except the "E" of "Eating" and the letters "OUT", which are all capitals; the background is plain purple, with a depiction of a silver-coloured knife and fork behind the lettering. The main or dominant feature of the legend is the word "Eating-OUT" – the remaining letters being, of course, common to a great many South African websites.

The respective “logo’s” used by the parties are unquestionably very different from each other. However, it must be borne in mind that the applicant’s registered mark does not consist of its “logo”: it consists of the words “Eat Out Guide”. The applicant is entitled, as the registered proprietor of this mark, to use it in any fair way which it may choose. Subject, perhaps, to possible considerations of passing off, this would include using it in a “logo” which bears greater resemblance to the respondent’s “logo” than its present “logo’s” do. The contrary has not been contended by the respondent. Consequently I consider that, in comparing the parties’ respective marks, it would be a mistake to look beyond, first, the registered words “Eat Out Guide” and any fair notional use of those words, or of a portion of them in or in conjunction with a “logo” or other form of get-up and, second, the words “Eating Out” and the use to which they are actually put by the respondent in its “logo” and other material. In this respect the enquiry differs fundamentally from that which is involved in considering whether there has been a passing off, where the actual get-up and appearance as a whole of both items concerned must be examined.

Next, the applicant’s goods, i.e. its publication, “Eat Out”, must be compared for similarity with the respondent’s website service.

The starting point, I consider, is to determine, as far as possible, the “market” (in a broad sense) at which the respective goods and services are directed, i.e. what category or categories of people are most likely to consult the applicant’s publication, on the one hand, and the respondent’s website, on the other. I say this because it seems to me that the success or failure of either enterprise must depend to a large extent on the number of persons who make use of the products concerned. Certainly this is the case with the applicant’s publication: if it has insufficient readers it will fail to generate income or sufficient income in the form of sales and subscriptions or in the form of revenue from advertisers. Generally speaking, advertisers do not pay good money to advertise in publications which have little or no readership. As for the respondent’s website, if it has no or insufficient visitors, restaurants will be loath to pay to be included on the website, and advertisers will likewise be reluctant to invest in advertising on it. The fact that the applicant and the respondent derive their respective revenues from largely different sources is consequently not as important in this instance as may appear at first glance; for, as I have said, the cardinal factor, on which that revenue depends, is the number of users of the parties’ respective products. So one must, I think, examine the

type or types of people who, whether they pay for the privilege or not, are the likely users of the parties’ respective products.

Both the applicant’s publication and the respondent’s website are unquestionably restaurant guides: they both contain a plethora of detailed information about restaurants throughout South Africa. Many restaurants appear in both guides, although the information provided about them may not be identical in both. Many of these restaurants can, I think, aptly be described as “up-market” – especially if regard is had to the prices of some of their dishes. The clientèle of these institutions will, it seems to me, in many instances come from much the same spectrum of society: fairly affluent urban or suburban dwellers who frequently dine out at smart restaurants with their families or friends.

The applicant has adduced evidence of a number of actual instances of deception or confusion. Thus, on the 8th January, 2002 a Mr. Tobias Wiese, who is a journalist, sent the applicant an e-mail message which reads:

“hallo

beste vir die Nuwejaar! jy weet seker van hierdie mense; klink of hulle jou titel gesteel het – or did you branch out?

groete

tobie”

This was in response to an e-mail message which he had received the previous day from the respondent. He says in his affidavit:

“.....I was aware of the applicant’s title EAT OUT and was therefore surprised by the use of EATING-OUT by Eating-out which appeared to be a misappropriation of the applicant’s title EAT OUT. I did wonder whether EATING-OUT was the internet version of EAT OUT and transmitted the email to the applicant in order to draw the attention of the applicant to this if it was not the case.”

He was clearly confused as well as suspicious. A Ms. J.A. Drake, who is a journalist and food editor, deposed in an affidavit to having also received an e-mail message from “Eating Out” styled an “Eating Out Newsletter” dated the 4th August,

2003. She says, in effect, that she mistook this as having emanated from the applicant, and was only made aware of the true position when she mentioned the matter to the editor of “Eat Out” at a function. A Ms. L. Aaron, who is a food marketer, says in an affidavit that she was approached in 2003 by a representative of the respondent and requested to place advertisements on its website “Eating Out”. She mistakenly thought that this person represented the “Eat Out” magazine, which she knew, and that the applicant and the respondent were the same entity. She was confused, she says. A Ms. S. de Jager, whose business, Mugg & Bean, which she runs as a franchisee, was a subscriber to the respondent’s “Eating Out” website, says in an affidavit that the business at some stage wished to terminate its subscription. On the 29th January, 2004 she mistakenly addressed a letter to the applicant, thinking that “Eat Out” was associated with “Eating Out”. She was confused. Granted that these are not simply members of the restaurant-frequenting public at large, taken at random from the street, so to speak: they are all more or less connected in some way to the restaurant industry as food journalists, food marketers or restaurant proprietors; consequently they can be expected, I think, to be generally more knowledgeable and discerning, and less likely to be deceived or confused by the parties’ respective marks and products, than an ordinary member of the restaurant-frequenting public at large. Nevertheless, these four instances of actual confusion lend weight, in my view, to the contention that the parties’ respective marks and products are sufficiently similar to create a likelihood of deception or confusion between the two.

On behalf of the applicant it has been pointed out that, when considering trade marks for which registration is being sought, the Registrar of Trade Marks apparently uses as a guideline a certain list of various classes of goods and services with which certain other classes may, potentially, conflict, in the sense that goods or services mentioned in one class may be common, or have common features, with other goods and/or services listed in another class, so as to preclude registration of the same or a similar mark in both classes. Mr. Sholto-Douglas has alluded to the fact that in this list goods marks registered in Class 16, in which the applicant's mark is registered, are reflected as potentially conflicting with, inter alia, for example, certain service marks registered in, inter alia, Class 38, which includes "e-mail and Internet services, operating of search engines". He contends that had "Eating

Out" already been registered as a service trade mark in Class 38 the Registrar would probably have refused a subsequent application

for the registration of "Eat Out" as a goods trade mark in Class 16, because of the similarity in the two marks and the "conflicting" nature of the two products ("competing" might be a preferable term). However, he conceded, I think correctly, that in the nature of things this consideration can serve only as a starting-point for the relevant enquiry: I think that in the end it is the Court which must draw the comparison between the two items of goods and/or services concerned in order to determine their similarity or otherwise, and that what the Registrar might or might not have done in a given situation must not only be highly speculative, but in any event not binding on the Court. Consequently I attach no weight to this consideration save insofar as it does go to show, which is not disputed by Mr. Oosthuizen, that it is possible for a mark which is registered for goods to conflict potentially with another mark which is used for services.

After careful consideration of all the relevant factors I have reached the conclusion, for the reasons which I have mentioned above, that the combined effect of the close resemblance between the applicant's registered mark "Eat Out Guide" and the respondent's mark "Eating Out" and the similarity between the applicant's publication and the respondent's website is such that in the use of its mark by the respondent there exists the likelihood of deception or confusion. That being so, and subject to the respondent's defence of acquiescence, with which I shall deal presently, the applicant has, in my judgment, established an infringement of its registered trade mark by the respondent.

The applicant's passing off claim

The basic principles relating to passing off have been stated repeatedly, and I need mention only a few of the authorities. In *Capital Estate and General Agencies (Pty.) Ltd. and Others v. Holiday Inns Inc. and Others*, 1977(2) SA 916 (A) Rabie, J.A. said at 929 C-D:

“The wrong known as passing off consists in a representation by one person that his business (or merchandise, as the case may be) is that of another, or that it is associated with that of another, and, in order to determine whether a representation amounts to a passing-off, one enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another.”

In *Caterham Car Sales & Coachworks Ltd. v. Birkin Cars (Pty.) Ltd. and Another*, 1988(3) SA 938 (A) Harms, J.A. referred at 947 A-B to the elements of the wrong as –

“... the ‘classical trinity’ of reputation (or goodwill), misrepresentation and damage.”

The learned Judge of Appeal went on to say, however, at 948 B-C that it was incorrect to equate goodwill with reputation (or vice versa), that reputation was merely a potential component of goodwill (at 947 H-I), and that:

“The only component of goodwill of a business that can be damaged by means of a passing-off is its reputation and it is for this reason that the first requirement for a successful passing-off action is proof of the relevant reputation.” (at 947 I-J)

As to the nature of reputation, in *Bress Designs (Pty.) Ltd. v. GY Lounge Suite Manufacturers (Pty.) Ltd. and Another*, 1991 (2) SA 455 (W) van Dijkhorst, J. said at 471 D-E:

“In every passing off case two propositions have to be established by a plaintiff before he can succeed. The first is that his name, mark, sign or get-up has become distinctive, that is, that in the eyes of the public it has acquired a significance or meaning as indicating a particular origin of the goods (business, services) in respect of which that feature is used. This is called reputation. The second is that the use of the feature concerned was likely to deceive and thus cause confusion and injury, actual or probable, to the goodwill of the plaintiff’s business.”

In *Kellogg Co. and Another v. Bokomo Co-operative Ltd.*, 1997(2) SA 725(C) the Court had to deal with the alleged passing off of a product called “Nu-Bix” as a competitor’s product called “Nutribix”. At 733 D-E van Reenen, J. said:

“The parties are in agreement that the respondent’s trade name Nu-Bix and the applicant’s common-law trade name Nutribix are confusingly similar. Although the fact that those trade names are confusingly similar will undoubtedly be relevant in an action relating to the infringement of the respondent’s registered trade mark, such similarity, in the absence of proof of deception as to either trade source or business connection, is incapable of founding the delict of passing-off.”

I have already concluded above, in the context of trade mark infringement, that the respondent’s mark, “Eating Out” is confusingly similar to the applicant’s registered trade mark, consisting solely of the name “Eat Out Guide”. However, in the view which I take of the applicant’s passing off claim it is unnecessary to proceed to the next stage of the enquiry, and to consider whether or not the differences in the ways in which the respective parties use their marks, i.e. the get-up of their respective products, is such as to negative or neutralise the reasonable likelihood that members of the public may be confused into believing that the product of the one is that of the

other, or that the two are associated with one another (the Capital Estate case, *supra*, loc. cit.), and I accordingly express no view on this question. I say this because I have reached the conclusion that the applicant has failed to establish, on a balance of probabilities, that its name, mark or get-up has, for the purposes of its passing off claim, become distinctive, so that it has a reputation to protect in this connection. (It should perhaps be said at this point that there is no complaint that the general get-up, as opposed to the name, used on the respondent's website so closely resembles the general get-up used by the applicant in its publication that there is a likelihood of deception or confusion between the two on that basis: indeed, as I have said, the respective get-ups of the two products seem to me to be substantially different from each other in a number of respects. However, be that as it may.)

The applicant relies on various things for its allegation of having established distinctiveness and, therefore, reputation, for its publication "Eat Out". These include the number of restaurants reviewed in it since 1999, the extent of its sales, distribution and readership, the manner in which it has been received in the press, how and the extent to which it has been promoted and advertised in the press, the use of its website, certain awards which it has gained, and others which it has bestowed on restaurants, the extent of its advertising revenue, etc. Reliance is also placed on the instances of actual confusion which have occurred, and to which I have referred, as evidence of reputation. None of the applicant's allegations in this regard are really in dispute, save for the conclusion which it seeks to draw that "Eat Out" has developed distinctiveness and a reputation.

In *Adcock-Ingram Products Ltd. v. Beecham S.A. (Pty.) Ltd.*, 1977(4) SA 434 (W) Nicholas, J., as he then was, said at 436H – 437 B:

"In the case of an indirect representation, the plaintiff must prove in the first instance that the defendant has used or is using in connection with his own goods a name, mark, sign or get up which has become distinctive

'...in the sense that by the use of (the plaintiff's) name or mark, etc., in relation to goods they are regarded, by a substantial number of members of the public or in the trade, as coming from a particular source known or unknown...'

(Halsbury, *Laws of England*, 3rd ed., vol. 38 p. 597). In other words, the plaintiff must prove that the feature of his product on which he relies has acquired a meaning or significance, so that it indicates a single source for goods on which that feature is used. In *T. Oertli A.G. v. E.J. Bowman (London) Ltd.*, 1957 R.P.C. 388 (C.A.), Jenkins, L.J., put it in this way at p. 397:

'It is, of course, essential to the success of any claim in respect of passing-off based on the use of a given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by use in this country distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get-up will be understood by the trade and the public in this country as meaning that the goods are the plaintiff's goods.'

Where the name concerned is descriptive rather than fancy, invented, or made up, it will, generally speaking, be more difficult for a trader to establish that a substantial number of members of the public or of persons in the trade concerned will regard the goods or services bearing that name as coming from a particular single source. Thus, in *Rovex Ltd. and Another v. Prima Toys (Pty.) Ltd.*, 1982(2) SA 403 (C) this Court quoted with approval at 405 E-H the following passage from an Australian case, *Hornsby Building Information Centre Pty. Ltd. v. Sydney Building Information Centre Pty. Ltd.* (no reference given):

“There is a price to be paid for the advantages flowing from the possession of an eloquently descriptive trade name. Because it is descriptive it is equally applicable to any business of a like kind, its very descriptiveness ensures that it is not distinctive of any particular business and hence its application to other like businesses will not ordinarily mislead the public. In cases of passing off, where it is the wrongful appropriation of the reputation of another or that of his goods that is in question, a plaintiff which uses descriptive words in its trade name will find that quite small differences in a competitor’s trade name will render the latter immune from action – Office Cleaning Services Ltd. v. Westminster Window and General Cleaners Ltd. (1946) 63 RPC 39 at 42 per Lord Simonds). As his Lordship said (at 43), the possibility of blunders by members of the public will always be present when names consist of descriptive words –

‘So long as descriptive words are used by two traders as part of their respective trade names, it is possible that some members of the public will be confused whatever the differentiating words may be’.

The risk of confusion must be accepted, to do otherwise is to give to one who appropriates to himself descriptive words an unfair monopoly in those words and might even deter others from pursuing the occupation which the words describe.”

“Eat Out”, it seems to me, is unquestionably a largely descriptive name: it describes the nature of the guide which the applicant publishes. There is little, if anything, about the name which is fancy, invented, or made up. It does little, if anything, to designate the applicant’s publication as emanating from a particular single source, as opposed to other possible sources. To my mind it is primarily descriptive. Even if it is run together into one word, “Eatout”, as it is on the front cover of the applicant’s publication, it remains, in my view, an almost entirely descriptive name. Mr. Sholto-Douglas did not contend that the name was not at least partly descriptive, although he did submit that it was not primarily so. I am unable to agree with the latter submission. “Eat” and “out” are, of course, two perfectly ordinary English words in common everyday use. In somewhat colloquial language they are used by the applicant to describe its guide as a publication to

which one turns for information when one wishes to “eat out”, i.e. to dine at a restaurant.

The respondent denies that “Eat Out” is distinctive of the applicant’s publication, or that the applicant has acquired a reputation in the name.

How difficult it is for a trader to acquire distinctiveness for the name of his goods or services, and consequently a reputation for the name, where he uses an ordinary descriptive word or words for it, is illustrated in many decided cases in South Africa. Thus, in *Selected Products Ltd. v. Enterprise Bakeries (Pty.) Ltd.*, 1963(1) SA 237 (C) the applicant's biscuits were called "Coconut Cookies". At 242F – 243A Theron, A.J., as he then was, said:

"Now it has been stated over and over again by the Courts that if a trader has applied to his merchandise ordinary descriptive words, he will have great difficulty in proving that such words constitute a trade name designating his goods as opposed to those of others. Save in the most exceptional circumstances no individual can be allowed to monopolise words which are the common heritage of us all and which provide a convenient and natural method – even if not the only or the most correct method – of describing an article. The reluctance of the Courts to find that words primarily descriptive have acquired among the public or that class of the public likely to deal with the article designated thereby, a subsidiary or secondary meaning denoting or connoting a particular origin, is well illustrated by the following passage from the judgment of Lord Shand in Cellular Clothing Co., Ltd. v. Maxton, 1899 A.C. 326 (a case which has often been relied upon in our Courts); at p. 340:

'Of that case (i.e. *Reddaway v. Banham*, 1896 A.C. 199) I shall only say that it no doubt shows it is possible where a descriptive name has been used to prove that so general, I should rather say so universal, has been the use of it as to give it a secondary meaning and so to confer on the person who has so used it a right to its exclusive use or, at all events, to such a use that others employing it must qualify their use by some distinguishing characteristic. But I confess I have always thought, and I still think, it should be made almost impossible for anyone to obtain the exclusive right to the use of a word or term which is in ordinary use in our language and which is descriptive only – and, indeed, were it not for the decision in *Reddaway's* case, I should say this should be made altogether impossible'."

The application failed. In *Sea Harvest Corporation (Pty.) Ltd. v. Irvin & Johnson Ltd.*, 1985(2) SA 355 (C) the applicant used the words "prime cut" to promote certain of its fish products. At 360 G-H Aaron, A.J. said:

"It is admitted by applicant on the papers that the words "prime cut" are appropriate to be used as a description of the frozen fish. This is clearly so. The word "cut" does no more than indicate that what is being sold is a piece or section of the fish, while the word "prime" simply denotes a grade or classification of the best quality. The two words taken together are a convenient and natural way of describing a selected piece of fish of superior quality. The fact that the phrase "prime cut" has been used elsewhere in the world in marketing frozen fish bears this out."

At 360 B – D the learned Acting Judge said:

"A long line of decisions in passing-off and trade mark cases has established that where descriptive words, as opposed to invented or fancy words, are used in a trade name or trade mark, the Courts will not easily find that such words have become distinctive of the business or products of the person using them, and will not give what amounts to a monopoly in such words to one trader at the expense of others. Cellular Clothing v. Murray, 1899 AC 326 (HL); Patlansky & Co Ltd. v. Patlansky Bros., 1914

TPD 475 at 492; Selected Products (Pty.) Ltd. v. Enterprise Bakeries Ltd., 1963 (1) SA 237 (C) at 242F – 243 B; Rovex Ltd. and Another v. Prima Toys (Pty.) Ltd., 1982(2) SA 403 (C)."

The application failed. See, also, for further illustrations of unsuccessful attempts to restrain alleged passing off arising out of the use of descriptive names: *Truck and Car Co. Ltd. v. Kar-N-Truk Auctions*, 1954(4) SA 552 (A) ("Truck and Car Company, Limited"); *Burnkloof Caterers (Pty.) Ltd. v. Horseshoe Caterers Green Point (Pty.) Ltd.*, 1974(2) SA 125 (C); 1975(2) SA 189 (C) (Full Bench); 1976(2) SA 930 (A) ("Bar-B-Que Steakhouse"); *Appalsamy v. Appalsamy and Another*, 1977(3) SA 1082 (D) ("City Heat Geysers"); and *Converge (Pty.) Ltd. v. Woolworths Ltd. and Another*, C.P.D., 19th September, 2003, case no. 7521/2003 (unreported) ("Good Taste").

It is true that the four instances of actual confusion to which I have referred above go some way to establishing distinctiveness and reputation in the applicant's publication. However, I am not persuaded that they go far enough. On the authorities to which I have referred above it will not suffice for the applicant to show merely that some members of the general public, or some persons in the trade, are likely to be deceived or confused into mistaking the respondent's service as emanating from a particular single source, other than the respondent: the applicant has to go further and establish, on a balance of probabilities, that a substantial number of such persons will do so because the name used by the applicant for its goods has become distinctive of those goods in their minds: the descriptive name must, in other words, have acquired a secondary or subsidiary meaning: see *Boswell Wilkie Circus v. Brian Boswell Circus*, 1984(1) SA 734 (N), where Didcott, J. said at 737 F-H:

"A name has a secondary meaning for the purposes of passing off once the association between it and the business or product which bears it is so close that, in the minds of the public, it is distinctive of that specific business or product, identifying such rather than any other. The feature's importance is obvious. Since a name without a secondary meaning suggests no business or product in particular, the public is unlikely to be misled when one is borrowed."

On the evidence before me I am unable to find that the applicant has succeeded in showing this.

Not only is the name "Eat Out" primarily descriptive, as I have found; there is also evidence that the words "Eat Out" or "Eating Out" have frequently been used by the Cape Argus and Cape Times newspapers as the names for sections of the newspapers devoted to restaurant reviews; "Eating Out" has been used as part of the name of a restaurant guide pamphlet called "Eating Out in Pietermaritzburg" published by the Pietermaritzburg Tourism Board; and as part of the name of two other similar publications called "Eating Out in Cape Town" and "Eating Out in Durban". These uses of the names must, I consider, go some way to negate or, at the very least, to dilute substantially any distinctiveness which might otherwise have attached to "Eat Out" as a name exclusively designating the applicant's publication.

In my view there is insufficient evidence to establish that there is a substantial number of members of the general public and of potential advertisers in “Eat Out” who are aware, first, of the existence of the publication and, secondly, to whom its name has become so familiar that they associate it with a particular single source.

Mr. Oosthuizen argued that the respondent had shown, in any event, that it had legitimately, by its own efforts, and more or less concurrently with the applicant, acquired a reputation in respect of “Eating Out”, and that, that being so, even a likelihood of confusion between its service and the applicant’s publication would not suffice to justify the respondent being restrained from using the name. In the view which I take of this matter it is not necessary to consider this contention, and I accordingly express no view on it.

I conclude that the applicant has failed to establish adequate grounds for the relief claimed by it on the basis of passing off.

The defence of acquiescence

In 2001 the applicant first became aware of the respondent’s activities of which it now complains. The applicant took legal advice and was advised to launch proceedings against the respondent for an interdict. However, because of considerations of costs the applicant decided not to do so. During the first week of September, 2001 one of the members of the respondent, Mr. R.P. Hutton, telephoned two representatives of the applicant, Ms. Herselman and Ms. Snyman, and made overtures to them to resolve the dispute by negotiation. Precisely what was said to Hutton by these ladies, and, in particular, by Ms. Herselman, is in dispute on the papers, but on the principles enunciated in *Plascon-Evans Paints Ltd. v. van Riebeeck Paints (Pty.) Ltd.*, supra, at 634E – 635C I accept, for the purposes of these proceedings, the version advanced by Hutton on behalf of the respondent in his opposing affidavit. He says:

“I did indeed telephonically contact Ms. Herselman and Ms. Snyman. The purpose of my call was, as is correctly stated, to attempt to negotiate an amicable and workable relationship between the applicant and the first respondent. Ms. Herselman advised that the applicant had indeed consulted with a firm of attorneys but had made a decision not to launch interdict proceedings. Regarding my suggestion that the first respondent and the applicant co-operate with one another she requested me to forward a proposal to her in writing. I subsequently did this, and the e- mail containing my proposal is annexed to Ms. Herselman’s affidavit marked “NH57”. Annexure “NH57” set out various suggestions which, in my view, would have been profitable to both parties.”

Unfortunately nothing came of Hutton’s proposals: they were not responded to by the applicant. Some eighteen months then went by with no action being taken by the applicant. This inactivity has not been explained on the papers. There may have been commercial reasons for it. Then, on the 27th March, 2003 the applicant’s attorneys wrote a formal letter to the respondent setting out their client’s complaints and demanding, inter alia, that the respondent immediately desist from using the mark “Eating Out”. This demand was not complied with, and, as I have said, the present application was launched by the applicant about five months later, on the 22nd August, 2003.

The respondent contends, in these circumstances, that the applicant is precluded by its acquiescence in the respondent's conduct from obtaining the relief now sought by it. Mr. Oosthuizen has argued that the applicant has waived its right to sue. Alternatively, he relies on acquiescence as a substantive defence of which estoppel, he submits, is an element.

As to waiver, there is, in the first place, of course, a presumption against it: see *Hiddingh's Executors v. Hiddingh's Trustee*,

(1886) 4 SC 200 at 204. Secondly, clear proof is required of an intention to waive the right concerned, the onus being upon the party alleging it. Thirdly, the conduct from which waiver is sought to be inferred "must be unequivocal, that is to say, consistent with

no other hypothesis" (per Nienaber, J.A. in *Road Accident Fund v. Mothupi*, 2000 (4) SA 38 (A) at 50 G- H).

It seems to me that it cannot be said that mere intimation on the part of the applicant that, having taken legal advice, it "had made a decision not to launch interdict proceedings" is consistent with no other hypothesis than an abandonment, renunciation or surrender forever by the applicant of its right to protect itself against what it considered to be the respondent's passing off and infringement of its trade mark. For one thing, there is nothing in the communication, even according to Hutton, to the effect that the applicant had decided never to institute proceedings for an interdict: what was said, it seems to me, is perfectly capable of meaning simply that the applicant had decided not to take any such action for the time being. Moreover, a decision not to enforce a right by initiating legal proceedings is not necessarily indicative of an intention to abandon the right: there may be other ways and means by which the right can be enforced; thus it not infrequently happens that an aggrieved party takes such a decision, for example, because he considers that the person who has injured him is not worth powder and shot, so to speak, or for some other reason; but he would not thereby necessarily be precluded from bringing a counterclaim should he himself be sued later by the other party; or there might be other, perhaps commercial, ways in which a competitor could be persuaded to desist from unwelcome practices.

In the circumstances I am far from satisfied that the respondent has established that the applicant has waived its right to bring these proceedings.

For the separate defence of acquiescence Mr. Oosthuizen relies on the old case of *Policansky Bros v. Hermann & Canard*, 1910 TPD 1265, in which Wessels, J., as he then was, said the following at 1278-9:

"It is a principle of our law that if a person has once acquired a right he is entitled at any time to vindicate that right when infringed, provided the period of prescription has not elapsed. This is the general rule, but in course of time exceptions have been grafted on to this rule. The equitable principle that if a person lies by with a full knowledge of his rights and of the infringement of those rights, he is precluded from afterwards asserting them, has been adopted by our courts. It forms a branch of the law of dolus malus. The principle of lying by is not unknown to the civil law, though its application is not so often met with in our system of law as it is in English law. Sometimes the rights are lost through

mere acquiescence, at other times by estoppel, as where the element of prejudice exists in addition to acquiescence. Thus acquiescence can be proved by definite acts or by conduct.”

Much has happened in our law since 1910. Inter alia, in *Zuurbekom Ltd. v. Union Corporation Ltd.*, 1947(1) SA 514 (A) it was held at 534-535 that the English doctrine of laches does not form part of our law, and in *Bank of Lisbon and South Africa Ltd. v. de Ornelas and Another*, 1988(3) SA 580 (A) it was held at 605I and 607B that the *exceptio doli generalis* had never been part of the Roman-Dutch law. Mr. Sholto-Douglas has advanced a strong argument that in the light of these two decisions the basis for acquiescence as a substantive defence in South Africa has fallen away: he points to the heavy reliance placed in the *Policansky* case, *supra*, on the equitable English doctrine of lying by, which is very much akin to laches, if not identical to it, and on the law of *dolus malus*. I am inclined to agree with Mr. Sholto-Douglas.

However, acquiescence appears to have continued in several cases to be accepted as a valid defence in this country: see *Burnkloof Caterers (Pty.) Ltd. v. Horseshoe Caterers (Green Point) (Pty.) Ltd.*, 1974(2) SA 125 (C) at 136H-137B; *Safari Surf Shop CC v. Heavywater and Others*, [1996] 4 All SA 316 (D) at 323 i-j; and *Botha v. White*, 2004(3) SA 184(T) at 192D – 193H.

In the view which I take on this aspect it is not necessary for me to express a firm view on this interesting question, and I refrain from doing so. I shall assume, for the purposes of this case, without deciding, that acquiescence may still be raised in our law as a valid defence in a matter such as this.

In the *Burnkloof Caterers* case, *supra*, Friedman, A.J., as he then was, said at 137 D-F:

“Acquiescence is, in my view, a form of tacit consent, and in this regard it must, however, be borne in mind that, as Watermeyer, C.J., said in Collen

v. Rietfontein Engineering Works, 1948 (1) SA 413 (A.D.) at p. 422:

‘Quiescence is not necessarily acquiescence,’

and that

‘conduct to constitute an acceptance must be an unequivocal indication to the other party of such acceptance.’”

In the *Safari Shop* case, *supra*, McCall, J. also referred to acquiescence at 323 i-j as “a form of tacit consent”.

I am unable to interpret the words attributed by Hutton to Ms. Herselman as tacit consent on the part of the applicant to allow the respondent to continue indefinitely or at all with its allegedly unlawful use of the name “Eating Out”. As I have said above in the context of waiver, it does not necessarily follow from a mere statement to the effect that a party has decided not to institute legal proceedings to enforce a particular right that he has abandoned, renounced or surrendered the right; nor does it necessarily mean that he henceforth consents to its continued infringement. Nor does this seem to be how Hutton himself understood what had been said, for

he sent an e-mail letter to Ms. Snyman on the 6th September, 2001, to which were attached the respondent's proposals referred to earlier. In the proposals he refers to "the unhappiness felt by Eat Out" and to the opportunity for an advantageous working relationship "if we can find agreement". The clear impression created by this communication is that Hutton regarded the parties as being still in dispute with one another. This is inconsistent with a belief on his part that the applicant had consented to the respondent's conduct: had that been the case, there would no longer have been any reason for the applicant to feel "unhappiness", or for the respondent to seek to conclude an agreement with the applicant.

Inasmuch as the respondent relies on estoppel, for such a defence to succeed it must, of course, inter alia, at the very least, show that, as a consequence of the applicant's representation or conduct, the respondent altered its position to its detriment. All that Hutton says in this regard is that during the period of approximately eighteen months after his conversation with Ms. Herselman, and in the belief that the applicant had acquiesced in its continued use of the name "Eating Out", the respondent considerably expanded the scope of its activities, inter alia by taking on new subscribers, generating advertising and other promotional material, spending time, money and effort on advertising and promotion, and concluding agreements with third parties. What he conspicuously does not say is that the respondent would have refrained from taking any, some or all of these steps had it known the truth at the relevant time, viz. that the applicant would at some stage in the future seek an interdict against it. The onus of establishing an estoppel lies on the respondent. I think that the strong probability is that, had Hutton not had the conversation with Ms. Herselman, or even if the applicant had threatened to take action as long ago as September, 2001, the respondent would have behaved no differently from how it in fact did. I say this because the applicant's attorneys' letter of demand dated the 27th March, 2003 seems to have had no effect on the respondent's conduct: it continued thereafter to do business much as before. Why should it have behaved differently had the letter come eighteen months earlier? Neither Hutton nor anyone else suggests an answer to this question. I conclude that if, indeed, the respondent has acted to its prejudice in committing itself to expenditure, etc., it has not established that it did so as a result of what Ms. Herselman said to Hutton.

Conclusion

The applicant's passing off claim fails. However, its trade mark infringement claim succeeds, and I think that that success is sufficiently substantial to merit a costs order in its favour.

In the result, I make the following order:

1. The first respondent is prohibited and restrained from infringing the applicant's registered trade mark "Eat Out Guide" (registration number 98/11563) by using the name or mark "Eating Out" or "Eatingout" in the course of trade without the applicant's authority in relation to its Internet websites www.eating-out.co.za or www.eatingout.co.za or any other website providing a similar service.

2. The first respondent is directed immediately to transfer the domain name registrations `www.eating-out.co.za` and `www.eatingout.co.za` to the applicant.
3. The second respondent is directed to accept manually an electronic update to be submitted to it by the applicant regarding the above.
4. The first respondent is ordered to bear the costs of this application.

THRING, J.

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