

CASE NO 48/91

IN THE SUPREME COURT OF SOUTH AFRICA  
(APPELLATE DIVISION)

In the matter between:

BEECHAM GROUP PLC

Appellant

and

SOUTHERN TRANSVAAL PHARMACEUTICAL PRICING  
BUREAU (PROPRIETARY) LIMITED

First Respondent

and

SUPER SCRIPTS (PROPRIETARY) LIMITED

Second Respondent

CORAM: Corbett CJ, E M Grosskopf, Goldstone, JJA,  
Nicholas et Kriegler AJJA.

DATE OF HEARING: 6 November 1992.

DATE OF JUDGMENT: 25 November 1992.

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J U D G M E N T

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/CORBETT CJ:.....

CORBETT CJ:

The appellant, Beecham Group PLC, is a company incorporated in the United Kingdom and having its registered office there. It carries on business as a large research-based pharmaceutical company and it produces and markets, inter alia, medicines for the treatment of a wide variety of human ailments. It trades in South Africa through the medium of a wholly-owned subsidiary, Beecham Pharmaceuticals (Proprietary) Ltd.

The appellant is the proprietor of seven trade marks, each of which is registered under the Trade Marks Act 62 of 1963 ("the Act") in part A of the register in respect of goods falling under class 5 (schedule A). The mark in each case consists of a name and is registered either in respect of all the goods listed in class 5 or some of them. Class 5 comprises:

"Pharmaceutical, veterinary and sanitary substances; infants' and invalids' foods;

plasters, material for bandaging; material for stopping teeth, dental wax; disinfectants; preparations for killing weeds and destroying vermin."

The trade marks in question are the following: Amoxil, Ampiclox, Aserbine, Floxapen, Maxolon, Orbenin and Penbritin. They are all used by the appellant in the marketing of medicines which it produces.

The first and second respondents are companies incorporated according to the laws of South Africa and each has its principal place of business at the same address in Braamfontein, Johannesburg. Second respondent is a wholly-owned subsidiary of the first respondent. Since 1 March 1987 second respondent alone has carried on the business, aspects of which are said to give rise to the cause of action in this case. In this judgment, unless the context otherwise requires, I shall accordingly refer merely to the second respondent and I

shall call it "the respondent". The respondent produces and markets what is termed "a computerized retail pharmacy system" under the name "Super Scripts II". (I shall refer to this as the "Super Scripts system".)

In November 1989 appellant, alleging that respondent's Super Scripts system infringed its rights derived from the aforementioned registered trade marks, instituted motion proceedings in the Witwatersrand Local Division claiming an interdict, certain ancillary relief and costs. The application was opposed by the respondents. In its founding affidavit the appellant alleged that respondent's conduct amounted to the infringement of its trade mark rights under sec 44(1)(a) or, alternatively, under sec 44(1)(b) of the Trade Marks Act 62 of 1963, as amended.

When the matter came before Streicher J appellant's counsel indicated that the order sought (which was a final order) was based on sec 44(1)(b) only.

The learned Judge, having heard argument (appellant did not ask for the matter to be referred to evidence), dismissed the application with costs. He subsequently granted leave to appeal to this Court. The judgment of Streicher J has been reported, see 1992 (2) SA 213 (W), and it fully sets out the facts. I shall consequently give a relatively abbreviated account of the circumstances which gave rise to this litigation.

The principal purpose of the Super Scripts system is to assist the retail pharmacist in the dispensing of doctors' prescriptions for medicine. In order to understand how it does this it is necessary to know something about modern medicines and how they are prescribed by doctors.

Such medicines contain one or more pharmacologically active ingredients and sometimes, in addition, other pharmacologically inactive ingredients, which serve purposes such as sweetening, flavouring or colouring the

product. The active ingredient, which is the essence of the medicine, has what is termed an "approved", or "generic", name. This is usually an abbreviated form of the full chemical name of the substance in question and this approved name is the name under which it appears in textbooks, works of reference and scientific publications. In addition, there are brand names. Where a particular medicine is initially marketed during the currency of a patent and the use of the active ingredient in it is protected by the patent, then for the duration of the patent there will normally be only one medicine on the market containing this ingredient. Nevertheless, in order to preserve his commercial advantage after the patent has lapsed the manufacturer usually gives his product a brand name different from the approved name. There will thus be side-by-side for the same medicine an approved name and a brand name.

After the expiry of the patent, however, the active ingredient becomes part of the public domain and it is common practice for other manufacturers to produce and market medicines containing the same active ingredient under different brand names, often registered as trade marks. These are commonly referred to as "generic alternatives". What is essentially the same medicine may consequently be marketed by various competitors, including the original patentee, under these various brand names. It is also not uncommon for the original patentee, while continuing to market the previously patented medicine under its well-known trade mark name, also to manufacture and market another medicine containing the same active ingredient but under a different trade name.

Even after the expiry of the patent the original product continues to enjoy a considerable commercial advantage because of the years of unopposed

promotion of its brand name. In order to compete the manufacturers of generic alternatives generally market their products at lower prices.

When a doctor prescribes a medicine for a patient he can either prescribe a particular brand name or he can simply specify the approved name. While the active ingredient is still under patent it would make no difference whether the brand name or the approved name were prescribed because there would normally be only one medicine containing that particular ingredient on the market. After the expiry of the patent, however, and with the advent of generic alternatives a different situation presents itself. If the doctor has prescribed a brand name, then, although there may be generic alternatives, the pharmacist may not, without the doctor's consent, supply the patient with anything other than the brand-name medicine prescribed; but with the consent of the doctor the pharmacist may offer and supply



to the patient a generic alternative. Where, however, the doctor has prescribed the medicine under its approved name or, as may happen after the expiry of the patent, has prescribed a brand name "or generic equivalent" (known as "generic prescribing"), the pharmacist can give the patient the option of choosing any one of the available brands of medicine containing the active ingredient denoted by the approved name. In exercising this choice the patient may be influenced by the individual prices of the original medicine and its generic equivalents.

Most practising pharmacists in South Africa belong to the Pharmaceutical Society of South Africa ("the Society"), the aim of which is to represent the interests of pharmacists and the pharmaceutical profession. The Society operates what is called a "Contractual Dispensing Services System for Medical Schemes", which provides benefits to pharmacists, medical

aid schemes and the consumer. An optional feature of the system is the "Maximum Medical Aid Price" ("MMAP") scheme.

When a particular medical aid scheme adopts the MMAP scheme retail pharmacists are informed of this by the Society and the pharmacists are requested to implement the MMAP scheme in respect of those prescriptions which they dispense to customers who are members of that medical aid scheme. Under the provisions of the MMAP scheme the medical aid scheme undertakes to pay (to the pharmacist) a particular maximum price in respect of a particular generic medicine supplied to a member, such price being usually related to the lowest priced preparation of that specific generic medicine (though other factors, such as country-wide availability, may also be taken into account). This then becomes in effect the MMAP approved product. The customer may elect to have a higher-priced equivalent

(because his doctor has prescribed it or for other reasons), but in that event the customer must himself pay the pharmacist the difference in price.

Under the MMAP scheme the pharmacist dispensing a prescription to a customer who is a member of a medical aid scheme which has adopted the MMAP scheme needs to know, in addition to the MMAP maximum for a prescribed medicine, what generic alternatives there are for the prescribed medicine and also what the respective prices of such medicines are. He needs this information in order to determine what portion of the price of the prescribed medicine will be paid for by the medical aid scheme and what portion, if any, will have to be recovered from the customer direct, and to advise the customer accordingly. Also it is not uncommon for the customer, on being told that he will be required to pay portion of the price of the prescribed medicine, to enquire of the pharmacist whether there is a less

expensive equivalent which would be covered in full by his medical aid scheme.

Even where the MMAP scheme is not applicable a pharmacist may be called upon to advise a customer as to generic alternatives to the prescribed medicine and their respective prices. This will occur where the doctor has prescribed the medicine under its approved name and there are generic alternatives, or where the doctor has prescribed a brand name "or generic equivalent".

There are various standard works of reference and price lists from which the pharmacist may glean the information necessary to carry out his dispensing functions under the MMAP scheme or to advise a customer who has been given a generic prescription by his doctor. But reference to such publications (if available to the pharmacist) is time-consuming and they do not always contain up-to-date information.

Respondent's Super Scripts system was devised partly in order to supply the means whereby this information could be made available quickly and efficiently to the pharmacist. The system comprises computer programs (the spelling now adopted in computer terminology) and data files. A computer program is a series of instructions or statements, in a form acceptable to a computer, designed to cause the computer to execute a series of operations. A data file is a collection of related data records organized in a specific way and containing information. The operation of the program causes the computer to handle the stored information in a particular way, e g by retrieving it or sorting it or presenting it in one or other form.

The Super Scripts system contains a large number of data files. Each of the data files contains different kinds of information. Some of this information is already there when the pharmacist acquires the

system; other information is entered upon data files by the pharmacist when using the system. The system also comprises about 71 programs, each of which contains a different series of instructions which the computer operator can give to the computer, thereby causing the computer to perform certain functions in relation to the stored data. These include a dosage instruction program, a prescription repeat program, a drug interaction monitoring facility, a patient counselling message program and a debtors' system program. Two further programs, of particular relevance in this case, are the MMAP option and the generic equivalent option.

The MMAP option (first introduced into the system in May 1987) provides the mechanism whereby the pharmacist may administer the MMAP scheme in his pharmacy. Briefly, what happens when a customer belonging to a medical aid scheme which has adopted the MMAP scheme brings his prescription to a pharmacist who has

available on his computer the Super Scripts system, is the following. The pharmacist will enter the patient's name and medical aid details into the computer. As soon as the medicine and the quantity to be dispensed are entered and, provided that the product concerned is on the MMAP data file, the Super Scripts system will cause the computer to inform the pharmacist that the particular medical aid scheme has adopted the MMAP scheme in respect of that product. By operating the program the pharmacist can proceed to obtain all relevant information about the MMAP maximum price, the availability and prices of generic alternatives and the amount (if any) which the customer will have to pay if the prescribed medicine is dispensed. On this information the customer can then decide whether to take the prescribed medicine or, where the cost thereof is in excess of the MMAP maximum price, to request a cheaper generic alternative. The latter option will, as I have indicated, require the doctor's

consent, unless the prescription is for a medicine under its approved name or provides for a generic alternative to a medicine prescribed under its brand name.

In addition to the MMAP option, the Super Scripts system has a separate general generic equivalent option which can be accessed by the pharmacist. This enables the pharmacist, in a case of generic prescribing, to ascertain the various brand medicines available and their respective prices so that, in consultation with the customer, a brand medicine can be chosen for dispensing.

It will be apparent from the foregoing that the data files relating to the MMAP and general generic equivalent options contain, in the form of magnetic patterns on the relevant hard discs, the approved names and brand names of a large number of medicines. These include the brand names constituting the seven registered trade marks which form the basis of appellant's cause of action in this case. When the computer is operated



these names may be called up and displayed on the computer screen and they may also figure on printouts which may be extracted from the program.

Appellant has attached to the founding affidavit a number of printouts reflecting what a pharmacist using the dispensing functions of the Super Scripts system will see on his computer screen. All of these contain one or other of appellant's trade marks. One such printout, for example, shows, inter alia, the name of the customer/patient, the name of the prescribing doctor, the name of the customer's medical aid scheme and the product prescribed, viz Maxolon T. (It will be recalled that Maxolon is one of appellant's registered trade marks.) The further information disclosed by the computer and recorded on the printout includes the name of the "MMAF Product", viz. Prostal, and the prices of both products. Below this there is a list, headed "Generic Product Selection" which includes Maxolon T,

Prostal, the approved name Metoclopramide HCL and several generic alternatives, together with all their respective prices.

What is significant is that a perusal of these printouts shows that in all cases the appellant's product marketed under one or other of the seven trade marks is more expensive than the MMAP product and in most instances it is more expensive than other generic alternatives. In the founding affidavit it is alleged that in the Super Scripts system, and more particularly in the MMAP and generic equivalents options, appellant's trade marks "are being used ... for the purpose of diverting sales away from" the appellant. It is denied in the answering affidavit that the appellant's trade marks are used in the Super Scripts system for this purpose; but, it seems to me, it can hardly be denied that these options do, in some degree, have the effect of

diverting sales away from the appellant. And there lies the rub.

The interdict sought by the appellant in the Court a quo (the full text of which appears at page 215 B-E of the reported judgment) is one restraining the respondent from infringing appellant's seven registered trade marks by incorporating such marks in any electronic storage media in a manner which causes the registered trade marks to be displayed for the purposes of comparing the appellant's products with other parties' products and indicating that such other parties' products may be utilised in substitution for those of the appellant. The appellant also sought an order for the erasure from any electronic storage media in respondent's possession or under its control of all reference to such registered trade marks.

As I have indicated, appellant founds its case on sec 44(1)(b), the relevant portion of which reads as

follows:

"(1) ..... the rights acquired by registration of a trade mark shall be infringed by -

.....

(b) unauthorized use in the course of trade, otherwise than as a trade mark, of a mark so nearly resembling it as to be likely to deceive or cause confusion, if such use is in relation to or in connection with goods or services for which the trade mark is registered and is likely to cause injury or prejudice to the proprietor of the trade mark:....."

With regard to the interpretation of sec 44(1)(b), and more particularly the meaning of the words "use in the course of trade", Streicher J held that (at 220 I-J):

".....the intention of the Legislature was that 'use in the course of trade' should not be interpreted to mean use in the

course of trade other than in the goods for which the trade mark is registered and not in order to prey upon or take advantage of the reputation and goodwill of the proprietor of the mark, and that the section should be interpreted so as to exclude such use."

(See also the learned Judge's remarks at pp 219 I - 220 B.) Applying this interpretation to the facts of the case, he held that respondent's marketing of the Super Scripts system did not infringe appellant's trade marks. In reaching this conclusion as to the meaning of sec 44(1)(b) Streicher J relied to some extent on the authority of an English case, M Ravok (Weatherwear), Ltd v National Trade Press, Ltd [1955] 1 All E R 621 (QBD), a decision of Goddard CJ.

Before us appellant's counsel submitted that the phrase "use in the course of trade" was clear and unambiguous, that it meant use in the course of any trade

and that this would include the trade carried on by the respondent, viz the production and sale of computer systems. It was further contended that Streicher J's reliance on the Ravok case was misplaced because of differences in wording of the British legislation.

I am not persuaded that the phrase in question is clear and unambiguous. The further requirement in sec 44(1)(b) that the user by the alleged infringer should be "in relation to or in connection with goods .... for which the trade mark is registered" suggests, in my view, at least the possibility that the subsection contemplates use by the alleged infringer in the course of trading in such goods. Be that as it may, it is in my opinion appropriate to interpret the phrase in question in the light of its context, i e in the light of the language of the rest of the statute, the subject-matter with which it is concerned, and its apparent scope and purpose (see University of Cape Town v Cape Bar Council

and Another 1986 (4) SA 903 (A), at 914 A - D; Protective Mining and Industrial Equipment Systems (Pty) Ltd (formerly Hampo Systems (Pty) Ltd) v Audiolens (Cape) (Pty) Ltd 1987 (2) SA 961 (A), at 991 G - 992 A).

The modern law of trade mark infringement is statutory, but its origins are to be found in the common law action for passing off (see Esquire Electronics Ltd v Executive Video 1986 (2) SA 576 (A), at 590 D; Audiolens case, supra, at 978 I). Passing off is a form of unlawful competition between traders. In the case of persons dealing in goods, it consists essentially in a representation (generally by implication) by one trader (A) that his merchandise is that of, or emanates from, another trader (B). Such an implication arises where (i) B has adopted a name, trade mark or get-up for his goods, which in the mind of the public has become distinctive of, or associated with, the business carried on by him; and (ii) A uses in relation to his own goods

that name, trade mark or get-up or one so similar as to be calculated to deceive or cause confusion. The law regards this as being unlawful because it results, or at any rate is calculated to result, in the filching by A of B's trade and an improper infringement of B's goodwill and/or because it may cause injury to B's trade reputation. (See Brian Boswell Circus (Pty) Ltd and Another v Boswell-Wilkie Circus (Pty) Ltd 1985 (4) SA 466 (A), at 478 F-J).

There are a number of differences between the rights of the proprietor of a registered trade mark and those of the "proprietor" of a trade mark at common law, and between an action for the infringement of the rights of the proprietor of a registered trade mark and a passing off action. For example, the proprietor of a registered trade mark does not have to prove a reputation in the trade mark; his rights to the exclusive use of the trade mark as the badge of origin for his goods flow



from the registration. Nevertheless, the basic notion underlying the passing off action, viz the prevention of the filching of another's trade or the improper infringement of his goodwill or injury to his trade reputation, applies also to an action in which the proprietor of a registered trade mark sues an unauthorized user of the registered mark (or one which is deceptively or confusingly similar) for infringement of his trade mark rights (cf the Audiolens case, supra, at 984 H-I, 985 F).

In passing I might mention that the same general approach is to be found in English law. In the case of Mothercare UK Ltd v Penguin Books Ltd [1988] RPC

113 Bingham LJ remarked (at 120 lines 21-8):

"The legal vehicles used by the plaintiff to advance its claim are the common law action for passing off and the statutory cause of action for infringement of registered trademark. The ingredients of the two causes of action are

significantly different, but the causes of action are closely related, the statutory law of trademarks being a development of the common law relating to passing off (per Sir Wilfrid Greene M R, Bismag v Amblins (Chemists) Ltd [1940] 57 R P C 209 at 231). Both causes of action are directed at the same wrong, which is the exploitation by one party of commercial goodwill properly belonging to another."

The infringement section of the Act, sec 44, provides for two forms of infringement: (i) unauthorized use of the trade mark in question "as a trade mark", and (ii) unauthorized use of the trade mark "otherwise than as a trade mark". The first of these represents the traditional form of infringement and the only form provided for under our trade marks legislation prior to the enactment of the Act in 1963. The second represents a new and different form of infringement and was introduced by the Act (and later amended by sec 21(a) of

Act 46 of 1971) for the reasons fully explained in Shalom Investments (Pty) Ltd and Others v Dan River Mills Incorporated 1971 (1) 689 (A), at 701B - 704E, and the Audiolens case, supra, at 986D - 987B. With reference to these two forms of infringement it was stated in Miele et Cie GmbH & Co v Euro Electrical (Pty) Ltd 1988 (2) SA 583 (A), at 598 F - I:

" Use of a mark 'as a trade mark' and use of a mark 'otherwise than as a trade mark' constitute converse situations and any enquiry as to which (if either) of these situations obtains must generally commence with an investigation as to whether the mark has been used as a trade mark.

In terms of the definition of 'trade mark' in s 2 of the Act, use of a mark in relation to goods or services 'as a trade mark' means use for the purposes of indicating a connection in the course of trade between the goods or services and the proprietor of the mark (because of non-relevance I leave out of account the registered user) and of distinguishing

those goods and services from the same kind of goods and services connected in the course of trade with other persons (See Berman Brothers case supra at 236F; Protective Mining case supra at 987G - 988B.) Use of a mark 'otherwise than as a trade mark' refers to user where these purposes are not present, but where the mark is used for other purposes such as, for example, in order to compare the user's goods or services with those of the proprietor of the mark (Protective Mining case supra at 986F) or to indicate that the goods or services may be utilised in substitution for those of the proprietor of the mark (see Klep Valves (Pty) Ltd v Saunders Valve Co Ltd 1987 (2) SA 1 (A) at 41J-42C)."

In this connection it is instructive to refer to the case which may be regarded as the *raison d'être* of sec 44(1)(b) and of a similar provision introduced in the English trade marks legislation, viz Irving's Yeast-Vite Ld v F A Horsenail (trading as The Herbal Dispensary)

[1934] 51 RPC 110 (HL); and also to certain cases in which sec 44(1)(b) or the English statutory provision have been considered.

In the above-named case the plaintiff (appellant) was the proprietor of a trade mark consisting of the invented word "Yeast-Vite", registered for goods described as "medicinal preparations of yeast for human use"; and it manufactured and sold a medicinal preparation of yeast in tablet form under this trade mark. The respondent carried on business at a shop named the "Herbal Dispensary" and sold a preparation in tablet form in bottles, the label on which bore the following inscription: "YEAST TABLETS a substitute for YEAST-VITE". The appellant sought an injunction to restrain the respondent from infringing its trade mark. The trial judge refused relief, holding that respondent had not used the registered mark "as a trade mark" and that consequently there had been no infringement. This

decision was upheld on appeal by both the Court of Appeal and the House of Lords. In the Lords, Lord Tomlin (in whose reasons the other members of the Court concurred) held that sec 39 of the then subsisting English legislation, the Trade Marks Act of 1905, which provided that the registration of a person as the proprietor of a trade mark gave that person "the exclusive right to the use of such trade mark" upon or in connection with the goods in respect of which it was registered, carried with it the implication of "use of the mark for the purpose of indicating in relation to the goods upon or in connection with which the use takes place, the origin of the goods in the user of the mark" (at 116, lines 40-44). Unless there were such an implied limitation sec 39 would be given a meaning 'extending its operation altogether outside the scope of the Trade Marks Act" (at 116 lines 35-39). He also held that the respondent's use of the word "Yeast-Vite" on its preparations was to indicate the

appellant's preparation and to distinguish respondent's preparation from it. This did not amount to the use of a word "as a trade mark", that is to indicate the origin of the goods in the respondent; and accordingly there was no infringement (at 115, lines 36-40, 117, lines 1-4).

In 1938 there was enacted in the United Kingdom a new Trades Marks Act, which contained, inter alia, in section 4(1), a definition of the rights of the proprietor of a registered trade mark and of what constituted infringement thereof. Sec 4 provided for two forms of infringement. The ambit of these two forms was considered for the first time in Bismag, Ltd v Amblins (Chemists), Ltd. [1940] 2 All ER 608 (CA). In that case the appellant, which carried on business in the marketing of medicinal and pharmaceutical preparations, was the registered proprietor of the trade mark "Bisurated" and under this mark the appellant manufactured and sold

tablets and powders described as "Bisurated magnesia tablets" and "Bisurated magnesia powders". The respondent, also a manufacturer of, and dealer in, medicinal preparations, produced and marketed tablets and powders under the descriptions "Bismuthated magnesia tablets" and "Bismuthated magnesia powders". Respondent advertised its wares by means of a poster and a booklet. In effect this advertising told the public that although respondent stocked and was prepared to sell, inter alia, appellant's "Bisurated" tablets and powders, it offered and recommended to the public its own "Bismuthated" tablets and powders; and that the latter were the exact equivalent of, and as efficacious as, but lower in price than, appellant's "Bisurated" remedies. In his judgment the Master of the Rolls, Sir Wilfrid Greene, commented (at 614 H - 615 A):

"In short, the respondents are using the appellant's trade mark for the purpose of advertising and compendiously describing



the virtues of their own goods, and are thus obtaining for themselves a benefit from the reputation enjoyed by the appellant's goods sold under, and identified by, the appellant's registered trade mark."

The Court, by a majority, held that under the law as it stood at the time of the Yeast-Vite case and in terms of the first form of infringement defined in sec 4 the facts disclosed no case of infringement; but that in terms of the second form of infringement, which brought about a "radical alteration" of the law, an infringement had taken place.

This brings me to the Ravok case, supra. The plaintiff in that case was the proprietor of the trade mark "Weatherite", registered in respect of weatherproof clothing and sportswear. The defendant published a directory of trade marks in which they listed the mark Weatherite but, by mistake, gave a name other than the

plaintiff's as the proprietor of the mark. The plaintiff sued for infringement of the trademark. Sec 4 of the English Act requires, as far as both forms of infringement are concerned, that the alleged infringer should have used the mark (or a colourable imitation thereof) "in the course of trade". Goddard CJ held that those words meant "in the course of trade in those goods". Here, it seems to me, the learned Chief Justice was referring to the goods in respect of which the trade mark was registered for, in non-suiting the plaintiff, he went on to say (at 623 D - E):

"The defendants themselves are not applying the trade mark to goods because they are not dealing with goods; and, certainly, they are not 'using' the trade mark 'in the course of trade' and 'in relation to those goods'. They are using it in the course of their own trade, which is that of a publisher of a trade directory."

(See also Bestobell Paints Limited v Bigg [1975] FSR 421, at 426-7, 428-9; cf the Mothercare case, supra, at 118-119, 122-3.)

It is perfectly correct, as emphasized by appellant's counsel, that sec 4 is very differently worded from sec 44 of the Act. For this reason the English cases are of limited value as authority. Nevertheless there are certain parallels. The English Act of 1938 and the Act both introduced a bifurcated definition of infringement, the first branch reproducing the traditional form of infringement and the second branch a new and extended form. It is to be inferred that, in both instances, this extension was motivated by a desire to provide a remedy in circumstances such as those revealed by the Yeast-Vite case. The English decisions indicate a resolve to keep this extension within reasonable bounds and, it would seem, to limit it

to cases where the defendant is a trade competitor. As I shall show, our Courts appear to have adopted a similar approach.

In the case of Klep Valves (Pty) Ltd v Saunders Valve Co Ltd 1987 (2) SA 1(A) the respondent was the proprietor of a trade mark "Saunders" registered in various classes and it manufactured and marketed diaphragm valves under this mark. The appellant, also a manufacturer and seller of diaphragm valves but under the name "Klep", advertised its product by saying that all Klep diaphragm valve parts were "interchangeable" with Saunders diaphragm valves. The Court of first instance held that this constituted an infringement of sec 44(1)(b) of the Act. This finding was not challenged on appeal and was endorsed by this Court. Here, it is to be noted, the parties were in direct competition with one another and it is clearly a Bismag type of case.

In the Miele case, supra, the appellant's trade mark "Miele" was registered under the Act in respect of a number of classes covering a wide range of domestic and other electrical appliances. The appellant manufactured domestic electrical appliances and marketed them under this trade mark. The respondent conducted a retail business in domestic electrical appliances, in the course of which it sold Miele products and those of other manufacturers. Respondent used the name "Miele" as a trading style and "Miele Appliances" as the name of its shop. This was done originally in terms of a distributorship agreement with appellant, but it continued to do so after the cancellation of the agreement and after appellant had called upon it to cease doing so. Appellant sued for infringement of its trade mark under sec 44(1)(b) of the Act. This Court held that there had been such infringement. Here again the parties were effectively in competition with one another

and, as the Court found, the respondent used the mark as its trading style in order to indicate that its business was associated with that of the appellant. The Court stated (at 600 A-B) that in the interpretation of certain words in the section:

"General guidance may no doubt be derived from the apparent object of s44(1)(b) which was to extend the scope of infringement to cases where the infringer's use of the mark, though not use as a trade mark, was in order to prey upon or take advantage of the reputation and goodwill of the proprietor of the mark."

In my opinion, the history of the legislation and this general object must be borne in mind in interpreting and determining the scope of sec 44(1)(b).

I revert now to the facts of this case. The parties are not in competition with one another; indeed the types of business conducted by them differ *toto caelo*

from one another. Appellant manufactures and markets medicines and uses its trade marks as brand names for its products. Respondent manufactures and markets computer systems for pharmacists. It is true that the data files relating to two options of the Super Scripts system, the MMAP option and the generic equivalent option, contain within them magnetic patterns which, when the pharmacist who has acquired the system operates the options, will result in appellant's trade marks appearing on the computer screen and on any printout which is made thereof; but that in my view does not bring respondent's conduct within the ambit of sec 44(1)(b). Accepting that this would amount to use of appellant's trade marks by the respondent (cf Esquire Electronics Ltd v Executive Video, supra, at 590 B-G), I do not consider that it constitutes use of these trade marks "in the course of trade", within the meaning of sec 44(1)(b). In my opinion, this phrase must be understood as having

reference to a trade in goods falling into the classes for which the trade mark is registered or to goods which are so closely associated therewith that the use by the alleged infringer of the trade mark, in a manner otherwise than as a trade mark, will enable the alleged infringer to prey upon or take advantage of the reputation and goodwill of the proprietor of the mark. That this is the correct view is, in my opinion, reinforced by a consideration of the far-reaching consequences that would result from an acceptance of the submission of appellant's counsel, viz that use in the course of any trade is sufficient for the purposes of sec 44(1)(b).

As I have mentioned, the information about the different brands of medicine under their approved names and the names of generic alternatives (including appellant's trade marks), together with their respective prices, is to be found in various publications.



Respondent annexed to its answering affidavit extracts from seven such works, which either alone, or in conjunction with published price lists, provide the type of information to be found in the MMAP and generic equivalent options of the Super Scripts system. If the appellant's submission is correct, these publications, or at least some of them, also constitute infringements of appellant's trade marks. Indeed, a pharmacist who for the purposes of conducting his dispensing business compiled his own list of brand names and prices would also, as I understood counsel's argument, infringe. The conduct of these parties is far removed from an exploitation of or preying upon the goodwill and reputation of appellant's business.

As I see it, it must be a logical extension of appellant's submission that the MMAP and generic equivalent options - and indeed the various compilations

and publications referred to in the previous paragraph - equally constitute the infringement (under sec 44(1)(b) ) of every registered trade mark owned by all the relevant proprietors listed in the appropriate data files, except possibly in the case of the cheapest or MMAP-recommended products, where it might be said that no injury or prejudice resulted. This borders on the absurd.

Appellant's counsel were not able to cite any relevant precedent for the interpretation which appellant seeks to place on sec 44(1)(b) and my researches have failed to reveal any. The authority all goes the other way.

Finally, I would mention that there is before us an application (which is not opposed) for condonation of the late filing of the appeal record in this case. The fault for this non-compliance with the AD Rules of Court lies with appellant's attorney, who apparently thought that the three-month period prescribed for the

lodging of the record commenced to run only after the allocation of a date for the hearing of the appeal. In spite of this fundamental and somewhat elementary error, I think that this condonation should be granted, appellant to pay the costs thereof.

The appeal is nevertheless dismissed with costs, including the costs of two counsel.

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M M CORBETT

E M GROSSKOPF, JA)  
GOLDSTONE, JA) CONCUR.  
NICHOLAS, AJA)  
KRIEGLER, AJA)