

TRADE KINGS LIMITED v UNILEVER PLC CHEESEBROUGH PONDS (ZAMBIA) LIMITED LEVER BROTHERS (PRIVATE) LIMITED AND LEVER BROTHERS (ZAMBIA) LIMITED

Supreme Court
Ngulube, CJ, Chaila and Chirwa, JJS
3rd November, 1999 and 9th February, 2000
(SCZ Judgment No. 2 of 2000.)

Flynote

Trade Mark - Procedure of - Expunction or rectification.
Trade Mark - Deception - Test to be applied.

Headnote

On 15th May 1997, the respondents commenced an action in the High Court presumably pursuant to Section 59 of the Trade Marks Act, Cap 401, seeking an injunction to restrain the appellant from allegedly infringing their trade mark Number 83/93 in respect of GEISHA and from passing off the soap GEZA as the respondent's soap. The respondents also sought ancillary relief by way of delivery up and destruction of the materials complained of, damages, and an account of profits.

Held:

(i) Any aggrieved person desirous of attacking a registration which is in force whether by rectification or by expunction has to follow the procedure ordained by the Act, especially Section 37 (for expunction or rectification) and Section 28 (for expunging due to breach of conditions)

(ii) In Trade Mark cases, it must always be kept in mind that the actual issue is not whether or not the Judge would or would not have personally been deceived, but whether or not after hearing the evidence, comparing the articles, and having had all the similarities pointed out, the true conclusion is that the ordinary average customer or retail dealer is likely to be deceived.

Legislation referred to:

Trade Marks Act, Cap 401, s. 9(4), 37, 38, 57 and 59.

Cases referred to:

1. *Erven Warnink BV and Others v Townsend and Sons Hull Limited and Others* [1979] 2 ALL ER 927.
2. *A.G. Spalding and Bros. v A W Gamage Limited* [1915] 32 RPC 273.
3. *Clarke v Sharpe* [1898] 15 RPC 14.
- S. Sikota of Central Chambers and M. Johnson-Mwenda (Mrs.) of MG Mwenda and*

Company for the appellant. *D.M. Lisulo, SC, of Lisulo and Company* for the respondent.

Judgment

NGULUBE, CJ, delivered the judgment of the court.

This case involves two popular and very well known bath soaps, namely GEISHA and GEZA BEAUTY SOAP.

On 15th May 1997, the respondents commenced an action in the High Court – presumably pursuant to Section 59 of the Trade Marks Act, CAP 401, which is to that effect – seeking an injunction to restrain the appellants from allegedly infringing their trade mark number 83/93 in respect of GEISHA and from passing off the soap GEZA as the respondent’s soap. The respondents also sought ancillary relief by way of delivery up and destruction of the materials complained of; damages; and an account of profits. The action was commenced by Originating notice of Motion pursuant to RSC Order 100 in the White Book. We doubt the propriety of commencing the action in this fashion when our High Court Rules should have prevailed. Certainly, the case was not so simple and straight forward as to have been amenable to summary disposal merely on affidavits without pleadings, as happened – (see the comment at 100/6/13 of the 1999 White Book). This case was complex and cried out for pleadings and for directions. The affidavits on both sides were hotly disputed. The facts were further compounded on account that this was not simply one registered proprietor of a trade mark suing a defendant who is a mere imitator: It was common ground and obvious on the face of the documents that the defendant in the action had followed the procedures under the Trade Marks Act, CAP 401, and thereby also became a registered proprietor of their own trade mark number 547/94 Geza Beauty Soap and Flower Device. These facts emerged at the trial when it was also clear that there was a dispute whether the respondents had lodged any valid opposition to the appellant’s application. What was certain was that the statutory scheme for the lodging of objections; their service on the applicant in the prescribed form; and the rest of the processes and hearings, culminating in a determination by the Registrar and an appeal to the court, if any, did not take place. At the end of the day, the learned trial judge did not deal with the case as presented by the complainants but sought to reopen the registration process at a point where an objection has been received and ordered that the registration of GEZA be expunged and that the statutory processes consequent upon the receipt of a valid objection be proceeded with.

The appeal is against the decision to expunge and to allow the objection to be processed as if in the usual way under the statute, including the Regulations. We heard learned arguments and submissions on both sides. One point which immediately stands out and which emerged and which appeared to be common cause was that the learned trial judge did not in fact adjudicate upon the action and the issues actually presented by the respondents. As Mr Lisulo argued, their case has not been adjudicated upon to date. The record shows that the respondents did not ask for their opponent’s trade mark to be expunged. As we see it, any aggrieved person desirous of attacking a registration which is in force whether by rectification or by expunction has to follow the procedure ordained by the Act, especially Sections 37 (for expunction or rectification) and 38 (for expunging due to breach of conditions). It follows that Mrs Mwenda was on firm ground when she submitted that it was a misdirection on the part of the learned trial judge to have granted remedies which were not even pleaded or applied for and when there were statutory procedures to be followed. As she pointed out, the court was bound to take heed of the provisions of Section 57 of the Act which is to the effect that registration constitutes prima facie evidence of the validity of the original registration.

We can immediately allow this part of the appeal; we reverse the learned trial judge and

restore the appellant's registration of the trade mark GEZA.

Mr Lisulo submitted quite correctly in some respects that issues of infringement and passing off are independent regardless whether there is registration of the trade mark or not. The submission has merit in so far as an action for passing off of goods may be concerned and to which we will return in a moment. However, we entertain serious reservations whether an action for infringement as such of a trade mark by one registered proprietor can be maintained against the registered proprietor of another trade mark which may be the same or confusingly similar. We are aware that, under Section 9 of the Act, the registration of a mark creates a statutory monopoly protecting the use of the mark in the course of trade for the goods or service for which the mark is registered. The section inures for the benefit of both registered proprietors and any resulting conflict appears to have been anticipated by the legislature in Subsection 4, of Section 9, which reads—

“(4) The use of a registered trade mark, being one of two or more registered trade marks that are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration as aforesaid shall not be deemed to be an infringement of the right so given to the use of any other of those trade marks.”

As currently advised – since we did not have the benefit of hearing full submissions and arguments on the point – it is not feasible for one registered proprietor of a trade mark to maintain an action for infringement as such of that mark against another registered proprietor of another mark though the marks be identical or very similar.

The action for passing off is another matter altogether and Mr Lisulo's submission that it is independent has support in the authorities. It is unaffected by the Trade Marks Act. As Christopher Wadlow puts it in his book, *“The Law of Passing-off”*, 2nd edition at page 2, —*“Passing-off and the law of registered trade marks deal with some overlapping factual situations, but deal with them in different ways and from different standpoints. Passing-off emphatically does not confer monopoly rights in any names, marks, get up or other indicia, nor does it recognize them as property in their own right”*.

In the leading modern authority on passing-off, that is, in the case of *Erven Warnink Bv and Others v J. Townend & Sons (Hull) Limited and Others*; (1), their Lordships identified the main characteristics of a passing-off action. In the leading judgment, Lord Diplock said, at p.932-3

“My Lords, A G Spalding & Bros v A W Gamage Limited (2) and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.”

These propositions should be read subject to Lord Diplock's wise caution at p.933 where he said—*“In seeking to formulate general propositions of English law, however, one must be particularly careful to beware of the logical fallacy of the undistributed middle. It does not follow that because all passing-off actions can be shown to present these characteristics, all factual situations which present these characteristics give rise to a cause of action for passing off. True it is that their presence indicates what a moral code would censure as dishonest trading, based as it is on deception of customers and consumers of a trader's wares, but in an economic system which has relied on competition to keep down prices and*

to improve products there may be practical reasons why it should have been the policy of the common law not to run the risk of hampering competition by providing civil remedies to everyone competing in the market who has suffered damage to his business or goodwill in consequence of inaccurate statements of whatever kind that may be made by rival traders about their own wares. The market in which the action for passing off originated was no place for the mealy mouthed: advertisements are not on affidavit; exaggerated claims by a trader about the quality of his wares, assertions that they are better than those of his rivals, even though he knows this to be untrue, have been permitted by the common law as venial puffing which gives no cause of action to a competitor even though he can show that he has suffered actual damage in his business as a result."

We are taking some time on this because both Mr Lisulo and Mr Sikota, if we understood them correctly, suggested that this court should attempt to finally resolve the whole of the case or that the case be sent back to the High Court for rehearing. Arising from this, it is necessary to consider whether it is in fact possible for this court to resolve the factual issues that have to be addressed merely on the record since an appeal operates as a rehearing on the record. In this case, each side organized people to swear that GEISHA and GEZA sounded the same and that the get-up would confuse and those to say they were not the same and would not confuse. What is certain is that the resolution of such a case would turn largely on issues of fact. It would of course be unpardonable for any court to assume that the average Zambian consumer is some kind of a retard as suggested by some of the affidavits. Indeed, in considering issues of get-up for example, a good summary is given in Wadlow's "The Law of Passing-Off" at paragraph 6.54 at page 433-4 which reads—

"A comprehensive summary of the issues involved in cases turning on get-up was given by Byrne J. in Clarke v Sharp (3)— "First, it must always be kept in mind that the actual issue is, not whether or not the judge or members of the jury determining it would, or would not, have personally been deceived, but whether or not, after hearing the evidence, comparing the articles, and having had all the similarities and dissimilarities pointed out, the true conclusion is that the ordinary average customer of the retail dealers is likely to be deceived."

This being the issue, it is obvious that the judgment of the eyesight is a most important, if not the most important, element in its determination, so much so that, there are many cases in which it practically determines the case, and that, notwithstanding the views of many witnesses and the most careful *and elaborate discussion of difference of opinion. On the other hand, there are cases in which the evidence satisfies one that the eyesight, alone and unguarded, misleads. It is necessary to consider the nature of the article sold, the class of customers who buy; to remember that it is a question of likelihood of deceiving the average customer of the class which buys, neither those too clever, nor fools; neither those over careful, nor those over careless. One must bear in mind the points of resemblance and the points of dissimilarity, attaching fair weight and importance to all, but remembering that the ultimate solution is to be arrived at, not by adding up and comparing the results of such matters, but by judging the general effect of the respective wholes. A man may be entitled to use every single dissected item of the whole, and any of such items, and yet be disentitled to use the whole; being the items arranged in a particular form or manner. Another matter of vital importance to be considered is whether there is, or is not, some essential point of difference or resemblance which overcomes or establishes the effect of other points of resemblance; how much of the matter complained of is common to the world, how much to the trade in other similar articles, and how much to the trade in the specific commodity; colour, shape, form, originality of arrangement - all these have to be considered; but the ultimate decision must be come to, having regard to all considerations, as a matter of judgment on a question of fact."*

We respectfully agree with the foregoing. It follows that since this is largely still an unadjudicated case in the High Court, the factual questions should be delved into there. We are mindful that we have not specifically alluded to all the arguments and submissions which we heard. For example, there were arguments whether a notice of opposition to the registration of the appellant's trade mark was validly lodged in time or at all. The starting point, as far as we are concerned was that the trade mark was duly registered and no one had asked for its expunction. The statute provides a procedure to be followed by aggrieved persons before registration as well as after registration. The procedure before registration can not be resorted to here after the event and the registration process cannot be reopened in the fashion attempted below. We have already observed that the case below was diverted from being an inquiry into alleged infringement and passing-off to one dealing with registration of the appellant's trade mark. We are also mindful of a ground of appeal which complained about the condemnation of the appellant in costs when they had done nothing wrong and when the case of those considered to have been the successful party had in fact been nicely skirted and by passed. The resulting order for a retrial is strictly speaking neither party's fault and it would be unfair to inflict an order for costs against either side in respect of the first trial.

In sum, the appeal is allowed; the order of expunction is quashed; the decision below is set aside and there will be a rehearing of the case before the same or another High Court Judge. The costs of the first trial and of this appeal will abide the outcome of the retrial.

Appeal allowed