

IN THE SUPREME COURT OF SOUTH AFRICA
(APPELLATE DIVISION)

In the matter between:

TOOL WHOLESALE HOLDINGS (PROPRIETARY) LIMITED Appellant
and
ACTION BOLT (PROPRIETARY) LIMITED First Respondent
and
THE REGISTRAR OF TRADE MARKS Second Respondent

CORAM: HOEXTER, E M GROSSKOPF, MILNE, JJA et
NICHOLAS, GOLDSTONE, AJJA

HEARD: 4 September 1990

DELIVERED: 16 November 1990

J U D G M E N T

HOEXTER, JA

HOEXTER, JA

The appellant ("TWH") and the first respondent ("AB") are private companies. The second respondent in this appeal is the Registrar of Trade Marks ("the registrar"). TWH is the proprietor of five trade marks ("the five marks") registered under the provisions of the Trade Marks Act, No 62 of 1963, as amended ("the Act"). In the Witwatersrand Local Division TWH instituted an action ("the action") against AB. TWH sought an interdict against AB on the grounds of alleged trade mark infringement and passing off. Thereafter the action was stayed pending the outcome of an application ("the application") by AB against TWH in the Transvaal Provincial Division ("the court below"). The judgment in the application is the subject of the present appeal.

In the application AB sought an order directing the registrar to rectify the register of trade marks by expunging the five marks therefrom. The application was resisted by TWH and, affidavits having been filed by both sides, the matter was heard by McCREATH, J. The learned judge granted the application and ordered TWH to pay the costs thereof. The judgment of the court below has been reported: **Action Bolt (Pty) Ltd v Tool Wholesale Holdings (Pty) Ltd and Another** 1988(4) SA 752 (T). With leave of the court below TWH appeals against the whole of the judgment. AB opposes the appeal. The registrar abides the decision of this court.

The five marks are respectively: (1) 80/6862-Action Handle Bar ("the AHB mark") registered in Part A of the register; (2) B80/6863-Action, registered in Part B; (3) 80/8267-Action (and man device) registered in Part A; (4) 80/8268-Action Handle Bar (and man device) registered

in Part A; and (5) 83/8992-Action Do-It-Yourself Centres (and man device) registered in Part A. The five marks are registered in Class 42 of Schedule IV and each is in respect of:-

"Retail and wholesale services relating to tools (including electrically operated tools and welding apparatus), hand tools, paint, gardening and outdoor living requisites and hardware generally."

For several years TWH has operated various retail hardware stores on the Witwatersrand. Another of its stores sells hardware on a wholesale basis. AB carries on business as a supplier to the building industry of fastening systems such as rivets, rivet nuts, screws and bolts. AB is also a supplier of industrial power tools.

During or about the year 1986 AB began to use the trade name "Action Fastening Systems", together with a device, in relation to its products. This led to the action by TWH against AB; and, in turn, to the application

by AB against TWH. AB's application for expungement of the five marks was based on the following provisions of the Act: first, sec 33(1); second, sec 33(1) read with sec 16(1); and, third, sec 36(1)(a) and 36(1)(b). It is common cause that AB is a "person aggrieved" within the meaning of the aforementioned provisions of the Act.

In regard to sec 33(1) of the Act, AB contended in the court below that the five marks represented entries "wrongly remaining on the register" and that they had furthermore been made "without sufficient cause". In his judgment (at 753H) McCREATH, J described as the thrust of AB's argument:-

".....that the selling of goods, both wholesale and retail, does not constitute 'services' as envisaged by the Trade Marks Act and that registration as a services mark for 'wholesale and retail' services is accordingly not permissible in law."

The same contention was the main core of the argument advanced by Mr Bowman who appeared for AB in the appeal.

Service marks first became registrable in terms of amendments introduced by the Trade Marks Amendment Act, No 46 of 1971. Mr Plewman, who argued the appeal on behalf of TWH, correctly submitted that in so amending the Act the Legislature had intended to enlarge the scope of the monopoly which might be obtained by the registration of a trade mark; and that the introduction of service marks in 1971 was designed to afford additional rather than alternative statutory monopoly protection.

The definition of a trade mark in sec 2 of the Act now reads thus:-

"....'trade mark', other than a certification mark, means a mark used or proposed to be used in relation to goods or services for the purpose of -

- (a) indicating a connection in the course of trade between the goods or services and some person having the right, either as proprietor or as a registered user, to use the mark, whether with or without any indication of the identity of that person;
- and

- (b) distinguishing the goods or services in relation to which the mark is used or proposed to be used, from the same kind of goods or services connected in the course of trade with any other person."

The resultant position is that trade marks used or proposed to be used in relation to services may be registered and will enjoy the same protection as those used or proposed to be used in relation to goods. The Act does not contain a definition of "services". However, a clear differentiation between the use of a mark in relation to "goods" on the one hand and "services" on the other, is to be noticed in sec 2(3) of the Act which reads as follows:-

"2(3)(a) References in this Act to the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods.

- (b) References in this Act to the use of a mark in relation to services shall be construed as references to the use thereof in any relation to the performance of such services."

In the United Kingdom the Trade Marks Act, 1938, as amended, ("the UK Act"), does contain a definition of a "service mark". Later in this judgment a close examination will be necessary of a decision in the High Court and the Court of Appeal in a matter reported only after the application in the instant appeal had been decided: **Dee Corporation plc and Others** [1990] RPC 159 ("the Dee case"). At this juncture, however, brief reference may conveniently be made to a passage in the Dee case in the judgment of FALCONER, J in the Chancery Division, because it contains a useful indication of the ambit of the statutory definition of a "service mark" in the UK Act. At 165 (line 35) to 166 (line 10) the learned Judge remarked:-

"The Trade Marks (Amendment) Act 1984 amended the Trade Marks Act 1938, *inter alia*, to provide for the registration of service marks. The statutory definition of 'service mark', set out in section 1(7) of the 1984 Act, as amended by the Patents, Designs and Marks Act 1986, is as follows:

' 'service mark' means a mark (including a device, name, signature, word, letter, numeral, or any combination thereof) used or proposed to be used in relation to services for the purpose of indicating, or so as to indicate, that a particular person is connected, in the course of business, with the provision of those services, whether with or without any indication of the identity of that person.'

Moreover, by the 1984 Act, in section 68(1) of the 1938 Act, the 'Interpretation' section, there has been inserted the following definition in respect of the 'provision of services':

'..provision, in relation to services, means their provision for money or money's worth.'

Reading that definition of 'provision' into the definition of 'service mark', the latter may be written thus:

'In this Act 'service mark' means a mark (including a device, name, signature, word, letter, numeral, or any combination thereof) used or proposed to be used in relation to services for the purpose of indicating, or so as to indicate, that a particular person is connected, in the course of business, with the provision for money

or money's worth of those services whether with or without any indication of the identity of the person.' (Emphasis added)."

So much for the statutory definition of a "service mark" in the UK Act. Despite the fact that with us "services" lack statutory definition, an indication of what "services" in the Act were not intended to encompass is to be found in the judgment of this Court in *Miele et Cie GmbH & Co v Euro Electrical (Pty) Ltd* 1988(2) SA 583(A), a decision much debated in argument both in the court below and before us. Some discussion of the facts in the *Miele* case, and an examination of so much of its ratio as bears on the issue in the present appeal, may help to clear the way for a consideration of the main arguments addressed to us.

The Miele company, which was registered in West Germany, manufactured and supplied superior domestic appliances which were sold under its trade mark "Miele".

The Miele company registered the name "Miele" under the Act to cover a wide range of domestic and other appliances. Later registrations were effected under the Act of the word "Miele" in its international script form. In 1979 the Miele company and a company known as Euro Electrical (Pty) Ltd ("Euro Electrical") concluded an oral contract authorising Euro Electrical to import, sell, service and repair Miele appliances in South Africa. Euro Electrical was also authorised to use the name "Miele", in its international script form, in the name of its business and repair service. Euro Electrical duly used "Miele Appliances" as its trade name. In 1982 Euro Electrical cancelled the contract. It was pointed out to Euro Electrical that, as a result of the cancellation of the contract, it no longer enjoyed the right to use the names "Miele" and "Miele Appliances" as its trading style; and that such use would constitute an infringement of the Miele

company's trade mark. Euro Electrical nevertheless persisted in the use of the names. It continued, for example, to display neon signs on its shop front on which the word "Miele" appeared in international script form. The word "Miele", in its international script form, appeared on the back and sides of Euro Electrical's delivery van. On the other hand Euro Electrical's name appeared neither on its shop front nor on its delivery van. In the Transvaal Provincial Division the Miele company unsuccessfully applied for an interdict restraining Euro Electrical from infringing its registered trade mark under sec 44(1)(b) of the Act by using the name "Miele Appliances" as its trade name.

Those provisions of sec 44(1) of the Act pertinent to the Miele case read as follows:-

"44(1) Subject to the provisions of subsections (2) and (3) of this section and of sections forty-five and forty-six, the rights acquired by

registration of a trade mark shall be infringed by -

- (a) unauthorized use as a trade mark in relation to goods or services in respect of which the trade mark is registered, of a mark so nearly resembling it as to be likely to deceive or cause confusion; or
- (b) unauthorized use in the course of trade, otherwise than as a trade mark, of a mark so nearly resembling it as to be likely to deceive or cause confusion, if such use is in relation to or in connection with goods or services for which the trade mark is registered and is likely to cause injury or prejudice to the proprietor of the trade mark:
Provided that"
(Emphasis provided.)

Although sec 44(1)(b) of the Act refers only to a trade mark so nearly resembling the registered one as to be likely to deceive or cause confusion, this court held in

the Miele case (at 594H) that it was clear that the subsection likewise applies to the use of an identical mark. It was held (at 594-5) that in order to establish infringement under subsec 44(1)(b) a proprietor of a registered trade mark has to prove the following: (1) that there was use of the mark by the defendant; (2) that such use was unauthorized; (3) that such use was in the course of trade; (4) that such use was otherwise than as a trade mark; (5) that such use was in relation to, or in connection with, goods or services for which the mark was registered; and (6) that such use is likely to cause injury or prejudice to the proprietor of the mark. This court concluded that each of the foregoing six ingredients of the cause of action created by sec 44(1)(b) had been established and the appeal was upheld. Of more particular significance, for purposes of the instant appeal, is the line of reasoning adopted by this court in

concluding that the fourth and fifth requirements had been satisfied (viz that Euro Electrical's use of the mark was use otherwise than as a trade mark; and that such use was in relation to, or in connection with, goods or services for which the mark had been registered). The unanimous judgment of this court in the Miele case was delivered by CORBETT, JA. At 598I-599G the learned judge of appeal observed:-

"Subsection 44(1)(b) requires the user to be 'in relation to or in connection with goods or services for which the trade mark is registered'. Thus user in relation to or in connection with goods not covered by the trade mark registration or in relation to services where the registration is for goods, or vice versa, falls outside the ambit of the subsection.

It is Miele's case that the purpose of Euro Electrical's use of its (Miele's) trade mark as a trade name is to indicate an association of some kind between Euro Electrical's business and that of Miele, either that the business is that of Miele itself or that it is a local branch or agency of Miele; that this constitutes user in relation to or in connection with goods in respect of which the trade mark is registered; and that this user is use otherwise than as a trade mark.

Euro Electrical concedes (in counsel's heads of argument, at any rate) that its use of Miele's trade mark is to signify a connection in the course of trade between the business of Euro Electrical and that of Miele, but contends that this user is in relation to services and not goods, and that, in any event, even if it does relate to goods, it is use 'as a trade mark' in terms of sec 44(1)(a). The first of these contentions, if borne out by the facts, would provide an answer to Miele's claim, since its registered trade marks relate only to goods; the second, if well founded, would be a defence on the basis that Miele, so it is argued, specifically abandoned in the Court a quo its cause of action based on s 44(1)(a).

The first question to be considered is whether Euro Electrical's use of the trade mark 'Miele' is in relation to or in connection with goods or in relation to or in connection with services. During the course of argument Mr Goodman was asked 'What services?'; and to this he replied 'the services of selling, distributing and repairing Miele's products'. Repairing is, of course, a service, but in the context of Euro Electrical's business it is merely ancillary to the main activity of selling goods. And, in my view, it is artificial and incorrect to regard the selling of goods, even if they all emanate from a single manufacturing source, as the provision of services. Euro Electrical uses the mark, as I have said, as its trading style in order to indicate that its business, in which it

sells Miele products, is associated with Miele. If that user is in relation to or in connection with anything, it is, in my view, goods and not services; the goods being the Miele products and other goods sold by Euro Electrical."

Against the background sketched above it is necessary next to notice in relation to the performance of what services TWH claims that it is using the five marks.

In this connection a useful summary is to be found in a portion of a paragraph of TWH's heads of argument. It

reads as follows:-

"The evidence shows that the appellant does not merely sell goods to its customers but also employs expert staff who furnish advice to customers (such as 'die onhandiges wat nie eens n gloeilampie kan vervang nie') on such matters as the use of tools and equipment, the cleaning of swimming pools and 'how to be your own plumber.' The appellant's motto is 'We'll show you how.' When it advertised for department managers, it stated that it required persons who not only had a thorough knowledge of the products concerned but who were also able to advise and help customers....."

As a random example of the services performed by TWH, Mr Plewman called attention to the following advertisement annexed to its affidavits:-

"HARDWARE SHOP WITH IMPORTANT DIFFERENCE

Action Paint and Hardware (tel 789-1708) is the hardware shop with the difference for two reasons - the expertise of its staff and its vast range of stock.

The variety of products in Action Paint and Hardware satisfies most tool and hardware requirements: In the many departments in the big Randburg Mall store there are 26 000 product items - from paints and power tools to electrical and fastening components, to garden accessories and furniture.

That makes for one-stop shopping, and Action's delivery service means that it's shopping in comfort too.

The Action motto is 'We'll show you how.' In each department there is a member of staff who either has a National Institute of Hardware certificate (a qualification recognized throughout the world), or is an expert in practical terms by virtue of experience.

Three of the staff at Randburg's Action Paint and Hardware have recently been awarded among the highest marks of their group, and one of them is

the Institute's 'Student of the Year.'

It is Action's boast that they are experts in their field - 'to beat us you must be better.' Price-wise, they can compete with anyone."

McCREATH, J accepted the submission advanced on behalf of AB that the sale of goods, whether by wholesale or retail, does not constitute "services" within the meaning of the Act; and that registration as a "services mark" for "wholesale and retail" services is legally impermissible. The learned Judge concluded (at 755I - 756A):-

"....that the selling, or offering for sale, of goods, whether on a wholesale or retail basis, does not constitute a service within the meaning of the Act and registration for 'retail and wholesale services' is accordingly a specification which is contrary to the provisions of the Act. The registrations in respect of the first respondent's aforesaid trade marks do not therefore comply with the definition of a trade mark as they do not indicate a connection in the course of trade between the first respondent, as proprietor, and a service or services (as envisaged by the Act) performed by it. Four of the said marks are thus entries made in the

register without sufficient cause

(I interpose that in respect of the AHB mark a period of seven years since the date of registration thereof had elapsed and that therefore, subject to certain provisos, in an application for expungement the original registration of the AHB mark had to be taken as valid. To this feature of the case, and the way in which McCREATH, J dealt with it, I shall return later in this judgment.)

It is clear from the passage from the judgment of the court *quo* quoted above that McCREATH, J interpreted the words "retail and wholesale services" in the specification of each of the five marks as signifying "the selling, or offering for sale, of goods, whether on a wholesale or retail basis." Counsel for TWH submitted that in so interpreting the words McCREATH had fallen into error. In TWH's heads the argument was stated thus:-

"It is submitted that the word 'retail and wholesale services relating to' mean 'services

relating to the sale (whether wholesale or retail)', since merely to sell goods or offer them for sale is not in itself the performance of a service. The appellant's marks were registered as service marks and must be interpreted accordingly. The expressions 'retail' and 'wholesale' relate to methods of selling and not to methods of performing services; and it was obviously the intention to refer to any services performed in relation to or in connection with the sale of goods of the types described, whether such sale be wholesale or retail."

That the expressions "retail" and "wholesale" relate to methods of selling and not to methods of performing services is clear. I am nevertheless quite unable to read the specification's introductory phrase "Retail and wholesale services" as evincing any intention to refer to services performed in relation to or in connection with the sale of goods. The fact that the five marks were registered as service marks hardly gives a court licence to do violence to the precise and unambiguous terms of the specification. The argument on behalf of TWH involves an invitation to rewrite the specification by

assigning to it a meaning of which, upon an ordinary grammatical construction, it is plainly not susceptible. In my respectful view McCREATH, J was entirely right in construing "retail and wholesale services" as he did; and I endorse the learned Judge's further conclusion that such a specification is contrary to the Act.

In dealing with the facts of the Miele case McCREATH, J pointed out (at 755D-E) that in the Miele case this court held that in the context of Euro Electrical's business the repairing of the goods of the Miele company was merely ancillary to Euro Electrical's main activity of selling goods; and that (per CORBETT, JA at 599F):-

"....it is artificial and incorrect to regard the selling of goods, even if they all emanate from a single manufacturing source, as the provision of services."

In what follows I shall refer to the aforementioned statement as "the Miele dictum". In the court below it was contended on behalf of TWH that, for the purposes of

the decision in the **Miele** case, the **Miele** dictum was an obiter statement. The same argument was repeated on appeal. I have already indicated in some detail what issues arose in the **Miele** case. For the reasons cogently advanced at 755E-I in the judgment of the court below, I share the view of the learned judge that the **Miele** dictum represented an integral and essential part of the reasoning in this Court's judgment in that case. Before leaving the **Miele** case, and in order to avoid possible future misunderstanding, I would, however, add the following. In the course of the judgment in the court below there is a passage (at 754I-755B) in which the learned judge expresses the view - if I understand him correctly - that whatever may be the position under the comparable USA legislation, the decision of this court in the **Miele** case would in South Africa preclude the registration of a service mark in respect of any business

engaged not solely in the production or merchandising of goods, but also in the rendering of services. The propriety of such a registration (which would no doubt hinge on the particular facts of a given case) does not appear to me to have been an issue in the Miele case. It seems to me, with respect, that the passage at 754I-755B may have been stated rather too widely.

If, as I have already held, the court below correctly construed the specification for the five marks, that disposes of the appeal in respect of all the marks except (on the grounds already stated) the AHB mark. For the reasons which follow, however, it seems to me that even if the specification in the instant case had included an explicit catalogue of those "services" which in its affidavits TWH claims to perform in connection with retail and wholesale selling, the intrinsic nature of these services is such that the specification would still be

contrary to the Act. I say so because in my view the "services" adumbrated are simply part and parcel of the process of selling. The services in question are indissolubly linked to the sales.

This brings me to the *Dee* case (*supra*). It involved three large and well-known chains of retail stores. In their applications, which were heard together, each applicant sought registration in Part B of the register of the name and logo of their stores as service marks in Class 42. By agreement, each applicant's specification of service included "retail services"; but in addition thereto each applicant filed a declaration setting out those services offered to customers and prospective customers which they considered to be "retail services."

Objection to the marks was taken under secs 17(2) and 68 of the UK Act on the basis that the examiner was not satisfied that the applicants used or proposed to use the

mark for the purpose of indicating a connection in the course of business between themselves and all the relevant services. At the hearing before the hearing officer who represented the Registrar of Trade Marks, the applicants were represented by counsel. The hearing officer sustained the objection. In the course of the written reasons for his decision the hearing officer stated (at 162, lines 11 - 44):-

"The nub of the objection is the inclusion of 'retail services' within the specification of services of the application. Now what is a retail service? My understanding is that it is the sale of goods individually or in small quantities to consumers. The selling of goods is trading and a mark used in relation to this activity is a trade mark according to the definition of the latter in section 68 of the 1938 Act. The applicants, however, are of the opinion that a retail service consists of more than just the selling of goods and list the following as falling within the term:-

- (i) Information, advice and professional assistance given in response to enquiries from customers.

- (ii) The provision of a selection of goods to meet the customer's possible needs.
- (iii) Convenience of location of stores and opening times and also of layout of goods in stores.
- (iv) Preparation of goods to the particular requirements of customers.
- (v) Delivery of goods.
- (vi) Supply of carrier bags.
- (vii) Provision of car parks, toilets, restaurants and crèches.
- (viii) Credit facilities; the applicants accept certain credit cards.
- (ix) Congenial circumstances including the colour schemes of the stores, provision of background music, air conditioning.

These facilities and activities are, of course, commonly provided by retailers, as a means of attracting customers to one store rather than another. They are ancillary to or adjuncts to the conduct of the trading in goods for increasing the trade in goods, and do not normally qualify for the purpose of registering a service mark."

Later in his written reasons (at 164, lines 11 - 21) the hearing officer said:-

"Mr Hobbs urged me to consider his submissions in the light of the practices in some other countries, particularly the United States of America, which do register service marks in respect of retailing services. The U S Registry originally did not consider retail stores to be services but had changed its thinking and now did register service marks in respect of 'gathering together various products, making available a place for purchasers to select goods, and providing other necessary means for consummating purchases.' This is of interest but does not alter the fact that, in my understanding, the law in this country does not provide for the registration of a mark as a service mark unless it is used in relation to a business which is the provision of a service or services for payment (money or money's worth)."

In the concluding paragraph of his written reasons the hearing officer stated (at 164, lines 25 -29) that the applications were refused -

"...under the terms of section 17(2) because marks used in relation to retail services *per se* do not qualify for registration as service marks according to the description of such marks given in section 1(7) of the Trade Marks (Amendment) Act 1984 as amended by section 2(1)(b) of the Patents, Designs and Marks Act 1986."

The applicants in the Dee case appealed to the Chancery Division of the High Court. FALCONER, J concluded (at 171, lines 31 - 32) that the hearing officer had correctly refused each of the applications and he dismissed the appeals. In the course of his judgment the learned judge observed (at 168, lines 26 - 46):-

"Mr Hobbs for the appellantssubmitted that retail services are the provision of personal assistance and ready-made facilities for the selection and purchase of goods on an 'off the shelf' or 'over the counter' basis. But that would include shop assistants answering questions from potential purchasers of the goods on sale in the shop or store, an essential aspect of retail trading in those goods by which the shop or store seeks to achieve sales of the goods. Moreover, that definition is too indefinite to provide an identifiable specification of the service or services for a registration so that any person could know whether he would infringe or not. It has, of course, long been settled that to infringe a registered trade mark the alleged infringing use must be in relation to goods falling within the specification of goods of the registration, and the like principle holds for service marks in view of the language of section 4(1) of the 1938 Act as amended.

Mr Hobbs further submitted that without 'retailing services' a person wanting particular goods would have to find a source of such goods, select those for purchase, transport and store them as necessary to bring them to the point of use. But it seems to me that those are the very activities involved in carrying on trade in such goods; they are what a trader does in placing goods before the public as being his goods - of the words of Lord Wright in *Aristoc* at page 82, lines 50 to 51 - activities in which the use of his mark would be used as a trade mark."

The applicants in the *Dee* case appealed to the Court of Appeal. A Bench consisting of SLADE, STOCKER and BINGHAM, LJJ dismissed the appeal. In the course of his judgment SLADE, LJ pointed out that, apart from anything else, the applicants failed to clear the statutory hurdle, in the UK Act, of showing the provision of services for money or money's worth. At 179 (lines 21 to 31) SLADE, LJ remarked:-

"In the case of each of the applicants there was evidence to the effect that the cost of providing the facilities and activities comprised in the 'retail services' offered by them are passed on

to their customers in the prices charged by them for the goods sold by them in their stores. This factor was and is the foundation of their submission that their 'retail services' are 'provided for money or money's worth.' However, it could not be contended that these 'retail services' are charged for as such. Though intelligent customers would no doubt be aware that they would be reflected in a mark-up of the prices of the goods sold to them, no separate charge would be made in respect of them. And indeed some potential customers may avail themselves of the facilities for selection of goods offered in the applicants' stores without in the event effecting any purchase."

Nor, in the view of the learned Lord Justice, did the applications satisfy the real rationale of service marks.

At 180 (lines 28-35) SLADE, LJ said:-

"The broad purpose of the trade mark legislation has been to afford a means of statutory protection for the goodwill of persons who trade in goods. The broad purpose of the new service mark legislation, as I understand it, is to afford a corresponding means of statutory protection for the goodwill of persons who trade in the provision of services. If they are not actually trading in the relevant services, but the services provided by them are merely ancillary to their principal trading activities,

I see no reason why the legislature should have intended to give them any protection."

Later in his judgment (at 181, lines 14 - 24) SLADE, LJ said the following:-

"We have been referred to several cases where questions have arisen as to whether applicants can be said to be trading in goods so as to entitle them to registration of a trade mark or are merely providing customers with documents in the course of the supply of a service : (Compare for example AIRCO Trade Mark 1977 F.S.R. 485 and Bank of America National Trust and Savings Associations Trade Mark 1977 F.S.R.7 with VISA Trade Mark (supra)). Such cases may give rise to nice questions of fact. In my judgment, however, no corresponding questions of fact arise in the present case. The proposition that the provision of 'retail services' will as such support an application for registration as a service mark is, in my judgment, untenable. All the constituents of the 'retail services' relied on must be regarded as ancillary to, indeed as part and parcel of, the function of trading in goods."

I conclude my quotations from what was said by the Court of Appeal in the Dee case by referring to two brief passages in the judgments of STOCKER, LJ and BINGHAM, LJ

respectively. At 183 (lines 1 to 14) STOCKER, LJ rounded off his judgment with the following remarks:-

The 'business' of a retailer of goods is not the provision of the services by which the sale may be induced or rendered easier or more agreeable. The 'business' of the retailer is the sale itself.....

Though the definition of 'service mark' does not include the word 'trade' I am of the view that the expression 'in the course of business' imports the conception that the trade of an applicant for a service mark is the 'provision of services'. Services, therefore, which are incidental to or an adjunct of retail sales of goods are not services which it is the business or trade of the applicant to provide."

In his concurring judgment BINGHAM, LJ (at 183, line 37-184, line 8) stated:-

"Just as a trade mark gives monopoly rights to one trading in distinctive goods, so (as it seems to me) a service mark gives monopoly rights to one who is trading in distinctive services

I do not, however, think that a retailer of goods (who may obtain trade mark protection for the goods he sells) can sensibly be regarded as trading in the provision of retail services. Doubtless these applicants, and other retailers,

take great care and use much imagination and spend large sums of money to provide attractive premises and an attractive range of goods and an attentive and helpful sales staff and an efficient and convenient selling procedure. But these services (if one calls them such) are not services which the retailer sells as such; they are simply things he does to promote sales and maximise his profits as a retailer..... I find nothing in the Act to suggest that the essentially simple process of selling goods by retail is to be broken down so as to label part of the process the rendering of retail services and the balance the tradings in goods."

In regard to the significance of the **Dee** case to a resolution of the issues in the present appeal, Mr **Plewman** rightly reminded us that our law governing the registration of service marks does not require an application of the acid-test of the provision of services "for money or money's worth" which the UK Act prescribes. However, the appeal in that case did not fail simply because the alleged services were not performed for money or money's worth. Another, and no less decisive factor in the dismissal of the appeal, so I consider, was the nature

of the relevant services. From the reasoning of the judgments of the Court of Appeal in the Dee case there may be extracted, I think, a number of propositions which are consonant with the Miele dictum and which point to the correctness of the conclusion reached by McCREATH, J in the instant case that the specifications were contrary to the Act. Only three such propositions need here be mentioned:

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

As to proposition (1) above, although the definition of a "service mark" in the UK Act does not include the word "trade", STOCKER, LJ (at 183, lines 10-14) took the view that the concept of trading was necessarily imported by the expression "in the course of business." That our own Act has the same postulate is made clear by the inclusion of the phrase "a connection in the course of trade" in para (a) and likewise the phrase "connected in the course of trade" in para (b) of the definition of a trade mark. As to that, in my view the affidavits in the present case clearly demonstrate that TWH does not trade in the provision of services. Turning to propositions (2) and (3) above, while the Dee case dealt specifically with "retail" services the legal principles enunciated in regard thereto would, as a matter of logic, apply with equal force to "wholesale" services.

We are indebted to the industry shown by counsel

in making available to us, together with the heads of argument, extracts from American treatises as well as copies of a large number of decisions in the courts of the United States of America dealing with the registrability or otherwise of a broad spectrum of "services." For purposes of the present appeal I do not propose to delve into the rich mine of American authority on the point. Mr Plewman called our attention to the fact that in the United States the Lanham Act does not itself differentiate between "primary services" on the one hand and "incidental or ancillary services" on the other. It would seem, nevertheless (see McCarthy, Trademarks and Unfair Competition 2nd ed (1984) vol 1 at p 939) that the USA Trademark Office is in general somewhat disinclined to regard those services which are "commonly incidental" to the production of sale of goods as constituting services sufficient to justify the registration of a mark as a

"service mark" apart from a trade mark. And according to Callmann, *Unfair Competition, Trade Marks and Monopolies*, 4th ed vol 4A at p 93, to qualify as a service mark for registration the service concerned "must not be wholly incidental to the advertising or sale of merchandise." I have already indicated that in my opinion in the instant case the services which TWH performs are indissolubly part of and wholly incidental to its sales, whether retail or wholesale.

To sum up so far: by virtue of the provisions of sec 33(1) of the Act the five marks had originally been entered on the register without sufficient cause and they represented in law entries wrongly remaining on the register.

As already pointed out the AHB mark was protected by the provisions of sec 42 of the Act since a period of seven years had elapsed since the date of registration

thereof. Such protection would not have been accorded to the AHB mark if it offended against the provisions of sec 16 (prohibition of registration of deceptive matter, etc.)

McCREATH, J found it unnecessary, however, to consider whether sec 16 was applicable. The learned judge held (at 756C - 757A) that in any case all five marks were liable to expungement by virtue of the provisions of sec 36(1)(a) of the Act (registration without any *bona fide* intention of use in relation to the services and absence in fact of such use). His reasons were these:-

- (1) the use by TWH of the marks as the name of its hardware store was not use as a trade mark;
- (2) TWH's use of the marks in relation to or in connection with the sale of goods by wholesale or retail did not constitute use as a "service mark";

(3) TWH's use of the mark in relation to other services ancillary to the sale of goods was also not use in relation to services.

Suffice it to say that also on this part of the case I find myself in respectful agreement both with the findings of fact and the legal conclusions stated in the course of a concise and closely-reasoned judgment.

The appeal is dismissed with costs.

G G HOEXTER, JA

E M GROSSKOPF, JA)
 MILNE, JA)
 NICHOLAS, AJA) Concur
 GOLDSTONE, AJA)