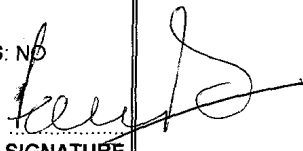


IN THE NORTH GAUTENG HIGH COURT, PRETORIA

(REPUBLIC OF SOUTH AFRICA)

4/12/2012
CASE No. 48245/11

(1) REPORTABLE: NO
(2) INTEREST TO OTHER JUDGES: NO
4/12/12 DATE
 SIGNATURE

In the matter of:-

ANDRITZ DELKOR (PTY) LTD

Applicant

and

BATEMAN ENGINEERED TECHNOLOGIES

First Respondent

DELKOR TECHNIK B.V

Second Respondent

DELKOR SUB-SAHARA AFRICA

Third Respondent

BATEMAN PROJECTS LTD

Fourth Respondent

BATEMAN AFRICA (PTY) LTD

Fifth Respondent

JUDGMENT

Van der Byl AJ:-

...

Introduction

[1] The Applicant in effect seeks, in terms of its Notice of Motion (**record pp. 2 to 3**), as amended (**record pp. 1125 to 1126**), an order -

- (a) interdicting and restraining the Respondents from passing off their business by using the trade mark DELKOR or any confusingly similar trade mark as being that of or associated with the Applicant in the course of business;
- (b) directing the Respondents to remove the DELKOR trade mark from all material or deliver up all material that is inseparable from the use of the DELKOR trade mark;
- (c) interdicting the Respondents from competing unlawfully with the Applicant by using the DELKOR trade mark in their names, promotional material, corporate profiles and websites in such a manner that the Respondents associate themselves with the Applicant or its predecessors in title by claiming -
 - (i) the Second Respondent has a proven track record stretching over 35 years with more than 2100 installations worldwide;
 - (ii) the Second Respondent has *"over the last 35 years led the way in innovation and implementation of world class development of the filtration industry"*;

.../...

- (iii) the DELKOR Group, as defined by the Respondents in their papers, was formed in 1973;
- (iv) Delkor Technik (Pty) Ltd ("DTPL") formed part of the Respondents, or their predecessors in title, by amongst others, stating in advertising and marketing material that the "*DELKOR brand has, since the early 1970's been well established as a recognised leader in the supply of solid and liquid separation equipment*"; and
- (v) the Respondents or their predecessors in title originate from South Africa or ever traded in South Africa prior to 2009.

[2] In relation to the third of these prayers (**paragraph [1](c) above**) which is in effect based on allegations of unlawful competition, Mr Michau SC who appeared on behalf of the Applicant, made, except for referring to his heads of argument, no oral submissions, except to indicate that he persists with that relief.

[2.1] It appears from his heads of argument that the relief sought in the amended Notice of Motion is based on the Respondents' averments contained in their answering affidavit -

- (a) that the Second Respondent has a proven track record stretching over 35 years with more than 2100 installations (**record pp. 161, 418, 421, 423, 547 and 960**);

.../...

- (b) that the Second Respondent has over the last 35 years led the way in innovation and implementation of world class development of the infiltration industry (record pp. 161, 418, 421, 423, 547 and 960);
- (c) that the Delkor Group was formed in 1973 (record pp. 143, 416, 541, 543 and 549);
- (d) that it insinuated that DTPL form part of the Respondents by stating that the Delkor brand has since the early 1970's been well established as a recognised leader in the supply of solid and liquid separation equipment (record pp. 143, 416, 541, 543 and 549);
- (e) that it stated that the Respondents or their predecessors in title originate from South Africa or ever traded in South Africa prior to 2009 (record pp. 143, 416, 541, 543 and 549).

[2.2] According to the Applicant all these averments are false.

[2.3] The difficulty with the Applicant's approach in this regard is that the Applicant for the first time raised what it perceived to have been unlawful conduct on the part of the Respondents in reply which seems to constitute a new case in reply to which in any event the Respondents have not been in a position to respond thereto and which is generally not permissible (*Betlane v Shelly Court CC 2011 (1) SA 388 (CC) at 396C, para [29]*).

.../...

[2.4] In any event, as indicated by Mr. Ginsburg SC who, together with Ms Cirone, appeared on behalf of the Respondents, there is no indication or reasonable apprehension that the conduct complained of will be perpetuated in future.

[2.5] I will accordingly not concern myself any further with the relief claimed in this prayer.

[3] In relation to the other prayers set out in the Notice of Motion it is, as is apparent from the founding affidavit, the Applicant's case, broadly stated -

- (a) that, although a host of companies incorporated internationally are using the DELKOR trade mark, the Applicant is the only entity, and its predecessors in title were the only entities, that used that trade mark in South Africa;
- (b) that, however, the First, Second, Third, Fourth and Fifth Respondents together have now recently been offering products and services in South Africa under the DELKOR trade mark, which include "*a comprehensive range of mineral processing and solid/liquid separation equipment, including flotation cells, thickeners, horizontal vacuum belt filters and 'Delkor belt screens'*".

[4] The Applicant is **ANDRITZ DELKOR (PTY) LTD**, a South African company (acquired in 2010 by an Austrian company, Andritz AG which origins date back to 1852) which is wholly owned by Andritz AG and is involved in "*customised plant, systems and services for the hydro power, pulp and paper, steel and other specialised industries,*

.../...

including the solid liquid separation, feed and bio fuel industries".

[5] The First Respondent is cited as **BATEMAN ENGINEERED TECHNOLOGIES** with its address at 1 Kramer Road, Bedfordview, Gauteng, South Africa.

[6] The Second Respondent is cited as **DELKOR TECHNIK BV**, a Dutch company allegedly conducting business in South Africa, also from 1 Kramer Road, Bedfordview, Gauteng.

[7] The Third Respondent is cited as **DELKOR SUB-SAHARA AFRICA** cited as, *inter alia*, an "association", allegedly carrying on business at 1 Kramer Road, Bedfordview, Johannesburg.

[8] The Fourth Respondent is cited as **BATEMAN PROJECTS LTD** also with its principal place of business at 1 Kramer Road, Bedfordview, Gauteng.

[9] The Fifth Respondent is cited as **BATEMAN AFRICA (PTY) LTD**, similarly with its principal place of business at 1 Kramer Road, Bedfordview, Gauteng.

[10] It would appear -

(a) that, according to the Respondents, the First and Fifth Respondents are one and the same entity and that the First Respondent is, as cited, simply the trading name of the Fifth Respondent which is a wholly owned subsidiary of Bateman

.../...

Engineering NV, the holding company of the "*Bateman Group*";

- (b) that, as far as the Second Respondent is concerned, the Respondents deny that, although it has subsidiaries that trade in Africa, including South Africa, it does not itself trade;
- (c) that, as far as the Third Respondent is concerned, the Respondents contend that **DELKOR SUB-SAHARA AFRICA** does not exist as a trading entity, but is merely a "*generic term to embrace any business within the Bateman group that trades in sub-Sahara Africa*" (**record p. 674, para 114**);
- (d) that, as far as the Fourth Respondent is concerned, the Respondents contend that the Fourth Respondent uses the name **BATEMAN ENGINEERED TECHNOLOGIES** outside South Africa, but, as part of the policy of "*the Bateman Group*", is not authorised to use the name and does not use the name in the conduct of trade in South Africa (**record p. 673, para 111**).

[11] Mr Michau SC who appeared on behalf of the Applicant in argument accepted that the First and the Fifth Respondents are the same entity and conceded that the Third Respondent is merely a reference to a trading region.

[12] The Respondents' case is that the Fifth Respondent is the only entity that uses the DELKOR logo trade mark in South Africa, but is doing so in conjunction with the trade mark BATEMAN.

.../...

[13] It was, however, submitted by Mr. Michau SC that a case has indeed been made out also against the Second and Fourth Respondents and that they are correctly cited.

[14] In order to properly evaluate the evidence it is in my view necessary to deal beforehand with the dispute as to who should for purposes of this application be regarded as the Respondent or Respondents.

Citation of the Second Respondent

[15] In this regard it is the Applicant's case that the Second Respondent, although a company incorporated in the Netherlands, conducts, according to, *inter alia*, its website and the website of its holding company, Bateman Engineering B.V, business in South Africa from offices it shares with the First Respondent at 1 Kramer Road, Bedfordview.

[16] In response to the Applicant's contention it is, as I have already indicated, stated by the Respondents that although the Second Respondent has subsidiaries in South Africa it does not itself trade in South Africa. If, so it was further contended, any approach is made to it through any of the websites referred to by the Applicant or otherwise in respect of business in South Africa, it would simply refer any enquiry to the appropriate subsidiary (**record p. 674, para 113**).

[17] I have no reason not to accept the Respondents' direct evidence in this regard as opposed to the Applicant's case which consists of mere inferences drawn from, particularly, the various websites.

.../...

Citation of the Fourth Respondent

[18] As far as the Fourth Respondent is concerned, Mr. Michau SC, relying on **Annexure GW 10 (record p. 142)**, submitted that the Fourth Respondent is seemingly using the DELKOR trade mark in South Africa. **Annexure GW 10** is a catalogue published in South Africa from which it appears that "*Bateman Engineered Technologies*", describing itself as "*A division of Bateman Projects Ltd*" (which is the Fourth Respondent), advertised itself under the DELKOR trade mark so as, so it was contended, to attract business in South Africa.

[19] Mr Ginsburg SC, however, submitted, referring to the Respondents' response to the Applicant's contentions in relation to **Annexure GW 10**, that, applying the principles enunciated in the judgment in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A) at 634G-635B*, it cannot be disputed that the Fourth Respondent uses the name Bateman Engineered Technologies outside South Africa and that the catalogue concerned "*serves the purpose of attracting trade outside South Africa to the Fourth Respondent which trades as Bateman Engineered Technologies outside South Africa*" (**record p. 673, para 111**).

[20] I have, once again, no reason, considering the allegations of the Respondents, as opposed to the somewhat argumentative response in the replying affidavit, not to accept the Respondents' version in this regard and I am satisfied that the Fourth Respondent is not using the DELKOR trade mark to attract any business in South Africa, but that, as was submitted by Mr. Ginsburg SC, it would appear from the

.../...

Respondents' response that the aim of the advertisement is to put entities in South Africa that are interested in doing business offshore into contact with subsidiaries abroad.

[21] I am accordingly satisfied that, should the Applicant succeed in showing that it is entitled to any relief, such relief can only be granted against the Fifth Respondent.

[22] In the result I will consider this matter on the question as to whether or not a case has been made out by the Applicant against the Fifth Respondent.

Legal principles relevant to the issues involved in this matter

[23] Although there is no difference between the parties in respect of the applicable legal principles relating to "*passing-off*", I do regard it necessary to briefly deal with those principles so as to appreciate the differences between the parties in respect of the interpretation of the facts.

[24] "*Passing-off*" is a form of wrongful competition and is unlawful because "it results, or at any rate is calculated to result, in the improper filching of another's trade and an improper infringement of his goodwill and/or because it may cause injury to that other's trade reputation" (*Brian Boswell Circus (Pty) Ltd v Boswell-Wiikie Circus (Pty) Ltd 1985 (4) SA 466 (A) at 478*).

[25] In *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and*

.../...

Another 1998 (3) SA 938 (SCA) at 946I, para [13] the Court identified, what it referred to as the 'classical trinity', the elements of the delict of passing-off as -

- (a) reputation (or goodwill) which, as explained by the Court, means, in general terms and in a practical and business sense, a sufficient reputation amongst a substantial number of persons who were either clients or potential clients of a plaintiff's business;
- (b) misrepresentation; and
- (c) damage.

[26] The elements of passing-off were explained in more detail in **Premier Trading Co (Pty) Ltd and Another v Sporttopia (Pty) Ltd 2000(3) SA 259 (SCA at 266G** as follows:

"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 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 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."

[27] In the **Brian Boswell Circus case, supra, at 479B**, Corbett JA (as he then was) stated that there were two important considerations in respect of the acquisition by a business of a reputation in a trade name:

"Firstly, whether the general public will be confused or deceived into thinking, because of identity or similarity of names, that the business of the defendant is that of the plaintiff, or is connected therewith, must, as a matter of logic, depend on the extent to which that name is associated in the minds of members of the public with the business carried on by the plaintiff, ie the extent to which plaintiff has acquired a reputation in that trade name. Secondly, as the rationale of the wrong of passing off is the protection of the plaintiff's trade and goodwill, a valid cause of action would seem to postulate the existence of a goodwill, ie reputation, attaching to that trade name."

[28] In the **Caterham Car Sales case, supra, at 950E, para [21]** the Court explained the nature of the reputation that a plaintiff has as follows:

"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

...I...

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.'

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)."

[29] The proof of a reputation is critical to the proof of the misrepresentation that is required to sustain a "passing-off" action. This was explained in **Royal Beech-Nut (Pty)**

Ltd t/a Manhattan Confectioners v United Tobacco Co Ltd t/a Willards Foods 1992

(4) SA 118 (A) at 122E as follows:

"One of the elements which a plaintiff in a passing-off action based upon such an implied representation must establish is a reputation in such trade mark. By this is meant that by user or advertising or some similar means the trade mark has become associated in the mind of the purchasing public with goods emanating from the plaintiff and has thus become distinctive of his goods. Because only if there is such a reputation will the user by the defendant, on his own goods, of this mark, or one deceptively similar, be capable of amounting to an implied representation that defendant's goods emanate from the plaintiff or are

.../...

connected in some way with the plaintiff and thus be capable of causing consequential damage to the plaintiff."

[30] I can now against the background of these principles consider whether the Applicant has on the facts of this matter established a case in respect of which the relief claimed can be granted against the Fifth Respondent.

[31] Leaving aside the question, with which I have already dealt with, whether the Fifth Respondent is unlawfully competing with the Applicant, the essence of the dispute between the parties is twofold, namely -

- (a) firstly, whether or not the Applicant has proved that it has the necessary **reputation** to found a case for passing off; and
- (b) if so, secondly, whether or not the Applicant has established that the Fifth Respondent is passing-off (namely, whether its conduct is likely to deceive or confuse a substantial number of members of the public as the source or origin of its product).

[32] I deal *seriatim* with each of these issues.

Evidence relating to Applicant's reputation

[33] The Applicant was in this regard at pains to deal with the history of the use of the DELKOR trade mark in South Africa by itself and its predecessors in title since the early

.../...

1970's in order to show that a long and continuous use of the trade mark DELKOR by itself and its predecessors in title resulted in an *"enormous goodwill and reputation"* in the trade mark.

[34] The essential averments by the Applicant in this regard are in essence the following:-

[34.1] In the early 1970's Delkor (Pty) Ltd (*"DHPL"*) was incorporated and the trade mark DELKOR was used in relation to engineering services (more particularly in later years the use of the trade mark DELKOR in relation to a range of solid liquid separation equipment and related services).

[34.2] In 1974 Delkor Technik (Pty) Ltd (*"DTPL"*) was incorporated and DHPL and DTPL were using the DELKOR trade mark in producing, marketing and selling solid liquid separation equipment until December 1986 after which they merged their operations into two new entities, namely, Delkor Investment Holdings (*"DIHL"*) and Delkor Technik (Pty)Ltd (*"DTPLA"*).

[34.3] When DIHL and DTPLA commenced operations in December 1986, the change of corporate structure *"was seamless and it was, in a manner of speaking, business as usual"* utilised a uniform trading style which included the DELKOR mark as a central focus point.

[34.4] In 1995 a company, DIH Investment Company (*"DIH"*), was formed and together

.../...

with DIHL and DTPLA "formed the DELKOR South African group of companies";

[34.5] On 28 October 2003 the DELKOR South African group of companies sold its business operations, including all assets, such as, the DELKOR "common law trade marks" and the goodwill and reputation, as a going concern, to a South African company by the name of Business Venture Investments no.808 (Pty) ("BVI808") and that the gross sales figures of products sold and services rendered under the DELKOR trade mark were, referring to sales figures for the period 2002 to 2003, substantial.

[34.6] BVI808 changed its name to IST Industrial (Pty) Ltd ("IST") which, in turn, in December 2003 assigned all of its rights to the DELKOR trade mark to IST Holdings (Pty) Ltd ("ISTH") which, in turn, sold all rights which vested in the DELKOR trade mark, including all common law and statutory trade marks, to a company Dubbro Investments which, in turn, then changed its name in January 2009 and sold this business as a going concern to Fast Pace Trade and Invest 22 (Pty) Ltd transferring, *inter alia*, all the goodwill and reputation vesting in the DELKOR trade mark.

[34.7] In turn, Fast Pace Trade and Invest 22 (Pty) Ltd changed its name to Delkor Capital Equipment (Pty) Ltd on 22 August 2009 and on 29 September 2010, again, to Andritz Delkor (Pty) Ltd, the Applicant in this matter.

[34.8] In view of the foregoing, it is contended by and on behalf of the Applicant -

(a) that "it owns the goodwill in the 'new corporate identity' which was utilised by the

.../...

applicant's predecessors, DTPLA, the IST Group and GKD Delkor" (record p. 56, para 12.74.5);

- (b) that the long and continuous use of the trade mark DELKOR resulted in an "enormous goodwill and reputation" in the trade mark, whether so used as DELKOR *simpliciter*, GKD - DELKOR or ANDRITZ DELKOR, as it had for the last 40 years as a common thread used the word DELKOR in its trading name.

[35] The Respondents -

- (a) contend that the aforesaid allegation by the Applicant are devoid of factual substantiation and are no more than unsubstantiated assertions or conclusions;
- (b) having analysed the evidence on which the Applicant relies, contend that the Applicant has failed to prove that any reputation and goodwill vested in its predecessors in title and, that if it did, that such reputation and goodwill was transferred to the Applicant and that it in any event has a reputation and goodwill in the use of ANDRITZ DELKOR, being the only format of use that the Applicant has adopted incorporating the name DELKOR.

[36] This in my view calls at this stage for a consideration of the history of the DELKOR trade mark which seems to explain what had give rise to the Fifth Respondent commenced using the DELKOR mark in conjunction with the name BATEMAN.

.../...

[37] It would appear not to be in dispute that Bateman Luxembourg is currently the proprietor of the DELKOR logo mark.

[37.1] The DELKOR trade mark was, as an artistic work, created by a certain Mr. Bex in the course and scope of his employment by Industrial Marketing and Publishing Services Pty Ltd, an Australian company that is an affiliate of the Second, Fourth and Fifth Respondents. The mark is enjoying protection under the Copyright Laws of Australia which is a Berne Convention country to which the South African Copyright Act, 1978 (Act 98 of 1978), extends by virtue of Govern Notice 136 of 1989 issued in terms of section 37 of that Act.

[37.2] The copyright was assigned to Delkor Pty Ltd, an Australian company, by way of a Deed of Assignment dated on 3 March 2003.

[37.3] In 2009 the copyright was assigned to Bateman Luxembourg S.A in which the copyright is currently vested which right of ownership extends to South Africa by virtue of the provisions of the Berne Convention.

[37.4] Delkor Pty Ltd and, since 2009, Bateman Luxembourg S.A has authorised its affiliated companies to use the mark in the course and scope of business operations so as to indicate their connection to the Delkor Group of companies.

[37.5] As such Delkor Technik (Pty) Ltd ("DTPL") commenced using the DELKOR logo trade mark in about 2002 on the authority of Delkor Pty Ltd.

[37.6] This right, however, according to the Respondents, was terminated on 28 October 2003 when DTPLA sold its business on that date to Business Venture Investments Number 808 (Pty) Ltd, whereupon, it ceased to be a member of the Delkor Group of companies.

[37.7] It is to be noted that neither the Applicant nor any of its predecessors in title ever used the word DELKOR on its own since 2006 which seems to show that none of them wished to use DELKOR on its own as indicative of any of its businesses.

[37.8] According to the Respondents Delkor Pty Ltd did not authorize the Applicant and its predecessors in title to use the DELKOR logo after 28 October 2003, but it nevertheless continued used the logo without the authority of Bateman Luxembourg S.A

Evidence relating to deception or likelihood of deception or confusion

[38] The Applicant refers to the following three instances of confusion.

[38.1] Firstly, it refers to an instance (record p. 74, para 14.20) where it came to the notice of the Applicant during August or September 2010 that an employee of a client of the Applicant, Pering Mining, received a Delkor corporate jacket from the Second Respondent under the impression that it was the Applicant, or at least, Delkor Capital who had sent him the jacket.

[38.2] Secondly, it refers to an instance (record p. 74, para 14.21) where someone

.../...

confused the Applicant's business with that of the Second Respondent, ie., DeKor Global SA.

[38.3] Thirdly, it refers to instances (record p. 75, para 14.22) of callers contacting the Applicant when trying to reach the Second Respondent.

Evaluation of the evidence

[39] As is apparent from the views expressed eloquently and clearly in the decided cases to which I have referred to above, I am in my view in effect called upon to determine whether the Applicant has at least proved the following minimum requirements to entitle it to the interdict it is claiming, namely -

- (a) its own reputation in relation to the DELKOR trademark which epitomises its product and services; and
- (b) 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 Fifth Respondent as to the source or origin of the product or services rendered by the Applicant.

[40] I find it convenient to first deal, as was done by Mr. Ginsburg SC, with the alleged deception or confusion on the part of the Fifth Respondent.

Alleged deception or confusion caused by the Fifth Respondent

...

[41] Having considered all the evidence submitted and the submission made, it seems to me, as was submitted by Mr. Ginsburg SC, that the issue in this matter actually lies in the question whether the Applicant has shown misrepresentation or confusion. If it hasn't the question whether or not it has a reputation is irrelevant and it cannot suffer any loss or damage.

[42] As I have already indicated, the Applicant relies on three instances of deception or confusion.

[42.1] In response to the allegations by the Applicant in this regard, it is contended -

- (a) in relation to the first instance (the jacket sent to Mr. Mangwiro), that the Respondents in South Africa do not have or distribute any jackets and that if a jacket of that nature was sent to Mr. Mangwiro it was undoubtedly sent to him by a business outside South Africa (**record p. 693, para 182**);
- (b) in relation to the second instance (information erroneously sought from and sent to Applicant), that the email forwarded to was erroneously forwarded to the Second Respondent (**record p 694, para 183 to 187**);
- (c) in relation to the third instance (callers contacting Applicant intending to reach Second Respondent), that the allegation relates to the Second Respondent that is not trading in South Africa (**record p. 683, para 138**).

.../...

[42.2] In my opinion these instances of alleged confusion do not constitute genuine examples of confusion.

[42.3] In his heads of argument (p. 37, para 53) and in argument Mr. Michau SC, referring, *inter alia*, to **Annexure GW 58** (record p. 564), **Annexure GW 62** (record p. 591), **Annexure GW 39** (record p. 457), **Annexure GW 30** (record p. 417), **Annexure GW 35** (record p. 425), **Annexure GW 40** (record p. 462) and **Annexure GW 65** (record p. 1179), submitted that a likelihood of deception or confusion is a real probability.

[42.4.1] **Annexure GW 58** is a document addressed to "*Delkor - Client brief 16 September 2010*" which, if read as a whole, clearly emanates from Bateman Engineered Technologies BV and Delkor Technik BV which are Bateman companies.

[42.4.2] **Annexure GW 62** is a publication in "*Bateman Globe 82*" which actually gives prominence to the name BATEMAN.

[42.4.3] **Annexure GW 39** is a business card of the Third Respondent which cannot *per se* constitute passing off as it merely identifies the person who presented it, but, as I have already indicated, an innocent explanation has been offered by the Respondents.

[42.4.4] **Annexure GW 30** is part of a publication from "*Bateman Globe 72*" indicating that "*Delkor*" can be contacted at the website "*delkor.global.com*", but the

.../...

whole of the document clearly shows that it is a Bateman publication.

[42.4.5] **Annexure GW 35** is a photograph depicting the Bateman building indicating prominently that it is a BATEMAN building with, in a smaller letters, the word "Delkor" which in my view can hardly deceive, as Mr. Ginsburg SC has argued, any person entering the building thinking that he or she is entering the building of ANDRITZ DELKOR.

[42.4.6] **Annexure GW 40** seems to be an invitation extended by "*Delkor - Part of the Bateman Engineering Group*" to a Technical Interaction Workshop to be held on 25 March 2011 which according to Mr Michau SC purports to be a Delkor invitation, but it is highly doubtful that any person who responds to the invitation thinking that it is an Andritz Delkor invitation will, if interested in what he or she sees there, do business still thinking that he or she will be doing business with Andritz Delkor.

[42.4.7] **Annexure GW 65** is a document dealing with the company profile depicting two men with Delkor helmets on and has a prominent heading showing that "*Delkor - it pays to talk to a specialist*" on the first two pages, but on the next page the products sold by the Bateman Group are shown which, so it was submitted, the two companies can hardly be confused because of the sheer size and intricacy of the products which each company sells.

[43] The question which is in my view actually to be asked here is whether Fifth Respondent is passing off its business by using DELKOR as being that of the Fifth

.../...

Respondent or that it is associated with the Applicant.

[44] In other words that it, by using the DELKOR trademark, presents itself as the Applicant or that it is associated with it in business.

[45] In considering these questions note should be taken of the evidence, particularly, the evidence contained in the Respondents' answering affidavit.

[46] In **paragraph 86, record p. 664** the following is said:

"Customers do not simply buy goods. They require a full service for the installation and commissioning of equipment and, therefore, must be satisfied that all of the required expertise is available. Also, because the goods and services that the (Bateman) group provides are of such a specialised nature and the contract prices are so substantial, typically well over R5 million, customers and potential customers ensure that suppliers can fully meet those requirements. They are aware or make themselves aware of the goods and services that best suit their needs and that supplier is capable of performing properly before entering into contracts for their supply. To do this, they require a full indication of the capabilities of the supplier."

[47] In **paragraph 87, record p. 664** the following is said:

"..... However, whenever Bateman Group seeks to obtain a contract in respect of the relevant goods and services which is, usually by tender, the potential customers require a full explanation of the capabilities of the Bateman Group. Requests for tenders have been placed with companies in the Delkor Group outside South Africa, such as Delkor (UK) Ltd, and with the Bateman Group companies in South Africa. At the time of tendering for the work the Bateman Group has no option but to refer to the expertise available to it. This is the expertise of the Delkor Group outside South Africa, which is supported by the Bateman Group locally and referred to in order to prove the capabilities, skills and support that are available to the Bateman Group."

Because the company in the Batemen Group that is responsible does not refer to any activities of the Applicant. In fact, it makes it clear that it is not the Applicant and has totally different skills and support available, particularly because the Applicant is a competitor for any contract. The Bateman Group has to separate its activities from those of the Applicant in the mind of the person who is responsible for awarding the contract. The Bateman Group does not wish to associate itself with the activities of the Applicant. It makes it very clear that it is not associated with it in any way."

[48] in **paragraph 89, record p. 666** the following is said:

"There is absolutely no possibility that any entity or person dealing with the Fifth Respondent would be misled or confused into believing that the use of BATEMAN with the Delkor logo trade mark is in some way connected or associated with the Applicant's format of use, namely, ANDRITZ DELKOR. Nor is there any risk of the Applicant mistakenly losing a contract or work. Contracts are awarded on merit and on competitive quotes. The contracts are prepared by experience and skilled people who know the suppliers well. The Fifth Respondent started to provide services in South Africa on this basis in October 2008, the first of which was the Foskor contract to which the Applicant refers. However, since then it was involved in tender negotiations in South Africa leading to about 20 contracts being awarded in South Africa and abroad, with an average value well in excess R5 million. It has commenced and/or completed the resulting contracts in South Africa and the Fourth Respondent has commenced and/or completed the resulting contracts in the rest of Africa. For commercial reasons the respondents are reluctant to disclose details of all of the contracts. The Fifth Respondent has openly solicited contracts in the course of its trade in South Africa since 2008. The Applicant was aware of this use since 2008 but deferred any action, permitting the Fifth Respondent to develop an independent trade and reputation in the goods and services offered. There has not been a single instance of confusion."

[49] Except for rejecting these contentions in an argumentative fashion in its reply (**record pp. 1095 to 1099, paras 37 to 40**) as speculative with no substantiation and of no probative value, the Applicant seems to have been unable to substantially contradict these averments.

.../...

[50] As I understand the averments made on behalf of the Respondents, they are in fact aimed at explaining how business is done in the Bateman Group.

[51] I am disinclined to believe that the allegations on behalf of the Respondents are mere speculation. The deponent to the answering affidavit is a director of the Second, Fourth and Fifth Respondents who, according to all indications, knows how business is conducted in the group, and he primarily dealt with the manner in which business is done in the group.

[52] I am unpersuaded, taking into consideration that both the Fifth Respondent and Applicant are well established and well-known companies in South Africa, that persons interested in buying these heavy and expensive mining equipment will, taking into consideration a process during which many negotiations relating to, *inter alia*, price, quality and guarantee, buy from the Fifth Respondent thinking that they are buying from the Applicant and that the business of the one will be confused as that of the other.

[53] The name DELKOR is almost invariably used by the Fifth Respondent together with the name BATEMAN and by the Applicant together with the name ANDRITZ. If the public sees the name DELKOR BATEMAN the question is whether they will think that they are dealing with the Bateman group of companies and not with the Andritz group of companies. Taking into consideration the manner in which business is done by the Fifth Respondent, I have no reason to believe that there will be any confusion between the Applicant and the Fifth Respondent.

[53.1] It is to be noted, as I have already indicated, that the Bateman Luxembourg S.A. is the proprietor of the DELKOR logo trade mark.

[53.2] Bateman Luxembourg S.A. has authorized its affiliated companies to use the DELKOR logo trade mark in the course and scope of business operations.

[53.3] The Applicant disputed that the Fifth Respondent always uses the DELKOR name in combination with the name BATEMAN and refers in this regard to a business card used by a former employee of the Applicant appointed by the *"the Third Respondent"*, Mr. Pooven Naidoo, which is, so it is contended, *"virtually identical to the trade mark which was used by the Applicant's predecessors in title up to 2009"* which *"clearly confirms the Third Respondent's association with the Second Respondent"*. The business card (**Annexure GW39, record p. 457**), however, clearly reflects the use in conjunction with the word BATEMAN in so far as it shows that the Third Respondent is *"Part of the Bateman Engineering Group"*. In the answering affidavit it is in any event pointed out that Mr. Naidoo was at the time involved in trade outside South Africa.

[54] In view of these considerations I am unpersuaded -

- (a) that, as it seems to claim in prayer 2 of the Notice of Motion, the Fifth Respondent is presenting to the world that it is the Applicant or that it is associated with the Applicant in business since the Applicant and the Fifth Respondent are well-known businesses in South Africa; and

.../...

- (b) that the Applicant has accordingly established any confusion or deception on the part of the Fifth Respondent and that for this reason alone it is entitled to the relief claimed.

[55] In the event that I may be wrong, I deem it necessary to also consider the evidence relating to the Applicant's reputation.

The Applicant's reputation

[56] I have various difficulties with the question as to whether or not the Applicant has established reputation or goodwill in the trade mark DELKOR.

[57] The Respondents, relying on the decision in ***Swissborough Diamond Mines (Pty) Ltd v Government of the Republic of South Africa and Others 1999(2) SA 279 (T)*** contend -

- (a) that the Applicant has failed to put up any primary facts or evidence of the following essential issues that might have warranted the conclusion that the Applicant might have had a reputation in the DELKOR name, namely -

- (i) the nature of the goods and services that constituted the business of the Applicant's predecessors in title and those that constitute the business of the Applicant;

.../...

- (ii) figures detailing financial turnover or profit from the sale of the goods or the rendering of the services by the Applicant's predecessors in title and by the Applicant;
- (iii) expenditure on advertising the DELKOR trade mark with details of where, how and when the trade mark was advertised by the Applicant's predecessors in title and by the Applicant;
- (iv) the trade channels in which the products and services are promoted and sold by the Applicant's predecessors in title and by the Applicant;
- (v) exhibits and product samples demonstrating how the trade mark was promoted in advertising and how the trade mark was placed on goods in the marketplace by the Applicant's predecessors in title and by the Applicant;
- (vi) copies of advertising material and packaging utilised by the Applicant's predecessors in title and by the Applicant;
- (vii) customer lists and distribution channels of the Applicant's predecessors in title and by the Applicant; and
- (viii) evidence in order to establish that customers associate the Applicant's predecessors in title and the Applicant with the DELKOR name under

.../...

which the Applicant's goods or services were offered and are offered to the public;

- (b) that the Applicant in any event failed to show that it has a reputation or goodwill in the use of ANDRITZ DELKOR, being the only format of use that the Applicant has adopted incorporating the word DELKOR.

[58] In support of these contentions the Respondents refer to the various periods referred to by the Applicant.

[59] In respect of the period 1973 to 1986, it is pointed out that the Applicant resorted, in contending that DTPL and DHPL traded under the DELKOR name, to a bundle of documents annexed to the founding affidavit as **Annexure GW 16**. Apart from criticising the Applicant for not giving any indication of what sections of the bundle are being relied upon (see: *Lipschitz & Schwartz NNO v Markowitz 1976 (3) SA 772 (W) at 775H*), it is submitted that the bundle does not in any event support the existence of any reputation or goodwill in the DELKOR name as none of the documents makes reference to, for example, what products were sold by DTPL and DHPL or what services they rendered and that it should not be accepted that any reputation or goodwill existed in the stylised D Delkor Logo mark for the period 1973 to 1986.

[60] In respect of the period 1986 to 2001, it is submitted that, in so far as the Applicant relies on a bundle of documents annexed to the founding affidavit as **Annexure GW 17 (record p. 230)**, it contains no factual evidence or record of the "reputation" that

.../...

allegedly vested in DTPLA at that time since the documents, consisting largely of communications between DTPLA and the offshore Delkor companies, do not reveal who DTPLA's customers were or what services or goods were supplied and to what extent these were supplied to its South African customers.

[61] In respect of the period 2003 to 2006, in so far as the Applicant contends that DIHL, DTPLA and DIH sold their business operations and assigned the alleged reputation and goodwill to Business Venture Investments No. 808 (Pty) Ltd that changed its name to ISTI that assigned its rights to the DELKOR mark to ISTH, the Respondents submit, *inter alia* -

- (a) that no document evidencing the assignment is attached to the papers and that such assignment has not been proved;
- (b) that there is also no evidence of the identity of the DELKOR mark that was assigned to ISTH;
- (c) that the Applicant failed to identify what DELKOR mark ISTH actually used.

[62] In respect of the period 2006 to 2009, in so far as the Applicant concedes that Dubbro operated its business under the name GKD DELKOR and not DELKOR, it is submitted that the Applicant did not prove the existence of a reputation under that name.

[63] In respect of the period 2009 to date, in so far as the Applicant contended that

upon the sale to it of the shareholding in Delkor Capital it continued to use the Delkor trade mark, it is submitted that none of the intellectual property sold to the Applicant in the sale of GKD Delkor (Pty) Ltd to Fast Pace Trade and Invest (Pty) Ltd (which, having undergone various name changes, is in effect the Applicant) is identified in the agreement of sale (**Annexure GW 15, record p. 201**).

[64] It would appear that from September 2010 the Applicant commenced trading under the name ANDRITZ DELKOR, being a date after the Fifth Respondent commenced conducting business in South Africa.

[65] I have no reason to reject these contentions raised by the Respondents and am on the probabilities unpersuaded that the Applicant has established reputation or goodwill in the DELKOR trade mark *simpliciter*.

Conclusion

[66] I am accordingly of the view that the Applicant failed to prove -

- (a) that any goodwill and reputation vested in its predecessors in title and, even if it did, that such goodwill or reputation was transferred to the Applicant or that it has a goodwill in the use of the name ANDRITZ DELKOR, being, as is apparent from the evidence, the only format of use that the Applicant has adopted incorporating DELKOR;

.../...

- (b) that there is any misrepresentation by the Fifth Respondent or that there is a reasonable likelihood that members of the public may be confused by believing that the business or goods or services of ANDRITZ DELKOR are those of or are connected with the business, goods or services of BATEMAN DELKOR.

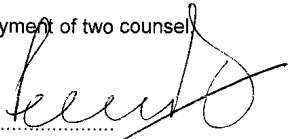
Costs

[67] Counsel were in agreement that this is a matter where costs should follow the result and in the case of the Respondents that the costs of two counsel are justifiable

Order

[68] In the result I make the following order:

THAT the application be dismissed with costs, including the costs attendant upon the employment of two counsel


P C VAN DER BYL
ACTING JUDGE OF THE HIGH COURT

ON BEHALF OF THE APPLICANT

ADV R MICHAU SC

On the instructions of

BOUWERS INC
Ref: L1356ZA00
Mr. D Boucher
Tel: 011 325 5530

c/o R C CHRISTIE INC

- Page 34 -

Suite 503, Fifth Floor
Standard Bank Chambers
PRETORIA
Ref: L1340ZA02
Tel : 011 325 5530

ON BEHALF OF THE RESPONDENTS

ADV P GINSBURG SC
ADV P CIRONE

On the instructions of

ADAMS & ADAMS
Lynnwood Bridge, 4 Darenty Street
Lynnwood Manor
PRETORIA
Ref: IN40058ZA00/AJS/NS
Mr Alan Smith
(012) 432 6303

DATE OF HEARING

1 NOVEMBER 2012

JUDGMENT DELIVERED ON

5 DECEMBER 2012

A handwritten signature in black ink, appearing to be 'Alan', is written over the date '5 DECEMBER 2012'.