

**Abbott Laboratories and another v UAP Crop Care (Pty) Ltd and others**  
**[1999] 1 All SA 502 (C)**

**Division:** Cape of Good Hope Provincial Division  
**Date:** 10 December 1998  
**Case No:** 13459/98  
**Before:** Cleaver J  
**Sourced by:** G Josman SC and ML Sher  
**Summarised by:** L Bejai

**Parallel Citation:** [1999 \(3\) SA 624 \(C\)](#)

. [Editor's Summary](#) . [Cases Referred to](#) . [Judgment](#) .

*Trade Marks - Infringement of - [Section 34\(1\)\(a\)](#) - Trade Marks Act [194 of 1993](#) - Applicants had to establish the unauthorised use of trade marks in the course of trade in relation to goods or services in respect of which the trade marks were registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion.*

### **Editor's Summary**

The First Applicant was the proprietor in South Africa of two trade marks that were registered in terms of the provisions of the Trade Marks Act [194 of 1993](#) ("the Act") viz: "PROMALIN" and "ABBOT", relating to agricultural chemicals. The Second Applicant was the wholly owned subsidiary of the First Applicant and was the latter's exclusive licensee in South Africa. The Second Respondent was the British producer of chemicals in direct competition with the First Applicant. The Second Respondent was the producer of a product called "PERLAN" which was distributed in South Africa by the First and Third Respondents.

The products PROMALIN and PERLAN were used in the farming of apples to improve certain aspects of fruit quality. During 1997 the First Applicant obtained an interdict against the First Respondent preventing it from infringing the trade mark PROMALIN.

The events which gave rise to the instant application were as follows: The First Respondent produced a brochure for a training session of its employees in which the product PERLAN was said to be a better product than PROMALIN and further the trade marks PROMALIN and ABBOT were used without the authority of the First Applicant.

### **Page 503 of [1999] 1 All SA 502 (C)**

The First Applicant alleged that the mere use of the marks PROMALIN and ABBOT in the brochure constituted a trade mark infringement in terms of [section 34\(1\)\(a\)](#) of the Act and by representing that the mark PERLAN was registered in South Africa, the Respondents were competing unlawfully with the Applicants. The Applicants contended further that the First Respondent was guilty of contempt of Court because the training sessions held constituted a breach of the court order obtained in 1997.

**Held - Contempt of court:** The First Respondent's defence was that it did not compile the brochure and was not responsible for its distribution and accordingly it was not in breach of the court order. The Court held that the Applicants had failed to make a case for contempt of court and according the claim was unsuccessful.

*Infringement application:* The Applicants alleged that the mere unauthorised use of its registered trade marks PROMALIN and ABBOT by the Respondents amounted to an infringement of its trade marks rights in terms of [section 34\(1\)\(a\)](#) of the Act. Further the Applicants alleged that by comparing the products PERLAN with PROMALIN, the First Respondent had also infringed its trade mark registration.

The Court held that in order to succeed in terms of [section 34\(1\)\(a\)](#) of the Act the Applicants had to establish the following in respect of the trade marks: (i) the unauthorised use (ii) in the course of trade (iii) in relation to goods or services in respect of which the trade marks were registered (iv) of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion. The Court found that the Applicants had succeeded in establishing (i) and (iv) and the Respondents had conceded (ii). The Court then considered whether Applicants had proved the requirements of (iii) above.

*In relation to goods:* [Section 2\(3\)\(a\)](#) of the Act provided that references to the use of a mark in relation to goods shall be construed as references to the use thereof, or in physical or other relation to such goods. The Court held that the use of the mark PROMALIN and ABBOT in the brochure was clearly used to identify the product and accordingly the requirement in relation to goods had been met.

*Unlawful competition:* The Applicants alleged that by representing in the brochure that PERLAN was registered in South Africa, the Respondents were competing unlawfully with the Applicants. [Section 62\(1\)](#) of the Act makes it an offence for any person to represent that a mark is registered if it is not so registered and [section 62\(2\)](#) provides that the symbol ® shall be deemed to import a reference to a registration in the register. The Court referred to previous case law and concluded that the Applicants had failed to establish and prove the necessary requirements proving unlawful competition.

The Court accordingly granted interim relief in favour of the Applicants.

## Notes

For Trade Marks, see *LAWSA* (Vol 29, paragraphs 1-266)

## Cases referred to in judgment

("C" means confirmed; "D" means distinguished; "F" means followed and "R" means reversed.)

### South Africa

*Atlas Organic Fertilisers v Pikkewyn Ghwano (Pty) Ltd and others* [1981 \(2\) SA 173](#) (T) - F

*LS Boshoff Investments (Pty) Ltd v Cape Town Municipality* [1969 \(2\) SA 256](#) (C) - F

### Page 504 of [1999] 1 All SA 502 (C)

*Protective Mining and Industrial Equipment Systems (Pty) Ltd v Audiolens (Cape) Pty Ltd* [1987 \(2\) SA 961](#) (A) - D

*Schultz v Butt* [1986 \(3\) SA 667](#) (A) - F

### United Kingdom

*British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281

[View Parallel Citation](#)

## Judgment

### CLEAVER J

The first applicant is the proprietor, in the Republic of South Africa, of two trade marks that are registered in terms of the provisions of the Trade Marks Act [194 of 1993](#) ("Act [194 of 1993](#)"). Details of the trade marks are as follows:

The trade mark PROMALIN is registered under registration number 79/3377 in class 1 in respect of:

"Agricultural chemicals included in this class."

The trade mark ABBOTT is registered under registration number 1267/39/1 in class 1 in respect of:

"Chemical products used in agriculture, horticulture and forestry, manures (natural and artificial)."

The first applicant distributes its agricultural chemical products internationally. The second applicant is a wholly owned subsidiary of the first applicant and is the first applicant's exclusive licensee in South Africa. The second applicant is the only registered user of the trade mark PROMALIN in South Africa.

The second respondent, being a British producer of agro-chemicals is a competitor of the first applicant. It is the proprietor of the trade mark PERLAN in the United Kingdom and PERLAN and its PERLAN products are distributed in South Africa by inter alia the first and third respondents. The second respondent is the applicant in the Republic of South Africa for registration of the mark PERLAN as a trade mark under trade mark application number 97/128 in class 1 in respect of:

"Chemical products for use in agriculture and horticulture; fertilisers, surfactant chemicals for herbicides; preparations for regulating the growth of plants."

"PROMALIN" and "PERLAN" are products which are used in South Africa almost exclusively during October of each year in the apple farming sector for the purposes of improving certain aspects of fruit quality. In October of 1997 the first applicant, contending that the first respondent

[View Parallel Citation](#)

had infringed its trade mark rights in respect of PROMALIN, applied to this court for an interdict against the first respondent (and not against the second or third respondents). By agreement between the parties an order was granted against the first respondent on 24 November 1997 the relevant portion of which reads:

"1.1 Respondent is restrained from infringing the rights of First Applicant in its trade mark registration no. 79/3377 PROMALIN in class 1 by using, in relation to the goods in respect of which it is registered, the mark PROMALIN, in terms of [section 34\(1\)\(a\)](#) of the Trade Marks Act, No. 194 of 1993;

1.4 Respondent is restrained from comparing, in any way, its product PERLAN to the product PROMALIN of Applicants, by use of First Applicant's registered trade mark no. 79/337 PROMALIN:..."

### Page 505 of [1999] 1 All SA 502 (C)

The events which gave rise to this application are not in dispute. Shortly stated they are the following:

1. The second respondent produced an A4-sized colour brochure running to some 20 pages in which the first applicant contends that:

- a) the PERLAN product is compared with PROMALIN product and it is indicated that PERLAN is a "better product" than PROMALIN; and
  - b) the trade marks PROMALIN and ABBOTT are used without the authority of the first applicant.
2. Copies of the brochure were handed to the technical manager and two appointed agents of the first respondent at a training session held at the premises of the first respondent. According to the first respondent the training session was held for the purpose for acquainting agents and employees of the distributors of PERLAN "with the products which they are selling, as well as other products on the market".
  3. At a second training session held for one of the retail distributors of another company, Exportos SA (Pty) Ltd, which is the second respondent's agent in South Africa for the PERLAN product, four copies of the brochure were handed out to the managing director of the retail distributor and three of the distributor's agents. This session took place at the premises of the distributor.
  4. At a function held at the Stellenbosch Town Lodge by the second respondent, in respect of which function invitations to attend had been sent out by the first respondent at the request of the second respondent, a lecture to promote the PERLAN product was delivered by a representative of the second respondent. On this occasion one copy of the brochure was handed to a certain Mr Hein Punt of the Agricultural Research Council by a director of the third respondent.

There is no doubt that the PERLAN product is directly and blatantly compared to the PROMALIN product in the brochure which the second respondent says consists of summaries and the results of trials conducted by four independent researchers and ten trials conducted on behalf of the

[View Parallel Citation](#)

second respondent and confidential to the second respondent. The trial comprised analyses of the material used in the PROMALIN product, the effect of these materials on russetting, fruit size, return bloom, as well as other comparisons. Examples of the comparison between the two products include:

"Perlan compared to Promalin - Fruit Weight.

Perlan tended to give larger fruit than Promalin.

Perlan compared to Promalin - Quality.

The graph below shows the reduction in russet achieved by both Perlan and Promalin.

In trials Perlan has never been outperformed by Promalin."

I should make it clear that in the brochure, the second respondent in no way attempts to pass its product off as that of the first applicant, nor does it hold out that PERLAN is identical to PROMALIN, as was the case with the first respondent in 1997. The second respondent makes it quite clear that the mark PROMALIN is the property of the first applicant for at the foot of the first page of the brochure the following appears:

"PROMALIN and PROVIDE are registered trade marks of Abbott Laboratories Chicago, USA."

#### **Page 506 of [1999] 1 All SA 502 (C)**

The name ABBOTT appears in a number of places in the brochure, but there is no formal acknowledgement that ABBOTT is a registered trade mark of Abbott Laboratories of Chicago. The second respondent contends that the brochure is a technical training document intended for internal purposes and the use of the second respondent and its agents only, and in support thereof I was referred to the brochure, each page of which at the top and at the foot of each page the legend:

"FAL CONFIDENTIAL - For the internal use of FAL and its agents only."

"FAL" is the abbreviation of the second respondent's name.

The first applicant's case is that the mere use of the marks PROMALIN and ABBOTT in the brochure constitute a trade mark infringement in terms of [section 34\(1\)\(a\)](#) of the Trade Marks Act [194 of 1993](#) ("the 1993 Act") and that by representing that the mark PERLAN is registered in South Africa, the respondents are competing unlawfully with the applicants. The applicants furthermore contend that the first respondent is guilty of contempt of court because its involvement in the training sessions and the function in Stellenbosch constitutes a breach of the order of this court dated 24 November 1997. I shall deal first with this latter contention.

#### **Contempt of court**

The first respondent's answer to the contention that it is in contempt of court is a simple one. It is to the effect that it did not compile the brochure and that it was not responsible for handing out the brochure at the sessions. The statement in the founding affidavit that "respondents have again compared their PERLAN product to the product PROMALIN of the applicants" and the statement that "all of the respondents" are infringing the first applicant's rights in the trade mark PROMALIN do not therefore apply to the first respondent.

From the affidavits filed on behalf of the respondents, it is clear that the brochure was produced by or for the second respondent in the

[View Parallel Citation](#)

United Kingdom, that the overseas manager of the second respondent brought about ten copies of the brochure to South Africa and that a total of eight brochures were given out (one to the technical manager and two to appointed

agents of the first respondent, four to the managing director and three to appointed agents of the South African distributor and one to Mr Hein Punt who had been contracted by the second respondent to conduct certain trials on the PERLAN product). The remaining copies were taken back to the United Kingdom by the overseas manager. In an affidavit by a Mr Dane, the senior technical advisor of the first respondent, the deponent states that the first respondent was not in any way involved in the publication or the distribution of the brochure. He admits that the first respondent sent out invitations for the session in Stellenbosch, but says that this was done at the request of the second respondent and that he and the first respondent were not aware of what the nature of the presentation would be. Furthermore, the first respondent did not know that any reference would be made to the brochure or that copies would be given to anyone.

Ms *Jansen*, who appeared for the applicants together with Mr *Gamble*, sought to counter this evidence by asking me to infer on the probabilities that the first respondent must have known that the brochures would be handed

#### Page 507 of [1999] 1 All SA 502 (C)

out. This, she said, followed because the first session was held at the first respondent's premises and that even if the first respondent had not known what was going to happen at that session, it must have known that the brochures would be handed out again at the industry function which was held in Stellenbosch a few days later. Mr Dane had attended the training session and must therefore have foreseen that brochures would again be handed out. Mr *Louw*, who together with Mr *Cullabine* appeared for the respondents, pointed out that such a conclusion would amount to nothing more than speculation. There is no evidence to support the conclusion which Ms *Jansen* asks me to make; on the contrary there is the direct evidence of Mr Dane that he did not know what was going to be said or what, if anything, was going to be handed out at the industry function. I am not prepared to find that the probabilities are such as to justify the inference which Ms *Jansen* asks me to draw for it is at least arguable that the South African distributor would not have been a party to the arrangements for the session and the function organised and presented by its overseas principal. Furthermore, the attendees at the industry function were to be drawn from a different group of persons from those who attended the training session. This could be reason why Mr Dane might not expect brochures to be handed out at the function.

The relief under this heading is sought as a matter of urgency, no doubt because it has been lumped together with the other relief which is sought and for which there is a basis of urgency. The fact, however, is that there is no basis whatsoever for it being heard urgently nor has any case for urgency been made out in the papers, nor am I satisfied that on the papers the plaintiff has made out a case for the relief sought. At best for the applicant there may be a dispute of fact which could possibly be resolved by the hearing of oral evidence, but to my mind the applicants' case is not strong enough to justify my exercising my discretion in

[View Parallel Citation](#)

making such an order. Accordingly the prayer for a rule *nisi* to be issued for the first respondent to show cause why it should not be declared to be in contempt of this court cannot succeed.

#### The infringement application

The applicants' case is that the mere unauthorised use of its registered trade marks PROMALIN and ABBOTT by the first respondent or the respondents amounts to an infringement of its trade mark rights in terms of [section 34\(1\)\(a\)](#) of the 1993 Act. It also contends that by comparing the PERLAN product with its PROMALIN product, the first respondent has also infringed its trade mark registration. [Section 34\(1\)](#) reads as follows:

##### "34. Infringement of a registered trade mark. -

- (1) The rights acquired by registration of a trade mark shall be infringed by -
  - (a) the unauthorised use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;
  - (b) the unauthorised use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion;
  - (c) the unauthorised use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark would be likely to take unfair advantage of, or

#### Page 508 of [1999] 1 All SA 502 (C)

be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception: Provided that the provisions of this paragraph shall not apply to a trade mark referred to in [section 70\(2\)](#)."

[Section 34\(2\)](#) to which I will in due course refer lists the instances of bona fide use of a trade mark which will not amount to infringement.

Regard must also be had to the following definitions appearing in [section 2](#) of the 1993 Act.

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

The use of the first applicant's trade marks by the second respondent constitutes what has come to be known as comparative advertising or comparative brand advertising in the industry. It is described thus in Webster and Page *South African Trade Marks* 4 ed at 12-35:

"Comparative advertising, as the name suggests, is advertising where a party (the advertiser) advertises his goods or services by comparing them with the goods or services of another party. Such other party is usually his competitor and is often the market leader in the particular trade. The comparison is made with a view to increasing the sales of the advertiser. This is typically done by either suggesting that the advertiser's product is of the same or a superior quality to that of the compared product or by denigrating the quality of the compared product."

In an article published in a *South African Mercantile Law Journal* 1990 (2) under the heading "Misappropriation of the Advertising Value of Trade Marks, Trade

[View Parallel Citation](#)

Names and Service Marks" by BR Rutherford, the author explained the need for protection against comparative advertising in the following terms:

"The preservation of the reputation and unique identity of the trade mark and the selling power which it evokes is of vital importance to the trade mark proprietor to protect and retain his goodwill. Other traders will frequently wish to exploit the selling power of an established trade mark for the purpose of promoting their own products. The greater the advertising value of the trade mark, the greater the risk of misappropriation. Any unauthorised use of the trade mark by other traders will lead to the gradual consumer disassociation of the trade mark from the proprietor's product. The more the trade mark is used in relation to the products of others the less likely it is to focus attention on the proprietor's product. The reputation and unique identity of the trade mark will become blurred. The selling power becomes eroded and the trade mark becomes diluted."

This article was written when the previous Trade Marks Act ("the 1963 Act") was in force and at a time that the traditional view was that the true function of a trade mark was to indicate its source of origin. Consequently, Rutherford concluded:

"A claim for misappropriation of the advertising value of a trade mark represents a significant departure from the traditional view that the true legal function of a trade mark is to indicate source or origin. Like the American courts, our

#### Page 509 of [1999] 1 All SA 502 (C)

courts are conservative in their approach and are reluctant to accord judicial recognition to the advertising function of a trade mark. A claim for misappropriation of the advertising value will succeed only if the defendant's conduct also involves an impairment of the origin function of the trade mark, that is where such conduct is likely to cause confusion as to the origin or sponsorship of the products concerned. Legislative reform therefore appears to be the only viable alternative for the speedy introduction of such a claim."

I mention this quotation for, as will be seen, we have moved away from the "badge of origin approach" to a trade mark for the purpose of a trade mark is now defined as being that of distinguishing the goods or services from the same kind of goods or services connected in the course of trade with any other person. The 1963 Act provided a mechanism for recourse against a comparative advertiser where such conduct amounted to an infringement of the rights of the trade mark proprietor. The remedy in such circumstances was to be found in [section 44](#) of the 1963 Act which provided that:

#### "44. Infringement -

- (1) ... the rights acquired by registration of a trade mark shall be infringed by -
- (a) unauthorised use as a trade mark in relation to goods or services in respect of which the trade mark is registered, of a mark so nearly resembling it as to be likely to deceive or cause confusion; or
  - (b) unauthorised use in the course of trade, otherwise than as a trade mark, of a mark so nearly resembling it as to be likely to deceive or cause confusion, if such use is in relation to or in connection with goods or services for which the trade mark is registered and is likely to cause injury or prejudice to the proprietor of the trade mark:"

It will be seen that section 44(1)(b) referred to use of a mark "otherwise than as a trade mark" and also that infringement occurred only if the use of the

[View Parallel Citation](#)

mark was likely to cause injury or prejudice. Furthermore, infringement would only occur if the good (or services) to which the advertisement related fell within the scope of the specification of goods (or services) of the registered mark.

[Section 34\(1\)\(a\)](#) of the 1993 Act effectively incorporates all the provisions of section 44(1)(a) and (b) of the 1963 Act, but it should be noted that there is no longer a reference to the use of a mark "as a trade mark" or "otherwise than a trade mark" and most importantly, the 1993 Act contains no provision in [section 34\(1\)\(a\)](#) that the use of the offending mark must "be likely to cause injury or prejudice". It seems clear from the foregoing that [section 34\(1\)\(a\)](#) of the 1993 Act has greatly increased the ambit of trade mark infringement.

I am not aware of any case in which the courts have been called upon to consider the question of comparative advertising under the 1993 Act, but a number of authors are of the view that [section 34\(1\)\(a\)](#) can be used to prevent comparative advertising. See for example "Intellectual Property and Comparative Advertising" by OH Dean published in *Stellenbosch Law Review* 1996 1 where the following appears:

"Use of another's registered trade mark in comparative advertising could constitute trade mark infringement in terms of paragraphs (a), (b) or (c) above and in terms of the provision protecting well-known foreign trade marks.

To sum up, under [section 34\(1\)](#) of the 1993 Trade Marks Act, a registered trade mark can be infringed unconditionally by a comparative advertiser if it is used in relation to goods/services for which the mark is registered or which have an affinity with such goods/services .

#### Page 510 of [1999] 1 All SA 502 (C)

The limitations upon infringement of a registered trade mark through use in comparative advertising under the 1963 Trade Marks Act, namely that the goods or services must be the actual goods or services for which the trade mark is registered and that the use complained of must cause injury or prejudice to the trade mark proprietor, have for all practical purposes fallen away. The Trade Marks Act 1993, thus prohibits the use of trade marks in comparative advertising far more comprehensively than its predecessor. The inference can be drawn from this that the legislature, in enacting the Trade Marks Act, 1993, was concerned that there should be greater obstacles in the way of using trade marks in comparative advertising than was previously the position. Put differently, the legislature in 1993 viewed the use of trade marks in comparative advertising more negatively than in the preceding years."

See also the chapter by CK Job "The Infringement of Trade Mark Rights" in *The New Law of Trade Marks and Designs* edited by Coenraad Visser, and "Comparative Advertising - A Change in Attitude?" By Tanya Woker in *South African Mercantile Law Journal* 1995 (7) 239. In the latter article the author writes:

"[Section 34\(1\)\(a\)](#) is wide enough to encompass both the concept of passing off and comparative advertising. Where an entrepreneur is dealing with the same goods and services in respect of which there is a registered mark, he cannot use an identical or confusingly similar trade mark. In other words he cannot use an identical mark to identify his own products and he cannot use a registered trade mark against which to compare his products as both actions would amount to a contravention of [section 34\(1\)\(a\)](#)."

Webster and Page hold a similar view for at paragraph 12.18.2 on pages 12-36 where they state:

"In its simplest form such advertising would be blatant, for example 'CHEAP

#### [View Parallel Citation](#)

washing powder, it washes cleaner and brighter than OMO' where OMO is a trade mark registered in respect of washing powders. Assuming that the use is unauthorised the other provisions of [section 34\(1\)\(a\)](#) are clearly met as the identical mark is used in relation to the goods in respect of which the trade mark is registered and the use is clearly in the course of trade. Such advertisements would, accordingly constitute trade mark infringement."

For the sake of completeness, I should mention that I was also referred to an article by Ron Wheeldon entitled "Brand - Comparative Advertising: Is it unlawful, really?" which was published in *De Rebus* September 1996 at 585. This author holds the contrary view to the views referred to above. His argument is based on the fact that the concepts contained in section 44(1)(a) and (b) of the 1963 Act referred to above were not carried over into the 1993 Act and the application of [section 15](#) of chapter 3 of the 1993 Constitution which guaranteed the right of freedom of speech and expression. However, he does not, as the other authors do, analyse the effect of [section 34\(1\)\(a\)](#) of the 1993 Act.

In argument Mr *Louw* conceded that the use of the brochures in which the comparison of the marks was made was in the course of trade (a concession which I may say I believe was correctly made), but argued that the use by the second respondent of the first applicant's trade marks did not amount to an infringement because the second respondent made it clear in the publication that ABBOTT and PROMALIN were the registered trade marks of the first applicant and that the marks had been used with reference to the "genuine"

#### Page 511 of [1999] 1 All SA 502 (C)

goods to which they related. This argument was based upon the principle established under the 1963 Act that the use of a trade mark in relation to genuine goods could never amount to a trade mark infringement and in particular on the judgment in:

*Protective Mining and Industrial Equipment Systems (Pty) Ltd v Audiolens (Cape) Pty Ltd* [1987 \(2\) SA 961 \(A\)](#) in which Grosskopf JA undertook an exhaustive examination of the history and development of the trade mark legislation in this country and in the United Kingdom. The *Protective Mining* case concerned the parallel importation into this country of so-called "grey" goods. The appellant was an authorised distributor in terms of a distribution agreement concluded with the proprietor of the trade mark "Pentax" of Pentax cameras, accessories, binoculars and telescopes in South Africa. The respondent imported genuine Pentax products which it had purchased not from the manufacturer, but in Hong Kong. These articles could be sold profitably at prices lower than those charged in the retail trade for similar articles imported by the appellant. The appellant was obliged to service Pentax products in South Africa and the respondent represented to its customers that the appellant would honour guarantees in respect of products sold by the respondent. The appellant accordingly applied for an interdict on the basis of the respondent's unlawful competition *vis-à-vis* the appellant in respect of the representations in the guarantee and also on the basis that the respondent was unlawfully competing with the appellant by infringing the trade mark "Pentax". The learned Judge concluded that the use by the respondent in the circumstances set out did not constitute infringement for,

#### [View Parallel Citation](#)

"... I have no doubt that, in view of the historical background, the intention of the Legislature was that the expression 'use as

a trade mark' in s 44(1)(a) of the Act should be interpreted to exclude use in respect of so-called genuine goods. This means that in a case like the present, the seller of the goods is not infringing the manufacturer's trade mark for the simple reason that the seller's conduct is not covered by s 44(1)(a). The lawfulness of the seller's conduct consequently does not depend on any implied authority by the trade mark proprietor as was argued on behalf of the appellant." (See page 992 of the judgment at B.)

Incidentally, in the course of his summary of the legal position prior to the enactment of the 1963 Act, the learned Judge said at 984F of the judgment "at common law, both here and in England, a trade mark serves to indicate the origin of goods in the proprietor of the trade mark, and infringement occurred when the trade mark was used in respect of goods which were not those of the proprietor of the trade mark".

The facts of this case are clearly different from the facts in the *Protective Mining* case and it must also be borne in mind that this case is being considered under a new section in the 1993 Act which differs, as has already been pointed out, from the similar sections in the 1963 Act.

In deciding this issue, it is important to bear in mind the change brought about to the definition of a trade mark in the 1993 Act. The "badge of origin" element of the trade mark is no longer to the forefront and has been replaced by the distinguishing capability of the mark. It would seem that in seeking to persuade me that the respondents have not infringed the applicants' marks, Mr Louw has in effect highlighted the "origin" element of the mark which is clearly acknowledged in the brochures, but has overlooked the distinguishing element of the marks.

#### Page 512 of [1999] 1 All SA 502 (C)

Mr Louw also relied on the English case of *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 and in particular on the following passage of the judgment of Jacob J at 298 beginning at line 35:

"Second I think one must distinguish between a use of the mark by way of an honest comparison and other uses. I see no reason why the provision does not permit a fair comparison between a trade mark owner's goods and those of the defendant. The comparison would have to be honest, but provided it was and was part of a genuine indication of, for instance, quality or price, I think it would be within the provision. Such honest comparative use might well upset the mark's proprietor (proprietors particularly do not like price comparisons, even if they are true) but would in no way affect his mark as an indication of trade origin. Indeed the defendant would be using the proprietor's mark precisely for its proper purpose, namely to refer to his goods. I can see nothing stated in the purpose of the Directive indicating that trade mark monopoly should extend to the point of enabling a proprietor to suppress competition by use of his trade mark in this way."

The Directive referred to by the learned Judge is the First Council Directive of 21 December 1988 to Approximate the Laws of the Member States Relating to Trade Marks (89/104/EEC), published in the *Official Journal of the European Communities* No. L 40/1 (11 February 1989).

I was urged to follow this line of reasoning because

#### [View Parallel Citation](#)

- a) the provisions of [section 34\(1\)\(a\)](#), [\(b\)](#) and [\(c\)](#) are more or less identical to [section 10\(1\)](#), [\(2\)](#) and [\(3\)](#) of the United Kingdom Trade Marks Act, 1994; and
- b) the provisions of [section 34\(2\)](#) are more or less identical to the provisions of [section 11\(2\)](#) of the United Kingdom Act.

However, as Jacob J pointed out at 298 (line 5) in his judgment, the language of [section 11\(2\)](#) is virtually the same as that of article 6 of the EC Directive and that the Directive notes that the function of a trade mark is:

"In particular to guarantee the trade mark as an indication of origin."

He accordingly had regard to this purpose when construing [section 11\(2\)](#) and that is no doubt why he said that honest comparative use "would in no way affect his mark as an indication of trade mark origin". As I have already pointed out, there has been a shift in our legislation to elevating the distinguishing feature of a trade mark as its main purpose. The point of departure for interpreting the South African Act is accordingly not the same as that for interpreting the United Kingdom Act.

It is significant that the United Kingdom Act contains a specific provision which sets out the requirements for acceptable comparative advertising. These provisions are, however, more onerous than the provisions of [section 11\(2\)](#). [Section 10\(6\)](#) reads:

"nothing in the preceding provisions of this section shall be construed as preventing the use of a registered trade mark by any person for the purpose of identifying goods or services as those of the proprietor of a licensee.

But any such otherwise than in accordance with honest practices in industrial or commercial matters shall be treated as infringing the registered trade mark if the use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark."

#### Page 513 of [1999] 1 All SA 502 (C)

[Section 11\(2\)](#) of the United Kingdom Act reads:

"A registered trade mark is not infringed by

- (a) The use by a person of his own name or address,
- (b) The use of indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of such goods or services, or

- (c) The use of the trade mark where it is necessary to indicate the intended purpose of a product or service (in particular, as accessories or spare parts), provided the use is in accordance with honest practices in industrial or commercial matters."

Jacob J, while recognising that [section 10\(6\)](#) was the provision in the United Kingdom Act which permitted comparative advertising, nevertheless reasoned that permissible comparative advertising could also be brought home under the provisions of [section 11\(2\)](#). He overcame the obvious inference which would follow from this reasoning, namely that the provisions of [section 10\(6\)](#) and [section 11\(2\)](#) overlapped by saying:

"If there is overlap between the two provisions there is, and no matter. Their origins are different and one should not be surprised by any overlap."

It is not necessary for the purposes of this judgment to comment on this observation, save to reiterate that the provisions of [section 10\(6\)](#) are more onerous than the provisions of [section 11\(2\)](#). However, in as much as it is accepted that [section 10\(6\)](#) of the United Kingdom Act defines what is

[View Parallel Citation](#)

acceptable comparative advertising, it is significant that there is no equivalent of this section in our Act.

Finally, when comparing the United Kingdom legislation with our own, it must be remembered that the United Kingdom Act of 1994 implemented an EC Directive which makes simple comparisons of the Act with our Act somewhat hazardous. For the above reasons, and having regard to the changes brought to our law in the 1993 Act and the reasons for these changes, I am not prepared to accept the portion of Jacob J's judgment as a basis for finding that comparative advertising is permitted in terms of our law.

As the case progressed it became clear that the only real difference between the parties was whether the use of trade marks of the first applicant by the second respondent was use which constituted infringement in terms of [section 34\(1\)\(a\)](#) of the Act.

Mr *Louw* contended that [section 34\(1\)\(a\)](#) did not apply because:

- 1) there are no goods of the respondents upon which or in relation to which the trade marks ABBOTT or PROMALIN have been used;
- 2) even if it can be argued that the use of the applicants' marks in the brochures is use in other relation to goods, then that use is in relation to the applicants' own goods (the argument based on the *Protective Mining* case (*supra*)); and
- 3) if the applicants argued that the use of the trade marks has resulted in a dilution of their trade mark rights, their remedy was to be found in [section 34\(1\)\(c\)](#) and not in [section 34\(1\)\(a\)](#) of the 1993 Act.

#### Page 514 of [1999] 1 All SA 502 (C)

For the applicants to succeed in establishing an infringement of their rights under [section 34\(1\)\(a\)](#) they must establish the following in respect of the trade marks registered in respect of services or goods:

- 1) The unauthorised use
- 2) in the course of trade,
- 3) in relation to the goods or services in respect of which the trade marks are registered,
- 4) of an identical mark; or

of a mark so nearly resembling it as to be likely to deceive or cause confusion.

The applicants have clearly succeeded in establishing 1) and 4) above. The respondents have conceded 2) and all that remains therefore is the requirement that the use must have been in relation to the goods or services in respect of which the trade mark is registered.

#### In relation to goods

[Section 2\(3\)\(a\)](#) of the Act provides that references to the use of a mark in relation to goods shall be construed as references to the use thereof, or in physical or other relation to, such goods. Webster and Page explained this to mean:

"Use upon goods contemplates the application of the mark to the goods themselves whilst use in physical relation to the goods covers use in physical juxtaposition to the goods such as use on containers or wrappers for the goods or on tickets or tags attached to the goods. Use in other relation to the goods covers use physically divorced from the particular goods, but of such a nature that it is identifiable with those goods."

This passage was quoted with approval by Eloff DJP, as he then was, in

[View Parallel Citation](#)

*K-Mart (Pty) Ltd v K-Mart Corporation and the Registrar of Trade Marks*, an unreported decision in the TPD handed down on 18 December 1987. Webster and Page go on to say that "such use would include use on invoices or other documents relating to the goods". For authority for this statement, see the cases quoted in note 1 at 4-8. In my judgment, the reference in the brochure to the product to which the mark PROMALIN is applied is clearly such as to identify the product with the trade mark and consequently the requirement that the use of the trade mark PROMALIN in relation to goods has been met. The brochure also has a number of references to ABBOTT and to my mind these references also identify ABBOTT products with ABBOTT, examples which appear in the brochure are:



"COMPARISON OF FAL AND ABBOTT PRODUCTS"

"FAL GA4/7 compared with ABBOTT FA4/7"

"FAL GA4/7 compared with ABBOTT GA4/7 - Profitability"

and in respect of ABBOTT also I conclude that the requirement of the section in relation to goods has been met. The result of my finding is accordingly that comparative advertising in the form used by the second respondent falls within the purview of [section 34\(1\)\(a\)](#) of the 1993 Act.

### Unlawful competition

The case of the applicants is somewhat novel. It is that all of the respondents are competing unlawfully with the applicants, contrary to [section 62\(1\)\(a\)](#) read with

#### Page 515 of [1999] 1 All SA 502 (C)

[section 62\(2\)](#) of the 1993 Act, by representing in the brochure that trade mark PERLAN is registered. The representation is in the form of a small letter "r" in a circle which appears next to the name PERLAN. The second respondent admits that the PERLAN trade mark is not registered in South Africa. PERLAN is registered as a trade mark in the United Kingdom and the representative of the second respondent says in the second respondent's answering affidavit that the usage of the registered trade mark indication referred to above on the South African product label was inserted into the technical training document in error. He says there was no intention to mislead anyone and the second respondent has undertaken immediately to cease all use of this designation in South Africa until such time as the PERLAN trade mark is registered in this country. It will be remembered that an application for registration of the mark was filed in 1997 and is still pending.

[Section 62\(1\)](#) makes it an offence for any person to represent that a mark is registered if it is not so registered and [section 62\(2\)](#) provides that the symbol ® shall be deemed to import a reference to registration in the register.

Ms Jansen's argument was that, given the purpose of a trade mark, the unlawful act of the second respondent in holding out that the mark PERLAN is registered when it is not will lead to a dilution of the applicant's registration. While an act committed in contravention of a statutory prohibition may be unlawful, unlawful competition will be established only if the other requirements of the delict are satisfied. While it may not be necessary for the applicants to prove the fault for the purpose for obtaining a temporary interdict, the applicant has not furnished any evidence of

#### [View Parallel Citation](#)

damage which it will suffer and more importantly, the question of legal causation has not been adequately addressed.

Having regard to the requirements for the delict of unlawful competition as set out in *Atlas Organic Fertilisers v Pikkewyn Ghwano (Pty) Ltd and others* [1981 \(2\) SA 173](#) (T) at 186-189 and *Schultz v Butt* [1986 \(3\) SA 667](#) (A), I conclude that the applicant has failed to establish and prove the necessary requirements. Having said this, the order which I intend to make in regard to the infringement application, coupled with the second respondent's undertaking to cease all use of the designation ® will provide effective relief for the applicant.

I have already indicated that in my view the first applicant has succeeded in establishing that its trade mark rights have been infringed and that consequently it has established a clear right or at the very least a *prima facie* right to the relief sought. I am also satisfied that the other requirements for a temporary interdict as set out in *LS Boshoff Investments (Pty) Ltd v Cape Town Municipality* [1969 \(2\) SA 256](#) (C) at 267, namely:

- . that there is a well grounded apprehension of irreparable harm if the interim interdict is not granted and the ultimate relief is eventually granted;
- . that the "balance of convenience" favours the grant of an interim interdict; and
- . that the applicant has no other satisfactory remedy have been met.

For the sake of completeness I must deal with an application by the respondents to strike out:

1. paragraph 11.10 and 11.11 of the founding papers on the basis that these paragraphs constitute hearsay evidence, and
2. the affidavits of Johan Carl Muller and Jacobus Philip Hartman filed in reply on the basis that these constitute the introduction of new matter which should properly have been contained in the founding affidavits.

#### Page 516 of [1999] 1 All SA 502 (C)

To my mind the objection to the two paragraphs and the affidavits referred to were properly taken and I order that paragraphs 11.10 and 11.11 of the founding papers and the affidavits of John Karl Muller and Philip Hartman filed in reply be struck out. As far as the costs are concerned, although the applicants have succeeded in only one of the three claims, they have enjoyed substantial success and, furthermore, the greater portion of argument dealt with the issue on which the applicants have succeeded, namely the infringement of their trade marks. I consider that this success should be mirrored in the costs order which I propose to make. I accordingly make the following order:

1. The application for a rule *nisi* calling on the first respondent to show cause why an order should not be granted declaring the first respondent to be in contempt of this honourable court and in breach of the order granted by this

honourable court on 24 November 1997 in case 14234/97 is dismissed.

2. A rule *nisi* is issued calling upon the first, second and third respondents to show cause on 13 January 1999 why the following orders should not be granted against them:
  - 2.1 restraining the respondents from infringing the rights of the first applicant in its trade mark registration no. 79/3377

**[View Parallel Citation](#)**

PROMALIN in class 1 by using, in relation to the goods in respect of which it is registered, the mark PROMALIN, in terms of [section 34\(1\)\(a\)](#) of the Trade Marks Act [194 of 1993](#);

- 2.2 restraining the respondents from infringing the rights of the first applicant in its trade mark registration no. 1267/39/1 ABBOTT in class 1 by using, in relation to the goods in respect of which it is registered, the mark ABBOTT, in terms of [section 34\(1\)\(a\)](#) of the Trade Marks Act [194 of 1993](#);
  - 2.3 ordering the respondents to deliver up to the applicants' attorneys for destruction, all printed material in their possession or under their control or in the possession or under the control of their employees, agents or representatives, upon which the trade marks PROMALIN and ABBOTT appear without the authority of first applicant;
  - 2.4 restraining the respondents from comparing, in any way, the product PERLAN of the first respondent to the product PROMALIN of the applicants by the use of the first applicant's registered trade mark 79/3377 PROMALIN;
  - 2.5 ordering that prayers 2.1 to 2.4 operate as interim interdicts pending for finalisation of an action for, *inter alia*, a final interdict and damages to be instituted within 30 (thirty) days of finalisation of this application;
  - 2.6 ordering the respondents, jointly and severally, to pay  $\frac{3}{4}$  (three quarters) of the applicants' costs of this application, including the costs of the hearing on 30 September 1998 and including the costs occasioned by the employment of two counsel;
  - 2.7 granting the applicants such further and/or alternative relief as the honourable court may deem fit.
3. Pending the final determination of this application the provisions of paragraphs 2.1, 2.2, 2.3 and 2.4 shall operate as interim interdicts.

**Page 517 of [1999] 1 All SA 502 (C)**

4. The application for a rule *nisi* restraining the respondents from competing unlawfully with the applicants by representing, in relation to their PERLAN products, the packaging thereof and all printed matter related thereto, that the PERLAN trademark is registered in South Africa is dismissed.

For the applicants:

*MM Jansen SC and PAL Gamble* instructed by *Cliff Dekker Fuller Moore Incorporated*, Cape Town

For the respondents:

*JW Louw SC and JN Cullabine* instructed by *Hofmeyr Herbstein Gihwala & Cluver Incorporated*, Athlone