

**Value Car Group Ltd and another v Value Car Hire (Pty) Ltd and others
[2005] 4 All SA 474 (C)**

Division: Cape of Good Hope Provincial Division
Date: 13 April 2005
Case No: 10422/03
Before: RB Cleaver J
Sourced by: C Webster and AD Maher
Summarised by: D Harris

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

[1] Competition - Passing off - Passing off is a wrong consisting of a false representation made by a trader to members of the purchasing public that the enterprise, goods or services of a rival trader either belong to him or are connected, in the course of trade, with his own enterprise, goods or services - To be actionable, the passing off must erode the plaintiff's goodwill.

[2] Trade marks - Infringement of - Applicants bore the onus of establishing their reputation in the mark - Where reputation could not be established passing off action fell to be dismissed.

Editor's Summary

The applicants and the first two respondents were all businesses whose names contained the word "Value". The applicants sought a final interdict preventing the respondents from using the trademark "Value". The case related essentially to an alleged passing off of the first respondent's services as those of the applicants.

Held - Case law explains that passing off is a wrong consisting of a false representation made by a trader to members of the purchasing public that the enterprise, goods or services of a rival trader either belong to him or are connected, in the course of trade, with his own enterprise, goods or services. To be actionable, the passing off must erode the plaintiff's goodwill. There are two basic requirements to be proved in such an action. The first is the plaintiff's reputation in relation to the symbol which epitomises his product. The second requirement is deception or confusion, on the part of a significant segment of the buying public, caused by the conduct of the defendant, as to the origin of the product or a trade connection with the defendant, and which would likely have an influence on their decision to procure it.

The main element in a plaintiff's goodwill is its reputation. Therefore, the applicants bore the onus of establishing their reputation in the mark "Value" as at the relevant date. The issue was whether applicants had such a reputation when the first respondent started his business in the relevant region. The Court found that the word "value" performed a descriptive function in the name of each of the businesses in this case. It was not in any way distinctive of either of the businesses, nor was it characteristic of the goods or services in respect of which it was used. The evidence adduced by the applicants did not establish that a substantial number of people regarded the word "value" as distinctive of the applicants' business.

In consequence of the above, the applicants were unable to establish their reputation relating to the use of the word "value". There was also recourse for the applicants as far as trade mark infringement was concerned. Consequently, the application was dismissed.

Page 475 of [2005] 4 All SA 474 (C)

Notes

For Trade Marks see:

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

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

Bata Ltd v Face Fashions CC and another 2001 (1) SA 844 (SCA)	484
Boswell-Wilkie Circus v Brian Boswell Circus (Pty) Ltd 1984 (1) SA 734 (N)	482
Burnkloof Caterers (Pty) Ltd v Horseshoe Caterers (Green Point) (Pty) Ltd 1976 (2) SA 930 (A)	482
Capital Estate and General Agencies (Pty) Ltd and others v Holiday Inns Inc and others 1977 (2) SA 916 (A)	478
Caterham Car Sales and Coachworks Ltd v Birkin Cars (Pty) Ltd and another [1998] 3 All SA 175 (1998 (3) SA 938) (SCA)	479

United Kingdom

Judgment

CLEAVER J

- [1] In these proceedings, brought by way of motion, the applicants seek final interdictory relief to prevent the first, alternatively the second, respondent from using the mark "Value". Much of the application related to the alleged infringement of three trade marks registered in the name of the second applicant, but it is clear from the argument which was presented in court that the case for the applicants is in the main that the first respondent is guilty of passing-off its services as those of either the first or the second applicant.
- [2] Although I will deal first with the application for passing-off, it may be convenient to record the details of the trade mark registrations involved since these highlight the original nature of the business of the applicants. The second applicant is the registered proprietor of the following trade marks:
1. Trade mark number 82/07958 Value Truck Rental in class 39 in respect of "Transportation, including freightage, hauling, truck/car hire and leasing". This mark was registered on 12 October 1982.
 2. Trade mark number 94/04497 Value Truck Rental in class 39 in respect of "Transportation services; vehicle rental services; freighting and hauling services; packaging and storage of goods; travel arrangement". This mark was registered on 5 May 1994.
 3. Trade mark number 97/01013 Value Truck Rental in class 39 in respect of "Transportation including freightage, hauling, truck/car hire and leasing". This mark was registered on 23 January 1997.

Page 476 of [2005] 4 All SA 474 (C)

The first two mentioned trade marks incorporate a device or logo in which a large truck is depicted. The third trade mark contains only the words "Value Truck Rental".

- [3] The first applicant, Value Group Limited ("Value Group"), has its principal place of business in Isando, Gauteng and is the holding company of other companies in what is described as the "Value Group". It is a public company listed on the Johannesburg Stock Exchange. The second applicant, Value Logistics Limited ("Value Logistics"), is the operating entity in the Value Group and as such all operational requirements of the group are met through and by it.
- [4] Although the trade marks on which the applicants rely all incorporate the words "Truck Rental" and although the business of the applicants was initially known as "Value Truck Rental", the case for the applicants in the passing-off application is that it has acquired common-law rights to the mark "Value" *simpliciter* and that it is through the use of this word in its name that the first respondent is passing off its business and services as those of the applicants.
- [5] The applicants' business was established by Mr Steven Gottschalk ("Gottschalk"). Gottschalk records that he founded the Value Group in Pretoria during 1981 when he commenced a transportation business with seven trucks. In saying that he founded the Value Group in 1981 I do not understand Gottschalk to have indicated that in 1981 the business was known as the Value Group, but rather that it was then that he started the business which is today known as the Value Group. I might add that the manner in which the founding affidavit is framed certainly creates the impression that the applicants have been known as the Value Group from early on, but that is not so. In 1981 the business was known as Value Truck Rental and trucks which were leased out bore the name of Value Truck Rental. Gottschalk states that his business expanded rapidly and began to offer fully manned transport services that targeted a wider market than merely the truck rental market. During 1988 the business expanded to Johannesburg and Durban and another depot was opened in Isando from where trucks were leased and transportation services were provided. By 1988 the fleet had grown to approximately 500 trucks that were transporting goods nationwide. There are three depots in Johannesburg, one in Pretoria and two in Durban. As from the mid-1990's Value Group enlarged the size of its fleet and supporting infrastructure and in addition to its truck rental services provided a comprehensive logistical transportation service. Although the truck rental business is still a core component, the business of the Value Group currently includes a fridge fleet, chauffeur service, moving billboards, materials handling and equipment, a service known as 7PL Solutions (a combination of the provision of resources and consultancy services to customers' supply chains); and car rental. According to Gottschalk, the Value Group is now the largest consumer truck rental company in the country. As far as the provision of services to private enterprise is concerned, it also has one of the largest fleets in the country.
- [6] All that appears in the founding affidavit in relation to the applicants' car rental business is the following:
- "As part of its expanding range of services, Value opened a car rental division during the 1990s in partnership with Lazarus Ford. This division provided a

service mainly to Value's existing client base, although it also advertised amongst insurance companies. Although the partnership subsequently ended, the Second Applicant has since continued this service, which is currently being provided on a limited basis in Gauteng to its existing customers. The Second Applicant, through its car rental division, leases sedan vehicles as well as ten-seater vehicles. The Second Applicant has plans to expand this service within the next year or two nationwide and, in particular, to establish a car rental depot near the Cape Town airport from where it would provide a car rental service to the general public."

No indication is provided as to when in the 1990s the car rental business was opened or which entity did so.

- [7] During 2002/3 the group consolidated its structures and today consists of Value Group, Value Logistics, and Value Logistics Personnel Services (Pty) Ltd which conducts the administrative functions of the group. Previously the group had consisted of various subsidiary and regional companies, all of which are now dormant. Gottschalk says that these companies assigned their goodwill, reputation and other intellectual property rights to the second applicant prior to their ceasing to do business. Value group was listed on the Johannesburg Stock Exchange during 1998.
- [8] The first respondent, cited as Value Car Hire (Pty) Ltd, but in fact now known as Alpha and Omega CC, operates as a car hire business in Cape Town. It commenced business in 1994 when it traded under the name and style of All Peoples Car Hire through the medium of a close corporation known as Beukes CC. One of the two founding members of the close corporation was Mr Hendrik Barend Derek Beukes ("Beukes"), the deponent to the answering affidavit of the first respondent. The business initially had only one vehicle which it leased to a guest house in Cape Town, but by 1998 it owned 40 vehicles. On 8 July 1998 Beukes became the sole member of the close corporation, the name of which was changed to Value Car Hire CC on that day and from that date the business was renamed Value Car Hire. That is still its trading style. The business grew to the extent that by the end of 2001 it owned or leased 105 vehicles. It has continued with its business and maintains approximately a similar number of vehicles today.
- [9] In July 2000 Value Car Hire CC was converted into a private company known as Value Car Hire (Pty) Ltd and in January 2003 the company changed its name to Alpha and Omega Car Hire (Pty) Ltd. Thereafter on 25 March 2003 the company was converted back to a close corporation known as Alpha and Omega Car Hire CC. Beukes is the sole member of the CC.
- [10] According to Beukes, the name Value Car Hire was chosen by him in 1998 in order to identify the nature and type of the car rental business which was being conducted by him, namely quality car rental at affordable prices. Beukes says that over the past four years, Value Car Hire has consistently provided the cheapest car hire in the Western Cape, one of the tenets of the business being to better any rate which competitors might offer. He denies that the choice of the word "Value" in the name of his business had anything to do with the applicants, of whose existence, he says, he was unaware. Value Car Hire operates solely in the Western Cape and Beukes says is the only car hire business in the country which only

Page 478 of [2005] 4 All SA 474 (C)

supplies group A motor vehicles, which is the category for the cheapest vehicles available for hire. Colour photographs attached to the papers depict the get-up used by the first respondent. The get-up appears on motor vehicles which are leased by it and comprises the words "Value Car Hire" in blue lettering and the price charged by day in red lettering, all of which appears on a dark yellow background. Similar lettering in blue and red also appears on a yellow background.

Passing-off

- [11] The description of passing-off given by Rabie JA (as he then was) in *Capital Estate and General Agencies (Pty) Ltd and others v Holiday Inns Inc and others* [1977 \(2\) SA 916](#) (A) at 929C-D is well-known and has been cited in many subsequent cases. It reads:

"The wrong known as passing-off consists in a representation by one person that his business (or merchandise, as the case may be) is that of another, or that it is associated with that of another, and, in order to determine whether a representation amounts to a passing-off, one enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another."

A further and perhaps fuller description of the wrong appears in the judgment of Nienaber JA in *Premier Trading Co (Pty) Ltd and another v Sporttopia (Pty) Ltd* [2000 \(3\) SA 259](#) (A) at 266H-267C:

"Passing-off is a wrong consisting of a false representation made by one trader (the defendant) to members of the purchasing public that the enterprise, goods or services of a rival trader (the plaintiff) either belong to him (the defendant) or are connected, in the course of trade, with his own enterprise, goods or services. (I shall abbreviate, for the sake of convenience, 'enterprise, goods or services' to the single term 'the product' since this is a case of 'product confusion' rather than 'business connection confusion'.) The defendant's representation is a misrepresentation if it is likely to deceive or confuse a substantial number of members of the public as to the source or origin of his product. Passing-off, to be actionable, erodes the plaintiff's goodwill. Goodwill is the product of a cumulation of factors, the most important of which, in the context of passing-off, is the plaintiff's reputation. Reputation is the opinion which the relevant section of the community holds of the plaintiff or his product. If favourable, it would dispose potential customers to patronise the plaintiff or his product and, if unfavourable, it would tend to discourage them from doing so. The plaintiff's reputation may be associated with the symbol under which his product is marketed. The symbol renders the product distinctive of the plaintiff or his product. A false representation by the defendant about the symbol used by the plaintiff may encourage or induce potential customers of the plaintiff, believing that they were patronising him, into patronising the defendant.

...

From the above paraphrase of what is said in the cases there can be extracted two minimum requirements which a plaintiff must normally prove in proceedings for an interdict, based on passing-off involving the use of a symbol, namely (i) his own reputation in relation to the symbol which epitomises his product and (ii) deception, or at the very least confusion, on the part of a not insignificant segment of the buying public, caused by the conduct of the defendant, as to the origin of the product or a trade connection with the defendant, and which would likely have had an influence on their decision to procure it."

Page 479 of [2005] 4 All SA 474 (C)

(Although the case before me concerns services and not a product and a common-law mark and not a symbol, the same principles apply.)

- [12] Nienaber JA went on to refer to an earlier judgment in *Caterham Car Sales and Coachworks Ltd v Birkin Cars (Pty) Ltd and another*¹ [1998 \(3\) SA 938](#) (SCA) from which the following extracts are relevant to the matter under consideration:

"[20] The correct question can be distilled from the judgments on passing-off of this Court mentioned earlier in paras [15] and [16] and from *Conagra Inc* (especially at 234, 237 and 269 in IPR). In general terms, it appears to me to be whether the plaintiff has, in a practical and business sense, a sufficient reputation amongst a substantial number of persons who are either clients or potential clients of his business. As far as the 'location' of reputation is concerned, it must subsist where the misrepresentation complained of causes actual or potential damage to the drawing power of the plaintiff's business. Otherwise the misrepresentation would be made in the air and be without any consequences. The locality of the plaintiff's business is not hereby rendered irrelevant. Obviously, it must be an important consideration in determining whether the plaintiff has potential clients and whether the alleged misrepresentation causes his business any harm. Likewise, the extent of a business's reputation and the scope of its activities are relevant to the probability of deception and to damages - the smaller the reputation, the smaller the likelihood of deception and of damage, and vice versa.

- [21] The nature of the reputation that a plaintiff has to establish was well stated by Lord Oliver in a judgment referred to at the outset of this judgment, namely *Reckitt & Colman Products Ltd v Borden Inc and others* [1990] RPC 341 (HL) ([\[1990\] 1 All ER 873](#)) at 406 (RPC) and 880g-h (All ER):

'First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services' (my emphasis) (see also Lord Jauncey at 417 (RPC).

The words emphasised are pertinent and echo those of Nicholas J that:

'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.'

(*Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* [1977 \(4\) SA 434](#) (W) at 437A-B.) Put differently, reputation is dependent upon distinctiveness (cf Van Heerden and Neethling at 169).

- [22] The reputation relied upon must have been in existence at the time the defendant entered the market, in other words, a plaintiff cannot rely upon a reputation that overtook the business of the defendant (*Anheuser-Busch Inc v Budejovicky Budvar NP (t/a Budweiser Budvar Brewery and others* [1984] FSR 413 (CA) at 462). It must also exist when the misrepresentation is committed." (My underlining).

Page 480 of [2005] 4 All SA 474 (C)

- [13] In order to prove its reputation, the applicants have referred to a plethora of advertising material published by them and reports concerning them published in the financial press. With regard to these publications it must be remembered, that as indicated in the passages from *Caterham* (*supra*) which I have quoted, it is necessary that (i) the reputation must be shown to have been subsisted where the misrepresentation is alleged to have caused actual or potential damage, and (ii) the reputation must have been in existence at the time that the defendant entered the market. The reputation which the applicants seek to prove is of course the reputation attaching to the mark "Value".

- [14] An analysis of the history of the applicants and the details of the publicity relied upon reveals the following:

- (a) Until 2002 (the exact date is not furnished by Gottschalk) the branding on the second applicant's trucks was simply Value Truck Rentals. The lettering was depicted in red on a white background. The name appeared in capital letters of equal size.
- (b) In 2002 the branding on the trucks of Value Logistics was altered significantly with a strong emphasis being placed on the word "Value". The word "Value", still coloured in red, but now with brown or yellow shading for some of the letters, became the dominant feature. "Value" occupies some 50% of the side of the truck on which the lettering appears. A telephone number in blue numerals appears above the word "Value" and identifying words such as "Logistics", "Truck Rental", "Materials Handling" and "Freight" appear in smaller, white lettering on a blue strip beneath the word "Value".
- (c) The consolidation of the group occurred, as I have already mentioned in 2002/3.
- (d) Gottschalk does not record the date of the listing of Value Group in his founding affidavit, saying merely that it was listed during 1998. It is only upon a perusal of the extracts from the financial press filed with the affidavit that one becomes aware of the fact that the listing took place as late as 26 October 1998.

- [15] The respondents did not specifically deny the reputation which the applicants postulated to exist at the time

of the launching of the proceedings, but counsel for the respondents initially argued that in regard to the leasing out of motor vehicles there was no common field of activity between the parties. It is clear from the papers that the business of the second applicant was predominantly the supplying of logistical services in the transportation industry and that its involvement in letting motor vehicles, which was very sketchily described, was until 2004 restricted to Gauteng. It was accordingly submitted on behalf of the respondents that since the applicants had not carried on the business of the leasing of motor vehicles in the Western Cape, no passing-off could have occurred there. As was pointed out in *Capital Estates (supra)* the absence of a common field of activity is not a bar to a claim for passing-off if the evidence establishes that there is a reasonable likelihood of confusion arising, but it is a factor which must be taken into account when considering whether someone's conduct is likely to lead to confusion.

Page 481 of [2005] 4 All SA 474 (C)

- [16] Although Gottschalk alleges that "Value has advertised extensively and with increasing intensity since 1980" (the date of 1980 is presumably given in error, since the business appears to have started in 1981), he gives virtually no details of any advertising effected before July 1998 and he certainly gives no details of any advertising done in the Western Cape before that date. The only details supplied are:
- (a) A copy of a cautionary announcement appearing in the Business Report published by the *Star* newspaper on 17 September 1997 in which it was announced that Vestacor Limited had acquired a 30% interest in "Value Truck Rental". The logo of a truck which is incorporated in the trade mark appears on the announcement which contains no reference to the Value Group or to the mark "Value" as such.
 - (b) A report in the *Citizen* newspaper of 18 September 1997 to the effect that Vestacor had purchased 30% of the equity in Value Truck Rental. There is no reference to the Value Group or to the mark "Value".
 - (c) An extract from the June 1998 issue of a publication known as *South African Transport* in which the business of Value Truck Rentals and its history is fully described. No details as to the target market for or the circulation figures of the publication are furnished, but to judge from the name of the publication, it is probably intended for a specialised market and not for general consumption. There is no reference to the Value Group or to the mark "Value" in the extract.
- [17] Gottschalk says that the second applicant advertises extensively nationwide and that its name appears on billboards, pamphlets, advertisements placed in magazines and newspapers and on its signage across the country. Promotional material is distributed on a regular and ongoing basis to clients and prospective clients of Value Logistics, the clients being companies and other entities involved in some form of trade. The "Value" mark appears on stationery, invoices and Christmas cards and many other forms of promotional material. He says that "Value" also exhibits at various trade exhibitions. The difficulty with this is that it all relates to advertising and publicity which occurred after the listing of the Value Group. All the articles and reports in the newspaper which are referred to in the papers, save those mentioned in paragraph [16], are dated from October 1998 and thereafter, with the bulk appearing from 2002 onwards. Having regard to the fact that the onus rests on the applicants to establish their reputation in the mark "Value" as at 8 July 1998, all advertising and publicity material after this date is, in my view, irrelevant for the purpose of establishing the applicants' reputation in the mark.
- [18] Counsel for the applicants submitted that I should infer that notice of Value Group's listing in 1998 would have been published in 1997 and that this would have ensured wide exposure for the applicants' service. There is no suggestion in the papers that any publicity relating to the listing occurred in 1997. Reference to the prospective listing was published in the financial press, but the extracts attached to the founding affidavit are all dated in October 1998. Counsel also submitted that the applicants had a countrywide reputation and pointed to the fact that Value Trucks had a depot in Cape Town. As to this aspect, there is no indication as to the

Page 482 of [2005] 4 All SA 474 (C)

date of the establishment of the depot in Cape Town. Whether the applicants have acquired a reputation in the Western Cape at the time of the launching of these proceedings is not the issue. The issue is whether they had such a reputation when the first respondent started his business in the Western Cape. It seems clear that although the Value Group was listed some time in 1998, the change to the applicants' branding which resulted in the emphasis being placed on the word "Value" occurred only in 2002. Counsel submitted that the word "Value" had been used since 1981, but if by that she meant that emphasis had been placed solely on the word "Value" since 1981, such evidence as is before me is to the contrary. The applicants' case is that it has used the word or the mark separately and apart from the trade marks to identify not only the group but also the separate divisions which it operates. Again, all the evidence before me is to the effect that this occurred only after the listing of the Value Group and probably after 2002. Therefore, although Gottschalk refers throughout to the "Value" mark as if it had been used separately and apart from the trade marks, I conclude that the applicants have not established that as at July 1998 they had established a reputation in the Western Cape in the mark "Value".

- [19] Although I have found that the applicants have failed to establish their reputation in the mark "Value" as at July 1998, I will nevertheless deal with the other defence to the claim based on passing-off which was raised on behalf of the respondents. This is to the effect that since "Value" is an ordinary word having a laudatory meaning, the applicants cannot acquire exclusive rights to the use of the word. For the applicants to succeed they must show that "Value" has acquired a secondary meaning. In *Boswell-Wilkie Circus v Brian Boswell Circus (Pty) Ltd* [1984 \(1\) SA 734](#) (N) Didcott J explained at 737G that:

"A name has a secondary meaning for the purposes of passing off once the association between it and the business or product which bears it is so close that, in the minds of the public, it is distinctive of that specific business or product, identifying such rather than any other."

- [20] The law reports contain a number of cases dealing with the rights flowing from the use of descriptive words which have been used to identify the goods or services of a trader or of a business. The dangers attendant on the use of such words, if exclusivity for the words is sought, are obvious and are recorded as follows:

"A trader who uses a descriptive word in designating his business must ordinarily submit to the risk of some confusion arising among the public if another trader uses the same word in relation to his business." (*Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd* [1979 \(2\) SA 276](#) (E) at 282B).

The same point had earlier been made in *Burnkloof Caterers (Pty) Ltd v Horseshoe Caterers (Green Point) (Pty) Ltd* [1976 \(2\) SA 930](#) (A) at 938G-H. In the *Premier Motor Company (Birmingham) Ltd v Premier Driving School (Birmingham) Ltd* 79 [1962] RPC 222, the court found that the plaintiff which carried on business as a motor company could not through the use of the word "Premier" in its name prevent the defendant, which operated a driving school, from using the word "Premier" in its name. The following extracts from the judgment are apposite:

"Another thing I have to bear in mind is that in a case of this sort where the name which is being used by the defendants is not an imitation of or is not

Page 483 of [2005] 4 All SA 474 (C)

like some fancy name which is being used by the plaintiffs in a case such as Lawrence J mentioned in one of the cases which was read to me. That was the case of *Society of Motor Manufacturers and Traders Ltd v Motor Manufacturers' and Traders' Mutual Insurance Company Limited* [1925] Ch. 675 at page 686. Lawrence J there says: 'Where, however, there is no fraud and where a company has adopted a purely descriptive name the onus of proving that another company, by adopting a somewhat similar descriptive name, is exposing the credit or business reputation of the former company to risk or probability of injury, the onus is in my opinion a very heavy one.' It seems to be that the onus on the plaintiffs in the present case of proving confusion so as to entitle them to relief is a heavy onus.

. . .

There may be and there may already have been some confusion in the sense that some embarrassment or inconvenience may have been caused to the plaintiffs by a similarity of the names, but that is a matter which is probably inevitable where two companies each with the name Premier are carrying on business near at hand. As I have said, it does not seem to me that the plaintiffs are entitled to any monopoly of that name and if they choose as a title for their company a word such as 'premier' which is in common use, then in one sense they are inviting a certain amount of confusion or embarrassment or inconvenience, because it may well be that there are other companies or firms nearby who are similarly using that name as a part of their title." (at 224).

Although counsel for the applicants submitted that I should infer that because the first defendant changed its name to Value Car Hire in July 1998, it did so because it was aware of the activities of the applicants. I am unable to make such an assumption. Beukes specifically denies that he had any knowledge whatsoever of the applicants' business at the time that he changed the name of his close corporation and gives reasons as to why he chose the new name. On the basis of the rule in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984 \(3\) SA 623](#) (A), his version must be accepted.

- [21] In the present case "value" performs a descriptive or adjectival function in the name of each of the businesses in question. On its own it is not in any way distinctive of either of the businesses, nor is it characteristic of the goods or services in respect of which it is used. In my view, such evidence as has been presented on behalf of the applicants does not establish that a substantial number of people regard the word "value" as distinctive of the applicants' business. Telephone calls to the applicants' business in 2003 from people enquiring as to the hiring of cars from Value Car Hire, as testified to by certain employees of the applicants do not go far enough, nor do affidavits, four in number, from employees of clients of the applicant to the effect that if they were to see the name "Value" on a car, they would make the association with the applicants and accept that the car was associated with the applicants' business. However, even if I should be wrong on this score, it is quite clear that the applicants have failed to establish that as at July 1998 a substantial number of members of the public regarded the word "Value" as distinctive of the applicants' business either in Cape Town or at all.

Trade mark infringement

- [22] I do not propose to deal with the alleged trade mark infringement in much detail, for as I have already indicated, very little attention was paid

Page 484 of [2005] 4 All SA 474 (C)

to it, either in the papers or in argument on behalf of the applicants. In the founding affidavit the three trade marks owned by Value Logistics are listed and only the following is said with regard to the alleged infringement:

"The First Respondent is infringing these trade marks through the use of the 'Value' mark in relation to services identical to those in respect of which the trade marks are registered, namely car hire and leasing services. In doing so, the First Respondent is contravening the provisions of [sections 34\(1\)\(a\)](#) and [\(b\)](#) of the Trade Marks Act [194 of 1993](#)." ("the Act").

Apart from these references, the rest of the founding affidavit refers to the alleged rights which the applicants have to the "Value" mark and not to the registered trade marks.

[23] Value Logistics bears the onus of establishing in terms of [section 34\(1\)\(a\)](#) of the Act that:

- (i) the use of Value Car Hire so nearly resembles the registered trade marks as to be likely to deceive or cause confusion;
- (ii) the use is in relation to services in respect of which the trade marks are registered;
- (iii) the use is in the course of trade; and
- (iv) the use is unauthorised.

[Section 34\(1\)\(b\)](#) deals with use in relation to services which are so similar to the services in respect of which the mark is registered that in such use there exists the likelihood of deception or confusion.

[24] In *Plascon-Evans (supra)* it was held that in an infringement action the onus was on the plaintiff to show the probability or likelihood of deception or confusion. The following passage from the judgment at 642E is relevant:

"As I have emphasised, however, the comparison must not be confined to a viewing of the marks side by side. I must notionally transport myself to the market place (see the remarks of Colman J in *Laboratoire Lachartre SA v Armour-Dial Incorporated* [1976 \(2\) SA 744](#) (T) at 746D) and consider whether the average customer is likely to be deceived or confused. And here I must take into account relevant surrounding circumstances, such as the way in which the goods to which the marks are applied are marketed, the types of customer who would be likely to purchase the goods, matters of common knowledge in the trade and the knowledge which such purchasers would have of the goods in question and the marks applied to them."

This approach was confirmed in *Bata Ltd v Face Fashions CC and another* [2001 \(1\) SA 844](#) (SCA). The court held that it is appropriate to apply the principles of *Plascon-Evans* and with regard to the concept of "global appreciation" it recorded at 850 paragraph [9] that:

"A similar approach was adopted by the European Court of Justice in *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 199. At 224 it was said that the likelihood of confusion must 'be appreciated globally' and that the

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

[25] What must then be done must be to compare Value Truck Rental on the one hand with Value Car Hire on the other having regard to the principles

Page 485 of [2005] 4 All SA 474 (C)

set out in the cases mentioned. In my view, no question of confusion or deception arises upon such a comparison.

Acquiescence

[26] Counsel for the respondents also submitted that the applicants had acquiesced in the use of its mark by the respondents. This was based on the fact that although the first respondent had in response to a demand to desist from using the mark informed the applicants' attorneys on 24 January 2003 that it would continue to use the mark, the applicant had delayed taking action until December 2003. In the light of the view which I have taken in regard to the merits of the application it is not necessary to deal with this issue, nor is it necessary to deal with the application for condonation for the late filing of additional papers by the applicants and papers filed in opposition thereto. The costs relating to these papers will form part of the costs of this application.

The Trade Practices Act

[27] Even less was said about the second alternative prayer of the applicants, namely that the first respondent be interdicted and restrained from contravening the provisions of section 9 of the Trade Practices Act 76 of 1976 by publishing or displaying any advertisement or other document that creates the impression that the services offered by the first respondent are those offered by the applicants. In the light of the conclusions which I have reached in regard to the claims for trade mark infringement and passing-off, it is clear that there can be no merit in a claim brought under this Act.

Costs

[28] The submission on behalf of the respondents that they be awarded the costs of two counsel in the event of the application being dismissed was not opposed by counsel for the applicants. I consider that because of the importance of the matter for the respondents and the nature of the application, the respondents were entitled to employ two counsel.

In the circumstances the application is dismissed with costs, such costs to include the costs of two counsel.

For the applicants:

RM Robinson instructed by *Henkes Buswell Attorneys*, Cape Town

For the respondent:

PB Hodes SC and SC Goddard instructed by *EQM Hunter*, Cape Town

Footnotes

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