IN THE HIGH COURT OF SOUTH AFRICA
[GAUTENG DIVISION, PRETORIA]

CASE NUMBER: 39872/2013

DELETE WHICHEVER IS NOT APPLICABLE

(1) REPORTABLE: ~~YES~~/NO
(2) OF INTEREST TO OTHERS JUDGES: ~~YES~~/NO
(3) REVISED

2014/03/14 .....

DATE SIGNATURE

In the matter between:

ALOE VERA OF AMERICA INC Applicant

and

TIASHO PHARMACEUTICAL CO. LTD Respondent

DATE OF HEARING: 06 March 2014

DATE OF JUDGMENT: 14 March 2014

JUDGMENT

CILLIERS AJ

[1] The Respondent, a corporation organised and existing under the laws of Japan brought trade mark applications numbers 2009/207770-1 in classes 5 and 32, in terms of the provisions of Sections 10(12) and 10(14) of the Trade Marks Act, 194 of 1993 ("*the Act*"). The Respondent's business was founded in 1912 in Japan and it is centered around the development, manufacture and commercialisation of pharmaceutical and health–related products. The Respondent's business is global and the device used in the present trade mark application is featured on the Respondent's website. The Respondent's trade mark device is used in numerous jurisdictions worldwide.

[2] The Applicant opposed the trade mark applications and the opposition thereof was referred to this Court by the Registrar of Trade Marks in terms of the provisions of Section 59(2) of the Act.

Factual background

[3] The Applicant is an American company.

[4] The Applicant aims to provide natural products, based on aloe vera and other natural elements, which promote health, wellness and vitality. These products include nutritional and weight-management products, beauty

products and health rings. The Applicant predominantly markets these products on a device trade mark that depicts an eagle.

[5] The distributor of the Applicant's products in South Africa, inclusive of those products marketed under the Applicant's registered trade mark is Forever Living Products South Africa (Pty) Ltd - a South African company.

[6] The Applicant is the proprietor in South Africa of the device trade mark in a number of classes and in relation to various goods and services. They include:

(i) Under registration number 2007/00068 in class 5,

Eagle device in respect of the following goods:

> *"Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax/disinfectants/preparations for destroying vermin; fungicides, herbicides";*

(ii) Under registration number 2007/00070 in class 32,

Eagle device in respect of the following goods:

> *"beers, mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages;*

[7] The Applicant's trade mark registrations were effective from 2 January 2007.

[8] The Respondent's application for registration of device trademarks are the following:

(i) Trademark application number 2009/20770, in class 5

Eagle device in respect of the following goods:

> *"pharmaceutical preparations; medicinal drinks; tonics [medicines]; vitamin preparations; nutritional preparations for medical use; nutritional additives for medical purposes; nutritional supplements for medical purposes; food supplements for medical supplements; drugs for medical purposes; dental material; bracelets for medical purposes; oiled paper for medical purposes; sanitary masks; pharmaceutical wafer; gauze for dressings; capsules for pharmaceutical purposes; capsules for medicines; eye patches for medical purposes; ear bandages; incontinence diapers; semen for artificial insemination; menstruation bandages; menstruation tampons; sanitary napkins; menstruation pads; sanitary pads; sanitary panties; sanitary nickers; menstruation nickers; absorbent cotton; absorbent wadding; lacteal flour for babies; lactose [milk sugar]; fly catching paper; adhesive plaster; court plaster; sticking plasters; bandages for dressing; collodion for pharmaceutical purposes; mothproofing paper; breast-nursing pads; dietetic foods adapted for medical purposes; dietetic beverages adapted for medical purposes.";*

and

(ii) Trademark application 2009/20771, in class 32

Eagle device in respect of the following goods:

"*carbonated drinks [refreshing beverages]; isotonic beverages; non-alcoholic beverages; energising beverages; fruit drinks and fruit juices; weigh beverages; vegetable juices [beverages].*"

[9] The Respondent's trade mark applications were advertised for position purposes in the Patent Journal on 24 November 2010.

[10] The Applicant acquired a significant reputation and goodwill in its Eagle device trade mark through the use made of the Eagle device trade mark by the Applicant and by its distributor within the Republic of South Africa i.e. Forever Living Products South Africa (Pty) Ltd.

[11] It is not contested that the Applicant is a multi-billion dollar operation on a global scale, that is has five branches in South Africa with over 500 000 authorised distributors, that it had reached consumers on a large scale and have become well-known in many countries all over the world, and that the

sales figures during the relevant time when the Respondent's trade mark applications were filed in October 2009 amounted to over R214 000 000.

[12] The Applicant's Eagle device trade mark and the Respondent's Eagle device trade mark for which it applied for registration have the following appearance when viewed directly adjacent to one another:

[13] The applicant, in my view, clearly is an interested person, being a person having some real and direct interest in the mark itself or in the subject matter of an opposition referred to in Section 10 of the Act.[1]

The provisions of Section 10(12) and Section 10(14) of the Trade Marks Act, 194 of 1993

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1 Central African Hotels (PVT) Limited v Choice Hotels International Inc. 2002 BIP 116 (TPD). This decision was approved in Accurate Watch Company v Accurace Watches Limited SAPJ June 2004 196 (RTM) at 200-201.

[14] Section 10(12) of the Act provides that a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, is contrary to law, is *contra bonos mores* or is likely to give offence to any class of persons shall not be registered.

[15] Section 10(14) of the Act, in relevant part reads as follows:

> *"(10) The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of Sections 3 and 70, be liable to be removed from the register;*
>
> .....
>
> *(14) Subject to the provisions of Section 14, a mark which is identical to a registered trade mark belonging to a different proprietor or so similar thereto that the use thereof in relation to goods or services in respect of which it is sought to be registered and which are the same as or similar to the goods or services in respect of which such trade mark is registered, would be likely to deceive or cause confusion, unless the proprietor of such trade mark consents to the registration of such mark."*

[16] It is evident from the above provisions of Section 10(12) of the Act and Section 10(14) of the Act that the pivotal question to be decided is whether the Respondent's proposed Eagle device would be likely to deceive or cause

confusion. This is so because the ultimate function of a trade mark is to be a source of identification.[2]

[17] The onus of proving that there is no likelihood of consumer deception or confusion is on the appellant who is seeking such registration. In the present matter this onus rests on the Respondent.[3]

[18] The approach to be followed in determining the degree of similarity between the respective trade marks and the likelihood that the registration of the proposed trade mark would give rise to consumer deception or confusion was stated as follows:[4]

> *"The similarities and differences in the two marks, an assessment of the impact which the Defendant's mark would make upon the average type of consumer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence, having proper eye sight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevance surrounding circumstances. The marks must not only be considered side by side but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the Defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the consumer must be taken into account. As it*

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2 SmithKline Beecham Consumer Brands (Pty) Ltd v Unilever Plc 1995 (2) SA 903 (A) at 909G-910H.

3 SmithKline Beecham Consumer Brands (Pty) Ltd v Unilever Plc (supra) at 909G-910H.

4 Plascon Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623A at 631.

has been put, marks are remembered rather by general impressions or by some significant or striking feature then by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as, for example the use of name marks in conjunction with the generic description of the goods."

[19] The likelihood of deception or confusion is accordingly the jurisdictional fact for putting a bar on the registration of a trade mark.[5]

[20] The determination of the presence of the above jurisdictional fact involves a value judgment and the ultimate test is whether, on a comparison of the two marks, it can properly be said that there is a reasonable likelihood of confusion if both are to be used together in a normal and fair manner, in the ordinary course of business. Likelihood refers to a reasonable probability, in contradistinction to a reasonable possibility.[6]

[21] In considering the likelihood (or reasonable probability) of deception or confusion regard must be had to the essential function of a trade mark, namely to indicate the origin of the goods in connection with which it used[7] and that registered trade marks do not create monopolies. The issue regarding

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5 Cowbell AG v ICS Holdings Ltd 2001 (3) SA 941 (SCA) at 947H.

6 Cowbell AG v ICS Holdings Ltd (supra) at 947I-H, read with the Upjohn Company v Mercks and Another 1987 (3) SA 221 (T) at 224 and SmithKline Beecham Consumer Brands (Pty) Ltd v Unilever Plc (supra) at 912H.

7 Cannon Kabushiki Kiasha v Metro-Goldwin-Meyer Inc. (formerly Pathé Communications Co.) [1999] RPC117 (ECJ) at para 28.

the creation of monopolies was recently convincingly explained in this division[8]:

"The importance of only claiming protection in classes in which the Applicant actually intends to function is underlied by an anti-monopoly policy. In modern times South Africa and countries with comparable intellectual property rights have sought to limit monopolies. This is because monopolies are in principle anti-competitive and contrary to the generally excepted principles of a free economy. As we know all intellectual property rights are granted for a limited period only. In terms of Section 37(1) of the Act the registration of a trade mark is for a period of ten years from the date of filing of the application for registration and thereafter the registration can be renewed for periods of ten years. In South Africa there has been a marked trend to limit anti-competitive practices. This is evident from a body of statues and regulations regulating this field."

[22] The concepts of confusion or deception refer to the notion that someone believes something that is false or incorrect in that bewilderment, doubt or uncertainty is caused.[9] Confusion or deception is present when there is a probability that a substantial number of persons will be deceived into thinking that the respective products are the same or that a material connection exists between the respective products.[10]

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8 Foshini Retail Group (Pty) Ltd v Jan Frederik Coetzee (unreported judgment by the full bench in the North Gauteng High Court): Case no A1/11, dated 18 January 2013.

9 John Craig (Pty) Ltd v Dupa Clothing Industries 1977 (3) SA 144 (T) at 150H.

10 John Craig (Pty) Ltd v Dupa Clothing Industries (supra) at 151C

[23] The reasonable likelihood of deception or confusion of the respects of sense, sound and appearance are to be considered and the presence of any one of these aspects will suffice to give rise to deception or confusion and would be sufficient for a finding that the proposed trade mark is likely to give rise to deception or confusion.[11]

[24] In the aforesaid regard it bears emphasis to make it plain that it is not incumbent on the holder of the trade mark to show that every person interested or concerned in the class of goods for which his trademark has been registered would probably be deceived or confused. It is sufficient if the probability is established that a substantial number of such persons will be deceived or confused.[12]

[25] The present application amounts to so-called "registration proceedings", in contradistinction to so-called "infringement proceedings". In registration proceedings it is to be considered what the Applicant in the application for registration of the trade mark (the present Respondent) will be permitted to do if registration is granted and not what the Respondent has done or what he intends doing.[13] The comparison to be undertaken in the present proceedings

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11 John Craig (Pty) Ltd v Dupa Clothing Industries (supra) at 151 and the authority cited therein.
12 Plascon Evans Paints v Van Riebeeck Paintis (supra) at 640G-I.
13 Adcock Ingram v Cipla Metpro (265/2011) [2012] ZASCA 39 (29 March 2012).

is one solely between the registered trade mark and the mark as applied for by the Respondent.[14]

[26] In applying the above principles it is the general impression/idea conveyed by the mark which must be considered in the process of valuing the reasonable likelihood of deception or confusion [15] In applying this the dominant features of the competing trade marks play a decisive role in the test for whether or not they are capable of co-existence[16] and the proper approach for the Court is to transport itself notionally from the Court Room to a particular market place and to place itself in the position of those who buy the products under competing marks.[17]

The application for registration

[27] The starting point for an assessment of similarity must be with reference to the classification system itself.[18]

[28] The Respondent's trade mark application 2009/20770 Eagle device is in class 5 and the Applicant is the registered proprietor under trade mark registration

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14 Placon Evans Paints v Van Riebeeck Paints (supra) at 640G-I.
15 Registrar of Trade Marks v American Cigarette Co. 1966 (2) SA 560 (A) at 576D-E.
16 Registrar of Trade Marks v American Cigarette Co. (supra) at 576H.
17 Laboratoire Lacharte v Armour-Dial Inc v Armour-Dial Inc 1976 (2) (SA) 744 (T) at 746B.
18 Foshini Retail Group (Pty) Ltd v Jan Frederik Coetzee (supra) at para [27].

2007/00068 Eagle device in class 5. The Applicant's registration under number 2007/00068 is, in the following respects similar to the Respondent's trade mark application number 2009/20770 in class 5:

"pharmaceutical", "sanitary preparations"; "dietetic substances"; "dental materials".

[29] The Respondent's proposed trade mark application 2009/20771 Eagle device in class 32 coincides in the following respects with the Applicant's trade mark registration number 2007/00070 Eagle device in class 32:

"beverages", including mineral and aerated waters and other non-alcoholic drinks, fruit drinks and fruit juices.

[30] In applying the reference to the classification system itself as the starting point for an assessment of similarity it is clear that the Respondent can compete directly with the Applicant in terms of its products.

[31] In my view the aforesaid apparent similarity and the fact that the Respondent can produce, market and sell essentially the same products in the same classes within the Republic of South Africa is not conclusive of the determination of the reasonable likelihood of deception and confusion.

[32] In the consideration of the reasonable likelihood of deception and confusion it is also, in addition to consideration of the classification system, required to make a global appreciation of the visual, oral or conceptual similarity of the

marks in question, based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.[19]

[33] The Applicant contends that the depiction of eagles in the Applicant's registered trade mark and in the Respondent's proposed trade mark is confusingly similar in the following respects:

(i) Both device marks clearly depict eagles;

(ii) Both of the eagles depicted have outstretched wings which reach upwards. The prominent wings of the eagles depicted in each device are an eye catching and dominant feature of the marks;

(iii) In addition to visual similarity, when looking at the two devices in question and describing them, members of the public are likely to refer to both devices as eagle devices;

(iv) As both devices depict eagles, they are conceptually identical.

[34] The Respondent contends as follows with regards to a global appreciation of the visual, oral or conceptual similarity of the marks in question:

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19 Sable BVV Puma AJ, Rudolf Dassler and Dassler Sport [98] RPC 199 (ECJ) at 224.

(i) While both marks depict an eagle it is clear on comparison of the marks that the manner in which the eagles are represented is wholly dissimilar;

(ii) The Applicant's Eagle device trade mark depicts the profile of an eagle apparently taking flight, or landing on a branch. The eagle is depicted in a realistic, lifelike manner and it is solid in colour and appearance, without any shading or detail to distinguish its physical features;

(iii) The Respondent's eagle device trade mark is depicting an eagle facing forward, body bowed and head turned to the side with its wings symmetrically outstretched behind its body. The device is depicted in a character style, with the detail of its physical appearance sharply featured.

[35] In my view, and if this Court transports itself notionally from the court room to the particular market place in which the Applicant and the Respondent operates and if it places itself in the position of those who buy the products of the Applicant and the Respondent under competing marks, the visual and conceptual similarity of the marks in question is not of such a degree of similarity as to give rise to the likelihood of consumer deception or confusion. I have no doubt that the depictions of eagles, so dissimilar as it is in the present matter, will not lead to deception or confusion of a significant number of consumers.

[36] The ultimate function of a trade mark is to be a source of identification and, in my view, the differences in the visual or conceptual similarity of the marks in question, viewed both adjacent to one another and separately, are not such that there is a reasonable likelihood of consumer deception of confusion between the marks and the products. Similarly, I am not of the view that a reasonable likelihood exists that the overall impression of consumers would be that the origin of the products are the same or that a connection exists between the Applicant and the Respondent.

[37] The above is, in my view so even if the doctrine of imperfect recollection is taken into consideration.

[38] The only similarity between the marks, on a visual level, is that both marks depict an eagle. The Applicant cannot claim a monopoly on the use of an eagle – irrespective of the manner in which it is depicted – within the classes in which the applicant's trade mark device is registered. To hold otherwise would, in my view, be tantamount to sanctioning the creating of a monopoly by the Applicant in this regard.

[39] I am accordingly in agreement with the submission by counsel for the Respondent that this mere fact i.e. that both marks depict an eagle is simply not sufficient to render the marks confusingly similar and that the Applicant is not entitled to claim a monopoly over every depiction of an eagle or a similar large bird of prey.

[40] In consideration of the oral similarity of the marks in question the Applicant contends that members of the public are likely to refer to both devices as Eagle devices. There is no evidence on the papers to support the contention, but for the general contention that both devices depict an eagle and that members of the public may refer to both as Eagle devices.

[41] In my view the visual dissimilarity between the respective devices also, as a relevant factor to consider in the consideration of the global appreciation of the respective trade marks, renders the above unlikely. Even if I am wrong in this finding I have already held that the Applicant is not entitled to claim a monopoly over every depiction of an eagle or a similar large bird of prey.

[42] In the result, in my view, a global appreciation of the visual, oral and conceptual similarity of the marks in question, based on the overall impression given by the marks, bearing in mind, in particular their distinctive and dominant components, cannot give rise to a conclusion that a reasonable likelihood of deception or confusion exists.

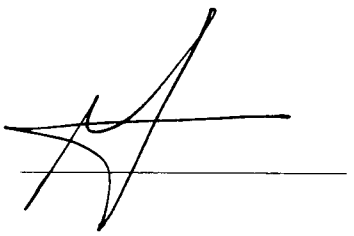
[43] **It follows that the application must fail.**

In the result I make the following order:

1. **The application is dismissed;**

2. **The Applicant is ordered to pay the costs.**

SIGNED AT PRETORIA ON THIS 14 DAY OF MARCH 2014.



Cilliers, AJ

Acting Judge of the High Court of South Africa

Appearances:

For Appellant: Adv.: L G Killmatrtin

Instructed by: Adams & Adams

For Respondent: Adv.: P Cirone

Instructed by: Spoor & Fisher