

SOUTH AFRICA / JUDGMENT

Valentino Globe BV v Phillips and Another (6/96) [1998] ZASCA 43; 1998 (3) SA 775 (SCA); [1998] 4 All SA 1 (A) (27 May 1998) [1998] ZASCA 43

COURT

Supreme Court of Appeal

BEFORE

Harms, Hefer, Nienaber, Howie, Plewman

CASE / FILE NUMBER

6/96

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[Download original files](#)[PDF format](#)[RTF format](#)[Download original files](#)[PDF format](#)[RTF format](#)[PDF format](#)[RTF format](#)Case No 6/96 In the
matter between:

VALENTINO GLOBE B.V.

Appellant

and

ANTHONY HOWARD PHILLIPS

First Respondent

THE REGISTRAR OF TRADEMARKS

Second Respondent

Coram: HEFER, NIENABER, HOWIE, HARMS and PLEWMAN JJA

Heard: 12 MAY 1998 Delivered: 27 MAY 1998

JUDGMENT

HARMS JA/

1 HARMS JA:

Registered trade marks are intended to be used and, if not used for

3 a continuous period of five years, may be removed from the register. This was

provided for under s 36 (1) (b) of the Trade Marks Act 62 of 1963 and according

5 to s 27(1) (b) of the Trade Marks Act 194 of 1993 is still the law, albeit in s 27

Trade Marks Act 194 of 1993

slightly different terms. In the court below the trade mark under consideration, 7 Valentino, suffered the fate of removal on the ground of non-use (per Smit J in the Transvaal Provincial Division) and the present appeal against that order is 9 with its leave. Since the proceedings were initiated during 1980 - and that is not a typographical error - the matter has to be decided in terms of the 1963 Act and 11 all further statutory references are to it.

The trade mark Valentino was registered on 28 November 1973

13 under registration number B73/6127 in class 25 in relation to certain items of clothing. The proprietor of the mark was and is the appellant, a Dutch body

15 corporate, whose original name was Globelegance B.V. Of importance to this case is that the trade mark is used on clothing designed by a leading Italian

1 couturier, Valentino Garavani. These articles of fashion are intended for the very

wealthy and not for the mass market. The appellant licensed certain continental 3 concerns to manufacture ready to wear Valentino clothing, and certain local

fashion retailers imported and sold reasonable quantities since 1976. No user 5 agreement was registered under s 48 before the proceedings were launched, nor

did the appellant itself conduct any business under the mark in South Africa.⁷

The first respondent, to whom I shall refer by name, "dealt" in

men's clothing in Johannesburg. On 5 November 1979 he lodged in his own 9 name an application for the registration of the trade mark Valentino, also in class

25 and in respect of clothing. The registered trade mark was an obvious 11 impediment to the success of Phillips's application and in consequence the present

proceedings for its removal on the ground of non-use were launched at the 13 beginning of 1980. There the matter more or less rested until it was enrolled

towards the end of 1995.¹⁵

At the hearing the parties presented Smit J with an agreement. It,

in essence, provided that the appellant intended to argue two points in limine, one

1 relating to locus standi and the other to the lack of proof in the founding affidavit

of non-use. The parties further agreed that if the appellant were to be 3 unsuccessful on these points, the outcome of the application was predetermined

by the full court decision in Adcock-Ingram Laboratories Ltd v SA Druggists Ltd 5 and Another 1983 (2) SA 350(T) which was binding upon the court below. This

1983 (2) SA 350

judgment held, inter alia, that use of a trade mark by someone other than its 7 proprietor or a registered user is not "use" for the purposes of s 36 (1) (b) and

cannot protect a trade mark from removal on the ground of non-use. In the event 9 the points in limine were dismissed and, because of Adcock-Ingram, the

application was granted and the removal of the trade mark ordered.¹¹

The appellant raised two issues on appeal, namely -

(1)

whether Phillips was, in the words of s 36 (1) (b), a 13 "person aggrieved" by the registration of the mark and

whether, consequently, he had no locus standi to apply for¹⁵

the removal of the appellant's trade mark, and

(2)

the correctness of Adcock-Ingram.

1

Phillips, on the oilier hand, contended in the argument filed (there

was no appearance on his behalf) that this Court was precluded from deciding the 3 second point because the court below had not made any findings on the issue.

Initially the appellant wished to argue the first point with reference

5 to the allegations contained in the founding affidavit only as was done in the

court below. There are a number of cases which recognise the right of a

7 respondent, in spite of having filed an answering affidavit, to argue at the outset

that the founding affidavit does not make out a prima facie case for the relief

9 claimed. They for two reasons suggest that the procedure is akin to an exception

based on the ground that a summons or similar initiating process does not

11 disclose a cause of action: The founding affidavit alone falls to be considered,
and the averments contained therein must be accepted as true. An important
13 difference with an exception is, however, that the application contains evidence
and not only allegations of fact, and what might be sufficient in a summons may
15 be insufficient in a founding affidavit. See, e g, *Hart v Pinetown Drive-in
Cinema (Pty) Ltd* 1972 (1) SA 464(D), *Pearson v Magrep Investments (Pty) Ltd*
1972 (1) SA 464
1 and Others 1975 (1) SA 186(D), and latterly, *Hubby's Investments (Pty) Ltd v Lifetime Properties
(Pty) Ltd* 1998 (1) SA 295(W) 297A-E. The usual object of
1975 (1) SA 186
1998 (1) SA 295
3 the procedure is to enable a respondent to meet an application for referral to
evidence or the like and relieve the court of considering the conflicting 5 allegations of fact. Cf
Bader and Another v Weston and Another 1967 (1) SA
134 (C) 136F-G.7
It seems to me to be wrong to permit the use of this procedure in a
court of first instance where there is no real conflict of fact on the papers, as is 9 the case here.
But having used the procedure unsuccessfully at that level, does
not mean that an appellant is entitled to use it again on appeal. In any event, it 11 seems to me
that the analogy with the exception procedure may be inappropriate
and that the comparison should rather be with an application for absolution from 13 the instance
in a trial action. Having lost an application for absolution, a
defendant cannot thereafter lead evidence and on appeal argue that absolution 15 should have
been granted at the end of the plaintiffs case. A court of appeal no
doubt will consider all the evidence on record. Likewise, having lost an
1 exception, it can hardly be reargued after completion of the trial. What is on
appeal is the substantive order made, in this case the removal of the trade mark 3 from the
register and not the rulings leading up to the result. This also answers
the point raised by Phillips to which I have referred. Before this Court is the 5 question whether
the order below was correctly made, and that includes, should
the first point fail, the question whether Adcock-Ingram was correct in the 7 respect referred to.

Adcock-Ingram was correct in the 7 respect referred to.

was correct in the 7 respect referred to.

I then proceed to consider whether Phillips was a person aggrieved 9 by the registration of the appellant's trade mark. First the facts. It is common

cause that Phillips in his own name lodged an application for the registration of 11 the trade mark Valentino. The application for the removal of the appellant's trade

mark was lodged in the name of Phillips "trading as Valentino for Men" and it 13 was alleged that the applicant (i e Phillips) "is the owner of the trade mark

'Valentino' and claims to be the proprietor thereof in the Republic" because of the 15 lodging of the said application for registration of the trade mark and, because he

is engaged in the sale of clothing under the trade mark, that he has used the trade

1 mark in advertising "his products" and that he has the intention of continuing to use the mark.³

The founding affidavit presents a different picture. It was sworn

to by Phillips but he purported to file the affidavit on the behalf of a company, 5 Fran & Antonio (Pty) Ltd, of which he was the managing director. This

company - which he defined for purposes of his affidavit as "my business" - he 7 said, was incorporated in 1977, began trading in that year under the name

"Valentino" and specialised in men's clothing. The company used the mark in 9 its advertising. He annexed a number of affidavits by clients who "have always

associated the mark 'Valentino' exclusively with my company and the goods 11 which are sold therefrom." He concluded by stating that, apart from his "business

which trades under the name 'Valentino' and which sells clothing and accessories 13 under the mark 'Valentino' I have never encountered or heard of any goods sold

in the Republic of South Africa which did not emanate from my business." In his 15 replying affidavit, sworn to some twelve years later, he stated that since the

founding affidavit the trade mark had been used by Valentino (Pty) Ltd and by

1 Valentino Clothing CC, both entities seemingly controlled by Phillips. Since 16

November 1989 the trading was again carried on through Fran & Anthony (Pty)

3 Ltd, renamed, with the permission of Valentino (Pty) Ltd, Valentino Corporation

(Pty) Ltd. His intention was to list Valentino Corporation (Pty) Ltd on the

5 Johannesburg Stock Exchange. The turnover figures of these concerns were given.

7

The concept of a "party aggrieved" in the context of s 36 has been the subject of judgments of this Court: Ritz Hotel Ltd v Charles of the Ritz Ltd 9 and Another 1988 (3) SA 290(A), Mars Incorporated v Candy World (Pty) Ltd 1988 (3) SA 290

[1990] ZASCA 149; 1991 (1) SA 567(A) and Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales

[1990] ZASCA 149

1991 (1) SA 567

11 and Promotions (Pty) Ltd and Another [1991] ZASCA 121; 1991 (4) SA 850(A). In addition, the

[1991] ZASCA 121

1991 (4) SA 850

concept arose in other statutory contexts in Francis George Hill Family Trust v

13 South African Reserve Bank and Others 1992 (3) SA 91(A) and Jeeva and

1992 (3) SA 91

Another v Tuck NO and Others 1998 (1) SA 785(SE). It would therefore amount

1998 (1) SA 785

15 to a supererogation to attempt a restatement or reformulation of the principles and

approach involved. For present purposes the following may, however, be

1 extracted from the first three cases. The onus rests upon the applicant for removal to establish, as a reasonable possibility, that he is a person aggrieved.

3 For this purpose it is assumed that the trade mark is wrongly on the register. A

wide and liberal interpretation is given to the term "person aggrieved". The

5 applicant must have a substantial interest in the mark or must substantially be

damaged by it remaining on the register. The fact that the registered mark

7 constitutes an obstacle to the registration of a mark applied for by the applicant

is prima facie evidence of an interest, but if that application for registration was

9 in bad faith, vexatious or without any substance, the prima facie inference is negated. (On the last point see also Consort Trade Mark[1980] RPC 160166

[1980] RPC 160

11 lines 19-31.)

Of particular relevance to this appeal is the reasoning in Ritz at 13 309C-311E. Dealing with class 25 and 26 marks, Ritz held that since the applicant for removal neither traded nor had any genuine intention to trade in 15 goods in those classes, it meant that it was not a person aggrieved. (This reasoning does not necessarily apply to an application for a defensive registration 1 as was indicated in Mars) On the evidence in the present case it is clear that

Phillips has never traded or had any intention to trade under the mark Valentino. 3 Phillips simply failed to distinguish between himself and companies and a close

corporation in which he had some undisclosed interest and with which he had 5 some undefined relationship. The question then arises whether Phillips as

controller, shareholder or member (sole or otherwise) of these entities can be a 7 person aggrieved within the meaning of the term in s 36. Francis George Hill

Family Trust, dealing with Treasury regulations, answered a similar question in 9 the negative as did Jeeva in regard to insolvency. The crux of these cases is that

the notion of a company as a distinct legal personality is no mere technicality 11 (Francis George Hill Family Trust 102G). On the other hand, Ritz (314K-316B)

with reference to recent trends in English courts (to which can be added the 1969 13 Australian patent decision in Kaiser Aluminum & Chemical Corporation v The

Reynolds Metal Company[1969] HCA 7;120 CLR 136)opened the possibility of a more relaxed 15 approach which can be considered when dealing with companies bound together

[1969] HCA 7

120 CLR 136)

in a group. The question then arises whether a relaxation can be justified in terms

1 of the Act. Put differently, is it possible that Phillips's application for the registration of the mark can succeed?3

Section 20 (1) lays down that an applicant for a trade mark must be

a person claiming to be the proprietor of a mark "used or proposed to be used by 5him".
Emphasis added. (See in general on the meaning of this provision:

him

Victoria's Secret Inc v Edgars Stores Ltd[1994] ZASCA 43;1994 (3) SA 739(A) 744 - 745.) The 7 reason
for this requirement is to be found in the definition of a "trade mark" in

[1994] ZASCA 43

1994 (3) SA 739

s 2, namely that it means a mark "used or proposed to be used" for the purpose 9 of indicating a
connection between, on the one hand, the trademarked goods or

services and, on the other, "some person having the right, either as proprietor or 11 as a
registered user". (I have omitted important parts of the definition simply

because they are not of consequence in the present context.) Section 24 (1) 13 permits of two
exceptions to the requirement of s 20

(1) that the proprietor

himself must use or intend to use the trade mark. The first is if the registrar is 15 satisfied that a
body corporate is about to be constituted and that the applicant

intends to assign the trade mark to it with the view to its use by the body

1 corporate. The second is if the application is accompanied by an application for

the registration of a person as registered user of the trade mark and the registrar 3 can be
satisfied that the proprietor intends it to be used by such a person. Neither

applies to this case. These provisions are incompatible with a relaxation of the 5 rule in Francis
George Hill Family Trust. The first explicitly applies only if the

body corporate is not yet in existence at the stage when the application is made. 7 It therefore
presupposes that an application for a trade mark may be made "on the

behalf of a body corporate, but only under carefully specified circumstances. 9 The second
presupposes that someone other than the proprietor personally may

intend to use the trade mark, but then he has to be a registered user and not 11 merely a licensee
or someone under the control of the proprietor. Of more than

mere historic interest are sections 23 and 24 (l)(c) which were both repealed 13 during 1971. They
provided that where a holding company or its nominee owned

all the issued shares in one or more subsidiary companies, use of a trade mark by 15 the latter,
for trade mark application purposes, was deemed to be use also by the

holding company and that the holding company in such circumstances could
1 apply for registration of the trade mark in its own name even if it had not used or
intended to use the trade mark. What this establishes is that the statute initially
3 did pierce the corporate veil, but only in one defined situation. The repeal of this
exception indicates a clear intention not to allow the piercing of the corporate
5 veil.

My approach may seem technical and to turn on too close a reading
7 of the Act. It should, however, be borne in mind that we are concerned with a
1963 statute and that it has to be interpreted as at its date. It was based upon the
9 1938 British Trade Marks Act which in turn saw the light of day because of the
Trade Marks Act which
report of the Goschen Committee and the frame of mind concerning trade marks
11 then existing (cf "Holly Hobbie" Trade Mark [1984] RPC 329 (HL) 350 lines
[1984] RPC 329
36-43 and 355 lines 10- 36; Chowles & Webster South African Law of Trade
13 Marks 2nd ed p168 and follows). Since then there have been major strides in
nd
trade techniques and technology and concepts and perceptions have undergone
15 material changes. The function of a trade mark as a badge of origin has changed
and this change is reflected in the 1993 Act (cf Webster in 29 LAWSA par 18;
1 Sodastream Ltd and Another v Berman Brothers (Pty) Ltd 1984 (4) SA 425 (T)
1984 (4) SA 425
429 F-H; Berman Brothers (Pty) Ltd v Sodastream Ltd and Another 1986 (3) SA
3 209 (A) 236 G-I). The position of an unregistered licensee has also changed but
all these factors do not permit us to ignore the expressed intention of the
5 Legislature in its proper context.

I therefore conclude that the court below should have found that
7 there was no prospect that Phillips could succeed in his application for the

registration of Valentino, either in his own name or in that of another. This
9 means that Phillips was not a person "aggrieved" and that his application for the
removal of the appellant's trade mark should have failed at the first hurdle. A
11 consideration of the second issue becomes academic.
The following order is made: 13 1. The appeal is upheld with costs.
2. The order of the court below is set aside and replaced with an order15
dismissing the application with costs.

3. All cost orders include the costs consequent upon the employment of two1
counsel.

3

5

LTC CHARMS

JUDGE OF APPEAL

9 HEFER JA

)

NIENABER JA

) Concur

11 HOWIE JA

PLEWMAN JA

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