

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

AL BAIK FAST FOOD DISTRIBUTION CO. S.A.E.

Applicant

and

EL BAIK FOOD SYSTEMS CO. SA.

Opponent

JUDGMENT

The Applicant is Al Baik Fast Food Distribution Co. S.A.E., an Egyptian company of 5 Abdul Azeem Al Ghulami Street, Nasr City, Cairo, Egypt (hereinafter referred to as "the Applicant"). The Applicant had applied for the trade mark ALBAIK & DEVICE in class 43 under application no. 2006/18331 in respect of:

"Services for providing food and drink"

The Opponent is El Baik Food Systems CO. S.A, a Grand-Dutchy company, of 69 Boulevard de la Petrusse, L-2320 Luxemburg (hereinafter referred to as "the Opponent"). The Opponent is the applicant for trade mark application nos. 2007/21486-7 ALBAIK & DEVICE and 2007/21488-9 ALBAIK & Logo in classes 29 and 43 in respect of:

"Meat, fish, poultry and game, meat extracts, preserved, frozen, dried and cooked fruits and vegetables, jellies, jams, compotes, egg, milk and milk products, edible oils and fats", and

"Services for providing food and drink, temporary accomdation"

The Opponent based its opposition on the provisions of Sections 10(3), 10(6), 10(7), 10(12) and 10(16) of the Trade Marks Act, Act 194 of 1993 ("the Act").

Section 10 provides that:

"Unregistrable trade marks.- *The following marks shall not be registered as trade marks, or if registered, shall, subject to the provisions of section 3 and 70, be liable to be removed from the register:*

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

(6) subject to the provisions of section 36(2), a mark which, on the date of application for registration thereof, or, where appropriate, of the priority claimed in respect of the application for registration thereof, constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of a trade mark which is entitled to protection under the Paris Convention as a well-known trade mark within the meaning of section 35(1) of this Act and which is used for goods or services identical or similar to the goods or services in respect of which the trade mark is well-known and where such use is likely to cause deception or confusion,

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

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

(16) a mark which is the subject of an earlier application as contemplated in paragraph (15), if the registration of that mark is contrary to existing rights of the person making a later application for registration as contemplated in that paragraph."

The Opponent operates a chain of quick service restaurants under the name and trade mark ALBAIK, together with certain logo marks. The Opponent's representative submitted that it had made use of the ALBAIK trade mark and logo since 1987. The ALBAIK trade mark and logos were initially registered in Saudi Arabia in 1986. The use

of the mark expanded over the years and the brand became so popular in Saudi Arabia, that it was found to have been the fifth most popular brand in Saudi Arabia.

The Opponent's representative submitted in his heads of argument that the Opponent had branched out to other countries and had forty restaurants in the Kingdom of Saudi Arabia, one in Egypt and another in Jordan. It had employed over 1,900 full time team members and served over 30 million customers every year. In the last 35 years, it had served over 400 million customers. In addition, the Opponent's trade mark had received considerable coverage in the press.

Regarding the Opponent's reputation in South Africa, its representative stated that a substantial number of members of the Muslim community in South Africa had been exposed to the Opponent's Al Baik Restaurants. During the pilgrimage to Mecca the Opponent operated three seasonal restaurants designed to serve two hundred and fifty thousand meals per day. During the period of Haji the Opponent served hundreds of pilgrims, including many pilgrims from South Africa. The pilgrims from South Africa would have seen the Opponent's ALBAIK trade mark and signage, including the ALBAIK device.

The Opponent's representative contended that the fact that the Opponent's ALBAIK trade mark had become known to a substantial number of persons in the relevant sector of the market, was evidenced by the fact that the Opponent had received numerous enquiries from South Africans regarding the possibility of opening an ALBAIK franchise

in South Africa. Examples of these enquiries were on page 9 of the Opponent's heads of argument, in paragraphs 7.4.1 up to 7.4.4. It was further submitted that the Opponent's website on the internet was accessible to South Africans.

The Opponent's representative therefore contended that, as at the relevant date, its ALBAIK trade mark and the ALBAIK device were well-known within the meaning of Section 35 of the Act. Reference was also made to Section 10(6) providing protection to the owner of a well-known mark, where it sought to prevent registration of a trade mark contrary to its rights in the well-known mark.

It was argued on behalf of the Opponent that it was noteworthy that Sections 10(6) and 35 of the Act did not require the proprietor of a well-known trade mark to have used the mark in South Africa in order to qualify for protection in terms of those sections. In fact, the sections explicitly stated that the protection was available whether or not that person carried on business, or had any goodwill in South Africa. A mark would be considered to be well-known in the Republic if it was well-known to persons interested in the goods or services to which the mark related *(McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd, McDonald's Corporation v Dax Prop.CC, McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd 1997 (1) SA 1 (A).*

The Opponent's representative submitted that the Court in the above case accepted that there were two categories of persons who were interested in the goods and services, namely:

- (a) Potential customers, and
- (b) Potential franchisees

A distinction was drawn in that potential customers would cover a wide field. It would include all persons who liked fast-food of this type and had the money to buy it. Since the cost was not high there would be many such people. Potential franchisees would be a smaller group, namely persons who could finance and run a franchise, or considered that they could. A further group of potential franchisees to consider was a group that would more likely be exposed to international travel or to spill-over advertising of the product. This group would have heard of the brand and would know of its marks.

It was submitted on behalf of the Opponent that the relevant class of consumer in this case were those of potential franchisees, but particularly in the Muslim community. The evidence suggested that thousands of Muslims who travelled to Mecca on a yearly basis would have been exposed to the Opponent's ALBAIK trade mark and chain of restaurants. The same, it was said, applied to those potential customers who were also from the Muslim community and who, although not interested in obtaining a franchise, would have been exposed to the Opponent's ALBAIK chain of restaurant in the course of their visit to Mecca.

It was contended that in the context of the Muslim community, the extent of use outside South Africa was sufficient to show that the ALBAIK trade mark of the Opponent would be known to a substantial number of South Africans who had travelled abroad. In this

regard the Tribunal was referred to what was said by the Supreme Court of Appeal in **McDonald's (supra)** at 22J-23A that:

"Although there was no evidence on the context to which the advertising outside South Africa spilled over into this country through printed publications and television, it must, in all probability, be quite extensive. In addition the McDonalds trade marks would be known to many South Africans who have travelled abroad. This again would not be an insignificant number."

The Opponent's representative argued that the Supreme Court of Appeal also specifically had regard to the fact that requests from South Africans to conclude franchise agreements in the **McDonald's (supra)** case confirmed that there was a general level of knowledge in South Africa about the operations of McDonalds. It was stated that the same should apply to the public's knowledge of the ALBAIK trade marks of the Opponent.

It was in view of the above that it was submitted that the Opponent's ALBAIK trade marks qualified for protection in terms of Sections 35 and 10(6) of the Act.

In its opposition based on Section 10(6), it was submitted that when one had regard to the well-known trade marks ALBAIK and ALBAIK DEVICE used by the Opponent and compared that with the Applicant's mark, it was immediately apparent that the Applicant's mark constituted an imitation or reproduction of the Opponent's original mark. It was telling that the Applicant did nothing to explain its choice of its mark,

particularly the use of a device which was virtually identical to that of the Opponent. In this regard reference was made to Webster & Page paragraph 6.4, page 6-7 which states that:

“Once the foreign proprietor has proved that his trade mark was well-known in South Africa at the relevant time the local Applicant will, however, have considerable difficulty in persuading the Tribunal that his trade mark was conceived independently.”

It was submitted that in the present case the Applicant had not even made a bold allegation that it conceived its trade mark independently, hence it had failed to prove that its mark qualified for registration.

Regarding the Section 10(12) opposition, the Opponent relied on the reputation it had established in its ALBAIK logo mark. This reputation has been referred to above in relation to the submission that its mark was well-known.

As far as the comparison of the marks was concerned, the Opponent's representative submitted that the possibility of confusion or deception amongst purchasers or potential purchasers of the relevant goods, or users of the relevant services, should be determined. The purchaser, or user was an ordinary person, one who was neither very careful nor careless and ignorant.

One of the key principles regarding the comparison of trade marks is that the likelihood of confusion must be appreciated globally. 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. Opponent's representative referred to the approach to be adopted in comparing marks, formulated as follows in **Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A) at 640-641:**

"The determination of these questions involves essentially a comparison between the mark used by the defendant and the registered mark and, having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant's mark would make upon the average type of customer who would likely purchase the kind of goods to which the marks applied. This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with 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 born in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains the main or dominant feature or idea the likely impact made by this on the mind of the consumer 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.”

It is trite that the view that must be considered is the view of the consumer or public. The Court must be satisfied that there was a real tangible danger of confusion resulting from the use of the marks in question (**Webster & Page (supra) paragraph 7.2, page 7-4**).

In **Pianotist Company Ltd Orchestrelle Company (1906) 23 RPC 774** Parker J laid down the following rules applicable to the comparison of two words:

“You must take the two words. You must judge them both by their look and 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.”

It suffices to say that not only should the marks be compared side by side but consideration should be given to whether the average consumer in the market place would probably be deceived or confused by their similarity. Corbett JA made it clear that the main or dominant feature 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 confusion or deception. A similar approach was

adopted by the European Court of Justice in *Sabel BV v Puma AG, Rudolf Dassler Sport (1998) 199* where it was said that the likelihood of confusion must be appreciated globally and that the global appreciation of 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 *(Bata Ltd v Face Fashions CC 2001 (1) SA 844 (SCA) at 850 D-F)*.

In view of the above principles the Opponent's representative submitted that the Applicant's trade mark was virtually identical to the marks in respect of which the Opponent had acquired a reputation and goodwill in South Africa. The Applicant sought registration of its mark in relation to the same services in respect of which the Opponent had acquired its reputation and goodwill. It was submitted that the likelihood of confusion or deception would arise as result of use of the two marks in relation to the services in question.

It was therefore contended that the Applicant's trade mark should also be refused on the basis of Section 10(12) of the Act.

Regarding the Section 10(7) ground of opposition, it was stated by the Opponent's representative that the manner in which the Applicant had decided upon its trade mark did not meet the standards of acceptable commercial behavior in the trade or industry. It was alleged that the Applicant's principal obtained knowledge of the Opponent's

activities through his previous employment with the National Bank with whom the Opponent did business. This knowledge was not denied by the Applicant's principal.

It was in that regard that the Opponent's representative submitted that the Applicant not only proceeded to copy the word mark, but also the device used in relation to the Opponent's services, which would be regarded as *contra bonos mores* in the particular trade.

On the last ground of opposition, i.e. Section 10(3) of the Act, it was submitted that the Applicant did not originate or acquire its trade mark. The Opponent's representative cited the case of **Oils International (Pty) Limited v WM Penn Oils Limited 1965 (3) SA 64 (T)** where the Court concluded that:

"If the claim of proprietorship of the Applicant is challenged, he must be in a position to show some sort of title to the mark in the sense that he either acquired it from someone or originated it."

In this matter the Opponent's representative contended that the Applicant appropriated the Opponent's mark in a manner that was *mala fide*. The adoption was with the full knowledge of the Opponent's rights. The Opponent's representative further stated that it was significant that the Applicant's denial related only to the mark not being on the register, the Applicant's principal did not even state that he was not aware of the Opponent, or use of the mark by the Opponent, or that it was not copied from the Opponent or its licensees.

What was equally clear was that registration might be refused when the Applicant had been guilty of dishonesty or sharp practice in seeking to have registered in his own name a mark which was or had been in use by someone else, or which he did not intend to use in respect of his own goods **(Oils International) supra at 72S-H**.

It was submitted in view of all the above that the Applicant's application should fail on the basis of Section 10(3) of the Act.

Counsel for the Applicant contended that our Courts did not accept conclusions in affidavits without primary facts in the nature of evidence to support such conclusions. She cited the case of **Swissborough Diamond Mines (Pty) Ltd & Others v Government of the Republic of South Africa & Others** 1999 (2) SA 279 (T) at 324 to 325 where Joffe J said the following:

*"The facts set out in the founding affidavit (and equally in the answering affidavit and replying affidavit) must be set out simply, clearly and in chronological sequence and without argumentative matter: He referred to **Reynolds NO v Mecklenberg (Pty) Ltd** 1996 (1) SA 75 (W) at 781. A distinction is drawn between primary facts and secondary facts.*

Facts are conveniently called primary when they are used as the basis for inference as to the existence or non-existence of further facts, which may be called, in relation to primary facts, inferred or secondary facts."

A further citation by the Applicant's Counsel was the case of **Hart v Pinetown Drive-In Cinema (Pty) Ltd 1972 (1) SA 464 (D) at 469 C-E**, where Miller J (as he then was) identified the requirements for the founding affidavits as follows:

"It has been said that in the case of an objection in limine of the kind now under consideration, the enquiry is only whether a prima facie case has been made out in the petition. It must be borne in mind, however, that the proceedings are brought by way of an application, the petition is not the equivalent of the declaration in proceedings by way of action. What might be sufficient in a declaration to foil an exception, would not necessarily, in a petition, be sufficient to resist an objection that a case has not been adequately made out. The petition takes the place not only of the declaration but also of the essential evidence which could be led at trial and if there are absent from the petition such facts as would be necessary for determination of the issue in the petitioner's favour, an objection that it does not support the relief claimed is sound."

The second point raised by Counsel for the Applicant was that it was impermissible for a party in motion proceedings to simply attach a collection of annexures to an affidavit and expect the Tribunal to search through the mass of paper to find the point that was sought to be made. She submitted that the approach was dealt with in **Lipschitz & Schwarz NNO v Markowitz 1976 (30 SA 772 (W) at 775 H** where Coetzee J said:

"A litigant cannot, as it were, throw a mass of material contained in the record of an enquiry at the Court and his opponent, and merely invite them to read it so as to

discover for themselves some cause of action which might lurk therein, without identifying it. If this were permissible, the essence of our established practice which is designed and which still evolves as a means of accurately identifying issues and conflicts so that the Court and the litigants should be properly apprised of the relevant conflicts, would be destroyed."

Counsel for the Applicant continued by indicating that if regard was had to the function of affidavits, it was not open to an applicant or a respondent to merely annex to its affidavit documentation, and to request the Court to have regard to it. What was required was the identification of the portions thereof on which reliance was placed and an indication of the case which was sought to be made out on the strength thereof. If this were not so the essence of established practice would be destroyed and a party would not know what cause must be met (Swissborough) (*supra*).

The point raised by Counsel for the Applicant was that the Opponent made serious allegations of impropriety on the part of the Applicant. It alleged that the Applicant had appropriated the Opponent's mark through slavishly copying the mark and appropriating it as its own. The Opponent further alleged the Applicant's conduct was unscrupulous and dishonest. Those allegations were made without a single piece of evidence to support.

Counsel for the Applicant cited **AllPay Consolidated Investment Holdings & Others v The Chief Executive Officer of the South African Social Security Agency & Others**

(678/12) (29130 ZASCA 29 (27 March 2013) at (4), an unreported judgment, where the SCA stated that:

“Whatever place mere suspicion of malfeasance or moral turpitude might have in other discourse it has no place in the Courts neither in the evidence nor in the atmosphere in which cases are conducted. It is unfair if not improper to impute malfeasance or moral turpitude by innuendo and suggestion. A litigant who alleges such conduct must do so openly and forthrightly so as to allow the person accused a fair opportunity to respond. It is also prejudicial to the process if cases are adjudicated with innuendo and suggestion hovering in the air without the allegation being clearly articulated. Confidence in the process is built on transparency and that calls for the grounds upon which cases are argued and decided to be openly ventilated.”

Counsel for the Applicant disputed the Opponent’s assertion that the Opponent had used the ALBAIK trade mark since 1987 as disingenuous. She opined that there was no use of the mark at all by the Opponent, which fact was not disclosed in the founding papers. The Opponent conceded at the hearing that it licensed the use of the ALBAIK & DEVICE trade mark to another entity by the name of Albaik Food Systems Co Ltd.

It was submitted on behalf of the Applicant that the Opponent’s attempt to rely on the provisions of Section 38 of the Act was entirely misplaced. The section was not applicable to the use of a trade mark under a license, where such use had occurred outside the Republic. It was further submitted that the Tribunal was not apprised of whether the alleged license was written or oral. There were also no goods or services

identified in respect of which the trade mark was purportedly licensed. The Tribunal could not accept the assertion of a license in the absence of primary evidence supporting the allegation.

Counsel for the Applicant submitted that it was common cause that the Opponent had not used the ALBAIK & DEVICE trade mark in South Africa. It was stated in the founding affidavit that it had only used the trade mark in Saudi Arabia, Egypt and Jordan. In reply the Opponent conceded that it had the real intention of using the ALBAIK mark in South Africa at the date of filing. The Opponent made a further concession indicating that it had not as yet commenced its franchising operations.

It was contended by the Applicant's representative that without disputing the allegations of a licensing relationship the Tribunal could not accept that the use of the mark by Albaik Food Systems Co Ltd had accrued to the Opponent. That fact could only be determined in terms of the laws governing that aspect in Saudi Arabia, Egypt and Jordan. It was based on all these circumstances, Counsel for the Applicant stated, that the Opponent had not established that it had commenced use of the ALBAIK trade mark in 1987, nor that it had established that it was currently using the ALBAIK trade mark.

Counsel for the Applicant submitted in her heads of argument that this must be contrasted with the undisputed fact that the Applicant had commenced use of the mark ALBAIK & DEVICE in 2001 in Egypt. That fact was common cause and was undisputed by the Opponent. The Opponent also did not deny that the Applicant owned six

restaurants in Egypt, two franchised restaurants in Sudan, one in Pakistan, one in Botswana and five in South Africa, operating under the ALBAIK trade mark.

A trade mark was purely a territorial concept and there was, generally speaking, nothing to prevent a person from asserting a proprietary right in a trade mark in relation to which no one had, in the same territory, asserted similar right unless the proprietor of a foreign mark was entitled to restrain the use or registration of the mark (Law of South Africa, 2nd edition, volume 29, page 50).

It was trite law that a person who had appropriated the mark for use in relation to goods or services, as a trade mark, could claim to be the proprietor. The word “appropriate” comprehended “originate”, “acquire” and adopt. The proprietor of the mark need however not be its originator (Webster and Page, South African Law of Trade Marks, Page 3-67, Para 3.52).

Registration or use of a trade mark in a foreign country, did not in itself, constitute a bar to its adoption and registration by some other person in South Africa. That flows from the basic nature of a trade mark as a territorial concept (Webster and Page, South African Law of Trade Marks, Page 3-68, Para 3.52).

It was submitted that the concept of “bona fide claim to proprietorship” within the meaning of Section 10(3) of the Act was central to this aspect. Since the word proprietorship was not defined in the Act, or in the previous Trade Marks Act (Act 62 of

1963), it only appeared in Section 20(1) of the 1963 Act which provided, insofar as is relevant, that:

“any person claiming to be the proprietor of a trade mark used or proposed to be used by him”,

may apply for registration thereof.

Counsel for the Applicant submitted that it was apparent that the same concepts were used in Section 10(3) of the Act, read with the definition of “trade mark” in the Act. The decisions that dealt with Section 20(1) of the 1963 Act were therefore still relevant and applicable to the interpretation and application of Section 10(3) of the Act.

Section 29(1) was dealt with in **Victoria’s Secret Inc v Edgars Stores Ltd 1994 (3) SA 739 (A) at 744 I** where Nicholas AJA said the following:

“In terms of section 20(1) one can claim to be the proprietor of a trade mark if one has appropriated a mark for use in relation to goods or services for the purpose stated, and so used it. (I use the verb appropriate in its meaning of ‘to take for one’s own’. It is a compendious expression which comprehends the words favoured by Mr Trollip in the Moorgate judgment, namely originate, acquire and adopt.) Section 20(1) applies not only to a person claiming to be the proprietor of a trade mark used by him, but also to a person claiming to be the proprietor of a trade mark proposed to be used by him.”

From the above quoted passage, Counsel for the Applicant contended that there were two categories of persons who may apply for trade marks, namely, those who are actual

users of the trade mark and those who proposes to use it. In regard to the actual users category, the requirement for the acquisition of common law proprietorship of a trade mark applied. In **Moorgate Tobacco Co Ltd v Phillip Morris Incorporated** (Unreported decision 21 May 1986 58, W G Trollip said the following:

"The effect of the relevant dicta in those decisions can be summarized thus. An applicant can rightly claim to be the common-law proprietor of the trade mark if he has originated, acquired or adopted it and has used it to the extent that it has gained reputation as indicating that the goods in relation to which it is used are his. He can then claim to be the registered as the statutory proprietor of the trade mark with all the benefits and rights conferred by our Act."

With reference to the Section 10(7) ground of opposition, the Applicant's Counsel submitted that an action such as the registration of a trade mark was *mala fide* if it would be regarded as *contra bonos mores* in a particular trade or industry concerned. In the **Moorgate** judgment (*supra*) Mr Trollip pointed out that factors relevant in the determination of an applicant's claim to proprietorship of a trade mark were any factors that may have vitiated or tainted his right or title to the proprietorship thereof. Those factors would be comprehended dishonestly, breach of confidence, sharp practice, or the like (**Victoria Secrets** at 747 H-I (*supra*)).

Applicant's Counsel further submitted in her heads of argument on page 14 (paragraph 36) that in amplification of the above quote the Court in **Victoria's Secret** (*supra*) stated that in the **Moorgate** judgment Mr Trollip stated that:

“A trade mark is purely a territorial concept, it is legally operative or effective only within the territory in which it is used and for which it is to be registered. Hence, the proprietorship, actual use, or proposed use of a trade mark mentioned in Section 20(1) are all premised by the subsection to be within R.S.A. It follows that the fact that a trade mark is registered and has been used, even extensively used, by one person in a foreign country, does not in itself constitute a bar to its adoption and registration by some other person in South Africa.”

Counsel for the Applicant contended that in the case of a foreign trade mark, there was no legal bar to its adoption in South Africa unless it was attended by something more. She in this regard cited **P Lorillard and Co 1967 (4) SA at 356 G-H** where Boshoff J said:

“The basis of the challenge on this ground is that the objector was to the knowledge of the applicant the proprietor of such a trade mark in the United States of America and that the applicant improperly appropriated the mark.

In the present state of the law a trade mark is a purely territorial concept and there is, generally speaking, nothing to prevent a person from asserting a proprietary right in a trade mark in to which no else has in the same territory asserted a similar right.”

Even the Australian jurisdiction recognized the principle as was illustrated in **The Seven Up Company v OT Ltd (1947) HCA 59, 91947) 75 CLR 203**, where Williams J said the following:

"In my opinion the effect of these cases is that in the absence of fraud it is not unlawful for a trader to become the registered proprietor under the Trade Marks Act of a mark which has been used, however extensively, by another trader as a mark for similar goods in a foreign country, provided the foreign mark has not been used in Australia at the date of the application for registration. But the position is different if at that date the mark has become identified with the goods of the foreign trader in Australia because those goods have been brought into Australia by the foreign trader himself or by some importer or in some other manner. The court frowns upon any attempt by one trader to appropriate the mark of another trader although that trader is a foreign trader and the mark has only been used by him in a foreign country. It therefore seizes upon a very small amount of the use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia. It is not then a mark which another trader is entitled to apply to register under the Trade Marks Act because it is not his property but the property of the foreign trader. The registrar is entitled to refuse to register the mark for such goods. If it has been registered the court may rectify the register on the ground that the mark is wrongly entered on the register.

Counsel for the Applicant further submitted in the appeal in **The Seven Up** case (*supra*) Latham CJ at 215-6 said the following:

"The use of trade mark elsewhere than in Australia is not in itself a relevant matter, nor is registration of the trade mark abroad in itself a relevant matter. In my opinion the knowledge that a trade mark is registered in another country or used in another

country is irrelevant in considering whether or not the registration of a mark would be likely to cause deception in Australia or in considering whether the mark is otherwise disentitled to protection in a court of justice. User in Australia would be relevant. So also would facts establishing a breach of confidential relations or any fraud. The desire to use in Australia a successful trade mark in competition in trade with a person who may come here and who uses that trade mark in another country cannot be described as fraud or as involving any breach of the law."

In conclusion on this ground of opposition, Counsel for the Applicant submitted that *in casu* the Applicant applied for the ALBAIK & DEVICE mark in 2006. There was no evidence to support the allegation at the time the application was made that the Applicant was *mala fide*. The Opponent's case rested on unsupported and unfounded allegations that the chairman of the Applicant worked at the bank were the Opponent banked. There was even no suggestion that the chairman at any point had contact with Opponent.

It was in view of the above that Counsel for the Applicant submitted that the Opponent had no case for the relief sought in terms of Sections 10(3) and 10(7) of the Act.

In response to the Section 10(6) ground of opposition, Counsel for the Applicant contended that the Applicant applied to register the trade mark ALBAIK & DEVICE on 7 August 2006. It was therefore incumbent on the Opponent to prove that, as at that date its trade mark was well-known as provided for under Section 35 of the Act.

In dealing with the provision of Section 35 of the Act, the Court in **McDonald' Corp v Joburgers Drive-Inn Restaurant & Dax Prop CC 1997 (1) SA (A) at 21 C-D** held that:

"To enjoy the benefit of section 35, the foreign trade mark proprietor must show that a substantial number of the class of persons who would have an interest in the goods or services of the foreign trade mark proprietor, would know the foreign trade mark and would be confused by its use by someone else in relation to the relevant goods or services."

The Appellant in the above case relied on market survey evidence and such market survey evidence was held to be admissible and of probative value. Counsel for the Applicant contended that the acceptance of such evidence was of importance as that was the first occasion in South Africa on which such evidence had been found to be admissible and of probative value. In this regard she submitted that in this case the Opponent had not furnished any market survey evidence in support of its assertion that its use of the ALBAIK trade mark was well-known.

It seemed logical to accept that the degree of knowledge of the marks that was required would be similar to that protected in the existing law of passing off. The concept of a substantial number of persons was well established. It provided a practical and flexible criterion which was consistent with the terms of the statute. No feasible alternative had been suggested (**McDonald's Corp**) (*supra*).

In AM Moola Group Ltd And Others v Gap Inc And Others 2005 (6) SA 568 (SCA)

Harms JA held at page 578, par (16) that:

“A claimant has to be the proprietor of the relevant well-known trade mark in its home territory” and held further at 579-582 that:

“The question then is whether the respondent’s GAP marks are (or were) well-known in South Africa and, if so, since when. This raises a number of interrelated questions which were identified during the course of E M Grosskopf JA judgment in McDonald’s.

- (a) The first is the identification of the sector of the population interested in the goods or services to which the mark relates. The respondent’s case was that this universe consists of individuals aged between 16 and 50 and living in an A+ income suburb, the reasoning being that such persons were likely to have travelled overseas and would have encountered the GAP marks abroad.*
- (b) Next is whether the mark is well-known within the local jurisdiction as a trade mark belonging to an enterprise with a base in another country (although the knowledge does not have to include the fact that the country is a convention country).*
- (c) The last issue is the determination of whether those who have the requisite knowledge represent a substantial of the chosen universe.*

In paragraph 25 of the judgment the following was said:

“To conclude: A local mark, validly appropriated, cannot lose its value or protection simply because someone else’s reputation overtakes its business. Although the marks in contention may at first blush appear to be imitations or reproductions of the

respondents' marks, the crucial point is that when any reproduction or imitation took place, it was not of a well-known mark but of a mark not well-known in this country. As we have seen, there is and never has been anything wrong with the reproduction or imitation of a mark that is not well-known. Salt of the earth was the first proprietor of these marks in South Africa and became the proprietor at a stage when the respondents' marks were not yet well-known.

Counsel for the Applicant submitted that in this matter the Opponent had put forward no evidence in support of its case based on Section 35 of the Act. It was incumbent on the Opponent to have demonstrated that its ALBAIK trade mark was well known to a certain class of people in South Africa.

In considering the purported evidence in support of the Opponent's reputation, Counsel for the Applicant contended that it was important to take into account that it was impossible to verify that the Opponent was the proprietor of the international trade mark registrations. Most of the certificates of registration attached were in Arabic and without the English translation. The fact that it had restaurants in Saudi Arabia, Egypt and Jordan was of no consequence. It was also common cause that the Opponent had not used its trade mark in South Africa.

The assertion that the Opponent served South African pilgrims in Mecca was disputed by Counsel for the Applicant as being unfounded and bald. She intimated that the Tribunal was left guessing as to when and how South African pilgrims were served.

That was despite the fact that the Opponent had failed to identify how it had acquired knowledge of the fact that the people it had sold to were in fact South Africans.

Also questioned or disputed were the advertising costs put forward by the Opponent. It was impossible to discern what trade mark was promoted and what portion of the costs were paid by the Opponent, taking into account that the Coca Cola company also contributed to the costs. Even the press clippings annexed as annexures RSAG7 to the founding affidavit did not help the Opponent's case, in that many of them were in Arabic. None of these clippings showed the use of the ALBAIK trade mark by the Opponent except reports on social events and youth programs.

Counsel for the Applicant submitted in her heads of argument that requests from South Africans interested in franchising, were hearsay and as such inadmissible. It was under these circumstances that Counsel for the Applicant submitted that the Opponent had failed to show it had a reputation in terms of Section 35 of the Act. Failure in that respect, it was submitted, had also caused the Opponent to fail in satisfying the requirements of proving a case under Section 10(12) of the Trade Marks Act.

The onus to prove use and reputation, when relying on Section 10(12), lied with the Opponent. Thus, it was incumbent on the Opponent to adduce evidence to show that the mark which was relied on had acquired a reputation. Only if such evidence was adduced did it become necessary for the Applicant to negate the reasonable probability

of deception or confusion in relation to that mark *(Oils International (Pty) Ltd v Wim Penn Oils Ltd 1965 (30 SA 64 (A) at 67-70).*

It was submitted that the onus which was on the Opponent in relation to its reputation in this matter, was the same onus that it would have had under a passing off claim. In this regard Counsel for the Applicant cited *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd 1998 (3) SA 938 (SCA) at 21*, where the Court explained the nature of reputation as follows:

"The nature of the reputation that a plaintiff has to establish was well stated by Lord Olivier in a judgment referred to at the outset of this judgment, namely Reckitt & Colman Products Ltd v Borden Inc and Others (1990) RPC341 (HL) (1990) 1 ALL ER 873) at 406 (RPC) and 880g-h (ALL ER):

"First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labeling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognized by the public as distinctive specifically for the plaintiff's goods or services."

See also Lord Jauncey at 417 (RPC). The word emphasized are pertinent and echo those of Nicholas J that:

“the plaintiff must prove that the feature of his product on which he relies has acquired a meaning of significance, so that it indicates a single source for goods on which that feature is used.”

Counsel for the Applicant submitted that the proof of reputation in accordance with the requirements listed above was essential in order for the Opponent to succeed with a case based on Section 10(12), and that the Opponent had failed to do.

The Opponent's reliance on Section 10(16) could also not escape the challenge from the Applicant. Counsel for the Applicant submitted that the Opponent had failed to show that it was the proprietor of existing rights in South Africa or any other country for that matter. There was no legally justifiable ground upon which the Opponent would be entitled to relief under the section.

In conclusion, Counsel for the Applicant submitted in her heads of argument that the Opponent had not, even on its own version, made out a cause of action for the relief sought. The application had to be decided on the strength of the Applicant's case. The reason for this she said was the rule in the **Plascon –Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd** case, restated by the Supreme Court of Appeal in **NDPP v Zuma 2009 (2) SA 277 (SCA) para 26** as follows:


“Motion proceedings, unless concerned with interim relief, are all about the resolution of legal issues based on common cause facts. Unless the circumstances are special,

they cannot be used to resolve factual issues because they are designed to determine probabilities. It is well established under the Plascon-Evans rule that where in motion proceedings disputes of fact arise on the affidavits, a final order can be granted only if the facts averred in the applicant's affidavit, which have been admitted by the respondent, together with facts alleged by the latter, justify such order.

Counsel for the Applicant submitted that in applying the test mentioned above, the opposition should be dismissed with costs.

Having read a volume of papers filed of the record, and having listened to submissions from both parties' representatives, the Tribunal could not find breach by the Applicant of any of the grounds of opposition relied on by the Opponent. In the result the following order was made:

1. The opposition was dismissed with costs,
2. Trade Mark Application no. 2006/18331 ALBAIK & DEVICE in class 43 in the name of Albaik Fast Food Distribution CO. S.A.E. is to proceed to registration.



A N TUWE (MR)

MANAGER: TRADE MARKS (LEGAL)

04.....SEPTEMBER 2013