



REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA

IN HIGH COURT OF SOUTH AFRICA
(NORTH GAUTENG DIVISION: PRETORIA)

(1) REPORTABLE YES / NO
(2) OF INTEREST TO OTHER JUDGES YES / NO
(3) REVISED. OK

27/8/2014
DATE

[Signature]
SIGNATURE

Case No: A385/12

In the matter between:

CHESPAK (PTY)LTD

Appellant

and

MCG INDUSTRIES (PTY)LTD

Respondent

JUDGMENT

1. This is an appeal against the judgement and order of Zondo J granting an interdict prohibiting the appellant from infringing the respondent's South African registered design number A 2000/141 ("the registered design") by making, using, importing and/or disposing of any product falling within the scope of the registered design.

2. The appellant failed to file the record of appeal timeously as required by Rule 49 of the Uniform Rules of Court. In an application for condonation for the late filing of the record of appeal the appellant explained the circumstances which led to that state of affairs. The application for condonation was opposed in every conceivable respect. In my view it is not necessary to refer to the evidence presented on behalf of the appellant or to the respective arguments in regard thereto. It is apparent that the appellant had at all times consistently and persistently applied its efforts at the prosecution of the appeal. The delay in filing the record of appeal was explained comprehensively and in detail and I am satisfied that no litigant would really have been able to do better than the appellant did in the circumstances. It is apparent from the explanation that the delay was not due to any delaying tactics, recklessness or intentional disregard of the Rules of Court. In an extended answering affidavit and heads of argument the respondent referred to every possible detail and criticism which could be thought of but failed to appreciate that there were certain core factors which played a vital role and which had a snowball effect in preventing the appellant from complying with the relevant Rules of Court. In my view the respondent failed to have adequate regard thereto.
3. In the result condonation should be granted as prayed for and the appellant should be ordered to pay the costs of the application for condonation on an unopposed basis.

4. The respondent manufacturers and sells compartmentalised bottle carriers, also referred to as "crates", for the stacking, storage and transport of plastic soft drink bottles of the 500 ml, one litre and two litre variety. The aforesaid registered design is filed and registered in Class 9, which, according to the Design Regulations of 1999, covers "packages and containers for the transport or handling of goods". The registered design was filed on 17 February 2000 as an aesthetic design entitled "Bottle Carrier". The definitive statement for the registered design reads as follows:

"The features of the design for which protection is claimed reside in the shape and/or configuration of a bottle carrier substantially as shown in the photographs."

5. According to the respondent the appellant, without the consent of the respondent, made, imported, used and/or disposed of a bottle carrier product (the "Chespak crate") which is also a product included under class 9 of the Design Regulations of 1999. According to the respondent the Chespak crate embodies the respondent's registered design or is a design not substantially different to the respondent's registered design and by making, using, importing and/or disposing thereof, the appellant was infringing the registered design.
6. The court *a quo*, in a full and comprehensive judgement, disposed of all of the appellant's defences. On appeal to this court, by way of leave of the court *a quo*, the appellant relied mainly on two defences, namely that the registered design is invalid because it protects "functional features" in an aesthetic design and, secondly, that the Chespak crate is substantially

different from the registered design and does not therefore infringe the registered design.

7. The registered design was registered under the Designs Act 195 of 1993 ("the Act") as an aesthetic design. The Act distinguishes between aesthetic and functional designs. The definition of "aesthetic design" reads as follows in section 1(1) of the Act-

" 'aesthetic design' means any design applied to any article, whether for the pattern or the shape or the configuration or the ornamentation thereof, or for any two or more of those purposes, and by whatever means it is applied, having features which appeal to and are judged solely by the eye, irrespective of the aesthetic quality thereof."

"Functional design" is defined as follows:

" 'functional design' means any design applied to any article, whether for the pattern or the shape or the configuration thereof, or for any two or more of those purposes, and by whatever means it is applied, having features which are necessitated by the function which the article to which the design is applied, is to perform, and includes an integrated circuit topography, a mask work and a series of mask works".

8. According to section 20 of the Act, the effect of the registration of a design shall be "to grant to the registered proprietor in the Republic, subject to the provisions of this Act, for the duration of the registration the right to exclude other persons from the making, importing, using or disposing of any article included in the class in which the design is registered and embodying the registered design or a design not substantially different from the registered design, so that he shall have and enjoy the whole profit and advantage accruing by reason of the registration".

9. According to section 35(5) of the Act the defendant in infringement proceedings may counterclaim for the revocation of the design registration or, by way of defence, rely on any ground on which the registration may be revoked. *In casu* the appellant relied as a defence on section 14(5) of the Act which provides as follows:

"No-

(a) feature of an article in so far as it is necessitated solely by the function which the article is intended to perform;

...

shall afford the registered proprietor of an aesthetic design any rights in terms of this Act in respect of such feature, method or principle".

10. In addition the appellant denied infringement, alleging that the Chespak crate is substantially different from the registered design and therefore does not infringe the registered design. I shall refer to the scope of the design first.
11. The determination of the scope of a design registration commences with a construction of the definitive statement and, as in this case, the photographs. *In casu* the definitive statement is of the omnibus type. In regard thereto, the following was said by Harms JA in **Clipsal Australia (Pty) Ltd and Another v Trust Electrical Wholesalers and Another 2009 (3) SA 292 (SCA)** in paragraph [7]:

"[7] The definitive statement in this case is of the omnibus type because it does not isolate any aspect of the design with the object of claiming novelty or originality in respect of any particular feature. As Laddie J explained in *Ocular Sciences Ltd v Aspect Vision Care Ltd* [1997] RPC 289 at 422:

"The proprietor can choose to assert design right in the whole or any part of his product. If the right is said to reside in the design of a teapot, this can mean that it resides in design of the whole pot, or in a part such as the spout, the handle or the lid, or, indeed, in a part of the

lid. This means that the proprietor can trim his design right claim to most closely match what he believes the defendant to have taken.'

This means that the shape or configuration as a whole has to be considered, not only for purposes of novelty and originality, but also in relation to infringement."

12. The court in **Clipsal** then referred to certain important considerations in paragraph [8] as follows:

"Important aspects to consider when determining the scope of the registered design protection flow from the definition of an 'aesthetic design', namely that design features have to appeal to and be judged solely by the eye. First, although the court is the ultimate arbiter, it must consider how the design in question will appeal to and be judged visually by the likely customer. Secondly, this visual criterion is used to determine whether a design meets the requirements of the Act and in deciding questions of novelty and infringement. And thirdly, one is concerned with those features of a design that 'will or may influence choice or selection' and because they have some 'individual characteristic' are 'calculated to attract the attention of the beholder'. To this may be added the statement by Lord Pearson that there must be something 'special, peculiar, distinctive, significant or striking' about the appearance that catches the eye and in this sense appeals to the eye."

13. In **BMW AG v Grandmark International (Pty) Ltd and Another 2014 (1) SA 323 (SCA)** in paragraph [9] the court relied on **Homecraft Steel Industries (Pty) Ltd v SM Hare & Son (Pty) Ltd 1984(3) SA 681 (AD)** where Corbett JA (as he then was) said the following at 691 A-I:

"In the leading English case of *Amp Incorporated v Utilux (Pty) Ltd* [1972] RPC 103, Lord Reid discussed the apparent policy of the legislation relating to registered designs as follows (at 107 – 8):

'Those who wish to purchase an article for use are often influenced on their choice not only by practical efficiency but by appearance. Common experience shows that not all are influenced in the same way. Some look for artistic merit. Some are attracted by a design which is strange or bizarre. Many simply choose the article which catches their eye. Whatever the reason may be, one article with a particular design may sell better than one without it: then it is profitable to use the design. And much thought, time and expense may have been incurred in finding a design which will increase sales.'

Parliament has been concerned to see that the originator of a profitable design is not deprived of his reward by others applying it to their goods.

Lord Reid went on to point out that under the legislation in question protection was given not to everything that could be called a design, but only to a design falling within the definition. In the same case Lord Morris of Borth-y-Gest referred in particular to the requirement of the definition that the features in the finished article appeal to and are judged solely by the eye. He said (at 112):

"The question is raised as to the sense in which the features in a finished article are to appeal to and are to be judged solely by the eye. I think that it is clear that the particular feature which is in question or under consideration must be seen when the finished article is seen. But the words of the definition point, in my view, to considerations other than that of merely being visible. The phrases 'appeal to' and 'judged solely by the eye' denote features which will or may influence choice or selection This does not mean that the 'appeal' or the attraction must be to an aesthetic or artistic sense — though in some cases it may be. The features may be such that they gain the favour of or appeal to some while meeting with the disfavour of others. Beyond being merely visible the feature must have some individual characteristic. It must be calculated to attract the attention of the beholder."

In his speech in this case Lord Pearson said, with reference to the definition of design (at 121):

"The emphasis is on external appearance, but not every external appearance of any article constitutes a design. There must be in some way a special, peculiar, distinctive, significant or striking appearance — something which catches the eye and in this sense appeals to the eye."

Similar views were expressed by Lord Avonside in the Scottish Court of Session in the case of GA Harvey & Co (London) Ltd v Secure Fittings Ltd [1966] RPC 515 in the following terms (at 518):

"The judge of the design is the eye and the eye alone and to the eye it must appeal. The design, to appeal, must be noticeable and have some perceptible appearance of an individual character. Where, as in the present instance, the design is for a shape or configuration of the article as a whole, the only effective application of the design rests in making an article of that shape or configuration. In that situation, in order to achieve application of the design to an article, the article produced must be such as appeals to the eye as possessing, by reason of its shape or configuration, features which distinguish it from others of its type and class."

(This judgment was referred to with approval in the Amp Incorporated case *supra* at 112 – 3, 119 and 121 – 2.)

These citations give, I think, a general indication of the features which a design must possess in order to appeal to and be judged by the eye."

14. Apart from the aforesaid considerations as expressed by Corbett JA, the provisions of section 14(5) of the Act (quoted above) must be considered. This means that the court may have no regard to features of an aesthetic design which are necessitated solely by the function which the article is intended to perform. *Cf BMW* (*supra*) at paragraph [7]. It is important to note, however, that this section refers to features which are necessitated "solely" by the function which the article is intended to perform. It does not refer to features which serve a functional purpose but are also aesthetic features. Consequently, the fact that a particular feature of a design or a design itself performs a function, is not decisive. The question is whether the function which that article (to which the design is applied) performs, dictates or necessitates the shape and configuration of the design. The court should thus have regard to whether the feature is included as part of the article/design solely or purely for the reason that it performs that function or whether the article has, in addition, aesthetic appeal. These principles were applied in *Homecraft* (*supra*) at p 693 A-B where the court, in considering an argument that a design, and in particular certain flanges on the design and the return on the bottom flange, were purely functional, found as follows:

"I do not think that this contention is well-founded. While there may be some doubt as to whether the flanges and the return have more than a functional role in the design, I am of the opinion, on the evidence and upon a visual consideration of the design itself, that the fluting

is not solely functional: while it may perform the function of imparting additional rigidity to the element, it also has a definite visual appeal."

15. The appellant's principal attack on appeal was that the registered design does not embody any aesthetic features and that it was consequently invalidly registered as an aesthetic design and is therefore liable to be revoked and is unenforceable. In this regard it was, *inter alia*, submitted that being of the omnibus type, the definitive statement does not isolate any particular aesthetic feature of the design and also that the photographs attached to the design do not isolate and identify any particular aesthetic feature. It was submitted that the photographs may equally be said to depict a purely utilitarian crate, the shape and configuration of which is necessitated solely by the function which the crate is intended to perform. It was further submitted that the definitive statement in the design is, therefore, essentially of no assistance whatsoever to isolate and identify the contended aesthetic features of the design.
16. I disagree with the aforesaid contentions. The registered design is not a commonplace object but is one of a very unique design. If one has to imagine a crate for carrying bottles, the ordinary type of crate with a floor and four side panels, often reaching up to the height of the bottles in order to protect them, comes to mind. The registered design is nothing of the sort. It does not have solid sides and does not reach up to the height of the bottles it is supposed to carry. It is relatively small but has a sturdy look to it. It has narrow separated vertical side panels not attached to each other except at the bottom. It also has a large variety of protuberances, holes and other

types of openings and cavities on the inside and underneath which, in my view, would dazzle the uninformed eye. I have no doubt that if seen for the first time, most people would not be able to identify it as a crate for the carrying of bottles.

17. According to the definitive statement the features of the design for which protection is claimed, reside in the "shape and/or configuration" of the crate as a whole. The "shape" would generally refer to the external form or contour of the item and the "configuration" will generally refer to the conformation of the item or to the arrangement in a particular form of the parts of the item. Having regard to the visual impact of the registered design there is no doubt that it has an aesthetic appeal. The shape and configuration are unique. The crate has features which are special, peculiar, distinctive, significant and striking as envisaged in **Clipsal** (*supra*) and as such the whole crate appeals to the eye.
18. I would find myself hard pressed to identify individual features or characteristics which can be regarded as solely functional. This is simply because the crate as a whole, is a unique and very peculiar item. Of course, many of the features are functional, after all it can successfully carry bottles and prevent them from turning whilst in transit, and the empty crates can be effectively stacked, but the features of the crate are clearly not solely for that purpose.
19. The appellant accused the respondent of not being able to isolate and identify any specific aesthetic feature and for not presenting evidence that

one or other feature of the registered design is an aesthetic feature. I do not agree with the appellant. The respondent's witness referred to the prominent features of the design and submitted that those were, *inter alia*, aesthetic features. In this regard he, *inter alia*, referred to the base-sliding surface on the base of the crate; the flared-mouth and cylindrical closure-receiving socket combination; the non-rotate flags located on the tertiary support posts; the elongate ribs on each of the primary and secondary support posts; and the shape and configuration of the secondary support posts on the circumference of the crate. Some of those features, not all, I must add, do have a function, but that does not detract from the fact that their shape and configuration appeals to the eye. They could certainly have been manufactured differently and still have served the same function. That much is dictated by common sense as well as by referring to the other crates which were referred to in evidence.

20. The exercise by the appellant to isolate every separate feature of the registered design and to simply say that the feature has a purely functional advantage, is not only wrong in the context of this case but a futile exercise having regard to the shape and configuration of the registered design as a whole. There are most certainly individual characteristics of the registered design which are calculated to attract the eye and which would or may influence customer choice or selection through their visual appeal and which are not there solely to make the article work. *Cf AMP Incorporated v Utilux (Pty)Ltd [1972] RPC 103; Homecraft (supra) at p 694A-B.* In the result I

agree with the conclusions reached by the trial Judge on the issue of the scope of the design registration.

21. This brings me to the issue of infringement. The principles relevant to the determination of infringement were comprehensively discussed in paragraphs [49] to [50] of the judgement of the court *a quo* and need not be repeated. In **Homecraft** (*supra*) at p 694 I-695C the test for infringement was set out as follows:

"The test for infringement is whether the article alleged to infringe embodies the registered design or a design not substantially different from the registered design (s 15 (1)). This must be decided by the eye; and in applying this visual test the Court must bear in mind the reaction of the likely customer. The two designs must be viewed and compared side by side and also separately. Ultimately it may be a matter of degree. The Court may have regard to the expert evidence to the extent and for the purposes described by Tindall J in the Allen-Sherman-Hoff Co case *supra* at 274. The state of the art at the time when the design was registered and the degree of novelty and originality achieved by the registered design is also an important factor. Russel-Clarke (op cit at 85) states:

'If only small differences separate the registered design from what has gone before, then equally small differences between the alleged infringement and the registered design will be held to be sufficient to avoid infringement.'

And (at 87):

'Thus, it may be said that a registered design which is possessed of substantial novelty and originality will have a broader reading given to the monopoly which it affords than will a design which is barely novel or original. In the latter case, where the novelty is small, the Court may refuse to hold anything to be an infringement, unless it is almost exactly like the registered design.'

These statements appear to be well-supported by the authorities cited at 85 - 8 (to which might be added the case of *Valor Heating Co Ltd v Main Gas Appliances Ltd* [1973] RPC 871); and the principles enunciated appear to me to be sound and logical and of equal application in our law."

22. It was submitted on behalf of the appellant that it was shown conclusively that the "identifiable *prima facie* non-functional features" differ substantially and that on a visual comparison, even the functional features, differ substantially. The appellant has made an analysis which it submitted shows that the Chespak crate does not embody the registered design or even a design substantially similar to the registered design and that there are numerous functional and aesthetic differences that can by no means be said to be insubstantial. Consequently, so it was submitted, the respondent had failed to show an infringement of the registered design.
23. In the judgement of the court *a quo* each of the features referred to by the parties, as well as their submissions in regard thereto, were discussed. It is not necessary to go through the same exercise. I agree with the finding of the court *a quo* that the Chespak crate is strikingly similar to the registered design and that such differences as there are, are immaterial.
24. In the absence of particular features identified in the definitive statement of the registered design, the whole of the registered design must be considered in determining whether or not the Chespak crate embodies the registered design or a design not substantially different from it. It is not appropriate to separately compare every minute detail. The same issue was considered in **Brudd Lines (Pty) Ltd v Badsey (2) 1973 (3) SA 975 (T)** and Hiemstra J, as he then was, said the following at p 979 B-C:

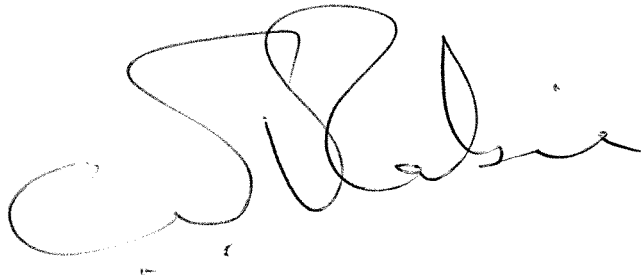
"The respondent was at pains to show that his own design differs from the published pictures. No doubt there will be differences. The stem of his chair is thicker and not so elegant as some of those in the pictures. But that is not the point. Anyone can camouflage

plagiarism by introducing a difference here or there. It is the impact on the eye made by the whole design which is decisive, and the similarity is unmistakable and beyond argument."

25. It was submitted on behalf of the respondent that in the light of the abandonment of the attack on the novelty of the design, it can no longer be disputed that the respondent is entitled to a relatively broad monopoly in its design and that minor differences between the registered design and the Chespak crate will not be sufficient to avoid a finding of infringement. It is not necessary to address this issue in detail. The differences identified by the appellant are not striking features of the registered design and I agree with the submission that it is unlikely that the reasonable consumer would notice them on comparing the two crates. They are secondary or ancillary features of the registered design and for the most part only visible on close inspection and are unlikely even to be noticed by the likely consumer. As such they are therefore immaterial and thus irrelevant.
26. The general shape and configuration of the crates are such that there is an overall impression of similarity between the registered design and the Chespak crate. The differences that there are, are small and immaterial and not of such a nature that they detract from this overall impression. The Chespak crate and the registered design are strikingly similar. I consequently agree with the findings of the court *a quo* that the Chespak crate infringes the registered design.
27. Regarding costs, there is no reason why the usual order for costs should not be made and why the costs of two counsel should not be included in such an order.

28. In the result the following order is made:

1. Condonation is granted for the late filing of the Record of Appeal.
2. The costs of the application for condonation shall be paid by the appellant on an unopposed basis.
3. The appeal is dismissed with costs which costs shall include the costs of two counsel.

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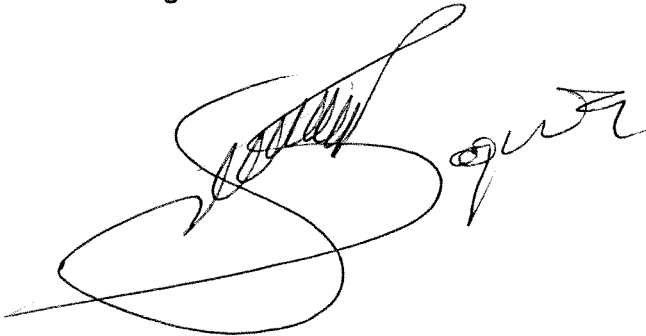
C.P. RABIE
JUDGE OF THE HIGH COURT

I agree:

A handwritten signature in black ink, appearing to read 'N. Kollapen', with a large, stylized initial 'N'.

N. KOLLAPEN
JUDGE OF THE HIGH COURT

I agree:

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S.A.M. BAQWA
JUDGE OF THE HIGH COURT

14 JULY 2014