

NARROWING OF THE “OWN NAME” DEFENCE

***Hotel Cipriani SRL v Cipriani (Grosvenor Street) Limited* [2008] EWHC 3032 (Ch); [2010] EWCA Civ 110; [2013] EWHC 70 (Ch)**

1 Introduction

In *Hotel Cipriani SRL v Cipriani (Grosvenor Street) Limited* ([2008] EWHC 3032 (Ch)) the High Court granted an injunction prohibiting the use of the name “Cipriani” for a restaurant in London. This decision was later upheld by the Court of Appeal ([2010] EWCA Civ 110). The parties then returned to Court to address claims for breach of that injunction ([2013] EWHC 70 (Ch)). This judgment is important as it provides South African courts with valuable insight as to the interpretation of the “own name” defence.

2 Facts and background

The Hotel Cipriani was opened by Signor Giuseppe Cipriani and the Guinness family in Italy in the 1950s. Hotel Cipriani has been a world-famous hotel. The hotel is an exclusive and world-renowned destination (par 37 of the 2008 judgment). It has been patronized by many celebrities, politicians and royalty, including President Reagan, Lady Thatcher, Clint Eastwood, George Clooney and others. Not only is it famous, it is famously luxurious and expensive. The hotel has won many awards. The hotel is often referred to, in both written and oral use, as simply “Cipriani” or (more commonly) “the Cipriani” (par 44). Hotel Cipriani later became part of the Orient Express Hotels Group. Giuseppe Senior remained Chairman of Hotel Cipriani until October 1973. Even after that, he continued to meet and greet guests at Hotel Cipriani on a part-time basis for some years until he died in 1980 (par 39). There is no longer any formal connection between the Hotel Cipriani and the Cipriani family. The sale to Orient Express included the exclusive use of the “Cipriani” name, save in respect of the other venues already owned by the Cipriani family. The company later registered a community trademark for the name “Hotel Cipriani”.

Before opening the hotel, Signor Cipriani had opened “Harry’s Bar”, a bar and restaurant in Venice. This has also become well-known around the world as an exclusive venue. It has been favourably mentioned in press articles. The restaurant “Harry’s Bar” remains within the Cipriani family and they have subsequently opened other restaurants around the world (par 44). In 2004, the Cipriani family business opened a restaurant in London under the name “Cipriani London”. The restaurant was operated through an

English company, Cipriani (Grosvenor Street) (CGS) Ltd, of which the sole director was Signor Cipriani's grandson, Giuseppe junior.

The question before the court *a quo* was whether Cipriani junior was personally liable for an infringement of a community trademark (CTM) held by Hotel Cipriani.

3 Proceedings in the court *a quo*

3.1 *Infringement of the CTM*

Despite the fact that the CTM is a community-wide right, the claimants only alleged an infringement by acts committed within the United Kingdom and only sought an injunction to restrain future infringement in the United Kingdom (par 111). The claimants alleged that CGS's use of the sign CIPRIANI in relation to the restaurant infringes the CTM pursuant to Article 9(1)(a), 9(1)(b), alternatively 9(1)(c) of Council Regulation 40/94/EC on the Community Trade Mark of 20 December 1993 of the Regulation ("the Regulation") (par 112–113). The defendants accepted that CIPRIANI LONDON is a sign which is similar to the CTM and had been used in the course of trade in relation to services identical to services for which the CTM was registered. The defendants denied, however, that there existed a likelihood of confusion on the part of the public (par 114).

The claimant argued, that although Hotel Cipriani had primarily used the CTM so far as hotel and restaurant services are concerned in Venice and had not used the CTM in the United Kingdom (UK) in relation to hotel and restaurant services, did not change the fact that Hotel Cipriani used the CTM in a normal way in respect of all goods and services covered by the registration and in all member states (*Compass case In Compass Publishing BV v Compass Logistics Ltd* [2004] EWHC 520 (Ch), [2004] RPC 41 par 22–23). Furthermore, it was submitted by the claimant that normal use of the CTM would clearly extend to using it in relation to a restaurant in London, called Cipriani (par 117–119).

Arnold J, in the court *a quo* was willing to accept this submission on the following grounds, firstly because according to the judge a CTM has a "unitary character" and has "equal effect" throughout the Community, secondly he added that it is sufficient for the purposes of Article 9(1)(b) to establish the existence of a likelihood of confusion in only part of the Community (*C-514/06P Armacell Enterprise GmbH v OHIM* [2008] ECR I-0000 par 54–62), and thirdly the judge made reference to the case of *C-533/06 O2 Holdings Ltd v Hutchison 3G UK Ltd* ([2008] ECR I-0000 par 63–68), where the ECJ held that, in assessing whether the use of a sign gives rise to a likelihood of confusion, the court must "limit its analysis to the context in which the sign ... was used", that is to say "the assessment must be limited to the circumstances characterising that use, without there being any need to investigate whether another use of the same sign in different circumstances would also be likely to give rise to a likelihood of confusion" (par 120–122).

The court *a quo* found that there was a likelihood of confusion in April 2004. This was so because the court was of the view that if the CTM was being used in relation to restaurant services in London, then there would be a likelihood of confusion. The mark in question was CIPRIANI and the sign in question was CIPRIANI LONDON. The mark CIPRIANI would have been fairly distinctive to a UK consumer at that date even if it had not acquired a reputation. The court held that the dominant and distinctive element in the Defendants' sign was CIPRIANI since the additional word LONDON is non-distinctive, particularly for a restaurant in London. Thus the dominant and distinctive elements of the mark and the sign are identical. The services are identical. The court held that the average consumer is representative of the adult general public which patronizes restaurants, and in particular the more expensive class of restaurant. While some care is taken over the selection of restaurant services, these are not specialist services or ones over which especial care is taken. Even if the CTM did not have a reputation, the average consumer would, according to the court, think that the services denoted by the mark and the sign came from the same or economically-linked undertakings. The reputation of the CTM makes this even more likely (par 124).

The court went on to add that even if one did not assume that the CTM was being used in relation to restaurant services in London that there was a likelihood of confusion for the reasons given below in relation to passing off (par 126).

3.2 *Own name defence*

The defendants' defence was based on the provisions of Article 12(a) of the Regulation. This gave rise to three issues. First, did the use of the signs CIPRIANI and CIPRIANI LONDON by CGS constitute use of its own name? Secondly, if not, could CGS rely upon the names of Giuseppe and/or CI? Thirdly, if the answer to the first or second questions is "yes", was such use in accordance with honest practices in industrial or commercial matters? (Par 129.)

In *Anheuser-Busch Inc v Budejovicky Budvar NP* ([2004] ECR I-10989 par 77–80; and *Céline Sàrl v Céline SA* [2007] ECR I-7041 par 31), the court held that the defence under Article 12(a) is available to legal persons as well as to natural persons.

The claimants submitted that Article 12(a) only applies where the sign in question corresponds to the full registered name of the defendant company, that is, Cipriani (Grosvenor Street) in the case of CGS. In support of this submission the claimant referred the court to two decisions of the Court of Appeal, *Asprey & Garrard Ltd v WRA (Guns) Ltd* ([2001] EWCA Civ 1499, [2002] FSR 31; and in *Premier Luggage & Bags Ltd v Premier Co (UK) Ltd* [2002] EWCA Civ 387, [2003] FSR 5 par 131–133).

In *Asprey & Garrard Ltd v WRA (Guns) Ltd (supra)*, the first defendant operated a retail business selling luxury goods, including jewellery, watches and guns trading under the name of the second defendant, William R Asprey Esq. The claimant sued for infringement of trade-mark registrations for the word ASPREY in Classes 13 and 14 and passing off. Jacob J, granted

summary judgment. An appeal by the defendants was dismissed save that the injunction was varied. In relation to the own-name defence Peter Gibson LJ, (with whom Chadwick and Kay LJ agreed) held (par 49) that:

“the judge said, the defence has never been held to apply to names of new companies as otherwise a route to piracy would be obvious. For the same reason a trade name, other than its own name, newly adopted by a company, cannot avail it”.

In *Premier Luggage & Bags Ltd v Premier Co (UK) Ltd (supra)* claims were made in respect of alleged infringements of the trademark PREMIER registered for, among other things, luggage. The users' complaints ranged from the presence of the defendant's full company name on swing tags, to introductory calls from sales staff who introduced themselves as “from Premier” or “From Premier Luggage” or “From the Premier Luggage Company”. The Court of Appeal held that the defendant could avail itself of the own name defence in respect of the swing tags but not the sales calls.

Counsel for the Defendants submitted that the cases of *Asprey & Garrard Ltd v WRA (Guns) Ltd (supra)* and *Premier Luggage & Bags Ltd v Premier Co (UK) Ltd (supra)* had been impliedly overruled by the judgment of the court in Case C 17/06 *Céline Sàrl v Céline SA* (par 133). In *Céline Sàrl v Céline SA (supra)*, Céline SA, was incorporated in Paris in 1928. It created and marketed clothing and accessories. In 1948 it registered the word CELINE as a trademark for all goods in Classes 1 to 42, including clothes and shoes. The defendant, Céline Sàrl, was incorporated in 1992 to take over a business of retailing clothing from premises in Nancy which had been trading since 1950. Céline SA first became aware of Céline Sàrl in 2003 and brought proceedings for trademark infringement and unfair competition complaining of its use of the sign Céline. Céline SA did not allege that Céline Sàrl had affixed that sign to any goods. The Cour d'Appel de Nancy referred the following question to the Court for a preliminary ruling:

“Must Article 5(1) of Directive 89/104/EC be interpreted as meaning that the adoption, by a third party without authorisation, of a registered word mark, as a company, trade or shop name in connection with the marketing of identical goods, amounts to use of that mark in the course of trade which the proprietor is entitled to stop by reason of his exclusive rights?”

In answering this question, the Court held that there was use of a sign constituting a company name, trade name or shop name not merely where the defendant affixed the sign to goods but also where the defendant used the sign in such a way that a link was established between the sign and the goods marketed or services provided by the defendant. The Court went on that use of a sign only constituted an infringement under Article 5(1)(a), where it affected or was liable to affect the functions of the trademark, and that that was the situation where the sign was used by the defendant in relation to his own goods or services in such a way that consumers were liable to interpret it as designating the origin of the goods or services in question (par 136).

The judge in this case concluded that he was bound by *Asprey & Garrard Ltd v WRA (Guns) Ltd (supra)* and *Premier Luggage & Bags Ltd v Premier Co (UK) Ltd (supra)* and *Premier Luggage*. On that basis the Court

concluded that CGS cannot avail itself of the defence under Article 12(a) since neither CIPRIANI nor CIPRIANI LONDON is its own name (par 137).

The Court concluded that Giuseppe stood in the same position as Mr Osprey in *Asprey & Garrard Ltd v WRA (Guns) Ltd (supra)*. Giuseppe was not trading or making the use complained of, but CGS was. Article 12(a) protects a third party using “his own name”, not another person’s name. The Court stated that the position CI, was even worse. First, it was not trading or making the use complained of. Secondly, the signs complained of were not its own name for the same reasons that they are not CGS’s own name. It was immaterial both that CI has licenced the use complained of and that CI is conceded to be jointly liable for any infringement by CGS (par 140–141).

3.3 *Used in accordance with honest practices*

The courts have repeatedly held that the requirement to act in accordance with honest practices in industrial or commercial matters “constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark proprietor” (see *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* [2004] ECR I-691 par 13–19; *Bayerische Motorenwerke AG v Deenik* [1999] ECR I-905 par 61; and *Gillette Co v LA-Laboratories Ltd Oy* [2005] ECR I-2337 par 41).

Arnold J held that the defendants knew of the existence of the CTM when they opened the restaurant and, even if they were unaware of it a reasonable person in their position would have conducted a search to determine the existence of the CTM (par 154). The Court held that the defendants knew that HC objected to the restaurant’s use of the name “Cipriani London”, let alone the name “Cipriani”. Despite this, they continued to use the name (par 155).

The defendants, according to the court, had not properly addressed their minds to the question of the name nor had taken proper legal advice on the matter. If they did they would have realized that using the name “Cipriani” would cause confusion or at least risk the reputation of Hotel Cipriani being tarnished by calling the restaurant such or referring to it as “Cipriani” (par 159).

Accordingly the Court came to the conclusion that the defendants’ use of the signs complained of, amounted to unfair competition with Hotel Cipriani and furthermore CGS’s use of the signs CIPRIANI and CIPRIANI LONDON had not been in accordance with honest practices in industrial and commercial matters.

3.4 *Passing off*

The necessary elements for a claim in passing off were stated by the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* ([1990] RPC 341 par 208) as follows:

- “(1) the claimant’s goods or services have acquired a goodwill in the market and are known by some distinguishing name, mark or other indicium;

- (2) there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the claimant; and
- (3) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation."

In the present case not only did Hotel Cipriani have customers in the United Kingdom in April 2004, it also had customers who booked the hotel and restaurants directly as well as *via* tour companies and travel agents. The judge held that Hotel Cipriani not merely had a substantial reputation, but also owned a valuable goodwill (par 224).

Arnold J, held that, as at April 2004, the use of the names Cipriani and Cipriani London was likely to mislead a substantial number of members of the public into believing that the restaurant was either run by, or connected in the course of trade with, Hotel Cipriani (par 225).

The Court accordingly held (par 244) that:

- "1. Hotel Cipriani was entitled to an injunction under section 56 of the Trade Marks Act 1994.
2. The use of term Cipriani London in relation to the restaurant had infringed the Community Trade Mark under Trade Mark No 115824.
3. CGS was liable for passing off.
4. Guiseppe and CI were jointly liable with CGS.
5. CGS; s had no defence under Article 12 (a)."

4 Proceedings in the Appeal Court

Arnold J, in the Court *a quo*, granted permission to appeal on all points other than findings of primary fact, and though he granted injunctions he stayed their effect on terms pending the appeal (par 7 of the 2010 judgment).

4 1 Goodwill

In the Court of Appeal, the appellant first claimed that the CTM of the respondent was invalid because it had been registered in bad faith. In particular, it was alleged that the mark had been registered with the intention of preventing the Cipriani family from making use of it in trade.

This claim was rejected by the Court because at the time that it was registered, the "CIPRIANI" name was being used only by the respondent in respect of hotels and restaurants. As there were no rights held by any other party in the name at the relevant time, the registration had not been made with the intention of preventing its use by those with a competing claim (par 32–57).

4 2 Own name defence

The appellant's second argument was that it was entitled to rely on the "own name defence". According to the defence a company is allowed to use its registered name or trade name, even if that name is the same as a

registered trademark, provided that such use is considered by the judge to be in accordance with honest practices (par 58).

Arnold J, in the Court *a quo* held that the own name defence was not available to a company in respect of any name other than its true corporate name. The judge went on to add that a trading name would not qualify in these circumstances. Lloyd LJ, in the Appeal Court adopted a different view. According to the judge the rule was not absolute. He noted that in *Asprey & Garrard Ltd v WRA (Guns) Ltd (supra)*, the Court of Appeal suggested that if the company's trading name had not been newly-adopted but was an established business name, the defence might be available. Lloyd LJ, agreed with this proposition, stating that it was difficult to argue against a corporate entity not being able to rely upon a well-established name for trading purposes. He cited the example of a company continuing the use of an established trade name for a business which it had just acquired. The judge stated that he believed that the issue was whether the use of an established trading name may well satisfy the test of honest use, whereas adopting a new corporate or trading name for a new business which conflicts with an existing registered trademark is unlikely to do so (par 59–71).

Lloyd J, concluded that the Article 12(a) defence may be available in respect of a trading name, as well as the corporate name of a company but will depend on (i) what the trading name is that has been adopted; (ii) the circumstances in which it has been adopted; and (iii) depending on those circumstances, whether the use is in accordance with honest practices (par 72).

In this case, Cipriani London qualified as the first defendant's "own name" but that did not entitle it to treat "Cipriani" in the same way (par 73). Lloyd LJ, found that "the overall circumstances of the case were inconsistent with a finding of honest use". According to the judge this was a clear case of identical mark/identical services infringement, and the sign was used in the same geographical market in which the first claimant had a reputation and goodwill. Furthermore, CGS had not made reasonable efforts to avoid confusion (par 74–85).

4.3 *Passing off*

The Appellant's final argument was that a claim for passing off could not be maintained, because the Cipriani family had concurrent unregistered rights in the name.

A passing-off action requires a claimant to show that at the time when the defendant started his activity he had goodwill and not merely a reputation capable of being damaged. The distinction between reputation and goodwill was a key issue here and in particular, what is required to prove that a business based abroad which has a reputation in England also has goodwill here. Lloyd J noted that the law is not in an altogether clear or satisfactory state on that point. In *Anheuser-Busch v Budejovicky Budvar (supra)* established that, even where a business has a large reputation in the UK, it will not be able to establish goodwill in relation to a mark for goods unless it has customers among the general public in the UK for those products, that is, there must be significant sales of the product in the country (par 117).

Lloyd LJ considered whether it may be possible to draw a distinction between the supply of goods and the supply of services on the basis that the place where those services are supplied will often depend on their nature (eg, restaurant and hotel services will be supplied at the supplier's premises whereas other services may need to be supplied at the customer's premises) (par 107).

Lloyd LJ thought this an interesting proposition but did not consider it was necessary or appropriate to adopt such a general principle in this case. The first claimant did have the requisite goodwill in England on the basis that in April 2004 it had a substantial reputation in England and a large number of customers, a situation which was achieved by significant marketing targeting customers in the UK and from a significant volume of business placed directly from the UK either by individual clients over the telephone or *via* travel agents or tour operators. The judge concluded that on that basis it seemed clear that the international reputation of Hotel Cipriani, and the use of the mark "Cipriani", were entities that brought in business from England – these were attractive forces that brought in English custom – and accordingly the business had goodwill in England at the relevant time (par 118).

The appeal was accordingly dismissed.

5 A breach of the injunction

In terms of the injunction the defendants could not (par 2):

1. infringe the Community Trade Mark number 115824;
2. pass off any restaurant business not that of nor connected with the First Claimant as or for such a business by use of the names CIPRIANI or CIPRIANI LONDON or any other name which is confusingly similar to the name CIPRIANI;
3. use the trademarks CIPRIANI or CIPRIANI LONDON or any other trademark which is confusingly similar to the trademark CIPRIANI in relation to restaurant services.

As a consequence of the injunction coming into force, the company (CGS) changed its name to Fred 250 Ltd, and the restaurant was renamed "C London". Another group company, Downtown Mayfair Ltd, later opened a second London restaurant called "Downtown Mayfair". The branding for Downtown Mayfair included the words "by G Cipriani", and it was intended that the branding for C London would include the words "Managed by Giuseppe Cipriani" (par 5 of the 2013 judgment).

The issue before the Court was whether this branding would breach the earlier injunction. It was alleged by Hotel Cipriani that the injunction was breached on two grounds: (1) that the use of the words "by G Cipriani" on the windows and menus of C London during the period from May 2010 to December 2011 and on the windows and menus of Downtown Mayfair during the period from November to December 2011 constituted a breach of the injunction. These words were used in context of logos for the two restaurants; and (2) that the Cipriani Group's website located at www.cipriani.com ("the Website") has advertised, and continued to

advertise, restaurant services to UK consumers in breach of the injunction (par 9–13).

The applications came before Arnold J again. Giuseppe (junior) argued that he was entitled to use his own name and/or that it merely indicated the quality or other characteristics of the restaurants (par 31–43). The judge held that, in both instances, the references to “G Cipriani” and “Giuseppe Cipriani” formed part of the branding for the restaurants and therefore fell within the type of use which might be prohibited by the injunction.

As to the “own-name” defence, Arnold J reiterated his original finding, based on *Asprey & Garrard Ltd v WRA (Guns) Ltd (supra)*. The defence was not available to Giuseppe junior because it was not he who was trading; it was Fred 250 or Downtown Mayfair. Neither “G Cipriani” nor “Giuseppe Cipriani” was the legal or trading name of Fred 250 or Downtown Mayfair. The judge did not accept the argument that the use did no more than indicate the quality or characteristics of the services because the average consumer would recognize the references to “G Giuseppe Cipriani” as indicating the owner or manager of the restaurants, and therefore the origin of the services. Arnold J did point out that there may be cases where an owner/manager was known for a particular system of management, in which case the answer might be different, but not there (par 42, 47 and 48).

Arnold J accordingly held (par 58) that:

- “1. the use of the sign ‘G. Cipriani’ as part of the C London and Downtown Mayfair logos from May 2010 to December 2011 and November to December 2011 respectively amounted to a breach of the Injunction;
2. the use of the sign ‘Giuseppe Cipriani’ as part of the logos proposed to be used by C London and Downtown Mayfair would amount to a breach of the Injunction;
3. the use of the sign ‘CIPRIANI’ on the historic Website amounted to a breach of the Injunction; and
4. the use of the sign ‘CIPRIANI’ on the current Website does not amount to a breach of the Injunction.”

6 “Own name” defence and the Trade Marks Act 194 of 1993

6.1 *Bona fide use*

Section 34(2)(a) of Trade Marks Act 194 of 1993 provides:

“that a registered trademark is not infringed by any *bona fide* use by a person of his own name, the name of his place of business, the name of any of his predecessors in business or the name of any such predecessor’s place of business. In terms of the first proviso to this section the defence does not apply to the name of any juristic person whose name was registered after the date of registration of the trademark while the second proviso requires that the use contemplated must be consistent with fair practice” (see the case of *South African Breweries Ltd v Namibia Breweries Ltd* unreported judgment TPD case no 25185/2001 27 August 2002).

The equivalent section under the repealed Act, section 46(a), used the same wording although it was not subject to the two provisos.

Danckwerts J said that he understood that “*bona fide*” “normally means the honest use by the person of his own name without any intention to deceive anybody or without any intention to make use of the goodwill which has been acquired by another trader” (*Baume & Co Ltd v AH Moore Ltd* [1957] RPC 459 par 463).

Section 11(2)(a) of the United Kingdom Trade Marks Act 1994 provides that a registered trademark is not infringed by the use by a person of his own name or address, provided the use is in accordance with honest practices in industrial or commercial matters (see *Reed Executive plc v Reed Business Information Ltd* [2003] RPC 12 207 (ChD) 248 par 129; see also *Hotel Cipriani SRL v Cipriani (Grosvenor Street) Ltd* [2010] RPC 16 par 74–85, where the Court expressed a wide view as to what constitutes the defendant’s own name).

In *Baume & Co Ltd v AH Moore Ltd* ([1958] RPC 226 235 line 16) the Court in considering the scope of section 8(a) (equivalent to s 34(2)(a)) said:

“Section 8(a) is expressed in perfectly general terms, and we can see no sufficient warrant for confining its operation to the *bona fide* use by a trader of his own name as a trade name as distinct from using it as a trademark ... It seems to us that its object was to ensure that the use by a man of his own name should be protected, provided that the user was *bona fide*, whether he traded under that name or whether he used it as a trademark in respect of his goods”.

In *Parker-Knoll Ltd v Knoll International Ltd* ([1962] RPC 265 (HL) 275 line 14) Lord Denning expressed the view that “*bona fide* use by a person of his own name” for purposes of section 8(a) of the 1938 United Kingdom Act (equivalent to section 34(2)(a)) does not relate only to use as a trading style or trade name in connection with a business, but also to use as a trademark in connection with goods. His Lordship said:

“In the light of this history, it is plain that parliament has deliberately preserved the right of a man *bona fide* to use his own name as a trademark in relation to his goods. His exercise of this right may cause confusion, but no matter. So long as he makes no false representation, he is safe. This right is not confined to his use of his own name as the name of his business (for example over his shop front) but extends also to his use of it as a mark on his goods (for example by putting it on a label). And *bona fide* means what it says. It means honestly in good faith so that the section means that it is no infringement for any person honestly to use his own name, in relation to his goods, so long as he has no intention to deceive anybody and no intention to make use of the goodwill which has been acquired by another trader. I find myself in full agreement with the judgment of Danckwerts J in *Baume & Co Ltd v A H Moore Ltd* affirmed, as he was, on this point by the Court of Appeal”.

In *Parker-Knoll* (*supra*) the Court pointed out that *bona fide* use means that there is no infringement as long as the user of the name has no intention to make use of the goodwill which has been acquired by another trader. Curlewis J stated in *J Goddard & Sons v RS Goddard & J Mentz & Co* (1924 TPD par 300), that where the defendant is aware of the plaintiff’s prior use and where it is established that use by the defendant is likely to result in deception, the defendant must be taken to have known that that result would follow, especially in cases where the plaintiff’s name has acquired goodwill to the knowledge of the defendant (see also *Nino’s Coffee*

Bar & Restaurant CC v Nino's Italian Coffee & Sandwich Bar CC 1998 3 SA 656 (C) at par 674G–H, [1998] 3 All SA 527 (C) par 546f–g).

It may be concluded that in terms of *Goddard & Sons v RS Goddard & J Mentz & Co* (*supra*) that, whilst it may be correct that a person is, in terms of section 34(2)(a), entitled to use his name, not only as a trading style, but also as a trademark, he may only use it as a trademark if such use is not likely to result in deception by reason of the fact that the name has, to the knowledge of the person claiming the right, already become distinctive of the goods or services of someone else. If deception is likely, then the person claiming the right to use must be taken to have known of that likelihood and cannot therefore be heard to say that his use is *bona fide* within the meaning of section 34(2)(a).

It must be noted that in terms of the second *proviso* to section 34(2)(a) the use contemplated must also be consistent with fair practice. The *proviso* to section 11(2)(a) of the United Kingdom Trade Marks Act 1994 does not refer to *bona fide* use but refers to “use in accordance with the honest practices in industrial or commercial matters”. In *Reed Executive PLC v Reed Business Information Ltd* ([2004] EWCA Civ 159 [2004] RPC 40, Jacob LJ said (par 129) said:

“I conclude from *Gerri/Kelly [Gerolsteiner Brunnen GmbH & Co v Putsch GmbH case C-100/02, [2004] ECR I-691, [2004] RPC 39]* that a man may use his own name even if there is some actual confusion with a registered trademark. The amount of confusion which can be tolerated is a question of degree – only if objectively what he does, in all the circumstances, amounts to unfair competition, will there also be infringement. In practice there would have to be significant actual deception – mere possibilities of confusion, especially where ameliorated by other surrounding circumstances (mere aural confusion but clearly different bottles) can be within honest practices. No doubt in some cases where a man has set out to cause confusion by using his name he will be outside the defence (cf. the English passing-off cases cited above) – in others he may be within it if he has taken reasonable precautions to reduce confusion. All will turn on the overall circumstances of the case” (see also *Hotel Cipriani SRL v Cipriani (Grosvenor Street) Ltd* [2010] *supra* par 74–85).

6.2 The meaning of a name

In *Benz et Cie* (1913 30 RPC 177 181 line 52) the Court stated that word “name” occurs in section 34(2)(a) and that the word has been interpreted to mean something more than a mere surname. Buckley LJ said the following (par 52):

“It is not the name of any individual because the name of an individual is, I take it, the name by which he is individualised. You must add his Christian name to his surname in order to identify the individual and the surname alone is not the name of an individual; it is only part of the name of an individual” (see also *South African Breweries Ltd v Namibia Breweries Ltd* Unreported judgment TPD case no 25185/2001 27 August 2002. *Chickenland (Pty) Ltd v FA Bras t/a Fernando's Chicken House & Taverna* Unreported judgment SECLD case 2232/97).

It appears to follow that persons seeking to invoke the provisions of section 34(2)(a) are not entitled to do so in respect of the use of surnames

alone; the protection afforded by the section applies only to the use of the full name of the defendant. Similarly a full company name must be used. However, it is permissible to use the natural abbreviation of a company name by omitting the word “Limited” or some other designation which identifies the precise nature of the company (*NAD Electronics Inc v NAD Computer Systems Ltd* [1997] FSR 380 (ChD) 397; *Scandecor Development AB v Scandecor Marketing AB* [1998] FSR 500 (ChD) 522; *Nino’s Coffee Bar & Restaurant CC v Nino’s Italian Coffee & Sandwich Bar CC* 1998 3 SA 656 (C) 674C, [1998] 3 All SA 527 (C) 546b).

6.3 Use of own name and passing off

The own name defence to passing off was definitively rejected by the South African Court in *Boswell-Wilkie Circus (Pty) Ltd v Brian Boswell Circus (Pty) Ltd* (1984 (1) SA 734 (N); [1986] FSR 479). In this case the Court discussed the jurisprudence in England and South Africa and said the following (par 765–766):

“My survey of the authorities brings me to the conclusion that the law recognises no exception to the prohibition against passing off which can be invoked successfully in the present litigation, no exception which protects a man’s use of his own name, when, had it not in truth been his, its exploitation by him would have amounted to a passing off that was actionable. You may not call your business by any name which is likely to mislead the ordinary run of persons into the belief that it is or has connections with the business of somebody else. Such is the rule. It is subject to no qualification. It operates even where the name in question happens to be your own. Before you can then be stopped, the name must be proved to have gained a secondary meaning which denotes the other business. This is necessary because in the nature of things the likelihood of deception can never be established on such an occasion without it” (see also *Adidas AG v Pepkor Retail Limited* (187/12) [2013] ZASCA 3 (28 February 2013); *NAD Electronics Inc v NAD Computer Systems Ltd* [1997] FSR 380 (ChD) 392; *Premier Luggage and Bags Ltd v Premier Company (UK) Ltd* [2003] FSR 69 (CA); *Policansky Bros Ltd v L & H Policansky* 1935 AD 89 101).

7 Conclusion

The wide application of the “own name” defence to all trading names would result in a significant encroachment into the rights conferred on the owner of the trademark. This could not have been the intention of the South African legislature. In *Hotel Cipriani SRL v Cipriani (Grosvenor Street) Ltd* (*supra*) the names of “Cipriani” and “Cipriani London” were not the personal nor corporate names of the defendants and thus they could not benefit from the own name defence. The case of *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* (*supra*) provides significant and important lessons as to how the “own name defence” should apply in South African trademark law. The decision of the court in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* (*supra*) illustrates that English courts adopt a narrow interpretation to the own-name defence, and in my view rightly so. Although the defence does apply to corporate entities as well as personal names, a defendant will need to utilize a name that will not be interpreted in law to be contrary to honest principles in industrial or commercial practices. Furthermore, where a person wishes to sell a business which he had conducted under his own name,

together with the goodwill of that business signified by his name, it is not open to him later simply to resume trading under his own name. In such a case, that person will be under a duty to make it absolutely clear that the two businesses were distinct. When a person sells the goodwill of a business, he has a duty not to undermine it. In order to avoid a possibility of improper gain of business by misrepresentation a party will do well to provide a disclaimer to make the position clear to all readers that his business is not associated with the business or goodwill of the one sold. The decisions of the courts in the United Kingdom are not binding on South African courts, but they are often followed. Which means that it is quite possible that a South African court will in future consider whether the person raising the own name defence did all the things that prudent business people do. In other words: take legal advice and do trademark searches even if the trademark in question happens to be one's personal name or the name of one's company.

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