



HIGH COURT OF NAMIBIA MAIN DIVISION, WINDHOEK

JUDGMENT

Case no: A 295/2012

In the matter between:

1.1.1.1. **ELISENHEIM PROPERTY DEVELOPMENT**
1.1.1.2. **COMPANY (PTY) LTD**
APPLICANT

and

GUEST FARM ELISENHEIM **FIRST RESPONDENT**
THE REGISTRAR OF TRADEMARKS **SECOND RESPONDENT**

Neutral citation: Elisenheim Property Development Company (Pty) Ltd v Guest Farm Elisenheim & Others (A 295/2012) [2013] NAHCMD 187 (5 July 2013)

Coram: SMUTS, J
Heard: 17 June 2013
Delivered: 5 July 2013

Flynote: Application for expungement of trade marks under Act 48 of 1973. Preliminary point raised of non-compliance with s 65 of Act 48 of 1973 which

requires prior notice for an application to the registrar of trade marks. Preliminary point without a factual basis and also bad in law. Answering affidavit late. Application for condonation refused because of a weak explanation and unmeritorious defences to application. Defence of priority use not established. Trade marks registered without sufficient cause under s 33 of Act 44 of 1973 and conflict with s 36 (1) of that Act. Application expunge trade marks from register granted.

ORDER

- a) The application for condonation is refused with costs;
- b) The second respondent is directed to rectify the Trade Marks Register in terms of s 33(1) and s 36(1) of Act 48 of 1973 by removing from the trade mark register the following:
 - i) Number 2010/0229 Elisenheim, registered on 20 August 2010 with effect from 25 February 2010 in class 36 for 'selling of land , developing land for residential and business development'; and
 - ii) Number 2010/0230 Elisenheim, registered on 20 August 2010 with effect from 25 February 2010 in class 43 for 'accommodation, restaurant facilities, conferencing.'
- c) The first respondent is to pay the applicant's costs of the application;
- d) The cost awards above include the costs occasioned by the engagement of one instructing and one instructed counsel.

JUDGMENT

SMUTS, J

(b) As its name would suggest, the applicant is a property developer. It is the developer of a township known as the Elisenheim Township Development

on the outskirts of Windhoek on a portion of a farm known as Elisenheim. The applicant is the owner of the land being developed.

(c)

(d) The first respondent in this application is cited as Guest Farm Elisenheim, an unincorporated firm, partnership or company. It had successfully applied for the registration of two trade marks 'Elisenheim', number 2010/0229 registered on 20 August 2010 with effect from 25 February 2010 in class 36 "for selling land, developing land or residential and business development". The second trade mark number 2010/0230 'Elisenheim' was also registered on the same date and also with effect from 25 February 2010 but in class 43 "for accommodation, restaurant facilities, conferencing".

(e) In this application, the applicant applies for the expungement of that mark from the trade marks register. The applicant does so in terms of s 33(1) and 36(1) of the Trade Marks Act, 48 of 1973 ("the Act").

(f) The registrar of Trade Marks is cited as the second respondent in terms of s 65 of the Act. The registrar has not opposed this application. Other than seeking an order directing the registrar to rectify the register by the expungement of the trade marks, no further relief or costs are sought against the registrar.

(g) This application is opposed by the first respondent. Notice was given to it under Rule 14 to disclose its true identity and ownership. In response to that notice, Mr A Werner states in the answering affidavit that the first respondent is a trading entity with himself as sole proprietor.

(h) The first respondent also filed a counter application for certain relief and a condonation application because the answering affidavit was served a considerable period out of time. Both the counter application and the application for condonation for the late delivery of the answering affidavit were opposed by the applicant.

(i) At the hearing of this application, Mr Corbett who appeared for the first

respondent stated that the counter application was abandoned. It accordingly requires no further mention. The condonation application remained in dispute.

(j)

(k) Mr Corbett also informed me at the outset that the first respondent raised a preliminary point against the application, contending that the applicant failed to comply with s 65 of the Act that the application and should be dismissed with costs for that reason. This point was not taken in the answering affidavit. Nor was it raised in case management. It was taken for the first time in the heads of argument filed on behalf of the first respondent on 13 June 2013, only a few days before the hearing.

(l) In this judgment, I propose to deal with this point first. I then turn to the condonation application and thereafter to the merits of the application, including the first respondent's defences to it. As a practical measure, I requested counsel to address me on all aspects of the application instead of dealing with the question of condonation at the outset. This was done in order to conserve time rather than have a piecemeal adjudication of those applications. The parties agreed to that approach. Each addressed me on both applications, much in the same way as would be the procedure in an appeal where there is an application for condonation for the late filing of an appeal record.

Preliminary point

(m) Mr Corbett submitted that the applicant had not complied with s 65 of the Act. This section provides:

'65 Notice to registrar of application to court

Before any application is made to the court for an order involving the performance of any act by the registrar or affecting any entry in the register, the applicant shall in the manner prescribed give the registrar at least fourteen days' notice before the hearing of such application: Provided that the registrar may in his discretion, waive such notice or accept such shorter notice as he may in the circumstances deem sufficient.'

(n) Mr Corbett submitted that s 65 required an applicant in peremptory terms to give the registrar notice in the manner prescribed 14 days before the hearing of an application. The manner prescribed, Mr Corbett pointed out, is to be established from regulation 73(2) of the regulations promulgated under the Act. This sub-regulation provides:

‘(2) In any case in which an application is made under section 65 of the Act, the applicant shall give notice of such application to the registrar on Form SM27.’

(o) Mr Corbett said that there was no evidence before court that the peremptory provisions of s 65 had been complied with. He pointed out that s 65 read with regulation 73(2) sets out a peremptory procedure for the giving of notice to the registrar and that such notice is a prerequisite to any relief sought in an application of this nature – with reference to the rectification of the register.

Mr Corbett also submitted that there was no evidence before the court that the registrar had waived such compliance. In argument, Mr Corbett also referred to the statutory form of the notice which formed part of the regulations as one of its attachments, being form SM27.

(p) Mr Corbett submitted that an applicant must provide proof of proper compliance with s 65 read with regulation 73(2), failing which an application would be unenforceable for want of that peremptory compliance. He equated the position with the requirement to give notice under an erstwhile Police Act and referred to a decision ¹ in support of this proposition. But the provision in that Police Act is entirely different. It contained a prohibition against the institution of an action without prior notice. Prior notice in those circumstances was then regarded as a prerequisite for a valid cause of action. That is in my view entirely different to provisions of s 65 of the Act and the statutory purpose of s 65, giving 14 days notice of an application to the registrar.

(q)

¹*Moosa v Minister of Police, Kwazulu* 1995(4) SA 769 (D) at 774.

(r) Section 65 is different in its structure to the section in the Police Act relied upon, by virtue of the prohibitive nature of the latter, and because of the positive form in which s 65 is stated without attracting a sanction. The proviso in s 65 furthermore permits the registrar to waive notice or accept shorter notice as may be deemed sufficient in the circumstances, entirely unlike the draconian formulation in the Police Act referred to.

(s) I agree with the submission by Mr Bester, SC who appeared on behalf of the applicant, that s 65 is a directory rather than a peremptory provision which would not necessarily give rise to with invalidity in the event of non-compliance. He referred to a recent judgment of this court in *Kanguatjivi (born Black) and 2 others v Shivoro Business and Estate Consultancy and others*² which very usefully collects the applicable authorities in setting out the test to be applied in interpreting statutory provisions providing time limits and whether there could be substantial compliance or whether non-compliance would be visited with invalidity. Although that matter concerned an interpretation of s 35(4) of the Administration of Estates Act, 66 of 1965, (which requires a specified number of days for an estate account lying for inspection) this court, after its thorough survey of authorities and applying them to the section in question, concluded that the legislature did not intend that anything less than exact compliance with that section would lead to a nullity.³ In applying the authorities referred to by this court and particularly the approach in *Sutter v Scheepers*⁴ and taking into account the statutory purpose of s 65, it would seem to me that s 65 is directory rather than peremptory and that the legislature did not also intend that anything less than exact compliance would lead to a nullity. This is reinforced when regard is had to the proviso to this section in terms of which the registrar may waive or accept shorter notice than the 14 day notice period. That would emphatically indicate that substantial compliance would be required.

(t) It would also seem to me that it would in any event not be open to the

²Unreported, Case No A 206/2011, dated 3 December 2012

³Supra at par 28-30

⁴1932 AD 165 at 173 – 174, applied in *DTA of Namibia and another v SWAPO Party of Namibia and others* 2005 NR 1 (HC) at 11 C.

first respondent to take the point in the manner in which this has occurred. The applicant had after all stated in the founding affidavit:

'In accordance with the requirements of s 65 of the Act, the second respondent (the registrar) has been given due notice of this application.'

(u) In the first respondent's answering affidavit, this allegation is admitted. It was thus not put in issue that the registrar had been given notice of this application in terms of s 65. It was therefore not open to the first respondent to take this point in the heads of argument for the first time after it had been admitted on the papers, especially because the applicant could then have approached and possibly secured a waiver or the acceptance of short service from the registrar – in so far as there may have been short notice which does not seem to have any event occurred.

(v) Quite apart from this, I questioned Mr Corbett as to manner in which there had been non-compliance with s 65, given the fact that the application had been served upon the registrar in November 2012 some 6 months before the date of hearing and that the registrar had decided not to oppose the application. The purpose of the provision is to afford the registrar 14 days' notice of an application before the date of hearing. That statutory purpose had plainly been met. (The notice of motion clearly stated that in the event of no opposition, application would be made on 25 January 2013.) The registrar not only had notice of the application and but also that it would at the earliest be heard more than 14 days after it had been served upon the registrar. That is after all what the section requires. It had been met. Significantly, the registrar had made no complaint about not being given proper notice.

(w)

(x) I also enquired as to whether there was anything in the form attached to the regulations which had not been contained or included in the notice of motion. Mr Corbett could not point to any aspect of the prescribed form which had not been embodied in the notice. Yet he persisted with his submission that s 65 required strict compliance and that this had not occurred. This despite the

fact that the registrar had in fact been given more than 14 days notice of the application before it was to be heard.

(y) It is clear to me that the preliminary point is contrived, devoid of any merit and must fail. Not only is it based upon an incorrect interpretation of s 65 and its purpose, but it is taken without any foundation in fact, and in any event where due notice under s65 had been admitted in the answering affidavit.

(z)

(aa) **Condonation**

(bb) The applicant had launched this application on 19 November 2012. The first respondent served a notice of opposition to the application on 12 December 2012. But the answering affidavit was only served on 7 March 2013. The first respondent had undertaken to provide an answering affidavit by 25 January 2013. When this did not occur, the applicant on 29 January 2013 applied for a hearing date. The matter was subsequently referred to case management and on 27 February 2013 at a case management conference, a hearing date of 17 June 2013 was allocated.

(cc) When the first respondent served the answering affidavit on 7 March 2013, it was accompanied by an application for condonation for its late filing. In support of that application, it was stated that the first respondent's instructing and instructed legal practitioners were both not available over the customary Christmas holiday period and thus not able to attend to prepare an answering affidavit during that period. It was also stated that there were attempts to settle the matter and that the matter was complex. It was also contended that the applicant had not been prejudiced by the late filing of the answering affidavit. A hearing date had after all been allocated on 27 February 2013 and the application had proceeded to argument on the designated date despite the late filing of the answering affidavit which had thus not caused any delay in the date of hearing.

(dd)

(ee) Mr Bester however countered that the first respondent's practitioners had demonstrated scant regard for the rules of court and had not disclosed in the

application for condonation that the dispute between the parties in respect of the trade marks went as far back as June 2012. The first respondent (and his wife) had in fact then through his current legal practitioners threatened trade mark infringement proceedings against the applicant. Mr Bester pointed out that the applicant's response to that threat was to deny the infringement and in fact to record that the threatened infringement proceedings would be met by expungement proceedings. Plainly, the applicant had already then been on notice that an application of this kind would proceed. The validity of the trademark registrations, raised by this application, had already then been foreshadowed. Clearly the first respondent could hardly complain of being surprised by this application in the circumstances. I also cannot accept that the letter of demand threatening trade mark infringement proceedings by the first respondent's legal practitioner in June 2012 would have been sent without some investigation of the Act including the trade mark registrations and the requisites for their validity, especially after that very issue had been raised in response to the threat.

(ff) The complexity of the application cannot rightfully in my view form a basis for the condonation application in the circumstances.

(gg)

(hh) As to counsel's unavailability over the Christmas holiday period, this would at best apply to the period from mid December 2012 to mid January 2013. Had the answering affidavit been forthcoming shortly after that, as had been requested by the first respondent in seeking an extension to 25 January 2013, then this delay would not in my view have been unreasonable. But the answering affidavit had not been supplied shortly after the end of the vacation period and was only forthcoming nearly two months later.

(ii) The further basis for seeking condonation was that there was an attempt in January 2013 to settle the matter. But in the absence of securing an agreement not to exchange papers during settlement negotiations, a litigant's obligation to take steps is not excused during any period of settlement efforts. The obligation to take steps required of a litigant continues in the absence of an agreement to stay those proceedings. But the dates as to settlement efforts are

in any event very vaguely referred to. These efforts would appear to have occurred in January 2013 in response to a letter by the applicant's legal practitioners calling upon the first respondent to file its answering affidavit. The applicant also discloses that there was an undertaking to provide the answering affidavit by 25 January 2013 thereby correctly demonstrating that the obligation to take further steps remained.

(jj)

(kk) It is clearly incumbent upon a party seeking condonation to provide a full explanation for the delay in support of the application. The first respondent's practitioner does not state when the settlement discussions were held and when they foundered. But this would have been in advance of 29 January 2013 when the applicant's legal practitioners applied for a date of hearing, as is stated in the applicant's answering affidavit to the condonation application.

(ll) The Supreme Court recently held in *Beukes and Another v Swabou and Others*⁵

'An application for condonation is not a mere formality; the trigger for it is non-compliance with the Rules of Court. The jurisprudence of both the Republic of Namibia and South Africa indicate that a litigant is required to apply for condonation and to comply with the Rules as soon as he or she realises there has been a failure to comply.'⁶

(mm)

(nn) In the *Arangies* matter, the Supreme Court summarised the approach to be followed⁷:

(oo) 'The application for condonation must thus be lodged without delay, and must provide a "full, detailed and accurate" explanation for it. This Court has also recently considered the range of factors relevant to determining whether an application for condonation for the late filing of an appeal should be granted. They include –

“the extent of the non-compliance with the rule in question, the reasonableness of the explanation offered for the non-compliance, the bona fides of the application, the

⁵[2010] NASC 14 (5 November 2010) at par 12.

⁶Supra at par 5. See also *F.G.P. Petrus v Roman Catholic Archdiocese* [2011] NASC 24 at par 9; *Rainer Arangies t/a Auto Tech v Quick Build* case No. SA 25/2010, unreported, 18 June 2013 at par 4.

⁷Supra at par 5.

prospects of success on the merits of the case, the importance of the case, the respondent's (and where applicable, the public's) interest in the finality of the judgment, the prejudice suffered by the other litigants as a result of the non-compliance, the convenience of the Court and the avoidance of unnecessary delay in the administration of justice."⁸

These factors are not individually determinative, but must be weighed, one against the other. Nor will all the factors necessarily be considered in each case. There are times, for example, where this Court has held that it will not consider the prospects of success in determining the application because the non-compliance with the rules has been "glaring", "flagrant" and "inexplicable."⁹

(pp)

(qq) Mr Bester submitted that the explanation given was not satisfactory and that condonation should not be granted. He submitted that the second requirement for condonation, being prospects of success, should also be taken into account. He accordingly advanced arguments on this issue with reference to the defences raised in the answering affidavit and submitted that condonation should not be granted for this reason as well. Given the fact that the non-compliance was not in the realm of 'flagrant', he correctly accepted that, should the first respondent's defences to the application set out in the answering affidavit have strong prospects of success, then I may be inclined to grant condonation notwithstanding the relatively weak explanation given for the delay. I accordingly turn to the merits of the application.

The merits

(rr) As I have said, this application has been brought in terms of s 33 and s 36(1) of the Act. Of relevance for present purposes are sub-sections 33(1) and (4). These provide:

'(1) 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

⁸*Rally for Democracy and Progress and Others v Electoral Commission of Namibia and Others* [2012] NASC 21 (25 October 2012) at par 68.

⁹ Footnote excluded, except for in note 7.

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 69, 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.

.....

(4) Any order of the court rectifying the register shall direct that notice of the rectification shall be served on the registrar, and the registrar shall, on receipt of the notice together with the application on the form prescribed. rectify the register accordingly.'

(ss) The applicant contends that if a trade mark is registered in breach of the provisions of the Act, the entry of that mark on the register would constitute an entry made without sufficient cause for as long as that entry remains on the register. The applicant does not however only contend that the entry was made without sufficient cause.

(tt)

(uu) The applicant also relies upon s 36. Reliance is placed on that portion of the definition of a trade mark which requires that a mark is "used or proposed to be used" in relation to a specific class or classes of goods or services. If a trade mark were to have been registered without the intention for it to be used or that it has not been used, then it would also be liable to be expunged in terms of s 36(1) of the Act. These relevant portion of this section provide:

'(1) Subject to the provisions of sections 16(2) and 53, a registered trade mark may, on application to the court, or, at the option of the applicant and subject to the provisions of section 69, to the registrar by any person aggrieved, be taken off the register in respect of any of the goods or services in respect of which it is registered, on the ground either-

(a) that the trade mark was registered without any bona fide intention on the part of the applicant for registration that it should be

used by him in relation to those goods or services, and that there has in fact been no bona fide use of the trade mark in relation to those goods or services by any proprietor thereof for the time being up to the date one month before the date of the application; or

(b) that up to the date one month before the date of the application a continuous period of five years or longer elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof for the time being; or

(c).....'

(vv) Before dealing with the grounds upon which the applicant contends that it would be entitled to expungement of the trade marks, it would first be appropriate to set out certain of the background facts which led to the registration of the marks and to refer to certain further events which occurred thereafter.

(ww)

(xx) **Background facts**

(yy) In the founding affidavit, the applicant states that it was at no time aware of the applications for the registration of the marks and the advertisement contained in the Government Gazette for their opposition. It is stated that the first knowledge that the applicant had of the registered trade marks was when the letter of demand dated 21 June 2012 was sent to it by the first respondent's legal practitioners of record. This had occurred some 2 years after the registration of the marks and the applicant's visible and extensive trade in developing and promoting its township development under the name Elisenheim.

(zz) In the letter of demand, it was stated that the legal practitioners acted on behalf of Mr and Mrs Werner in making the demand. It also stated that the Werners had with effect from 20 February 2010 been registered proprietors of the trade mark Elisenheim. It was also acknowledged in the letter that since

2009, the applicant had used a mark consisting of the word Elisenheim in the development, promotion and sale of its township development.

(aaa)

(bbb) The applicant contends that the application for registration of the trademarks was completed in an extraordinarily short period of time. It had been lodged on 25 February 2010 and, according to the applicant's legal practitioners was advertised for opposition very shortly thereafter on 10 June 2010 in the context of trademark applications. It was registered on 20 August 2010 with effect from 10 February 2010. According to the applicant's legal practitioners, the application for the trademarks was processed in a remarkably short period of time. Nothing however turns on this aspect.

Grounds for expungement

(ccc)

(ddd) The applicant claims that there were defects in the trade mark applications. In the first instance, the applicant points out that the application was lodged in the name of 'Guest Farm Elisenheim' which is stated to be 'a Namibian company, of Farm Elisenheim, No 68 Brakwater, Windhoek district, Namibia'. On the application forms, 'Guest Farm Elisenheim' is claimed to be the proprietor of the trademarks. It was for this reason that the first respondent was cited as a firm and called upon to respond in terms of rule 14(5).

(eee)

(fff) It is also stated that Guest Farm Elisenheim is said to have 'used – proposes to use' the Elisenheim trademark in respect of 'the selling of land; developing land for residential and business development' and for 'accommodation, restaurant facilities, conferencing.'

(ggg) The office of the registrar requested the first respondent to give an undertaking that the 'name is of a living person.' In response, Mrs Werner, who had signed the application on behalf of the first respondent stated in a letter:

'The land on which we are staying has had this name (i.e. Elisenheim) from start in 1896, when Farm Elisenheim has had its first owner.

My full name is Christina Elizabeth Werner, and Elize is in the name of Elizabeth. That is why I found it suitable to keep the name Elisenheim as the farm name.'

(hhh) Mrs Werner is however referred to by her husband merely as Christina Werner in his answering affidavit. In her own affidavit, her second name is not even referred to.

(iii)

(jjj) The applicant claims that the applications for the trademarks in respect of the two sets of services sought misrepresented the true facts. The applicant firstly stated that there was no company styled 'Farm Elisenheim' or 'Guest Farm Elisenheim' registered in Namibia. Farm Elisenheim referred to in it is a portion of a farm owned by Santiago Investments Twenty Eight CC (Santiago Investments) in which Mr and Mrs Werner are members. The applicant accordingly contends that there was a misrepresentation as to the identity of the proposed owner of the trade mark. As a consequence, so it is contended, the trade mark was disentitled to registration.

(kkk)

(lll) The applicant points out that Farm Elisenheim or Guest Farm Elisenheim is not even a partnership. As it was not a legal entity, there was no entitlement to registration of a trade mark in that name.

(mmm)

(nnn) The applicant also points out furthermore that the Werners are also not the owners of Farm Elisenheim as was represented by Mrs Werner to the registrar. They are members of Santiago Investments which owns only the remainder of Portion 4 of the Farm Elisenheim. The Farm Elisenheim had in fact been subdivided into six portions currently owned by four different proprietors, including the applicant. The applicant states that this should have been disclosed to the registrar when the application for trademarks was made.

(ooo) The applicant further referred to the circumstances under which Santiago Investments acquired its portion of the farm from a certain Mr Heckmair, the applicant's predecessor in title. This was in terms of a deed of sale dated 27 July 2005. The sale to Santiago Investments was subject to several restrictions.

These included that Santiago Investments and its successors-in-title would not without the written consent of the seller or his successors-in-title:

- use the property or any portion for any purpose other than farming purposes including the right to conduct an operate a guest lodge;
- do any township development or any related property development or any other form of subdivision;
- do any development which would prejudice or impair of the value of the intended township development and related developments of the seller.

(ppp) The deed of sale also recorded that these restrictions would be registered against the title deed of the property sold and would lapse only on 31 December 2025. Santiago Investments was incorporated in March 2005 as shelf close corporation and the members' interest was subsequently acquired by Mr and Mrs Werner on 29 August 2005 with the restrictions in the deed of sale specifically incorporated into that sale of the members' interest.

(qqq) On 29 August 2005 the seller in Santiago Investments, Mr Heckmair, and Santiago Investments concluded a further agreement. In terms of the 29 August 2005 agreement, the restrictions were again recorded and it was also recorded that the applicant, referred to by its previous name, had purchased Portions 1 or 2 of the whole of Elisenheim farm and therefore became the successor-in-title to Mr Heckmair.

(rrr)

(sss) The restrictions in the previous deed of sale were eased to a certain extent in the 29 August 2005 agreement, with the parties agreeing that they could be waived in certain limited respects. These related to an extension of the guest lodge to incorporate self-catering bungalows and to extend camping sites but on condition that these developments would not prejudice or impair the value of the intended township development and related improvements to the property by the applicant as it was then known. Furthermore, Santiago Investments was permitted to subdivide a portion of its property into five erven of not more than 5 hectares each for sale by it. But, as long as the restrictions remained in place, no further subdivision would be permitted. The cut-off date

for the restrictions was amended from 2025 to 2017. The further restrictions remained unaltered.

(ttt) The rationale behind these agreements was set out in a letter by the applicant to Mr Heckmair and copied to the Werners. In this letter, it was expressly stated that all the parties, including the Werners, were well aware of the completed negotiations by the applicant to purchase Mr Heckmair's Elisenheim properties and of its intention to develop a township, Elisenheim, with all its necessary support services and facilities on that property. These facilities would of necessity include retail and shopping facilities, conferencing, restaurants and accommodation according to the applicant. The applicant accordingly contends that the restrictions in the deed of sale were to ensure that direct competition for its development would not emanate from the remainder of Elisenheim (and from the Werners or Santiago Investments). The restrictions were duly registered under a notarial deed of imposition.

(uuu)

(vvv) The applicant had in the meantime changed its name to its current name, Elisenheim Property Development Company (Pty) Ltd.

(www)

(xxx) The applicant contends that any use of any attempted use by the Werners or Santiago Investments to trade under the mark Elisenheim in respect of the services for which they have registered that mark would place them in direct competition with the applicant and would prejudice and impair its Elisenheim property development (and be in breach of the contractual terms).

(yyy) The applicant had also through Mr Heckmair and prior to obtaining their portions of Elisenheim Farm successfully applied under the Town Planning Scheme of Windhoek under the Town Planning Ordinance, 18 of 1954, for a subdivision of the Farm Elisenheim into 21 portions and a township establishment of 21 extensions on the above portions. This was approved on 5 December 2005 and a declaration of the establishment of Elisenheim as an approved township was subsequently published in the notice in the Government Gazette in December 2011.

(zzz)

(aaaa) The applicant points out as a consequence of these facts that, when the application for registration of the trademarks was made, the Werners knew that they would have no right to use their acquired property as anything other than a guest lodge and a camping site and were not permitted to develop that property or prejudice or impair the value of the intended township and related developments by the applicant. The applicant points out that these facts were not disclosed to the registrar in the application in claiming that the first respondent was the proprietor of the mark Elisenheim.

(bbbb) The applicant also contends that the intention on the part of Mrs Werner when registering of the trade mark that it was not to use it as a trade mark but to retain it as a name for a farm and that this also constituted a misrepresentation of the true intention which underlay the applications. The applicant further pointed out that the registration also sought to enable the proprietor of the trade mark to trade in direct competition with the applicant and this would have been in breach of the contractual covenant which bound both Mr and Mrs Werner and Santiago Investments. The applicant also took the point that there was no intention to use the mark as a trade mark in relation to the services in respect of which registration had been sought.

(cccc) The applicant thus applied for the expungement of the first respondent's trademarks.

First respondent's defence of priority right

(dddd)

(eeee) At the outset, Mr Werner pointed out that Mrs Werner had applied for the trade marks on behalf of Guest Farm Elisenheim and that they were granted by the registrar after the applications were advertised in the Gazette, as is required by s 20 of the Act, and that the first respondent was entitled to registration of the mark.

(ffff)

(gggg) In opposition to the application for expungement, the first respondent asserts a priority right in the mark Elisenheim. In the answering affidavit it is claimed that this right is based upon the alleged use of the mark since 1986 in

respect of a farm guesthouse. The first respondent thus contends that it had acquired “common law trademark rights in respect of the mark *Elisenheim*” and that its use antedated that of the applicant. In the replying affidavit the applicant disputes those allegations.

(hhhh) Mr Bester submitted that this dispute was capable of being resolved on the papers in favour of the applicant in accordance with the test for resolving disputed facts in motion proceedings, as articulated in *Plascon-Evans Paints v Van Riebeek Paints (Pty) Ltd*¹⁰ as it has been applied in trade mark matters referred to below.

(iii) As was correctly pointed out by Mr Bester, a right in and to the exclusive use of a trade mark only arises on registration of the trade mark under the Act. In that instance, proprietorship of the trade mark registered under the Act and its validity are proven by means of the production of the trade mark registration certificate.¹¹

(jjjj) Under the common law, however, a trade mark would only become a form of property in consequence of its use by a trader who can claim to have acquired a repute in the mark in question. This would entail establishing that the mark has become distinctive in the minds of the purchasing public in distinguishing the goods or services from other similar goods or services rendered by others. The first respondent has contended that it has acquired a common law right of this nature in respect of the mark.

(kkkk) In order to succeed with establishing ownership of a mark under common law, the first respondent would be required to adduce evidence of its use from the trade as to its distinctiveness and documentary evidence to establish that the mark has become distinctive in the sense contended for by the first respondent. The test in this regard was succinctly explained in *Turbek Trading v A & D Spits* by Harms DP, and is well illustrated the facts of that matter

¹⁰1984(3) SA 623 (A) at 635, consistently followed in this court and the Supreme Court. See *Mostert v Minister of Justice* 2003 NR 11 (SC) at 21 G-I.

¹¹s 59 and s 61 of the Act.

in the following passages: ¹²

[17] In context the question is whether the mark 'KG' formed part of Spitz's goodwill. Spitz had to show that it was at the date the common-law proprietor of the 'KG' trade mark, and this required proof that Spitz 'originated, acquired or adopted it and has used it to the extent that it has gained the reputation as indicating that the goods in relation to which it is used' belonged to Spitz (*Moorgate Tobacco Co Ltd v Philip Morris Inc* – a trade mark determination by Hon WG Trolip referred to inter alia by Southwood J in *Butterworths Publishers (Pty) Ltd v Jacobsens Group (Pty) Ltd* [2005] 2 All SA 588 (T) para 34). As Colman J explained, extensive use creates the intangible property rights in an unregistered (common-law) trade mark (*Oils International (Pty) Ltd v Wm Penn Oils Ltd* 1965 (3) SA 64 (T) 70G). In other words, Spitz had to discharge the same onus in relation to reputation that it would have had under a passing-off claim (*Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* 1977 (2) SA 434 (W) 436H-437E; *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd* 1998 (3) SA 938 (SCA) para 16 and 21-22).

[18] Spitz has a chain of stores specializing in footwear but it also sells clothing. During 2000 it had 17 stores countrywide. As mentioned, it held the 'Kurt Geiger' trade mark since 1990, and it sold its trademarked merchandise exclusively through its stores. It cannot be doubted that it had, apart from its registered mark, a substantial reputation in 'Kurt Geiger'. Although Spitz alleged in its founding papers that it also had a substantial reputation and goodwill during 2000 in the 'KG' trade mark due to extensive use, it appeared that this statement was seriously misleading as was the whole tenor of the founding affidavit on prior use. It transpired ultimately that all that Spitz could establish – as far as footwear is concerned – was that it had advertised before 2000, maybe as early as 1997, footwear under a combination trade mark consisting of the letters KG with an overlay of the name Kurt Geiger. Only in reply did Spitz clarify the position when it admitted that it did not and does not brand its footwear as 'KG'. It then stated that the basis of its case was that it had used the trade mark Kurt Geiger since 1972 in relation to footwear; that the public has 'always' known and referred to the Kurt Geiger brand as 'KG'; that it had used the combination trade mark in relation to clothing and footwear since 'at least' 1997; and that it had used 'KG' in relation to clothing and related accessories since 'at least' 1997.

[19] There is no objective evidence of use of the trade mark 'KG' prior to the effective

¹²(565/08 [2009] ZA SCA 158 (27 November 2009))

date of Turbek's applications, namely 7 March 2000, and in the light of the way the founding affidavit was formulated one cannot rely simply on the uncorroborated allegations made on behalf of Spitz. The only evidence of use of 'KG' on clothing or accessories in 2000 consists of two photographs of shirts taken inside a store. The camera dated them as '00, 9 12' and this, the deponent said, proves that they were taken on 12 September 2000. Accepting that, it does not prove an existing reputation as at the effective date. The one photo shows a number of folded shirts with the mark 'KG' on them. It is not possible to determine the significance of the initials especially where the unfolded shirts use either Kurt Geiger or the combination mark. The photo of the store's interior shows the use in large letters of the Kurt Geiger mark – and not the combination mark – in relation to footwear.

(III)

(mmmm) [20] The allegation under oath that the public has always' known and referred to the Kurt Geiger band as 'KB' is not only gross overstatement of what the few unimpressive confirmatory affidavits state but also appears to me to be contrived and in conflict with the probabilities that flow from the steps Spitz took during 2000 and thereafter in respect of trade mark. . .'

(nnnn) Mr Bester submitted that the evidence contained in the answering affidavit fell short of establishing a reputation in the mark Elisenheim by virtue of use and the claimed priority right of the first respondent. He pointed out that the first respondent's evidence comprised bald and unsubstantiated allegations to the effect that the first respondent had acquired the common law trade mark rights in the mark Elisenheim without adducing any corroborating evidence from which such a repute could be inferred such as promotional and advertising material, its frequency, the means or media employed for such material, its readership or circulation and the like. The first respondent did not even adduce invoices or delivery notes under the name Guest Farm Elisenheim or any customer invoices or receipts under that mark recording reservations and occupancy, meal sales and conferences. There were also no affidavits from any clients of the first respondent who had used the guest house facilities as to distinctiveness and the repute of the first respondent in respect of the mark contended for.

(oooo) Whilst the generally accepted approach of this court in following the

Plascon-Evans test is that final relief would generally only be granted where justified by the undisputed facts on the basis of the facts alleged by as respondent together with the facts alleged by the applicant which are not disputed, there are exceptions to that rule. One such exception is that respondents cannot shield behind bald and unsubstantiated denials (or assertions where they raise them as a defence) or where denials are not genuine.¹³ This exception found application in proceedings of this nature in *New Balance Athletic Shoe Inc v Dadjee NO*¹⁴ where the following was stated by Nugent, JA for the (South African) Supreme Court of Appeal:

[16] The court below evaluated the evidence according to the rules laid down in *Plascon-Evans* (the case is so well known that its full citation will only further burden its annotation) and both counsel accepted that that was the correct approach. Those rules manifest the principle that application proceedings are intended for the resolution of legal issues. For that reason final relief will be granted only where the relief is justified by undisputed facts (facts alleged by the applicant that are not disputed, together with facts alleged by the respondent), though there are exceptions,¹⁵ which applies as much where the respondent bears the onus of proof.

[17] But the rule in *Plascon-Evans* is not blind to the potential for abuse. As this court said in *Fakie NO v CCII Systems (Pty) Ltd*,¹⁶ 'in the interests of justice, courts have been at pains not to permit unvirtuous respondents to shelter behind patently implausible affidavit versions or bald denials.'¹⁷ That seems to me to be particularly important in proceedings of this nature, in which the proprietor respondent, who bears the onus of proving relevant use,¹⁸ can be expected to have comprehensive and peculiar knowledge of that fact if it has occurred. In those circumstances it can be expected that a proprietor who alleges relevant use will advance clear and compelling

¹³*Plascon-Evans supra* at 635 C; see also *Fakie NO v CCII Systems (Pty) Ltd* 2006(4) SA 326 (SCA).

¹⁴(251/11) [2012] ZA SCA 3 (2 March 2012).

¹⁵'[F]or example, where the allegations or denials of the respondents are so far-fetched or clearly untenable that the Court is justified in rejecting them merely on the papers' *Plascon-Evans* at 635C.

¹⁶*Fakie NO v CCII Systems (Pty) Ltd* 2006 (4) SA 326 (SCA).

¹⁷Para 55.

¹⁸ Section 27(3).

evidence to that effect, and ought not to expect that the evidential burden will be discharged by allegations that are sparse, ambiguous, or lacking in conviction.'

(pppp) I accordingly agree with Mr Bester's contention that the first respondent has not shown with reference to corroborating evidence, especially documentary evidence, that it had acquired any "common law trade mark rights" in the mark Elisenheim. Nor was any use of that mark established which antedated the first use of the mark by the applicant in respect of any services.

Section 16 (1)

(qqqq) On the other hand, the applicant adduced evidence of its own use and acquisition of a right in the mark Elisenheim. Attached to the founding affidavit was a considerable body of advertising and promotional material which served to demonstrate the use of the mark Elisenheim by the applicant. That use had not been disputed by the first respondent.

(rrrr)

(ssss) There is also the evidence of the covenant which would militate against the use of the mark Elisenheim on the part of the first respondent in the sense contended for by Mr Werner on its behalf. The contractual terms binding upon Mr and Mrs Werner and Santiago Investments furthermore establish that they knew at least from 2005 that the applicant proposed a township development under the name Elisenheim on portions by the farm purchased by the applicant.

(ttt)

(uuuu) The applicant has thus with reference to documentary evidence established demonstrated a repute in the mark Elisenheim in relation to the development of land for residential and business proposes and the sale of land before 2010. The first respondent has on the other had failed to adduce evidence to establish use of that mark in respect of any services.

(vvv) Section 16(1) of the Act prohibits the registration as a trade mark any matter the use of which is likely to deceive or cause confusion.

(wwww) When the application for the registration of the marks was made in

2010, the use of the mark Elisenheim in relation to land development and the sale of land was in direct competition with the applicant which had shown an existing reputation in that mark and would result in deception or confusion in conflict with the prohibition contained in s 16(1).

(xxxx) It follows that the registration of the first respondent's trade mark number 2010/0229 in class 36 (for selling land, developing land or residential and business development) was proscribed by s 16(1) of the Act and liable to be expunged under s 33(1) of the Act.

Section 36 (1)

(yyyy) There is a further reason why the trade mark should be expunged.

(zzzz)

(aaaaa) As I have pointed out, the Act defines a trade mark as a mark which is 'used or proposed to be used in relation to goods or services.'¹⁹

(bbbbb) There is no allegation whatsoever in the answering affidavit that the first respondent or even Santago Investments for that matter have had up to a month before the date of this expungement application ever used the mark 'Elisenheim' in relation to the 'selling of land, developing land for residential and business development.' This is in any event precluded by the covenant until 2017.

(cccc)

(dddd) The first respondent could thus not claim registration if he contended that he proposed to use it from 2017. That is because s 36(1)(b) makes it clear that a continuous period of 5 years of non use of a trade mark would entitle an applicant to have the mark taken off the register. But on the facts, it would seem to me that it has been shown that both marks should be taken off the register on the grounds that the requisites for that relief under of s 36(1)(a) have been met by the applicant.

(eeee)

(ffff) The first respondent has, as I have said, not adduced evidence to

¹⁹S 1 of the Act.

support the repeated bald allegation that the mark 'Elisenheim' had been used for a farm guest house, restaurant and conference facility. There is not even that bald assertion in respect of the other services. It would rather appear, as was submitted by Mr Bester, that the first respondent had engaged in a stratagem to register the marks to prevent the applicant's use or to obtain some undue advantage from the applicant by registering these marks. It is well settled that a trade mark is registered primarily for its use and not in order to prevent others from using it.²⁰

(ggggg)

(hhhhh) It follows that both registrations are to be taken off the register and expunged under s 36(1).

(iiii)

(jjjj) **Proprietorship under s 20 (1)**

(kkkkk) The applicant also contends that the first respondent could not on the evidence claimed to have been the proprietor of the trade mark for the purpose of s 20(1) of the Act and that there was no entitlement on this basis for their registration.

(lllll) Section 20(1) expressly contemplates a 'person claiming proprietorship' can claim registration of a trade mark.²¹ The first respondent's application faces several difficulties when considered against this fundamental requirement for registration. It is clear from the facts that the first respondent, when making the application through Mrs Werner in 2010 not only knew that the applicant had by then already acquired an established repute in the mark in question, had used it, and was also precluded contractually from using the portion of the farm purchased by Santiago Investments for any purpose other than farming purposes including operating a guest lodge and not to do any township development or related property or subdivision on that portion. The first respondent was also contractually restricted from any development which would prejudice and impair the value of the applicant's intended township and related development.

²⁰*A.M Moolla Group and Others v The Gaplac and Other* 2005 (6) SA 568 (SCA) at 582, par 26.

²¹S 1 of the Act.

(mmmmm) The applicant correctly claims that the first respondent could thus not claim at the date of the application for registration to have been proprietor of the marks (or to have used or proposed to use the mark the applicant had by then established a repute in the mark).

(nnnnn)

(ooooo) The claim of propriety was therefore false and disentitled the first respondent to registration of the mark. The applicant has thus also established that the marks were registered without sufficient cause for this reason and that the trade marks should be expunged under s 33(1) of the Act.

Registration not competent

(ppppp) As was also submitted on behalf of the applicant, the application for registration of the marks was not competent. The applicant for the trade mark registration was referred to as 'Guest Farm Elisenheim'. It was stated to be a 'Namibian company'. The marks were then registered in the name of Guest Farm Elisenheim, said to be a Namibian company. It is common cause that there was then no such registered company. Nor is there one subsequently in existence.

(qqqqq) The applicant contends that this is a fatal defect in the application and in the subsequent registration. I agree. There is no reference at all to Mr Werner in the trade mark application or that he trades as Guest Farm Elisenheim. The answer to this provided by Mr Werner – that his wife in making the applications received incorrect advice in completing the applications – cannot rectify this fatal defect. The purported proprietorship of the trade marks only emerged in the answering affidavit and only in response to a Rule 14(5) notice given in this application. It was only then that Mr Werner is stated to be the proprietor of the trade marks.

(rrrrr)

(sssss) This coincidentally contrasted with the letter of demand addressed to the applicant in which it is claimed that Mr and Mrs Werner, in their capacities of members of Santiago Investments, are the proprietors of the trade mark.

Despite the elaborate explanation for this contradiction given by Mr Werner, the defect, which is in my view fatal, remains.

(ttttt)

(uuuuu) The party registered as owner of the trade marks, 'Guestfarm Elisenheim', could not claim to be the proprietor of the trade marks in the application for the registration. It was not a company and is not identified as any person. The register is after all prima facie proof of matter recorded in it.

(vvvvv)

(wwwww) For this reason alone and as well, registration of the trade marks was not competent and without sufficient cause, without identification of a person as proprietor and liable to be expunged under s 33(1).

Contrary to law and disentitled protection

(xxxxx) Mr Bester also submitted with reference to s 16(1) that the trade marks were proscribed for a yet further reason. He referred to that portion of s 16(1) which prohibits the registration of a trade mark where it would be contrary to law or morality or would otherwise be disentitled to protection in a court of law.

(yyyyy)

(zzzzz) Mr Bester submitted that it was clear from the facts that the first respondent already knew in 2005 of the applicant's plans to develop a township under the name 'Elisenheim' and subsequently that the applicant's property development and sales were under that name. He referred to the contractual terms binding the first respondent not to do any township development or any development which would prejudice and impair the value of the intended township and related developments of the applicant.

(aaaaa) Yet and despite these binding contractual terms, the first respondent sought some 5 years later – and after the applicant's township development was well apace – to register the trade mark for the very services of property development engaged in by the applicant and precluded by the clear contractual terms and also knowing that the mark was used by the applicant. And then, after registering the trade marks, the first respondent threatened infringement proceedings against the applicant.

(bbbbbb) Mr Bester submitted with considerable force that the respondent's conduct in the circumstances was 'fraudulent, mala fide or dishonest' and disentitled him to benefit from such conduct. The inference to be drawn from the facts properly approached in motion proceedings is that the first respondent's conduct in the circumstances is of such nature which would under s 16(1) disentitle the first respondent to protection in this court. The registration of the mark for the purpose of property development was in direct conflict with the contractual terms. Parties should be held to their agreements. As was stated by the (South African) Constitutional Court, albeit in a different context;

'Pacta sunt servanda is a profoundly moral principle, on which the coherence of any society relies.'²²

This principle was also cogently stressed by the *Supreme Court in Africa Personnel Services (Pty) Ltd v Government of Namibia*.²³

(ccccc) Not only was the conduct of the first respondent in registering the mark for property development services in direct conflict with the covenant, but the circumstances of its registration (the knowledge of the applicant's use) and the further conduct compound the contractual breach. The registration would in my view be contrary to law and disentitle the first respondent to protection.

Conclusion

(dddddd) It is accordingly clear that the first respondent in his answering affidavit does not raise defences to the application which enjoy strong or even reasonable prospects of success or any prospects at all. On the contrary, after considering the contents of the answering affidavit in the context of the founding affidavit and replying affidavit and applying the well established approach to disputed facts in motion proceedings, it is clear to me that the defences raised are unmeritorious. It follows that the condonation application should not be granted and that the applicant is entitled to the relief sought in the notice of

²²2007 (5) SA 323 (CC) at par 87.

²³2009 (2) NR 596 (SC) at par 28.

motion on the bases set out above.

(eeeeee) I accordingly grant the following order:

- a) The application for condonation is refused with costs;
- b) The second respondent is directed to rectify the Trade Marks Register in terms of s 33(1) and s 36(1) of Act 48 of 1973 by removing from the trade mark register the following:
 - i) Number 2010/0229 Elisenheim, registered on 20 August 2010 with effect from 25 February 2010 in class 36 for 'selling of land , developing land for residential and business development'; and
 - ii) Number 2010/0230 Elisenheim, registered on 20 August 2010 with effect from 25 February 2010 in class 43 for 'accommodation, restaurant facilities, conferencing.'
- c) The first respondent is to pay the applicant's costs of the application;
- d) The cost awards above include the costs occasioned by the engagement of one instructing and one instructed counsel.

D SMUTS

Judge

APPEARANCES

APPLICANT:

A.J Bester SC

Instructed by Dr Weder, Kauta & Hoveka Inc.

RESPONDENTS:

A. Corbett

Instructed by Behrens & Pfeiffer