34/87

282/85/AV

IN THE SUPREME COURT OF SOUTH AFRICA

(APPELLATE DIVISION)

In the matter between:

PROTECTIVE MINING AND INDUSTRIAL
EQUIPMENT SYSTEMS (PTY) LIMITED
formerly
HAMPO SYSTEMS (PTY) LIMITED — Appellant

and

AUDIOLENS (CAPE)(PTY) LIMITED — Respondent

CORAM: CORBETT, HOEXTER, GROSSKOPF, NESTADT, JJA *et* NICHOLAS, AJA

HEARD: 23 February 1987

DELIVERED: 30 March 1987

J U D G M E N T

GROSSKOPF, JA

This is an appeal from a judgment by SCHOCK J in

the ....

the Cape Provincial Division, reported _sub nom._ _Hampo Systems (Pty) Ltd v Audiolens (Cape)(Pty) Ltd_ 1985(4) SA 257 (C). Subsequent to the hearing in the Court _a quo_ the appellant changed its name from Hampo Systems (Proprietary) Limited to Protective Mining and Industrial Equipment Systems (Proprietary) Limited, and this latter name has accordingly been substituted on the record. At the commencement of the hearing on appeal the appellant applied for, and was granted, condonation of the late provision of security for costs.

I turn now to the relevant facts in this appeal. They are briefly as follows.

A Japanese company, Asahi Kogaku Kogyo Kabushiki Kaisha (hereinafter called Asahi), is the manufacturer of,

inter ....

inter alia, photographic and optical products, which are sold under the name Pentax in many parts of the world, including South Africa. Asahi is the proprietor in the Republic of South Africa of the trade mark "Pentax" registered pursuant to the Trade Marks Act, No 62 of 1963, in Part A, class 9, of the register, in respect of "photographic, cinematographic, optical, measuring and surveying machines, apparatus and instruments; parts, fittings and accessories for all the aforegoing goods". The marketing, distribution, export and licensing arm of Asahi is a wholly owned subsidiary called Asahi Optical Corporation. The latter company appointed the appellant as the exclusive distributor in South Africa and certain adjacent territories

of ....

of all single-lens reflex cameras, lenses, photographic accessories, binoculars and telescopes manufactured by Asahi, and sold under the trade mark Pentax. In the argument on appeal nothing turned on the difference between the two Asahi companies, and in what follows I shall treat them as a single entity. The appellant's exclusive distributorship commenced in 1956 and has continued ever since. When proceedings were instituted in the present matter a distributorship agreement of 19 October 1981 was in force, but prior to the hearing in the Court a quo this had been superseded by one dated 25 September 1984. Both these agreements were placed before the Court.

Towards the end of 1982 the appellant became aware that the respondent, a Cape Town company selling inter alia

cameras ....

cameras and other optical equipment by retail, was importing or about to import and sell Pentax-brand products in South Africa. This import, it transpired later, was of genuine Asahi products purchased in Hong Kong. These articles could be sold profitably by the respondent at prices lower than those charged in the retail trade for similar articles imported by the appellant. On 4 November 1982 the appellant and Asahi wrote a letter of demand through their attorneys to the respondent. This letter is quoted fully in the judgment of the Court *a quo* at pp. 259 to 260 of the report, and need not be repeated herein. Briefly, it sets out the relationship between Asahi and the appellant; refers to the "considerable reputation" of the mark Pentax; stresses the measures taken by

Asahi ....

Asahi and the appellant to safeguard and promote this reputation; and records that the importation or sale by the respondent of Pentax-branded products was unauthorised.

Paragraphs 11, 12 and 13 of the letter then read as follows:

"11. Inasmuch as the use of the trade mark is unauthorised, this constitutes an infringement of the rights of our client's aforementioned trade mark, particularly in the light of s 44(1)(b) of the Trade Marks Act.

12. Now that the rights of our clients have been drawn to your attention, we would like to mention that a repetition by you will constitute an infringement of our client's rights.

13. May we, therefore, have your assurance that you will not import or sell 'Pentax' branded goods into South Africa. You are, of course, perfectly free to obtain the goods from the authorised dealer in South Africa."

By letter dated 15 November 1982 the respondent, through its attorneys, declined to give the assurance requested in paragraph 13 quoted above. This letter is quoted at pp. 260-1 of the reported judgment of the Court _a quo_. As appears from the letter, the respondent's attitude was that it had "obtained the Pentax cameras through a legitimate and reliable source" and that "the articles concerned (were) genuine Pentax cameras, manufactured by your client in Japan". The respondent could not see how the relationship between Asahi and the appellant, and the measures taken to protect the reputation of the trade mark, were of any concern to the respondent. It had "legitimately obtained the articles for re-sale, and (would) proceed to re-sell them accordingly". The respondent denied that in doing so it would in any way be infringing Asahi's trade mark.

Almost ....

Almost a year later, on 22 October 1983, Mr. B Bacon, a partner in the firm of attorneys acting for the appellant, purchased a Pentax ME Super camera from the respondent. It is common cause that this camera had not been supplied by the appellant but had been imported by the respondent from Hong Kong as explained above. The salesman was Mr. H. Wertheim, a director of the respondent, who deposed to the opposing affidavit in this matter. I shall at a later stage have to deal in greater detail with what passed between Mr. Bacon and Mr. Wertheim.

Thereafter, by Notice of Motion dated 3 April 1984, the appellant (not joined by Asahi) applied for various orders against the respondent substantially in the terms set out at p. 258 of the judgment a quo. The relevant claims for present purposes were those for orders interdicting the respondent from unlawfully competing with the appellant in two respects, viz., first, by selling foreign products under the trade mark Pentax; and, second, by informing purchasers that such foreign products were warranted against defects and that such warranty would be honoured by the appellant or its agents or distributors. The Court a quo dismissed the application with costs, and, with its leave, the matter now comes on appeal before us.

On appeal, the appellant's contentions in support of the above-mentioned claims were succinctly formulated as follows in its heads of argument:

> "That the Respondent is misrepresenting to the public that the Appellant will honour a

guarantee ....

> guarantee in respect of the product sold by it (the Respondent) and is thereby passing-off its business as being connected in the course of trade with the business of the Appellant;
>
> and
>
> That the Respondent is unlawfully competing with the Appellant by infringing ASAHI's trade mark PENTAX."

I propose dealing with these contentions in turn.

The first cause of action relied upon by the appellant is based on the factual allegation that the respondent is misrepresenting to the public that the appellant will honour a guarantee in respect of Asahi products sold by the respondent. On this basis the applicant contends that it is entitled to a final interdict prohibiting a repetition of the misrepresentation. The legal ground for this claim is said in the above-quoted passage to be passing-off, but in

argument ....

argument before us Mr. Plewman, who appeared for the appellant, submitted that a more satisfactory ground would be the general law of unlawful competition. Before it becomes necessary to enter into these legal questions I must however first determine what the relevant facts are.

It is common cause that all Pentax cameras enjoy a twelve months' warranty against defective material or workmanship. It is, however, not always easy to determine the exact document in which this warranty is embodied. It appears that all products in the Pentax range, whether distributed by the appellant or not, are accompanied by operating manuals which contain Asahi's so-called "warranty policy". This warranty policy commences with the sentence:

"All ....

> "All Pentax cameras purchased through authorized bona fide photographic distribution channels are guaranteed against defects of material or workmanship for a period of twelve months from date of purchase."

The warranty policy then continues by defining the ambit of the guarantee. Thereafter, under the heading "Procedure during 12-month warranty period", it reads:

> "Any Pentax which proves defective during the 12-month warranty period should be returned to the dealer from whom you purchased the equipment or to the manufacturer. If there is no representative of the manufacturer in your country, send the equipment to the manufacturer, with postage prepaid."

Later it continues:

> "To prove the date of your purchase when required, please keep the receipts or

bills ......

> bills covering the purchase of your equipment for at least a year. Before sending your equipment for servicing, please make sure that you are sending it to the manufacturer's authorized representatives or their accredited repair shops, unless you are sending it directly to the manufacturer."

The warranty policy concludes with the following sentences:

> "This warranty policy does not apply to Pentax products purchased in the U.S.A., U.K., or Canada. The local warranty policies available from Pentax distributors in those countries supersede this warranty policy."

On the face of it, this warranty policy applies to all Pentax cameras sold through authorized channels, and would therefore cover cameras sold by the appellant. It is therefore not surprising that, in terms of the 1981 distributorship agreement, the appellant undertook the following obligation (clause 2(d)(iv)):

> "In accordance with the warranty policy

> and procedure detailed in the operating manual for the Products, HAMPO warrants the Products against material and workmanship defects and performs the servicing of the Products. HAMPO, being a member Distributor of the Pentax International Warranty Service Organization, agrees to service the Products, whether in-warranty or out-of-warranty, originally, sold outside the Territory in accordance with the provisions of the Organization. HAMPO shall render in-warranty services free of charge, and out-of-warranty services at fair and reasonable prices."

It would thus seem that clause 2(d)(iv) of the distributorship agreement imposed only an obligation to honour the warranty contained in the operating manual. However, in his founding affidavit Mr. P Carpenter, the appellant's managing director, stated that all Pentax equipment sold by the appellant was, in terms of the exclusive distributorship agreement,

sold ....

sold together with an additional international guarantee reading as follows:

> "The above-mentioned equipment is guaranteed against material or workmanship defect for 12 months after date of purchase. In case of need, free in-warranty service shall be rendered by any one of the authorized service stations listed in this guarantee card, according to the warranty policy and procedure explained in the operating manual for your Pentax, provided the equipment has not been abused, altered, operated contrary to instructions, or repaired by unauthorized repair shops. This international guarantee supersedes part of the warranty policy and procedure limiting the in-warranty service only in the country of original purchase or by Asahi Optical Corporation."

It is not clear to me whether, and if so, to what extent, this warranty differs from that contained in the operating manual, or whether it is intended to replace it. But the matter does not end there. The

appellant ....

appellant also includes a further guarantee document with all Pentax equipment sold by it. This is in the form of a document with an attached (or accompanying) "Camera Guarantee Card", which contains particulars of the article sold, the names of the dealer and purchaser, and the date of the sale. Although Mr. Carpenter refers to this document as the appellant's "own guarantee", the only contractual term in it is the following:

> "YOUR PENTAX PRODUCT WILL NOT BE GUARANTEED unless this reply paid registration card is completed and mailed within 14 days of date of purchase, which will entitle you to 1 YEARS GUARANTEE."

This seems to comprise a restriction rather than an extension of the guarantee.

The ....

The combined effect of these documents is by no means clear, but I do not consider it necessary to attempt to interpret them. What seems important for present purposes is not what I think the documents mean, but how the parties viewed them at the relevant time before proceedings were instituted. In the letter of 4 November 1982, the appellant's attorneys had this to say about the guarantee:

> "5. In particular, we refer to the guarantee which is sold with every 'Pentax' camera throughout the world. Part of the South African company's obligations relate to the fact that they are to honour the conditions and terms of the guarantee in connection with any 'Pentax' product which has been sold, irrespective of whether that sale occurred in South Africa, or not.
>
> 6. It should, therefore, be specifically recorded that our clients are responsible for ensuring that guarantees are met and adhered to."

Although ......

Although this is not ideally clear, it does suggest that the appellant and Asahi (on whose combined behalf the letter was written) were of the view that the appellant could be saddled with responsibility in terms of the warranty in respect of cameras sold by the respondent. The respondent's attorneys' reply (in their aforementioned letter) was:

> "Regarding the guarantee obligations, a material reason for our client purchasing the camera for resale, was the guarantee which came with the article and our client assumes that the guarantee obligations will be met by your clients or their agents, as warranted in the guarantee."

The appellant apparently did not respond to this letter prior to the institution of proceedings. This correspondence accordingly suggests that both parties were ad idem,

when ....

when these letters were written, that the appellant would honour the warranty in respect of cameras sold by the respondent. In view of the content of the relevant guarantee documents which I have discussed above, and particularly clause 2(d)(iv) of the distributorship agreement, this attitude is quite understandable.

It is against this background that the appellant's evidence concerning misrepresentations to the public about the warranty should be considered. The only instance of misrepresentation relied upon was that allegedly made to Mr. Bacon when he bought a Pentax camera from Mr. Wertheim in October 1983, to which I referred above. Mr. Bacon deposed on affidavit to what passed between him and Mr. Wertheim. In his affidavit Mr. Wertheim, although not remembering the incident, questioned the likelihood of some of Mr. Bacon's assertions. In reply

and confirmed
Mr. Bacon submitted a memorandum dictated by him on 24 October 1983 (i.e. two days after the sale) in which he had set out the circumstances of the sale. His initial affidavit had been prepared from this memorandum. The memorandum clearly provides the more reliable account of the transaction. It records that Mr. Bacon first made enquiries about the purchase of a Pentax camera at the respondent's shop on Friday evening, 21 October 1983. The next morning he returned. After some discussion about the Pentax ME Super, the conversation proceeded as follows (it will be recalled that "the salesman" was Mr. Wertheim):

> "I then told the salesman that my experience in Cape Town had always been that service was extremely difficult to obtain. He said that the main agents for

Pentax ....

> Pentax had been the same for the last 20 years and were a company called Hampo. I told him that I was familiar with the company because, at least until recently, they had the agency for the Dictaphone brand of dictating machines. He then said that the camera has a one year international guarantee. I asked him what that meant. He said that what he meant by an international guarantee was one that would be honoured overseas. Without being prompted, he said that there used to be a local guarantee. This, however, no longer existed. I asked him to confirm how long the guarantee lasted. He said that it was a one year guarantee."

Mr. Bacon recorded that he then "started fiddling in the box that the camera came out of" and found various documents. He then continued:

> "I asked the salesman whether there was a guarantee card that I had to fill in. He said no. Again without being prompted,

> he said that he would give me a cash sales slip. I could present this and the camera at any time within one year at any shop which sold Pentax cameras and this would enable me to make use of the guarantee. The cash sales slip I have designated BB7 on the reverse. It is noted that on the front of this the salesman has written 'one years full guarantee'."

The first question to be answered in the light of the evidence is whether Mr. Wertheim represented to Mr. Bacon in this conversation that the appellant would honour a guarantee in respect of the camera sold by the respondent. If this question is answered in the affirmative the further question will arise whether, regard being had to the relevant documents discussed above, such representation was false.

The learned judge *a quo* dealt in the following terms

with ....

with the question whether Mr. Wertheim made the alleged representation (at p. 262 B-C):

> "...on the papers applicant has not, in my judgment, proved that respondent made any such representation. At most respondent represented to Bacon that the cameras were guaranteed for a year but it did not aver that it would be applicant who would honour the guarantee. I do not think that the mere fact that respondent's representative said that applicant was the main agent for Pentax cameras implied any such representation. What is most significant is that the one thing respondent's representative is not alleged to have said is that applicant would honour the guarantee."

Mr. Plewman argued that, although there was no express representation that the appellant would honour the guarantee, such a representation could be implied from the first two sentences of the above passage from the memorandum,

read ....

read with the subsequent discussion about an "international guarantee". Now it must be noted that the appellant's name was expressly mentioned only in relation to service generally. The suggestion that the appellant could be expected to provide "service" does not appear to have been in any way false - there is no reason to suppose that the appellant would have refused to repair or service any Pentax camera because of its origin. Regarding the guarantee, Mr. Wertheim is alleged to have said only that there was a one year international guarantee - "one that would be honoured overseas" - but no "local guarantee". The suggestion here seems to be that the guarantee was only enforceable overseas and would not be honoured in South Africa (if so, neither the appellant

nor ....

nor the respondent would have been bound to honour it). This could hardly have been what Mr. Wertheim meant, however, and the intended purpose of the remarks eludes me. Then he stated that the guarantee could be exercised "at any shop which sold Pentax cameras" - presumably within and outside the Republic. It is difficult to reconcile this with what had preceded it.

The general impression which I gain is that the conversation, if fully and correctly recorded, was disjointed, confusing and inconclusive. One must bear in mind that the whole purpose of Mr. Bacon's visit was to obtain evidence concerning the sale by the respondent of Pentax cameras. If the appellant wanted to determine whether it was being

represented ....

represented as the party responsible for honouring the guarantee, one wonders why Mr. Bacon did not ask a specific question in this regard. He did not however do so, and in the result the Court is asked to imply a representation from material which is far from clear.

By reason of the aforegoing it seems, at best for the appellant, uncertain whether the representation upon which it relies can be implied from the conversation between Mr. Bacon and Mr. Wertheim.

On behalf of the appellant it was contended that there was a likelihood that Mr. Wertheim would have made the representation in question, because, as I have shown, the respondent believed that the appellant would in fact be required

to ....

to honour the guarantee. The existence of this belief seems, however, to be a double-edged weapon. On the one hand it would tend to give credence to evidence that the alleged representation was made. Little, if any, weight can, however, be attached to this consideration where the undisputed evidence does not with any clarity show the making of the alleged representation.

On the other hand, the belief held by the respondent that the appellant would honour the guarantee tends to work against the appellant's case in the following way. It will be recalled that the belief was tenable in the light of the provisions of clause 2(d)(iv) of the 1981 distributorship agreement, which I have quoted above. The 1984 Agree-

ment ....

ment is, however, completely different. In terms of clause 7.01 of the latter agreement the appellant is required only to "warrant the Products to its customers against defect in material and workmanship" in accordance with the warranty in the operating manual (emphasis added). Accordingly the respondent can no longer assume that the appellant would honour warranties in respect of cameras sold by the respondent, and the respondent's case on the papers is that it has made arrangements with a photographic repair business in Cape Town to enable the respondent itself to honour the guarantee. In these circumstances there is no reason to think that the respondent would in future falsely represent to its customers that the appellant would honour the warranty.

I consider therefore that the appellant has not shown either that the respondent made the alleged representation to Mr. Bacon or that it is likely to make such a representation to its customers in future. I need therefore not consider whether such a representation would have been false. I also need not consider whether the making of such a misrepresentation, if proved, would have amounted to passing-off in accordance with the principles discussed in recent English cases such as H P Bulmer Limited and Showerings Limited v J Bollinger SA& Another (1978) RPC 79 and Erven Warnink B V v J Townend and Sons (Hull) Limited (1979) FSR 397 upon which the appellant relies, or would have amounted to unlawful competition under our law. Nor is it necessary to consider whether the extension of the principles

of ....

of passing-off which is reflected in the above-mentioned English cases accords with the South African law on the subject.

The second cause of action relied upon by the appellant is that respondent is unlawfully competing with the appellant by infringing Asahi's trade mark Pentax. It should be stressed at the outset that the appellant is neither the proprietor nor a registered user of the trade mark, and it does not claim any right to restrain the infringement of the trade mark as such, i.e. simply because there is an infringement. Its case is that the infringement of Asahi's trade mark by the respondent does not only constitute a wrong against Asahi, but also amounts to unlawful competition actionable at the suit of the appellant. Two questions consequently arise in this branch of the appeal, viz., whether the respondent has been guilty of infringing Asahi's trade mark, and, if so, whether this constitutes unlawful competition vis-à-vis the appellant.

I deal first with the question of trade mark infringement. The appellant contends that the respondent has committed an infringement of the trade mark pursuant to section 44(1)(a) of the Trade Marks Act, no. 62 of 1963. This section lays down that the rights acquired by registration of a trade mark shall be infringed by "unauthorized use" of a mark "as a trade mark". The expressions "unauthorized use" and "use as a trade mark" are, however, by no means self-explanatory. In my view they can only be properly understood in

the ....

the light of the historical development of this branch of the law, to which I now turn.

In Policansky Bros Ltd v L & H Policansky 1935 AD 89 at p. 97 WESSELS CJ said the following:

> "The Roman-Dutch law was well acquainted with the general principle that a person cannot, by imitating the name, marks or devices of another who had acquired a reputation for his goods, filch the former's trade (Ned. Advies Boek, vol. 1. adv. 68, p.161). This class of tort had not reached, by the end of the eighteenth century, the importance that it has today."

later, he said (at p. 98):

> "As our Roman-Dutch authorities do not deal with the various aspects of passing-off actions that modern conditions have evoked, we in South Africa have followed the principles enunciated by the English and American courts where such principles are not in conflict with either our common law or our statute law."

WESSELS CJ was talking here about the law of passing-off in which the law of trade marks had its origin. I should add that our statute law concerning trade marks has also followed English patterns, so that it is appropriate to commence this historical introduction with a summary of the English law on the subject. My main source in this regard is the speech of LORD DIPLOCK in the case of the G E Trade Mark (1973) RPC 297 (HL)("the G E case").

The use by manufacturers of distinctive marks upon goods which they have made is of very ancient origin, but

legal ....

legal recognition of trade marks as a species of incorporeal property was first accorded by the Court of Chancery in the first half of the nineteenth century. The right of property in a trade mark had special characteristics. One, which it shared with patents and with copyright, was that it was a monopoly, that is to say, it was a right to restrain other persons from using the mark. To be capable of being the subject-matter of property a trade mark had to be distinctive, that is to say, it had to be recognisable by a purchaser of goods to which it was affixed as indicating that they were of the same origin as other goods which bore the same mark and whose quality had engendered goodwill. Property in a trade mark could therefore only be acquired

by ....

by public use of it as such by the proprietor and was lost by disuse.

I have stated above that the right in a trade mark was a right to restrain other persons from using the mark. What types of use could be thus restrained at common law? The answer to this question appears from the following discussion by LORD CRANWORTH in Farina v Silverlock (1857) 26 LJ (NS) Eq. 11. LORD CRANWORTH was dealing with "the right to have a particular trade-mark to designate a commodity" (ibid., p. 12). The right, he said, was of this nature:-

> "It is not properly described as a copyright, because it is no right at all, unless it is a right which can be said to

exist ....

exist only, and to be tested only by its violation. The right is a right on the part of any person designating his wares or commodities by a particular trade-mark, as it is called, to prevent anybody else *from* selling wares, which are *not* those manufactured by the plaintiff, with that trade-mark, in order to mislead the public, and so incidentally to injure the person who is owner of the trade-mark. ... *I apprehend the law is perfectly* clear, that anybody, who has acquired a particular mode of designating his particular manufacture, has a right to say, not that other persons shall not sell exactly the same article, better or worse, or looking exactly like

it ....

> it, but that they shall not so sell it as to steal the plaintiff's trade-mark, and make purchasers believe it is the manufacture of somebody else."

(ibid., pp. 12-13).

The first legislation on trade marks in England was the Registration of Trade Marks Act, 1875. The purpose of this Act was to remedy certain defects in the common law, described by LORD DIPLOCK as follows (in the G E case at p. 327 lines 7 to 15):

> "The principal defects in the law of trade marks as it had developed by 1875 were: first, that in any action which he brought for infringement of his trade mark the proprietor had to prove his title to the mark afresh by adducing evidence of his public use of it; and, secondly, that there was no easy way in which a trader who wished to adopt a particular mark to distinguish

his ....

> his own products could find out whether its use would infringe proprietary rights in that mark already vested in some other trader by virtue of his public use of it. The evident purpose of the Act of 1875 was to provide a practical remedy for these defects without changing the main characteristics of trade marks at common law."

The Act of 1875 made provision for the registration of trade marks in respect of particular goods or classes of goods (secs 1 and 2). Pursuant to sec 3, the registration of a person as proprietor of a trade mark "shall be prima facie evidence of his right to the exclusive use of such trade-mark"; and after the expiration of five years, would be "conclusive evidence of his right to the exclusive use of such trade-mark" (subject to irrelevant exceptions). Section 1 laid down that in future a person would not be

entitled ....

entitled to institute any proceedings to prevent the infringement of a trade mark unless and until the mark was registered in pursuance of the Act. However, the Act did not lay down what constituted infringement otherwise than by inference from the provision that the proprietor had the right to the exclusive use of the mark.

The question whether the Act of 1875 had altered the law as set out in Farina v Silverlock (supra) first arose pertinently in 1929 in the case of Champagne Heidsieck et Cie Monopole Societe Anonyme v Buxton (1930) 1 Ch 330. At that stage the Act of 1875 had been superseded by the Patent, Designs and Trade Marks Act of 1883, which in turn had been superseded by the Trade Marks Act of 1905. The last mentioned two statutes were also considered in the Champagne Heidsieck

case ....

case, but, for reasons which will appear later, the court's decision turned on the effect of the 1875 Act.

I propose dealing with the Champagne Heidsieck case at some length since it is important for the purposes of this appeal. The facts were briefly as follows. The plaintiffs were producers of champagne in France. They prepared a special type of champagne with a view to its sale on the English market, and another type of sweeter quality for the French market. Both types were sold under the same label which was registered as a trade mark in England. The wine destined for the French market had the additional word "Brut" printed on the label, and there were other minor differences between the contents of the labels and the general

get-up ....

get-up of the bottles. The plaintiff wished to prevent the sale of the "Brut" wine in England. Such wines were nevertheless imported and sold by the defendant. The plaintiff instituted action claiming, inter alia, an injunction to restrain the defendant from infringing its registered trade mark.

The plaintiff's case was that, although the common law was correctly set out in Farina v Silverlock (supra), the Act of 1875 had changed the nature and effect of a trade mark. This argument is reflected as follows in the judgment of CLAUSON J at p. 338:

> "It was, however, contended that the effect of s. 3 of the Act of 1875 (which enacted that the registration of a trade mark, prima facie, gave the registered proprietor the

right ....

right to the exclusive use of such trade mark) was, not merely to give that proprietor by virtue of registration a statutory title in respect of his mark to the same rights which, before the Act, he could have obtained only by proving that the mark had become his trade mark but had the further effect of vesting in the owner of a trade mark the right to object to any person selling or dealing with goods produced by the owner of the trade mark with the trade mark affixed, except on such terms and subject to such conditions as to resale, price, area of market, and so forth, as the owner of the trade mark might choose to impose. It was, in effect, suggested that, whereas before 1875 a trade mark, if established as a trade mark, was a badge of the origin of the goods, the effect of s. 3 of the Act of 1875 was to make a registered trade mark a badge of control, carrying with it the right in the owner of a registered trade mark to full control over his goods, into whosesoever hands they might come, except in so far as he might expressly or by implication have released this right of control."

This ....

This contention was rejected in the following words (pp. 338-9):

> "I do not so read the section. Nor am I aware that, until the present case, any such construction of the section or of corresponding sections in subsequent Acts has been adopted by any tribunal; or indeed that, until very recent times, any such construction has been propounded to any tribunal. It would be astonishing, if in an Act to establish a register of trade marks, such a remarkable extension of the rights of owners of trade marks were intended to be enacted by the use of such terms as appear in the section. <u>The section appears to me to mean that the proprietor of a registered trade mark is to have the right exclusively to use such trade mark in the sense of preventing others from selling wares which are not his marked with the trade mark.</u> I do not believe that the legislature intended to say, or can fairly be held to have said, that the registration of a trade mark had the wide consequences suggested by the plaintiffs." (emphasis added)

CLAUSON ....

CLAUSON J concluded by holding (at p. 341)

> "... that the use of a mark by the defendant which is relied on as an infringement must be a use upon goods which are not the genuine goods, i.e., those upon which the plaintiffs' mark is properly used, for any one may use the plaintiffs' mark on the plaintiffs' goods, since that cannot cause the deception which is the test of infringement."

I return now to the legislative history. The Act of 1875 was amended in 1876 and 1877. These amendments are not relevant for present purposes. In 1883, as noted above, it was superseded by the Patents, Designs and Trade Marks Act. This Act also effected no change which is material for present purposes. Section 76 of the 1883 Act merely repeated s. 3 of the 1875 Act with variations which do not affect the present issue.

The ....

The next relevant statute was the Trade Marks Act of 1905. This statute defined "trade mark" as "a mark used or proposed to be used upon or in connexion with goods for the purpose of indicating that they are the goods of the proprietor of such trade mark by virtue of manufacture, selection, certification, dealing with, or offering for sale".

The basic rights of the proprietor of a trade mark were defined in terms which did not differ materially from those of the previous Acts. Thus sec. 39 provided, subject to immaterial qualifications, that "the registration of a person as proprietor of a trade mark shall, if

valid ....

valid, give such person the exclusive right to the use of such trade mark upon or in connection with the goods in respect of which it is registered ...".

The 1905 Act was considered in the Heidsieck case (supra) at p. 339, to determine whether the plaintiff's case could be supported by reference to it. CLAUSON J said:

> "It was, indeed, at first suggested that this remarkable alteration in the law (i.e., the alteration contended for by the plaintiff - see the above quotation from p. 338) took place when s. 39 of the Act of 1905 was enacted, but a comparison of the language of that section with s. 3 of the Act of 1875 led at once to a recognition of the fact that, if the change in the law did take place, it must have taken place in 1875 and not in 1905. Indeed, in my view, if there had been any possible doubt as to the construction of s. 3 of the Act of 1875, the doubt must necessarily vanish when the Act of 1905, which supersedes that

of ....

> of 1875 and the intermediate Acts, is examined. In the Act of 1905 the word 'trade mark' is defined as a mark used upon goods for the purpose of indicating that they are the goods of the proprietor of the mark, and reading this definition into s. 39 it appears to me quite clear that the exclusive right to use the mark conferred on the registered proprietor by that section is the right to use the mark as a trade mark - i.e., as indicating that the goods upon which it is placed are his goods and to exclude others from selling under the mark wares which are not his."(emphasis added)

The final English statute to which I intend to refer is the Trade Marks Act of 1938, which superseded the 1905 Act. The 1938 Act not only broadened the definition of "trade mark" (sec. 68(1)) but introduced in sec. 4(1) elaborate provisions regarding infringement. See Shalom Investments (Pty) Ltd

and ....

and Others v Dan River Mills Incorporated 1971(1) SA 689 (A) ("The Dan River case") at 701 H in fin. The effect of these changes was considered in Bismag Ld. v Amblins (Chemists) Ld. (1940) 57 RPC 209, which is discussed in the Dan River case at p. 702. Among these changes was a substantial expansion of the rights of proprietors of trade marks. The purpose of this was to remedy deficiencies in the law which had been exposed by the judgment in the case of Irving's Yeast-Vite Limited v Horsenail (1934) 51 RPC 110 (HL). As I shall show later, this judgment also gave rise to changes in the South African legislation. However, the manner in which this problem was dealt with in Britain differed entirely from that adopted by the South African

legislature .....

legislature. It would accordingly serve little purpose to consider the effect of the 1938 British Act on the principles enunciated in the Champagne Heidsieck case. I would only note in passing that the decision in the Champagne Heidsieck case was still regarded as good law in 1979 in Revlon Inc. and Others v Cripps & Lee Ltd and Others (1980) FSR 85 (CA) at p. 108 (BUCKLEY LJ, with whom BRIDGE LJ concurred) and pp. 113-4 (TEMPLEMAN LJ).

I turn now to the law of trade marks in the Netherlands and South Africa. In the passage which I have quoted from the judgment in Policansky Bros. Ltd. v L H Policansky (supra) WESSELS CJ referred to an opinion quoted in van den Berg's Ned. Advijs Boek vol. 1, adv. 68, p. 161. The facts in that opinion were that one Pieter Meffert was a "Caartemaker" (apparently a

manufacturer ......

manufacturer of playing cards - see van Zurck, Codex Batavus, sub voc. Wapenen, para 4 note 1, which refers to the same case) who, during his lifetime, printed certain "teekens, merken en namen" on his cards and their covers. After his death his

widow ....

widow and heirs continued the business, and also continued using the same "teekens, merken en namen" on the cards produced by them. Other manufacturers of cards then commenced using the same distinctive words and marks on their own cards. The advice given to Meffert's widow and heirs was that it was impermissible to use such names, marks and signs as another person had previously used and was still using on similar articles, if the infringing use would enure to the loss or disadvantage of the first inventor or user of the names, marks or signs. The death of Meffert had not altered this situation, since his widow and heirs, so they were advised, were entitled to the benefit of the names, marks and signs which the deceased had used in his lifetime. This

opinion ....

opinion was given on 15 January 1667. The widow and heirs instituted proceedings and on 1 February 1667 an infringer was ordered by the schepenen of The Hague to pay "een amende van 60 ponden" and furthermore "om in het toekomende naar te laten het drukken ende gebruyken van sodanige teekens, merken ende namen, op haare Caarten, als Pieter Meffert zoo lang voor haar eerst heeft gevonden ende gebruykt welke hem en zyne Erfgenamen alleen toekomen". The ground for this decision was stated to be "*ratione falsi commissi utendo signis et nomine Petri Meffert in suis mercibus*".

The jurists who gave the above opinion relied mainly on a passage from the *Tractatus de Insigniis et Armis* by Bartolus (1314-1357). The full passage reads as follows:

"... pone ....

> "... pone fabrum quendam esse doctissimum, qui in gladiis, et aliis suis operibus facit certa signa, ex quibus opus ipsius magistri esse cognoscitur, et per hoc tales merces melius venduntur, et avidius emuntur, tunc puto quod si alius faceret tale signum, possit prohiberi quia ex hoc populus lederetur, acciperetur enim opus unius pro opere alterius."

These authorities leave no doubt that in our common law a trade mark served the same purpose as in England, viz. to identify the goods of the trade mark owner and to distinguish them from the goods of others. A trade mark was considered to be infringed if it was used on goods which were not those of the person whom we would call the trade mark proprietor. This was regarded as a form of deception whereby the goods of the infringer were passed off for the goods of the trade mark proprietor, and was punishable under the _crimen falsi_ (see also Voet, Commentaries, 48.10.6; v. Zurck, op cit, sub voc

Falsiteit ....

Falsiteit, para 10; Garen, para 1; Messen, para 5; Papieren, para 2; Thee, para 1; and also Carpzovius, Praxis Rer. Crim. 2.93.89 and 90. It should be noted, however, that many of these passages refer to specific enactments on trade marks in respect of particular articles.)

In our case law there appear to be few reported cases of trade mark infringement prior to the enactment of trade marks legislation. The most important one is Rose & Co. v Miller (1891) 4 SAR 123. In that case the plaintiffs were the manufacturers "of a certain limejuice cordial well known upon the market". The defendant, Miller of Johannesburg, made limejuice and sold it in bottles of Rose & Co. and in others similar in shape, and labelled these with an almost

exact ....

exact imitation of plaintiif's label. Rose & Co. claimed a perpetual interdict prohibiting such conduct. On behalf of the defendant it was argued that "there is no protection in this country for trade marks". KOTZé CJ (with whom DE KORTE J concurred) did not agree. His judgment reads (at p. 125):

> "I am of the opinion that Rose & Co. have an exclusive right to the use of a certain label for the sale of 'Limejuice Cordial', and that Miller has infringed such right by imitating the label of Rose & Co. in such a way that the public may easily be deceived thereby to the damage and inconvenience of Messrs. Rose & Co. To allow such a practice is to countenance a fraud both on Rose & Co. and the public. It is a case of <u>injuria</u> or infringement of right. A perpetual interdict must be granted against Miller, with costs."

Although no authorities were quoted in the judgment,

the ....

the report (printed in 1908) contains a footnote mentioning Roman-Dutch authorities on the subject of trade marks. These appear to have been derived from an anonymous note in the Cape Law Journal of 1892 (9 CLJ 127) and include the authorities which I have discussed above. See also Mills v Salmond (1863) 4 Searle 230.

The pre-Union trade mark legislation in South Africa closely followed the British Act of 1875. The first statute was the *Trade Marks Registration Act, no 22 of 1877, of the* Cape Colony. According to the preamble, the object of this enactment was to "establish in this Colony a register of trade marks". Such register was to be kept by the Registrar of Deeds. Section 3 of this Act copied section 3 of the British

Act ....

Act of 1875, i.e., it laid down that registration of a trade mark provided, at first, _prima facie_ evidence of the proprietor's right to the exclusive use of the trade mark, and, after five years, conclusive evidence of this right. Although the Act was amended on a few occasions, none of the amendments bears on the present enquiry.

In Natal, Law 4 of 1885 was enacted "to establish a register of trade marks in Natal" (see the long title). In that Colony the register of trade marks was kept by the Registrar of the Supreme Court. Section 16 of the Act corresponded to section 3 of the British Act and section 3 of the Cape Act (save for an apparent misprint: the section laid

down ....

down that after five years, registration would be conclusive evidence of the proprietor's "right to the exclusive right" (sic - instead of "use") of a trade mark).

In the Orange Free State trade marks were governed by Chapter CXIII of the Wetboek, entitled "De Wet over het Registreeren van Handelsmerken". Here again the Registrar of Deeds was charged with keeping the register. Sec 3 of the statute was, for present purposes, a direct translation of sec 3 of the British Act and its colonial counterparts. The amendment of this statute by Law no 13 of 1893 is irrelevant for present purposes.

The first legislation in the Transvaal was Law 6 of 1892, the long title of which indicated that it contained "bepalingen op de handels- en fabrieksmerken in deze Republiek".

Section ....

Section 1 laid down that a person or firm "die zich het recht wil verzekeren tot uitsluitend gebruik van een merk, hetwelk ter onderscheiding zijner handels- of fabriekswaren van die van andere, op de waren zelve of op hare verpakking word geplaatst", should have such mark registered with the State Attorney. Although the formulation of this section differed somewhat from the corresponding provisions in the other territories, it was substantially to the same effect. Thus it stated in terms that the purpose of registration was to ensure the proprietor's right of exclusive use of the mark - a right incidentally, which KOTZé CJ had the year before recognized also under the common law in the case of Rose & Co. (supra). The Transvaal Law 6 of 1892 was repealed by Proclamation 23 of 1902, which copied the British Act of 1875. Sec. 11 of the

Proclamation ....

Proclamation was, for present purposes, identical to sec. 3 of the British Act of 1875 and the corresponding sections of the other pre-Union statutes to which I have referred. The subsequent amendment of the Proclamation by Ordinance no 3 of 1904 does not affect the issue.

These pre-Union statutes continued in force until repealed by the Patents, Designs, Trade Marks and Copyright Act, no 9 of 1916, of the Union of South Africa.

Before I turn to this Act, it will be convenient to summarize what the relevant legal position was before its promulgation. At common law, both here and in England, a trade mark served to indicate the origin of goods in the proprietor of the trade mark, and infringement occurred when

the ....

the trade mark was used in respect of goods which were not those of the proprietor of the trade mark. There is nothing in our common law or that of England to suggest that the proprietor of a trade mark was entitled by virtue of trade mark law to control the sale or distribution of his goods which he had marked with his trade mark.

The British Act of 1875 introduced a system of registration of trade marks. The purpose of the Act, according to the G E case (supra), was to make it easier for the proprietor of a trade mark to prove his ownership, and to enable interested persons to find out whether a particular trade mark was in use and by whom. Its purpose was not to change the main characteristics of trade marks at common law. And

in ....

in the Champagne Heidsieck case (supra) the Court held that the proprietor's "exclusive right" of which the 1875 Act spoke, was the right which had existed at common law to prevent others from selling wares which were not his marked with his trade mark.

In the Dan River case (supra, at p. 700 H to 701 A) this Court expressed doubt whether the Champagne Heidsieck case could be regarded as "settled law" in England. I do not think that there is room for doubt any longer. The Champagne Heidsieck case has been expressly approved by the Court of Appeal in the Revlon case (supra) as I have indicated. Moreover, the House of Lords has, in the G E case (supra), affirmed that the 1875 Act served only a limited purpose, and was not intended to

change ....

change the main characteristics of trade marks. And the principle that a trade mark is essentially a "badge of origin" has been confirmed also in other contexts. See, eg., Aristoc Ld. v Rysta Ld. (1945) 62 RPC 65 at p. 82 lines 26 to 37. See also Esquire Electronics Ltd v Executive Video 1986(2) SA 576 (A) at p. 587 E-F. The correctness of the Champagne Heidsieck case has been accepted by leading textbook authors - see, e.g., Kerly's Law of Trade Marks and Trade Names, 12th ed., para 14-29; and Halbury's Laws of England, 4th ed., vol 48, para 94 which refers to "the self-evident principle that there should be no infringement by use on the 'genuine goods'". It may be as well also to remember that the Champagne Heidsieck case was by no means an isolated one. Although there was no previous case directly in point, the judgment in the Champagne Heidsieck

case ....

case followed the general trend of English law as represented by the authorities quoted in the judgment at pp. 340-1, viz., Singer Manufacturing Co. v Loog (1880) 18 Ch D 395 at 412; Edwards v Dennis (1885) 30 Ch. D 454 at 478 and Bow v Hart (1905) 1 KB 592 at 593 and 594 (questions put during argument by ROMER L.J.).

The authority of the Champagne Heidsieck case according to the law of England, must therefore, in my view, be accepted. Moreover, the reasoning and conclusion of CLAUSON J seem to me, with respect, lucid and convincing. In South Africa the common law and pre-Union statute law did not differ in any material respect from that of England. I consider, therefore, that the judgment in the Champagne

Heidsieck ....

Heidsieck case also correctly reflects the law in all the provinces of the Union of South Africa prior to the promulgation of Act 9 of 1916.

The South African Act of 1916 followed British models in many respects. Thus the definition of a trade mark in sec. 98 of the Act of 1916 is practically identical to that in the 1905 British Act which I have quoted above, and which was considered in the *Champagne Heidsieck* case (*supra*) in a passage which I have also quoted. Concerning the rights of the proprietor, the South African Act followed the 1905 British Act and previous legislation by providing that registration would be *prima facie* evidence of the proprietor's right to the exclusive use of the trade mark,

and ....

and, after a period (in this case seven years), conclusive evidence of such right (sec 123). Where the Act broke new ground was by making specific provision for infringement. This was done in sec. 125 which originally read as follows (in so far as relevant for present purposes):

> "The rights acquired by registration of a trade mark shall be deemed to be infringed by the use, in respect of the goods in respect of which it is registered, of a mark substantially identical with the trade mark or so nearly resembling it as to be likely to deceive."

It will be convenient to defer discussion of this provision until I have completed my survey of the relevant legislation.

The next statute to be dealt with requires some explanation ......

planation, but has no direct bearing on the present issue. This was the Patents, Designs and Trade Marks Amendment Act, no 19 of 1947, which introduced the concept of a "registered user" of a trade mark. For this purpose it inserted, inter alia, a new sec. 131 bis into the 1916 Act. In terms of sec. 131 bis (2) the expression "permitted use" was defined, broadly, as the use of a trade mark by a registered user. The definition of infringement in sec. 125 was correspondingly amended by inserting the expression "(other than permitted use)" so that the section read:

> "...shall be infringed by use (other than permitted use) ..."

"Permitted use" thus had a technical meaning, but I should emphasize that consent was always a good defence to

an ....

an action for infringement, i.e., it was a good defence to show that the act which was alleged to constitute infringement, was done with the consent of the trade mark proprietor. This was not stated in the various statutes, but followed from the general principle of law expressed in the maxim volenti non fit iniuria. (See Kerly's Law of Trade Marks and Trade Names, 12 th ed., para 15-44; Webster and Page, South African Law of Trade Marks, 3rd ed., p. 271; Halsbury's Laws of England 4th ed., vol. 48, para 94). Since we are not concerned in this appeal with registered users, the amendment in 1947 takes the matter no further.

Before coming to the 1963 Trade Marks Act I have to mention the English case of Irving's Yeast-Vite Limited v F.A. Horsenail (1934) 51 RPC 110 (HL) to which I made passing reference earlier in this judgment. In that case the defendant had used the plaintiff's registered trade mark Yeast-Vite by stating that the defendant's product was "a substitute for 'Yeast-Vite'". This

was ....

was held by the House of Lords not to be an infringement under the 1905 British Act because the mark was not used as a trade mark, i.e., it was not used upon or in connection with goods for the purpose of indicating that they were the goods of the proprietor of the trade mark. This decision showed that a trade mark proprietor needed protection not only where his mark was unlawfully used as a trade mark, but also where it was used for other purposes such as comparison.

To meet this need the South African Trade Marks Act no 62 of 1963, provided a new extended definition of infringement. Sec 44 (1), as originally promulgated, read as follows (in so far as relevant):

> "... the rights acquired by registration of a trade mark shall be deemed to be infringed by -
>
> (a) ....

> (a) unauthorized use as a trade mark upon or in relation to goods in respect of which the trade mark is registered, of the identical trade mark or of a trade mark so nearly resembling it as to be likely to deceive or cause confusion; or
>
> (b) unauthorized use in the course of trade, whether as a trade mark or not, of the identical trade mark or of a trade mark so nearly resembling it as to be likely to deceive or cause confusion, if such use is in relation to or in connection with goods for which the trade mark is registered and is likely to cause injury or prejudice to the proprietor of the trade mark."

It seems clear that sub-sec. (b) was inspired by the Yeast-Vite case, and served to extend the concept of infringement beyond the mere use of the mark as a trade mark. The effect of sub-sec. (b) in its original formulation was, however, that trade mark infringement could be committed in this extended sense by the use of a mark "whether as a trade mark or not". Unlawful use of a mark as a trade mark could thus fall under either sub-sec. (a) or (b). See the Dan River case (supra) at pp. 703 C - 704 A. After the decision in the Dan River case, and presumably as a result thereof, the section was amended by Act 46 of 1971 to make it clear that sub-sec. (a) applied to the use of a trade mark as a trade mark, and sub-sec. (b) only to use otherwise than as a trade mark. The section then read as follows (I quote it in full because it is the relevant text for purposes of the present appeal):

> "...the rights acquired by registration of a trade mark shall be infringed by -
> (a) unauthorized use as a trade mark in relation to goods or services in respect of which the trade mark is registered, of

a ....

a mark so nearly resembling it as to be likely to deceive or cause confusion; or

(b) unauthorized use in the course of trade, otherwise than as a trade mark, of a mark so nearly resembling it as to be likely to deceive or cause confusion, if such use is in relation to or in connection with goods or services for which the trade mark is registered and is likely to cause injury or prejudice to the proprietor of the trade mark."

In passing it should be noted that the reference to the "identical mark" was also removed by Act 46 of 1971 from sub-secs. (a) and (b). Mr. Hodes, who appeared for the respondent in the present case, contended that, as a result of this deletion, unlawful use of the identical trade mark (as distinct from use of a colourable imitation) would no longer constitute infringement. In order not to extend an already

long ....

long judgment I would say only that I agree entirely with the following passage from the judgment of this Court in Berman Brothers (Pty) Ltd v Sodastream Ltd & Another 1986(3) SA 209 (A) at p 232 H to 233 A:

> "Originally s 44 (1) spoke of:
> 'the unauthorized use ... of the identical trade mark or of a trade mark so nearly resembling ...'
> This was the wording in paras (a) and (b). For some reason, obscure to me, the words 'of the identical trade mark or' were deleted in both paragraphs by s 21(a) of Act 46 of 1971. Presumably it was thought that if the mark used by the infringer was the identical mark it would necessarily be a mark so nearly resembling as to be likely to deceive or confuse. Obviously it was never the intention to exclude from the ambit of infringement the use of the identical mark (cf remarks of Chowles and Webster The South African Law of Trade Marks 2nd ed at 98). I think that this amendment

is ....

> is an unfortunate one and not conducive to clarity; and I would hope that when the Act is again amended the deleted words be restored. At all events, the unauthorized use of the identical mark must, in my view, be regarded as falling under s 44(1)(a)."

I cannot accept Mr Hodes's contention that this passage was wrong and should be reconsidered.

I revert now to the distinction between use of a mark as a trade mark, and use of a mark otherwise than as a trade mark. "Trade mark" is defined in sec. 2 of the 1963 Act as:

> "..... a mark used or proposed to be used in relation to goods or services for the purpose of -
> (a) indicating a connection in the course of trade between the goods or services and some person having the right, either as proprietor or as a registered user, to use the

mark ....

> mark, whether with or without any indication of the identity of that person; and
> (b) distinguishing the goods or services in relation to which the mark is used or proposed to be used, from the same kind of goods or services connected in the course of trade with any other person."

In the present case it is clear that the mark Pentax was placed on the cameras in question for the purpose of indicating a connection between the cameras and the proprietor of the mark, Asahi, and to distinguish these cameras from those connected in the course of trade with any other person. The respondent, on the face of it, is by selling cameras bearing the mark Pentax using the mark for the same purpose , i.e., of indicating a connection between the cameras and Asahi, and distinguishing them from

cameras ....

cameras manufactured by others. This appears to be the literal meaning of sub-sec.(1). I return later to certain contentions adduced in this respect. So as not to interrupt my chain of reasoning I would emphasize at this stage that the type of use with which we are here concerned is use "as a trade mark". Even if it were held that use of a trade mark on "genuine goods" could not amount to infringement, such use would still, as a matter of language, be use as a trade mark, and could not constitute use "otherwise than as a trade mark". We are accordingly dealing with the use to which reference is made in sub-sec. (a), and not with the extended type of infringement dealt with in sub-sec. (b). In short, the question before us is whether the concept of infringing use of a trade mark as a trade mark has been extended in South African legislation beyond that described in the <u>Champagne Heidsieck</u> case (<u>supra</u>).

The most noticeable changes in the South African legislation were, for present purposes, the following. The 1916 Act, while retaining the provisions recognizing the proprietor's exclusive right to the use of the trade mark, added a provision deeming the use of the mark (or a colourable imitation thereof) to be an infringement. The Act of 1963 went further by deleting reference to the proprietor's exclusive right altogether, and limiting itself to defining infringement as unauthorized use of the mark (or a colourable imitation thereof) as a trade mark. These changes do not appear to be of significance - the legislature has continued to use expressions which have been current in this branch of the law for a long time to express substantially the same

concepts ....

concepts. Even before the British Act of 1875 it was recognized that the right of a trade mark proprietor was essentially a right to prevent "anybody else from selling wares, which are not those manufactured by the plaintiff, with that trade mark". (Vide the passage quoted from Farina v Silverlock (supra). This position remained unchanged after the British Act of 1905, as appears from the italicized portion of the above quotation from the Champagne Heidsieck case (supra), at pp. 338-9, where the proprietor's right of exclusive use is defined as "the right ... of preventing others from selling wares which are not his marked with the trade mark." Notionally it does not therefore seem to matter whether the trade mark proprietor's right is described as the right to

the ....

the exclusive use of the mark as a trade mark, or whether it is described as the right to prevent others from using it as a trade mark. It has also been recognized in our case law that the trade mark proprietor's exclusive right to the use of the trade mark is still implicit in the 1963 Act, although explicit reference to it has been deleted. See the Dan River case (supra) at p. 706 D and John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd 1977(3) SA 144 (T) at p. 150 B.

The essential question then remains: what is meant by the words "use" of a mark "as a trade mark" in the context of sec. 44(1)(a) of the Act? In their full and literal meaning it seems to me, the words "use as a trade mark" would

be ....

be wide enough to cover the facts of the present case. As I have indicated above, a trader who advertises and sells goods marked with their trade marks clearly, in my view, makes use of the trade mark as a trade mark. On a literal meaning of the words used in sec.(1)(a) of the Act, this use (if unauthorized, a matter to which I return later) would then constitute an infringement even if the trade marked goods emanated from, and were marked by, or with the consent of, the trade mark proprietor himself. If this were its correct interpretation, the 1963 Act (or, possibly, the 1916 Act) would have effected a dramatic change in principles of trade mark law which had been long established in this country and

in ....

in England. And, what is more, it would have effected such a change by using language which is not notionally distinguishable from that found in earlier legislation, both here and in England; and which had been interpreted to embody only the traditional concept of infringement.

The only substantial change in sec. 44(1)(a) was the introduction of the word "unauthorized". This change also must be seen in its historical context, which I repeat briefly. It will be recalled that, according to common law, the consent of the trade mark proprietor was a good defence to an action for infringement, and earlier legislation took this for granted, making no specific provision for it. When the concept of a "registered user" was intro-

duced ....

duced into the 1916 Act, "permitted use", being use by a registered user, was excluded from conduct which would otherwise have constituted an infringement. This did not, however, derogate from the defence of consent. In the 1963 Act use by a registered user was expressly dealt with in sec. 48 (see particularly sub-sec. (2)) and there was no need to make provision for it in sec. 44. One must therefore accept that the word "unauthorized" in sec. 44(1)(a) was not intended to cater specifically for use by a registered user, although it might cover it. Why then was it introduced? In argument the following suggestion was made. Use of a trade mark in terms of sec. 44(1)(a) included, so it was said, use by a trader who sold genuine goods with the trade mark properly

affixed ....

affixed to it. The word "unauthorized" then serves to mitigate the unwelcome results that would ensue if such use were _prima facie_ to be regarded as an infringement, by recognizing that, if the proprietor authorized such use, no infringement would result. Indeed, it was argued, by inferring implied authorization on the part of the proprietor in various circumstances, many anomalies would be avoided which would otherwise flow from the recognition of this extended view of infringing use. (cf. Webster and Page, _op cit_, at p. 274).

In my view this argument cannot prevail. The word "unauthorized" in its ordinary meaning does not add anything to what was the common law, except that it might affect the

onus ....

onus of proving authorization or lack thereof. Whatever the kind of use might be which would *prima facie* amount to infringement, authorization would serve to render it lawful. The introduction of the word "unauthorized" can, therefore, throw no light on what the conduct is which would be unlawful in the absence of authorization, except possibly in one type of case. This would be where there are two or more possible types of conduct which could be covered by the prohibition in the section, but for some reason there is only one which is capable of authorization. If this were so, the use of the word "unauthorized" might suggest that the prohibition related to the conduct which was capable of authorization rather than to conduct which was not so capable. This situation

does ....

does not, however, obtain in the present case. It is true that at one stage there was a view current that the granting of permission to another to use (otherwise than as a registered user) a trade mark on his goods would vitiate the trade mark on the grounds that public deception would result. Even if this were correct, of course, the fact that permission had been granted would nevertheless still have been a good defence to an action for infringement, and the reference to "unauthorized" in sec. 44(1)(a) would not be a dead letter. However, the law was clarified in the case of the "Bostitch" Trade Mark (1963) RPC 183 (Ch.), from which it appears that the test whether the proprietor of a trade mark has affected its validity by authorizing its use by another person is the

following ....

following, whether or not such other person is a registered user (p. 197 lines 11-13):

> "The test ... is ... this:
> has he authorized such use of the mark as to deprive it of its very existence, namely, as a mark which should distinguish his goods from the goods of the makers."

If this is good law (and it has been accepted as correct in England - see <u>Webster and Page</u> (<u>supra</u>), at p. 225, <u>Kerly's Law of Trade Marks and Trade Names</u> (<u>supra</u>) para 13.24) there would be greater scope for the word "unauthorized" in sec. 44(1)(a).

To sum up, there does not appear to be any obvious

reason ....

reason why the word "unauthorized" was introduced in sec. 44 (1)(a) (see also the Dan River case (supra) at p. 705 E-F) but whatever the reason may be, its introduction does not create any redundancy or absurdity, nor, in my view, does it throw any light on the meaning of the rest of the section. And the consideration that one might, by an interpretation or application of the word "unauthorized" remove some of the anomalies which would follow from the interpretation of sec. 44 (1)(a) espoused by the appellant, would fall away if an interpretation consonant with the judgment in the Champagne Heidsieck case were accepted since this interpretation would not give rise to the anomalies in the first place. Moreover, if the legislature's purpose had been to change the very nature of trade mark infringement

by ....

by sec. 44(1)(a), the legislature would hardly have done so by introducing the word "unauthorized", which on the face of it does no more than express a well established rule of law.

The appellant placed some reliance on the Dan River case (supra), and I must now deal with it. In that case the respondent was a textile manufacturer in the United States of America. It sold its materials in many parts of the world to manufacturers. When doing so it also provided tags and labels bearing the "Dan River" trade mark for use in connection with garments made from Dan River materials. This trade mark was registered both in respect of materials and in respect of garments. In South Africa, Dan River

materials ....

materials were sold to only two wholesale merchants and only selected manufacturers were allowed to obtain Dan River fabrics. The appellants, who were not on the respondent's selected list of manufacturers, managed to obtain Dan River fabrics and labels. They then manufactured garments from the Dan River materials and sold them with the Dan River labels sewn into them. It was clear that the respondent had not agreed to this, but, in fact was strongly opposed thereto. The question was whether this was an infringement of sec. 44(1) of the 1963 Act. In its judgment (at pp. 703-4) this Court stressed that sec. 44(1) of the 1963 Act had deliberately departed from the earlier view as exemplified by the Yeast-Vite case (supra), that there could be no infringement unless the infringer used the mark "as

a ....

a trade mark". The legislature consequently designedly distinguished, in relation to infringement, between use "as a trade mark" and other uses. This distinction was reflected in secs. 44(1)(a) and 44(1)(b) and was "underscored by the specific inclusion in the latter section of the expression 'whether as a trade mark or not" (p. 704 A). This expression, it will be recalled, no longer appears in the Act. Sec. 44(1)(b) now applies to use "otherwise than as a trade mark".

To return to the judgment in the Dan River case: the Court then proceeded to consider whether the respondent had established infringement pursuant to se. 44(1)(b) of the Act. For this purpose it was unnecessary to decide whether

the ....

the appellants had used the mark as a trade mark or not, since sub-sec. (b) would have applied in any event. The Court held that infringement pursuant to sub-sec. (b) had been established.

For present purposes the importance of the Dan River case lay in the finding that use of a mark as a trade mark fell under sec. 44(1)(b) (as it then read) even if this entailed a departure from the law as laid down in the Champagne Heidsieck case (supra). The Court was influenced in reaching this conclusion by the circumstances that sec. 44(1)(b) was designedly introduced to widen the concept of trade mark infringement, and that it applied to use whether as a trade mark or not. The latter is no longer true: use of a mark

as ....

as a trade mark can now be an infringement only under sec. 44(1)(a) which is no wider than the previous enactments which it superseded. It follows that the Dan River case (supra) is not applicable to the Act as it is now worded.

To sum up: although the expression "use as a trade mark" is, in its ordinary meaning, wide enough to cover the sale of genuine goods marked with the trade mark of the proprietor, this expression had a well-established meaning in the common law and in earlier legislation in the context of infringement, viz., to connote only use in respect of goods other than what have been called genuine goods. If it had been the intention of the legislature to change the essential nature of trade mark infringement in this respect,

it ....

it would no doubt have used explicit language in this regard, as was, indeed, done in the extension of trade mark protection by sub-sec. 44(1)(b). And I do not think the introduction of the word "unauthorized" could have effected such a change.

It is a well established principle of construction that in construing a statutory provision the object should be to ascertain from the language employed the intention which the legislature meant to express. See Ebrahim v Minister of the Interior 1977(1) SA 665 (A) at 677-8, and authorities there cited. In ascertaining this intention, regard is to be had both to the language of the enactment and to the context, using this word in a wide sense (ibid). See also Jaga v Dönges N O & Another; Bhana v Dönges N O and Another 1950(4)

SA 653 (AD) at pp. 662 G - 664 H). However, it has often been laid down that, where the language of a statute is unambiguous, and its meaning is clear, the Court may only depart from such meaning "if it would lead to absurdity so glaring that it could never have been contemplated by the legislature, or where it would lead to a result contrary to the intention of the legislature, as shown by the context or by such other considerations as the Court is justified in taking into account". (Ibid., Venter v R 1907 TS 910 at 914, Shenker v The Master & Another 1936 AD 136 at p. 142). Among the factors which the Court is justified in taking into account are "the matter of statute, its apparent scope and purpose" (Jaga v Dönges (supra) and the history of the statute,

with ....

with particular reference to the presumption against any furhter alteration of current law than that clearly conveyed by the statute under consideration (Rose's Car Hire (Pty) Ltd v Grant 1948(2) SA 466 (A) at pp. 471-2; President Insurance Co Ltd v Yu Kwam 1963(3) SA 766 (A) at p. 781 B-C; Estate Agents Board v Lek 1979(3) SA 1048 at p. 1062 D-H; G.E. case (supra), at p. 325 line 24-31).

Applying these principles I have no doubt that, in view of the historical background, the intention of the legislature was that the expression "use as a trade mark" in sec. 44(1)(a) of the Act should be interpreted to exclude use in respect of so-called genuine goods. This means that in a case like the present, the

seller ......

seller of goods is not infringing the manufacturer's trade mark for the simple reason that the seller's conduct is not covered by sec. 44(1)(a). The lawfulness of the seller's conduct consequently does not depend on any implied authority by the trade mark proprietor as was argued on behalf of the appellant.

The conclusion reached above concerning the ambit of sec. 44(1)(a) accords with that reached by various other courts in this country. Apart from the Court a quo in the present matter, substantially the same view was expressed by O'DONOVAN J in Sodastream Ltd & Another v Berman Brothers (Pty) Ltd 1984(4) SA 425 (T) at p. 429 F-I (this point was left open in the judgment on appeal - vide Berman Brothers v Sodastream Ltd and Another (supra) at p. 233 C-D) and by PAGE J in the

unreported .....

unreported decision of Frank & Hirsch (Pty) Ltd v Roopanand Brothers (D&C) delivered on 21 March 1986, a judgment which I found very helpful. The judgment in Sony Kabushiki Kaisha and Another v Television Radio Centre (Pty) Ltd, TPD, unreported, delivered 20 September 1985, suggests a contrary view. To the extent to which it differs from what I have said I think it was wrongly decided.

There ....

There are a few arguments that I must still deal with. Mr. Hodes, on behalf of the respondent, contended that use of a mark as a trade mark necessarily entailed

> "... an association with the goods in the course of their production and preparation for the market."

Consequently, he argued, the sale of trade marked goods by a trader after the goods had reached the market could not amount to use as a trade mark. For this proposition he relied on the above-quoted words, which may be found in the speech of LORD MACMILLAN in Aristoc Ld. v Rysta Ld (1945) 62 RPC 65 (HL) at 79-80, and which were quoted with approval by NICHOLAS AJA in Esquire Electronics Ltd v Executive Video 1986(2) SA 576 (A) at 587 F-H. These words must however be

read ....

read secundum materiam suam. In neither case did the Court consider the question whether a trade mark is "used" by a trader who sells goods with the mark affixed. The Aristoc case was concerned with a mark which was affixed to the articles by the person who repaired them after they had reached the hands of the ultimate consumer. Such a mark was held not to be a trade mark. And the passage in question was quoted in the Esquire Electronics case (supra) as an illustration of the proposition that a trade mark is a "badge of origin". These cases, and the proposition stated in them, are consequently not in point for present purposes.

Then he contended - on the authority of Wistyn Enterprises (Pty) Ltd v Levi Strauss & Co. & Another 1986(4) SA

796 (T) - that to the extent that the mark is being used as a trade mark when the goods are resold, such use is not use by the seller of the goods, but is continued use by the proprietor of the mark. Wistyn's case is no authority for counsel's submission. In brief, the case dealt with the situation where an overseas manufacturer is the registered proprietor of a South African trade mark, but does not itself trade in this country, and goods manufactured and marked by the overseas manufacturer are imported into South Africa by a middleman and retailed here.

The question which arose was whether in these circumstances there was bona fide use of the trade mark by the proprietor so as to avoid expungement in terms of sec. 36(1)(b) of the Act. The Court held that there was. Assuming

that ....

that the proprietor does use the trade mark in these circumstances, this would not mean that the dealer who sells the marked articles is not also using the mark. There is nothing anomalous in recognizing that different persons may

concurrently ....

concurrently use the same mark in different ways.

This concludes my consideration of the contention that the respondent committed an infringement of Asahi's trade mark by selling cameras marked with the mark Pentax. For the reasons I have given I consider that the sale of the "genuine goods", properly marked by or on behalf of Asahi with its mark, does not constitute an infringement of the trade mark. Before leaving the topic, I must, however, emphasize two matters. The first is that the articles (in this case, cameras) which were sold were in exactly the same condition as they were when the trade mark was affixed. I do not express any view on what the position would have been if the articles had been altered, damaged, changed or had

depreciated ....

depreciated after the affixing of the trade mark and before their sale by the respondent.

The second point that I would emphasize is that in the present case it was the proprietor of the trade mark in South Africa, Asahi, which itself had affixed the trade mark to the cameras, or caused it to be affixed. The cameras which the respondent sold in this country were accordingly cameras to which the South African trade mark proprietor had applied the mark, and in that sense were "genuine goods". The result would not necessarily be the same if the mark had been applied by a person who was not the proprietor of the mark in South Africa, such as a foreign licensee (cf. Castrol Limited v Automotive Oil Supplies Limited (1983) RPC 315).

I also express no view on the rights of a registered user in this context.

In view of my conclusion that the respondent has not been guilty of trade mark infringement vis-a-vis Asahi it is not necessary to decide whether, if such infrngement had been shown, this would in the circumstances have amounted to unlawful competition with the appellant.

The result then is that I agree with the finding of the Court a quo. The appeal is dismissed with costs including the costs of two counsel.

E M GROSSKOPF, JA

CORBETT, JA
HOEXTER, JA
NESTADT, JA
NICHOLAS, AJA

Concur