

**IN THE TRIBUNAL OF THE REGISTRAR OF TRADE MARKS**  
**TRADE MARKS ACT, ACT 194 OF 1993**

**STEYTDAL FARM (PTY) LIMITED**

Applicant

and

**THE SPAR GROUP LIMITED**

Opponent

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**JUDGMENT**

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The Applicant is Steydal Farm (Pty) Limited, a South African company, of Kaapzicht Estate, Bottelary Road, Kuilsrivier, Western Cape Province (hereinafter referred to as "the Applicant"). The Applicant's business includes the production, distribution, promotion and sale of alcoholic beverages, including wine.

The Applicant lodged an application on 23 May 2002 for the registration of a trade mark under application no. 2002/07239, TOPS LABEL, in class 33 in respect of:-

*"Alcoholic beverages, wines (except beers)".*

The Applicant's application was opposed by The Spar Group Limited (hereinafter referred to as "the first Opponent") and Spar South Africa (Pty) Ltd (hereinafter referred to as "the second Opponent").

The Opponents opposition relied on the provisions of Sections 10(12) and 10(15) of the Trade Marks Act, Act 194 of 1993 (hereinafter referred to as "the Act"). Section 10 of the Act stipulates as follows:

**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:*

*(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;*

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

The opposition in terms of Section 10(15) of the Act was based on the second Opponent's trade mark application nos. 2001/20765 – 6 TOPS AT SPAR (LABEL) in classes 33 and 35, filed on 6 December 2001.

The Section 10(12) opposition was based in the acquired reputation and goodwill in the Opponents mark SPAR on its own. Counsel for the Opponents stated in her heads of argument that there was an onus on the Applicant to satisfy the Tribunal that there was no reasonable likelihood of confusion or deception. Having regard to the evidence submitted by the Applicant, she argued that the Applicant had failed to discharge such onus.

Counsel for the Opponents further submitted that although the respective marks, if subjected to close scrutiny, might disclose many points of difference, but the dominant feature of both the trade marks played a decisive role in the test as to whether or not they were capable of co-existence. The general impression or idea conveyed by the

respective marks might be considered. The touchstone however was whether there was such a degree of similarity between the Applicant's trade mark and that of the Opponents as to give rise to the likelihood of consumer deception or confusion. The ultimate function of a trade mark was, after all, to be a source of identification (Smithkline Beecham Consumer Brands (Pty) Ltd v Unilever Plc 1995 (2) SA 903 (A)).

Also cited in the Opponents heads of argument, was Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A) where, at 641, it was remarked that the comparison must have regard to:

*“... similarities and differences in the two marks, an assessment of the impact which the defendant's mark would have 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 of this. If each of the marks contain 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 impression or by some significant or striking 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.”*

In **Cowbell AG v ICS Holdings Ltd 2001 (3) SA 941 (SCA)** the Supreme Court of Appeal held as follows:

*“Section 17(1) creates an absolute bar to registration provided the jurisdictional fact is present, namely that the use of both marks in relation to goods or services in respect of which they are sought to be registered, would be likely to deceive or cause confusion. The decision involves a value judgment and the ultimate test is, after all, as I have already indicated, whether on a comparison of the two marks it can properly be said that there is a likelihood of confusion if both are to be used together in a normal and fair manner in the ordinary course of business”.*

Counsel for the Opponents submitted that what was required was that there must be a probability that a substantial number of persons would be deceived. “Substantial” meant “not negligible”.

Confusion or deception existed when there was a probability that a substantial number of persons would be deceived into thinking that the Applicant’s product was the product of the Opponents, or that there was a material connection between the Applicant’s product and the Opponents as a producer and marketer of the products in issue.

Deception or confusion need to last only for a fraction of time. If people merely wondered whether the goods or services were related to the Opponents, then the trade mark was one which was likely to cause confusion *(John Craig (Pty) Ltd v Dupa Clothing Industries (“the John Craig case”) 1977 (3) SA 144 (T) at 151 C)*.

She submitted that the most important aspect was the fact that phonetically, as far as the description of the marks was concerned, they were both TOPS marks, and the dominant feature of both marks was the word TOPS. Since the SPAR brand was very well-known, she argued that the TOPS brand had similarly become well-known.

Regarding the comparison of the marks, Counsel for the Opponents further submitted that the Applicant's TOPS (LABEL) trade mark was confusingly similar to the second Opponent's TOPS AT SPAR & LABEL trade marks when viewed as a whole. The word TOPS was the dominant feature of both the trade marks, and was identical to the name of the liquor stores of the Opponents. The word TOPS featured as the first and most important part of the Applicant's mark, and constituted that part of the mark which would feature most prominently to a consumer's eye and in a consumer's mind. The purchasing public would furthermore refer to both marks as TOPS.

As far as the goods were concerned, Counsel for the Opponents submitted that the Applicant's application covered identical or at least similar goods in class 33. She further contended that the respective services of the parties in respect of the goods overlapped, in that wine would fall within the description of the services covered by the

second Opponent's class 35 registration. The Opponents sold and offered for sale various alcoholic beverages and wines over years in their stores, including TOPS AT SPAR stores. In that regard consumers would associate the Applicant's TOPS liquor or wine products with the products offered for sale by the second Opponent.

A further argument advanced on behalf of the Opponents was that, in view of the extensive reputation and goodwill in the trade marks SPAR and TOPS AT SPAR which was the name of the second Opponent is liquor stores, the Applicant's TOPS (LABEL) was inherently deceptive and it would therefore be likely to deceive or cause confusion amongst a significant number of persons. Furthermore it was stated that the use of the Applicant's mark would be contrary to law and that the Applicant's trade mark was in contravention of Section 10(12) of the Act, and should therefore be refused registration.

As for Section 10(15) of the Act, it was submitted that it was common cause that the second Opponent's trade marks were filed earlier and predated the Applicant's application for its TOPS (LABEL) mark. It was accordingly submitted that the application should further be refused for contravention of Section 10(15) of the Act.

Counsel for the Applicant in reply, submitted that the trade mark application was filed on 23 May 2002 and advertised for opposition purposes in the Patent Journal of 31 January 2007. Therefore, the relevant date for purposes of the opposition was 23 May 2002.

The Opponents alleged goodwill was disputed by the Applicant. Counsel for the Applicant argued that the opposition in terms of Section 10(12) was based, not in any reputation or goodwill acquired by the Opponents in the mark TOP AT SPAR, but rather in the reputation and goodwill acquired in the mark SPAR on its own. In order to rely on the alleged goodwill and reputation in the mark TOP AT SPAR, the Opponents had to show such goodwill and reputation at the relevant date, i.e. 23 May 2002.

Counsel for the Applicant submitted that use of the Opponents TOPS AT SPAR mark commenced during 2002. The statement made that the turnover of the Opponents TOPS AT SPAR outlets in 2008 was R2 billion was not relevant, as there was no evidence of any reputation subsisting in the mark TOPS AT SPAR as at May 2002. Furthermore, it was contended that the Opponents had not made any use of the mark TOPS AT SPAR in relation to goods in class 33. The Opponents reputation at most would extend to retail services only, not in relation to wines or alcoholic beverages.

It was in view of the above, Counsel for the Applicant argued, that the Opponents failed to show any reputation or goodwill subsisting in the mark TOPS AT SPAR as at 23 May 2002. Therefore, the opposition based on Section 10(12) stood to be dismissed.

Regarding the Section 10(15) ground of opposition, Counsel for the Applicant's contention was that the Tribunal was constrained to compare the marks TOPS THE BEST IN THE WEST A BETTER CHOICE (LABEL) and TOPS AT SPAR (LABEL), as a whole, as they appear in the Trade Marks Register.

In her heads of argument, Counsel for the Applicant relied on *Khan's Chemical Industry CC v Unilever PLC 2004 BIP 107 (RTM) at 109*, where it was held as follows:

*"The dispute between the parties is whether the applicant's mark is so similar to the opponent's mark that the use thereof in relation to the goods or services in respect of which it is sought to be registered and which are the same as or similar to the goods or services in respect of such trade mark is registered, would be likely to deceive or cause confusion.*

*The wording of the subsection does not require any party to prove extensive use. The manner or extent of use of the mark by the respective parties would only be relevant should it have a bearing on a finding as to whether or not there is likelihood of deception or confusion as to the origin of the goods. In one case it may carry much weight but may be holy irrelevant or of very slight significance in another. The premise is that each party uses its mark in a normal and fair manner. Whether or not the contesting marks could likely deceive or cause confusion is a matter of fact to be decided on the facts of each particular case. It is common cause that the applicant bears the onus of proof to satisfy this tribunal that there is no reasonable probability of deception or confusion and that the mark is therefore registrable."*

Counsel for the Applicant contended in her heads of argument that the Court must be satisfied that there was a real danger of confusion resulting from the use of the marks in

question. Cited in paragraph 6.6 of the heads of argument was the case **Pianotist Company Ltd Orchestrelle Company (1906) 23 RPC 774**, where the following rules were laid down as applicable to the comparison of two words:

*“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.”*

On behalf of the Applicant it was further submitted that the likelihood of confusion must be appreciated globally. In this regard, the Applicant relied on **Bata Ltd v Face Fashions CC 2001 (1) SA 844 (SCA) at 850 D-F**, where the Court held that:

*“In considering this issue it is appropriate to apply the principles summarized by Corbett JA in Plascon-Evans at 641A-E to the facts of the case. These principles are well known and need not be repeated in detail. It suffices to say that not only should the marks be compared side by side but consideration must be given to whether the average customer in the market place would probably be deceived or confused by their similarity. Corbett JA made it clear that the main or dominant features of the marks in question as well as the general impression and any striking features were all factors to be considered in deciding whether there was a likelihood of deception or confusion. A similar approach was adopted by the European Court of Justice in Sabel BV v Puma AG, Rudolf Dassler Sport (1998) RPC199. At 224 it was said that the*

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

Counsel for the Applicant submitted that the parties’ two marks both contained several words, with only one common element in both, namely the word TOPS. However, when the two marks were considered as a whole, the presence of the word TOPS paled into significance. The Opponents mark TOPS AT SPAR (LABEL) contained the very well-known mark SPAR. The Opponents did concede that it had developed an extensive reputation and goodwill in the trade mark SPAR in South Africa. It further conceded that its TOPS stores were clearly associated by the purchasing public with SPAR and its SPAR stores, .i.e. with the Opponents and their business in South Africa.

At the hearing of this matter, it was argued on behalf of the Applicant that the two marks were different even though they contained the common element TOPS. They were different to the extent that one could not conclude that the public would ignore everything that was contained in those two device marks apart from the word TOPS. They were both very distinctive device marks. The Applicant’s mark had an oval device with TOPS, and a slogan at the bottom: *“The best in the West a better choice”*. She submitted that it was something that the public would have regard to and therefore the addition of the Opponents well-known SPAR mark clearly distinguished the two marks from each other. The public would not ignore the well-known SPAR mark, and therefore

visually and aurally the two marks were very far removed from each other. It was in this regard that Counsel for the Applicant submitted that the opposition should fail and its trade mark application should proceed to registration.

In my opinion, when I considered the two marks side by side and as a whole, they looked very similar and what stood out in both of them was the word TOPS. It was the dominant feature in both marks, and it is my opinion that what would remain in the mind of the consumer would be the word TOPS. This would be especially relevant were both parties made use of radio advertisements, thus where the word mark would be "heard" and not "seen". In such instances I am of the view that the word TOPS would be the one which would remain in the mind of the consumer (listener). The role of the Tribunal in relation to matters of this nature was critical, as it was required to protect the public and consumers.

It was very important that one had to take cognizance of the fact that consumers did not always have the luxury, comfort or time to closely compare marks side by side and taking this into account, together with the doctrine of imperfect recollection, I am of the opinion that what would remain in the minds of the public in respect of both those marks would be the word TOPS.

On the day of the hearing, .i.e. 13 June 2013, the Applicant handed in a Form TM2, seeking to amend its application to one based on honest concurrent use. In terms of Section 14(1), where there has been honest concurrent use or where warranted by

other special circumstances, the Registrar may, subject to certain conditions and limitations, if any, as he/she deems fit to impose, register a trade mark the registration of which would otherwise offend against the provision of Sections 10(6), (14), (15) or (17) of the Act.

Regulation 17 promulgated under the Act deals with the prescribed manner in which an application in terms of Section 14 should be brought, and provides that an application in terms of the provisions of Section 14(1) shall be made on a form TM1, accompanied by a statement case and an affidavit in support of it.

Counsel for the Applicant submitted that the Applicant adopted its use of the TOPS THE BEST IN THE WEST A BETTER CHOICE (LABEL) in January 2002. At that time the Opponents had not yet started use of the mark TOPS AT SPAR. On the other hand the Applicant had been using its mark for almost 10 years. It was clear that the adoption of its mark was done independently and without reference to the Opponents mark.

It was further submitted that as a result, it was clear that the Applicant's use of its mark had been made honestly and concurrently with the Opponents use of the mark TOPS AT SPAR (DEVICE). It was under these circumstances that the Applicant sought, in the event that the opposition was upheld, that its application be accepted on the basis of honest concurrent use in terms of Section 14 of the Act.

Counsel for the Opponent opposed the granting of an honest concurrent use application in that she was of the opinion that there was a procedural irregularity relating to the Section 14 application. Counsel for the Opponent argued at the hearing that Regulation 17 was preemptory in that it required a statement of case and an affidavit in respect of such applications, not just an affidavit. The use by the Applicant of the phrase "statement of case" in an affidavit lodged as part of the opposition proceedings by no means complied with the regulation or Section 14, according to Counsel for the Opponent. It was in this regard that she asked for the dismissal of the application of the application. She submitted further that there was absolutely no evidence before the Tribunal to support such an application.

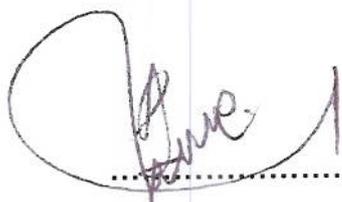
In this regard, Counsel for the Opponent contended that as far as the evidence was concerned there was only one photograph of the Applicant's product. There was no indication when the photograph was taken, when use commenced and there was definitely no proof of continuous use of the Applicant's mark. When looking at the photograph .i.e. Annexure "DS1" on page 45 of the answering affidavit of the three boxes displayed had the words "TOPS" written on the side. As far as the invoices were concerned one could not from those invoices conclude that it related to the TOPS wines of the Applicant, as the word TOPS did not appear on any of the invoices.

In as far as the honest concurrent user application was concerned, I had to agree with Counsel for the Opponent that the application was not properly brought before the Tribunal. One could simply say this application was brought through the back door.

Counsel for the Opponent concluded by stating that firstly, there was no proper application for honest concurrent use in terms of Section 14, read with Regulation 17. Secondly, the evidence submitted was so minimal, she wouldn't even refer to it as evidence. On those grounds the Opponent argued that the honest concurrent user application should also be dismissed. I had to agree with Counsel for the Opponent on these points.

In the circumstances, and having read the papers filed of record and having listened to submissions made by both parties, the following relief was granted:

- (1) The opposition was upheld and trade mark application no. 2002/07239 TOPS & LABEL was refused registration,
- (2) The honest concurrent user application in terms of Section 14(1) was also refused,
- (3) The costs in relation to the opposition proceedings and the honest concurrent user application were awarded in favour of the Opponent.



**A N TUWE (MR)**

**MANAGER: TRADE MARKS (LEGAL)**

.....<sup>05</sup>.....**SEPTEMBER 2013**