

HIGH COURT OF NAMIBIA



MAIN DIVISION, WINDHOEK

JUDGMENT

Case no: A 171/2013

In the matter between:

MEGA POWER CENTRE CC t/a TALISMAN PLANT**AND TOOL HIRE****APPLICANT**

and

TALISMAN FRANCHISE OPERATIONS (PTY) LTD**1ST RESPONDENT****TALISMAN HIRE****2ND RESPONDENT****THE REGISTRAR OF COMPANIES AND****TRADEMARKS****3RD RESPONDENT**

Neutral citation: *Mega Power Centre CC t/a Talisman Plant and Tool Hire v Talisman Franchise Operations (Pty) Ltd* (A 171/2013) [2013] NAHCMD 156 (07 June 2013)

Coram: MILLER AJ**Heard:** 31 May 2013**Delivered:** 07 June 2013

Flynote: Common law delict of passing off – Not sufficient to establish only that the respondent is using a name or mark similar to that of the applicant, which results in confusion that the business of the respondent is that, or is associated with that of the applicant – Incumbent upon the applicant to establish also that as a result thereof the applicant suffers damage or is likely to suffer damage.

Summary: The applicant trades under the name and style of Talisman Tool Hire in Windhoek – As from 01 June 2013 the second respondent conducts business under

the name Talisman Hire – The applicant relying on the common law delict of passing-off seeks interdictory relief .

Held that the similarity between the names in the context in which the businesses are conducted is likely to confuse the public to believe that the business of the second respondent is that of or associated with the applicant.

Held further that the applicant had established a reputation in the use of the name “Talisman”.

Held further, that it was incumbent upon the applicant to establish in addition that as a consequence the applicant is suffering or likely to suffer damages.

Held that the applicant did establish the requirement of damage.

The application is dismissed with costs.

ORDER

The application is dismissed with costs, which include the costs of one instructing and two instructed counsel.

JUDGMENT

MILLER AJ :

[1] The applicant approaches this Court in terms of Rule 6(12) of the Rules of this Court seeking the following relief:

‘1. Condoning the applicant’s non-compliance with the Rules of the Court and hearing this matter as urgent in terms of Rule 6 (12) of the aforesaid Rules.

2. That a *rule nisi* be issued calling upon the first and second respondents to show cause on a date to be arranged with the Registrar, alternatively on 28 June 2013 at 10h00, why the following order should not be made final:

2.1. Interdicting and restraining the first and/or second respondents from trading under the name "Talisman" and from using the name "Talisman" in any way in its trading name in the Republic of Namibia.

2.2. Interdicting and restraining the first and/or second respondents from utilizing the name "Talisman" presently used by the applicant in any of their advertising materials in the Republic of Namibia;

2.3. Interdicting and restraining the first and/or second respondents from advertising its business in any way in the Republic of Namibia by use of the name "Talisman".

3. Ordering the first and second respondents to pay the costs of this application, jointly and severally, the one paying the other to be absolved.

4. Ordering that the interdictory relief sought in paragraphs 2.1 to 2.3 hereof operate as an interim interdict with immediate effect.'

[2] In support thereof Mr. Schumacher, the sole member of the applicant, deposed to the founding affidavit.

[3] The relief sought is opposed by the first and second respondents. To that end Mr. Alan Lang who describes himself as the managing director of the second respondent and Mr. Colin du Plessis the managing director of the first respondent filed answering affidavits. From these it appears that the correct citation of the second respondent is Lambay Island Investments (Pty) Ltd an entity which trades under the name and style of Talisman Tool Hire, Windhoek. It is common cause that with effect from 1 June 2013, this entity will commence trading in Windhoek from premises situated at 19 Jule Street, Windhoek.

[4] No relief was sought against the third respondent, who was cited only because of any interest he may have in the matter. In the result the third respondent did not take part in the proceedings before me.

[5] Ms. Schimming-Chase represents the applicant. Mr. Heathcote SC who is assisted by Mr. Barnard appears for the first and the second respondents.

[6] Before I deal with the issues which require determination, I need to summarize the relevant facts which form the backdrop against which those issues arose.

[7] Mr. Schumacher states that he has since 2003 conducted business as Coastal Hire in terms of a franchise agreement entered into with a company in South Africa. Coastal Hire is owned by a close corporation, Coastal Hire CC, of which he is the sole member.

[8] Some time earlier, in 2001 the applicant was registered as a close corporation of which likewise he is the sole member.

[9] Coastal Hire is in the business of the sale and hire of what was called non-operator intensive construction equipment. I understand this to mean that they are smaller types of equipment used in the building and construction industry which the builder can operate himself such as compressors, compactors, scaffolding and the like.

[10] Mr. Schumacher states further that since 2006 he engaged in the business of selling and hiring out operator intensive equipment such as excavators, telescopic handlers, scissor lifts, tipper trucks and hydraulic mixers to mention just some of them and which require an operator to be provided as well by the supplier.

[11] That business was conducted under the name and style of Talisman Plant and Tool Hire.

[12] What distinguishes this business from that of Coastal Hire is the fact that the type of equipment sold or hired out by the one is not also sold or hired out by the other.

[13] Thus Coastal Hire and Talisman Plant and Tool Hire do not compete with one another and trade harmoniously from the same premises.

[14] Mr. Schumacher had a design and logo invented for the applicant's business and registered "Talisman Plant and Tool Hire" as a defensive name with the office of the Registrar of Trade Marks in Windhoek. No trade mark though with that name was ever registered in that office.

[15] The business of the applicant grew steadily and it is stated by Mr. Schumacher that over a period of time it acquired a reputation under the name "Talisman" in the building and construction industry in Namibia inasmuch as those sectors came to associate the name "Talisman" with the business of the applicant.

[16] On or about 12 April 2013 storm clouds started to gather. The applicant was alerted to the fact that a South African company intended to open a business in Windhoek using the name "Talisman" as part of its get up.

[17] Despite the consternation this caused precious little was done to take any remedial steps to avert this perceived threat. For that the applicant seeks to place all the blame on his then legal practitioners.

[18] The perceived fears harboured by the applicant became a reality when on 17 May 2013 an advertisement appeared in a local newspaper to the effect that a new business will open in Windhoek on 1 June 2013 under the name and style of Talisman Hire. It is common cause that this business is that of the second respondent.

[19] All attempts to resolve the matter came to naught, hence the matter came before me on 31 May 2013 in the form that it did.

[20] From the papers filed and during the course of argument before me the following issues fall for determination:

- 1) Whether or not the applicant is entitled to approach this Court on an urgent basis. Put differently the question is whether and to what extent I should condone the applicant's failure to comply with Rule 6 of the Rules of this Court.
- 2) Whether or not this Court has jurisdiction over the first and the second respondents.
- 3) Whether or not the first and the second respondents should be interdicted from using the trade name "Talisman Hire Windhoek" on the basis that the use of that name constitutes the well established delict of passing-off. This in turn requires a consideration as to whether or not the applicant succeeded in establishing on the evidence the prerequisite legal requirements for such relief. The case of the applicant in this regard stands or falls entirely on common law principles. There is no allegation, nor can there be, that the first and the second respondents are in the process of infringing any rights relating to trade marks or patents which are protected by statute.'

[21] I remain alive to the fact that the applicant seeks no more than interim relief at this stage of the proceedings, which entails an establishment of the relief *prima facie*. In ***Nakanyala vs Inspector-General of Namibia & others*** 2012 (1) NR 200 NR the approach to be adopted was formulated as follows:

'The right can be *prima facie* established even if it is open to some doubt. Mere acceptance of the applicant's allegations is sufficient but the weighing up of probabilities of conflicting versions is not required. The proper approach is to consider the facts set out by the applicant together with any facts set out by the respondent which the applicant cannot dispute, and to decide whether, with regard to the inherent probabilities and the ultimate onus, the applicant should on those facts obtain final relief at the trial.'

[22] Mr. Heathcote submitted that, no matter in which form the relief sought is cast, its effect whether granted or refused will be final. That may well be so. That in itself, however, does not alter the fact that the relief sought before me is in its nature interim relief.

[23] I will consequently follow and apply the approach formulated in ***Nakanyala's*** case.

[24] Against that background I turn to deal with the relevant issues which fall for determination.

Urgency

[25] In deciding the question of urgency, the Court exercises its discretionary powers, depending on the peculiar facts and circumstances of the case before it. Relevant considerations to be taken into account include a judicial consideration of what are mostly conflicting considerations. On the part of the applicant factors such as underlying reasons why the matter should be heard on an urgent basis, and the likelihood of irreparable harm, should the matter not be heard on an urgent basis are dominant. The latter requirement has as its main component a consideration of whether the applicant will not be able to obtain substantial redress if the time limits prescribed by the Rules are followed. To that I must add that an applicant who approaches the Court on an urgent basis must not be seen to be the master of his own dilemma. The urgency of the matter must not be the product of his own culpable delay or remissness in approaching the Court timeously.

[26] Against those considerations the Court should take into account the extent to which the respondent is prejudiced in its presentation of his case or likely to be so, should the matter be heard as one of urgency.

[27] It is a fundamental cornerstone of our law, endorsed by the Constitution, that proceedings in our Courts must be fair to all the parties involved in them. To that end the Rules of this Court determine time periods within which the steps in the process

of litigation must be taken and responded to. A case launched on an urgent basis fundamentally seeks to truncate those limits, which in the result raises the possibility that the proceedings become inherently unfair to particularly the respondent.

[28] The fundamental principle is that an applicant who approached the Court should afford his opponent the time and space prescribed by the Rules to make a measured and considered response to the claims made against him. A *spatium deliberandi* is essential for justice to be done in the end.

[29] In the instant case Mr. Heathcote adopted the stance that he will not contend that the matter should be struck from the roll, because of a lack of urgency.

[30] I nonetheless requested Ms. Schimming-Chase to argue the point. My concern was that the applicant arguably was remiss in launching these proceedings timeously. It appears from the facts deposed to by the applicant that he knew at the earliest on 12 April 2013 that some entity was in the process of passing-off its trade name. The steps taken by the applicant and its lawyer Mr. Etzold to redress the threat leave much to be desired. The steps taken to put it bluntly were inept and ineffective. To that end a reading of the affidavit deposed to by Mr. Schumacher on that aspect makes for poor reading.

[31] I weigh against that the fact that the respondents were able to file answering affidavits in time for the hearing. The basis upon which the matter was opposed centered mainly on issues of law rather than fact. In the end the respondents did not advance any argument seeking to establish that they are in any way prejudiced by the fact that the time limits prescribed by the Rules were not followed.

[32] Taking into account these considerations I conclude that I must condone, albeit with a measure of reluctance, the non-compliance with the Rules. I will accordingly grant the applicant the relief it seeks in paragraph 1 of the Notice of Motion.

Jurisdiction

[33] This issue, not raised in the answering affidavits of the first and second respondents, was raised by Mr. Heathcote during the course of his argument. Mr. Heathcote contends that the first and second respondents are peregrini over which this Court has no jurisdiction. As far as the second respondent is concerned this submission is devoid of merit. It is common cause that as I write this judgment the second respondent conducts business in Namibia and particularly in Windhoek under the name and style of "Talisman Hire Windhoek" from premises situated at 19 Jules Street in Windhoek. Why I should not assume jurisdiction, in circumstances where the applicant allege that the use of the name "Talisman" constitutes the delict of passing off, I do not comprehend.

[34] It may well be that there is some argument that the first respondent, which is a peregrinus is not subject to this Courts jurisdiction. The issue, however, is ultimately of no consequence. The reason for that is that the case of the applicant is in essence directed at the second respondent. The position of the first respondent is that it is the franchise holder of the business conducted by the second respondent using the trade name "Talisman". The extent to which the first respondent is a party to the events leading to these proceedings, beyond the fact that it is the franchise holder, remain on the papers, not explained. If I were to assume that it is knowingly involved in the business of the second respondent in Windhoek, my reasoning is that it finds itself in the same boat, so to speak, as the first respondent and that this Court has jurisdiction over the first respondent.

Passing-Off

[35] In essence the case the applicant seeks to make is that the second respondent's use of the name "Talisman" constitutes a passing-off of its, the applicants, business which also conducts business under the name and style of "Talisman Plant and Tool Hire".

[36] It is not disputed that under the name “Talisman” both the applicant and the second respondent are engaged in the business of hiring out tools and equipment used in the building and construction industry.

[37] For that reason the applicant alleges that:

- 1) It had established a reputation in the building and construction industry that the name “Talisman” is associated with its business.
- 2) The fact that the second respondent intends to and does business using the name “Talisman” is likely to confuse the business of the second respondent with that of the applicant in the sense that the public will be likely to assume that the business of the second respondent is that of the applicant or in some way associated with it.
- 3) As a result of the confusion occasioned by the use of the name “Talisman” by the second respondent the applicant will loose clients, who so it is alleged will hire equipment from the second respondent in the belief that they are hiring the equipment they need from the applicant.

[38] I now turn to consider the relevant legal principles which in this case apply to actions based on an alleged passing off.

[39] A convenient starting point is a passage from South African Law of Trade Marks, Company Names and Trading Styles by the learned authors Chowles and Webster at page 239 with which I fully agree. The learned authors state that:

‘It is to be clearly emphasized that there is no right of property in the word or get-up; the right of action arises only when the word or get-up has acquired a repute and where, by reason of that repute, use by others might result in deception which will cause injury to the goodwill of the business to which the repute attaches. The right of action flows, not from rights in the word or get-up, but from the injury or possible injury to the goodwill of the business.’

[40] In ***Sparletta (Pty) Ltd v Namibia Breweries Ltd*** 1991 NR 384 at p. 398 Hannah AJ as he then was said the following:

‘What has to be proved in a passing-off action was, if I may respectfully say so, succinctly put by Nicholas J in ***Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd*** 1977 (4) SA 434 (W) in the following passages:

‘In the case of indirect representation, the plaintiff must prove in the first instance that the defendant has used or is using in connection with his own goods, a name, mark, sign or get up which has become distinctive.’

‘It is not necessary that the get-up as a whole shall be distinctive, for a part of the get-up may be shown to be so identified with the plaintiff’s goods that its use for similar goods is calculated to pass them off as his.’

‘The plaintiff must prove that the defendant’s use of the feature concerned was likely or calculated, to deceive, and thus cause confusion and injury, actual or probable, to the goodwill of the plaintiff’s business, as, for example by depriving him of the profit he might have had by selling the goods which, *ex hypothesi*, the purchaser intended to buy.’

[41] In ***Gonschorek & others v Asmus and Another*** 2008 (1) NR 262 SC at p. 279, Strydom AJA referred with approval to the decision in ***Brian Boswell Circus (Pty) Ltd and Another v Boswell-Wilkie Circus (Pty) Ltd*** 1985 (4) SA 466 (A), and in particular to the passage on page 478 F-I, which reads as follows:

‘The wrong known as passing-off is constituted by a representation, express or implied, by one person that his business or merchandise, or both, are, or are connected with those of another... Where they are implied, such representations [concerning the wrongdoer’s business] are usually made by the wrongdoer adopting a name for his business which resembles that of the aggrieved party’s business; and the test is then whether in all the circumstances the resemblance is such that there is a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused or deceived into believing that the business of the alleged wrongdoer is that of the aggrieved party or is connected therewith.’

[42] The wrong of passing-off, being an action based on delict requires that the applicant or the plaintiff, as the case may be, must establish, in common with other delicted actions, that certain elements, for want of a better word, exist. They are:

- 1) An act, which consists in the use of a name or mark, of another, in respect of which the applicant or plaintiff established a repute.
- 2) Wrongful, in the sense that the use of the name or mark, is calculated to cause or will be likely to confuse the public into believing that the business of the defendant/respondent is that of, or associated with that of the plaintiff/applicant.
- 3) The wrongful act must be committed with the necessary *mens rea* i.e. be it *dolus* or *culpa*.
- 4) Once the first three elements are established the plaintiff/applicant must establish that as a consequence he suffered damage or injury or particularly in actions seeking interdictory relief, likely to suffer damage or injury, to the goodwill of his business.

[43] Also insofar as the issue of injury or damage is concerned it is incumbent upon the applicant to demonstrate in what manner and how the damage is likely to occur.

[44] It is with these considerations in mind that I proceed to examine the facts.

[45] Mr. Heathcote submitted that there is insufficient evidence before me to establish that the applicant built up a reputation in the use of the word "talisman". I do not agree. There is a direct assertion, supported by factual allegations, that the applicant did acquire over the years such a reputation in the building and construction industry. Nothing to the contrary, was placed before me, and the probabilities will indicate the likelihood that such a reputation became established.

[46] I agree with Mr. Heathcote that the word "talisman" is not a fancy or invented word. It is a word commonly used in the English language. I also agree with Mr. Heathcote that the applicant is not entitled to the exclusive use of the name.

[47] Against that I must point out, although not clearly apparent from the relief claimed, that both the applicant and the second respondent use the name “talisman” in conjunction with the word “hire”. To that extent and in that context I find that the words complained of *prima facie* is likely to cause confusion.

[48] It is over the hurdle of establishing that the conduct of the second respondent is or will be likely to cause damage to the applicant, that the applicant’s case stumbles. The only basis upon which the applicant seeks to rely, is that it is likely to lose customers amidst the confusion. To that end Mr. Schumacher states the following:

‘Even a claim for damages will not suffice. It would not only be difficult to quantify but some time would be taken to determine how many clients the applicant is losing and to quantify the damage to the applicant’s reputation.’

[49] What other aspects of damage to the applicant’s reputation, apart from a possible loss of customers, the applicant has in mind was not addressed in the facts before me.

[50] I invited Ms. Schimming-Chase, during the course of argument before me to deal with this issue, and to indicate how the applicant is likely to suffer damage. The impression I gained is that the argument will have it that the public will be likely to hire the equipment they need, from the second respondent, in the mistaken belief that they are doing business with the applicant.

[51] Given the distinct, although related difference between what the applicant makes available for hire and what the second respondent makes available for hire, there is no possibility that the applicant will lose customers. Conceivably, Coastal Hire, may lose customers, since it will be the entity against which the respondent competes. That, however does not avail the applicant.

[52] As a fallback position Ms. Schimming-Chase refers to the following passage appearing in the opposing papers filed by the respondents.

‘...the respondents give an undertaking to the effect that the respondents will not hire out equipment which is operator intensive until finalization of this matter and any passing-off action that the applicant decides to institute within 30 days of finalization of this matter.’

[53] The undertaking was given in the context of dealing with the balance of convenience issue, and nothing more.

[54] What it is not, is an indication that the second respondent will hire out operator intensive equipment in the future. It may or it may not but it is not for me to speculate at this stage.

[55] It is for the reasons indicated that I make the following order:

1. The application is dismissed with costs, which shall include the costs of one instructing and two instructed counsel.

P J MILLER
Judge

APPEARANCES

APPLICANT:

E SCHIMMING-CHASE

Instructed by LorentzAngula Incorporated

FIRST AND SECOND

RESPONDENTS:

R HEATHCOTE, SC (with him Barnard P)

Instructed by HD Bossau & Company