

SOUTH AFRICA / JUDGMENT

RCL Group Services v Maspark Sales and Markerting and Marketing (Pty) Ltd (119/2022) [2022] ZAGPJHC 568; 2022 BIP 495 (GJ); [2022] HIPR 203 (GJ) (15 August 2022) [2022] ZAGPJHC 568

COURT

South Gauteng High Court, Johannesburg

BEFORE

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CASE / FILE NUMBER

119/2022

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REPUBLIC
OF SOUTH AFRICA
IN
THE HIGH COURT OF SOUTH AFRICA
GAUTENG
DIVISION, JOHANNESBURG
CASE
NO: 119/2022
REPORTABLE: YES / NO
OF INTEREST TO OTHER JUDGES: YES/NO
REVISED.
15/8/2022

In the matter between:

RCL
GROUP
SERVICES
Applicant
And
MASPARK
SALES AND MARKETING (PTY)
LTD
Respondent

JUDGMENT

MAKUME J:

- [1] In this matter the Applicant seeks an order interdicting and restraining the Respondent in terms of Section 34 (1) (a) of the Trade Marks Act number 194 of 1993 (The Act) from infringing the Applicant's rights which it acquired on the 24th March 2020 through trade mark registration number 2020/07681.
- [2] The ancillary relief that the Applicant seeks relates to certain procedural steps pursuant to the granting of final relief. In paragraph 6 of the notice of motion the Applicant seeks an alternative relief that the relief stated in paragraph 2 of the Notice of Motion operate as an interim interdict with immediate effect pending the final outcome of this application or an action to be instituted by the Applicant within 30 days wherein the Applicant will claim final interdict as well as a claim for damages.
- [3] The Applicant is a South African Company duly registered in accordance with the Company Laws of the Republic of South Africa. During October 2021 the Applicant acquired the food manufacturing, marketing, selling and distribution business of RCL Foods Consumer (Pty) Ltd ("RCL Foods Consumer").
- [4] It is common cause that on the 24th March 2020 prior to the Applicant acquiring the business rights of RCL Food Consumer the latter had become the registered proprietor of South African Trade Mark registration number 2020/07681 of the Trade Mark "Sunbake Spongies". This registration is in class 40 in respect of flour and preparations made from cereals, bread, pastries and confectionery, cake and cake products, baked goods, chocolates. The trade mark is registered subject to the following disclaimer "that registration of this trade mark shall not debar others from the bona fide descriptive use in the ordinary course of trade of the word "SPONGE"."
- [5] The Respondent is a South African Company duly registered in accordance with the Company Laws of South Africa and has its head office in the Western Cape. The Respondent is a licensed distributor in South Africa of products manufactured by Jouys & Sweets Co. BV a Company registered in the Netherlands amongst such goods is a product described as "Cravings Spongiez" which is in essence a cake product.
- [6] The Applicant alleges that the distributing and or selling and or offering for sale the said "Cravings Spongiez" sponge cake infringes its Sunbake Spongies trade mark.
- [7] Section 34 (1) (a) of Act 194 of 1993 ("The Act") to which references is made in the Notice of Motion provides as follows:

"34 Infringement of Registered Trade Mark

- (i) The rights acquired by registration of a trade mark shall be infringed by: -

- (a) The unauthorised use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark, so nearly resembling it as to be likely to deceive or cause confusion.”
- [8] As indicated earlier the Applicant became the de facto proprietor of the Sunbake Spongies trade mark during December 2021 and it has since then been the distributor of a cake product bearing the Sunbake Spongies trade mark.
- [9] The Applicant’s case as set out in paragraph 3.6 is to the effect that that the Spongiez mark so nearly resembles the trade mark Sunbake Spongies as to be likely to cause confusion or deception. Applicant further contends that the Respondent’s use of Spongiez mark in relation to the offending product, constitutes an infringement of its rights acquired by the registration of the Sunbake Spongies trade mark as contemplated in Section 34(1)(a) of the Trade Marks Act.
- [10] The Respondent opposes this application on the following basis:
- (i) Firstly, that the application is not urgent because the Applicant had known since 29 September 2020 that the Respondent is selling goods under the Spongiez mark.
- (ii) That in terms of Section 36 of the Act a registered proprietary is not allowed to interfere or restrain the use by any person of a trade mark that is identical with or nearly resembling it in respect of goods or services in relation to which the person has made bona fide and continuous use of a mark anterior the date of registration of the mark or use of a registered mark.
- (iii) That section 34(3) (c) and
- (d) of the Act make provisions for a trade mark proprietor whose registered trade mark has been infringed to claim damages or a reasonable royalty.
- (iv) That the current packaging of the Spongiez sponge cake is clearly in a big red circle and next to the words Spongiez is displayed the name of the manufacturer bearing Jouys. Accordingly, so maintains the Respondent customers would not be deceived or confused in respect of the origin of the goods.
- [11] It is trite law that the onus is on the Applicant to establish an infringement in terms of Section 34 (1)(a) of the Act. To discharge that onus, it is necessary for the Applicant to show the following:
- a) Use of the registered trade mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion.
- b) That the use is in relation to the goods or services in respect of which the trade mark is registered.
- c) That the use is in the course of trade.
- d) That the use is unauthorised.

URGENCY

- [12] At the commencement of the hearing on the 25th July 2022 there was disagreement between counsel whether the matter was still being head as an urgent matter or not. According to Counsel for the Respondent Manoim J who dealt with the matter in the Urgent Court on the 19th May 202 did not decide the issue of urgency. On the other hand, Counsel for the Applicant maintains that Manoim J did decide that the matter was urgent but could not be dealt with by him as it was likely to occupy him for the whole day hence he directed the parties to approach the Deputy Judge President to allocate a judge for a preferential date to hear the matter on a semi-urgent matter.
- [13] Counsel for the Applicant correctly argued that if the matter was not urgent Manoim J would have struck it off the roll and not directed as he did.
- [14] It is common practice in this division that an urgent matter is not supposed to be postponed from one Urgent Court week to the next. An Applicant seeking a hearing in the Urgent Court must demonstrate compliance with Rule 6 (12) and the practice manual before it can be placed on the roll. In my view the fact that Manoim J placed or directed that the matter be heard on a date to be allocated by the Deputy Judge President indicates that he had satisfied himself that the matter was indeed urgent.
- [15] In the result this point in limine is dismissed.

MERITS

- [16] The Respondent is not arguing that it has registered Cravings Spongiez as a trade mark all it says is that it has been making use of the mark Spongiez from a date anterior to the of filing of the Applicant's trade mark application and is accordingly protected in terms of Section 36 of the Act.
- [17] In support of its contention the Respondent made available to the Applicant pro-forma invoices showing that during February 2020 the Respondent purchased goods described as "Cravings Spongiez" from an entity known as Jouys & Sweets Co B.V.
- [18] The Respondent is a licenced distributor of the "Cravings Spongiez" product. The producer Jouys & Sweets Co B.V do not have a registered trade mark in South Africa bearing the trade mark "Cravings Spongiez"
- [19] It is accordingly in my view safe to conclude that the use of the trade mark is unauthorised and therefore the only issue remaining to be decided is whether the Applicant has proved on a balance of probabilities that the mark "Cravings Spongiez" so nearly resembles the Sunbake Spongies trade mark as to be likely to deceive or cause confusion.
- [20] The Respondent contends that the rights afforded a proprietor of a registered trade mark are subject to the provisions of Section 36 of the Act.

ARE THE TWO TRADE MARKS SIMILAR AND THEREFORE LIKELY TO DECEIVE AND CAUSE CONFUSION?

[21] It is trite law and an established principle that the comparison under Section 34 (1) (a) is confined to the marks themselves

[22] In *Oude Meester Groep BPK and Another v SA Breweries Ltd* 1973 (4) SA 143 (W) at 160 G-H Colman J discussed the meaning of the expression “likely to deceive or cause confusion” and stated as

follows:

“As the mark “Master Brew” is not identical with any mark belonging to Distillers, what has to be shown in order to make out a case of infringement is that a mark “so nearly resembling one of the Distillers marks” as to be likely to deceive or cause confusion.”

(See Section 44 (1) (a) of the Trade Marks Act). The probability is not a probability that every person or most of the people having a concern or interest in beer, will be or are likely to be confused or deceived. From authorities which I have already mentioned it appears that infringement will be proved if there is a likelihood that a substantial number of people who buy or are interested in beer will be confused or deceived. The deception or confusion which is mainly relevant will exist if and when a person is deceived into the belief that there is a material connection between Master Brew beer and the owner of the other mark, namely Distillers,

or when a person is confused as to the existence or non-existence of such connection (See Hack’s Application 1941 58 RPC 91 at 106). Fair use of the relevant marks must be postulated.

[23] In yet another leading case *Corbett JA* (as he then was) in *Plascon Evans Paints Ltd v Van Riebeeck Paints Ltd* [1984] ZASCA 51; 1984 (3) SA 623 (A) said the following at 640 G-I

“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 trademark has been registered would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of persons will be deceived. The concept of deception or confusion is not limited to inducing in the minds of interested person 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 connection.”

[24] In his Answering Affidavit Mr Parker for the Respondent contends that Masspark “Cravings Spongiez” do not resemble the Applicant’s Sunbake Spongies mark. The Respondent further contends that if this Court should find that the Respondent’s conduct does not fall within the provisions of Section 36 (1) then this Court will have to consider whether or not the use of the mark “Cravings Spongiez or Spongiez by the Respondent is likely to deceive or cause confusion amongst the purchasing public in respect of the origin of the goods.

[25] In developing the argument that the Applicant did not make out a prima facie case the Respondent referred this Court to the reported judgment of the Supreme Court Appeal in Distell Ltd vs KZN Wines and Spirits Cc 2016 BIP 134 (SCA).

[26] In that matter the dispute was between the mark “Knights Whisky” or Knights Gold registered trade mark by Distell and “Black Knight” also a whisky which KZN wines held distribution rights. In that matter the SCA confirmed the judgment of the High Court by holding that the use by KZN wine of the mark “Black Knight”

was not deceptive nor likely to be confused with the product of Distell.

[27] In paragraph 17 of the SCA judgment the following was said:

“The sound, sense and appearance of the respective marks are different. Even the consumer with an imperfect recollection and in a noisy pub or crowded bottle store is not likely to be confused as to the origin of Black Knight Whisky.”

[28] In that matter the Applicant Distell had been trading using that registered trade mark since

1990. KZN started importing the offending product in the year 2002 and distributed same in terms of their license. It was only in the year 2011 that Distell discovered the use of the mark “Black Knight” and then brought an application in the High Court. This was some nine (9) years later.

[29] In that present matter the Applicant discovered in February 2022 that the Respondent was the distributor of the Cravings Spongiez and did not waste time to object and bring an interdict. The SCA in dismissing the application by Distell referred to its own judgment in the matter of Pioneer Foods (Pty) Ltd vs Bothaville Milling (Pty) Ltd 2014 (2) All SA 282 where it held that where after ten years of competitive trading of two brands of maize meal, no evidence of actual confusion was led, the absence of such evidence tipped the balance in favour of the Respondent that there was no likelihood of confusion between the two although that was said in a matter concerning passing-off, the principle must be the same. If there is no evidence of confusion, then the likelihood of confusion between, or deception as to the different marks is significantly reduced.

- [30] The decision in *Distell vs KZN wines* is in my view distinguishable from the fact in the present matter. It is significant to also take into consideration that on the 23rd June 2021 the Registrar of Trademarks provisionally refused Jouys trade mark application on the basis that it conflicted with RCL Foods prior trade application. It goes without saying that the Registrar concluded that the two trade marks were confusingly similarly and he could have only been looking at the words “Spongies” and “Spongiez.”
- [31] It is trite law that to determine whether confusion or deception is likely to arise a Court must have regard to the impact that the marks would make on a notional consumer of average intelligence having proper eyesight and buying with ordinary caution and who is likely to buy the goods to which the marks are applied. The question of confusing similarity is a matter of first impression. In the case of goods that are consumed over a large section of the community the likelihood of confusion would be greater than in the case of goods that would find their way to discriminatory sections only.
- [32] The issue in the *Distell v KZN Wines* concerned a product limited to a section of a community who enjoy whisky. In the present matter biscuits and chocolates are consumed by a large portion of a community which include children.
- [33] Deception or confusion will arise where there is a probability that the notional consumer will think that the goods or services of one producer are that of another or that there is a material connection between the products or services of the one and those of another. In the present matter comparison should be made between Spongiez and Sunbake Spongies. The word Cravings that precedes “Spongiez” is not relevant in determining the comparison. The two words “Spongies” and “Spongiez” are the dominant words. It must also be recalled that the two marks are used in relation to identical goods namely cake products.
- [34] Secondly the word “Spongiez” is phonetically and conceptually identical and visually confusingly similar to Spongies of Sunbake Spongies trade mark. This is one of the reasons the Registrar declined to register Spongiez.
- [35] It is also correct to conclude that the nature of the goods increases the likelihood of confusion or deception. The goods are fast moving consumer goods that are purchased and consumed by a large sector of the South African Public.
- [36] It is of no consequence or significance that the two companies trade in different provinces the position is that the goods are found all over the country. The samples were procured at a Game Store in Sandton Johannesburg.
- [37] Coleman J in *Oude Meester Groep BPK v SA Breweries Ltd* (supra) at page 161 referred to earlier decision and said the following:

“I must ignore the advantages of looking at the two relevant marks side by side and I must allow for the imperfect recollection which is characteristic of most human beings (See Aktiebogalet Hjorth & Co v Aktiebogalet Optimus 1932 TPD 177 at p 187) ...I must remember that confusion in sound is no less important than confusion in appearance and that beer is often ordered and drunk in busy, noisy places. I must bear in mind as well that the idea conveyed by a mark may be remembered accurately or vaguely rather than its exact form or characteristics.”

- [38] In the present matter the fact that the Spongies element of the Sunbake mark ends with the letter “s” and that of the Respondent ends with the letter “z” is of no consequence especially if one takes into account the doctrine of imperfect recollection. A consumer may have a general idea of the Applicant’s mark but may not be certain whether the Spongies element ends with an “s” or a “z”. The two are pronounced in an identical manner.
- [39] Having applied the criteria and reasoning espoused in the various decisions I am persuaded that I see a substantial possibility of confusion and deception.

THE RESPONDENTS DEFENCE IN TERMS OF SECTION 36 (1) OF THE TRADE MARKS ACT

- [40] Section 36(1) of the Act provides that the proprietor of a registered trade mark may not interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in respect of goods or services in relation to which that person or a predecessor in title of his has made continuous and bona fide use of that trade mark from a date anterior to either the first use or registration of the registered trade mark whichever is earlier.
- [41] Section 123 (3) of Act 9 of 1916 is the predecessor to the present Section 36(1) it reads as follows:

“Nothing in this chapter contained shall entitle the proprietor of a registered mark to interfere or restrain the user by any person of a similar trade mark upon or in connection with which such person has by himself or his predecessors in business, continuously use such trade mark from a date anterior to the user of the first mentioned trade mark by the proprietor thereof or his predecessor in title.”

- [42] It is common cause that for the Respondent to succeed with that defence it must prove the following:
- a) Continuous and bona fide use of such mark.
 - b) Which use commenced prior or before the registration of the Applicant’s trade mark.
- [43] This defence must be dealt with against the background of what transpired and also take into consideration the provisions of Section 29 (1) of the Act which provides that a mark is registered as of date of lodging of the application for the registration thereof. It accordingly follows that the date of registration for purposes of Section 36

(1) in this instance is the 24 March 2020.

[44] The Respondent bears the onus of proving that it has made both bona fide and continuous use of the Spongiez mark from a date anterior to the date on which the Applicant filed its application. Any use made by the Respondent of the Spongiez make after the 24th March 2020 cannot be taken into consideration for purposes of Section 36 (1).

[45] In developing its contention of prior use of the mark the Respondent says that in January 2020 it was appointed sole distributor for Jouys in South Africa. Thereafter it acquired samples of the products which included product samples of the sponge cake product bearing the Spongiez mark. Later between January 2020 and May 2020 the Respondent's representatives met with the representatives of amongst others Pick n Pay stores Ltd, The Spar Group, Shoprite, Checkers, Massmart stores, Food Lovers Market and Giant Hyper to promote and distribute the Spongiez sponge cake products.

[46] It is common cause that the first consignment of the Spongiez product was received by the Respondent in South Africa from Jouys during May 2020 which date falls after the registration date of the Applicant's Spongiez trade mark.

[47] In the matter of Oils International (Pty) Ltd v WM Penn Oils Ltd 1965

(3) TPD Colman J dealt with an appeal against the order of the Registrar of Trade mark who had refused to register the Appellant's

mark titled "Lifesaver." The Registrar had refused registration on the basis that an objection namely WM Penn Oils had for about six (6) years it had been marketing brake fluids under the trade mark "Lifesaver."

[48] Colman J upheld the appeal on the basis amongst others that the objector had not satisfied that it had built reputation for the mark by the date of application. At page 67 from paragraph H he writes and concludes as follows:

"It looks clear that what must be looked for is a reputation already built up for the mark by the date of application (Jellineds case supra) and in a number of English decisions relief under the Section corresponding to our Section 140 has been refused because the prior use of the mark had not been extensive enough to create so extensive a trade reputation that a substantial number of persons were likely to be deceived or confused."

[49] In developing this conclusion Coleman J in the same matter at page 69 – 70 from paragraph A-H referring to Section 123 (3) of the 1916 Act says the following:

"The Registrar after referring to this provision says that if registration were allowed there would if the objector could assert rights of prior use under Section 123(3) be used by different parties of an identical mark for identical goods. Consequently, he held the application should fail. To this there is I think a two-fold answer. In the first place it seems clear that the objector did nothing which could be described as "continuous user" of that mark. It is to be doubted whether there was any "user" at all. User is defined in the shorter Oxford Dictionary as a term of law meaning. Continued use, exercise or

enjoyment of a right.”

- [50] This Court cannot accept that the negotiations between Jouys and the Respondent during 2019 and January 2020 constitute use or prior use. Neither is there evidence sufficient to support the contention that the discussion and marketing efforts by the Respondent with the various stores in South Africa constitutes prior use. In the result this defence must also fail. Purchasing the products by placing order with Jouys during February 2020 is also not prior use. The fact is the Spongiez product only found itself on the shelves of the big stores in South Africa during May 2020 a date after the Applicant had filed its application for registration of the “Spongies” trade mark.
- [51] In the premises the Respondent has failed to discharge the onus resting on it in terms of Section 36(1) of the Act.
- [52] In the final analysis this Court is satisfied that the Applicant has proved that it has suffered and continues to suffer injury in the continued infringement of its registered trade mark. The Respondent has already indicated that it does not intend to cease trading using the offensive trade mark. This is likely to lead to the diversion and loss of customers.
- [53] This Court is also satisfied that a claim for damages will not suffice at this stage because of the continuing infringement which aspect will make it difficult to assess damages which will in any case be expensive and time consuming.
- [54] The Applicant has in my view succeeded in satisfying this Court that it is entitled to interdictory relief in the form of an interim interdict pending the final determination of the parties’ rights in an action to be instituted. In the result the following order is hereby made.

ORDER

1. The Respondent is hereby interdicted and restrained in terms of Section 34 (1)(a) of the Trade Mark Act 194 of 1993 from infringing the Applicant’s rights acquired through Trade Mark Registration Number 2020/07681 Sunbake Spongies in class 30 by using the Cravings Spongiez trade mark trade name, get up and or trade dress confusingly similar thereto and in particular from using the “Spongies” mark in respect of any goods to which the Applicants trade mark applies and or goods similar thereto.
2. The relief stated in paragraph 1 above shall operate as an interim relief with immediate effect pending the final outcome of an action to be instituted by the Applicant within 30 days from date hereof in which action the Applicant shall claim final interdict together with damages.
3. The Respondent is ordered to pay the costs of this application on a party and party scale which costs shall include the costs of two Counsel one of which is a Senior Counsel.

DATED at JOHANNESBURG this the 15 day of AUGUST 2022.

M A MAKUME

JUDGE OF THE HIGH COURT

DATE OF HEARING

: 25 JULY 2022

DATE OF JUDGMENT

: 15 AUGUST 2022

FOR APPLICANT

: Adv Michau Sc

With Adv Pretorius

INSTRUCTED BY

: Messrs Kisch Africa Inc

FOR RESPONDENTS

: Adv PP Ferreira Sc

With Adv Osborne

INSTRUCTED BY

: Messrs Smit & Van Wyk Attorneys

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