



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

Case No 105/05

REPORTABLE

In the matter between

DIE BERGKELDER BEPERK

APPELLANT

and

VREDENDAL KOÖP WYNMAKERY

FIRST RESPONDENT

JOHANNES JACOBUS ROSSOUW

SECOND RESPONDENT

WILLIE PETRI BRAND

THIRD RESPONDENT

Coram: Harms, Streicher, Cameron, Lewis JJA et Cachalia AJA

Heard: 21 February 2006

Delivered: 9 March 2006

Summary: Trade marks; container marks; capability of distinguishing.

Neutral citation: This case may be cited as *Bergkelder Bpk v Vredendal Koöp Wynmakery* [2006] SCA 8 (RSA).

JUDGMENT

HARMS JA:

[1] This appeal concerns a trade mark dispute relating to a wine bottle. The appellant sought to interdict the respondent from infringing its registered trade mark for a container for alcoholic beverages (TM 1977/00647) and the respondent, in turn, sought to have the mark expunged. Wagley AJ, in the Cape High Court, ordered the mark to be expunged and, consequently, found it unnecessary to decide the infringement issue. The appeal is with his leave.

[2] Wine drinking is steeped in tradition and wine is usually marketed in conventional bottles. These include the thick glass Champagne bottle used for sparkling wines, the Burgundy bottle with low shoulders, the Bordeaux bottle with its broad shoulders, the mace-shaped bottle used for Rhein and Moselle wines, the Alsace slender flute, the Chianti bulbous fiasco and, relevant for present purposes, the so-called *Bocksbeutel*. By the name hangs a tail. Translated literally from the German (though not entirely accurately) *Bocksbeutel* means a 'goat's pouch', which, it is said, is a humorous (according to others, vulgar) allusion to its shape. It is a short, flat, broad-bellied glass flagon or, to give another description, a bottle with a flattened globular shape.



The oldest surviving example of a *Bocksbeutel* is supposed to date back to 1400 BC. Originally they were made from leather or wood. As many a shepherd or soldier could have testified, it is easier to carry a flat hipflask against the body than a round one. These bottles have been in constant use by Franconian vintners for at least 500 years for their better wines and in consequence Germany has tried to obtain protection for the bottle as a geographical indication. The problem for Germany is, however, that the bottle shape had been used in Bolzano province, Italy, for more than a century, and

that it had been used classically by Portuguese wine growers for their famed *vino verde*.¹

[3] The appellant ('Bergkelder' – I do not intend drawing a distinction between the appellant and its predecessor in title) adopted the *Bocksbeutel* bottle in the early 1950s for marketing its Grünberger line of wines. It is a successful line and the only locally produced wine that was being sold in a *Bocksbeutel*. Bergkelder sold about 2m litres of Grünberger wines to the value of about R25m during 2002. When it began marketing this wine, Portuguese wines were being sold on the local market in *Bocksbeutels* and they are still so being sold. Bergkelder, who imported standard bottles off the shelf, was audacious in applying for the registration of the container as a design in 1962 (absolute novelty was required) and the registrar surprisingly (if that is the appropriate adverb to use in the circumstances) granted the application. When the design registration was about to lapse, Bergkelder applied on 16 February 1977 for a trade mark registration for the container. Importers of Portuguese wines opposed the application and eventually after more than eight years the matter was settled. Bergkelder undertook to limit the registration to alcoholic beverages 'produced in South Africa'. The registrar happily endorsed the settlement and registered a container mark in the form of a *Bocksbeutel* in part A of the register in class 33 with the agreed limitation.²

[4] The respondents also use a *Bocksbeutel* bottle for their locally produced wines. There is, however, this difference: a large and prominent crayfish is embossed on the one flat side. The use of this bottle, Bergkelder alleged, is an infringement of its registered trade mark. The respondents

¹ Cf *Criminal Proceedings against Karl Prantl* ECJ case 16/83 of 13 March 1984. This information may be outdated since reclaiming lost geographical indications has become somewhat of an industry of its own.

² This Court in the past has bemoaned the lackadaisical approach to trade mark applications, giving parties inordinate periods of time to get their house in order. The following dictum by Jacob LJ in *Bograin SA's Trade Mark Application* [2005] RPC 14 para 30 is apposite: 'The Registry is entitled to be firmer with this sort of thing; it should have regard to the public interest in disposing of applications one way or another. One must never forget that a pending application for an intellectual property right hangs over the public at large. A pending application, even if ultimately refused, may act as a real commercial deterrent while it "pends". It is not fair on the public to allow the applicant to string things out.'

countered by denying that their container so nearly resembles the registered mark 'as to be likely to deceive or cause confusion', the test laid down by s 34(1)(a) of the Trade Marks Act 1993. In addition, they have asked for an expungement of the mark on various grounds, the main being that the container mark lacked at the time of registration and still lacks the necessary capability to distinguish Bergkelder's wines from those of other wine producers.

[5] The registration was granted under the repealed Trade Marks Act 62 of 1963. This Act, for the first time, made provision for the registration of containers as trade marks. The definition of 'mark' in the Act as originally promulgated included a 'distinctive container' alongside the more conventional types of marks such as devices, names, words and the like. The Act was amended during 1971 when the adjective 'distinctive' was deleted from the definition. It did not change much because, in order to have been registrable in Part A of the register, which was the case here, a trade mark had to contain or consist of 'a distinctive mark'.

[6] That containers could perform a trade mark function, ie, could be a badge of origin, was not at the time generally accepted or recognised. As late as 1986, the House of Lords³ regarded as startling the idea that a bottle – in that case the classic Coca-Cola bottle – could be a trade mark. One of the consequences of such recognition, the Lords felt, would be to create perpetual monopolies in containers, something unacceptable even if 'the manufacturer has in the eyes of the public established a connection between the shape of the container and the manufacturer.'⁴

[7] In due course it was generally recognised that not only containers but also shapes of goods may perform a trade mark function.⁵ For example, English law, implementing a European Community Directive, now provides that a trade mark may consist of 'the shape of goods or their packaging' and

³ *Coca-Cola Trade Marks* [1986] RPC 421 (HL).

⁴ At 457. See DR Shanahan *Australian Law of Trade marks and Passing Off* (1990) 11-15.

⁵ *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) dealt with shape marks.

our 1993 Act, similarly, states that shapes and containers for goods may be trade marks. Importantly, from a legal perspective these trade marks do not differ from any other kind of trade mark:

'the criteria for assessing the distinctive character of three-dimensional shape-of-products marks are no different from those applicable to other categories of trade mark.'⁶

However, from a practical point of view they stand on a different footing.

[8] The problem they pose for their promoters is that according to the public perception containers and shapes generally do not, in American parlance, serve as source identifiers.⁷ Containers are usually perceived to be functional and, if not run of the mill, to be decorative and not badges of origin. Laddie J pointed out that merely because a bottle shape is both new and visually distinctive, meaning that it would be recognised as different to other bottles on the market, does not mean that it would convey to someone who was not a trade mark specialist that it was intended to be an indication of origin or that it performed that function.⁸ This dictum was quoted with approval by the English Court of Appeal in *Bograin*⁹ where Jacob LJ rejected the proposition that even a very fancy shape is necessarily enough to confer on it an inherently distinctive character. He said:¹⁰

'As a matter of principle I do not accept that just because a shape is unusual for the kind of goods concerned, the public will automatically take it as denoting trade origin, as being the badge of the maker. At the heart of trade mark law is the function of a trade mark – expressed

⁶ The European Court of Justice in *Henkel v OHIM*, joined cases C-456/01 P and C-457-01 P, 29th April 2004. These judgments can be found at www.curia.eu.int.

⁷ *In re Pacer Technology* 338 F.3d 1348, 67 USPQ2d 1629 (Fed. Cir. 2003) referring to *Wal-Mart Stores Inc v Samara Bros Inc* 529 US 205, 210 (2000); *Two Pesos Inc v Taco Cabana Inc* 505 US 763, 768 (1992); *Tone Bros Inc v Sysco Corp* 28 F.3d 1192, 1206 (Fed Cir 1994); and *Seabrook Foods Inc v Bar-Well Foods Ltd* 568 F.2d 1342, 1344 (CCPA 1977).

⁸ *Yakult's Application* [2001] RPC 39 para 10-11. See also *Interlego AG's Trade Mark Applications* [1998] RPC 69; *Dualit Ltd's (Toaster Shapes) Trade Mark Applications* [1999] RPC 890; *Procter & Gamble Ltd's Trade Mark Applications* [1999] RPC 673 (CA); *SM Jaleel & Co Ltd's Trade Mark Application* [2000] RPC 471.

⁹ *Bograin SA's Trade Mark Application* [2005] RPC 14.

¹⁰ At para 25. This passage was quoted with approval in Singapore in *National Fittings v Oystertec* [2005] SGHC 225.

in Recital 10 of the Directive [of the European Community] as an indication of origin. The perception of the public – of the average consumer is what matters. Mr Daniel Alexander QC, for the Registrar, helpfully pointed out that the kinds of sign which may be registered fall into a kind of spectrum as regards public perception. This starts with the most distinctive forms such as invented words and fancy devices. In the middle are things such as semi-descriptive words and devices. Towards the end are shapes of containers. The end would be the very shape of the goods. Signs at the beginning of the spectrum are of their very nature likely to be taken as put on the goods to tell you who made them. Even containers, such as the fancy Henkel container may be perceived as chosen especially by the maker of the contents (e.g. shampoo) to say “look – here is the product of me, the maker of the contents”. But, at the very end of the spectrum, the shape of goods as such is unlikely to convey such a message. The public is not used to mere shapes conveying trade mark significance The same point was made about slogans in *Das Prinzip der Bequemlichkeit*, para 35:

“the authorities may take account of the fact that average consumers are not in the habit of making assumptions about the origin of products on the basis of such slogans.”

[9] Since containers are not usually perceived to be source indicators, a container mark must, in order to be able to fulfil a trade mark function, at least differ ‘significantly from the norm or custom of the sector’. This appears from one of the *Henkel* judgments of the European Court of Justice where this was said:¹¹

‘In those circumstances, the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape being devoid of any distinctive character Only a trade mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin, is not devoid of any distinctive character’

But, as mentioned, the mere fact that it does so differ does not necessarily mean that it is capable of distinguishing because the question remains whether the public would perceive the container to be a badge of origin and not merely another vessel.¹²

¹¹ *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* joined cases C-456/01P and C-457/01P. Cf the facts in *Eurocermex v OHIM (shape of a beer bottle)* [2004] ECR II-0000. To be found at www.curia.eu.int.

¹² *Bograin SA's Trade Mark Application* [2005] RPC 14; *Nestlé Waters France v OHIM* case T-305/02 para 39.

[10] Jeremy Phillips points to yet another aspect and that is the dependency of shape marks (the same applies to container marks) on other marks such as word marks.¹³ The dependency may be such that, as we know is the case in the present instance, the trade mark owner did not trust the bottle 'to do this job [of identification of trade source] on its own'.¹⁴

[11] A registered word mark does not give copyright protection and, likewise, it is wrong to assume that container marks give a patent-like or industrial design-like monopoly in the container itself.¹⁵ As Andrew Phang Boon Leong J said in *National Fittings*:

'whilst the court should recognise and give effect to the rights of registered trade mark holders wherever appropriate, it should also bear in mind the fact that such rights should not be permitted to either blatantly or subtly develop into disguised monopolies which stifle or stymie the general public interest and welfare.'

[12] Section 20(4) of the 1963 Act permitted the registrar to accept an application for registration subject to conditions and limitations. The term 'limitations' was defined to include a limitation as to the mode of use of the exclusive right to the use of a trade mark (s 2 sv 'limitations') and a geographical limitation would probably be covered thereby. A limitation such as the present, ie, for 'alcoholic beverages produced in South Africa' appears to be a permissible limitation.

[13] The original registration of a trade mark registered under the 1963 Act in part A of the register (the 1993 Act no longer provides for separate parts of the register) is, after seven years from the date of registration, taken to be valid in all respects unless, ia, 'the trade mark offends against' the provisions

¹³ *Trade Mark Law: A Practical Anatomy* p 153-154.

¹⁴ *Philips Electronics NV v Remington Consumer Products* [1998] RPC 283.

¹⁵ This raises the question whether a trade mark can be infringed by non-trade mark use of a trade mark, especially in the light of *R v Johnstone* [2003] UKHL 28 at para 13-17. See David Kitchen et al *Kerly's Law of Trade marks and Trade Names* 14 ed (2005) p 364-368. The matter was not argued and need it not be decided whether *Abbott Laboratories v UAP Crop Care (Pty) Ltd* 1999 (3) SA 624 (C) 632B-C and *Abdulhay M Mayet Group(Pty) Ltd v Renasa Insurance Co Ltd* 1999 (4) SA 1039 (T) 1045I-J were correctly decided. The authority relied on in the latter judgment, *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch), does not any longer appear to be good law in this regard in its country of origin. Cf for Canada: *Compagnie Generale Michelin v National Automobile, etc Workers Union* [1997] 2 FC 306.

of s 16 (s 42). The date of registration is considered to be the date of application for registration (16 February 1977).¹⁶ Section 16(1) of the 1963 Act stated that it was not lawful to register 'any matter the use of which would be likely to deceive or cause confusion' as a trade mark.

[14] In terms of the transitional provisions contained in s 70(1) of the 1993 Act, these provisions survived since the validity of the original entry of existing trade marks has to be determined in accordance with the laws in force at the date of the entry. But not much turns on this because under the 1993 Act a mark that 'is not capable of distinguishing' in the trade mark sense is liable to be expunged unless it has in fact become capable of distinguishing as a result of the use of the mark (s 10(2) read with the proviso to s 10).

[15] That then brings me to the factual question whether, during 1977, a *Bocksbeutel* could have performed a 'badge of origin' function enabling it, without more, to distinguish the wine of one producer from that of another. In the light of the common cause facts, the answer must clearly be in the negative. If one were to put a so-called Grünberger bottle, stripped of its labels, next to a nude *vino verde* or *Frankenwein* bottle, one would not be able to distinguish the one from the other. On the contrary, the use of the Grünberger bottle as a trade mark would, in these circumstances, be palpably misleading. But, Bergkelder ripostes, the use of the *Bocksbeutel* as some or other kind of geographical indication by Franconians, Portuguese and some Italians is proof of the fact that a *Bocksbeutel* has the inherent capability to act as a badge of origin. The answer is this: a *Bocksbeutel* may have some informal and limited function as a certification or collective mark but that fact in itself establishes conclusively that it cannot be a badge of origin in the ordinary trade mark sense, ie, it cannot distinguish the goods or services of one person from those of another.¹⁷

[16] Secondly, Bergkelder argues that its *Bocksbeutel* could distinguish its locally produced wine from any other locally produced wine bearing in mind that there were no other local producers at the registration date. That, it said,

¹⁶ *Mars Inc v Cadbury (Swaziland) (Pty) Ltd* 2000 (4) SA 1010 (SCA) para 10.

¹⁷ See s 42 of the 1993 Act for certification trade marks and s 43 for collective trade marks.

should be the inquiry because of the limitation. The High Court dismissed this argument. It held that Bergkelder's reliance on the limitations of use in order to create a monopoly is misconceived because when Bergkelder's mark is stripped of its labelling, the bottle serves no distinguishable feature and the wine bottled in that mark could have been produced anywhere.

[17] I respectfully agree. During argument the following example was put to counsel. Would it be possible to register as a container mark the well-known Dimple bottle (used for marketing Scottish whisky) in respect of 'spirits produced in South Africa' without causing confusion?¹⁸ The only answer counsel could offer was that there is apparently some regulation somewhere that requires wines and spirits to contain an indication of the country of origin and that the ordinary purchaser would look for that indication and would then know that the product has a different source. I cannot accept the proposition. To paraphrase a statement in *Viking*,¹⁹ this response acknowledges that Grünberger's commercial origin is ultimately identified on the basis of other distinguishing features and that the consumer will therefore not see the bottle as a sign indicating that the goods come from a particular undertaking but will rather see it merely as an aspect of the marketing of the particular wine. Were it otherwise, there could not be any confusion in the trade mark sense between Grünberger wines (supposing that they are South African) and an imported wine bearing the same name mark.

[18] Bergkelder placed some reliance on the fact that since the date of registration Grünberger was the only local wine marketed in a *Bocksbeutel* and that, if it comes to wine sales in *Bocksbeutels*, Grünberger was dominant in the market. Therefore, according to the submission the container in question has (in terms of the proviso to s 10 of the 1993 Act) in fact become capable of distinguishing as a result of the use of the mark. This court has

¹⁸ The Dimple bottle was the subject of a passing off claim in *John Haig & Co Ltd v Forth Blending Co Ltd* (1953) 70 RPC 259. With passing off, too, the test is whether the bottle is associated in the mind of the purchasing public with the goods of the particular trader *and of no other*. [My emphasis.] *Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* 1977 (4) SA 434 (W) 437 A-F: the shape of the container must indicate a *single* source.

¹⁹ *Viking-Umwelttechnik GmbH v Office for Harmonisation in the Internal Market (trade marks and designs)* (OHIM) Case T-316/00 para 36-37. To be found at www.curia.eu.int.

rejected a similar argument²⁰ because it is based on the ‘unspoken and illogical assumption that “use equals distinctiveness”²¹ and loses sight of the fact that ‘to be really distinctive of a person’s goods [a trade mark] must generally speaking be incapable of application to the goods of anyone else.’²² Put differently, although the shape of the container may assist in distinguishing Bergkelder’s wine, a *Bocksbeutel* cannot *per se* perform the ‘badge of origin’ function with other wines in *Bocksbeutel*s on the market.

[19] For these reasons it is unnecessary to deal with the other issues raised in the appeal and the following order issues:

The appeal is dismissed with costs.

L T C HARMS JA

CONCUR:

STREICHER JA

CAMERON JA

LEWIS JA

CACHALIA AJA

²⁰ *Beecham Group plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) at para 15 and 21. The case dealt with shape marks.

²¹ A quote from *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch) at 302.

²² A quote from *The Canadian Shredded Wheat Co Ltd v Kellogg Co of Canada Ltd* (1938) 55 RPC 125 (PC) at 145.

