IN THE HIGH COURT OF SOUTH AFRICA /ES

(NORTH GAUTENG HIGH COURT, PRETORIA)

CASE NO: 30763/2009

DELETE WHICHEVER IS NOT APPLICABLE

(1) REPORTABLE: YES/NO.

(2) OF INTEREST TO OTHER JUDGES: YES/NO.

(3) REVISED.

20/12/10
DATE SIGNATURE

DATE: 23/12/2010

IN THE MATTER BETWEEN

ADCOCK INGRAM INTELLECTUAL PROPERTY (PTY) LIMITED	1ST APPLICANT
ADCOCK INGRAM HEALTHCARE (PTY) LIMITED	2ND APPLICANT
AND	
CIPLA MEDPRO (PTY) LIMITED	1ST RESPONDENT
THE REGISTRAR OF TRADE MARKS	2ND RESPONDENT

JUDGMENT

PRINSLOO, J

[1] The applicants are applying for an order directing the second respondent to expunge from the Register of Trade Marks a trade mark registered in the name of the first respondent, in respect of the goods for which it is registered.

[2] Before me, Mr Michau appeared for the applicants and Mr Seale appeared for the first respondent. There was no appearance for the second respondent, who did not take an active part in the proceedings.

Introduction

[3] The application is based on the provisions of section 24 of the Trade Marks Act no 194 of 1993, read with section 10(12) and 10(14) thereof.

[4] Section 24(1) of the Trade Marks Act ("the Act") reads as follows:

> "General power to rectify entries in register – (1) In the event of non-insertion in or omission from the register of any entry, or of an entry wrongly made in or wrongly remaining on the register, or of any error or defect in any entry in the register, any interested party may apply to the court or, at the option of the applicant and subject to the provisions of section 59, in the prescribed manner, to the Registrar, for the desired relief, and thereupon the court or the Registrar, as the case may be, may make such order for making, removing or varying the entry as it or he may deem fit."

[5] Section 10, with the relevant subsections, reads as follows:

> "Unregistrable trade marks – The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register: …
>
> (12) a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be *contra bonos mores*, or be likely to give offence to any class of persons;
>
> …
>
> (14) subject to the provisions of section 14, a mark which is identical to a registered trade mark belonging to a different proprietor or so similar thereto that the use thereof in relation to goods or services in respect of which it is sought to be registered and which are the same as or similar to the goods or services in respect of which such trade mark is registered, would be likely to deceive or cause confusion, unless the proprietor of such mark consents to the registration of such mark."

[6] For purposes of these proceedings, Mr Michau limited his argument to a reliance on the provisions of section 24 read with section 10(14) of the Act.

[7] The first and second applicants are companies within the Adcock Ingram Group ("Adcock Ingram"). Adcock Ingram is a leading South African health care group

that develops, manufactures, markets and distributes a wide range of health care products for Southern Africa and the export market.

[8] The first respondent is also a prominent participant in the South African pharmaceutical industry. It has an annual turn-over of approaching R1 billion and by volume is one of the largest pharmaceutical companies in South Africa. The first respondent's core business is the supply of generic medicines and the first respondent is well-known in the medical industry for this.

[9] The applicants contend that a trade mark of which the first respondent is the registered proprietor is confusingly and/or deceptively similar to a trade mark registered in the name of the first applicant. The applicants submit that the first respondent's trade mark is an entry wrongly made on the Trade Marks Register by virtue of the provisions of sections 24 and 10 of the Act, and ought to be removed from the register.

The competing trade marks and their use

[10] The first applicant is the registered proprietor in South Africa of trade mark registration no 1998/14391 Zetomax dated 13 August 1998 in Class 5 in respect of:-

> "Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; disinfectants."

[11] Zetomax is a hypertensive pharmaceutical product. It is used in the treatment of mild to moderate hypertension, the management of congestive heart failure in combination with other medicines and the prevention of left ventricular dysfunction following myocardial dysfunction.

[12] The Zetomax pharmaceutical product is registered with the Medicines Control Council ("MCC") in terms of the Medicines and Related Substances Control Act, no 101 of 1965 ("the Medicines Control Act").

[13] The Zetomax product was first registered and launched by the company Parke-Med in January 2000 under the name Zestomax. The product name was changed from Zestomax to Zetomax in 2001.

[14] Zetomax is what is termed a "generic" medicine with Lisinopril being the active ingredient. Lisinopril is an angiotensin-converting enzyme ("ACE") inhibitor. Inhibition of ACE results in the lowering of blood pressure. Hypertensive products that contain Lisinopril as the active ingredient are categorised as "ACE inhibitors".

[15] The Zetomax trade mark was acquired by the first applicant from Parke-Med with effect from 1 August 2003.

[16] The second applicant uses the trade mark Zetomax under licence from the first applicant.

[17] Zetomax is sold in blister strips of 10 tablets, packed in 3 strips per pack. It is sold in dosages of 5mg, 10mg and 20mg.

[18] In the founding affidavit it is alleged that the second applicant had spent an amount of some R5 million in marketing and advertising the Zetomax product. Zetomax has also been advertised primarily in industry journals such as the MIMS. It is alleged that Zetomax is available, and has been since 2001, in more than two thousand pharmacies in South Africa. This includes all the major pharmaceutical chains, wholesalers and industrial clinics. More than 375 000 units of the Zetomax product was sold over the period August 2003 to August 2004 generating a turn-over of some R17 million. Since August 2004, Zetomax products to the value of tens of millions of rands have been sold in South Africa.

[19] I now turn to the mark of the first respondent. It goes by the name Zemax with date of registration 5 April 2004, also in class 5. It was registered in respect of the goods "pharmaceutical and veterinary preparations, sanitary preparations, sanitary preparations for medical purposes, dietetic substances adapted for medical use, food for babies, plasters, materials for dressings; material for stopping teeth, dental wax, disinfectants; preparations for destroying vermin; fungicides, herbicides".

[20] Like Zetomax, Zemax is also an ACE inhibitor. It is also a generic medicine with the active ingredient Lisinopril. It is manufactured and dispensed in tablet form as either 5, 10 or 20mg tablets.

[21] Like Zetomax, Zemax is prescribed for mild to moderate hypertension, congestive heart failure and left ventricular dysfunction following myocardial dysfunction.

[22] Like Zetomax. Zemax is also a Schedule 3 substance.

[23] On 5 August 2002 the first respondent was granted registration by the MCC for Lisinopril under the name Prilosin in 5 and 10mg dosages.

[24] In April 2004 the first respondent applied to the MCC for a change in the proprietary name of Prilosin 5 to Zemax 5 and Prilosin 10 to Zemax 10. The proprietary name change was found to be acceptable by the MCC on 29 July 2004.

[25] According to the deponent to the opposing affidavit, the reason for the name change and the adoption of Zemax is that the name was suggested by a medical doctor at a conference hosted by the first respondent during 2004.

[26] With regard to this name change, it is pointed out on behalf of the first respondent in the opposing affidavit that an application for registration of a pharmaceutical product submitted to the MCC is sent to a number of different committees who then report back to the MCC. One such committee is the "Naming Committee". In an information document issued by the MCC the statement is made that "mistaking one drug for another" because of similar proprietary names can have serious consequences. From this it is to be understood, according to the first respondent, that one of the tasks of the Naming Committee is to ensure that the name chosen for the pharmaceutical product which the applicant is seeking to register is not such that there can be confusion between it and the name of a product registered at an earlier date. In the policy document, attached to the opposing affidavit, the MCC also states "since many medication errors are caused by look-alike and sound-alike medication names, it is evident that public health considerations should be paramount in determining whether a particular proprietary name may be used for a medicinal product". It is further stated that "the proposed proprietary name should not be liable to cause confusion in print, handwriting or speech with the proprietary name of another product".

It is submitted on behalf of the first respondent that during the change of name procedure in respect of Zemax no objection was raised by the Naming Committee based on the prior registration of Zetomax. In the result, so it is submitted, it can be concluded that neither the MCC nor its Naming Committee considered that Zemax would be confused with Zetomax.

[27] In the same vein, it was argued on behalf of the first respondent that the Registrar of Trade Marks (the second respondent) appeared to adopt the same stance as the MCC: it was submitted that the Registrar conducts a search through registered marks and pending applications with a view to locating and citing any marks which are believed to be in conflict with the mark which is the subject of an application being examined. This is in fulfillment of the Registrar's duty to ensure that conflicting marks are not permitted to proceed to registration. This requirement is to be found in regulation 15(2) of the regulations made under the Act. In the present case, so it was argued, the Registrar evidently decided that Zemax was not confusingly similar to Zetomax as the earlier registration was not cited. No examination report was issued by the Registrar in respect of the Zemax trade mark application. The first communication from the Registrar after the filing of the application was the notice of advertisement. This is dated 19 May 2006. Moreover, this advertisement in the patent journal also elicited no objections or signs of opposition.

[28] With regard to the apparent stance adopted by the MCC, it was argued, in a replying affidavit, that the Registrar of Medicines is not suitably qualified to apply the law of trade marks in situations where confusingly similar trade marks are concerned. It does not appear as if the argument based on the apparent attitude adopted by the second respondent, *supra*, received any attention in the replying affidavit.

The essence of the defence

[29] In dealing with the application in terms of subsections 10(12) and 10(14) of the Act in the opposing affidavit, it was submitted on behalf of the first respondent that the evidence shows that there is no prospect of Zemax being either deceptive or being likely to cause confusion in relation to Zetomax. It is also not identical to the trade mark of the applicants. The main thrust of the first respondent's argument, which I will revert to in greater detail, is that consideration must be given to the nature of the industry in which the two trade marks are employed. Both products are Schedule 3 medicines that may be dispensed only upon doctors' prescription and by qualified pharmacists and dispensing doctors. The pharmaceutical industry is tightly regulated and the market itself is one in which the decision-making participants are highly qualified professionals. Of importance too is that the two products have been in the market and have traded side by side since approximately mid-2004 without a single instance of confusion being reported. It is argued by the first respondent, correctly in my view, that the applicants did not attempt to make out a case for actual confusion. It was argued that the applicants rely solely on speculation in circumstances where this aspect has already been tested by the co-existence in the market of the two products for a considerable period of time. It was argued that the two marks are not so similar as to cause confusion or deception and that, in the circumstances of the market in which the two products are involved, there will be no confusion or deception

caused by the presence of the two trade marks either on the Register of Trade Marks or in the actual market place.

Litigation in the Western Cape High Court in case no 9800/2004

[30] The applicants instituted proceedings, in November 2004, against the first respondent in the then Cape of Good Hope Provincial Division, on the basis of trade mark infringement and passing-off.

The case was argued in that court in February 2007, and judgment was handed down in February 2009. The judgment was in favour of the applicants. The first respondent was, *inter alia*, interdicted by virtue of the provisions of section 34(1)(a) of the Act from infringing the registered trade mark (Zetomax) by using in relation to pharmaceutical products the registered trade mark or any mark so nearly resembling the first applicant's registered trade mark as to be likely to deceive or cause confusion.

[31] Subsequent to this judgment, on 6 March 2009, the first respondent launched an application for rescission, alternatively variation of the judgment, in terms of Rule 42(1)(c) of the Uniform Rules of Court and further alternatively for leave to appeal.

[32] The essence of the rescission application is the following: the first respondent caused the application for the trade mark Zemax in class 5 under no 2004/05322

to be filed on 5 April 2004. The application was accepted by the Registrar on 19 May 2006 and advertised, as I already pointed out, in the Patent Journal for 0pposition Purposes on 26 July 2006.

In the almost two year period between the arguing of the application in the Western Cape High Court ("the Cape case") on 27 February 2007, and the handing down of the judgment on 13 February 2009, the trade mark Zemax proceeded to registration on 4 September 2008. Neither the parties nor the learned judge in the Cape case were aware of this development. Section 34(2)(g) of the Act provides as follows:

> "A registered trade mark is not infringed by the use of any identical or confusingly or deceptively similar trade mark which is registered." (Emphasis added.)

In the result, so the first respondent contends, the judgment in the Cape case flies in the face of the aforesaid statutory provision and, had it been known that Zemax had proceeded to registration, the order would not have been made in the infringement proceedings against the first respondent. Consequently, so it was argued, the order was made as a result of a mistake common to the parties and falls to be set aside in the spirit of Rule 42(1)(c), *supra*.

[33] In a judgment handed down in the Cape case on 11 November 2009, the rescission application was dismissed but the application for leave to appeal, which

was offered in the alternative, was granted to the full court of the Western Cape High Court.

[34] When granting leave to appeal in the Cape case, the learned judge said the following:

> "The application for leave to appeal stands on a different footing. I departed from the full bench decision in *Adcock-Ingram Laboratories Ltd v SA Druggists Ltd & Another; Adcock-Ingram Laboratories Ltd v Lennon Ltd* 1983 2 350 (T) and, in doing so, considerably enhanced the class of persons likely to be deceived or confused by the use of the applicant's competing mark. While the decision in *Adcock* was not binding upon me and that judgment was delivered many years prior to the enactment of section 22F of the Medicines and Related Substances Control Act, no 101 of 1965, it nonetheless remains persuasive authority and another court may well differ from me on the import of section 22F."

I will revert to these topics. Of course, the judgment in *Adcock* will be binding on me, if I find it to be applicable to the dispute now under consideration.

[35] When the matter came before me, I was informed by counsel that the appeal in the Cape case was still pending. In addition, I was informed that the refusal of the rescission application is also still the subject of an appeal.

There was no suggestion from either side that these proceedings before me should be held in abeyance pending the outcome of the appeals in the Cape case.

The question of *onus*

[36] The following is stated by the learned authors, Webster and Page *South African Law of Trade Marks* at 6.6.7 on 6-16:

> "It should be noted that in rectification proceedings the *onus* of showing that a trade mark offends against section 10(12) in that it would be likely to deceive or cause confusion is on the applicant for rectification. That this can have a significant effect on a decision as to likelihood of confusion is illustrated by the decision in the *Solavoid* case (my note: *Solavoid Trade Mark* [1977] RPC1 30] in which the Privy Council said the following:
>
> 'If the question had arisen on application for registration of the mark it is possible that the applicants might have failed to discharge the *onus* of showing that confusion is not likely. But in these proceedings for rectification, where the *onus* is the other way, their Lordships consider that the likelihood of confusion amongst a substantial number of purchasers has not been established."

[37] When considering whether the applicants have discharged the *onus* in these motion proceedings, I should also, in my view, be alive to the well-known principles laid down in *Plascon-Evans Paints v Van Riebeeck Paints* 1984 3 SA

623 (A) at 634C-H. Essentially, and subject to the well-known qualifications, the case is to be decided on the facts as stated by the respondents together with the admitted facts in the applicants' affidavits.

[38] Also in *Plascon-Evans*, at 640G-I, when dealing with the question of *onus*, the learned Judge of Appeal pointed out that it must be proved on a balance of probabilities that "a substantial number of such persons" will be deceived or confused. The same observation was also made in the Privy Council in *Solavoid, supra*.

[39] Still on the question of *onus*, the bench mark for proving that there is or is not a likelihood of confusion, appears to be a "reasonable probability" as opposed to a "reasonable possibility" – see *Smithkline Beecham Consumer Brands (Pty) Ltd v Unilever plc* 1995 2 SA 903 (A) at 910B and *Cowbell AG v ICS Holdings Ltd* 2001 3 SA 941 (SCA) at 947H-J.

The main thrust of the applicants' case made out in the founding affidavit with reference to sections 24 and 10 of the Act

[40] What follows is a brief summary of the submissions made on behalf of the applicants.

[41] The Zemax trade mark is so similar to the Zetomax trade mark that there is every likelihood of deception or confusion arising.

[12] There is a real possibility of deception or confusion having regard, in particular, to the aural and visual similarities between the two marks. Both trade marks start with the prefix "ZE" and end of the suffix "MAX". The only difference between the two trade marks is that the applicants' registered mark incorporates the middle syllable "TO". This difference is of no significance and the two trade marks, when compared as wholes, are virtually identical.

[13] Zemax and Zetomax are the only pharmaceutical products beginning with the prefix "ZE" and ending with the suffix "MAX". No other pharmaceutical manufacturer has found the need to use any trade mark even close to the applicants' Zetomax trade mark.

[14] The similarity and the likelihood of deception or confusion is exacerbated by the fact that the marks have no discernable connotative meaning other than that afforded by the suffix "MAX".

[15] It is submitted that the notional consumer, which includes doctors, pharmacists and patients, will be confused between the two marks when presented with the offending product in true market conditions.

[16] A further factor that should be borne in mind is the notorious bad handwriting of doctors. Situations are likely to arise where a doctor may prescribe Zetomax and

a pharmacist may be confused into believing that the doctor has in fact prescribed Zemax, or the other way around. As both pharmaceuticals are intended to treat the same conditions, these instances of confusion may never be brought to the attention of either one of the parties.

[47] The likelihood of confusion is exacerbated by the computer programs employed by pharmacies. Pharmacies widely employ computer programs which use a form of "prescriptive writing". In one such computer program currently in use, if the prefix "ZE" is typed in, the screen will immediately display the names Zetomax and Zemax. In view of the similarity of the two marks, this is likely to lead to deception or confusion amongst pharmacists.

[48] It must also be borne in mind that the products, Zetomax and Zemax are likely to be sold through the distribution network of pharmaceutical wholesalers. Accordingly, when a pharmaceutical wholesaler receives an order for Zetomax, there is every likelihood that confusion between Zetomax and Zemax will arise in the mind of the person who executes the order from the pharmacy concerned. Clerks who receive such orders are not as well trained as pharmacists and medical practitioners and could quite easily be confused between the two products, in fulfilling pharmaceutical orders. Although such confusion may later be cleared up, this is not necessarily so, and there are likely to be situations where confusion between the two competing products is never discovered.

[19] Attached to the founding affidavit, which is dated May 2009, one finds four affidavits by four pharmacists. These affidavits are dated 0ctober 2004, and were also presented to the court in the Cape case.

(i) Jacobus Philippus Buys is a pharmacist and he had been one for thirty two years when he deposed to the affidavit in 2004. He was employed by a pharmacy in Clubview. The pharmacy stocks Zetomax. He knows that Zetomax was initially launched under the name Zestomax and the name was later changed. It is a good generic product that is widely prescribed. There are other similar products including one called Zestril.

He is aware of the launch of a hypertensive product under the name Zemax. In his view the names Zemax and Zetomax are too similar and this could result in confusion. This is essentially so as a result of the notorious bad handwriting of doctors which might result in pharmacists and/or assistants being confused.

(ii) Schalk Grobler had also been a pharmacist for seventeen years when he wrote his affidavit in 2004. He was employed at a pharmacy in Eldoraigne, Centurion. He knows the Zetomax product. He has known it for many years. 0ther products on the market with the similar pharmacological action include Zestril and Prinivil. He knows that Zemax is in the process of being launched. In his opinion "the names Zetomax and Zemax are too close".

(iii) Michael Peter Richards had been a pharmacist with fifteen years experience in Blackheath. He knows the Zetomax product and holds it in high regard. He understands that a hypertensive medicine has been launched under the name of Zemax. In his opinion the names Zemax and Zetomax are far too similar and it will cause confusion. There is no need in the market for a similar product with a similar name.

(iv) Mario Zuccaroli had been a pharmacist in Fairland for some fifteen years. He knows the Zetomax product. He regards the names Zetomax and Zemax as being very similar. In his opinion we do not need another generic on the South African market with a similar name "as this can only lead to problems".

Brief synopsis of the defence as presented in the opposing papers

[50] I have already summarised the essence of the defence as it appears in the opposing affidavit.

[51] I have also referred to the arguments based on the apparent attitude adopted by the Naming Committee of the MCC and the Registrar of Trade Marks.

[52] I have referred to the point made on behalf of the first respondent that the fact that there has been no instance of confusion over a number of years, notwithstanding

the presence of both products in the market, provides evidence of the fact that the two marks are not likely to be confused with one another.

[53] The deponent to the opposing affidavit has spent the past thirty years in the pharmaceutical industry, not only in the sales and marketing fields, but also in the administration and management of a pharmaceutical company. During the course of his career he has been directly involved in the sale and marketing of pharmaceutical products, and this also brought him into contact with the doctors and pharmacists who have made up his customers over the years.

The deponent also relies on a number of supporting affidavits from suitably qualified medical professionals. Details of these affidavits will be referred to hereunder.

[54] The deponent also deals with the affidavits, *supra*, attached to the founding affidavit and deposed to by pharmacists. The submission is made on behalf of the first respondent that the expectations of confusion expressed by some of those pharmacists in 2004 have proved to be unfounded five years later where no such instances of confusion have become known.

[55] The first respondent also relies on the evidence of Dr Samantha Ann Gregory, who filed a supporting affidavit. Dr Gregory is a qualified patent attorney and the Pretoria correspondent of the first respondent's attorney of record. She is also a

medical practitioner holding the degrees MBChB and LL.B and the post graduation qualifications of the Patent Examination Board.

Although her current profession is that of a patent attorney, she has maintained her registration with the Health Professionals Council of South Africa and continues to practice medicine, whilst remaining abreast of new developments and practices in the medical and pharmaceutical fields.

She has worked as a *locum tenens* in various medical practices since 1995. Many of the practices were dispensing practices and it was required of her to dispense medication to patients in a manner identical to the dispensing performed by pharmacists on a request to fill a doctor's prescription.

[58] Dr Gregory points out that the Lisinopril product is not made, marketed nor sold under the trade mark Zetomax by the first applicant but in fact it is marketed and/or sold as ADCO-Zetomax. She attaches an extract from the well-known MDR MIMS desk reference ("MIMS") volume 44, 2009. In this regard, she takes issue with allegations made in the founding affidavit and certain annexures thereto. She says that those annexures do not represent true nor relevant evidence of the current registration and use by the first applicant in respect of each proprietary name of the pharmaceutical drug known as Lisinopril.

In the replying affidavit, the applicants dispute this evidence of Dr Gregory. They insist that their product is sold under the Zetomax trade mark as illustrated in the founding evidence. However, they concede that where Zetomax is one of the products in the applicants' generic range, most of the applicants' generic products carry the prefix ADCO, hence the fact that Zetomax is listed in MIMS of 2009 as ADCO-Zetomax.

The applicants point out that prior to the 2009 MIMS the product was listed under the name Zetomax and the relevant date in these proceedings is in fact 2004 (when the Zemax mark was filed).

In this regard, counsel for the first respondent argued that where the applicants market their product as ADCO-Zetomax and not as Zetomax, this further reduces any prospect of confusion arising. Although this statement of under which name the product is actually marketed seems to be open to some qualification, I am of the view that there is much to be said for the submission by counsel where one is, essentially, concerned with an enquiry dealing with the issue of confusion.

[57] I return to the evidence of Dr Gregory. She says that it is common-place for the names of pharmaceutical products to incorporate similar letters and syllables. Annexure "SG3" to her affidavit is a document entitled "trade mark name: like ZE-class(es): 5". According to Dr Gregory, this document, bearing another annexure number, was also attached to the papers in the Cape case. It is a list

containing (according to my count) 128 trade mark names covering the period July 1936 to August 2004. All these names start with the prefix ZE. The marks are all in class 5. Some of them are pending, some are registered and others have been removed from the register. On this list, evidently dated September 2004, both Zemax and Zetomax are still listed as "pending". I do not propose referring to all 128 names, but, at a glance, some of them appear to closely resemble each other, as well as the marks presently under scrutiny. The fact that they all bear the prefix "ZE", must surely caution any astute observer and medical professional such as a doctor or pharmacist, to be meticulous and to guard against confusion.

Annexure "SG4" to Dr Gregory's affidavit is another list of pharmaceutical products grouped in categories for the treatment of different conditions, but bearing names that appear to show resemblance with each other. For example, the ACE inhibitors include Zemax, Zeprosil and Zestril. The anti-inflammatories, for example, include IBULEVE, IBUMED and IBUNATE. This list was compiled by Dr Gregory herself to illustrate, in her words, that it is common practice in South Africa for similar classes of pharmaceutical drugs to use names that incorporate similar prefixes, suffixes and/or sounds.

[58] Dr Gregory also attaches "SG5", an extract of the 2009 volume 44 MIMS which shows the brand names currently in use by various proprietors for the pharmaceutical drug Lisinopril. It is apparent that extensive use has been made of

the prefix "ZE" by the various proprietors. For example one finds ADCO-Zetomax, Zemax, Zestorectic, Zestoside and Zestril.

[59] Dr Gregory states that medical practitioners and pharmacists are visited regularly by medical representatives who become well-known to the doctors and pharmacists. Through this representation, clear associations are made by the doctor between a pharmaceutical company, its particular brands and the pharmaceutical products represented through the relevant brands. She denies that in the circumstances prevailing in relation to prescription pharmaceuticals, deception or confusion is likely to arise.

[60] Returning to "SG3", *supra*, the list with the 128 marks, the doctor points out, correctly, that "ZE" is a very common prefix. She admits that only Zemax and Zetomax on the list have the ending "MAX" but points out that there are marks with endings similar to "MAX". She mentions the examples Zermex, Zelmac, Zemac and Zelmec. She points out that each of these has two syllables and she submits that these examples and Zemax (also two syllables) are distinguishable from Zetomax which has three syllables.

[61] The doctor also attaches annexure "SG6" to her affidavit. Like "SG3", it also contains a list of many trade marks covering the period November 1964 to May 2006. They all bear the suffix "MAX". They are all in class 5. Some are registered, some are pending and others have been removed. By my count there

are 232 of these marks with the suffix "MAX". Against this background, the doctor submits that no single proprietor can claim exclusive rights to either "ZE" or "MAX". With this I find myself in respectful agreement. Dr Gregory also submits that in these circumstances it is the prefix "ZETO" which gives the applicants' mark its distinctive character and this prefix is not incorporated into the first respondent's mark. In these circumstances, Dr Gregory expresses the opinion that no pharmacist or doctor would confuse Zemax (two syllables) with Zetomax (three syllables). Given the over-abundance of marks in class 5 carrying the prefix "ZE" and the suffix "MAX" and the restricted market where Zemax and Zetomax are sold, namely by dispensing pharmacists and doctors, I am of the view that there is much to be said for the opinion expressed by Dr Gregory.

[52] Dr Gregory also joins issue with the allegation in the founding affidavit, *supra*, that the similarity and the likelihood of deception or confusion is exacerbated by the fact that the marks have no discernable "connotative" meaning other than that afforded by the suffix "MAX". The witness points out, with reference to "SG3" and "SG6", that it is very difficult to identify a "connotative" meaning for most of the marks listed. By way of example, she refers to "Zemrik", "Zeramax" and "Zepdon" as examples of marks which have no secondary meaning.

[53] The witness also denies the allegation in the founding affidavit that the patient is also a "notional consumer". She reiterates, by referring to the Medicines and Related Substances Act no 101 of 1965, *supra*, and more particularly section

22A(5) thereof, that Zemax and Zetomax must be prescribed by a medical doctor and dispensed by a pharmacist or dispensing medical doctor. Only pharmacists and doctors are involved in dispensing these products and they are trained professionals, well versed in distinguishing between different products and different versions of the same product.

[14] Dr Gregory then turns to the provisions of section 22F of the Medicines and Related Substances Control Act which was also referred to, *supra*, by the learned judge in the Cape case when granting leave to appeal. It deals with the sale or "generic substitution" of "generic medicines" or "interchangeable multi-source medicine". Section 22F(1) reads as follows:

> "(1) Subject to subsections (2), (3) and (4), a pharmacist or a person licensed in terms of section 22C(1)(a) shall-
>
> (a) inform all members of the public who visit the pharmacy or any other place where dispensing takes place, as the case may be, with a prescription for dispensing, of the benefits of the substitution for a branded medicine by an interchangeable multi-source medicine, and shall, in the case of a substitution, take reasonable steps to inform the person who prescribed the medicine of such substitution; and
>
> (b) dispense an interchangeable multi-source medicine instead of the medicine prescribed by a medical practitioner,

> dentist, practitioner, nurse or other person registered under the Health Professions Act, 1974, unless expressly forbidden by the patient to do so."

Dr Gregory submits that under these circumstances, given the promulgation of section 22F and the benefit limits of medical aid funds, South African medical practitioners and pharmacists have become even more acutely aware of the different brand names distinguishing pharmaceutical products from one another so that the possibility of confusion has become even more remote.

[65] The doctor also joins issue with the allegation in the founding affidavit, *supra*, that the "notorious bad handwriting" of doctors when writing prescriptions, will add to the possibility of confusion. She submits, correctly in my view, that to cause the problem envisaged, the doctor has to write Zetomax so badly that two letters, "t" and "o" are obliterated entirely thus running "ZE" into "MAX". The other way around the doctor must somehow write in such a way as to deceive the pharmacist into believing that there is a "t" and an "o" in the word. All this is unconvincing and speculative.

[66] The witness also disputes the argument, *supra*, in the founding affidavit that the likelihood of confusion is exacerbated by the computer programs employed by pharmacies. She puts it as follows:

"When a pharmacist enters ZE a long list of products appears on the screen. If he refines the search by entering 'T', Zemax will disappear from the list. If he enters 'M' Zetomax will disappear from the list. Confusion would appear to be impossible in these circumstances."

The witness also reiterates the fact that the product of the applicants appears to be marketed as ADCO-Zetomax and not as Zetomax, as referred to earlier. The extract from MIMS, annexure "SG7", shows Zetomax under the "A" section and Zemax listed under the "Z" section.

[67] Generally, I find Dr Gregory's evidence impressive, if not compelling.

[68] I now turn to some of the supporting affidavits of other professionals attached to the opposing affidavit of the first respondent.

(i) Gerhardus Deon Lewis is the managing director of X/procure Software South Africa (Pty) Ltd. This is an electronic pharmaceutical procurement system used by pharmacists to order pharmaceutical products from pharmaceutical manufacturers and other wholesalers.

Lewis says it is impossible for a pharmacist (or any other user of his X/procure Pharmacy Ordering System) to mistakenly order Zemax instead of Zetomax utilising this system as the method and mechanism of ordering the products. This is so by reason of, firstly, the way in which the product

search functionality has been designed and, secondly, the fact that the actual description of Zetomax on the system is "ADCO-Zetomax" with the result that the user of the system has to first type in the phrase "ADCO-Z" before "ADCO-Zetomax" will appear on the search screen to be selected.

(i) H P van der Westhuizen is a pharmacist who qualified in 1987. He has been working at Durbell since 1990. He stocks Zemax and Zetomax. The computer product ordering system he uses is Xprocure. To order Zemax he would enter Zemax 10mg or 20mg and to order Zetomax he would enter Zetomax 10mg or 20mg. He has never experienced any confusion between these two products because of their trade marks. He would not expect in future to encounter confusion due to the fact that Zemax and Zetomax are both used for Lisinopril.

(ii) Ian Craig Fortuin is also a pharmacist. He was qualified in 1991. Since 1992 he has been working for three different pharmacies listed in his affidavit. He stocks both the products. The computer product ordering system he uses is known as "orderwise". To order the two products he has to enter the two different names. He has never experienced any confusion and does not expect to do so in future. He states, rather coyly, that "pharmacists are quite intelligent people".

(iv) Johannes Cornelius Potgieter is a pharmacist who qualified in 1987. He presently runs his own pharmacy which he started in November 1995, after first working at another pharmacy. He stocks both products. He uses the order-wise computerised product ordering system and has never experienced confusion between the two products Zemax and Zetomax. He does not expect to do so in future.

New matter raised in the replying affidavit, and further exchanges flowing therefrom

[69] I have already dealt with some of the issues raised in the replying affidavit which is a rather condensed document running into some five pages.

[70] In the replying affidavit new matter was raised in the following terms:

> "The buying market includes pharmaceutical wholesalers and hospitals, including State hospitals. I submit that there is no guarantee that a person(s) at the institutions responsible for buying products are either practising pharmacists or doctors and in fact in most instances they are not. I point out that in many instances, the person at a pharmacy who places the order will be an assistant or clerk, ie a person that is not a qualified pharmacist."

The deponent submits that these persons might be confused between the respective products in situations where they place orders based on the written, or for that matter verbal, instructions of the pharmacist.

[71] On behalf of the first respondent, Dr Gregory filed a further affidavit dealing with the new matter. She denies that confusion will arise.

[72] With regard to the situation of pharmaceutical wholesalers and hospitals, current legislation requires a qualified pharmacist to oversee and control the buying and selling of pharmaceutical products. Section 22A of the Medicines and Related Substances Act is referred to.

[73] The orders placed by pharmaceutical wholesalers, private hospital groups and the Tender Boards in the Department of Health, in the case of State hospitals, are typically large orders and are negotiated with the specific pharmaceutical companies directly.

In these circumstances there can be no suggestion, according to Dr Gregory, that a humble clerk will, off his own bat, make a decision as to what pharmaceutical to order. Bulk orders arise out of senior level negotiations as to price and delivery. Bulk sales and deliveries are negotiated with the particular pharmaceutical company concerned. Errors of the sort suggested on behalf of the applicants do not occur in this environment.

Moreover, the witness points out that the result of an error in this arena would be significant, both in terms of the money payments required (to the wrong producer)

and the consequences of an incorrect delivery. Should such an error occur it would be established very quickly. The fact that the applicants cannot confirm a single such incident militates against there being any merit in this speculative argument.

[74] The procedures in private hospitals and their pharmacies are followed in much the same way as those in private pharmacies, which have been dealt with in the answering papers.

[75] Where the ordering of pharmaceuticals for private and State hospitals is executed on a tender basis, the dispensing is done by a qualified pharmacist who is only able to dispense the pharmaceutical from the company that has been awarded the tender. According to the witness, the speculative situation proposed on behalf of the applicants where an assistant or clerk places an order is a fanciful averment without substance.

[76] The witness also points out that section 22C of the Medicines and Related Substances Act stipulates that wholesalers and distributors are required to be in possession of a permit to carry out their functions and that the permit would be issued only upon the satisfaction of certain conditions. One of these is that prior to commencing business as such the wholesaler must appoint and designate a pharmacist who will control the manufacturing or distribution of medicines, schedule substances or medical devices.

[77] The MCC also issued a "good practice" document aimed at prescribing strict rules for the handling and distribution of pharmaceutical products.

[78] Dr Gregory submits that the entire structure is designed with the aim of eliminating errors. In her experience it is effective at doing so.

[79] On an analysis of all this evidence, it seems to me that the assertions raised as part of the new matter in the replying affidavit are to a large extent based on speculation. For purposes of these proceedings, the assertions in the replying affidavit, in my view, do not pass muster, particularly given the *onus* requirements to which I have referred earlier.

The "all the goods" argument

[80] Early in his address, Mr Michau for the applicants pointed out that, for purposes of these expungement proceedings, a comparison should be drawn between all the goods in respect of which the marks are registered in order to test for the likelihood of deception or confusion.

[81] Mr Michau relied on the provisions of section 10(14) of the Act and referred me to the following passages in *Webster and Page, supra*, at 6.6.5 on p6-13:

> "It is to be noted that section 10(14) is limited to deception or confusion flowing from resemblance to registered trade marks and, furthermore, that

> the comparison is made on the supposition that the marks in question will be used as trade marks in relation to the goods or services in respect of which they are respectively sought to be registered and registered."

The learned authors also state:

> "0n the other hand, the enquiry under section 10(14) proceeds on the assumption that the prior mark has been normally and fairly used in relation to the goods or services for which it is registered, whereas that under section 10(12) is confined to the use which has actually been made of the prior mark."

[82] 0n this argument, if I understand it correctly, the comparison is not limited to that between the hypertensive pharmaceutical products Zetomax and Zemax, but I must also consider whether there will be confusion amongst a substantial number of notional consumers of "pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; disinfectants."

[83] Not a single reference to this argument is to be found in the papers or, for that matter, in the heads of argument prepared by counsel. The case presented in the founding and the replying affidavits is confined to the comparison between the hypertensive pharmaceutical products. This is the case which the first respondent was required to meet. It is trite that, in motion proceedings, the case must be fully

pleaded in the founding papers, and, in exceptional cases, some latitude will be allowed for purposes of supplementing the case in the replying affidavit.

In this case, no reference whatsoever was made to, for example, "veterinary and sanitary preparations, food for babies, plasters, materials for dressings and disinfectants" There is not the slightest suggestion that the applicants are manufacturing and/or distributing such products or have the slightest inclination to do so in the future.

[84] I am alive to the fact that the learned authors, *supra*, appear to suggest that the enquiry under section 10(14) proceeds on the assumption that the prior mark "has been normally and fairly used in relation to the goods or services for which it is registered", but, under those circumstances, this argument should have been pleaded so that the first respondent would have been in a position to meet the case and deal with the extended enquiry. I fail to see how I can conduct such an enquiry without being able to consider a shred of evidence relating thereto. This much was also argued, correctly in my view, by counsel for the first respondent.

[85] In support of his argument, counsel for the applicants relied on the case of *Organon Laboratories Ltd v Roche Products (Pty) Ltd* 1976 1 SA 195 (TPD). At 200C-F, the learned judge, significantly recognising the argument that a different approach is called for where the goods are obtainable only on prescription by a doctor, said the following:

> "It seems to me, however, that in the cases quoted the Courts were mainly concerned with drawing a distinction between products freely available to the public and products which could only be dispensed on a doctor's prescription. In the latter case, the possibility of errors is substantially lessened by various safeguarding circumstances, such as the fact that the product can be sold only on the written authorisation of a doctor, and the fact that the nature of the product requires the exercise of particular care on the part of both the doctor and the dispensing pharmacist (but even in this type of case, assuming that a differentiation will be made between the various products as such, it occurs to me that the possibility of confusion as to the origin of similar products having common features in their marks might yet require scrutiny). However, the same safeguards do not exist in a case such as the present, where, although the products in question are not sold to the public, they may nevertheless be obtained freely by interested members of the trade without the necessity of a doctor's prescription." (Emphasis added.)

In *Organon*, it was common cause that the offending product, a "pregnancy diagnostic test kit" was used by the respondents under the trade mark "Pregnex". It was also common cause, as the learned judge pointed out, that this product was obtainable without the necessity of a doctor's prescription. This situation, in my view, is distinguishable from the present case where the other goods, barring the

pharmaceutical hypertensive product, are not mentioned in the papers and have probably not even been manufactured, let alone used in the trade.

[86] In the result, I see no basis for upholding this particular argument.

Conclusionary remarks

[87] In *Adcock-Ingram Laboratories Ltd v SA Druggists Ltd & Another*; *Adcock-Ingram Laboratories Ltd v Lennon Ltd* 1983 2 SA 350 (TPD) at 362E-363H the following is said:

> "C8 ... There is, so it is contended, a likelihood that either the pharmacist or the doctor would be misled or confused and supply the patient with 'Stilpane' when he really wanted 'Stopayne'.
>
> C9 There is no evidence that such confusion can arise. It must be stressed that a pharmacist may not dispense these tablets without a prescription. Therefore, our enquiry as to whether confusion could arise will have to start with the medical practitioner. We must assume that these practitioners will perform their duties in accordance with the precepts of their profession in a manner in which a reasonably competent practitioner would do.
>
> We must accept that such a practitioner prescribes a particular medicine for his patient not merely, if at all, because of its origin, but because of its contents and its pharmacological action. The practitioner decides what in his judgment his patient requires for the particular condition he has found

to exist, at the same time having regard to the full activity of the prescribed preparation. The practitioner is thus not concerned so much with the origin of a particular medication as with its composition. The practitioner will satisfy himself that what he prescribes is the substance or mixture of substances which he deems efficacious in the circumstances. In case of doubt he will no doubt study the pharmacological data supplied by the supplier. From this it follows that the practitioner's prescription is a definitive, deliberate act: he is aware of exactly what he is prescribing and, in view of the harmful effects which continued use of these particular tablets can have ... any doctor who is requested to give a repeat prescription will consider afresh the implication of his prescription and will, it is to be expected, consult his patient's record ... I am satisfied that no practitioner (unless he is careless or incompetent) will prescribe a medication such as the one with which we are concerned by merely relying on a vague recollection of the product.

C10 I now consider the pharmacist. I have repeatedly stressed that the pharmacist cannot sell these tablets without being in possession of a prescription. He will know of the dangers involved in the use of these tablets and if there is any doubt as to what the prescription is the pharmacist will refer to his script or check with the doctor ...

C11 Turning to the 'patient market', I am not convinced that the appellant has shown that it has acquired a reputation in this market. But, even if it has, it cannot avail the appellant at all ... The patient may well know that

> the product he has been using is 'Stopayne', he may know that it emanates from some particular source – he may even know that it is a product from the appellant's laboratories, but he can make no use of such information. The patient cannot go to his chemist and insist on being supplied with 'Stopayne'. He must first go to the doctor – and even here he cannot insist upon being prescribed 'Stopayne'. It is the doctor's responsibility as to what the patient should have, and his alone. It follows that the only sphere in which confusion could arise is on the prescription by the medical practitioner, and that probability I have already eliminated."

[88] The learned judge went on, at 363G-H, to eliminate confusion also in the case of anticipated sales to "institutions" where the sales flow from tenders that had been allocated. The learned judge also eliminated the possibility of confusion and indicated that in the institution itself, the medication is dispensed by pharmacists on doctors' prescriptions, and the situation as regards patients in such an institution is no different from that of other patients. On this subject, Dr Gregory, *supra*, offered similar evidence.

[89] I am of the view that the present case calls for the same approach as that adopted by the full bench in *Adcock-Ingram Laboratories Ltd.*

[90] With particular reference to my earlier remarks about the *onus*, I have come to the conclusion that the applicants have failed to discharge the *onus*. Given the

particular circumstances of the case and the market in which these products are prescribed and sold. I am of the opinion that the likelihood of confusion amongst a substantial number of purchasers has not been established by the applicants. In the result, the application cannot succeed.

The order

[91] I make the following order:

1. The application is dismissed.

2. The applicants, jointly and severally, are ordered to pay the costs.

W R C PRINSLOO
JUDGE OF THE NORTH GAUTENG HIGH COURT

30763-2009

HEARD ON: 6 AUGUST 2010
FOR THE APPELLANT: R MICHAU
INSTRUCTED BY: SPOOR & FISHER
FOR THE RESPONDENT: M C SEALE
INSTRUCTED BY: BRIAN BACON & ASSOCIATES INC