



THE REPUBLIC OF SOUTH AFRICA
**IN THE HIGH COURT OF SOUTH AFRICA
(WESTERN CAPE DIVISION, CAPE TOWN)**

*Before: The Hon. Ms Acting Justice Mangcu-Lockwood
Date of hearing: 23 March 2021
Date of judgment: 22 June 2021*

Case No: 4806/19

In the matter between:

**WETSUITS SOUTH AFRICA (PTY) LTD
t/a REEF WETSUITS**

Applicant

and

SOUTH CONE INC

First Respondent

BECAUSE I CAN CLOTHING CC

Second Respondent

.ZA CENTRAL REGISTRY

Third Respondent

JUDGMENT

MANGCU-LOCKWOOD AJ,

I. INTRODUCTION

1. This is an application for an interdict restraining the first and second respondents from infringing certain of the applicant's trade mark registrations in terms of section

34(1)(a) and/or section 34(1)(b) of the Trade Marks Act 194 of 1993 ("Trade Marks Act"). The applicant also seeks ancillary relief in terms of s 34(3) of the Trade Marks Act for the removal of the alleged infringing marks in the possession of the respondents, alternatively for the delivery up of such materials for destruction. In addition, the applicant seeks a direction that an enquiry be held for purposes of determining any amount of damages or a reasonable royalty to be awarded to the applicant as a result of the alleged infringement. Lastly, the applicant seeks the transfer of the domain name 'reefsa.co.za' from the third respondent to it.

2. The interdict application is opposed by the first and second respondents only. The first respondent has raised some points *in limine*, as well as a conditional counter-application. In the counter-application the first respondent seeks rectification of the register of trade marks by effecting certain deletions to some specification of goods for which the applicant's trade marks are currently registered.


II. THE FACTS

3. The applicant is a manufacturer, wholesaler and retailer of wetsuits and related water sports and surfing accessories, equipment and apparel. It was initially named Aquarius Wetsuits (Pty) Ltd and underwent a name-change to its current name on 28 June 2002. The first respondent is a Californian corporation, whose address is in the United States of America. The second respondent is a manufacturer of textiles, clothing and leather goods, and was, at all relevant times, a local distributor of the first respondent's goods in South Africa. It is also the registrant of the domain name 'reefsa.co.za'. The third respondent is a non-profit organisation managing various .za second level domains, including .co.za.
4. The applicant is the proprietor of the following registered trade marks:

	REGISTRATION NUMBER	TRADEMARK	SPECIFICATION OF GOODS
1.	1985/06414	REEF	<u>Class 25:</u> "Wetsuits; articles of protective and/or waterproof clothing included in this class"
2.	1987/01730	LADY REEF	<u>Class 25:</u> "Wetsuits, articles of protective and/or waterproof clothing included in this class"
3.	1994/04741	REEF	<u>Class 28:</u> "Games and playthings; gymnastic and sporting articles not included in other classes";
4.	2012/30493	REEF FLEX	<u>Class 25:</u> "Clothing and headgear, including wetsuits"
5.	2012/30828	REEF	<u>Class 9:</u> "Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or production of sound or images; magnetic data carriers, recording discs; compact discs. DVD's and other digital recording media; mechanisms for coin-operated apparatus; data processing equipment; computer hardware and software, protective clothing for water sports and sport activities of all kinds, including protective wet suits and sports equipment included in this class; protective eyewear, including sunglasses and goggles; protective helmets for use in sports including body boarding, surfing, skateboarding, snowboarding and skiing"
6.	2012/30829	REEF	<u>Class 18:</u> "leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags, waterproof bags. diving bags, surfboard bags and sport bags included in this class; umbrellas and parasols; walking sticks, whips, harness







			and saddles";
7.	2012/30830	REEF FLEX	<u>Class 9:</u> "Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signaling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or production of sound or images; magnetic data carriers, recording discs; compact discs, DVD's and other digital recording media; mechanisms for coin-operated apparatus; data processing equipment; computer hardware and software, protective clothing for water sports and sport activities of all kinds, including protective wet suits and sports equipment included in this class; protective eyewear, including sunglasses and goggles; protective helmets for use in sports including body boarding, surfing, skateboarding, snowboarding and skiing.

5. By the time that this application was launched, the first respondent was the proprietor of only the following trade mark registrations in South Africa:

	REGISTRATION NUMBER	TRADEMARK	SPECIFICATION OF GOODS
1.	1998/14485	REEF ONE	<u>Class 25:</u> "Clothing and footwear"
2.	2000/20433	 The logo for Reef Brazil, featuring the word "reef" in a stylized lowercase font, with "BRAZIL" in smaller capital letters underneath, followed by a circular emblem containing a stylized wave or diamond shape.	<u>Class 25:</u> "Clothing, footwear, headgear"

6. Previously, the first respondent was also the proprietor of the following trade mark registrations, which were assigned and transferred to Trestles IP Holdings LLC ("Trestles") on 26 October 2018 before these proceedings were launched, although

the actual registration was only reflected in the register of trade marks from 9 April 2019:

	REGISTRATION NUMBER	TRADEMARK	SPECIFICATION OF GOODS
1.	1993/02068		<u>Class 25</u> : "Articles of clothing; footwear; headwear; parts and accessories for the foregoing but excluding wetsuits and articles of protective and/or waterproof clothing"
2	1998/14485	REEF ONE	<u>Class 25</u> : "Clothing and footwear"
3	2000/19733		<u>Class 25</u> : "Clothing, footwear, headgear"
4	2000/19734		<u>Class 28</u> : "Games and playthings; gymnastic and sporting articles not included in other classes"; decorations for Christmas trees
5	2000/20776		<u>Class 25</u> : "Clothing, footwear, headgear"
6	2000/20777		<u>Class 28</u> : Toys, recreational and sporting goods.
7	2008/10067		<u>Class 25</u> : "Bathing suits, bikinis, swim trunks; swimwear; jumpers; dresses; blouses; walkshorts; boardshorts; fleece shorts; footwear; headwear; jackets; jeans; fleece tops; tank tops; muscle tops; pants; sandals; sarongs; shirts; shoes; shorts; skirts; I-shirts; walking"

			<i>shorts"</i>
--	--	--	----------------

7. In 1998 the applicant brought passing off proceedings against, *inter alia*, the first respondent as a result of the latter's use of the REEF BRAZIL trade mark on its footwear. On 24 August 2001 the parties settled the proceedings by entering into a settlement agreement. The preamble to the settlement agreement took note of the applicant's trade mark registrations 85/614 for REEF (special form) in class 25 in respect of "*wetsuits, articles of protective and/or waterproof clothing included in this class*"; 87/1730 LADY REEF in class 25 in respect of "*wetsuits, articles of protective and/or waterproof clothing included in this class*"; and its application at that point under number 94/4741 in class 28 in respect of "*games and playthings, gymnastic and sporting articles not included in other classes*"; as well as the first respondent's trade mark registrations 93/2068 for REEF BRAZIL and Device in class 25 in respect of "*articles of clothing, footwear, headwear, parts and accessories for the foregoing but excluding wetsuits and articles of protective and/or waterproof clothing*". The relevant parts of the settlement agreement then stated as follows:

"WHEREAS [the applicant] has used the trade mark REEF or REEF WETSUITS in relation to wetsuits, as well as various items of clothing, such as web gloves, anti-chafe vests, surfing socks, diving socks, split toe booties, diving booties, Bermuda shorts, warm water diving gloves, cold water diving gloves, ladies swimming costumes, caps, straw hats, knitted woollen caps, T-shirts, sweat shirts and winter jackets;

AND WHEREAS footwear products bearing [the first respondent's] trade mark REEF BRAZIL have been sold in South Africa through its local distributor African Surf, which resulted in passing-off proceedings being instituted by [the applicant]

...

WHEREAS the parties have now agreed to settle this matter and wish to define their respective rights in the REEF, REEF WETSUITS and REEF BRAZIL trade marks in South Africa...the parties agree that...

- ‘3. *[The first respondent] and any of its distributors/ licensees will be entitled to use REEF BRAZIL (as a word mark or in device form) in South Africa in relation to all goods in class 25, as covered by its aforementioned registration in South Africa;*
4. *[The applicant] will be entitled to use the trade mark REEF or REEF WETSUITS (as word marks or in device form) in relation to:*
 - 4.1 *all the goods covered by its trademark registration numbers 85/6414 REEF (special form) and 87/1730 LADY REEF in class 25, referred to above;*
 - 4.2 *all the goods covered by the specification of goods of its application number 94/4741 in class 28 referred to above; and*
 - 4.3 *items of clothing such as web gloves, anti-chafe vests, surfing socks, diving socks, split-toe booties, diving booties, Bermuda shorts, warm water diving gloves, cold water diving gloves, ladies swimming costumes, caps, straw hats, knitted woollen caps, T-shirts, sweat shirts and winter jackets.*
- ...
6. *The agreement will be effective in South Africa.”*

8. It is common cause that, over time the first respondent has, through the adoption of various iterations of its marks, dropped the word ‘Brazil’ from its REEF BRAZIL registered trade marks. According to the first respondent, this has been the case since the early 2000’s. The applicant says this only came to its attention in May 2018, and it immediately made attempts to resolve the matter through attorneys’ correspondence which was not successful, and it thereafter instituted these proceedings.

III. ISSUES IN LIMINE

9. As I have stated, the first respondent has raised some points *in limine*, namely lack of jurisdiction by this Court to determine the applicant’s application, and waiver, which I deal with below. Initially, the first respondent also relied on additional preliminary

issues, namely that there were irreconcilable disputes of fact between the parties, and estoppel, but those points were no longer persisted with by the time the matter appeared before me.

IV. LACK OF JURISDICTION

10. The first respondent states that this Court lacks jurisdiction to determine the cause of action against it on the basis that it (first respondent) is a foreign *peregrinus*, and the applicant did not attach its property in order to confirm the Court's jurisdiction, despite the fact that such confirmation was possible, since at the time that these proceedings were instituted, the first respondent was the registered proprietor of several trade marks in South Africa. For this argument, the first respondent relies on the cases of *Bid Industrial Holdings (Pty) Ltd v Strang and others*¹ ("Strang") and *Multi-Links Telecommunications Ltd v Africa Prepaid Services Nigeria Ltd; Telkom SA SOC Limited and another v Blue Label Telecoms Limited and others* ("Multi-Links")²
11. In response to this attack, the applicant raises two arguments. Firstly, the applicant states that the issue of jurisdiction on account of the first respondent being a *peregrinus* would only arise if this was a claim sounding in money. Given that these are motion proceedings in which interdictory relief is sought, it does not. In this regard, I was referred to the Supreme Court of Appeal case of *Foize Africa (Pty) Ltd v Foize Beheer BV and Others*³, where the SCA referred to various authorities⁴ in which the courts of this country have, as a matter of course granted interdictory relief against *peregrini*. The SCA in *Foize* was further persuaded by the fact that, similar to

¹ *Bid Industrial Holdings (Pty) Ltd v Strang and others* 2008 (3) SA 355 (SCA).

² *Multi-Links Telecommunications Ltd v Africa Prepaid Services Nigeria Ltd; Telkom SA SOC Limited and another v Blue Label Telecoms Limited and others* [2013] 4 All SA 346 (GNP) para [15].

³ *Foize Africa (Pty) Ltd v Foize Beheer BV and Others* 2013 (3) SA 91 (SCA).

⁴ See fn [3].

this case, the act sought to be interdicted would take place within the area of the Court's jurisdiction. The first respondent does not challenge this authority. Instead, it argues that, although interdictory relief is sought in the first prayer, the applicant also seeks an enquiry into damages in terms of section 34(4) of the Trade Marks Act, which, according to the first respondent, can only be granted if the Court is satisfied that the first respondent is liable for damages. This is because enquiries in terms of section 34(4) of the Act are concerned with quantification, not liability, similar to a finding on a separated question relating to merits in an action. Furthermore, a final finding that the first respondent has infringed the applicant's registered trade marks would render the question of liability for damages *res judicata* in the same way that a finding on a separated question (relating to the merits of an action) would do so. Accordingly, the first respondent states that what is sought in the third prayer by the applicant is in effect a determination of liability for damages, which means that part of the claim is one sounding in money. That determination is said to be inextricably linked to the interdictory relief sought.

12. I am not satisfied that section 34(4), read with section 34(3)(c) of the Act, amounts to a claim sounding in money. It is worth setting out the relevant parts of section 34:

- '(3) Where a trade mark registered in terms of this Act has been infringed, any High Court having jurisdiction may grant the proprietor the following relief, namely-
 - (a) an interdict;
 - (b) an order for removal of the infringing mark from all material and, where the infringing mark is inseparable or incapable of being removed from the material, an order that all such material be delivered up to the proprietor;
 - (c) damages, including those arising from acts performed after advertisement of the acceptance of an application for registration which, if performed after registration, would amount to infringement of the rights acquired by registration;

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

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

13. In terms of subsection (3), if the Court finds that a registered trade mark has been infringed, it has a discretion regarding which relief to grant. This is indicated by the use of the word 'may' in the introductory part of that subsection.⁵ Damages are therefore not an automatic consequence of a finding of infringement. A court must still apply its mind as to the appropriate relief, taking into account what is just in the circumstances, and may conclude that damages are inappropriate.⁶ This belies the argument that a finding that an interdict and an award for damages, in terms of the provision, are interlinked. Even if the damages relief were to be construed as a claim sounding on money, this Court could still grant the interdictory relief sought by the applicant. In that event, it would still be open to the applicant to issue summons in respect of the damages. I was informed from the bar that the applicant would, in any event, be willing to abandon that part of its claim (the award for damages in terms of subsection 34(3)).

14. The second argument raised by the applicant in response to the jurisdiction challenge is that the first respondent has consented to the jurisdiction of this Court

⁵ See also *Terespolsky and Another v Morituri Restaurant (Lakeside) and Others* (107/13) [2014] ZAWCHC 62 (30 April 2014) at [65].

⁶ See, for example *LA Group Limited and Another v B & J Meltz (Pty) Limited and Others* (2672/04) [2005] ZAGPHC 23 (23 February 2005) para [59]; *Smith and Nephew Ltd v Medioplast Pharmaceutical Sales CC* 1999 (2) SA 646 (D) at 656 C – D, where the Court referred the matter to an enquiry to determine the reasonable royalty, if any, was payable by the respondent.

through the filing of an application by the first respondent to this Court for an extension of time in terms of Uniform Rule 27 to file its answering papers, followed by its extensive opposing affidavit on the merits, as well as its conditional counter-application. On this basis, the applicant argues, relying on *Herbstein and Van Winsen*⁷, that the first respondent has tacitly submitted to this Court's jurisdiction, which submission, once made, cannot be revoked. The fact, however, is that the first respondent did expressly object to the jurisdiction of this Court in its answering affidavit, which, to my mind does not evince a clear and unequivocal submission to this Court's jurisdiction.⁸ However, in light of the application of *Foize Africa (Pty) Ltd v Foize Beheer BV and Others*, and the finding above that this is not a claim sounding in money, I am of the view that the first respondent's consent to jurisdiction is not indispensable in the circumstances of this case.

15. In reaching the view that this Court has jurisdiction to determine this matter, I also take into account the fact that the applicant's rights in relation to its registered trade marks are territorial in nature and are effective and enforceable throughout South Africa. Furthermore, in terms of the express terms of clause 6 of the settlement agreement whose terms the parties rely upon for purposes of both the applicant's claim and the first respondent's counter-claim, its terms are effective in South Africa. In addition, the unlawful conduct complained of, namely the infringement of the applicant's registered trade marks and the breach of the settlement agreement occur, *inter alia*, within the jurisdiction of this Court. It is this conduct that the applicant seeks to interdict, and in respect of which it seeks ancillary relief for the removal of the infringing marks or delivery up of all material bearing the infringing marks for destruction. For all these reasons, I consider that it is appropriate and convenient for this Court to exercise jurisdiction over this matter.

⁷ *Herbstein and Van Winsen*, p66.

⁸ *Blanchard, Krasner & French v Evans* 2001 (4) SA 86 (W) at 92B - C.

V. WAIVER

16. The second point in *limine* raised by the first respondent is that the applicant has waived its right to object to the respondents' use of the mark REEF on footwear. Before dealing with the factual basis for this point in *limine*, it is well to set out the relevant legal principles.
17. In order to rely on the defence of waiver, an alleged infringer must show that the right's holder, with full knowledge of its right and of the facts under which, or from which, the right arose, has abandoned that right, whether expressly or by conduct plainly inconsistent with an intention to enforce it.⁹ The conduct, whether express or implied, must be unequivocal and consistent with no other hypothesis.¹⁰
18. Waiver is a matter of the intention of the party said to have waived the right in question. The intention is determined objectively, that is, it is adjudged by its outward manifestation in the form of words, spoken or written, or in the form of conduct or a combination of words and conduct.¹¹
19. The burden of proof is on the party who alleges that a right has been waived. By reason of the fact that no one is presumed to waive his or her rights, clear proof is required of an intention to do so.¹²

⁹ *Ex parte Sussens* 1941 TPD 15 at 20; *Road Accident Fund v Mothupi* supra [24] para 17; *Borstlap v Spagenberg en Andere* 1974 (3) SA 695 (A) at 704; *Hepner v Roodepoort-Maraiburg Town Council* 1962 (4) SA 772 (A) at 778H – 779A; *Netlon Limited and Van Leer South Africa (Pty) Ltd v Pacnet (Pty) Ltd* 1977 BP 87 (A) at p 133. Also reported at 1977 (3) SA 840 (A).

¹⁰ *Road Accident Fund v Mothupi* 2000 (4) SA 39 (A) 50; *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C) at 406C – E.

¹¹ *Road Accident Fund v Mothupi* 2000 (4) SA 38 (SCA) para 15; and *Absa Bank Ltd v The Master and Others NNO* 1998 (4) SA 15 (N) at 28G – J.

¹² *Ellis and Others v Laubscher* 1956 (4) SA 692 (A) at 702E; *Laws v Rutherford* 1924 AD 261 at 263.

20. If a party does not expressly waive a right, and waiver is to be inferred, the conduct relied upon must be such as is more consistent, on a reasonable view thereof, with an intention to waive the right in question. The outward manifestations of intention must accordingly be adjudged from the perspective of a reasonable person in the position of the other party.¹³ This does not mean that other factors such as the subjective motivation of a party for acting in the way in which (s)he did, are irrelevant.¹⁴ Positive representations, whether express or implied through conduct, can give rise to a defence of waiver; as can silence, in circumstances where there is a legal duty to speak.¹⁵ The existence of a legal duty is a conclusion of law drawn after consideration of all the circumstances of the case.¹⁶
21. It is a question of whether the right's holder, in light of its knowledge of the facts of the case, the industry concerned and the relationship between it and the alleged infringer, should have foreseen that the alleged infringer would draw an incorrect conclusion from its silence and, therefore, should have spoken to avoid the alleged infringer suffering harm.¹⁷
22. The mere fact that a party has decided not to institute legal proceedings to enforce a particular right does not necessarily mean that (s)he has abandoned, renounced or surrendered the right nor does it necessarily mean that (s)he consents to its continued infringement.¹⁸

¹³ *Palmer v Poulter* 1983 (4) SA 11 (T) at 21A; and *Multilateral Motor Vehicle Accidents Fund v Meyerowitz* 1995 (1) SA 23 (C) at 27D – E.

¹⁴ *Thomas v Henry and Another* 1985 (3) SA 889 (A) at 897D; *Road Accident Fund v Mothupi* supra [24].

¹⁵ *Road Accident Fund v Mothupi* p 50.

¹⁶ *Union Government v National Bank of SA Ltd* 1921 AD 121 at 128.

¹⁷ *Martin v de Kock* 1948 (2) SA 719 (A) 291.

¹⁸ *New Media Publishing* (supra) at 406E to G.

23. The respondents state that they have been using the mark REEF (including as part of the REEF + LEAF logos and the REEF + WAVE logo) on footwear in South Africa since 2003; and the applicant has been aware of this use from the outset. The respondents further state that the applicant, with this full knowledge, failed to take action against them in 2003 and 2005 when it filed complaints with the Advertising Standards Authority of South Africa (“ASA”) against the second respondent’s predecessor in title, Toxic Ink CC (“Toxic Ink”), but contented itself with complaining in terms of section 62 of the Trade Marks Act that the symbol ® appeared next to REEF in circumstances where the first respondent did not have a trade mark registration for the mark REEF. The first complaint was settled on the basis of an undertaking given by Toxic Inc. not to make use of the word REEF together with the symbol ®. The respondents further refer to a letter produced by the applicant dated 11 July 2003 from the applicant’s erstwhile attorneys to Toxic Inc.’s attorneys, which, according to the respondents, shows that the applicant considered enforcing its rights in REEF (when applied to footwear) against the respondents and advised the respondents that it was giving consideration to doing so, and elected not to do so until 2018. The relevant parts of the letter stated as follows:

“I must also tell you however that the use of the name Reef by itself in relation to shoes emanating from South Cone Inc. is a cause for serious concern. As you are well aware South Cone’s trade mark in South Africa is REEF BRAZIL and the use of the name Reef by South Cone Inc. is currently being considered from the point of view of trade mark infringement and passing off. Our client has no difficulty with the use of the name REEF BRAZIL on South Cone shoes but the abbreviation of the name to “REEF” is a different matter altogether.”

24. In addition to the above facts, the respondents state that, for a total period of 15 years before the launch of these proceedings, they made extensive sales of their REEF footwear, and the applicant took no steps to prevent the alleged infringement of its rights. This despite the fact the first respondent’s REEF shoes (not REEF BRAZIL) were widely available in mainstream and very popular stores such as

Sportsmans Warehouse, Trappers, Outdoor Warehouse, Men's Shoe Centre; online stores such as Frugo, UBuy and Surf; and in many beach and surf wear stores across South Africa.

25. On the basis of these facts, the respondents argue that any reasonable person standing in the shoes of the respondents would have understood the applicant to have no objection to the use of the mark REEF (on its own or with a distinctive device) on footwear, provided that it was without the ® symbol.
26. In response to the respondents' allegations, the applicant points out that, whenever it has previously discovered that the first respondent was using the REEF mark without the word BRAZIL, it has acted. The first two occasions led to the ASA complaints in 2003 and 2005, and the third arose in 2018 and led to these court proceedings. Thus, the applicant argues, it has always objected to the use of the REEF trade mark without "Brazil" by the first and second respondents and has never agreed to such use. Furthermore, the applicant has set out what it knew over the years regarding the respondents' use of the first respondent's trade marks, and states that it was only in 2018 that it discovered that the respondents had ceased using the REEF BRAZIL trademark altogether. It states that, to its knowledge, the first respondent's footwear was for many years sold primarily in Rip Curl stores, which are operated by the second respondent and in which the applicant's goods are not sold; and until around 2018, the second respondent used only the REEF BRAZIL trade mark in its advertising and promotional material relating to the first respondent's goods, which is the use that more readily came to the applicant's attention. As a result, the applicant states that it cannot be criticised for not taking action before 2018, and the absence of formal complaints or legal proceedings by the applicant in the circumstances does not warrant the conclusion that it tacitly agreed to the respondent's use of the REEF mark without the word "Brazil".

27. As regards the ASA complaints, the applicant has set out the relevant text of the 2003 complaint, which included the following: *“whilst the complainant has no objection to REEF BRAZIL shoes being sold in South Africa it is felt that the manner in which these shoes are being sold and advertised in South Africa is unlawful for the following reasons:...as previously stated, [the first respondent] does not have any South African trade mark in respect of the name Reef by itself”; “nevertheless, the REEF BRAZIL shoes have been and are being advertised in conjunction with the word REEF by itself accompanied by the internationally recognised symbol ® for a registered trade mark”*. The applicant states that this is an example of it raising difficulties regarding the respondents’ use of the REEF mark without the word BRAZIL. The applicant also states that its decision to file the 2003 ASA complaint was an attempt to prevent the respondents from overstepping the bounds of their trade mark in a more cost-effective and speedy manner than High Court litigation. It also points out that the ASA does not have jurisdiction to hear trade mark infringement disputes or contractual disputes and therefore the complaint was brought within the ASA’s mandate and directed at matters upon which it could adjudicate, namely Toxic Ink’s use of the ® symbol. As for the letter of 11 July 2003, the applicant has referred to its contents, stating that they are incompatible with a tacit or implied agreement contended for by the respondents, because the letter makes clear that the applicant took issue with the use of the mark REEF alone without BRAZIL. Regarding the 2005 ASA complaint, the applicant points out that it is evident from the 2005 ASA complaint and the ASA ruling that it related to the breach of the undertaking in terms of which the 2003 ASA complaint was settled, and was thus limited to the discrete point as to whether the undertaking had been breached.

28. Taking into account the evidence before this Court, I am not persuaded that the applicant at any stage evinced waiver of its right to enforce its trade marks, as argued by the respondents. It cannot be over-emphasised that the respondents have not produced any proof whatsoever of the allegations of the extensive sales for the past 18 years of footwear bearing only the word mark REEF, without BRAZIL. There is also no evidence relating to the nature and extent of the use of the infringing marks by the respondents in South Africa after 2006 and prior to 2018 which would allow this Court to consider the significance of the alleged co-existence of the trademarks during that time. Instead, the respondents rely on the ASA complaints lodged by the applicant in this regard as proof that they were indeed making such use. However, the text of the 2003 ASA complaint makes clear that the applicant did take issue with the respondents' use of the mark REEF without BRAZIL in circumstances where they were not so authorised. At the very least, I am not persuaded that the complaints evince acquiescence on the part of the applicant for the respondents to make use of the mark REEF without BRAZIL on footwear. There is no evidence before me of conduct on the applicant's part that constitutes an unequivocal representation or consent or tacit agreement that it did not object to such use. Furthermore, in the circumstances of this case, where the evidence shows that the applicant has repeatedly complained about the respondents' use of the mark REEF without BRAZIL on its footwear, I am not satisfied that its delay in bringing these legal proceedings constituted an unequivocal waiver. The applicant has explained that it opted to rather follow the less costly ASA route, and has also explained what knowledge it had, and at what point. Accordingly, I cannot find that the applicant waived its trade mark rights or its rights to proceed against the respondents in respect of its registered trade marks.

VI. THE TRADE MARK INFRINGEMENTS

29. For the infringement claim, the applicant relies on section 34(1)(a), and in the alternative 34(1)(b) of the Trade Marks Act, which state as follows:

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

- (a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;
- (b) the unauthorized use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion...

30. In order to establish infringement in terms of section 34(1)(a), it is necessary for the applicant to show: use of the registered trade mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion; that the use is in relation to the goods or services in respect of which the trade mark is registered; that the use is in the course of trade; and that the use is unauthorised.¹⁹

31. In order to establish infringement in terms of section 34(1)(b) the applicant must show: the use of the registered trade mark or of a mark similar to it; use of the offending mark in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered that in such use there exist the likelihood of deception or confusion; that the use is in the course of trade; and that the use is unauthorised.²⁰

¹⁹ Webster and Page, South African Law of Trade Marks, para 12.7, page 12-13. *Lucky Star Ltd v Lucky Brands (Pty) Ltd and Others* 2017 (2) SA 588 (SCA) at para [4] ; *Commercial Auto Glass (Pty) Ltd v Bayerische Motoren Werke Aktiengesellschaft* 2007 (6) SA 637 (SCA) ([2007] 4 All SA 1331) para 3.

²⁰ Webster and Page, South African Law of Trademarks, para 12.21, page 12-38.

32. Section 34(1)(b) is therefore similar to section 34(1)(a) except that it is not limited to the goods or services in respect of which the trade mark is registered, but covers use in relation to similar goods.
33. As to the requirements, it is common cause that the respondents' use of the alleged infringing marks is use in the course of trade. The respondents dispute that their use of the trade mark is unauthorised and contend that it is authorised in terms of a tacit co-existence agreement, part of which I have already discussed in relation to the waiver argument. Further, the first respondent's case is that it is not infringing the applicant's REEF trade marks because it is neither using the marks in relation to the same goods as contemplated by section 34(1)(a), nor in relation to similar goods as is likely to deceive or cause confusion, within the contemplation of section 34(1)(b).
34. The notice of motion seeks interdictory relief in relation to six trade marks. However, the applicant's heads of argument state that the relevant trade marks for determination of the infringement claim are the first four of the trade marks listed below. Further still, the fifth trade mark listed below is also discussed in relation to section 34(1)(a) in the applicant's heads of argument:
- 34.1 2012/30829 REEF in class 18, which is registered for *"leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags, waterproof bags. diving bags, surfboard bags and sport bags included in this class; umbrellas and parasols; walking sticks, whips, harness and saddles";*
- 34.2 1985/06414 **REEF** in class 25, which is registered for *"wetsuits; articles of protective and/or waterproof clothing included in this class";*

- 34.3 2012/30828 REEF in class 9, which is registered for “*protective clothing for water sports and sport activities of all kinds, including protective wetsuits and sports equipment included in this class*”; and
- 34.4 1994/04741 REEF in class 28, which is registered for “*games and playthings; gymnastic and sporting articles not included in other classes*”.
- 34.5 2012/30493 REEF FLEX in class 25, which is registered for “*clothing and headgear, including wetsuits*”.
35. According to the applicant, the respondents are infringing trade mark 2012/30829 through the sale of bags bearing a REEF trade mark. The applicant has registered trade mark 2012/30829 REEF in class 18 for *inter alia* “*travelling bags, waterproof bags, diving bags, surfboard bags and sport bags included in this class*”. It is common cause that the applicant uses its REEF trademark in relation to bags, including duffel bags and backpacks. It is also common cause that the first respondent sells a bag bearing the REEF and wave design logo, which is marketed as an ‘adventure duffel bag’.
36. The first respondent states that the applicant’s case based on section 34(1)(a) must fail because the applicant has provided no evidence that it has used a REEF trade mark on a *waterproof bag, diving bag, surfboard bag or a sport bag*, which are the goods for which the applicant is registered. The only bag in the record sold by the second respondent is a duffel bag bearing the first respondent’s REEF & WAVE design logo. The duffel bag in question, according to the first respondent is clearly not (i) waterproof; (ii) a diving bag; (iii) capable of accommodating a surfboard; or (iv) a sports bag of any description. Indeed, there was some debate during the proceedings regarding the precise category of the duffel bag sold by the respondents, which points the lack of evidence in this regard. At the very least, it

does not fall within any of the categories of bags for which the applicant is registered, thus placing it outside the ambit of section 34(1)(a), because the use cannot be said to be in relation to the goods or services in respect of which the applicant's trade mark is registered.

37. As regards the remaining trade marks, it is said that the first respondent has infringed them through sale of clothing. In the first instance, it appears that any reliance on 1994/04741 REEF in class 28, which is registered for "*games and playthings; gymnastic and sporting articles not included in other classes*" can be dispensed with because it does not appear to be relevant to the case made by the applicant. Next, the applicant does not appear to be making a case that any of the REEF marks used by the first respondent are similar, in a trade mark sense, to the composite mark REEF FLEX. After all, the basis for the applicant's case in these proceedings is the use of REEF without BRAZIL. I have, in any event, found no similarities between the use of REEF by the respondents on its goods to the applicant's registered REEF FLEX trade mark. Regarding the alleged breach of the remaining trade marks, namely 1985/06414 and 2012/30828, the applicant has provided no evidence that the first respondent has sold wetsuits, articles of protective and/or waterproof clothing included in class 25, protective clothing for water sports and sport activities, or protective wetsuits or sports equipment included in class 9. For all the above reasons, I am of the view that the applicant has failed to make out a case based on section 34(1)(a).

38. As I have already stated, the provisions of s 34(1)(b) do not require that the offending mark be used in relation to goods in the class for which the trade mark has been registered. It contemplates two elements, namely: (a) a mark identical or similar to the trade mark used; (b) in relation to goods which are so similar to those for which it

has been registered, that it gives rise to a likelihood of deception or confusion.²¹ As to the relationship between these two elements, the following has been stated in *New Media Publishing (Pty) Ltd v Eating Out Web Services CC*²² :

'There is...an interdependence between the two legs of the inquiry: the less the similarity between the respective goods or services of the parties, the greater will be the degree of resemblance required between their respective marks before it can be said that there is a likelihood of deception or confusion in the use of the allegedly offending mark, and vice versa. Of course, if the respective goods or services of the parties are so dissimilar to each other that there is no likelihood of deception or confusion, the use by the respondent even of a mark which is identical to the applicant's registered mark will not constitute an infringement; also, if the two marks are sufficiently dissimilar to each other no amount of similarity between the respective goods or services of the parties will suffice to bring about an infringement. . . .'

39. The SCA in *Mettenheimer and Another v Zonquasdrif Vineyards CC and Others* further set out considerations that could assist in determining the likelihood of deception or confusion²³ referred to in *New Media* above, including the following: (a) the uses of the respective goods; (b) the users of the respective goods; (c) the physical nature of the goods; and (d) the respective trade channels through which the goods reach the market. In *Mettenheimer* the SCA found that the use of “Zonquasdrif Vineyards” in respect of wine grapes did not infringe the registered trade mark “Zonquasdrif”, which was registered, *inter alia* for wine. The SCA held that the two marks were “virtually identical” but considered that the differences between wine, on the one hand, and wine grapes, on the other, were such as to negate the likelihood of confusion or deception.²⁴ Both parties in this case rely on the cases of *Mettenheimer* and *New Media Publishing* mentioned above.

²¹ *Mettenheimer and Another v Zonquasdrif Vineyards CC and Others* 2014 (2) SA 204 (SCA) para [11].

²² *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C) at 394C – F; See also *Mettenheimer*.

²³ At para [13], applying *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch) at 296 – 297 and *Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales and Promotions (Pty) Ltd and Another* 1991 (4) SA 850 (A) at 860F – 861E.

²⁴ See paras [12] and [14] of the judgment.

40. The applicant states that the respondents use the infringing marks on clothing, footwear and bags, which are goods so similar to the goods in relation to which the applicant's REEF trade marks are registered, namely wetsuits, protective and water proof clothing, protective clothing for water sports and sports of all kind, clothing, bags and sports equipment. The respondents' response is that the applicant's trade mark rights relied upon are limited to the use of the mark on the specific items mentioned in in previous sentence, whereas the goods sold by the respondent may be correctly classified as (i) casual shirts, T-shirts and shorts; (ii) flip flops, sandals and casual shoes; and (iii) one duffel bag. The respondents state that these items are distinct from 'clothing, footwear and bags', and that the applicant's trade mark protection does not extend to clothing and footwear of all types.
41. It is already evident that trade mark 1994/04741 does not fit within the ambit of this discussion because it is a registration for "*games and playthings; gymnastic and sporting articles not included in other classes*", none of which can be described as 'clothing, footwear or bags' or items similar thereto. The applicant has, in any event, not made out a case in this regard. Thus, the remainder of the discussion in this section concerns the remaining trade marks mentioned above.
42. The question is whether casual shirts, T-shirts and shorts; flip flops, sandals and casual shoes; and duffel bag are similar to the items for which the applicant is registered, namely wetsuits, articles of protective clothing for water sports and other sports activities or waterproof clothing, and bags. The applicant states that the uses, users, physical nature and trade channels of their goods overlap to a significant degree that the question must be answered in the affirmative.

43. A “wetsuit” is defined by the Oxford English Dictionary as “*a close-fitting rubber garment typically covering the entire body, worn for warmth in water sports or diving*”; and a “garment” is a “*piece of clothing*”. Thus, although it may be argued that wetsuits, protective and waterproof clothing are specialised items used for specific activities compared to casual clothing, they are nevertheless clothing. As regards the respondents’ sale of bags, the uses and physical nature of the goods are, in my view, similar to, if not the same as the goods for which the applicant is registered. Regarding the respondents’ sale of footwear, including flipflops, my view is that, taking into account the significant overlap in the parties’ trade channels, target markets, users and similarity of marks, which are discussed below, the similarity envisaged by the case law set out above is established by the applicant. In all the instances, the evidence shows that the users and trade channels of the parties’ goods, do overlap. The evidence shows that both parties target the same markets, namely surf wear, water sports and sports fashion. The users of the parties’ goods and their target markets both include surfers. Indeed, according to the first respondent, the REEF BRAZIL brand of sandals was created by two Argentine brothers who were both avid surfers and who wanted to share their love for surf, travel and beach culture with the world. Furthermore, the parties’ products are sold in many of the same stores - surf wear and beach wear shops - such as Big Bay Surf Shop and Sportsman’s Warehouse. In some instances - such as the Sportsman’s Warehouse online store – the parties’ goods are sold in close proximity to each other.
44. The first respondent sought to distinguish its clientele by contending that the competitors of its footwear are well-known brands such RIP CURL, ROXY, BILLABONG, IPANAMA and HAVAIANA’S; and that very few of the respondents’ customers would purchase wetsuits. However, the applicant has demonstrated that a number of those competitors sell wetsuits as well as footwear in South Africa, namely RIP CURL, BILLABONG AND ROXY. The applicant also demonstrated that many

surfing brands such as O'NEIL, QUICKSILVER AND HURLEY sell wetsuits, clothing and footwear. There is therefore significant overlap in the trade channels and the users of the goods. Furthermore, I am satisfied that the intended users of the goods are the same, namely customers in the surfer/water sports/sports fashion market, who will be able to purchase the goods at the same stores.


45. Regarding similarity of the marks used by the parties, the applicable test in this regard was summarised in *Plascon-Evans Paint Ltd v Van Riebeeck Paint (Pty) Ltd*²⁵ as follows:

"In an infringement action the onus is on the plaintiff to show the probability or likelihood of deception or confusion. It is not incumbent upon the plaintiff to show that every person interested or concerned (usually as customer) in the class of goods for which his trade mark has been registered would be probably be deceived or confused. It is sufficient that the probabilities established at a substantial number of such person will be deceived or confused. The concept of deception or confusion is not limited to inducing in the minds of interested persons the erroneous belief or impression that the goods in relation to which the defendant's mark is used are the goods of the proprietor of the registered mark, by either plaintiff, or that there is a material connection between the defendant's goods and the proprietor of the registered mark; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection.

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 relevance 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

²⁵ 1984 (3) SA 623 (A) at 640G to 641E.

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 the generic description of the goods.”

46. I have already stated that the respondents admit to using the word mark REEF on their goods without the word BRAZIL. They state, however, that the applicant's registered stylised mark  is sufficiently different to the REEF marks used by them (respondents) to distinguish them apart. In this regard, the first respondent refers to logos and designs, labels, tags and other get-up that is sometimes used in conjunction with its REEF mark to negate the likelihood of confusion and deception.
47. It is evident from the evidence that the respondents use the word mark REEF either on its own, or together with different logo trade marks in the vicinity of the word REEF, or together therewith. They use the word REEF in physical and other forms in relation to footwear, clothing and bags, and advertising material in connection therewith. There are also many instances where the word REEF is used as a word mark in ordinary block letters without any stylisation or font, and in some instances the word is used in one of a few different stylised formats, none of which are distinctive. On the other hand, the applicant's registered mark is REEF, a word mark, without any logo or other device.
48. Viewed side-by-side, the parties' marks exhibit similarities. The dominant feature and first impression gained from both parties' marks is the use of the word REEF – it is not the logos or wave signs, as argued by the respondents. The likely impact made by the use of REEF on the goods in question is to create an impression on the mind of the customer that the goods are of the same origin, bearing in mind that marks are remembered by general impressions or by some significant or striking feature rather than by a photographic recollection of the whole. When considering the manner in

which the marks are likely to be employed, for example, the generic description of footwear or bags in the same industry, confusion is the likely outcome. The broader context in which the mark REEF is used is also relevant because, as I have observed, the industries in which the parties conduct business do overlap. When comparing the applicant's registered trade mark and the first respondent's REEF mark through the eyes of the ordinary consumer of the goods to which the mark is applied, both side-by-side and apart, a substantial number of persons will probably be confused as to the origin of the respondent's goods or the existence or non-existence of a connection between the trade mark proprietor and the goods or services of the respondent. The small differences between the parties' trade marks – through the use of logos and the like - do not, in my view, negate the likelihood of confusion. The first respondent places reliance on the fact that the mark REEF is commonly used by traders. However, there is no evidence that the goods covered by those trade marks have the same similarities as those arising in this case.

49. The applicant has attached to its papers various emails and social media enquiries from customers who contacted it (the applicant) believing it to be, or to be connected to, the respondents' business. The applicant states that this is proof of actual confusion by the customers, as contemplated by the authorities discussed above. In many instances, the customers were making enquiries or complaining about the respondents' footwear bearing the REEF brand. There is, however, no confirmation of these enquiries by way of affidavit, and as such, they constitute hearsay evidence. At the hearing of the matter, the applicant's counsel applied for the enquiries to be admitted as evidence, and the first respondent raised an objection. I consider the enquiries to be very relevant to these proceedings because, according to the applicant, it was because of the intensifying enquiries regarding the REEF goods sold by the respondents, particularly the footwear, that led it to conduct investigations and launch these proceedings. The enquiries are furthermore very relevant given the

nature of the infringement dispute between the parties, having a bearing as it does on the legal requirement of confusion and deception. It must also be borne in mind that the nature of the enquiries is correspondence from the public, who cannot be expected to readily provide affidavits for legal proceedings. At the very least, the enquiries show that, in contacting the applicant, the members of the public believed that the applicant was connected to the first respondent's REEF trade mark goods. That is the only basis on which I consider the enquiries to be admissible and relevant. The reasons for such belief are not matters that can be determined from the enquiries, and are not matters for which I consider the enquiries to be admissible.

50. For its part, the first respondent has undertaken its own speculative analysis of the public's enquiries, pointing out that the customers in question were clearly trying to contact the respondents and not the applicant. Further, according to the first respondent, internet searches for REEF BRAZIL, REEF SHOES SOUTH AFRICA, and REEF BRAZIL SHOES SOUTH AFRICA yield results placing the applicant ahead of the first respondent, and this would explain why the applicant was contacted instead of the respondent regarding the respondent's footwear products. According to the first respondent this 'internet search evidence', also shows that, even if the first respondent were using REEF BRAZIL, as opposed to REEF, members of the public would still have been directed to the applicant's website ahead of that of the first respondent. This speculative analysis does not assist in resolving this matter, and, as I have stated in any event, the admission of the enquiries is on a narrow basis.
51. Even without reliance on the customers' enquiries however, I am of the view that the applicant has established that the respondents are using an identical word mark in relation to similar goods used by the applicant in relation to items that are covered by its REEF trade marks. I am also of the view that the likelihood of confusion is

manifest. As a result, I find that the respondents have indeed infringed the applicant's registered trade marks.

VII. THE COUNTER-APPLICATION

52. The first respondent has brought a counter-application in terms of section 27(1)(b), read with section 24(1) of the Trade Marks Act for partial expungement of certain specified goods ("the contested goods") from the applicant's REEF trade mark registrations, as follows:

52.1 From trade mark 2012/30493 REEF FLEX (class 25): Clothing (except for wetsuits) and headgear;

52.2 From trade mark 2012/30830 REEF FLEX (class 9): Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or production of sound or images; magnetic data carriers, recording discs; compact discs, DVD's and other digital recording media; mechanisms for coin-operated apparatus; data processing equipment; computer hardware and software;

52.3 From trade mark 2012/30828 REEF (class 9): Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording,

transmission or production of sound or images; magnetic data carriers, recording discs; compact discs, DVD's and other digital recording media; mechanisms for coin-operated apparatus; data processing equipment; computer hardware and software;

52.4 From trade mark 2012/30829 REEF (class 18): Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; umbrellas and parasols; walking sticks, whips, harness and saddles;

52.5 From trade mark 1994/04741 REEF (class 28): Games and playthings; gymnastic articles.

53. Section 24(1) of the Trade Marks Act provides as follows:-

“(1) In the event of a non-insertion in or omission from the register of any entry, or of an entry wrongly made in or wrongly remaining on the register, or of any error or defect in any entry in the register, any interested person may apply to the court ... for the desired relief, and thereupon the court ... may make such order for making, removing or varying the entry as it ... may deem fit”.

54. Section 27(1)(b) provides as follows:

“Subject to the provisions of section 70(2), a registered trade mark may, on application to the court, ...by any interested person, be removed from the register in respect of any of the goods or services in respect of which it is registered, on the ground either-

(a) ...

(b) that up to the date three months before the date of the application, a continuous period of five years or longer has elapsed from the date of issue of the certificate of registration during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof or any person permitted to use the trade mark as contemplated in section 38 during the period concerned;

55. The first respondent states that, for the five years and three months preceding the delivery of its counter-application, the applicant had not used the above REEF FLEX and REEF trademarks in respect of the contested goods. The applicant's response to the counter-application is firstly that the first respondent lacks the necessary *locus standi* to bring the counter-application as it is not an "interested person" within the contemplation of section 27 of the Trade Marks Act. Secondly, the applicant contends that the contested goods have no bearing to the main application or the dispute between the parties, and therefore the counter-application amounts to *mala fide* abuse of the proceedings. Thirdly, the applicant has pointed out that, during the relevant period, it has made use of the REEF FLEX trade mark in respect of clothing, namely wetsuits; as well as the REEF mark in relation to umbrellas.
56. Both parties rely on the case of *South African Football Association v Stanton Woodrush (Pty) Ltd*²⁶ in which it was held that the meaning of an "interested person" in terms of sections 24 and 27 may be determined by borrowing from the principles developed for determining an "aggrieved person" applying for expungement or rectification in terms of the previous Trade Marks Act (the Trade Marks Act, 1963). In *South African Football Association v Stanton Woodrush (Pty) Ltd*, Spoelstra J stated as follows:

"I do not consider the change of wording of "person aggrieved" in s33(1) of the old Act to "interested person" in s24(1) of the new Act to have any real significance in this matter. It is clear from the cases which considered the term "person aggrieved" that it refers to persons "who are in some way or other substantially interested in having the mark removed from the register" (Ritz Hotel Ltd v Charles of the Ritz & Another 1988 (3) SA 290 (A) at 308A-B) and "a genuine and legitimate competitive interest in the trade to which the offending mark relates (Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales and Promotions (Pty) Ltd & Another 1991 (4) SA 850 (A) at 855C-D). In Valentino Globe BV v Phillips & Another 1998 (3) SA 775 (SCA) at 781B – D Harms JA states:

"The onus rests upon the applicant for removal to establish, as a reasonable possibility, that he is a person aggrieved. For this purpose it is assumed that the trade mark is wrongly on the

²⁶ *South African Football Association v Stanton Woodrush (Pty) Ltd* 2003 (3) SA 313 (SCA).

register. A wide and liberal interpretation is given to the term "person aggrieved". The applicant must have a substantial interest in the mark or must substantially be damaged by its remaining on the register. The fact that the registered mark constitutes an obstacle to the registration of a mark applied for by the applicant is prima facie evidence of an interest, but if that application for registration was in bad faith, vexatious or without any substance, the prima facie inference is negated."

57. In essence, the principles used in considering whether a person was a person "aggrieved" related to whether the person applying for the rectification of the trade marks register or cancellation of the trade mark had a trading interest in the mark sought to be expunged. If so, the *locus standi* of that applicant was recognised.²⁷
58. The difficulty on this aspect is that the first respondent has not shown to have a substantial interest in having the contested goods it seeks to have expunged from the applicant's specifications. It has not shown that it has any interest in trading in the contested goods or registering a trade mark for them. There is also no evidence that the first respondent has ever traded in the contested goods, or is reasonably expected to enter trade in the contested goods in the future. Thus, the continued registration of the applicant's trade marks in respect of the contested goods does not appear to hamper the first respondent in the legitimate exercise of its affairs. Rather, the first respondent has shown that it has a substantial, commercial interest in the goods forming the basis for the infringement proceedings. However, it is not seeking expungement in relation to those goods. It is seeking the rectification of the specification in relation to goods, which do not form the basis of the infringement proceedings instituted against the respondents. Were the contested goods to be removed from the register, it would not affect the basis upon which the infringement proceedings have been brought at all.

²⁷ *Mars Incorporated v Candy World (Pty) Ltd* 1991 1 SA 567 (A) 575; *Ritz Hotel Ltd v Charles of the Ritz Ltd* 1988 3 SA 290 (A) 307; *Danco Clothing (Pty) Ltd v Nu-Care Marketing Sales and Promotions (Pty) Ltd* 1991 4 SA 850 (A) 858.

59. I therefore find that the first respondent has failed to establish the requisite *locus standi* for the counter-application. Accordingly, the counter-application is dismissed.

VIII. THE DOMAIN NAME

60. As mentioned at the start, the applicant seeks transfer of the domain name “reefsa.co.za” from the third respondent to it. However, no case is made in the papers in this regard. During argument, the applicant’s counsel stated that, if it obtains the relief sought in the notice of motion, it will need the relief sought against the third respondent. In light of the paucity of facts and law supplied by the applicant in this regard, I am not able to come to its assistance. The relief sought in this regard is accordingly dismissed.

IX. COSTS

61. There is no reason why costs should not follow the result. The applicant has been substantially successful in its application. The second respondent joined cause with the first respondent’s case, did not raise any new averments, and relied wholly on the defences raised by the first respondent. The third respondent did not oppose the main application. I consider that it is appropriate that the first and second respondents should bear the costs of these proceedings, including the counter-application, jointly and severally, including the costs of two counsel.

X. ORDER

62. In the result, the following order is made:

- a. It is declared that, in terms of s 34(1)(b) of the Trade Marks Act 194 of 1993 (the Act), the first and second respondent ("the respondents") have infringed the trade mark registration numbers 1985/06414, 2012/30828 and 2012/30829.
- b. The respondents are interdicted and restrained from infringing trade mark registration numbers 1985/06414, 2012/30828 and 2012/30829 by using, in the course of trade or otherwise, the word mark REEF, either simpliciter, stylised or in conjunction with a device, without the accompanying word "Brazil" ("the infringing marks"), or any other marks so similar thereto, in relation to clothing, footwear, including flip flops and bags;
- c. The respondents are directed:
 - i. to remove the infringing marks from all material in their possession within 20 days of service of this order on them; and
 - ii. where the infringing mark is inseparable or incapable of being removed from any such goods, to deliver up for destruction all such goods and material to the applicants' attorneys within 20 days of service of this order on them.
- d. It is directed that an enquiry be held for the purposes of determining the amount of damages (in terms of s 34(3)(c) of the Act) or reasonable royalty in *lieu* of damages (in terms of s 34(3)(d) of the Act) to be awarded to the applicant and, for purposes of such enquiry, the applicant shall deliver a declaration within 20 days of the grant of this order, after which the Uniform Rules of Court shall apply.

- e. The first and second respondents are ordered to pay the costs of these proceedings, including the counter-application, jointly and severally, the one paying the other to be absolved, including the costs of two counsel.

MANGCU-LOCKWOOD AJ

Appearances:

- *For applicant:*

Adv AR Sholto-Douglas SC (Instructed by Von Seidels Attorneys)

Adv BJ Vaughan

- *For first respondent:*

Adv G Marriott (Instructed by Adams & Adams Attorneys)

- *For second respondent:*

Adv I Veerasamy (Pather & Pather Attorneys)