

SOUTH AFRICA / JUDGMENT

Stable Brands v LA Group (Pty) Ltd and Another (33268/18) [2020] ZAGPPHC 136 (21 February 2020) [2020] ZAGPPHC 136

COURT

North Gauteng High Court, Pretoria

BEFORE

C J van der Westhuizen

CASE / FILE NUMBER

33268/18

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IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG DIVISION, PRETORIA

- (1) REPORTABLE: YES/NO
- (2) OF INTEREST TO OTHER JUDGES: YES/NO
- (3) REVISED.

CASE NO.: 33268/18

21/2/2020

In the (counter-application) matter between:

STABLE BRANDS (PTY) LTD

Applicant

and

LA GROUP (PTY) LTD

First Respondent

THE REGISTRAR OF TRADE MARKS

Second Respondent

JUDGMENT:**APPLICATION FOR LEAVE TO APPEAL**

VAN DER WESTHUIZEN, J

- [1] The first respondent, as applicant, applies for leave to appeal against my judgment and order delivered and granted on 29 November 2019. The applicant in the counterapplication, now the respondent, opposes the application for leave to appeal.
- [2] At the hearing of this application, Mr Bowman SC who appeared with Ms Joubert on behalf of the present respondent, raised objections to an apparent expansion of the grounds in the applicant's written heads of argument that go beyond the grounds pled in the notice of application for leave to appeal. The submission is that a party may not go beyond the grounds raised in the notice of application for leave to appeal, unless a formal application is made for leave to expand the pled grounds. No formal application was made, other than a request in general terms, from the bar to amend the notice of application for leave to appeal. Rule 49(1)(b) of the Uniform Rules of Court requires that the grounds upon which leave to appeal is sought, are set out. Such exposition is to be clearly and succinctly stated to enable the court and the opposition to be fully informed what case is to be considered and adjudicated upon. See in this regard *Songono v Minister of Law and Order* 1996(4) SA 384 (ECD). It would follow that where grounds that are intended to be relied upon at the hearing of the application for leave to appeal are not so stated in the notice, it may not be raised later. See in this regard *Kilian v Geregsbode, Uitenhage* 1980(1) SA 808 (AD) at 814C-815F. One of the grounds raised in the applicant's heads of argument relate to an alleged constitutional issue. No basis for that issue is laid in the notice of application for leave to appeal. It follows further, that in the absence of leave to amend a notice of application for leave to appeal to include grounds not initially raised, a party may not rely thereon. It is recorded earlier that no formal application was launched to amend the notice of application for leave to appeal, except for an informal request to do so. I made no ruling on this issue, but heard argument on the non-raised grounds. However, for what follows, the non-raised issues do not sway one way or the other.
- [3] The argument on behalf of the applicant in respect of the merits followed a different approach to that raised in the main application. The applicant now relies upon, what it calls, "a brand" to enable it to discharge its onus in the counterapplication, and to sway this court to grant leave to appeal. There is no substance in that submission. The various sections of the Trade Mark Act, 194 of 1993 (the Act), dealing with the basis upon which a registered trade mark may be expunged, relates to the specific registered mark and not "a brand". Mr Ginsburg SC, on behalf of the applicant, sought to temper the approach with reference to the discretion that the court has in deciding whether to expunge or not. In this regard, there is specific reference to a constitutional point that there should not be arbitrary deprivation of property, and if a lesser stringent order may be granted, it should. Such approach would obviate a party of discharging its onus and slide through the cracks in the floor boards.

- [4] A number of grounds are listed in the application for leave to appeal. I do not intend to deal with each and every ground and will refer to them with reference to particular categories.
- [5] A general ground is raised in that I should have dismissed the counterapplication per se. That in itself, constitutes no ground upon which leave to appeal can, or ought to be granted. Furthermore, as a catch-all phrase, it cannot assist a party who does not stipulate the grounds for leave to appeal clearly and concisely.
- [6] In oral argument, Mr Ginsburg primarily made submissions on the issue of distinctiveness, the issue of interpretation of section 10(13) of the Act and the constitutional point. He did not abandon the submissions made in the heads of argument and remains to rely thereon. For what follows, I shall deal with the issue of distinctiveness in the relevant context.
- [7] The applicant relies upon the ground that I should have dismissed the counterapplication for want of joinder of another party, The Polo/Lauren Company LP. There is no merit in that submission for the following:
- (a) There is no finding that the registered trade marks of that party is prone to be expunged from the register. The reference to that party is made in the context of the manner in which the applicant has used its trade marks as provided for in section 10(13) of the Trade Marks Act, 194 of 1993;
 - (b) The manner of use on the part of the applicant cannot be ascribed to that party and hence it was not necessary for that party to be joined. Nor does that party have a substantial interest in the order that may be granted;
 - (c) I found that the applicant had failed, for the reasons stated in my judgment, to distinguish its marks from those found in the market.
- [8] The applicant contends in its grounds for leave to appeal that I had erred in finding that the present respondent retained its locus standi despite the main application for an interim interdict being withdrawn. There is no merit in that ground. In a separate ex tempore judgment on that issue, I comprehensively dealt with the principles applicable to counter applications and the issue of locus standi. See *Lubbe NO et al v Millenium Style (Pty) Ltd* 2007 BIP 133 (SCA).
- [9] Reliance is placed on the provisions of section 42 of the repealed Trade Marks Act, 62 of 1963, the so-called seven-year incontestability clause. In my judgment I dealt with the issue whether the applicant's marks remain on the register wrongly and in that regard dealt with the dictum in *Roodezandt Ko-operatiewe Wynmakery Ltd v Robertson Winery (Pty) Ltd et al*, 2014 BIP 294 (SCA). There is no merit in that ground.
- [10] The applicant contends that I erred in not applying the proviso in section 10 of the Act. In this regard it relies on the alleged large amounts spent on advertising and sales. It is one thing alleging large expenditure and another proving that it was in respect of the relevant

trade marks which are the subject of scrutiny. The applicant conceded that it could not prove the use of the relevant registered trade mark in respect of the particular item upon which it is alleged to have been used. Sales of goods is not necessary proof of use of the relevant trade mark in connection therewith, unless that particular use is proven. Proof of selling an item of clothing is one thing, non constat that it proves that a particular trade marks is used in respect of that item of clothing. The applicant submits now that when regard is had to the “brand”, defined as the word POLO, the device marks etc., then the evidence provided musters the relevant test. There is no merit in that ground. The relevant sections of the Act relied upon by the respondent do not lean to such interpretation.

- [11] The ground raised in respect of the findings relevant to the provisions of section 10(2)(a) of the Act has no substance. I have already dealt with the issue of the proviso to section 10 of the Act. In the judgment the findings are not limited to a dictionary meaning, but also deal with the extent of the use of the word polo in the relevant industry. The applicant now attempts to rely on a further dictionary meaning in support of its arguments. Those definitions prove the contrary to the argument raised by the applicant.
- [12] There is no substance in the attack on the findings in respect of the provision of section 10(2)(b) of the Act. The alleged support of the said criticism, the dictum in the Century City matter relied upon by the applicant is considered out of context. A reading of the particular dictum in its context, does not support the applicant.
- [13] The applicant has raised no specific criticism in respect of the findings relating to section 10(2)(c) of the Act. As such, that is not a ground upon which leave to appeal can be sought.
- [14] It is submitted on behalf of the applicant that the requirements in section 10(13) of the Act in respect of the use of the mark and relating to confusion and deception, are different to the meaning of those concepts as intended

in sections 10(14) and (15) of the Act. In this regard, Mr Ginsburg referred to English authority on a similar provision in the UK Trade Mark Act, though different in content and context. There is no substance in that submission. There is no explanation why the Legislature would use the same words, confusion and deception, in different sections of the same Act, yet intend different meanings to be ascribed thereto.

- [15] There is no merit in the attack on the findings relating to section 27(1)(b) of the Act. This ground of attack is to be considered in the context upon which the applicant has dealt with it in its evidence placed before the court. I have, in my judgment, comprehensively dealt with the applicant’s evidence it provided and the value to be ascribed thereto. I do not intend to dealt with that in this judgment. It will suffice to refer to the test laid down in the New Balance matter and the findings in that regard, in particular in respect of the inference that is to be drawn. As recorded earlier, the sale of an item does not necessarily translate into the alleged use of a registered trade mark, unless clearly shown by the party on whom the onus lies. The applicant’s reliance on the provisions of section 31(1) of the Act, is non-specific and

generalised. Furthermore, the applicant has failed to raise any specific grounds for leave to appeal the order in respect of trade marks that the applicant has failed to prove use thereof. No blanket leave to appeal can be sought, nor granted.

[16] In respect of the leave to appeal the findings and order relating to section 27(1)(a) of the Act, the applicant has not shown that the evidence it seeks to rely upon, is clear and unambiguous and to the point. In the absence thereof, there is no merit on the ground that is relied upon for leave to appeal. The applicant submits that the section requires compliance with two jurisdictional requirements: an intention not to use the mark, and actual non-use thereof. The applicant submits that the respondent bears the onus to prove, on the part of the trade mark proprietor, no intention to use the trade mark. There is no substance in that submission. The intention of using a trade mark, or not, lies within the peculiar knowledge of the trade mark proprietor, not within the knowledge of its competitor. Actual non-use of a trade mark would warrant an inference of an intention of non-use thereof.

[17] There is no merit in the lamentation that marks were set aside on multiple bases simultaneously. One ground would suffice for an expungement and even if the applicant may be successful on appeal on only one of multiple grounds, the remaining grounds for expungement would prevail. Such an appeal would be merely of academic nature and of no practical effect,

and in particular with reference to the ground that the judgment in the Meltz matter was not followed. Whether that judgment was to be followed in itself would not be of any assistance to the applicant where the other grounds for leave to appeal are of no substance. The various marks of the applicant were attacked on a number of grounds provided in the Act and adjudication of each attack is required and necessary.

[18] The attack relating to the Meltz matter is two-fold, i.e. that there is no joinder of The Polo/Lauren Company LP, with which I dealt with earlier and secondly, that the Polo trade mark would in terms of that judgment not fall to be expunged in terms of the provisions of section 10(2)(b) of the Act. In the latter instance, the dicta by the Supreme Court of Appeal in the Century City matter applies. There is no substance in respect of the grounds raised in respect of the Meltz matter.

[19] For all of the foregoing, I am not persuaded, nor convinced, that there are reasonable prospects that another court, seized with the same set of facts, would reach different conclusions than I have. In this regard see *S v Notshokovu* 2016 JDR 1647 (SCA). See also *MEC for Health, Eastern Cape v Mkhitha* 2016 JDR 2214 (SCA) at [16] - [17].

[20] Furthermore, the applicant has not shown, other than the relevant facts in this matter and which were before me and dealt with in the judgment, that there are compelling reasons why the appeal should be heard. This ground was not raised in the notice of application for leave to appeal.

[21] The submissions by the applicant that the findings in the judgment are arbitrary and amounts to deprivation of the applicant's property in terms of the provisions of section 25(1) of the Constitution, are without substance. The findings contained in my judgment are made with reference to the provisions of the Act and the evidence before me.

They were certainly not made arbitrarily and in an irrational manner. Reasons for each finding are provided. If a party fails to prove its onus, it cannot lament the fact that a negative finding is made against it. It does not constitute an arbitrary and irrational

finding. There is no substance in this ground that leave to appeal should be granted on this ground. This ground was not raised in the notice of application for leave to appeal and I have dealt with that issue earlier in this judgment.

[22] It follows that the application for leave to appeal cannot succeed.

I grant the following order:

1. The application for leave to appeal against the judgment and order delivered and granted on 29 November 2019 is dismissed;
2. The applicant (first respondent a quo) is to pay the costs of the application for leave to appeal, such costs to include the costs consequent upon the employ of two counsel.

C J VAN DER WESTHUIZEN

JUDGE OF THE HIGH COURT

On behalf of Applicant/First Respondent a quo: P Ginsburg SC

Ms P Cirone

Instructed by:

Adams & Adams

On behalf of Respondent/Applicant a quo: L Bowman SC

Ms I Joubert

Instructed by:

Spoor & Fisher

Date of

Judgment:

21 February 2020

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