

REPORTABLE: (80)

(1) LION MATCH ZIMBABWE LIMITED (2) O G
INVESTMENTS (PRIVATE) LIMITED
v
LION MATCH (PROPRIETARY) LIMITED

**SUPREME COURT OF ZIMBABWE
UCHENA JA, CHIWESHE JA & CHITAKUNYE JA
HARARE: 30 SEPTEMBER 2021 & 29 JULY 2022**

Adv Girach, for the appellant

T.R. Mafukidze, for the respondent

CHIWESHE JA: This is an appeal against the whole judgment of the Intellectual Property Tribunal of Zimbabwe, “the Tribunal”, delivered at Harare on 29 May 2019 wherein the Tribunal upheld the appeal noted by the respondent against the decision of the Registrar of Trade Marks. **Judgment No. SC 93/22** **Civil Appeal No. SC 383/19**

Aggrieved by that turn of events the first appellant has noted this appeal to this Court for relief. The appeal was noted in terms of s 16 of the Intellectual Property Tribunal Act [*Chapter 26:08*].

The second appellant was not party to the proceedings before the Registrar of Trade Marks nor was it party to the subsequent appeal before the Tribunal. Similarly it played no active part in the present appeal. It has been joined in this appeal because the trade marks forming the subject matter of the appeal were duly registered in its name on

27 January, 2016. It thus has a direct and substantial interest in the outcome of this appeal. Its mere joinder shall have no bearing on the outcome of this appeal. The dispute to be determined is, to all intents and purposes, between the first appellant and the respondent.

FACTUAL BACKGROUND

The facts of the matter are as follows:

The respondent (hereinafter referred to as “Lion Match South Africa”) owned the first appellant (then registered as Lion Match Rhodesia) during the period 1906 to 1954. During the year 1954 the respondent sold its business, including its trademarks and good will, to the first appellant. It was understood between the parties that the “Lion” brand was alive in the then Rhodesia by reason of that sale. On that understanding Lion Match South Africa withdrew from Rhodesia.

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In 1979 the first appellant changed its name to Lion Match Limited and subsequently became Lion Match (Zimbabwe) Limited, as it is presently known. It continued with the business it had inherited from the respondent. In 2006 the first appellant experienced financial difficulties and labour unrest. Its operations were interrupted which resulted in its trademarks lapsing. In the meantime the respondent started trading within Zimbabwe using the first appellant’s trademarks. It submits that it was entitled to use first appellant’s trademarks by virtue of the authority given to it by the first appellant through a letter written by the first appellant’s Chief Executive Officer, one Mr Banda. Not content with trading under the authority of the first appellant, the respondent sought to take over these trademarks for its own. Believing the first appellant’s trademarks had lapsed due to non-use or abandonment, the respondent approached the office of the Registrar with an application to register as its own, the first appellant’s trademarks. The applications are detailed below:

APPLICATIONS BY THE RESPONDENT LION MATCH, SOUTH AFRICA

1. On 4 June 2010, Lion Match South Africa applied to register LION (word mark) No. 493/10.
2. On 4 June 2010, Lion Match South Africa applied to register the LION SAFETY MATCHES Label No. 495/10.
3. On 8 June 2010 Lion MATCH South Africa applied to register LION DEVICE No. 517/10.

APPLICATIONS BY FIRST APPELLANT LION MATCH ZIMBABWE

After learning of the respondent's applications, the first appellant thereafter applied to register its trademarks in November 2010 as follows:

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1. On 3 November 2010, Lion MATCH Zimbabwe applied to register the LION MATCH(word mark) No. 1128/2010.
2. On 3 November 2010, Lion Match Zimbabwe applied to register the LION DEVICE No. 1129/2010.
3. On 22 November 2010, Lion Match Zimbabwe applied to register the LION MATCH (word) and LION DEVICE No. 1246/10.

On 9 February 2012 Lion Match South Africa filed notices of opposition against the registration of trade- marks No. 1127/10, 1128-9/10 and 1246/10.

On 12 July 2012 Lion Match Zimbabwe filed counter statements in respect of trade marks No. 1127/10, 1128-9/10 and 1246/10.

DECISION OF THE REGISTRAR

The Registrar found in favour of the first appellant and granted its application to register the above trademarks. In doing so he noted the similarities between the first appellant's trademarks and those applied for by the respondent. He opined that allowing both parties to register these trademarks would lead to confusion in the market as they were visually and conceptually identical. He noted that the appellant had not used its trademarks since the year 2000. Relying on the decision of the Canadian Federal Court in *Governor Inc v The One Group LLC (Gouverneur)* 2015 FC 128 he held that the non-use of the appellant's trademarks was justifiable. In the above case it was held that non-use of a trademark may be justified by special circumstances which may be determined by a consideration of the following factors:

- (i) The length of time the trade mark has been in use.
- (ii) Whether there is serious intention on the registrant to shortly resume use, and most importantly,
- (iii) Whether the circumstances alleged to justify non-use were beyond the registrant's control.

Applying these principles the Registrar found that the first appellant had been affected by external circumstances which were beyond its control. He also found that the evidence before him showed that the first appellant had the intention to continue using its trademarks. He also ruled that the lapse of a trademark due to effluxion of time does not

equate to abandonment of the trade mark. For that proposition he relied on the case of *Crash Dummy Movie LLC v Mattel Inc* 601 F 3d 1387- Court of Appeal, Federal Circuit 2010 wherein it was held as follows:

“Although Mattel later allowed its trademark to lapse, cancellation of a trademark registration does not necessarily translate into abandonment of common law trade marks rights. Nor does it establish its owner’s lack of intent to use the mark.”

For these reasons the Registrar rejected the argument advanced by the respondent that since the first appellant’s trademarks are deemed to have lapsed the first appellant had lost the right to use them. As for the respondent’s claim that it had accrued goodwill since 1995, the Registrar noted that the entry of the respondent in the late 1990’s into the Zimbabwean market was improper as the appellant was at the time using its trademarks. The respondent’s conduct in this regard was illegal. No goodwill can arise out of respondent’s illegal activities in Zimbabwe, reasoned the Registrar. He observed, on the contrary, that the first appellant had enjoyed goodwill in Zimbabwe since 1954 and that the appellant’s brand is well known throughout the country.

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The Registrar concluded that although the first appellant’s trade marks had lapsed, they still belonged to the first appellant. He allowed registration of these trademarks because he was of the view that the appellant possessed prior existing rights which in the circumstances of the case had not been eroded.

The Registrar’s order reads as follows:

“The grounds of opposition cannot succeed because:

- (a) Lion Match Zimbabwe has a proven goodwill of over 100 years. Goodwill is an essential element in passing off. Lion Match has a better standing in that respect.
- (b) The issue of non – use is invalid especially construed from a view that it equates to abandonment. Lion Matches proved that they actually did not abandon their marks.
- (c) The marks applied for are related to earlier trademarks rights, which have been determined as valid, thus the opponent cannot derive strength (517/2010) in the mark basically invalidly registered.
- (d) Trade mark (517/2010 is invalidly protected in Zimbabwe as it is predated by earlier rights.”
- (e) I find the application for revocation of marks 1127/2010, 1128-9/2010 and 1246/2010 fails.

As such I hereby declare that the marks applied for by the applicant be sealed.”

It was against that order that the respondent noted an appeal with the Tribunal.

It did so on the following grounds:

“GROUNDS OF APPEAL

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1. The Registrar erred in finding that the goodwill built by the appellant since the late 1990’s in Zimbabwe was a nullity and bordered on illegal conduct. On the contrary, the Registrar ought to have found the appellant traded lawfully and that by June 2010, when the appellant applied to register its Lion trademarks, the appellant’s products were well known to a substantial number of consumers in Zimbabwe, that the appellant had a substantial reputation and goodwill in the mark LION in relation to match products, and that the appellant was the true proprietor of the LION trade marks in relation to matches in Zimbabwe.
2. The Registrar erred in finding that the respondent had a residual goodwill in the LION trade mark when the evidence showed, *inter-alia*, that the respondent:
 - 2.1 had for a long time ceased to trade in the products,
 - 2.2 had allowed its trade mark registration to lapse in 2006, and
 - 2.3 had been (and remains) incapable of supplying any of the products to consumers for more that 10 years.
3. The Registrar erred in finding that there was a common law basis for protecting the respondent’s trademarks when the registrations had long expired in 2006 and had not been renewed. On the contrary, the Registrar ought to have found that the respondent had abandoned its trademarks, and that it was no longer the true and bona fide proprietor of the LION trade

marks in Zimbabwe, and that it is not entitled to enjoy legal protection of trademarks, as provided for at common law and in terms of the Trade Marks Act (the “Act”).

4. The Registrar erred in failing to find that the fact that the respondent had filed fresh applications to register its LION trademarks, some five years after its previous trademarks had elapsed, is indicative of the fact that there was no residual goodwill held by the respondent in its LION trademarks.
5. The Registrar erred in finding that historical use and ownership of similar trade marks were relevant factors under the Act in considering the applications in the circumstances of this case.
6. The Registrar erred in dismissing the appellants’ opposition, notwithstanding that the appellant had shown that at all material times between 2009 and before June 2010, the respondent was aware of the appellant’s use of its own LION trade mark in Zimbabwe but elected to take no action.
7. The Registrar erred in failing to find that the respondent had itself permitted the appellant to trade in the goods in Zimbabwe and that authorisation of the respondent’s then Chief Executive, Mr. *Banda*, was binding on the respondent as a matter of Law by virtue of section 12 of the Companies Act [*Chapter 24 :03*].
8. The Registrar erred in taking into account economic circumstances where there had been for a long period non-use of the LION trademarks by the respondent in Zimbabwe.
9. The Registrar after finding that the appellant’s and the respondent’s trade marks were identical, erred in dismissing the appellant’s opposition when the appellant had in fact applied to register its LION trademarks prior to the respondent’s application to register its trademarks.”

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The relief sought before the Tribunal was that the appeal be allowed with costs and that the decision of the Registrar be set aside and be substituted with an order in the following terms:

- “1. The appellant’s application for registration of the following trade marks in class 34 in Zimbabwe:
 - 1.1 application No. 493/2010 LION filed on 4 June 2010,
 - 1.2 application No. 495/2010- LION SAFETY MARTCHES and sitting lion device, filed on 4 June 2010 be and are hereby granted.
2. The following respondents applications for registration in class 34:
 - 2.1 trade mark application No. 1127/2010 LION MATCHES and LION device.

2.2 trade mark application No. 1246/2010 LION MATCH

2.3 trade mark application No. 1128-9/2010 LION MATCH (words) and LION device.

be and are hereby refused

3. The respondent is to pay the costs of suit.”

The Tribunal allowed the appeal with costs and set aside the Registrar’s decision. It proceeded to grant the respondent’s application as set out above and refused the appellant’s application. In arriving at that decision the Tribunal reasoned as follows. The first appellant had allowed its trademarks to lapse through non-use for a considerable period. It had accordingly lost its right to use them. Any party could thereafter make an application to register them as its own. The Tribunal cited various authorities in support of this view including s 24 of the Trade Marks Act and the following cases: *New Balance Athletic Shoe Inc v Dajee NO and Others* (251/11/2912) ZA SCA 3 (2 March 2012), *AM Moola Group Limited v The GAP Inc 2005* (6) SA 568 at para 26.

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It further held that the respondent’s applications for registration were lodged well ahead of those for the first appellant and consequently should prevail on the principle of first come first served, a principle acknowledged by this Court in *Philip Morris Products Inc v Marlboro Shirt Company SA Ltd 2001* (2) ZLR 399 (S).

The Tribunal criticised the Registrar for treating the application by the first appellant as one for restoration of its trademark, whereas it was a fresh application for registration of trademarks made in terms of s 11 of the Regulations. It also noted that prior to its application, the first appellant had through its CEO, Mr. Banda, obtained permission to use the first appellant’s trademarks.

Aggrieved by the decision of the Tribunal the appellant has noted this appeal to this Court for relief.

GROUND OF APPEAL IN THIS COURT

The grounds of appeal in this Court are as follows:

- “1. The learned Judge in the Tribunal erred in finding that there was an intention to abandon or that the trade marks forming the subject of the instant dispute were abandoned.
1. Further and in any event, the learned Judge in the Tribunal erred in failing to place any emphasis on or satisfying himself that the mandatory provisions set out in s 24 of the Trade Marks Act [*Chapter 26 : 04*] had been satisfied.
2. The learned Judge in the Tribunal erred in finding that the trade marks forming the subject of the instant dispute had been lawfully removed from the register.
3. The learned Judge in the Tribunal erred in law in finding that the trade marks were retained by appellants, one or either of them, following the lapse of the trade marks in question and in particular the learned Judge in the Tribunal erred in disregarding the provisions of s 14 (1) of the Trade Marks Act [Chapter 26 : 04].
4. The learned Judge in the Tribunal erred in failing to have regard to the fact that appellants, or one or either of them, had established a reputation and had good will in respect of the trade marks.
5. The leaned Judge in Tribunal erred in upholding the application for registration brought by respondent.”

The appellants seek the following relief:

- “1. The appeal be and is hereby allowed with costs.
2. The judgment of the Tribunal be set aside and the following is substituted:
“The appeal against the decision of the Registrar be and is hereby dismissed with costs.”

ISSUES

The sole issue for determination in this appeal is whether the appellant's registered trade- marks had lapsed and were as such open to use by other parties.

ANALYSIS

In coming to the conclusion that the appellant's trade marks had lapsed, the Tribunal dealt extensively with the law regarding lapse and loss of trademarks in general. However the Tribunal failed to deal with one decisive factor which was raised before the Registrar by the appellants. At para 4 of its founding affidavit the first appellant stated as follows:

“4 Applicant has a valid Trade Mark on the register, Trade Mark 172/99 which is due for renewal in February 2019. This mark comprises a sitting lion and the words “lion reds, superior quality safety matches” and registered subject to disclaimers.”

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Further at para 5 of the same affidavit it is stated as follows:

“5. The applicant's Trade MARK “Lion Match” accompanied by a device of a sitting lion in numerous variations have been in use in Zimbabwe since 1906 as evidenced by the following marks:

Trade Mark No.	Trade Mark	Class
755	Lion Match Label and design	34
352/52	Lion Device	34
15 – 18/85	Lion Device	16,28,34,35
11-14/85	Lion PAC	16,28,34,35
172/99	Lion Reds and Lion device	34

The appellant's contention, *inter alia*, is that Trade Mark 172/99 above is still on the register and was due for renewal in February 2019. The respondent has not disputed this

fact, although it says it has lodged an application to deregister trade mark 172/99. Until such an order for deregistration is granted, trade mark 172/99 remains alive and available for use by the appellants.

It is common cause that the respondent wishes to register the appellant's trade marks on the basis that they have lapsed. However Trade Mark 172/99 has not lapsed. The lapsed trademarks which the respondent seeks to register bear a substantial resemblance to Trade Mark 172/99 which is still registered and therefore valid. Accordingly the Tribunal's decision allowing the application by the respondent runs foul to the provisions of s 14 (1) (a) of the Trade Marks Act [*Chapter 26:04*] which provides:

“Prohibition of registration or maintenance of registration of deceptive, etc matter

14 (1) A mark-

- (a) The use of which would be likely to deceive or cause confusion,
- (b) ----- or
- (c) ----- or
- (d) ----- or
- (e) ----- or

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shall not be registered as a Trade Mark.”

DISPOSITION

The Tribunal erred in ordering registration of the respondent's trade mark when there was already in existence a similar trade mark registered in the name of the appellant, namely trade mark 172/99. The resemblance between the appellant's trade mark 172/99 and respondent's proposed trade marks would have caused confusion in the market. For this reason the appeal must succeed.

Costs shall follow the result.

It is accordingly ordered as follows:

1. The appeal succeeds with costs.
2. The Judgment of the Intellectual Property Tribunal of Zimbabwe be and is hereby set aside and in its place substituted the following:

“The appeal against the decision of the Registrar be and is hereby dismissed with costs.”

UCHENA JA : **I Agree**

CHITAKUNYE JA : **I Agree**

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Costa and Madzonga, appellant’s legal practitioners

B Matanga IP Attorneys, respondent’s legal practitioners