

IN THE HIGH COURT OF SOUTH AFRICA
(NORTH AND SOUTH GAUTENG HIGH COURT, PRETORIA)
REPORTABLE

Date: 14 September 2009

Case Number: 1428/2006

In the matter between:

**MAYO FOUNDATION FOR MEDICAL EDUCATION
AND RESEARCH**

Applicant

and

THEATRE MAYO CLINIC COMPANY (PTY) LTD
MAYO PHARMACY
UNIFORM SA
BAP HENDRICKS (PTY) LTD
WYPE WYPKEMA

1st Respondent
2nd Respondent
3rd Respondent
4th Respondent
5th Respondent

JUDGMENT

SOUTHWOOD J

[1] The applicant seeks an interdict against the first and fifth respondents ('the respondents') restraining them from passing off their goods and medical services as being those of, or as being associated in the course of trade with, the applicant by using the names MAYO and MAYO CLINIC and ancillary relief (ie removal of the offending matter or

delivery up) and an order against the third respondent that it transfer the domain names mayoclinic.co.za and mayo.co.za to the applicant. Prior to the hearing on 27 August 2009 the applicant sought interdicts against the first, second, fourth and fifth respondents –

- (1) on the grounds of trade mark infringement in terms of section 34(1)(a) and (b) of the Trade Marks Act 194 of 1993 ('the Act');
- (2) on the grounds of use of the applicant's well-known marks in contravention of section 35(3) of the Act; and
- (3) on the grounds of passing-off;

as well as the above ancillary relief and the above order against the third respondent. In their heads of argument and at the hearing the applicant's counsel abandoned all the interdictory relief save that for passing off.

- [2] The respondents which have used the names MAYO and MAYO CLINIC since 1974 to designate a medical practice conducted at Roodepoort, dispute that the applicant is entitled to any relief. The respondents contend that the applicant has not made out a case for an interdict for passing off and that, in any event, the applicant either tacitly consented to the respondents using the names or is estopped from denying that it consented to the respondents using the names.

- [3] At the hearing the parties were in agreement that the fourth and fifth respondents' answering affidavit should be received in evidence and the respondents' counsel did not apply to strike out offending matter in the applicant's founding affidavit as foreshadowed in their notice. Instead, the respondents' counsel simply argued that in the event of the court granting relief to the applicant it should order that the costs of the papers referred to in the notice be disallowed and/or excluded from the costs order.
- [4] The applicant launched this application in January 2006, some 32 years after the fifth respondent commenced using the name MAYO CLINIC to designate his new diagnostic clinic at Roodepoort. The fifth respondent continued to use the names MAYO CLINIC and MAYO until 1994 when he registered the first respondent to make it possible for other medical practitioners to acquire an interest in the theatre business. After being informed in 1989 that the name MAYO CLINIC was being used in respect of the medical practice at Roodepoort the applicant took no steps to prevent this. Fourteen years elapsed before the applicant's attorney of record, Spoor & Fisher, addressed a letter of demand to the first respondent. After the first respondent refused to accede to the applicant's demands the applicant waited another 3 years before instituting these proceedings. It is clear from the applicant's founding affidavit that the applicant's case was that as at January 2006 the respondents were infringing its trade marks either in

terms of section 34(1)(a) or (b) of the Act, were using the names MAYO CLINIC and MAYO in contravention of section 35(3) of the Act and were passing off their goods and medical services and/or business operations as those of or as associated with the applicant. It seems that the applicant realised that the provisions of section 36(2) of the Act were an insurmountable obstacle to the relief sought in terms of the Act and therefore decided not to press for such relief. In addition, the sale of the fourth respondent's business with effect from 1 July 2009 rendered the interdict sought against the second and fourth respondents academic.

- [5] The applicant seeks final relief on notice of motion and the principles set out in ***Plascon-Evans Paints (Pty) Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 620 (A)*** at 634D-635C must be applied where there are disputes of fact. Neither side contends that the evidence of any deponent must be rejected on the papers and neither side seeks to cross-examine any witness. Counsel made submissions as to the meaning and weight of the evidence.

The parties

- [6] The applicant is one of a number of companies or corporate entities which carry on the business or conduct the operations of the MAYO CLINIC in Rochester, Minnesota; Jacksonville, Florida and Scottsdale, Arizona, in the United States of America. The operational corporations

are MAYO CLINIC, Rochester; MAYO CLINIC, Jacksonville and MAYO CLINIC, Scottsdale. The applicant owns the intellectual property of all the entities. For present purposes it will be accepted that the applicant carried on the practice or operations of the Mayo Clinic and built up its reputation. The respondents do not contend that the applicant is not entitled to seek relief for passing off.

- [7] The first respondent was incorporated by the fifth respondent in 1994 to take over the fifth respondents business of providing operating theatres which he previously did under the name 'The Mayo Theatre'. The fifth respondent registered the company to enable colleagues and fellow medical practitioners to acquire a share in the business. The fifth respondent is the managing director of and a shareholder in the first respondent.
- [8] The second respondent is the name of the pharmacy business conducted by the fourth respondent at the Mayo Clinic until 1 July 2009. The applicant no longer seeks relief against the second respondent.
- [9] The third respondent is a company which is responsible for the registration and administration of domain names at the co.za domain.
- [10] The fourth respondent was incorporated in 1998 to conduct an in-house retail pharmacy at the Mayo Clinic to provide for the needs of

patients of the Mayo and Flora clinics. The fourth respondent no longer conducts the pharmacy business. With effect from 1 July 2009 the fourth respondent sold the pharmacy to Pharmedica Zone (Pty) Ltd in terms of an agreement which prohibits the purchaser from using the name MAYO in any way in connection with the pharmacy.

- [11] The fifth respondent is a medical practitioner and businessman. In 1950 the fifth respondent qualified as a doctor (MBChB) and in 1964, after he had worked at a number of hospitals in the United Kingdom and South Africa, he qualified as a surgeon (ChM). Since then the fifth respondent has practised as a consultant surgeon. As businessman the fifth respondent established and developed a number of medical clinics and private hospitals in Gauteng and further afield. In 1974 the fifth respondent established a medical diagnostic clinic at Roodepoort, Gauteng (then Transvaal), under the name of MAYO CLINIC. From 1974 until 1994 the fifth respondent operated the Mayo Clinic as a business which provided medical and other services, including operating theatres for surgical procedures. The fifth respondent conducted the operating theatre business under the name and trading style of 'THE MAYO THEATRE'. In 1994 the fifth respondent incorporated the first respondent and transferred to it the operating theatre business. The fifth respondent continued to conduct the rest of the business using the names MAYO, MAYO CLINIC and the MAYO MEDICAL DIAGNOSTIC CENTRE.

Passing off

[12] In argument the applicant's case is that since 1974 the respondents have been passing-off their medical practice and/or business operations as being associated with the applicant by making use of the names MAYO and MAYO CLINIC. The applicant's counsel contend that by 1974 the applicant enjoyed such a huge reputation in the names MAYO and MAYO CLINIC in the United States of America and internationally that the respondents' use of the names in South Africa would give rise to deception or confusion as to whether the respondents' practice and/or business operations are associated with the applicant. They also argue that when the fifth respondent adopted the names and commenced using them in 1974 this was a passing-off which was a continuing wrong which has persisted up to the present time.

[13] The following issues arise for decision:

- (1) Whether at 1974 the applicant had a reputation in South Africa in respect of the names MAYO and MAYO CLINIC; and if so:
- (2) Whether the fifth respondent's adoption and use of the names MAYO and MAYO CLINIC in respect of his diagnostic clinic in 1974 and thereafter was a passing-off of his medical practice or

business operations as associated with the applicants' clinic;
and if so:

- (3) Whether it was unlawful in 1974 for the fifth respondent to adopt and use the names MAYO and MAYO CLINIIC in respect of his diagnostic clinic because of the judgment in ***Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and another*** 1998(3) SA 938 (A) ("the ***Caterham case***"); and if not
- (4) Whether by the time these proceedings were launched in 2006 the applicant and first and fifth respondents shared the reputation in respect of the names MAYO and MAYO CLINIC in South Africa;
- (5) Whether the applicant tacitly consented to the first and fifth respondents' adoption and use of the names MAYO and MAYO CLINIC;
- (6) Whether the applicant is estopped from denying that it consented to the first and fifth respondents using the names MAYO and MAYO CLINIC.

[14] In ***Williams t/a Jenifer Williams & Associates v Life Line Southern Transvaal* 1996 (3) SA 408 (A)** at 418D-H the court summarised the principles relating to passing-off:

'Passing-off is a species of wrongful competition in trade or business. In its classic form it usually consists in A representing, either expressly or impliedly (but almost invariably by the latter means), that the goods or services marketed by him, emanate in the course of business from B or that there is an association between such goods or services and the business conducted by B. Such conduct is treated by the law as being wrongful because it results, or is calculated to result, in the improper filching of another's trade and/or in an improper infringement of his goodwill and/or causing injury to that other's trade reputation. Such a representation may be made impliedly by A adopting a trade name or a get-up or mark for his goods which so resembles B's name or get-up or mark as to lead the public to be confused or to be deceived into thinking that A's goods or services emanate from B or that there is the association between them referred to above. Thus, in order to succeed in a passing-off action based upon an implied representation it is generally incumbent upon the plaintiff to establish, *inter alia*: firstly, that the name, get-up or mark used by him has become distinctive of his goods or services, in the sense that the public associates the name, get-up or mark with the goods or services marketed by him (this is often referred to as the acquisition of reputation); and, secondly, that the name, get-up or mark used by the defendant is such or is so used as to cause the public to be confused or deceived in the manner described above. These principles are trite and require no citation of authority'. See also ***Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and Others* 1977 (2) SA 916 (A)** at 929C-D; ***Caterham* case** at 947F-I.

[15] Prior to the judgment in the **Caterham case** it was necessary for a plaintiff seeking relief for passing-off to prove that he physically carried on business within the court's area of jurisdiction. Absent such proof he could not establish that he had goodwill and he would be non-suited – see *Slenderella Systems Incorporated of America v Hawkins and another* 1959 (1) SA 519 (W) at 521A-522B; *Lorimar Productions Inc and others v Sterling Clothing Manufacturers (Pty)Ltd ;Lorimar Productions Inc v OK Hyperama Ltd and others; Lorimar Productions and others v Dallas Restaurant* 1981 (3) SA 1129 (T) at 1138H-1140A; *Tie Rack plc v Tie Rack Stores Ltd and another* 1989 (4) SA 427 (T) at 442G-445D. (See also *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and another : Mcdonald's Corporation v Dax Prop CC and another: Mcdonald's Corporation v Joburger's Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC* 1997 (1) SA 1 (A) at 18H-19C). In 1998, in the **Caterham case**, the court held that these decisions are no longer good law and said that apart from being based upon a misunderstanding of Lord MacNaughten's *dictum* in *The Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217 (AL), they are inconsistent with general principles and incompatible with the world we live in and modern jurisprudential trends.

[16] In the **Caterham case** at paras 20 – 22 the court held that, generally, where a plaintiff does not carry on a business or conduct its operations at the place where the passing off is alleged to occur, the plaintiff can

succeed in proving a passing-off only if the following requirements are satisfied:

- (1) The plaintiff must establish, in a practical and business sense, a sufficient reputation amongst a substantial number of persons who are either clients or potential clients of his business:
- (2) The plaintiff must prove that the reputation exists where the misrepresentation complained of causes actual or potential damage to the drawing power of the plaintiff's business. If the plaintiff cannot do so the misrepresentation is made in the air and does not cause actual or potential damage. The locality of the plaintiff's business is still relevant. It is an important consideration in determining whether the plaintiff has potential clients and whether the alleged misrepresentation causes the plaintiff's business any harm. Similarly, the extent of a business's reputation and the scope of its activities are relevant to the probability of deception and to damage – the smaller the reputation, the smaller the likelihood of deception and of damage, and *vice versa*:

- (3) The plaintiff must establish the reputation described in ***Reckit & Colman Products Ltd v Burden Inc and Others* [1990] RPC 341 (HL) ([1990] All ER 873)** at 406 (RPC) and 880g-h (All ER):

‘First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying “get-up” (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the “get-up” is recognised by the public as ***distinctive specifically*** of the plaintiff’s goods or services’:

or, perhaps, more simply put, in ***Adcock Ingram Products Ltd v Beecham SA (Pty) Ltd* 1977 (4) SA 434 (W)** at 437A-B:

‘the plaintiff must prove that the feature of his product on which he relies has acquired a meaning or significance, so that it indicates a single source for goods on which that feature is used’;

i.e. reputation is dependent upon distinctiveness:

- (4) The plaintiff must establish that this reputation existed when the defendant entered the market and when the representation took place. A plaintiff cannot rely upon a reputation that overtook the business of the defendant.

[17] A person's name can, through use in relation to goods and services, acquire a secondary meaning so that it becomes distinctive of those goods or services – see ***Policansky Bros Ltd v L & H Policansky 1935 AD 89*** at 103-104; ***Brian Boswell Circus v Boswell-Wilkie Circus 1985 (4) SA 466 (A)*** at 482B-G. In the absence of direct evidence or a market survey as to the reputation of the name and its consequent distinctiveness for the purpose of passing-off proceedings the court is required to infer from the evidence as to the manner and scale of use of the name that it has become distinctive. See ***Cambridge Plan AG and Another v Moore and Others 1987 (4) SA 821 (D)*** at 837B-E; ***Hollywood Curl (Pty) Ltd and Another v Twins Products (Pty) Ltd (1) 1989 (1) SA 236 (A)*** at 251D-E; ***Daimler Chryssler Aktiengesellschaft v Afinta Motor Corp [2001] 2 All SA 219 (T)*** at 227f.

[18] In the present case the alleged passing-off commenced in 1974 which is the date at which the applicant must establish the requisite reputation. The applicant relies on its allegedly huge reputation in the United States of America and internationally as well as the direct evidence of four members of the medical profession who qualified as doctors in South Africa in the 1960's, fifth respondent's letter of April 1989 and D M Kisch's letter dated 29 September 2003 addressed to Spoor & Fisher in answer to its letter of demand. The respondents

contend that this evidence does not establish that the applicant's name had become distinctive in South Africa by 1974. The respondents also contend that there is no evidence to suggest that a reputation existed in the minds of the general public in 1974 or at any other time. Against that background the applicant's evidence will be considered.

[19] The history of the applicant and the nature and scope of its operations is set out in the founding affidavit by Jonathan J. Oviatt, the applicant's general counsel, who has been an attorney with the applicant since 1991. No objection was taken to the evidence given by Mr. Oviatt which related to the years before 1991.

[20] Mr. Oviatt's evidence pertaining to the applicant's reputation at 1974 may be summarised as follows: the MAYO CLINIC was established in 1914 by the Mayo brothers, William and Charles, who practised as medical doctors in Rochester, Minnesota, United States of America. The brothers pioneered the practice of medicine by doctors working in teams rather than as individual doctors. Their practice flourished and by 1912 the Mayo brothers decided to house the practice in one building: ie all the doctors, their departments, laboratories, workshops, editorial services and business offices under one roof. When completed in 1914 the building was called the Mayo clinic. The practice continued to flourish and the doctors continued to refine their new system of healthcare. They helped originate medical specialities

in the United States of America and they visited other countries to study and also received foreign medical specialists who came to exchange knowledge. The Mayo brothers and the Mayo Clinic became well-known and the clinic became well-known as a centre of surgical excellence. The name MAYO also became associated with several innovative surgical procedures pioneered by the MAYO brothers. In 1915, the Mayo School of Graduate Medical Education was opened. It was one of the first medical schools in the world to train medical specialists. In 1919 the Mayo brothers dissolved their practice and transferred the clinic's name and other assets to the Mayo Foundation, a private not-for-profit charitable organisation. Thereafter the Mayos, their partners and all Mayo clinic physicians worked for a salary. All profits were used for education, research and patient care. After the Mayo brothers died in 1939 the organisation continued to thrive. In 1972 the Mayo Clinic Medical School was opened. Over the years doctors and researchers at the Mayo Clinic have been involved in major advances and discoveries in medical science and treatment. Most of these activities were carried on at the Mayo Clinic in Rochester Minnesota. It was only in 1986 that the Mayo Clinic, for the first time, extended its activities outside Minnesota when it opened a clinic in Jacksonville Florida.

[21] Mr Oviatt also refers to the following facts:

- (1) Since 1925 the MAYO SCHOOL OF GRADUATE MEDICINE has trained more than 16 000 medical specialists. These include more than 50 South African medical school graduates since 1950 (ie on average one per year or 24 up to 1970);
- (2) Since 1917 the Mayo Graduate School has awarded 425 graduate degrees in seven specialities. (He does not say how many before 1974 or whether they included any South Africans);
- (3) Since 1972 the Mayo Medical School has graduated more than 1 000 students. (He does not say how many in 1972 and 1973 or whether they included any South Africans);
- (4) Since 1973 the Mayo School of Health Sciences has enrolled students in allied health service programmes. (He does not say how many students enrolled in 1973 or whether they included any South Africans);
- (5) In 1922 a newsreel dealing with Charles Mayo's visit to the White House to assist in the care of President Harding's wife was broadcast. (He does not say where or for how long this newsreel was broadcast or whether it was ever broadcast in South Africa);

- (6) In 1958 a British newsreel dealing with the visit of two boys to the Mayo Clinic for heart surgery which was performed only at the Mayo Clinic was broadcast. (He does not say where or for how long this was broadcast or whether it was ever broadcast in South Africa);
- (7) Since 1925 *Mayo Clinic Proceedings*, one of the United States of America's largest circulation medical journals has been published and distributed monthly to physicians around the world. (He does not say whether it was distributed to doctors in South Africa);
- (8) The Mayo Clinic annual reports, particularly those for 1970 and 1974, deal in general terms with the Mayo Clinic's primary activities of patient care, education and research. These reports refer to the numbers of doctors who worked in the various fields. He does not relate any numbers to doctors in South Africa;
- (9) A number of books have been written about the Mayo brothers and the Mayo clinic. (He does not say whether any of these were available in South Africa).

[22] Mr Oviatt also refers to four affidavits by medical practitioners who qualified in South Africa in the 1960s: David Marshall Dent; John Vivian Robbs; Philippus Christoffel Bornman and Jonathan Clain. Professor

Dent is the Deputy Dean of the Faculty of Health Sciences at the University of Cape Town. He graduated as a doctor at the University of Cape Town in 1964 and qualified as a surgeon in 1969. He testifies that as a student at the University of Cape Town in the 1960's he first became aware of the Mayo Clinic because many students aspired to start their careers there. He also testifies that the Mayo Clinic has been well known in South Africa since at least the 1960's "not only amongst the medical fraternity but also among members of the public". Professor Robbs is professor of surgery in the Department of Health Sciences at the University of Natal. He states that he graduated as a doctor at the University of Cape Town in 1967 and qualified as a surgeon in 1974. He testifies that in the course of his studies at the University of Cape Town in the 1960's he became aware of the Mayo Clinic of Minnesota "which was regarded as a medical institution seen as the fountain of all knowledge". He says that the Mayo Clinic has been well known in South Africa since at least the mid 1960's amongst students, doctors, surgeons and other members of the medical fraternity. Professor Bornman is a professor in the Department of Surgery at the University of Cape Town. He graduated as a doctor at the University of Pretoria in 1967 and qualified as a surgeon in 1974 at the University of the Orange Free State. He states that while he was a student at the University of Pretoria in the 1960's he first became aware of the Mayo Clinic of Minnesota. He says that while qualifying as a doctor he often encountered doctors from the Mayo Clinic who came to South Africa to lecture to medical students, practitioners and

surgeons. He also says that the Mayo Clinic has been well known in South Africa amongst doctors, surgeons and members of the public since at least the mid 1960's. Professor Clain is a professor of medicine at the Mayo Clinic College of Medicine Rochester, Minnesota. He qualified as a doctor at the University of Cape Town during the period 1961 to 1966. After completing his internship he qualified as a specialist physician in 1972. He worked as Senior Registrar in Gastroenterology at Groote Schuur hospital in 1973 and 1974 and then became a Research Fellow at the Mayo Clinic in 1975 and 1976. He joined the Mayo Clinic permanently in 1979. Professor Clain states that during his medical studies at the University of Cape Town in the 1960s and early 1970's he became aware of the Mayo Clinic of Minnesota and its extensive reputation within the medical fraternity. This reputation led to his decision to join the Mayo Clinic in 1975. He says that the Mayo Clinic's worldwide activities were such that it was known within the South African medical fraternity at least in the 1960's and certainly by 1974.

- [23] In addition to the applicant's direct evidence of reputation the applicant relies on the fifth respondents' own evidence. In his answering affidavit on behalf of the first respondent the fifth respondent says that as a student he read biographies of the Mayo brothers and their father. In the fifth respondent's letter to the applicant dated 17 April 1989 the fifth respondent said that he decided to establish his medical clinic because he had always had great admiration for the Mayo Clinic and the original

Mayo and the Mayo brothers. He said that on the spur of the moment he decided to call his clinic the Mayo Clinic. The letter makes it clear that in 1950 when the fifth respondent qualified as a doctor at the University of Pretoria he already knew about the Mayo Clinic. He said that at that stage he had decided to specialise in surgery and that he intended to go to the Mayo Clinic in the United States of America to do so until a prominent surgeon in Pretoria persuaded him not to. In its response to Spoor & Fisher's letter of demand the respondents' attorney, D M Kisch Inc, said that its client was aware of the Mayo Clinic's existence and reputation in 1974 when it adopted the name. It did so to honour the great Mayo doctors, the father and his two sons.

- [24] In the light of all this evidence an inference that knowledge about the applicant and its extensive activities in medical education, research and treatment in the United States of America had spilled over to South Africa and that the Mayo Clinic had the requisite reputation in South Africa in 1974 is justified. The evidence of the five medical doctors that they knew about the Mayo Clinic when they qualified as doctors strongly supports this inference. It is significant that they obtained this knowledge while studying and the conclusion is inescapable that their fellow students also became aware of the applicant. Accordingly it is found that the name was known to 'a substantial number of members of the public or persons in the trade in question' – see **McDonald's case supra** at 19F-H.

[25] Even if the applicant had the requisite reputation in South Africa in 1974 the question to be answered is whether the use of the names, MAYO CLINIC and MAYO, by the fifth respondent and the other respondents would cause the applicant harm. In 1974 the applicant provided medical treatment and education and conducted research at Rochester, Minnesota, United States of America. In South Africa the applicants' reputation extended only to prospective doctors and members of the medical profession. The fifth respondent's medical practice provided only medical treatment in one province in South Africa. The evidence does not show that merely by using the names MAYO CLINIC and MAYO in South Africa the respondents would have attracted doctors who would otherwise have furthered their studies or pursued research at the applicant's MAYO CLINIC and thereby caused the applicant harm. The two institutions were so far removed from each other geographically and in the nature and scope of their activities that this seems unlikely. The applicant does not allege that the quality of the medical treatment at the respondent's clinic was sub-standard or of a low quality and that it, the applicant, could not be expected to leave its reputation in the hands of the respondents.

[26] If it is accepted that the respondents' use of the names would cause harm to the applicant the next question to be answered is whether the respondents were entitled to adopt the names MAYO CLINIC and MAYO, knowing that they referred to a clinic in Minnesota, USA. The answer to this question must be found in the effect of the judgment in

the **Caterham case**. The applicant contends that when the judgment was handed down it had the effect of overturning the legal position which had hitherto prevailed. The applicant argues that what was previously lawful became unlawful, that the adoption and use of the names MAYO CLINIC and MAYO in 1974 constituted a passing-off of the respondents' medical practice and operations as being associated with the applicant's MAYO CLINIC and that this was a continuing wrong which the court should now interdict. In support of this argument the applicant relies on ***The Mine Workers Union v JP Prinsloo 1948 (3) SA 831 (A)*** at 852; **Hahlo & Kahn *The South African Legal System and its Background*** 306; **Hosten et al *Introduction to South African Law and Legal Theory*** 49 and 429; ***Tsung v Industrial Development Corp of South Africa Ltd 2006 (4) SA 177 SCA*** at 183J-184A.

- [27] Before the **Caterham case** it was not unlawful in the Transvaal Province to adopt and use the name or trademark of a foreigner who did not physically carry on a business within the court's area of jurisdiction, even if the name or trademark was well known and had a reputation there – see eg. ***The Tie Rack plc v Tie Rack Stores (Pty) Ltd supra*** at 442C- 444D; ***McDonald's case at 18H-19C***; ***Victoria's Secret Inc v Edgars Stores Ltd 1994 (3) SA 739 (A)*** at 746F-747A. It has already been pointed out that the judgment in the **Caterham case** held that it was no longer necessary to prove that the plaintiff was physically conducting business within the court's area of jurisdiction in

order to obtain relief for passing-off. The effect of the judgment is that henceforth the new law will prevail. It does not operate retrospectively. I do not know of any statutory provision, principle of law or judgment which states that a judgment of a court which alters the law on a question of principle has retrospective effect. None of the cases referred to suggests such a conclusion. Only the Legislature can make laws having retrospective effect. The task of the courts is simply to find the law, state what the law is and apply it to the facts.

[28] The crux of the applicant's argument is that the judgment in the **Caterham case**, in effect, decided that any rights claimed by virtue of the earlier precedents simply do not exist: the principle relied upon in these precedents was irrevocably shown to be wrong and cannot be resurrected. It is argued that this case does not involve a deprivation of rights contrary to the Constitution: rights did not exist in the first place and that the fifth respondent acted at his peril in adopting the MAYO name in 1974 in the face of its established reputation. Accordingly, it is submitted, this court is bound by the decision in the **Caterham case** which it must apply to the present case. I am not persuaded by this argument and do not find any of the cases referred to by the applicant decisive or even persuasive on the point.

[29] The question whether the respondent was entitled to adopt the applicant's names must be decided in the light of the law prevailing at the time ie. 1974. If the fifth respondent was entitled to adopt the

applicants' names in 1974 he acted lawfully and the reputation built up in not tainted - as argued by the applicant - and at best for the applicant it and the respondents enjoy a shared reputation. This appears from the following paragraphs.

[30] In 1974, after he had qualified as a surgeon and practised for some years, the fifth respondent established a medical diagnostic clinic under the name MAYO CLINIC. He did this because he realised that to improve the standard of private medical practice it was necessary for a number of specialist in different fields to work together. Because group practices were illegal he decided to develop a practice where the various doctors and specialist were housed together.

[31] At first there were only four doctors and they were housed in a one storey building next to the Flora Clinic Hospital. The building had consulting rooms for doctors, a pharmacy, an operating theatre and a small X-ray department as well as laboratory facilities. The fifth respondent had intended to call the facility the Diagnostic Clinic but when there were delays in registering the name the fifth respondent suggested the name MAYO CLINIC which the Medical Council approved. The fifth respondent said that when he adopted the name MAYO CLINIC he was aware of the MAYO CLINIC in Minnesota, United States of America, but he did not know of any medical services offered by the United State's institution in the Republic and he did not know that it had a reputation for such services in South Africa. He

therefore adopted the name without any intention of benefitting from any reputation which the applicant had in South Africa.

[31] The fifth respondent's clinic was very successful –

- (1) In 1976 the fifth respondent established a MAYO CLINIC LIFE EXTENTION CENTRE. It is a specialised annual check-up centre where complete and in-depth medical evaluations are preformed in less than three hours. The centre has grown substantially and now has seven doctors and ten sisters doing check-ups, X-rays, mammography, bone density tests and pathological services;
- (2) In 1980 the Mayo Clinic was expanded. A second building was erected with consulting rooms for doctors and specialists;
- (3) In 1981 the Mayo Clinic was expanded further. A third building having a proper X-ray department was completed and a fourth building was erected. The original building was enlarged to accommodate a more sophisticated theatre arrangement;
- (4) After 1986 the Mayo Clinic was expanded still further. A four storey building (Mayo no 5) and a five storey building (Mayo no 6) were built on the property. At the same time the Flora Clinic was enlarged from a 60 to 450 bed facility;

- (5) By 1985 the Mayo and Flora Clinics consisted of six buildings, the last being four storeys. The two clinics housed 450 beds, 20 day clinic beds and 11 theatres. There were full time pathologists as well as a large radiological firm with all necessary scanners;
- (6) In 1993 three more buildings were completed to house *inter alia* a larger in-house pharmacy and a restaurant to cater for patients and clients;
- (7) In 1994 the fifth respondent incorporated the first respondent to take over the operating theatre business while the fifth respondent continued with the rest of the practice;
- (8) In 1995 the MAYO CLINIC started the Global Aesthetic Centre which is equipped with the latest laser technology, 'synergie' cellulite equipment and Dermological skin care products. Medical services in the centre are provided by dermatologists, plastic surgeons and highly qualified skin-care therapists. The Centre is a leader in the field in South Africa;
- (9) In 2003 the MAYO CLINIC started a specialised Gastro Intestinal Unit where endoscopic evaluations of oesophagal,

intestinal and bowel problems are performed. The unit also specialises in the assessment and treatment of hiatus hernia;

(10) In 2005 the MAYO CLINIC established a large urology unit, a blood transfusion centre and a pain clinic;

(11) By 2006 the MAYO CLINIC consisted of nine multi-storey buildings accommodating more than 50 doctors, physicians and paramedical personnel as well as operating clinics and theatres.

[32] These facts justify an inference that the first and fifth respondents established a reputation in the Transvaal and Gauteng, its successor, in respect of the names MAYO and MAYO CLINIC, ie they are distinctive of the first and fifth respondents' practices and business activities.

[33] The parties agree that if two parties share a reputation in a name, neither will be able to restrain the other from using the name. See ***Endomol Productions SA (Pty) Ltd & others v Midi Television (Pty) Ltd & others* 2002 BIP 274 (T)** at 286-287.

[34] This conclusion is the end of the matter and strictly speaking it is not necessary to consider the remaining questions: ie whether the applicant tacitly consented to the respondents' use of the names or whether the applicant is estopped from denying that it consented to the

respondents using the names. Nevertheless, as the parties presented argument I shall briefly record my views on these issues. The respondents' arguments are based on the correspondence between the applicant and the fifth respondent in 1989, the applicant's failure to object to the use of the names and the applicant's failure to take action for 14 years. It is common cause that the letters were sent on behalf of the applicant.

[35] On 16 February 1989 Professor Jon van Heerden on behalf of the applicant addressed the following letter to the Mayo Clinic in South Africa:

'Dear Sirs

There are so many Mayo Clinics scattered throughout the world. We continue to be interested in those clinics, and particularly, how the name was chosen. I would appreciate your letting me know a little bit about your Mayo Clinic and how the name was chosen.'

On 17 April 1989 the fifth respondent replied in the following terms:

'Dear Professor van Heerden

Thank you very much for your letter enquiring about our Mayo Clinic.

To commence I would like to mention that I am also a general surgeon in private practice here in Johannesburg and Weltevreden Park. At the same time I have maintained my connection with the Johannesburg

University Hospital doing one session per week. Professors Myburgh and Lawson have mentioned your name and a young surgeon Dr Leon Erasmus, who is at present my partner, has also worked as a full time surgeon with Professor Myburgh. He also spent some time at your Mayo Clinic in Rochester and met you while he was there and sends his regards.

.....

I qualified in 1950 at the Pretoria University. I decided to specialise in surgery and my choice was the Mayo Clinic in America. A letter was written to Professor T G Dry who was a Physician at your Mayo Clinic and also hailed from South Africa and his nickname here was Tiekiedraai. He replied that he had a job for me but I unfortunately declined the offer. The reason for that was that Dr C A R Scheulenburg a leading surgeon in Pretoria at that time advised me against taking the Mayo Clinic post stating that the American degrees were not recognised here in South Africa and that I should first go to England and obtain my F. R. C. S. in London and then spend a few years in teaching hospitals in the UK and then finally rounding it off by spending the last year at your Clinic.

Taking his advice I spent seven years doing registrarship in England notably at Guys, Hammersmith Post Graduate Hospital and with Professor Milnes-Walker in Bristol. My intention was then to complete my studies in America but my wife put her foot down, having spent so many years overseas, said it was time to go home.

During the 1970s almost all my surgery was done in State Hospitals but always having had great admiration for the Mayo Clinic and the original Dr Mayo and the Mayo brothers I decided to initiate a medical centre in Weltevreden Park, just west of Johannesburg. The one half of the ground was scheduled to become consulting rooms and a diagnostic centre whilst the other half was destined to become the hospital.

The building being almost complete, my colleagues who were going to practice in the building urgently enquired about the name. They were told that it was going to be called The Diagnostic Centre but that I was waiting for reply from the Medical Council. These doctors were anxious to print their stationery and to notify their colleagues. They consequently wanted to know if the Medical Council were to decide against the name what alternative name I would suggest. On the spur of the moment I replied the Mayo Clinic. My friends, without consulting me, made a personal visit to the Medical Council in Pretoria requesting an urgent decision. The Medical Council then said that the name Diagnostic Clinic would probably be undesirable. On their own my colleagues decided that it would now be called the Mayo Clinic and requested the Municipality to put up signs directing the public to the Clinic.

It was only one night when I noticed, for the first time all the street signs, that it dawned on me that my doctor friends regarded my joke, of calling the Diagnostic Clinic the Mayo Clinic, not as such.

I was horrified because I thought it would be pedantic for a small place with such a humble beginning to be called the Mayo Clinic. I consequently covered all the signs up with big sheets.

The next day I consulted the Municipal administrators requesting to have the signs removed. The Municipality however was not amused stating that it had cost them a lot of money and that they were doing a big favour to the doctors and would not remove the signs or the name. My medical colleagues were amused and all regarded this as a big joke. This however led to the name of the Mayo Clinic here in South Africa.

We in this country are still not allowed to work in a group practice – it is therefore only the building – being called the Mayo Clinic but we practice on our own.

Our medical set-up has also grown considerably during the last ten years. There are now six Mayo Clinic buildings, the last few being four stories high and when our new additions are finalised we will have 250 beds plus 20 day clinic beds and 11 theatres. Fulltime pathologists as well as a big radiological firm with all the scanners are already in full operation.

If at all possible I am considering visiting the Mayo Clinic in Minnesota next year and would very much like to meet you and look around your famous Clinic.

Thank you very much for your letter.

With best wishes.'

The correspondence ended with another letter from Professor van Heerden on behalf of the applicant which reads as follows:

‘Dear Dr Wypkema

Thank you so much for your most interesting letter received today. It was fascinating to learn more of the history of the Mayo clinic in South Africa, and wonder I you would be so kind as to send me some pictures that include the name “Mayo Clinic”.

I do remember Professor Tom Dry, all too well. I did part of my training with his son, young Tom who now resides in Iowa, which is not too far south of Rochester.

I would be delighted if you would pay us a visit at some time in 1990. Please let me know how I may facilitate this visit.

I look forward to hearing from you, and thank you once again for the delightful letter.’

[36] In the first respondent’s answering affidavit the fifth respondent comments as follows about the effect of this correspondence:

“63 At no time was I advised by the Applicant that they intended interdicting or restraining me from using the name MAYO CLINIC, nor did they allege that the use of the name was contrary to any of their proprietary rights and title in the MAYO or MAYO CLINIC trademarks. There was not a word uttered that they thought that my conduct was unlawful.

They created to me the impression and represented to me that they were satisfied with my response. I therefore continued with my business and expanded it to what it is today. As a result the applicant should be estopped from seeking the relief in the notice of motion.

64 Since 1989, I continued to use the MAYO CLINIC name in relation to the Clinic and related service offering, which use extended with the expansion of the business, which was as a result of the continuing popularity and notoriety, which the first respondent and I had engendered as a result of the high quality services and facilities offered. It was a natural progression.

65 It was only on 14 August 2003, that the Applicant addressed a letter of demand, sent on behalf its attorneys messrs Spoor & Fisher, objecting to the use of the MAYO trademark in relation to our services and demanding that the First Respondent immediately cease all use of the MAYO and MAYO CLINIC trademarks and transfer the domain name mayoclinic.co.za. ...”

[37] The applicant contends that the respondents are attempting to set up a defence of a tacit *pactum de non petendo* (ie an agreement not to sue). The respondents do not dispute this. They simply argue that this is borne out by the facts. It seems to me to be clear that the parties did not intend to enter into a contract of any kind. There is no indication of

such an intention in the letters. However that is not the end of the matter. As I understand the respondents' answering affidavit they are saying that the applicant consented to the passing-of. Where a person consents to a wrongful act or delict the defence is ***volenti non fit iniuria*** which requires that the respondents establish "knowledge, appreciation and consent " on the part of the applicant – see ***Waring & Gillow, Ltd v Sherbourne* 1904 TS 340** at 344; ***Santam Insurance Co Ltd v Vorster* 73 (4) SA 764 (A)** at 779B. This is a question of fact and gives rise to difficulties where the consent is alleged to be by conduct - see ***Santam Insurance Co Ltd v Vorster* supra** at 779A-781G.

- [38] The applicant clearly knew about the respondent's use of the name MAYO CLINIC and was concerned about this. Accordingly, the applicant (Professor van Heerden) addressed the letter of 16 February 1989 to the respondents. Having being informed about the fifth respondent's adoption and use of the name and the nature and extent of the fifth respondent's medical practice and activities the applicant did not object to the use of the name or take steps to prevent such use. The applicant (Professor van Heerden) simply thanked the fifth respondent for the interesting letter. The applicant then did nothing to protect its rights in respect of the name for 14 years. In these circumstances the most plausible inference is that the applicant consented to the respondent using the name. Spoor and Fisher's letter of demand makes it plain that the applicant appreciated that the

respondents' use of the name in relation to their clinic could constitute passing-off. In my view the respondents have established the defence of consent or *volenti non fit iniuria*.

[39] As far as estoppel is concerned it seems to be clear that the letters do not contain a representation that the applicant consents to the respondents using the names. There is accordingly no basis for a defence of estoppel.

ORDER:

[39] The application is dismissed with costs.

**B R SOUTHWOOD
JUDGE OF THE HIGH COURT
NORTH & SOUTH GAUTENG DIVISION**

MATTER IS REPORTABLE

DATE OF HEARING: 27 AUGUST 2009

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