



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA
JUDGMENT

Reportable

Case no: 1088/2015

In the matter between:

YUPPIECHEF HOLDINGS (PTY) LTD

APPELLANT

and

YUPPIE GADGETS HOLDINGS (PTY) LTD

(FORMERLY YUPPIE STUFF ONLINE CC)

RESPONDENT

Neutral citation: *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* (1088/2015) 2016 ZASCA 118 (15 September 2016)

Coram: LEWIS, WALLIS, SWAIN and DAMBUZA JJA and
SCHOEMAN AJA

Heard: 1 September 2016

Delivered: 15 September 2016

Summary: Trade mark – online retailer – whether mark used in relation to goods in respect of which mark registered – s 2(3)(a) of Trade Marks Act 194 of 1993 – whether marks confusingly similar or calculated to deceive – registered mark a composite of words in common use – attempt to secure a monopoly in the word ‘Yuppie’ – no likelihood of confusion – marks not similar in terms of s 34(1)(c) of Trade Marks Act – no passing off.

ORDER

On appeal from: Western Cape Division of the High Court (Mayosi AJ sitting at first instance):

The appeal is dismissed with costs.

JUDGMENT

Wallis JA (Lewis, Swain and Dambuza JJA and Schoeman AJA concurring)

[1] The word ‘yuppie’ entered the lexicon of the English language in the early 1980’s¹ as an acronym derived from ‘young, urban or upwardly-mobile, professional person’. It described a person who was young, aspiring and affluent with a lifestyle of conspicuous consumption and even a measure of excess in the flaunting of affluence. It soon acquired derogatory overtones and its use fell away,² but it has seen a resurgence in recent years and describes:

‘a member of a socio-economic group comprising young professional people working in cities and noted for their careerism and affluent lifestyle’.³

Some people falling within this description regard it as a badge of pride to be described as a yuppie.

¹ A book entitled *The Yuppie Handbook* by Marissa Piesman and Marilee Hartley was published in January 1983 and *Newsweek* magazine pronounced 1984 to be ‘The Year of the Yuppie’.

² Notwithstanding its American roots it is not mentioned in *The American Heritage Dictionary* (1991).

³ *New Shorter Oxford English Dictionary* 6 ed, (2007), Vol 2 at 3700 sv ‘yuppie’. See also *Collins English Dictionary* 6 ed, (2003) at 1865; *Cassell Giant Paperback Dictionary* (1993) at 1520.

[2] The word ‘chef’ has a far longer pedigree in English, as a description of a professional cook. When the two are combined, as has been done by the appellant, Yuppiechef Holdings (Pty) Ltd (Yuppiechef), in its mark ‘Yuppiechef’, the resulting word conveys an impression of young people living an affluent lifestyle with a serious interest in culinary matters. And that is precisely the image that its progenitor, Mr Shane Dryden, sought to convey when he and Mr Andrew Smith founded their successful business under the name Yuppiechef. It principally sells kitchen equipment, although it does sell some other household and garden goods and is expanding into food and beverages. From humble beginnings in 2006 it had secured a substantial turnover by 2014, when the present proceedings were commenced.

[3] Yuppiechef has registered the name ‘Yuppiechef’ as a mark, in terms of the Trade Marks Act 194 of 1993 (the Act), in respect of the goods described in classes 8, 11 and 21. These classes encompass different types of kitchen equipment, which was the primary focus of the business when it was established, as well as other items of household equipment. Its primary complaint is that the respondent, now a company bearing the name Yuppie Gadget Holdings (Pty) Ltd (Yuppie Gadgets), is infringing these marks by using, in relation to its own online business selling quirky and unusual items and gadgets for household and office use, the unregistered mark ‘Yuppie Gadgets’. In the alternative it contends that Yuppie Gadgets is passing its business off as that of Yuppiechef. Mayosi AJ, in the Western Cape Division of the High Court, dismissed its claims, but granted leave to appeal to this court.

The facts

[4] Yuppiechef's business is that of an online retailer of kitchen and household goods. It is aimed at the younger and more affluent section of the market consisting of the people who are most comfortable with shopping online. Overwhelmingly, the goods that it sells bear well-known marks, such as Le Creuset and Jamie Oliver cookware, Wusthof knives or Weber braai equipment. It apparently sells some goods bearing its own mark, but we were not given any examples of these. It advertises its business extensively both in conventional media such as magazines, but also through social media, such as Facebook or Twitter, and on the internet, particularly through the medium of Google Ads. In all of its advertising the mark Yuppiechef is prominent.

[5] Yuppie Gadgets's business is also that of an online retailer. It started operations in 2010, initially under the name 'Urban Gadgets'. Its focus is different from that of Yuppiechef, although there is a limited degree of overlap in the goods that they market. Its main target market consists of younger, more affluent, consumers who are attracted by what it describes as 'hot' and 'cool' gadgets and gizmos. These are quirky, slightly unusual items of household and office equipment, decorative items and unusual gadgetry. They are best described as novelty items. To illustrate the point the papers include a large and fairly expensive mirror in the shape of a pair of sunglasses. Other items referred to in the papers include multi-function tools, a dinner utensil in the shape of a bulldozer, a vase in the shape of a whale, a self-stirring cup and a lampshade in the shape of a bowler hat. Not all are unconventional. A home cinema popcorn maker, a camp stove and stackable cutlery set all feature on their website.

[6] The bone of contention between the parties arises from Yuppie Gadgets's decision in April 2011 to change the name under which it conducted its business from Urban Gadgets to Yuppie Gadgets.⁴ The founders of the business, Ms Chantal Kisten and Mr Lukas Swart, explained the change of name as being prompted by the fact that their existing name was mundane and not apt for their typical customers. They considered using the name 'Yuppie Stuff' but decided that this 'lacked pizzazz'. Eventually they settled on Yuppie Gadgets. Although both Ms Kisten and Mr Swart were aware of appellant's business and name, they disavowed any intention to imitate what was already a successful business, or to try and ride on its coattails. Their attitude was that there was relatively little overlap between the two businesses, no real possibility of confusion between them or the deception of potential customers, and that this was an endeavour by Yuppiechef to create a monopoly in the use of the word 'yuppie' in the course of trade.

[7] It is appropriate to say something about the nature of an online retail business. These depend on customers accessing the website of the business. If the customer knows the name of the business or has its website address this can be entered into the search box on a search engine (Google, Bing, Yahoo or the like) and that website will be shown as one of the results for the search, although not necessarily the first result, because of the impact of advertisements. Repeat customers may 'bookmark' the site, which enables them to go directly to the site without a search.

⁴ At the same time it changed its name from Nanini 444 CC to Yuppie Stuff Online CC, but it has now converted from a close corporation to a company under the name Yuppie Gadgets Holdings (Pty) Ltd.

[8] The concern in this case is largely with potential customers rather than established clientele, although there was some evidence claiming that established customers may be led to believe that there is a connection between the two businesses. Potential customers must first find the website from which the business operates. They can do this in one of two ways. If they are aware of the existence of the business, for example because they have seen an advertisement or been told about it by someone else, they will search specifically for that business. This involves typing into the search box of the search engine as much of the name of the business as they know or can remember and then pressing the search button or 'enter' on the keyboard of their device. This generates a number of hits ranked in order of relevance, that is, the likelihood that they are what is being searched for. The algorithms that operate the search engine determine the ranking. By working their way through these possibilities, and perhaps refining the search while doing so, customers will try to find the site they are looking for.

[9] The other route they can follow is to search for sites that sell goods fitting the general description of those that they are looking for. So, a person looking for a mixer or a set of kitchen knives will enter those words as a search term, whether alone or with others that occur to them, and then navigate the sites that the search engine generates to try and find a retailer who can supply what they are looking for. If they are seeking goods of a particular brand it is likely that they will include the brand name in their search.

[10] Alongside the 'natural' or 'organic' results produced by the search other results appear in the form of 'sponsored links' or 'Ads'. These are advertisements and are a major source of revenue for the operator of the

search engine. They appear on the search result page because the search term used by the potential customer is linked to a keyword or keywords that the advertiser has secured by paying a fee to the operator of the search engine. As one would expect the more that is paid by the advertiser to link its website with the keywords, the more prominently is its advertisement displayed. The aim is that the person engaged in the search will click on the advertisement and be taken to the advertiser's website.⁵

[11] One of the central complaints by Yuppiechef is that when the word 'Yuppie' is typed into the Google search engine a drop down menu appears below the search box showing both Yuppiechef and Yuppie Gadgets. They submit that this is proof of the similarity of the two marks and that it must inevitably result in the diversion of customers from their site, even if it is only idle curiosity on the part of the browser that takes them to Yuppie Gadgets when they were looking for Yuppiechef. As Mr Price, a digital marketing specialist employed by Yuppiechef, said in his affidavit:

'... even those customers who are not confused are likely to find out about [Yuppie Gadgets] by searching for the Applicant [ie Yuppiechef] on the internet'

and

'This function [the drop down menu] could further increase the visibility of [Yuppie Gadgets's] website, which is lesser known than the Yuppiechef website and cause users to be misdirected or to assume that the websites are associated.'

⁵ A fuller explanation of the workings of GoogleAds is to be found in *Cochrane Steel Products (Pty) Ltd v M-Systems Group (Pty) Ltd and Another* [2016] ZASCA 74; [2016] 3 All SA 345 (SCA) para 4, quoting the relevant portion of the judgment of Kitchin LJ in *Interflora Inc v Marks and Spencer Plc* [2014] EWCA Civ 1403 (CA). Neither of those cases is directly relevant to the present one as they involved the use by a competitor of a registered trade mark as a key word in order to prompt the search engine to show their advertisement on the search result page.

In support of these contentions Yuppiechef referred to some incidents that it said demonstrated actual confusion. I will revert to these.

[12] Yuppiechef pursued its claim of trade mark infringement under each of ss 34(1)(a), (b) and (c) of the Act and added a claim based upon passing off under the common law. It is convenient to deal with each in turn.

Section 34(1)(a) of the Act

[13] In *Rembrandt Fabrikante & Handelaars (Edms) Bpk v Gulf Oil Corporation*⁶ Trollip J said that the statutory system of trademark protection ‘is designed to protect, facilitate and further the trading in the particular goods in respect of which the trademark is registered’. Save that, since he said that, it has become possible to register trademarks in respect of trading in services as well as goods, the statement remains apposite.⁷ The trademark serves as a badge of origin of the goods or services to which it is applied.⁸ The reference to a badge of origin is directed at the original source of the goods or services, not the mechanism through which they were acquired. Thus, to say that one bought a pair of shoes at A&D Spitz or some other well-known shoe store merely identifies the shop where the goods were purchased and not their origin. The shoes in question will in turn bear a trademark, such as Carvela or Kurt Geiger or Jimmy Choo. Those are the marks that indicate

⁶ *Gulf Oil Corporation v Rembrandt Fabrikante & Handelaars (Edms) Bpk* 1963 (2) SA 10 (T) at 24D-E.

⁷ *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd & another; Mc Donald's Corporation v Dax Prop CC & another; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Dax Prop CC* [1996] ZASCA 82; 1997 (1) SA 1 (A) at 29H-30; *Arjo Wiggins Ltd v Idem (Pty) Ltd & another* [2001] ZASCA 109; 2002 (1) SA 591 (SCA) para 10.

⁸ *Verimark (Pty) Ltd v BMW AG; BMW AG v Verimark (Pty) Ltd* [2007] ZASCA 53; 2007 (6) SA 263 (SCA) (*Verimark*) para 5.

their origin. The mark A&D Spitz identifies the shop and not the goods that can be purchased there.

[14] The marks that Yuppiechef seek to protect are registered in respect of goods in three classes. It is common cause that there is at least some overlap between the goods sold by Yuppie Gadgets and the goods specified in these classes. In terms of s 34(1)(a) the three marks would be infringed by the unauthorised use in the course of trade in relation to the goods referred to in those classes of an identical mark or one so nearly resembling it as to be likely to deceive or cause confusion. That highlights both the scope and the limits of the protection provided by registration of the mark. It is prohibited use to use an identical, deceptive or confusingly similar mark in relation to goods falling within those classes. But the use of the same mark on other goods or services, falling outside the class of goods or services covered by the registration, does not amount to an infringement under this section.

[15] That brings me to the first line of defence of Yuppie Gadgets. It contended that it did not use its unregistered mark at all in relation to goods, but only in relation to the conduct of their business as an online retailer of goods. As the registered mark is a mark in respect of goods, and the use of Yuppie Gadgets was as a mark to identify its business, it contended that its use did not infringe in terms of s 34(1)(a). It said that this was use as a service mark in terms of the Act and the Yuppiechef marks are not service marks, so that the use of Yuppie Gadgets was not an infringement under s 34(1)(a).

Use in respect of goods

[16] In terms of s 2(3)(a) of the Act references in the Act to the use of a trade mark in relation to goods shall be construed as references to the use thereof ‘upon, or in physical or other relation to’ such goods. Yuppiechef did not contend that the mark Yuppie Gadgets was being used on or in physical relation to goods. Instead it argued that by using the mark Yuppie Gadgets on its website, which advertised for sale goods that apparently bore no other mark, the mark was being used ‘in other relation’ to those goods. It submitted that there was nothing to make a shopper suspect that the goods appearing on the website were not those of Yuppie Gadgets and that consumers would accordingly assume that the goods originated from Yuppie Gadgets and hold it liable for any defects in the goods.

[17] I do not think that the fact that a website bears the retailer’s mark would ordinarily convey to a prospective customer that the goods advertised for sale on that site emanate from the retailer. The position might be different when dealing with a speciality retailer, but in the case of a retailer of a range of general goods customers do not ordinarily expect the goods to originate with the retailer. One does not walk into a shop selling household goods for the kitchen expecting that the cutlery and crockery, the pots and pans, and the other utensils and pieces of equipment, ranging from toasters to mixers, frying pans to corkscrews, all originate from the owner of the store. An online retailer is no different. As regards liability for defects in the goods, that will depend upon the terms of the contract of sale and consumer protection legislation, rather than being an indication of the use of a mark in relation to the goods sold.

[18] Section 2(3)(a) of the Act reproduces exactly the corresponding section in the previous Trade Marks Act 62 of 1963. The expression ‘in other relation to’ was considered by this court in *Miele et Cie GmbH & Co v Euro Electrical (Pty) Ltd*.⁹ Beyond saying that ‘in relation to’ – which may not be quite the same – is a phrase susceptible of a wide meaning, the court made no attempt to define further what it meant. It said that this would be for a court to decide in each case given the context. On the facts it held that the use of the registered mark Miele in the name of a shop trading in household electrical equipment and providing technical services was use in relation to goods of the kind for which the mark was registered, although the use was not as a mark.

[19] There is a brief passage in Webster and Page¹⁰ that says that use in ‘physical relation’ to goods covers use in physical juxtaposition to the goods, such as use on containers or wrappers for the goods or on tickets or tags, while use in ‘other relation’ to goods covers use physically divorced from the goods, but of such a nature as to be identifiable with those goods. The authors suggest this would include use on invoices or other documents relating to the goods. In my view both propositions are too broadly stated. Online retailers may well package the goods they sell for transmission by post or courier in packaging that identifies them as the retailer. Anyone who has purchased something from Amazon will be aware that it will arrive in packaging reflecting that fact, but this is not, nor is it intended to be, any indication of the provenance of the goods

⁹ *Miele et Cie GmbH & Co v Euro Electrical (Pty) Ltd* [1988] ZASCA 1; 1988 (2) SA 583 (A) 599G-600B.

¹⁰ GC Webster and NS Page *South African Trade Marks* 4ed (1997) para 4.3. The authors cite *Abbott Laboratories and Another v UAP Crop Care (Pty) Ltd and Others* [1999] 1 All SA 502 (C) 514D-I in support of this proposition but that case dealt with comparative advertising and not the issue with which I am concerned. It is accordingly unnecessary to consider the correctness of the reasoning in that decision.

inside the package. The same, I think, goes for Yuppie Gadgets, whose packaging also reflects that the goods were purchased from it. As to the proposition that use of a mark on an invoice for goods is a badge of origin of those goods, it manifestly cannot be correct in relation to goods that bear some other mark and would not ordinarily be the case in relation to any goods.

[20] It does not seem to me that Yuppie Gadgets uses its mark on, or in physical relation to, or in other relation to goods. That would be contrary to its business model. As with any other retailer it uses the mark to identify its business of selling its stock in trade. In that it is no different from household names in the world of bricks and mortar, such as Macy's in New York, Harrod's in London, or Galeries Lafayette and Carrefour in Paris. Misleading use of such names could found actions based on passing off, but if they were not used in relation to goods they were incapable of being registered as trade marks.¹¹ Such registration only became permissible in the circumstances outlined below.

[21] When registration of trade marks in respect of the provision of services became possible, retailers in both England and South Africa attempted to register their well-established trading names as trade marks. Those endeavours failed¹² because of the difficulty of identifying the service provided by a retailer of goods. Bingham LJ¹³ summarised the difficulty in the following way:

¹¹ Use of the trading name in relation to house brands or house lines would of course be use in relation to goods and could be protected by registration of the name as a mark in respect of the classes of goods covered by the house brand or line.

¹² *Dee Corporation plc & others* [1990] RPC 159 (CA) (*Dee*); *Tool Wholesale Holdings (Pty) Ltd v Action Bolt (Pty) Ltd & another* [1990] ZASCA 135; 1991 (2) SA 80 (A).

¹³ *Dee* 183 line 32 to 184 line 9.

‘There must be many providers of distinctive professional, financial, commercial or person services who could reasonably claim that their activities deserve the same statutory protection as has been given to manufacturers and sellers of goods. Trademark legislation provides a convenient and rather summary means of protecting goodwill; the goodwill of one who sells a service is not the less in need of protection. I do not, however, think that a retailer of goods (who may obtain trademark protection for the goods he sells) can sensibly be regarded as trading in the provision of retail services. Doubtless these applicants, and other retailers, take great care and use much imagination and spend large sums of money to provide attractive premises and an attractive range of goods and an attractive and helpful sales staff and an efficient and convenient selling procedure. But these services (if one calls them such) are not services which the retailer sells as such; they are simply things he does to promote sales and maximise his profits as a retailer. Most of the services are available for customers who do not buy as well as those who do; and even those who do buy do not pay for the services as such, although doubtless the price paid usually covers the costs of sale. I find nothing in the Act to suggest that the essentially simple process of selling goods by retail is to be broken down so as to label part of the process that of rendering a retail service and the balance that of trading in goods.’

[22] In *Tool Wholesale Holdings*,¹⁴ Hoexter JA, after considering in some detail the decision in *Dee*, said that it provided authority for three propositions that were equally of application in South Africa, namely that:

- ‘(1) Service marks are designed to provide statutory protection for the goodwill of persons who trade in the provision of services;
- (2) The business of a retailer of goods is not the provision of services calculated to facilitate the sale. The business of a retailer is the sale itself;
- (3) Services which are purely ancillary or incidental to retail selling are logically indissociable therefrom.’

¹⁴ At 91A-D

It appears that this was also the approach of the Court of Justice of the European Union,¹⁵ which said that the purpose of a trade name or shop name is to designate the business that is being carried on and such use is not use in relation to goods or services. It is only where the trading name is attached to the goods that are marketed, as occurs with a house brand, that it becomes use in relation to goods.

[23] In view of the difficulties in regarding retail or wholesale trading as a service, the definition of ‘services’ in s 2(1) of the Act is now qualified by the statement that:

‘**Services**’ includes the offering for sale or the sale of goods in the retail or wholesale trade’.¹⁶

That gives effect to the provisions of the International Classification of Goods and Services for the purposes of Registration of Marks (the Nice Classification, 8 ed, 2001) to which South Africa adheres. Class 35, which is the first class under the general heading of services, refers to:

‘Advertising; business management; business administration; office functions.’

In the explanatory note it is said that:

‘This Class includes, in particular:

— the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods; such services may be provided by retail stores, wholesale outlets, through mail or per catalogues or by means of electronic media, for example, through web sites or television shopping programmes’.

[24] The effect of all this is to place the mark of a retailer or wholesaler, when used only to identify their business and not on, or in any relation, physical or otherwise, to any goods, squarely within the field of a service

¹⁵ *Céline SARL v Céline SA* [2007] EUECJ C-17/06; [2007] ECR I-7041 paras 21 and 22.

¹⁶ *Blockbuster Entertainment Corporation v Registrar of Trade Marks* 1994 (3) SA 402 (T) 404C-F.

mark. That is apparent from the following passage in the judgment in *PPI Makelaars & another v Professional Provident Society of South Africa*:¹⁷

‘The latter marks are inherently different: services are ephemeral; *they are often concerned with the provision of trade-marked products of third parties*; they are not offered side by side enabling customers to make instant comparisons; quality control is difficult, if not absent. In addition, service-marks such as those relating to vague topics like financial services are more indefinite than goods marks relating to, say, clothing.’ (Emphasis added.)

[25] If Yuppiechef had been registered as a service mark in class 35 for retail services its complaint against Yuppie Gadgets would have been restricted to the question whether the two marks so nearly resembled one another that the use of Yuppie Gadgets was likely to deceive or cause confusion. Its endeavour to shoehorn the Yuppie Gadgets mark into the category of a mark in relation to goods arose from the fact that it had not registered Yuppiechef as a services mark. It could not overcome this by contending that the Yuppie Gadgets mark was used in other relation to goods. In my view its case based on the use of the mark Yuppie Gadgets in other relation to goods must fail.

The likelihood of deception or confusion

[26] The second string to the defence of the claim under s 34(1)(a) was that in any event the two marks did not so nearly resemble one another that there was a likelihood of deception or confusion. The tests for this are by now well-established and there is little point in repeating, or seeking to restate, them. What is required is a value judgment on the question of the likelihood of deception or confusion based on a global

¹⁷ *PPI Makelaars & another v Professional Provident Society of South Africa* [1997] ZASCA 88; 1998 (1) SA 595 (SCA) at 603D-E.

appreciation of the two marks and the overall impression that they leave in the context of the underlying purpose of a trademark, which is that it is a badge of origin. The value judgment is largely a matter of first impression and there should not be undue peering at the two marks to find similarities and differences.¹⁸ It is nonetheless not sufficient for judges merely to say that their impression is that the alleged infringing mark is, or is not, likely to deceive or cause confusion. There is an obligation to explain why the judge holds that view.

[27] The obvious point of similarity between the two marks lies in the use of the word ‘Yuppie’. Counsel sought to argue that this is the dominant feature of the two marks and that the addition of ‘chef’ in the one and ‘Gadgets’ in the other does not alter the initial impression. I do not agree. Those additions are an integral part of the two marks and, in the case of ‘Yuppiechef’, the two words have been deliberately combined to form a single composite word. One cannot simply disregard the additional elements of the two marks.¹⁹ Both visually and aurally the two marks are different. While ‘yuppie’ is common to both, ‘chef’ and ‘gadgets’ are incapable of being confused, either when seen or when spoken. The one consists of a single syllable, the other of two. In addition the concepts conjured up by the words ‘chef’ and ‘gadgets’ are worlds apart.

¹⁸ *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984] ZASCA 51; 1984 (3) SA 623 (A) at 641A-E; *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* [2001] ZASCA 17; 2001 (3) SA 563 (SCA) (*National Brands*) para 6; *Cowbell AG v ICS Holdings Ltd* [2001] ZASCA 18; 2001 (3) SA 941 (SCA) paras 10-15; *Puma AG Rudolph Dassler Sport v Global Warming (Pty) Ltd* [2009] ZASCA 89; 2010 (2) SA 600 (SCA) paras 8-9 and *Century City Apartments Property Services CC & another v Century City Property Owners’ Association* [2009] ZASCA 157; 2010 (3) SA 1 (SCA) para 13.

¹⁹ *Distell Ltd v KZN Wines and Spirits CC* [2016] ZASCA 18 para 16.

[28] Counsel for Yuppiechef laid considerable stress on the evidence of actual confusion elicited by Yuppiechef. He correctly emphasised the fact that in many cases such evidence is hard to come by and submitted that this should be decisive. In four cases affidavits were delivered by the persons concerned and in the other five instances reliance was placed solely on the contents of email exchanges between members of the public and Yuppiechef. In dealing with the evidence I will anonymise the names of the persons concerned.

[29] MG saw an advertisement on the social media site Facebook for a general discount of fifteen percent on all goods. The advertisement was placed by Yuppie Gadgets. Her affidavit reflected the ephemeral nature of communication on social media, because she saw an advertisement for ‘Yuppie(something)’ and leapt to the conclusion that this was Yuppiechef, with which she was familiar. Her response to the advertisement was to email Yuppiechef and ask if the discount applied to all goods and would be available all day. Her affidavit does not indicate why she did this, that is, whether she simply had an eye for a bargain or saw an opportunity to make a purchase already in contemplation at a better price. When told that Yuppiechef did not have a sale on she went back to the advertisement and responded ‘Oh sorry man, its my mistake, it was Yuppie Gadgets that were advertising it.’ In other words her confusion arose from her jumping to a conclusion without reading the advertisement. Had it been an advertisement by ‘Yuppie Goods, Yuppie Food or Yuppie Home’ her reaction was likely to have been the same.

[30] In October 2012 BJ had purchased various items – a bottle holder, fridge magnets, an Asado Flameboy, a Fairground popcorn machine, a Fairground treat dispenser, a backwards clock and an icecream doorstop –

from Yuppie Gadgets at a price of nearly R2 000. He had paid by way of an electronic funds transfer, which would have required him to enter Yuppie Gadgets with his bank as a party to which payment could be made using electronic banking. In May 2013 he wanted to buy another icecream doorstop, so he attached a copy of the previous order, clearly addressed to Yuppie Gadgets, to an email addressed to Yuppiechef. He claimed to be confused between the two businesses, but it is unclear on what basis he made that claim or why on this second occasion he had not exhibited the same degree of care with his order as he had eight months earlier. The facts demonstrate that he made an error, but not that he was confused between the two marks.

[31] PM was an office administrator. She said that she knew Yuppiechef as an online retail store. In September 2013 she prepared a purchase order for 180 Solarmonkey Adventurers at a price of R1 300 each, totalling R234 000. These were gifts to be handed out at an event for a client. The order correctly identified Yuppie Gadgets as the party from whom the goods were to be purchased and included a supplier number that could only have emanated from Yuppie Gadgets. This indicated that there must have been prior communication between her and Yuppie Gadgets. The order contained internal references for the purchaser's records and accurately set out its delivery address. Notwithstanding all of this and the fact that her email header said that it was a purchase order addressed to Yuppie Gadgets, PM sent the order to Yuppiechef, who pointed out that she had sent it to the wrong address. Her response was to say in a joking fashion 'you can see where my allegiances lie haha.' There was no explanation for the error. If she had previously purchased goods from Yuppiechef, as appears to be likely, it may be that in preparing the email her computer automatically completed

the address by inserting it from her record of addressees previously used and she failed to notice.²⁰ Nothing in her affidavit suggested that she was confused between the two marks.

[32] The last deponent to an affidavit was NDP. He sent an email to Yuppiechef on 23 October 2012 reading:

‘Just out of curiosity, I take it you guys are not affiliated with <http://www.yuppiegadgets.co.za> right?’

It is not clear to me how a statement that the two businesses are not related to one another can constitute evidence of confusion between them. NDP did not disclose his reasons for contacting Yuppiechef to ask about this and his affidavit says that he doubted a connection between the two because of the ‘poor quality and presentation’ of the Yuppie Gadgets website. As he said that he was a software engineer that fact perhaps lay behind his enquiry, but in the absence of an explanation it is not evidence of confusion between the two marks.

[33] The emails can be dealt with more summarily. In the first a recipient of Yuppie Gadgets vouchers enquired whether she could use them at Yuppie Chef. That may have been more in hope than expectation. In the second an order was sent to Yuppie Gadgets for items all of which were marked as appearing on the Yuppiechef website. Why this occurred is unclear. The person concerned was aware of the existence of both websites as she was corresponding with the Yuppie Gadgets site and giving references to the Yuppiechef website. The third email started with the following:

²⁰ This is a common feature of email programs. For example there are a number of judges names in my email address book. When I commence addressing an email to ‘Judge’ the program automatically shows the names of the judges in the address book. It is very easy in those circumstances inadvertently to select an incorrect addressee.

‘I thought I recently saw a mini desk vacuum advertised in one of your newsletters.’ The tentative nature of this enquiry did not indicate any confusion between the marks, and when Yuppiechef pointed out that it did not stock such items the response was ‘Aha thanks so much’, not a complaint of confusion.

[34] The fourth email involved a person who said “I recently saw a self-stirring mug on Yuppiechef, however the link could not open.’ Presumably the link had been typed into the Yuppiechef site search engine, because if the link had been typed into a general search engine, such as Google, it would have taken the enquirer to the Yuppie Gadgets site. Why the enquirer did this does not emerge from the subsequent exchange of emails nor did she complain of being confused. Finally, the fifth and last email read:

‘Is Yuppiegadgets your business or one calculated to deceive the public? Just asking – confused!!’

In the absence of an affidavit it is impossible to say what gave rise to this email.

[35] Overall the affidavits and emails reflect nine instances of claimed confusion over an extended period in relation to a business where a typing error and too rapid pressing of the ‘send’ button can result in an email being misdirected even in the absence of confusion. In my view the evidence does not establish a substantial risk of confusion or deception between the two marks.

[36] In considering the likelihood of deception or confusion it is necessary to ask whether the nature of the two enterprises, that is, online retailers, affects the matter. The type of customer is one who is

moderately familiar with computers and not afraid to shop online. They will be familiar with search engines and willing to visit several sites to find what they are looking for. They will be aware that the first suggestion by the search engine is not necessarily their target and will probably have some appreciation of the distinction between advertisements and other listings. They will also be familiar with drop down menus and how to navigate these to find the desired site. Lastly I think they will accept that occasionally haste, inadequate typing skills or failure to read thoroughly may take them to a destination other than the one they had in mind. If they encounter separate websites with no hyperlink connecting them they will not expect them to be connected.

[37] There is an inherent safeguard against confusion between sites in the light of the mechanism for purchasing items on online retail sites. This is not as simple as handing over a credit card or cash at a shop counter. Substantial security features are built into the process because it involves the use of a credit card. The purchaser will have to create an identity and provide information such as their name, address (both physical and email), telephone number and importantly credit or debit card details. Usually the identity will include a password and these details are retained by the online retailer. As the customer selects an item to purchase it is placed in a metaphorical basket, trolley or cart and the customer is asked whether they wish to continue shopping or proceed to check out. At every stage of the check out and payment process details will have to be confirmed. So the shopping process always provides time for reflection. A person confronted at every stage of this process with Yuppie Gadgets is unlikely at the end of this to believe that they are dealing with Yuppiechef. When dealing with return customers the process is not repeated as they are usually invited to log in to their existing

account. So the possibility of confusion is restricted to persons being led astray in initially accessing the site.

[38] All of these features to my mind serve to minimise the risk of deception or confusion. At the end of the day the argument revolved around the centrality of the word ‘yuppie’ in Yuppiechef’s brand identity. As to that there are many cases in which it has been said that it is not the purpose of trade marks or copyright to enable people to secure monopolies on the commons of the English language. Yuppie is an ordinary word in common use. And as Lord Simonds said in *Office Cleaning Services*:²¹

‘So long as descriptive words are used by two traders as part of their respective trade names, it is possible that some members of the public will be confused whatever the differentiating words may be. I am ready to believe that in this case genuine mistakes were made. I think they ought not to have been made.’

[39] For those reasons, in my view both of the defences raised by Yuppie Gadgets to the claim of infringement under s 34(1)(a) had to succeed and the appeal under that head must fail.

Section 34(1)(b) of the Act

[40] The claim under this head must fail for the second reason in respect of the claim under s 34(1)(a). The section provides that infringement occurs by the unauthorised use of a mark, which is identical or similar to the registered mark, in the course of trade in relation to goods or services that are so similar to the goods or services in relation to which the mark is registered, that in such use there exists the likelihood of

²¹ *Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd* (1946) 63 RPC 39 at 43.

confusion or deception. It therefore extends the scope of protection beyond the goods or services in respect of which the mark is registered to use of a similar mark, likely to cause confusion or deception, in relation to goods or services that are similar to those in respect of which the mark is registered, while not being covered by that registration.

[41] Yuppiefchef argued that, given that the goods sold on the Yuppief Gadgets website were the same as some of the goods in respect of which its marks were registered, it followed that an outlet selling those goods is similar to the goods themselves. I am not sure that this is correct, as it appears to be an attempt to bridge the gap between a goods mark and a services mark. I have held that Yuppief Gadgets uses its mark in relation to the services it provides as a retailer of goods. It is unclear to me that those, or any other, services could ever be ‘similar’ to goods. The intrinsic nature of goods is wholly different from the intrinsic nature of services and vice versa. It may be that similarity in this section, when dealing with a services mark, refers only to similar services and, when dealing with a goods mark, refers only to similar goods.²² However, the question was not fully explored in argument before us and the matter can be resolved without reaching any conclusion on this issue, so it is better to refrain from deciding the point.

[42] The claim based on s 34(1)(b) must fail for the second of the reasons in relation to the s 34(1)(a) claim, namely that the marks are not so similar that the use thereof is likely to cause deception or confusion. That requires no further discussion.

²² *Mettenheimer and Another v Zonquasdrif Vineyards CC and Others* [2013] ZASCA 152; 2014 (2) SA 204 (SCA) dealt with two different categories of goods.

Section 34(1)(c) of the Act

[43] This is the anti-dilution provision of the Act.²³ It prohibits the unauthorised use in the course of trade in relation to any goods or services of a mark identical or similar to a registered mark, if the registered mark is well-known in the Republic and the use of the alleged infringing mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered mark. The section casts its net more broadly than the earlier sub-sections in that it applies in the absence of confusion or deception. It does not require trade mark use by the alleged infringer, nor does it necessarily require an attack on the badge of origin function of the registered mark. Its purpose is to protect the reputation, advertising value and selling power of a well-known mark.²⁴ In order to succeed in this claim it was necessary for Yuppiefchef to show that the mark Yuppief Gadgets was similar to its mark and that its use would take unfair advantage of its mark or would be detrimental to the distinctive character or repute of its mark.

[44] Whether the alleged infringing mark is similar to the registered mark must be considered without regard to its potential to create confusion or deception. This court said in *Bata*²⁵ that it requires more than a slight resemblance between the two marks and that ‘a marked

²³ There is a full discussion of the background to and origins of this provision in *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International* [2004] ZASCA 76; 2005 (2) SA 46 (SCA) paras 13-18. The discussion of the section’s purpose, on appeal from that decision in *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International (Freedom of Expression Institute as Amicus Curiae)* [2005] ZACC 7; 2006 (1) SA 144 (CC); 2005 (8) BCLR 743 (CC) paras 34-42, is consistent with that in this court.

²⁴ *Verimark* supra para 13.

²⁵ *Bata Ltd v Face Fashions CC and Another* [2000] ZASCA 192; 2001 (1) SA 844 (SCA) para 14.

resemblance or likeness' is the appropriate meaning. It is not wholly clear how the two marks can exhibit a marked resemblance or likeness without so nearly resembling one another that there is a likelihood of deception or confusion,²⁶ but I need not resolve that conundrum. In my view the only similarity between the two marks lies in the use of the word 'Yuppie' and that does not make them similar for the purposes of s 34(1)(c).

[45] In any event the further requirements of the section are not established. In *Verimark*²⁷ it was rightly said that the unfair advantage or the detriment must be properly substantiated to the satisfaction of the court. In other words it must be established on a balance of probabilities. That was not done in this case. There was no evidence to show that in the absence of confusion or deception Yuppie Gadgets would obtain an unfair advantage or Yuppiechef would suffer any detriment. On both legs therefore the claim based on s 34(1)(c) must fail.

Passing off

[46] This was the last string to the Yuppiechef bow. It was based on the reputation in the Yuppiechef name, which is not only its trading name but also the domain name of its website. The basis for alleging confusion or deception on the part of Yuppie Gadgets was a contention that persons typing in the website's domain or searching for it using a search engine might arrive at the Yuppie Gadgets site when they were searching for the Yuppiechef site. A makeweight point was added that the two websites 'have a similar look and feel'. Even after having accepted the invitation in the heads of argument to visit both sites, the similarity in look and feel

²⁶ *National Brands* supra para 12.

²⁷ *Verimark* supra para 14.

escaped me. And as to the similarity in the names that has been adequately dealt with and disposed of earlier in this judgment. The claim based on passing off must fail.

Result

[47] In the result the appeal is dismissed with costs.

M J D WALLIS
JUDGE OF APPEAL

Appearances

For appellant: G Marriott

Instructed by: Von Seidels Attorneys, Cape Town,
Honey Attorneys, Bloemfontein

For respondent: O Salmon SC

Instructed by: Schindlers Attorneys, Johannesburg,
Webbers Attorneys, Bloemfontein.