

REPUBLIC OF SOUTH AFRICA

THE SUPREME COURT OF APPEAL OF SOUTH
AFRICA

CASE NO: 249/96 In

the matter between:

PPI MAKELAARS

1ST APPELLANT

PIETER D J JACOBS

2ND APPELLANT

and

THIS PROFESSIONAL PROVIDENT
SOCIETY OF SOUTH AFRICA

RESPONDENT

CORAM: HARMS, MARAIS, SCHUTZ, ZULMAN and PLEWMAN,
JJA

HEARD: 22 SEPTEMBER 1997

DELIVERED: 29 SEPTEMBER 1997

J U D G M E N T

HARMS JA:

Pursuant to an application in the Witwatersrand Local Division, an interdict was granted by Roux J restraining the appellants from infringing two registered trade marks of the present respondent ("the Society"). The interdict was based upon the infringing act defined in s 34(1) (a) of the Trade Marks Act 194 of 1993. Leave to appeal was granted by the court below.

Apart from the attack on the factual finding that the appellants' mark so closely resembles those of the Society as to be likely to cause confusion or deception, the appellants attack the jurisdiction of the court below. The submission is that only the Transvaal Provincial Division of the erstwhile Supreme Court of South Africa may hear proceedings concerning the infringement of trade marks. Put in present-day context, infringement jurisdiction is limited to the High Court having its seat in Pretoria. Roux J, having considered the history and the

terms of the Act, rejected the submission and summarized the position as follows:

1. Any provincial or local division of the Supreme Court of South Africa has jurisdiction to hear an infringement action

subject to one or more of the traditional grounds of jurisdiction being present.

2. In those matters mentioned in secs 53 and 57 of the Act, the Transvaal Provincial Division has exclusive jurisdiction notwithstanding an infringement action in some other division.

3. In those matters mentioned in secs 16(5), 24, 26 and 27, if they are independent applications, the Transvaal Provincial Division has exclusive jurisdiction.

4. If the matters mentioned in paragraph 3 above arise in infringement proceedings, the court having jurisdiction to hear the infringement action has concurrent jurisdiction with the Transvaal Provincial Division.

The parties to the litigation are incolae of the Witwatersrand Local Division. The alleged statutory delict was and is being committed within its area of jurisdiction.

That being the position, and in the absence of any complicating statutory provision, the Witwatersrand Local Division had jurisdiction not only in terms of s 19(1)(a) of the Supreme Court Act 59 of 1959 but also in terms of the common law (cf *Softex Mattress (Pty) Ltd v Transvaal Mattress and Furnishing Co Ltd* 1979 (1) SA 755 (D); *Thomas v BMW South Africa (Pty) Ltd* 1996 (2) SA 106 (C) 116A-F). The Patents, Designs, Trade Marks, and Copyright Act 9 of 1916 did not impinge upon the common law in this respect (see s 193 sv "the court"). The same applied to the Trade Marks Act 62 of 1963. As pointed out by Webster and Page *South African Law of (Trade Marks* (3rd ed) p 377-378, jurisdiction in relation to infringement proceedings was determined by the application to the facts of each case of the general rules relating to jurisdiction. It was said in *Spier Estate v Die Bergkelder Bpk and Another* 1988 (1) SA 94 (c) 101F-G, that the Legislature was not concerned to introduce in the

1963 Act any departure from the principles governing jurisdiction as found either at common law or in any other statute.

Spier Estate, however, identified a complication which arises from the fact that it is permissible, in response to infringement proceedings, to attack the validity of the trade mark and to dispute the correctness of the register concerning that mark. That can be done by way of a counter action or application or by separate proceedings, to take an example, for the rectification of the register. Such proceedings involve the Registrar of Trade Marks and the register. On the assumption that these constitute proceedings in rem and that the situs of the right is where the Registry is located, Spier Estate held that the only court competent to deal with them was the Transvaal Provincial Division (at p 98F-G). The reasoning in Spier Estate, although only assumed to be correct in *Sportshoe (Pty) Ltd v Pep*

Stores (SA) (Pty) Ltd 1990 1 SA 722 (A) 726H, forms the basis of the judgment in Ewing McDonald & Co Ltd v M & M Products Co 1991 (1) SA 252 (A), especially at 256C-G.

The practical difficulties caused to litigants are self-evident. It is common cause that the Legislature intended to address the problem in the 1993 Act. S 1 SV "court" defines "court" to mean the Transvaal Provincial Division, "but in relation to any claim or counterclaim for removal, amendment or variation of, or other relief affecting any entry in, the register arising from or forming part of proceedings instituted in any other division of the said Supreme Court having jurisdiction in relation to the proceedings, ["court"] includes that division in respect of such claim or counterclaim." I shall refer to this qualification as a proviso. The fact that the primary meaning of "court" is the Transvaal Provincial Division, gives recognition to the ratio of

Spier Estate, namely that the situs of a trade mark is at the Registry. The references to the "court" in sections such as 14(2), 15, 16(5), 24, 26 to 28, 31 and 59 are therefore obvious references to the Transvaal Provincial Division. In all these instances the Act provides an option to approach either the "court" or the registrar and all these provisions, in general terms, are concerned with the register. There are, however, sections where, in spite of the definition, the Transvaal Provincial Division is expressly mentioned as the court concerned, eg in the context of appeals (see secs 41, 45, 48 and 53 to 58).

Counsel for the appellant relied upon s 34(3) and (4) read with the definition of "court" for the proposition that only the Transvaal Provincial Division now has jurisdiction to hear infringement proceedings. These sub-sections deal with relief for infringement and provide that, if a trade mark is infringed, "the court [my emphasis] may grant the proprietor" relief such as an

interdict and damages. Because "court" is defined as the Transvaal Provincial Division, says counsel, only the Transvaal Provincial Division can grant the said relief. The argument, superficially attractive, is without real merit. The meaning of "court" depends upon the context in which the term is used. In the context of s 34(3) and (4) it must refer to any court having jurisdiction to hear infringement proceedings on common law or other statutory law principles. If it were otherwise, the proviso to the definition would be meaningless and incapable of application. Once it is accepted, as counsel for the appellant accepted, that the object of the proviso was to avoid the impasse mentioned in Spier Estate, it is difficult to conclude that the object was not achieved. The underlying assumption of the proviso is that proceedings have been instituted in a High Court other than the Transvaal Provincial Division, that they relate to trade marks, and that that High Court has jurisdiction in

relation to the proceedings. In the context of the Act and the definition, such proceedings most certainly include trade mark infringement proceedings: the relief sought in the counter proceedings must "arise from" or "form part of" the first mentioned proceedings.

Additionally, the references to "court" in s 34 are neutral references. The section is concerned with infringement and the rights of owners of trade marks. It is not concerned with jurisdiction. The same applies to secs 52 and 68, the first dealing with consequential relief and the second with the appointment of guardians and curators. It seems inconceivable that the Legislature would have set out, in so oblique a manner, to oust the jurisdiction of all but one of the different High Courts and thereby, for no reason inconvenience the public by requiring all litigants to litigate in the Transvaal Provincial Division, irrespective of where the delict is committed or the parties reside. All this means

that Roux J in my judgment was correct in rejecting the objection to jurisdiction raised by the appellant.

The order made by Roux J was in terms of par 1 and 1.1 of the notice of motion and it interdicts and restrains the Appellants, "their servants or agents from infringing the [Society's] rights in the Trade Mark Registration Nos. 89/8358 and 89/8658 PPS in class 36 (hereinafter referred to [as] 'the trade marks') by:

1.1 their unauthorized use in respect of services in the course of trade of an identical mark or of a mark so nearly resembling the [Society's] registered trade marks as to be likely to deceive or cause confusion." The first mark, "PPS", is a letter mark and represents an abbreviation of the core of the Society' s name, namely "Professional Provident Society". The second is a device mark consisting of concentric circles. In the centre appear the letters PPS and between the outer rings the words "Protection Providence Beskerming Voorsorg".

Annexure "A" to this judgment is a representation of this mark. Both are service marks registered in class 36 in respect of financial and insurance services.

The Society consists of members of all professional associations and of other professionals. It was founded fifty or more years ago for the benefit of its members in order to render both life insurance and medical aid to them. It now provides sickness and disability cover, a lump sum retirement benefit, group life insurance, hospitalisation schemes and also a retirement annuity fund. The Society has 65 000 professional people enrolled as members and only Sanlam agents and brokers who have a contract with Sanlam may market its products. No individual brokers are employed.

The second appellant, Mr Jacobs, conducts the business of a short-term insurance broker under the name PPI Makelaars (the first appellant). Mr Jacobs initially adopted as a logo two concentric circles with the letters

PPI in the middle and the words "Professional Personal Insurance" between the circles. As a result of the complaints raised by the Society, an oval logo was adopted (annexure "B").

The only issue raised in the papers and considered by Roux J was whether the oval logo infringed the Society's two trade marks. As mentioned at the outset, the Society relies upon s 34(1)(a) of the 1993 Act. Since it is common cause that the marks concerned are not identical, that the appellants' use is in relation to class 36 services, is use in the course of trade and is unauthorised, what falls for decision is whether the appellants' oval logo so nearly resembles the Society's marks "as to be likely to deceive or cause confusion". A useful benchmark is the oft-quoted test formulated by Corbett JA in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA 623 (A) 640G-

641E:

"In an infringement action the onus is on the plaintiff to show the probability or likelihood of deception or confusion. It is not incumbent upon the plaintiff to show that every person interested or concerned (usually as customer) in the class of goods for which his trade mark has been registered would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. The concept of deception or confusion is not limited to inducing in the minds of interested persons the erroneous belief or impression that the goods in relation to which the defendant's mark is used are the goods of the proprietor of the registered mark, ie the plaintiff, or that there is a material connection between the defendant's goods and the proprietor of the registered mark; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection.

The determination of these questions involves essentially a comparison between the mark used by the defendant and the registered mark and, having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant's mark would make upon the average type of customer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be

made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevant surrounding circumstance. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as, for example, the use of name marks in conjunction with a generic description of the goods."

This dictum deals with goods and not service marks, the subject of the present case. The latter marks are inherently different: services are ephemeral; they are often concerned with the provision of trade marked products of third parties; they are not offered side by

side enabling customers to make instant comparisons; quality control is difficult, if not absent. In addition, service marks such as those relating to vague topics like financial services, are more indefinite than goods marks relating to, say, clothing. For these reasons, it seems to me, that it is fair to assume that, in a case like this, the likelihood of confusion may more easily be established than in a comparable goods mark case.

Mr Bowman for the appellant stressed during the course of his argument ten points of 'dissimilarity' between the Society's device mark and the appellants' logo, whilst conceding that all are not necessarily relevant to trade mark infringement. They are:

- (a) In the appellants' logo, two concentric ellipses are used. The Society uses three concentric circles; (b) in the appellants' logo there is a half moon above the letters 'PPI'. There is no half moon above the letters 'PPS' in the Society's logo; (c) the words 'Professional personal

insurance' appear on the appellants' logo, beneath the letters 'PPI' in the inner of the two concentric ellipses. Nothing appears underneath the letters 'PPS' on the Society's logo; (d) there is a half moon underneath the words 'Professional personal insurance' on the appellants' logo. The letters 'PPS' fill the inner circle of the Society's logo and provide no room for a half moon of this kind or anything resembling it; (e) the word 'Professional' does not appear anywhere on the respondent's logo; (f) the letters 'PPI' and 'Professional personal insurance' are of uniform size on appellants' logo. The inner 'P' of the Society's 'PPS' is larger than the outer letters; (g) there are no words within the outer ellipse of the appellants' logo. The words 'Protection Providence Voorsorg Beskerming' appear in the outer circle of the Society's logo; (h) the appellants' logo is used on its stationary (but not otherwise) together with and as part of a folded flap. The Society's logo (it is said

incorrectly) is used by itself; (i) the 'PPI Makelaars' appears prominently next to the logo used by the appellants on their letterheads and other stationery, whereas no such legend or any equivalent of it appears on any of the Society's stationery; (j) the letters 'PPI' on the appellants' logo are the first letters of the words used on the logo, ie 'Professional Personal Insurance'. 'Professional Provident Society' does not appear on the Society's mark.

These differences did not impress Roux J. He said that they had nothing to do with the Plascon-Evans test. This overstates the position. The test involves a comparison of the marks as a whole but one does have regard to "the similarities and differences in the two marks" as Corbett JA said (at 641 A).

Recognising these differences, it is convenient to determine the dominant features of both marks. First, the use of an abbreviated name containing the letters "PP".

Secondly, these names are enclosed in curvilinearly shaped boxes, divided into an inner and an outer area. Each box contains descriptive words. Lastly, although the trade mark registration is not limited as to colour, the appellants have chosen the Society's corporate blue.

Bearing this in mind, the inquiry turns to the potential customer. Mr Bowman submitted that the Society's customers are necessarily professionals whereas the appellants endeavour to provide a professional service to the man in the street. Roux J's response to this was that it is a fiction that professional people are not easily misled. Another answer is that the Society's mark is registered for all insurance and financial services. It is entitled to market short-term insurance to the public. In the end one is entitled to envisage a young professional who wishes to obtain professional insurance. He knows that there is a body that caters for his kind; it uses the word "Professional" as part of its name; it also uses an

abbreviated name; its corporate colour is blue. The dominant features referred to earlier would be uppermost to his mind. He encounters the oval logo. Not only do the dominant features strike him, but the logo tells him that the appellants provide "professional personal insurance" - the business of the Society and hardly a true description of short-term insurance. In my judgment the likelihood of deception and confusion is apparent even in the absence of evidence of actual confusion.

I therefore conclude that Roux J was correct in holding that the oval logo incorporating the letters PPI infringes the Society's device mark. His order, in addition, interdicts infringement of the "PPS" letter mark. This is not based upon anything said in the judgment. But upon reflection I am satisfied that his order was correctly made. The order cannot be construed to mean that the marks "PPI" and "PPS" simpliciter are confusingly similar, simply because the Society never sought to make out such a case.

However, interdicts are granted not only for injuries actually committed but also for injuries reasonably apprehended. Having regard to the conduct of the appellants in appropriating one trade mark of the Society, dressing itself up in the Society's corporate colours, inappropriately using the terms "professional" and "personal insurance" in the context of short-term insurance, and in the light of Mr Jacobs's unconvincing explanation for the adoption of the name and logo, there is a reasonable apprehension that the "PPS" mark may also be infringed by future conduct. Mr Puckrin in this connection referred us to a statement in *Broderick & Bascom Rope Co v Manoff* [1930] 41 F (2d) 353 at 354, to which I subscribe:

"The due protection of trade-marks and similar rights requires that a competitive business, once convicted of unfair competition in a given particular, should thereafter be required to keep a safe distance away from the margin line - even if that requirement involves a handicap as compared with those who have not disqualified themselves."

In the event the appeal is dismissed with costs, including those consequent upon the employment of two counsel.

L T C HARMS JUDGE
OF APPEAL

MARAIS JA)
SCHUTZ JA)
ZULMAN JA) CONCUR
PLEWMAN JA)

ANNEXURE "A"

ANNEXURE "B"