



**Republic of South Africa**  
**IN THE HIGH COURT OF SOUTH AFRICA**  
**(WESTERN CAPE DIVISION, CAPE TOWN)**

**Case No: 20884/2013**

In the matter between:

**GLOBAL VITALITY INCORPORATED**

Applicant

and

**ENZYME PROCESS AFRICA (PTY) LIMITED**

First Respondent

**THE TRUSTEES FOR THE TIME BEING OF THE  
TEMBELETU TRUST (IT 2665/2003)**

Second Respondent

**THE COMMISSIONER FOR INTELLECTUAL  
PROPERTY AND COMPANIES**

Third Respondent

Court: Justice J Cloete

Heard: 17 August 2015

Delivered: 21 August 2015

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**JUDGMENT**

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**CLOETE J:****Introduction**

- [1] On 18 December 2013 the applicant launched these proceedings seeking a final interdict against the first and second respondents on the basis of passing off, the cancellation of certain trade mark registrations, as well as what is essentially consequential or ancillary relief.
- [2] It is clear from the papers that from the outset the first and second respondents (in the form of their duly authorised representative, Mr Geoffrey Ainslie (*'Ainslie'*)) have resorted to almost every conceivable means to frustrate finality in this litigation. They only filed their answering affidavits after being compelled by an order to do so; orchestrated a postponement on dubious grounds; failed to comply with an order to file their heads of argument; and generally displayed flagrant disregard for the process of court. They failed to file heads of argument for the second time when the matter came before me and have also not appeared at the hearing.
- [3] Given that the applicant seeks final relief on motion, the Plascon-Evans rule applies, and I turn to set out the salient facts which I am satisfied the applicant has succeeded in proving on the application of that test.

### **Salient facts**

[4] The applicant is an American manufacturer, distributor and seller of dietary nutritional supplements. It has supplied and distributed these supplements worldwide through duly authorised agents, distributors and/or resellers since 1988, first in the name of its predecessor in title, S.T.D. Corporation trading as Enzyme Process Laboratories and thereafter, from 26 October 1995, as Global Vitality Incorporated trading as Enzyme Process International (sometimes with the word “Corporation” added). The name Enzyme Process International was registered as a trading name with the Arizona Department of State on 19 October 2011, indicating its “domestic begin date” as 3 January 1996.

[5] Furthermore, the following trade marks were registered in the USA:

5.1 Registration no. 1709677 **ENZYME PROCESS** in class 5 in the name of S.T.D. CORPORATION. This mark was filed on 9 January 1991, registered on 25 August 1992 and cancelled on 2 March 1999. It was cancelled merely because the proprietor failed to file a statement or declaration of use, as required in terms of US Trade Mark legislation;<sup>1</sup>

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<sup>1</sup> Answering affidavit, p. 203, para 55.3.1; Annexure “GA13”, p. 271-272; Replying affidavit pp. 318 – 319, paras 133 - 136

5.2 Serial no. 77440982 **ENZYME PROCESS INTERNATIONAL** in class 1 in the name of ENZYME PROCESS INTERNATIONAL – Filed on 6 April 2008 and abandoned on 2 December 2009;<sup>2</sup> and

5.3 Registration no. 4200754 (Serial number 85259588) **ENZYME PROCESS INTL** in class 5 in the name of ENZYME PROCESS INTERNATIONAL CORPORATION – Filed on 7 March 2011 and registered on 4 September 2012.<sup>3</sup>

[6] The applicant is a licensee of United States trademark registration no. 4200754 **ENZYME PROCESS INTL** by virtue of a tacit licence.<sup>4</sup>

[7] The applicant has thus built up a substantial reputation and goodwill vesting in the trademark **ENZYME PROCESS** in the USA by virtue of the extensive use of the trademark since 1988 - as a trading name and as its brand name.

[8] The applicant began exporting its **ENZYME PROCESS** supplements to South Africa in 1995 through an entity, **ENZYME PROCESS CC**, which acted as exclusive distributor and reseller of the applicant's goods under the trademark **ENZYME PROCESS** and the business name **ENZYME PROCESS CC**. On 1 April 2003 Ainslie, the majority member of **ENZYME PROCESS CC**, instead

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<sup>2</sup> Answering affidavit, p. 203, para 55.3.2; Annexure "GA14", p. 273-274

<sup>3</sup> Founding affidavit, p. 12 para 29, "Annexure SR7", p. 82' Answering affidavit, p. 203, para 55.3.2

<sup>4</sup> Replying affidavit, p. 318, para 135

registered the first respondent ('EPA') and continued business through EPA as the applicant's authorised distributor and reseller in South Africa under this name. Sales grew substantially over the years from 1995 and, by the time the supplements were supplied to EPA, were worth an average of USD 212 674 per annum.

- [9] During 2012 a dispute arose between the applicant and the first respondent over payments for orders delivered. The applicant also began receiving complaints from customers in South Africa about less effective and unavailable goods.
- [10] The applicant took two steps. First, it terminated the distribution agreement with the first respondent on 1 May 2012. Second, it investigated the complaints and discovered that the first respondent had been importing similar supplements from another manufacturer in the USA in unmarked packaging during 2012. Upon receipt of the unmarked goods, the first respondent had labelled them with a revised label prominently displaying the applicant's **ENZYME PROCESS** trade mark.
- [11] The applicant then discovered in early 2013 that the second respondent, of which Ainslie is a trustee, had applied for various trade marks to be registered in South Africa during the period July 2007 until May 2012, which trade marks are applied and used on the applicant's products.

- [12] The first respondent has not ordered any products from the applicant since 2012 when the payment dispute arose. However goods bearing the applicant's **ENZYME PROCESS** trademark are still being sold by it in South Africa.

**Grounds of opposition**

- [13] The first and second respondents oppose the relief sought by the applicant primarily on the following grounds, namely that:

- 13.1 The goodwill and reputation built up in the **ENZYME PROCESS** trademark in South Africa is only as a consequence of the first respondent's activities, and not that of the applicant;
- 13.2 Since May 2012 the **ENZYME PROCESS** mark and brand has not had any connection to the products of the applicant and any goodwill or reputation that did accrue to the brand subsequent to this date could not have any connection to the applicant;
- 13.3 There is no evidence that the applicant or the **ENZYME PROCESS** trademark and brand is proprietary to the applicant, or that the applicant's trading name is connected to it at all;
- 13.4 The applicant has failed to present any evidence to establish its goodwill and reputation in South Africa in relation to the marks **CYTOTROPHIN**,

**LIQUEZYME, HEALTH IS AN ENZYME PROCESS, PROTO-MORPHOGEN and GLANDULARS.**

[14] As will appear from what follows hereunder I am persuaded that there is no merit in any of the defences raised by the first and second respondents.

**Passing-off**

[15] The first leg of the relief sought by the applicant is to interdict and restrain the first and second respondents from making any further use of the trade mark **ENZYME PROCESS**, or a mark confusingly similar thereto.

[16] Passing-off is defined as follows:

*‘The wrong known as passing off consists in a representation by one person that his business (or merchandise, as the case may be) is that of another, or that it is associated with that of another and, in order to determine whether a representation amounts to passing off, one enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another.’<sup>5</sup>*

[17] As it was more recently stated by the Supreme Court of Appeal:

*‘Passing off occurs when A represents, whether or not deliberately or intentionally, that its business, goods or services are those of B or are associated therewith. It is established when there is a reasonable likelihood that*

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<sup>5</sup> *Capital Estate and General Agencies (Pty) Ltd v Holiday Inns Inc.* 1977 (2) SA 916 (A) at 929C

*members of the public in the marketplace looking for that type of business, goods or services may be confused into believing that the business, goods or services of A are those of B or are associated with those of B.*<sup>6</sup>

[18] The requirements necessary for the applicant to establish passing-off are the following:

18.1 The applicant must prove the existence of the requisite reputation; namely that its get-up or mark has become distinctive of its goods or services, in the sense that the public associate the get-up or mark with the goods or services of the applicant.<sup>7</sup>

18.2 There must be an express or implied representation by the offending party which is false and unauthorised;<sup>8</sup> and

18.3 The applicant must prove that the representation made by the offending party is likely to cause confusion amongst purchasers or potential purchasers of the products as to the trade source of the product or the business connection thereof.<sup>9</sup>

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<sup>6</sup> *Pioneer Foods (Pty) Ltd v Bothaville Milling (Pty) Ltd* 2014 (2) All SA 282 (SCA) at para [7]

<sup>7</sup> *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and Another* 1998 (3) SA 938 (SCA) at 950E-F

<sup>8</sup> *Royal Beech-Nut (Pty) Ltd t/a Manhattan Confectioners v United Tobacco Co Ltd t/a Willards Foods* 1992 (4) SA 118 (A) at 122C-D

<sup>9</sup> *Capital Estate & General Agencies (Pty) Ltd & Others v Holiday Inns & Others* (supra) at 929C-D



[19] In order to prove its reputation, the applicant may put up evidence of the nature and extent of the use it has made of the mark by way of evidence of extensive sales and advertising. The court may infer the requisite reputation from this evidence.<sup>10</sup> The applicant's reputation must exist at the time that the other party commenced its offending conduct.<sup>11</sup>

[20] An agent or distributor who merely sells, or imports and sells, goods manufactured by another without adding anything to the mark or get-up under which they are produced, does not thereby acquire any goodwill in the name or get-up; because those symbols acquire a reputation that the goods emanate from the original manufacturer and not the agent.<sup>12</sup>

[21] The enquiry as to which trade source the symbol has come to indicate in the territory in question is in every case one of fact.

[22] The applicant must also prove that the offending party's misrepresentation is *likely* to cause confusion amongst purchasers or potential purchasers. Whether there is a likelihood of such confusion arising is a question of fact, which must be determined by the court in the light of the circumstances of each case.<sup>13</sup>

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<sup>10</sup> *Cambridge Plan AG v Moore* 1987 (4) SA 821 (D) at 837; approved in *Hollywood Curl (Pty) Ltd v Twins Products (Pty) Ltd* (1) 1989 1 SA 236 (A) at 249J

<sup>11</sup> Webster and Page, *South African Law of Trade Marks*, pp15-28; *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and Another* (supra) at para [22]

<sup>12</sup> Webster and Page, *South African Law of Trade Marks*, pp15-47

<sup>13</sup> *Capital Estate & General Agencies (Pty) Ltd and Others v Holiday Inns & Others* (supra) at 929E; *Royal Beech-Nut (Pty) Ltd t/a Manhattan Confectioners v United Tobacco Co Ltd t/a Willards Foods* (supra) at 126I

Evidence of actual deception or confusion is not essential to success in passing-off cases.<sup>14</sup>

[23] The court must notionally transport itself from the courtroom to the particular marketplace and ‘*become one*’ with those who might be expected to make use of the goods offered by the two traders.<sup>15</sup> Regard is to be had to the likely impact of the get-up employed by the two traders on the notional ‘*ordinary customer*’.<sup>16</sup>

[24] In determining the likelihood of deception or confusion, ‘*...one postulates neither the very careful nor the very careless buyer, but an average purchaser, who has a general idea in his mind of what he means to get but not an exact and accurate representation of it. Nor will he necessarily have the advantage of seeing the two products side by side. Nor will he be alerted to single out fine points of distinction or definition*’.<sup>17</sup>

[25] In considering whether a defendant’s product is likely to deceive, one looks not only at the distinctive features, but at what the purchaser himself would be likely to be guided by, that is to say the general appearance and get-up of the article.<sup>18</sup>

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<sup>14</sup> *John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd* 1977 (3) SA 144 (T) at 156-157

<sup>15</sup> *Oudemeester Groep Bpk and Another v SA Breweries Ltd* 1973 (4) SA 145 (W) at 161C-E; *John Craig (Pty) Ltd v Dupa Clothing Industries* (supra) at 153G

<sup>16</sup> *Pasquali Cigarette Co Ltd v Diaconicolas and Capsopolus* 1905 TS 472, 475

<sup>17</sup> *Blue Line Manufacturing (Pty) Ltd v National Brands Ltd* 2001 (3) SA 884 (SCA) 887F-G

<sup>18</sup> *Kellogg Co v Bokomo Co-Operative Ltd* 1997 (2) SA 725 (C) at 733I-734G; *Blue Line Manufacturing (Pty) Ltd v National Brands Ltd* (supra) at 892C-F

- [26] If there are a large number of similarities and also some differences, the onus lies upon the offending party to prove that the differences are such as to distinguish the two articles and convey to the ordinary purchaser that the goods are not those of the other, if it wishes to avoid the inference of deception being drawn.<sup>19</sup>
- [27] Where it is indeed shown that there has been a measure of copying on the part of an offending party, who then seeks to maintain his imitation, this suggests that he believes and has had confirmation of his belief, that imitation confers on him some advantage that an original get-up would not.<sup>20</sup>
- [28] The first and second respondents do not dispute the applicant's assertion that the mark **ENZYME PROCESS** enjoys a substantial goodwill and reputation in South Africa.
- [29] What is in dispute, however, is to which party such goodwill and reputation accrues. Notwithstanding the applicant's evidence of its extensive use of the mark **ENZYME PROCESS** in South Africa since 1995, the first and second respondents deny, on purely speculative grounds, that the applicant has any such reputation or goodwill in its **ENZYME PROCESS** mark in South Africa.

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<sup>19</sup> Webster & Page, *South African Law of Trade Marks*, p. 15-54

<sup>20</sup> *Blue Line Manufacturing (Pty) Ltd v National Brands Ltd* (supra) at 891A-C

[30] However, on the first and second respondents' own version, Ainslie only became involved as distribution agent of the applicant's **ENZYME PROCESS** marked goods in 1997, two years after the applicant started exporting these supplements. The first respondent only became involved when registered in 2003. The second respondent was never involved in the distribution.

[31] Ainslie claims that from 1997 until early 2000 the products received from the applicant were sent to him in packages and he had to bottle and label them himself, using the name **ENZYME PROCESS**. He has not produced any evidence in support hereof, and the evidence adduced by the applicant to the contrary is overwhelming.<sup>21</sup>

[32] Ainslie also maintains that the products sold in South Africa never displayed the names ENZYME PROCESS INTERNATIONAL or GLOBAL VITALITY, but that the applicant's products were sent to him as follows: <sup>22</sup>

32.1 In bulk form in packages, to be bottled and labelled in South Africa by EPA in South Africa;

32.2 Bottled and unlabelled, in which case it was labelled by EPA in South Africa; and

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<sup>21</sup> Answering affidavit, p. 193, para 20; Replying affidavit, p. 300, para 36; Supporting affidavit Buirski, p. 363, para 12-13

<sup>22</sup> Answering affidavit, p. 196, paras 28.2 and 28.3; Annexure "GA5A", p. 245-257

32.3 Bottled and labelled, in which form he then redistributed it in South Africa. In this case, Ainslie submits that the label always displayed ENZYME PROCESS™, as well as a sticker with the name and contact details of EPA, thus implying that the applicant's mark became associated with EPA in this manner.

[33] The evidence proves the contrary:

33.1 First, EPA was only registered in 2003. Between 1997 and 2003, the entity did not exist and the products could not have been labelled with the details of EPA;

33.2 Second, from 2003, when EPA was established and the sticker was applied, the bottles were still labelled by the applicant and the fact that a sticker was placed over a small portion bearing the first respondent's details takes the matter no further;<sup>23</sup> and

33.3 Third, all products sent to South Africa were labelled by the applicant and each label displayed the applicant's name (ENZYME PROCESS INTERNATIONAL) and address, as is clear from all the labels annexed to the founding affidavit which the first and second respondents admitted.

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<sup>23</sup> Founding affidavit, annex "SR 11", Record p. 106

The exception was three products out of a range of 120 products (MSM, Ester-C Plus, and Pure Protein).<sup>24</sup>

[34] The applicant furthermore produced sales figures and details on quantities of goods supplied to the first respondent over the past 7 years and attached a schedule of invoices issued to it;<sup>25</sup> as well as in excess of 100 invoices for inspection by the respondents.<sup>26</sup> The applicant also provided examples of labels as applied to its **ENZYME PROCESS** goods supplied to the first respondent, which labels the respondents admitted.<sup>27</sup> These labels bear the applicant's trading name, ENZYME PROCESS INTERNATIONAL, as well as the applicant's **ENZYME PROCESS** trade mark as applied to its goods by the applicant.

[35] The applicant provided evidence in the form of extracts from websites, Google search results, blog posts, printouts from the first respondent's own LinkedIn profile and the website found at [www.enzymeprocess.co.za](http://www.enzymeprocess.co.za) (which website was deactivated in 2012).<sup>28</sup> These referred to the applicant's **ENZYME PROCESS** goods, ENZYME PROCESS INTERNATIONAL, and specifically referred to the first respondent as the applicant's "African distributor".

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<sup>24</sup> Founding affidavit, p. 15, para 39; Annexure "SR10"; Answering affidavit, p. 216, para 112; Replying affidavit, p. 305, para 64; Supporting affidavit, p. 363, paras 12-13

<sup>25</sup> Founding affidavit, p. 15-17, paras 40-44; Annexure "SR12", p. 107-113

<sup>26</sup> Notice in terms of Rule 35(12), Record Vol. 2, p. 1-2 & pp. 191-336

<sup>27</sup> Founding affidavit, p. 15, para 38; Annexure "SR10", p. 85-105; Answering affidavit, p. 216, para 112

<sup>28</sup> Founding affidavit, pp. 19-22, paras 47-59; Annexures "SR13-18", pp. 114-136

- [36] In response to this, the first respondent offered bare denials coupled with the “explanation” that its accounting system had crashed, and that its attempts to reconcile its records failed as it was too costly and time consuming.<sup>29</sup> The applicant has pointed out however that all that was lost was three weeks’ worth of pastel data; and that it was all recaptured and restored.<sup>30</sup>
- [37] Accordingly, the only reasonable inference to be drawn is that the applicant has demonstrated that its **ENZYME PROCESS** mark entered the market in 1995 and established a substantial reputation, which reputation not only existed at the time that the first respondent commenced its offending conduct but even prior to the first respondent being appointed as distributor and reseller.
- [38] In contrast to the evidence presented by the applicant, the first respondent did not produce any evidence as to its purported reputation in the **ENZYME PROCESS** mark (by way of sales, advertising or promotion).
- [39] On the first respondent’s own version, it imported products from other suppliers in the USA and bottled and labelled them itself, using the name **ENZYME PROCESS**.<sup>31</sup>

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<sup>29</sup> Answering affidavit, pp. 199-200, paras 42-45

<sup>30</sup> Replying affidavit, p. 311, para 94; confirmatory affidavit Abrahams, pp 357-358

<sup>31</sup> Answering affidavit, p. 193, para 20

- [40] The supplements that have been sold by the first respondent since 2012 are not goods manufactured or supplied by the applicant, yet they are sold under a newly designed label bearing the applicant's mark **ENZYME PROCESS**. To add insult to injury, the supplements are in certain instances being sold side-by-side on the same shelves as the applicant's **ENZYME PROCESS** goods.<sup>32</sup> Having regard to the get-up of the two products it is immediately apparent that the differences are largely insignificant.
- [41] The first respondent is thus selling goods unrelated to the applicant under a get-up containing the applicant's trade mark where the labelling is substantially similar, which trade mark has come to designate the goods of the applicant in South Africa since 1995 and in which trade mark the applicant enjoys a substantial reputation.
- [42] Given that the applicant's **ENZYME PROCESS** goods have been sold in South Africa since 1995, and given the fact that the first respondent entered the market in an effort to sell its own products under a get-up so similar to that employed by the applicant, the only reasonable inference to be drawn is that the first respondent has done so in order to benefit from the likelihood of deception or confusion from customers.

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<sup>32</sup> Founding affidavit, p. 28, para 87; Annexure "SR27", pp. 163-164



[43] In these circumstances there can be little doubt that the applicant has established passing-off.

### **Expungement**

[44] The second leg of the relief sought is to have certain trade marks registered in the name of the second respondent cancelled in terms of s 10 as read with s 24 of the Trade Marks Act 194 of 1993 (*the Act*). The marks are dealt with individually below.

A **Trade mark registration nos. 2007/16466-70 ENZYME PROCESS logo in classes 5, 16, 29, 35 and 44**



B **Trade mark registration nos. 2012/11714-18 ENZYME PROCESS logo in classes 5, 16, 29, 35 and 44**



[45] The applicant relies on s 24(1) of the Act which reads as follows:

*'In the event of... an entry wrongly made in or wrongly remaining on the register... any interested person may apply to the court... for the desired relief, and thereupon the court... may make such order for... removing the entry as it... may deem fit.'*

[46] It is not in dispute that the applicant is an *'interested person'*.<sup>33</sup> In broad terms, class 5 is for medicinal or nutritional supplements, class 16 is for printed publications, class 29 is for foodstuffs, class 35 is for rendering a service in retail and household trade, and class 44 is for healthcare services.<sup>34</sup>

[47] S 10 of the Act lists marks that are not registerable as trade marks or, if registered, are liable to be cancelled and removed from the register.

[48] Cancellation of these trade marks is sought on the basis of ss 10(2), 10(3), 10(7) and 10(16) of the Act and, in respect of the class 16 registrations, on s 10(4) as well.

[49] The relevant subsections which are relied upon read as follows:

*'(2) ... a mark which –  
(a) is not capable of distinguishing within the meaning of section 9;*

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<sup>33</sup> Answering affidavit, p. 231, para 199

<sup>34</sup> Founding affidavit, pp. 32-34

*(b) consists exclusively of a sign or an indication which may serve, in trade, to designate the 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 service; 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;...*

*(3) ... a mark in relation to which the applicant for registration has no bona fide claim to proprietorship ...*

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

*(16) ... a mark which is the subject of an earlier application ... if the registration of that mark is contrary to existing rights of the person making the later application for registration ...'*

[emphasis supplied]

and:

*'(4) ... a mark in relation to which the applicant for registration has no bona fide intention of using it as a trade mark ...'*

[emphasis supplied]

[50] In *New Balance Athletic Shoe Inc v Dajee and Others NNO* the court confirmed the following test for proprietorship for purposes of s 10(3):

*'An applicant can rightly claim to be the common-law proprietor of the trademark if he has originated, acquired, or adopted it and has used it to the*

*extent that it has gained the reputation as indicating that the goods in relation to which it is used are his. ... He can then claim to be registered as the statutory proprietor of the trademark with all the benefits and rights conferred by the Act. But [the section] is not confined to that kind of applicant. It also applies to one who has originated, acquired, or adopted the trademark but has hitherto not used it at all, or to the requisite extent, provided he proposes to use it.'*<sup>35</sup>

[51] In *Victoria's Secret Inc v Edgars Stores Ltd*<sup>36</sup>, the court held that '*the person who has appropriated the mark for use in relation to goods or services as a trademark can claim to be the proprietor. In this context the word "appropriate" includes "originate", "acquire" and "adopt" '.* Such a person will be the proprietor unless the adoption is attended by something more, such as any factors that may have vitiated or tainted his right or title to the proprietorship thereof. These factors include dishonesty, breach of confidence, sharp practice, or the like.

[52] In *Strydom v Bader*<sup>37</sup> the court dealt with the issue of whether an application for a trade mark registration had been made *mala fide* in terms of ss 10(3) and 10(7) as follows:

*'[31] The provisions of ss 10(3) and 10(7) of the Act overlap to a considerable extent. For purposes of the application of both subsections to the facts of the present case the single issue is whether Von Waltsleben had "a bona fide claim to proprietorship" of the trade mark at the time when he applied for the registration thereof in the name of Solocorp. If he did not, his application would have been made mala fide.*

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<sup>35</sup> 2011 BIP 106 (GNP) p. 115 at [23]

<sup>36</sup> 1994 (3) SA 739 (A) at 743H-745H

<sup>37</sup> 2010 BIP 192 (WCC) at 198

[32] *The resolution of the issues in this matter thus depends upon the interpretation and application of two key statutory criteria. The first is “bona fide use” within the meaning of s 36(1) of the Act and the second is “bona fide claim to proprietorship” within the meaning of s 10(3) of the Act.*

[35] *... there are two categories of persons who may apply for registration - those who are actual users of the trade mark and those who propose to use it. In regard to the first category, ie the actual users, the requirements for the acquisition of common-law proprietorship of a trade mark apply.*

[36] *It appears from this formulation, which was referred to with approval in Victoria's Secret at 744B-C, that there are two requirements for the acquisition of common-law proprietorship, which, for ease of reference, I shall call appropriation and drawing power.*

[37] *“Appropriation” is the term used in Victoria's Secret at 744I, by Nicholas AJA as a compendious expression of the words “originate, acquire and adopt”. “Drawing power” is the English equivalent of “werfkrag”.*

[38] *The second category of applicants who are entitled to apply for registration comprises those who propose to use the trade mark. ...*

[40] *The expressions “bona fide” and “mala fide” appear in various provisions of the Act. In LAWSA 2 ed Vol 29 Trade Marks para 30 it is submitted, with reference to s 10(7) of the Act, that an action (such as the registration of a trade mark) is mala fide if it would be regarded as contra bonos mores in the particular trade or industry concerned. I agree with this submission.’*

[53] Having regard to the facts set out hereinabove, it bears emphasising that the applicant started exporting its goods into South Africa under the trade mark **ENZYME PROCESS** in 1995 and Ainslie acted as the applicant's authorised

distribution agent in South Africa since 1997 (via the entity ENZYME PROCESS CC). The use of the **ENZYME PROCESS** trade mark by the applicant predates any use of the trade mark by the first and second respondents.

[54] Of further significance is the fact that, on Ainslie's own version, he knew from as early as 1997 that S.T.D. CORPORATION was related to entities called ENZYME PROCESS LABORATORIES and ENZYME PROCESS INTERNATIONAL,<sup>38</sup> and that the former was being used by the applicant in South Africa in respect of the same or similar goods. It was nonetheless Ainslie himself who filed the trade mark applications in his capacity as trustee of the second respondent. The second respondent therefore filed the applications without any *bona fide* claim to proprietorship thereof.

[55] Neither the first nor the second respondent approached the applicant at any stage to discuss the protection of trade mark rights in South Africa, as one would reasonably expect from any business relationship when the parties are dealing in good faith. The applicant also did not consent to the second respondent filing any trade mark applications in its own name. In fact, the applicant only became aware of the trade marks filed by the second respondent in 2013 after the business relationship terminated.<sup>39</sup>

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<sup>38</sup> Answering affidavit, p. 193, para 19

<sup>39</sup> Founding affidavit, p. 26, para 72-73; Answering affidavit, p. 228, paras 178-179

[56] It can thus safely be inferred that the second respondent sought registration of these trade marks in an attempt to secure rights in South Africa to effectively prevent the applicant from continuing to sell its goods here in the event of the distribution agreement being terminated, and that as such it acted *mala fide* for purpose of s 10(7) of the Act.

[57] I am accordingly persuaded that these trade mark registrations stand to be cancelled and removed from the register in terms of s 24 of the Act, read with ss 10(3) and 10(7).

[58] As previously indicated, s 10(16) of the Act provides that a mark may not be registered as a trade mark or, if registered, is liable to be removed from the register if the registration of that mark is contrary to the existing rights of the person who filed a later application for registration of the same or similar mark.

[59] In *Turbek Trading CC v A & D Spitz Ltd and Another*<sup>40</sup>, Spitz applied for the removal of Turbek's registration on the basis of s 10(16) on the ground that Turbek's trade mark was contrary to its existing rights, Spitz having filed a later application for the same mark. The Supreme Court of Appeal held as follows:

*'In context the question is whether the mark 'KG' formed part of Spitz's goodwill. Spitz had to show that it was at the date the common-law proprietor of the "KG" trade mark and this required proof that Spitz*

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<sup>40</sup> 2010 (2) All SA 284 (SCA) at para [17]

*“originated, acquired or adopted it and has used it to the extent that it has gained the reputation as indicating that the goods in relation to which it is used’ belonged to Spitz ...” ’*

- [60] The enquiry is thus whether the marks are the same or similar, and whether the proprietor of the later application has proved the required goodwill or reputation vesting in the mark in question.
- [61] The applicant filed trade mark applications for its **ENZYME PROCESS logo** trade mark on 3 December 2013, not long after it became aware that the second respondent had filed and secured registration of a similar trade mark to which the first and/or second respondents have no bona fide claim to proprietorship. The applicant had no option but to do so in order to protect its trade mark rights following the respondents’ unlawful actions.<sup>41</sup>
- [62] Given the applicant’s substantial reputation in South Africa, and that its reputation already existed and vested in the applicant at the time that the first and second respondent commenced their offending conduct, the second respondent’s **ENZYME PROCESS logo** trade marks, when used in relation to the goods and/or services for which they are registered, accordingly amounts to a passing-off.

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<sup>41</sup> Founding affidavit, p. 34, para 100



[63] Furthermore, the marks are visually, phonetically and conceptually similar. The marks consist predominantly of the words **ENZYME PROCESS**. The addition of the other visual elements does little to distinguish the marks from each other in light of the dominance of these two words. The goods in respect of which the marks pertain are the same or similar. As a result, confusion or deception is likely to arise among customers should the same or similar goods be sold in the market place, whether side by side or even on different shelves. Customers are likely to believe that both items emanate from the same manufacturer.

[64] As such, I agree with the applicant that the second respondent's **ENZYME PROCESS logo** trade mark registrations stand to be cancelled and removed from the register in terms of s 24 of the Act, read together with s 10(16) thereof.

[65] It is the applicant's submission that the class 16 trade marks were filed without the necessary intention to ever make use thereof. Certainly the respondents have adduced no evidence to the contrary. There is no suggestion that the respondents intend using the mark for purposes of printed publications. Their class 16 registrations should thus also be expunged.

C Trade mark registration nos. 2007/16460-1 CYTOTROPHIN in classes 5 and 29; Registration nos. 2007/16477-8 PROTOMORPHOGEN in classes 5 and 29; Registration no. 2007/17651 GLANDULARS in class 5

[66] The applicant seeks cancellation of the above trade mark registrations on the basis of ss 10(2), (3) and (7) of the Act.

[67] The applicant has explained that cytotrophins (also known as “glandulars”) are animal glands that are freeze dried and taken in pill form to provide the body with extra hormones. The words “cytotrophins” and “glandulars” are interchangeable and both are generic words used to describe a particular kind of dietary supplement. Protomorphogens are cellular nuclear material extracted from specific animal tissues containing the essential building blueprint for the construction of that tissue.<sup>42</sup> The word “protomorphogen” is similarly generic. None of these words are proprietary to any person or entity and should be free for use by all manufacturers of dietary supplement products. The first and second respondents do not seriously dispute this but have instead contented themselves with the bald submission that these are the opinions of ‘*a layperson*’ and that ‘*as such [it] amounts to inadmissible evidence*’<sup>43</sup>. I do not understand the applicant’s explanations to be opinion evidence but rather factual evidence, and one would have expected a proper response if the first and second respondents had one to furnish.

[68] I thus accept that these words are not capable of distinguishing the particular goods of the second respondent from that of any other manufacturer; and that

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<sup>42</sup> Founding affidavit, p. 38, para 121 – 123; Annexure “SR28 – SR29”, pp. 165 - 171

<sup>43</sup> Answering affidavit, p. 232, para 202

the registrations of the trade mark accordingly fall squarely within s 10(2) and should thus be cancelled and removed from the register.

- [69] In any event, for the reasons already given, it is clear that the applications for these registrations were filed in bad faith at a time when the second respondent had no bona fide claim to proprietorship in these marks. These marks are secondary marks used by the applicant, and it is not disputed that the applicant supplied the first respondent with more than 28 000 units of cytotrophin, protomorphogens and glandulars over the period of their business relationship.

**D Trade mark registration no. 2007/16462 LIQUEZYME in class 5**

- [70] The applicant seeks cancellation of this mark on the grounds set out in ss 10(3), (7) and (16). The applicant has shown that **LIQUEZYME** is a secondary mark that has been used by it, and that more than 13 000 units were supplied to the first respondent for resale over a seven year period.

**E Trade mark registration nos. 2007/16463-5 HEALTH IS AN ENZYME PROCESS in classes 5, 29 and 35**

- [71] These marks wholly incorporate the applicant's **ENZYME PROCESS** trade mark, and in light of what is set out hereinabove, clearly also fall to be cancelled, again on the grounds contained in ss 10(3), (7) and (16).

## **Company Name**

[72] On the third leg, the applicant seeks an order directing that the first respondent change its registered company name to a name that does not incorporate the mark **ENZYME PROCESS**, or any mark confusingly similar thereto.

[73] It is the applicant's case that the first respondent's company name falsely implies or suggests, or would reasonably mislead a person to believe, that the first respondent is still its distributor or associated with the applicant in another significant way.

[74] S 11 of the Companies Act 71 of 2008 (*'the Companies Act'*) provides that:

***'11. Criteria for names of companies. – ...***

*(2) The name of a company must –*

*(a) not be the same as –*

*...*

*(iii) a registered trade mark belonging to a person other than the company, or a mark in respect of which an application has been filed in the Republic for registration as a trade mark ...*

*(b) not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a) unless –*

*... [none of the exceptions apply]*

*(c) not falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the company –*

*(i) is part of, or associated with, any other person or entity; ...'*

[75] In each case - under ss 11(2)(a)(iii), 11(2)(b) or 11(2)(c)(i) - the court is accordingly required to compare the first respondent's company name, **ENZYME PROCESS AFRICA**, with the applicant's trade mark, **ENZYME PROCESS**.

[76] S 157(1) of the Companies Act sets out who has locus standi to make use of the remedies contained in s 156 *'and who may therefore apply to Court, the Companies Tribunal, the Panel or the Commission to address complaints or secure rights'*<sup>44</sup> and, in terms of s 157(1)(a), includes a person *'directly contemplated'* in any provision of the Companies Act. S 156 provides that:

***'156. Alternative procedures for addressing complaints or securing rights.***

*A person referred to in section 157(1) may seek to address an alleged contravention of this Act, or to enforce any provision of, or right in terms of this Act ... by –*

*(a)...*

*(b) Applying to the Companies Tribunal for adjudication in respect of any matter for which such an application is permitted in terms of this Act;*

*(c) Applying for appropriate relief to the division of the High Court that has jurisdiction over the matter; or ...'*

[emphasis supplied]

[77] There is an internal remedy contained in s 160 of the Companies Act for the resolution of disputes concerning the reservation or registration of a company's name:

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<sup>44</sup> Henochsberg on the Companies Act 71 of 2008 Vol 1, p. 548

***‘160. Disputes concerning reservation or registration of company names. –***  
*(1) ... any other person with an interest in the name of a company, may apply to the Companies Tribunal in the prescribed manner or form for a determination whether the name ... satisfies the requirements of this Act.’*

[emphasis supplied]

[78] It is the applicant’s submission that the existence of the internal remedy in s 160 does not preclude its application to court for relief in respect of a complaint regarding the first respondent’s company name.

[79] SS 157 and 160 both contain the word *may*, not *shall*, as is found in many other sections. If given its ordinary meaning, the word *may*, as set out in the Concise Oxford English Dictionary, means “expressing possibility”, “expressing permission”, “expressing a wish or hope”.<sup>45</sup> In contrast, the word *shall* means “expressing a strong assertion or intention”, “expressing an instruction or command”.<sup>46</sup> The word *may* thus logically allows for a discretion, instead of being peremptory, as with the word *shall*.

[80] The Supreme Court of Appeal has held the following regarding the interpretation of statutes:<sup>47</sup>

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<sup>45</sup> Page 883

<sup>46</sup> Page 1321

<sup>47</sup> *Natal Joint Municipal Pension Fund v Endumeni Municipality* 2012 (4) SA 593 (SCA) at [18] – [19]

*[18]...The present state of the law can be expressed as follows. Interpretation is the process of attributing meaning to the words used in a document, be it legislation, some other statutory instrument, or contract, having regard to the context provided by reading the particular provision or provisions in the light of the document as a whole and the circumstances attendant upon its coming into existence. Whatever the nature of the document, consideration must be given to the language used in the light of the ordinary rules of grammar and syntax; the context in which the provision appears; the apparent purpose to which it is directed and the material known to those responsible for its production. Where more than one meaning is possible each possibility must be weighed in the light of all these factors. The process is objective not subjective. A sensible meaning is to be preferred to one that leads to insensible or unbusinesslike results or undermines the apparent purpose of the document. Judges must be alert to, and guard against, the temptation to substitute what they regard as reasonable, sensible or businesslike for the words actually used. To do so in regard to a statute or statutory instrument is to cross the divide between interpretation and legislation. In a contractual context it is to make a contract for the parties other than the one they in fact made. The 'inevitable point of departure is the language of the provision itself', read in context and having regard to the purpose of the provision and the background to the preparation and production of the document.*

*[19] All this is consistent with the 'emerging trend in statutory construction'. It clearly adopts as the proper approach to the interpretation of documents the second of the two possible approaches mentioned by Schreiner JA in Jaga v Dönges NO and another, namely that from the outset one considers the context and the language together, with neither predominating over the other. This is the approach that courts in South Africa should now follow, without the need to cite authorities from an earlier era that are not necessarily consistent and frequently reflect an approach to interpretation that is no longer appropriate."*

[81] S 160(4) confers on a court the power to review a decision of the Companies Tribunal. However having regard to the plain wording of ss 157 and 160 it seems

to me that to interpret s 160(4) as limiting a court's jurisdiction to review power only would lead to what the Supreme Court of Appeal warned against in *Natal Joint Municipal Pension Fund*, namely '*insensible or unbusinesslike results*'.

[82] First, the legislature specifically adopted the use of the word '*may*'. Second, the applicant would otherwise be compelled to institute proceedings in two separate forums at the same time, for inextricably linked relief, revolving around the same legal principles and the same facts. Third, this would potentially result in two different forums (i.e. the Companies Tribunal on the one hand, and the court on the other) arriving at different conclusions on the same factual matrix. The decision of the Companies Tribunal would then be subject to review by the High Court in terms of s 160(4), whereas the decision of the High Court would be subject to the appeal process, with the two legal processes running parallel to each other.

[83] Furthermore, in this case, the name of the first respondent is not the only issue to be decided. The case revolves around various other legal issues that cannot be decided by the Companies Tribunal.

[84] In light of the above it is my view that this court is not precluded from deciding the company name issue.

[85] Having regard to the facts and the findings already made, there can be little doubt that the first respondent's name falsely implies or suggests, or would



reasonably mislead a person to believe incorrectly, that the first respondent is the applicant's distributor or is otherwise significantly associated with the applicant.

[86] In addition, the applicant adduced evidence of customers who previously used the applicant's **ENZYME PROCESS** goods, but noticed differences in the labelling and effectiveness from 2012, which led to queries lodged directly with the applicant.<sup>48</sup> Although denied by Ainslie, he has been unable to advance any satisfactory basis for that denial.<sup>49</sup>

[87] Not only is the first respondent's company name the same as the applicant's **ENZYME PROCESS** trade mark (but for the word "AFRICA" at the end of the company name), there is thus also a reasonable likelihood that the public, when doing business with the first respondent and purchasing products bearing the applicant's **ENZYME PROCESS** trade mark, may be confused into thinking that the first respondent is associated with the applicant. This much is borne out by the queries which customers lodged with the applicant.

[88] I am thus also persuaded that the applicant should succeed on the third leg of the relief sought.

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<sup>48</sup> Founding affidavit pp. 24-25 paras 68 – 70, p 76 para 71; Record pp. 154 – 158, 172 – 174 and 176 – 177

<sup>49</sup> Answering affidavit pp. 226 – 228, paras 169 - 176

**Domain name**

[89] On the fourth leg, the applicant seeks an order directing the first respondent to transfer the registered domain [www.enzymeprocess.co.za](http://www.enzymeprocess.co.za) to it.

[90] Regulation 11(1) of the Alternative Dispute Resolution Regulations<sup>50</sup>, made under s 69 of the Electronic Communications and Transactions Act<sup>51</sup>, reads as follows:

***‘Appeal, availability of Court proceedings, implementation of decision and repeat disputes***

**11.** (1) *Nothing done in terms of these Regulations prevents any party from litigating on any related matter in the High Court of the Republic of South Africa.’*

[91] Regulation 3(1)(a) provides that “*A registrant must submit to proceedings under the rules if a complainant asserts ... that ... the complainant has rights in respect of a name or mark which is identical or similar to the domain name and, in the hands of the registrant the domain name is an abusive registration; ...*”

[92] An "Abusive Registration" is defined as

*‘a domain name which either-*

*(a) has been used in a manner that takes unfair advantage of, or is unfairly detrimental to the complainant's rights; or*

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<sup>50</sup> Government Gazette No. 29405, 22 Nov 2006, Vol 297, No 8587

<sup>51</sup> Government Gazette No. 25 of 2002

- (b) *was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the complainant's rights...*

[93] Regulation 4(1) provides the following:

***'Evidence of Abusive or Offensive Registration***

4. (1) *Factors, which may indicate that the domain name is an abusive registration include-*

(a) *Circumstances indicating that the registrant has registered or otherwise acquired the domain name primarily to –*

*...*

*(iii) disrupt unfairly the business of the complainant; or*

*(iv) prevent the complainant from exercising his, her or its rights;*

*(b) circumstances indicating that the registrant is using, or has registered, the domain name in a way that leads people or businesses to believe that the domain name is registered to, operated or authorised by, or otherwise connected with the complainant;*

*...'*

[94] The applicant has demonstrated that its **ENZYME PROCESS** trade mark entered the South African market in 1995 and established a substantial reputation which vests in it.

[95] The offending domain name incorporates the applicant's trade mark in its entirety, and contains no other significant element that serves to distinguish it from the applicant's trade mark. Put simply, the offending domain name is identical in all material respects to the applicant's trade mark.

[96] In this regard, the proviso in regulation 5(c) stipulates that '*The burden of proof shifts to the Respondent to show that the domain name is not an abusive registration if the domain name ... is identical to the mark in which the Complainant asserts rights, without any addition*'.

[97] The applicant referred to SAIPL Decision ZA2007-0007<sup>52</sup> at para 4.7, in which the Panel stated that:

*'The name forming the subject of the domain name in question is the mark FIFA. This is identical to the mark in which the Complainant had alleged registered and common-law rights, and which the adjudicator finds established for the purposes of this complaint. This shifting of the burden disposes of the matter, in that the Registrant has not responded to the complaint.'*

[98] The first and second respondents merely contend that the domain was set up by a former employee of the first respondent; that Ainslie was unaware of its existence on the LinkedIn page until he received the applicant's papers; and that in any event '*the website was never very active or generated substantial sales*'<sup>53</sup>.

[99] In selecting the offending domain name, the first respondent exploited the goodwill and reputation of the applicant's **ENZYME PROCESS** trade mark, whilst at the same time blocking the applicant's registration of that domain name in South Africa. Although, according to the applicant, the website was deactivated

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<sup>52</sup> *Federation Internationale de Football Association (Fifa) v X Yin*

<sup>53</sup> Answering affidavit, Record, p. 222 paras 143-146

during 2012,<sup>54</sup> there is nothing in theory to prevent the first respondent from reactivating it any stage.

[100] Having regard to the proven facts, I am persuaded that the applicant has shown that the offending domain name is an abusive registration.

### **Delivery up of goods**

[101] The fifth leg of the relief sought by the applicant, namely delivery up of the offending material follows consequentially from the finding of passing-off in its favour, and no more thus needs to be said.

### **Conclusion**

[102] In the result an order is granted in the following terms:

1.     **The first and second respondents are interdicted and restrained from making any further use of the trade mark ENZYME PROCESS, or a mark confusingly and/or deceptively similar to the applicant's ENZYME PROCESS trade mark;**
2.     **The third respondent is directed to rectify the register of trade marks in terms of section 24 of the Trade Marks Act 194 of 1993 (*"the Act"*) by cancelling and removing the following trade marks in the name of the second respondent:**

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<sup>54</sup> Founding affidavit, p. 21 para 56

- 2.1 registration nos. 2007/16466-70 ENZYME PROCESS logo in classes 5, 16, 29, 35 and 44;
  - 2.2 registration nos. 2007/16460-1 CYTROTROPHIN in classes 5 and 29;
  - 2.3 registration no. 2007/16462 LIQUEZYME in class 5;
  - 2.4 registration nos. 2007/16463-5 HEALTH IS AN ENZYME PROCESS in classes 5, 29 and 35;
  - 2.5 registration nos. 2007/16477-8 PROTOMORPHOGEN in classes 5 and 29;
  - 2.6 registration no. 2007/17651 GLANDULARS in class 5; and
  - 2.7 registration nos. 2012/11714-18 ENZYME PROCESS logo in classes 5, 16, 29, 35 and 44;
3. The first respondent is directed to change its company name to a name that does not incorporate the trade mark ENZYME PROCESS, or any mark confusingly and/or deceptively similar to the applicant's ENZYME PROCESS trade mark, within 30 (thirty) calendar days from date of this order;
4. The first respondent is directed to transfer the registered domain name enzymeprocess.co.za to the applicant within 30 (thirty) calendar days from date of this order;
5. All products, marketing material, signage, stationery and other goods bearing the trade mark ENZYME PROCESS, or a mark confusingly and/or deceptively similar to the applicant's ENZYME PROCESS

trade mark, are to be removed from circulation by the first and/or second respondents immediately and delivered up to the applicant for destruction within 30 (thirty) calendar days from date of this order;

6. The costs of this application, including all reserved costs orders, are to be paid by the first and second respondents, jointly and severally, the one paying the other to be absolved; and
7. The applicant is authorised to effect service of this order on the first and second respondents by email to Mr Geoffrey Ainslie: [geoff@enzymeprocess.co.za](mailto:geoff@enzymeprocess.co.za).

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**J I CLOETE**