

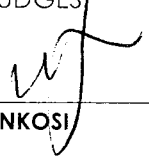
REPUBLIC OF SOUTH AFRICA



IN THE HIGH COURT OF SOUTH AFRICA
NORTH GAUTENG HIGH COURT, PRETORIA

8/11/13

CASE NO: 67407/13

(1)	REPORTABLE:
(2)	OF INTEREST TO OTHER JUDGES
(3)	REVISED.
08/10/2013	
DATE	VRSN NKOSI

In the matter between:

REFIN FINANCIAL SERVICES (PTY) LTD

APPLICANT

and

CARFIN (PTY) LTD

1ST RESPONDENT

GEORGE SIMITOPOULOS

2ND RESPONDENT

UNIFORM SA SERVICE

3RD RESPONDENT

J U D G M E N T

NKOSI AJ:

[1] Applicant brought an urgent application as contemplated in Uniform Rule 6 (12) which was heard as such.

[2] Applicant sought to interdict the 1st and 2nd respondents from:

- (a) advertising, soliciting for business or trading under the name "Refin" or Re-Fin";
- (b) attracting or diverting internet traffic under the name "refin" or "re-fin" to any of its websites; and
- (c) operating a website www.refin.co.za or any other website with URL which contains "refin" or "re-fin";

[3] Applicant further sought the 3rd respondent to deregister and/or no longer facilitate the 1st and 2nd respondent's operation of the website www.refin.co.za; and

[4] That the 1st and 2nd respondents pay the costs of this application on the attorney and client scale.

BACKGROUND TO THE DISPUTE

[5] The applicant renders financial services in the motor industry. It specialises in arranging for its customers the re-financing of motor vehicles and other movable assets.

[6] The applicants stated that it has created a niche market over a short period of time thereby establishing a good reputation in this market.

He has put an R1million guarantee to its re-financier, motor finance corporation.

[7] The applicant changed to Refin Financial Services on 13 August 2013 without any objection. It used to trade as "Refin", and established a website which is accessed by prospective customers when they type in the URL (Uniform Resource Locator) "re-fin". All its administration, banking and communication modes are done or conducted under the name "Refin".

[8] It was applicant's submission that it expended substantial amounts on promoting its "Refin" business by way of radio advertisements, bulk sms's, promotions at shopping centres and motor shows and its website. Flyers have been distributed to potential customers.

[9] It was his further submission that until the respondent's conduct, which forms part of this application, he has been remarkably successful. Business increased every month until mid-October when there was a sudden drop.

[10] The applicant became aware, on 16 October 2013, that the 1st and 2nd respondents suddenly started trading as "Refin", also that they are directing internet searches and enquiries made under the name "Refin" to the 1st respondent's website.

APPLICANT'S SUBMISSIONS

[11] It is trite that the lawfulness or unlawfulness of the respondents' acts of competition, are to be determined, with due regard to what represents fairness and honesty in competition, more pertinently what the *boni mores* and the general sense of justice in the community is. It is submitted the respondents' actions do not pass muster.

[12] Generally speaking it is open to anyone to adopt the ideas and devices of his neighbour and apply it to his own goods provided he clearly distinguishes his goods from those of his neighbour.

[13] To reiterate, the applicant's case is not based on the infringement of a registered trademark. The case is based on the common-law delict of "passing off" and the deceptive use of the applicant's name in a website which causes diversion of business utilising the "Refin" name through the additional/duplicate website "refin.co.za"

[14] The use of similar words or names as explained by Galgutt AJA in: *Triang Pedigree* as follows: "... a word that is invented or fanciful, will more readily become associated in the public mind with the origin from a particular source than a word which is descriptive or in common use. It follows that the onus on a plaintiff, is to establish

that the alleged infringing mark will cause deception or confusion, is less easily discharged when the registered trademark contains a word or words which are descriptive or partly descriptive”.

[15] In: *Burnkloof Caterers (Pty) Ltd v Horseshoe Caterers (Greenpoint) (Pty) Ltd* is was explained (at 130H) that *“where a name under which a trader conducts his business is not a ‘fancy’ name but is one which is descriptive of his business, the Court will not readily assume that the use of such name is likely to lead to confusion. The reason for this is that the Court is reluctant to accord any one person a monopoly in a word in common use, unless of course that word has acquired a ‘secondary meaning’ ... one of the first questions that arises, therefore, is whether the name under which the applicant trades is ‘fancy’ or a ‘descriptive’ name”.*

[16] It is submitted that the applicant’s name (Refin Financial Services (Pty) Ltd) and more particularly the name under which it trades “Refin” and the website “re-fin.co.za”, is more fancy than descriptive. It is the respondent who explains that traditional banks were not interested in catering to the re-financing needs of the public, hence the opportunity in a niche market. The word “refin” does not appear in the Oxford Dictionary (“refine” appears).

[17] This is not a case where a descriptive name such as “Eat-Out” versus “Eating Out” was debated as in: *New Media Publishing (Pty) Ltd v Eating Out Web Services CC*. The concept of Eat-Out or Eating Out is obviously descriptive. It can be found in a dictionary. Should the Honourable Court find that “Refin” is descriptive rather than fancy, it will be submitted that the decision in: *New Media Publishing (Pty) Ltd v Eating Out Web Services CC*, is distinguishable since there the words/name was descriptive and different words were used. In the instant matter the identical name “Refin” is used. The *New Media Publishing* case was, with respect, in any event incorrectly decided and attention was paid to the *boni mores* of society. In: *Nick’s Fishmonger Holdings (Pty) Ltd and Another v Fish Diner in Byranston CC and Others* demonstrates a correct approach to the matter.

[18] The cumulative acts of the respondents cause the 1st respondent’s “competition” to be unlawful. The adoption of an identical name “Refin”, as soon as applicant started as

“Refin” with the establishment of a website with that exact name is not fair and honest competition especially not if the website is set up solely to divert potential customers to the 1st respondent’s actual website “carfin.co.za”, without this being disclosed. Customers are kept in the dark. It is not shown that Carfin is the actual party.

[19] The timing of the respondents’ endeavours is a relevant consideration to establish the unlawfulness of the respondents’ actions. It evidences a patent attempt to hijack the custom due to the applicant.

[20] The 1st respondent does not in any way seek to distinguish its business under “Refin” from that of the applicant. As stated in: *Easyfind International (SA) (Pty) Ltd v Instaplan Holdings & Another* 1983 (3) SA 917 (W) at 925C-D “the rule is clear that it is open to anyone to adopt the ideas or devices or his neighbour and apply them to his own goods, provided that he clearly distinguishes his goods from that of the neighbour”.

[21] It is trite that it is wrong to represent that your business is that of another and that the question that arises is when there is a reasonable likelihood that members of the public may be confused in believing that the business of the one is, or connected with that of another.

[22] In: *Caterham Car Sales & Coach Works Ltd v Burkin Cars (Pty) Ltd & Another* reference was made (at 947A-B) to the three elements (or trinity), being reputation (or goodwill), misrepresentation and damage.

[23] The respondents have not disputed that the applicant has established a good reputation.

[24] The respondents have contented themselves with mere arguments that there is a “dearth of evidence” in this regard. Respondent fail to deal with the applicant’s specific averments in this regard. The averment in paragraph 5 of the founding affidavit has not been refuted, nor the averments in paragraph 11 of the founding affidavit.

[25] Potential confusion is obvious, when read with the remarks by the applicant that there has been a sudden drop in “hits”.

[26] Moreover the diversion of business in itself establishes damage since many unsuspecting customers will then deal with the first respondent, rather than with the applicant. Do we have evidence or confirmation that one or many unsuspecting customers were diverted? The Court was left to speculate.

RESPONDENT'S SUBMISSIONS

[27] It is an undisputed fact, in terms of the founding papers, that the applicant's case was brought on the common law delict of passing-off.

[28] It is important to indicate what the basic principles of passing-off and what it seeks to protect and in general an applicant must establish two essential requirements to succeed in a passing-off matter as outlined in the *Adcock-Ingram Products Ltd vs Beecham* 1977 (4) SA 434 et 436-7.

- (a) that the respondent has used or is using in connection with his own goods a name or mark, sign or get up which has become distinctive in the sense that they are regarded, by a substantial number of members of the public or in the trade, as coming from a particular source known or unknown; and
- (b) that the use of the feature concerned is likely or calculated, to deceive, and thus cause confusion and injury, actual or probable, to the goodwill of his business.

[29] It is respondent's submission that the proprietary right recognised by passing-off is not a right in the name, mark or get-up of the product. It is the right in the reputation or goodwill which resides in that product. This was profusely disputed by the respondent. It was further submitted that any trader is therefore entitled to imitate the get-up of the viral trader. Such imitation will be Lawful if the trader makes it clear that the product is his own and not that of the first user.

[30] Reference was made to the old decision of *Pasquali Cigarette Co Ltd vs Daiconicolas & Capsolulis* 1905 TS 472 at 479 where the court held that: "A certain

amount of imitation in these matters is perfectly legitimate. If one manufacturer sees that another manufacturer gets up his wares in a form which attracts the public he is entitled to some extent to take a lesson from rival and copy the get-up, provided that he makes perfectly clear to the public that the articles which he is selling are not the other manufacturer's, but his own articles, so that there is no probability of any ordinary purchaser being deceived. So long as he does that a certain amount of imitation is legitimate."

It was submitted that copying of someone's get-up is therefore not in itself unlawful.

[31] One tends to agree with this view otherwise there would be anarchy where everyone is challenging everyone on something not protected by a legitimate trade mark.

[32] In: *The Royal Beechnut (Pty) Ltd vs United Tobacco Company Ltd* 1992 (4) S 118 (A) at 112 D the then Chief Justice Corbett stated as follows: "It is trite Law that by adopting the trade mark of his rival, or one so closely resembling it as to be calculated to deceive or cause confusion, a trader may be held to have impliedly represented that his goods are those of his rival or that they are connected in some way with his rival. If such conduct causes or is calculated to cause his rival damage, either in the form of diversion of custom or damage to or misappropriation of his goodwill, then the delict of passing-off is committed and the guilty party may be restrained by interdict from such conduct".

OBSERVATIONS AND WEIGHING OF ALL SUBMISSIONS

[33] The applicant is expected to lead evidence not only the "almost similar pamphlets or website" but evidence taken in totality leading to or calculated to cause some deception to the public. One example would be a confirmatory affidavit by a person who was misled into believing that he/she deals with the applicant only to find that it was the respondent. This had to be shown on a preponderance of probabilities.

Additional to the above the litigant must prove the reputation he had created in the trade mark or product.

The sudden drop in "hits" is not supported by any evidence.

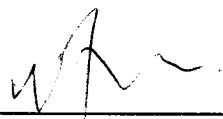
[34] There is no single supporting affidavit to assist the court in coming to the conclusion that the applicant has a reputation that would in probabilities or likelihood to be damaged or passed-off. The applicant's cannot sustain the requirements of passing-off.

[35] The applicant's referral to unlawful competition could not be supported with any evidence and even if it was his case was based on passing-off which was not proven on a balance of probabilities.

[36] Having considered all submissions made to me I am of the view that the respondents were able to disprove the existence of passing-off.

It is therefore ordered as follows:

- (a) The applicant's case is dismissed with costs.



VRSN NKOSI
ACTING JUDGE OF THE HIGH COURT

COUNSEL FOR APPLICANT

ADV. JO WILLIAMS

COUNSEL FOR RESPONDENT

ADV. R MICHAU SC

DATE OF HEARING

5 NOVEMBER 2013

DATE OF JUDGMENT

8 NOVEMBER 2013