



**THE SUPREME COURT OF APPEAL OF SOUTH AFRICA**  
**JUDGMENT**

Case No: 970/12  
Not reportable

In the matter between:

**ORANGE BRAND SERVICES LIMITED**

**Appellant**

and

**ACCOUNT WORKS SOFTWARE (PTY) LTD**

**Respondent**

**Neutral citation:** *Orange Brand Services v Account Works Software*  
(970/12) [2013] ZASCA 158 (22 NOVEMBER 2013)

**Coram:** NUGENT, TSHIQI, THERON and MAJIEDT JJA  
and SWAIN AJA

**Heard:** 7 NOVEMBER 2013

**Delivered:** 22 NOVEMBER 2013

**Summary:** Trade Mark – prior application for registration -  
whether ‘likely to deceive or confuse’ - ORANGE  
and ORANGEWORKS relating to computer  
software.

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## **ORDER**

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On appeal from North Gauteng High Court, Pretoria (Pretorius, Ranchod and Fabricius JJ) sitting on appeal from Registrar of Trade Marks.

The appeal is upheld with costs that include the costs of two counsel. The order of the court below is set aside and substituted with the following:

‘The order of the Registrar of Trade Marks is set aside and substituted with the following:

(a) The opposition to trade mark application number 2006/05687 ORANGEWORKS in Class 9 succeeds and the application is refused.

(b) The applicant for registration is directed to pay the opponent’s costs of opposition’.

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## **JUDGMENT**

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NUGENT JA (TSHIQI, THERON and MAJIEDT JJA and SWAIN AJA CONCURRING)

[1] The respondent – Account Works Software (Pty) Ltd – applied to the Registrar of Trade Marks under s 16 of the Trade Marks Act 194 of 1993 for registration as a trade mark of the mark ORANGEWORKS in class 9, in respect of ‘computer software and software programmes relating to

accounting’, disclaiming exclusive use of the word or colour orange separately and apart from the mark.<sup>1</sup>

[2] Prior to that application being made, Orange Personal Communications Services Limited – a company incorporated in the United Kingdom, and a member of the Orange Group of companies – had applied for registration of the mark ORANGE, also in Class 9, in respect of a vast array of goods and technology relating mainly to the telecommunications industry, but including ‘computer programmes’ and ‘computer software’. It opposed the application by Account Works Software but its opposition failed before the registrar. On appeal to the North Gauteng High Court (Pretorius, Ranchod and Fabricius JJ) Orange Brand Services Limited was substituted for Orange Personal Communications Services Limited. Why that occurred is not altogether clear but nothing turns on it and I have assumed it was accounted for by a change of name. The appeal met the same fate as the opposition before the registrar and Orange Brand Services now appeals to this court.

[3] Section 10(15) of the Trade Marks Act 194 of 1993 prohibits registration of, amongst others, a mark that is so similar to a mark that is the subject of an earlier application by a different person, that the use thereof in relation to the goods or services in respect of which it is sought to be registered, which are the same as or similar to the goods or services in respect of which the earlier application is made, ‘would be likely to deceive or cause confusion’.

[4] It is not disputed that the goods in respect of which Account Works Software seeks to register its mark fall within the category of goods for

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<sup>1</sup> Application No. 2006/05687.

which Orange Brand Services has applied for registration. The only question we are called upon to decide is whether the use of that mark in relation to the goods for which Account Works Software seeks registration – ‘computer software and software relating to accounting’ – would be likely to deceive or cause confusion.

[5] The Orange Group of companies carries on extensive business in the telecommunications industry in various countries under the trade mark ORANGE of which it is the registered proprietor in those countries. In deciding whether the use by the parties of their respective marks would be likely to cause confusion the court below – and the registrar – compared the use of the marks on the basis that

‘the goods of the appellant and the goods of the respondent are not in competition with each other as the appellant used ORANGE in the telecommunications industry, whilst the respondent used ORANGeworks in the accounting industry’.

[6] The registrar and the court below erred in approaching the matter in that way. While there is some question as to whether the comparison is to be made with reference to actual use in infringement proceedings,<sup>2</sup> in opposition proceedings the question that falls to be decided is not how the parties use or intend to use their marks, but how they would be entitled to use them if both were to be registered – that is, how they might notionally be used. In this case if both marks were to be registered, the respective parties would be entitled to use them in relation to computer software, including software for accounting, and the question is whether it would be likely to cause confusion if both marks were to be used in that way.

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<sup>2</sup> See *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA 623 (A) at 641H – 642C.

[7] As it was expressed in *Bristol Laboratories Inc v Ciba Ltd*,<sup>3</sup> which was affirmed in *Adcock Ingram Intellectual Property (Pty) Ltd v Cipla Medpro (Pty) Ltd*:<sup>4</sup>

‘The question is not what the appellant says it intends doing, but what it will be permitted to do if its application is granted in respect of all goods in Class 3. In my opinion it is correct to say, as ROMER, J., held in *Jellinek’s Application*, 63 R.P.C. 59 at p. 78, that

“The *onus* must be discharged by the applicant in respect of all goods coming within the specification applied for, and not only in respect of those goods on which he is proposing to use (the mark) immediately, nor is the *onus* discharged by proof only that any particular method of user will not give rise to confusion; the test is: What can the applicant do?”’.

[8] Section 10(15) applies to competing applications, while s 10(14) applies to applications that compete with trade marks already registered, but the test to be applied in each case – would the mark be ‘likely to deceive or cause confusion’ – is the same. The same test applied under s 17(1) of the Trade Marks Act 62 of 1963, which was replaced by s 10(14) of the present Act. Thus it is not necessary for present purposes to distinguish the various cases that have applied that common test under any one or other of those sections.

[9] In *Cowbell AG v ICS Holdings Ltd*,<sup>5</sup> decided under s 17(1) of the former Act, this court formulated the test as follows

‘Section 17(1) creates an absolute bar to registration provided the jurisdictional fact is present, namely that the use of both marks in relation to goods or services in respect of which they are sought to be registered, and registered, would be likely to deceive or cause confusion. The decision involves a value judgment and

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<sup>3</sup> *Bristol Laboratories Inc v Ciba Ltd* 1960 (1) SA 864 (A) at 871C-E. That case was decided under s 105 of the Patents, Designs, Trade Marks and Copyright Act 9 of 1916, but the principle expressed is equally applicable under ss 10(14) and 10(15) of the present Act.

<sup>4</sup> *Adcock Ingram Intellectual Property (Pty) Ltd v Cipla Medpro (Pty) Ltd* 2012 (4) SA 238 (SCA) paras 14 – 15. See, too, *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA), in which the principle was applied in infringement proceedings.

<sup>5</sup> *Cowbell AG v ICS Holdings Ltd* 2001 (3) SA 941 (SCA) para 10.

"[t]he ultimate test is, after all, as I have already indicated, whether on a comparison of the two marks it can properly be said that there is a reasonable likelihood of confusion if both are to be used together in a normal and fair manner, in the ordinary course of business".'

It went on to say that in considering whether the use of the respondent's mark would be likely to deceive or cause confusion, 'regard must be had to the essential function of a trade mark, namely to indicate the origin of the goods in connection with which it is used'. Citing *Sabel BV v Puma AG, Rudolf Dassler Sport*,<sup>6</sup> it said the likelihood of confusion must 'be appreciated globally' and

'the global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.'

[10] The authors of *Kerly's Law of Trade Marks and Trade Names*<sup>7</sup> point out that whether there is a likelihood of deception or confusion is a question of fact, and for that reason decided cases in relation to other facts are of little assistance, except so far as they lay down any general principle. While I have found various cases referred to by counsel for Account Works Software informative, each was decided on its own facts, without laying down any new principles, and I do not think it is helpful to refer to them.

[11] The approach to be taken when comparing marks is conveniently summarised in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd*.<sup>8</sup> That case concerned infringement, but that is not a material distinction. Corbett JA expressed it as follows:<sup>9</sup>

'In an infringement action the *onus* is on the plaintiff to show the probability or likelihood of deception or confusion. It is not incumbent upon the plaintiff to show

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<sup>6</sup> *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 199 (ECJ) at 224.

<sup>7</sup> 14<sup>th</sup> ed para 17 – 023.

<sup>8</sup> Above.

<sup>9</sup> At 640G – 641E.

that every person interested or concerned (usually as customer) in the class of goods for which his trade mark has been registered would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. The concept of deception or confusion is not limited to inducing in the minds of interested persons the erroneous belief or impression that the goods in relation to which the defendant's mark is used are the goods of the proprietor of the registered mark, ie the plaintiff, or that there is a material connection between the defendant's goods and the proprietor of the registered mark; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection.

The determination of these questions involves essentially a comparison between the mark used by the defendant and the registered mark and, having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant's mark would make upon the average type of customer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as, for example, the use of name marks in conjunction with a generic description of the goods.'

[12] Account Works Software has referred to other instances in which the colour orange has featured prominently in relation to goods in class 9, and to applications that have been made for registration of marks

incorporating that colour, as indicative of the fact that the public is accustomed to associating the colour with goods within that class. I do not see how that can be relevant. It is true that the word ‘orange’, in ordinary usage, can denote a colour as well as a fruit, but the mark in this case is not the colour, but the word. In similar vein it referred to extensive use of the word in internet domain names, and company names, alleging, on that basis, that ‘members of the public will not identify businesses or their products merely by that mark, but will seek some other way of identifying the specific companies or products, like any other words forming part of that name or trade mark, or the composite effect of different words making up the mark’. Once again, I do not think that is particularly helpful. Many of those names might be distinctive by virtue of their composition or association, and others might themselves be confusingly similar to the mark in the present case, all of which begs the question that confronts us.

[13] Much was also made of the fact that customers in the market for accounting software, unlike consumers who select goods from a supermarket shelf, can be expected to be intelligently discerning, selecting to purchase the software only after careful scrutiny of its suitability, and not merely the mark. I have no doubt that computer software for accounting is indeed purchased with considerable care, but confusion need not be lasting for it to disqualify a mark from registration. It is sufficient if it is confusing only for a short time, sufficient to attract initial interest, albeit that the confusion might later be cleared up.<sup>10</sup>

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<sup>10</sup> *John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd* 1977 (3) SA 144 (T) at 151C-D; *Webster and Page’s South African Law of Trade Marks, Unlawful Competition, Company Names and Trading Styles* 4<sup>th</sup> ed by CE Webster and GE Morley para 7.2, *Adidas AG v Pepkor Retail Limited* [2013] 3 ZASCA para 27.



[14] But ultimately a case of this kind, as pointed out in *Cowbell*, comes down to a value judgment to be made by the court, dictated by the overall impression created by the marks, given their respective characteristics, and the circumstances in which they are likely to be encountered, instead of being drawn into excessive analysis.

[15] I accept that ‘orange’ is an ordinary English word, in wide use to describe a colour or a fruit, and is not a constructed word finding its distinctiveness in the word itself. But to my mind the dominant feature of the word when used as a mark in this context, is that in its ordinary meaning it has no association with computer software or computer technology. It is precisely the absence of any natural association that makes the mark distinctive and catches attention.

[16] To my mind it is that dominant and catching feature that is immediately brought to mind by the mark ORANGeworks, aurally, visually and in concept. The suffix WORKS – a word that might at best suggest an imprecise metaphor – trails off considerably when the mark is expressed orally, is dominated visually by the distinctive ORANGE when written, and is entirely overshadowed by the unusual conceptual use of ORANGE in association with technology. In my view the mark is indeed likely to cause at least initial confusion when used in that context, albeit that the initial confusion might soon be cleared up. It seems to me that the registrar and the court below were unduly influenced in their view by the different industries in which the parties put their marks to use.

[17] The appeal is upheld with costs that include the costs of two counsel. The order of the court below is set aside and substituted with the following:

‘The order of the Registrar of Trade Marks is set aside and substituted with the following:

- (a) The opposition to trade mark application number 2006/05687 ORANGEWORKS in Class 9 succeeds and the application is refused.
- (b) The applicant for registration is directed to pay the opponent’s costs of opposition’.

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R W NUGENT  
JUDGE OF APPEAL

**APPEARANCES:**

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                                  F Southwood

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