

IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG NORTH DIVISION, PRETORIA

DATE FOR FILING OF ANSWER: 28/6/2012

FILE NO. 41661/11

DATE OF INTEREST TO CRISP PAGES: YES/NO.

FILED BY: [Signature]

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Case No. 41661/11

28/6/2012

In the matter between:

SAFROTEX INTERNATIONAL (PTY) LTD

Applicant

and

ABDUL NAEEM HASSAN t/a SINOVILLE FABRICS

Respondent

JUDGMENT

1. The applicant is Saprotex International (Pty) Ltd, a company with limited liability, duly incorporated as such and with principal place of business at 25 Hoepoe St., Fort Jackson, East London, Eastern Cape Province. The applicant imports, distributes and sells yarn under various trade names and is the holder of several trademarks relating to such goods.
2. The respondent is Abdul Naeem Hassan, an adult businessman trading as Sinoville Fabrics at Shop No 40, Rudolph St., Sunderland Ridge, Pretoria.

The respondent describes his business activities as being in the textile and haberdashery business.

3. The respondent sells wool used for knitting. He alleges that he has purchased such yarn from a variety of sources, including the applicant.
4. Respondent relates that he imports his own yarn since 2005. Among these are two types of yarn identified as 'double-knitting' and '4 ply' respectively. The yarn of this type is packaged with a label that displays the word "classic" on the ball band. Such wool has been imported since 2010 and the respondent asserts that he uses the word "classic" not as a trade mark, but as a descriptive term to describe conventional or plain yarn.
5. The significance of this description lies in the fact that the applicant registered the word "classic" as a trademark during 2000 under Class No. 23 which refers to 'yarns & threads, for textile use'. It is common cause that the applicant registered the mark in February 2000 under No 2000/02552 and that the mark was renewed on 27 August 2009. It is therefore clear that the applicant is entitled to the protection of the mark provided by section 34 of the Trade Marks Act 194 of 1993.<sup>1</sup> ('the TMA')

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**<sup>1</sup> 34. Infringement of registered trade mark.**

(1) The rights acquired by registration of a trade mark shall be infringed by—

- (a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;
- (b) the unauthorized use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion;
- (c) the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive

character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception. Provided that the provisions of this paragraph shall not apply to a trade mark referred to in section 70 (2).

(2) A registered trade mark is not infringed by—

(a) any bona fide use by a person of his own name, the name of his place of business, the name of any of his predecessors in business, or the name of any such predecessor's place of business;

(b) the use by any person of any bona fide description or indication of the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of his goods or services, or the mode or time of production of the goods or the rendering of the services;

(c) the bona fide use of the trade mark in relation to goods or services where it is reasonable to indicate the intended purpose of such goods, including spare parts and accessories, and such services;

(c) the importation into or the distribution, sale or offering for sale in the Republic of goods to which the trade mark has been applied by or with the consent of the proprietor thereof;

(e) the bona fide use by any person of any utilitarian features embodied in a container, shape, configuration, colour or pattern which is registered as a trade mark;

(f) the use of a trade mark in any manner in respect of or in relation to goods to be sold or otherwise traded in, or services to be performed, in any place, or in relation to goods to be exported to any market, or in any other manner in relation to which, having regard to any conditions or limitations entered in the register, the registration does not extend;

(g) the use of any identical or confusingly or deceptively similar trade mark which is registered:

Provided that paragraph (a) shall not apply to the name of any juristic person whose name was registered after the date of registration of the trade mark: Provided further that the use contemplated in paragraph (a), (b) or (c) is consistent with fair practice.

(3) Where a trade mark registered in terms of this Act has been infringed, any High Court having jurisdiction may grant the proprietor the following relief, namely—

(a) an interdict;

(b) an order for removal of the infringing mark from all material and, where the infringing mark is inseparable or incapable of being removed from the material, an order that all such material be delivered up to the proprietor;

(c) damages, including those arising from acts performed after advertisement of the acceptance of an application for registration which, if performed after registration, would amount to infringement of the rights acquired by registration; and

(d) in lieu of damages, at the option of the proprietor, a reasonable royalty which would have been payable by a licensee for the use of the trade mark concerned, including any use which took place after advertisement of the acceptance of an application for registration and which, if taking place after registration,

6. Applicant alleges that it has licensed YarnTex (Pty) Ltd, a private company which has the same registered address as the applicant, to trade in and distribute wool under its trademark 'Classic'. Both YarnTex and the applicant are subsidiary companies of Bertrand Management Services (Pty) Ltd.
7. The applicant avers that the respondent's trade in the wool he describes as "Classic" is an unauthorised use of its registered trademark 'Classic' and that its rights protected by the Trade Marks Act 193 of 1994 are infringed thereby. In addition, applicant is of the view that the respondent is guilty of dealing in counterfeit goods and transgresses the Counterfeit Goods Act 37 of 1997 ('the CGA'). It has instituted action under the above case number against the respondent on the grounds of the alleged trade mark infringement in terms of section 34 (1) (a) TMA, of passing off and of the alleged dealing in and distribution of goods that are counterfeit, calculated to be confused with the applicant's product and therefore liable to be seized in terms of the CGA.
8. In the trial action applicant claims a permanent interdict restraining the respondent from infringing its trade mark; an order disclosing the source of the offending goods and the persons from whom such goods have been obtained and delivery of all the offending goods for purposes of destruction thereof.

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would amount to infringement of the rights acquired by registration.

(4) For the purposes of determining the amount of any damages or reasonable royalty to be awarded under this section, the court may direct an enquiry to be held and may prescribe such procedures for conducting such enquiry as it may deem fit.

(5) Before a person institutes proceedings in terms of this section he shall give notice in writing of his intention to do so to every user concerned whose name is recorded in the register, and any such registered user shall be entitled to intervene in such proceedings and to recover any damages he may have suffered as a result of the infringement.

9. The applicant initiated a search and seizure operation by the police acting as inspectors under the CGA. On 23 June 2011 a large quantity of the allegedly offending goods was attached and placed in a counterfeit goods store. The respondent launched an urgent application in terms of section 7 (4) of the CGA for the return of the goods and related relief. The application was struck off the roll for want of urgency, but on 20 June 2012 this court set aside the warrant in terms of which the goods had been seized and ordered the return of such goods to the respondent.
10. Applicant also threatened to lay a criminal charge against the respondent, but it does not appear from the papers what progress has been made with it, if any.
11. The pleadings in the civil action are closed and a trial date has been set. Pending the finalisation of the trial proceedings, the applicant now seeks an interim interdict restraining the respondent from continuing to infringe the applicant's intellectual property rights arising from the trade mark by dealing in the allegedly offending goods, together with consequential relief and costs. The respondent opposes this application.
12. The applicant relies on the same causes of action that support his particulars of claim in the principal action: the need to protect its registered trade mark against infringement by the respondent, against passing off and against the respondent's alleged dealing in counterfeit goods for the granting of the interim interdict. It is trite that the applicant is entitled to an interim interdict if it has a clear right; or a *prima facie* right, though open to some doubt, which right is infringed or exposed to a reasonable apprehension of imminent harm; provided the balance of convenience is in

the applicant's favour and there is no reasonable alternative to protect such right: *Saidex (Pty) Ltd & Others v Minister of Minerals and Energy & Others* [2011] ZASCA 102 (unreported) and the authorities there cited.

13. The respondent counters the applicant's case by pleading that the trade mark 'Classic' is not a valid mark and liable to expungement as it is not a trade mark as contemplated in s 10 (1) of the TMA; is not capable of distinguishing the goods and services of the applicant from the goods and services of another person in terms of section 10 (2) (a) of the TMA; because it consists exclusively of a sign or an indication to designate in the yarn industry the kind, quality and/or other characteristics of yarn in terms of section 10 (2) (b) or 10 (3) of the TMA; and/or that a period of five years or longer elapsed from date of issue of the certificate of registration and the date three months before the filing of the plea in the principal action without the applicant having used the trade mark during this period in a *bona fide* fashion as contemplated in section 27 (1) (b) of the Act. The respondent furthermore raises the defences that the interdict application has been brought after an unreasonable delay and that the balance of convenience is clearly in his favour.

14. The applicant has joined issue with these arguments.

15. While the Registrar of Trade Marks was originally not a party to the action instituted by the applicant, the respondent has since taken the necessary steps to effect his joinder, without which the validity of the registered trademark could not be considered as the Registrar obviously has an interest in the outcome of that dispute. The Registrar has not filed any affidavits and abides the outcome of the application.

16. An applicant seeking an interim interdict must establish all the elements set out above, those relating to the existence of a right – in this instance the entitlement to the registered trade mark –, the imminent threat to the enjoyment of that right if it is open to some doubt, the entitlement to an interdict on the balance of convenience and the absence of an alternative remedy.

17. The respondent denies that his products are similar to those protected by applicant's trade mark and claims that no danger exists of the two marks being confused. He also denies ever having harboured the intention of infringing a mark the existence of which he claims to have been unaware of. He has launched a spirited attack on the assertion that the word 'classic' is properly capable of registration as a trade mark. His argument that the word is of a laudatory nature that has no connection with the yarn industry and should therefore never have been registered as a trade mark appears to have, *prima facie*, more than just passing merit and must be seriously investigated. The same consideration applies to the argument that the mark has not been used for a period of more than five years prior to the date three months before the filing of the plea in the principal action. The applicant, on the other hand, is clearly entitled to the protection of its trademark until it is expunged or held not to have been used in a *bona fide* fashion. In respect of both these disputes the *onus* rests on the respondent.

18. The affidavits filed in support of the parties' allegations display unsurprising disputes of fact in regard to the question whether the trademark is liable to expungement because it was not used for longer

than five years. All these contentions would have to be considered and analysed in detail before the conclusion to grant or refuse an interim interdict could be reached. To do so would present an interesting and stimulating forensic exercise well worth the effort and it is not without some regret that the court must come to the conclusion that the present instance is not the appropriate occasion for such an endeavour.

19. It would be invidious to express any *prima facie* view on the parties' respective contentions in the light of the fact that the contentious issues will soon have to be decided at the trial. Deciding, even *pro tempore* and *prima facie*, any of the legal or factual issues might create the impression that this court might wish to influence the trial court in coming to a conclusion, which suggestion must obviously be avoided. This consideration is one of the principal reasons why the court has come to the conclusion that the balance of convenience is heavily weighted in the respondent's favour.

20. There are other factors that strongly militate against the granting of the interim interdict:

- a) After the respondent's goods were attached in late June 2011, respondent apparently received another consignment of the allegedly offending goods, but the present application was only launched in September 2011. The first time applicant accused the respondent of infringing its mark during March 2011, some six months before the launching of this application;
- b) The trial action was commenced on the 20<sup>th</sup> July 2011, four months after applicant became aware of the alleged infringement of its rights;



- c) A significant time has therefore elapsed before this application was commenced with and it certainly was not pursued with any urgency until the hearing in March 2012;
- d) The respondent was deprived of his goods to the value of some R 1,5 million after they were seized in a fashion that this court has held to have been unlawful;
- e) These goods have been ordered to be returned to the respondent only a matter of days ago. It is clear that the respondent must have suffered significant trade losses while his goods were held in an unlawful fashion. It would offend against fairness and equity to issue an interim interdict at this stage while the genuine disputes between the parties will soon be fully aired in the trial court, and so deny the respondent the opportunity to ameliorate some of the losses that were caused during the past year;
- f) The respondent has not quantified any trading losses other than to quantify the value of the goods that were unlawfully removed and to state that the removal has caused him economic harm. The applicant, on the other hand, has not favoured the court with any indication of actual losses suffered as a result of the respondent's alleged actions. No liquidated damages claim has been preferred in the trial action. This suggests that applicant will not suffer undue harm if the interim interdict is refused;
- g) Applicant will in any event have future opportunities to institute and prove any damages that it might have suffered. Respondent is clearly

not a man of straw and no reason exists to suspect that he will be unable to pay whatever damages applicant may be able to prove.

21. The granting of an interim interdict is a discretionary remedy. In the light of the above considerations, this discretion must be exercised against the applicant.

The following order is made:

The application is dismissed with costs, including the costs of two counsel.



E. BERTELSMANN

Judge of the High Court

Case no: 41661/11

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|----------------------------|---|-----------------------------------|
| Date of the hearing        | : | 12 March 2012                     |
| Judgment delivered on      | : | 28 June 2012                      |
| Counsel for the Applicant  | : | Adv I Joubert                     |
| Instructed by              | : | Spoor & Fisher , Pretoria         |
| Counsel for the Respondent | : | Adv R Michau SC with Adv T Khatri |
| Instructed by              | : | Dawood Attorneys, Johannesburg    |