

SOUTH AFRICA / JUDGMENT

Saic Motor Co Ltd v Deutz (65401/2015) [2016] ZAGPPHC 363; 2016 BIP 161 (GP) (13 May 2016)

[2016] ZAGPPHC 363

COURT

North Gauteng High Court, Pretoria

BEFORE

FHD Van Oosten

CASE / FILE NUMBER

65401/2015

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REPUBLIC OF SOUTH AFRICA

IN THE HIGH COURT OF SOUTH AFRICA

(GAUTENG DIVISION, PRETORIA)

CASE NO:65401/2015

DATE: 13 MAY 2016

In the matter between

SAIC MOTOR CO LTD.....APPLICANT

And

DEUTZ AG.....OPPONENT

J U D G M E N T

VAN OOSTEN J:

Introduction

- [1] This matter comes before this court by way of a referral by the Registrar of Trademarks in terms of s 59(2) of the Trade Marks Act 194 of 1993 (the Act). The applicant for registration of the trademarks which are the subject of this application (SAIC), is a Chinese company, trading in the production and sale of motor vehicles and components and providing services in the automotive trade. The opponent to the applicant's application is Deutz AG (Deutz), a German corporation, represented in South Africa by its

distributor, Deutz Dieselpower (Pty) Ltd, conducting business in producing, marketing, and selling of various mobile engines, parts

and components and rendering services related thereto.

[2] On 7 January 2011 SAIC applied for the registration of a trade mark in classes 12, 37 and 39 with the Registrar of Trade Marks. The applications (no's 2011/00412; 2011/00413 and 2011/00414) were accepted and advertised. No disclaimers or admissions were entered but a notice of opposition was filed by Deutz, to which a lengthy affidavit was attached. SAIC in response thereto filed an answering affidavit to which Deutz has filed a reply.

The competing trade marks

[3] The trade mark referred in the application for registration is described by Deutz as a 'Tower Device' which SAIC, in my view not without justification, strongly disagrees with. SAIC explains that the trade mark is related to their 'primary

legendary commercial vehicle brand' known as MAXUS, from which the MAXUS Device mark is derived, which it maintains reflects the correct description of the trade mark. Photographs attached to the papers depict the trade mark, attached to MAXUS commercial vehicles, as .

[4] Deutz is the proprietor of altogether 11 trademarks, registered in South Africa, which are referred to and described as a 'Tower

Device', which consists of a device mark, registered in classes 7, 12, 37 and 42 and a word mark, DEUTZ & Tower Device,

registered in classes 7, 9, 12, 16, 37, 41 and 42 (and therefore not in class 39).

These marks are respectively depicted as and .

The grounds of opposition

[5] The grounds of opposition to the application are premised on the provisions of s 10(12), 10(14) and 10(17) of the Act, which provide as follows:

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

10(12) a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonos mores, or be likely to give offence to any class of persons;

10(14) subject to the provisions of section 14, a mark which is identical to a registered trade mark belonging to a different proprietor or so similar thereto that the use thereof in relation to goods or services in respect of which it is sought to be registered and which are the same as or similar to the goods or services in respect of which such trade mark is registered, would be likely to deceive or cause confusion, unless the person making the earlier application consents to the registration of such mark;

10(17) a mark which is identical or similar to a trade mark which is already registered and which is well-known in the Republic, if the use of the mark sought to be registered would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of deception or confusion, unless the proprietor of such trade mark consents to the registration of such mark.'

- [6] In the opposing affidavit the deponents for Deutz solely rely on an alleged conceptual and visual similarity between the competing marks for the submission that 'a member of the public confronted with the Tower Device mark will immediately be confused by and associate any services or goods to which this trade mark has been applied with the Opponent's Tower Device trade mark'. No facts in support of the submission were advanced and, as I will presently deal with, it is moreover premised on the wrong test.
- [7] The first and indeed decisive issue for determination, as rightly acknowledged by both counsel in argument, is whether such similarity in the trade marks exists as to cause the 'likelihood of deception or confusion' which is the term used in all the quoted sub-sections of s 10 of the Act and therefore must be accepted to bear the same meaning (*Minister of the Interior v Machadodorp Investments (Pty) Ltd and Another* 1957 (2) SA 395 (A) 404D).

The legal principles: likelihood of deception or confusion

- [8] The meaning of the words 'as to cause the likelihood of deception or confusion' and the general principles governing

their application to the facts of a particular case, has been dealt with in numerous cases. In the leading case of *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984] ZASCA 51; 1984

- (3) SA 623 (A) 640G-641D, Corbett JA (as he then was) summarised the main legal principles applicable, as follows:

'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.'

[9] The approach has been followed in numerous judgments of the Supreme Court of Appeal, most recently in *Yair Shimansky v Browns the Diamond Store* (9/2014)

[2014] ZASCA 2014 (1 December 2014), in which extensive reference is made to the judgment in *Roodezandt Ko-operatiewe Wynmakery Ltd v Robertson Winery (Pty) Ltd & Another* (503/13) [2014] ZASCA 173 (19 November 2014), where Brand JA elaborated on the meaning of the value judgment to be made (in the context of an application to remove a trade mark from the register), as follows (para 5):

'[5] The fundamental enquiry is therefore whether Roodezandt's Robertson Hills mark so resembles the Winery's marks incorporating the term 'Robertson' that, if the competing marks are all used in relation to wine, such use would be likely to cause deception or confusion. That determination involves a value judgment (see eg *Cowbell AG v ICS Holdings Ltd* 2001(3) SA 941 (SCA) para 10). Considerations that could assist in the exercise of this value judgment have been proposed in numerous decided cases. One of these cases is *Laboratoire Lachartre SA v Armour-Dial Incorporated* 1976 (2) SA 744 (T) in which Colman J sounded the following note of caution (at 746B-E):

'We have had ample time for full consideration and close comparison of the two trademarks with which we are concerned. These advantages,

however, carry their own dangers. They have caused us to look at the trademarks with far greater care than they would be looked at by the members of the public whose probable reactions we are required to assess, and with a far keener awareness of similarities and dissimilarities than such people would probably have as they go about their daily lives. What we have now to do is, therefore, to transport ourselves, notionally, from the court-room or the study, to the market place. We must try to look at the marks as they will be seen, if they are both in fair and normal commercial use, by the hypothetical consumers of [wine]. Those will be people of many races and degrees of education, having varied gifts, interests and talents. We are not to postulate the consumer of “phenomenal ignorance or extraordinarily defective intelligence”. . . We are to consider a person of average intelligence and proper eyesight, buying with ordinary caution.’

The learned judge of appeal then listed the following principles of comparison that have developed in order to reach the value judgment

(para 6):

‘[6] Most, if not all, of these considerations seem to find application in the present context. Other principles of comparison which have become crystallised in earlier decisions of this court which I find to be pertinent, include the following:

- (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. (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.)'

(See also, Adcock Ingram Intellectual Property (Pty) Ltd v Cipla Medpro (Pty) Ltd et al 2012

(4) SA 238 (SCA) at 243 para 15; Orange Brand Services v Account Works Software 2013 BIP 313 at 315 and 319. Compare the following cases decided by the Court of Justice of the European Union: Sabel BV v Puma AG (Case C-251/95), [1998] RPC 199, [1998] ETMR 1 (1997); Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer

[1999] RPC 117 para 26-30; Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV [1999] EUECJ C-342/97; [2000] FSR 77 para 8-28; Marca Mode CV v. Adidas AG & Adidas Benelux BV

[2000] EUECJ C-425/98; [2000] ETMR 723; Matrazen Concord GmbH v GmbHGv Office for Harmonisation in the Internal Market

[2004] ECR I-3657).

Application of legal principles

[10] Applying the above legal principles to the facts of this case, a comparison must be made between the competing trade marks, with reference to their appearance both conjunctively and separately. The DEUTZ word mark is clearly distinguishable by the use of the word DEUTZ and the likelihood of deception or confusion accordingly, does not arise. That leaves for comparison the DEUTZ Tower Device mark and separately, as well as side by side, or opposed to it, the MAXUS Device mark. Counsel for Deutz relied on the following alleged similarities in the competing marks, in support of the submission that they are 'strikingly similar' in visual and conceptual appearance:

- both marks resemble a tower device;
- both marks have two levels, a lower level and immediately above, an upper level;
- in both the marks the lower level depicts two peaks adjacent one another; and
- in both the marks the upper level depicts one peak between the two peaks on the lower level.

At best for Deutz the features referred to, in my view, are inconclusive in making a proper comparison: the comparison must involve both similarities and differences in the competing marks. As for general conceptual appearance the striking feature of the DEUTZ mark is that the sharp distinctive tower point is a continuation of the solid line from the 'M' styled lower level, in effect constituting one single design. It should be noted that in terms of the endorsement on the certificate of registration of its trade mark, Deutz does not hold the right to the exclusive use of the letter 'M'. The MAXUS Device mark, on the other hand, consists of a configuration of three separate triangles, juxtaposed, two of which side by side as the base of the mark, with the third

triangle symmetrically at the top. The right line segment of each triangle is shaded thus creating a two dimensional impression.

- [11] Having described the conceptual similarities and differences of the competing marks, assisted by the photographic images thereof above, an assessment now needs to be made of the impact they would make upon the notional average type of customer who would be likely to purchase the kind of goods or require the kind of services rendered, in the ordinary course of business to which the marks would be applied. In its widest sense the market place we are here concerned with is the motor industry where the prospective customer, in any event, is bombarded with a large variety of marks, in all forms and shapes. Both Deutz and SAIC trade in specialised goods and services, restricted to the motor industry, through designated distributors and dealerships, which clearly distinguishes their customer base from the ordinary supermarket-off-the-shelf-customers. Furthermore, customers in the motor industry, and in particular in regard to commercial vehicles, specialised equipment and components can be expected to be cautiously discerning and fastidious concerning the brand of goods they select to purchase or their choice of a service provider.
- [12] A value judgment is ultimately called for, dictated by the overall impression created by the competing marks (Orange Brand para 14), requiring a consideration of the principles enunciated in Roodezandt. In addition to the comparison between the conceptual characteristics of the competing marks I have already made, I should add that in my view, the likely impact that would be made by the dominant features of the competing marks on the mind of the average customer (Shimansky para 10) or substantial number of customers in the motor vehicle trade, differs materially. The dominant impression of the DEUTZ mark evidently, is derived from its pertinent, bold sharp pointed tower device, as opposed to the MAXUS device mark, depicting a stacked configuration of three triangles. Nothing of substance has been advanced to show in what respects deception or confusion may arise. I am unable to find any: not even a fleeting observance of any one or both the trade marks, in my view, would likely cause deception or confusion.
- [13] Deutz has attached to the opposing affidavit its annual report, as well as copies of its advertising brochures and newsletters which are widely distributed to its distributors, dealers and the public, to demonstrate that 'the tower device has achieved a high level of recognition including in the South African market place'. On perusal of the documents, which notably extend into 225 pages, it is apparent that the largest segment of Deutz's trade comprises the manufacture, sale and supply of engine units for use in mobile and stationery equipment, commercial vehicles, agricultural machinery, implements, boats, ships, aircraft tugs, construction equipment, hi-performance generators and trains. It is obviously for this reason that Deutz proudly advertises and holds itself out to the outside world where it trades, as 'The engine company'. As for South Africa it is stated, in one of the Deutz newsletters, that DEUTZ Dieselpower has been supplying engines for the local market in Johannesburg for more than 27 years. SAIC on the other hand, mainly trades in the production and sales of passenger and commercial vehicles as well as components including

engines, transmissions, power trains, chassis, interior and exterior trims and electronic and electric parts. Although there is an overlap of goods and services in the business activities of SAIC and Deutz, the difference in their main scope of business, particularly in South Africa, is quite obvious and cannot be ignored. It has this significance: it further diminishes the likelihood of deception or confusion by the concomitant use of the competing marks.

Conclusion

[14] For all the aforesaid reasons I conclude that no degree of similarity exists between the competing marks that is likely to cause deception or confusion in the motor vehicle industry. It follows that there is no merit in the opposition.

Order

[15] In the result the following order is made:

1. The opponent's opposition to trade mark applications no's 2011/00412, 2011/00413 and 2011/00414, in the name of SAIC Motor Co Ltd, is dismissed.
2. The opponent is ordered to pay the costs of this application.

FHD VAN OOSTEN

JUDGE OF THE HIGH COURT

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