

SOUTH AFRICA / JUDGMENT

Roselt and Another v Bouwa Machinery South Africa (Pty) Ltd and Another (29672/2021 ; 30201/21) [2023] ZAGPJHC 576; 2023 BIP 4 (GJ) (25 May 2023)

[2023] ZAGPJHC 576

COURT

South Gauteng High Court, Johannesburg

BEFORE

Wepener

CASE / FILE NUMBER

29672/2021 ; 30201/21

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REPUBLIC OF SOUTH
AFRICA
IN THE HIGH COURT OF
SOUTH AFRICA
GAUTENG DIVISION,
JOHANNESBURG

Case Number:

29672/2021
NOT REPORTABLE
NOT OF INTEREST TO
OTHER JUDGES

In the application:

JOHN
HENRY ROSELT
First
Applicant
AIR
ROTORY SERVICES (PTY) LTD
Second
Applicant
And
BOUWA
MACHINERY SOUTH AFRICA (PTY) LTD
First
Respondent
ZHAI,
CAIDONG

Second
Respondent
Case number: 30201/21
BOUWA
MACHINERY SOUTH AFRICA (PTY) LTD
First
Applicant
BOUWA
ASIA GROUP
Second
Applicant
SHANGHAI
CAIDONG INTERNATIONAL TRADING CO
Third
Applicant
And
ROSELT,
JOHN HENRY
First
Respondent
AIR
ROTORY SERVICES (PTY) LTD
Second
Respondent
APX
EQUIPMENT (PTY) LTD
Third
Respondent
THE
REGISTRAR OF TRADE MARKS
Fourth
Respondent

Neutral Citation: Roselt
and Another v Bouwa Machinery South Africa (Pty) Ltd and Another
(29672/2021) and
Bouwa Machinery South Africa (Pty) Ltd and Others v Roselt and Others
(30201/21)
[2023] ZAGPJHC 576 (May 2023)

JUDGMENT

Wepener J:

- [1] There are two applications before me, the first in which the first and second applicants (applicant or applicants) seek an order against the respondents in the first application, and applicants in the second application, referred to as “the respondents” to interdict and restrain the latter from infringing on the applicants’ rights in the BOUWA trade mark with ancillary relief, including that the first respondent be directed to remove the BOUWA trade mark from its logo.
- [2] The “counter-application” by the first respondent and others is one that seeks a declaration that two trade mark applications submitted in the applicants’ name to be in breach of sections 10(3), 10(7) and 10(13) of the Trade Marks Act.[1] In addition, the respondents seek an order removing or expunging the trade mark applications and a declaration that the trade mark is in breach of sections 10(3), 10(7) and 10(13) of the Trade Marks Act and for it to be assigned to one of the respondents. It also seeks an interdict against the applicants from passing off their goods as that of the respondents’ by using the trade mark BOUWA. The essence of the dispute is in the question as to who can lay claim to the BOUWA trade mark.
- [3] The claim of ownership by the first applicant is premised on the fact that the BOUWA trade mark was registered in the first applicant’s name on 17 February 2017. There is no dispute about this fact and the respondents’ affidavit confirms that the first applicant is the registered proprietor of the South African trade mark registrations of the relevant matters contained in the certificates issued by the registrar of trade marks.
- [4] The immediate consequence hereof is that the two certificates so issued, constitute prima facie evidence of those entries having been made[2] and that the applicant is the registered proprietor of the trade mark BOUWA.[3] The further consequence is that the respondents, as the persons attacking the original registration of the mark, have to rebut the prima facie evidence that the applicant is indeed the registered proprietor of the trade mark and holding it validly as set out in the Trade Marks Act.[4]
- [5] In order to overcome this burden of rebuttal of the prima facie evidence, the respondents allege that the applicant has no bona fide claim to the proprietorship of the trade mark and that its application for registration was mala fide and would cause deception.[5] The second premise of the attack is on the basis that the applicant indeed has ownership of the trade mark but that during 2017 it “gave” the trade mark to one of the respondents in terms of an oral agreement.
- [6] The factual background of this matter can be summarised as follows:
1. On 14 January 2014, the first applicant made his first application for the registration of the trade mark BOUWA in his name. The respondent’s, Mr Zhai, was made aware of the application.
 2. In 2014, the applicant decided that the air compressors purchased through Mr Zhai should be branded as BOUWA. On 12 March 2014, the requisite authorisation to brand the machines assembled in China as BOUWA, was provided by the first applicant to Mr Zhai.

3. On 18 December 2016, the first respondent was registered and incorporated, for the sole purpose of importing air compressor machines branded as BOUWA and selling them to various distributors authorised by first applicant or second applicant, and to hold stock. The first respondent was intended to be a joint venture between the first respondent and Mr Zhai.
4. On 23 January 2017, the first respondent applied for the registration of the trade mark BOUWA in its name. This application was provisionally refused by the Registrar on 17 August 2017. The first respondent did not deal with the provisional refusal, and such application can be regarded as having been abandoned and lapsed. The application was a nullity as it was not signed by an attorney, an employee of the second respondent or an authorised agent of the first respondent. No counter argument was submitted by the respondents.
5. On 6 February 2017, the first applicant made his second application for the registration of the trade mark BOUWA in his name.
6. Following on the provisional refusal of the claim for registration by the first respondent, and in 2018, Mr Zhai and the respondents decided to not use the BOUWA trade mark any longer and began branding their air compressors as BAOFN.
7. On 10 June 2019 and 21 June 2019, first applicant's applications for the trade mark BOUWA were accepted, and the trade mark BOUWA was registered in the first applicant's name on 28 October 2019.
8. On 30 November 2020, the first applicant revoked the licence or authority upon which Mr Zhai or the first respondent was entitled to brand any air compressor machines as BOUWA for purposes of sale in the Republic of South Africa.
- [6] These matters are common cause and by and large appear in the founding affidavit in the second application.
- [7] The fact that the respondent also uses the trade mark thus infringes on the first applicant's trade mark, if validly acquired. This was not disputed and I need not deal with the establishment of an infringement. It is common cause that the respondents are utilising the trade mark and in South Africa this would constitute a contravention of section 34(1)(a) of the Trade Marks Act, but the respondent seeks a justification of their conduct by alleging that it should not be registered in the name of the applicant or it should be expunged.
- [8] The first defence offered by the respondents during argument was that it is indeed the common law owner of the trade mark BOUWA, and not the proprietor in terms of Trade Marks Act. The immediate observation regarding this argument is that the registered trade mark of the applicant precedes any common law right. This must be so due to the fact that the registration of a mark confers upon it the exclusive to use the mark within the Republic.

[6]

- [9] Secondly, the respondent was never the proprietor of the trade mark. Indeed, the main deponent of the respondent, a Mr Zhai (also the second respondent), confirms that the respondent had no interest in the mark BOUWA until the applicant “gave” the mark to one of the respondents in this matter. This is wholly inconsistent with the common law proprietorship of the trade mark alleged by the respondent. The deponent also alleges that he had no knowledge of the applicant’s application for a subsequent application and subsequent registration of the trade mark, but then alleges he was given permission by the applicant to take ownership thereof. The two statements impact on the deponent’s credibility. Despite his denial of knowledge of the applicant’s application to register, he knew, as far back as June 2010, that the applicant intended to apply for the registration of the trade mark. The respondent never challenged the applicant’s application for the registration of the trade mark. This, in circumstances where Mr Zhai confirms that the name BOUWA was the applicant’s creation, places Mr Zhai’s version in serious doubt.
- [10] Mr Zhai contends that the first respondent was established and utilised the name BOUWA in its name pursuant to the applicant agreeing to its establishment and the applicant licenced the first respondent to use the name. It is inconceivable that any agreement by the applicant would be required if indeed the respondents had a claim to the proprietorship of the mark. The licence to use the BOUWA mark was revoked by the applicants on 30 November 2020 and the respondent had no further right to utilise the mark BOUWA.
- [11] A further factor to be considered is that the first respondent never attempted to register the trade mark BOUWA until
2017. In these circumstances, there can be no question that the applicant is the original proprietor of the mark and none of the respondents can have any bona fide claim to proprietorship of the mark and the claim of a common law proprietorship of the mark BOUWA by the respondents must fail.
- [12] The second defence is that the third respondent,[7] became the owner of the BOUWA trade mark. These allegations are, once again, contradictory. The deponent alleges that the first applicant permitted him, personally, and the third respondent, to take ownership of the trade mark, but later that the first applicant

agreed that the third respondent would be the holder of the BOUWA trade mark. He further alleged that the third respondent had acquired common law rights in and to the BOUWA mark from at least 2017, when the mark was “given” to it (albeit be it orally). As conceded by the respondents’ counsel, the allegations are vague and bold. Not a single particular is furnished as to when and how and who gave the BOUWA mark to the third respondent. Save for the contradictory evidence, section 30(4) of the Trade Marks Act prohibits a partial assignment of the trade mark to the third respondent, as, according to the affidavits, the third respondent would be the holder of the BOUWA trade mark in respect of compressors and related equipment only. This would have the consequence that the first applicant retained the BOUWA trade mark in respect of other machinery. The applicants submitted that this was a legal impossibility due to the

provisions of section 30(4) of the Trade Marks Act that prohibits such a partial assignment.[8] The provisions of section 30(4) of the Trade marks Act is peremptory and is an absolute prohibition against any separate assignment or transmission of associated trade marks. Such agreement will be void.[9] The alleged agreement, if to be found to have existed, would consequently be void.

[13] There is an additional obstacle for the respondents in terms of section 39(7) of the Trade Marks Act. No assignment of a registered trade mark shall be of any force or effect unless it is in writing and signed by or on behalf of the assignor. Clearly, this did not occur due to the allegation of the oral gift of the trade mark as set out by the respondents. The conduct of the respondents speaks loudly against the case it attempts to make during argument, as Mr Zhai, on 23 January 2017, caused an application to be made to the registrar of trade marks for the registration of the trade mark BOUWA in the name of the third respondent. If indeed the third respondent had become the common law owner of the trade mark as alleged, such application would have been nonsensical.

[14] The claim for expungement suffers from certain defects. Firstly, I have found that the first applicant was the creator of the name BOUWA and caused an application to be made to the registrar of trade marks for the registration of the name and that he is indeed the proprietor of the mark. The first applicant elected to brand his compressors as BOUWA and instructed Mr Zhai to do so on his behalf for the sale of products in South Africa. The first applicant commenced using the name in 2005, well before he met Mr Zhai. There are no facts that would controvert the facts in support of the first applicant's conduct for his application and registration of the mark, least of all facts that show that he did not have a bona fide claim to the proprietorship of the mark. It follows that there are no facts that support that the first applicant was mala fides when making application to register the mark. Once this is so, and the first applicant is the registered proprietor, the reliance on section 10(13) must fail, as the use of the name BOUWA by the respondent after the licence was revoked, results in it being the party unlawfully utilising the mark.

[15] The submission that the first applicant, the sole director of the second applicant, was not authorised to institute legal proceedings was not persisted with and needs no further attention.

[16] In terms of section 52(1) of the Trade Marks Act, in any proceedings where the validity of the registration of a trade mark is in issue, a court which finds that the registration is valid and may certify it to that effect. If the validity of the original registration is attacked, and the attack is unsuccessful, the losing party must, unless the court otherwise directs, pay the other party his or her full costs, charges of expenses as between agent or attorney and client so far as that registration is concerned. No submission was offered why the full import of the section should not be applied.

[17] Having come to this conclusion, the following order is issued:

1. In terms of section 52 of the Trade Marks Act the validity of registration of the trade mark BOUWA, as set out in the certificates of registration 2017/03273 and 2017/03281, issued by the Registrar of Trade Marks on 28 October 2019, is certified.
2. The respondents are interdicted and restrained from infringing the first applicant's rights in the trade mark numbers 2017/03273 and 2017/03281 for the BOUWA in class 7 and in class 11, in terms of the provisions of section 34(1)(a), (b), and (c) of the Trade Marks Act.
3. The first respondent and second respondents are interdicted, restrained and prohibited from:
 - 3.1. branding their goods as BOUWA;
 - 3.2. passing off their goods as BOUWA;
 - 3.3. using the trade mark BOUWA on any communication from them;
 - 3.4. representing that they are BOUWA or own BOUWA or are associated with BOUWA;
 - 3.5. representing that they manufacture BOUWA products; and
 - 3.6. representing they may appoint authorised distributors of BOUWA products.
4. The first respondent is ordered to remove the mark BOUWA from the top of its logo.
5. The first respondent is ordered to remove the mark BOUWA from all of its signage.
6. The first respondent is interdicted, restrained and prohibited from referring to itself as BOUWA without reference to the remaining part of its name.
7. The respondents are to pay the costs of the applications jointly and severally, the one paying the other to be absolved, on an attorney and client scale.

W.L. WEPENER

JUDGE OF THE HIGH COURT

Heard: 23 May 2023

Judgment:

25 May 2023

For the Applicant: Adv C. Acker with Adv. R. Bhima Instructed by: Pagel Schulenburg
Incorporated For the Respondent: Mr Vally with Adv Razak Instructed by: Muhammed Vally
Attorneys Incorporated

[1] Act 194 of 1993.

[2] Section 50 of the Trade Marks Act.

[3] Section 51 of the Trade Marks Act.

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- [4] United Bank Ltd v Standard Bank of South Africa Ltd 1991
(4) 810 (T) at 819F.
- [5] Relying on sections 10(3), 10(7) and 10(13) of the Trade Marks Act.
- [6] Shalom Investments (Pty) Ltd and Others v Dan River Mill Incorporated 1971 (1) 689 (A) at 706D; John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd 1977 (3) SA 144 (T) at 150D.
- [7] Shanghai Caidong International Trading Co.
- [8] Section 30(4). “Trade marks that are registered as or that are deemed by virtue of this Act to be, associated trade mark shall only be assignable or transmittable together and not separately, . . .”
- [9] See Morkel v Federated Timbers (Pty) Ltd 2000 (1) SA 206 (T) at 212G.
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