

SOUTH AFRICA / JUDGMENT

Novartis v Cipla Medpro (Pty) Ltd (728/17) [2018] ZASCA 64; 2018 BIP 268 (SCA) (24 May 2018) [2018] ZASCA 64

COURT

Supreme Court of Appeal

BEFORE

Lewis, Ponnann, Leach, Saldulker, Mathopo

CASE / FILE NUMBER

728/17

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THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

JUDGMENT

Not reportable

Case No: 728/17

In the matter between:

NOVARTIS A G

APPELLANT

and

CIPLA MEDPRO (PTY) LTD

FIRST

RESPONDENT

THE REGISTRAR OF TRADE MARKS SECOND

RESPONDENT

Neutral citation: Novartis v Cipla Medpro (Pty) Ltd (728/17) [2018] ZASCA 64 (24 May 2018)

Coram: Lewis, Ponnann, Leach, Saldulker and Mathopo JJA

Heard: 8 May 2018

Delivered: 24 May 2018

Summary: Trade mark – application for registration of a mark – opposition by holder of previously registered mark under s 10(14) of Trade Marks Act 194 of 1993 – onus on applicant to show no likelihood of confusion or deception between its mark and mark already registered – likelihood of confusion between the marks CURIDA and CURITAZ.

ORDER

On appeal from: Gauteng Division of the High Court, Pretoria (Makume J sitting as court of first instance):

1 The appeal is upheld with costs, such costs to include the costs of two counsel.

2 The order of the court a quo is set aside and substituted with the following:

- ‘(a) The opposition to trademark application no 2009/23111 CURIDA in class 5 is upheld;
- (b) Trademark application no 2009/23111 CURIDA in class 5 is not permitted to proceed to registration; and
- (c) The trademark applicant, Cipla Medpro (Pty) Ltd, is ordered to pay the costs of the trademark opponent, Novartis AG.’

Leach JA (Lewis, Ponnan, Saldulker and Mathopo JJA concurring)

- [1] Are the names CURIDA and CURITAZ so similar that their use ‘would be likely to deceive or cause confusion’ as envisaged in s 10(14) of the Trade Marks Act 194 of 1993 (the Act)? That is the question which lies at the heart of this appeal. It was answered in the negative by the court a quo which, however, granted leave to the first respondent to appeal to this court. I must immediately record that the second respondent, the Registrar of Trade Marks (the Registrar), did not appear either in this court or the court below and clearly abides our decision.
- [2] On 2 July 2008, the appellant, a company incorporated in Switzerland, applied for registration under the Act of the trade mark CURITAZ, in class 5 in respect of ‘pharmaceutical preparations containing piperacillin and tazobactam’. Its trade mark application no 2008/15000 was accepted on 25 March 2009, advertised on 24 June 2009 and granted on 23 August 2010.
- [3] In the meantime, on 18 November 2009, the first respondent applied to the Registrar to register the trade mark no 2009/23111 CURIDA, also in class 5, ‘in respect of pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use; food for babies, plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides’. Acceptance of this application was advertised in the Patent Journal on 26 January 2011.

- [4] Learning of the first respondent's application, the appellant proceeded to oppose it under s 21 of the Act. In doing so, the appellant relied upon s 10(14) of the Act which provides that a mark shall not be registered if it is '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 . . .' (my emphasis).
- [5] The appellant's opposition to the first respondent's application was founded on the contention that the first respondent's

proposed mark, CURIDA, would be likely to so deceive or cause confusion with its mark, CURITAZ. This the first respondent disputed.

The Registrar, acting under s 59(2) of the Act, referred the matter to the Gauteng Division of the High Court, Pretoria for it to determine the matter. As stated at the outset, that court concluded that there was unlikely to be confusion between the two marks. It therefore dismissed the appellant's application and directed the Registrar to proceed to register the CURIDA trade mark, subject to a limited specification covering 'antibiotics, pharmaceutical preparations containing a combination of amoxycillin

and clavulanic acid.'

- [6] I must immediately mention that as the appellant's registration preceded the relevant trademark application brought by the first respondent by more than a year, the overall onus was on the first respondent who sought registration to satisfy the court a quo that there is no reasonable probability of confusion or deception. The reason for this was set out long ago by Murray J in *J W Jagger and Co Ltd*, [1] who stated that an applicant seeking to register a mark:

' . . . is seeking a privilege, not a right to which he is entitled. He has at his command a practically unlimited field from which to select a mark suitable to his purpose and in view of the substantial advantages derived by him from registration it is but equitable that he should, where necessary, adduce proof of the absence of that likelihood of deception which is vaguely fatal to the grant of his application. It may well be that in the first instance, and in the absence of opposition, no proof need be demanded of him: once, however, an objector alleges the likelihood of deception, it is, I think, the applicant's duty to disprove such likelihood.' [2]

- [7] This approach has been followed in a line of decisions of this court [3] and can now be regarded as well settled, as was correctly conceded by counsel for the first respondent. In the present case, however, the court a quo stated that the onus was on the appellant, who opposed the first respondent's application to register its mark, to satisfy it that the two marks are so similar that there was a reasonable possibility of confusion being caused amongst a substantial number of consumers. In the light of what I have just said, it clearly misdirected itself. Fortunately, nothing really

turns on this misdirection to decide the issue in this court.

[8] Before proceeding to deal with the court a quo's conclusion, there are two further issues that must be mentioned. The first is that although the appellant uses its CURITAZ trademark in relation to antibiotics elsewhere in the world, it has not yet done so in this country (and in any event did not rely on its actual use elsewhere in support of its opposition). Secondly, the first respondent's application to register the trademark CURIDA is fairly broadly described, as set out in Paragraph 3 above. In the opposition application, however, it stated that it intends to register an antibiotic with the Medicines Control Council under the name CURIDA, and to submit an application to the Registrar to limit the trade mark registration, once granted, to the limited specifications set out in the order eventually granted by the court a quo as quoted above. Consequently, the matter was

argued on the understanding that both the appellant's mark, CURITAZ, and the first respondent's mark, CURIDA, will be restricted to use on scheduled antibiotic products which only doctors will be able to prescribe and pharmacists dispense. They are thus similar 'goods' as referred to in s 10(14).

[9] In the light of this, I turn to the essential issue between the parties, namely, whether the mark the first respondent seeks to register is so similar to that already registered by the appellant that it 'would be likely to deceive or cause confusion' as envisaged by that section. As was pointed out by this court in *Roodezandt Wynmakery Ltd*,^[4] 'deception' will result where members of the purchasing public are caused to assume that the goods come from the same source whilst 'confusion' is where those persons will be caused to wonder if the goods had a common origin.

[10] The approach to be adopted in deciding upon the likelihood of potential confusion or deception is well settled. The question is a matter of fact to be determined in the light of the particular circumstances of each individual case, and calls for a value judgment to be made in regard to a mark's essential function, namely, to indicate the origin of the goods in connection with which it is used.^[5] However, as this court pointed out in *Yuppiechef*,^[6] that value judgment 'is largely a matter of first impression and there should not be undue peering at the two marks to find

similarities or differences'. In addition, as was said by Laddie J in *Compass Publishing BP*,^[7] a passage cited with approval in both this court^[8] and the England and Wales Court of Appeal:^[9]

'The likelihood of confusion must be appreciated globally, taking account of all relevant factors. It must be judged through the eyes of the average consumer of the goods or services in question. That customer is to be taken to be reasonably well-informed and reasonably circumspect and observant, but he may have to rely upon an imperfect picture or recollection of the marks. The court should factor in the recognition that the average consumer normally perceives a mark as a whole and does not analyse its various details. 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 the distinctive and dominant components. Furthermore if the association between the

marks causes the public to wrongly believe that the respective goods come from the same economically linked undertakings, there is a likelihood of confusion.'

[11] The cases dealing with the approach to be adopted in assessing the prospect of confusion and deception in the context of competing marks are legion,[10] and no point would usefully be served in repeating or attempting to restate what has been said before. Suffice it to say that in addition to what I have already set out, Brand JA in Roodezandt[11] set out certain of the pertinent principles of comparison, which he felt could be crystallised from previous decisions, as follows:

'(a) A likelihood of confusion does not only arise when every person interested or concerned in the class of goods for which the trademark has been registered could probably be deceived or confused. It also arises if the probabilities establish that a substantial number of such persons will be deceived or confused.

(b) The concept of deception or confusion is not limited to inducing in the minds of these interested persons the erroneous belief or impression that the two competing products are those of the objector or that there is a connection between these two products. A likelihood of confusion is also established when it is shown that a substantial number of persons will probably be confused as to the origin of the products or the existence or non-existence of such a connection.

(c) The determination of the likelihood of confusion involves a comparison between the two competing marks, having regard to the similarities and differences in the two and an assessment of the impact it would have on the average type of customer who is likely to purchase the kind of goods to which the marks are applied.

(d) The marks must not only be considered side by side, but also separately.

(e) It must be borne in mind that the ordinary purchaser may encounter goods bearing one mark with an imperfect recollection of the other.

(f) If each of the competing marks contains a main or dominant feature or idea, the likely impact made by this dominating feature on the mind of the customer must be taken into account. This is so because marks are remembered by some significant or striking feature rather than by the photographic recollection of the whole.'

[12] Bearing the above in mind, I turn to the two competing marks. In their script, the similarity between the two words CURIDA and CURITAZ is self-evident. Indeed had the latter word not ended with the letter Z, confusion would have been inevitable, both aurally and visually. But does the Z do away with what would otherwise have been obvious confusion?

[13] The court a quo held that the two marks were set apart by their suffixes, 'TAZ' in the case of the appellant's mark and 'DA' in that of the first respondent. It concluded these differing suffixes 'will stick in a person's memory' so that there was no likelihood of deception or confusion. There seem to me, however, to be a number of reasons why the differences are not so obvious.

[14] First, common to both marks is the prefix CURI. It is a matter of simple common sense that the presence of a common element in word marks has an important bearing on the issue of confusion between them. As a prefix, CURI is both uncommon and phonetically striking. Second, it is well known that the first syllable of a word is generally the most important in considering the likelihood of confusion.[12] That is all the more so in cases in which, like here, there is a common prefix which is both striking and inventive. Then there is the fact that the Z at the end of the suffix TAZ is possible of a pronunciation that may be either hard (as in 'tazz') or soft (as in 'us'), and in the latter event the words CURITAZ and CURIDA would be more readily capable of aural or phonetic confusion. To me, the common prefix, CURI, rather than the respective suffixes, is the dominant part of the two marks.

[15] I am therefore of the view that the court a quo placed undue emphasis upon the differing suffixes in considering the question of confusion between the marks. In order to attempt to meet this, however, counsel for the first respondent emphasised the nature of the two products and the limited market in respect of which they would be sold. He stressed that in terms of its present specification, the appellant's CURITAZ is a schedule 4 antibiotic which is administered intravenously by infusion. It is regulated by the Medicines and Related Substances Act 101 of 1965, has to be dispensed by a pharmacist in accordance with a doctor's prescription, and may not be advertised other than to medical professionals under s 10 of that Act. He emphasised that the same market factors and legislative restrictions will apply to the first respondent's CURIDA antibiotic, and that both goods will therefore be available only in this highly regulated, professional and controlled market

environment, all of which will substantially reduce any possibility of error. Put somewhat differently, the argument was that healthcare

professionals, with specialised knowledge of their area of expertise, will not be confused by the two different names.

[16] There are, however, two answers to this. The first is to be found in the judgment of this court in Adcock Ingram v Cipla Medpro[13] which dealt with whether the trademarks ZEMAX and ZETOMAX were likely to cause deception and confusion. Relying on the comment in Adcock-Ingram Laboratories Ltd v Lennon Ltd that it is the 'doctor's responsibility as to what the patient should have, and his alone'[14] counsel for the respondent in that case contended there would probably be no possibility of confusion between those two marks when

compared in the context of the specialised pharmaceutical market in which they would be used by trained medical professionals and not members of the general public. This was essentially the same argument advanced by the first respondent in this matter. In rejecting it, Malan JA stated: [15]

‘The remark in *Adcock-Ingram Laboratories Ltd v Lennon Ltd* . . . that it is the ‘doctor’s responsibility as to what the patient should have, and his alone’, has a sense of unreality in modern circumstances, where patients play, and are expected to play, an active role in relation to their own health. It reduces the patient to a passive bystander in the process of providing him or her with treatment and medication. Such an approach

is hardly reconcilable with s 8 of the National Health Act 61 of 2003 which gives the patient the right to participate ‘in any decision affecting his or her personal health and treatment’.

Patients often discuss their medication among themselves and with their doctors. They exchange information on which product they find most efficacious. This information may then be discussed with their doctors or pharmacists when the issue of substituting a medicine for a generic or the more expensive innovator product is raised. Often they provide the names of their medicines, particularly chronic medication, to the medical practitioners treating them. They discuss the advantages and disadvantages with them. They consider different options. In a case of emergency a Schedule 3 medicine may be sold, for use during a period not exceeding 30 days in accordance with the original prescription, if the pharmacist is ‘satisfied that an authorised prescriber initiated the therapy’[16] – clearly on information provided by the patient. Whatever the position may have been in 1983, the patient is no longer a passive bystander when treated and receiving prescribed medication.

[17] The second answer lies in the nature of the application before the court a quo. The infringement of one mark by another is not an issue in this matter as, in regard to s 10(4) proceedings, the court is to have regard to the notional use of the marks in relation to all goods covered by the legislation relied upon. The question is therefore not what the first respondent says it intends doing with its mark, but what it will be permitted to do if its application is granted. The fact that the appellant’s antibiotic, presently administered in a particular way, might not be viewed as being in competition with the first respondent’s antibiotic which is administered in a different manner, is irrelevant. Thus in *Jellinek’s Application*, [17] cited with approval by this court both in *Bristol Laboratories In v Ciba Trust* [18] and in *Adcock Ingram v Cipla Medpro*, [19] Romer J said:

‘The onus must be discharged by the applicant in respect of all goods coming within the specification applied for, and not only in respect of those goods on which he is proposing to use (the mark) immediately, nor is the onus discharged by proof only that any particular method of user will not give rise to confusion; the test is: What can the applicant do?’

In the light of this, in *Orange Brand Services v Account Works Software*, [20] Nugent JA went on to say:

‘... 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 – that is, how they might notionally be used. In this case if both marks were to be registered, the respective parties would be entitled to use them in relation to computer software, including software for accounting, and the question is whether it would be likely to cause confusion if both marks were to be used in that way.’[21]

[18] In the present case, the issue therefore becomes whether confusion would be likely should both marks be registered in respect of antibiotics, particularly if both were registered for human use. In answering that question, the two marks must of course be compared with each other. But in doing so, they are not to be considered side by side and subjected to minute examination. Regard must rather be had to the overall impression they create, bearing in mind their distinctive and dominant components and taking into account that there is a likelihood of confusion if the buying public are caused to wrongly believe that they come from the same or economically linked undertakings.

[19] Importantly, as already mentioned, the dominant and striking feature that immediately comes to mind is the common prefix CURI, whilst the effect of the different suffixes tends to diminish when the marks are expressed orally. In my view these marks are indeed likely to cause, at least, initial confusion, even if it might be cleared up when examined more closely. Moreover, in *Adcock Ingram v Cipla Medpro*, [22] in concluding that the words ZEMAX and ZETOMAX, albeit different in both spelling and pronunciation, were likely to confuse, this court said:

‘A patient, and perhaps also a professional, who knows only the one word and has an imperfect recollection of it is likely to be mistaken. One must make allowance for imperfect recollection and the effect of careless pronunciation rather than comparing the two words letter by letter or syllable by syllable. But looking at the two marks globally and appreciating their similarities the overall impression is that they are so similar as to be confusing.’

[20] Bearing those factors in mind, in this case, too, the similarities, both aural and visual, between the words CURITAZ and CURIDA, are such that there is a real likelihood of members of the public, including trained health-care professionals, being caused to assume that the goods come from the same source or wonder if the goods had a common origin – put differently, being deceived or confused. The court a quo therefore erred in finding that there was no likelihood of confusion. It ought to have held that there was such a prospect and that the first respondent had failed to discharge the onus of showing the contrary. Accordingly, it ought to have refused the first respondent’s application to register its mark. In these circumstances, the appeal must succeed and there is no reason for costs not to follow that event.

[21] The following order is made:

1 The appeal is upheld with costs, such costs to include the costs of two counsel.

L E Leach

Judge of Appeal

Appearances

For Appellant: R Michau SC (with him L G Kilmartin)

Instructed by: Adams & Adams Attorneys, Pretoria

Honey & Partners Inc, Bloemfontein

For First Respondent: M Seale

Instructed by: Brian Bacon & Associates Inc, Cape Town

Webbers, Bloemfontein

[1] J W Jagger and Co Ltd v Furnishers Cape (Pty) Ltd 1948

(3) SA 603 (T).

[2] At 607.

[3] See Bristol Laboratories Inc v Ciba Ltd 1960 (1) SA 864 (A) at 869E to 870E and Smithkline Beecham Consumer Brands (Pty) Ltd v The Unilever plc [1995] ZASCA 26; 1995 (2) SA 903 (A) at 910A-B.

[4] Roodezandt Wynmakery Ltd v Robertson Winery (Pty) Ltd [2014] ZASCA 173; 2014 BIP 294 (SCA) para 4.

[5] Cowbell AG v ICS Holdings Ltd 2001(3) SA 941 (SCA) para 10 and Roodezandt Wynmakery para 4.

[6] Yuppiefchef Holdings (Pty) Ltd v Yuppief Gadgets Holdings (Pty) Ltd (1088/2015) 2016 ZASCA 111 (15 September 2016) para 26.

[7] Compass Publishing BP v Compass Logistics Ltd [2004] EWHC 520 (Ch).

[8] Century City Apartments Property Services CC & another v Century City Property Owners' Association 2010 (3) SA 1 (SCA) para 13 and Dinnermates (Tvl) CC v Piquante Brands International & another (401/17) [2018] ZASCA 43 (28 March

2018) para 13.

[9] Maier & Anor v Assos Plc & Anor [2015] EWCA Civ 220 para 80.

- [10] In addition to the decisions already mentioned, see eg *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984] ZASCA 51; 1984 (3) SA 623 (A) at 640G-641E, *Puma AG Rudolf Dassler Sport v Global Warming (Pty) Ltd* 2010 (2) SA 600 (SCA) para 8 and *Adidas AG & another v Pepkor Retail Ltd* 2013 BIP 203 (SCA) paras 20-23.
- [11] Paragraph 6.
- [12] *Medicament v Smithkline Beecham Corp* [2004] FCJ 811 para 42.
- [13] *Adcock Ingram Intellectual Property (Pty) Ltd & another v Cipla Medpro (Pty) Ltd* 2012 (4) SA 238 (SCA) (265/2011) [2012] ZASCA 39.
- [14] *Adcock-Ingram Laboratories Ltd v Lennon Ltd* 1983 (2) SA 350 (T) at 362 ff; [1983] 4 All SA 68 (T) at 79 ff.
- [15] Para 24.
- [16] Section 22A(6)(l) of the Medicines and Related Substances Act.
- [18] Referred to in footnote 3, above.
- [19] Paragraphs 13-14.
- [20] *Orange Brand Services Ltd v Account Works Software (Pty) Ltd*
- [2013] ZASCA 158; 2013 BIP 313 (SCA) para 7.
- [21] Paragraph 6.
- [22] Paragraph 32.

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