

**Butterworths Publishers (Pty) Ltd v Jacobsens Group (Pty) Ltd and another
[2005] 2 All SA 588 (T)**

Division: Transvaal Provincial Division
Date: 12 April 2005
Case No: 17107/04
Before: BR Southwood J
Sourced by: M Snyman and D Cloete
Summarised by: D Harris

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[1] *Intellectual property - Trade marks - Application for expungement - Trade Marks Act 194 of 1993 - Section 10(3) - A registered trade mark may be removed from the register if the applicant for registration had no bona fide claim to proprietorship.*

[2] *Trade marks - Acquisition of - Difference between registered and unregistered trade marks - An unregistered trade mark is not capable of being transferred separately from the business or goodwill to which it is attached.*

Editor's Summary

The applicant, a legal and academic publishing company, had purchased as a going concern, the assets, goodwill and general business of a publishing company owned by the first respondent. Included in the assets, was copyright in the works published by first respondent's company. From the date of acquisition of the business, the Applicant published those works under the original name, as was used by the first respondent's company. The registered owner of the trade marks relating to the publications in question was the first respondent. The said trade marks were identical to those used by the applicant in its publication of the works. The first respondent had never conducted business using the trade marks.

Some five years after the applicant begun using the trade marks, the first respondent informed it that it was infringing the trade mark, and demanded that applicant remove the infringing mark from all material published and distributed by the applicant. The first respondent disputed applicant's contention that the sale of the business as a going concern included the trade marks. This led to the present application for expungement of the trade marks registered by first respondent, from the register of trade marks.

The parties were in dispute as to the use of the trade mark by the first respondent and its companies. The applicant's stance was that the trade mark in question was an unregistered one, and accordingly that the purported acquisition of that trade mark, separately from the business or goodwill with which it was associated, by first respondent was not legally possible. Applicant contended further that it had acquired the trade mark with the business bought from first respondent, and that the first respondent did not acquire any rights in respect of the mark. This formed the basis of the argument that the first respondent's registration of the trade marks was contrary to [sections 10\(3\), 10\(7\) and 10\(12\)](#) of the Trade Marks Act [194 of 1993](#); and they should be expunged.

Held - The provisions referred to above state that a registered trade mark may be removed from the register if the applicant for registration had no bona fide claim to proprietorship; the application for registration was mala fide; or the mark is inherently deceptive or the use thereof would be likely to deceive or

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cause confusion, be it contrary to law, be it *contra bonos mores*, or be it likely to give offence of any class of persons.

As a result of the applicant's argument, the Court began by examining the legal position of registered and unregistered trade marks. One of the most significant differences for purposes of the present dispute, was the fact that an unregistered trade mark is not capable of being transferred separately from the business or goodwill to which it is attached. The trade mark in this case was therefore found to have been attached to the goodwill bought by the applicant, and there was neither a legal nor a factual basis for the alleged disposition of the mark to the first respondent.

In the application for expungement, the applicant was successful in proving that the first respondent had no bona fide claim to proprietorship of the mark. The application accordingly succeeded.

Notes

For Trade Marks see:

- *LAWSA* First Reissue (Vol 29, paras 1-306)

Cases referred to in judgment

South Africa

Breitenbach v Fiat SA (Edms) Bpk [1976 \(2\) SA 226 \(T\)](#)

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Brian Boswell Circus (Pty) Ltd and another v Boswell-Wilkie Circus (Pty) Ltd 1985 (4) SA 466 (A)	594
Broadway Pen Corporation v Wechsler & Co (Pty) Ltd 1963 (4) SA 434 (T)	602
Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd [1998] 3 All SA 175 (1998 (3) SA 938) (SCA)	593
Geary & Son (Pty) Ltd v Gove 1964 (1) SA 434 (A)	594
James Brown & Hamer (Pty) Ltd (previously named Gilbert Hamer & Co Ltd) v Simmons NO 1963 (4) SA 656 (A)	592
Matthews and others v Young 1922 AD 492	594
Oils International (Pty) Ltd v Wm Penn Oils Ltd 1965 (3) SA 64 (T)	602
Oils International (Pty) Ltd v Wm Penn Oils Ltd 1966 (1) SA 311 (A)	602
P Lorillard Co v Rembrandt Tobacco (Co) (Overseas) Ltd 1967 (4) SA 353 (T)	603
Plascon-Evans Paints Limited v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A)	592
Schultz v Butt 1986 (3) SA 667 (A)	594
Sportshoe (Pty) Ltd v Pep Stores (SA) (Pty) Ltd 1990 (1) SA 722 (A)	593
Tie Rack Plc v Tie Rack Stores (Pty) Ltd and another 1989 (4) SA 427 (T)	603
Victoria's Secret Inc v Edgars Stores Ltd 1994 (3) SA 739 (A)	603
United Kingdom	
AL ASSAM Trade Mark [1995] RPC 511 (CA)	594
GE Trade Mark [1973] RPC 297 (HL)	594
Pinto v Badman [1891] RPC 181 (CA)	594
Star Industrial Co Ltd v Yap Kwee Kor (t/a New Star Industrial Co) [1976] FSR 256 (PC)	594

Judgment

SOUTHWOOD J

- [1] The applicant seeks an order in terms of [section 24\(1\)](#) read with [subsections 10\(3\)](#), [10\(7\)](#) and [10\(12\)](#) of the Trade Marks Act [194 of 1993](#) ("the Act") expunging from the register, trade mark 1998/18119 JACOBSEN'S (Special Form) in class 35 and trade mark 1998/18120 JACOBSEN'S (Special Form), both registered in the name of the first respondent.
- [2] The background to this matter, very briefly, is as follows: the applicant is Butterworths Publishers (Pty) Limited, a publisher of legal and academic works. During October 1998 the applicant purchased the assets, goodwill and business of Jacobsen's Publishers (Pty) Ltd ("Jacobsen's Publishers") as a going concern. The assets of the business included copyright in the works published by Jacobsen's Publishers: Jacobsen's Harmonised Customs & Excise Tariff Book; Jacobsen's Customs & Excise Rules and Prohibited Goods Index and Jacobsen's Guide to Classification. All were, and still are, standard works in the field. From the date of acquisition of the business the applicant published and distributed the works under the name JACOBSEN'S in a stylised form. The first respondent is the registered proprietor in terms of the Act of trade mark 1998/18119 JACOBSEN'S (Special Form) in class 35 in respect of "advertising; business management; business administration; office functions; offering for sale and the sale of goods in the retail and wholesale trade" and trade mark 1998/18120 JACOBSEN'S (Special Form) in class 36 in respect of "insurance; financial affairs; monetary affairs; real estate affairs". The first respondent applied for registration of these trade marks on 14 October 1998. The trade marks are identical to the trade mark used by the applicant. The first respondent was incorporated as Cargo Card Holdings CC on 22 March 1994. Its principal object was to hold various assets and investments including, but not limited to, trade marks. The first respondent converted to a private company and then changed its name to Jacobsens Holdings (Pty) Ltd. The first respondent has not at any time conducted business using the trade marks. On 6 February 2003 attorneys Wertheim Becker, on behalf of the first respondent, addressed a letter to the applicant alleging that the applicant was infringing the trade marks; demanding the removal of the infringing mark from all material produced or distributed by the applicant, alternatively, delivery up, failing which the first respondent would institute infringement proceedings. On 7 March 2003 attorneys Beall Chaplin & Hathorn, on behalf of the applicant, answered this letter. They pointed out that the applicant had purchased Jacobsen's Publishers' business as a going concern, that the assets of the business included the trade marks JACOBSEN'S and JACOBSEN'S PUBLISHERS, that the

applicant was entitled to use these trade marks, that the first respondent was not entitled to seek registration of the trade marks and that the applicant would apply for their expungement. On 19 March 2003 Wertheim Becker replied to this letter saying that the first respondent denied that the applicant had acquired any rights to the trade mark pursuant to the sale agreement and that the first respondent would institute proceedings for infringement. Despite this warning the first respondent did not institute such proceedings. The applicant launched this application on 25 July 2004.

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The second respondent, the Registrar of Trade Marks, does not oppose the application.

[3] The first respondent's defence is that it acquired all the right, title and interest in respect of the trade mark JACOBSEN'S and was therefore entitled to apply for the trade mark to be registered. In support of this defence the first respondent alleged that -

- (1) Neil Jacobsen and Clive Stirling King (King) entered into an oral agreement (apparently some time before 22 March 1994) in terms of which a company called Cargo Credit (Pty) Ltd ("Cargo Credit") acquired from Jacobsen's Publishers "all right, title and interest in relation to the JACOBSEN'S trade mark";
- (2) on its incorporation on 22 March 1994 the first respondent became the proprietor of "all rights, title and interests of the mark JACOBSEN'S" and accordingly filed applications for the trade mark JACOBSEN'S on 14 October 1998;
- (3) in September 1998 when Neil Jacobsen informed King that Jacobsen's Publishers wished to sell its business and that the purchaser wished to have the word JACOBSEN'S deleted from the name of the company, Jacobsen's Computer Freight Systems (Pty) Ltd ("JCFS"), Neil Jacobsen and King orally agreed that JCFS would delete the name JACOBSEN'S from its name but that JCFS would continue to trade under the name JACOBSEN'S COMPUTER FREIGHT SYSTEMS and Cargo Card would still have the right to use the mark.

All these allegations are denied by the applicant.

[4] The first respondent also disputed the terms of the agreement concluded between Jacobsen's Publishers and King in 1988 pursuant to which JCFS became entitled to use the mark JACOBSEN'S and that the applicant used the trade mark JACOBSEN'S after it acquired Jacobsen's Publishers' business in 1998.

Apart from the fact that it is a peripheral issue this issue does not create a dispute of fact which cannot be resolved on the papers. It is not in dispute that Jacobsen's Publishers permitted JCFS to use the trade mark JACOBSEN'S for the purposes of its business and in relation to its products. It is also not in dispute that Neil Jacobsen was a co-shareholder and co-director of JCFS while it used the trade mark. As such he was obviously able to control the use of the trade mark by JCFS. While the word "licence" was not used in the affidavits that is clearly what the arrangement was.

The first respondent's denial of the applicant's use of the trade mark JACOBSEN'S after the applicant acquired Jacobsen's Publishers' business in 1998 also does not create a genuine dispute of fact. The first respondent's denials are not supported by any facts and do not deal pertinently with the applicant's allegations as to the reputation of the JACOBSEN'S mark in the hands of the applicant. They are also contradicted by the first respondent's attorney's letter of demand of 6 February 2003 which alleges the use by the applicant of the trade mark in connection with the applicant's publications, Jacobsen's Harmonised Customs Tariff, Customs and

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Excise Rules and Prohibited Goods Index, on an internet site, Jacobsen's On Line and on flyers distributed by the applicant.

It will accordingly be accepted that JCFS used the trade mark JACOBSEN'S under licence from Jacobsen's Publishers and that the applicant has used the trade mark in connection with its publications since it acquired Jacobsen's Publishers' business in 1998.

[5] The first respondent contends that there is a factual dispute in respect of the allegations in support of its defence which cannot be resolved on the papers and that the court should order that these issues be referred for the hearing of oral evidence.

The applicant contends that these allegations are so far-fetched, clearly untenable and improbable and that they should be rejected on the papers. The applicant contends further that, in any event, the trade mark JACOBSEN'S was an unregistered trade mark and accordingly that the purported acquisition of that trade mark, separately from the business or goodwill with which it was associated, by Cargo Credit and the first respondent was not legally possible; that the applicant acquired the trade mark with Jacobsen's Publishers' business and that the first respondent did not acquire any rights in respect of the mark. Accordingly, the applicant submits, the first respondent's registration of the trade marks was contrary to [subsections 10\(3\), 10\(7\) and 10\(12\)](#) of the Act and they should be expunged.

[6] The applicant seeks final relief on notice of motion. Where there are disputes of fact the principles set out in *Plascon-Evans Paints Limited v Van Riebeeck Paints (Pty) Ltd* [1984 \(3\) SA 623](#) (A) at 634E-635C are applicable. As already mentioned the attitude of the parties to the disputes of fact is diametrically opposed.

[7] The parties filed three sets of affidavits. The first respondent filed its answering affidavit some four months late, which the applicant condoned, and the applicant filed its replying affidavit late, which the first respondent

condoned. At the hearing the first respondent applied for leave to file a fourth set of affidavits. The applicant opposed this application. In the affidavit supporting this application it is stated that the purpose of the affidavit is to deal with allegations in the replying affidavit which are not true. However it is clear that what the first respondent seeks to do is bolster the defence raised in the answering affidavit which was criticised in the applicant's replying affidavit. It is clear that the first respondent is really seeking a second opportunity to set out a defence. There is also no explanation for the failure to deal fully with the facts in the original answering affidavit. In the circumstances there is no proper basis for permitting the filing of the fourth set of affidavits - see *James Brown & Hamer (Pty) Ltd (previously named Gilbert Hamer & Co Ltd) v Simmons NO 1963 (4) SA 656* (A) at 660D-H. The application to file the further affidavits on behalf of the first respondent will therefore be refused.

[8] [Section 24\(1\)](#) of the Act provides -

"In the event of non-insertion in or omission from the register of any entry, or of an entry wrongly made in or wrongly remaining on the register or any error or defect in any entry in the register, any interested person may apply to the court or, at the option of the applicant and subject to the provisions of

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[section 59](#), in the prescribed manner, to the registrar for the desired relief, and thereupon the court or the registrar, as the case may be, may make such order for making, removing or varying the entry as it or he may deem fit."

The relevant part of [section 10](#) of the Act provides -

"10 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:

- (1) . . .
- (3) a mark in relation to which the applicant for registration has no *bona fide* claim to proprietorship;
- (7) a mark the application for registration of which was made *mala fide*;
- (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 of any class of persons."

[Sections 3](#) and [70](#) of the Act are not relevant in the present case.

[9] The applicant contends that the trade marks which it seeks to have expunged are entries wrongly made in the register contrary to [subsections 10\(3\)](#), [10\(7\)](#) and [10\(12\)](#) of the Act. It is not in dispute that the applicant is an interested person for the purposes of [section 24\(1\)](#) of the Act (the first respondent has threatened the applicant with infringement proceedings based on the two trade marks - see Webster & Page *South African Law of Trade Marks* 4ed paragraph 13.2) and that the relevant date for determining whether the entry of the trade marks was wrongly made on the register is 14 October 1998 - see *Sportshoe (Pty) Ltd v Pep Stores (SA) (Pty) Ltd 1990 (1) SA 722* (A) at 726E: Webster & Page paragraph 13.16.2.

[10] Since it is fundamental to the applicant's case it will be convenient to deal at this stage with the legal status of registered and unregistered trade marks.

Under the Act and its predecessor, the Trade Marks Act [62 of 1963](#) ("the old Act"), once registered, a trade mark becomes subject to the proprietary rights of the registered proprietor. The registered proprietor is entitled to assign the trade mark ([section 39](#) of the Act and [section 49](#) of the old Act), license its use by another person ([section 38](#) of the Act and [section 48](#) of the old Act) and institute proceedings for infringement ([sections 33](#) and [34](#) of the Act and [sections 43](#) and [44](#) of the old Act). Under the common law, however, a trade mark cannot, as such, be the subject of proprietary rights. A person can only become the proprietor of the goodwill of the business in relation to which the mark is used in consequence of the use which has been made of the mark - see *William Penn Oils Ltd v Oils International (Pty) Ltd 1966 (1) SA 311* (A) at 318A: *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd 1998 (3) SA 938* (SCA) paragraph 11: Webster & Page paragraph 5.3. If the name or mark becomes distinctive of the business, its merchandise or services the proprietor may institute passing-off proceedings against any other person who by using that name or mark, or one that is deceptively similar thereto, represents that his business or merchandise or services are those of the former. Passing-off is

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unlawful not because it violates a proprietary right in respect of the name or trade mark. It is unlawful because it interferes with a person's right to carry on business freely, in competition with his rivals, without unlawful interference. The unlawfulness arises because the use of the name or mark results, or is calculated to result, in the improper filching of another's trade and or improper infringement of his goodwill and/or because it may cause injury to that other's trade reputation. The wrong of passing-off is a species of the wider wrong of wrongful competition. See *Matthews and others v Young* 1922 AD 492 at 507; *Geary & Son (Pty) Ltd v Gove 1964 (1) SA 434* (A) at 440-441; *Brian Boswell Circus (Pty) Ltd and another v Boswell-Wilkie Circus (Pty) Ltd 1985 (4) SA 466* (A) at 478F-J; *Schultz v Butt 1986 (3) SA 667* (A) at 678F-J; *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd (supra)* paragraphs 15 and 16 and *Star Industrial Co Ltd v Yap Kwee Kor (t/a New Star Industrial Co) [1976] FSR 256* (PC) at 269.

[11] It is well-settled that goodwill or reputation cannot exist by itself. In *Caterham Car Sales & Coachworks v Birkin Cars (Pty) Ltd (supra)* at paragraph 11 the court referred with approval to the following statement from *Star Industrial Co Ltd v Yap Kwee Kor (t/a New Star Industrial Co) (supra)* -

"A passing-off action is a remedy for the invasion of a right of property not in the mark, name or get-up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another. Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and divisible; if the business is carried on in several countries a separate goodwill attaches to it in each."

- [12] Consequently, it has long been accepted that an unregistered trade mark is not capable of being transferred separately from the business or goodwill to which is attached - see *Pinto v Badman* [1891] RPC 181 (CA) 193 line 28-195 line15: *GE Trade Mark* [1973] RPC 297 (HL) 325 line 33-326 line 11; *Star Industrial Co Ltd v Yap Kwee Kor (t/a New Star Industrial Co)* (*supra*) at 270 and 272; *AL ASSAM Trade Mark* [1995] RPC 511 (CA) 552 line 8-27. This is a vital distinguishing feature of a registered trade mark. Both the Act ([section 39\(1\)](#)) and the old Act ([section 49\(1\)](#)) pertinently provide that a registered trade mark is assignable or transmissible either in connection with or without the goodwill of the business concerned in the goods or services for which it has been registered.
- [13] The learned authors of *Webster & Page* suggest that the sale of an unregistered trade mark without goodwill of the business concerned and goods entitles the purchaser against the seller to establish its own goodwill through the trading use of the mark and the reputation that attaches to it. The seller is no longer entitled to make use of the reputation which formerly attached to the mark in the course of his continuing business and is required to establish fresh *indiciae* of the goodwill attached to such business (paragraph 11.22). The learned authors do not explain how this view can be reconciled with the juridical nature of an unregistered name or trade mark (ie it is simply a mark used to identify a business and/or its merchandise and/or its services) and the remedy of passing-off and what the remedy is designed to protect. If it is not capable of being the object of proprietary rights (as a registered trade mark clearly is) it is not clear how

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"rights" in respect of an unregistered trade mark may be transferred separately from the business with which it is associated. It may be that the agreement must be construed as a licence to use the name or mark but this may be contrary to public policy relating to trade marks if the use of the name or mark or deceptively similar names or marks by different traders would give rise to deception or confusion. Clearly this would be contrary to the public interest. The first respondent made no submissions in this regard. I therefore find that the rights in respect of the unregistered trade mark JACOBSEN'S are not capable of being transferred without the business or goodwill to which it attaches.

- [14] While not questioning the correctness of the principle that an unregistered trade mark cannot be transferred separately from the underlying business or goodwill with which it is associated, the first respondent's counsel submitted that the first respondent's affidavit should not be narrowly construed. He argued that whatever the first respondent's deponent, King, called the transaction it amounted to an unequivocal consent to King and his companies to use the trade mark and this consent could not be withdrawn. He also submitted that if the court found that Jacobsen's Publishers (Pty) Ltd had given its consent to the use of the trade mark and that such consent could not be withdrawn the applicant would not be entitled to relief. Such consent would represent an obstacle under [subsections 10\(3\), 10\(7\)](#) and [10\(12\)](#) of the Act. This argument is clearly not based on the facts alleged by the first respondent and requires no further consideration.
- [15] To evaluate the attack on the defences raised it is essential to consider them in the light of the undisputed facts.
- [16] The applicant alleges that it acquired the rights to the unregistered trade mark JACOBSEN'S pursuant to a written Sale of Business Agreement which it entered into with Jacobsen's Publishers and Neil Jacobsen on 22 October 1998. In terms of this agreement -
- (1) the applicant purchased from Jacobsen's Publishers the publishing business conducted by Jacobsen's Publishers as a going concern under the name and style of "Jacobsen's Publishing" which business comprised -
 - (a) the fixed assets;
 - (b) the goodwill attaching to the business;
 - (c) the contractual rights;
 - (d) the right to use the name "Jacobsen's Publishers";
 - (e) the intellectual property; and
 - (f) the stock.
 - (2) the intellectual property consisted of -
 - (a) all copyright and all other similar rights and interests of Jacobsen's Publishers in and to the publications -
 - (i) Jacobsen's Harmonised Customs and Excise Tariff Book;
 - (ii) Customs and Excise Rules; and
 - (iii) Prohibited Goods Index,

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and any other publication as published by Jacobsen's Publishers as at the effective date or the

copyright to any such publication which is owned by Jacobsen's Publishers;

- (3) the fixed assets consisted of the furniture, fixtures, fittings and equipment of the business listed in Appendix 3 of the agreement;
- (4) the purchase consideration payable by the applicant to Jacobsen's Publishers for the business was R4.4 million, apportioned as follows - an amount equal to the net book value of the fixed assets as reflected in the books of Jacobsen's Publishers as at the effective date for the fixed assets and the balance for the intellectual property;
- (5) Jacobsen's Publishers undertook to deliver to the applicant on the effective date duly signed company forms as required in terms of the Companies Act [61 of 1973](#), reflecting the special resolution/s passed by the shareholders of Jacobsen's Computer Freight Systems (Pty) Ltd changing the name of JCFS to such other name, not including the word "Jacobsens" as they deem fit, so as to enable the purchaser to exercise its entitlement in relation to the name "Jacobsen's Publishers" forming part of the business;
- (6) Jacobsen's Publishers and Neil Jacobsen agreed that all copyright and other similar rights and interest in and to the publications would vest in and be the property of the applicant as from the effective date and to that end Jacobsen's Publishers and Neil Jacobsen ceded, assigned and transferred to the applicant all their right, title and interest in and to the publications with effect from the effective date;
- (7) ownership of the business and assets forming part thereof were passed to the applicant on the effective date;
- (8) Jacobsen's Publishers and Neil Jacobsen expressly warranted to the applicant -
 - (a) that Jacobsen's Publishers had good and valid title to the business and all its assets and was entitled to sell same to the purchaser;
 - (b) that neither Jacobsen's Publishers nor Neil Jacobsen had granted any business or any other (right) in respect of the assets of the business to any third party; and
 - (c) that there were 3 590 existing subscribers to the publications collectively and that there were 3 000 subscribers to Jacobsen's Harmonised Customs and Excise Tariff Book and 590 subscribers for Customs and Excise Rules and Regulations and Prohibited Goods Index.

The first respondent does not dispute the terms of the agreement. It simply argues that the applicant did not acquire any rights in terms of the trade mark JACOBSEN'S pursuant to the terms of this agreement. This argument is without merit and requires no further consideration.

- [17] In about 1942, Beant Jacobsen, Neil Jacobsen's grandfather, commenced publishing an index detailing "Price Control" and in 1955 Kenneth Jacobsen, Neil Jacobsen's father, commenced publishing a customs tariff book called "Jacobsen's Customs Tariff Index".

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- [18] In 1966 Kenneth Jacobsen registered Jacobsen's Publishers and commenced publishing the following works -
Jacobsen's Harmonised Customs and Excise Tariff Book;
Jacobsen's Customs & Excise Rules and Prohibited Goods Index;
Jacobsen's Guide to Classification.
At all times Jacobsen's Publishers distributed these works under the mark JACOBSEN'S.
- [19] These works became standard publications in the field of customs and excise particularly for people engaged in importing and exporting goods. They were published as hard copy loose-leaf publications and widely distributed to government departments, freight forwarders, importers and exporters. The works were regularly updated and in the case of Jacobsen's Harmonised Customs & Excise Tariff Book updated on a weekly basis.
- [20] Neil Jacobsen entered the employment of Jacobsen's Publishers in 1970 and by 1989 was the managing director of the company.
- [21] In about 1989 King approached Neil Jacobsen with a view to publishing a computer program incorporating an electronic version of Jacobsen's Harmonised Customs & Excise Tariff Book. King and Neil Jacobsen orally agreed that they would register a new company and that each would be a director and hold 50% of the shares. The main object of the company would be to provide an efficient and easy searchable computer program for the use of clearing agents, importers and exporters to calculate tariffs imposed by Customs and Excise and documentation thereto. They also agreed that the new company would be called Jacobsen's Computer Freight Systems (Pty) Ltd (ie JCFS) and Jacobsen's Publishers and Neil Jacobsen permitted JCFS to use the trade mark JACOBSEN'S in relation to the company's computer program.
- [22] Neil Jacobsen and Jacobsen's Publishers provided JCFS with R51 000 as working capital. However the company's business was not successful. In about the mid-nineteen nineties Neil Jacobsen and Jacobsen's Publishers were no longer prepared to provide working capital for JCFS. At that stage Neil Jacobsen relinquished his position as director. However he retained his shareholding.
- [23] On 22 March 1994 King registered Cargo Card Holdings CC (ie the first respondent) and on 24 March 1994 King registered Cargo Card (Pty) Ltd. The main business of this company was financial intermediation, insurance, real estate and business services. On 1 May 1995 Neil Jacobsen was appointed a director of the company but he later resigned the position.
- [24] In September 1998 the applicant approached Neil Jacobsen with a view to acquiring the business of

Jacobsen's Publishers. The applicant and Neil Jacobsen commenced negotiations. When the negotiations had reached an advanced stage the applicant raised the issue of the use of JACOBSEN'S by JCFS. Neil Jacobsen undertook to ensure that JCFS ceased using the name JACOBSEN'S and changed its name to exclude the name JACOBSEN'S. At a meeting with King he told King that he wished to sell the business of JP and that to enable him to do this JCFS would have to cease using the word JACOBSEN'S in its name. King agreed to do this. Neil Jacobsen and Jacobsen's Publishers then concluded the agreement

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with the applicant. As already mentioned Jacobsen's Publishers was required to deliver duly signed company forms reflecting the change of JCFS's name to exclude the name JACOBSEN'S. JCFS duly delivered these documents to Neil Jacobsen who delivered them to the applicant.

[25] On 14 October 1998 the first respondent, which was still Cargo Card Holdings CC, lodged applications for the registration of the trade marks. According to King this was done because during October 1998 he had learned more about trade marks and their commercial value and he realised the importance of securing registration.

[26] **The disputed facts**

- (1) According to the applicant, Jacobsen's Publishers and JCFS used the name JACOBSEN'S continuously and without interruption until 1998 when Jacobsen's Publishers sold its business together with the mark to the applicant. It is accordingly alleged by the applicant that the applicant is entitled to use the trade mark.

The first respondent alleges that King and Neil Jacobsen entered into an oral agreement in terms of which the newly registered Cargo Card (Pty) Ltd would acquire all right, title and interest in respect of the JACOBSEN'S trade mark in return for the issue to Neil Jacobsen of 10 % of the shares in Cargo Card (Pty) Ltd. King alleges that later, on 22 March 1994, when the first respondent was registered, the first respondent became the proprietor of all right, title and interest in respect of the trade mark JACOBSEN'S. Accordingly, says King, the first respondent lodged its applications for the trade marks on 14 October 1998. King also alleges that once the first respondent became the proprietor of the trade mark JACOBSEN'S (clearly prior to registration) the first respondent permitted JCFS to use the trade mark under licence.

- (2) The applicant's case is that in September 1998 when the applicant was negotiating with Neil Jacobsen for the purchase of Jacobsen's Publishers' business Neil Jacobsen agreed with King on behalf of JCFS that JCFS would cease to use the name JACOBSEN'S.

As against that the first respondent alleges that when Neil Jacobsen approached King in September 1998 to arrange for the name JACOBSEN'S to be removed from JCFS's name he, King, had immediately pointed out to Neil Jacobsen that the first respondent would still have all the rights in respect of the trade mark JACOBSEN'S. According to King, Neil Jacobsen had replied that this was in order as the purchaser only wished to have the name JACOBSEN'S removed from the name of the company. Neil Jacobsen also had no objection to JCFS continuing to trade under the name JACOBSEN'S COMPUTER FREIGHT SYSTEMS as all that he had to do was to ensure that the name JACOBSEN'S was deleted from the name of the company.

It is these allegations that the applicant contends are so far-fetched and clearly untenable that they can be rejected on the papers and that they can be rejected because they are demonstrably false. They are also denied by Neil Jacobsen who states that he did not know about the first respondent's

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existence in September 1998 and that he had pertinently stated that JCFS would not be entitled to use the name JACOBSEN'S.

[27] In dealing with these disputes it must be borne in mind that on the papers it has been shown that King, who acted on behalf of the first respondent and JCFS at all times, and is the deponent to the answering affidavit, is unreliable in at least the following three respects:

- (1) He contradicted himself about what was discussed when Neil Jacobsen approached him in September 1998 with the request that JCFS not use the name JACOBSEN'S. He first testified that they discussed the use of the mark - he had pointed out to Neil Jacobsen that the first respondent would still have all the rights in relation to the mark JACOBSEN'S and that Neil Jacobsen had no objection to this - and that he informed Neil Jacobsen that JCFS would not continue to trade as JACOBSEN'S COMPUTER FREIGHT SYSTEMS - and that Neil Jacobsen had said that all he needed to do was delete the name JACOBSEN'S from the company (paragraphs 3.8 and 2.9). Later he testified that there were no discussions with regard to the use of the mark JACOBSEN'S. In his mind and the mind of Neil Jacobsen the first respondent was the owner of the mark JACOBSEN'S (paragraph 15.3);
- (2) He testified that when Neil Jacobsen informed him that JCFS must stop using the name JACOBSEN'S they agreed that JCFS would repay the loan of R51 000 and acquire his shareholding and that this was done. This evidence is contradicted by the reliable objective evidence of Mr Fahy who was the auditor of Jacobsen's Publishers and JCFS in 1998. Mr Fahy confirms that he was instructed to write off this loan by the directors of Jacobsen's Publishers and that he duly did so;
- (3) He testified that he first entered into an oral agreement with Neil Jacobsen in terms of which Cargo Card (Pty) Ltd acquired all the right, title and interest in relation to the mark JACOBSEN'S and that later, when the first respondent was incorporated on 22 March 1994, the first respondent became the

proprietor of all the right, title and interest in relation to the mark JACOBSEN'S (paragraph 3.6). This simply cannot be true. The first respondent was incorporated on 22 March 1994 and Cargo Card (Pty) Ltd was registered on 24 March 1994.

[28] The two factual disputes will be considered in turn: first the dispute relating to the first respondent's acquisition of the mark JACOBSEN'S: second the dispute relating to what was agreed about use of the mark JACOBSEN'S in September 1998.

[29] **Acquisition of the mark JACOBSEN'S by the first respondent**

King alleges that he first entered into an oral agreement with Neil Jacobsen that a new entity, Cargo Card (Pty) Ltd, would acquire all right, title and interest in relation to the JACOBSEN'S trade mark in return for Neil Jacobsen acquiring 10 percent of the shares in that company. He then alleges that a new entity called Cargo Card Holdings CC (ie the first respondent) which was formed to hold various assets, investments, including, but not limited to trade marks, became the proprietor on the date of its incorpora-

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tion of all right, title and interest in the mark JACOBSEN'S. He concludes by alleging that once the first respondent became the proprietor of the mark JACOBSEN'S it allowed JCFS to use the trade mark under licence.

On this version, King has known since 1994 how the first respondent acquired the mark. He also knew that Jacobsen's Publishers continued to conduct its business and publish its works under the name JACOBSEN'S.

[30] I agree with the applicant's counsel that these allegations are so far-fetched and clearly untenable that they should be rejected on the papers. My reasons are as follows -

- (1) The allegations do not provide a coherent explanation for the disposal by Jacobsen's Publishers of what was clearly a valuable asset or the acquisition of the mark by the first respondent. Jacobsen's Publishers had used the mark from 1966, when it was registered. The allegations as to its disposal and acquisition are in all the circumstances "needlessly bald, vague and sketchy" - compare *Breitenbach v Fiat SA (Edms) Bpk 1976 (2) SA 226* (T) at 228C-F. With regard to the acquisition by Cargo Card (Pty) Ltd it is not alleged when and where the oral agreement was entered into and who was present. No commercial or logical reason for the disposal by Jacobsen's Publishers of the name is furnished. According to King, Jacobsen's Publishers was not a party to the agreement and would not receive any consideration for the mark even though it would have had to assign the mark to Cargo Card (Pty) Ltd. Then there is no attempt to support the allegations with documentary evidence. There is no document to record the agreement and the issue of ten percent of the shares to Neil Jacobsen is not established with reference to the company's share register or share certificates. There is also no resolution of the board of directors to record the issue of the shares. The acquisition of the mark by the first respondent is dealt with in similar bald terms. It is simply alleged that on the date of its incorporation the first respondent became the proprietor of all the right, title and interest in relation to the mark JACOBSEN'S. It is not explained how this occurred or what the commercial or logical purpose of the acquisition was. Once again there is no documentary evidence of the transaction. It is striking that in respect of both transactions there is not one company document to support it, ie to show that it in fact occurred. It is alleged that once the first respondent became proprietor of the mark JACOBSEN'S it allowed JCFS to use the mark under licence. Once again there is no documentary evidence to support this allegation. It is not stated that the licence was oral or written and when, where and by whom the licence agreement was entered into. Finally there is no mention of what happened to Jacobsen's Publishers. The company clearly intended to continue to do business using the name JACOBSEN'S but there is no allegation that it was permitted to do so in terms of a licence or that it was threatened with legal proceedings if it continued to use the name JACOBSEN'S without a licence;
- (2) On the face of it it is highly improbable that Jacobsen's Publishers would dispose of this mark, which was clearly a valuable asset, for no consideration in terms of an oral agreement;

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- (3) It is highly improbable that Jacobsen's Publishers would dispose of the mark which it had used since 1966 and clearly intended to continue using;
- (4) It is highly improbable that Cargo Card (Pty) Ltd would dispose of the mark to the first respondent without consideration - yet none is alleged;
- (5) It is highly improbable that Cargo Card (Pty) Ltd would wish to acquire the mark - the acquisition of trade marks was not part of its business and the company never conducted any business;
- (6) The sequence of acquisitions, first by Cargo Card (Pty) Ltd and then by the first respondent, is highly improbable if not impossible. The first respondent was registered two days before Cargo Card (Pty) Ltd. There was therefore no need to assign the mark to Cargo Card (Pty) Ltd and then to the first respondent;
- (7) It is highly improbable that the first respondent would wait four years before seeking to register the mark if it had had commercial reasons for acquiring it. This delay is not explained;
- (8) If the first respondent had acquired the right, title and interest in relation to the mark JACOBSEN'S in 1994 in the manner in which King alleged, it is highly improbable that King, who represented the two companies at all relevant times, would fail to mention this when it was appropriate to do so. Yet -

- (i) on 5 February 2001 when King replied on behalf of JCFS to a letter of demand received from Werksmans Attorneys on behalf of the applicant, alleging infringement and passing-off by use of the mark JACOBSEN'S, King failed to mention that JCFS was using the mark under licence from the first respondent and that the first respondent had acquired the mark from Cargo Card (Pty) Ltd on 22 March 1994. Instead King simply alleged that JCFS had traded under its name since 1989 and had developed a trading identity entirely distinct from that of Jacobsen's Publishers. King also referred to the applicant's rights in respect of the mark and gave an undertaking on behalf of JCFS, both of which are inconsistent with the first respondent's allegation that it has all the right, title and interest in relation to the mark; and
- (ii) in the plea dated 17 January 2003 filed on behalf of JCFS in the passing-off action instituted against it by the applicant, JCFS did not allege how the first respondent had acquired the right, title and interest to the name JACOBSEN'S. It is simply alleged that it made use of the mark JACOBSEN'S with the permission of the first respondent. The substantive allegations raised by the first respondent in the present case are not set out.

[31] **The agreement with JCFS in September 1998**

King alleges that when approached by Neil Jacobsen in September 1998 to stop using the name JACOBSEN'S the request and the agreement related only to the deletion of the name JACOBSEN'S from the company's name and that Neil Jacobsen had no objection to the company continuing to do business under the name Jacobsen's Computer Freight Systems. He

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also alleges that he pointed out that the first respondent still had all the rights to the mark JACOBSEN'S.

[32] I agree with the applicant's counsel that these allegations are so far-fetched and clearly untenable that they should be rejected on the papers. My reasons are as follows -

- (1) It is common cause that Neil Jacobsen requested King to have the name JACOBSEN'S removed from JCFS's registered company name and that King agreed to do this and that the name was changed with effect from 17 November 1998;
- (2) In view of the reason for approaching King on behalf of JCFS it is highly improbable that Neil Jacobsen would insist on the company deleting the name JACOBSEN'S from its company name but agree to its trading under the name Jacobsen's Computer Freight Systems. This would have defeated the object of the change of the company's name;
- (3) In view of the warranties given by Neil Jacobsen to the applicant pertaining to the existence of the intellectual property rights and the rights of other persons in respect of the intellectual property it is highly improbable that he would have placed himself and the whole transaction at risk by agreeing to allow the use of the mark JACOBSEN'S in the business name of JCFS or at all;
- (4) King is demonstrably unreliable on the question of what was discussed about the rights to the mark;
- (5) King is demonstrably unreliable about the ancillary question of whether JCFS repaid Neil Jacobsen's loan or not.

[33] There was therefore neither a legal nor a factual basis for the alleged disposition of the mark JACOBSEN'S by Jacobsen's Publishers to Cargo Card (Pty) Ltd and by Cargo Card (Pty) Ltd to the first respondent.

[34] **Expungement in terms of [section 10\(3\)](#)**

[Section 10\(3\)](#) provides for the removal from the register of a mark in relation to which the applicant for registration has no bona fide claim to proprietorship. The criteria for deciding whether a claim is bona fide are the same under the Act and the old Act. These criteria were summarised by the Honourable WJ Trollip in his determination dated 31 May 1986 in *Moorgate Tobacco Co Ltd v Philip Morris Inc* at 58-60 as follows (his further observations are not relevant):

"The true meaning of [section 20\(1\)](#) has caused our courts some difficulty. See *Broadway Pen Corporation v Wechsler & Co (Pty) Ltd* [1963 \(4\) SA 434](#) (T) at 444; *Oils International (Pty) Ltd v Wm Penn Oils Ltd* [1965 \(3\) SA 64](#) (T) at p70-1, and on appeal, [1966 \(1\) SA 311](#) (A) at p317F-G; *P Lorillard Co v Rembrandt Tobacco Co (Overseas) Ltd* [1967 \(4\) SA 353](#) (T) at p356D-F. The effect of the relevant *dicta* in those decisions can be summarised thus. An applicant can rightly claim to be the common-law proprietor of the trade mark if he has originated, acquired or adopted it and has used it to the extent that it has gained the reputation as indicating that the goods in relation to which it is used are his. (See Chowles and Webster, *South African Law of Trade Marks*, 2 ed at p61). He can then claim to be registered as the statutory proprietor of the trade mark with all the benefits and rights conferred by our Act. But [section 20\(1\)](#) is not confined to that kind of applicant. It also applies to one that

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has originated, acquired or adopted the trade mark, but has heeded to not use it all, or to the requisite extent, provided he proposes to use it."

See *Victoria's Secret Inc v Edgars Stores Ltd* [1994 \(3\) SA 739](#) (A) at 744A-745B; *Tie Rack Plc v Tie Rack Stores (Pty) Ltd and another* [1989 \(4\) SA 427](#) (T) at 446E-I: *Webster & Page* paragraph 3.52.

[35] In *Victoria's Secret Inc v Edgars Stores Ltd* (*supra*) at 744D-745B the court considered the meaning of the words "claiming to be the proprietor of a trade mark" in [section 20](#) of the old Act and concluded that -

- (1) the words mean "asserting a claim to be the proprietor of a trade mark";
 - (2) the word "proprietor" is not used in the section in relation to a common-law right of property and that it does not import ownership of the mark as such;
 - (3) in [section 20](#) the word "proprietor" means "one who has the exclusive right and title to the use . of a thing";
 - (4) in terms of [section 20](#) one can claim to be the proprietor of a trade mark if one has appropriated (in the sense of "to take for one's own") a mark for use in relation to goods or services for the purpose stated in the definition of "trade mark", and so used it; and
 - (5) [section 20](#) 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.
- [36] To have a bona fide claim to proprietorship an applicant for registration of a mark in use must claim, in good faith, to be entitled to be registered as proprietor of the mark, and if the mark is not in use, the applicant can make such a claim if he has a sufficiently present and unconditional intention to use the mark - see *P Lorillard Co v Rembrandt Tobacco Co (Overseas) Ltd* [1967 \(4\) SA 353](#) (T) at 356F-G.

The same considerations apply under the Act. In terms of regulation 11 an application for registration must be made on form TM1 which contains the following certificate to be signed by the applicant -

"The applicant claims to be the proprietor of the accompanying trade mark which is proposed to be used or is being used in respect of the aforementioned specification of goods/services".

- [37] The first respondent does not claim to have originated or appropriated the mark JACOBSEN'S. The first respondent claims to have acquired it. To have a bona fide claim to proprietorship of the mark when it applied to register the trade mark in 1998, the first respondent would have had to establish that it had acquired the exclusive right or title to the use of the mark in relation to the goods or services in respect of which it sought registration and that it had so used it to the extent that the mark had gained a reputation as indicating that the goods or services in relation to which the mark was used were those of the first respondent. The first respondent has failed to establish these facts. On the contrary, it is clear that at all material times after the incorporation of Jacobsen's Publishers in 1966, Jacobsen's Publishers used the mark in relation to its business and its publications and that the applicant continued to do this after it acquired the business in October 1998. King, who represented the first respondent

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at all times, obviously knew this to be the position. The first respondent therefore could not claim in good faith to be registered as proprietor of the mark.

- [38] The applicant has therefore established that the first respondent had no *bona fide* claim to proprietorship for the marks when it applied for registration and the applicant is entitled to an order for the expungement of the marks. This conclusion makes it unnecessary to consider the other grounds for expungement save to say that in my view both have merit.
- [39] The first respondent did not object to the applicant's prayer for costs of two counsel which I am satisfied is warranted in the present case.
- [40] The following order is made:
- (1) The first respondent's application to file a fourth set of affidavits is refused;
 - (2) Trade mark number 1998/18119 JACOBSEN'S (Special Form) in class 35 and trade mark 1998/18120 JACOBSEN'S (Special Form) in class 36 are expunged from the register of trade marks;
 - (3) The first respondent is ordered to pay the costs of this application including the costs consequent upon the employment of two counsel.

For the applicant:

Spoor & Fisher

For the respondent:

Wertheim Becker Incorporated

Footnotes

- 1 Also reported at [\[1998\] 3 All SA 175](#) (A) - Ed.