



IN THE NORTH GAUTENG HIGH COURT, PRETORIA

(REPUBLIC OF SOUTH AFRICA)

(1)	REPORTABLE: YES / NO
(2)	OF INTEREST TO OTHER JUDGES: YES/NO
(3)	REVISED.
<u>08 JUNE 2016</u>	
DATE	SIGNATURE

82407/14
CASE NUMBER ~~8240~~/2015

8/6/2016

In the matter between:

KWV INTELLECTUAL PROPERTIES (PTY) LIMITED

APPLICANT

And

MIRCO FOODS CC

RESPONDENT

(Trade Mark Application)

JUDGMENT

MAVUNDLA, J.

- [1] This matter concerns two oppositions to the registration of trade mark/s, which each of the parties contends that the other's trade mark is confusingly similar to its mark and is likely to cause confusion and should therefore not be registered in the Registrar of Trade Marks.

For purposes of convenience and to avoid confusion, the parties shall be referred to in their respective names.

- [2] The sequence of the relevant applications and oppositions are as follows:

- 2.1 On the **3 November 2011**, KWV applied for the registration of its trade mark under application number 2011 / 19021 mark "CIAO!" which is pending before the Registrar of Trade Marks under class 33 covering:

"Alcoholic beverages (except beers); wine".

- 2.2 On the **3 February 2012** Mirco applied for the registration of CIAO! Stylized mark pending since then, under application:

- 2.2.1 no 2012 / 02533 in class 32 covering:

"Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juice; syrup and other preparations for making beverages." and

- 2.2.2 no 2012 / 02534 in class 33 covering "Alcoholic beverages (except beers); wine.

2.3 On the **20 November 2013** KWV filed its **opposition** to Mirco's application mentioned in 2.2. above.

2.4 On the **24 February 2014** Mirco filed its **opposition** to KWV's application mentioned in 2.1 above.

[3] The first opposition is that of KWV since it was lodged earlier, on the 20 November 2013 whereas that of Mirco was lodged later on the 24 February 2014. It therefore becomes necessary to first deal with KWV's opposition to MIRCO's application and thereafter with Mirco's opposition to KWV's application. It however needs mentioning that the main application and the counter application are inextricably overlapping.

[4] KWV's opposition to Mirco's registration application is that the latter's trade mark is identical to the former's trade mark and as such is likely to cause confusion. KWV further contended that Mirco's alleged prior proprietary is confined to class 29 in respect of trade mark 99/18548 "CIAO" in class 29; trade mark 99/18549 in class 30 and trade mark 99/18550 in class 43.

[5] According to KWV it is the licensee of the trade mark covered by its application No 2011/19021 CIAO in class 33 and which has been so employed since June 2010. The marketing of the fruit based cocktail-in-a-box product and sold by KWV under the trade mark CIAO was first launched on the market in September 2011. The first order of its product CIAO were procured in September 2011 and distributed commercially shortly thereafter through most of South Africa's major retail chains including Pick' n Pay, Shoprite Checkers, Spar Group, Makro etc.

- [6] KWV attached annexure A containing a bundle of photographs showing the get-up and packaging of its CIAO product which is sold in 1 and 2 litre box form and which show the product displayed on the shelving of retail outlets, together with a record of responses on FACEBOOK by the public to the product.
- [7] KWV further attached annexure B which is schedule setting out the quantity in litres, by CIAO product sub-type, distributed monthly by KWV into the South African market during the months of September 2011 to 2012 (KWV'S financial year end showing a total distribution of 493,221 litres. At a median retail price per litre of R32, distribution of this volume in retail trade, generated retail sales of some R15, 783, 000. 00.
- [8] According to KWV it produced annexure B and C which show total litre sales since September 2011 to date November 2013 of 1, 262, 348 litres, which transfer into retail sales (at R32 per litre) of sum R40, 4 million. KWV contended in its papers that it enjoys a substantial and visible presence in the RTS liquor market place in South Africa, and did so prior to 3 February 2012 when Mirco filed its applications under no2012 / 02533-4 Ciao! Stylized.
- [9] Annexure B shows more particularly that as at 30 January 2012, KWV had sold 315, 095 litres of its CIAO product since September 2011 (representing some 157, 547, 2 litre units) which translate into retail sale (at R32 per litre) in the sum of R10,083, 040.00.

[10] KWV per e-mail of 14 August 2013 sent to Mirco's attorneys of record, objected to the latter's applications under nos. no2012 / 02533-4 Ciao! device and called upon Mirco to withdraw these applications, supporting these demands by asserting:

- (a) the priority rights it enjoyed under its 3 August 2011 application no 2011 / 19021 CIAO in class 33, and
- (b) Its common law rights it enjoyed by virtue of the extensive use it had made of the market of a fruit based cocktail-in-a- box product which had been distributed since October 2011 through all the major chains in South Africa.

[11] Mirco has declined to comply with KWV's demands, asserting that it enjoys prior rights of the mark CIAO by reason of the fact that:

11.1 it conducted a restaurant under this name mark (an Italian Trattoria with pizza burning oven) at shop 35 Brooklyn Mall, 338 Bronkhorst Street, Pretoria since November 2006 and which business it had acquired for a third party, Roberto Rosa, who had conducted a restaurant business under this name (at an undisclosed address in Pretoria) since 1999; and

11.2 because the menu at the restaurant offered a sangria, as part of the restaurant's menu offering.

[12] According to KWV, Mirco has admitted that it does not sell a bottled beverage under the name CIAO! but asserts rights on the basis that a CIAO sangria drink appears (and has for the past 13 years) appeared on its menu. As is the case with Ciao Combo patty fried strips of beef and chicken dish that similarly appears on the menu, Mirco's Ciao sangria is menu item, and is

by nature "a catering service" offering in the context of a restaurant, namely a service of the kind covered by Mirco's registration no 1999/18550 CIAOI in class 42.

[13] KWV contends that Mirco's rights are confined to those it enjoyed under the said registration no 1999/18550 in class 43 in respect of a catering service, and that such right does not confer on it any right of priority with respect to the KWV'S 3 August 2011 application no 2011 / 19021 CIAO in class 33.

[14] The case of Mircro, KWV' as it contends in its answering affidavit, is that KWV could not have acquired rights in CIAO trade mark because this trade mark was registered in the name of Mirco in classes 29, 30 and 42 with effect from 11 October 1999 and have been in use and in force since then.

[15] According to Mirco as part of its business it sells food stuff (including pasta sauces, cake and the like) under its trade mark CIAO1. It further contended that it has an existing reputation under the trade mark in respect of foodstuff and restaurant services and also has already existing rights in the CIAO trade mark in classes 29, 30 and 42 which date back to 11 October 1999, which have been valid and in use prior and had therefore prior rights.

[16] Mirco conceded that KWV distributes its product through various retail chains, including Makro. Mirco, however, contended that as part of its business, it sells foodstuff (including pasta sauces, cakes and like) under its CIAOI Trade mark.

[17] In its counterclaim Mirco contended that it is the registered proprietor of the following marks:

17.1 Trade Mark 99/ 185 48 CIAOI registered in class 29, with effect from 11 October 1999, in relation to Meat, fish, poultry and game of all kinds including products made thereof or consisting of or containing same, meat extracts, preserved, dried and cooked fruits and vegetables, jellies, jams, eggs, milk and other dairy products; food additives, flavourings, seasonings and sauces; dietary and nutritional foods including vitamins, minerals, proteins, fats and carbohydrates;

17.2 Trade Mark 99/ 18549 CIAOI Registered in class 30, with effect from 11 October 1999, in relation to Coffee, tea, cocoa, sugar, rice, tapioca, sagi, artificial coffee; flavours and preparations made from cereals, bread, biscuits, cakes, pastry and confectionery; ices, sandwiches; fillings of all kinds within the class, honey, treacle; yeast, baking powder; salt; mustard, pepper, vinegar, sauces, spices, marinades; prepared foods in the class, food substitutes in the class, fast foods in the class, food additives, flavourings and seasonings, dietary and nutritional foods including those containing vitamins, minerals, proteins, trace elements, fats and carbohydrates, weight reducing foods and edibles.

17.3 Trade Mark 99/ 18550 CIAOI registered in class 43, with effect from 11 October 1999, in relation to services relating to the import and export of foodstuffs and beverages; wholesale, retail and merchandising services, market, sale and distribution of foodstuffs and beverages, catering services, market, sale and distribution of foodstuffs and beverages, catering services and all other services included in this class concerned with the provision of foods.

[18] Mirco further contended that s10 (12) of the Trade Mark prohibits the registration of a mark that is "inherently deceptive or the use of which would be likely to deceive or cause confusion and that therefore the application for registration of CIAO! Trade mark in the name of KWV should be dismissed and that its application for the registration of Ciaol Stylized under no 2012 / 02533-4 which are pending in the trade mark classes in classes 32 and 33 should be registered.

[19] It is apposite to first deal with the opposition that was lodged first, and that is the one of KWV, thereafter with that of Mirco as it was lodged later.

[20] KWV in opposing the registration of Mirco's trade mark application no 2012 / 02533-4 Ciaol Stylized which are pending in the trade mark in classes 32 and 33, relies on its own pending application no 2011 / 19021 Ciaol in class 33 and in particular on the ground of section 10(15) of the Trade Mark Act, which provides that a mark will not be registered if:

"subject to the provisions of section 14 and paragraph (16), a mark which is identical to a mark which is the subject of an earlier application by a different person, or so similar thereto that the use thereof in relation to the 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 the mark in respect of which the earlier application is made, would be likely to deceive or cause confusion, unless the person making the earlier consents to the registration of such mark."

[21] KWV further contended that Mirco on the papers before the Court has not, on a balance of probabilities¹, discharged the duty on it to satisfy the Court that there are no reasonable probabilities of confusion or deception in its classes 32 and 33 trade marks with those of KWV to qualify for registration, and that the Court is obliged to dismiss Mirco's opposition.

[22] It is not in dispute that the respective parties share the same trade mark name "CIAO" with the exception that Mirco has added to the said name Stylized.

[23] In order to determine whether the trade marks are identical and likely to cause confusion requires the Court to make a two stage inquiry. The Court must satisfy itself that the trade mark applied for by Mirco is the same or similar to that applied for and protected by KWV mark. Only thereafter can the Court proceed to determine the likelihood of confusion or deception and make a global assessment of the trade marks, and similarity of thereof and then make a value judgment.²

[24] In doing the aforesaid assessment the Court will have regard to, *inter alia*, the respective use or function of the respective goods or services, the channel through which such goods will be used or dispensed to the public domain, e.g. large chain

¹ *Accurate Watch Co v Accurist Watches Ltd* 2004 B1P 115 (RTM) at 117B-C.

² *Vide Foschine Retail Group (Pty) Ltd* 2013 BIP 275 (GNP) at par [15].

stores; the physical nature, character of the goods or services; the potential user of the commodity or services; and whatever circumstances the Court deems relevant.³

[25] At registration the applicant, *in casu*, Mirco, must prove that there is no likelihood of confusion; *vide Smithkline Beecham Consumer Brands (Pty) Ltd 1995 (2) SA 903 AD at 910A-B: "The test is to take into account all the relevant circumstances, and compare the respective marks, and also have regard to the Danco Clothing v Nu-Care Marketing Sales and Promotions 1991 (4) SA 850 at 860 D-C. In the matter of American Chewing Products Corporation v American Chicle Company it was held, inter alia, that: "the general principle is to refuse registration if there is any possibility of confusion in fair or normal use"; vide also Greenblatt v Hirschson⁴; Stellenbosch Farmers' Winery Stellenvale Winery (Pty) Ltd.⁵*

[26] The Court must also take into account the surrounding circumstances relevant to the use of the trade marks alleged to be identical. The fact that the trade marks carry common parts does not carry much weight. The Court must also take into account the use of the trade marks and the channels through which the goods carrying the identical name are to be marketed, *vide Plascon-Evans Paints v Van Riebeeck Paints*⁶.

³ *Cowbell AG v ICS Holdings Ltd 2001 (3) SA 941 (SCA) at 947*; *British Sugar Plc v James Robertson & Sons Limited [1996] RPC 281*.

⁴ 1958 (4) SA 371, at 376E-H.

⁵ 1957 (4) SA 235 at 240D-E.

⁶ 1948 (3) SA 623 (AD).

[27] Mirco's class 33 CIAO! Stylized trade mark covers: "Alcoholic beverages (except beers); just as KWV's trade mark Ciao in class 33, which is pending before the registrar since 3 August 2011, does. Mirco does not dispute that these trade marks are similar and are likely to cause confusion.

[28] In respect of Mirco's class 32 goods, a postulated notional use of thereof are likely to cause confusion or deception when compared with the notional use by KWV of its CIAO trade mark because both goods are beverages covered by that of KWV's trade mark in class 33. In this regard the authorities provide that the relevant marks should not be compared side by side but should be compared from the point of view of an ordinary purchaser who might at one or other stage see or hear one of the marks and later, possibly with an imperfect recollection of the mark, come across the other mark and confuse one for the other or vice versa and determine whether there is a reasonable possibility of confusion or deception; vide *Stellenbosch Farmers' Winery Stellenvale Winery (Pty) Ltd*;⁷ *American Chewing Products Corporation v American Chicle Company*⁸ wherein it was also pointed out that: "the general principle is to refuse registration if there is any possibility of confusion in fair or normal use"; vide also *Greenblatt v Hirschson*.⁹ In my view, Mirco's trade mark in both classes 32 and 33 are likely to cause confusion or deception.

⁷ *Supra* at 240D-E.

⁸ *Supra* at 742-744.

⁹ *Supra* at 371, 376E-H.

[29] A careful perusal of the answering affidavit of Mirco, reveals that the latter does not dispute that the relevant trade marks of both parties are identical. Neither does the said answering affidavit contradict that there is a potential of confusion or deceit, as contended for by KWV. In the premises, on the strength of the *Plascon-Evans* principles this Court is obliged to find that Mirco has not demonstrated on a balance of probabilities that the registration of its trade mark under classes 32 and 33 are not likely to cause any confusion and should be registered.

[30] In so far as Mirco wants to rely on prior proprietorship on the basis of trade marks 1999 /18548-50, it was contended by KWV, quite correctly so in my view, that Mirco is confined to restaurant services, which are not similar to alcoholic beverages. In this regard it should be borne in mind that Mirco's sangria drinks are offered to customers in restaurants. Further Mirco does not produce or sell alcoholic beverages as a commercial trade, nor sell bottled beverages under the name Ciao.

[31] In the matter of *Luster Products Inc v MGIC Style Sales CC*¹⁰ the Appellate Court held that:

"Where, in an application for a final interdict, the respondent has brought a counter – application for certain relief, there is a dispute of fact and the rule in *Plascon-Evans Paints Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA 623 (A) at 634-5 is to be applied, the proceedings consists of separate applications, having a certain overlap and being argued at a combined hearing, but separate and independent applications nonetheless. The proper approach in such

¹⁰ 1997 (3) SA 13 (AD) at 13G.

circumstances is that while the respondent's version must be looked to in so far as the main application is concerned; the reverse is the case with the counter application. (At 21G/H-H/I.)"

[32] In the matter of *EL Baik Food Systems Co. SA v AL Baik Fast Food Distributio Co. S.A.*¹¹

Murphy J held that: "As a general rule, the trade mark applicant bears the *onus* of showing that the trade mark sought to be registered by it is in fact registrable. In motion proceedings, however, the question of *onus* usually does not arise, and the issues of fact fall to be determined by the *Plascon-Evans* rule, irrespective of where the legal or evidential *onus* lies. That rule provides that where in motion proceedings dispute of fact arise on affidavits, a final order can be granted only if the facts averred in the applicant's affidavits, which have been admitted by the respondent, together with the facts alleged by the latter, justify such order. It is permissible, however, to reject respondent's version when it consists of bald or uncreditworthy denials, raises fictitious disputes of fact, is palpable implausible, far-fetched or so clearly untenable that the court is justified in rejecting them on the papers. In a trade mark application, however, the court may be required to determine whether the evidentiary burden imposed by the statute has been met. In the matter of *New Balance Athletic Shoe Inc v Dajee and Others Nno*, Nugent JA stated : 'But the rule in *Plascon-Evans* is not blind to the potential abuse for abuse ...'in the interest of justice, courts have been at pains not to permit an unvirtuous not to shelter behind patently implausible affidavit versions or bald denials'. That seems to me to be particularly important in proceedings of this nature, in which the proprietor respondent who bears the *onus* of proving relevant use, can be expected to have comprehensive and peculiar of that fact if it has occurred. In those circumstances it can be expected that a proprietor who alleges relevant use, will advance clear and compelling

¹¹ Case No A998 / 13 (NGC) delivered on 1 September 2015.

evidence to that effect and ought not to be expected that the evidential burden will be discharged by allegations that are sparse, ambiguous or lacking in conviction."

[33] A careful perusal of the answering affidavit of Mirco, reveals that the latter does not dispute that the relevant trade marks of both parties are identical. Neither does the said answering affidavit contradict that there is a potential of confusion or deceit, as contended by KWV. In the premises, on the strength of the *Plascon-Evans* principles this Court is obliged to find that Mirco has not demonstrated on a balance of probabilities that the registration of its trade mark under classes 32 and 33 are not likely to cause any confusion and should be registered.

[34] Consequently this Court concludes that KWV's' opposition to Mirco's registration of trade marks in classes 32 and 33 should be upheld and the application for the registration of KWV's trade mark in class 33 must proceed. Mirco must therefore be mulcted with costs of the opposition.

[34] I now proceed to deal with the opposition of Mirco to the registration of the trade mark of KWV in application No 2011 / 19021 Ciao in class 33.

[35] In so far as Mirco relies on prior proprietorship, premised on its earlier, registered trade mark in classes, 29, 30 and 43 is concerned; it is my considered view that this

does not avail Mirco the ground of resisting KWV's application for the registration of its trade mark in class 33, for the following reasons. The dominant characteristic in all these three classes is foodstuff. It brooks no argument that "foodstuff" is distinct from beverages envisaged in classes 32 and 33.¹²

[36] In class 43, it is also specifically stated, *inter alia*, "foodstuffs and beverages, catering services and all other services included in this class concerned with the provision of foods."¹³ Mirco's foodstuff is dispensed through restaurants, whereas KWV's commodity is dispensed not through restaurants but big chain stores. The "beverage" referred to in class 43 must be construed within the predominating characteristic component in this class, which is foodstuff to be serviced in restaurants. The logical conclusion is therefore that class 43 is dissimilar to classes 32 and 33. It was not disputed by Mirco, as contended by KWV, that the former is not selling bottled beverage under CIAO. Therefore the ineluctable conclusion is that Mirco has no existing rights in respect of classes 32 and 33, but its rights are only confined to classes 29, 30 and 43.

[37] It is also significant to note that Mirco does not dispute that the name "CIAO" is not singularly confined to itself, so as to restrict and monopolize the use thereof by others. This is so because there exists an Italian restaurant with the name Ciao Baby Cucina Restaurant. Neither does Mirco dispute the version of KWV that Ciao Baby Cucina has

¹² *Vide Organon Laboratories Ltd v Roche Products (Pty) Ltd* 1976 (1) SA 195(T) 202F-203A.

¹³ *Vide para[17] supra.*

various outlets located in Sandton; Clearwater Mall Shopping Centre, Roodepoort; Fourways, Sandton and Tiger Valley Shopping Centre, Bellville, Cape.

[38] The Court must take into account the surrounding circumstances relevant to the use of the trade marks alleged to be identical. The fact that the trade marks carry common parts, in casu the word CIAO, does not carry much weight. The Court must also take into account the use of the trade marks and the channels through which the goods carrying the identical name are to be marketed, *vide Plascon-Evans Paints v Van Riebeeck Paints*¹⁴.

[39] Mirco, in opposing KWV's trade mark registration does not take issue with the fact that KWV has since September 2011 sold a fruit-based alcoholic cocktail in-a-box product under mark Ciao. I have already referred to earlier to the fact that Mirco's commodity is dispensed through one restaurant situated at Brookline Mall, whereas that of KWV is not.

[40] In the premises, this Court concludes, on value induction, that KWV's trade mark in class 33, placed side by side with Mirco's trade marks under classes 29, 30 and 43, are so dissimilar that there is no likelihood of confusion. Accordingly this Court finds that Mirco does not have prior proprietorship rights to resist the registration of KWV's application under class 33. Mirco's opposition to the registration of KWV's trade mark

¹⁴ 1948 (3) SA 623 (AD).

in class 33 should fail and be dismissed with costs and the latter's trade mark registration must proceed.

[41] Both parties engaged the services of two counsel, because of the importance of the matter to them and the fine points of law involved. It is therefore proper that the costs must follow the event inclusive the cost of engaging two counsel as it was necessary to employ same.

[42] In the premises the following orders are made:

AD MAIN CLAIM.

1. That the opposition by KWV to the registration of two trade marks applied for by Micro Foods CC ("Mirco") under applications no 2012/02533-4 for the CIAO stylized trade mark in classes 32 and 33 is upheld with costs which costs shall include the costs of employing two counsel.

AD COUNTER CLAIM

2. That the opposition by Micro Foods CC ("Mirco") to the registration of trade mark applied for by KWV under applications no 2011/ 19021 for the CIAO trade mark in class 33 is dismissed with cost which costs shall include the costs of employing two counsel.



N.M. MAVUNDLA
JUDGE OF THE HIGH COURT

Date of Judgment : 08 / 6 / 2016
APPLICANTS' ADVOCATE : ADV P. GINSBURG SC with ADV P CIRONE
INSTRUCTED BY : HAHN & HANH
RESPONDENT'S ADVOCATE : ADV C. J. VAN DER WESTHUIZEN SC with
ADV L. P. MKHIZE
INSTRUCTED BY : D M KISCH INC