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CASE NUMBER: 683/94

IN THE SUPREME COURT OF SOUTH AFRICA

(APPELLATE DIVISION)

In the matter between:

SLAVIN'S PACKAGING (PTY) LTD

Appellant

and

SPACE CASE PRODUCTS (PTY) LTD

First Respondent

NEIL GEORGE BRAYSHAW

Second Respondent

CORAM: CORBETT CJ, BOTHA, NESTADT, HARMS JJA et
PLEWMAN AJA

HEARD ON: 10 MAY 1996

DELIVERED ON: 30 MAY 1996

J U D G M E N T

PLEWMAN AJA

This appeal concerns a humble article - a child's pencil box. The first respondent, Space Case Products (Proprietary) Limited and the second respondent, N G Brayshaw, its founder, are respectively the registered proprietor of Trade Mark No B 86/1567 for the mark SPACE CASE and the person who conceived of the idea of manufacturing the pencil cases in issue, developed the concept and devised the mark. The appellant, Slavin's Packaging (Proprietary) Limited, is a rival trader. It is controlled by Mr Robert Slavin.

The second respondent featured as an applicant only because there was initially a claim for relief on the basis of a registered design. As I will show this claim has fallen away and it will be convenient to refer to the second respondent as Brayshaw and to the first respondent as "the respondent". What lies behind the present dispute is the success

achieved by Brayshaw and the respondent in the development of and marketing of the particular pencil box for use by school children. It is an example of what enterprise and ingenuity may bring.

Brayshaw's calling is that of a packaging designer. He has spent all his working life in this field. For the last fifteen years he has run his own business. In 1986 Brayshaw's young son returned from school with a list of purchases his parents were required to make to enable him to do his lessons. One of the items on the list was a pencil box. Whilst the other items on the list caused him no problems, Brayshaw could not find a suitable pencil box. The articles available on the market were all, for one reason or another, considered by him to be unsatisfactory. This led him to embark on the task of designing a pencil box which would better meet the needs of small children. The prototype seemed so successful that he was prompted to investigate the production and marketing of the

box on a commercial scale. From a small beginning in May 1987 the business has grown. In the year 1990 alone it grew by 370 percent. Since that date it has continued to grow steadily. In 1993 sales, in monetary terms, amounted to approximately R2 598 000,00. By then several variations of the box were being manufactured. These differed, in the main, in colour and materials but all were true to the original concept and all are sold using the mark which Brayshaw devised, namely Space Case.

The mark was registered in 1986 in Class 16 in Part B of the register.

Class 16 is for:

"Paper and paper articles, cardboard, cardboard articles; including advertisement frames, photographic albums, paper bags; loose-leaf binders, bookbinding articles and automatic bookbinders; book covers; boxes of all kinds included in the class, including pen and pencil boxes; cabinets, cartons,

card indexes; cases of all kinds included in the class; document files and holders; envelopes, document files."

The mark is registered with a disclaimer in the following terms:

"Registration of this trade mark shall give no right to the exclusive use of the words SPACE and CASE separately and apart from the mark."

During 1992 Mr Slavin, the managing director of the appellant, perceived a need in the market (so he deposes) for a "small utility box with a removable tray". He means by this, it is clear, a child's pencil box (as the examples handed up to the Court demonstrate). The appellant was, at the time, a registered user of a trade mark Bantex. In what class Bantex is registered does not appear but, from the products marketed by appellant, I must assume it includes Class 16. Appellant's price list for 1993 uses the name Bantex in bold letters accompanied by a device (presumably a shield) and a stylized drawing of the head of a

Viking with the added words "Viking Business Systems". The range of products advertised therein runs from ring binders to magazine filing boxes, telephone indexes, desk pads and document files. This enumeration is not exhaustive but it seems that the products offered were, in the main, office stationary. Appellant also manufactured and marketed a moulded plastic suitcase under the name Bantex Casey 1 and Bantex Casey 2.

The upshot of Slavin's perception of this "need" was the production by the appellant of pencil cases that have roughly the same general dimensions, colours and contents as the Space Case range of pencil boxes. In connection with these pencil cases appellant used the mark "Spacey". I shall describe this mark and the use thereof in more detail later. Shortly after appellant commenced marketing these articles its activities in this regard came to the knowledge of respondent who, after

an exchange of letters, to which it is unnecessary to refer, launched the present proceedings in the Transvaal Provincial Division. The notice of motion is dated 17 February 1994. In the founding papers relief was sought on four grounds namely trade mark infringement, passing off, infringement of the respondent's registered design and unlawful competition in breach of the provisions of the Merchandise Marks Act 17 of 1941. The latter two grounds were not proceeded with and the appeal is confined to trade mark infringement and passing off. The question of infringement must, by reason of the provisions of s 3(2) of Trade Marks Act 194 of 1993, be decided under the provisions of Trade Marks Act 62 of 1963 ("the Act"). The matter came before Du Plessis J who, having heard argument, granted an interdict restraining the appellant from infringing respondent's trade mark and from passing off its Spacey pencil cases as being those of respondent. The appellant

appeals against the whole of the judgment and order.

There is a preliminary issue. The appellant has filed an application in this Court to introduce new evidence. The application is opposed and opposing and replying affidavits have been filed. The substance of the new evidence is an event which took place after judgment was given in the court below - namely the grant of a registered mark to appellant for the word Spacey. This obviously is not something which was, or could have been, considered by the court *a quo*. Section 22(a) of the Supreme Court Act 59 of 1959 authorizes an appeal court to receive further evidence but the approach of our courts to applications to lead evidence in an appeal is to hold that, save in exceptional circumstances, the investigation of the facts is confined to the evidence before the tribunal of first instance. Shein v Excess Insurance Co Ltd 1912 AD 418 at 429. S v De Jager 1965 (2) SA 612 (A). Moreover it has been laid down that

in general this Court in deciding an appeal decides whether the judgment appealed against is right or wrong according to the facts in existence at the time it was given and not according to new circumstances which came into existence afterwards. (See Weber-Stephen Products Co v Alrite Engineering (Pty) Ltd 1992 (2) SA 489 (A) 507 C-D.) Whether, in exceptional circumstances, this rule may be departed from need not now be considered since no such circumstances exist in this case. Here there is evidence that an application has already been launched to expunge the new mark and it follows that appellant's entitlement thereto is under challenge. The application to file further evidence must be refused. The appellant must pay the costs including the costs of opposition.

The next matter to be considered is infringement. In terms of s 44(1)(a) of the Act, and subject to the proviso thereto (and to certain

other provisions not immediately relevant) the rights acquired by registration of a trade mark are infringed by -

- "(a) unauthorized use as a trade mark upon or in relation to goods or services in respect of which the trade mark is registered, of a mark so nearly resembling it as to be likely to deceive or cause confusion.
- (b)"

The section is subject to a proviso which reads -

"Provided that in the case of a trade mark registered in part B of the register, no interdict or other relief shall, for purposes of paragraph (a) of this sub-section, be granted if the defendant establishes to the satisfaction of the court that the use of which the proprietor of the registered trade mark complains is not likely to be taken as indicating a connection in the course of trade between the goods or services and some person having the right either as proprietor or as registered user to use the trade mark."

It is common cause that the appellant's mark was used as a trade mark; that such use was unauthorized; and that it was used in relation to goods in respect of which respondent's trade mark is registered. What

is in dispute is whether it is deceptively or confusingly similar to respondent's mark.

The first question dealt with in the court below was precisely what mark the appellant was using on its goods. In the answering affidavits the appellant's products are referred to as "Bantex Spacey utility boxes" and the contention is advanced that the mark it used was "Bantex Spacey". The learned judge held that the appellant was using the mark "Spacey". When regard is had to the manner in which appellant's goods are marketed and the decided lack of emphasis or prominence given to the mark Bantex, both on the goods themselves and in advertising or promotional material, the appellant's suggestion on the papers cannot be supported. Indeed Mr Bowman, who appeared for appellant, was constrained to concede (with, perhaps, some reluctance) that it could be accepted that appellant's mark is Spacey.

There are certain other defences advanced in the affidavits which may be eliminated without any detailed discussion. In the affidavits a contention is advanced that respondent's mark had become a generic description of pencil boxes. Although this was repeated in appellant's heads of argument counsel did not attempt to persuade this Court that that contention could be seriously argued. It is indeed without substance. Then too there are suggestions in the affidavits that certain obvious similarities between appellant and respondent's boxes were "functional" - that is were present because such features were dictated by function. This contention is probably a legacy of the design dispute. It has no role to play in the trade mark dispute or with regard to passing off. There is, in any event, no merit in appellant's contention. There is nothing to suggest that pencil boxes cannot be manufactured in other ways or that the features referred to were dictated solely by function. There is no

need to consider either question further.

I turn then to the facts. A brief description of the articles is called for. In what follows I have adopted the explanation and description of Du Plessis J with but minor changes. The respondent's Space Case pencil box is a rectangular case made of hard plastic. Four models have been marketed. These are the "Space Case mark I", "Charcoal Space Case", the "Space Case mark II" and the "Space Case Chameleon". The mark I is no longer in production. All the boxes are 323 mm long and 100 mm wide. They have a hinged lid. In some models the lid is transparent. The boxes are designed to hold a 30 cm ruler. A slot is provided into which the ruler is to fit. The boxes contain a removable tray which spans half the length of the box. The boxes are produced in a variety of colours. In some the lower section and the lid are of different colours. The boxes are marketed in a loose cardboard sleeve

which is slid over and can be slid off the box.

Respondent's trade mark appears on both the sleeve and the box itself. On the charcoal model the mark consisting of the two words "Space" and "Case" is in bold print with Space positioned directly above Case. On the mark II the words appear on a triangular background. The word Space is in script and written at an angle to the horizontal and partly over the word Case which again is in bold print horizontally across the triangle.

The sleeve has a white background. The mark is repeated thereon. In addition the sleeve features drawings of a variety of items such as dividers, pens and pencils, a scissors and a pencil sharpener and other like products. On what would be the under side of the sleeve there is a drawing of the case with the lid open and illustrations directing attention to the use which should be made of the bulk compartment, the loose tray

and the bottom compartment. The mark Space Case in bold letters appears on all four faces of the sleeve as it is wrapped around the case.

I now also give a description of the appellant's pencil cases. As will be seen they are very similar to the respondent's pencil cases and it is to the similarities that I draw attention. The appellant's first product was called Spacey 2. It was designed to accommodate a 30 cm ruler. This was first marketed in October 1993. In November 1993 a model Spacey 1 was also put on the market. It is smaller than the Spacey 2 and can accommodate only a 20 cm ruler. The two models are otherwise similar. Apparently appellant was at the time of the hearing in the process of preparing a further model in which the bottom compartment would be deeper, to accommodate a removable tray, and which was to be called Spacey 3.

The Spacey 2 can be described as being made of plastic. It has a

hinged lid but both the lid and the base are ribbed (whereas all the surfaces of the respondent's boxes are smooth). On the lid there are protruding sliding latches, black in colour, to effect closure of the lid (differing again, in this respect, from the respondent's cases). The dimensions were not precisely determined but can be taken as being between 320 mm to 325 mm in length and 105 mm to 115 mm in width. Even when viewed side by side with the respondent's cases (which are not of identical dimensions) the two products appear to be of much the same size.

The Spacey 2 has a slot for a 30 cm ruler located at the back of the box (differing in this respect from the slot in the respondent's case). It also has (as with the respondent's box) a removable tray spanning, in this model, half the length of the box. The other models show similar features which need not be listed.

All the appellant's models are marketed in a cardboard sleeve in like manner to the sleeve used by the respondent but with apertures therein to accommodate the protruding latches. The sleeve is black. The mark Spacey appears only on the sleeve. The word Bantex also appears on the sleeve in stylized form and in blue colour. The word Spacey is printed boldly across the width of the sleeve. The individual letters are in different colours and the A is aligned horizontally. The P and the E are larger than the other letters and all the letters are much larger than, and because of the colours used, very much more prominent than are the letters in the word Bantex. Whereas the letters in Bantex are 8 mm high the largest letter in Spacey, the P, is 3.5 cm high, and the smallest, the Y, is 2 cm high. It is enough to say that the appellant's boxes are boldly identified by the mark Spacey. When the appellant's boxes (and the manner in which it has marketed them) are considered the inference that

it sought to copy the respondent as closely as possible is unavoidable.

Counsel for the appellant confined his argument to the matters I now discuss. The main argument advanced was that the learned judge *a quo's* finding that appellant's mark infringed was inconsistent with the main findings of fact made by him. The submission was based on certain observations made by the learned judge as to what a comparison of the two marks showed. In the first place the learned judge observed that when the two marks are compared side by side they are "substantially different" in appearance. The learned judge also stated that he was unable to conceive of a way to write the word Spacey so that it would resemble the mark Space Case. From this it was said that infringement had in fact been disproved.

I think that counsel sought to make too much of these statements.

When two marks are compared it is incumbent on the court to make the

comparison in a variety of situations. I shall deal presently with the manner in which our courts have held the comparison is to be made but, for the moment, it is enough to say that the learned judge's observations in this respect represent no more than his conclusions as to what particular comparisons showed. I, for my part, do not share his view that when the two marks are considered side by side they are "substantially" different in appearance. There are, of course, differences which can be easily discerned but I would make a more qualified assessment. Much will depend, ultimately, on other factors which influence the overall view one takes.

Counsel's submission however was that, what I have called observations, were findings of fact which both led to a conclusion that appellant's mark did not infringe and to a situation where they could not be departed from. The latter proposition (espoused, in the main, by

appellant's junior counsel who took the reply) arose, so it was argued, because, in the absence of a cross-appeal (which of course is the case since there was nothing in the court's order which the respondent could appeal against), the "findings" were, as against the respondent, *res judicata*. Since the "findings" are part of the court's reasoning and where, in any event, the appellant has reopened the whole enquiry by its notice of appeal counsel's suggestion is novel in the extreme. It will suffice to say that it has no merit.

A more substantial argument was addressed to a further aspect of the judgment. The learned judge based his finding on infringement on the premiss that the word Space was the dominant or essential feature of the registered mark. When so considered he held that the mark Spacey was deceptively or confusingly similar when regard is had to the sound of the two marks. Counsel's argument was that a proprietor of a

registered trade mark cannot bring an action for infringement in respect of the unauthorized use of a disclaimed feature. See Hollywood Curl and Another (Pty) Ltd v Twins Products (Pty) Ltd I 1989 (1) SA 236 (A) at 246 J, Webster and Page South African Law of Trade Marks 3rd ed 185.

I would wish to guard against accepting that that is indeed what is being done in the present case (where the word used is not the disclaimed word Space but Spacey) but counsel's argument, in my view, cannot prevail for another reason. This is that I disagree with the learned judge's conclusion that the word Space is the dominant feature of the mark. It will have been seen that in some circumstances (particularly with the Mark II) the tendency would be, if anything, the opposite. In my view the premiss for counsel's argument falls away.

The only remaining argument of substance by appellant's counsel was directed to the effect of the proviso to section 44(1)(a). The proviso

enables a defendant to avoid a finding of infringement if he can show that there is no likelihood of his use being taken as indicating a connection in the course of trade with the plaintiff. In the case of Triang Pedigree (SA) (Pty) Ltd v Prima Toys (Pty) Ltd 1985 (1) SA 448 (A) at 473 F it was held that there were two ways in which the defendant can do this. (a) He can show that the plaintiff's mark is not distinctive - that is, he can show that the plaintiff has not acquired a reputation in his mark. (b) Even where the defendant cannot meet the requirements of (a) he can still be absolved if he can show that despite the deceptive resemblance of the marks *in abstracto*, the manner in which he uses the mark and the circumstances of his use are such that that use will not be taken as indicating a connection in the course of trade with the plaintiff.

In the present case there is no evidence (and the onus is on the appellant) to justify the appellant being absolved under either head. It

is, in so far as (a) is concerned, difficult to see how a party who alleges that the trade mark has become generic and that the owner enjoyed a "virtual monopoly" (as appellant does) can conceivably claim, in the same breath, that the mark is not distinctive of the goods. As far as (b) is concerned the evidence demonstrates that the manner and circumstances of the appellant's use is calculated precisely to indicate a connection in the course of trade with the respondent. The Spacey box is marketed through the same outlets, to the same users (mainly children) in the same (or very similar) sizes with the same inside features and the same purpose. In these circumstances I hold that this argument must also fail.

I must then turn to the manner in which the issues in this case must, in my view, be approached. The nature of the enquiry to be undertaken is discussed in detail in the judgment of Corbett JA in the

case of Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984

(3) SA 623 (A). The case is authority for the principle that it is not incumbent upon a plaintiff to show that every person interested in the class of goods for which his trade mark has been registered would probably be deceived or confused and that it is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. It also lays down that the concept of confusion is satisfied if the plaintiff shows that a number of persons will probably be confused as to the origin of the goods or as to the existence of a connection in the course of trade between the defendants' goods and those of the proprietor of the registered mark. What I think should be quoted from the judgment for the purpose of this case (it has often been quoted) is the passage at p 640 in fin to 641 E as follows:

"The determination of these questions involves essentially a

comparison between the mark used by the defendant and the registered mark and, having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant's mark would make upon the average type of customer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as, for example, the use of name marks in conjunction with a generic description of the goods."

The proper application of this injunction provides a realistic standard of comparison consistent with the essential nature of a trade mark namely that it is a word or symbol used to denote the source of the goods. The system of granting a trade mark owner the exclusive use of the mark is justified because it supplements the objective of fair trade. *The real test therefore is one which considers whether the inference can be drawn from the use of the offending mark that it will be likely to lead to confusion as to the source of the goods. What must be avoided is the type of abstract comparison with which courts are all too often regaled.*

When considering the circumstances in which the marks must be compared I would, in this case, lay stress on the fact that a mark may be distinctive even though each separate element is disclaimed. I would also underline the fact that the comparison is to be made with reference to the sense, sound and appearance of the marks and that each such

feature, taken separately, may be determinant of the issue of similarity.

That brings me to the manner in which the respondent's mark is, or could notionally be used and the question of what impact such use would make upon the average type of customer who would be likely to purchase the type of goods to which the mark is applied.

It seems fair to me to say, in the present case, that on the evidence, a customer to be envisaged is a parent, having no particular familiarity with the range of pencil boxes available, who is asked by his child to buy him a Space Case. Is there a likelihood that such a parent, coming upon the appellant's Spacey pencil case offered in the sleeve loudly proclaiming the word Spacey, could be confused as to the source of the goods or as to there being the material connection between the appellant's goods and the proprietor of the registered mark? In argument against this view appellant's counsel concentrated on the demonstrable

dissimilarities between the marks when placed side by side in circumstances quite divorced from the circumstances of their normal use. The important point, I think, is that one cannot focus on only one of the requirements specified in section 44(1)(a) or consider each requirement in isolation and apart from the others. The likelihood of confusion can be and usually is enhanced by the fact that the offending mark is used as a mark and by its use in relation to the goods in respect of which the mark is registered. The present is a case in point. The concession by the appellant that its use of its mark was use as a trade mark carries with it the concession that the notional purchaser would attribute to appellant's mark the role that it is an indication of the source of the goods. So too, the concession that the appellant's use of its mark was use in relation to the goods in respect of which the mark is registered carries with it a concession that the notional purchaser would also be influenced by (if

such is the case) the similarity, to a high degree, of the offending goods to the genuine goods.

In this case the notional purchaser would be looking for and at a pencil box which exhibits all the features and meets all the needs met by respondent's product. Whether he had seen the respondent's product or had only had it described to him he would be confronted (when viewing appellant's box) with something of the same general shape, size and construction. The question then is, is there a likelihood that the word indicating the origin of those goods, namely Spacey, could confuse the purchaser into the belief that the boxes emanated from a source common to it and the respondent's box, namely the respondent? The likelihood of confusion is enhanced by the possibility that aural communication of the respondent's mark may have been poorly enunciated or even slurred.

In my view the mark Spacey does infringe and the appellant's

arguments to the contrary have failed to persuade me that a defence has been made out. I, in the respects indicated earlier, differ to an extent from the approach adopted by the learned judge in the court below but I arrive at the same result. The appeal in relation to trade mark infringement must fail.

This leaves the question of passing off. It is of course so that questions of trade mark infringement are largely concerned with the likelihood of deception and confusion and that in passing off actions one is largely concerned with the way in which the defendant in an action uses his mark and whether by so using it he represents his goods to be those of another or to be associated in the course of trade with such other. The two remedies are therefore, in those respects, distinct. But where as here (and I confine myself to the present case) the representation is in substance the act of infringement no separate

consideration of the remedy of passing off is called for. However if an independent enquiry were called for the facts which I have recited above with reference to the proviso to s 44(1)(a) also show that the appellant was passing its goods off and intended to do so. Perhaps the highwater mark in this regard is the advertisement which the appellant concedes it placed on a 1994 diary for scholars and students. This is headed in bold letters "We've got space cased!" and (at the foot) "spacey and casey for students who really care". The articles depicted between the two captions include examples of the Spacey boxes. Not unnaturally Mr Bowman had to concede that he could say very little in answer to the respondent's complaints related to this incident. But for the reason I have given I do not propose to discuss passing off in any greater detail. In my view the appeal on this aspect must also fail.

It has not been argued that the terms of the court *a quo's* order

calls for any amendment. The order which I would then make is:

- 1) (a) The application to file further evidence is refused.

(b) The appellant must pay the costs including the costs of opposition and of two counsel.
- 2) (a) The appeal is dismissed.

(b) The appellant must pay the costs which costs are to include the costs of two counsel.



C PLEWMAN AJA

CONCUR:

CORBETT CJ)
BOTHA JA)
NESTADT JA)
HARMS JA)