



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

JUDGMENT

Not Reportable

Case no: 1320/2018

In the matter between:

SWATCH AG (SWATCH SA)

APPELLANT

and

APPLE INC.

RESPONDENT

Neutral citation: *Swatch AG (Swatch SA) v Apple Inc.* (1320/2018)
[2021] ZASCA 11 (29 January 2021)

Coram: WALLIS, MOCUMIE and MAKGOKA JJA and GORVEN and
UNTERHALTER AJJA

Delivered: This judgment was handed down electronically by circulation to the parties' representatives by email, publication on the Supreme Court of Appeal website and release to SAFLII. The date and time for hand-down is deemed to be 09h45 on 29 January 2021.

Summary: Opposition to the registration of a trade mark in reliance upon ss 10(12), 10(14) and 10(17) of the Trade Marks Act 1994 of 1993 – considerations relevant to a determination of whether the marks are confusingly or deceptively similar – Comparison of the trade marks SWATCH and IWATCH – The issue of inclusion in the family of i-prefixed trade marks

ORDER

On appeal from: The Gauteng Division of the High Court, Pretoria (Fabricius J, sitting as the court of first instance):

The appeal is dismissed with costs.

JUDGMENT

UNTERHALTER AJA (WALLIS, MOCUMIE and MAKGOKA JJA and GORVEN AJA concurring)

[1] The respondent, Apple Inc. ('Apple') applied to register its IWATCH trade mark in classes 9 and 14. The appellant, Swatch AG (Swatch SA) ('Swatch'), opposed these applications. Swatch is the proprietor of the trade mark registration no. 1986/04168 in class 14, under the representation SWATCH. Swatch's opposition relied upon ss 10(6), 10(12), 10(14) and 10(17) of the Trade Marks Act 194 of 1993 ('the Act'). In essence, Swatch contended that the IWATCH and SWATCH marks are confusingly similar and thus the IWATCH mark, in respect of the classes of goods for which registration was sought, was likely to deceive or cause confusion.

[2] Swatch's opposition was brought before the Registrar of Trade Marks who transferred the proceedings to the high court in terms of s 59(2) of the Act. Fabricius J heard the matter and dismissed the opposition with costs. Upon an application of the well-established considerations set out in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA 623 (A), he found that the trade marks IWATCH

and SWATCH were not confusingly similar. With his leave, Swatch appeals to this court. The parties agreed that the appeal may be disposed of without the hearing of oral argument, and, in terms of s19(a) of the Superior Courts Act 10 of 2013, we decided to do so.

[3] In the high court, Swatch did not pursue its opposition under s 10(6). Before us, Swatch's opposition relied upon ss 10(12), 10(14) and 10(17) of the Act. Although these provisions have certain distinctive requirements, absent a finding that, upon a proper comparison, the two marks are deceptively or confusingly similar, Swatch's grounds of opposition cannot prevail. It is to this central issue that I turn.

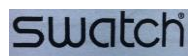
[4] The considerations that are relevant in the comparison of two marks, to determine whether they are deceptively or confusingly similar, are to be found in *Plascon-Evans*,¹ and the cases that have followed and elaborated upon that exposition.² These considerations were common ground before us. Their full repetition would be otiose. Among the matters that may be informative to make a proper comparison are the following. What are the visual, aural and conceptual similarities of the marks? The overall impression given by the marks is salient, bearing in mind their distinctive and dominant components. How would the marks be perceived by the average consumer, in the relevant market, who is reasonably well-informed and observant, taking account of the type of goods and how they are marketed? The consumer may not encounter the goods bearing the marks at the same time and place, and an allowance

¹ *Plascon-Evans* supra 640G – 641E

² *Bata v Face Fashions CC and Another* 2001 (1) SA 844 (SCA) para 9; *Cowbell AG v ICS Holdings Ltd* 2001 (3) SA 941 (SCA) para 10.

should thus be made for the consumer's imperfect recollection of the marks. The degree of similarity of the goods should be considered in relation to the degree of similarity of the marks. The greater the similarity of the goods the more it may offset some differences in the marks, just as greater distinctiveness of the goods may require greater similarity of the marks in order to justify an affirmative finding of the likelihood of confusion.

[5] The two marks that require comparison are these:

The Swatch logo, consisting of the word "swatch" in a lowercase, sans-serif font, with a registered trademark symbol (®) to the upper right. The text is white and set against a dark blue rectangular background.

IWATCH

[6] Swatch contended that there are obvious similarities. Both trade marks consist only of letters, they employ no logos or other distinguishing matter, although Swatch frequently uses its mark in conjunction with a reproduction of the Swiss national flag. Both have the common element of WATCH, preceded by a single-letter prefix. That one mark starts with an S and the other with an I does little to provide visual differentiation. Furthermore, so it was submitted, the marks sound similar when spoken. Neither SWATCH nor IWATCH have any meaning, at least when used in relation to watches. These are the very goods covered by Apple's class 14 application and they are identical to the goods covered by Swatch's class 14 registered mark, that is to say, 'horological and chromatic instruments; watches; clocks; timepieces'.

[7] I proceed to make a visual, aural and conceptual comparison of the marks. In doing so, I discard from consideration any preconceived notions associated with two such well-known brands in the market:

Swatch and Apple. The ubiquity and durability of the two brands might give rise to an implicit assumption of their distinctiveness, with the impermissible entailment that the two marks at issue in this case are distinctive and hence are not confusingly similar. That is not the exercise of comparison enjoined by the authorities to which I have referred. The court's obligation is to compare the marks themselves, and not to permit something external to the marks to intrude upon the process of comparison. Rather, from the vantage point of the average consumer, in the relevant market, what does a comparison of the marks yield as to their similarity and differences so as to determine the ultimate issue as to whether the marks are deceptively or confusingly similar.

[8] As to a visual comparison of the marks, both marks make use of a common element, the word 'WATCH', which does make for some visual similarity. However, the use of the same descriptive word, of a commonplace item, serves to place greater emphasis on the significance of the prefix in each of the marks. It is the 'I' in IWATCH that is the visual differentiator of the mark. So too, the joining of 'S' to 'WATCH', to make up the word 'SWATCH', provides a visual cue based on the word rather than its component parts. These features of the marks give rise to a clear visual differentiation.

[9] As to the aural comparison, the 'I' joined to 'WATCH' makes up a word of two syllables pronounced, without phonetic exactitude, as 'eyewatch' or 'ayewatch'. That sounds very different from the monosyllabic word SWATCH, when spoken. Something was made by Apple of the fact that swatch is an ordinary word in the English language meaning a small sample of fabric intended to demonstrate the look of a

larger piece. The proposition advanced was that consumers seeing or hearing the mark SWATCH would associate it with the English word, an association entirely remote from IWATCH. I attach no weight to this consideration. I am doubtful that the average consumer would readily call to mind an association between a watch and a small sample of fabric. However, even shorn of any such association, and taking SWATCH as an unmoored word, an aural comparison of IWATCH and SWATCH indicates a clear difference.

[10] As with the visual comparison, there is some conceptual identity in that both marks reference WATCH. However, as I have already observed, the use of the word ‘watch’ is a descriptive word. The SWATCH mark enjoys no distinctiveness by incorporating a descriptive word of obvious relevance to the goods in respect of which the mark is registered. As this court made plain in *Yuppichef*; ³ ‘... it is not the purpose of trade marks or copyright to enable people to secure monopolies on the commons of the English language.’ There is good reason to avoid attaching exclusive rights to common descriptors. And in consequence, little reason to attach significance to the use of the word WATCH as a point of conceptual identity.

[11] There is a further consideration that supports the same conclusion. Swatch is the proprietor in South Africa of the trade mark SWATCH. The trade mark registration is endorsed as follows: ‘Applicants admit that registration of this trade mark shall not debar other persons from the bona fide descriptive use in the ordinary course of trade of the word WATCH.’

³ *Yuppichef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* [2016] ZASCA 118; 2016 BIP 269 (SCA) para [38]

Swatch enjoys no exclusive right to the use of the word WATCH when, as here, Apple has sought to secure the registration of IWATCH, and to use this mark in the ordinary course of its trade.

[12] Once the use of the word WATCH in both marks is deprived of conceptual significance, there is little on this dimension of judgment to conclude that there is availing conceptual similarity between the two marks.

[13] A visual, aural and conceptual comparison of the marks, I find, does not yield similarities of sufficient significance to make the marks confusingly or deceptively similar. This conclusion is supported by the following consideration. Swatch has emphasised in its founding affidavit that Swatch watches are unique in terms of their engineering and marketing. Examples of the advertising of Swatch watches in South Africa are attached to the founding affidavit. That material is clearly directed at discerning, fashion conscious consumers. Apple's descriptions of its product range in the answering affidavit leaves little doubt that these products are innovative offerings, also made to discerning consumers. These consumers are likely to be more affluent and more concerned with the precise brand of watch they require. Consumers of this kind are less likely to be deceived or confused by the limited similarities between the marks.

[14] Apple contended that the likelihood of confusion was considerably diminished by the fact that over the past 15 years Apple has established a family of i-prefix trade marks. The family is made up of the iPod, iPhone, iPad, iTunes, and iCloud devices and services. Apple claimed that these products and services have gained great popularity around the world, and

in South Africa, and that a consumer who encounters a new product from Apple with the letter 'i' will recognise that the product and trade mark form part of the Apple i-prefix family of trade marks and products.

[15] There is some controversy attaching to this contention. A family of marks may assist the opponent in resisting the registration of a later mark that might appear to be a member of the opponent's family of marks. It is less clear that the family resemblance of an applicant's later mark, that is sought to be registered, may be used to dispel the likelihood of confusion with the opponent's earlier registered mark. There is no need to resolve this controversy in this case. The conclusion that there is no likelihood of confusion or deception is robust, without regard to the evidence that the IWATCH would form part of a family of i-prefixed trade marks.

[16] Swatch contended that the goods covered by Apple's class 14 application are identical to the goods covered by Swatch's class 14 registered mark, and that Swatch's class 14 goods are similar to many of the goods covered by Apple's class 9 trade mark application. Swatch invoked the proposition that the greater the similarity of the goods covered by the marks, the lesser will be the degree of resemblance required as between the marks to show the likelihood of confusion or deception. Swatch complained that the court below had disregarded this consideration.

[17] Even on Swatch's best case, that is, the identity of the goods in class 14 referencing watches and clocks, in my view, on the analysis undertaken above, the SWATCH and IWATCH marks are sufficiently

distinctive, given the likely consumers of the products, that it remains unlikely that the marks will give rise to deception or confusion.

[18] For these reasons, the appeal cannot succeed. The following order is made:

The appeal is dismissed with costs.

DAVID UNTERHALTER
ACTING JUDGE OF APPEAL

Appearances

For appellant: Paola Cirone

Instructed by: DM Kisch Inc. Sandton;
Phatshoane Henney, Bloemfontein

For respondent: R Michau SC

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