

# INTERROGATING TRADE MARK PROTECTION FOR ‘SIMILAR’ GOODS OR SERVICES: A CASE FOR ALTERNATIVES? \*

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## 1. INTRODUCTION

When the Trade Marks Act, 194 of 1993 (the ‘1993 Act’) came into force on 1 May 1995, it introduced the concept of protection for trade marks (in both registration and use situations) in relation to ‘similar’ goods or services. In particular, s 10(14) provides that a trade mark is unregistrable if it is identical to a prior registered trade mark or so similar to it that its use in relation to the goods or services for which registration is sought and which are the same as or similar to the registered goods or services, would be likely to deceive or cause confusion. Section 34(1)(b) is the counterpart to s 10(14) and stigmatises as infringement the use of an identical or similar trade mark to a registered trade mark in relation to goods or services which are so similar to the registered goods or services that, in use, there exists the likelihood of deception or confusion.

This was seen<sup>1</sup> and welcomed at the time as considerably broadening the scope of protection for registered trade marks compared with the equivalent provisions of the previous Trade Marks Act (the ‘1963 Act’).<sup>2</sup> This is, in fact, only partially correct and only in relation to infringement. Prior to its amendment in 1971,<sup>3</sup> s 17(1) of the 1963 Act prohibited registration of a trade mark which so nearly resembled a registered trade mark as to be likely to deceive or cause confusion but only in relation to the same goods as those for which the trade mark was registered or ‘goods of the same description’. The infringement provisions of the 1963 Act, s 44(1), limited protection of a registered trade mark to the goods ‘in respect of

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<sup>1</sup> Personal knowledge and see, for example, Adams & Adams *Practitioners guide to intellectual property law* (2011) 171 para 9.1.3.

<sup>2</sup> Trade Marks Act 62 of 1963.

<sup>3</sup> Trade Marks Amendment Act 46 of 1971.

which the trade mark is registered'. Initially, therefore, the protection under the 1963 Act relating both to use and registration was limited, essentially, to the same goods or services as registered. The 1993 Act therefore did significantly broaden protection when compared with the unamended 1963 Act.

However, perhaps it is not always appreciated that, after the 1971 amendment of the 1963 Act, the scope of s 17(1) (although not of s 44(1)) was considerably broadened and released from reference to any particular type or class of goods or services. It provided:

17(1) Subject to the provisions of sub-section (2), no trade mark shall be registered if it so resembles a trade mark belonging to a different proprietor and already on the register that the use of both such trade 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.

Thus, registration of a later, resembling trade mark was prohibited in relation to *any* goods or services provided that use of that mark was likely to give rise to deception or confusion in relation to a registered trade mark and its goods or services. The test under the amended s 17(1), in comparing the respective marks and their goods or services, did not specifically enquire into whether the goods or services were the same or similar but only whether deception or confusion, viewed overall, was likely. In this sense, therefore, the 1993 Act actually diminished the scope of the prohibition against registration of later competing trade marks by requiring that the respective goods or services must be the same or similar to each other. The 1971 amendment to s 17(1) came about as a result of the introduction into the 1963 Act of trade mark protection for service marks.<sup>4</sup> Its wording, *inter alia*, envisaged the possibility of a 'goods mark' being found to conflict with a prior 'service mark' and vice versa. I revert to this issue later.

Another instance under the 1963 Act of the scope of protection for registered trade marks being capable of extension to dissimilar goods is found in the provisions of s 53 which allowed registration of defensive trade marks in the following terms:

Defensive registration of well-known marks

53(1) Where the registrar is of opinion that, by reason of the extent of use or of any other circumstances, a trade mark registered in part A of the register would, if used in relation to goods or services other than the goods or services in respect of which it is registered, be likely to be taken as indicating a connection in the course of trade between the first-mentioned goods or services and the proprietor of the registered trade mark, then, notwithstanding that the proprietor does not use or propose to use the trade mark in relation to the first-mentioned goods or services and notwithstanding anything in section 36 contained, the trade mark may, on application by the proprietor in the prescribed manner and on payment of the fee prescribed, be registered in his

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<sup>4</sup> Webster, Morley and Joubert *South African Law of Trade Marks* 4 ed (1997) Service Issue 2017 1-10.

name in respect of the first-mentioned goods or services as a defensive trade mark, and such a trade mark, while so registered, shall not be liable to be taken off the register under section 36 in respect of those goods or services.

Similarity between the registered goods and those for which defensive protection was sought was thus not a requirement of s 53. The two fundamental requirements of the section were that the trade mark had to be well-known and a likelihood of deception or confusion existed between the registered and defensive marks in use.

## 2. SOUTH AFRICA: APPLICATION OF THE SIMILAR GOODS AND SERVICES PROVISIONS

I turn now to examine how South African courts have applied the similar goods and services test under the 1993 Act. The following cases give some indication of this under both ss 10(14) and 34(1)(b). They also demonstrate certain inherent difficulties in the criterion of ‘similarity’ between goods and services and in its application.

In 2005 in *New Media Publishing (Pty) Ltd v Eating Out Web Services CC*,<sup>5</sup> the Western Cape Court dealt with an infringement case under s 34(1)(b) of the Trade Marks Act involving the registered trade mark EAT OUT GUIDE (in class 16 for, inter alia, guides and magazines) and the use of certain marks in respect of an internet service giving information on restaurants at two websites, namely, *www.eating-out.co.za* and *www.eatingout.co.za*.<sup>6</sup> The court recognized an interdependence between the two legs of the infringement enquiry, namely, the similarities between the respective trade marks and those between the respective goods and services.<sup>7</sup> The less the similarity between the respective goods or services of the parties, the greater would the degree of resemblance need to be between the respective marks before it could be said that a likelihood of deception or confusion existed between the marks in use, and *vice versa*. It held, supported by evidence of instances of actual confusion, that the marks were sufficiently similar to give rise to the likelihood of confusion<sup>8</sup> and also the goods and services of the parties,<sup>9</sup> agreeing in principle that:

‘it is possible for a mark which is registered for goods to conflict potentially with another mark which is used for services.’

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<sup>5</sup> *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C).

<sup>6</sup> *New Media* (n5) 392 at paras F and I.

<sup>7</sup> *New Media* (n5) 394 at paras C and D, subsequently quoted with approval by the SCA in *Mettenheimer v Zonquasdrif Vineyards CC* (965/12) [2013] ZASCA 152 6 at para [11].

<sup>8</sup> *New Media* (n5) 399 at para B.

<sup>9</sup> *New Media* (n5) 399 at paras G to I.

In *Foschini Retail Group (Pty) Ltd v Jan Frederick Coetzee*,<sup>10</sup> a trade mark opposition appeal, the full bench of the North Gauteng High Court considered the registrability of the trade mark DUE SOUTH logo of the respondent for goods in classes 16, 29 and 30 and a service in class 41 in the face of the appellant's DUE SOUTH trade mark which was registered in classes 8, 9, 11, 21 and 28 for goods and in service class 35. This was under s 10(14) of the Act.<sup>11</sup> None of the respective goods or services of the parties was the same<sup>12</sup> and the case turned on whether any of them was similar. The court approached the goods similarity question<sup>13</sup> on the basis of the decision of the UK Chancery Division in *British Sugar PLC v James Robertson & Sons Ltd*<sup>14</sup> in which it was held<sup>15</sup> that the following factors should be taken into account in assessing similarity between goods or services:

- (a) the respective uses of the goods or services;
- (b) the respective users of the goods or services;
- (c) the physical nature of the goods or acts of service;
- (d) the respective trade channels through which the goods or services reach the market;
- (e) in the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves; and
- (f) the extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods and services in the same or different sectors.

The full bench rejected the appellant's counsel's submission that a low threshold test for goods 'similarity' should be applied.<sup>16</sup> It explicitly agreed with the respondent that the starting point for the assessment of similarity is the classification system<sup>17</sup> and that the fact that goods and services are in different classes would indicate, at least *prima facie*, that goods and services are not similar. It found that none of the respective goods of the parties was sufficiently similar to sustain the opposition<sup>18</sup> (not even foodstuffs in classes 29 and 30 compared with cooking and kitchen utensils and containers in classes 11 and 21). The case is, however, primarily of interest

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<sup>10</sup> *Foschini Retail Group (Pty) Ltd v Jan Frederick Coetzee* (A1/11) [2013] ZAGPPHC 8.

<sup>11</sup> *Foschini* (n10) para [6].

<sup>12</sup> A full summary of the goods and services of both parties is at para [11].

<sup>13</sup> *Foschini* (n10) para [19].

<sup>14</sup> *British Sugar PLC v James Robertson and Sons Ltd* [1996] RPC 281.

<sup>15</sup> *British Sugar* (n14) 296 to 297.

<sup>16</sup> *Foschini* (n10) para [16].

<sup>17</sup> *Foschini* (n10) para [27] but see the criticism of this approach in Webster, Morley and Joubert (n4) 6–30(1) para [6.12].

<sup>18</sup> *Foschini* (n10) para [37].

in its rejection of any similarity between any of the goods of the respondent and any of the services covered by the appellant's registration in class 35, particularly, (unrestricted) retail and wholesale services. It said:

'A further objection relies on Foschini's class 35 registration. The opposition based on this ground relies on "offering for sale of goods in the retail and wholesale trade". In written argument on behalf of Foschini it is stated that no limit is placed on the nature of the goods that Foschini is entitled to sell in its retail or wholesale outlets. The obvious point that Foschini misses is that all goods are produced for sale thereof. Coetzee's retort describes this as the clearest example of Foschini's attempt to obtain monopoly rights. If this opposition is upheld then a class 35 registration can be a valid objection to registration in any of the goods classes in schedule 3 of the regulations to the Act once the mark is similar. A general class 35 registration can therefore not be used to, in disregard of the classes of goods, broaden the scope of protection. I therefore find that the class 35 registration does not advance Foschini's case at all'.<sup>19</sup>

and:

'My rejection of Foschini's opposition based on class 29 is for the same reason as class 9 namely that you cannot compare the production and sale of articles to be used in some activity to be services rendered by using those goods'.<sup>20</sup>

The court seems to have been opposed to any suggestion that goods and services can be considered similar, unlike the Western Cape court in *New Media*,<sup>21</sup> no reference to which appears in the reported decision. I revert to this question below.<sup>22</sup>

In *Mettenheimer v Zonquasdrif Vineyards CC*,<sup>23</sup> the SCA took a rather strict and conservative view of the alleged similarity between alcoholic beverages excluding beers in class 33 (thus, covering wine) and wine grapes (which fall in class 31), both under the trade mark ZONQUASDRIFT. This was an infringement case under s 34(1)(b) of the 1993 Act and the court held that there was insufficient similarity between these goods to sustain it, rejecting the appeal against the court a quo's finding of non-infringement. Although the appeal court elaborated on this aspect of its finding later in the judgment, the following passage essentially summarises its view on the similarity between the goods of the parties<sup>24</sup> (based on the *British Sugar* tests):

'On application of these considerations to wine grapes and wine, first impressions are that the likelihood of confusion is slight indeed. The nature of the two products is entirely different. The one is a fruit – albeit inedible – and the other is an alcoholic beverage. As are their uses, their

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<sup>19</sup> *Foschini* (n10) para [31].

<sup>20</sup> *Foschini* (n10) para [35].

<sup>21</sup> *New Media* (n5).

<sup>22</sup> In connection with the SCA decision in *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* (1088/2015) 2016 ZASCA 118.

<sup>23</sup> *Mettenheimer v Zonquasdrif Vineyards CC* (965/12) [2013] ZASCA 152 (in which my then firm represented the respondent).

<sup>24</sup> *Mettenheimer* (n23) para [13].

users and the trade channels through which they are marketed. Since wine grapes are not suitable for consumption as a fruit, they are not sold to the public and they are therefore not to be found in any retail outlets. Wine, on the other hand, is marketed, advertised and sold directly to the public in supermarkets, liquor stores and other retail outlets. The prospects of Zonquasdrijf wine and Zonquasdrijf grapes ever being marketed or sold in close proximity can therefore safely be excluded as non-existent'.<sup>25</sup>

Academic comment on *Mettenheimer* has been mixed. Kelbrick and Visser<sup>26</sup> comment that, at first blush, wine and the grapes used to make it do appear similar but that the reasons for the finding were fact specific to the South African wine industry. The court had found on the evidence that there was a clear delineation between the purchasers of wine grapes and of wine. Karjiker<sup>27</sup> expresses a similar view and comments that the finding was based on a possible peculiarity in the local wine industry, namely, that consumers of wines do not assume that trade-marked wines have any connection with particular farms or that a farm with the same name as a wine belong to the same proprietor. On the other hand Dean,<sup>28</sup> rejects the appropriateness of applying the *British Sugar* criteria<sup>29</sup> in situations where one product is a principal identifiable ingredient of the finished product. He avers that the *British Sugar* criteria could play no role in the thought process of assessing the similarity of the goods in this case and that such similarity should have been found.

By way of contrast, the full bench of the Pretoria High Court, Gauteng Division, took a more generous and liberal approach to the goods and services similarity criterion in *Chantelle v Designer Group (Pty) Ltd*,<sup>30</sup> an opposition case. The respondent was seeking registration of the trade mark CHANTELE in class 3 for a range of goods including perfumery and cosmetics. The appellant was the proprietor of a trade mark registration for CHANTELE in class 25 for certain articles of female intimate apparel and swimsuits. The registrar of trade marks had found that these goods were not similar and had dismissed the appellant's opposition.

Again, relying on the *British Sugar* tests,<sup>31</sup> and the judgment of the then Appellate Division in *Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales & Promotions (Pty) Ltd and*

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<sup>25</sup> *British Sugar* (n14).

<sup>26</sup> R Kelbrick and C Visser 'Intellectual Property Law' in the Annual Survey of South African Law *Juta* (2013) at 705 and 708.

<sup>27</sup> S Karjiker 'In vino veritas – *Mettenheimer v Zonquasdrijf Vineyards*' published by the Anton Mostert Chair of Intellectual Property and available at <http://blogs.sun.ac.za/iplaw/2013/in-vino-veritas-mettenheimer-v-zonquasdrijf-vineyards/> accessed on 18 September 2018.

<sup>28</sup> O Dean 'Straying from trade mark law principles a cause for concern' published on 2 February 2015 and available at <http://www.bizcommunity.com/Article/196/364/123933.html>, accessed on 18 September 2018.

<sup>29</sup> *British Sugar* (n14) .

<sup>30</sup> *Chantelle v Designer Group (Pty) Ltd* (A743/2013) [2015] ZAGPPHC 222.

<sup>31</sup> *British Sugar* (n14) and *Chantelle* (n30) para [61].

another,<sup>32</sup> which also dealt with an opposition between identical trade marks (FRENCH CONNECTION) for goods in classes 3 and 25, the court concluded that there was sufficient similarity between the goods to uphold the appellant's opposition. In doing so, the court focussed on the issue of notional use and agreed with submissions made that the respective goods were fashion items, used mostly by women, and went hand-in-hand with, and to improve, a person's appearance. These items of fashion complemented each other and were often sold in close proximity to each other, having passed through (notionally) overlapping trade channels.<sup>33</sup> Despite finding (as it obviously had to) that the respective goods were not physically similar, the other factors persuaded the court that a case for similarity of goods had been made out. It warrants comment, however, that, in the *Danco Clothing* case,<sup>34</sup> the appellate division actually found that these same types of goods (in classes 3 and 25) were 'widely divergent in nature'<sup>35</sup> but, based on the unrestricted, amended s 17(1) of the 1963 Act, nevertheless found that there was a likelihood of confusion.

The issue as to whether goods and services can ever be considered similar for purposes of s 34(1)(b) of the Act arose in *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd*.<sup>36</sup> The court considered the appellants registered YUPPIECHEF trade mark, for kitchen equipment and related goods in classes 8, 11 and 21<sup>37</sup> and whether use of YUPPIE GADGETS in respect of an online retail service selling, *inter alia*, such goods infringed the goods registrations.<sup>38</sup> The appeal was dismissed primarily on the basis of the court's finding that the trade marks, themselves, were differentiable but, regarding the goods/services question, it stated:<sup>39</sup>

'Yuppiechef argued that, given that the goods sold on the Yuppie Gadgets website were the same as some of the goods in respect of which its marks were registered, it followed that an outlet selling those goods is similar to the goods themselves. I am not sure that this is correct, as it appears to be an attempt to bridge the gap between a goods mark and a services mark. I have held that Yuppie Gadgets uses its mark in relation to the services it provides as a retailer of goods. It is unclear to me that those, or any other, services could ever be 'similar' to goods. The intrinsic nature of goods is wholly different from the intrinsic nature of services and vice versa. It may be that similarity in this section, when dealing with a services mark, refers only to similar services and, when dealing with a goods mark, refers only to similar goods. However, the question was

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<sup>32</sup> *Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales and Promotions and another* 1991 4 SA 850 (AD), a decision under s 17(1) (as amended) of the 1963 Act.

<sup>33</sup> *Chantelle* (n30) 23 to 25.

<sup>34</sup> *Danco Clothing* (n32).

<sup>35</sup> *Danco Clothing* (n32) 22.

<sup>36</sup> *Yuppiechef* (n22).

<sup>37</sup> *Yuppiechef* (n22) para [3].

<sup>38</sup> *Yuppiechef* (n22) para [5].

<sup>39</sup> *Yuppiechef* (n22) para [41].

not fully explored in argument before us and the matter can be resolved without reaching any conclusion on this issue, so it is better to refrain from deciding the point'.<sup>40</sup>

These cases, particularly *Mettenheimer*<sup>41</sup> and *Chantelle*,<sup>42</sup> demonstrate that it is an open and uncertain question as to whether similarity between two types of goods will be found to exist in particular circumstances, despite the fact that they may be connected or related (even closely) in some way. From an everyday and common-sense perspective, wine grapes and wine have an obvious relationship and connection. Cosmetics and fragrances, compared with underwear, do not. Despite this, two senior courts have found the former goods to be dissimilar and the latter similar (in *Mettenheimer*<sup>43</sup> and *Chantelle*,<sup>44</sup> respectively). One ponders whether *Mettenheimer* was correct in law on a strict interpretation of s 34(1)(b) but failed on the broader question of a likelihood of confusion, whereas *Chantelle* was incorrect in law on the similarity issue but correct on the confusion issue. In two other cases, *Foschini Group*<sup>45</sup> and *Yuppiechef*<sup>46</sup> and despite *New Media*,<sup>47</sup> the senior courts would not countenance bridging the gap between goods and services to find that they could be similar, so that question remains, at best, open. It is also clear that only the 1996 UK *British Sugar* case, and its factors, have been considered and applied in this country.

### 3. THE UK AND EU POSITION

It is of interest to review briefly how the equivalent 'similar' goods or services provisions of the relevant legislation in the UK<sup>48</sup> and EU<sup>49</sup> have been applied there and to compare this with our domestic approach. My starting point is the widely applied *British Sugar*<sup>50</sup> case itself and the tests it proposed as summarised above, namely, a comparison between the uses of the goods and services, their users, physical nature, trade channels, sales locations, and competitiveness.

After that decision, the European Court of Justice considered the goods or services similarity question in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,<sup>51</sup> in which the court stated:

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<sup>40</sup> *Yuppiechef* (n22) para [41].

<sup>41</sup> *Mettenheimer* (n23).

<sup>42</sup> *Chantelle* (n30).

<sup>43</sup> *Mettenheimer* (n23).

<sup>44</sup> *Chantelle* (n30).

<sup>45</sup> *Foschini* (n10).

<sup>46</sup> *Yuppiechef* (n22).

<sup>47</sup> *New Media* (n5).

<sup>48</sup> UK Trade Marks Act 1994 ss 5(2) (registration) and 10(2)(a) (infringement).

<sup>49</sup> EU First Council Directive 89/104 (21 December 1988) art 4(1)(b) (registration) and 5(1)(a) (infringement).

<sup>50</sup> *British Sugar* (n14).

<sup>51</sup> *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* Case C – 39/97 [1998] ECR I – 5507.



‘In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature, their end users and their method of use and whether they are in competition with each other or are complementary’.<sup>52</sup>

This decision was made in terms of art 4(1)(b) of the First Council Directive.<sup>53</sup> It is noted that, in addition to the *British Sugar* criteria, the aspect of whether the goods are complementary is of relevance and should be considered. A significant decision of the ECJ, thereafter, in terms of art 8(1)(b) of regulation (EC no 40/94),<sup>54</sup> the successor to art 4(1)(b) of the First Council Directive, was in *Waterford Wedgwood PLC v Assembled Investments (Pty) Ltd*.<sup>55</sup> This was an appeal against the dismissal of an opposition to a trade mark application of the respondent, a Stellenbosch-based company, by the court of first instance.<sup>56</sup> The trade mark application was for a label including the words WATERFORD and STELLENBOSCH for wines in class 33 and the appellant was the proprietor of the registered trade mark WATERFORD in class 21 for glassware. The ECJ confirmed the decision of the court of first instance, which had held that the respective goods were not similar, and had dismissed the opposition. The case is of present interest for the following reasons:

- a) the court reiterated the findings in previous cases that a likelihood of confusion under art 8(1)(b) of the EC Council Regulation may exist notwithstanding a low degree of similarity between the trade marks, where the respective goods or services are very similar and the earlier mark is highly distinctive.<sup>57</sup> However, interdependence of these different factors did not mean that a complete lack of similarity could be fully offset by the strong distinctive character of the earlier trade mark. Some similarity between the respective goods or services had to be proved;<sup>58</sup>
- b) the question of the similarity between the competing trade marks and of the likelihood of confusion between them could only be assessed after a consideration of the similarity between the goods or services;<sup>59</sup> and
- c) the court accepted the reasoning of the court of first instance regarding lack of similarity between the goods which included that, although there was a degree of complementarity

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<sup>52</sup> *Canon* (n50) para [23].

<sup>53</sup> EU First Council Directive 89/104 (n48).

<sup>54</sup> Regulation (EC) No 40/94 (20 December 1993) on the Community trade mark.

<sup>55</sup> *Waterford Wedgwood PLC v Assembled Investments (Pty) Ltd* Case C – 398/07 P, [2009] ECR 00.

<sup>56</sup> *Assembled Investments (Pty) Ltd v Waterford Wedgwood PLC* Case No T105/05.

<sup>57</sup> *Waterford* (n54) para 33.

<sup>58</sup> *Waterford* (n54) para 34.

<sup>59</sup> *Waterford* (n54) paras 33 and 34.

between some articles of glassware and wine, that was not sufficiently pronounced from a consumer's perspective to find that they were similar.<sup>60</sup>

Complementarity between goods or services as a factor in determining their similarity has become accepted in the EU as reference, for example, to the European Intellectual Property Office (EUIPO) Examination Guidelines indicates.<sup>61</sup> The Guideline's treatment of the complementarity factor (based on various cases referenced in the Guidelines) is instructive:

#### 3.2.4 Complementarity

Goods (or services) are complementary if there is a close connection between them, in the sense that one is indispensable (essential) or important (significant) for the use of the other in such a way that consumers may think that responsibility for the production of those goods or provision of those services lies with the same undertaking (see, to that effect, judgments of 11/05/2011, T-74/10, Flaco, EU:T:2011:207, § 40; 21/11/2012, T-558/11, Artis, EU:T:2012:615, § 25; 04/02/2013, T-504-11, Dignitude, EU:T:2013:57, § 44). The complementary relation between the goods/services can be, for example, functional.

By definition, goods intended for different publics cannot be complementary (judgments of 22/06/2011, T-76/09, Farma Mundi Farmaceuticos Mundi, EU:T:2011:298; § 30; 12/07/2012, T-361/11, Dolphin, EU:T:2012:377 § 48).

Complementarity has to be clearly distinguished from use in combination where goods/services are merely used together, whether by choice or convenience (e.g. bread and butter). This means that they are not essential for each other. In such cases similarity can only be found on the basis of other factors, not on complementarity.

Certain goods that are often coordinated with each other but do not fall within the scope of other similarity factors were determined by the Court to have 'aesthetic complementarity'. This relationship between the goods falls outside the existing definition of complementarity.

#### Example

Handbags (Class 18) and clothing (Class 25) are closely connected but not complementary, since one is not essential for the use of the other. They are merely often used in combination. They are, however, similar because of the fact that they may well be distributed by the same or linked manufacturers, bought by the same public and can be found in the same sales outlets.

#### 3.2.4.2 Ancillary goods/services: not complementary

When certain goods and/or services only support or supplement another product or service, they are not considered to be complementary within the meaning of the case-law. Ancillary goods are

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<sup>60</sup> *Waterford* (n54) para 35. For a comprehensive analysis of the *Waterford Wedgwood PLC* case see C Ncube 'When Are Complementary Goods Similar? *Waterford Wedgwood PLC v Assembled Investments (Pty) Ltd*' (2010) *SALJ* 127 51, at 55 in which the author expresses the view that a three-step test and approach emerges from the decision of the court of first instance, namely, a comparison between the goods or services regarding similarity, then between the trade marks and finally, overall, the assessment of the likelihood of deception or confusion.

<sup>61</sup> Guidelines for Examination of European Union Trade Marks, European Union Intellectual Property Office (EUIPO) version 1.0 dated 01/10/2017, Part C Opposition, Section 2, Chapter 2 Comparison of Goods & Services, pages 28 to 31.

typically those used for packaging (e.g. bottles, boxes, cans) or for promotion (e.g. leaflets, posters, price lists). Equally, goods/services offered for free in the course of a merchandising campaign are usually not similar to the primary product or service.”

Lastly, where the goods concern raw materials, complementarity criterion is not applicable in the analysis of similarity.

Raw materials as a significantly important basic component of an end product may be found similar to that product, but not on the basis of complementarity. Similar considerations apply to parts, components and fittings (see also Annex I, paragraphs 1 and 2, and Annex II, paragraphs 5.1 and 5.2).

#### 4. COMPARISON BETWEEN SA AND THE UK/EU

Significant differences in approach to the assessment of similarity between goods or services in SA compared with the UK and EU may be noted from the above. Firstly, as Ncube has pointed out and is referred to above,<sup>62</sup> the EU adopts a distinct three-step procedure, comparing the:

- similarity between the respective goods or services;
- similarity between the trade marks, then
- on a global assessment of these two factors (recognising their interdependence) and other factors (such as the distinctiveness of the earlier mark), whether there is a likelihood of confusion or deception in use between the earlier and latter mark.

In SA, on the other hand, the approach of the SCA in *Mettenheimer*<sup>63</sup> was less analytical, first involving a comparison between the marks and then as to whether the goods or services were sufficiently similar that confusion or deception would result. After recognising the identity between the two marks (ZONQUASDRIFT), the court stated:

‘What it therefore boils down to in the end is the similarity of the goods. Can it be said that, having regard to the sameness of the two marks, the similarity between the goods in respect of which the appellant’s mark is registered (wine) and the goods in respect of which the respondent trades (wine grapes) is such that confusion or deception is the probably result’.<sup>64</sup>

This approach conflates the two factors of similarity between goods and the likelihood of deception or confusion which are treated distinctly in the EU. Whether, at the end of the day, doing so may have affected the outcome of this particular case (no likelihood of confusion) is an open question but the sharper analytical approach of the EU seems more appropriate and accurate. Similarity between goods or services is a factual question whereas the likelihood of

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<sup>62</sup> C Ncube (n59).

<sup>63</sup> *Mettenheimer* (n23).

<sup>64</sup> *Mettenheimer* (n23) para [12].

confusion is a legal one. Eliding the two questions could lead to confusion and misdirection in general future application.

The second main difference between SA and the UK/EU relates to the factual criteria to be considered in assessing similarity between goods or services. South African courts seem stuck in a *British Sugar*<sup>65</sup> rut. It is a decision which is more than 20 years old and more recent jurisprudential developments in the EU have not been considered in South Africa, certain of which have been briefly summarised above. In particular, the complementarity factor has been ignored. It is an important one and its application might possibly have led to a different result in *Mettenheimer* and given additional justification to the decision in *Chantelle*.

## 5. LIMITATIONS OF THE GOODS OR SERVICES ‘SIMILARITY’ CRITERION

Whether the EU or South African courts’ interpretation and application of the similar goods or services test is preferable (or will meaningfully lead to different results based on identical facts) is, in my view, less important than a consideration of whether the similarity test, *per se*, is the correct one to form part of our law. There are various reasons for questioning this.

- a) The factual assessment of goods or services similarity, as the cases indicate, is no easy task. The criteria to do so are, it is accepted, well developed, appropriate and helpful (bearing in mind, however, South Africa’s fixation with *British Sugar* and its ignoring the complementarity factor). Nevertheless, applying the test factors can be challenging and outcomes are uncertain.
- b) Standing back from the details of the *British Sugar* criteria and from the reasoning behind the *Chantelle* decision, one questions on a broad basis whether the significant physical differences between ladies’ underwear and cosmetics and fragrances should not have been enough to reject the submission of similarity between them, whereas the much closer physical natures of, and connection between, wine grapes and wine should have been sufficient to hold them to be similar. To me, there is a degree of intellectual discord between these two outcomes, however welcome the *Chantelle* decision might be to trade mark proprietors.
- c) The essential aspect of what the law in this context should address is ensuring the elimination of the likelihood of consumer deception or confusion in the use of trade marks for goods or services. One envisages situations (and perhaps both *Mettenheimer*

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<sup>65</sup> *British Sugar* (n14).

and *Chantelle* are such) in which the goods (or services) are not in fact similar but where the likelihood of deception or confusion is a reality.

- d) In SA at least, senior courts have been very unwilling to accept that goods and services might be so similar that registration or use of resembling trade marks for them might lead to confusion and be prevented by either s 10(14) or s 34(1)(b). Reference is again made to *Foschini Retail*<sup>66</sup> and *Yuppiechef*.<sup>67</sup> One can readily imagine practical commercial situations in which such confusion would be inevitable, for example, CARTIER for watches and CARTIER (or a resembling trade mark), for retail services involving the sale of watches.

In summary, both in relation to the inherent substance of the ‘similar goods or services’ test itself, and to the manner of its practical application by our courts, there appear to be restraints in being able to get to the root of what the law should be condemning, namely, the likelihood of consumer confusion and deception as to origin.

## 6. A FIRST ALTERNATIVE

A first suggested alternative to ‘similarity’ between goods or services being the touchstone for considering the likelihood of deception or confusion in both trade mark use and registration situations is to eliminate ‘similar’ from the wording of ss 10(14), 10(15) and 34(1)(b) in relation to the relevant goods or services. Not restricting the goods or services in these sections to similar goods or services would not throw the doors open to a state of legal uncertainty or an increase in the number of trade mark oppositions and infringement cases as conservative minds might fear. A case in favour of doing so may be made out on the following basis.

- a) It would, to a degree, be taking us back to what South African trade mark law was between 1971 and April 1995 prior to the Trade Mark Act’s coming into force. As discussed in the introduction, s 17(1) of the 1963 Act (after the 1971 amendment) was not restricted to any goods or services and also allowed a comparison between goods and services. Similarly, defensive registration under s 53 of the 1963 Act in relation to any goods or services was allowed if it could be shown that the trade mark was well-known and that a likelihood of confusion would exist, in use, in relation to the registered goods.

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<sup>66</sup> *Foschini* (n10).

<sup>67</sup> *Yuppiechef* (n22).

- b) Removing ‘similar’ from the wording of ss 10(14), 10(15) and 34(1)(b) of the Trade Marks Act would not, by any means, eliminate or diminish its relevance as an important factor in the overall, global assessment of the likelihood of confusion or deception in the use of the two marks. It would remain one of the factors in considering the relationship between the respective goods or services, but not the only one. Other relationships or connections between the goods or services could be considered. Our courts would be released from what may be viewed as the similarity straightjacket to get to grips with the more fundamental and critical issue of, globally viewed, the likelihood of confusion or deception as to origin.
- c) There is substantive international precedent for not legally limiting the likelihood of confusion or deception enquiry in registration and alleged infringement situations to any particular class or type of goods or services. I refer only to the positions in the USA and Canada. The relevant part of s 2 of the US Lanham Act<sup>68</sup> provides as follows:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it:

- (d) Consists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant to cause confusion, or to cause mistake or to deceive.<sup>69</sup>

The Lanham Act’s equivalent infringement provisions<sup>70</sup> refer to the use on “any goods or services”. In Canada, S20(1)(a) of its Trade-marks Act<sup>71</sup> provides:

The right of the owner of a registered trade-mark to its exclusive use is deemed to be infringed by any person who is not entitled to its use under this Act and who

- (a) sells, distributes or advertises any goods or services in association with a confusing trade-mark or trade-name;
- d) In the USA, similarity between the relevant goods or services is an important consideration in assessing this issue but it is only one factor (and not an essential threshold element) in deciding the critical global likelihood of confusion question. The position is well summarised in the 1973 Federal Circuit Court of Appeals case of *In re E.I. DuPont DeNemours & Co*:<sup>72</sup>

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<sup>68</sup> 15 US Code §1052 s 2.

<sup>69</sup> Section 2 of the Lanham Act extends this provision to service marks.

<sup>70</sup> 15 US Code §1114 s (1)(a).

<sup>71</sup> Trade-marks Act, RSC 1985, c T-13.

<sup>72</sup> *In re EI DuPont DeNemours and Co* 476 F2d 1357 (CCPA 1973) 2.

‘In testing for likelihood of confusion under Sec. 2(d), therefore, the following, when of record, must be considered:

1. The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
2. The similarity or dissimilarity of and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
3. The similarity or dissimilarity of established, likely-to-continue trade channels.
4. The conditions under which and buyers to whom sales are made, i.e. “impulse” vs careful, sophisticated purchasing.
5. The fame of the prior mark (sales, advertising, length of use).
6. The number and nature of similar marks in use on similar goods.
7. The nature and extent of any actual confusion.
8. The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
9. The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).
10. The market interface between applicant and the owner of a prior mark:
  - (a) a mere “consent” to register or use.
  - (b) agreement provisions designed to preclude confusion, i.e. limitations on continued use of the marks by each party.
  - (c) assignment of mark, application, registration and good will of the related business.
  - (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.
11. The extent to which applicant has a right to exclude others from use of its mark on its goods.
12. The extent of potential confusion, i.e. whether *de minimis* or substantial.
13. Any other established fact probative of the effect of use.’

e) Closer to our borders, the Botswana Industrial Property Act of 2010 affords infringement protection against use on ‘any goods or services’. Section 81(2)(e) provides:

A person who, without authorisation from the owner of a registered mark –

- (e) Uses in the course of trade, a sign that is identical or similar to the mark in respect of any goods or services, where such use may cause a risk of confusion or association with the registered mark; infringes the rights of the owner of the registered mark.

f) Another advantage of jettisoning ‘similar’ as a *sine qua non* in the comparison between the respective goods or services, under both ss 10(14) and 34(1)(b), is that it will remove any legal objection or resistance to allowing goods and services to be compared with each other in assessing the likelihood of deception or confusion which, as we have seen, is an uncertain and significant issue in South Africa.

## 7. A SECOND ALTERNATIVE

A more conservative suggestion to reduce the difficulties referred to above without eliminating ‘similar’ from ss 10(14), 10(15) and 34(1)(b) is to add the alternative of ‘related’ or ‘closely related’ goods or services. In other words, the sections would refer to:

- ‘similar or related goods or services’ or
- ‘similar or closely related goods or services’.

The first proposal is considered preferable as including ‘closely’ would probably lead to an overly narrow interpretation of ‘related’ in the goods or services comparison by our courts and shift focus from the more important fundamental task of assessing the overall, ‘global’ likelihood of confusion.

Adding ‘related’ as an alternative to ‘similar’ would broaden the factual scope of the goods or services enquiry as related goods or services are not necessarily similar, nor *vice versa*. Likelihood of deception or confusion would remain the central question to be decided. Such a broadened test would allow disparate goods, such as those in *Chantelle*,<sup>73</sup> to be comfortably accommodated as being within the scope of these sections without straining the meaning of ‘similar’ (which, in my view, was done in *Chantelle*) as, on the evidence of the case, there was clearly at least a commercial relationship between them. The relationship envisaged could be based on a variety of different aspects: commercial, in manufacture, in use or even in cultural or social situations. One thinks of shoes and socks, eggs and bacon and gin and tonic, to mention a few everyday examples. Such associated goods would not seemingly satisfy the EUIPO Examination Guidelines<sup>74</sup> as being complementary (and therefore similar). In the Guideline,<sup>75</sup> the example of bread and butter is given as being non-complementary goods.

There is some international precedent for this proposal in other legal systems. In Australia, the comparison of goods and goods in the infringement section, or services and services, requires them to be identical or ‘of the same description’ but as between goods and services, or services and goods, they are required to be ‘closely related’.<sup>76</sup> Such limited

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<sup>73</sup> *Chantelle* (n30).

<sup>74</sup> Guidelines for Examination of European Union Trade Marks (n60).

<sup>75</sup> Guidelines for Examination of European Union Trade Marks (n60) para 3.2.4, third sub-paragraph.

<sup>76</sup> Australia Trade Marks Act 1995 s 10(2)(a),(b) and (c).



reference to ‘closely related’ goods or services, if adopted in South Africa, would also bridge the gap which neither court in *Foschini*<sup>77</sup> nor *Yuppiechef*<sup>78</sup> was prepared to do.

In Botswana,<sup>79</sup> s 74(2)(j) prohibits the registration of resembling trade marks in respect of the same or ‘closely related goods’. Equivalent protection is not given in the infringement section, s 83(2). The same situation applies in Ghana,<sup>80</sup> namely, registration of confusingly similar marks in respect of identical or closely related goods is not allowed by s 5(g), but infringement protection is limited to ‘similar’ goods or services in s 9(4). Sections 20(1) and 31(1)(a) of the relevant Act in Tanzania<sup>81</sup> prohibit both registration and use of conflicting marks in relation to closely related goods or services.

As already mentioned, the inclusion of ‘closely’ to qualify ‘related’ is considered unnecessarily constricting but, even so qualified, it would introduce an improvement and clarification into South African law.

## 8. CONCLUSION

The common ‘similar goods or services’ test in ss 10(14), 10(15) and s 34(1)(b), as has been discussed, is problematic from an inherent perspective regarding the scope of its meaning and has also given rise to difficulties in practical application. Compared with the EU situation, SA courts have conflated the assessment of similarity between goods or services with the issue of the likelihood of deception or confusion. Consideration of the requirement of similarity between goods or services has tended to draw attention away from the true crux of what the enquiry should be, that is, the question of the likelihood of deception or confusion arising. It can be seen as distorting that assessment. Another problem is that our senior courts have demonstrated considerable reluctance in being prepared to accept, in principle, that goods may be considered similar to services (or *vice versa*).

It is therefore suggested that removing the similarity requirement entirely from ss 10(14), 10(15) and 34 (1)(b), or adding the alternative factor of goods or services being related, would remove much of the difficulties identified without abandoning goods or services similarity as an important (but not stand-alone) factor in assessing the greater question of the likelihood of confusion arising in the use of competing trade marks.

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<sup>77</sup> *Foschini* (n10).

<sup>78</sup> *Yuppiechef* (n22).

<sup>79</sup> Botswana Industrial Property Act 8 of 2010.

<sup>80</sup> Ghana Trade Marks Act 664 of 2004 as amended by Act 876 of 2014.

<sup>81</sup> Tanzania Trade and Service Marks Act, 1986.