

**IN THE TRIBUNAL OF THE REGISTRAR OF TRADE MARKS**

**TRADE MARKS ACT, ACT 194 OF 1993**

Trade Mark Registration No's: 1980/5241 & 1994/9915 NU-SKIN

In the matter between:

**NSE PRODUCTS INCOPORATED**

Applicant

and

**AVID BRANDS SA (PTY) LTD**

Respondent

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**JUDGMENT**

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NSE Products Incorporated (the “Applicant”) applied for the removal from the Register of Trade Marks of trade mark registration numbers 1980/05241 NU-SKIN in class 5 and 1994/09915 NU-SKIN in class 3 either wholly or in part.

Avid Brands SA (Pty) Ltd (the “Respondent”) is the proprietor of the above-mentioned trade marks. Trade mark registration no. 1980/05241 NU-SKIN in class 5 is registered in respect of *“Pharmaceutical preparations including vitamins and vitamin preparations, foodstuffs included in this class”*. Trade mark registration no. 1994/09915 NU-SKIN in class 3 is registered in respect of *“Soaps, soapless washing preparations, perfumery, essential oils, cosmetics, hair lotions and dentrifices”*.

The application is brought in terms of the provisions of Section 27(1)(b) of the Trade Marks Act, Act 194 of 1993 (the “Act”). Section 27(1)(b) provides as follows:

### **Section 27. Removal from register on ground of non-use**

*(1) Subject to the provision of section 70 (2), a registered trade mark may, on application to the court, or, at the option of the applicant and subject to the provisions of section 59 and in the prescribed manner, to the Registrar by any interested person, be removed from the register in respect of any goods or services in respect of which it is registered, on the grounds of either-*

*(b) that up to the date three months before the date of the application, a continuous period of five years or longer has elapsed from the date of issue of the certificate of registration during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof or any person permitted to use the trade mark as contemplated in section 38*

*during the period concerned.*

The issue to be decided is whether, up to the date three months before the date of application, a continuous of five years elapsed during which there was no *bona fide* use of the trade mark in relation to the goods in respect of which the mark is registered by the Respondent or its predecessor in title to the trade mark registration.

In terms of Section 27(3) of the Trade Marks Act 194 of 1993, (the "Act"), the onus of proving that there has been bona fide use in respect of the goods registered under trade mark registration nos. 1980/05241 and 1994/09915 is on the Respondent. This onus is not a mere shifting of the evidentiary burden. The Respondent has the burden of a true onus.

**(Scientific Chemicals (Pty) Ltd v Liqui-Seal (Pty) Ltd 202 BIP 85 (TPD) 88 D).**

In its answering affidavit the Respondent alleged that during the period after the purchase of the NU-HAIR trade marks, the Respondent sold products under the NU-SKIN trade mark, the last sale having taken place on 28 November 2006. In support of this allegation the Respondent attached on pages 62 and 63 of the records, marked **PNJ 6** and **PNJ 7**, a pack-shot on the NU-SKIN products as sold by the Respondent and an invoice in respect of the last sale of the products bearing the NU-SKIN trade mark.

The Respondent further alleged that they have other trade marks incorporating the word SKIN, namely SKINSAND which indicates their commitment to the skincare market. Copies of the register pages of the marks in question were attached as **PNJ 8** and **PNJ 9** and both applications are still pending. According to the Respondent the NU-SKIN trade mark was registered by registered in 1980 and that it appears the Applicant only launched its business in the United States in 1984. The Respondent contended that it is a brand

owning business and spends substantial amounts of money on the maintenance, promotion and marketing of all its trade marks.

The Applicant in reply contended that there was no *bona fide* use of the trade mark NU-SKIN by the Respondent. When assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market of the goods or services protected by the mark **(Ansul BV v Ajax Brandbeveiliging BV (2003) RPC 40 par 36-38)**.

The Applicant's Counsel submitted that there is no uncertainty in our law as to the meaning of *bona fide* use. In this regard she referred to a judgment where Trollop J held that, "*'bona fide' must be given some effective meaning. In my view it cannot be confined to meaning merely real or genuine as opposed to fictitious or simulated, or honest as contrasted with dishonest, because it is difficult to conceive how user, in the sense of the exercise of a right, can be said to be fictitious, simulated or dishonest, and in any event, a fictitious, simulated or dishonest user would not in law be a user at all, and the addition of the qualification 'bona fide' would therefore have been unnecessary. The words were obviously inserted to give a particular quality to the user which it was intended should defeat an aggrieved person's application. The expression obviously relates to the proprietor's state of mind in using his trade mark and therefore his object intention in using it. Kerly on Trade Marks, 8<sup>th</sup> ed. at p. 218, says that in the corresponding section in the U.K. Act "the expression "bona fide" is also used where the contrast seems to be, not between honesty and dishonesty, but rather between what was genuine and what is a mere device to secure some ulterior object. Now the system of registering trade marks is*

*designed to protect, facilitate and further the trading in the particular goods in respect of which the trade mark registered. The very name, 'trade mark', connotes that, and the definition thereof in section 96 of the Act confirms it. I would therefore say that 'bona fide user' in section 136 means a user by the proprietor of his registered trade mark in connection with the particular goods in respect of which it is registered with the object or intention primarily of protecting, facilitating, and furthering his trading in such goods, and not for some other, ulterior object" **(Gulf Oil Corporation v Rembrandt Fabrikante en Handelaars (Edms) Bpk 1963 (2) SA 10 (T) at 23H to 24E.***

The Applicant further referred to the appeal decision where Steyn CJ stated as follows: "*Whatever the full meaning of the phrase may be, it seems clear that user for an ulterior purpose, unassociated with a genuine intention of pursuing the object for which the law allows the registration of a trade mark and protect its use, cannot pass as a bona fide user*". **(Gulf Oil Corporation v Rembrandt Fabrikante en (Edms) Bpk 1963 (3) SA 341 (A) at 351 E-F.**

The above interpretation of *bona fide* use was also considered where Harms JA stated that "*The concept of bona fide use has been the subject of a number of judgments, also of this court, and the area need not be traversed again. For present purposes it suffices to say that bona fide user "means a user by the proprietor of his registered mark in connection with the particular goods in respect of which it is registered with the object of or intention primarily of protecting, facilitating and furthering his trade in such goods, and not for some other, ulterior object. The Judge made reference to an opinion by the Advocate General of the European Court of Justice in the Ansul case where it was stated that, "When assessing whether use of a trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is*

*real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark. The issue is simply whether or not the group's use amounted to real commercial exploitation of the marks in relation to the goods or services in the trade mark sense".* **(A M Moola Group Ltd And Others v The Gap Inc And Others 2005 (6) SA 568 (SCA) at 558.**

In view of the authorities above I fully agree with the Applicant's Counsel that applying these principles to the facts at issue, the Appellate Division held that use of mark for the purpose of creating a token of "evidence of use" without a genuine intention actually to trade in the goods covered by the registration did not constitute *bona fide* use.

Counsel for the Applicant contended that the Applicant qualifies as an "interested person" as it has applied for the registration of trade mark application nos. 2008/08198 and 2008/07796 in classes 3 and 5 for the trade mark NU-SKIN. The Applicant seeks expungement, in that it will *prima facie*, be barred from obtaining registration of its NU-SKIN trade marks in the face of the Respondent's registered marks.

According to the Applicant, prior to its launching of its applications, it conducted investigations in the market place. The investigations revealed amongst others that, the Respondent marks were purchased in May 2005 when it purchased the business of Nu Hair CC. Mr Paul Jonker who was a director of the Respondent and deponent to the answering affidavit stated that NU-SKIN was not part of the product range as it has been discontinued prior to the purchase of Nu Hair CC. The investigation further revealed that there was even no interest in reviving NU-SKIN as it was never a product marketed.

In view of the outcome of the investigation, the Applicant submitted that the Respondent did not use its trade mark for a continuous period of five years preceding a date three months prior to the launch of its applications.

In reply the Respondent submitted that there was *bona fide* use of the trade mark NU-SKIN in that it was formulated and launched in 1980. It purchased all the NU-SKIN stock, packaging and promotional material. The Respondent further alleged that it had plans for use of the trade mark NU-SKIN hence it renewed and assigned the marks on the official trade mark register. The NU-SKIN products according to the Respondent were sold during the period after the purchase of Nu Hair CC, the last sale took place on 28 November 2006. Submitted as proof was a pack-shot and an invoice as mentioned above.

The evidence of use submitted by the Respondent was attacked by the Applicant in that, it fails in all material respect to sustain a claim of *bona fide* use of the trade mark NU-SKIN. Counsel for the Applicant was correct in that there was no supporting evidence as to what goods were offered under the mark, figures detailing financial turnover or profit from the sale of the goods, expenditure on advertising the trade mark with details of exactly where and when the trade mark was advertised, products samples demonstrating the promotion in advertising, copies of advertising material, customer lists and distribution channels. The pack-shot according to the Applicant was not sufficient proof of use of the trade mark NU-SKIN. The Applicant contended that it failed to show whether it was used, and if so how, where and when, doesn't show the date of the shooting and association of the origin of the products from the Respondent.

I am inclined to further agree with the Applicant's submission that renewing and assigning trade marks does not constitute or amount to actual evidence of use the trade mark. The Respondent was not even the proprietor of the trade marks when they were renewed.

The Applicant in its closing arguments submitted that the evidence as furnished by the Respondent was not sufficient to constitute an intention to commercially exploit the trade mark NU-SKIN. In this regard the Applicant relied on **Blue Lion Manufacturing (Pty) Limited v National Brands Ltd and Another 2001 (3) SA 563 (SCA)** where Shongwe J (as he was then) stated that: *“I am reminded of the requirements of the use by a proprietor which should be bona fide use not just use. I believe that such bona fide use must be accompanied by an intention on the part of the proprietor to continue or to re-launch the products seriously. The measured sale of R27-00 is, in my considered view, de minimis which was accomplished by accident because the said sales are attributed to stock in small retail outlets despite the expiry of the “sell by” dates. It was not a concerted effort with the primary object of protecting, facilitating and furthering the first respondent’s intention to continue or re-launch the product, hence after March/April 1997 no sales were recorded up to date. It is common cause that the onus of proving that there has been relevant use of the mark rests upon the proprietor.*

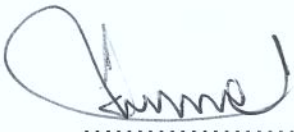
It is my finding in the circumstances of this matter that the Respondent has failed to prove the *bona fide* use of its trade marks in respect of any of the goods registered in class 3 and 5. I don’t find it necessary to even consider an application for partial expungement since the Respondent could not even prove use of the trade mark NU-SKIN in class in respect of *“Soapless washing preparations”*.

In view of the above, the following order is made:

- (i) In terms of Section 27(1)(b) trade mark registration nos. 1980/05241 and 1994/09915 NU-SKIN in classes 3 and 5 are expunged from the Register of Trade Marks.



(ii) The Respondent is ordered to pay the costs of this application.



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**TUWE, A N**

**DEPUTY REGISTRAR OF TRADE MARKS**

**15 DECEMBER 2009**