

Cadbury (Pty) Limited v Beacon Sweets & Chocolates (Pty) Limited and another  
2000 (2) SA 771 (SCA) (“Liquorice Allsorts - case”)

Facts

Both Cadbury (Pty) Limited (“Cadbury”) and Beacon Sweets and Chocolates (Pty) Limited (“Beacon”) are manufacturers and distributors of sweets and confectionery.

Beacon is the proprietor in South Africa, *inter alia*, of trade mark registration no. 86/3570 LIQUORICE ALLSORTS device in class 30 in respect of “confectionery, sweets, chocolates, candy, sweetmeat, ices and ice cream”.

The following disclaimer is entered against the mark : “Registration of this trade mark shall give no right to the exclusive use of the sweet device, separately and apart from the mark. The applicant undertakes that, in use, the blank space shall be occupied only by matter of a wholly descriptive or non-distinctive character, or by a trade mark registered in the name of the applicant in respect of the same goods, or by a trade mark of which the applicant is a registered user in respect of the same goods, or by a trade mark of a registered user with the consent of the proprietor of such a mark or the blank space will be left vacant.

The applicant undertakes that in use the trade mark will only be used in respect of goods containing or including liquorice or liquorice flavour”.

À quo

Cadbury applied for an order for entry of an additional disclaimer against Beacon’s trade mark LIQUORICE ALLSORTS device. Although the validity of the trade mark registration was not attacked, Cadbury requested the entry of a disclaimer which would have the effect that the trade mark registration shall not grant the right to exclusive use of the name “Liquorice Allsorts” separately and apart from the mark. Reliance was made on Section 15 of the Trade

Marks Act of 1993 which provides that, if a trade mark contains matter which was incapable of distinguishing, the Court might require that the proprietor disclaims any right to exclusive use of that matter. Cadbury claimed that "Liquorice Allsorts" is descriptive of a product and therefore incapable of distinguishing. Cadbury's application was refused. An Appeal was entered.

### Appeal

Section 15 is not concerned with the question whether a trade mark itself is incapable of distinguishing, but whether matter contained in a trade mark lacks this capability. The question to be answered, therefore, is whether the term "Liquorice Allsorts" is capable of distinguishing within the meaning of Section 9.

Section 9 provides :

"9(1) in order to be registrable, a trade mark shall be capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within those limitations.

9(2) a mark shall be considered to be capable of distinguishing within the meaning of subsection (1) if, at the date of application for registration, it is inherently capable of so distinguishing or it is capable of distinguishing by reason of prior use thereof."

Beacon argued that Section 9(2) refers to the date of application and that a registration may therefore only be rectified by means of disclaimer entered in terms of Section 15 if the trade mark LIQUORICE ALLSORTS was incapable of distinguishing at the date of application. Cadbury submitted that Section 9 makes no reference to the date of application and that the Court should only be concerned about capability to distinguish at the date of application for rectification.

Beacon's argument was rejected. The Court found that the object of Section 9 is to provide a test for registerability of a trade mark at the date of application. The date upon which this question has to be determined was therefore set as that of application. Section 15 is concerned with 2 situations :

1. where the Registrar or Court has to determine whether the trade mark shall be registered with or without a disclaimer. In this event the date of application for registration is of importance.
2. where the question is if the trade mark should remain registered in its present form (as was the case in question). There the date of application is irrelevant.

This is apparent from the fact that Section 15 is worded in the present tense. It was found that it cannot be in the public interest to have trade marks on the register that cannot perform the basic function of a trade mark.

Beacon also argued that, in a post-registration situation, the working of Section 15 is restricted to a case where the Court is called upon to decide whether a trade mark “shall remain on the register”. In this instance, so the argument ran, the Court was not called upon to decide whether the trade mark should stay on the register but merely if a disclaimer should be entered against the registration. The Court therefore had no jurisdiction to hear Cadbury’s application.

The Court rejected this argument because of the perceived absurdity of the result. It would have the result that, if an applicant has no objection to a trade mark as a whole, but only matter contained therein, it would be obliged to launch an attack on the whole of the trade mark to gain relief in terms of Section 15. The Court added that it would expect some motivation to be apparent for such a purely procedural limitation, but it could think of none. Furthermore, the phrase “in deciding whether the trade mark ... shall remain on the register” has been included in Trade Mark Acts dating back to at least 1905 and no reference was made to any authority which interpreted the phrase in the manner submitted by Beacon.

The last jurisdictional requirement for the exercise of the discretion to enter a disclaimer in terms of Section 15 is whether LIQUORICE ALLSORTS is incapable of distinguishing the liquorice confectionery of Beacon from the same product of another person, i.e. is LIQUORICE ALLSORTS the name of a product? The term is given in some dictionaries as the name of a product. During argument counsel were unable to suggest an alternative name for the product.

Beacon countered by arguing that it was the only manufacturer and supplier of LIQUORICE ALLSORTS and had been since about 1952. Its LIQUORICE ALLSORTS product was widely advertised and there were substantial sales of the product by Beacon. The Court found, however, that the sole producer and distributor of a product under its generic name cannot render that name capable of distinguishing (as envisaged by Section 9) merely by way of advertising and selling it under the name.

Furthermore, evidence was brought that Beacon manufactures and packages “Liquorice Allsorts” for other parties which sell the product, under that name, with Beacon’s consent, and the name “Liquorice Allsorts” appears in a manner and script bearing no resemblance to the registered trade mark. The same applies to the rest of the packaging.

Beacon attempted to argue that these parties were registered users, as envisaged in Section 38. Unless these parties used the trade mark as *registered* with Beacon’s consent, their use does not qualify as permitted use. Use of the name “Liquorice Allsorts” was not use of the trade mark as registered, but only of “matter” contained therein. Also, a condition of registration of the trade mark requires that only a trade mark registered in the

name of Beacon or in respect of which it is a registered user or a trade mark of an entity which is a registered user of Beacon may be used in the blank space on the trade mark. The marks of the parties which used the term "Liquorice Allsorts" did not fall in this category and the breach of this condition could not grant Beacon any rights or protect it in any way.

A disclaimer is not necessary in theory as registration of a mark can never give rise to any rights except those arising from the mark as a whole. A disclaimer does, *inter alia*, have the function of preventing the registration of a composite mark from operating as a bar to use by others of a disclaimed element. Beacon was attempting to rely on the rights in LIQUORICE ALLSORTS, the dominant part of its trade mark, to prevent use by others. The Court therefore found this to be a textbook case for a disclaimer.

In the Court *à quo* Beacon argued that Cadbury was sufficiently protected by Section 34(2)(c) which provides *inter alia* that a registered trade mark is not infringed by the use of a *bona fide* description or indication of the kind of goods concerned. The Court could not see why Cadbury should be put to the expense of first manufacturing and selling and then be subjected to the risk of infringement litigation where the Legislature had provided a simple remedy to obtain certainty which remedy is similar to a declaration of rights.

Although Beacon may attempt to assert rights in "Liquorice Allsorts" by means of a passing-off action, in light of the proviso to Section 15, that was not found to be sufficient reason to refuse the relief sought as the nature of the protection provided by that action differs from trade mark protection.

The Appeal therefore succeeded and the following disclaimer was entered against trade mark registration no. 86/3570 LIQUORICE ALLSORTS device: "The registration of this mark shall also give no right to the exclusive use of the name *Liquorice Allsorts*, separately and apart from the mark".

**Vanessa Lawrance**