

SOUTH AFRICA / JUDGMENT

**Victoria's Secret Inc v Edgars Stores Ltd.
(428/92) [1994] ZASCA 43; 1994 (3) SA 739
(AD); [1994] 4 All SA 307 (AD) (28 March 1994)
[1994] ZASCA 43**

COURT
Supreme Court of Appeal

BEFORE
CORBETT, E M GROSSKOPF, GOLDSTONE, HARMS,
NICHOLAS

CASE / FILE NUMBER
428/92

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Case No 428/92 /MC

IN THE SUPREME COURT OF SOUTH AFRICA (APPELLATE DIVISION)

In the matter between

VICTORIA'S SECRET INC APPELLANT- and -EDGARS STORES LIMITED RESPONDENT

CORAM : CORBETT CJ, E M GROSSKOPF, GOLDSTONE et HARMS JJA et NICHOLAS AJA.

HEARD: 8 March 1994. DELIVERED: 28 March 1994.

J U D G M E N T

NICHOLAS AJA,

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NICHOLAS AJA: This appeal is against a decision of the assistant registrar of trade marks. S 17(3) of the Trade Marks Act 62 of 1963 ("the Act") provides :

"17(3) where separate applications are made by different persons to be registered as proprietors respectively of trade marks that so resemble each other that the use of such trade marks in relation to goods or services in respect of which they are respectively sought to be registered would be likely to deceive or cause confusion, the registrar may refuse to register any of them until the rights of those persons have, upon application in the prescribed manner, been determined by him, or have been settled by agreement in a manner approved by him."

Edgars Stores Ltd ("Edgars"), a South African company, and Victoria's Secret Inc. ("VS inc"), a corporation organized and existing under the laws of the state of Delaware in the United States of America, each made a

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number of applications to be registered as proprietor of the trade mark Victoria's Secret ("VS"), namely,

Applicant Date No ClassEdgars 7 February 1986 86/0772 25

11 August 1986 86/5207 3

17 June 1987 87/4324 42

VS Inc 14 September 1987 87/7083 3 14 September 1987 87/7084 25 14 September 1987 87/7085 42

The trade marks for which Edgars and VS Inc applied were substantially identical.

Acting in terms of s.17(3), the registrar of trade marks refused to register any of the marks until the rights of the competing applicants had been determined by him, and under regulation 22(1) of The Trade Mark Regulations, 1971 he called upon them to apply on Trade Mark Form TM 41 for their rights to be determined.

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The competing applicants duly filed applications on Form TM 41 and subsequently filed statements of case and supporting affidavits, and ultimately affidavits in reply. The deponent to the affidavits filed on behalf of Edgars was George Henry Beeton, a director of Edgars. The deponent to the main affidavits filed on behalf of VS Inc was Howard Gross, the president and chief executive officer of VS Inc, which is the registered proprietor of a number of VS trade marks in the United States.

The applications for a determination of rights were in due course argued before the assistant registrar of trade marks. On 28 April 1992 she made an order that -

" trade mark applications No 86/0772 in

class 25, 86/5207 in class 3 and 87/4324 in class 42 may proceed to registration, subject to the disclaimer of the word 'secret' and the association of the marks with each other. Trade mark applications No 87/7083-5 in

5 classes 3, 25 and 42 are refused."

VS Inc was directed to pay the costs. The parties having lodged with the registrar of trade marks their consent thereto in terms of s.63(5) of the Act, VS Inc now appeals direct to this Court against the decision of the assistant registrar of trade marks. THE LAW.

Under s.17(3) of the Act read with regulation 22 the registrar was called upon to determine the rights of the competing applicants. Having done so he was empowered by sub-regulation (4) to "direct that one or more of the applications shall be accepted without limitation, as he may think fit, and that one or more shall be refused." The first and main enquiry is one into the proprietorship of the trade mark VS.

S.20 of the Act provides in ss (1) and (4) -

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"20. (1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him and who is desirous of registering it, shall apply to the registrar in the prescribed manner for registration and the application shall be accompanied by the fee prescribed.

(4) Subject to the provisions of this Act, the registrar may refuse the application or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may deem fit."

S.20(1) has given rise to problems of interpretation which have been discussed in a number of cases, namely, *Broadway Pen Corporation v Wechsler & Co (Pty) Ltd* 1963(4) SA 434(T) at p 444; *Oils International (Pty) Ltd v Wm Penn Oils Ltd* 1965(3) SA 64(T) at p 70/1, and on appeal, *Wm Penn Oils Ltd v Oils International (Pty) Ltd* 1966(1) SA 311(A) at p 317 F-G; and *P Lorillard Co v Rembrandt Tobacco Co (Overseas)*

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Ltd 1967(4) SA 353(T) at p 356 D-F. These cases were referred to by the Honourable W G TROLLIP, a distinguished member of this Court between 1969 and 1982, in the written statement which was attached to the "DETERMINATION" under s.17(3) of the Act which he made as hearing officer appointed under s.6(2A) of the Act in the contested matter between *Moorgate Tobacco Company Limited & Philip Morris Incorporated*, and which was delivered on 21 May 1986. I shall refer to the written statement as "the Moorgate judgment".

By the words "claiming to be the proprietor of a trade mark" in s.20(1) is meant "asserting a claim to be the proprietor of a trade mark". The word "proprietor" (which is not defined in the Act) is not here used in relation to a common law right of property. Nor does it import ownership of the "mark" as such. In terms of the definition in s.2(1) of the Act

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" 'mark' includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof or a container for goods."

Some of the things included are not new coinages but are part of the common currency. It follows that it is not a prerequisite to a claim to proprietorship that the mark should be an "invention" (as under the Patents Act) or "original" (as under the Copyright Act). The mark may be a well-known word or phrase. (Cf the observation of Colman J in *Oils International* (supra) at 71A.)

One of the dictionary meanings of "proprietor" is "one who has the exclusive right or title to the use ... of a thing" (The Shorter Oxford English Dictionary, sv Proprietor 2.) It is in that sense, I think, that the word is used in the Act. Thus s.44 provides that the rights acquired by registration of a trade mark

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shall be infringed by unauthorized use as a trade mark. S.2(l) of the Act provides that

" 'trade mark';.. means a mark used or proposed to be used in relation to goods or services for the purpose of -

- (a) indicating a connection in the course of trade between the goods or services and some person having the right, either as proprietor or as a registered user, to use the mark, whether with or without any indication of the identity of that person; and (b) distinguishing the goods or services in relation to which the mark is used or proposed to be used, from the same kind of goods or services connected in the course of trade with any other person."

In terms of s.20(l) one can claim to be the proprietor of a trade mark if one has appropriated a mark for use in relation to goods or services for the purpose stated, and so used it. (I use the verb appropriate in

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its meaning of "to take for one's own". It is a compendious expression which comprehends the words favoured by Mr Trollip in the *Moorgate* judgment, namely originate, acquire and adopt.)

S.20(l) applies not only to a person claiming to be the proprietor of a trade mark used by him, but also to a person claiming to be the proprietor of a trade mark proposed to be used by him.

The meaning of the verb propose which is relevant in the context is that given by The Shorter Oxford English Dictionary in definition 3b, namely,

"To put before one's own mind as something which one is going to do; to design, purpose, intend."

The word was introduced into English trade marks legislation in s. 3 of the Trade Marks Act 1905. (See Kerly's *Law of Trade Marks & Trade Names* 12th ed., para

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2-04, p.7.)(The question does not now arise whether an uncommunicated proposal to use a trade mark can be said to amount to a proposal in the context of s.20(l).)

In *Imperial Group Ltd v Philip Morris & Co Ltd* [1982] 8 FSR 72 (C.A.) Shaw LJ observed at 82 that

"Where the mark for which registration is sought is one not already in use but 'proposed to be used in relation to goods for the

purpose of indicating a connexion in the

course of trade between the goods and some person having the right ... to use the mark,' the existence of this element has to be taken on trust when the application for registration is put forward."

Where however the question of proprietorship is in issue, there must be borne in mind the guidelines to the meaning of "proposed to be used" which were given in the judgment of Lord Hanworth MR in *In re Ducker's Trade Mark* [1929] 1 Ch 113 (C.A.) at 121, namely,

"... a man must have an intention to deal, and meaning by the intention to deal some definite and present intention to deal, in certain goods or descriptions of goods. I agree that the goods need not be in being at the moment, and that there is futurity indicated in the definition; but the mark is to be a mark which is to be definitely used or in respect of which there is a resolve to use it in the immediate future upon or in connection with goods. I think that the words 'proposed to be used' mean a real intention to use, not a mere problematical intention, not an uncertain or indeterminate possibility, but a resolve or settled purpose which has been reached at the time when the mark is to be registered."

In the *Moorgate* judgment Mr Trollop stated that

"... a trade mark is purely a territorial concept; it is legally operative or effective

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only within the territory in which it is used and for which it is to be registered. Hence, the proprietorship, actual use, or proposed use of a trade mark mentioned in s.20(l) are all premised by the subsection to be within the R.S.A."

It follows that the fact that a trade mark is registered and has been used, even extensively used, by one person in a foreign country, does not in itself constitute a bar to its adoption and registration by some other person in South Africa. It is considered by some that any form of copying of another's ideas, devices or trade marks is morally reprehensible. Thus, in the matter of the Trade Mark of the New Atlas Rubber Company Ltd [1918] 35 RFC 269 Astbury J said at 275 :

"It was contended on behalf of the Respondents, that if territorial, the same mark may exist in different countries, registered in different people's names. That is quite true as a bald statement It is

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certainly not a practice to be encouraged, and very little is required to prevent such a registration if the facts are known to the Registrar, from being permitted."

And in *Greaterman's Stores (Rhodesia) Ltd v Marks and Spencer (Southern Rhodesia) (Pvt) Ltd* 1963(2) SA 58

(FC), counsel had submitted that the appellant's use of the trade mark "St Michael" was contrary to morality. Quenet FJ said at 67 E-F :

"In considering the question whether the appellant's use of the mark was contrary to morality it should be remembered the

enquiry concerns morality in the use of trade marks. In that field, immorality shows itself in the pirate, in the person who in disregard of a confidential relationship attempts to appropriate another's mark and generally in those who seek to reap where others have sown. It has been said the Court frowns on the practice of borrowing marks

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(The last sentence is presumably a reference to a passage in the judgment of Williams J in the *Seven Up* case which is quoted below.) But it is not the law that copying of another's ideas, devices or trade marks is per se illegitimate. In *Pasguali Cigarette Co Ltd v Diaconicolas and Capsopolus* 1905 TS 472 (a passing off case) Solomon J said at 479 :

"A certain amount of imitation in these matters is perfectly legitimate. If one manufacturer sees that another manufacturer gets up his wares in a form which attracts the public, he is entitled to some extent to take a lesson from his rival and to copy the get-up provided that he makes it perfectly clear to the public that the articles which he is selling are not the other manufacturer's, but his own articles, so that there is no probability of any ordinary purchaser being deceived. So long as it does that a certain amount of imitation is legitimate."

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Similarly, Russell J said in *Dunhill v Bartlett and Bickley* [1922] 39 RPC 426 at 438 :

"Now the principles which govern passing off cases are clear. Apart from monopolies conferred by Patents, and apart from protection afforded by registration, it is open to anyone to adopt the ideas or devices of his neighbours and apply them to his own goods provided he clearly distinguishes his goods from those of his neighbour."

In the case of a foreign trade mark, there is no legal bar to its adoption in South Africa unless it is attended by something more. Thus in delivering the unanimous judgment of the full Court in *P Lorillard and Co* (supra) 1967(4) SA at 356 G-H, Boshoff J said :

"The basis of the challenge on this ground is that the objector was to the knowledge of the applicant the proprietor of such a trade mark in the United States of America and that the applicant improperly appropriated the mark.

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In the present state of the law a trade mark is a purely territorial concept and there is, generally speaking, nothing to prevent a person from asserting a proprietary right in a trade mark in relation to which no one else has in the same territory asserted a similar right."

See also *Lorimar Productions Inc v Sterling Clothing Manufacturers (Pty) Ltd* 1981(3) SA 1129 (T) at 1156 A-B; and *Impex Electrical Ltd v Weinbaum* [1927] 44 RPC 405 (Ch).

The principle has been recognized also in Australia. In a passage in his judgment in *The Seven Up Company v OT Ltd* [1947] HCA 59; [1947] 75 CLR 203, Williams J said at 211 :

"In my opinion the effect of these cases is that in the absence of fraud it is not unlawful for a trader to become the registered proprietor under the Trade Marks Act of a mark which has been used, however extensively, by another trader as a mark for similar goods in

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a foreign country, provided the foreign mark has not been used at all in Australia at the date of the application for registration. But the position is different if at that date the mark has become identified with the goods of the foreign trader in Australia because those goods have been brought into Australia by the foreign trader himself or by some importer or in some other manner. The court frowns upon any attempt by one trader to appropriate the mark of another trader although that trader is a foreign trader and the mark has only been used by him in a foreign country. It therefore seizes upon a very small amount of use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia. It is not then a mark which another trader is entitled to apply to register under the Trade Marks Act because it is not his property but the property of the foreign trader. The registrar is entitled to refuse to register the mark for such goods. If it has been registered the court may rectify the register on the ground that the mark is wrongly entered on the register."

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In the appeal in *The Seven Up* case, loc. cit Latham CJ said at 215-6 :

"The use of the trade mark elsewhere than in Australia is not in itself a relevant matter, nor is registration of the trade mark abroad

in itself a relevant matter In my

opinion the knowledge that a trade mark is registered in another country or used in another country is irrelevant in considering whether or not the registration of a mark would be likely to cause deception in Australia or in considering whether the mark is otherwise disentitled to protection in a court of justice. User in Australia would be relevant. So also would facts establishing a breach of confidential relations or any fraud The desire to use in Australia a successful trade mark in competition in trade with a person who may come here and who uses that trade mark in another country cannot be described as fraud or as involving any breach of the law ."

(My emphasis.) Similarly, Rich J said at 216 :

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"Although the mark '7Up' has been extensively used in the United States, there has been no user of it in Australia. It is to the market of this country alone that one has to have regard. For that purpose foreign markets are wholly irrelevant unless it can be shown by evidence that in fact goods marked with the foreign mark have been imported into this country and the foreign mark thus acquires this characteristic that it is distinctive of the goods of the manufacturer."

See also *Aston v Harlee Manufacturing Co* [1960] 103CLE 391. I stated above that there is no legal bar to the adoption in South Africa of a foreign trade mark, "unless it is attended by something more".

In the *Moorgate* judgment Mr Trollip pointed out that factors relevant in the determination of an applicant's claim to proprietorship of a trade mark are -

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"any factors that may have vitiated or tainted his right or title to the proprietorship thereof. Those factors would comprehend dishonesty, breach of confidence, sharp practice, or the like."

In *P Lorrillard* (supra) Boshoff J referred to

"the present state of the law". Counsel for VS Inc pressed upon us an argument at considerable length and with a plenitude of citations that "there are cogent reasons why the Court should now accept that the concept of strict territoriality has outlived its usefulness and that the slavish misappropriation of well-known foreign trade marks will not be countenanced."

We must decline this invitation. The concern of the Court is *de lege lata*, not *de lege ferenda*. If we were to accede to it we would be pre-empting s.35 of the new Trade Marks Act, 194 of 1993, which has not yet come into force. That section provides -

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"35. (1) References in this Act to a trade

mark which is entitled to protection under the Paris Convention as a well-known trade mark, are to a mark which is well known in the Republic as being the mark of -

(a) a person who is a national of a convention country; or (b) a person who is domiciled in, or has a real and effective industrial or commercial establishment in, a convention country,

whether or not such person carries on business, or has any goodwill, in the Republic.

(2) A reference in this Act to the proprietor of such a mark shall be construed accordingly.

(3) The proprietor of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark is entitled to restrain the use in the Republic of a trade mark which

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constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of the well-known trade mark in relation to goods or services which are identical or similar to the goods or services in respect of which the trade mark is well known and where the use is likely to cause deception or confusion."

Article 6 bis of the "Paris Convention for the Protection of Industrial Property of March 20, 1883 as revised ..." provided in Article 6 bis (1) :

- (1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trade mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of

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a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith."

In any event, the facts of this case are not such as to call for a re-examination of the received wisdom in regard to territoriality. However well-known the mark VS may be in the USA, there is no evidence that it is well-known in South Africa. As will appear, the issues now to be decided are issues of fact falling within a narrow compass - namely, whether Edgars/VS Inc has used or proposed to use the trade mark in South Africa, and whether the use by Edgars of the VS trade mark would be likely to deceive or cause confusion.

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THE FACTS.

- (a) The facts pertaining to Edgars.

In his affidavit which was filed in support of Edgars' application, Beeton said that Edgars is a South African company based in Johannesburg carrying on business as merchants and retailers, dealing in a wide range of goods (including clothing, fashion accessories, handbags, jewellery, cosmetics and textile goods) which Edgars sells either under the trade marks of the respective suppliers or under Edgars' own trade marks.

It was Beeton's custom to make trips overseas about twice a year in order to observe trends and developments and to pick up new ideas. In about 1982/3 he learnt during a trip to the United States of America that there was a substantial demand in that country for intimate female wear with a satin or similar finish

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which was sold under the trade mark VS. He thought that there might be a substantial market in South Africa for similar products. Edgars accordingly set in train the necessary trade investigations into the feasibility of launching in South Africa its own range of such products. At the beginning of February 1986, Edgars took a decision to launch a new range of ladies' intimate wear, and to use therefor the trade mark VS which, it was felt, conveyed the image which it would like to project for these goods. Beeton said that at that time Edgars did not know of any use of the trademark VS in South Africa, or of any advertising material including the trade mark which had reached South Africa or which promoted the trade mark in South Africa. Edgars assumed that any business which used the trade mark in the USA would be a USA company with no ties in South Africa and no real prospect of using it in South Africa.²⁷

Edgars instructed its attorneys to conduct a

search at the trade marks office in order to ascertain whether the trade mark VS could be registered in South Africa in respect of clothing. Having been advised that the register of trade marks did not reveal any existing registration of the trade mark, Edgars filed trade mark application No 86/0072 on 7 February 1986 for the registration of the trade mark VS in class 25 in respect of clothing, including boots, shoes and slippers. At the date of the application Edgars had the definite intention to use the trade mark in relation particularly to ladies' intimate wear, and in April 1986 Edgars initiated preparations for the use of the trade mark on such goods.

In July/August 1986 Edgars had under consideration a proposal to sell cosmetics and similar personal products under the trade mark VS. After it had been ascertained the trade mark had not previously

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been registered in class 3, trade mark application No 86/5207 in Edgar's name was lodged on 11 August 1986 for the registration of the trade mark VS in class 3 in respect of bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps, perfumery, essential oils, cosmetics, hair lotions; dentifrices.

As Edgars did not itself have the facilities for the development and manufacture of cosmetics, it entered into an arrangement with Avroy Shlain Cosmetics (Pty) Ltd, under which the latter would develop a range of cosmetics for Edgars, which would market them under its own trade mark. Edgars would also be responsible for the design of packaging. Over the ensuing months steps were taken to produce designs which would be suitable for the packaging and bottling of Edgars' VS cosmetic range and would be compatible with the marketing image of the lingerie ranges. In this

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connection market research was undertaken and particular packaging was selected in April/May 1987. In May/June 1987 there were designed and produced swing tickets, shopping bags, tissue paper, labels, invitations and envelopes, in-store display boards, colour container design, adhesive tabs and other related materials.

Edgars envisaged marketing merchandise under the mark VS in free-standing specialty stores and/or in shops within shops. In June 1987 it was decided to lodge a trade mark application in respect of the relevant services. Trade mark application No 87/4324 in Edgars' name was lodged on 17 June 1987 for the registration of the trade mark VS in respect of retail, wholesale, mail order and merchandising services.

For the first time in August 1987 Edgars sold ladies' intimate wear under the trade mark VS. For commercial and technical reasons, it did not then proceed with its launch of cosmetic products, mainly

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because of its concern about control of the ownership and exclusivity of the formulas. It was however ready to proceed with such launch as soon as the technical difficulties had been overcome.

For the purpose of launching its VS clothing range in August 1987, Edgars set up seven shops operating under the trade name Victoria's Secret which were formed to promote, display and market products bearing the mark VS. These stores have operated continuously under the name Victoria's Secret, selling goods bearing the trade mark VS. These shops are situated within Edgars' stores in the main commercial centres of South Africa. In addition 31 other Edgars stores throughout South Africa have since August 1987 been selling intimate wear for ladies bearing the trade mark VS.

Edgars' business in products bearing the trade mark VS has continued to expand and the products and

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stores have become increasingly well-known in South Africa. Edgars have advertised extensively in South Africa goods sold under the trade mark VS in various periodicals, in circulars sent to Edgars' account customers and in brochures.

In applications Nos 86/0772, 86/5207 and 87/4324 Edgars claims to be the proprietor of the trade mark VS.

The application to register trade mark 86/0772 VS in class 25 was accepted on 29 April 1987 and the advertisement of the acceptance appeared in the Patent Journal dated 24 June 1987.

On 14 September 1987 VS Inc. filed trade mark applications Nos 87/7083-5 VS in classes 3, 25 and 42.

Beeton stated that as at the respective dates of Edgars' trade mark applications, and also at the date of Edgars' first use of the trade mark VS in respect of the goods falling in class 25 and the services falling

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in class 42, VS Inc

had not used the trade mark VS in South

Africa;

had no reputation in respect of the trade

mark in South Africa; and

had no pending trade mark application in

respect of the mark.

(b) The facts pertaining to VS Inc.

In his affidavit in support of VS Inc Howard Gross stated that VS Inc owns and operates a chain of more than 300 retail clothing stores located throughout the United States of America. VS Inc is a speciality retailer in the clothing field, concentrating on a specific product and a specific market. One of its features is "house-brand" merchandise. Instead of buying from "name" designers and manufacturers such as Daniel Hechter, Pierre Cardin and Calvin Klein, it uses its own trade marks.

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The parent company of VS Inc is The Limited Inc which is a group of companies which operates 2 600 clothing stores throughout the United States of America. The Limited Inc acquired the business named Victoria's Secret in 1982 which then operated primarily in San Francisco, where it sold a large selection of "romantic intimate apparel", much of it by means of mail order catalogues. After it was acquired by Limited Inc, the business expanded into a country-wide chain of stores.

VS Inc's marketing plan is to create, develop, promote and sell high-fashion women's intimate apparel, toiletries, fragrances, accessories and related products for the contemporary woman at moderate prices. The stores project a uniform image of Victorian/Old English country life, and have a decor which is consistent with this image. Various accessories having this theme, such as "Rose English Drawer Liners" and "Romance" dried flowers are displayed and offered at the stores.

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VS Inc has expended a vast amount of money and effort and utilized considerable expertise in building up and developing the successful formula of its Victoria's Secret business. The "house-brand" of the company is VS; its stores trade under this name and use the service mark VS to identify and distinguish its retail store services - virtually all the merchandise sold in the company's stores is sold under the VS trade mark. VS Inc also publishes a catalogue, which enables purchases to be made through the mail, both by American and overseas customers. Howard Gross furnished figures showing progressive increases in the sales of VS goods over the years between 1984 and 1988. In the fiscal year 1988 sales of VS goods falling under class 3 of the international trade marks classification were approximately \$286 397 000. Gross stated that VS goods have been widely promoted and advertised both within the USA and overseas. Overseas advertising has

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been mainly in the form of advertisements in leading international fashion magazines which, he has been informed, circulate in South Africa.

Gross stated that VS Inc has at all material times intended that its VS goods should be sold throughout the world including South Africa.

He said that even though VS Inc does not now trade in foreign countries its VS goods are known to foreigners by virtue of the activities described and also because VS stores in the USA are frequented on a regular basis by foreign visitors to the USA, including South Africa.

In keeping with VS Inc's policy and purpose of selling VS goods internationally, it decided in mid-1988(?) to register its trade mark VS in South Africa in classes 3, 25 and 42 and trade mark applications Nos 87/7083-5 were accordingly filed on 14 September 1987.

Gross referred to an affidavit by Suzanne³⁶

Rene Grant, an employee of VS Inc's Pretoria attorneys which dealt with an investigation which she made in September 1989. He said that it was apparent from this affidavit that -

"12.3.1 Edgars are depicting the trade mark VICTORIA'S SECRET on their labels and in their advertising material in a manner which is substantially identical to the manner in which my company depicts that mark.

12.3.2 Edgars are using the trade mark VICTORIA'S SECRET in relation to exactly the same types of apparel as my company has over the years used the mark. Indeed, leaving aside questions of quality, Edgars' VICTORIA'S SECRET goods are identical to my company's VICTORIA'S SECRET goods and indeed in essence amount to counterfeits of my company's VICTORIA'S SECRET goods.

12.3.3 Edgars' advertising and promotional material is substantially identical

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to my company's catalogues and advertising material. 12.3.4 By creating VICTORIA'S SECRET departments or stores within stores in their retail outlets, and in particular by means of the decor and decoration of such departments, Edgars are imitating my company's stores or the VICTORIA'S SECRET departments of The Limited Stores."

Gross concluded by saying :

"To sum up, I say that Edgars' adoption and use of the trade mark VICTORIA'S SECRET was and is deliberately and intentionally designed to appropriate and trade upon the international goodwill and reputation of my company's VICTORIA'S SECRET trade mark, service mark and trading style and that they are not entitled to claim to be the proprietor of or to register the trade mark VICTORIA'S SECRET. By contrast, my company has honestly adopted the trade mark VICTORIA'S SECRET and has used it extensively in the United States of America and elsewhere for

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many years. My company has used and intends to use the trade mark VICTORIA'S SECRET in respect of the goods and services in respect of which we are seeking registration, and we can rightly and truthfully claim to be the proprietors of the mark in South Africa."

APPLICATION OF THE LAW TO THE FACTS.

In determining which of competing claimants should prevail, the guiding principle is incapsulated in the maxim *qui prior est tempore potior est jure* : he has the better title who was first in point of time. In the Moorgate judgment Mr Trollop said :

"In a situation in which competing applications for the registration of the same or similar marks are filed in the R.S.A. the general rule is that, all else being equal, the application prior in point of time of filing should prevail and be entitled to proceed to registration. In a 'quarrel' of that kind 'blessed is he who gets his blow in first!'"

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The crucial date in this case is 7 February 1986 on which Edgars filed trade mark application No 86/0772. As at that date Edgars had not used the trade mark, but it was clear from evidence from Beeton which is not disputed, that Edgars then had a resolve or settled purpose to use the trade mark VS in the immediate future upon or in connection with its goods.

It was submitted by VS Inc that Edgars' claim to proprietorship of the trade mark was vitiated by its conduct in deliberately copying VS inc's entire marketing programme and each and every aspect of the trading activities. Edgars' conduct in connection with that use of the trade mark VS was deserving of censure on the following counts :

"18.1 Edgars have directly or indirectly represented that their goods and/or 40

services are those of my company or are connected in the course of trade with my company. This is factually incorrect. Their conduct is calculated to deceive or cause confusion. 18.2 Edgars have taken undue advantage of the original concept and theme of VICTORIA'S SECRET clothing

developed by my company at considerable effort and cost and utilizing our particular expertise, which amounts to a parasitic exploitation of the investment and ideas of another. 18.3 The fact that Edgars have reproduced and imitated my company's VICTORIA'S SECRET trade mark and are using and attempting to register it, is at variance with the principles embodied in Article 6 bis of the Convention at Paris for the Protection of Industrial Property, to which South Africa has subscribed and by which South Africa is bound.

18.4 Their conduct in counterfeiting my

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company's goods and imitating their trading practices under the trade mark VICTORIA'S SECRET is unfair and offends against the boni mores and general sense of justice of the community." Such allegations might be relevant in a

passing off action between VS Inc and Edgars, but they are not matters which vitiated or tainted Edgars' right or title to the proprietorship of the trade mark in February 1986. Whatever a moralist might say, Edgars' proposal to use in South Africa the trade mark VS in

competition with VS Inc which owns and uses it

extensively in the USA and which might come here cannot

be described as a fraud or as involving any breach of the

law.

Gross alleged that VS Inc had used the trade

mark VS in South Africa. He relied on the placing of

advertisements in leading international fashion

magazines such as Glamour, Vogue, Mademoiselle, Elle,

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Harper's Bazaar and Cosmopolitan. In support of his allegation that these magazines circulate in South Africa he referred to the annexed affidavit of Bernard Patrick Courtney. In that affidavit Courtney said that he was the News-stand Manager of International Magazine Distributors (Pty) Ltd, a division of CNA Limited, Johannesburg. He was responsible for buying local and overseas magazines on behalf of CNA and placing them on the news-stands of all CNA outlets and other newsagents.

He said that over the last four years (1986, 1987, 1988 and 1989 (January to September)) International Magazine Distributors had imported quantities, which he set out, of Vogue (the English edition), Harper's Bazaar, Glamour, Mademoiselle and Elle. He did not mention Cosmopolitan.

The figures in respect of the years 1987, 1988 and 1989 are irrelevant as being subsequent to the

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crucial date. The figures for 1986 do not specify the quantities imported before the crucial date of 7 February 1986.

Gross annexed to his affidavits "specimens of advertisements which have appeared from time to time in the aforementioned magazines". These were advertisements from Harper's Bazaar - February 1985, Vogue - August 1985, Vanity Fair - November 1989, and Vogue - November

1989. In his affidavit Courtney did not mention Vanity Fair, nor did he say that the February 1985 issue of Harper's Bazaar or the August 1985 issue of Vogue was imported into South Africa. The November 1989 issue of Vogue is irrelevant and in any event is not referred to in Courtney's affidavit. The "specimens" constitute the only evidence that VS Inc's advertisements did appear in magazines. Even if it be assumed that the advertising of goods constitutes a use of the trade mark, there is in my view no evidence

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that VS Inc used the trade mark in South Africa before the crucial date of 7 February 1986. Then it was submitted that it had been proved that VS Inc proposed to use the trade mark. Gross's evidence in this regard was the following :

(a) "9. My company has at all material

times intended that its VICTORIA'S SECRET goods should be sold throughout the world, including in South Africa. To this end the applicant has registered its VICTORIA'S SECRET trade mark on a wide scale internationally. I am annexing hereto, marked 'HG 8', a schedule of my company's worldwide registrations of the trade mark VICTORIA'S SECRET."

(b) "10.1 At the present time my company has

not itself established any retail stores outside the United States of America, but it proposes to do so in the future and/or enter into

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licensing agreements whereby VICTORIA'S SECRET goods are imported into and sold in foreign countries or are made in such countries under licence from the applicant. The applicant proposes to give effect to its aforementioned objectives in South Africa."

(c) "11 In keeping with my company's policy and purpose of selling VICTORIA'S SECRET goods internationally, my company decided in mid-1988 (sic) to register its trade mark VICTORIA'S SECRET in South Africa in classes 3, 14, 25 and 42. Trade mark applications numbers 87/7083-5 in classes 3, 15 and 42 respectively and application number 88/7646 in class 14 were accordingly filed. I am annexing hereto, marked 'HG 9', a schedule of my company's pending applications to register the trade mark VICTORIA'S SECRET in South Africa."

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In regard to (a) , annexe HG 8 reveals that the only-trade mark registrations of VS prior to the crucial date were in the USA, Austria, Benelux, Bolivia, Denmark, France, West Germany, Great Britain, Ireland, Italy, Sweden and Switzerland. The applications in South Africa were made only on 14 September 1987, after Edgars' application No 86/0772 appeared in the Patent Journal dated 24 June 1987. In his affidavit Beeton had stated in paragraph 33 that Edgars

" has no reason to believe that VSI had

any intention to use the trade mark VICTORIA'S SECRET in South Africa at any time prior to learning of the advertisement of the acceptance of Edgars' trade mark application 86/0772 VICTORIA'S SECRET in class 25 or even subsequently."

One would have expected Gross to provide evidence, if it existed, that VS Inc did have an intention to use the

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mark VS in South Africa before learning of the advertisement, but Gross's answer to this paragraph in paragraph 39 of his replying affidavit is merely a bald denial.

Plainly Gross's evidence does not satisfy the test in *In re Backer's Trade Mark* (supra). He talks in (a) of an intention to use the trade mark VS "throughout the world, including in South Africa". He says in (b) that VS Inc proposes to sell or licence the sale of VS goods in foreign countries and that this applies to South Africa. He does not say what priority, if any, South Africa will enjoy. This evidence does not evince a definite intention by VS Inc in February 1986 to use the trade mark VS in South Africa in the immediate future. If it did have any intention, it was a mere problematical intention, an uncertain or indeterminate possibility.

In my opinion therefore VS Inc did not⁴⁸

establish that in February 1986 it "proposed" to use the trade mark VS in South Africa, in the sense of having a definite intention (even a private uncommunicated intention) to use the trade mark in South Africa in the immediate future.

The last question remaining for consideration relates to VS Inc's contention that to register the trade mark VS in the name of Edgars would be likely to deceive or cause confusion, and that in terms of s.16 of the Act registration should be refused on that ground.

It is conceded by counsel for VS Inc that it is basic to this contention that VS Inc should at the crucial date have had a reputation in South Africa. This is undoubtedly correct, because without such a reputation there is no possibility of deceit or confusion between Edgars' goods and VS Inc's goods.

The difficulty in the way of VS Inc in its⁴⁹

endeavour to establish the necessary degree of reputation is that it has never had a business in South Africa and has never sold any goods in this country, or introduced any goods here. VS Inc sought to overcome this difficulty as follows. They say that the trade mark VS was well-known throughout the United States of America, and that large sales of goods were made before the crucial date. These two points were not disputed by Edgars, but they do not establish the necessary degree of reputation in South Africa. VS Inc says that the mark VS was extensively advertised in fashion journals which enjoyed an international circulation, including circulation in South Africa. Fourthly they said that the reputation of VS which was well-known in America must also have extended to South Africa. Gross said in his affidavit :

"10.2 Even though my company does not directly at the present time trade⁵⁰

in foreign countries, its VICTORIA'S SECRET goods are known to foreigners by virtue of the activities described above. Furthermore, my company's stores in the United States of America are frequented on a regular basis by foreign visitors to the United States of America, including South Africans. This is particularly true of the 'flagship' store on 57th Street, between Park and Madison Avenues, in Manhattan, New York, one of the most renowned and prestigious shopping areas in the world. Other VICTORIA'S SECRET stores operated by my company are located in areas such as Florida, Boston, Los Angeles and San Francisco, which are centres widely visited by international tourists and business persons."

As regards the third point, even if it be accepted that the mark VS has been extensively

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advertised in international magazines, there is no proof of the extent to which they circulated in South Africa before the crucial date, or of the extent to which VS advertisements impinged on readers in this country.

In regard to the fourth point, Gross did not show that he was qualified to give admissible evidence regarding visits of South Africans to VS Inc's stores in the USA.

Any suggestion that VS Inc acquired a reputation among any South Africans, let alone a substantial number of South Africans, is based not on direct evidence or legitimate inference but on speculation. VS Inc has not produced any affidavit to show that any South African has ever heard of Victoria's Secret.

In my view therefore the decision of the assistant registrar of trade marks was correct.

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The appeal is dismissed with costs, including the costs of two counsel.

H.C. NICHOLAS AJA.

CORBETT CJ)E M GROSSKOPF JA)

GOLDSTONE JA)

HARMS JA) Concurred.

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