



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

JUDGMENT

Reportable
Case No: 900/2015

In the matter between:

PEPKOR RETAIL (PROPRIETARY) LIMITED

APPELLANT

and

TRUWORTHS LIMITED

RESPONDENT

Neutral citation: *Pepkor Retail (Pty) Ltd v Truworths Ltd* (900/2015) [2016]
ZASCA 146 (30 September 2016)

Coram: Navsa, Cachalia, Zondi, Mathopo and Van der Merwe JJA

Heard: 29 August 2016

Delivered: 30 September 2016

Summary: Trade mark — registered trade mark THE LOOK used in fashion retail industry — mark has no inherent or acquired distinctiveness — removal from the trade mark register ordered.

ORDER

On appeal from: Western Cape Division of the High Court, Cape Town
(Mantame J sitting as court of first instance):

1. The appeal is upheld with costs, including the costs of two counsel.
 2. The order of the court a quo is set aside and replaced with the following:
 - ‘(a) The main application is dismissed with costs, including the costs of two counsel.
 - (b) The counter-application is granted and an order is made:
 - (i) cancelling the first respondent’s trade mark registration number 1998/05493-5 in classes 16, 25 and 35;
 - (ii) directing the registrar of trade marks to cancel the said registrations and to remove them from the trade marks register;
 - (iii) directing the applicant to pay the costs of the counter-application, including the costs of two counsel.
 - (c) The application to strike out is granted with costs.’
-

JUDGMENT

Van der Merwe JA (Navsa, Cachalia, Zondi and Mathopo JJA concurring):

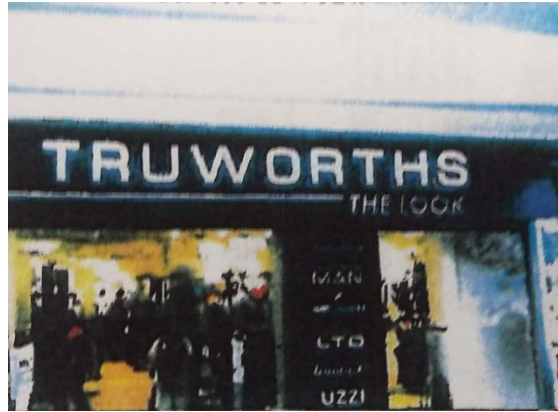
[1] The respondent in this appeal, Truworths Limited (Truworths), is the proprietor of the registered trade mark THE LOOK (the mark). The appellant, Pepkor Retail (Proprietary) Limited, inter alia, trades under the name Ackermans and for convenience I will refer to the appellant by that name. Ackermans makes use of the phrase THE LOOK FOR LESS (the phrase). Truworths applied in the Western Cape Division, Cape Town, for an order interdicting and restraining Ackermans from using the phrase. Ackermans filed a counter-application for the removal of the mark from the register of trade marks. The court a quo (Mantame J) granted the interdict and refused

the counter-application. It granted leave to appeal to this court. The appeal is directed at the whole of the order of the court a quo.

[2] Truworths and Ackermans are competitors in the fashion retail industry. Both predominantly sell clothing, footwear, headgear and other fashion-related goods. Ackermans is, however, regarded as a 'value' retailer aimed at selling at affordable prices.

[3] The mark was registered in terms of the Trade Marks Act 194 of 1993 (the Act), with effect from 1 April 1998. It was registered in classes 16 (printed matter), 25 (clothing, footwear, headgear) and 35 (offering for sale and the sale of goods in the retail and wholesale trade). However, it was only during 2009, that Truworths commenced making any discernible use of the mark. It used the mark on labels and swing tags attached to its goods. Labels are permanently attached to the goods, whilst swing tags are intended to be removed once the item is put to use. Truworths also used the mark in customer mailers, on posters and on its website.

[4] In the founding affidavit on behalf of Truworths the following appears: 'Truworths has several stores across the country trading under THE LOOK trade mark. THE LOOK store in Stellenbosch was opened in the Eikestad Mall on 26 November 2009. THE LOOK store in Balfour Park, Johannesburg was opened on 22 July 2010. THE LOOK store in Savannah Mall, Polokwane was opened on 28 October 2010. THE LOOK store in Stanger, KwaZulu-Natal was opened on 21 October 2010 and the store in Brits Mall, Brits was opened on 28 October 2010. Photographs of the aforementioned five stores are annexed hereto marked "DP2".' One of the photographs is reproduced hereafter. It is quite clear that what is set out in the affidavit is at best a misdescription and at worst disingenuous. As can be seen from the photograph it is a TRUWORTHS store with that name being much more prominent in size and scale with 'THE LOOK' as an addendum after a dash, minute in comparison. It is probably more truthful for it to be described as a TRUWORTHS – THE LOOK store.



A further five TRUWORTHS — THE LOOK stores were opened during 2014.

[5] During 2011 Ackermans embarked on an extensive rebranding exercise. This led to the conceptualisation of the phrase THE LOOK FOR LESS. During March 2012 Ackermans commenced use of the phrase in its promotional material and in its stores. In respect of the signage of Ackermans stores, the phrase was used on the back of the store entrance signs, so that it was generally only visible to customers leaving the store. On these signs, Ackermans in turn, gave more prominence to the words THE LOOK, than the words FOR LESS. Ackermans also has a store situated at the Eikestad Mall in Stellenbosch.

[6] Towards the end of 2013, Truworths objected to the use of the phrase by Ackermans. Subsequent negotiations led to an agreement in terms of which Ackermans essentially gave the following undertakings:

- '1. We will refrain from using the trade mark THE LOOK on its own.
2. We will never use the phrase THE LOOK FOR LESS or the words THE LOOK as a name of a retail store or as a label or swing tag in relation to any clothing, footwear or headgear.'

The agreement was reached on 5 December 2013.

[7] During the latter part of 2014, Truworths alleged that the signage at the back of the Ackermans store entrance sign at the Eikestad Mall, constituted both a breach of the undertaking and an infringement of the mark. Ackermans disagreed. The parties entered into negotiations but did not reach an agreement. Truworths consequently launched the application in the court a

quo. In essence, its case was that the aforesaid use by Ackermans of the phrase on its signage as well as the use thereof in its in-store advertisements, and in print and television advertisements, constituted a breach of the undertaking, infringement of the mark in terms of s 34(1)(a) or s 34(1)(c)¹ of the Act and the passing off of its goods as those of Truworths.

[8] Ackermans opposed the main application and filed a counter-application. The counter-application was for the expungement of the mark based on the provisions of s 10(1) and 10(2)(a), (b) or (c) of the Act.² Despite the fact that it had filed voluminous papers in answer to the main application, Ackermans dealt with issues related to the main application in its replying affidavit to the counter-application. Truworths accordingly filed an application for the striking out of portions of Ackermans' replying affidavit in the counter-application, on the ground that they impermissibly dealt with issues that related only to the main application. This was followed by an answering affidavit to the application to strike out.

[9] The court a quo found for Truworths on all the grounds that it had relied upon. It also granted the striking out application. Before us, however, counsel for Truworths disavowed reliance on breach of the undertaking and passing off. Only the infringement of the mark in terms of the Act remained in issue on appeal in respect of the main application. Counsel were therefore rightly in agreement that a finding that the counter-application for the removal of the mark was good, would be dispositive of the appeal. I proceed to consider the counter-application.

¹ Sections 34(1)(a) and (c) provide as follows:

'The rights acquired by registration of a trade mark shall be infringed by:

(a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;

...

(c) the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark 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 confusion or deception: Provided that the provisions of this paragraph shall not apply to a trade mark referred to in section 70(2).'

² Sections 10(1) and 2(a), (b) and (c) are set out in full below in para 12 of this judgment.

[10] The purpose of a trade mark is to indicate the origin of goods or services in connection with which it is used, that is, to serve as a 'badge of origin'. (See *Beecham Group plc & another v Triomed (Pty) Ltd* [2002] ZASCA 109; 2003 (3) SA 639 (SCA) para 8; and *AM Moolla Group Ltd & others v The Gap Inc & others* [2005] ZASCA 72; 2005 (6) SA 568 (SCA) para 38 at 587B-D.) The fundamental function of a trade mark is thus to distinguish the goods or services of one person from the goods or services of another. In order to fulfil this function, a mark must be 'capable of distinguishing' goods or services within the meaning of s 9 of the Act, which provides:

'9 Registrable trade marks

(1) In order to be registrable, a trade mark shall be capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within those limitations.

(2) A mark shall be considered to be capable of distinguishing within the meaning of subsection (1) if, at the date of application for registration, it is inherently capable of so distinguishing or it is capable of distinguishing by reason of prior use thereof.'

[11] Thus, for a mark to be registrable in terms of the Act (and for it to remain on the register), it must have inherent distinctiveness or, if not, it must have acquired distinctiveness by reason of prior use. Whether a mark possesses inherent or acquired distinctiveness is a question of fact that must be determined with regard to all the relevant circumstances of each particular case. (See G C Webster et al *Webster and Page: South African Law of Trade Marks* (Service Issue 19, 2015) at 3-48(7) para 3.40.2; James Mellor et al *Kerly's Law of Trade Marks and Trade Names* 15 ed (2014) at 190 para 8-017.) The relevant circumstances include the nature of the mark and of the relevant goods or services, the industry in which the mark is intended to be used or was used and the perception of the average consumers in that industry.

[12] It is now necessary to refer to s 10 of the Act. Sections 10(1) and (2) provide:

‘10 Unregistrable trade marks

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:

- (1) A mark which does not constitute a trade mark;
- (2) a mark which —
 - (a) is not capable of distinguishing within the meaning of section 9; or
 - (b) consists exclusively of a sign or an indication which may serve, in trade, to designate a kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services; or
 - (c) consists exclusively of a sign or an indication which has become customary in the current language or in the *bona fide* and established practices of the trade.’

[13] However, s 10(2) is subject to the following proviso:

‘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 use made of the mark.’

[14] I now turn to s 10(2)(a). There is no evidence that Truworths made use of the mark before it was registered. Therefore, the question is whether Ackermans has shown that the mark is liable to be removed from the register for lack of inherent distinctiveness.

[15] A mark that consists merely of words descriptive of goods or services in a particular class, is not inherently capable of distinguishing the goods or services of a particular person in that class. In this case the question is whether the mark is inherently capable of indicating to the average customer in the fashion retail industry that the goods in respect of which it is used, originate from Truworths and not from any other fashion retailer. Put differently, in the words of the authors of *Webster and Page* at 3-64(2) para 3.51.3, the question is ‘whether the perceptions and recollections the signs

would trigger in the mind of the average consumer of the specified goods or services would be origin specific or origin neutral'. (Footnote omitted.)

[16] Ackermans demonstrated that a common meaning of the words 'the look' in the English language is style or fashion. Dictionary examples of the use of the words include 'the new look for summer', 'the look this year will be relaxed and casual' and 'the preferred look for fall'. Truworths admitted that the words 'the look' are used in ordinary language in the context of fashion and expressly accepted that they are used by the fashion industry to indicate that a particular item of apparel or outfit is current or fashionable. Ackermans produced undisputed evidence of extensive use of the words 'the look' in the fashion retail industry. Other competitor fashion retailers such as Woolworths, Edgars, Mr Price, Queenspark, Foschini and Markhams all make use of the phrase 'get the look', as well as numerous other derivatives of the words 'the look'. Examples abound. I refer only to a few. Woolworths, inter alia, uses 'the lush new look', 'shop the look', 'the boho bronze look', 'a fresh take on the sporty look', 'get the lace look', 'you can shop the look online' and 'get the look online'. Edgars, inter alia, makes use of the phrases 'get the white look', 'get the look of the moment' and 'jackets are so required to get the look'.

[17] The ineluctable conclusion is that in the fashion retail industry, the term 'the look' carries the universal ordinary meaning of fashionable or trendy clothes or outfits. It follows that the mark is not a 'covert or skilful allusion' to these goods, as counsel for Truworths argued with reference to *Webster and Page* at 3-48(13) para 3.43. He fairly conceded that once this conclusion is reached, the mark is not inherently distinctive. For these reasons I find that the mark is not inherently capable of distinguishing the goods of Truworths.

[18] In my judgment, the mark also falls to be removed from the register by reason of both s 10(2)(b) and (c). The mark has no figurative element. Its words have a generic descriptive meaning in general use in the industry. Truworths can have no monopoly over these words. On the evidence, the mark consists exclusively of words that serve to designate the kind of goods in the trade or at least a characteristic thereof, namely fashionable clothes or

outfits. The evidence similarly established that the mark consists exclusively of words which have become customary in the current language of the trade.

[19] The next question is whether at the date of the counter-application, the mark had as a result of the use thereof nevertheless become capable of distinguishing the goods of Truworths. Distinctiveness may be acquired within the meaning of the proviso to s 10(2) of the Act, if, as a result of the use of a mark, it is recognised by the average consumer in the industry as belonging to a particular person.

[20] In this regard, Truworths did not produce evidence of a market survey or any other independent evidence reflecting the public perception of the mark in the market place. The two affidavits it introduced in reply are of no assistance in this regard. Both the deponents thereto have, for many years, been involved in the design and manufacture of clothes. They are members of separate close corporations that supply clothes to Truworths, and are not qualified to speak for the average consumer in the industry. That may be the reason why both of them expressed their views in respect of the public perception in tentative terms. They respectively said 'To my understanding, THE LOOK is indeed widely associated in the minds of the public with Truworths as a result of the extensive use Truworths has made of the mark' and 'I would be very surprised to learn that THE LOOK is not regarded as associated with Truworths in the market'.

[21] The evidence indicated no more than that the mark had been put to use. In this regard counsel for Truworths emphasised the evidence of the substantial combined turnover of the first five TRUWORTHS – THE LOOK stores for the years 2011 to 2014, and also that the turnover in respect of clothes bearing THE LOOK swing tags for the period from October 2013 to September 2014 conservatively amounted to some R117 million. But use does not equal distinctiveness. (See *Beecham* para 15 at 648F.) The use of a mark in itself will not render it capable of distinguishing. The question is whether the use resulted in distinctiveness. Were such evidence available, Truworths would no doubt have adduced it. The lack of evidence that the

mark acquired distinctiveness through use is compounded by the common cause fact that the mark was without exception used in close conjunction with the well-known marks TRUWORTHS and BASIX. I am satisfied that the mark did not acquire distinctiveness as a result of its use.

[22] It follows that the counter-application for removal of the mark should have been granted. In the circumstances the appeal against the order in the main application must also succeed. The Registrar of Trade Marks was cited in the counter-application but played no part in the proceedings. The order in the application to strike out was based on trite principle and must stand. The costs of two counsel were justified in this court as well as in respect of both the main application and the counter-application in the court a quo.

[23] In the result the following order is issued:

1. The appeal is upheld with costs, including the costs of two counsel.
2. The order of the court a quo is set aside and replaced with the following:
 - ‘(a) The main application is dismissed with costs, including the costs of two counsel.
 - (b) The counter-application is granted and an order is made:
 - (i) cancelling the first respondent’s trade mark registration number 1998/05493-5 in classes 16, 25 and 35;
 - (ii) directing the registrar of trade marks to cancel the said registrations and to remove them from the trade marks register;
 - (iii) directing the applicant to pay the costs of the counter-application, including the costs of two counsel.
 - (c) The application to strike out is granted with costs.’

C H G van der Merwe
Judge of Appeal

For Appellant: J C Butler SC (with him B J Vaughan)
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Webbers Attorneys, Bloemfontein

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Phatshoane Henney Attorneys, Bloemfontein