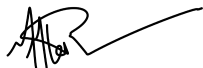


IN THE REPUBLIC OF SOUTH AFRICA



**IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION, PRETORIA**

CASE NO: 24206/17

(1)	REPORTABLE: YES /NO
(2)	OF INTEREST TO OTHER JUDGES: YES/ NO
(3)	REVISED. YES/ NO
	
.....	20 DECEMBER 2021
SIGNATURE	DATE

NATIONAL BRANDS LIMITED

Applicant

(Opponent)

and

CAPE COOKIES CC

First Respondent

(Trade mark Applicant)

REGISTRAR OF TRADE MARKS

Second Respondent

J U D G M E N T

LE ROUX AJ

INTRODUCTION

[1] This case primarily concerns the implications for trade mark protection of the use of an element of a registered trade mark on a product in the same class. The dispute concerns trade mark application no. 2013/06837 SNACKCRAX in class 30 brought by Cape Cookies CC which is opposed by National Brands Limited. The opposition is based on the provisions of sections 10(4), 10(7), 10(12), 10(14) and 10(17) of the Trade Marks Act, No 194 of 1993('The Act'). These grounds overlap, rendering this judgment lengthy of necessity.

[2] The following issues arise in the main application:

2.1. In terms of section 10(4) of the Act, whether the first respondent had any *bona fide* intention of using the SNACKCRAX trade mark, either itself or through a permitted user, in respect of the goods covered by the relevant trade mark application;

2.2. In respect of the opposition based on section 10(7), whether the relevant trade mark application was made *mala fide*;

2.3. Regarding opposition on the basis of section 10(12) of the Act:

- 2.3.1. Whether National Brands has established a protectable reputation in its SALTICRAX, VITASNACK and SNACKTIME trade marks;
- 2.3.2. Whether Cape Cookies' SNACKCRAX trade mark is confusingly similar to National Brands' SALTICRAX, VITASNACK and SNACKTIME trade marks;
- 2.3.3. Whether use of the SNACKCRAX mark by Cape Cookies constitutes a misrepresentation to members of the public that its SNACKCRAX product emanates from National Brands or is associated with it, which is not the case; and
- 2.3.4. Whether the respondent's use of the SNACKCRAX trade mark is likely to result in deception or confusion arising;
- 2.4. Regarding opposition based on section 10(14) of the Trade Marks Act, whether the SNACKCRAX trade mark is identical or so similar to National Brands' registered SALTICRAX trade mark that use thereof in relation to savoury biscuits, which are among the goods covered by the trade mark registration application, would be likely to deceive or cause confusion; and
- 2.5. With respect to section 10(17) of the Act:
 - 2.5.1. Whether National Brands' SALTICRAX trade mark is well-known in the Republic;

2.5.2. Whether Cape Cookies' SNACKCRAX trade mark is identical or similar to the well-known SALTICRAX trade mark; and

2.5.3. Whether the use of the SNACKCRAX mark sought to be registered is likely to take unfair advantage of or be detrimental to the distinctive character or repute of the registered SALTICRAX trade mark.

[3] There are also various interlocutory applications pending relating to the procedure followed for the opposition, as well as the related issue of costs. The relief sought in the interlocutory applications is said by National Brands to be academic at this point in these proceedings, save for the issue of costs.

3.1. The rule 6(5)(e) application for the admission of four affidavits explaining how the procedure for setting down interlocutory matters before the Registrar of trade marks, the second respondent, differs to the procedure followed before the High Court was granted in unopposed court on 19 July 2017. That disposes of that application.

[4] National Brands seeks the following relief:

4.1. In the main application, that the application for registration of trade mark application no. 2013/06837 SNACKCRAX in class 30 in the name of Cape Cookies be refused with costs;

4.2. That its extension application succeed in that the regulated opposition period should be extended to 16 March 2016, being the date on which

it filed its opposition papers and that Cape Cookies should be ordered to pay the costs of the extension application on a punitive scale; and

4.3. Dismissing Cape Cookies' condonation application with punitive costs.

[5] Cape Cookies seeks:

5.1. That its application for leave to oppose National Brands' application for condonation and extension of time be granted with costs;

5.2. That National Brands' application for condonation be refused and the opposition dismissed for want of condonation; and

5.3. That, in the event that National Brands' condonation be granted and the opposition application be considered, that the opposition be dismissed with costs on each of the grounds raised.

[6] The opposition proceedings were initially instituted before the Registrar of trade marks and then the second respondent transferred the matter to this court in terms of section 59(2) of the Act. No relief is sought against the second respondent in these proceedings.

OVERVIEW OF THE CASE

[7] The corporate history of National Brands, a wholly owned subsidiary of AVI Limited, and specifically its business division called Snackworks, which offers sweet and savoury, baked and fried snacks under various brands, was set out extensively in the papers and requires but a brief recitation. The brands

PYOTTS and BAKERS have been features of the South African market for more than a century.

[8] National Brands has held the SALTICRAX trade mark in class 30 in respect of “*salt flavoured biscuits*” since 1 August 1951 and, until 9 September 2009, this was the only registered trade mark incorporating the element “CRAX” in class 30.

[9] Currently, the only trade marks in the register incorporating the element “CRAX” in class 30 are:

9.1. National Brands’ SALTICRAX trade mark, class 2;

9.2. Cape Cookies’ VITACRAX trade mark registration, which is the subject of other litigation between the parties;

9.3. Trade mark application no. 2009/24890 ETI CRAX, which mark was voluntarily cancelled; and

9.4. The SNACKCRAX trade mark application that is the subject of these proceedings.

[10] National Brands contends that the “CRAX” element of its SALTICRAX trade mark is distinctive and worthy of this court’s protection. National Brands contends that its SALTICRAX trade mark has a significant reputation and accompanying goodwill in the South African market so that it has earned exclusivity in the “CRAX” portion of the mark in South Africa in relation to savoury biscuits.

- [11] National Brands holds a trade mark registration no. B1985/3525 for the mark SNACKTIME in class 30 in respect of *“flour and preparations made from cereals, bread, biscuits, cakes, pastries, confectionary and bakery products of all kinds, yeast and baking powder.”* National Brands’ SNACKTIME trade mark registered in 1986 has achieved notoriety among consumers and Cape Cookies contends that SNACKTIME cannot be used by National Brands in relation to the two elements of the mark, namely SNACK and TIME.
- [12] National Brands holds trade mark registration no. 2001/18858 VITASNACK in class 30 in respect of *“coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, pastry and confectionary, ices, honey, treacle, yeast, baking powder, salt, mustard, vinegar, sauces (condiments), spices and ice”* which was filed on 2 November 2001 and is subject to the following limitations: that registration of the mark shall give no exclusive right to use the word “SNACK” and National Brands admits that registration of its VITASNACK trade mark shall not debar other persons from the *bona fide* descriptive use in the ordinary course of trade of the word “vitamin”.
- [13] National Brands also holds trade mark registration number 2003/01759 VITASNACK WHOLEWHEAT CRISPS logo in class 30 in respect of *“coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, pastry and confectionary, ices, honey, treacle, yeast, baking powder, salt, mustard, vinegar, sauces (condiments), spices and ice”* filed on 31 January 2001, subject to the disclaimer that the mark’s

registration gives no right to the exclusive use of the word “wholewheat” or of the word “crisps”.

[14] Cape Cookies entered the market in approximately August 2014 and has sold its SNACKCRAX savoury biscuits in competition with National Brands’ SALTICRAX and SNACKTIME products and its crisp bread snack under the VITACRAX trade mark.

[15] Cape Cookies seeks registration of the SNACKCRAX trade mark in class 30, which covers the following goods:

“Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, pastry and confectionary, ices, honey, treacle, yeast, baking powder, salt, mustard, vinegar, sauces (condiments), spices, ice.”

The case of National Brands

[16] The essence of National Brands’ case is its contention *“that the first respondent deliberately embarked on a course of unlawful conduct aimed at riding on the coattails of the extensive reputation and goodwill build up by the applicant in respect of its well-known brands including the iconic SALTICRAX brand.”*

[17] National Brands further contends that Cape Cookies *“has sought to imitate the applicant’s well-known brands and seeks to maintain its imitation [because] it believes that such imitation confers some advantage that an*

original get-up would not.” National Brands also contends that “there is a glaring absence of any acceptable explanation as to why the first respondent adopted trade marks which incorporate various elements of those of the applicant (being a competitor of the first respondent and the market leader). In particular, there is no plausible explanation as to why a confusingly similar mark to the SALTICRAX trade mark was adopted. The first respondent could have adopted any trade mark and was not restricted to adopt elements of the applicant’s well-known trade mark SALTICRAX and SNACKTIME.”

- [18] National Brands contends that *“Mr Morgan’s explanation of the adoption of SNACKCRAX and in particular his sudden recollection that ‘CRAX’ is an abbreviation of the word ‘crackers’ (allegedly in both the United Kingdom and South Africa) is unconvincing and is a disingenuous and desperate attempt to avoid the truth.”*

18 Mr Morgan contends familiarity with the word “CRAX” as a modern or trendy abbreviation of the full word “crackers”. Cape Cookies provided Google search results which it claims confirm a widespread use of “CRAX” in relation to snack food and crackers. Mr Morgan alleges that he was aware of the abbreviation “CRAX” being in use in both the United Kingdom and South Africa, in both of which countries he has lived, and claims that it is a word commonly used in the United States of America. Mr Morgan’s evidence finally was that as a child, his late mother would often refer to any type of brand of crackers as “CRAX”. Mr Morgan claims to be unaware of the SALTICRAX product which is said

to be improbable by National Brands, given that Mr Morgan has had a career active in the sale of savoury snacks for many years.

[19] National Brands holds the following registered trade marks which are relevant to this opposition:

19.1. Trade mark registration no. 1951/2139 SALTICRAX in class 30;

19.2. Trade mark registration no. B85/3525 SNACKTIME in class 30; and

19.3. Trade mark registration no. 2001/18858 VITASNACK in class 30.

[20] National Brands contends, in particular, that the inclusion of the element “CRAX” in the relevant trade mark application renders it confusingly and/or deceptively similar to National Brands’ registered SALTICRAX trade mark. It further contends that the goods covered by the trade mark application at issue are similar, if not identical, to the goods covered by National Brands’ registered SALTICRAX trade mark and that there exists a likelihood of deception or confusion arising if the SNACKCRAX trade mark were in use. The confusion and/or deception that is said to be likely to arise is in relation to National Brands’ SALTICRAX and SNACKTIME trade marks in particular. National Brands puts up the affidavit of a Ms Jane Ledger, setting out circumstances under which she claims to have become confused between the parties’ trade marks.

[21] National Brands also argues that consumers often refer to products bearing its SALTICRAX trade mark together with the word “snacks” and that the danger of confusion or deception is significantly increased in its expectation

that the trade mark and products will be referred to in combination, in other words, as “SALTICRAX snacks”. National Brands contends that the opposed trade mark application would result in Cape Cookies obtaining an unfair advantage or that it would otherwise be detrimental to the distinctive character and/or repute of National Brands’ registered and well-known SALTICRAX trade mark. Finally, National Brands contends that Cape Cookies’ intention of using the SNACKCRAX mark in relation only to savoury biscuits, as opposed to all of the goods covered by the trade mark application to the entire category of goods listed in class 30, means that Cape Cookies adopted the SNACKCRAX mark to take advantage of the reputation in National Brands’ trade marks and unfairly compete with it.

The case of Cape Cookies

- [22] For its part, Cape Cookies alleges that SALTICRAX and SNACKCRAX trade marks are not confusingly and/or deceptively similar, but that they are *“visually, aurally and linguistically quite distinct”*.
- [23] Cape Cookies also claims that it adopted the SNACKCRAX trade mark since it was *“visually and aurally pleasing”*.
- [24] Cape Cookies contends that the trade mark element “CRAX” is not the subject of any common law or registered right and has never been used on a standalone basis by National Brands as a trade mark; and that National Brands’ exclusivity is limited to the use of the SALTICRAX trade mark and that it has no exclusive rights to a standalone mark for CRAX.

- [25] Cape Cookies admits that certain of the goods covered by the two marks are similar to each other or even identical, but denies that the identity between the goods will give rise to confusion or deception because the marks are not confusingly similar. Cape Cookies also contends that SNACKCRAX is not a mark that will be confused with or result in deception in relation to the SALTICRAX and SNACKTIME trade marks and contests National Brands' evidence of actual confusion.
- [26] Cape Cookies further denies that products bearing the SALTICRAX trade mark are commonly referred to together with the word "snacks" and denies that the SNACKCRAX trade mark will take unfair advantage of and/or be detrimental to the distinctive character and/or repute of National Brands' SALTICRAX trade mark.
- [27] In sum, National Brands contends that Cape Cookies is trying to *"sail as close to the wind as possible in seeking to misappropriate the lustre of the applicant's well-known trade marks"*. Cape Cookies, of course, denies this

THE APPLICABLE LAW

- [28] Section 10 of the Trade Marks Act deals with unregistrable trade marks and the provisions relevant to this decision read as follows:

"Unregistrable trade marks

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:*

...

(4) *a mark in relation to which the applicant for registration has no bona fide intention of using it as a trade mark, either himself or through any person permitted or to be permitted by him to use the mark as contemplated by section 38;*

...

(7) *a mark the application for registration of which was made mala fide;*

...

(12) *a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonos mores, or be likely to give offence to any class of persons;*

...

(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;

...

- (17) *a mark which is identical or similar to a trade mark which is already registered and which is well-known in the Republic, if the use of the mark sought to be registered would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark notwithstanding the absence of deception or confusion unless the proprietor of such trade mark consents to the registration of such mark, provided that a mark shall not be refused registration by virtue of the provisions of paragraph (2) or, if registered, shall not be liable to be removed from the register by virtue of the said provisions if at the date of the application for registration or at the date of an application for removal from the register, as the case may be, it has in fact become capable of distinguishing within the*

meaning of section 9 as a result of the use made of the mark.”

[29] The definition of trade mark in section 2 of the Act is also relevant and provides that it is “... *other than a certification trade mark or a collective trade mark, means a mark used or proposed to be used by a person in relation to goods or services for the purpose of distinguishing the goods or services in relation to which the mark is used or proposed to be used from the same kind of goods or services connected in the course of trade with any other person ...*”

[30] The well-known case, *Kabushiki Kaisha v Metro-Goldwyn Meyer Inc.* [1999] RPC 117 (ECJ) at para 133, recorded that: “[The] function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him without any possibility of confusion to distinguish the product or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it had originated under the control of the single undertaking which is responsible for the quality ...” This was confirmed in *Cowbell AG v ICS Holdings Ltd* 2001(3) SA 941 (SCA) at paras 948A-C namely that the essential function of a trade mark is to indicate the origin of the goods in connection with which it is used. Thus, Cape Cookies bears the onus to satisfy the court that there is no reasonable probability of confusion or deception arising from use of the mark that it seeks to register.

[31] The SCA in *Orange Brand Services v Account Works Software* (970/12) [2013] ZASCA 158 (22 November 2013) at para [6] to [7] recorded that: “... in opposition proceedings the question that falls to be decided is not how the parties use or intend to use their marks, but how they would be entitled to use them if both were to be registered – that is, how they might notionally be used. In this case if both marks were to be registered, the respective parties would be entitled to use them in relation to computer software, including software for accounting, and the question is whether it would be likely to cause confusion if both marks were to be used in that way.”

[32] This is consistent with its earlier decision in *Adcock Ingram Intellectual Property (Pty) Ltd v Cipla Medpro (Pty) Ltd* 2012(4) SA 238 (SCA) at paras 14 to 15 : “The question is not what the appellant says it intends doing, but what it will be permitted to do if its application is granted in respect of [the goods to be registered] ... The onus must be discharged by the applicant in respect of all goods coming within the specification applied for, and not only in respect of those goods on which he is proposing to use (the mark) immediately, nor is the onus discharged by proof only that any particular method of user will not give rise to confusion; the test is: what can the applicant do?”

SECTION 10(12) OF THE TRADE MARKS ACT

[33] Section 10(12) primarily seeks to protect the public against deception or confusion or possible deception or confusion in respect of the origin of the goods and the character or quality of the goods to which it attaches. For this

reason, the applicable test which has been settled for many years as formulated in *Smith Hayden & Co Ltd APPN 1946 (63) RPC 97101* is whether “*the court [is] satisfied that the mark applied for, if used in a normal and fair manner in connection with any of the goods covered by the registration proposed will not be reasonably likely to cause deception or confusion among a substantial number of persons*”. This test was confirmed by the then Appellate Division in *Nm Penn Oils Ltd v Oils International (Pty) Ltd 1966(1) SA 311 (A)* at 317 C-E.

[34] National Brands contends that the “CRAX” element of its SALTICRAX trade mark is distinctive and unique. It asserts that Cape Cookies’ SNACKCRAX trade mark wholly incorporates its distinctive mark “CRAX”. It also asserts that both contain nine letters, start with the letter “S” and have prefixes containing the letter “A”. The word “snack” in SNACKCRAX also is common in relation to class 30 goods and is descriptive of the goods in relation to which Cape Cookies uses its SNACKCRAX trade mark. National Brands asserts that the incorporation of the distinctive element “CRAX” into the SNACKCRAX trade mark renders it both visually and phonetically confusingly similar to its SALTICRAX trade mark. While it acknowledges that the difference between the two is the use of the word “SNACK” instead of “SALTI” before the word “CRAX”, it maintains that this is insufficient to distinguish the two trade marks.

[35] Secondly, National Brands contends that the goods to which the trade mark attaches overlap. This is because National Brands’ goods in class 30 of salt-flavoured biscuits which overlap with the application’s class 30 products

including *“preparations made from cereals, bread, pastry and confectionary, baking powder, salt.”*

[36] On the question of whether there is likely to be deception or confusion arising from the use of the opposed trade mark, National Brands accepts that consumers are not hyper-vigilant when purchasing goods from retail or wholesale stores and that therefore it must show that there is sufficient visual similarity coupled with the overlap in the nature of the goods that there is a likelihood of confusion between the respective marks.

[37] As evidence of actual confusion, National Brands points to the evidence of Ms Jane Ledger and, in addition, an article by Ms Wendy Knowler, a consumer journalist who claims that *“as imitations go, Cape Cookies SNACKCRAX version of Baker’s SALTICRAX is among the most blatant I’ve ever seen. In my local supermarket the two products were side-by-side on the shelf. Interestingly, the shape of the SNACKCRAX box could create the impression that it contains more biscuits than the SALTICRAX pack, but that both contain 200g and sell for the same price, in this store at least.”*

[38] With respect to the statement by Ms Ledger, Cape Cookies notes that it contains none of the information one would normally expect from an independent witness such as how she is acquainted with the SALTICRAX product, nor how she came to report her alleged confusion to National Brands’ legal representatives. Her affidavit is notable for its use of legal jargon, which is unexplained, and Cape Cookies points out that while she claims that she *“almost purchased”* the wrong product *“by mistake”*, she in

fact realised their differences and did not make any such mistake. Regardless of Ms Ledger's evidence, Cape Cookies contends that one alleged consumer who was almost confused on a single occasion is not sufficient evidence of confusion to sustain the opposition. I agree.

[39] With respect to the column by Ms Wendy Knowler, the evidence shows that she was in fact never confused or deceived, since she seems outraged and indignant at what she terms an "imitation". Thus her evidence contributes nothing of value to the mandated enquiry. That enquiry requires this Court to occupy the shoes of the reasonable consumer facing the parties' savoury biscuit packaging in an ordinary retail setting and to consider whether deception or confusion is likely to arise as to the provenance of the products.

[40] National Brands maintains that its protectable goodwill and reputation has been undermined by Cape Cookies' use of a confusingly similar mark and that it constitutes a misrepresentation to consumers that the SNACKCRAX product emanates from National Brands or is associated with it. It also points to the visual similarity of the biscuits themselves in shape and with the presence of coarse salt that is visible as well as the fact that they are typically presented in close proximity to each other in major retail stores. This positioning of the product on shelf is said to increase the likelihood of deception or confusion in consumers and Cape Cookies confirms the suspicion by pointing to the evidence of Ms Fadiela Carlie, a contact centre senior consultant at Cape Cookies confirming that it had received queries from customers regarding whether the SNACKCRAX and VITACRAX products formed part of National Brands' SALTICRAX range. No affidavit

was delivered by Cape Cookies and email correspondence was the source of this claim.

[41] In essence, National Brands contends that Cape Cookies' SNACKCRAX trade mark amalgamates the SNACK element of its SNACKTIME trade mark and the CRAX element of its SALTICRAX trade mark, and that this was deliberately done to imitate the product so as to obtain an unfair advantage in the market place by deceiving or confusing consumers.

[42] Cape Cookies contends that in essence the real complaint it faces is *"that there exists a likelihood of confusion or deception, in the trade mark sense, between the SALTICRAX and SNACKCRAX marks"*. Cape Cookies rejects National Brands' argument that it is seeking to protect a proprietary mark in "CRAX" by pointing out that there is, of course, no such registered trade mark and that what would be impermissible is to break the SALTICRAX trade mark down into its constituent elements so as to make out a case based on those elements where the consumer does not encounter the mark in this atomised fashion.

[43] Cape Cookies also contends that National Brands' trade reputation resides in its Bakers trade mark, which identifies the origin of the goods and that the registered marks at issue here (SALTICRAX and SNACKCRAX) are in fact product names or mere descriptors and not in fact true trade marks worthy of protection. Cape Cookies notes that National Brands in its advertising material utilises the Bakers mark as a signifier of the range of savoury biscuits that include Provita, SALTICRAX, VITASNACK and SNACKTIME

and that therefore its approach in this matter is not founded on its use of the marks in the market.

[44] Cape Cookies contends that the appropriate test here is that set down by the SCA in *Lucky Star Limited v Lucky Brands (Pty) Ltd* 2017(2) SA 588 (SCA) at para 6, which is that the likelihood of confusion or deception arises once it is “*established that a substantial number of persons will probably be deceived into believing or be confused as to whether there was a material connection in the course of trade between the applicant’s goods and the opponent’s trade mark.*” Cape Cookies contends that it’s not mere confusion or deception as between the two marks that satisfies this test and not even mere similarity, but that the confusion must lead to a notional consumer considering there to be a trade connection between the origin of the parties’ goods. Cape Cookies relies on *Verimark (Pty) Ltd v BMW AG* 2007(6) SA 263 (SCA) at paras 4 to 5 for the proposition that “*it is trite that a trade mark serves as a badge or origin and that trade mark law does not give copyright-like protection. [It] can therefore not be interpreted to give greater protection than that which is necessary for attaining the purpose of a trade mark registration, namely protecting the mark as a badge of origin.*”

[45] Cape Cookies submits further that the court must consider the facts alleged by National Brands, which are admitted by Cape Cookies together with the facts alleged by Cape Cookies and come to a determination based on that set of facts. Cape Cookies also pointed this court to the SCA’s decision in *Bata Limited v Face Fashions CC and Another* 2001(1) SA 844 SCA at para 14, confirming that the likelihood of confusion that must be assessed must

be “*appreciated globally*” and that the “*global appreciation of the visual, aural and conceptual similarity of the marks in question must be based on the overall impression given by the marks bearing in mind in particular the distinctive and dominant components.*”

[46] National Brands sought to place certain evidence before the court as constituting evidence of actual confusion. However, I find that this evidence is outweighed by the absence of evidence of widespread confusion in the market, given the number of years that have passed in which the two products have traded side-by-side quite literally. On the question of whether is notional confusion or deception that is likely, I also find that this is improbable. This is because I do not find that the two trade marks are the same as, or so similar that they are likely to give rise to deception or to cause confusion in relation to the origin of the goods themselves. I find that the marks are not identical, nor sufficiently similar to give rise to any likely confusion that the goods sold, while themselves are similar, are sourced from the same enterprise.

[47] Cape Cookies points out 13 differences between the marks:

47.1. SALTICRAX consists of three syllables;

47.2. SNACKCRAX consists of two syllables;

47.3. The words are different on an auditory, visual and conceptual level;

47.4. The first syllable of the words, namely “SNACK” and “SALTI” are strikingly different;

47.5. “SALTI” provides a tee sound at the end;

47.6. “SNACK” provides a strong cee kay sound at the end;

47.7. “SALTI” commences with an ess sound;

47.8. “SNACK” commences with an ess en sound;

47.9. The first syllable predominates;

47.10. Even assuming that the “CRAX” element is distinctive, this is neutralised by the use of the VITACRAX mark since 2009;

47.11. Similarly, the use of the SNACKCRAX trade mark in trade since 2014 is a natural experiment showing the absence of any contravention of the Act;

47.12. If there is a cracker notation arising from “CRAX”, it is generic and not exclusively held by either party, but instead indicating the kind of product that is being sold; and

47.13. Finally, the “CRAX” syllable is not a distinguishing feature.

[48] Cape Cookies also relies on the settled authority in *John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd* 1977(3) SA 144 (T) at 150G-H explaining that this court must apply the following test :

“You must take the two words; you must judge them both by their look and their sound; you must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks ...” In sum, this Court must be satisfied that there is a real and tangible danger of confusion if the mark sought to be registered joins that of National Brands on the register.

[49] Cape Cookies pointed to decisions by this court and the SCA confirming that the monopoly bestowed by the trade mark register is not absolute and accommodates trade marks which have been found not to be confusingly or deceptively similar including:

49.1. Romany Creams and Romantic Dreams for biscuits;¹

49.2. White Star and Star for maize meal brands;²

49.3. Yuppichef and Yuppiegadgets for internet goods;³

49.4. Lucky Star and Lucky Fish for fish products;⁴

¹ *National Brands Ltd v Blue Line Manufacturing (Pty) Ltd* 2001(3) SA 563 (SCA)

² *Pioneer Foods (Pty) Ltd v Bothaville Milling (Pty) Ltd* [2014] ZASCA 6 (12 March 2014)

³ *Yuppichef Holdings (Pty) Ltd v Yuppiegadgets Holdings (Pty) Ltd* 2016 JDR 1705 (SCA)

⁴ *Lucky Star Limited v Lucky Brands (Pty) Ltd and Others* 2017(2) SA 588 (SCA)

- 49.5. Black Knight and Knights as competing whiskey brands;⁵
- 49.6. e-Bay and Rentbay for online retail platform services;
- 49.7. Evolym and Evolve for jewellery;
- 49.8. The Look and The Look for Less for clothing; and
- 49.9. Pepsi Twist and Twist, Lemon Twist, Diet Twist for cold drinks.

[50] The SCA in *Puma AG Rudolph Dassler Sports v Global Warming (Pty) Ltd* 2009 BIP 192 (SCA) at para 11 confirmed that the test for confusing similarity is objective and in *Century City Apartment Property Services CC and Another v Century City Property Owners Association* 2010(3) SA 1 (SCA) at para 13 confirmed:

“The likelihood of confusion must be appreciated globally, taking into account of all relevant factors it must be judged through the eyes of the average consumer of the goods or services in question. That consumer must be taken to be reasonably well-informed and reasonably circumspect and observant, that he may have to rely upon an imperfect picture or recollection of the marks. The court should factor in the recognition that the average consumer normally perceives a mark as a whole and does not analyse its various details. The visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impression created by the marks,

⁵ *Distell Limited v KZN Wines and Spirits CC* [2016] ZASCA 18 (15 March 2016)

bearing in mind the distinctive and dominant components. Furthermore, if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically-linked undertakings, there is a likelihood of confusion.”

- [51] Cape Cookies submits that the marks do not so nearly resemble one another as to give rise to a likelihood of deception or confusion as to the origin of the goods in question and points to what it terms a complete absence of evidence of confusion or deception, notwithstanding years of parallel trading by the parties in direct competition with one another through stores in which the products are physically proximate to each other when offered to consumers.
- [52] Cape Cookies submits that the “CRAX” component of National Brands’ SALTICRAX trade mark is not available to exclude the SNACKCRAX registration and that the absence of objection to its use of the VITACRAX trade mark since 2009 shows that there is in fact no deception or confusion that is likely. Cape Cookies contends that neither party has exclusivity to the suffix “CRAX” when added to SALTICRAX, VITACRAX or SNACKCRAX, because there is no trade mark on the term “CRAX” and there is no exclusive right held by National Brands over the element or syllable “CRAX”. First respondent also contends that “CRAX” has no independent reputation on a standalone basis and that had the opponent wished to obtain the monopoly or exclusivity on the use of “CRAX” it ought to have applied for its standalone registration.

- [53] Cape Cookies is equally dismissive of National Brands' argument that confusion or deception will arise because its products are referred to as "SALTICRAX snacks", but notes that there is not only no evidence to support this reference style, but also that the phrase is phonetically clumsy and does not appear to be a natural method of reference to these products.
- [54] Cape Cookies also points to the prominence of the Bakers trade mark as the origin of the SALTICRAX product on the packaging used for the product. Cape Cookies also disputes National Brands' reliance on its trade mark SNACKTIME as likely to give rise to confusion with Cape Cookies' SNACKCRAX product and it contends that the SNACKTIME registration has not been sufficiently demonstrated as likely to give rise to deception or confusion so as to warrant upholding opposition to the SNACKCRAX application.
- [55] Cape Cookies insists that National Brands can only succeed if this court were to conclude that consumers are likely to confuse the trade marks due to their similarity in a manner giving rise to a belief that there is a link between the two undertakings providing the goods under the two marks. As the SCA put it in *Century City Apartments* "... if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically-linked undertakings, there is a likelihood of confusion."
- [56] In my view, National Brands has failed to establish that the prospective trade *"is inherently deceptive or the use of which would be likely to deceive or cause confusion"*. I am not persuaded that the common CRAX element is

sufficient to deceive or confuse the hypothetical reasonable consumer as to the origin of the savoury biscuit considered for purchase. Nor do I find that the packaging, visual or aural characteristics of the two marks or their presentation are likely to deceive or confuse. The prominence and differences in colour, design and size between the BAKERS logo and that of Cape Cookies also safeguard against confusion between the SALTICRAX and SNACKCRAX marks when the products are viewed in their entirety.

SECTION 10(14) OF THE ACT

[57] Section 10(14) of the Act, in essence, prohibits the registration of a trademark which is identical or similar to a registered trademark and where the use thereof is likely to cause confusion or deception. The test under this section postulates notional use of the trade mark sought to be registered in respect of some or all of the goods covered by the application and use in a normal and fair manner of the respondent's trade mark in respect of any of the goods covered by his application for registration.

[58] In *Plascon-Evans Paints (Pty) Ltd v van Riebeek Paints (Pty) Ltd* 1984(3) SA 623 (A) at 641 A-D Corbett JA (as he then was) set down the test for comparing trade marks for the purposes of opposition proceedings:

“...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 customer 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

eyesight 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 relevant 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 customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some striking or significant feature than 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 a generic description of the goods."

- [59] In sum, this is an overall impression given by the marks and requires assessment of both their distinctive and dominant components but without a flawless reproduction of their features. To state the test again, it is whether a reasonable consumer in the circumstances in which he or she is likely to encounter the mark will be confused or deceived as to whether the goods were made by a different firm to their actual producer.

[60] In the light of my finding that National Brands failed to show deception or confusion, it must follow that National Brands has not satisfied the test under section 10(14) to prevent the trade mark registration

SECTION 10(17) OF THE TRADE MARKS ACT

[61] The question that arises in terms of section 10(17) is the requirements for a mark to be “well-known”. The then Appellate Division settled this question in the case of *McDonalds Corporation v Joburgers Drive-in Restaurant (Pty) Ltd; McDonalds Corporation v Dax Prop CC and McDonalds Corporation v Joburgers Drive-in Restaurant (Pty) Ltd* 1997(1) SA 1 (A), which dealt with the identical phrase as it appears in section 35 of the Act. The Appellate Division held that the degree of knowledge required was that its reputation must extend to a substantial number of members of the public or persons in the trade in question.

[62] Finally, with respect to section 10(17) of the Trade Marks Act, National Brands again asserts that the marks are confusingly and deceptively similar in their visual and aural components, and that its exclusivity and distinctiveness was being diluted through Cape Cookies’ use of its SNACKCRAX trade mark. National Brands rejects Cape Cookies’ argument that it is ironic that it relies on section 10(17) because it requires there to be no likelihood of deception or confusion (contrary to what must be argued for all of the other grounds relied upon) by claiming that section 10(17) merely enables the section to be relied upon, notwithstanding an absence of deception or confusion. National Brands therefore opposes the registration

of the trade mark no. 2013/06837 SNACKCRAX in class 30. Cape Cookies disputes that there is a sufficient degree of cachet to the trade mark to render it a symbol of quality given the precise nature of the salted biscuits that are sold by the parties.

- [63] The requirements for section 10(17) mirror those of section 34(1)(c) which were considered by the Constitutional Court in the case of *Laugh it Off Promotions CC v SAB International (Fiance) BV t/a SAB Mark International* (Freedom of Expression Institute as *amicus curiae*) 2006(1) SA 144 (CC) at para [34]:

“[34] The essential elements of an infringement of a trade mark under section 34(1)(c) are hardly obscure. They are readily discernible from the text:

- (a) Unauthorised use by the defendant of a mark identical or similar to the registered mark;*
- (b) In the course of trade in relation to goods or services;*
- (c) The registered trade mark must be well-known in the Republic; and*
- (d) The use of the trade mark would be likely to take unfair advantage of or be detrimental to the distinctive character or repute of the registered trade mark.”*

[64] In sum, there must be a sufficient degree of similarity to the opponent's mark, which must be found to be well-known in the Republic and the opponent must be shown to be probably likely to suffer commercial or economic harm as a consequence of an unfair advantage or detriment to the repute of its trade mark.

[65] The first respondent contends that National Brands fails here on each of these grounds. First, it submits that the similarity between the two marks is insufficient since it is not identical and that the requirement of similarity of “a marked resemblance or likeness” is not satisfied here. In *Lucky Star*, the SCA held:

“[13] ... Section 34(1)(c) which requires that the marks be ‘similar’ to each other is intended ‘to provide protection against the dilution of a registered trade mark by the unauthorised use of an identical or similar mark in relation to any goods or services notwithstanding the absence of confusion or deception’. In *Bata* it was held that the word ‘similar’ must not be given too wide or extensive an interpretation for the purposes of the section. To do so might have the effect of creating an unacceptable monopoly, and would thus stultify freedom of trade. The appropriate meaning to be given to the word was ‘having a marked resemblance or likeness’, which is not satisfied in this case. Because of the distinct lack of similarity between the registered trade mark of the appellant and the trade mark of the respondents, the issue of whether the goods

and/or services of the respondent are, or will be the same as, or similar to those proposed by the appellant, does not have to be considered.”

65.1. With insufficient similarity to give rise to confusion or deception, there is no basis to conclude that “*marked resemblance*” has been established.

[66] While SALTICRAX may be well-known in the Republic, there is no evidence here to show detriment or unfair advantage to that mark has arisen during the years of trading by Cape Cookies with the SNACKCRAX mark. As the Constitutional Court found in the *Laugh it Off* decision, “... *the detriment relied upon must not be flimsy or negligible. It must be substantial in the sense that it is likely to cause substantial harm to the uniqueness and repute of the marks.*”

[67] The economic or trade harm required to sustain opposition in terms of this section, (see *Verimark (Pty) Ltd v BMW AG; BMW AG v Verimark (Pty) Ltd* 2007(6) SA 263 (SCA))has not been demonstrated here. National Brands contends that any sales achieved by Cape Cookies are at its expense since it is said to be ‘riding on its coattails’, but real evidence to show either the coattail-riding or that Cape Cookies’ sales have been unfairly derived from the repute of National Brands’ mark is not evident in the voluminous record before this Court. The fact that Cape Cookies is a new entrant into the market and has managed to achieve modest success is the result of competition on

the merits and does not provide cogent evidence of the harm or detriment necessary to sustain this case.

- [68] While I find that National Brands has established that its mark is well known, it has not established that the trade mark application would enable Cape Cookies to take unfair advantage of or be detrimental to the former's marks on a basis other than deception or confusion.

SECTION 10(4) OF THE TRADE MARKS ACT

- [69] An application for registration of a trade mark must have a *bona fide* intention to use the mark as a trade mark. This has been held to mean “*a definite and present intention to use the mark as a trade mark in relation to certain goods or services at the time the application is made*” and “*an ulterior purpose in applying for the mark may constitute a lack of a bona fide intention to use the trade mark as a trade mark*” and “*there must be a real intention to use the mark in the future, not a general intention to extend business or an uncertain or indeterminate possibility*”.⁶

- [70] The opponent to the trade mark registration, National Brands here, bears the burden to demonstrate the absence of the *bona fide* intention to use the mark.⁷ National Brands contends that Cape Cookies specialises in the manufacture and sale of sweet and savoury biscuits and that its class 30

⁶ Webster & Page, South African Law of Trade Marks, 4th Edition, para 3.53

⁷ *Groot Constantia Trust v DJB (Pty) Ltd* [2015] BIP 330 (GP)

application covers a far wider range of goods and that this is evidence of an absence of a *bona fide* intention to use the mark.

[71] In response, Cape Cookies states that it sought to enter the market through its SNACKCRAX biscuits but that it registered the wider category of products in class 30 in the hope of its future business expansion into those product lines. Indeed, it claims that its commercial plans to expand its range of goods has been hampered by the protracted nature of these proceedings.

[72] I do not find evidence of an absence of a *bona fide* intention to use the mark and consequently find that the trade mark application does not fall foul of section 10(4) of the Act. The explanation put up by Cape Cookies is credible and probable. Moreover, it has in fact entered the market with its SNACKCRAX and there is no evidence that this was not a *bona fide* commercial venture utilising the mark.

SECTION 10(7) OF THE TRADE MARKS ACT

[73] Section 10(7) also deals with the motive or intention of Cape Cookies for trade mark registration and has been interpreted to exclude applications made *mala fide* where the actions of the trade mark applicant are *contra bonos mores* in the particular trade or industry concerned.⁸

[74] Foreign case law to which the court was directed, namely *Chocoladen Fabriken Lindt & Sprüngli AG v Franz Haüs-wirth GmbH* (C-529/07) (ECJ), was authority for the proposition that, when determining whether an

⁸ *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd* 1981(2) SA 173 (T)

application was brought in bad faith, all relevant factors relating to the case pertaining at the time of the filing of the application for registration of the mark can be taken into account and the knowledge of Cape Cookies, whether actual or constructive, that a third party was using an identical or similar sign for an identical or similar product which was capable of being confused with the mark for which registration is sought, would be one relevant factor.

[75] With respect to its reliance on section 10(7) of the Trade Marks Act, National Brands contends that it has been Cape Cookies' business practice to adopt trade marks that are confusingly similar to its own and then to use these on competing or similar products. For example, it points out the registration application for SNACKCRAX savoury biscuits, which it contrasts with SALTICRAX, the SNACKCRAX trade mark which it contends is confusingly similar to its own SNACKTIME trade mark and the confusing similarities it claims are evident from Cape Cookies' VITACRAX trade mark when compared to its own VITASNACK and SALTICRAX trade marks.

[76] In addition to the similarities in the trade marks, National Brands contends that the packaging adopted by Cape Cookies is confusingly similar as well. It points out the similarities in the green colour that predominates on the packaging, the shape and die cut of the biscuits themselves, and their being photographed and reproduced on the packaging itself.

[77] With respect to VITACRAX, National Brands contends that it is remarkably similar to National Brands' PROVITA packaging in the yellow and brown

colouring used, as well as the wholewheat appearance of the biscuits photographed and reproduced on the packaging.

[78] In sum, National Brands contends that *“the first respondent has a habit of unlawfully adopting confusingly similar trade marks and get-ups to that of the applicant for use in relation to competing products. The only possible explanation for this is that the first respondent wishes to gain an unfair advantage at the applicant’s expense.”*

[79] Therefore, Cape Cookies and its adoption of the SNACKCRAX trade mark is said to have been made *mala fide* in order to take advantage of National Brands’ reputation established in its SALTICRAX and SNACKTIME trade marks in contravention of section 10(7). I disagree.

[80] Webster & Paige, page 3-82 para 3.55 confirm this Court’s view that *“it does not constitute bad faith however for a party to apply to register a trade mark merely because he knows [that] third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services which the applicant believes it has a superior right to registration and use of a mark.”* The conduct of the trade mark applicant here does not fall within the proscribed dishonest immoral or sharp trade practice that this section seeks to guard against and therefore this objection fails.

[81] This final ground of opposition fails as well. Accordingly, the trade mark application should proceed.

INTERLOCUTORY APPLICATIONS

[82] With respect to the interlocutory applications, only the disputed issue as to the costs arising from these applications remains for determination. Of course, in order to determine the question of costs, the conduct of the litigation by the parties must be considered.

[83] With respect to the extension application, Regulation 52(2) of the Act provides that *“in the absence of an agreement between the parties, the Registrar may, upon application on notice in terms of Regulation 19(4) and on good cause shown make an order extending or abridging any time prescribed by these regulations ...”* Regulation 52(3) provides that *“any such extension may be ordered, although the application is not made until after the expiry of the time prescribed or fixed ...”* and Regulation 52(4) of the Act provides that *“the Registrar may on good cause shown condone any non-compliance with these regulations.”*

[84] In sum, the party applying for the extension and condonation needs to demonstrate good cause in order for its application to succeed. Good cause in turn requires a consideration of various factors, principally a satisfactory explanation for the non-compliance with the regulations and to establish that National Brands for condonation or extension has a *prima facie* case.

[85] Here, National Brands contends that the preparation of the evidence for its opposition was complicated and time-consuming as the evidence it adduced goes back many decades relating to its use of its SALTICRAX trade marks. It further contends that delays in the litigation by Cape Cookies, compounded

by the impact of the Covid-19 state of national disaster, all explain the protraction of the matters and that, for its part, the opposition term should be extended to 16 March 2016, being the date on which its opposition papers were filed.

[86] The protracted nature of this application is further demonstrated by the applicant filing further heads of argument which necessitated a response from Cape Cookies, which itself was not accompanied by a condonation application. However, given that Cape Cookies was able to adequately and satisfactorily address the contents of the new heads of argument in the main and interlocutory applications, I find that there is no prejudice that ought to be remedied at this stage with a costs order.

[87] Given the academic nature of each interlocutory application at this stage of proceedings, given the fact that the case was ripe for hearing and that no party suffered any prejudice as a result of the delays and choices made by each, I am not persuaded that any party ought to be mulcted with costs. Of course, it is regrettable that this matter has been delayed for so many years. The trade mark was first published on 28 May 2014, yet the applicant delayed until 14 March 2016 before filing its opposition papers, and only in December 2019 did it file heads of argument in the main application. In this court, further heads were only filed in January 2020, all of which is six years after publication of the registration in 2014.

[88] It is, of course, true that the time limits provided by the legislature for trade mark opposition are themselves sufficient, if not generous, to collect the

necessary evidence required to be submitted together with an opposition and it is certainly unfortunate that even longer was taken here. But given that I have permitted the extension of the time for filing the opposition and condoned its lateness, I do not need to determine the opposition raised by Cape Cookies to those applications in terms of sections 22(1) and 29 and regulations 15 and 52.

[89] While I accept the explanation for the delays, I do not find that costs on a punitive scale are justified. Indeed, I find that on the detailed chronology of the matter that both parties bear some responsibility for the delays in the case reaching final determination and therefore, while the condonation and extension are granted, I do so without any order as to costs.

ORDER

[90] This I therefore order that:

90.1. the opposition term is extended to 16 March 2016;

90.2. condonation is granted to both the applicant and the first respondent;

90.3. trade mark application no. 2013/06837 SNACKCRAX in class 30 in the name of Cape Cookies must proceed to registration and the second respondent shall register the trade mark; and

90.4. the trade mark opponent is ordered to pay the trade mark applicant's costs of the main application.


LE ROUX AJ

Acting Judge of the High Court
Gauteng Division, Pretoria

Delivered: This judgment was prepared and authored by the Judge whose name is reflected on 20 December 2021 and is handed down electronically by circulation to the parties/their legal representatives by e-mail and by uploading it to the electronic file of this matter on CaseLines. The date for hand-down is deemed to be 20 December 2021.

DATE OF HEARING: 14-15 APRIL 2021

DATE OF JUDGMENT: 20 DECEMBER 2021

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