IN THE HIGH COURT OF SOUTH AFRICA

NORTH GAUTENG: PRETORIA

(1) REPORTABLE: **NO** (2) OF INTEREST TO OTHER JUDGES: **NO** (3) REVISED: YES 17/7/2015 DATE SIGNATURE

CASE NO: 56526/12

17/7/2015

In the matter between:

UNION-SWISS (PTY)LTD **APPLICANT**

and

BIO-CREAM COSMETICS CC **RESPONDENT**

In the matter between: Case no.: 2521/13

UNION-SWISS (PTY)LTD **APPLICANT**

and

BIO-LOTION COSMETICS CC **RESPONDENT**

In the matter between: Case no.: 54314/13

UNION-SWISS (PTY)LTD **APPLICANT**

and

BIO-CREAM COSMETICS CC	**FIRST RESPONDENT**
THE REGISTRAR OF TRADE MARKS	**SECOND RESPONDENT**

JUDGEMENT

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1. The above mentioned applications were argued simultaneously. In the first two applications the applicant seeks relief against passing off and the third application is aimed at expunging South African trademark registration 2011/16486 BIO-LOTION registered in the name of the first respondent, Bio-Cream Cosmetics CC.

2. The first two applications are against Bio-Cream Cosmetics CC ("Bio-Cream Cosmetics") and Bio-Lotion Cosmetics CC ("Bio-Lotion Cosmetics") respectively. Initially the applicant brought the application against Bio-Cream Cosmetics. In its answering affidavit, Bio-Cream Cosmetics contended that it merely owns the Bio-Lotion trademark which appears on the Bio-Lotion product but that it licensed the right to use the Bio-Lotion trademark to its sister company Bio-Lotion Cosmetics and that it is that entity that should have been the respondent in that application. The applicant thereupon launched a separate application against Bio-Lotion Cosmetics.

3. The applicant, however, persists in seeking relief against Bio-Cream Cosmetics for the reason that it is the entity that ultimately authorises and controls the use of that trademark. The applicant submitted that Bio-Cream Cosmetics is therefore

complicit in the deed of passing off. Furthermore, Bio-Cream Cosmetics may in future decide to sell the Bio-Lotion product itself and the applicant has a reasonable apprehension that it will do so especially since the two entities are effectively alter egos of their only member, Mr Silora.

4. I agree with the submissions on behalf of the applicant and for that reason the point in limine of Bio-Cream Cosmetics that the passing off application should not have been brought against it, should be dismissed.

5. At the hearing of this matter the two passing off applications were argued as one. The expungement application was also argued simultaneously since all three applications are based on the same facts. In order to avoid unnecessary confusion I shall refer to the applicant in all three the applications is as "the applicant" and I shall refer to Bio-Cream Cosmetics and Bio-Lotion Cosmetics merely as "the respondent" unless it is necessary to refer to them individually. I shall also refer to the applications as if they were one application unless it is necessary to refer to them individually.

6. I shall deal with the issue of passing off first. The principles governing passing off were recently restated by the Supreme Court of Appeal in the matter of Adidas AG and another v Pepkor Retail Ltd (187/12) [2013] ZASCA 3 (28 February 2013) at paragraphs [28] to [32] as follows:

"[28] The principles governing passing off are well established. Passing off occurs, in relation to goods or merchandise, when one trader represents to the public that his goods or merchandise are the goods or merchandise of another trader. Where the representation is implied it will usually be made by the one trader adopting a name, mark or get-up for his goods or merchandise which so resembles that of the other trader that there is a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused or deceived into believing that the goods or merchandise of the former are the goods or merchandise of the latter or are connected therewith. Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in the light of the particular circumstances of the case. In order to succeed in passing off proceedings based upon an implied representation the aggrieved trader must establish, first, that the name, mark or get-up used by that trader has become distinctive of the trader's goods or merchandise in that the public associates the name, mark or get-up with the goods or merchandise marketed by that trader and, secondly, that the name, mark or get-up used by the other trader is so used as to cause the public to be confused or deceived in the manner described.

[29] The degree of distinctiveness (or the extent of the reputation) is of great importance in passing off proceedings as it affects the issue of whether the general public will be confused or deceived into thinking, because of the similarity of the name, mark or get-up, that the goods or merchandise of the second trader are those of the first trader or are connected therewith. It follows therefore that (just as in the case of trademark infringement) the more distinctive the get-up is (or the greater the extent of its reputation) the greater the likelihood will be that the public will be confused or deceived. An aggrieved trader can establish such distinctiveness (or reputation) in respect of the goods or merchandise by adducing evidence as to the manner and the scale of the use of the name, mark or get-up which justifies the inference that the name, mark or get-up has become recognised by a substantial section of the relevant public as distinctive of the aggrieved trader's 'goods or merchandise'. .....

[30] When considering whether the public will be confused or deceived by an implied representation the court must postulate neither the very careful nor the very careless buyer, but an average purchaser, who has a good idea in his mind's eye of what he means to get but not an exact and accurate representation of it. The court must also take into account that the purchaser will not necessarily have the advantage of seeing the products side-by-side and will not be alerted to the fine points of distinction or definition. The court must further take into account that the

purchaser may not be able to read simple words as there are many people in South Africa that are illiterate.

[31] Finally, it must be borne in mind that the law of passing off does not confer monopolies on successful get-ups. A trader may, to an extent, copy the successful get-up of a rival. However, the moment he copies he will be at risk. The trader will only avoid liability for passing off if he makes it perfectly clear to the public that the articles which he is selling is not the other manufacturer's, but his own, so that there is no probability of the ordinary purchaser being deceived.

[32] Passing off (unlike trademark infringement in terms of s 34 (1) (a) of the Act) requires that a comparison be made between the get-ups of the competing goods and not just the trademarks applied to those goods. What had to be proved was that, by adopting the particular get-ups, which included the two and four stripe marks, the respondent was representing its goods to be those of the appellants or to be connected therewith. This is a matter of first impression. In opposing the grant of relief on the grounds of passing off, the respondent again refer to what it considered to be the appellants' improper use of the 'adidas technique' and the fact that the appellants' trademarks are famous."

7. As a general proposition there are, therefore, two central elements to a claim based on passing off. The first is proof of goodwill or reputation in the relevant goods and the second is proof of the likelihood of deception or confusion. In regard to the second element the comparison is between the whole of the get-up of the applicant and the whole get-up of the respondent. In this sense it differs from trademark infringement cases where the enquiry is confined to a comparison of the registered mark with that portion of the respondent's get-up which is alleged to infringe the applicant's registered rights. See Stellenbosch Farmers Winery Ltd v Stellenvale Winery (Pty)Ltd 1957(4) SA 234 (C) at 240 C-D.

8. In the present application the evidence adduced clearly establishes a significant goodwill and extensive reputation which the applicant enjoys in its Bio-Oil product. The respondent admitted this. The Bio-Oil skincare products have, since 1987, been sold extensively throughout South Africa and are extremely well-known to purchasers of skincare products for general purposes, to pregnant women and to medical practitioners. The general appearance of the get-up has remained the same for the last approximately 14 years and exactly the same for the last approximately 10 years. The products are sold in bottles of three different quantities, in boxes, and are widely used throughout South Africa to improve the appearance of scars, stretchmarks and uneven skin tone. It is also effective for ageing and dehydrated skin. According to market research the Bio-Oil products were the best selling scar and stretchmark products in each year for the last four years. In each of the years 2006 to 2011 the total number of units sold in South Africa exceeded 2 400 000 with a retail value of over R150 000 000,00, i.e., more than double that of the closest competitor.

9. The applicant's Bio-Oil branded products can be purchased at independent pharmacies, pharmacy retail chains and other national chains of retailers. In total, the applicant supplies the Bio-Oil products for sale through more than 5 000 retail outlets throughout South Africa.

10. The Bio-Oil products have been advertised continuously and on a substantial scale since 2001 and has been carefully directed at the relevant consumers through television, printed publications, general and selected magazines and on-line. The

expenditure on advertising in South Africa between the years 2006 and 2011 range from between more than R13 million to more than R18,6 million in 2011.

11. A number of awards and accreditations have been won and received by the Bio-Oil products since 2004. The Bio-Oil products have been recognised by health professionals as being the leading product for alleviating problems with scars and stretchmarks and market research conducted during 2012 has indicated it to be the product most recommended by doctors, pharmacists and midwives.

12. The Bio-Oil products have built up a considerable reputation and valuable goodwill in South Africa and has developed continuously over the years. The evidence shows that because of the overwhelming popularity of these products amongst customers, the applicant has on several occasions been approached to extend its product line, specifically to lotions. It was submitted on behalf of the applicant that, for this reason alone, customers will assume that any product in a get-up that is confusingly similar to the Bio-Oil products, is a Bio-Oil product or, at the least, is an extension of the Bio-Oil product range.

13. The applicant is the registered proprietor in South Africa of two trademarks. The first is the trademark "BIO-OIL" in class 3 in respect of bleaching preparations and other substances for laundry use; cleaning and polishing, scouring and abrasive preparations; soaps, perfumery, essential oils, cosmetics, hair lotions; and dentifrices. The second is the trademark "BIO-OIL and drop device" in class three in respect of soaps, perfumery, essential oils, cosmetics, hair lotions; and dentifrices. The drop device is formed by horizontal lines which gives the drop an

irregular edge. Three of the lines in the middle of the drop slightly extend the side edges of the drop. The boxes containing the bottles are white with the drop device in grey lines with the longer lines through it, in an orange colour. The writing on the box containing the Bio-Oil mark is also in this orange colour. The more striking or prominent features of the applicant's product are the Bio-Oil name and the drop device.

14. The respondent's trademark is "BIO-LOTION" and is also registered in class 3 and in respect of the exact same products as the BIO-OIL and device trademark. The product is contained in a white bottle containing the words "Bio Lotion" in orange letters. Above these words appears a drop device with a rough edge.

15. The first question to be answered is whether consumers seeing these two products, whether side-by-side or apart, would be misled into believing that there is a trade connection between them. According to the applicant such consumers, or at least a substantial number of them, would undoubtedly consider that the Bio-Lotion product is a line extension of the well-known Bio-Oil product, i.e., a similar product, produced by the same manufacturer and applied to the skin for the same purpose but as a lotion rather than as an oil.

16. The respondent adduced evidence of the get-ups of other competing products on the market and pointed out that there are a number of products on the market which include drop devices and which have the colours orange and white.

17. The applicant, however, does not claim a monopoly in the individual features which make up its get-up but claims rights in the get-up as a whole. Having regard

to the get-up as a whole, it appears, however, that none of the products referred to by the respondent and which relates to skin care, consists of a combination of an orange and white get-up, a drop device and a name which includes "Bio" together with a product descriptor.

18. I agree with this submission on behalf of the applicant that the Bio-Oil get-up is unique and distinctive. The only product which looks remotely similar to the Bio-Oil product is Dischem's Hydra-Oil. It also bears the white and orange colours and has three drop devices falling into a puddle. The drop devices, however, have sharp edges and are removed from the words Hydra-Oil. According to the applicant this product was recently launched and the applicant is in the process of taking steps to have the get-up changed.

19. I agree with the submissions on behalf of the applicant that the reliance on the get-up of other products does not undermine the substantial reputation enjoyed by the applicant in its Bio-Oil product and that the get-up is unique.

20. This court must determine whether the representation made through the get-up of the respondent's product is likely to cause deception or confusion amongst purchasers or potential purchasers of the Bio-Lotion product as to the source of this product. A number of principles have evolved over time to which the court must have regard in making its determination. The first is that the court must notionally transport itself to the particular marketplace and place itself in the position of those who might be expected to make use of the goods offered by the two trade rivals. The class of persons who are likely to be the purchasers of the

goods must therefore be taken into account in determining whether there is a likelihood of confusion or deception. See Reckitt & Coleman SA (Pty)Ltd v SC Johnson & Son SA (Pty)Ltd 1993(2) SA 307 (AD) at p315 -G. The court must consider the likely impact of the get-up employed by the two traders on the notional "ordinary customer".

21. In Blue Lion Manufacturing (Pty)Ltd v National Brands Ltd 2001 (3) SA 884 (SCA) at paragraph [3] the court defined the average or ordinary purchaser as follows:

"When one is concerned with alleged passing off by imitation of get-up, as is the case in the matter before us, one postulates neither the very careful nor the very careless buyer, but an average purchaser, who has a general idea in his mind's eye of what he means to get but not an exact and accurate representation of it. Nor will he necessarily have the advantage of seeing the two products side by side. Nor will he be alerted to single out fine points of distinction or definition. Nor even, as pointed out by Greenberg J (from whom I have been quoting) in Crossfield & Son Ltd v Crystallizers Ltd 1925 WLD 216 at 220, will he have had the benefit of counsel's opinion before going out to buy. Nor will he necessarily be able to read simple words, as there are distressingly many people in South Africa who are illiterate."

22. In Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A) at 640I – 641D the applicable test in determining the likelihood of deception or confusion was expressed as follows:

"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 circumstances. 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."

23. The test is consequently one of first and general impression, having regard to the circumstances in which the ordinary purchaser of skincare products finds himself/herself and even momentary confusion on the part of the consumer is sufficient. See Orange Brand Services v Account Works Software (970/12) [2013] ZASCA 158 paragraph [13].

24. In applying the aforesaid tests and principles to the fact of this case, there is little doubt that a substantial number of consumers will be confused as to the source of the Bio-Lotion product. As a matter of first impression, the similarities between the two products are clear. Firstly there is the combination of the white colour of the container/box and the writing in Orange. Secondly, there is the word "Bio" together with a hyphen and a descriptive term for the product in question namely lotion or oil. Thirdly, there is the use of a drop device which is very similar in shape and in its proximity to the name of the product. Both drops also have an uneven image.

25. It is these general features, which are common in both products, together with the most striking feature namely the word "Bio", which would attract the attention of the ordinary purchaser of these products and which would give rise to the likelihood of confusion.

26. The fact that the one product refers to an oil and the other to a lotion, is not a sufficient distinction to overcome any confusion caused by the other similarities. The dominant part of the get-up namely the word "Bio" and the other similar features are such that the ordinary customer would confuse the respondent's product with that of the applicant's product. Even if a consumer would notice that the one product is an oil while the other is a lotion, that would not necessarily avoid the confusion for it would not be uncommon for a manufacturer of an oil-based cosmetic product to extend its product range to include a lotion. Consumers are, therefore, likely to assume that the Bio-Lotion product is simply a line extension of the Bio-Oil product. In these circumstances, the relief sought in the Amended Notice of Motion should be granted to the applicant.

27. The application to expunge the trademark registration in the name of the first respondent in the expungement application must now be referred to. The applicant confined its argument to section 10(13) of the Trade Marks Act, Act 194 of 1993 ("the Act"). In order for the applicant to succeed, the court must be satisfied, firstly, that the goods in respect of which the respondent's registered trademark is registered "are the same as or similar to" the goods in respect of which the applicant's trademark is registered; and, secondly, that the respondent's mark is so similar to the applicant's trademark that the use by the respondent of its mark on

the goods in respect of which its mark is registered is likely to deceive or cause confusion. The "use" contemplated in section 10(14) is not actual use, but rather notional use of the respective marks on any of the goods for which they are registered.

28. In Cowbell AG v ICS Holdings Ltd 2001 (3) SA 941 (SCA) in paragraph [10] the court set out the test to be applied under section 10(14) (in relation to section 17 (1) of the old Trade Marks Act of 1963, which section is similarly worded to section 10(14) of the Act) as follows:

'[10] Section 17(1) creates an absolute bar to registration provided the jurisdictional fact is present, namely that the use of both marks in relation to goods or services in respect of which they are sought to be registered, and registered, would be likely to deceive or cause confusion. The decision involves a value judgment and

'[t]he ultimate test is, after all, as I have already indicated, whether on a comparison of the two marks it can properly be said that there is a reasonable likelihood of confusion if both are to be used together in a normal and fair manner, in the ordinary course of business'.

(SmithKline Beecham Consumer Brands (Pty) Ltd (formerly known as Beecham South Africa (Pty) Ltd) v Unilever plc 1995 (2) SA 903 (A) at 912H.) 'Likelihood' refers to a reasonable probability (ibid at 910B), although the adjective 'reasonable' is perhaps surplusage. In considering whether the use of the respondent's mark would be likely to deceive or cause confusion, regard must be had to the essential function of a trade mark, namely to indicate the origin of the goods in connection with which it is used (The Upjohn Company v Merck and Another 1987 (3) SA 221 (T) at 227E - F; Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc (formerly Pathé Communications Corporation) [1999] RPC 117 (ECJ) para 28)."

29. In order to decide whether there is a reasonable likelihood of confusion the marks must be appreciated globally. The global appreciation of the visual, aural or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. See Sabel BV v Puma AG, Rudolf Dassler Sport [1998] RPC 199 (ECJ) at 224; Cowbell (*supra*) *ibidem*. In making the comparison the question of the likelihood of confusion is a matter of first impression which does not require one to peer too closely at the respective trademarks to find similarities and differences, and which allows for imperfect recollection. In Adidas AG & anor v Pepkor Retail Ltd [2013] ZASCA 3 para [24] the court stated the following principles:

> "The more distinctive the trademark is, or the greater its reputation, the greater the likelihood that there will be deception or confusion where a similar mark is used in competing products. Purchasers who are used to seeing the first appellant's trademarks will still experience imperfect perception or imperfect recollection and will be far more likely to conclude that the similar mark is the first appellant's trademark or is associated with the first appellant's trademark and consequently that the competing products come from the same source. That is clearly the position in other jurisdictions where the law is comparable with ours."

30. It is common cause that the products in respect of which the Bio-Oil and Bio-Lotion products are registered, are identical. The dispute thus terms entirely on whether or not the Bio-Lotion trademark is sufficiently similar to the Bio-Oil trademark that the use of that mark by the respondent on any of the goods for which it is registered, is likely to give rise to a likelihood of deception or confusion.

31. On behalf of the respondent it was submitted that the respective trademarks used are different and that the application can thus not succeed. It was further submitted that the only common feature of any significance is the word "Bio" and that it is an entirely non-distinctive term but a descriptive term referring to "biological", "of living things" and "of life". As such the scope of protection for the mark is narrower than if it had consisted of an arbitrary term. It was submitted that in respect of this descriptive term, relatively minor differences will suffice to distinguish the applicant's products from that of the respondent's products.

32. I disagree with the submission that the word "Bio" is a descriptive term which attracts the consequences submitted on behalf of the respondent. A descriptive term would, as a general rule, describe a product. The word "Bio" does not describe an oil or any type of cosmetic product. It is also not an everyday word in relation to any product in class 3. In fact, it describes nothing. At best it is an illusion to something biological. The applicant has used the word "Bio" hyphenated to the word "Oil" for many years and has built up a considerable reputation and goodwill and has a high level of recognition in the market. The word "Bio", as a distinctive term, is the dominant part of the applicant's trademark and it is highly likely that consumers would regard the respondent's Bio-Lotion mark as a line extension of the applicant's Bio-Oil product, perhaps performing a similar function in a different way – one as an oil and one as a lotion. The rest of the mark, including the drop device, increases this likelihood. As already stated, the likelihood that consumers will indeed be confused is made all the more probable by the fact that the Bio-Oil trademark is extremely well-known, and the belief that

the two products are the same or originate from the same source or that there is a connection in the course of trade between them, is highly probable.

33. On behalf of the respondent reference was also made to other products on the register containing the word "Bio" as a prefix or as part of another word and it was submitted that if those words do not create an association with the applicant, the trademark Bio-Lotion will also not do so. In my view the state of the register, as used by the respondent, cannot be the sole consideration. Any investigation must be confined to the trademark in question. The market also has to be considered and in that regard it appears that only one product with "Bio" as a prefix is used in the market. I agree with the submission on behalf of the applicant that consumers will not be aware of entries on the register and that the presence of these marks on the register does not, therefore, bear upon the enquiry as to the likelihood of deception or confusion.

34. I have considered all the submissions and arguments on behalf of the respondent but in my view it is not necessary to refer thereto herein. In my view the respective trademarks are not sufficiently distinguishable and I am satisfied that the use by the respondent of the Bio-Lotion trademark is likely to lead to confusion or deception in the course of trade and should be expunged.

35. As far as the relief to be granted is concerned it is only necessary for purposes of the two passing off applications to grant the relief in the applicant's Amended Notice of Motion in case nr. 56526/12, and the second prayer in the expungment application, case nr. 54314/13. In respect of the costs of the two passing off

applications the applicant only persisted with the cost of one of these applications. The parties were ad idem that the costs of two counsel should be granted. The applicant further submitted that any cost order in respect of the passing-off applications should be against Bio-Cream Cosmetics and Bio-Lotion Cosmetics jointly and severally. I am satisfied on the evidence before me that this submission is correct.

36. In the result the following order is made:

<u>In Case 56526/12 and Case 2521/13</u>

1. Bio-Cream Cosmetics CC is interdicted and restrained from passing-off its BIO-LOTION product as that of the Applicant or as being connected in the course of trade with the Applicant, by using the get-up of its current BIO-LOTION product or any get-up which is confusingly or deceptively similar to the get-up of the Applicant's BIO-OIL product.

2. Bio-Cream Cosmetics CC is interdicted and restrained from procuring or inducing, aiding and abetting, advising, inciting or instigating or otherwise assisting Bio-Lotion Cosmetics CC to pass off the BIO-LOTION product as that of the Applicant or as being connected in the course of trade with the Applicant, by authorising or otherwise allowing Bio-Lotion Cosmetics CC to use the get-up of its current BIO-LOTION product or any get-up which is confusingly or deceptively similar to the get-up of the Applicant's BIO-OIL product.

3. Bio-Cream Cosmetics CC and Bio-Lotion Cosmetics CC are ordered jointly and severally to pay the costs of the applicant in case nr. 56526/12 which costs shall include the costs of two counsel.

In Case 54314/13

4. The Second Respondent, the Registrar of Trade Marks, is ordered to remove trademark registration number 2011/16486 BIO-LOTION from the trade marks register.

5. Bio-Cream Cosmetics CC is ordered to pay the costs of the applicant in case nr. 54314/13 which costs shall include the costs of two counsel.

C.P. RABIE

JUDGE OF THE HIGH COURT