

**Nino's Coffee Bar & Restaurant CC v Nino's Italian Coffee & Sandwich Bar CC and another
[1998] 3 All SA 527 (C)**

Division: Cape of Good Hope Provincial Division
Date: 8 April 1998
Case No: 7405/97 and 10660/97
Before: Rose-Innes AJ
Sourced by: G Josman; ML Sher and AD Maher
Parallel Citation: [1998 \(3\) SA 656](#) (C)

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

Sale of business - Goodwill - The legal position with regard to the sale of goodwill and name of a business is clear - In the absence of any term to the contrary a sale and transfer of goodwill confers upon the transferee the exclusive right to carry on the business transferred and the exclusive right to represent himself as carrying on such business - It also confers upon him the exclusive right to use the name under which the business has been conducted.

Trade and competition - Passing off - Requirements - (i) Applicant had acquired a reputation or goodwill in the sense that the name, get-up or mark used by it had become distinctive of the goods or services by virtue of the fact that the public associates the name,

Page 528 of [1998] 3 All SA 527 (C)

get-up or mark with the goods or services provided - (ii) Respondent was by the name, get-up or mark used by him expressly or impliedly misleading the public into thinking that the goods or services are those of the Applicant or that there is an association between them - (iii) Such conduct results, or is calculated to result, in damage to the Applicant as a consequence of the infringement of his goodwill, reputation or trade.

Trade and competition - Passing off - Unlawful competition - Test for passing off - Whether there was a reasonable likelihood that ordinary members of the public may be confused or deceived into believing that the business of the alleged wrong-doer was connected to that of the aggrieved party - Court held that passing-off was a form of wrongful competition - It is unlawful because it results or is calculated to result in the improper filching of another's trade, an improper infringement of his goodwill and/or because it may cause injury to that other's trade reputation.

Trademark - infringement - Defences to - Trade Marks Act 194 of 1993 - [Section 34\(2\)\(a\)](#) provides that a registered trade mark is not infringed by "any bona fide use by a person of his own name, the name of his place of business, the name of any of his predecessors in business, or the name of any such predecessor's place of business" - In order to succeed with this defence it must be established that the Applicant was using its own name, the name of its place of business, the name of a predecessor or the predecessor's place of business, that such use is bona fide and that it is consistent with fair practice - [Section 34\(2\)\(a\)](#) seeks to protect the use by a person of his own name - What is generally required however is the use of the full name - The use of a surname does not suffice.

Trademark - Trade Marks Act 194 of 1993 - [Section 36\(1\)](#) - Purpose of this section is to prevent a proprietor of a trade mark from exercising his rights merely on the basis of priority of registration and it preserves whatever common-law rights there may be antecedent to the rights of the registered proprietor - The Applicant could only rely on this section if it has made continuous and bona fide use of the trade mark from a date earlier than the use of the trade mark by the proprietor or his predecessor in title or from a date prior to the registration of the trade mark in the name of the proprietor or his predecessor in title, whichever is the earlier.

Editor's Summary

Two consolidated applications raised issues relating to an alleged passing off and an alleged trade mark infringement. The essential dispute between the parties concerned the right to use the name "Nino" or "Nino's" in the course of business in Cape Town and its surrounding areas. A member of the Applicant ("Zanasi") had previously owned a coffee shop by the name of "Nino Coffee and Sandwich Bar" ("the coffee shop") which was situated in Braamfontein and which he sold to a member of the First Respondent ("Korkorris"). Thereafter the Applicant opened two restaurants in the Cape Town area using the name Nino Coffee Bar & Restaurant. The First Respondent had, after its acquisition of the coffee shop from the Applicant, carried on business as a franchisor of coffee bars under the name "Nino's Italian Coffee and Sandwich Bar". The First Respondent's principle place of business was in Johannesburg, with coffee bars predominantly situated in Gauteng and two being situated in Cavendish Square and Claremont in the Western Cape. The First Respondent was also a franchisor of coffee bars under the name "Nino's Internet Cafe" and the proprietor, in South Africa, of a registered trade mark in respect of Nino's Italian Coffee and Sandwich Bar ("the trade mark"). This was the trade mark under which it had always conducted its franchise business.

On 30 May 1997 the Applicant brought an application ("the first application") as a matter of urgency for an order interdicting and restraining the First

and Second Respondents from utilising the name "Nino" or any derivative thereof as a trading name or in order to describe any restaurant, coffee shop or similar business conducted by them within 40 kilometres of the centre of the city of Cape Town. The basis of the action was that the operation of Nino's Cavendish Square and Nino's Internet Café amounted to passing-off and unlawful competition. The Applicant initially sought an interim interdict pending the institution of an action wherein a final interdict was to be sought and pending an application to be instituted by the Applicant with the Registrar of Trade Marks for the registration of the trade name "Nino's" in the Western Cape.

On 6 August 1997 the First Respondent brought an application ("the second application") as a matter of urgency for an interim interdict, pending the final determination of this application, interdicting and restraining the Applicant from infringing the first Applicant's trade mark by using the trade mark "Nino" in Camps Bay.

Held - The first application: The alleged passing off

The Applicant had sought a final interdict. In order to succeed, the Applicant had to prove: (i) a clear right that had been infringed; (ii) an injury actually committed or reasonably apprehended; and (iii) the absence of any other adequate remedy. The Applicant's interdict was based on the contention that the Respondent's conduct amounted to a wrongful passing-off.

In terms of the case law the test for passing off was whether there was a reasonable likelihood that ordinary members of the public may be confused or deceived into believing that the business of the alleged wrong-doer was connected to that of the aggrieved party. The Court held that passing-off was a form of wrongful competition. It is unlawful because it results or is calculated to result in the improper filching of another's trade, an improper infringement of his goodwill and/or because it may cause injury to that other's trade reputation. *In casu* the fact that the First Respondent was the proprietor of the trade mark did not in itself provide a defence to a passing-off action.

In order to succeed with a claim based on an unlawful passing-off the Applicant had to establish that: (i) It had acquired a reputation or goodwill in the sense that the name, get-up or mark used by it had become distinctive of the goods or services by virtue of the fact that the public associates the name, get-up or mark with the goods or services supplied; (ii) that the First Respondent was by the name, get-up or mark used by him, expressly or impliedly, misleading the public into thinking, that the goods or services are those of the Applicant or that there is an association between them; and (iii) such conduct resulted, or was calculated to result in damage to the Applicant as a consequence of the infringement of his goodwill, reputation or trade. *In casu* the Applicant accepted that the First Respondent did have an established reputation and goodwill but disputed that this extended to Cape Town and its neighbouring suburbs.

The sale of the Braamfontein Nino's Coffee and Sandwich Bar and its consequences

In terms of the written contract of sale the business was defined as a business conducted as a going concern under the name of Nino's Coffee and Sandwich Bar, and it included, *inter alia*, the goodwill and the name thereof. What was sold therefore was the business, goodwill and name. Goodwill is an incorporeal movable property and is capable of being sold.

The legal position with regard to the sale of the goodwill and name of a business is clear. In the absence of any term to the contrary a sale and transfer of goodwill confers upon the transferee the exclusive right to carry on the business transferred and the exclusive right to represent himself as carrying on such

Page 530 of [1998] 3 All SA 527 (C)

business. It also confers upon him the exclusive right to use the name under which the business had been conducted. In the present case both the goodwill and the name itself were sold and there was no term in the contract of sale which reserved to the seller the right to continue to use the name. The seller was, in the absence of a contractual restraint to the contrary, entitled lawfully to compete in the same business as the purchaser under a name other than the one that he has disposed of.

The effect of the sale by Zanasi to Korkorris was to confer upon the latter the exclusive right to carry on the business and to use the name Nino's Coffee and Sandwich Bar.

The Respondents' use of the name Nino was lawful. In the circumstances the conduct of the Respondents did not amount to an unlawful passing-off, even though there may have been some confusion between the businesses in the eyes of the public. The Respondents were also not competing with the Applicant unlawfully. The Court held that a further reason for the failure of the first application was that the Applicant had not established that the Respondents' conduct had resulted or was likely to result in any harm to it. With respect to the Applicant's contention that the public had confused the Respondents' businesses with that of the Applicant, the Court held that confusion *per se* does not give rise to an action for passing off. In the circumstances the Applicant had failed to establish actual harm or a reasonable apprehension thereof which justifies the grant of a final interdict.

The second application: the alleged trade mark infringement

The First Respondent was, subsequent its acquisition of the coffee shop from the Applicant, the proprietor in South Africa of a registered trade mark in respect of Nino's Italian Coffee and Sandwich Bar.

The Applicant had been aware that the First Respondent was the proprietor of the trade mark when it instituted the first application on 30 May 1997 and when it opened Nino Camps Bay on 6 August 1997.

The Trade Marks Act [194 of 1993](#) ("the Act") does not expressly provide that a registered proprietor of a trade mark is entitled to the exclusive use of the mark. [Section 34](#) of the Act sets out the circumstances in which the rights

acquired by registration of a trade mark may be infringed. In so doing it impliedly confers upon the proprietor the exclusive right to use the mark in relation to the goods or services in respect of which it is registered. The trade mark in the instant case confers upon the First Respondent the exclusive right to use the mark throughout the whole of South Africa in relation to, *inter alia*, restaurant and café services.

It was common cause that the use of the name Nino by the Applicant in the course of its trade in relation to Nino Camps Bay was unauthorised. It was also common cause that the name Nino so nearly resembled the First Respondent's mark as to be likely to cause confusion. The First Respondent had established *prima facie* an infringement by the Applicant in terms of [section 34\(1\)\(a\)](#) of the Act.

The [section 34\(2\)\(a\)](#) defence

[Section 34\(2\)\(a\)](#) of the Act provides that a registered trade mark is not infringed by "any *bona fide* use by a person of his own name, the name of his place of business, the name of any of his predecessors in business, or the name of any such predecessor's place of business."

This section is subject to two provisos. Firstly it does not apply to the name of any juristic person whose name was registered after the date of registration of the trade mark. This proviso does not apply in the instant case as the Applicant's trade name was registered before the date of registration of the trade mark. The second proviso is that such use must be "consistent with fair practice". In order

Page 531 of [1998] 3 All SA 527 (C)

to succeed with this defence it must be established that: (i) the Applicant was using its own name, the name of its place of business, the name of a predecessor or the predecessor's place of business, (ii) that such use is *bona fide* and (iii) that it is consistent with fair practice.

The Applicant contended that it was using its own name. [Section 34\(2\)\(a\)](#) seeks to protect the use by a person of his own name. This section would extend to the use by a company or close corporation of its registered name. What is generally required is the use of the full name. The use of a surname does not suffice. In the instant case the Applicant was not using its full name but a nickname. The Applicant was therefore not using its own name as contemplated by [section 34\(2\)\(a\)](#) and the first requirement was not met.

The Court further held that the Applicant's use of the name Nino was not *bona fide* within the meaning contemplated by the section. *Bona fide* use in [section 34\(2\)\(a\)](#) means ". the honest use by the person of his own name without any intention to make use of the goodwill which has been acquired by another trader".

In casu the Applicant decided to open Nino Camps Bay with full knowledge of the First Respondent's rights in respect of the trade mark and its use of the name Nino in its franchise business. The Applicant was aware of the First Respondent's opposition to its use of the name in Camps Bay. For the reasons set out above the Court did not regard the Applicants use of the name Nino as being consistent with fair practice as contemplated by the second proviso to [section 34\(2\)\(a\)](#).

The [section 36\(1\)](#) defence:

The underlying purpose of this section is to prevent a proprietor of a trade mark from exercising his rights merely on the basis of priority of registration and it preserves whatever common-law rights there may be antecedent to the rights of the registered proprietor.

The Applicant could only rely on this section if it had made continuous and *bona fide* use of the trade mark from a date earlier than the use of the trade mark by the proprietor or his predecessor in title or from a date prior to the registration of the trade mark in the name of the proprietor or his predecessor in title, whichever is the earlier. *In casu* the First Respondent and its predecessor in title made use of the trade mark prior to the registration thereof and the relevant date was determined by such use. The Applicant was unable to establish its prior use as required by the section.

The Court granted the second application and held that the Respondents were entitled to confirmation of the rule *nisi* and to the interdict sought.

Notes

For Trade Marks, see LAWSA (Vol 29, paragraphs 1-276)

For Competition, see LAWSA Re-issue (Vol 2, paragraphs 376-412)

Cases referred to in judgment

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

South Africa

Ashby and another v Fernandes [1959 \(3\) SA 770](#) (W)

Borstlap v Spangenberg en andere [1974 \(3\) SA 695](#) (A)

Page 532 of [1998] 3 All SA 527 (C)

Brian Boswell Circus (Pty) Ltd and another v Boswell-Wilkie Circus (Pty) Ltd [1985 \(4\) SA 466](#) (A) - F

Burnkloof Caterers (Pty) Ltd v Horseshoe Caterers (Green Point) (Pty) Ltd [1974 \(2\) SA 125](#) (C)
Capital Estate and General Agencies (Pty) Ltd and others v Holiday Inns Inc and others [1977 \(2\) SA 916](#) (A)
Glenton and Mitchell v Ceylon Tea Co 1918 WLD 118
Hoechst Pharmaceuticals (Pty) Ltd v The Beauty Box (Pty) Ltd (in liquidation) and another [1987 \(2\) SA 600](#) (A)
J Goddard & Sons v RS Goddard & J Mentz & Co 1924 TPD 290
John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd [1977 \(3\) SA 144](#) (T)
Kellogg Co and another v Bokomo Co-operative Ltd [1997 \(2\) SA 725](#) (C)
Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd [1984 \(3\) SA 623](#) (A)
Policansky Bros Ltd v L & H Policansky 1935 AD 89 - F
Policansky Bros v Hermann and Canard 1910 TPD 1265
PPI Makelaars and another v Professional Provident Society of South Africa [\[1997\] 4 All SA 444](#) (A); [1998 \(1\) SA 595](#) (A)
RJ Reuter Co Ltd v Fred Mulhens [\[1953\] 2 All ER 1160](#) (CA)
Shalom Investments (Pty) Ltd and others v Dan River Mills Inc [1971 \(1\) SA 689](#) (A)
Solmike (Pty) Ltd t/a Skipper's Cabin v West Street Trading Co (Pty) Ltd t/a Skipper Bar [1981 \(4\) SA 706](#) (D)
Torf's Estate v Minister of Finance [1948 \(2\) SA 283](#) (N)
Williams t/a Williams & Associates and another v Life Line Southern Transvaal [1996 \(3\) SA 408](#) (A)

United Kingdom

Anna Trego and William Wilson Smith v George Stratford Hunt [1896] AC 7 (HL)
Benz et Cie (1913) 30 RPC 177
Burchell v Wilde [1900] 1 Ch 551 (CA)
Chelsea Man Menswear Ltd v Chelsea Girl Ltd and another [1987] RPC 189 (CA)
Parker-Knoll Ltd v Knoll International Ltd [1962] RPC 265 (HL)
The Clock Ltd v The Clock House Hotel Ltd (1936) 53 RPC 269
The Commissioners for Inland Revenue v Muller & Co's Margarine Ltd [1901] AC 217

[View Parallel Citation](#)

Judgment

ROSE-INNES AJ

The parties

[1] The parties in this matter are involved in the restaurant and coffee bar business. The two applications, which have been consolidated, raise issues relating to an alleged passing off and an alleged trade mark infringement. The essential dispute concerns the right to use the name "Nino" or "Nino's" in the course of business in Cape Town and its environs.

[2] The applicant in case number 7405/97 is Nino Coffee Bar and Restaurant CC (it is incorrectly cited in that matter as Nino's Coffee Bar and Restaurant CC), the first respondent is Nino's Italian Coffee and Sandwich Bar CC and the

Page 533 of [1998] 3 All SA 527 (C)

second respondent is Christine Shields trading as Nino's Internet Café. This application will be referred to as "the first application". In case number 10660/97 the applicant is Nino's Italian Coffee and Sandwich Bar CC (the first respondent in the first application)

[View Parallel Citation](#)

and the respondent is Nino Coffee Bar and Restaurant CC (the applicant in the first application). This application will be referred to as "the second application". In this judgment the parties will be referred to as in the first application.

[3] The applicant operates a restaurant at 52 Shortmarket Street, adjacent to Greenmarket Square, in the centre of Cape Town under the name "Nino". It has recently opened a further restaurant at Brighton Court, Camps Bay, under the same name. The first respondent, whose principal place of business is in Johannesburg, carries on the business of a franchisor of coffee bars under the name "Nino's Italian Coffee and Sandwich Bar". These coffee bars are predominantly located in Gauteng but two are situated in the Western Cape, one in Stellenbosch and the other in the Cavendish Square shopping centre in Claremont. The first respondent is also the franchisor of coffee bars under the name "Nino's Internet Café" which are situated within the premises of a national chain of computer stores known as The Incredible Connection. The second respondent is the franchisee of a Nino's Internet Café,

which operates from the premises of The Incredible Connection, situated in Oswald Pirow Drive on the Cape Town foreshore.

[4] To distinguish between these various restaurants and coffee bars they will be referred to respectively as "Nino Greenmarket Square", "Nino Camps Bay", "Nino's Cavendish Square", "Nino's Stellenbosch" and "Nino's Internet Café Foreshore". The chain of coffee bars franchised by the first respondent will be referred to generally as "Nino's Italian Coffee and Sandwich Bars" and "Nino's Internet Cafes".

[5] The first respondent is the proprietor in South Africa of a registered trade mark in respect of Nino's Italian Coffee and Sandwich Bar ("the trade mark"). This is the mark under which it conducts its franchise business.

The prior proceedings

[6] On 30 May 1997 the applicant brought the first application as a matter of urgency for an order interdicting and restraining the first and second respondents from utilising the name "Nino" or any derivative thereof as a trading name or in order to describe any restaurant, coffee shop or similar business conducted by them within 40 kilometres of the centre of the city of Cape Town. The cause of action relied on was that the operation of Nino's Cavendish Square and Nino's Internet Café Foreshore amounted to passing-off and unlawful competition. The applicant initially sought an interim interdict pending the institution of an action wherein a final interdict was to be sought and pending an application to be instituted by the applicant with the Registrar of Trade Marks for the registration of the trade name "Nino's" in the Western Cape.

[7] The franchisee of Nino's Cavendish Square was not joined as a party in the first application, despite it having a clear interest in those proceedings. Although no point of non-joinder was taken I raised this

[View Parallel Citation](#)

aspect during the hearing of oral evidence. An undertaking was given by the first respondent that it would ensure

Page 534 of [1998] 3 All SA 527 (C)

that the franchisee would comply with any order that might be binding on it. Two persons having an interest in the franchisee in fact testified on behalf of the first respondent. I was also advised from the bar by the first respondent's counsel that the franchisee of Nino's Cavendish Square agreed to abide by any order that might be issued and to comply therewith notwithstanding the fact that it was not joined as a respondent in the first application. In the circumstances it was not necessary that the franchisee be joined.

[8] Answering affidavits were filed on 20 June 1997 and replying affidavits were filed on 25 June 1997. On the same day that it filed its replying affidavits the applicant set the matter down for hearing the following day. On 26 June 1997 Van Zyl J postponed the matter to the semi-urgent roll for hearing on 1 September 1997, the parties were afforded an opportunity to supplement their papers and the applicant was ordered to pay the costs wasted by the application for an urgent interim interdict.

[9] On 6 August 1997 the first respondent brought the second application as a matter of urgency for an interim interdict, pending the final determination of that application, interdicting and restraining the applicant from infringing the trade mark by using the trade mark Nino in Camps Bay, being a reference to the restaurant Nino Camps Bay.

[10] In the founding affidavit of Nick Korkorris ("Korkorris") in that application the first respondent, without conceding that the applicant has a reputation which it is entitled to protect, tendered, without prejudice to its other rights, that it would not open a Nino's store or utilise the name Nino's on any restaurant or coffee shop within the central business district of Cape Town, as depicted on a map annexed to the affidavit, but excluding Nino's Internet Café Foreshore. In a letter of 15 August 1997 from the first respondent's attorneys to the applicant's attorneys, the first respondent tendered, with prejudice, to pay the applicant's taxed party and party costs in respect of the first application up to and including 7 August 1997, exclusive of the costs order of 26 July 1997 in favour of the first respondent. These tenders were not accepted by the applicant and were never withdrawn by the first respondent.

[11] On 7 August 1997 an order was made in the second application by Van Deventer J in the following terms:

"1. A Rule *Nisi* do issue returnable on 1 September 1997 in terms whereof the Respondent is called upon to show cause on the return day why the following order, which will operate with immediate effect as an interim interdict, should not be made final:

1.1 The Respondent is hereby interdicted and restrained from infringing the Applicants' trade mark No 94/0918 NINO'S ITALIAN COFFEE & SANDWICH BAR AND DEVICE in class 42 in terms of the provisions of [Section 34](#) of the Trade Marks Act, No 194, of 1993 by using in the suburb of Camps Bay, Cape Town, in

[View Parallel Citation](#)

the course of trade in relation to any services in respect of which the aforesaid trade mark is registered, or any similar services, the trade mark NINO, or by using any other similar trade mark, in the course of trade in Camps Bay, in relation to other services which are so similar to the services for which the Applicant's trade mark is registered that in use there exists the likelihood of deception or confusion;

Page 535 of [1998] 3 All SA 527 (C)

1.2 The Respondent shall remove the signs displaying the word Nino's at its Camps Bay premises before 17h00 on 8/8/97 and remove the name Nino's from all places where it appears on the Respondent's trade dress at the Camps Bay premises including but not limited to the menus, waiter's uniforms, cutlery, crockery and the like

save for those items on the printed table menus that presently incorporate the name Nino's as the name of a dish to be served in the restaurant before 17h00 on 11/8/97;

- 1.3 The Respondent shall not open its Camps Bay premises to any member of the public until such time as the exterior signs referred to in 1.2 above shall have been removed.
2. The Applicant tenders to pay the Respondent's damages as it may prove arising out of the operation of this Rule *Nisi*.
3. That the Applicant consents to an order that it will not open a Nino's Restaurant or utilise the name Nino's on any restaurant or coffee shop within the central business district of the City of Cape Town as described by the manuscript Bold Line as depicted on the map of the City of Cape Town annexed hereto marked 'X' but excluding the site where the Applicant's present Nino's Internet Café is situate on the Foreshore.
4. The application is hereby consolidated with the proceedings under case number 7405/97.
5. Costs of the application are reserved."

[12] The matter was further postponed to 22 October 1997 when, by agreement between the parties, the matter was referred by Farlam J for the hearing, on 18 February 1998, of oral evidence on the following issues:

- "1.1 Whether Applicant conducted the business NINO from no 52 Shortmarket Street, Cape Town prior to the registration of First Respondent's trade mark;
- 1.2 Whether First and Second Respondent had, at the date when the application for an interdict was launched, reputation or goodwill associated with the name NINO, or any combination of words containing the said word, in the Western Cape, and if so, whether such goodwill extended to Cavendish Square and/or Camps Bay.
- 1.3 Whether Applicant had, at the date when the application for an interdict was launched, reputation or goodwill associated with the name NINO, or any combination of words containing the said word, in the Western Cape, and if so, whether such goodwill extended to Cavendish Square and/or Camps Bay;
- 1.4 Whether the use of the name NINO by Respondents at Cavendish Square would lead to confusion in the minds of the public between the business of Applicant and that of the franchisees of First Respondent;

[View Parallel Citation](#)

- 1.5 Whether the use of the name NINO by Respondents at Cavendish Square would lead to the dilution of such goodwill and reputation that Applicant may have in the name of NINO;
- 1.6 Any other issue on which this Honourable Court may, before or at the hearing, direct that oral evidence be heard."

Page 536 of [1998] 3 All SA 527 (C)

It was further ordered by agreement that *pendente lite* Nino's Cavendish Square could commence trading under the name Nino's Italian Coffee and Sandwich Bar, the applicant would be entitled to conduct Nino Camps Bay and neither party would be permitted to open any other store bearing or using as its name or part thereof the word "Nino" within a forty-kilometre radius of the General Post Office, Cape Town.

The hearing of oral evidence

[13] At the hearing of oral evidence the applicant amended the relief sought by it in the first application. In its amended form it sought a final interdict in the following terms:

- "1. First respondent is interdicted and restrained from, using, or permitting any of its franchisees to use, the name 'Nino' whether by itself or in a combination of other words, as a trading name in relation to a restaurant, coffee shop or similar business situate at or near
 - 1.1 Cavendish Square, Cape Town;
 - 1.2 Oswald Pirow Drive, Foreshore, Cape Town.
2. Second respondent is interdicted and restrained from using the name 'Nino' or any derivative thereof as a trading name in relation to a restaurant, coffee shop or similar business situate at or near Oswald Pirow Drive, Foreshore, Cape Town."

The first respondent sought confirmation of the rule *nisi* issued in the second application.

[14] The parties were in agreement that the first aspect referred to in paragraph 1.1 of the order of Farlam J was not in fact in issue. It is common cause that the applicant conducted the business of Nino Greenmarket Square prior to the registration of the first respondent's trade mark. The parties were also agreed that oral evidence could be led in relation to whether the effect of the order of Van Deventer J was to compromise the first application against the second respondent, and if so, whether the second respondent withdrew and/or waived her right to rely on such compromise. As it transpired no evidence was led in this regard and this aspect is, if necessary, to be determined on the papers. The first respondent also placed on record that it would not be persisting with the contention advanced in its opposing affidavits in the first application, that the court lacked jurisdiction to hear that application.

[15] During the course of the hearing the respondents made certain admissions which it is convenient to note here. They admitted that it is common cause that members of the public confuse the name of the applicant with the names of the first and second respondents. They also admitted that such confusion causes such members of the public to form

[View Parallel Citation](#)

the impression that the business of the applicant and the businesses of the first and second respondents are in

some way associated with each other.

[16] For the sake of completeness I should also note that during the hearing the applicant undertook not to open another business using the name Nino's or any derivative thereof. It has no intention of operating any restaurant under the name of Nino other than those already established in Greenmarket Square and Camps Bay.

Page 537 of [1998] 3 All SA 527 (C)

[17] Despite the length of the papers in the two applications (comprising approximately 1 200 pages) the factual disputes on the papers as supplemented by the oral evidence, are relatively confined. I propose to outline the relevant facts and thereafter consider the issues which arise in the light of the facts and the applicable legal principles.

The factual background

[18] The two members of the applicant, each having a 50% interest, are brothers, Francesco Stuart Zanasi ("Francesco Zanasi") and Christian Primo Zanasi ("Christian Zanasi"). Their father, Giorgio Primo Zanasi ("Giorgio Zanasi"), who has been known as "Nino" throughout his life, was a well-known Johannesburg restaurateur. He was born in Genoa, Italy, and immigrated to South Africa many years ago. He worked as a musician until 1978 when he started a restaurant called "Nino Da Genova" in Melville, Johannesburg. Although they were young boys at the time Francesco and Christian Zanasi helped in the restaurant and Francesco learnt to cook there. In 1987 that business was sold.

[19] Francesco and Christian Zanasi then proposed to their father that they start another family restaurant. A coffee shop and restaurant known as Nino Coffee and Sandwich Bar was established in Braamfontein, Johannesburg. Giorgio Zanasi, his two sons when they were not doing their military service and Nino Bompani ("Bompani") were involved in running that business. The focus of the business was the sale of open sandwiches and coffee. The sandwich bar concept of providing a wide range of fillings, which could be combined with various types of bread or rolls, is said to have been devised by Giorgio Zanasi and Bompani.

[20] With effect from 1 March 1989 that business was sold to Korkorris, one of the members of the first respondent. I will in due course refer in more detail to the terms and consequences of this sale. Giorgio Zanasi and his two sons thereafter established what was described as an upmarket restaurant known as "Archangelo" in the Sanlam Centre, situated in the central business district of Johannesburg. Although there was some dispute in this regard Francesco Zanasi testified that within the same building housing the restaurant they operated a bar known as "Nino's Bar" and a take-away sandwich business known as "Nino Take-Away". In the present case nothing turns on the use of the name "Nino" in those circumstances. The Zanasi family ran these businesses until 1992 when they decided to relocate to Cape Town.

[View Parallel Citation](#)

[21] Francesco and Christian Zanasi purchased a business known as Houtens Coffee Bar and Restaurant that operated from the premises now occupied by Nino Greenmarket Square. The premises were refurbished and converted into an Italian restaurant, bar and coffee shop and the name was changed to Nino. The applicant was incorporated on 18 May 1992. Nino Greenmarket Square opened during June 1992. During the first couple of years Giorgio Zanasi spent a considerable amount of time involved in running the restaurant. He also assisted his sons financially. It is clear that his experience and personality were important factors which helped to make that business successful. Nino Greenmarket Square has become a well-known restaurant in Cape Town with an annual turnover in excess of R2 million.

Page 538 of [1998] 3 All SA 527 (C)

[22] After Korkorris purchased the Braamfontein restaurant in 1989 he traded there under the name Nino's Italian Coffee and Sandwich Bar. He continued to utilise the same sandwich bar concept that had been devised by his predecessors. He had some previous experience in the franchise business and he subsequently decided to franchise Nino's Italian Coffee and Sandwich Bars. The first franchised store opened in Eastgate in 1992. Thereafter other stores opened elsewhere in Gauteng predominantly in shopping malls, office parks and other business areas. The first respondent was incorporated on 17 November 1993 and it now owns the franchise operation. Korkorris and his brother-in-law Joulis Michaelides ("Michaelides") each have a 40 per cent member's interest in the first respondent and a rugby international, James Small ("Small"), owns the remaining 20 per cent interest.

[23] As its franchise business grew the first respondent decided to extend it to the Western Cape. Representatives of the applicant and the first respondent had various discussions at various times in regard to the use of the name Nino in the Western Cape but no agreement could be reached.

[24] During March 1996 the first respondent opened a coffee shop known as "Panini Espresso and Sandwich Bar" in St George's Mall, Cape Town. This is essentially a coffee bar with a limited range of sandwiches and pasta dishes available. It was the first respondent's intention to establish a separate franchise operation distinct from the Nino's Italian Coffee and Sandwich Bars, under the name of Panini. A further Panini store has been opened in Knysna.

[25] On 6 January 1997 the first respondent opened Nino's Stellenbosch. This was followed later that year by the opening of Nino's Cavendish Square. There are now some 22 Nino's Italian Coffee and Sandwich Bars throughout the country. By far the majority are situated in Gauteng, with two of them in the Western Cape.

[26] The first respondent also has a franchise operation known as Nino's Internet Cafes and there are five franchisees at present, 3 in Gauteng, 1 in Durban and 1 in Cape Town. Nino's Internet Café Foreshore, operated by

the second respondent under franchise, commenced trading

[View Parallel Citation](#)

on 6 February 1997. The first application was prompted by the opening of Nino's Internet Café Foreshore and Nino's Cavendish Square.

[27] Nino Camps Bay was opened by the applicant on 6 August 1997. This resulted in the launch, that same day, of the second application to restrain the applicant from infringing the trade mark and the grant of an interim interdict to that effect the following day.

The first application: the alleged passing-off

[28] The applicant seeks a final interdict and the well-established requisites for the grant of a final interdict are a clear right on the part of the applicant, an injury actually committed or reasonably apprehended and the absence of any other adequate remedy. The applicant's claim to interdict the respondents from using the name Nino is based on the contention that this would amount to a wrongful passing-off by the respondents -

"The wrong known as passing off is constituted by a representation, express or implied, by one person that his business or merchandise, or both, are, or are connected with, those of another. Where they are implied, such representations

Page 539 of [1998] 3 All SA 527 (C)

[concerning the wrongdoers business] are usually made by the wrongdoer adopting a name for his business which resembles that of the aggrieved party's business; and the test then is whether in all the circumstances the resemblance is such that there is a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused or deceived into believing that the business of the alleged wrongdoer is that of the aggrieved party, or is connected therewith. Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in the light of the particular circumstances of each case."

(*Brian Boswell Circus (Pty) Ltd and another v Boswell-Wilkie Circus (Pty) Ltd* [1985 \(4\) SA 466](#) (A) at 478F-I per Corbett JA as he then was. See generally *Policansky Bros Ltd v L & H Policansky* 1935 AD 89 at 97 and 98; *Capital Estate and General Agencies (Pty) Ltd and others v Holiday Inns Inc and others* [1977 \(2\) SA 916](#) (A) at 929C-H; *Williams t/a Williams & Associates and another v Life Line Southern Transvaal* [1996 \(3\) SA 408](#) (A) at 418D-H.)

[29] Passing-off is a form of wrongful competition. It is unlawful because it results or is calculated to result in the improper filching of another's trade, an improper infringement of his goodwill and/or because it may cause injury to that other's trade reputation (*Capital Estate case (supra)* at 930H-931C; *Boswell Circus case (supra)* at 478I-J). The fact that the first respondent is the proprietor of the trade mark does not in itself provide a defence to a passing-off action (*Glenton and Mitchell v Ceylon Tea Co* 1918 WLD 118 at 126; *Solmike (Pty) Ltd t/a Skipper's Cabin v West Street Trading Co (Pty) Ltd t/a Skipper Bar* [1981 \(4\) SA 706](#) (D) at 710H-712B; *Kellogg Co and another v Bokomo Co-operative Ltd* [1997 \(2\) SA 725](#) (C) at 736J-737A).

[30] In order to succeed in a claim based on an unlawful passing-off an applicant must generally establish the following. Firstly, that he has acquired a reputation or goodwill in the sense that the name, get-up or mark used by him has become distinctive of his goods or services by

[View Parallel Citation](#)

virtue of the fact that the public associates the name, get-up or mark with the goods or services he provides. Secondly, that the respondent is by the name, get-up or mark used by him representing, expressly or impliedly, and leading the public to be confused or to be deceived into thinking, that his goods or services are those of the applicant or that there is an association between them. Thirdly, the applicant must show that such conduct results, or is calculated to result, in damage to the applicant as a consequence of the infringement of his goodwill, reputation or trade.

[31] Mr *Tredoux*, who appeared for the applicant, argued that the evidence established the various requirements for a passing-off and the granting of a final interdict. Mr *Morrison*, who appeared for the respondents, resisted the application on several grounds.

[32] In regard to the aspect of reputation and goodwill, the respondents accept that the applicant has, in relation to the business conducted by it at Nino Greenmarket Square, an established goodwill and reputation. The evidence, including the research survey, does show this. The issue is the geographical extent of that goodwill and reputation. The applicant contends that it extends to Cavendish Square while the respondents aver that it is confined to the central business district of Cape Town. The first respondent furthermore contends that it has a national reputation and goodwill in respect of its franchise business

Page 540 of [1998] 3 All SA 527 (C)

carried on under the name Nino's Italian Coffee and Sandwich Bar. The applicant accepts that the first respondent does have an established reputation and goodwill but disputes that this extends to Cape Town and its neighbouring suburbs.

[33] The question whether there is a reasonable likelihood of the public confusing the applicant's business with that of the respondent's is not in issue. In its answering affidavit in the first application the first respondent admitted that there is confusion between the name of the applicant's business and the name under which the franchisees of the first respondent conduct their business. At the hearing of oral evidence the respondents also

admitted, as I have recorded above, that the public confuse the name of the applicant with the names of the respondents and as a result the public form the impression that the businesses of the applicant and the respondents are in some way associated with each other. The first respondent argued however that it has not been shown that the applicant's goodwill and reputation are being infringed by Nino's Cavendish Square. Related to this is the argument that such confusion as might exist does not create any actual or reasonably apprehended harm entitling the applicant to the grant of an interdict.

[34] Mr *Morrison* also submitted that the fact that the Zanasi family sold to Korkorris their former business and the name under which it had been conducted, Nino's Coffee and Sandwich Bar, was a complete defence to the relief sought. He argued that the first respondent, having acquired the rights to the name, was entitled to use that name and extend its operations to the Western Cape and that the applicant could not restrain it from doing so. It is convenient to deal with this ground of opposition first.

[View Parallel Citation](#)

The sale of the Braamfontein Nino's Coffee and Sandwich Bar and its consequences

[35] With effect from 1 March 1989 Giorgio Zanasi and Bompani, acting as sellers, sold the coffee and sandwich bar business in Braamfontein to Korkorris. In terms of the written contract of sale the business was defined as meaning the business conducted as a going concern under the name of Nino's Coffee and Sandwich Bar, and it included, *inter alia*, the goodwill and the name thereof. What was sold therefore was the business, goodwill and name. Goodwill is incorporeal movable property and is capable of being sold (*Torf's Estate v Minister of Finance* [1948 \(2\) SA 283](#) (N) at 291-292; *Ashby and another v Fernandes* [1959 \(3\) SA 770](#) (W) at 773A-B; *The Commissioners for Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217 at 223). Considerable goodwill was associated with the use of the name Nino in that business and it was by that name that Giorgio Zanasi and the restaurant developed by him became established with the public. Korkorris explained that the acquisition of the name was one of the factors which influenced him to buy the business. Part of the purchase price paid by Korkorris was in respect of goodwill although it is unclear precisely what that amount was.

[36] The legal position in regard to the sale of goodwill and name of a business is clear. In the absence of any term to the contrary a sale and transfer of goodwill confers upon the transferee the exclusive right to carry on the business transferred and the exclusive right to represent himself as carrying on such business. It also confers upon him the exclusive right to use the name under

Page 541 of [1998] 3 All SA 527 (C)

which the business has been conducted (*Burchell v Wilde* [1900] 1 Ch 551 (CA) at 558; *RJ Reuter Co Ltd v Fred Mulhens* [\[1953\] 2 All ER 1160](#) (CA) at 1179d-e; Webster & Page *South African Law of Trade Marks* (4ed) 16-44 para 16.24.3; Van Heerden & Neethling *Unlawful Competition* (1995) 169; *Kerley's Law of Trade Marks and Trade Names* (12 ed 1986) 419 para 16-90; Wadlow *The Law of Passing Off* (2ed 1995) 66 para 3.50; *Halsbury's Laws of England* (4ed reissue) vol 47 paras 10 to 11). In the present case both the goodwill and the name itself were sold and there is no term in the contract of sale which reserved to the seller the right to continue to use the name. The seller is of course in the absence of a contractual restraint to the contrary entitled lawfully to compete in the same business as the purchaser, under a name other than the one that he has disposed of (*Anna Trego and William Wilson Smith v George Stratford Hunt* [1896] AC 7 (HL) at 24-25; *Ashby v Fernandes* (*supra*) at 773E-774A). This is in fact what the Zanasi family did initially when they opened a restaurant under the name of Archangelo.

[37] The effect of the sale by Giorgio Zanasi and Bompani to Korkorris was therefore to confer upon the latter the exclusive right to carry on the business and to use the name Nino's Coffee and Sandwich Bar. With the incorporation of the first respondent it succeeded to this right and it has through the franchise operation established by it continued to exercise this right.

[View Parallel Citation](#)

[38] Although Giorgio Zanasi could, in the absence of any contractual term restraining him from doing so, compete with Korkorris in the restaurant field he was precluded from continuing with the business or using the name of the business which he had sold. To the extent that Giorgio Zanasi may otherwise have been entitled to use his own nickname "Nino" that right was limited as a consequence of the sale of the business which included that name (*Policansky Bros Ltd v L & H Policansky* 1935 AD 89 at 103).

[39] I understood Mr *Tredoux* to argue at one stage that even though Giorgio Zanasi may have been precluded from using the name Nino as a consequence of the sale there was nothing which prevented his sons and the applicant from doing so. I do not agree. Although Giorgio Zanasi and Bompani were the sellers in terms of the contract of sale, what was sold was essentially a family restaurant and the name by which it was known. The two sons who are the members of the applicant were involved in that business together with their father. Giorgio Zanasi, although not a member of the applicant, was in turn involved in the establishment and operation of the applicant's business. According to Francesco Zanasi the reason why the applicant is interested in protecting the name Nino is because it is his father's name and he has a long association with him in the restaurant business. In my view the contention that although their father had disposed of the family restaurant and its name, Nino, the sons could, with their father's assistance, continue to use that name in another restaurant, is unsound. In the circumstances once Giorgio Zanasi had divested himself of the right to use the name Nino he could not lawfully confer upon his sons, any entity controlled by them or anyone else, the right to use that name.

[40] What I have said above is subject to the fact that the first respondent could consent to the use of the name Nino by another. It appears that this is what in effect occurred after the applicant opened Nino Greenmarket

Square. Korkorris testified that at that stage he had no presence in the Western Cape and that when he learnt that the Zanasi family had opened Nino Greenmarket Square he

Page 542 of [1998] 3 All SA 527 (C)

took the view that they should be allowed to operate one family restaurant in Cape Town, even though they were using the name Nino which he had purchased from Giorgio Zanasi. He did not regard one restaurant under that name as posing an obstacle for whatever future developments he may have had in mind for his own business in the Western Cape. Although he did not convey these views to the Zanasi family or expressly consent to their use of the name Nino for Nino Greenmarket Square he did nothing about such use. In the circumstances and having regard to the length of time during which Nino Greenmarket Square has traded any complaint by the first respondent that the applicant was infringing its rights to use the name Nino, whether pursuant to the contract of sale or the trademark, may have been met with the contention that the first respondent had acquiesced in such use (*Policansky Bros v Hermann and Canard* 1910 TPD 1265 at 1278-9; *Burnkloof Caterers (Pty) Ltd v Horseshoe Caterers*

[View Parallel Citation](#)

(*Green Point*) (Pty) Ltd [1974 \(2\) SA 125](#) (C) at 137A-F; Webster & Page *op cit* (4ed) 12.83 para 12.49). This however is not an aspect which requires decision in this case.

[41] It does not follow from the fact that the first respondent may have tacitly consented to the use of the name Nino in the case of Nino Greenmarket Square that the applicant would lawfully be entitled to use that name wherever it chose in relation to other restaurants. It was neither clearly alleged nor has it been shown that the first respondent waived its right to use the name Nino's Italian Coffee and Sandwich Bar in the Western Cape in general and at Cavendish Square in particular. The evidence does not establish that the first respondent, with full knowledge of its rights, decided to abandon them (*Borstlap v Spangenberg en andere* [1974 \(3\) SA 695](#) (A) at 704F-G). Having spent a considerable amount of money to acquire the business and the trading name and to develop the franchise operation it is unlikely that Korkorris and the applicant would simply abandon their rights in this regard.

[42] The Zanasi family disposed of the right to use the name Nino pursuant to the sale of the business in Braamfontein known as Nino's Coffee and Sandwich Bar. This right was acquired by Korkorris and now vests in the first respondent. The first respondent is entitled to continue to use the name Nino in relation to Nino's Italian Coffee and Sandwich Bar in Cavendish Square and Nino's Internet Café Foreshore. The respondents' use of the name Nino is lawful. In the circumstances of this case the conduct of the respondents does not amount to an unlawful passing-off, even though there may be some confusion between the businesses in the eyes of the public. The respondents are also not competing with the applicant unlawfully. The applicant is therefore not entitled to the interdict sought by it.

The territorial extent of the parties' reputation and goodwill

[43] In view of this conclusion it is not necessary to deal with the issues that were referred for the hearing of oral evidence or decide the interesting question of the territorial extent of the parties' reputation and goodwill. In this regard see: Webster & Page *op cit* 15-21 para 15.7 and 15-31 para 15.16.2; Wadlow *The Law of Passing Off op cit* 88-89; Drysdale & Silverleaf *Passing Off Law and Practice* (2ed 1995) 31 para 3.10, 189 para 7.49; *Williams t/a Williams and associates and another v Life Line Southern Transvaal (supra)* at 419D-E; *The Clock Ltd v The Clock House Hotel Ltd* (1936) 53 RPC 269; *Chelsea Man Menswear Ltd*

Page 543 of [1998] 3 All SA 527 (C)

v Chelsea Girl Ltd and another [1987] RPC 189 (CA) at 198-200; *Clouds Restaurant Ltd v Y Hotel Ltd*, an unreported decision referred to in the *Chelsea Man* case (*supra*) at 199; *Blades Enterprises Ltd v Thibault et al* (1975) 65 DLR (3d) 378 at 381. Even if the applicant's reputation and goodwill were to extend to Claremont, where Nino's Cavendish Square is situated, and the Foreshore, where Nino's Internet Café is situated, the respondents are for the reasons set out above, not conducting themselves unlawfully.

[View Parallel Citation](#)

The injury to the applicant

[44] There is in my view another reason why the first application cannot succeed even if it is assumed that the applicant's reputation extends to the areas where the respondents are carrying on their business utilising the name Nino. The applicant has not established that the respondents' conduct has resulted or is likely to result in any harm to it. It does not seem to me to make any difference whether this aspect is considered from the point of view of injury as a necessary element of a passing-off or from the point of view of harm as a requirement for the grant of a final interdict.

[45] The applicant's case in this regard is that it has shown that the public confuse the respondents' businesses with that of the applicant and that it follows that the applicant has suffered or will suffer harm. Confusion *per se* does not give rise to an action for passing off (*Hoechst Pharmaceuticals (Pty) Ltd v The Beauty Box (Pty) Ltd (in liquidation) and another* [1987 \(2\) SA 600](#) (A) at 619D). Regard must also be had to the particular facts of this case.

[46] Francesco Zanasi testified that Nino Greenmarket Square has about as much business as it can handle, particularly over certain periods. The evidence shows that it is a successful restaurant with a high turnover. There is no indication that the applicant has lost any business to Nino's Cavendish Square. Francesco Zanasi expressed no

fear that the applicant will in the future lose business to Nino's Cavendish Square.

[47] It is unlikely that Nino's Cavendish Square has or will interfere with the applicant's business or infringe its reputation. Cavendish Square is situated away from the city centre some 8 kilometres from Greenmarket Square. Nino Greenmarket Square is only open during the day and not at night and its customers are predominantly people who work in the city. Nino's Cavendish Square on the other hand draws its custom from people who visit the shopping mall in which it is situated. The source from which the two restaurants draw their custom is quite distinct and localised. The applicant also has no intention of expanding beyond Greenmarket Square and Camps Bay, or of opening a restaurant in Claremont, and in fact gave an undertaking that it would not do so. There is thus no real likelihood of overlap between the customer base of the two restaurants.

[48] Nino Greenmarket Square and Nino's Cavendish Square are also different types of restaurant and this was accepted by Francesco Zanasi during his evidence. They differ in respect of both the get-up of the restaurants and the type of food served. Although Nino Greenmarket Square does have a breakfast, as well as a morning and afternoon tea trade, its busiest trading period is during lunch time when it offers a wide range of Italian fare. As its full name suggests, Nino's Cavendish Square is more of a coffee and sandwich bar than a full restaurant. It provides mainly open sandwiches which Nino Greenmarket

Page 544 of [1998] 3 All SA 527 (C)

Square does not. Were it not for the similarity arising from the use of the name Nino it is highly unlikely that there would be any confusion between the two.

[View Parallel Citation](#)

Any confusion that may exist between Nino Greenmarket Square and Nino's Cavendish Square is in the circumstances unlikely to result in any harm to the applicant.

[49] The second respondent's business, Nino's Internet Café Foreshore, occupies a small area of some 30m² within The Incredible Connection. It is a store within a store. Seating is provided for a maximum of 30 people, some of it adjacent to computers made available by The Incredible Connection. The people who patronise Nino's Internet Café Foreshore are those who visit The Incredible Connection and wish to have something to drink or eat, while in the shop or while utilising the computer and Internet services that are provided. A limited range of food is offered, quite different from that to be found at Nino Greenmarket Square.

[50] The evidence indicates isolated instances of confusion by the public between Nino's Internet Café foreshore and Nino Greenmarket Square. There is nothing which shows that the applicant has been or is likely to be harmed as a consequence of the operation of what is essentially a small coffee shop inside another store. Francesco Zanasi testified that he is not really interested in Nino's Internet Café Foreshore and he has in fact never been to look at it. He accepted that Nino Greenmarket Square is most unlikely to lose custom as a result of Nino's Internet Café Foreshore.

[51] In the circumstances the applicant has not shown that the respondents' conduct in relation to Nino's Cavendish Square and Nino's Internet Café Foreshore has or is likely to result in injury to the applicant. The applicant has not established actual harm or a reasonable apprehension thereof which justifies the grant of a final interdict.

The second application: the alleged trade mark infringement

[52] The first respondent is the proprietor in South Africa of a registered trade mark, number 94/0918, in respect of Nino's Italian Coffee and Sandwich Bar and device in class 42, schedule 3, in relation to

"services relating to the advising on, supplying and promoting of commodities; selection and display of goods; advice and assistance to the prospective purchasers of such goods; services relating to the procurement and provision of food and beverages of all kinds, fast food services, roadhouses, canteens, restaurants, cafeterias, cafes, snack bars, bakeries, catering services and all other services concerned with the provision of food and beverages; bottle stores and off-sales, hotels, motels, retail, wholesale and merchandising services."

The mark is represented by a shield, with the name "Nino's" on top. Below the name the shield is divided into four parts, one part depicting a cup and saucer, another part depicting part of a plate with a knife and fork, while the other parts have decorative platters. Beneath the shield is a scroll with the words "Italian Coffee and Sandwich Bar" in the middle. The trade mark is limited in that it gives no right to the exclusive use of the phrases "Sandwich Bar" and "Italian Coffee" and the devices of a cup, saucer, knife and fork, otherwise than as shown in the application, each separately and apart from the mark as a whole. The trade mark

[View Parallel Citation](#)

incorporates the words "Nino's Italian Coffee and Sandwich

Page 545 of [1998] 3 All SA 527 (C)

Bar". The trade mark was registered on 31 January 1994. In terms of [section 3](#) read with [section 70\(2\)](#) of the Trade Marks Act [194 of 1993](#) ("the Act"), which came into force on 1 May 1995, the trade mark is deemed to be registered under the Act and the provisions of the Act apply.

[53] The applicant became aware that the first respondent was the proprietor of the trade mark by 11 March 1997

at the latest when the first respondent's attorneys advised Francesco Zanasi in writing of that fact. The applicant was therefore aware of the existence of the trade mark when it instituted the first application on 30 May 1997 and when it opened Nino Camps Bay on 6 August 1997. The first respondent brought the second application to restrain the applicant from infringing the trade mark by using the name Nino in relation to the Camps Bay restaurant.

[54] The Act does not expressly provide that a registered proprietor of a trade mark is entitled to the exclusive use of the mark. [Section 34](#) of the Act however sets out the circumstances in which the rights acquired by registration of a trade mark may be infringed. In so doing it impliedly confers upon the proprietor the exclusive right to use the mark in relation to the goods or services in respect of which it is registered (*Shalom Investments (Pty) Ltd and others v Dan River Mills Inc* [1971 \(1\) SA 689](#) (A) 706D; *John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd* [1977 \(3\) SA 144](#) (T) at 150B). The trade mark in the present case confers upon the first respondent the exclusive right to use the mark throughout the whole of South Africa in relation to, *inter alia*, restaurant and café services.

[55] [Section 34\(1\)\(a\)](#) of the Act provides that the rights acquired by registration of a trade mark shall be infringed by

"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."

It is not in issue that the use of the name Nino by the applicant in the course of its trade in relation to Nino Camps Bay is unauthorised. It is also common cause that the name Nino so nearly resembles the first respondent's mark as to be likely to cause confusion. (In this regard see *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984 \(3\) SA 623](#) (A) at 640G-641E; *PPI Makelaars and another v Professional Provident Society of South Africa* [1998 \(1\) SA 595](#) (SCA) at 602G-603F). The first respondent has therefore established *prima facie* an infringement by the applicant in terms of [section 34\(1\)\(a\)](#) of the Act.

[56] The applicant seeks to rely on certain defences against an infringement provided for in the Act. Mr *Tredoux* called in aid the provisions of [section 34\(2\)\(a\)](#) and [section 36\(1\)](#) of the Act.

The [section 34\(2\)\(a\)](#) defence

[57] [Section 34\(2\)\(a\)](#) provides that a registered trade mark is not infringed by

"any *bona fide* use by a person of his own name, the name of his place of business,

[View Parallel Citation](#)

the name of any of his predecessors in business, or the name of any such predecessor's place of business."

This is subject to two provisos. Firstly this section does not apply to the name of any juristic person whose name was registered after the date of registration of

Page 546 of [1998] 3 All SA 527 (C)

the trade mark. This proviso does not apply in the present case as the applicant was registered before the date of registration of the trade mark. The second proviso is that such use must be "consistent with fair practice". In order to succeed with this defence it must therefore be established firstly that the applicant is using its own name, the name of its place of business, the name of a predecessor or the predecessor's place of business, secondly that such use is *bona fide* and thirdly that it is consistent with fair practice.

[58] The applicant contends that it is using its own name. [Section 34\(2\)\(a\)](#) seeks to protect, in the circumstances there set out, the use by a person of his own name. This section would extend to the use by a company or close corporation of its registered name. What is generally required however is the use of the full name. It has been held for example that the use of a surname does not suffice (*Benz et Cie* (1913) 30 RPC 177 at 181; *Webster & Page op cit* 12-68 para 12.37.3; *Kerley op cit* 307 para 15-34). In the present case the applicant is not using its full name. It is using part of its name because it is the name by which Giorgio Zanasi is known and the name associated with previous restaurants with which the Zanasi family has been involved. The applicant is therefore not using its own name as contemplated by [section 34\(2\)\(a\)](#) and the first requirement is not met.

[59] I am also satisfied that the applicant's use of the name Nino is, in the circumstances of this case, not *bona fide* within the meaning contemplated by the section. *Bona fide* use in [section 34\(2\)\(a\)](#) means

". the honest use by the person of his own name without any intention to make use of the goodwill which has been acquired by another trader" (*Baume & Co Ltd v AH Moore Ltd* [1957] RPC 459 at 463 confirmed on appeal [1958] RPC 226 (CA) at 235).

This approach was approved by the House of Lords in *Parker-Knoll Ltd v Knoll International Ltd* [1962] RPC 265 (HL) at 275 where Lord Denning stated

"And *bona fide* means what it says. It means honestly in good faith so that the section means that it is no infringement for any person honestly to use his own name, in relation to his goods, so long as he has no intention to deceive anybody and no intention to make use of the goodwill which has been acquired by another trader."

(See further: *J Goddard & Sons v RS Goddard & J Mentz & Co* 1924 TPD 290 at 322-323; *Webster & Page op cit* 12-67 para 12.37.2; *Kerley op cit* 306 para 15-33.)

[60] The applicant's decisions to open in Camps Bay in August 1997 under the name of Nino must be considered in the light of the following. The applicant knew that Korkorris had purchased the name Nino's Coffee and Sandwich Bar and that the right to use the name vested in the first respondent. It was aware that the first respondent was the proprietor of the trade mark, which included the name Nino.

The first respondent had by then extended its franchise operation to the Western Cape. The applicant had brought the first application and it was pending. The applicant knew that the first respondent disputed the alleged passing-off and that the first respondent asserted that it had the right to use the name Nino. The first respondent had advised the applicant that in its view it had no right to use the name Nino in a restaurant in Camps Bay and that if it did so, an application for an interdict would be brought.

[61] The applicant took the decision to open Nino Camps Bay with full knowledge of the first respondent's rights in respect of the trade mark and its

Page 547 of [1998] 3 All SA 527 (C)

use of the name Nino in its franchise business. The applicant was aware of the first respondent's opposition to its use of the name in Camps Bay. It must have been aware that there would be confusion between Nino Camps Bay and the first respondent's business, including Nino's Cavendish Square. Confusion between Nino Greenmarket Square and Nino's Cavendish Square had already been alleged by the applicant in the first application. In these circumstances I cannot find that the applicant's use of the name Nino in respect of the Camps Bay restaurant is *bona fide* as contemplated in [section 34\(2\)\(a\)](#).

[62] For the same reasons I do not regard the applicants use of the name Nino as being consistent with fair practice as contemplated by the second proviso to [section 34\(2\)\(a\)](#).

The [section 36\(1\)](#) defence

[63] The applicant's reliance on [section 36\(1\)](#) of the Act also cannot succeed. [Section 36\(1\)](#) provides as follows:

- "36. (1) Nothing in this Act shall allow the proprietor of a registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in respect of goods or services in relation to which that person or a predecessor in title of his has made continuous and *bona fide* use of that trade mark from a date anterior -
- (a) to the use of the first-mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title of his; or
 - (b) to the registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor in title of his,
- whichever is the earlier, or to object (on such use being proved) to the trade mark of that person being registered in respect of those goods or services under [section 14](#)."

The underlying purpose of this section is to prevent a proprietor of a trade mark from exercising his rights merely on the basis of priority of registration and it preserves whatever common-law rights there may be antecedent to the rights of the registered proprietor.

[64] The applicant can only rely on this section if it has made continuous and *bona fide* use of the trade mark from a date earlier than the use of the trade mark by the proprietor or his predecessor in title or from a date prior to the registration of the trade mark in the name of the proprietor or his predecessor in title, whichever is the earlier. In this case the first respondent and its predecessor in title made use of the trade mark prior to the registration thereof and the relevant date is determined by such

use. The use of the trade mark dates from 1989 when the Braamfontein restaurant was sold to Korkorris. Korkorris and, after its incorporation, the first respondent have made continuous use of the mark. Such use is prior to the applicant's use of the name Nino, which commenced in 1992. The applicant is therefore unable to establish its prior use as required by the section. In view of this conclusion it is not necessary to deal with the requirement of continuous and *bona fide* use in this context.

[65] The other requisites for the grant of a final interdict are not in issue. The second application therefore succeeds and the first respondent is entitled to confirmation of the rule *nisi* and to the interdict sought by it. The order which I

Page 548 of [1998] 3 All SA 527 (C)

intend to make affords the applicant a period of time within which to comply with the order.

[66] Counsel were agreed that in respect of both applications the costs should follow the result. This is subject to the tender of costs made by the first respondent in favour of the applicant.

The order

[67] The order which I accordingly make is the following:

- 1.1 The application brought by the applicant (Nino Coffee Bar and Restaurant CC) against the respondents (Nino's Italian Coffee and Sandwich Bar CC and Christine Shields t/a Nino's Internet Café) under case number 7405/97 is refused.
- 1.2 The applicant is ordered to pay the respondents' costs of that application, including the costs of the hearing on 1 September 1997 and 22 October 1997.

- 1.3 The costs order is subject to the tender made by the first respondent to pay the applicant's taxed party and party costs in respect of that application up to and including 7 August 1997, exclusive of the costs order of 26 July 1997 in favour of the first respondent.
- 2.1 The rule *nisi* granted in the second application brought by the first respondent (Nino's Italian and Sandwich Bar CC) against the applicant (Nino Coffee Bar and Restaurant CC) under case number 1066/97 is confirmed in terms set out hereunder.
- 2.2 The applicant (Nino Coffee Bar and Restaurant CC) is interdicted and restrained from infringing the first respondent's (Nino's Italian Coffee and Sandwich Bar CC) trade mark no 94/0918 NINO'S ITALIAN COFFEE & SANDWICH BAR AND DEVICE in class 42 in terms of the provisions of [section 34](#) of the Trade Marks Act [194 of 1993](#) by using in the suburb of Camps Bay, Cape Town, in the course of trade in relation to any services in respect of which the aforesaid trade mark is registered, or any similar services, the trade mark NINO, or by using any other similar trade mark, in the course of trade in Camps Bay, in relation to other services which are so similar to the services for which the applicant's trade mark is registered that in such use there exists the likelihood of deception or confusion.
- 2.3 The applicant (Nino Coffee Bar and Restaurant CC) shall

[View Parallel Citation](#)

remove the signs displaying the word Nino's at its Camps Bay premises before 17h00 on 17 April 1998 and remove the name Nino's from all places where it appears on the applicant's trade dress at the Camps Bay premises including but not limited to the menus, waiter's uniforms, cutlery, crockery and the like save for those items on the printed table menus that presently incorporate the name Nino's as the name of a dish to be served in the restaurant.

- 2.4 The applicant (Nino Coffee Bar and Restaurant CC) is ordered to pay the first respondent's (Nino's Italian Coffee and Sandwich Bar CC) costs of that application, including the costs of the hearings on 7 August 1997, 1 September 1997 and 22 October 1997.

For the applicant:

LJ Morrison instructed by *Spoor and Fisher*, Pretoria

For the respondent:

P Tredoux instructed by *Owen & Erleigh Incorporated*, Cape Town

Footnotes

- 1 Also reported at [\[1997\] 4 All SA 444](#) (A) - Ed.