



THE SUPREME COURT OF APPEAL
REPUBLIC OF SOUTH AFRICA

JUDGMENT

Case No: 57/09

CENTURY CITY APARTMENTS PROPERTY SERVICES CC First Appellant

THE REGISTRAR OF COMPANIES AND CLOSE
CORPORATIONS Second Appellant

and

CENTURY CITY PROPERTY OWNERS' ASSOCIATION Respondent
(a Section 21 Company)

Neutral citation: *Century City Apartments v Century City Property Owners* (57/09)
[2009] ZASCA 157 (27 NOVEMBER 2009)

Coram: HARMS DP, LEWIS, MHLANTLA JJA, HURT AND WALLIS AJJA

Heard: 6 NOVEMBER 2009

Delivered: 27 NOVEMBER 2009

Updated:

Summary: Trade marks – marks indicating geographical origin of services –
revocation – infringement.

O R D E R

On appeal from: High Court of South Africa (CPD): DAVIS J sitting as court of first instance:

- 1 The appeal is upheld with costs.
- 2 The order of the court below is substituted with the following order:
 - a. The application is dismissed with costs.
 - b. In respect of the counter-application the following order is made:
 - i. The following trade mark registrations are revoked: 1997/14283 in class 41; 1997/14281 in class 36; and 1997/14282 in class 42.
 - ii. Trade mark registration 1997/14280 in class 35 is rectified by the deletion of the words 'management services'.
 - iii. The applicant, Century City Property Owners' Association, is to pay the costs.

J U D G M E N T

HARMS DP (LEWIS, MHLANTLA JJA, HURT and WALLIS AJJA concurring):

[1] This appeal relates in the main to trade mark infringement. The present respondent, Century City Property Owners' Association, a section 21 company, is the trade mark owner. There are also ancillary or alternative issues, namely passing-off and

the question whether the corporate name of the appellant, the alleged infringer, is undesirable in terms of the provisions of section 20 of the Close Corporations Act 69 of 1984. The court below (Davis J) granted all the relief sought by the Association and this appeal is with its leave.

[2] Century City is a huge commercial and residential 'development' on some 300 hectares of land next to the N1, the main road leading northwards from Cape Town. It falls within the municipality of the City of Cape Town and, more particularly, the suburb Montague Gardens. The development began in earnest in 1997 and, according to the Association's founding affidavit, it was always the intention that Century City would be one development, independently functioning and operating, providing a cross pollination of services and industries to the owners and tenants within Century City. The land was in due course enclosed and a business park, a mid to upper echelon housing development and office blocks were erected. A road, called Century City Boulevard, was constructed which serves as the main artery to the development, and a theme park, Ratanga Junction, and the 'famous' Canal Walk Shopping Centre were erected.

The trade mark registrations

[3] The Association, a non-profit home owners' association, holds a number of trade marks in different classes, some consisting of the name 'Century City' and others of devices (more correctly, word-and-device marks) containing this name mark and interlocking Cs. The Association did not apply for these trade marks – they were assigned to it by the developer of Century City. For a reason that can only be described as baffling the trade mark registrations on which the Association relied in its notice of motion appear for the first time at the end of the papers whereas other registrations, on which no reliance was placed, were attached to the founding papers.

[4] The argument in this court focused on the infringement of the mark 'Century City' registered under registration number 1997/14283 in class 42 (as it then existed) for 'Retail, wholesale, marketing, distribution, hiring, leasing, mail order and merchandising services of all kinds; providing of food and drink including bars, bottle stores and restaurants, snack bars, cafeterias, roadhouses, canteens, fast-food outlets; catering services, cocktail lounge services; temporary accommodation, hotels, hotel management; motels, tourists hostels, accommodation

bureaux and services all for reserving accommodation at hotels, boarding houses and the like; arranging, hiring and providing facilities for expositions, exhibitions and the like; services ancillary to the foregoing.'

[5] The remaining name marks that were the subject of the application are these:

(a) 1997/14280 CENTURY CITY in class 35 in respect of

'advertising and business services, including, but not restricted to township and residential development, management services, organisation and consultation, evaluation services, import and export services, promotion, publicity, business research, planning';

(b) 1997/14281 CENTURY CITY in class 36 in respect of

'insurance; financial affairs; monetary affairs; real estate affairs, including property, township and residential development, real estate appraisal, estate agencies, real estate management, leasing of real estate'; and

(c) 1997/14282 CENTURY CITY in class 41 in respect of

'education; providing of training; entertainment; including but not restricted to services relating to cinemas, theme parks and casinos and the provision of facilities therefor; sporting and cultural activities; services ancillary to the aforementioned.'

[6] The device marks that were relied on in the notice of motion are all for the same device. They cover the same classes and have the same specifications as the name marks.

The alleged infringing acts

[7] The Trade Marks Act 194 of 1993 recognizes three types of trade mark infringement. The first is 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 (s 34(1)(a)). The second is 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 (s 34(1)(b)). The third, commonly referred to as dilution, does not figure in this case.

[8] The appellant (the respondent in the court below), Century City Apartments Property Services CC, used the name 'Century City Apartments' as its 'brand' or business name. This is apparent from its promotional material and, for instance, its entry in the telephone directory. Its internet domain name is centurycityapartments.co.za. The Association's case was that the use of the corporate name, the brand name, and the domain name infringed all the mentioned name and device marks even though it did not use any device mark or anything approximating one.

[9] The judgment of the court below accepted the submission without distinguishing between the name marks and the device marks and without considering the nature of the appellant's services. And in spite of counsels' assumption to the contrary the court order, for a reason not explained, incorporated only the class 42 mark of the name marks mentioned although it covered all the device marks.

Assessment of trade mark infringement

[10] The first issue to consider is the identification of the allegedly infringing mark. It is trite law (in spite of allegations to the contrary in the Association's affidavits and some submissions in the Association's heads of argument) that a person may use a trade mark otherwise than as a badge of origin and that the appellant's use of the name Century City in a descriptive manner could not amount to infringement. See *Verimark (Pty) Ltd v BMW AG; BMW AG v Verimark (Pty) Ltd* 2007 (6) SA 263 (SCA), and *Commercial Auto Glass (Pty) Ltd v BMW AG* 2007 (6) SA 637 (SCA); [2007] 4 All SA 1331 (SCA). The appellant did use the name Century City in a descriptive manner in its advertising material but its use of the name as a brand, corporate or domain name is nothing but trade mark use and the faint argument to the contrary stands, accordingly, to be rejected.

[11] The second issue is whether the appellant's use was in the course of trade and, related to that, whether its services fell within the said classes as defined. Because the appellant acted as an accommodation agent for reserving accommodation in Century City its activities fell within class 42. They also fell within class 36 to the extent that this

class covered estate agencies, real estate management and leasing of real estate, and class 35 in relation to management services. There was no evidence that the appellant used the mark in connection with any services covered by class 41 as defined above. There was also no evidence or argument in relation to the question whether the appellant's services were so similar to the services covered by this class that there was a likelihood of deception or confusion during use. This conclusion makes consideration of s 34(1)(b) unnecessary.

[12] The next issue is whether the marks 'Century City' and 'Century City Apartments' are, in the wording of s 34(1)(a) 'identical'. I think not. As the European Court of Justice indicated,

'[t]he criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects'. (*LTJ Diffusion SA v Sadas Vertbaudet SA* [2003] ETMR 83 (European Trade Mark Reports) para 50.) This is, however, subject to the proviso that minute and wholly insignificant differences are not taken into account (*Reed Executive Plc & Ors v Reed Business Information Ltd & Ors* [2004] EWCA Civ 159; [2004] RPC 40 para 29). In other words, the *de minimis* principle applies.

[13] That is not the end of the inquiry because if the appellant's brand name were to be confusingly similar to the registered mark ('be likely to deceive or cause confusion') it infringes. I am satisfied that the appellant's brand name, in spite of the addition of the word 'apartments', is confusingly similar to Century City. The point is well illustrated by the facts in *Compass Publishing BV v Compass Logistics Ltd* [2004] EWHC 520 (Ch). The registered mark was the word 'Compass' in relation, in simplified terms, to computer and computer related services. The defendant traded in the same fields under the name Compass Logistics. After pointing out that the two marks were not identical in the light of *LTJ Diffusion SA v Sadas Vertbaudet SA* the court proceeded to consider whether they were confusingly similar. Laddie J said this (paras 24-25):

'The likelihood of confusion must be appreciated globally, taking account of all relevant factors. It must be judged through the eyes of the average consumer of the goods or services in question. That customer is to be taken to be reasonably well informed and reasonably circumspect and observant, but he may have to rely upon an imperfect picture or recollection of

the marks. The court should factor in the recognition that the average consumer normally perceives a mark as a whole and does not analyse its various details. The visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components. Furthermore, if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion.

Applying those considerations to the facts of this case, there can be little doubt that a likelihood of confusion exists between the Defendant's use of the sign or mark "COMPASS LOGISTICS" in relation to its business consultancy services and the notional use of the mark "COMPASS" used in relation to business consultancy services, including those in relation to which the Defendant specialises. The dominant part of the Defendant's mark is the word "compass". For many customers, the word "logistics" would add little of significance to it. It alludes to the type of area of consultancy in which the services are carried out.'

[14] This means that one has to assume reasonable notional use by a trade mark owner of the name Century City for purposes of providing services for reserving and maintaining accommodation at apartments. The appellant's use of Century City Apartments would to my mind have given rise to the likelihood of confusion. I therefore conclude that the appellant's use of its brand name infringed the mentioned trade mark registration. The same applies to the use of its domain name. This does not mean that the registration remained unimpeachable. I shall revert to this issue.

[15] I do not agree with the high court that this conclusion applies to the appellant's corporate name 'Century City Apartments Property Services CC'. It is in my view materially different from the trade mark Century City. I can do no better than to refer to the facts in *10 Royal Berkshire Polo Club Trade Mark* [2001] RPC 643 esp at 653. The question was whether this mark was confusingly similar to the well-known Polo mark. The court held that it was not because it did not capture the distinctiveness of the trade mark owner's mark; that the message of the mark came from the words in combination; and that the word Polo functioned adjectivally in the context of the applicant's mark. Adjectival use may be distinctive from the use of a word as a noun. The same

considerations apply too in the present case to exclude the reasonable possibility of confusion or deception.

[16] The next consideration is the question of infringement of the Association's device marks that contain the words Century City. I have already disposed of the marks registered in class 41, leaving the registrations in classes 35, 36 and 42. The Association's argument in this regard was fairly simple: since the device mark contains the words Century City any use of the words Century City would infringe because they are, orally, confusingly similar.

[17] The answer is not that straightforward. To determine the likelihood of confusion the matter must be approached globally. Different types of trade marks are used differently, something recognized by the definition of 'use' in the Act (s 2(2)).¹ A device is by definition a 'visual representation or illustration capable of being reproduced upon a surface' (s 2 'device'). The value (and distinctiveness) of such a mark depends heavily (and sometimes exclusively) on its visual impact. In this respect it is not much different from marks that consist of a colour or ornamentation or are containers. If these marks are combined with words or names their oral value may, depending on the circumstances, come to the fore. The same applies if they can be referred to descriptively. It may therefore be that the aural and/or conceptual dominant component of such a mark neutralises the visual differences deriving from its graphic particularities (*Cervecería Modelo, SA de CV v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) 2005 WL 366940*). Jeremy Phillips suggests in a footnote that it depends very much on the nature of the goods or services (*Trade Mark Law – A Practical Anatomy* (2003) OUP paras 10.29-10.33). The appellant's services are provided mainly through advertisements and internet sites. There is no evidence of oral use of the device marks in relation to the services involved. The likelihood of

¹ Section 2(2):

'References in this Act to the use of a mark shall be construed as references to—

(a) the use of a visual representation of the mark;
(b) in the case of a container, the use of such container; and
(c) in the case of a mark which is capable of being audibly reproduced, the use of an audible reproduction of the mark.'

confusion appears to me in the circumstances of the case to be negligible and can be discounted. It follows from this that I am of the view that the Association has failed to establish infringement of the remaining device marks.

[18] The appellant, in defence, relied on s 34(2)(b) of the Act which in essence provides that a registered trade mark is not infringed by the use by any person of any bona fide description or indication of the geographical origin of his services.² This defence represents the other side of the coin of the requirement that the infringing use has to be trade mark use. A bona fide description or indication of the geographical origin of an alleged infringer's services amounts to non-trade mark use and whether one considers it as part of the trade mark owner's cause of action or as a defence does not make much difference. Since I have already found that the appellant's use of its trade or brand name and the domain name amounted to trade mark use, this defence has to fail.

The counter-application – geographical origin

[19] The appellant launched a counter-application for the expungement of the Association's registrations by relying on s 10(2)(b) of the Act. It provides that a mark may not be registered and a registered trade mark is liable to be removed from the register if it consists exclusively of a sign or an indication which may serve, in trade, to designate the geographical origin of the services.³ The factual basis of the argument

² Section 34(2):

'A registered trade mark is not infringed by—

(b) the use by any person of any *bona fide* description or indication of the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of his goods or services, or the mode or time of production of the goods or the rendering of the services.'

³ The full text reads:

'The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register:

(1) . . . ;

(2) a mark which—

(a) . . . ;

(b) consists exclusively of a sign or an indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or other characteristics of the goods or services, or the mode or time of production of the goods or of rendering of the services; . . .'

The proviso reads:

'Provided that a mark shall not be refused registration by virtue of the provisions of paragraph (2) or, if registered, shall not be liable to be removed from the register by virtue of the said provisions if at the date of the application

was that Century City has become a geographical location that designates the geographical origin of services.

[20] It is necessary to consider the history of this provision more closely since both sides relied on judgments in support of their respective arguments concerning its interpretation on the supposition that our law and, for instance, English law on trade marks have always been the same, and that general propositions in older trade mark cases are still applicable under the present legislative regime.

[21] The Patents, Designs and Trade Marks Act (1883) 46 & 47 Vict c 57 did not deal with trade marks with a geographical connotation. It did, however, list the matters which trade marks had to consist of or contain. Trade mark registrations then were limited to names of individuals or firms represented in 'some particular and distinctive manner', a signature, a distinctive device and the like, as well as a 'fancy word or words not in common use' (s 64(1)(c)). The 1888 amendment added 'an invented word or words' to the list and replaced 'fancy word or words not in common use' with 'a word or words having no reference to the character or quality of the goods, and not being a geographical name.' The reasons for these provisions were said to be that the vocabulary of the English language is common property which belongs to all and that no one should be permitted to prevent other members of the community from using 'for purposes of description' a word that has reference to character or quality of goods and, one assumes, geographical names (*In re Eastman Photographic Materials Co Ltd v The Controller-General of Patents, Designs and Trade-marks* 1898 AC 571 (HL) per Lord Herschell). Fry LJ referred to the perpetual struggle to enclose and appropriate as private property certain little strips of the great open common of the English language (*In re Dunn's Trade-marks* (1889) 41 ChD 439). It is apparent from the use of the phrase 'for purposes of description' that the concept of trade mark use had not yet been understood fully.

for registration or at the date of an application for removal from the register, as the case may be, it has in fact become capable of distinguishing within the meaning of section 9 as a result of use made of the mark.'

[22] The Trade Marks Act of 1905 (5 Edw VII c 15) was not much different although in regard to geographical names it prohibited the registration of any name if it was 'according to its ordinary signification a geographical name' (s 9(4)). This was introduced to overcome the objection to the registration of geographical names that were not generally known. Courts nevertheless struggled with its application (T A Blanco White and Robin Jacob *Kerly's Law of Trade Marks and Trade Names* 11 ed (1983) p 83). The Act was amended to create a two-part register. The law was then consolidated in the Trade Marks Act of 1939 (1 & 2 Geo VI c 22). In relation to a registration in Part A of the register (s 9(1)), which dealt with inherently distinctive marks, this Act was identical to the 1905 Act but in relation to marks that were capable of becoming distinctive, which were registerable in Part B, a similar limitation did not exist.

[23] South African legislation did not in all respects follow suit. The Patents, Designs, Trade Marks and Copyright Act 9 of 1916 permitted the registration of 'a distinctive word or words not reasonably required for use in the trade' and 'any other distinctive mark' (s 99). The Act accordingly did not prohibit the registration of geographical names *per se* and consequently any such name, which was distinctive and not reasonably required for use in the trade, could have been registered. In addition, s 126 provided that a trade mark registration could not interfere with the bona fide use by a person of his own place of business. This Act was replaced by the Trade Marks Act 62 of 1963, and although it was largely based on the 1939 British Act it retained the provisions of s 99 the 1916 Act but limited them to Part A registrations. In other words, words not reasonably required for use in the trade were capable of registration; there was no specific reference to geographical names; and s 46 was in this regard in the same terms as the mentioned s 126.

[24] The 1963 Act was materially amended by Act 46 of 1971. It provided that in order to be registrable in part A of the register, a trade mark had to contain or consist of a 'distinctive' mark (s 10(1)). 'Distinctive' was defined in s 12 to mean 'adapted, in relation to the goods or services in respect of which a trade mark is registered or proposed to be registered, to distinguish goods or services with which the proprietor of the trade

mark is or may be connected in the course of trade from goods or services in the case of which no such connection subsists...'

In order to be registrable in part B of the register, a trade mark had to be capable of becoming distinctive through use (s 11).

[25] It follows from this historical analysis that reliance on English or Australian (which followed the former's lead) cases dealing with the validity of a trade mark consisting of a word which is according to its ordinary signification a geographical name are of little if any value in interpreting our statutes. In this regard I refer particularly to judgments such as *Yorkshire Copper Works Ltd's Application* 1953 (70) RPC 1 (CA), *Mid Sydney Pty Ltd v Australian Tourism Co Ltd & Ors* [1998] FCA 1616 and *Re Chancellor, Masters and Scholars of the University of Oxford t/a Oxford University Press v The Registrar of Trade Marks* [1990] FCA 175. As I have stated before in the context of laudatory marks, 'Intellectual property laws and principles are not locked in a time capsule or a straitjacket and judicial expositions should be read in context.'

(*First National Bank of SA Ltd v Barclays Bank plc* 2003 (4) SA 337 (SCA); [2003] 2 All SA 1 (SCA) para 10).

[26] A major shift in the approach to trade marks followed the adoption of the European Union's directive on trade marks during 1988. The United Kingdom was obliged to bring its laws into conformity with the directive and did so by the passing of the Trademarks Act of 1994. As was pointed out in *Inter Lotto (UK) Ltd v Camelot Group plc* [2003] EWCA Civ 1132, the 1994 UK Act is a hybrid with two main European sources: the Directive, aimed at harmonization of the national trademarks laws, and the Regulation, introducing the new Community trademark. Our country decided to follow this lead and passed the 1993 Act, which was based on the bill that led to the adoption of the UK Act in 1994. Our law is now in many respects the same as that of the UK and of the European Community.

[27] The effect of the English development was described by Arden LJ in these terms in *David West t/a Fastenders v Fuller Smith & Turner plc* [2003] EWCA Civ 48 at para 69:

'To a much greater degree, this case illustrates the break with our domestic past brought about by the 1994 Act. The words [Extra Strong] for which the first two initials [E.S] stand are merely laudatory words, the mark [E.S.B.] consists purely of initials and the words [Extra Strong/Special Bitters] connoted by the initials are mere descriptors. This concatenation of features would have made it difficult for this mark to survive the present attack under our pre-1994 Act domestic law. If King Canute had been a trademark agent, the waters of Community law, which Lord Denning depicted as rushing up our native shores, would surely have overwhelmed him by now. As the respondent submits, one has to start by forgetting the preconceptions of pre-1994 Act trade mark law.'

[28] Against this background I proceed to consider the meaning of s 10(2)(b) and more particularly the question as to when a mark consists exclusively of a sign or an indication which may serve, in trade, to designate the geographical origin of the services. Its wording was derived from art 3 of the European Directive, which also provides that trade marks 'which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods' may not be registered or if registered are liable to be declared invalid. It should be noted that this provision does not deal with what are called geographical indications such as Champagne which connotes a sparkling wine with a particular geographical origin. These are covered by s 42 under the heading 'certification trade marks'.

[29] Section 10(2)(b) prohibits the registration of geographical names as trade marks 'solely where they designate specified geographical locations which are already famous, or are known for the category of goods or services concerned, and which are therefore associated with those goods in the mind of the relevant class of persons'. It also prohibits registration of geographical names that are likely to be used by undertakings. They ought to remain available as indications of the geographical origin of the category of relevant goods or services (*Peek & Cloppenburg KG's Application* [2006] ETMR 33 para 34).

[30] Section 10(2)(b) must be read in context. It also deals on the same basis with marks that may designate the kind, quality, quantity, intended purpose, value, or other

characteristics of the goods or services. It is not concerned with distinctiveness or its loss. That is dealt with in s 10(2)(a),⁴ which in turn is the counterpart of s 9⁵ to which it refers. The prohibition is not directed at protecting trade mark use only but goes wider: it is sufficient if the name may 'designate' the geographical origin of the goods or services.

[31] It has been said that the provision serves a public interest permitting all to use such descriptive signs freely by preventing them from being reserved to one undertaking alone because they have been registered as trade marks (*Peek & Cloppenburg* para 32). In addition

'it is in the public interest that they [the geographical names] remain available, not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response.'

(*Windsurfing Chiemsee Produktions- und Vertriebs GmbH v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ETMR 585 para 26.)

[32] Counsel debated the meaning of 'exclusively' in the context of the provision but there can be little doubt that it means that the prohibition is directed at a mark that consists of a geographical name without more. A device that includes a geographical name would not be hit nor would a name mark consisting of a geographical name with something more be covered. I shall revert to this issue. (Compare the reasoning in *Cambridge Plan AG v Moore* 1987 (4) SA 821 (D) 844D-H.) What this means is that Gordon's London Gin would be a permissible trade mark but not 'London' in respect of

⁴ Section 10(2)(a):

'The following marks shall not be registered as trade marks or, if registered, shall, subject to the provisions of sections 3 and 70, be liable to be removed from the register:

- (1) . . .;
- (2) a mark which—
- (a) is not capable of distinguishing within the meaning of section 9.'

⁵ Section 9:

'(1) In order to be registrable, a trade mark shall be capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within those limitations.

(2) A mark shall be considered to be capable of distinguishing within the meaning of subsection (1) if, at the date of application for registration, it is inherently capable of so distinguishing or it is capable of distinguishing by reason of prior use thereof.'

gin.

[33] This leads to another aspect and that concerns the nature of the goods or services. London has at least since the 18th Century had an association with gin. But Bloemfontein does not have one and there appears to be no reason why the name Bloemfontein *per se* cannot be used as a trade mark for gin in the same way as Windhoek, a well-known trade mark and the capital of Namibia, is used as a trade mark for beer. The explanation is to be found in *Bellagio LLC's Application* [2006] ETMR 79. The applicant sought to register the trade mark 'Bellagio' in four different classes namely class 25 for clothing; class 35 for retail services; class 41 for entertainment services; and class 42 for hotels and the like. The application was granted in respect of the first two classes but refused in relation to the last two. The reasons, in summary, were these: Bellagio is a village on Lake Como in Northern Italy; it is a noted lakeside resort; the travelling public would associate the name of the village with entertainment and hotels; and therefore the mark could not be registered in connection with these services. However, the public would not necessarily associate the village with clothing or retail services and in connection with those services the prohibition did not apply.

[34] In *Peek & Cloppenburg* the applicant sought to register the name Cloppenburg in respect of retail services. Cloppenburg is a small town in Germany and the application for registration was refused in the first instance on the ground that the applicant's services would have been supplied from that town, and to that end users would have perceived the town name as an indication of geographical origin. The court upheld the appeal, holding that a sign's descriptiveness cannot be assessed other than by reference to the goods or services concerned, on the one hand, and by reference to the understanding which the relevant persons have of it, on the other (para 38). It said: 'In making that assessment the [trade mark] Office is bound to establish that the geographical name is known to the relevant class of persons as the designation of a place. What is more, the name in question must suggest a current association, in the mind of the relevant class of persons, with the category of goods or services in question, or else it must be reasonable to assume that such a name may, in the view of those persons, designate the geographical origin of that category of goods or services.'

The Century City marks

[35] With this in mind it is now necessary to consider the facts that are relevant to the appellant's contention that 'Century City' consists exclusively of a sign or an indication which may serve, in trade, to designate the geographical origin of the services covered by the Association's registrations. The device marks can immediately be discounted from consideration on this aspect because, as said, they do not consist 'exclusively' of what the appellant contends is a geographical location, namely Century City. However, the name marks have to be considered in due course.

[36] The main contention of the appellant was that although when the trade mark applications were made the name Century City had no geographical significance – and that the trade marks were accordingly properly registered – the name at the date of the counter-application had become a place name and was therefore liable to be removed from the register under s 10(2)(b).

[37] I have at the outset referred to Century City as a huge commercial and residential 'development' falling within the municipality of the City of Cape Town and, more particularly, the suburb Montague Gardens. I have also mentioned that it was always the intention that Century City would be one development, independently functioning and operating, providing a cross pollination of services and industries to the owners and tenants within Century City. It would be, it was said in the founding affidavit, a city within a city, presenting a high value investment opportunity to the owners of property within the development providing commercial, business, retail, residential and leisure opportunities.

[38] To give some indication of the extent of the development, promotional material pre-dating 2008 indicates that Canal Walk, when opened in 2000, was the largest shopping centre in Africa with 125 000 sq m retail and 9 600 sq m office space; and that in Century City more than 156 000 sq m office space had been sold, that more than 2 000 homes had been completed, and that by 2010 more than 60 000 persons would be working and living in Century City. It is unnecessary to provide any further detail save to say that Century City has become an important landmark.

[39] As stated earlier, the Association is a non-profit home owners' association. Its main activity is to promote, advance and protect the communal interests of all the owners, lessees, occupiers and visitors to Century City, and to manage the common property. All owners and all new owners are obliged to become members of the association. It collects levies from its members and performs functions similar to those of a body corporate of a sectional title development. Its services are, in the main, to supply access control, security, traffic and parking control, provision of public transport within the development, approval of special events staged within Century City, development control through the setting of design requirements and approval mechanisms, and landscaping. Finally, it is said that the Association controls the use of the trade marks by other entities. Many of these functions are entrusted to contractors.

[40] The Association itself describes Century City – maybe hyperbolically – as a city or a city within a city, and as a commercial hub, complementary to Cape Town's central business district, and as a place. There is a post office under the name Century City and public road signs direct the public to Century City. The public, no doubt, refers to it as a place or location. The businesses that conduct their business there describe it as such. A person who intends to dine at Steers or Spur or whatever restaurant at Century City will describe the restaurant with reference to its location; and the restaurateur would do the same. Further examples abound in the papers. Most telling is Century City Service Station – a petrol station.

[41] The Association had two arguments which were supposed to dispose of the effect of these facts. The first, which was more a statement than an argument, was that s 10(2)(b) applies to historical place names only. No reason was proffered why such a limitation should be read into the provision and I cannot conceive of any, especially where s 10 presupposed that the prohibition under s 10(2)(b) may kick in after the date of registration of the trade mark. The second was that, since Century City was both a place name and the name of a development, the provision could not be applicable. Davis J accepted this argument and held that because the meaning of Century City flowed directly from the development of a piece of land located in Montague Gardens it was inextricably linked to the particular development; that the trade mark right emerged from the nature of the development rather than from 'a dictionary meaning' or a

geographical location; and since the name did not have an 'exclusively geographical meaning' it was not hit by the provision.

[42] I find it difficult to accept these propositions. The difference between a geographical location and a development is more apparent than real. In the present context the term refers to 'an area of land with new buildings on it' (*Concise Oxford English Dictionary* 10 ed 2002 sv 'development'). More particularly, Century City is a geographical area, fenced and gated and secured, like many a township in this country, with a multitude of individual owners. It differs from a suburb or village in that roads and the like do not belong to a local authority but to an owners' association and that the Association provides some, but not all, of the services that local authorities usually supply. Whether it is a suburb in the dictionary sense of the word matters not.

[43] Edinburgh, for example, is inextricably linked to its burgh and was nothing but part of the development around the castle. The fact that the town 'emerged' from the castle does not mean that Edinburgh is not a place. Most cities and towns in this country are inextricably linked and to have emerged from farm property, a mine or river but that does not mean that they are not geographical locations.

[44] As to the final point, the section does not require that the place name should have an 'exclusively geographical meaning'. Some geographical names are, for instance, also surnames – as was the case in *Peek & Cloppenburg* – but that does not exclude the operation of the prohibition. As I have sought to explain earlier, the word 'exclusively' in s 10(2)(b) ensures that a geographical name, which is part of a 'complex' trade mark does not fall within its purview (*Nordmilch eG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2004] ETMR 70 paras 45 and 55) and not that the name may not have any other significance.

[45] Having concluded that Century City has become the name of a geographical location the next matter to determine is whether it is a sign or an indication which may serve, in trade, to designate the geographical origin of the services covered by the registrations. There is nothing in the evidence to suggest that in relation to some of the services covered by the class 35 registration, for instance business services relating to

township and residential development and management services, it may serve this purpose. On the other end of the spectrum the evidence clearly establishes that the public perceives it and businesses regard it as a place where entertainment is offered by way at least of cinemas and a theme park. This means that the class 41 registration may serve, in trade, to designate the geographical origin of the services listed.

[46] Considering that there are probably hundreds of commercial enterprises that offer the services mentioned on the class 42 registration like retail merchandising services and providing of food and drink, Century City may serve, in trade, to designate the geographical origin of these services. As to class 36, it includes also services that are hit by s 10(2)(b), more particularly, estate agencies, real estate management, and letting of real estate. There are many property owners in Century City who wish or may in future wish to market their properties or have them managed and may wish to engage estate agents for this purpose. They might wish to use Century City as the name of the location with which they have a business connection in the sense that that is where the origin of their services is located. The same would apply to 'management services' in class 35. In fact, the Association alleged that 'through its licensees and permitted users it has an extensive reputation in the Century City trade marks in the field of residential and business developments, selling and letting of real estate, and the provision of related services', which indicates that the name is required to indicate the geographical origin of these services.

Blameworthy conduct

[47] I therefore conclude that the name marks in classes 35, 36, 41 and 42 were hit by the prohibition in s 10(2)(b). But that is not the end of the matter. The Association relied on the principle derived from *GE Trade Mark* [1973] RPC 297 (HL); *General Electric Co v The General Electric Co Ltd* [1972] 2 All ER 507 (HL) as adopted by this court in *Luster Products Inc v Magic Style Sales CC* 1997 (3) SA 13 (A); [1997] 1 All SA 327 (A), namely that a trade mark can lose its distinctiveness only through the 'blameworthy' conduct of the trade mark owner. Since this court declined to define 'blameworthy' in *Luster* (at 26B-E) it is necessary to revert to *GE* as a point of departure. *GE* was decided under the 1938 UK Act and *Luster* was decided under the comparable provision in our 1963 Act. The main issue to decide was whether a trade

mark that was distinctive at the time of its registration could be removed from the register because of a subsequent loss of distinctiveness. This depended on an interpretation of the 1938 Act, more particularly the meaning of the phrase 'any entry wrongly remaining on the register', and the House of Lords held in the affirmative.⁶ The same problem does not arise under s 10 of our current Act – the wording is clear. The subsidiary question was: when would a court exercise its discretion against the trade mark owner? The House in effect held on an interpretation of the Act that if a trade mark became confusing the trade mark owner would become disentitled to the protection of the law if there had been blameworthy conduct on its part.⁷ The minority in the High Court of Australia adopted this reasoning in *New South Wales Dairy Corporation v Murray Goulburn Co-operative Co Ltd* 1991 RPC 144, and this court quoted one of the minority judgments with approval. It is not without interest to note that *Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 52 did not adopt the reasoning in *GE* in relation to its comparable identical provision.

[48] The 1994 UK Act differs in this regard materially from its predecessor and from our 1993 Act. There is also no counterpart of s 16(1) of our 1963 Act. Section 3(1)(c) of the UK Act prohibits the registration of trade marks in the same terms as our s 10(2)(b) but in contrast it does not deal simultaneously with marks already on the register. They are dealt with in s 46(1)(d) which provides that the registration of a trade mark may be revoked if 'in consequence of the use made by the proprietor or with his consent' it is liable to mislead the public 'particularly as to the nature, quality or geographical origin' of the goods or services. This appears to mean that 'blameworthiness' of the trade mark

⁶ Section 33(1) of the 1963 Act was the local counterpart:

'Any person aggrieved by the non-insertion in or omission from the register of any entry, or by any entry made in the register without sufficient cause or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply to the court or, at the option of the applicant and subject to the provisions of section sixty-nine, on payment of the fees prescribed in the prescribed manner, to the registrar, for the desired relief and thereupon the court or the registrar, as the case may be, may make such order for making, expunging or varying the entry as to it or him may seem fit.'

⁷ The comparable provision is s 16(1) of the 1963 Act:

'It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or cause confusion or would be contrary to law or morality or would be likely to give offence or cause annoyance to any person or class of persons or would otherwise be disentitled to protection in a court of law.'

owner in the sense described has become a statutory requirement in the UK. *GE* accordingly no longer represents law under this Act (D Kitchen et al *Kerly's Law of Trade Marks and Trade Names* 14 ed (2005) para 10-119). Jeremy Phillips (op cit) does not even refer to the *GE* case in this context and neither work refers to the Australian judgment.

[49] Nothing in our statute is to the same effect as s 46(1)(d), and there is nothing permitting a court to rewrite s 10(2)(b) to state that a mark that consists exclusively of a sign or an indication which may, *as a result of the blameworthy [or deliberate] conduct of the trade mark owner*, serve, in trade, to designate the geographical origin of the services' becomes subject to revocation. But that does not mean that a party can rely on the infringement, especially its own, to establish that a trade mark has lost its efficacy under this provision. Wrongful acts by third parties cannot in general destroy rights. This truism also applies to trade mark rights. It was in that context that *Luster* adopted the *GE* test. And in *South African Football Association v Stanton Woodrush (Pty) Ltd t/a Stan Smidt & Sons* 2003 (3) SA 313 (SCA); [2003] 1 All SA 274 (SCA) para 16 the 'rule' was applied to dispose of an argument that subsequent trade mark applications could destroy an existing mark or reputation.

[50] On the facts of this case it cannot be doubted that the Association was responsible for the fact that Century City became a geographical location and place name. It was the necessary consequence of the nature of the development. It follows that the four registrations stand to be revoked. I have considered the possibility to excise some of the services instead of revoking the registrations but on the information before us it is only possible in relation to class 35 by deleting the words 'management services'. Whether the Association may be able to apply to have the name registered in some of the classes if the relevant services are more appropriately defined does not have to be decided.

The undesirability of the CC name of the appellant

[51] The Close Corporations Act provides that any interested person may within a period of two years after the registration of a founding statement apply to Court for an order directing the corporation to change its name on the ground of undesirability or that

such name is calculated to cause damage to the applicant, and the court may on such application make such order as it deems fit (s 20). The Association sought and obtained relief under this provision.

[52] The basis of its case was that the appellant's name contained its registered trade marks and that consequently its name was undesirable. The court below accepted the submission and held that since the Association had by virtue of its registration a vested right in the name Century City the presence of that name in the appellant's name was undesirable. In view of my earlier finding that the Association did not have such a right, the basis of the Association's case floundered.

[53] In any event, the names of the two corporations describe their differences: the one is a property owners' association and the other is an apartment property services close corporation. The only similarity is that both are linked to Century City. That in itself is insufficient to justify a conclusion that the business of the one is connected with the business of the other. I therefore conclude that the court below erred in granting this relief.

Passing-off

[54] The Association's case based on passing-off fails on the same basis. The thrust of the Association's complaint related to the appellant's descriptive use of Century City, namely identifying the location of the properties in which it dealt by reference to Century City. The court below accepted this submission on the basis of its finding that Century City is not a geographical location but a valid trade mark – findings that I have rejected earlier. The objections that apply to the appropriation of a geographical location as a trade mark apply here too. It is difficult to conceive of a protectable reputation based purely on the name of a geographical location that is inherently descriptive of the origin of the particular service.

Costs

[55] Lord Esher once said this about patent cases:

'It seems to me that there is something catching in a patent case, which is that it makes everybody argue, and ask questions to an interminable extent—a patent case with no more

difficult question to try than any other case instead of lasting six hours is invariably made to last at least six days, if not twelve.

Well, then, the moment there is a patent case one can see it before the case is opened, or called in the list. How can we see it? We can see it by a pile of books as high as this [holding up the papers] invariably . . . Now, what is the result of all this? Why, that a man had better have his patent infringed, or have anything happen to him in this world, short of losing all his family by influenza, than have a dispute about a patent. His patent is swallowed up, and he is ruined. Whose fault is it? It is really not the fault of the law; it is the fault of the mode of conducting the law in a patent case.'

(*Ungar v Sugg* [1892] RPC 113 at 116–1.)

[56] More than a century later trade mark cases have also been infected by the virus. Schutz JA once began a judgment with these words:

'A record of 720 pages and heads of argument totalling 57 pages have been placed before us in order to allow us to decide whether the wrapping of its coconut biscuits used by one manufacturer passes itself off as the wrapping of another manufacturer of similar biscuits.'

(*Blue Lion Manufacturing (Pty) Ltd v National Brands Ltd* [2001] 4 All SA 235 (SCA) para 1.) Not to be outshone the parties in this case presented us with a record of 1557 pages. Trade mark cases have developed into paper wars in the apparent belief that the weight of the papers of the respective parties determines the merits or that the threat of cost orders would force the one or other party to capitulate. This case is yet another example of this unacceptable practice. Courts of first instance should act firmly and disallow costs, especially between attorney and client. The Association began the war of attrition by attaching volumes of irrelevant paper. The appellant complained but responded in kind. On appeal the Association, ironically, felt aggrieved that the appellant did not omit the unnecessary papers originally filed by it.

[57] I was sorely tempted to make a special costs order but since both parties are equally guilty, as well as in not reducing the record on appeal, I have decided against it. Practitioners apparently also believe that the more they burden this court with paper the better for them. Perhaps they hope that the court will locate a winning fact that they have missed. Practitioners are paid to determine what their case is about and to make a value judgment about what is required and what not; and not only to photocopy

documents. This should serve as a final warning, also for counsel who tell us to read unnecessary paper.

Order

[58] In the result the following order is made:

- 1 The appeal is upheld with costs.
- 2 The order of the court below is substituted with the following order:
 - a. The application is dismissed with costs.
 - b. In respect of the counter-application the following order is made:
 - i. The following trade mark registrations are revoked: 1997/14283 in class 41; 1997/14281 in class 36; and 1997/14282 in class 42.
 - ii. Trade mark registration 1997/14280 in class 35 is rectified by the deletion of the words 'management services'.
 - iii. The applicant, Century City Property Owners' Association, is to pay the costs.

L T C HARMS
DEPUTY PRESIDENT

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