

SOUTH AFRICA / JUDGMENT

Woolworths (Pty) Ltd v KR Agencies CC (4288/14) [2014] ZAGPPHC 369; 2014 BIP 191 (GP) (13 June 2014)

[2014] ZAGPPHC 369

COURT

North Gauteng High Court, Pretoria

BEFORE

J W Louw

CASE / FILE NUMBER

4288/14

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REPUBLIC

OF SOUTH AFRICA

IN

THE GAUTENG DIVISION OF THE HIGH COURT, PRETORIA

CASE

NO: 4288/14

DATE:

13 JUNE 2014

REPORTABLE

NOT

OF INTEREST TO OTHER JUDGES

In

the matter between:

WOOLWORTHS (PTY) LTD

.....Opponent

and

KR

AGENCIES

CC.....Trade

Mark Applicant

JUDGMENT

J W LOUW. J

- [1] KR Agencies CC, to whom I shall refer as KR, filed an application for registration of trade mark 2007/18441 in class 25 in respect of clothing, footwear and headgear on 11 July 2007. The trade mark is depicted below.

[See PDF]

- [2] Woolworths (Pty) Ltd, to which I shall refer as Woolworths, opposes KR's application for registration of the trade mark (the opposed mark). The opposition was initially brought before the Registrar of Trade Marks, who transferred the matter to the High Court in terms of the provisions of s 59(2) of the Trade Marks Act, 194 of 1993 (the Act).

- [3] Woolworths is the proprietor of trade mark 1996/07455 JT ONE. It is also the proprietor of trade mark 1996/10355 JT ONE device, which is depicted below. Both trademarks are registered in class 25 in respect of clothing, footwear and headgear.

[SEE PDF]

- [4] The basis of Woolworth's opposition is that KR's application for registration offends against the provisions of ss 10(12), 10(14) and 10(17) of the Act. KR asserts that its trade mark is distinctive and does not offend against these provisions. The sections provide as follows:

10 Unregistrable trade marks

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:

.....

- (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;

.....

- (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 proprietor of such trade mark consents to the registration of such mark;

.....

- (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.[1]
- [5] It is common cause that the goods in respect of which the opposed mark is sought to be registered are the same as those covered by Woolworths' registered marks. KR does also not deny that Woolworths' marks are well known. The opposition in terms of ss 10(12) and 10(14) therefore turns on the same question, i.e. whether the opposed mark is so similar to the Woolworths marks that the use thereof in relation to the same goods will be likely to deceive or cause confusion.
- [6] The approach to be followed when comparing trade marks in order to determine whether they are confusingly or deceptively similar, was set out as follows in the well-known judgment of *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd*[2]:

"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."

- [7] In *Bata Ltd v Face Fashion CC and Another*[3] the following was said by the Supreme Court of Appeal[4] in regard to the principles laid down in *Plascon-Evans*:

"These principles are well known and need not be repeated in detail. It suffices to say that not only should the marks be compared side by side but consideration must be given to whether the average customer in the marketplace would probably be deceived or confused by their similarity. Corbett JA made it clear that the main or dominant features of the marks in question as well as

the general impression and any striking features were all factors to be considered in deciding whether there was a likelihood of confusion or deception. A similar approach was adopted by the European Court of Justice in Sabe/ BV v Puma AG, Rudolf Dassler Sport [1998] RPC 199. At 224 it was said that the likelihood of confusion must be appreciated globally' and that the

'global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components'."

[8] In Adidas Sportschuhfabriken Adi Dassler KG v Harry Wait & Co (Pt) Ltd[5] the following was said[6]:

"The marks must not only be considered when placed side by side, but regard must be had to the position of prospective purchasers who may see the two marks at different times and under different circumstances. Due allowance must be made for imperfect recollection,

and, I should imagine, in the circumstances of the present case, for imperfect perception. The marks must be considered as wholes; one must look for the main idea, or the general impression, conveyed to the mind by each of the marks and at the essential features, rather than the exact details, of each."

[9] In Adidas AG and Another v Pepkor Retail Limited[7], the SCA said the following[8]:

"It must be borne in mind that the question of the likelihood of confusion or deception is a matter of first impression and that 'one should not peer too closely at the registered mark and the alleged infringement to find similarities or differences'. The court must not consider the question of deception or confusion as if the purchaser of the goods will have had the opportunity of carefully considering the marks and even comparing them side by side. They must look at the marks as they will be seen in the marketplace and take into account a notional purchaser: 'a person of average intelligence, and proper eyesight, buying with ordinary caution'."

[10] Visually, the dominant feature of the Woolworths device or logo mark is clearly the letters 'jt' in lower case. That is the "main idea" or "general impression" which will, in my view, be conveyed to the minds of prospective customers. That is also the dominant feature or main idea of the opposed mark. Viewed globally, and not peering at the marks too closely, the stylised 'j' and 't' of both marks are very similar. It was submitted by Mr. Marriott, who appeared for Woolworths, that the strapline "Your name can depend on it" which appears below the 'jt' element of the opposed mark, does not serve to distinguish the opposed mark from the Woolworth's logo mark and that its laudatory nature means that the public, who are aware of Woolworths' well-known JT ONE brand, are equally likely to associate it with the Woolworths' JT ONE brand. I agree with this submission.

[11] In regard to the Woolworths' JT ONE trade mark (1996/07455), there is very little, if any, visual similarity between it and the opposed mark. Mr. Marriott, who appeared for Woolworths, however submitted that, when the aural similarity of the marks is considered, potential clients are likely to ask for, e.g., 'JT' or 'JT's' pants rather than for 'JT's Your name

can depend on it' pants. In this regard, it has been pointed out that there is a tendency for people to abbreviate the names of things.[9] Woolworths has provided evidence of the fact that members of the public refer to its JT ONE products simply as 'JT'. In my view, there can be little doubt that this is what will occur in practice. KR has, in support of its defence of honest concurrent use, to which reference will be made below, annexed copies of selected invoices from as far back as 1997. On those of the invoices which are legible, the items in question are described either as 'J T S' or 'JT'. KR itself therefore abbreviated the name of its products. The strapline was also not used on KR's promotional material, photographs of which are attached to KR's answering affidavit.

- [12] KR contends that it has made honest concurrent use of the opposed mark and that it is therefore entitled to registration of the mark in terms of the provisions of s 14(1) of the Act, which reads as follows:
- (1) In the case of honest concurrent use or of other special circumstances which may make it proper to do so, the registrar may, on application in the prescribed manner, register, subject to such conditions and limitations, if any, as he may think fit to impose, a trade mark the registration of which would otherwise offend against the provisions of paragraph (6), (14), (15) or (17) of section 10.

The "prescribed manner" is to be found in regulation 17 of the regulations published in terms of the Act, which provides that:

An application in terms of the provisions of section 14(1) of the Act shall be made on Form TM1 accompanied by a statement of case and an affidavit in support of it.

- [13] KR has not complied with these requirements. It can therefore not succeed with its reliance on s 14(1). It was submitted by Mr. Wheeldon, who appeared for KR, that the answering affidavit deposed to by Mr. Khalid Kharwa on behalf of KR is sufficient compliance with the regulation. I disagree. The regulation is worded in peremptory terms. What KR should have done, is to convert its application for registration to an application in terms of s. 14(1) and to comply with the requirements of regulation 17. But even if I were wrong in this regard, the facts set out by Mr. Kharwa in the answering affidavit do not support an application in terms of s 14(1). KR claims that it has used a mark which is the same as the opposed mark under licence from a UK company, T-Shirt Connection Ltd., from about
1997. This mark was registered in the name of the UK company with effect from 30 June 1997. The mark lapsed on 30 June 2007 due to non-renewal. KR then applied for registration of the opposed mark in its own name on 11 July 2007.
- [14] Use of a trade mark under licence does not confer any rights in the trade mark to the licensee in view of the provisions of ss 38(1) and (2) of the Act, which read as follows:

- (1) Where a registered trade mark is used by a person other than the proprietor thereof with the licence of the proprietor, such use shall be deemed to be permitted use for the purposes of subsection (2).
- (2) The permitted use of a trade mark referred to in subsection (1) shall be deemed to be use by the proprietor and shall not be deemed to be use by a person other than the proprietor for the urposes of section 27 or for any other purpose for which such use is material under this Act or at common law."
- [15] No rights in the opposed mark therefore accrued to KR during the period 1997 to 2007. Those rights accrued to the UK company. Mr. Kharwa states in his affidavit that the UK company ceased to exercise any control over the use of the opposed mark in 1999 and that it became increasingly unresponsive to KR until 2004 when the UK company ceased trading. KR agreed with the UK company that it would assign the mark which was registered in its name to KR, but this never materialised and when the mark fell due for renewal in 2007, KR applied for registration of the mark in its own name. As was correctly pointed out by Mr. Marriott, the fact that a company ceased trading does not mean that it is no longer capable of holding intellectual property rights such as the right to a trade mark. The fact that the UK company ceased to exercise any control over the use of its mark also does not assist KR. The SCA in *A M Moolla Group Ltd and Others v The GAP Inc and Others*[10] made it clear[11] that licensing of a trade mark does not require quality control. The defence based on honest concurrent use is therefore flawed and stands to be dismissed.
- [16] KR further relies on the fact that Woolworths has not provided any evidence of actual confusion despite the fact that KR has been using the opposed mark for approximately fourteen years. Evidence of actual confusion or deception can be useful, but it is not a requirement in order to prove the likeihood of confusion or deception. That is for the court to decide. In *Adidas AG v Pepkor Retail Limited*, [12] the SCA said the following: "taking into account the difficulties associated with the admissibility and the weight to be given to such evidence, no significance can be attached to the absence of this evidence."
- [17] A possible, and even probable, reason for the absence of evidence of actual confusion is to be found in the fact that KR specialises in the supply of clothing for promotion purposes. Mr. Kharwa states that these items are often branded with company names before they are distributed or sold to the end user and that it is common for clothing, particularly shirts, to bear the names or initials of people, bands and places either to appeal to customers or for advertising. It is also common for clothing to be sold under the name or mark of a designer, thereby identifying the source of the garment. My understanding of this evidence is that the opposed mark, if it appears on these items, will be much less conspicuous than the promotional branding which appears thereon. The fact that the opposed mark has, to date, only been used on clothing sold for promotion purposes does not mean that, if registration is permitted, it may not be used for other purposes in the future. What must be considered is the notional use of the opposed mark in respect of the goods if registration were to be permitted.

[18] Applying the principles to which I have referred above, I conclude that the opposed mark is so similar to the Woolworths marks that the fair and normal use thereof in relation to the goods in respect of which registration is sought, will be likely to deceive or cause confusion. It follows that registration of the opposed mark is prohibited by virtue of the provisions of ss 10(12) and 10(14) of the Act.

[19] In view of this conclusion, I find it unnecessary to deal with the opposition based on s 10(17) of the Act.

[20] In the result, I make the following order:

[1] The application of KR Agencies CC for registration of trade mark 2007/18441 jt's Your name can depend on it logo in class 25 is refused.

[2] KR Agencies CC is ordered to pay the costs of the opposition to registration, including the costs of counsel.

APPEARANCES

For applicant for registration: Mr. R Wheeldon, Johannesburg.

For opponent: Adv. G.D. Marriott

Adams & Adams, Pretoria.

[1] The proviso to s 10 was not relied upon by KR and is therefore not relevant for present purposes.

[2]

[1984] ZASCA 51; 1984

(3) SA 623 (A) at 6401 - 641E

[3] 2001

(1) SA 844 (SCA)

[4] At 850D-G

[5] 1976 (1)SA 530 (T)

[6] At 536A-B

[7] [2013} ZASCA 3 (28 February 2013)

[8] At par. [22]

[9] See *Budweiser Budvar National Corporation v Anheuser-Busch Corporation*, 2002 BIP 126 at 129E

[10] 2005

(6) SA 568 (SCA)

[11] At par. [40]

[12] Supra, at par. [27]

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Prepared on 12 October 2026 · Esheria