

**THE SUPREME COURT OF APPEAL
OF SOUTH AFRICA**

Case No. 427/98

In the matter between:

MARS INCORPORATED
Appellant

and

CADBURY (SWAZILAND) (PTY) LIMITED
Respondent

1st

THE REGISTRAR OF TRADE MARKS
Respondent

2nd

Coram: HARMS, MARAIS and PLEWMAN JJA &
MELUNSKY AND MPATI AJJA
Heard: 25 AUGUST 2000
Delivered: 8 SEPTEMBER 2000

Trade marks - defensive trade marks - s 70 of the Trade Marks Act,
1993

JUDGMENT

HARMS JA

HARMS JA:

[1] The first respondent (“Cadbury”) is the registered proprietor of two trade marks, the one for the name mark “Chappies” and the other for a device mark consisting of a dancing chipmunk, attired with a hat and bow tie, in conjunction with the words “Chappie Chipmunk” and “Chappie Tjokker”. “Tjokker” is the Afrikaans word for a chappie or nipper and not for a chipmunk, but that is by the way. “Chappies” chewing bubble gum are, in the Southern African context, well-known to the masticating generation who chewed through 8826 tonnes of of the substance in 1995. It is therefore no surprise to learn that these trade marks are registered in part A of the register and fall in class 30, a class which relates among other things to confectionery. Cadbury (I use the name generically to include references to its predecessors in title), in the light of the success of its trade marks, sought wider protection and obtained defensive registrations for the same marks in a number of classes, including class 31, which also encompasses foodstuffs for animals.

[2] Trade marks are registered in different classes and a trade mark must, subject to what follows, be used in relation to the goods or services of the class in which it is registered. Trade mark protection under the repealed Trade Marks Act 62 of 1963 extended only to the use of the trade mark by another on goods or services falling within the same class. In order to extend protection to relatively well known trade marks in relation to goods or services falling in other classes,

such marks could be registered defensively in other classes. The owner of a defensive trade mark was not obliged to use it in relation to goods or services in that class and the mark could not and at this stage cannot be revoked because of non-use. In effect such a mark provided a statutory passing-off remedy in relation to goods or services which fall outside the class of goods or services of the principal mark. Defensive trade marks could be registered if, in the terms of s 53 (1) -

“the registrar [of trade marks] is of the opinion that, by reason of the extent of use or of any other circumstances, a trade mark registered in Part A of the register would, if used in relation to goods or services other than the goods or services in respect of which it is registered, be likely to be taken as indicating a connection in the course of trade between the first-mentioned goods or services and the proprietor of the registered trade mark . . .”

[3] Under the current Trade Marks Act 1994 of 1993, defensive trade marks can no longer be registered. All trade marks have to be used and, if not used, may be removed from the register (s 27). The reason for the change lies in the change to the infringement provisions. The owner of a trade mark can now sue for infringement even if the trade mark is used in a class different from the one in which the trade mark is registered, provided that due to the similarity of the goods or services in the different classes there exists a likelihood of deception or confusion (s 34 (1) (b)). In order to regulate the transition

defensive trade marks have been elevated to “ordinary” trade marks and they can now be removed from the register on the same grounds, subject to the proviso that they may not be removed on the ground of non-use for a period of ten years (s 70 (2)).¹

[4] The appellant (“Mars”) applied by way of notice of motion to the Transvaal Provincial Division for an order directing the registrar to remove Cadbury's defensive registrations from the register. They are impediments to applications filed by Mars for trade mark protection in class 31 for animal foods for (i) the name mark “Chappie” and (ii) a device mark consisting of the head of a dog accompanied by the name “Chappie”. The evidence shows that Mars has in some foreign jurisdictions a substantial reputation as a provider of dog food under the name “Chappie”. In this country it had trade mark protection for the name “Chappie” for animal food since 1936 but it lost its protection through non-use (*Mars Incorporated v Candy World (Pty) Ltd* 1991 (1) SA 567 (A)). A similar trade mark which dates back to 1950 suffered the same fate in the court below (*Cadbury (Swaziland) (Pty) Ltd and Others v Mars Incorporated; Mars Incorporated v Cadbury (Swaziland) (Pty) Ltd and Another* 1998 (4) SA 707 (T)), an aspect of the decision not appealed against. The application for removal of Cadbury's defensive trade marks was, on the other hand, dismissed and this order is, with the leave of the court below (McCreath J), the subject of the appeal.

[5] In support of its application for revocation Mars alleged that the registrar had erred in allowing the applications for registration of Cadbury's defensive marks because the evidence filed in support thereof was not sufficient to indicate any conceivable connection in the course of trade between animal foods and chewing gum. In the

¹ 1 It reads: “A trade mark which has been validly registered in terms of the provisions of section 53 of the repealed Act shall, from the date of commencement of this Act, be deemed to be a trade mark registered in terms of this Act, but shall not be removed from the register in terms of the provisions of paragraph (4) of section 10 or of section 27 within a period of 10 years from the date of commencement of this Act.”

words of the deponent for Mars, there is a lack of affinity between chewing gum and animal food: the purchaser of Chappie's dog food will not think of a possible trade connection between the dog food and the manufacturer of Chappies chewing gum.

[6] In addition, Mars alleged that the likelihood of an indication of a connection in the course of trade did not exist any longer and that the registrations were remaining wrongly on the register. In this regard it relied upon s 53 (4) of the 1963 Act. McCreath J found that the evidence did not justify the invocation of the provision (at 712D-E), but as counsel conceded, since the removal of all trade marks on supervening grounds is now regulated by the 1993 Act, the reliance on s 53 (4) was misplaced.

[7] Continuing with the narrative, Cadbury's evidence filed with the registrar in the application for the defensive registration of "Chappie Chipmunk" consisted of an affidavit by a director who stated that the trade mark had been used widely over a substantial period of time in relation to chewing gum, bubble gum and confectionery and that there had been extensive sales and widespread and expensive advertising of the chewing gum. The affidavit concluded with a submission that from the long and extensive use of the trade mark in relation to chewing gum, persons seeing the mark attached to animal food will assume that it was a Cadbury product. No affidavit was filed in relation to the "Chappies" trade mark.

[8] As the first line of defence to the application Cadbury relied upon s 42 of the 1963 Act. It could do so since the application was premised upon an attack on the original registration of the marks. Section 42 provided as follows:

"In all legal proceedings relating to a trade mark registered in part A of the register (including applications under section *thirty-three*), the original registration of the trade mark in part A of the register shall, after the expiration of seven years from the date of that registration, be taken to be valid in all respects, unless -

- (a) that registration was obtained by fraud; or
- (b) the trade mark offends against the provisions of either section

sixteen or section forty-one.”

Mars, on the other hand, argued that the provision did not apply to defensive trade marks, a contention dismissed by McCreath J (at 711A-712C) and rightly not persisted in during argument before us.

[9] Mars also argued that s 42 did not survive the repeal of the 1963 Act, emphasising that the 1993 Act does not contain a similar provision. On this question s 70 (1) of the latter Act is of significance -

“Subject to the provisions of section 3, and except as expressly otherwise provided in this Act, the validity of the original entry of a trade mark on the register of trade marks existing at the commencement of this Act shall be determined in accordance with the laws in force at the date of such entry.”

(The introductory qualification to the subsection is of no consequence for the present discussion and can be ignored.) McCreath J, relying on this provision and the presumption that a statute does not take away existing rights, rejected the argument (at 710D-G). With due deference to the learned Judge, I do not believe that the presumption necessarily carries the day in the present case. As exemplified by s 70 (2), the 1993 Act did take away existing rights. The real inquiry

is whether s 42 was a provision which, in the wording of s 70 (1), determined the validity of the original entry of a trade mark. The answer, according to the submission by Mars, is to be sought in the fact that s 42 did not provide for criteria for registering trade marks because its purpose was to introduce a period akin to prescription in relation to trade marks registered in part A of the register.

[10] The solution to the problem is not immediately apparent. The scheme of the 1993 Act concerning “old” trade marks is that questions relating to their original entry are to be dealt with by the laws in force at the time of entry (s 70 (1)) but whether a trade mark should remain on the register is dealt with in terms of the new Act (cf *Cadbury (Pty) Ltd v Beacon Sweets & Chocolates (Pty) Ltd and Another* 2000 (2) SA 771 (SCA)). Section 42 applied to “legal proceedings relating to a trade mark registered in part A of the register”. Under the current Act all trade marks are registered in the same register and the distinction between class A and class B trade marks no longer exists. On the other hand, trade marks which were on either part of the register appear to remain where they are (cf s 3 (1)). Mars is correct in submitting that s 42 did not set out criteria for registration. These

were to be found in sections 10, 11, 12, 14, 16, 17 and 53 of the 1963 Act. Some have been re-enacted in one or other form in the current Act. Not all of these criteria, by their very nature, could have been satisfied in the course or by the lapse of time. For instance, a deceptive mark could not be registered under s 16 (1) of the 1963 Act but if registered and if it remains deceptive it is subject to removal from the register (s 10 (12) of the 1993 Act) notwithstanding s 42. It follows that the section, to the extent that it can be said to survive the repeal of the 1963 Act, has a somewhat limited operation under the new dispensation. The registration requirements of s 53 concerning defensive trade marks have not, however, survived the repeal of the 1963 Act and they have no counterparts in the current Act. Having said this, it seems to me that McCreath J was correct in his conclusion. Section s 70 (1) obliges one to focus on whether s 42 “determined” the validity of the original entry. The primary meaning of “determine” is to put to an end or to settle and decide a question. To put to an end to questions relating to the validity of the original registration was the object of s 42.

[11] The next issue to resolve is whether s 42 applies to the facts of

the case. Both these marks bear registration dates which precede by more than seven years the commencement date of the current Act which is 1 May 1995 and that of present litigation during 1996. However, their actual registration fell within both seven year periods. The reason for the discrepancy is to be found in s 37 of the 1963 Act (now s 29 of the 1993 Act). It provided that after acceptance and advertisement of the application for registration of a trade mark and the time for opposition had lapsed or opposition was unsuccessful - “the registrar shall register the trade mark . . . as on the date of lodging of the application for registration, and that date shall, subject to the provisions of section *seventy-three* [which dealt with international arrangements], for the purposes of this Act be deemed to be the date of the registration . . .”

[12] The history and effect of a similar provision in the Australian Act was the subject of *Hunter Douglas Australia Pty Ltd v Perma Blinds* [1972] RPC 334 (High Court). The issue there was whether the failure to use a trade mark between the deemed date and the actual date of registration could be a ground for removal of the mark. The trade mark owner argued that the deeming provision was not

appropriate to the particular ground for removal. The Court disagreed and made the following salient points. The Act makes no provision for the entry of the actual date of registration and that is not a fact to which the public has access (at 336 lines 32 - 45). A provision such as this is not a definition provision. What it does is to alter a fact and to require that the general provisions of the Act be applied accordingly (at 337 lines 34 - 37). Once registered, the trade mark owner is entitled to commence infringement proceedings in respect of acts done in the period after the date of application and before the entry of the trade mark (at 339 lines 30 - 43). All these considerations to a greater or lesser extent appear to be applicable to our old and new Acts. There is one qualification concerning the last point - both our Acts provide that registration is a requisite for *instituting* an infringement action (sections 43 and 33 respectively). Although the repealed Act did not deal with remedies, the current Act does. In particular, it provides that damages may be recovered in relation to acts committed after the advertisement of the acceptance of the application for registration. In other words, it also assumes that a trade mark can be infringed before its actual registration.

[13] The reasoning of the Australian High Court appears to be compelling and overrides contrary considerations such as the fact that there may be substantial delays between the date of application and actual registration making it unfair to saddle a competitor with the absolute bar created by s 42 after the lapse of seven years calculated from the date of application. In the setting of defensive marks the competitor still had some protection in the form of s 53 (4) of the 1963 Act: if the likelihood of confusion no longer existed, the defensive mark could have been removed. The fact that it is no longer possible under the 1993 Act, does not assist in the interpretation of the 1963 Act.

[14] It follows in my judgment that Cadbury's recourse to s 42 was justified and that Mars was therefore barred from applying for the removal of the defensive marks on a ground which related to their "original registration". There is yet a second reason why Mars could not have succeeded. It will be recalled that a defensive registration in terms of s 53 (1) was premised upon the "opinion" of the registrar of a "likelihood" of (to use a general term) confusion. In *Mars Incorporated v Candy World (Pty) Ltd* (*supra* at 575E-F) this Court

held that the opinion of the registrar was the jurisdictional fact for registration under the provision.

[15] At the time when the registrar was called upon to form an opinion, Mars, who had opposed the applications for registration, had withdrawn its opposition. It thereby lost any right of appeal. The proceedings before the court below were not and did not purport to be appeal proceedings. Had there been an appeal, the court could have substituted its opinion for that of the registrar (s 68 of the 1963 Act).

[16] What Mars in effect is attempting to do is to resurrect its right of appeal by attacking the opinion of the registrar in an indirect manner. Its case is not that the registrar did not form the opinion. Instead the case sought to be made out on the papers was that the facts placed before him by Mars in the single affidavit mentioned above, were insufficient to establish a likelihood of confusion and that he therefore erred in forming the contrary opinion. On what his opinion was based is at this stage beside the point; whether he held the opinion is in point. (It is necessary to point out that, in any event, his opinion need not have been based upon facts placed before him in any particular form or manner by an applicant. He may have used his

own knowledge and experience and have had regard to other facts on file. We know, for instance, that he had the record of the previous proceedings relating to these two marks and which culminated in the judgment of this Court in *Mars Incorporated v Candy World (Pty) Ltd supra* in which the extent of the use of the “Chappies” trade mark had been set out.) Because the existence of the registrar's opinion was not called into question, the jurisdictional fact was not under attack; in order to succeed, and in the absence of an appeal against his conclusion, it should have been.

[17] The appeal is dismissed with costs, including the costs of two counsel.

APPEAL

AGREE:

MARAIS JA
PLEWMAN JA
MELUNSKY AJA
MPATI AJA

L T C HARMS
JUDGE OF