

BAYER AKTIENGESELLSCHAFT
versus
MILLBORROW HEALTH ANIMAL ZIMBABWE (PVT) LTD

HIGH COURT OF ZIMBABWE
SITTING AS THE INTELLECTUAL PROPERTY TRIBUNAL
DUBE JP, with Assessors
HARARE, 27 February 2024, 28 March 2024 & 4 June 2024, 29 November 2024, 9 December
2024, 12 December & 09 January 2025

Assessors: *G Mutasa*
R Mlambo

Civil Appeal

G Ganda, for the appellant, with *L T Takaendesa*
M Nkomo, for the respondent

DUBE JP

Introduction

This appeal challenges the whole decision rendered by the Registrar of Trade Marks [the Registrar], dated 18 November 2022, upholding expungement of the HI-TET trade mark no.508/2009 while allowing the HITET trade mark no. 205/1989 to remain on the Register of Trade marks [the Register].

Background facts

This dispute pits Bayer Aktiengesellschaft, hereinafter referred to as Bayer, a German firm and proprietor of the **HI-TET** word trade mark in class 5 (veterinary preparations) and Milborrow Health Animal Zimbabwe(Pvt) Ltd[Milborrow], proprietor of the **HITET** trade mark in the same class. The parties' fight is over registration and use of the two trade marks. When Milborrow's HITET trade mark registration was about to expire, it did not immediately apply for its renewal. The Registrar on the other hand failed to send notice of the date of expiration and the conditions as to payment of fees and otherwise upon which renewal of registration may be obtained as required in terms of s 24 (3) of the Trade Marks Act

[Chapter 26:04] [the Act]. The trade mark registration expired. Subsequent to this, Milborrow renewed its registration. In the interim, a similar/identical trade mark was registered by Bayer.

Discontented by Bayer's registration, Milborrow filed an application with the Registrar in terms of s 60(1)(b) of the Trade Marks Regulations S.I 170 of 2005, [the Regulations], impugning the HI-TET trade mark and seeking its expungement from the Register on the ground that there cannot be two similar trade marks on the Register. In response, Bayer posited that it is the true proprietor of the HI-TET trade mark which ought to remain on the Register and that the HITET trade mark wrongly remains on it having been improperly renewed. Bayer countered the application and sought expungement of the HITET trade mark from the Register on the ground that it has prior use of the trade mark.

Milborrow's statement before the Registrar

It is convenient to outline the brief facts of the two expungement applications. Milborrow submitted as follows. It is the registered proprietor of a word mark HITET . The trade mark was first registered under trade mark no. 205/89 on 29 March 1989, by Grierson Investments (Pvt) Ltd which company was acquired by it together with its intellectual property portfolio by way of a deed of assignment executed on 7 July 2000 .

At the prescribed time before the expiration of its trade mark, the Registrar failed to send notice to it of the date of expiration and the conditions as to payment of fees and otherwise upon which a renewal of registration may be obtained as envisaged by s 24(3) of the Act. Despite non-payment of renewal fees, its mark remained on the Register pending formal removal by the Registrar in terms of the law. When its trade mark was renewed on 18 May 2011, it was deemed to be still on the Register. The renewal of registration of the trade mark was well within the period within which a mark remains on the Register upon non - payment of renewal fees in terms of the Act. It submitted that s 24 (4) of the Act allows a mark to remain on the Register for a period of one year from the date of removal on account of non-payment of renewal fees. In addition, it submitted that a grace period of 6 months within which a proprietor may renew its registration is allowed after removal of a mark from the Register. It took issue with the Registrar's failure to give written notice to the effect that if no action is taken, the mark will be removed from the Register.

It gave out that Bayer somehow got registration of its trade mark under 508/09 in the same class on 1 July 2009, barely within 3 months after expiration of its own registration, after giving out that its HITET trade mark had lapsed due to non-payment of renewal fees with effect from 29 March 2009. At the time of registration of Bayer's HI-TET trade mark,

its own mark had been on the Register for 20 years rendering registration of HI-TET irregular as its mark had not been removed, was still validly on the register, and there was a similar trade mark on the Register contrary to the provisions of s 15(1) of the Act. Bayer's HI-TET mark so nearly resembles the HITET trade mark so as to likely deceive or cause confusion. In addition, that Bayer fraudulently registered its mark contrary to the provisions of s14 (1). It submitted that the HI-TET trade mark cannot lawfully co-exist with its own, it being a nullity and ought to be expunged from the Register.

Bayer's opposition before the Registrar

Bayer's case is based on the following facts. It is the owner of the HI-TET word mark and manufactures HI-TET products. Products using the HI-TET mark were first used in Zimbabwe in 1982 by its predecessors in title under licence to Milborrow and Co (Pty) Ltd SA which is now Bayer (Pty) Ltd SA. Milborrow and its predecessors in title entered into distributorship agreements in terms of which its predecessors in title appointed Milborrow as a distributor of various of its products in Zimbabwe. Its predecessors in title created and used the HI-TET trade mark prior to the applicant's registration of the mark in 1989 before Milborrow and its predecessors in title registered the HITET mark.

It submitted that the law recognises and confers trade mark rights on unregistered common law users and has an entitlement to use and register its mark without interference from Milborrow in spite of it having a similar mark already on the Register. Its mark is known around the world as distinctive and synonymous with its goods. In spite of this and the legal rights of its predecessors in title in the HI-TET mark, Milborrow made a false representation of its ownership of the mark and fraudulently acquired registration. Milborrow is not the legitimate owner of the HITET or HI-TET trade mark.

When it made an earlier application for registration of its trade mark in 2002 which was rejected, it had been made aware of the existence of Milborrow's trade mark on the Register. In July 2009, it made a pre-application examination of the Register which revealed that Milborrow's trade mark had lapsed due to non-payment of renewal fees with effect from 29 March 2009, resulting in it lodging its application for registration on 1 July 2009 and registration was accepted on 7 June 2010.

At the time of registration of its mark, Milborrow did not have a valid registration of the HITET trade mark. It failed to renew the trade mark after its expiration within the 6 months' grace period in terms of s 24(3) of the Act. Its trade mark was erroneously renewed on 18 May 2011, over 2 years after its lapsing during which period it had registered its own

HI-TET trade mark and wrongly remains on the Register. It argued that whilst the HITET trade mark was not removed from the Register as required by the provisions of s 24(4), Milborrow ought to have applied for restoration of its trade mark within 3 years of removal. It contended that it was never the intention of the legislature that where a trade mark has lapsed, a proprietor could simply pick up from there by paying renewal fees years later. This would create a situation where similar or identical marks could have been registered in the intervening period. The HITET trade mark wrongly remains on the Register and should be expunged. It has vested rights in the HI-TET trade mark, it having been on the Register for more than 5 years in terms of s16 of the Act, is now valid and ought not to be expunged from the Register.

In response to the counterclaim, Milborrow challenged the propriety of bringing a counter claim stating that Bayer failed to indicate in terms of which section of the Act it was bringing the application. It refuted that it or its predecessors in title distributed Bayer's HI-TET products and that Bayer has prior use and took issue with its failure to explain why it had taken it 30 years to realise that its mark was misappropriated from it. It maintained that its mark was properly renewed and that maintenance of the HI-TET mark on the Register contravenes s 14 of (1) (a) of the Act which prohibits registration of marks which would be likely to deceive or cause confusion. It insisted that the HI-TET mark was irregularly registered and that Bayer had not shown that its own was registered in bad faith or misappropriated from it.

In accordance with the request of the parties, the Registrar consolidated the two applications and heard them as one. He granted Milborrow's application and ordered expungement of Bayer's HI-TET trade mark from the Register on the grounds that the Registrar had not complied with the requirements of s 24(3) of the Act. Furthermore, that Bayer's trade mark was erroneously accepted while Milborrow's which is similar was still deemed to be on the Register as the grace period had not lapsed. He found that maintenance of Bayer's trade mark on the Register contravenes s 14(1)(a) of the Act and dismissed the counter application.

Grounds of appeal and relief sought

Aggrieved, Bayer noted an appeal against the decision of the Registrar on the basis of the following grounds:

“Grounds of appeal and relief sought

- i. The Registrar erred and misdirected himself in law in granting the respondent's application for the expungement of trade mark No. 508/2009.

- ii. The Registrar erred and grossly misdirected himself in basing his findings on the time at which the appellant's Trade Mark registration was accepted when he should have had regard to the fact that by the time Bayer's trade mark was registered the respondent's Trade Mark could no longer be deemed to still be on the Register.
- iii. The Registrar erred and misdirected himself in law by failing to find that (5) years have elapsed from the date of registration the appellant's trade mark registration was now valid.
- iv. The Registrar erred and grossly misdirected himself in fact and law in failing to find that the appellant had common law rights that predated the respondent's trade mark registration.
- v. The Registrar erred and misdirected himself in law in dismissing the appellant's application for the expungement of trade mark no 205/1989.
- vi. The Registrar erred and misdirected himself in law in finding that the Appellant no longer had the right to oppose the respondent's registration."

At the hearing of the appeal, Bayer abandoned grounds of appeal 1,5 and 6 on the basis that they are not clear and concise leaving grounds 2, 3 and 4. It sought the following relief:

"That the appeal is upheld with costs. The decision of the Registrar of Trade Marks dated 18 November 2022 is set aside in its entirety and in its place and stead is substituted the following:

- "1. Application for the expungement of trade mark registration No. 205 /1989 from the register be and is hereby granted:
2. Application for the expungement of trade mark registration No. 508/2009 be and is hereby dismissed."

The central issue to this dispute is which trade mark should remain on the register.

Bayer's submissions before this Tribunal

Ms Ganda for Bayer submitted that Milborrow's mark was no longer on the Register for failure to pay renewal fees due by 29 March 2009 and to renew its trade mark within the 6-month grace period stipulated under s 24(3) of the Act. In addition, she submitted that the Registrar erred and grossly misdirected himself in basing his findings on the time at which Bayer's trade mark registration was accepted. She contended that his findings were supposed to be made taking into cognisance the date of registration of the mark, as on the date of its registration, Milborrow's trade mark could no longer be deemed to be still on the Register. She submitted that there was no similar or identical mark on the Register when its trade mark was registered as Milborrow's rights ceased on expiration of the trade mark and no rights flowed to it after it failed to pay renewal fees. She submitted that the Registrar erred and misdirected himself in law by failing to have regard to the fact that after expiration of 5 years from the date of registration, its trade mark was in terms of s 16 of the Act taken to be valid.

She submitted that registration of the hi-tet injection with the Medicines Control Authority of Zimbabwe(MCAZ) constitutes use of its trade mark and that the Registrar erred and grossly misdirected himself in failing to find that Bayer has common law rights in the HI-TET trade mark dating as far back as 1980 which use predated Milborrow's trade mark registration in 1989. She contended that Bayer has an entitlement to use and register its mark without restraint or interference from Milborrow in spite of there being a similar mark already on the Register. In addition, she argued that the Registrar erred in finding that s 21 (1) (a) of the Act did not apply to it, was not the proprietor of the trade mark and did not have a right to register its HI-TET trade mark having misconstrued the meaning of the word 'proprietor' as it relates to the parties. Ms *Ganda* submitted that Milborrow fraudulently misappropriated the trade mark from it and that any confusion or deception arising from use of the trade marks will be that consumers will assume that the goods sold by Milborrow emanate from it and called for the HITET trade mark to be expunged from the Register. She refuted allegations of fraudulent registration of Bayer's mark.

Milborrow's submissions before this Tribunal

In opposition, Mr *Nkomo* for Milborrow submitted that when Bayer filed its application for registration of its trade mark, Milborrow's trade mark was still on the Register and within the six-month grace period to make payment for renewal fees rendering the registration irregular. He further submitted that the failure by the Registrar to follow the requisite procedure in removing Milborrow's trade mark entails that its mark was still valid and appearing on the Register. He also submitted that registration of Bayer's mark is in contravention of the law that governs registration of identical marks arguing that the two trade marks relate to class 5 in respect of veterinary preparations, are similar and having the HI-TET mark continue on the register together with its own would likely deceive and cause confusion.

In response to the claim for prior use, Milborrow submitted that the Registrar is a creature of statute, does not have common law rights and can only do things he is empowered to do in terms of the Act. He cannot determine the existence of common law rights this being the preserve of the common law courts considering that s10 of the Act does not mention the Registrar at all. On the merits, Milborrow submitted that Bayer had no trade mark in Zimbabwe and there was no trade mark owner and distributor relationship between the two. It refuted that Bayer has prior use of the mark which it used anterior to registration of its mark in 1989 and that Bayer's HI-TET brand is well known or famous in Zimbabwe and has been

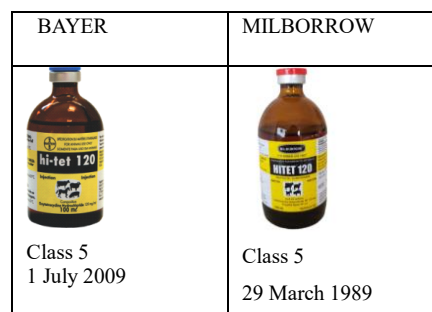
in the market for nearly half a century. It contended that Bayer's registration with the MCAZ does not constitute prior use and nonetheless that it failed to prove continuous use of the mark. It refuted allegations of fraudulent registration of its mark.

Whether the Registrar erred and grossly misdirected himself in basing his findings on the time at which Bayer's trade mark registration was accepted when he should have had regard to the fact that by the time Bayer's trade mark was registered, Milborrow's trade mark could no longer be deemed to still be on the Register

The preliminary point on propriety of Bayer's counterclaim has no merit. There is no mystery about counterclaims in intellectual property matters where they are the norm and common in expungement proceedings. Intellectual property matters are governed by ordinary rules of procedure that make provision for bringing claims, making it possible for filing of counterclaims.

When the claims were brought, there were two similar trade marks on the Register. Bayer and Milborrow's marks are applied to identical goods i.e. an Oxytetracycline hydrochloride injection for Veterinary use in class 5. Below are depictions of the hitet marks in issue as they appear on the hitet injections.

Fig 1



It is convenient to start with consideration of whether Milborrow's trade mark could no longer be deemed to be still on the Register after registration of its trade mark expired. Where there are two competing trade marks on the Register, the onus of establishing that registration of a trade mark is unlawful, invalid and liable to be expunged from the Register lies on the one who asserts so. It must be shown that the impugned registration creates an unfair advantage in favour of the other party. Conversely, he who asserts that his trade mark is valid and entitles him to use it or that it ought to remain on the register has the onus to prove validity of the trade mark. In considering challenges to trademarks, courts consider arguments of the parties, evidence led and the probabilities of the case. In *Swatch AG V Beehive Clothing Ltd* NO 1;11-C- 434.

2012 -08-16, the court held that no one piece of evidence is conclusive and that courts should consider but the combined effect of the evidence and objections of the other party in considering the case.

Crucial to this dispute is the legal effect of the failure by the Registrar to initiate the process of renewal of Milborrow's trade mark in terms of s24(3) of the Act. To help it to resolve the conundrum regarding which trade mark should remain on the register, the court will focus first on the legal framework governing renewal of registration of trade marks.

Legal Framework for renewal of registration of a trade mark

A registered trade mark may remain on the register and be removed therefrom in terms of s 24 of the Act which stipulates as follows:

“Duration and renewal of Registration

24. (1) Subject to subsection (6), the registration of a trade mark shall be for a period of ten years but may be renewed from time to time in accordance with the provisions of this section.

(2) Subject to this section, the registered proprietor of a trade mark may, in the prescribed manner and within the prescribed period, renew the registration of the trade mark for ten years from the expiration of the last registration.

(3) At the prescribed time before the expiration of the last registration of a trade mark, the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration and the conditions as to payment of fees and otherwise upon which a renewal of registration may be obtained and if, at the expiration of the time prescribed in that behalf, those conditions have not been duly complied with, the Registrar may remove the trade mark from the Register, subject to such conditions if any, as to its restoration to the Register as may be prescribed.

Provided that a period of grace of six months shall be allowed for the late payment of the renewal fee.”

Once a trade mark is registered, it shall remain on the Register for 10 years and maybe renewed from time to time in terms of s 24(1) of the Act in order to maintain validity. The registered proprietor of a trade mark, “may” in the prescribed manner and within the prescribed period, renew registration of a trade mark for ten years from the expiration of the last registration in terms of s 24(2). Section 41 of the Regulations provides for renewal of registration by the proprietor of the trade mark. Renewal of registration may be made at any time not more than one year before expiration of the last registration of the trade mark and in the prescribed form .

Central to the resolution of this ground is the import of s24(3) and its effect upon failure by the Registrar to send notice of renewal. To aid the court in interpretation of the provisions of s24 (3), resort was made to decisions in other jurisdictions. In *Societies Des Produits Nestlé SA v Kingdom Investments Limited* HPC/ O728 of 2009, a decision of the High Court of Zambia

dated 1 July 2011, involving failure by the Registrar to give notice of renewal of a trade mark registration or advertise expiration of a mark pursuant to the Trade Marks Regulations, in circumstances where the trade mark holder renewed the trade mark 4 years after expiry. The court considered the provisions of s 25(1) and (3) of the Trade Marks Act [*Chapter 401*] of the Laws of Zambia as read with ss 64 and 70 of the Trade Marks Regulations. Section 25 of the Zambian Act provides as follows:

“25 Duration and renewal of registration

(1) The registration of a trade mark shall be for a period of seven years but may be renewed from time to time in accordance with the provisions of this section.

(2.) The Registrar shall, on application made by the registered proprietor of a trade mark in the prescribed manner and within the prescribed period, renew the registration of the trade mark for a period of fourteen years from the date of expiration of the original registration or of the last renewal of registration, which date is in this section referred to as “the expiration of the last registration”.

(3)At the prescribed time before expiration of the last registration of the trade mark, the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration and the conditions as to payment of fees and otherwise upon which a renewal of registration may be obtained, and, if at the expiration of the time prescribed in that behalf those conditions have not been duly complied with, the Registrar may remove the trade mark from the register, subject to such conditions, if any, as to its restoration to the registrar as may be prescribed.”

The provisions of s 25(3) of the Trade Marks Act of Zambia are similar in wording to those of s 24(3) of our Act, save for the difference in time frames. The court held that s25(3) of the Trade Marks Act requiring the Registrar to send notice to the proprietor of the trade mark of the date of expiration of the registration is mandatory. The court reasoned as follows:

“...The view I take is that the fault lies squarely on the Registrar for not sending a notice to the Appellant as mandated by Section 25(3) of the Act before expiry of its trade mark. This, in my opinion, was a serious dereliction of a statutory duty. Mr. Mosha submitted that Section 25(2) places the onus of renewing a trade mark on the registered proprietor. Of course he was right. In my considered opinion however, the registered proprietor’s responsibility under section 25(2) must be preceded by the Registrar’s responsibility under Section 25(3) and Regulations 65, 66 and 67.”

This Tribunal agrees with the observation that the registered proprietor’s responsibility is preceded by that of the Registrar. In our s 24 (2), the proprietor of the registered trade mark “may...., renew the registration of the trade mark” Use of the word “may” implies that the proprietor has the option to renew the registration but is not obliged to especially where he does not intend to use the trade mark anymore. Where he chooses to renew the registration, he is expected to file an application for renewal and pay the required fees before he is prompted by the Registrar. He must do so at any time not more than a year before expiration of the last registration. It is essential that registered trade mark proprietors take it upon

themselves to ensure timely renewal of trade mark registrations in order to avoid any potential issues or loss of rights.

Where the proprietor does not renew the registration as envisaged, the Registrar must step in and “shall send notice in the prescribed manner...”. The wording in s 24(3) of the Act and s42 of the Regulations is peremptory in nature and requires strict compliance. It is mandatory for the Registrar to send notice of the impending date of expiration of registration of a trade mark to the proprietor. This he must do not less than 3 months and not more than 6 months before the expiration of the last registration. Section 42 of the Regulations makes provision for periods within which notification of the date of expiration of the last registration of a trade mark shall be sent to the registered proprietor of a trade mark by the Registrar where no application for the renewal of the registration has been made in terms of s 41.

If after the expiration of the time prescribed, the conditions have not been complied with, the registrar may remove the mark from the Register. In terms of s 41 he may do so, provided that a period of grace of six months shall be allowed for the late payment of the renewal fees. The Registrar may only remove a trade mark from the Register upon failure by the trade mark proprietor to comply with the conditions set in s 24(3) following notice by the Registrar.

The wording of s 24(3) is deliberate, the process of renewal of trade marks is to be Registrar-driven. The registered proprietor’s responsibility is preceded by that of the Registrar . By sending the notice as required, the registrar is able to ascertain the attitude of the proprietor to the renewal. As observed in the *Societies des Produits* case (supra), the human mind is fallible, placing the responsibility on the Registrar to give notice of renewal serves as a reminder to the trade mark proprietor.

The Registrar is required to be diligent and adhere to statutory requirements and avoid lapses likely to undermine the administration of the trade mark system. A duty having been placed on the Registrar, he was obliged to act as prescribed. *G Feltoe* in, his book, *A Guide to Administrative and Local Government Law in Zimbabwe*, (2006) *Legal Resources Foundation*, states that where an administrative authority is seized with a duty to perform a certain act, which act is a condition for another party to act, it cannot be allowed to penalise the other party on the basis of non-performance when it has not itself performed its own part. Where the provisions of the Act require the Registrar to act in a particular way, he is expected to comply with the requirements of the law. His inaction cannot be visited on the proprietor.

Both provisions of the Regulations and s 24 of the Act do not in specific terms reveal what is to happen where notice of renewal of registration for non-payment of renewal fees has not been sent by the Registrar and there has not been removal of the trade mark from the Register. The Bombay High Court has had occasion to deal with this scenario. The law governing expiry of registration of trade marks in India is similar to ours. Section s 25 (3) of the Trade Marks Act 1999 of India is worded similarly to our s24(3) and stipulates as follows:

“25 (3) At the prescribed time before the expiration of the last registration of a trade mark the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration and the conditions as to payment of fees and otherwise upon which a registration may be obtained, and if at the expiration of the time prescribed in that behalf those conditions have not been duly complied with, the Registrar may remove the trade mark from the Register”

In *Motwane Private Limited vs The Registrar of Trade Marks Writ Petition No30537 of 2023*, a decision of the Bombay High Court dated 16 February 2024, the court had occasion to interpret the provisions of s 25(3) in a case concerning failure by the Registrar to send notice to a registered proprietor of expiry of its registration and dealt with the implications thereof. After the trade mark expired, the registered proprietor applied for renewal of the registration. The court allowed *Motwane* to renew registration of its trade mark more than 10 years after it had expired and remarked as follows:

“There appears to be no dispute that the marks in question stood registered in the petitioner’s name ... the petitioner however failed to renew the registration of these marks. As respondent no 1 did not adopt any procedure for removal of the marks from the Register of trade marks, these marks, admittedly, have continued to remain in the Register of marks as maintained by the Registrar of Trade Marks. It is not in dispute that there is a substantial delay on the part of the petitioner, that is the petitioner not taking steps to renew the registration of these marks. However, considering the clear position in law as section 25 of the Trade Marks Act would bring about, namely no steps taken by the trade mark registry, to remove the petitioner’s marks, from the Register of trade marks, it is the right of the petitioner to seek renewal of the trade marks.”

The Court deemed the non-renewal of the trade mark due to the failure to serve notice by the Registrar a technical oversight and emphasized the importance of adhering to procedures for removal of trade marks on the part of the Registrar. It held that failure to adhere to this procedural requirement by the Registrar can render any removal action invalid. Further, that removal of a trade mark from the Register of trade marks cannot occur without notice of renewal as mandated under s 25(3) of the Trade Marks Act, having been issued and that the trade mark remained listed on the Register. The reasoning in this case is similar to that adopted in the *Societies Des Produits Nestlé SA case* (supra)

Where the proprietor of a registered trade mark neglects to renew a registration and the Registrar in turn fails to give to the proprietor of a trade mark notice of the date of expiration and renewal in terms of s 24(3) as mandated, no valid removal can be done by the Registrar. There is no automatic removal of the trade mark from the Register and the trade mark remains on the Register pending removal by the Registrar in terms of the law. In *Motwane*, the court held that the registration of the trade mark may be renewed beyond the date of expiration following an application by the proprietor.

The oversight of the Registrar results in an absurdity as upon failure to send the required notice, the proprietor may take forever to apply for renewal. More drastic is that the registered proprietor benefits from being on the register without renewal to the exclusion of others. The proprietor may decide to take advantage of the situation and do nothing. The legislature in crafting these provisions did not foresee that the Registrar may fail to act as prescribed and hence there are no provisions governing this situation.

Here, the formalities for renewal of Milborrow's trade mark were not complied with by the Registrar regardless of the peremptory nature of the provisions of s 24(3). Once Milborrow failed to renew its trade mark within the stipulated time, the registrar was supposed to give notice of renewal in terms of s24(3) as required. The effect of the Registrar's inaction or oversight is that Milborrow's trade mark remained on the Register rendering any removal action invalid. When Milborrow's HITET trade mark expired, it had a grace period of 6 months for the late payment of renewal fees as it was not removed from the Register. It had an entitlement to renew its registration. A trade mark that is still on the Register and has not been removed can still be renewed. Its presence on the Register has the effect of preventing others from adopting and registering a similar mark until the expired trade mark is removed from the Register or where exceptions of the law apply.

The Registrar's failure to issue the notice of renewal of trade mark in terms of s 24 (3) amounts to a dereliction of duty. The Registrar has graciously taken the blame for the oversight which includes acceptance of Bayer's trade mark for registration. This case underpins the importance of the Registrar adhering strictly to statutory procedures more specifically requirements for registration and renewal of trade marks and of maintaining a proper and updated Register of trade marks in compliance with the requirements of the Act. The lapse of the Registrar and failure to maintain an up-to-date Register has had unintended consequences and has the effect of undermining the credibility of the trade mark registration system. Unfortunately, Bayer finds itself in a position where it is being condemned for

registration of its mark when the Registrar could have been more alert and provided the necessary checks and balances.

Sections 24(4) and (5) of the Act speak to what is to happen upon removal of a trade mark from the Register and the consequences of such a removal. There having been no removal of a trade mark, the timelines stipulated in s 24(4) and (5) of the Act do not apply to the circumstances of this case.

Bayer could have registered its trade mark based on the provisions of s10 (b) of the Act on proof of prior use. Section 10 makes reference to s 15 (2) which allows for registration based on honest concurrent use or other special circumstances. Bayer could not simply register a similar trade mark because of the expiry or lapse as it preferred to call it.

The procedure for making an application for registration of a trade mark as provided for in the Regulations commences with filing of an application for registration of a trade mark. Soon after filing, the Registrar searches to see if there are no pending applications or registered trade marks in relation to the goods or services in terms of s17 of the Regulations. On substantive examination, if the Registrar is satisfied that there are none, he may accept the application either absolutely or object to the application or accept the application conditionally in terms of s18 of the Regulations. The next step is the advertisement of the application in the Journal of Industrial Property in terms of s 23 of the Regulations. Any interested party is allowed to oppose the acceptance in terms of s 24 of the Regulations and if there are no objections, the trade mark is registered in terms of s 37 of the Regulations.

The notice of conditional acceptance advised that the mark was acceptable for registration on condition that Bayer agreed to the mark's association with application no.428/2002 it previously filed. Its mark was subsequently advertised in the Journal for opposition in October 2009. After the opposition period lapsed, a registration certificate was issued on 7 June 2010.

Where an intervening mark is registered between the date of expiry and subsequent date of renewal, the Registrar is required to consider whether "a mark can be registered". In *Eemtsma Cigarettenfabriken GMBH v Hugo Boss AG*, T98/12444A, dated 3, 4 August 2009, the court said the following of the date to consider:

"The point in time to consider whether there are "marks already on the register" for the purposes of section 23 is when the Registrar decides whether a mark can be registered."
See also *Polymart Trademark 1968RPC 124* ; *Palmolive Trade mark 1932 RPC 269* .

The Registrar conditionally accepted the trade mark after substantive examination of the trade mark registration application and decided at that point that the mark may be registered as opposed to “can be registered”. My observation is that the date of conditional acceptance is not the date when he decided to register the mark. Conditional acceptance occurred on 18 September 2009. Following Bayer’s submissions to the conditional acceptance, the Registrar accepted the trade mark on 17 February 2010. Advertisement for purposes of opposition was done and the opposition period expired in April 2010 with the mark being subsequently registered on 7 June 2010 with effect from 1 July 2009. Therefore the date when the Registrar decided that the mark “can be registered” is 7 June 2010. The Registrars finding based on the date of conditional acceptance is erroneous. The authorities are clear that the date to consider where there are “marks already on the register” is whether a mark “can be registered”. At conditional acceptance stage all the Registrar was saying is that the mark, “may be registered”. The misdirection does not affect the Registrars decision regarding the status of Milborrow’s trade mark as it was not removed.

Whether the Registrar erred and grossly misdirected himself in fact and law in failing to find that the appellant had common law rights that predated Milborrow’s trade mark registration.

This Tribunal is being called upon to resolve which mark should remain on the Register in view of Bayer’s defense of prior use. A trade mark is associated with particular goods or services and liable to be registered in terms of s7 of the Act. A trade mark is used in the course of trade and serves not only as a badge of origin but to distinguish goods and services from those of another. Trade mark law is in general based on the “first to register” rule. The registered proprietor of the trade mark gains exclusive rights to use the trade mark in connection with the goods or services in respect of which the mark is registered. Registration is *prima facie* evidence of validity and gives rise to a rebuttable presumption of validity arising therefrom. A registered trade mark proprietor has an entitlement to prevent others from using its trade mark on their goods or services.

Conversely, a person who is able to show that he has used a mark which he has not registered and did so prior to the registration of a competing mark has common law rights that protect his trade mark and serve to guard against unfair competition in the market. Common law trade mark rights have their roots under English common law. Before trade mark law developed, reliance was placed on common law principles to protect trade marks. Most common law rights have now evolved with some being incorporated into legal frameworks providing for protection of intellectual property rights. The law of trade marks in Zimbabwe has adopted

the “first to use doctrine” codified in s 10 of the Act which provides for the common law concept of prior use, see *Safe top (Pty) Ltd v Atupele Investments (Pvt) Ltd t/a Workboss Hardware* HH 195-22. Common law claims for prior rights are now statutorily recognised entitling an owner of an unregistered trade mark to rely on prior use or vested rights in a trade mark claim in terms of s10. The Registrar has an entitlement to adjudicate all disputes concerning the existence or otherwise of prior use in terms of the Act.

Section 10 provides for vested rights and stipulates as follows:

“10. Saving of Vested Rights

10. Nothing in this Act shall entitle the proprietor or a registered user of a registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it, about goods or services in relation to which that person or a predecessor in title in title of his has continuously used that trade mark from a date anterior to—

(a) the use of the first-mentioned trade mark about those goods or services by the proprietor or a predecessor in title in title of his; or

(b) the registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor in title in title of his; whichever is the earlier, or, on such use being proved, to object to that person being registered in the Register for that identical or nearly resembling trade mark in respect of those goods or services under subsection (2) of section fifteen”.

Prior use vests certain rights in a user which are known as vested rights entitling the user to rely on it. Section 10 places emphasis on the “first to use” in the market rule rather than “the first to register” rule and protects unregistered trade marks thereby permitting a user upon proof that he has continuously used a trade mark from a date anterior to registration by a competitor, to use an identical or similar mark in respect of the same goods and services.

Section 10 highlights the importance of establishing continuous use of a trade mark in relationship to the goods and services in establishing priority over a trade mark registration. The mark sought to be protected must have been continuously used from a date anterior to use and registration of a competing mark. The rationale for the requirement of continuous use is to ensure rights are accorded to the person who genuinely used the mark in commerce over time. The continuous use of the trade mark must be in relation to goods and services from a date before the registered proprietor’s use or registration of its trade mark. Continuous use entails long uninterrupted and consistent use by an owner or his agent of a mark in the course of trade in business which assists in establishing good will and reputation. The continuous use requirement serves to show whether the mark is still being utilised or was at any stage abandoned and abets in weeding out groundless prior use claims.

The importance of s 10 is that it emphasizes that registration of a trade mark is not the only factor in determining trade mark ownership. The defence of prior use does not attack the validity of a subsequent registration by a prior user, see *Safetop (supra)* and can be resorted to by a prior user in an expungement case. The Indian case of *Neon Laboratories Ltd v Medical Technologies Ltd & OR's*, Civil Appeal no 1018 of 2006, is a classical case of prior use. The case involved parties who were into manufacturing pharmaceutical and veterinary products. The appellant sought registration of ROFOL in 1992 which was granted in 2001. It did not use the mark until 2004. Meanwhile the defendant introduced a generic mark PROFOL in 1998. The Tribunal was tasked to decide which mark should take precedence. It held that the defendant had a *prima facie* case as its mark was the first in the market.

Prior use is an exception to the general rule that a person who obtains registration of a trade mark can prevent others from registering and using a competing mark. In *Stephen Marshall & Anor v Atupele Investments (Pty) Ltd* HH195/22 this Tribunal opined thus:

“Trade mark registration is not absolute. The general rule is that a person who obtains registration of a trade mark can prevent others from using that mark. Prior use is one of the exceptions to this rule and is aimed at unfair competition.”

Section 10 accords dominancy of prior use rights to a trade mark over a registered trade mark thereby according stronger rights to prior users than the registered proprietors of trade marks. In the event of a dispute, a prior user's rights supersede those of a registered owner. It protects common law rights arising from the continuous use of an unregistered trade mark before either using or registering the mark in issue. The original or prior user has an entitlement to assert his rights despite the registered trade mark and use prior use as a defence to registration of an identical mark or a claim of trade mark infringement. The underlying purpose of s10 is to prevent a registered proprietor of a trade mark from exercising exclusive rights based merely on priority of registration.

A prior user cannot have its use interfered with or restrained by any person. In terms of s10 (b) upon proof of prior use, it is entitled to register its trade mark and the registered proprietor cannot object to it as long as it meets the requirements of s 15(2). This brings out the aspect of co-existence of marks. A person or entity with prior rights to a trade mark is at law entitled to use of its mark even though it may not be registered as a trade mark, is identical to or nearly resembles that of a registered proprietor of a trade mark. Section 10 protects prior use of what would otherwise be an infringing mark. This position found expression in *Marshall (supra)*, where this Tribunal stated:

“A registered owner has no entitlement to interfere with or restrain the use by any person of the trade mark for the reason that it is identical with or nearly resembling a registered trade mark about products or services for as long as it is shown that respondent was the first person to use the mark and has had continuous and uninterrupted use of the unregistered mark from a date before the use or registration of the registered trade mark about goods or services.”

Section 10 promotes fairness and preservation of goodwill and reputation built over years by prior users through placing emphasis on use rather than registration. For prior rights, use must be by the proprietor of the trade mark and goes to goodwill and reputation which is a central consideration in prior use.

The Concept of “use”

Prior rights are acquired without any formalities. The claim of prior use must be specifically pleaded with the onus on the person seeking to rely on prior use rights to prove “use.” Thus, key to a claim or defence of prior use is proof of use of the trade mark in commerce or trade. Use is not a historical relic. By insisting that entities use marks to obtain rights in them, the law prevents them from reserving brand names in order to make their rivals’ marketing costly, see *ZAZU Designs v L’Oreal S. A*, United States Court of Appeal 979f.2d 499, (1992). Under the common law, one must win the race to the market place to establish the exclusive right to a mark. A person relying on prior use is required to show that he has gained a reputation in the trade mark through use and that the mark has become distinctive and associated with its goods or services. As elucidated by Colman J in *Oils International (Pty) Ltd v Wm Penn Oils Ltd* 1965 (3) SA 64 (T) 70(G), commenting on s 34 of the South African Trade Marks Act 194 of 1993, worded similarly to our s10, extensive use of a mark, even in the absence of registration, can create intangible property rights in a common-law trade mark, thereby establishing a proprietary interest in the unregistered mark.

A search of the Act reveals over 200 references to the word “use” or words alike, thereby emphasizing the importance of the “use” to which trademarks are put. Use is defined in s 2(3) of the Act as follows:

- 2(2) Any reference in this Act to the use of a mark shall be construed - as
 - (a) to the use of a printed or other visual representation of the mark and in the case of a distinguishing guise to the use of such distinguishing guise and
 - (b) and if the mark is capable of being audibly reproduced as including a reference to the use of an audible reproduction of the mark
- (3) “ Any reference in this Act to the use of a mark –
 - (a) in relation to goods, shall be construed as a reference to the use thereof upon, or in physical or other relation to, goods
 - (b) in relation to services, shall be construed as a reference to the use thereof in relation to the performance of such services”

The Act speaks to different types of “use” Use as a trade mark, is considered when dealing with a defence of prior use in an application for expungement of a trade mark. The use relied on must be in relation to goods or services in the course of trade , be it by the owner, his predecessor in title or his agent and must indicate a connection between the goods and services and the proprietor of the mark.

In *Angela Christou v Tonch Pty Ltd* 2008 ATMO 24, the court set out 3 ways in which authorities establish use. These are:

1. Use through actual dealing in the goods and or services
2. Use through offering for sale of the goods and or services
3. Use through an intention to offer the goods and/services which is manifested through preparatory steps showing an objective commitment to using the trade mark.

Central to trade mark entitlement is proposed or actual use of a mark. For a proprietor to establish actual use of a mark, he must prove actual commercial use, see *Mattel INC v 3894207 CANADA INC*, 2006 SCC 22[Canada]. In determining whether the use requirement has been met, the Tribunal will consider, the date of adoption of the mark and when it was put to use, existence of continuous use , *bona fide* use of the mark, evidence of actual sales of the product or services under the trade mark and relevance of the use of the goods and services under the mark among other considerations. The usual way in which to discharge the onus of proving use of a mark is by way of adducing evidence of user affidavits, customer surveys, invoices wine list, catalogue, business letter, business paper, pricelist, advertisement and business contracts or other commercial document, etc, see s 82(2) of the Act.

Whether Bayer is a proprietor of its trade mark will depend on whether it has proved prior use. The ordinary grammatical meaning of the word “proprietor” is “owner”. The definition section of the Act does not define the meaning of the word “proprietor”. In terms of s21(1), any person who ‘claims’ to be a proprietor of a trade mark used or proposed to be used by him and is desirous of registering it shall have an entitlement to apply in writing to the Registrar for registration of the trade mark. Section 21(1) does not define the word, “proprietor”, it stipulates who may register a trade mark and lays a basis for registration of a trade mark. It is centred on “use” of a trade mark. The authors Webster and Page in *South African Law of Trade Marks*, 3rd ed, Butterworths on p30 relying on sentiments expressed in *Moorgate Tobacco Co Ltd v Phillip Morris (no2)* 1984 HCA 73, say the following of the phrase, “claiming to be a proprietor”;

“Under the common law a trade mark cannot as such be an object of proprietary rights; one can only become the proprietor of the goodwill which attaches to the mark. It follows that a person cannot become the proprietor of a trade mark until the mark has been used to such an extent that it has acquired a reputation as indicating that the goods or services in relation to which it is used are those of the proprietor.”

The authors state that the word “proprietor” in the phrase, cannot refer to common law proprietorship since no relationship can exist in a trade mark that is “merely proposed to be used” and not in use. Furthermore, that the words “claiming to be the proprietor” mean no more than “claiming that he is entitled to be registered as a proprietor”. The reasoning of the Registrar seemed to follow the thread that having found that Bayer had failed to prove prior use and shown that it has acquired a reputation indicating that the goods or services in relation to the mark belong to it, it cannot be a proprietor of the trade mark in terms of s 21 (1). Whether he was correct is the subject of this enquiry.

Use for pharmaceutical trade marks

Usage cannot be considered in isolation. It has to be examined in relation to the features of the specific trade/sector to which the goods belong, see s73 of the Act. In *Hetch Pharma GmbH v EUIPO 2023 T 346/21*, the court emphasized “the need to look beyond the scope of trade mark law and consider if there are regulatory factors at play....” This is important because the pharmaceutical trade has a unique type of usage requirement. Trade mark registration and regulatory processes are carried out under two different laws in Zimbabwe, are distinct and independent processes and may seem to have different legal effects. The South African Guidelines on the examination of trademark applications 2019, make provisions for formal examination with reference to requirements of other acts including the Medicines And Related Substances Control Act 101 of 1965. The following process is carried out on formality examination;

“On examination of a trade mark application lodged in class 5, a notification thereof may be sent to the Medicines Control Council should the examiner deem such necessary. In the event that the Medicines Control Council finds the trade mark to contravene any provisions of the Medicines and Related Substances Control Act 101 of 1965, it is the duty of the examiner to ensure that any comments received from the Medicines Control Council is communicated to the Applicant.”

The Act and the Medicines Act are meant to complement each other thereby aid in weeding out counterfeit goods and other illegal drugs and address public health and safety concerns. Goods in the pharmaceutical trade have a requirement for registration with a regulatory body. Use of the trade mark through, manufacturing, distribution and selling of pharmaceutical

products requires market authorisation of the regulatory body as a matter of public health and safety, protection and reliability. See *Novates v EUIPO T -175 /22*; *Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd* 2001 2SCR 743, where the court remarked thus, “drugs are poisons, not sweets”, this is to say that medicines are not ordinary items of commerce and hence their trade including marketing and sale is strictly regulated.

For this reason, a stricter approach needs to be adopted in matters involving pharmaceutical/veterinary products or goods. This approach reduces the risk of medical or pharmaceutical confusion where one may buy a wrong product where two are marketed under the same name or mark and are similar or identical. The type of confusion stemming from similar, identical or deceptive pharmaceutical drugs is different from confusion as regards the origins of a conventional trade mark under trade mark law. Whatever decision the Tribunal has to make, it has to be mindful of the enormous potential impact of its decision on public and animal health. The slightest confusion in the market regarding the identity of pharmaceutical medicines will necessitate removal of a mark to avoid likely detrimental consequences.

The legal framework for registration with the MCAZ

Bayer presented its registration with the MCAZ and renewals up to 2018 as part of evidence of use resulting in intense argument regarding the import of registration with the MCAZ. In light of the provisions of s 73 of the Act and the *Hetch Pharma case (supra)*, the import of the Medicines and Allied Substances Act [Chapter 15:03], the Medicines Act, is pertinent in regulating use of marks in class 5 and will be considered. Use and manufacture of pharmaceutical products requires the authorisation of the MCAZ. Section 29 of the Medicines Act, prohibits “sell” of a specified medicine unless it is registered. “Sell” is a wide concept and is defined in s2 as, to sell by whole sale or retail and includes, import, export, advertise, label, prepare, expose, offer or possess for sale, smuggle, administer, hawk, supply or dispose to any person, distribute, deliver or transmit by way of gift or sample or in any other way whatsoever. It appears that once you “sell” or intend to “sell” a product in the context of this definition, you are using the product and mark associated with it and thus trade mark use is a *sine qua non* of registration.

The Medicines Act makes provision for registration of all medicines inclusive of pharmaceutical and veterinary medicines bearing a proprietary name as provided for under Section 29. Registration entails that the product is manufactured in accordance with approved specifications and guidelines, is labelled and packaged with the product name and dosage

instructions according to the registered proprietary name of the product and registration number, see s36 of the Medicines and Allied Substances Control (General) Regulations, 1991, [the Medicines Regulations]. Quality control tests are carried out to ensure safety and efficacy of a product before distribution in the market, see s30 of the Medicines Act. Preparation for the market in the pharmaceutical trade is a lengthy and costly process that requires submission of data to prove safety and efficacy of the product.

Section 40 of the Medicines Regulations provides for information that is to appear on the medicines register. “The proprietary name (trade mark) of the medicine if any”, should be recorded. The mark HI-TET as a proprietary name (trade name) of the Bayer injection is the mark used to identify with the product as it appears on the MCAZ register. The Guidelines on Submission of Documentation for Registration of Veterinary Medicines in Zimbabwe, 2015, the Veterinary Guidelines help in the assessment of the value of an MCAZ registration in this trade mark dispute by defining what a registration, a name of a product and proprietary product is. “Registration” entails approval of the sale and use of a veterinary medicine following the evaluation of comprehensive scientific data demonstrating that the product is effective and safe for the intended purposes and does not pose an unacceptable risk to human or animal health or the environment. The “Name of product” being the proposed proprietary name of the product, should not be the same or similar to the name of another medicine so as to cause confusion. The trade name of product should be provided. “Proprietary Product” means a medicinal product sold or supplied under a special name (a brand or trade name) rather than the generic name of the ingredient alone.

Use of the trade mark does not have to be extensive to constitute trade mark use. The MCAZ approval and registration of Bayer's HITET injection represents an objective commitment to using the mark and offering the goods for information and signifying availability of the product for sale, given the restrictions of advertisements for pharmaceutical products in terms of s 40 of the Medicines Act. See *Angela Christou case(supra)*. In *Stellenbosch Trust Winery v Oude Meester Group Ltd* 1972 (3) SA 152(C), the court held as follows:

“trade is a wide word and that a connection with goods in the course of trade means an association with the goods in the course of their production and preparation for the market.... The fact that the product had not gone through to the final consumer is, in my view, not a sine qua non for the purpose of entering the trade ... it is not the man in the street or the little boy who buys the packet of chips at the corner café’. That is another section of the market, and no doubt very substantial, if not the greater part of the market. However, the fact that it has not

been launched and provided to the corner café does not derogate from the fact that the Ruffles chip presented in the form in which it is to be finally launched... has in my view, entered the market. there had been discussion, arrangement for marketing; it has acquired through demonstration the same reputation which it enjoyed overseas .That reputation has become associated with the product in the preparation all parties concerned for the market, within the territorial area of the republic of South Africa”

The proposition is that use is not only in the context of the final buyer, it equally can be used in the context of alerting those in the field such as veterinary practitioners, pharmacists, wholesalers and retailers. Registration alerts them to the availability of the product for purchase, sale or import. Veterinarians, distributors and wholesalers of veterinary medicines consult the register in order to prescribe or order the product. They are expected to deal in only with registered products of the type subject to this dispute. This is the trade usage referred to in the Act. Prior use can be established where use was genuine, continuous and not a token or experimental. See also the *Moorgate case* where on examination of authorities the court stated as follows:

“The cases establish that it is not necessary that there be an actual dealing in goods bearing the trade mark before there can be a local use of the mark as a trade mark”.

What this analysis shows is that registration with the MCAZ is not just a matter of submitting an application form and paying fees. The considerations for registration are more or less the same as those for registration of a trade mark. The trade name of the registered product gives rise to propriety in the trade name. Registration through MCAZ amounts to use through an intention to offer the goods and/services which is manifested through preparatory steps showing an objective commitment to using the trade mark. By registering a product with the regulatory body, one obtains market authorisation. The mere labelling of the product, distribution, preparation for sale, availing information about how to use the product or possessing of the product registered in terms of the Medicines Act amounts to selling and in turn constitutes actual use of the trademark in commerce or trade.

Is there a trade connection in Zimbabwe

It is not in dispute that Bayer is the manufacturer of HI-TET products inclusive of the hitet 120 injection. Bayer did not register its trade mark in Zimbabwe until 2009 having only registered the Hitet 120 injection in terms of the Medicines Act in 1980 and has continued to renew its registration. Bayer manufactured the hitet injection, labelled it with its mark and registered it with the MCAZ. The evidence of MCAZ registration and approval of Bayer’s injection from 1980 to 1989 suffices as evidence of use as envisaged by ss82, 73 of the Act as read with s29 of the Medicines Act.

Bayer submitted as evidence its trade mark registrations in South Africa (1974), Tanzania (1986) and Namibia (1975) which are registrations prior to Millborrow's trade mark registration in Zimbabwe in 1989. However, the general principle in trade mark law is that trade mark rights are territorial in nature. In that sense, priority of foreign trade mark registration and renewals in other African countries does not constitute priority rights in Zimbabwe. This principle is not absolute and has exceptions such as in the case of s 9E of the Act which provides for protection of famous marks. Our enquiry is under s10 on vested rights. The question one asks is, are Bayer's foreign trade mark registrations of any value in this determination when it is not claimed as a famous/well known mark?

In *Moorgate* (supra), the court held as follows with regards to a foreign proprietor:

“The requisite use of the mark need not be sufficient to establish a local reputation and there is authority to support the proposition that evidence of but slight use in Australia will suffice to protect a person who is the owner and user overseas of a mark which another is seeking to appropriate by registration under the Trade Marks Act. In such a case, the court seizes upon a very small amount of use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia”

This case established the doctrine of “trade connection” in the case of a dispute concerning an earlier foreign registration of a mark identical to a junior mark in the local market. The doctrine holds that, the existence of a licensing agreement or some trade connection between a foreign trade mark proprietor and a third party using the trade mark in the local market is sufficient to render use of the trade mark by that third party that of the trade mark proprietor or owner. In *McDonalds Corporation v Joburgers Drive-Inn Restaurant(Pty)Ltd* [1996] ZASCA 82, the “trade connection doctrine” established in *Moorgate* was successfully argued by Macdonalds albeit in a defence of a well-known mark.

Is there a trade connection of Bayer's South African registered HI-TET trade mark and use of these products in Zimbabwe?

Milborrow refuted that it was a distributor of HI-TET products. Bayer did not produce the distributorship contracts it entered into with Milborrow and/or its predecessors in title between 1980 and 1989 in support of its prior use claim due to the long lapse of time and change in predecessors in title along the way. Milborrow registered its veterinary medicine with the MCAZ in 2013 having supposedly started manufacturing its own HITET injection in 2000 and its predecessors in title having registered and used its trade mark in 1989. According to trade usage in the pharmaceutical industry, there is no way that Milborrow could have used the mark for over 20 years, without the requisite compliance and registration approval of the MCAZ .

The agreement between Sanvet and Milborrow dated 30 June 1995 shows that Milborrow was a distributor of Sanvet for HITET products which could only have originated from Bayer and its predecessors in title as regulated under s29 as read with s2 of the Medicines Act, where distributorship requires product registration and the only product registration at the time was Bayer's (and its predecessors in title). The key question here is how Milborrow could sign a distributorship agreement in 1995 for a hitet product which it had "already been using all along". Key to note is that Mr Grierson was the Managing Director for Milborrow when this agreement was executed. Although no evidence of the relationship between Bayer and Sanvet was produced, two of the products being distributed by Millborrow from Sanvet are Hitet products including the Hitet 120 injection which is subject of the dispute before the tribunal.

Mr Grierson and the entities he represented as Managing director clearly, did not originate the trade mark. It was not shown that Grierson registered its "own" HITET trade mark, presumably because it was using Bayer's registration. How it was able to assign rights in a HI-TET trade mark is unclear having been previously a distributor of goods bearing that Trade mark, see Section 27(4) of the trade marks Act, which speaks to validity of assignment of a mark where there are common law rights by another person likely to cause confusion.

Sanvet is however, not before the Tribunal. It is not known when that relationship arose. It is clear however that Sanvet could only enter into a distributorship agreement with Milborrow over HI-TET products only after establishing a relationship with Bayer in terms of the Market authorization. In a highly regulated industry such as the veterinary medicine trade it is highly likely that Millborrow and its predecessors in title had knowledge of the Bayer products on the market as the register is published yearly and nothing can be traded outside of products listed in the register.

The email dated 3 December 2002 from Bayer to Milborrow is shrouded in mystery. None of the parties was able to adequately explain the background to it save to note that Hitet was included in it. The email speaks to some transfer and reveals dealings between the parties. The exact nature of such dealings does not appear from this communication but a connection between Milborrow and Bayer over Hitet is made apparent. Also pertinent is evidence in the form of two sworn affidavits from Bayer's executives familiar with the history of the matter. The affidavits are admissible as they are a requirement under the Trade Mark Regulations and show that there existed a distributor manufacturer relationship between the parties. The assertions contained therein are consistent with events leading up to the dispute i.e. the

registration of the name of the product earlier (1974) as a trade mark in South Africa, the market authorization in 1980 in Zimbabwe of the product bearing that trade mark, the adoption of a distributorship model through a chain of predecessors in title through Millborrow and its predecessors in title, the 1995 agreement as evidence that indeed Millborrow was at some point distributor of Hitet and not a manufacturer of the product,. There is a continued distributor business model through its most current distributor Fivet. It is not in dispute that both products are being sold on the market and Milborrow states that the applicant's goods are being confused with its own goods on the market.

The indications are that Milborrow was a distributor of HI-TET products. In *Covertch Fabricating, Inc. v TVM Building Products, Inc. No. 15-38932017*, the court relied on a test expounded by *Professor McCarthy on Trade Marks, (the McCarthy test)* for determining trade mark ownership where evidence is difficult to produce on the part of a manufacturer because the distributor bearing all the evidence of actual usage in the market is uncooperative. An implied distributor-manufacturer model is assumed. The court said the following:

“Too often the silence of contracting parties must be filled by the voice of the courts. Such is this case here where we are called upon to resolve a trade mark dispute in which no written contracts designate ownership, and, in the process, to clarify the paradigm through which common law ownership of an unregistered trade mark is determined when the initial sale of goods bearing the mark is between a manufacturer and its exclusive distributor.”

According to the McCarty test, in a distributor-manufacturer relationship, the manufacturer of a product is the presumptive trade mark owner of the mark affixed to the product. From the facts of this case, it is implied that a manufacturer/distributorship agreement did exist on the premise that Bayer as the owner of the Hitet product authorised in Zimbabwe was responsible for quality and any defects associated with the product whilst Millborrow only sold and distributed the products in Zimbabwe. Millborrow could only have relied on the registration of Bayer with the MCAZ to market its products using the mark.

In the US, a common law principle called the Tea Rose doctrine was established by the courts when evaluating earlier foreign registrations of a junior mark under dispute. Justice Pitney in *Hanover Star Milling, 240 US*, summarized the principle as follows:

“In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appears that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade or the like.” (My emphasis.)

In this case, Milborrow's use and adoption of the mark under dispute is exactly the same as that of Bayer see Fig 1 above, including the product itself, the trade name of that product, the trade dress and packaging design including colours. How possible was it for it to independently come up with exactly the same name, trade dress and packaging as that of the Bayer. The only logical conclusion is that Milborrow appropriated Bayer's mark.

I am convinced that Bayer's trade connection in Zimbabwe has been proved and thus is evidence of prior use of the trade mark. The registration by Bayer with MCAZ constituted commercial use of the HI-TET trade mark in Zimbabwe. A foreign registered proprietor of a trade mark whose mark was registered prior to the Zimbabwean trade mark registration and who has established a trade connection in Zimbabwe, is taken to have proved prior use. Further if the adopter of the mark has adopted its mark to take benefit from the reputation of another foreign registered proprietor's goods, then prior appropriation will not apply. Bayer's global reputation, the interconnectedness of the Zimbabwean and South African pharmaceutical and veterinary markets and indeed the rest of the region where the mark is registered and its presence and trade connection in Zimbabwe through distributors such as Millborrow and its predecessors in title even prior to the registration of the Mark by Millborrow in 1989 are relevant factors in determining commercial use.

Bayer's continuous renewal and maintenance of registration of the HI-TET mark with the MCAZ constitutes *bona fide* continuous use of the mark. Section 32 of the Medicines Act provides that retention of the right to sell the medicine is done through payment of annual renewal fees otherwise the registration lapses. The continuous renewal by Bayer meant that it maintained its right to sell the product in the Zimbabwean market albeit indirectly through distributors such as Milborrow. It is important to note here that under the exhaustion of IP rights and or parallel imports, private use, direct import from a country like South Africa where it was being manufactured, it is still possible for the product to be sold locally by any interested or licensed retailer or wholesaler through the reliance on registration by Bayer.

I thus conclude that market authorisation of MCAZ is a *sine qua non* of use of a trade mark in class 5 products of the nature of the Hitet injection. Use being a *sine qua non* of a claim of use of a pharmaceutical medicine in accordance with trade usage in that trade, it ought to be based on MCAZ registration. Registration with the regulatory body and compliance with regulatory requirements is a necessary step towards using and commercialising a product. Registration helps to facilitate product availability on the Zimbabwean market. No commercial activity or use of a medicine should take place without

registration with the regulatory authority. The registration of the HI-TET product with MCAZ suffices as use in Zimbabwe. Bayer's registration with the medicines control regulatory body evidences authority to market and sell the product thereby establishing a trade connection with the goods in the course of trade in Zimbabwe. Where it is demonstrated that the trade mark was actively employed in relation to the pharmaceutical products in the course of trade as a trade mark on products before registration of a competing mark, a finding of prior use is competent. The totality of the evidence available reveals the existence of a manufacturer/distributor relationship between the parties and that indeed Milborrow and its predecessors in title were a distributor of hitet injection on the basis of Bayer's MCAZ authorisation. Based on the circumstances of each case, where distributorship is claimed in the absence of an agreement, the courts have had to find implied distribution agreements even in the case of oral evidence or where the agreement is no longer in existence based on evidence available. The effect is that Bayer has prior use of the HI-TET mark which is anterior to the registration of the 1989 trade mark .Bayer discharged the onus of showing the existence of prior use. In the circumstances, the Registrar erred in the conclusion to which he came regarding the claim of prior use.

As regards Bayers' failure to assert its rights for more than 30 years, the Tribunal has considered that prior use is available to a proprietor for as long as he can prove continuous *bona fide* use anterior to the date of registration of a competing mark. Prescription as anticipated in s16 of the Act does not come into play. In the circumstances, the Registrar erred in the conclusion to which he came regarding the claim of prior use. Ground number 4 succeeds. In that regard, it will not be necessary for the Tribunal to consider whether Bayer's trade mark was now valid after 5 years from the date of its registration.

Can the trade marks co-exist

Both parties accept that the two trade marks are similar and/or identical and that co-existence of the trade marks will likely result in deception and confusion in that consumers will be confused as regards the origins of the products sold under HITET and HI-TET and asked for expungement of each other's trade mark from the Register. Milborrow took advantage of being Bayer's distributor in Zimbabwe and registered its own Hitet mark without its permission. At the time of registration of the HITET mark, Bayer had already placed its product on the local market. Milborrow claims to have started manufacturing its hitet injection around the year 2000 as indicated by Mr *Nkomo* and used the HITET trade mark to market the product

whilst aware of the existence of a similar product and mark. See *Application No 2112772, by William Andrew Findlay and Granville Oil & Chemicals Ltd; Zoppas 1965 RPC 381*.

Milborrow sought to appropriate Bayer's trade mark by registration of its trade mark in Zimbabwe first. It is apparent that Mr Grierson at the time of registration, realised that there was an opportunity to trade in Bayer's veterinary products in Zimbabwe. As Managing Director of Milborrow, he continued with the façade. Given the substantial international spread attaching to the HI-TET trade mark, there is no doubt that the mark HITET was selected in order to harness the reputation and goodwill of the HI-TET trade mark and this was done in bad faith. In *Covertch (supra)* on a finding of fraud, the court held that the intent to deceive can be inferred from indirect or circumstantial evidence indicating that the registered proprietor actually knew or believed that someone else had a right to the mark. That there was deliberate copying of Bayer's trade mark after having distributed it through its predecessors in title over years has been inferred from the facts of the case. In *Belmora LLC v Bayer Consumer Care AG United States Court of Appeals for the 4th Circuit no 15 /1335*, the court said the following of the consequences of intentional direct copying of products and marks:

“Evidence of intentional direct copying establishes a *prima facie* case of secondary meaning sufficient to shift the burden of persuasion to the defendant on that issue. Such an intentional deception can go a long way toward establishing likelihood of confusion. Intent to deceive retains potency when present, it is probative evidence of likelihood of confusion.”

A finding of direct copying, supports a finding of likelihood of confusion. A person who copies a competing trademark's getup to benefit from its goodwill and reputation acts in bad faith. According to the book, *South African Law on Trade Marks, 4th edition (2011)*, by Webster, Page 3-63.

“... a person cannot claim to be the proprietor of a mark where he is aware that another person has better claim to ownership. An employee cannot claim to be the proprietor of his employer's marks nor can an agent claim to be the proprietor of his principal's marks. A distributor or importer cannot claim to be the proprietor of a trade mark for the goods sold or imported in the case of a claim to proprietorship by the manufacturer of the goods.”

The deception is as to the origins of its mark. The approach of the courts to bad faith is clear. In *International Bancorp LLC v Society des Bains de Mer*, 329 F. 3d 359 (4th Cir.2003), a case a foreign owned Casino Monte Carlo mark registered in Monaco and not in the United States. The owner did not carry on gambling services in the United States but operated a travel bureau in New York. The defendant registered various domain names for websites offering gambling services that incorporated the Monte Casino Carlo mark. The court held that the defendant's

deliberate copying of the plaintiff's mark protected the owner's rights in the Monte Casino mark.

I come to the conclusion that Bayer has on a balance of probabilities made a case of bad faith against Milborrow. In *Gromax Plasticulture Ltd v Don and Low Nonwovens Ltd* (12 June 1998 unreported), the court said the following of bad faith:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.”

Milborrow's trade mark is likely to deceive or cause confusion in the minds of the notional customer in respect of the hitet injection. The conduct of Milborrow falls far short of the standard acceptable in trade mark commercial trade. Bayer's trade mark must be protected. In the premises, the requirements of prior use having been proved, Bayer is entitled an order for expungement of the HITET trade mark from the Register. Ground 4 of appeal is therefore successful. As regards costs, the general approach to costs is that costs follow the event. In light of the foregoing, the decision of the Registrar is set aside and replaced with the following order:

1. The appeal succeeds with costs.
2. The decision of the Registrar of Trade Marks dated 18 November 2022 expunging trade mark No. 508/2009 is hereby set aside and in its place is substituted with the following:
“Application for expungement of trade mark registration No. 508/2009 be and is hereby dismissed.”
3. The Registrar of Trade Mark's decision dismissing application for expungement of trade mark registration No.205/89 be and is hereby set aside and in its place is substituted with the following:
“Application for expungement of trade mark registration No. 205/89 from the register be and is hereby granted”.

Honey and Blanckenberg, appellant's attorneys
DNM Attorneys, respondent's attorneys