

Non-use and similarity

THE CASES:

Morris Material Handling Limited v Morris Material Handling SA (Pty) Ltd; Novartis v Cipla Medipro (Pty) Ltd
South African Supreme Court of Appeal
25 May 2018; 24 May 2018

The South African Supreme Court of Appeal recently handed down two key trademark verdicts. **Duncan Maguire** and **Herman Blignaut** explore

In *Morris Material Handling Limited v Morris Material Handling SA (Pty) Ltd* addressing non-use, the judgment makes it clear that the courts require trademark owners to take use very seriously. It is a warning that trademark owners need to be astute when it comes to:

- Keeping records of use;
- Providing evidence of use;
- Making sure registrations are up to date in terms of ownership issues.

This case involved South African trademark registrations for Morris in classes 7 and 11. These registrations belonged to UK company Morris Material Handling Limited. When the registrations were attacked for non-use, evidence of some usage by a South African company called Kronecranes SA was put forward. The court accepted this use as genuine and sufficient in the sense that it was use aimed at furthering trade in the mark, or to use the wording employed in a recent South African decision “for the purposes of establishing, creating or promoting trade in the goods to which the mark is attached.”¹

But this use was not good enough to defeat the expungement application. It had not been established that the use was connected with the registered proprietor. The registered proprietor may at one stage have assigned a number of its registrations for Morris (including the South African registration) to a third party. There were also suggestions that the registered proprietor may have been absorbed by a Finnish company called Kronecranes (this company has UK and SA subsidiaries). But there was no clear proof of this.

The judge found this lack of clear evidence very frustrating and said, “No attempt was made to place before the court information showing the relationship between these various aspects of the overall group or to explain how they now conduct business.”

There was, in fact, a “complete failure” to provide the court with the information it required, something that was inexcusable because ‘in enterprises of that size records are kept of such matters in formal agreements’.

This reaction really could not have come as a surprise, the SCA has for many years been saying that it requires very clear evidence to be submitted. In a famous non-use case involving the Gap trademark, *A M Moola Group Ltd and others v Gap Inc and Others 2005 (6) SA 569 (SCA)*, the court dismissed evidence that it felt was “not only vague to such an extent that it smacks of evasiveness, but is also contradictory... the problem lies in the loose structure of the group... the group, it appears, tends to ignore corporate identities.”

So if your registration is attacked for non-use the court will require you to provide full and clear evidence as to what use you have made of the trademark in South Africa. If it is use by a company other than the registered proprietor, the relationship between the companies will need to be clearly explained. If you fail to do these things your registration will be removed.

Novartis v Cipla Medipro (Pty) Ltd was a trademark opposition. The SCA held an application to register Curida in class 5 should be refused on the basis of Curitaz in class 5. The SCA made a number of findings:

Prefix: The court described the similarity as “self-evident”. The first syllable is generally the most important and here the shared prefix was “striking and inventive”.

Prescription drugs: Not for the first time the SCA rejected the argument that a different test applies where prescription drugs are involved. It said the notion that “it is the doctor’s responsibility as to what the patient should have and his alone” has no place in the modern world, where patients and doctors confer.

Notional use: The opposed application had

a wide specification, but the applicant had assured the court that use would be limited to prescription drugs. The SCA, however, said that notional use still had to be considered: “The question is therefore not what the first respondent says it intends doing with its mark, but what will it be permitted to do if its application is granted.”

Onus: The SCA said that it is “settled” that the onus is on the applicant for registration to show that there is no reasonable likelihood of confusion. It referred to earlier SCA decisions, which in turn referred to a 1948 decision where the judge justified this on the basis that an applicant is “seeking a privilege not a right”. The judge there further said that an applicant ‘has at his command a practically unlimited field from which to select a mark suitable to his purpose’, making it “equitable” that he establishes that there would be no confusion. Both these views may seem odd now. Particularly the idea that there is an unlimited field from which to select a mark - recent studies have shown that it is becoming increasingly difficult to find unclaimed marks.

Footnote

1. *Westminster Tobacco (Cape Town and London) (Pty) Ltd v Philip Morris Products SA (2017) All SA 389 (SCA)*.

Authors



Duncan Maguire (left) is director at Spoor & Fisher Jersey and Herman Blignaut (right) is a partner at the firm in South Africa.