SUPREME COURT

01-SC-127

Philip Morris Products Inc v Marlboro Shirt Co (SA) Ltd

5 November 2001

McNally JA, Cheda JA & Ziyambi JA

PHILIP MORRIS PRODUCTS INC
versus
MARLBORO SHIRT CO (SA) LTD

Intellectual property — trade mark — registration — priority in time of application for registration — importance when competing claims for registration are made by foreign companies with no reputation in Zimbabwe

Passing-off — before a delict can be committed, the party offended must have a right within the jurisdiction capable of being infringed

> The appellants both applied under the Trade Marks Act [*Chapter 26:04*] to be registered as proprietors of an identical trade mark containing the word "Marlboro", and both applied for registration in a class relating to clothing. Both were foreign companies, and neither had any significant previous reputation in Zimbabwe. The appellant had never sold clothing in Zimbabwe, while the respondent had sold some shirts in this country eighteen years before it applied for registration of the mark.
>
> On appeal from a decision of the Patents Tribunal:

Held: that since both parties were foreign companies and neither had a reputation or track record of trade in Zimbabwe, priority in time should be the determining factor. The party whose application for registration was filed first should succeed.

Cases cited:

Philip Morris Inc & Anor v Marlboro Shirt Co SA Ltd & Anor 1991 (2) SA 720 (A)
Pick 'n Pay Stores Ltd v Pick 'n Pay Superette (Pvt) Ltd 1973 (1) RLR 244 (G); 1973 (3) SA 564 (R)
Victoria's Secret Inc v Edgars Stores Ltd 1994 (3) SA 739 (A)

Legislation considered:

Intellectual Property Tribunal. Act [Chapter 26:08]
Trade Marks Act [Chapter 26:04] s 15(3)
Adv P Nherere, for the appellant

Adv A P de Bourbon SC, for the respondent

Civil appeal

1. **McNALLY JA**: This appeal concerns a trade mark dispute.

2. In judgment 01-SC-066, this Court *allowed the substitution of the present appellant for Philip Morris Inc, on the grounds that the present appellant had, since 1987, conducted all the business of Philip Morris Inc outside the United States of America.

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3. I will refer to the parties as Philip Morris and Marlboro Shirt, and will use the designation Philip Morris to describe both the present appellant and its predecessor.

4. Both parties applied to be registered as proprietors of the identical trade mark — a rectangular shape within which appears the word "Marlboro" under a chevron device. Philip Morris applied first on 30 January 1980 and 15 March 1982. Marlboro Shirt lodged its applications on 7

October 1983. There are two applications in each case because they applied for registration in two different classes, both relating to clothing.

5. The Registrar of Trade Marks refused to register the trade marks because they resembled each other, and referred the question of who should succeed to the Tribunal, in terms of s 15(3) of the Trade Marks Act, then Chapter 203, now *Chapter 26:04* ("the Act"). I use the word "Tribunal" because, oddly, its full name is not the Trade Marks Tribunal, but the Patents Tribunal: although now, by virtue of Act 10 of 2001, it is to be called the *Intellectual Property Tribunal.

[This *Tribunal is not yet established because although the Intellectual Property Tribunal. Act *Chapter 26:08* was brought into force on the 10th September, 2010, the **Intellectual Property Tribunal Rules** governing its procedure are not yet promulgated.
Until they are, the **Patents Tribunal Rules** RGN 133/1972 still apply –Editor]

6. The Tribunal decided in favour of Marlboro Shirt. Hence the appeal.

7. In a similar dispute in South Africa Marlboro was also successful — see Philip Morris Inc & Anor v Marlboro Shirt Co. SA Ltd & Anor 1991 (2) SA 720 (A). But, it is argued, Marlboro Shirt was in a much stronger position in South Africa, because it was, and is, an incorporated South African company, selling clothing under the "Marlboro" mark since 1954. This, I think, is a valid distinction. Marlboro Shirt, in South Africa, was an existing user of the trade mark when Philip Morris applied for the expungement of its registered trade mark. The application failed.

8. The position in this country is entirely different. Neither of the two contenders seems to me to have had any significant previous reputation in Zimbabwe.

9. Philip Morris relied principally upon the international reputation of its trade mark. One must observe in passing that that international reputation relates almost entirely to its cigarette brands rather than to its clothing products. Patricia A Malzacher, whose affidavit is relied upon by Philip Morris, says that it manufactures, sells and distributes a variety of consumer goods including cigarettes, clothing, and other products. It has registered its trade mark, the Marlboro word and Marlboro label design, in numerous jurisdictions. In eight other jurisdictions — India, Indonesia, Iraq, Libya, Nigeria, Sri Lanka, United Kingdom and Zimbabwe — its applications are pending. But she claims no actual sales in Zimbabwe. She says simply:-

"I would assume that many Zimbabweans who travel to Europe and/or Asia have been able to purchase Marlboro leisure wear and to bring such items back to Zimbabwe."

10. She then continues:-

"Its current intention is to expand such clothing operations to select jurisdictions where possible."Page 401 of 2001 (2) ZLR 399 (S)

11. No suggestion is made that Zimbabwe is one of those "select jurisdictions".

12. For Marlboro Shirt, a Mr Philip Kawitzky asserted that his company in South Africa had been recorded as a registered user of the trade mark Marlboro and Device in July 1954. At that time, the proprietor of the trade mark was Marlboro Shirt Company Inc, an American company. Marlboro Shirt took assignment of the South African Trade Mark on 26 April 1968.

13. During the period 1955-1965, *i.e.* before it became the registered proprietor of the mark, Marlboro Shirt marketed articles of clothing in Zimbabwe (then Southern Rhodesia). Since 1965 Exchange Control Regulations in this country have, he says, "effectively precluded" further exports. Nor is he able to give facts and figures as to the volume of these exports to Southern Rhodesia.

14. However he refers to advertisements in a South African trade magazine, the Buyer, copies of which circulate to retailers in Zimbabwe. He also relies on an affidavit from a retailer in Mutare who recalls importing and selling "*a fair quantity of Marlboro shirts on a regular basis*" prior to 1965.

15. Even if one goes back to 1983, when Marlboro Shirt first lodged its application in the present matter, it would surely be fair to say that its reputation in this country was negligible. The shirts had not been on sale here for eighteen years.

16. The President of the Tribunal approached the problem as follows:-

Philip Morris put up four arguments:

It had an international reputation.

Marlboro Shirt had not proved an exclusive right to the use of the name Marlboro.

A finding for Marlboro Shirt would cause deception and confusion.

Philip Morris applied first.

Marlboro Shirt's case was:

Philip Morris had never used or proposed to use the mark in Zimbabwe.

Marlboro Shirt had done so before 1965 and was ready to do so again.

There was no possibility of confusion. Philip Morris' advertising internationally concerned cigarettes not clothing.

1. The learned President then examined the case law, as follows:

In Pick 'n Pay Stores Ltd v Pick 'n Pay Superette (Pvt) Ltd 1973 (1) RLR 244 (G); 1973 (3) SA 564 (R), Davies J found that the applicant, a large South African chain, had no reputation in Rhodesia such as to lead to confusion between it and the small Mount Pleasant Superette. Nor did it trade in Rhodesia. He rejected the application.

17. In *Philip Morris Inc & Anor v Marlboro Shirt Co SA Ltd & Anor* page 402 of 2001 (2) ZLR 399 (S)1991 (2) SA 720 (A), to which I have referred earlier, the South African Appellate Division refused to expunge Marlboro Shirt's registered trade mark because the latter had established a reputation in South Africa between 1954 and 1987, and there was no possibility of confusion.

18. In *Victoria's Secret Inc v Edgars Stores Ltd 1994 (3) SA 739 (A)*, the court, faced as we are with competing applications, found in favour of the local South African respondent and against the American applicant in circumstances rather similar to the present. The American company had been the first to use the mark; the South African company had copied it. The evidence for the American company was remarkably similar to the evidence for Philip Morris in the present case.

19. There were two differences between that case and this. First, Edgars was first in time in that it applied before Victoria's Secret. Second, Edgars was a local (*i.e.* South African) company whereas in the present case both parties are foreign. So Edgars had a reputation within the court's jurisdiction whereas Victoria's Secret did not.

20. The learned President then concluded that Marlboro Shirt should succeed. He based this conclusion on the finding that Philip Morris had no definite intention of trading in Zimbabwe in the immediate or even near future, whereas Marlboro Shirt had. Moreover, Philip Morris had no reputation in Zimbabwe in connection with clothing, though undoubtedly it had an international reputation in relation to cigarettes. Furthermore, Philip Morris had not established that the use of the mark would cause deception or confusion.

21. I must confess, with great respect, that I do not find the learned President's reasoning wholly convincing. There are two very important distinctions between the present case and the three cases relied upon.

22. In the first place, the Pick 'n Pay matter and the South African Philip Morris matter were both passing-off applications. Passing-off is a form of delict, and so the allegation by the foreign company was that the local company had committed a delict against it.

23. Before a delict can be committed, the party offended must have a right within the jurisdiction capable of being infringed. That right, in the case of passing-off, is based upon reputation and/or a track record in trading. But where two parties lodge competing applications to register a trade mark, reputation and a track record may be an advantage, but they are not a prerequisite. See the judgment of Nicholas AJA (as he then was) in the Victoria's Secret case supra, at 753B.

24. Secondly, all three of the cases relied upon involved a conflict between a

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26. local company and a foreign company. This present case involves a conflict between two foreign companies.

27. In my view, neither the applicant nor the respondent has either a reputation or a track record of trade in Zimbabwe. I decline to accept Marlboro Shirt's sales of unspecified numbers of shirts between 1955 and 1965 as being sufficient to establish either a reputation or a track record, as at 1983. Although Mr Kawitzky testified in 1991 that his company was ready to resume sales in Zimbabwe "as soon as circumstances permit", the fact is that there is no evidence of resumption to this date, and economic circumstances remain unpromising.

28. In the circumstances, I rely again upon the dicta of Nicholas AJA in the Victoria's Secret case, this time at 752D-F:

"In determining which of competing claimants should prevail, the guiding principle is incapsulated in the maxim qui prior est tempore potior est jure: he has the better title who was first in point of time. In the Moorgate judgment, Mr Trollip said:-

> *'In a situation in which competing applications for the registration of the same or similar marks are filed in the [Republic of South Africa] the general rule is that, all else being equal, the application prior in point of time of filing should prevail and be entitled to proceed to registration. In a "quarrel" of that kind "blessed is he who gets his blow in first".'"*

In my view, priority in time should be the determining factor in this case. On that basis, Philip Morris must succeed. I would allow the appeal with costs, set aside the decision of the Tribunal dated 11 March 1999, and order in its stead:-

> "The trade mark applications by Philip Morris Products Inc may proceed to registration, and the trade mark applications by Marlboro Shirt Co SA Ltd are refused."

CHEDA JA: I agree.

ZIYAMBI JA: I agree.

Coghlan, Welsh & Guest, appellant's legal practitioners

Gill, Godlonton & Gerrans, respondent's legal practitioners