

IN THE HIGH COURT OF SOUTH AFRICA
KWAZULU NATAL, DURBAN

REPORTABLE

CASE NO. 1109/07

In the matter between:

THE GAP, INC **FIRST PLAINTIFF**
(FIRST DEFENDANT IN RECONVENTION)

GAP (APPAREL) LLC **SECOND PLAINTIFF**
(SECOND DEFENDANT IN RECONVENTION)

GAP (ITM), INC **THIRD PLAINTIFF**
(THIRD DEFENDANT IN RECONVENTION)

STUTTAFORDS STORES (PTY) LTD
FOURTH DEFENDANT IN RECONVENTION

STUTTAFORDS INTERNATIONAL
FASHION CO (PTY) LTD **FIFTH DEFENDANT IN RECONVENTION**

and

KINGSGATE CLOTHING (PTY) LTD **FIRST DEFENDANT**
(FIRST PLAINTIFF IN RECONVENTION)

SALT OF THE EARTH CREATIONS **SECOND DEFENDANT**
(PTY) LTD **(SECOND PLAINTIFF IN RECONVENTION)**

PAUL VIVALDI FASHIONS **THIRD DEFENDANT**
(PTY) LTD **(THIRD PLAINTIFF IN RECONVENTION)**

J U D G M E N T

LEVINSOHN DJP

[1] For ease of reference I shall hereafter refer to the parties to this litigation as follows:

- The Gap, Inc – first plaintiff (“The Gap”)
- Gap (Apparel) LLC – second plaintiff (“The Gap”)
- Gap (ITM), Inc – third plaintiff (“The Gap”)
- Stuttafords Stores (Pty) Ltd – fourth plaintiff (“Stuttafords”)
- Stuttafords International Fashion Co (Pty) Ltd – fifth plaintiff (“Stuttafords”)
- Kingsgate Clothing (Pty) Ltd – first defendant (“Kingsgate”)
- Salt of the Earth Creations – second defendant (“Salt”)
- Paul Vivaldi Fashions (Pty) Ltd – third defendant (“Paul Vivaldi”).

[2] The first, second and third defendants are part of the Kingsgate group of companies and will hereinafter be referred to collectively as “Kingsgate”, unless in the context it is necessary to refer to an individual party. The disputed mark will be referred to as “GAP” throughout the judgment.

[3] This is a judgment following upon an opposed hearing which took place on 25 November 2008. Before the Court were two separate applications, firstly an application to amend the particulars of claim and secondly an application by Kingsgate to join Stuttafords as an additional defendant in reconvention.

[4] These applications are yet another chapter in an ongoing saga of complex litigation between The Gap and Kingsgate. Before getting to grips with the issues that arise herein, I should perhaps set the stage by briefly recounting some of this background history of the previous litigation.

[5] The dispute between the parties centres around the rights in and to the GAP trademark in South Africa. In the year 1999 the Gap instituted action against Kingsgate’s predecessors known as the Moola Group. The principal goal of the litigation was to expunge registered trade marks held by the second defendant herein Salt of the Earth Creations (Pty) Ltd. The judgment of the Supreme Court of Appeal *sub nom Moola Group Ltd and Others v The Gap Inc and Others* 2005 (6) 568 (SCA) finally decided the matter. The

second defendant's GAP marks were expunged because it was not able to discharge the *onus* of demonstrating relevant use under the Trade Mark Act. The Gap in turn also failed to obtain relief under section 35 of the Act. Concluding the judgment at paragraph 51, Harms JA (as he then was) observed prophetically:

“I am conscious of the fact that the result may satisfy neither party because their respective ability to prevent the other from using GAP marks in this country hangs in the air and further litigation may be on the cards.”

[6] In January 2007 Salt of the Earth Creations (Pty) Ltd asserting its common law rights in and to the GAP mark sought an undertaking from The Gap and Stuttafords that they would not trade in GAP branded merchandise in the Republic. The undertaking was to be given by 5 February 2007. It was not forthcoming and instead Gap instituted an action in this Court on 2 February 2007. In its particulars of claim Gap alleged that it conducts business in numerous countries in the world and markets its products namely branded casual apparel, accessories, shoes, hats, personal care products and leather goods for men, women, children and babies. It sells these goods under various trade marks which it calls “The GAP marks”. “UNIVERSE EARTH” was first adopted by Gap’s predecessors in title in 1969. In 1974 “The Gap Stores Inc” used the trade mark “THE GAP” in the USA as a trade mark on clothing products. In 1987 it commenced using the said trade mark internationally. It opened a number of stores throughout the world.

[7] It accordingly alleges that the GAP trade mark has acquired a global reputation. There are at present 16 011 GAP retail outlets worldwide which sell its merchandise. It avers that all common law and statutory rights which subsist in the GAP trade mark vest in the Gap. The particulars of claim go on to aver that the GAP has built up a considerable reputation in South Africa because a substantial number of persons involved in the clothing and perfume trade associate goods bearing the GAP marks as goods emanating from the Gap. It also avers that GAP marks have become well-known marks within the meaning of section 35 of the Trade Marks Act, No. 194 of 1993.

[8] Essentially the Gap alleges that Kingsgate have been using the GAP trade mark without authorisation which constitutes a misrepresentation to members of the public who will be led to believe that the merchandise marketed by Kingsgate emanates from the plaintiff. In the result the Gap avers that Kingsgate has been guilty of an unlawful passing off and it claims an interdict restraining Kingsgate from passing off its business of any of its clothing products as being that of the plaintiff's. In addition it asks for an interdict restraining the defendant from infringing any one of the Gap's well-known trade marks in terms of the provisions of section 35 of the Trade Marks Act.

[9] Salt of the Earth Creations (Pty) Ltd and Paul Vivaldi Fashions (Pty) Ltd were joined as second and third defendants respectively on 3 April 2007. On 3 May 2007 Kingsgate delivered a plea, it essentially joined issue denying in particular the Gap's allegation that the latter sells its products under the trade marks THE GAP in the Republic of South Africa or the Kingdom of Lesotho. It also denies that the Gap have any statutory or common law rights in the Republic of South Africa as is alleged. Kingsgate also join issue in regard to allegations that the Gap have marketed and promoted their products extensively in South Africa. It accordingly denies that the Gap has built up a considerable reputation in South Africa.

[10] Kingsgate goes on to aver that the Supreme Court of Appeal held that Salt of the Earth Creations (Pty) Ltd was the first proprietor of the GAP mark in South Africa. At that stage plaintiff's GAP marks were not well-known in the Republic of South Africa. The interdict which had been granted by the Court *a quo* in terms of section 35(3) of the Trade Marks Act was set aside by the Supreme Court of Appeal. Accordingly Kingsgate avers that the cause of action alleged by the Gap in regard to section 35(3) is *res judicata*.

[11] Kingsgate makes detailed allegations in its plea in regard to its use of a registered mark GAP in South Africa over a number of years. It goes on to aver that it has established its own reputation in the marks concerned and has not been guilty of any passing off.

[12] The Gap in turn in the replication join issue with the allegation in regard to *res judicata*.

[13] On 28 January 2008 Kingsgate launched an interlocutory application seeking in the first instance, leave to deliver a claim in reconvention and secondly leave to join Stuttafords Stores (Pty) Ltd and Stuttafords International Fashion Co (Pty) Ltd as the fourth and fifth defendants in reconvention respectively.

[14] In its founding affidavit in support of the relief claimed, Kingsgate set forth its explanation for not delivering a claim in reconvention with its plea in May 2007. Its deponent explained that at the time it was in the process of investigating whether this Court has the necessary jurisdiction in regard to any claim in reconvention. In papers which were filed in the Transvaal Provincial Division, Salt had foreshadowed bringing a counterclaim if the necessary jurisdictional requirements were present. The deponent went on to say that during the period May 2007 to the end of 2007 Kingsgate and Salt's attention was deflected away from this action because of the flurry of other proceedings which were going on at the time. It sets out the nature of those proceedings and most of these were interlocutory applications arising from the judgment of the Transvaal Provincial Division delivered on 28 May 2007.

[15] The case is made out that this Court has the necessary jurisdiction to grant declaratory relief against the Gap and Stuttafords on the basis that there is a reasonable apprehension that the latter will market Gap products within the area of jurisdiction of this Court. In the proposed counterclaim Kingsgate makes the allegation that it has built up a considerable reputation and goodwill into the GAP marks in South Africa. It avers that Stuttafords has been appointed by the Gap as a distributor of GAP branded merchandise in South Africa and it (Stuttafords) has commenced sales of GAP clothing in the Gauteng area and in the Western Cape. It is averred that neither Gap nor Stuttafords have the right to do so and their conduct constitutes misrepresentation and consequently a passing off of GAP products.

Inasmuch as both the Gap and Stuttafords dispute these contentions, Kingsgate is entitled to a declaratory order. Kingsgate has also called for an undertaking from Stuttafords that it will not market products in KwaZulu Natal, which undertaking has not been forthcoming. Consequently Kingsgate apprehends that Stuttafords will not desist from marketing, distributing or selling GAP branded merchandise in stores located in Durban unless interdicted from doing so by an order of Court.

[16] The Gap has opposed the application for joinder and has delivered answering affidavits.

[17] The Gap's answering affidavit is deposed to by one Gruber supported by a deponent on behalf of Stuttafords. At the outset the point is taken that the joinder of Stuttafords as defendants in the proposed claim in reconvention would amount to a "misjoinder" since there is currently no "*lis*" between the defendants and Stuttafords in this action. The deponent goes on to aver that in the claim in reconvention the issue is whether the defendants are guilty of a passing off *vis-à-vis* the rights of the plaintiffs. Stuttafords' conduct has no bearing on the issue. Accordingly Stuttafords has no real and substantial interest in the proceedings and for that reason alone the application ought to be dismissed. The next point taken is that the proposed joinder is fatally flawed because the Gap has available to it the defence of "*lis alibi pendens*". The pending litigation is the final determination of the proceedings in the Transvaal Provincial Division (as it was then). Allowing the joinder would result in the highly undesirable situation of perhaps two conflicting judgments being given.

[18] Kingsgate delivered a replying affidavit in which it challenged and disputed the abovementioned contentions.

[19] I turn now to the applications for amendment of particulars of claim.

[20] There are two applications to amend. On 17 September 2007 the Gap gave notice that it would seek to amend the particulars of claim as follows:

“By inserting the phrase “*Without distinguishing its business and/or products from those of the Plaintiffs*” after the word “GAP MATERNITY” in prayer 1 on pp 8 and 9 of the particulars of claim.

The second amendment was sought on 15 July 2008. Apart from introducing as defendants Salt of the Earth Creations (Pty) Ltd and Paul Vivaldi Fashions (Pty) Ltd as well as the consequential amendments that flow from this, the Gap sought to introduce a new paragraph 12A into the particulars of claim as follows:

- “12A(1) The First Plaintiff is the registered proprietor of trade mark no. 1994/10423 GAP in class 3 in respect of ‘body and bath soaps, lotions, powders and salts; perfumery and eau de toilette; essential oils; cosmetics and cosmetic treatments; hair shampoos, lotions and preparations; dentrifices’;
- 12A(2) The aforesaid trade mark registration will hereinafter be referred to as ‘the GAP class 3 registration’;
- 12A(3) The GAP class 3 registration has at all material times hereto been validly registered. A certificate in terms of the provisions of Section 50 of the Act is attached and marked ‘POC4.1’.”

The notice of amendment also incorporates a new paragraph 17A:

- “17A(1) Section 34(1)(b) of the Act prohibits ‘the unauthorised use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion.
- 17A(2) In proceedings in the Transvaal Provincial Division under case number 11670/08 in which the Defendants seek the expungement of the GAP class 3 registration, Mr Ahmed Sadek Vahed, a director of the Defendants, admitted that class 3 goods (which include cosmetics) are so similar to class 25 goods (which include clothing) that in such use there will be deception or confusion;
- 17A(3) As such, the aforesaid unauthorised use by the Defendants of the trade mark GAP in respect of clothing products constitutes an infringement of the GAP class 3 registration of the First Plaintiff in terms of the provisions of Section 34(1)(b) of the Act;”

The Gap then seeks certain consequential relief including damages, interdicts and an enquiry in regard to royalties.

[21] The applications for amendment as aforesaid are opposed by Kingsgate.

[22] Kingsgate's main objection to the first amendment is that it is not one in good faith. It is averred that the Gap have consistently maintained that the use of the GAP mark was simply incapable of being distinguished one from the other. In March 2007 the Gap for the first time contended that its use of the GAP mark was distinguishable from such use by the defendants.

[23] Kingsgate goes on to aver that when the Gap was faced with Kingsgate's urgent application based on common law passing off which was instituted on 9 February 2007 out of the Transvaal Provincial Division, the Gap who were anxious to begin trading in South Africa in GAP branded merchandise, contrived a defence that they had succeeded in distinguishing their GAP branded merchandise from that of the defendants.

[24] In a supplementary notice of objection, Kingsgate took the point that inasmuch as the Gap had originally regarded the mark as indistinguishable and had proceeded on that basis, it was bound by an unequivocal election and could not now change direction by introducing the proposed amendment.

[25] The Gap took issue with the various submissions made by Kingsgate. I do not find it necessary to summarise these in any detail.

[26] Insofar as the second amendment is concerned, Kingsgate objects thereto on the basis that the Gap's reliance on an alleged admission is wholly unfounded and is in bad faith. Furthermore, even on the assumption that he had made such an admission it would have no efficacy because as a matter of objective fact class 3 goods are dissimilar to class 25 goods.

[27] These contentions are hotly disputed in the Gap's replying affidavit. Once again I find it unnecessary to summarise the contents of that affidavit.

[28] I now turn to consider the respective applications.

[29] **The Joinder Application**

As indicated above, Kingsgate wishes to claim in reconvention against both the Gap and Stuttafords. It did not do so when the plea was delivered. Accordingly it is now incumbent on Kingsgate to satisfy the Court that it can be delivered "at a later stage".

[30] It seems to me that this Court has a discretion and would exercise that discretion based on the ordinary principles applicable to condonation applications such as provided for in Rule 27. Kingsgate has given an explanation which to my mind is a satisfactory one and having regard to all the factors I am disposed to permit it to be delivered at this stage.

[31] The next question that arises following upon this, is the proposed joinder of Stuttafords. Here Rule 24(2) is applicable:

"If the defendant is entitled to take action against any person and the plaintiff, whether jointly, jointly and severally, separately or in the alternative, he may with the leave of the Court proceed in such action by way of a claim in reconvention against the plaintiff and such other persons in such manner and on such terms as the Court may direct."

Now the issue before me is whether the defendant has shown such entitlement as envisaged by the Rule. Counsel for the Gap has argued that it has not done so. In support of this they have made a number of submissions. Firstly, that Kingsgate should be eligible in law to institute an action against Stuttafords. Secondly, that a claim in reconvention cannot be instituted against a party who is not a part of the original proceedings if no counterclaim lies against the plaintiff. In support of this submission, counsel relied on the case of *Soundprops 1160 CC and Another v Karlshavn & Farm Partnership and Others* 1996 (3) SA 1026 (N).

[32] Thirdly, counsel submitted that Kingsgate is barred from instituting the present claim in reconvention inasmuch as there is a pending proceeding in the Transvaal Provincial Division (as it was then) relating to the same subject matter and the same parties. The plea in abatement of *lis alibi pendens* applies. The previous proceedings relate to those referred to above namely the urgent application based on a passing off cause of action against Stuttafords where the Gap intervened. Counsel submits that it is common cause that that application is pending in the other Court.

[33] Fourthly, it is said that no counterclaim in fact lies against the Gap. The latter is not marketing or selling its branded merchandise of South Africa. It cannot be said to be guilty of a passing off. The declaratory order sought is therefore of purely academic interest.

[34] It is true to say that if Kingsgate does not have a claim against the Gap it cannot bring itself in the purview of Rule 24(3). The Rule clearly states:

“If the defendant is entitled to take action against any other person **and the plaintiff...**”

[35] The draft claim in reconvention put up by Kingsgate in its application for joinder alleges explicitly that neither the Gap nor Stuttafords have the right to market, distribute or sell merchandise under the GAP trademarks in South Africa. The Gap disputes these contentions. Consequently Kingsgate avers that it is entitled to a declaratory order against both the Gap and Stuttafords. Section 19(1)(a)(iii) of the Supreme Court Act of 1959 gives a provincial local division of the High Court the power in its discretion and at the instance of any interested person, to enquire into and determine any existing future or contingent rights or obligations, notwithstanding that this person cannot claim any relief consequential upon the determination. In my view the proposed claim in reconvention discloses a cause of action for a declaratory order. Plainly both the Gap and Stuttafords are interested parties. Consequently Kingsgate has established that it has a claim against the Gap. It also follows from the allegations made in the claim in reconvention that Stuttafords has a

direct and substantial interest in the proposed declaratory relief apart from the pleaded cause of action in regard to interdictory relief.

[36] The next question then is, has Kingsgate brought itself within the purview of Rule 24(2)? In my view it has clearly done so. A similar issue to that which arises *in casu* was decided by Schabert J in *Hosch-Fömrdertechnik SA (Pty) Ltd v Brelko CC and Others* 1990 (1) SA 393. At page 394 the learned Judge crisply summarises the facts in that case as follows:

“The first respondent instituted action against the applicant for the purchase price of goods allegedly sold and delivered to the applicant and for a statement and debatement of account with ancillary relief, alternatively for damages, in respect of the applicant’s alleged breaching of a contract in terms of which the first respondent had allegedly been appointed as the applicant’s sole distributor of a certain product.

The applicant defended the action and delivered a plea in which the applicant denied liability and prayed for the dismissal of the action and, in the alternative, for a stay of judgment pending adjudication of a claim in reconvention which the applicant delivered together with the plea.

The reason for this application is the fact that the applicant cited the second, third and fourth respondents together with the plaintiff as first respondent, as defendants in the claim in reconvention. The claim in reconvention is for the payment of damages arising from various causes of action and has been brought against the respondents on the basis of the joint and several liability of all the respondents; liability of the first respondent alone; joint and several liability of the second and fourth respondents and liability of the fourth respondent alone.”

The learned Judge was also faced with an application under Rule 24(2). At page 395 the learned Judge observed as follows:

“The invocation of Rule 24(2) is conditional upon the applicant’s ‘(entitlement) to take action against’ (‘geregtig is om aksie in te stel teen’) those mentioned in the Rule and it is necessary in my view for an applicant to establish such entitlement in its application. The entitlement would exist as of right if the applicant is eligible in law to institute action against the persons contemplated in the Rule and they are eligible in law to be sued and if the action fits into the mould of Rule 10(3).” This Rule provides as follows:

‘(3) Several defendants may be sued in one action either jointly, jointly and severally, separately or in the alternative, whenever the question arising between them or any of them and the plaintiff or any of the plaintiffs depends upon the determination of substantially the same

question of law or fact which, if such defendants were sued separately, would arise in each separate action.'

It would be necessary for the purposes of Rule 24(2), therefore, that the applicant should disclose its *locus standi* and that of the said persons and that it should in accordance with Rule 10(3) disclose the cause or causes of action upon which an action against them would be based. These facts together with such further facts as may possibly be material in a particular application in terms of Rule 24(2) (eg overriding considerations of justice, equity or convenience) would form the subject matter for the exercising of the Court's discretion.

[37] Importantly, the learned Judge went on to say:

"The need to establish a *prima facie* case of potential success in an action against the said persons does not enter the picture. A condition rendering entitlement to take action subject to success in the action seems absurd and would be misplaced in the context of Rule 24(2). Cf *Shield Insurance Co Ltd v Zervoudakis* 1967 (4) SA 735 (E) at 737G-738A. I do not think that the condition in Rule 24(2) must be construed in this way."

[38] In my opinion the learned Judge has correctly stated the principles applicable in an application under Rule 24(2). Applying these it is clear that the Court is not called upon to decide whether the claim in reconvention has prospects of success. By the same token I do not have to determine whether a plea in abatement of *lis alibi pendens* has merit or not. In my opinion Kingsgate has brought itself within the purview of the rule. It has demonstrated that it has a cause of action against the plaintiffs (now defendants in reconvention) as well as the party sought to be joined. The latter is a party such as is referred to in Rule 10(3).

[39] In the result Kingsgate's application for joinder falls to be granted and an appropriate order will be issued presently.

[40] **The amendments**

I now turn to consider the respective applications for amendment. In my opinion the leading case on the approach of a Court in such applications is *Trans-Drakensberg Bank Limited (under judicial management) v Combined Engineering (Pty) Limited and Another* 1967(3) SA 632 (D). It is a judgment

of Caney J in this Division and it is clearly binding on me. The headnote in my view succinctly sets forth the principles laid down in that case.

“ The aim in allowing amendments to pleadings should be to do justice between the parties by deciding the real issues between them. The mistake or neglect of one of them in the process of placing the issues on record is not to stand in the way of this his punishment is in his being mulcted in the wasted costs. The amendment will be refused only if to allow it would cause prejudice to the other party not remediable by an order for costs and, where appropriate, a postponement. It is only in this relation that the application for an amendment is required to show it is *bona fide* and to explain any delay there may have been in making the application, for he must show that his opponent will not suffer any prejudice.

If a litigant has delayed in bringing forward his amendment, this in itself, there being no prejudice to his opponent not remediable in the manner indicated above, is no ground for refusing the amendment.”

[41] I turn now to consider the first amendment.

[42] The first observation that I wish to make is that the Gap seeks to introduce the particular words in the prayer to the particulars of claim, that is to say, self-evidently the relief which it will in due course ask the Court to grant. This relief is fundamentally interdictory relief. It is trite that the grant of an interdict and indeed the form which the interdict will take is in the discretion of the Court. The Gap has considered that the amended form of interdict is appropriate given that its cause of action is based on common law passing off. Mr Puckrin SC drew attention to the fundamental difference between causes of action based on statutory infringement of trademarks and those based on the common law. In the case of *Williams Trading as Jennifer Williams and Associates and others v Lifeline (Southern Transvaal)* 1996(3) SA 408 (AD) at 418 Corbett C.J. said the following :

“I shall deal first with cause of action based on passing off. As my recital of the facts will have shown, this is an unusual claim of passing off. Passing off is a species of wrongful competition in trade or business. In its classic form it usually consists in A representing, either expressly or impliedly (but almost invariably by the latter means), that the goods or services marketed by him emanate in the course of business from B or that there is an association between such goods or

services and the business conducted by B. Such conduct is treated by the law as being wrongful because it results, or is calculate to result, in the improper filching of another's trade and/or in an improper infringements of his goodwill and/or in causing injury to another's reputation. "

Counsel for the Gap has gone on to argue that the proposed amendment to the relief claimed is in line with Appellate Division (as it then was) authority and more particularly the case of *Brian Boswell's Circus (Pty) Limited and another v Boswell/Wilkie Circus (Pty) Limited* 1985(4) SA 466 (A) and *Weber/Stephen Products Company v Alrite Engineering (Pty) Limited and others* 1990(2) SA 498 (A).

In the *Brian Boswell Circus* case (*supra*) at 484 Corbett J.A. said the following

"Translated to the facts of this case this means that appellants cannot use the name Boswell in connection with the circus business unless they make it perfectly clear to the circus-going public that their circus is not that of the respondent and is not connected with the respondent's circus. In my opinion, any disclaimer or other steps taken to thus enlighten the public must be sufficient to eliminate the likelihood of deception or confusion. In England the approach is I believe the same. The usual formula used in qualified injunctions is that the defendant is forbidden from using the disputed name or mark 'without clearly distinguishing' his merchandise or business from that of the plaintiff."

Now Mr Puckrin SC submits that the reason why this form of order found its way into English law was because the leading cases in England drew an important distinction between common law passing off and infringement of statutory trademarks. This is illustrated by the case of *H P Bulmer Limited and Showerings Limited v J Bollinger SA & Champagne Lanson Pere et fils* [1978] RPC 79 (Court of Appeal). At 93 Buckley L.J. said the following :

"To succeed on this part of the appeal the respondents must establish that the appellants have committed the tort of passing off, a form of civil actionable which does not depend upon any legislation but is recognised as an actionable wrong by the general law of the land.

A man who engages in commercial activity may acquire a valuable reputation in respect of the goods in which he deals, or of the services which he performs, or of his business as an entity. The law regards such a reputation as an incorporeal piece of property, the integrity of

which the owner is entitled to protect. This does not of course mean that he is entitled to protection against legitimate competition in the market. If A's goods have acquired a reputation on the market connected with a particular name, mark or get up, A cannot complain that the value of that reputation is depreciated by B coming onto the market with similar goods which acquire a reputation which owes nothing to the name, mark or get up associated with A's goods. A can however complain that B in the course of his operations uses in connection with his goods the name, mark or get up associated with A's goods or one so closely resembling it that it would be likely to lead to confusion on the market between the goods of A and those of B. By doing so B wrongfully appropriates to himself part of the reputation belonging to A and so infringes the integrity of A's property in that reputation.

This proprietary right recognised by the law is not a right in name, mark or get up itself : it is a right in the reputation or goodwill on which the name, mark or get up is a badge or vehicle.” (emphasis added).

These *dicta* support counsel's submissions. In the common law cause of action based on passing off the Gap does not have a monopoly in the name the GAP. What is relevant and important is the infringement of its goodwill and established reputation in the GAP name. If the GAP ultimately succeeds in its action any interdict granted cannot be absolute but must be conditional. In other words, if an interdict is granted against the various defendants they would be enjoined to take steps to adequately distinguish their use of the name on their products from that of the plaintiff's. Whether they would be able to do so or not is a question of fact and indeed is a matter which will be canvassed at the trial.

[43] Kingsgate's opposition to the application is based on the fundamental contention that it is not brought *bona fide*. This in turns stems from various statements to the effect that the use of the name is incapable of being distinguished. It is said that having adopted this stance the Gap has made its bed and it is compelled to lie on it.

[44] I am not at all persuaded that the proposed amendment can be branded as *mala fide*. A full explanation has been given. Legal submissions have been made as outlined above. These seem to me to carry much weight.

Whether the trial Court will ultimately agree that the relief foreshadowed is appropriate or not is a matter which is not relevant at this stage. I see no reason at all why the amendment cannot be introduced at this stage and I reject Kingsgate's submissions to the contrary. An appropriate order will be made hereunder.

[45] The second amendment

In substance the Gap seeks to introduce a cause of action in terms of section 34(1)(b) of the Trademarks Act in which an infringement of its GAP mark registered in Class 3 is said to have occurred. Class 3 relates to cosmetics. It is of course common cause that Kingsgate/Salt uses the GAP mark in respect of its manufactured clothing. Section 34(1)(b) provides as follows :

“The rights acquired by registration of trademark shall be infringed by the unauthorised use of a mark which is identical or similar to the trademark registered in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trademark is registered that in such case there exists a likelihood of deception or confusion.”

The proposed amendment foreshadows that the use by Kingsgate of the GAP mark on its goods being so similar to the registered Class 3 trademark gives rise to the likelihood of deception or confusion and consequently, an infringement of such registered mark.

[46] As indicated in the summary above the Gap relies on an admission made by Kingsgate's deponent in proceedings brought by it to expunge the Gap's aforesaid Class3 registration. Kingsgate vehemently asserts that no cause of action can be founded upon the alleged admission. The Gap on the other hand in its affidavit in support of the second amendment explains the context in which the alleged admission was made. In order to expunge the Gap's Class 3 mark Kingsgate/Salt had to show that they were interested persons within the meaning of section 27(1) of the Trademarks Act. In order to achieve that Salt relied upon its application for registration in Class 25 namely articles of clothing, footwear and headgear. Thus in order to expunge

the Class 3 trademark Salt would have to show that goods in the GAP Class 3 registration are so similar to “clothing” that there would be a likelihood of deception or confusion if the mark was used by different parties in respect of these respective products.

[47] The Gap deponent relies on the following statement made by Mr Vahed on behalf of Kingsgate/Salt in the said expungement proceedings :-

“10.1.2 I note that the first respondent accepts that Class 3 and Class 25 goods may be regarded as similar goods and in particular, I point out in this regard that the goods are in many instances displayed in chain stores where customers will find on sale not only items of apparel but also Class 3 and Class 30 goods. Clearly if goods of the classes 25, 3 and 30 are found in the same chain store and all bear the GAP label, that would obviously indicate to the customer that they come from the same source, which gives rise immediately to deception and confusion in my submission.”

Kingsgate in reply admits the allegations aforesaid.

[48] The Gap asserts that the issue of alleged similarity is common cause. On the other hand its opponents dispute this. It seems to me that the Gap has pleaded sufficiently to make out a cause of action based on trademark infringement. Obviously the material acts upon which it relies namely a common cause state of affairs arising from an alleged admission will be heavily contested at the trial stage. Once again this is a matter on which I am not called to pronounce upon at this stage. It seems to me that there exists a triable issue in trademark law. I am not at all persuaded that the Gap has shown any *mala fides* in introducing the issue by way of an amendment nor indeed has any prejudice to Kingsgate been demonstrated. I am therefore persuaded that Kingsgate’s opposition to the amendment is ill-founded.

[49] **Costs**

This having been a consolidated hearing it is incumbent upon me to make an appropriate costs order. This judgment has revealed that Kingsgate was successful in its application for joinder while on the other hand the Gap was successful in its applications for amendments. It seems to me that in making an appropriate order as to costs I must recognise the success achieved by the

respective parties. Insofar as the joinder is concerned Kingsgate sought an indulgence. It ought to pay the Gap's costs on an unopposed basis up to the date of the delivery of the replying affidavit in the application for joinder. Thereafter the Gap ought to pay Kingsgate's costs occasioned by its opposition to this application (including the opposed hearing) which costs are to include the costs consequent upon the employment of two Counsel.

[50] Insofar as the costs of the amendment is concerned here again the Gap sought an indulgence and it ought to pay the costs of both applications on an unopposed basis up to and including the delivery of the respective replying affidavits. Thereafter Kingsgate ought to pay the costs occasioned by its unsuccessful opposition to the amendments which costs are to include the cost occasioned by the employment of two Counsel. In the result the following order is issued.

APPLICATION FOR JOINDER AND CLAIM IN RECONVENTION

- (a) An order is granted in terms of paragraphs 1, 2, 3, 4 and 5 of the notice of motion dated 28th January 2008.
- (b)
 - (i) The first, second and third defendants are directed to pay the first, second and third plaintiffs' costs of the application on an unopposed basis up to and including the date of the delivery of the replying affidavit.
 - (ii) The first, second and third plaintiffs jointly and severally are directed to pay the first, second and third defendants' costs occasioned by its opposition to this application (including the opposed hearing) such costs to include the costs consequent upon the employment of two Counsel.

THE APPLICATION FOR THE AMENDMENT DATED THE 17TH SEPTEMBER 2007

- (i) The amendment foreshadowed in the notice dated the 17th September 2007 in paragraph 1 is hereby granted.

(ii) The first, second and third plaintiffs are directed to pay the first, second and third defendants' costs of the application on an unopposed basis up to and including the delivery of the replying affidavit.

(iii) The first, second and third defendants are directed to pay the first, second and third plaintiffs' costs occasioned by its opposition to this application (including the opposed hearing) such costs to include the costs consequent upon the employment of two Counsel.

THE SECOND APPLICATION TO AMEND

(i) The amendment foreshadowed in the notice dated July 2008 is granted.

(ii) The first, second and third plaintiffs are directed to pay the first, second and third defendants' costs on an unopposed basis up to and including the date of delivery of the replying affidavit.

(iii) The first, second and third defendants are directed to pay the first, second and third plaintiffs' costs occasioned by its opposition to this application (including the opposed hearing) such costs to include the costs consequent upon the employment of two Counsel.

Date of hearing : 27 November 2008

Date of judgment : 14 April 2009

Counsel for the Plaintiff : C Puckrin SC with R Michau and I Joubert
(instructed by D M Kisch)

Counsel for the defendant : P A Findlay SC with P Ginsberg SC, O Moosa Sc
and H S Gani (instructed by Macrobert Inc)