

CASE ANALYSIS AND NOTES

THE VALUE JUDGMENT CONUNDRUM: A CRITICAL REVIEW OF RECENT TRADE MARK APPEAL DECISIONS

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1. INTRODUCTION

The Supreme Court of Appeal (SCA) has had a relatively busy time over the past few years dealing with trade mark disputes. There have been at least thirteen of them between 2014 and June 2017.¹ Of these, seven have confronted the challenging and elusive question of the likelihood of confusing and/or deceptive similarity between trade marks and, in some cases, also between their respective goods and services.²

It is now well established that the two aspects of the enquiry into confusing similarity, namely, between the trade marks and the goods or services in issue, are interconnected, as stated in *New Media Publishing (Pty) Ltd v Eating Out Services CC*:³

There is, it seems to me, and interdependence between the two legs of the enquiry: the less the similarity between the respective goods or services of the parties, the greater will be the degree of resemblance required between the respective marks before it can be said that there is a likelihood of deception or confusion ..., and vice versa.

This review is a brief but critical analysis of the relevant SCA judgments and the approach that the court has adopted. It focuses primarily on the first element of the enquiry, namely, similarities between the respective trade marks of the parties and the likelihood of confusion between them. It reveals what is considered to be a significant degree of misjudgement in several of the SCA's assessments on this question.

Increased numbers of trade mark cases are presently being heard by the Gauteng Division of the High Court, Pretoria (GDP). In 2016 and 2017 my

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1 See the SCA list at the end of this article.

2 As marked by asterisks on the SCA list at the end of this article.

3 *New Media Publishing (Pty) Ltd v Eating Out Services CC* 2005 (5) SA 388 (C) 394C–F, quoted with approval in *Mettenheimer Vineyards CC v Zonquasdrift Vineyard CC* (965/12) [2013] ZASCA 152 para [11].

count indicates that there have been at least seventeen. This trend is a direct consequence of the current practice of the Registrar of Trade Marks of referring all trade mark oppositions to the GDP for hearing in terms of s 59(2) of the Trade Marks Act 194 of 1993 (the Trade Marks Act). One can expect this practice to continue and to see a proportionate and consequential increase in trade mark appeals being referred to the SCA in future. Thus, the effect and impact on future decisions of the SCA decisions under review will also escalate unless there is a shift in attitude and approach to the assessment of the likelihood of confusion between trade marks and to what I refer to as the value judgment conundrum.

As mentioned, in the period under review the SCA delivered thirteen judgments, of which seven dealt with trade mark confusing similarity. In six of the seven, the court held that there was no such likelihood. Superficially, it might therefore be suggested that the SCA has adopted an unsympathetic approach to the question of trade mark confusing similarity.

It is, of course, acknowledged that such a small and bare statistic cannot give a fair indication of how the court has been dealing with the particular facts of each case in assessing confusing similarity, and whether these decisions are open to criticism or not. The pertinent facts, and the trade marks and goods in issue, are so markedly different in each case that any deduction of a general attitude is impossible.

Nevertheless, to my personal knowledge resulting from various interactions with senior trade mark attorneys and counsel, there is presently a distinct sense in the South African intellectual property arena that the SCA (in particular), in dealing with the question of the likelihood of confusing similarity between marks, has been wide of the mark in several of its assessments.⁴ Further enquiry seems appropriate.

2. THE TRADE MARK COMPARISON

The numerous comparative tests and criteria to be used in weighing up whether the likelihood exists that two trade marks are or are not confusingly similar are now more than well established. It is unnecessary to refer to these criteria here in any detail, but it is useful to extract and highlight some of them from case law,⁵ as they are directly pertinent to the SCA cases under discussion and are also, in some instances, somewhat contradictory. It will be noted that they all relate to sensory reactions on the part of the assessor.

- The basic test is that the marks should be assessed in terms of their sight (visually), sound (aurally) and meaning (conceptually). Confusing

4 See also, for instance, the comments of O Dean in *Supreme Court of Appeal losing its shape*, available at <http://blogs.sun.ac.za/iplaw/2015/01/29>.

5 For example, *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1994] ZASCA 51; *National Brands Ltd v Blue Line Manufacturing (Pty) Ltd* [2001] ZASCA 17; *Cowbell AG v JCS Holdings Ltd* [2001] ZASCA 18; *Century City Apartments Property Services CC & another v Century City Property Owners' Association* [2009] ZASCA 157.

similarity in any single respect is sufficient, although these criteria should also be considered globally (ie together).

- First impressions are important.
- The marks should be considered as wholes, but their dominant or prominent feature(s) are primarily decisive.
- Descriptive words in the marks are of less significance than non-descriptive words, as they are not ‘capable of distinguishing’. In this regard, the existence or otherwise of disclaimers entered against registered trade marks to any exclusive rights to such words should be taken into account.
- Imperfect recollection (and perception) and the trading conditions at the points of sale and in the marketplace play an important role.
- Viewing the marks under the microscope in the ‘quiet of one’s study’ is not the way to proceed and one must ‘transport oneself to the marketplace’.
- The marks should be considered together, but also separately.
- ‘Notional use’ of the marks in a fair and realistic manner as would take place in trade must be considered. This involves, inter alia, considering the marks in conjunction with words that fairly describe the products in issue.⁶
- The more similar the two trade marks are, the less similar the respective goods and services need be, and vice versa.⁷

These comparative tests and factors are the result of over 100 years of jurisprudential evolution. One of the early and oft-quoted cases is *Pianotist Co’s Appn*⁸ in the United Kingdom, which itself refers to earlier cases on the point. What Parker J stated, including his emphasis on ‘all the surrounding circumstances’, remains instructive:⁹

That limitation is, reading it shortly and generally, that he (the Comptroller) is not allowed to register any goods having such resemblance to a Trade Mark already on the Register as to be calculated to deceive. That Section has been the subject of judicial decision on many occasions, and I think, without going into the details of the cases, it may be taken that the law is as follows: — You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion — that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods — then you may refuse the registration, or rather you must refuse the registration in that case.

The courts have added further refinements over the years, but there has been no departure from the basic approach set out above. The tests are sensible,

6 *Plascon-Evans* (n5) 641.

7 *Zonquasdriift* (n3) para [11].

8 *Pianotist Co’s Appn* (1906) 23 RPC 774.

9 *Pianotist* (n8) 777.

practical and realistic, have stood the test of time and are a fundamental part of the bedrock of our trade mark law.

The judgments reviewed below all set out, in quite some detail, these and other pertinent comparison criteria and substantial quotations from relevant case law. They demonstrate the clear intention of following and applying these tests and no criticism can be levelled in that regard. However, it is in the actual application of the tests to the facts that difficulties have arisen.

3. VALUE JUDGMENT

In the *Cowbell* case,¹⁰ the manner in which these tests should be applied was considered in relation to s 17(1) of the old Trade Marks Act of 1963, which is the near equivalent of s 10(14) of the present Trade Marks Act, with Harms JA expressing it as follows:¹¹

Section 17(1) creates an absolute bar to registration provided the jurisdictional fact is present, namely that the use of both marks in relation to goods or services in respect of which they are sought to be registered, and registered, would be likely to deceive or cause confusion. The decision involves a value judgment and

[t]he ultimate test is, after all, as I have already indicated, whether on comparison of the two marks it can properly be said that there is a reasonable likelihood of confusion if both are to be used together in a normal and fair manner, in the ordinary course of business.

(*SmithKline Beecham Consumer Brands (Pty) Ltd (formerly known as Beecham South Africa (Pty) Ltd) v Unilever plc* 1995 (2) SA 903 (A) at 912 H.)

The term ‘value judgment’, as will be seen, has been referred to in almost all of the SCA judgments under review in which confusing similarity between marks was in issue. Given the undoubted importance that the term has assumed in performing the comparative trade mark tests and forming a sensory impression of them, it bears pausing to examine its meaning.

‘Value judgment’ has various defined meanings.¹² It requires an estimate or assessment, usually subjective, good or bad, of a certain quality of something, based on the assessor’s set of values, aesthetics and sensory sensitivities, personal value system and other ‘soft’ factors. When used in a negative sense, it can mean a conclusion that is insular, one-sided and not objective.

It seems that in assessing the very elusive question of the likelihood of confusion between trade marks, a judge can indeed do nothing other than form a personal value judgment based on the well-established criteria briefly summarised above. One is dealing here with a human impression and not performing a mathematical, mechanical or interpretive function. All that the term seems to mean in this context is to form a sensory opinion based on the tests and does not signal or require any departure from any of them. *Cowbell*¹³ simply recognised and enunciated what is inherently and automatically done

10 *Cowbell* (n5).

11 *Cowbell* (n5) para [10].

12 *South African concise Oxford dictionary*, available at www.dictionary.com; www.macmillandictionary.com.

13 *Cowbell* (n5).

in the intellectual and sensory process involved in making such assessments and applying the tests and factors.

Given the above and except in fairly clear-cut cases involving significantly differentiable trade marks and goods, can there really be any ‘wrong’ decision by a court in applying its value judgment to the question of the likelihood of confusion based on the subjective impression that two trade marks make on the sensibilities of a judge? Such impressions will have been influenced by many personal factors such as the socio-economic conditioning, personality, sensitivities, intellect and emotional intelligence of the judge. These human characteristics inevitably vary enormously from person to person. Nevertheless, the need to make a judgment call cannot justify or excuse not properly considering and applying all the requisite comparative tests.

This all highlights the significant risks involved in trade mark infringement and opposition cases and the need to further consider the value judgment concept and principle.

The ‘value’ included in a value judgment primarily refers to the subjective value system (for want of a better term) of the assessor discussed above. However, should it not apply equally to the value (in the broad sense) and nature of the object being judged? Understanding the characteristics of the thing that is under scrutiny is an essential part of making a value judgment about it.

4. TRADE MARK VALUES

Trade marks, as is now widely accepted, are far more than only being badges of origin as traditionally understood. The additional values and nature of trade marks, particularly those that are well-known, lie in their functions of communication, investment and advertising¹⁴ and their selling power and advertising value¹⁵. These important characteristics should therefore be recognised and taken into account in making any value judgments concerning marks and the likelihood of confusion between them.

Furthermore, in understanding and considering the nature of trade marks, regard should also be had to commercial realities and requirements, particularly the unconscious power of brands and their asset value. The position was well-expressed as long ago as 1942 by the US Supreme Court¹⁶ and quoted with approval by Sachs J in the *Laugh It Off* case:¹⁷

The protection of trade-marks is the law’s recognition of the psychological function of symbols. ... A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is

14 *L’Oreal SA & others v Bellure NV & others* Case C-487/07 (ECJ).

15 *Verimark (Pty) Ltd v BMW AG* 2007 (6) SA 263 (SCA).

16 *Misawaka Rubber of Woolen Mfg Co v SS Kresge Co* 316 US 203 (1942) 205.

17 *Laugh It Off Promotions CC v SAB International Finance BV t/a Sabmark International & another* (CCJ42/04) [2005] SACC 7 para [80].

the same — to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value.

It is obviously not being suggested that judges placed in the position of making comparative trade mark value judgments should have or exercise the skills of a psychologist. Courts are and must be pragmatic in approach and must critically deal with the evidence and arguments put forward by litigants. Nevertheless, these now well-established and accepted aspects of the nature and effect of brands and of consumer reactions to them should be taken into account in forming such value judgments. They require empathetic insightful evaluations to be made that are alive to these characteristics. Simply put, trade marks are much more than the bald words, graphics or symbols reflected in two-dimensions on registration certificates and require empathetic understanding. Their assessment certainly presents a difficult and confusing problem — a conundrum indeed.

What follows is an overview of the facts and circumstances of the six SCA cases referred to in the introduction and the decisions reached. Given the number of cases reviewed, I have been constrained to be very brief and have focussed on what I consider their high points.

5. *PIONEER FOODS*¹⁸

This was a passing-off case instituted by the appellant, involving the following two label get-ups, both used for maize meal:



Appellant



Respondent

The court critically reviewed the evidence put forward by the appellant to establish the requisite reputation and goodwill in its get-up and re-emphasised the necessity of proving that they existed at the time when the alleged infringer entered the market. The court accepted that that had been established, but held that the get-ups in issue were not confusingly similar and dismissed the appeal. In doing so, it was persuaded by the following:

- Consumers in the maize meal market, as shown by the respondent through market surveys, are brand conscious, know their preferred brand and are

¹⁸ *Pioneer Foods v Bothaville Milling* (215/2013) [2014] ZASCA 6 (in which my firm acted for the successful respondent).

familiar with its packaging. The appellant's own evidence showed that maize meal is one of the most brand-loyal products in South Africa.¹⁹

- The inclusion of the word WHITE in the get-up of the appellant was considered to be a material element and was absent in the name of the respondent's product.²⁰
- The word STAR and devices of stars were common to registered trade marks in the relevant class.²¹
- The marks' dissimilarities outweighed their similarities.
- Any residual doubt on the question was dispelled by the absence of any evidence of confusion over a ten-year period during which both products had been in the market, including a survey to attempt to show this.²²

Looking at the two get-ups alone and in isolation (as one would in a trade mark infringement case) leaves the impression that the respondent was perhaps fortunate to get away with its labelling in view of the obvious similarities between the get-ups. The fact that there were other STAR and star device-registered trade marks was one persuasive aspect in favour of the respondent. However, as the SCA itself remarked only the year before in *Orange Brand Services*,²³ in dealing with the confusing similarity between the trade marks ORANGE and ORANGEWORKS (and the fact that the colour orange was commonly included in trade marks and the word orange in domain and company names), such other marks and names might themselves be distinctive by virtue of their composition or association, and others might themselves be confusingly similar to the proprietor's mark. All this, Nugent JA said, simply begged the question.

On the other hand, the other circumstances referred to above, particularly the survey evidence and the fact that this was a passing-off and not a trade mark infringement case, seem to justify the conclusion reached in what seems to have been a borderline case.

6. *KITKAT*²⁴

This case involved the alleged infringement of two shape trade marks, registered by the appellant for its well-known KIT-KAT confectionery products, as a result of the use by the respondent of very similar shapes (in fact considered by the Court to be 'almost identical') for identical products. For these reasons, they are not shown here. The case also dealt with several other issues, including a review application and counter-application by the respondent, which are not relevant here.

¹⁹ *Pioneer Foods* (n18) para [24].

²⁰ *Pioneer Foods* (n18) para [20].

²¹ *Pioneer Foods* (n18) para [21].

²² *Pioneer Foods* (n18) paras [23], [26].

²³ *Orange Brand Services Ltd v Account Works Software (Pty) Ltd* (970/12) [2013] ZASCA 158 para [12].

²⁴ *Société des Produits Nestlé v International Foodstuffs* (100/14) [2014] ZASCA 187 (in which my firm represented the appellant).

Although the marks in issue were very similar and the likelihood of confusion between them was not in issue, the case is referred to here because it reversed the decision of the court a quo (GDP full bench), which had held that there was no likelihood of confusion or deception in relation to the use of the three-dimensional shapes per se by the respondent, or by the use of two dimensional depictions of the shapes on its product packaging. This, according to the full bench, was purely ‘descriptive’ use and therefore non-infringing in terms of the *Verimark* case;²⁵ such use of the shapes by the respondent was not ‘trade mark use’ and therefore did not create the required material link between those shapes and the appellant. The SCA disagreed and held that the shapes were used as source identifiers (badges of origin), both in relation to the products themselves and as depictions on their wrappers. In doing so, it placed emphasis on the importance of survey evidence that had been submitted showing a significant degree of consumer recognition of the KIT KAT shapes as registered (in the form, as the court held, of two-dimensional representations of three-dimensional shapes).

7. *YAIR SHIMANSKY*²⁶

In this trade mark infringement case, jewellery, primarily wedding bands, were the goods in issue. The trade marks were as follows:

EVOLYM	EVOLVE
(registered in Class 14)	
Appellant	Respondent

The court held that the marks were not confusingly similar. All the relevant trade mark comparison criteria were referred to in the judgment, with particular reference to the need for a ‘global’ appreciation.²⁷ The aural, visual and conceptual tests were applied both separately and together. Emphasis was placed on the need to make a value judgement,²⁸ which was elaborated on with reference to, inter alia, the *Roodezandt* case.²⁹

I cannot say that the finding of no likelihood of confusion was a questionable application of the relevant tests or value judgment. This was a rather borderline case. EVOLYM does have an unusual and slightly exotic look and ring to it. EVOLVE has a distinct and clear meaning unassociated with jewellery. Another judge’s value system, placing greater emphasis on imperfect perception and recollection, might, however, well have led to a different result. On the other hand, bearing in mind the onus borne by the appellant and the nature and high value of the goods in issue, the court’s decision was understandably cautious.

25 *Verimark* (n15).

26 *Yair Shimansky v Browns the Diamond Store* (9/2014) [2014] ZASCA 214 (in which my firm represented the unsuccessful appellant).

27 *Yair Shimansky* (n26) para [8].

28 *Yair Shimansky* (n26) para [9].

29 *Roodezandt Ko-operatiewe Wynmakery Ltd v Robertson Winery (Pty) Ltd & another* [2014] ZASCA 173 paras [5], [6].

8. *DISTELL*³⁰

This trade mark infringement case, having what is considered to be a disturbing outcome, involved a comparison between the trade marks shown below, which were registered and used in relation to whisky.

KNIGHT'S GOLD (word)	BLACK KNIGHT (word)
KNIGHTS (word)	
Appellant	Respondent

The judgment sets out the manner in which these trade marks had actually been used by the parties on labels that were applied to bottles having different shapes. As the appeal case was limited to trade mark infringement and the passing-off leg was not pursued, the labels are not shown here or discussed.

The court repeated the brand comparison catechism as referred to in, amongst others, *Plascon-Evans*,³¹ *Bata Ltd*³² and *Cowbell*.³³ The need to make a value judgment was once more referred to,³⁴ together with the statements of Brandt JA in *Rodezandt*³⁵ regarding the meaning of value judgment and the principles to be applied (which themselves amount to no more than a restatement of the well-known tests for trade mark comparison and related caveats).

The court found no likelihood of confusion between the marks, primarily basing its value judgment on the inclusion of the word BLACK 'to describe' the respondent's whisky. It said the word 'simply could not be ignored' and '[a]lthough Distell tried to argue that Knight is the dominant word even in Knight's Gold, it is hard to see why'.³⁶ This evaluation by the court seems insupportable and incorrect for various reasons:

- It is trite that the names of colours are descriptive and have been widely considered by the courts over decades to be non-distinctive in a trade mark sense. Neither BLACK nor GOLD should have played any significant role in the assessment.
- The word KNIGHT (in uppercase, as registered) is clearly the visually, aurally and conceptually dominant feature of all three marks and its inclusion will, inevitably, give rise in use to a strong likelihood of consumers believing the respective products to be connected (perhaps as variants or as line extensions) or to be goods 'from the same stable'.
- KNIGHT has no descriptive or suggestive association with whisky and suggests a 'strong' brand, which is fully capable of distinguishing the relevant goods.

30 *Distell Ltd v KZN Wines and Spirits CC* (20291/2014) [2016] ZASCA 18.

31 *Plascon-Evans* (n5).

32 *Bata Ltd v Face Fashions CC & another* 2001 (1) SA 941 (SCA) para [10].

33 *Cowbell* (n5).

34 *Distell* (n30) paras [11], [12].

35 *Rodezandt* (n29).

36 *Distell* (n30) para [16].

- The goods in issue were identical, requiring, in terms of *Zonquasdrift*,³⁷ less similarity between the respective trade marks.
- Whisky is not a high-value product (such as jewellery) — it is in the general consumer category and is sold in bars and other busy places (although the court rejected this factor).
- Imperfect perception and recollection would, inevitably, call to mind the word KNIGHT.
- Although the passing-off leg of the case was not pursued, it seemed to be accepted that the appellant's marks enjoyed a reputation and goodwill, but this played no role in the overall assessment.

Even taking the onus resting on the appellant into account, this is one of those fairly clear cases, mentioned above, involving insignificantly differentiable trade marks. The value judgment made is mechanistic and lacks appreciation of the sensory values (discussed above) of the marks being assessed. The KNIGHT element of the marks was given wholly inadequate attention. If this were an isolated incident of the SCA being 'off beam' in its value judgment, one could categorise it simply as an unfortunate case. However, as will be seen, it is not.

9. *LUCKY STAR*³⁸

The appellant was involved in the production of canned fish, whilst the business of the respondents was the sale of cooked fish and chips in several restaurants in Cape Town. The trade marks in issue were:

LUCKY STAR



LUCKY STAR label

Appellant

LUCKY FISH

LUCKY FISH AND CHIPS

Respondent

The appellant's trade marks were registered in Classes 29 (for, inter alia, fish) and 42 (the provision and supply of foodstuffs).

The appellant sought interdicts in terms of s 34(1)(a), (b) and (c) of the Trade Marks Act to prevent alleged infringement of its registered trade marks, as well as relief in terms of s 11(2) of the Companies Act 71 of 2008 for an order directing the respondents to change their names on the basis of confusing

³⁷ *Zonquasdrift* (n3).

³⁸ *Lucky Star Ltd v Lucky Brands (Pty) Ltd* (164/2015) [2016] ZASCA 77 (in which my firm represented the unsuccessful appellant).

similarity with the registered trade mark LUCKY STAR and the company names Lucky Star Ltd and Lucky Star Foods.

All the relevant trade mark comparison tests and related cases are referred to in the judgment. It is significant to note that the necessity of considering notional use is particularly emphasised.³⁹

In finding no likelihood of confusion, the court expressed itself in these surprising terms:⁴⁰

In my view, the common elements of the appellant's and the respondent's marks being the word 'Lucky' is of minor significance when the marks are looked at as a whole. The word 'Fish' as opposed to the word 'Star' is distinctive and cannot be ignored. When the marks are compared side by side, and the main or dominant features of the marks are considered, namely the words 'Star' and 'Fish', there is no likelihood of deception or confusion. In this regard, the appellant submits that the distinctiveness of the word 'Fish' is diminished because it is used in the context of the sale of fish. As I understood the argument, the word 'Fish' was descriptive of the product sold and not distinctive, because the products sold by both parties was fish, in whatever form. I disagree, the distinctiveness of this word is not diminished simply because it also serves to describe the product sold.

The quoted passage, with particular reference to the significance of the word 'Fish', demonstrates an unfortunate approach and appreciation:

- It is not understood how it can be asserted that the common word LUCKY (as it appears in the registered trade marks) is 'of minor significance'. It is the first word of each mark, is not itself in any way descriptive of the goods and is only mildly laudatory. To my value system, it is the only memorable part of the marks.
- There is no indication that LUCKY had been disclaimed in the registered trade marks. The Registrar of Trade Marks consequently considered the word to be capable of distinguishing the relevant goods and services.
- The word LUCKY is also, at least in South Africa, a rather unusual one to include in a trade mark, certainly for fish (as opposed, for example, to any optimistic name for a gold mine in the early days of mining). There was no evidence that it was in common use or commonly included in registered trade marks for fish or other foodstuffs.
- In the respondents' mark, the word FISH is wholly descriptive of the actual goods in issue and therefore not capable of distinguishing the relevant goods or services (despite the court's comment). Thus, in the respondents' marks, the word FISH should not have carried any weight and the word LUCKY should have been considered to be dominant. To hold that a word that is descriptive of the relevant goods is distinctive, runs contrary to over a century of trade mark jurisprudence.
- Although the word STAR in the appellant's mark must be given due weight, it does not outweigh LUCKY and has, at most, equal dominance. However, when notional use is properly applied, the marks in normal and

39 *Lucky Star* (n38) paras [8], [9].

40 *Lucky Star* (n38) para [10].

fair use will be ‘LUCKY STAR FISH’ and ‘LUCKY FISH’, which are significantly similar.

- The goods and services in issue, being identical, require less similarity between the trade marks.⁴¹
- It seems to have been accepted by the court (the judgment being silent on the point) that LUCKY STAR was well-known. Had it not been, that would no doubt have been referred to in assessing the dilution leg of the case under s 34(1)(c) of the Trade Marks Act. Therefore, due regard to the value and the goodwill attaching to the trade marks and their acquired distinctiveness through use should have been given to LUCKY STAR.

In considering infringement under s 34(1)(c), which requires ‘similarity’ between the trade marks, and in refusing relief on that ground, the court relied heavily on the dictum in the *Bata Ltd* case⁴² to the effect that ‘... the word “similar” must not be given too wide or extensive interpretation for the purposes of this section. To do so might have the effect of creating an unacceptable monopoly. ...’

The caution expressed in *Bata*⁴³ is no doubt appropriate, but that does not mean that a court should go to the opposite extreme of requiring that virtual identity between the marks should be shown. Given the view expressed above that the marks should indeed have been found to be confusingly similar, it should have followed at least that they were sufficiently similar for purposes of s 34(1)(c). Furthermore, it seems that the danger of risk of dilution by blurring is enhanced when the goods in issue are identical, as in this case.

This judgment demonstrates disregard for the well-known LUCKY STAR marks and what they represent, and fails to give their values due weight. The reliance placed on the word FISH as one of the differentiating features of the respondents’ mark can only be considered to be misplaced.

10. *YUPPIECHEF*⁴⁴

The appellant and respondent both operated online internet retail businesses, the former being primarily focused on kitchen and household goods and the latter on ‘unusual items and gadgets for household and office use’, some of which, it was common cause, fell within the scope of the goods of the appellant’s trade mark registrations. The marks were as follows:

YUPPIECHEF	YUPPIE GADGETS
(registered)	
Appellant	Respondent

41 Ibid.

42 *Bata* (n32) para [13].

43 *Bata* (n32) para [13].

44 *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* (1088/2015) 2016 ZASCA 118.

The appellant's trade mark was registered for goods only in Classes 8, 11 and 21.

The actual goods offered online by the parties were, in most cases, under different suppliers' trade marks. YUPPIE GADGETS was not used on any goods — only in respect of the online service of the respondent.

Before dealing with the question of alleged confusing similarity between the two marks of the parties (which went against the appellant), the court initially disposed of the issue of infringement under s 34(1)(a) of the Trade Marks Act on the basis that the respondent did not use YUPPIE GADGETS in relation to any goods, rather only services. In doing so, it reviewed the development of South African (and UK) law on the protection of trade marks for retail services, distinguishing this case, however, from *Miele et Cie*,⁴⁵ in which the Appellate Division held that the use of the mark MIELE on a shopfront constituted use in relation to the goods (household equipment) being sold in the shop.

In addressing the critical issue of the alleged similarity between the respective marks, the court initially referred to the derivation and meaning of the word YUPPIE, commenting that some people falling within the description regarded it as a badge of pride to be described as a yuppie. After a full exposition of the law and the tests to be applied and after referring to the need to make a value judgment, it later dismissively stated:⁴⁶

The obvious point of similarity between the two marks lies in the use of the word 'Yuppie'. Counsel sought to argue that this is the dominant feature of the two marks and that the addition of 'Chef' in the one and 'Gadgets' in the other does not alter the initial impression. I do not agree.

The court was unmoved by the evidence put forward of several instances of alleged customer confusion and also rejected claims based on s 34(1)(b) and (c) of the Trade Marks Act and on passing-off.

It is not suggested that the mark YUPPIECHEF per se (and ignoring the evidence of its well-known-ness) is a highly distinctive trade mark. However, to simply discount and think away the word 'YUPPIE', which is common to both marks, and latch instead onto the words 'CHEF' and 'GADGETS' cannot, in my view, be correct:

- First, 'YUPPIE' is the first word in each mark, is not descriptive per se of any goods, has a light-hearted ring to it and is at most suggestive of the target market for the products being sold online.
- As there was no evidence of the word YUPPIE being disclaimed in the appellant's trade mark registrations, it should have been given recognition as being reasonably capable of distinguishing the relevant goods.
- It seems to be incontrovertible that YUPPIE is de facto the dominant and memorable feature of the appellant's mark. It is the only non-descriptive word in each mark. Neither CHEF nor GADGETS can serve this purpose.

⁴⁵ *Miele et Cie GmbH and Co v Euro Electrical (Pty) Ltd* [1998] ZASCA 1.

⁴⁶ *Yuppiechef* (n44) para [27].

- The words CHEF and GADGETS, albeit quite different in meaning, are themselves wholly descriptive of goods or of the use of them. It is trite that they are therefore not capable of distinguishing the respective goods of the parties.
- It seems that the court accepted that YUPPIECHEF was well-known, which must imply that it had achieved distinctiveness through use.⁴⁷
- No evidence was referred to of the word YUPPIE being in common use in the trade.
- The relevant goods in issue were at least particularly identical, requiring less similarity between the two marks.⁴⁸
- Insufficient consideration was given to the differences between trade mark confusion and deception. There is a strong inference that at least some of the evidence put forward indicated actual confusion (albeit not deception) between the marks.

In my value judgment, the word YUPPIE, being first in both marks, forming part of the appellant's well-known mark and also being non-descriptive, is the dominant feature of both marks and should have carried the day for the appellant. YUPPIECHEF is fully capable of distinguishing the relevant goods and is a brand worthy of judicial respect. As in *Distell Ltd*⁴⁹ and *Lucky Star*,⁵⁰ the court was persuaded to differentiate between the two conflicting marks based on the inclusion in them of completely descriptive, non-distinctive words. This was, again, contrary to a well-established trade mark law principle.

The court simply swept YUPPIE under the carpet, giving inadequate attention to all the 'values' of YUPPIECHEF and its obvious ability to serve as a well-known brand.

11. *PEPKOR RETAIL*⁵¹

This infringement case in terms of s 34(1)(a) and (b) of the Trade Marks Act (which included a counter-application for removal of the registered trade marks of the respondent in terms of s 10) related to clothing and the retailing of clothing. The conflicting trade marks were:

THE LOOK	THE LOOK FOR LESS
(registered)	
Respondent	Appellant

THE LOOK was registered for goods and services in Classes 16, 25 and 35. THE LOOK FOR LESS was used by the appellant for its clothing retail services.

47 Section 9(2) of the Trade Marks Act and the proviso to s 10 of the Trade Marks Act.

48 Ibid.

49 *Distell* (n30).

50 *Lucky Star* (n38).

51 *Pepkor Retail (Pty) Ltd v Truworths Ltd* (900/2015) [2016] ZASCA 146.

The case turned on the registrability of the THE LOOK as a trade mark and not on whether the marks of the parties were confusingly similar or not. It is referred to here, however, because the SCA (thankfully) re-confirmed the fundamental principle that descriptive words cannot serve to distinguish one trader's goods or services from those of another. This is a welcome 'back-to-basics' by the SCA after *Distell*,⁵² *Lucky Star*⁵³ and *Yuppiechef*.⁵⁴

The court held that THE LOOK was not capable of distinguishing the goods or services covered by the registration in terms of s 10(2)(a), (b) and (c) because, on the facts, it was descriptive. The evidence indicated that 'the look' had a common meaning of 'style and fashion' in the fashion trade in South Africa. It had also been used, in various contexts, by other fashion retailers. Nor was the respondent able to demonstrate that it had used THE LOOK sufficiently to render it capable of distinguishing through such use, and hence rendering it vulnerable to removal in terms of the proviso to s 10.

12. CONCLUSION

The three controversial SCA judgments in *Distell*,⁵⁵ *Lucky Star*⁵⁶ and *Yuppiechef*⁵⁷ are cause for concern. In all these cases, the expressed procedural and factual approach of the SCA in performing its function of assessing confusing similarity between the marks in issue is beyond criticism. The appropriate tests were referred to and 'value judgments' were then appropriately made, based on the tests. However, in my view, first the court did not appreciate or apply certain of the important comparative factors, including the basic principle of the non-distinctiveness of descriptive words and the need to place emphasis on the dominant elements of the marks; and second, the value systems and appreciations made by the court failed to give recognition to or indicate empathy with the value, nature and characteristics of trade marks (in general) or the specific marks (*in casibus*).

It is hoped that, in future, in making its value judgments, the SCA will take greater cognisance of the nuances and subtleties of trade marks, their nature and value, and the manner in which consumers perceive and react to them. It is also hoped that the trend of placing emphasis on wholly-descriptive words to hold trade marks not to be likely to cause confusion, will not persist.

This review has been critical of the SCA's approach to the question of the likelihood of brand confusion, but it may also be questioned whether trade mark practitioners have not been remiss in not placing relevant and more imaginative evidence on this issue before the courts and counsel in not submitting more creative argument. For instance, appropriate expert and market survey evidence could well be submitted to explain and expand on the

52 *Distell* (n30).

53 *Lucky Star* (n38).

54 *Yuppiechef* (n44).

55 *Distell* (n30).

56 *Lucky Star* (n38).

57 *Yuppiechef* (n44).

nature, characteristics and values of the trade marks under consideration to enable the courts to expand their appreciation of these essential aspects.

13. LIST OF SCA CASES

DATE	CITATION	TRADE MARK
12/3/2014	<i>Pioneer Foods v Bothaville Milling</i> (215/2013) [2014] ZASCA 6	WHITE STAR
27/11/2014	<i>Société des Produits Nestlé SA v International Foodstuffs</i> (9100/14) [2014] ZASCA 187 *	KIT KAT shape
1/12/2014	<i>Yair Shimansky v Browns the Diamond Store</i> (9/2014) [2014] ZASCA 214 *	EVOLYM
28/5/2015	<i>Etraction (Pty) Ltd Tyrecor (Pty) Ltd</i> (20185/2014) [2015] ZASCA 78	INFINITY
15/3/2016	<i>Distell Ltd v KZN Wines and Spirits CC</i> (20291/2014) [2016] ZASCA 18 *	KNIGHTS
24/3/2016	<i>Adcock Ingram Intellectual Property (Pty) Ltd v Acton Holdings (Pty) Ltd</i> (20625/14) [2016] ZASCA 41	LENTOGESIC
27/5/2016	<i>Lucky Star Ltd v Lucky Brands (Pty) Ltd</i> (164/2015) [2016] ZASCA 77 *	LUCKY STAR
27/5/2016	<i>Cochrane Steel Products (Pty) Ltd v M-Systems Group (Pty) Ltd</i> (227/2015) [2016] ZASCA 74	CLEARVU
1/9/2016	<i>Joest v Jöst</i> (319/2015 and 324/2015) [2016] ZASCA 110	JOEST
15/9/2016	<i>Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd</i> (1088/2015) [2016] ZASCA 118 *	YUPPIECHEF
30/9/2016	<i>Pepkor Retail (Pty) Ltd v Truworths Ltd</i> (900/2015) [2016] ZASCA 146 *	THE LOOK
10/3/2017	<i>Herbal Zone v Infitech Technologies</i> (204/2016) [2017] ZASCA 8	PHYTO ANDRO
16/3/2017	<i>Westminster Tobacco Co v Philip Morris Products SA</i> (925/2015) [2017] ZASCA 10	PARLIAMENT

* Case involving confusing similarity between trade marks.