

**Daimler Chrysler Aktiengesellschaft and another v Afinta Motor Corporation (Pty) Ltd
[2001] 2 All SA 219 (T)**

Division: Transvaal Provincial Division
Date: 28 March 2000
Case No: 5761/2000
Before: Southwood J
Sourced by: M Snyman and D Cloete
Summarised by: D Harris

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[1] *Intellectual property law - Trade marks - Infringement of - Requirements - Onus on complainant.*

[2] *Intellectual property rights - Unlawful competition - Application for interdict - Use of competitor's parts and components unfair.*

[3] *Trade and competition - Passing off - Inquiry into distinctiveness of complainant's product.*

Editor's Summary

In an urgent application, the Applicants sought interdicts preventing the Respondent from manufacturing, exhibiting, marketing, selling or offering for sale a bus similar to that of the Applicant, and an interdict prohibiting the Respondent from infringing the First Applicant's trade marks.

The dispute between the parties arose as a result of a taxi recapitalisation project. Both the Second Applicant and the Respondent submitted proposals for the supply of 18 seat buses and both were short-listed for the manufacture and supply of the buses to the taxi industry. As a result they were in direct competition with each other in the tender process. Upon realising that the Respondent's vehicle was similar to their own, the Applicants filed for the following relief: passing-off; unlawful competition; and trade mark infringement.

Held - (i) Passing-off

In support of this contention, the Applicants maintained that the Respondents' bus had a shape which was very similar to the shape of their own bus, and that by marketing or selling the Respondent's bus they would be passing-off that bus

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as the Applicant's product. In this regard, Applicants did not rely on a direct or express representation by Respondent that its bus was that of the Applicant. Instead, reliance was placed on an indirect representation in the form of similar appearance.

It was held that in the absence of direct evidence as to the reputation of a product and its consequent distinctiveness for the purposes of passing-off proceedings, the court is required to infer from the evidence relating to the use of the product that it has in fact become distinctive. The Court looked at the features common to all the Applicants' buses and found that they were indeed distinctive. The fact that the Respondent applied its own name and trade mark to the vehicle it manufactured, would not totally eliminate confusion between this vehicle and that of the Applicants. The Applicants were therefore entitled to relief on the basis of passing-off.

(ii) Unlawful competition

While competition between traders is encouraged, this may not occur in such a way as to interfere with the rights of competitors. To succeed in an action for unlawful competition, the Applicant had to establish all the requisites of aquilian liability, including proof that the Respondent had committed an unlawful act. The evidence and the Respondent's own admissions showed that it had produced its vehicle using the applicant's parts and design. This conduct was seen as unfair and resulted in a finding that the Applicants were also entitled to relief on the basis of unlawful competition.

(iii) Trade mark infringement

Under this heading, the Applicants based their argument on the use of its parts in the Respondent's bus. Most of these parts bore the Applicant's trade mark. This was said to constitute an infringement of [section 34\(1\)\(a\)](#) and [\(c\)](#) of the Trade Marks Act [194 of 1993](#). The Court set out the requirements to be established by the Applicant in discharging its onus in this regard. The Applicant was unsuccessful in its attempts to do this.

However, having proved passing-off and unlawful competition, they were granted the interdicts sought.

Notes

For Intellectual Property Law see *LAWSA Reissue* (Vol 20(1), paras 55 - 91)

Cases referred to in judgment

("C" means confirmed; "D" means distinguished; "F" means followed and "R" means reversed. **HN** refers to corresponding headnote number.)

South Africa

Adcock-Ingram Products Limited v Beecham SA (Pty) Limited [1977 \(4\) SA 434](#) (W)

Adidas Sportschuhfabriken Adi Dassler KG v Harry Walt & Co (Pty) Limited [1976 \(1\) SA 530](#) (T)

Berman Brothers (Pty) Limited v Sodastream Limited and another [1986 \(3\) SA 209](#) (A)

Cambridge Plan AG and another v Moore and others [1987 \(4\) SA 821](#) (D)

Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and others [1977 \(2\) SA 916](#) (A)

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Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd [\[1998\] 3 All SA 175](#) (A); [1998 \(3\) SA 938](#) (A)

Elida Gibbs (Pty) Ltd v Colgate Palmolive (Pty) Limited (1) [1988 \(2\) SA 350](#) (W)

Hollywood Curl (Pty) Limited and another v Twins Products (Pty) Limited (1) [1989 \(1\) SA 236](#) (A)

Long John International Limited v Stellenbosch Wine Trust (Pty) Limited and others [1990 \(4\) SA 136](#) (D)

Pepsico Inc and others v United Tobacco Co Limited [1988 \(2\) SA 334](#) (W)

Plascon-Evans Paints Limited v Van Riebeeck Paints (Pty) Limited [1984 \(3\) SA 623](#) (A)

Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd [1993 \(2\) SA 307](#) (A)

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

Weber-Stephen Products Co v Alrite Engineering (Pty) Limited [1992 \(2\) SA 489](#) (A)

Williams t/a Jenifer Williams & Associates v Life Line Southern Transvaal [1996 \(3\) SA 408](#) (A)

United Kingdom

Jarman and Platt Ltd v I Barget Ltd and others 1977 FSR 260 (CA)

John Haig & Co Limited v Forth Blending Co Ltd 70 (1953) RPC 259 (Court of Session)

Reckitt & Colman Products Ltd v Borden Inc and others 1990 RPC 341

T Oertli AG v EJ Bowman (London) Ltd 1957 RPC 388 (CA)

Judgment

SOUTHWOOD J: In this urgent application the applicants seek interdicts which will prevent the respondent from manufacturing, exhibiting, marketing, selling or offering for sale a bus which is deceptively similar to the applicant's Sprinter vehicle and an interdict prohibiting the respondent from infringing the first applicant's trade marks 1048/38/6 and 64/4160 in respect of a three-point star device. The applicants rely in the first instance on unlawful competition. They allege that by exhibiting, manufacturing, marketing, selling or offering for sale the bus in question (which I shall refer to as the "AMC bus") the respondent will be passing off the vehicle as that of the applicants. The applicants further allege that the conduct of the respondent is unlawful because of the way in which the respondent has manufactured the bus. The applicants also allege that the respondent's conduct is a contravention of section 9 of the Trade Practices Act, 76 of 1976 and/or [section 6](#) of the Merchandise Mark Act, [17 of 1941](#). The applicants rely in the second place on the provisions of the Trade Marks Act, [194 of 1993](#). They allege that the respondent is using the trade mark three-point star device without the authority of the applicants and that is a contravention of section 34(1)(a) and 34(1)(c) of the Trade Marks Act.

In the notice of motion the applicants seek final alternatively interim relief. In argument, Mr *Ginsburg*, on behalf of the applicant, submitted that there are no material disputes of fact on the papers and requested that final relief be granted. The principles set out in *Plascon-Evans Paints Limited v Van Riebeeck Paints (Pty) Limited* [1984 \(3\) SA 623](#) (A) at 634E-635C must be applied if there are disputes of fact on the affidavits. Neither side applied for any deponent to be called for cross-examination and neither side suggested that the evidence of any parties should be rejected on the papers.

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The first applicant is a German company. It and its predecessor-in-title, are and have been the designers, developers, and manufacturers of the internationally well-known range of Mercedes Benz vehicles. The first applicant is the successor-in-title to Daimler Benz AG which from about 1926 manufactured itself and through its licensees and subsidiaries in many countries of the world a wide range of vehicles of all descriptions under the trade mark Mercedes Benz and the three-pointed star device. The first applicant and its predecessor advertised and sold their vehicles throughout the world including South Africa. These vehicles included passenger cars and commercial vehicles of various types and descriptions.

The first applicant and Daimler Benz AG have conducted business in South Africa since 1954 when Daimler Benz AG opened an office in South Africa and commenced the sale and importation of Mercedes Benz vehicles into South Africa.

From 1966 Daimler Benz AG commenced acquiring shares in the company which is now known as Daimler Chrysler South Africa (Pty) Limited ie the second applicant. By 1998 Daimler Benz AG had acquired all the shares in

the second applicant.

Since 1967 the applicants have sold more than 434 064 Mercedes Benz vehicles in South Africa with a wholesale value of R35 billion. All these vehicles have displayed the three-point star trade mark. In addition these trade marks have been extensively advertised and promoted. As a result the trademarks have become well-known and are probably a household name today.

The first applicant is the proprietor in South Africa of trade mark numbers 1048/38/6 and 64/4160 and 778/57/6 in respect of the three-point star device and the words "Mercedes Benz". All are registered for goods in class 12 which includes motor vehicles.

The second applicant is a South African company. It is the wholly owned subsidiary of the first applicant and is the first applicant's licensee in South Africa in respect of the aforementioned trade marks. The second applicant has its head office in Pretoria but has its vehicle body and assembly plant for Mercedes Benz vehicles and the assembly of car engines and axles at East London.

The respondent is a South African company which manufactures and distributes commercial vehicles including buses under the trademark AMC. The respondent's principal place of business is at Edenvale, Gauteng. The respondent has been conducting business since 1994.

The dispute in this matter arose in relation to the Department of Trade and Industries' (DTI) taxi recapitalisation project and the proposals submitted by the second applicant and the respondent in response to the DTI's request for proposals to prospective suppliers of 18-seat and 35-seat passenger vehicles for the taxi industry. Both the second applicant and the respondent submitted proposals to the DTI for the supply of 18-seat vehicles. Both the second applicant and the respondent have been short-listed for the manufacture and supply of the 18-seat buses to the taxi industry. Eventually three proposers will be selected to manufacture and supply the 18-seater buses. The DTI will make the final selection on 1 April 2000. The applicants and the respondent are therefore in direct competition with each other in respect of the tender process, and will be, if successful in the tender process, in the supply of vehicles to the market. Selection as a supplier of the vehicles will be of significant commercial importance as large numbers of vehicles will be supplied.

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During late January 2000 the various proposers on the short-list exhibited their proposed vehicles at an exhibition staged at Kyalami. This was done in accordance with the proposal process for the purpose of evaluating the proposals. The applicants exhibited a Mercedes Benz Sprinter 18-seater bus and the respondent exhibited an 18-seater bus bearing the trademark AMC, the "AMC" bus.

The applicants' representatives were concerned about the appearance of the AMC bus. They thought that it was a modified Mercedes Benz Sprinter vehicle, or at least, that it had an external shape, design and general appearance comprising the design of and been substantially identical to a Sprinter vehicle.

There are no photographs in the record depicting the applicants' Sprinter bus. The respondent's AMC bus is depicted in two arrays of photographs, Annexure MB21(a) at page 114 to 116 of volume 1 of the record (which is the applicants' founding affidavit and annexures and the notice of set down) and Annexure E at page 372 to 375 of volume 2 of the record (which is respondent's answering affidavit and annexures).

The applicants immediately proceeded to address these concerns and sought legal advice about the legality or lawfulness of the respondent's conduct. Having received advice from their South African attorneys, Adams & Adams, and senior counsel that the respondent's vehicle was an infringement of their intellectual property rights they instructed Adams & Adams to address a letter of demand to the respondent. That letter sent on 11 February 2000 set out the applicants' concerns about the AMC bus and requested *inter alia* that the respondent undertake never in future to use, show, or display the vehicle for any commercial purpose whether in connection with the DTI tender or otherwise or to make, sell, or offer for sale that vehicle or any other vehicle which would be in conflict with the applicants' intellectual property rights.

On 14 February 2000 the respondent's attorney *Salomon-Lipshitz* replied to the letter of demand. *Salomon-Lipshitz* dealt with the applicant's concerns in the letter of demand and pointed out that the AMC bus was nothing more than a prototype of the respondent's proposed vehicle. *Salomon-Lipshitz* said that they were instructed to point out that the prototype displayed at the exhibition was just that and not the vehicle which ultimately will be manufactured and sold should their client's proposal be accepted and will not necessarily be identical to that prototype.

On 16 February 2000 Adams & Adams requested that Salomon Lipshitz give a specific and clear indication as to whether the vehicle that would be manufactured by the respondent in due course would be the same as or similar to the prototype ie whether the external design and appearance of the commercial vehicle manufactured and marketed by the respondent would be the same as the prototype. On 17 February 2000 *Salomon Lipshitz* confirmed that the final version of the eventual commercial bus to be manufactured and marketed by the respondent in relation to the prototype had not yet been finalised.

This equivocation continued after the application was launched. In the respondent's answering affidavit Mr Nicholls, the Managing Director of the respondent, says "It is important to note for the purposes of this application that the outer appearance of the design of any AMC bus which will ultimately be made available to the public has not yet been finalised. Insofar as the present application is founded on the applicant's concerns as to what may or may not occur when the AMC buses are eventually made available to the public, it is premature."

Despite this ostensible uncertainty about the outer appearance of the design of the AMC bus the respondent has strenuously resisted the relief sought by the applicants and filed a comprehensive answering affidavit and employed two counsel to put its case. In these circumstances it is probable that the respondent will manufacture and sell the AMC bus if no order is granted. If the respondent's conduct in manufacturing, marketing and selling the AMC bus is an infringement of the applicant's rights the applicants have a reasonable apprehension that it will continue.

Because of the haste with which this matter was prepared each set of affidavits was dealt with as a separate volume and appropriately paginated. The applicant's founding affidavit is contained in volume 1 pages 1 to 200. The respondent's answering affidavit is contained in volume 2 pages 1 to 389(a) and the applicant's replying affidavit is contained in volume 3 page 1 to 65.

The respondent's counsel sought to strike out certain passages in the applicants' affidavits. These are referred to in the respondent's answering affidavit and the respondent's notice of application to strike out dated 28 March 2000. The court ruled that the parties should deal with the question of striking out in the course of argument. In the event there was no more than a passing reference to the allegedly offending passages sought to be struck out. I intend to deal with the evidence taking into account the respondent's objections to that evidence. It is not necessary to strike out the passages as no prejudice can be suffered if the evidence is simply ignored where it clearly offends against the rules of evidence. For the most part the respondent seeks to strike out opinions which are not supported by facts or statements which are clearly hearsay. The notice of application to strike out was filed in volume 3 pages 66 to 70.

During argument Mr *Ginsburg* on behalf of the applicants sought an amendment to prayer 2 of the notice of motion dealing with passing-off by the insertion of two alternative prayers. This was opposed by Mr *Bowman* on behalf of the respondent who contended that the respondent would be prejudiced. This was disputed by Mr *Ginsburg*. He submitted that all the relevant issues have been canvassed in the affidavits and the two alternatives to prayer 2 simply take into account possible findings the court could make. No ruling was made on the question of the amendments during the hearing and it will be dealt with in this judgment.

I agree with Mr *Ginsburg* that the respondent cannot be prejudiced by the amendments sought. The alternative prayers merely make provision for the appropriate relief which should be granted if the applicants establish passing-off. No additional facts are relied upon and Mr *Bowman* did not suggest that the respondent would have to file any answering evidence to deal with the alternative relief. The amendments will therefore be allowed. (The two pages containing the two alternative prayers have been filed in volume 1 at 5(a) and 5(b).)

The applicants seek relief on the following grounds:

- (1) Passing-off;
- (2) Unlawful competition at common law;
- (3) Unlawful competition because of contravention of the Trade Practices Act and the Merchandise Marks Act; and
- (4) Trade Mark infringement.

(This is the applicants' terminology and I shall use the same terminology in this judgment.)

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At the conclusion of his argument Mr *Ginsburg* submitted that in the event of the court deciding to grant relief on the grounds of passing-off or common-law unlawful competition it would not be necessary for the court to deal with the alleged contravention of the two acts or the alleged trade mark infringement. Against that background I shall deal with the relief sought.

Passing-off

The applicants' case is that the respondent's AMC bus has a shape or configuration which is the same as or very similar to the shape or configuration of the applicant's Sprinter vehicle and that by marketing or selling the AMC bus the respondent will be passing-off the AMC bus as the applicant's product.

It is important to bear in mind that the applicants do not yet market and sell a Sprinter bus. The applicants have manufactured and exhibited a Sprinter bus but such reputation as the applicants have resides in the Sprinter vehicle. The applicants' Sprinter vehicle is a multi-purpose vehicle which is designed and made so that it can be used in a variety of configurations for a variety of purposes. In their marketing and advertising of the vehicle the applicants have emphasised the versatility of the vehicle. In the brochure entitled "Advantages" (volume 1 at 67 to 76 Annexure MB 7) the versatility of the vehicle is highlighted with reference to the wide variety of models, the different weights, the fact that the vehicle is sold with three different wheelbases, and various other features. The brochure states that one of the vehicle's qualities is its versatility whatever the version-chassis; chassis with crewcab; pickup; pickup with crewcab; panelvan; panelvan with high roof; crewbus or crewbus with high roof. The other marketing and advertising material bears out the claim of versatility. The applicants point out that a substantial number of the Sprinter vehicles sold in South Africa have been converted by Mercedes Benz dealers, or their customers, or body builders into taxis or buses. In support of this allegation the applicants have furnished photographs of vehicles which have been converted into buses. These photographs demonstrate that the conversions are not into a standard vehicle. All appear to be different.

This situation led the respondent to contend that the applicants could not show that their vehicle had become

distinctive, because, so I understood the argument, the Sprinter is in fact not one single vehicle but a multiplicity of vehicles and that the applicants appear to be claiming rights in respect of the appearance of buses which they did not make and in respect of which they disavow any liability.

In *Williams t/a Jenifer Williams & Associates v Life Line Southern Transvaal* [1996 \(3\) SA 408](#) (A) Corbett CJ set out the relevant principles governing passing-off as follows at 418D-H.

"Passing-off is a species of wrongful competition in trade or business. In its classic form it usually consists in A representing, either expressly or impliedly (but almost invariably by the latter means), that the goods or services marketed by him emanate in the course of business from B or that there is an association between such goods or services and the business conducted by B. Such conduct is treated by the law as being wrongful because it results, or is calculated to result, in the improper filching of another's trade and/or in an improper infringement of his goodwill and/or causing injury to that other's trade reputation. Such a representation may be made impliedly by A adopting

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a trade name or a get-up or mark for his goods which so resembles B's name or get-up or mark as to lead the public to be confused or to be deceived into thinking that A's goods or services emanate from B or that there is the association between them referred to above. Thus, in order to succeed in a passing-off action based upon an implied representation it is generally incumbent upon the plaintiff to establish, *inter alia*: firstly, that the name, get-up or mark used by him has become distinctive of his goods or services, in the sense that the public associate the name, get-up or mark with the goods or services marketed by him (this is often referred to as the acquisition of reputation); and, secondly, that the name, get-up or mark used by the defendant is such or is so used as to cause the public to be confused or deceived in the manner described above. These principles are trite and require no citation of authority."

See also *Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and others* [1977 \(2\) SA 916](#) (A) at 929C-D *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd* [1998 \(3\) SA 938](#) (A) at 947F-I.

In this case the applicants do not rely on a direct or express representation by the respondent that its AMC bus is the applicants' product or that it is associated with the applicants' product. The applicants rely on an indirect representation ie the use of an identical or similar get-up.

In *Adcock-Ingram Products Limited v Beecham SA (Pty) Limited* [1977 \(4\) SA 434](#) (W) at 436H-437 E the court explained the requirement of distinctiveness as follows.

"In the case of an indirect representation, the plaintiff must prove in the first instance that the defendant has used or is using in connection with his own goods a name, mark, sign or get-up which has become distinctive.

'... in the sense that by the use of (the plaintiff's) name or mark, etc., in relation to goods they are regarded by a substantial number of members of the public or in the trade, as coming from a particular source known or unknown ...'

(*Halsbury*, Laws of England 3rd ed vol 38 p 597). In other words, the plaintiff must prove that the feature of his product on which he relies has acquired a meaning or significance, so that it indicates a single source for goods on which that feature is used. In *T Oertli AG v EJ Bowman (London) Ltd* 1957 RPC 388 (CA) Jenkins L.J., put it this way at p 397:

'It is, of course, essential to the success of any claim in respect of passing-off based on the use of a given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by use in this country distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get-up will be understood by the trade and the public in this country as meaning that the goods are the plaintiff's goods.'

It is not necessary that the get-up as a whole should be distinctive, for a part of the get-up may be shown to be so identified with the plaintiff's goods that its use for similar goods is calculated to pass them off as his (Kerly, *Law of Trade Marks and Trade Names*, 10 ed p 423). So, in *John Haig & Co Limited v Forth Blending Co Ltd* 70 (1953) RPC 259 (Court of Session), it was said at p.262 that:

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'A container such as a bottle may be part of the get-up of goods of a trader if it is of a peculiar shape which catches the eye and it is retained in the memory of the ordinary purchaser, and it is associated in the mind of the purchasing public with the goods of that particular trader alone and of no other.'

In that case it was held that the peculiarly shaped three pinch decanter or 'dimple' bottle had become associated with the Dimple Haig Whisky blended and marketed by the petitioning company. Again, in *Coca-Cola Co v Barr AG and Co Ltd* 1961 RPC 387, it was considered that the petitioners had made out a *prima facie* case that their bottle (which had a waist, carried no label and had fluting) was distinctive of their product Coca-Cola."

In *Jarman and Platt Ltd v I Barget Ltd and others* 1977 FSR 260 (CA) at 271-272, distinctiveness was explained as follows:

"The plaintiff must show more than mere prior use by him of the particular get-up. He must show that the get-up has become in the mind of the public distinctive of one particular trader and no other trader; so that the get-up has come to mean, to the public, a product coming from a particular commercial source. They, the public, do not have to know the name of the trader. But it has to be shown that the product is, in the minds of individual members of the public who are buyers or potential buyers of the goods, the product of that manufacturer 'with whom I have become familiar'. That is the test. The property arising from that reputation must be actual, proven goodwill in the mind of the public towards the owner of the reputation. The ownership of that reputation must be proved."

In the absence of direct evidence as to the reputation of the get-up or feature and its consequent distinctiveness for the purposes of passing-off proceedings the court is required to infer from the evidence relating to the use of the get-up or feature that it has in fact become distinctive. See *Cambridge Plan AG and another v Moore and others* [1987 \(4\) SA 821](#) (D) at 837B-E. *Hollywood Curl (Pty) Limited and another v Twins Products (Pty) Limited* (1) [1989 \(1\) SA 236](#) (A) at 251D-E.

A case of passing-off may be made out based on the shape or configuration of the article concerned. See *Weber-Stephen Products Co v Alrite Engineering (Pty) Limited* [1992 \(2\) SA 489](#) (A) at 504F-505D and the unreported judgments in the lower courts of Van Zyl, J under case number 5757/87 TPD 21 January 1988 and Eloff, DJP under case number A979/88 TPD 23 March 1989, and *Reckitt & Colman Products Ltd v Borden Inc and others* 1990 RPC 341 at 425 line 9 to 426 line 20. The use of trade marks or other features may exclude the likelihood of deception or confusion arising from the use of a similar get-up or feature. See *Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd* [1993 \(2\) SA 307](#) (A) at 318G-H. But this will not necessarily follow from the use of different names. It will always be a factual question. See *Adidas Sportschuhfabriken Adi Dassler KG v Harry Walt & Co (Pty) Limited* [1976 \(1\) SA 530](#) (T) at 538F-539E and the judgment of Eloff, DJP in the *Weber-Stephen* case at 13 to 15. The likelihood of confusion or deception is a matter for the court to decide and must not be left for a witness. *Reckitt and Colman SA (Pty) Ltd v SC Johnson and Son SA (Pty) Ltd* (*supra*) at 315 D and the court must decide this issue taking into account the class of purchasers who are likely to be the purchasers of the goods in question. See *Reckitt & Colman SA (Pty) Ltd v SC Johnson and Son SA (Pty) Ltd* (*supra*) at 315F-G.

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The applicants clearly cannot rely on the shape or configuration of the Sprinter bus exhibited during January 2000. They have not marketed or sold that bus in South Africa. The applicants also cannot rely on the shape or configuration of the buses into which their Sprinter vehicles have been converted. As already mentioned these buses are not the applicants' products and do not have a standard shape or configuration.

What the undisputed evidence does show is the following. Since 1996 the applicants have been importing into South Africa, marketing and selling Sprinter vehicles in the panel van and cab chassis format. There has been extensive marketing and advertising of the Sprinter vehicles since then. The Sprinter vehicles have been sold throughout South Africa, and in particular the main centres, by the applicant's extensive dealer network. From a relatively modest beginning in 1996 the Sprinter vehicles sales now constitute about 25% of the market. The relevant figures are as follows. 1996 7,2%, 1997 22,8%, 1998 29,1%, 1999 26.3% and January 2000 22,2%. This translates into 4 455 vehicles sold in the form of vans and freight carriers. A substantial number of these vehicles have been converted into taxi's or buses. The numbers of vans and freight carriers sold is not disclosed in the papers.

The one common feature of all the Sprinter vehicles, whether in the original or converted form, is the cab. The applicants referred to this cab in their brochure, annexure MB7, as a "dynamically styled short-nosed cab". Whatever this means the cab is an important feature of all the Sprinter vehicles whatever their overall shape or configuration. From the front the cab's profile is rectangular with rounded edges and from the side the windscreen and bonnet are almost in a straight line with no break where they meet. Other important features are the relatively small wheels with low profile tyres. These features are in my view features which will make an impact on the mind and be retained in the memory. It can be inferred from the marketing and advertising of the Sprinter vehicles and the sales that these features will have made an impact on the minds of consumers and that they can be regarded as distinctive. The applicants allege, and it is not disputed, that the public and the market will have become used to seeing different functional body arrangements built onto the standard front cab chassis and wheel design. Although this is an inference which the applicants make and not an allegation of fact I agree that it is an inference which rests fairly on the facts.

This conclusion that the shape of the Sprinter vehicle has become distinctive is supported by a number of the witnesses called by the applicants who are very familiar with motor vehicles sold in this market. One of these witnesses, Phillip Palmer, states that the Sprinter has become well-known in the market and is very popular and that the outer design of the Sprinter vehicle is visually different from any other commercial vehicle of similar type in the market. He goes on to say that it is unique in its overall design especially with respect to the entire front end and that the shape is well-known and makes the vehicle immediately recognisable. He concludes by saying that this is what distinguishes the vehicle visually from other commercial vehicles of similar type in the market. This evidence is not disputed by the respondent. The respondent also does not dispute the evidence of other witnesses such as Nicholaas Vermeulen, who is very experienced in the field, that the Sprinter shape and design are unique and distinctive and have become well-known in South Africa.

I do not agree with the respondent's argument that the shape of the Sprinter is not capable of becoming distinctive because of the existence of other similarly

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shaped vehicles in the market. This argument is not supported by the facts. In the first place the vehicles referred to by the respondent are not all sold in South Africa and in the second place I regard the shapes of these vehicles as different from that of the Sprinter. Even the Iveco vehicle is different and will be perceived by the purchasers in the market to be different. The air intake on the bonnet is prominent and there is a clear break where the windscreen and bonnet meet. The differences will be seen immediately by the public and the relevant purchasers and in my view will clearly distinguish the cab of the Iveco from that of the Sprinter. At the very least, the shape of the Sprinter cab in combination with the relatively small wheels and profile of the wheels constitute features which will imprint themselves on the mind as the distinctive features of the Sprinter. And it is precisely these features

which the respondent has incorporated in the AMC bus. Although the AMC bus is wider than the Sprinter vehicle it retains the shape or configuration of the Sprinter cab and the wheel design.

This is not fortuitous. According to the undisputed evidence of Peter Koopman who is an expert on the technical aspects of the Sprinter vehicles the AMC bus is made up of Sprinter parts or replicas of them. This applies particularly to the front-end design and shape of the bonnet, the front fenders and the wrap-around headlights. He states unequivocally that the front-end of the AMC vehicle appears not to have been modified. Koopman also refers to the side of the vehicles and the design of the bus wheels with their relatively small diameters and low profile tyres. The respondent also pertinently admits having used Sprinter side panels in the construction of the bus and does not allege that these panels have been modified in any way or attempt to show how they would affect the appearance of the vehicle. As pointed out by the applicants in their replying affidavits with reference to a line drawing of the side view of a Sprinter vehicle, the side panel defines and comprises a substantial proportion of the external shape profile and get-up of Sprinter vehicles. This applies particularly to the cab. When the photographs of the AMC bus (Annexure AMC 18 volume 2 pages 372 to 375) are compared with the photographs of the Sprinter vehicle which has been converted into a bus (Annexure MB11 volume 1 pages 86 to 89) the similarity if not substantial identity of the front-end of the bus, ie the cab, and the wheel design is self-evident. If permitted to use these features the respondent will be able to represent to the relevant market that the AMC bus is associated or connected with the Sprinter vehicle.

Although the respondent applies its trade mark AMC and the words "AMC People Mover" to the bus this will not prevent deception or confusion arising especially where the vehicles are seen at a distance. According to Mr Nicholls the AMC bus will not be confused with the Mercedes Benz Sprinter because once a person is within 30 metres of the AMC bus, they will be able to read the AMC logo and the words "AMC People Mover". Even when these features become legible it is not clear that the people and the market will appreciate immediately that the vehicle is made by a different manufacturer from the Sprinter. It is by no means clear that the AMC trade mark is well-known and immediately recognisable in the relevant market. The Mercedes Benz name and trade marks clearly are. In my view the AMC bus would be perceived to be another horse from the same stable. See *Hollywood Curl (Pty) Limited and another v Twins Products (Pty) Limited (supra)* at 251G.

The applicants are therefore entitled to relief on the grounds of passing-off. The relief will be granted in terms of the appropriate alternative prayer modified slightly by me to properly define what is prohibited.

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Common-Law Unlawful Competition

The general principles of the law relating to unlawful competition were settled in *Schultz v Butt* [1986 \(3\) SA 667](#) (A) at 678A to 679F. These principles may be summarised as follows.

- (1) As a general rule, every person is entitled freely to carry on his trade or business in competition with his rivals. However, such competition must remain within lawful bounds. If it involves a wrongful interference with another's rights as a trader, it will be unlawful and will constitute an injury for which the Aquilian action will lie if it directly results in loss.
- (2) In order to succeed in an action based on unlawful competition, the plaintiff must establish all the requisites of Aquilian liability, including proof that the defendant has committed an unlawful act.
- (3) Unlawful acts are not limited to acts which fall into a category of clearly recognised illegality, such as trading in contravention of an express statutory prohibition; the making of fraudulent misrepresentations by a rival trader as to his own goods; the passing-off by a rival trader of his goods or business as being that of his competitor; the publication by a rival trader of injurious falsehoods concerning his competitor's business; and the employment of physical assaults and intimidation designed to prevent a competitor from pursuing his trade.
- (4) The lawfulness or unlawfulness of an act of competition may be determined by the application of certain criteria which include fairness and honesty in competition (which requires that regard be had to *boni mores* and the general sense of justice in the community) and questions of public policy which may be of importance in a particular case, such as the importance of the free market and of competition in our economic system.

Since the applicants seek an interdict in the present case they need only establish that the respondent is acting unlawfully *vis-à-vis* them. See *Elida Gibbs (Pty) Ltd v Colgate Palmolive (Pty) Limited (1)* [1988 \(2\) SA 350](#) (W) at 355E-H; *Pepsico Inc and others v United Tobacco Co Limited* [1988 \(2\) SA 334](#) (W) at 337H-338A, *Long John International Limited v Stellenbosch Wine Trust (Pty) Limited and others* [1990 \(4\) SA 136](#) (D) at 143G-I.

In the present case the respondent concedes that it has made use of Mercedes Benz Sprinter parts, including body parts, to create its AMC bus. The result is a Sprinter look-alike vehicle particularly with regard to the front portion or cab and the wheel design. The close similarity between the Mercedes Benz Sprinter and the AMC bus was noted immediately by the various experts who saw the AMC bus at the Kyalami Exhibition. The applicants obviously spent time and money on designing their Sprinter vehicle and they have obviously spent time and money in developing the market for the vehicle. Part of the vehicle's appeal lies in the shape or configuration of the vehicle. Although he talks vaguely about the design and other criteria which the respondent was obliged to meet the respondent's deponent Mr Nicholls furnishes no detail at all about how the respondent designed the exterior of their AMC bus. With regard to the sloping front design of the bus ie the cab section, he contends that this is used by most manufacturers of vehicles within this category and is the result of wind tunnel evaluations of the drag coefficient. He also alleges that modern computerised evaluation processes have led to the fundamental designs of vehicles being almost identical and that for this type of vehicle there is only one shape which

the front of the vehicle can take if one wishes to optimise the aerodynamics of the vehicle. He also deals with certain other details of the AMC bus. It is striking that Mr Nicholls does not deal with any wind tunnel or computerised evaluation process followed by the respondent in order to arrive at the shape of the AMC bus and in particular its front end or cab and the wheel design. It therefore must be accepted that the applicant's work and effort in creating its Sprinter vehicles has not been matched by the respondent. In fact the overwhelming probability is that the respondent has simply used the applicants' own Mercedes Benz Sprinter body parts, modified where necessary - although very little - in order to create the AMC bus. This is the most probable conclusion on the facts whether or not it is stated by the witnesses.

In my opinion this conduct is not fair as between two competing motor vehicle manufacturers and should not be countenanced. Such conduct offends against the general sense of justice in the community and the *boni mores*. With regard to the ethics of the respondent's conduct Nicolaas Vermeulen's undisputed evidence is significant. According to Vermeulen:

"The replicating or copying of vehicle designs by manufacturers - particularly in so a obvious manner - is a practice that does not happen in South Africa. Moreover, it is a practice that is not in the interest of the South African automobile industry. Most vehicle manufacturers pride themselves on their vehicle's designs which can often have much goodwill. Misappropriating the goodwill in a vehicle's design is not considered, in my experience and to my knowledge, ethically or morally acceptable in this country."

Mr *Bowman* argued that all the parts used by the respondent were legitimately purchased by the respondent in the ordinary course of business. In some cases they are parts which the applicants themselves market and distribute. In my view this does not assist the respondent. The applicants do not make these parts available to the market to enable the purchasers to make up replicas of the applicants' Sprinter vehicles and sell them in competition with the applicants' vehicles. They are clearly intended to be used for the maintenance and repair of Sprinter vehicles. That is also how the market would understand the position.

The applicants have therefore made out a case based on unlawful competition and are entitled to relief on that ground. The relief will be limited to the AMC bus as this is the only vehicle in respect of which the applicants have made out a case.

Strictly speaking the conclusions relating to passing-off and common-law unlawful competition render it unnecessary to deal with alleged unlawful competition based on the contravention of statutes. However, since these matters were dealt with in the heads of argument filed by the parties I shall briefly record my views.

Unlawful Competition Contravention of Statutes

The applicants' case is that by applying its trade mark AMC to the AMC bus displayed at the Kyalami Exhibition the respondent contravened section 9(b) of the Trade Practices Act and section 6(1) of the Merchandise Marks Act.

Section 9(b) of the Trade Practices Act reads as follows:

"No person shall,

- (b) in connection with the sale or leasing of goods, directly or indirectly make any statement or communication or give any description or indication

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which is false or misleading in material respects in respect of the nature, properties, advantages or uses of such goods or in respect of the manner in, conditions on or prices at which such goods may be purchased, leased or otherwise acquired."

In terms of section 6(1) of the Merchandise Marks Act:

"Any person who applies a false trade description to goods shall be guilty of an offence."

In terms of section 1 of the Act, a "false trade description" means any trade description which is false in a material respect as regards the goods to which it is applied, and "trade description" means *inter alia* any direct or indirect indication as to the name of the manufacturer or producer of any goods.

The applicants contend that because a not insignificant proportion of the respondent's vehicle consists of Mercedes Benz parts the application of the trade mark AMC to the vehicle is misleading. I do not agree. Firstly, the trade mark AMC is nothing more than that. It is not a statement, communication or statement regarding the nature or properties of the goods for the purposes of section 9 of the Trade Practices Act or a false trade description for the purposes of section 6 of the Merchandise Marks Act. Secondly the trade mark AMC correctly designates the product created by the respondent and not its constituent parts. The applicants have therefore not shown that they are entitled to relief on this ground.

Trade Mark Infringement

This cause of action is based on the fact that the respondent has used a number of Mercedes Benz parts or components in the AMC bus. These include parts such as the radiator, the engine air intake, the bonnet catch, the windscreen washer reservoir, the hydraulic oil reservoir and the brake booster. Most of these parts bear the first applicant's three cornered star device trade mark. The applicants contend that the use of these parts bearing the trade mark constitutes infringement in terms of section 34(1)(a) and section 34(1)(c) of the Trade Marks Act.

Section 34(1)(a) reads as follows.

"The rights acquired by registration of a trade mark are 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."

In order to establish infringement in terms of this subsection the onus is on the applicant to establish:

- (a) use of a mark that is identical to or so nearly resembles the registered trademark as to be likely to deceive or cause confusion.
- (b) that the use is in the course of trade in relation to goods in respect of which the trade mark is registered; and
- (c) that the use is unauthorised.

Despite the fact that the trade mark is imprinted on the various parts or components the applicants contend that the respondent is using the trade mark in

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relation to motor vehicles which is clearly not authorised and therefore an infringement. For this argument the applicants rely on the following statement in *Berman Brothers (Pty) Limited v Soda stream Limited and another 1986 (3) SA 209* (A) at 233H.

"Where the same word constitutes the trade mark under more than one registration, each in respect of a separate class of goods, and this word is used upon an article which comprehends elements which fall within more than one of these classes of goods, the test as to which of the registered trade marks is so used should, in my view, be an objective one. The Court must ask itself: having regard to all the circumstances, to what would the ordinary reasonable consumer of the article regard the mark as referring?"

All the first applicant's trade marks are registered in class 12 and it is therefore not clear that this statement is applicable on the facts. Nevertheless and for purposes of this judgment it will be accepted that it is applicable. In my view the answer is clear. The ordinary reasonable purchaser on opening the bonnet of the AMC bus and looking at the various parts and components used which bear the Mercedes Benz trade mark would conclude that the trade mark is used in relation to the parts or components and not in relation to the vehicle itself. The applicants have therefore not established infringement in terms of section 34(1)(a) of the Trade Marks Act.

In terms of section 34(1)(c) of the Trade Marks Act the rights acquired by registration of a trade mark are infringed by "unauthorized 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 be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception."

In order to establish infringement in terms of this subsection the onus is on the applicant to establish:

- (a) use of a trade mark which is identical or similar to a trade mark registered;
- (b) that the use is in the course of trade in relation to any goods;
- (c) that the use is unauthorised;
- (d) that the registered trade mark is well-known in the Republic;
- (e) that the use of the trade mark would be likely to take unfair advantage of, or be detrimental to the distinctive character or the repute of the registered trade mark.

Having decided that the trade marks on the parts or components are used on the parts or components and not in relation to the vehicle the applicants cannot establish this ground of infringement. Such use is clearly authorised by the applicants. The applicants have therefore not established infringement in terms of section 34(1)(c) of the Act.

The applicants have therefore proved their case based on passing-off and common-law unlawful competition and they are entitled to appropriate relief on these grounds. They are also entitled to the costs of the application which shall include the costs of two counsel. Both sides were represented by two counsel and there was no suggestion that the costs of two counsel were not warranted. In my view they were.

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Finally I would record that had I not granted final relief I would have been prepared to grant interim relief in the same terms. The applicant's rights have been established on at least a *prima facie* basis and the balance of convenience is overwhelmingly in favour of the applicants. The respondent has spent little or no time, effort, and money on the exterior design of the AMC bus. The respondent apparently is not wedded to the exterior design and ostensibly has no fixed intention to make a bus with the shape and configuration depicted in the photographs (Annexure MB21 A and Annexure E to the respective affidavits). The respondent clearly has a vehicle which it wishes to use for the tender and can change the appearance at will. There is therefore no prejudice if the respondent is interdicted from using the shape or configuration depicted. As against that the applicants have established a reputation in respect of their vehicle and this will be diluted or destroyed by the respondent's look-alike vehicle. Further factors are the applicant's undertaking to be liable for damages and costs if the respondent suffers loss or damage as a result of an interim order.

I make the following orders:

1. The respondent is interdicted from manufacturing, exhibiting for commercial purposes, marketing, offering for sale and/or selling the AMC bus which is depicted in Annexure MB21 A to the founding affidavit of Jeffrey du Plessis or any other vehicle which is likely to deceive or cause confusion due to its similarity with the

appearance of the cab and nose front portion of the applicant's panelvan which is depicted in Annexure MB7 at page 69 of the founding affidavit of Jeffrey Du Plessis.

2. The respondent is interdicted from competing unlawfully with the applicants at common law by manufacturing, exhibiting for commercial purposes, marketing, offering for sale and/or selling the vehicle illustrated in Annexure MB21A to the founding affidavit of Jeffrey du Plessis.
3. The respondent is ordered to pay the applicants' costs of this application such costs to include the costs consequent upon the employment of two counsel.

For the first applicant:

P Ginsburg SC and O Salmon instructed by Adams & Adams, Pretoria

For the respondent:

LG Bowman SC and B du Plessis instructed by Shapiro & De Meyer Incorporated, Pretoria.

Footnotes

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