

REPUBLIC OF SOUTH AFRICA



IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION, PRETORIA

CASE NO: 020175/2023

1.	REPORTABLE: YES/NO
2.	OF INTEREST TO OTHER JUDGES: YES/NO
3.	REVISED: YES/NO
DATE: 19 JAN 2024	
SIGNATURE OF JUDGE: [REDACTED]	

In the matter between:

BAYER INTELLECTUAL PROPERTY GMBH

APPLICANT

AND

**AUSTELL PHARMACEUTICALS
PROPRIETARY LIMITED**

FIRST RESPONDENT

REGISTRAR OF TRADE MARKS

SECOND RESPONDENT

JUDGMENT

MEADEN A J

On 11 June 2024 upon hearing Counsel for the parties and considering the papers, I handed down the following Order:

- [1] Trade Mark Registration Number 2018/37286 REZALTO in Class 5 in the name of the First Respondent is cancelled and the Second Respondent is directed to remove it from the Register of Trade Marks;
- [2] the First Respondent is interdicted from infringing rights of the Applicant and its trade mark registration number 2004/10546 XARELTO by making use, in the course of trade, of the trade mark REZALTO, or any other confusingly or deceptively similar name or trademark in relation to any goods in respect of which the XARELTO trade mark is registered;
- [3] the First Respondent is directed, in terms of Section 34(3)(b) of the Trade Marks Act, to remove the trade mark REZALTO from all matters in its possession or under its control, including, websites, social media pages, packaging, brochures, package inserts, leaflets and all other printed or electronic materials. Alternatively, in the event of such removal not being capable of being effected, the First Respondent is directed to deliver-up all such matters to the Applicant for destruction;
- [4] the First Respondent is directed to pay the costs of the Application, including the costs of two counsel with such costs to be taxed on party and party scale for professional services rendered pre 15 April 2024 and in accordance with Scale B in respect of junior counsel's fees and Scale C in respect of lead counsel's fees of Rule 69(7) of the Uniform Rules of Court.

The above Order was handed down, taking into consideration the undermentioned circumstances:

- [1] This is a trademark infringement and expungement application and wherein the infringement is based on Section 34(1) (a) of the Trade Marks Act ("the Act") and the expungement / cancellation on Sections (10), (12) and (14) of the Act. Reference is also made to Section 24 of the Act and in contending with the general power to rectify entries appearing in the Trademark's Register by the Second Respondent.
- [2] The Applicant, Bayer Intellectual Property GMBH ("Bayer"); is a subsidiary of its German parent company "Bayer AG". The Applicant is the proprietor of the registered trademark No. 2004/10546 "XARELTO" registered in Class 5 of the Trademarks Register. This trademark was applied for by the Applicant back on 28 June 2004 and thereupon registered with the Registrar of Trade Marks on 25 February 2008 in respect of "*pharmaceutical preparations and substances, diagnostic preparations and reagents for medical use*" and which trademark remains of full force and effect.
- [3] The Applicant under the "XARELTO" trademark, markets and sells anti-coagulant (blood thinning) prescription medication via Bayer (Pty) Limited (Bayer SA) – an indirect subsidiary of Bayer and in South Africa.
- [4] The First Respondent is Austel Pharmaceuticals Proprietary Limited, a South African based healthcare company, which is the proprietor of Trademark Registration Number 2018/37286 "REZALTO" also registered in Class 5 of the Trademarks Register. This Application for registration was filed on 12 December 2018 and registered on 26 June 2020 in respect of:

"Pharmaceuticals, medical and veterinary preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical and veterinary use, food for babies, dietary supplements for humans and animals; plasters, materials for dressings; material for stopping teeth, dental wash; disinfectants; preparations for destroying vermin; herbicides."

- [5] The Applicant and First Respondent are competitors in South Africa. In this context, the Respondent is using the Trademark "REZALTO" in marketing and selling a generic version of the Applicant's XARELTO anti-coagulant" medication possessing the ingredient "rivaroxaban" and which the First Respondent advertises as "*breaking down clots*". REZALTO is the generic equivalent of XARELTO prescription anti-coagulant medication available in South Africa. XARELTO and REZALTO are interchangeable and substitutable with one another and commercially as products are in direct competition with each other.

- [6] AD Paragraph 4.2 of the First Respondent's Answering Affidavit (Page 010/9) the First Respondent records :

"It is further admitted that that the respective party's goods of interest are, for all intents and purposes identical".

- [7] Having confirmed the aforesaid, the First Respondent thereupon proceeds in its Answering Affidavit on an elaborate basis and by way of a word construction, visual, conceptual and phonetic comparison and thereupon market analysis to conclude that the XARELTO and REZALTO trademarks are not confusingly similar.

- [8] The First Respondent places reliance on its REZALTO product (as with the Applicant's XARELTO product) being prescribed by doctors and dispensed by pharmacists trained to distinguish between pharmaceutical products. In so doing the First Respondent asserts that :

“6.5 *The prescription of medicines by doctors is a definitive and deliberate act taken with the full knowledge of the contents of the medicine and its pharmacological action and a doctor will simply not rely on a vague recollection of the medication when prescribing medicine. Similarly, a pharmacist will not be confused when dispensing medicine as he/she will sell only on prescription and, when in doubt, he/she would simply refer to the scrip and will not rely on a "vague" recollection of the medication to make a decision.”*

[9] A simple side by side comparison of XARELTO and REZALTO is apt here. XARELTO is pronounced as “ZA-REL-TO”. “ZA-REL-TO” and “RE-ZAL-TO” share similar phonetic elements, namely “ZA”, “RE” and “ELTO” / “ALTO”. These are made up words bearing no meaning and there is no confusion arising on meaning. From a phonetic, including pronounced and “mouthed” perspective; the above trademarks are similar, actually very similar and to the extent of being confusingly similar. The trademarks are also similar visually. These trademarks are so similar that saying the two trademarks one after the other is not easy (creating in the process a “tongue twister”) and one has constantly to remind oneself of which litigant owns which trademark.

[10] In placing the aforesaid in context, one has further to have regard to the end user / consumer of the XARELTO (ZA-REL-TO) and “REZALTO (RE-ZAL-TO) products, be that prescribed or off the shelf.

[11] Inasmuch as the First Respondent places emphasis on the prescription and dispensing of medicine occurring at the instance of doctors and pharmacists and who can distinguish between pharmaceutical products; there is a paucity of substance and insight in the Second Respondent’s Answering Affidavit and Annexures thereto and further in its legal counsel’s Heads of Argument and representations made at court, contending with the circumstances of the patient / consumer using, purchasing and consuming

products marketed and sold under the above trademark names. This approach on the part of the First Respondent is not inter alia; reconcilable with Section 8 of The National Health Act 61 of 2003 and which affords the patient the right to participate “*in any decision affecting his/her personal health and treatment*”.

[12] In the Supreme Court of Appeal Case – *Adcock Ingram Intellectual Property (Proprietary) Limited and Another vs Cipla Medpro (Proprietary Limited)* (2012) 3 ALL SA 1 (SCA); *Malan JA* in a matter that in several respects bears substantial similarity to this matter and ad paragraph 24 G-H thereof, referenced patients playing and being expected to play an active role in relation to their health.

[13] *Malan JA* elaborated here and in averring that:

“24 patients often discuss their medication amongst themselves and with their doctors. They exchange information on which product they find most efficacious. This information may then be discussed with their doctors or pharmacists when the issue of substituting a medicine for a generic or the more expensive innovative product is raised. Often they provide the names of their medicines, particularly chronic medication, to the medical practitioners treating them. They discuss the advantages and disadvantages with them. They consider different options. In the case of emergency a Schedule 3 medicine may be sold, for use during a period not exceeding 30 days in accordance with the original prescription, if the pharmacist is “satisfied that an authorized prescriber initiated the therapy.” – clearly on information provided by the patient. Whatever the position may have been in 1983, the patient is no longer a placid bystander when treated and receiving prescribed medication”

[14] MALAN JA concluded at paragraph 28 (Page 12) that:

“28. “the patient is not a passive bystander but plays an active role in the dispensing of his or her medication.”

[15] Further, MALAN JA at paragraph 25 recorded that:

“25. The provisions of Section 22F of the Medicines and Related Substances Act widen the scope of the enquiry to be made. Section 22F deals with generic substitution or interchangeable multi-source medicines and, it was submitted, envisages a situation where the patient forms part of the decision-making process thereby increasing the likelihood of deception or confusion.”

[16] MALAN JA in his above judgement also made reference to the Canadian Judgment of *Ciba – Geigy Canada LTD vs Apotex Inc ; Ciba – Geigy Canada Limited vs Novopharm Limited* (1992) 3 SCR 120; 1992 CAN LII 33 (SCC); 95 DLR (4th) 385 and wherein per Gonthier J the following was recorded:

“In my opinion, therefore, excluding patients from the customers covered by the passing-off action on the pretext that they have no choice as to the product brand is quite wrong. The physician’s opinion as to the brand of drug to be taken may of course influence the patient and most prescriptions do in fact indicate the product brand. That information may sometimes come from the patient. It should not be forgotten that in cases like the one before the Court, the medical treatment generally extends over a long period. Hypertension is often treated for several years, if not a lifetime. Patients taking a drug for some time can become accustomed to it and insist on a particular brand. Generally when a person is satisfied with a product, he tends to remain faithful to it.”

[17] In placing the aforesaid in context, one has also to have regard to the end user / consumer of the XARELTO and REZALTO products, be they prescribed or off the shelf. The question that arises here is whether consumers confronted with goods (be that prescribed pharmaceuticals, or otherwise off the shelf) are likely to be confused or deceived in believing that REZALTO is the same or connected to XARELTO? With the above marks being plainly similar visually and phonetically,; consumers for their part rely on a holistic comparison of respective trademarks not in the process disseminating or segmenting trademark words / names. In so doing, there is clearly scope here to confuse XARELTO and REZALTO trademarks and related products marketed and sold under the above trademarks.

[18] The exclusion of substantive reference and consideration of the patient / consumer circumstances when presented with XARELTO and REZALTO, renders the first respondent's presentation of its case substantially and substantively incomplete and this is fatal in it successfully opposing the Applicant's application here.

[19] In now turning to the actual expungement application launched by the Applicant, the Applicant seeks to cancel the First Respondent's Rezalto's registration and has launched the above High Court Application in terms of Section 24 (1) read with Sections 10, (12) and (14) of the Trademarks Act 194 of 1993.

[20] The abovementioned Sections of the Trademarks Act are cited below:

"10. Unregisterable Trademarks

The following marks shall not be registered as trademarks, or if registered, shall, subject to the provisions of Sections 3 and 70, be liable to be removed from the register:

- (12) *a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonis mores or be likely to give offence to any class of persons;*
- (14) *subject to the provisions of section 14, a mark which is identical to a registered trade mark belonging to a different proprietor or so similar thereto that the use thereof in relation to goods or services in respect of which it is sought to be registered and which are the same as or similar to the goods or services in respect of which such trademark is registered, would be likely to deceive or cause confusion, unless the proprietor of such trademark consents to the registration of the trademark”.*

[21] Section 24 contends with the “general power to rectify entries in the Register” and reads as follows:

“24 (1) *In the event of a non-insertion in or omission from the register of any entry, or of an entry wrongly made or wrongly remaining on the register, or of an error or defect in any entry in the register, any interested person may apply to court or, at the option of the applicant and subject to the provisions of Section 59, in the prescribed manner, to the registrar, for the desired relief, and thereupon the court or the registrar, as the case may be, may make such order for making, removing or varying the entry as it or he may deem fit.”*

[22] Having launched its aforesaid Application as above, the Applicant, while not abandoning proceeding in terms of Section 10 (12) has preferred to present its case and with reference to Section 10 (14) of the Trade Marks Act.

[23] In these circumstances, the Applicant requires to establish and this court to be satisfied that:

23.1 The goods in respect of which the applicant's XARELTO trademark is registered "*are the same as or similar*" to the goods in respect of which the First Respondent REZALTO trademark is registered and;

23.2 the Applicant's XERALTO trademark is so similar to the REZALTO trademark that the use by the Respondent of the REZALTO trademark in respect of goods for which it has been registered, will likely deceive or cause confusion.

[24] In the Supreme Court of Appeal case of - *Orange Brand Services vs Account Works Software 2013 BIP 313 (SCA)*, the ultimate test vis-à-vis Section 10 (14) relates to whether upon a comparison of the two marks, it can properly be said that there is a reasonable likelihood of confusion if both are to be used together in the ordinary course of business in a normal and fair manner, in relation to the goods and/or services for which they are registered or sought to be registered.

[25] In applying the aforesaid in relation to the circumstances of this case, the First Respondent has confirmed that the goods covered, marketed and sold under the REZALTO trademark are "*for all intents and purposes*", identical to those covered by the Applicant's registration (AA,010 – 9 para 4.2).

[26] With identical goods then being covered, marketed and sold under the XERALTO and REZALTO trademarks, is this likely to cause confusion, including in the mind of the patient / consumer?

[27] In the case of *Plascon – Evans Paints Ltd vs Van Riebeeck Paints (Pty) Ltd* 1984 3 SA at 623A 640-641 the following was recorded:

“The determination of these questions (the likelihood of confusion) involves essentially a comparison between the mark used by the Defendant and the registered mark and, having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant’s mark would make upon the average type of customer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the marketplace and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the Defendant’s mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contain a dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic collection of the whole. And finally, consideration must be given to the manner in which the marks are likely to be employed as, for example, the use of the name marks in conjunction with a generic description of the goods.”

[28] In *Bata Vs Face Fashions Cc & Another* 2001 1 SA 844 SCA the following was recorded:

“(9) A similar approach was adopted by the European Court of Justice in Sable BV vs Puma AG, Rudolf Dassler Sport (1998) RPC 199 . At 224, it was said that the likelihood of confusion must “be appreciated globally” and the “global appreciation of the visual,

aural, or conceptual similarity over marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components“.

- [29] In *Cowbell AG vs Ics Holdings Limited* 2001 3 SA 941 (SCA), the SCA quoted with approval the decision of the European Court of Justice in the above *Sable vs Puma AG* matter recording that:

“The perception of marks in the mind of the average consumer of the types of goods or services plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyze its various details (1988 RPC 199)” i.e. as a matter of first impression.

In this regard, the likelihood of confusion is established if the two marks in question are confusing only for a short time – momentary confusion suffices here.

- [30] *Webster & Page - South African Law of Trademarks 4th Edition, Paragraph 12.23* (ad 12 – 41) record that:

“On a proper interpretation of the South African section the degree of resemblance between the marks and the degree of resemblance between the goods or services must be such that their combined effect will be too produce a likelihood of deception or confusion when that mark is used on those goods or services.”

- [31] Taking the aforesaid legal principles into consideration, this has then to be reconciled with the scope, nature and extent of all prospective goods that will bear and be marketed and sold under such trademarks and then in the process in establishing the likelihood of confusion arising from the use of these trademarks and in relation to the goods at hand.

[32] In perusing the Applicant and First Respondent's respective trademarks, it is noted that these trademarks reference categories that extend beyond that of prescription medicines. The Applicant's XARELTO trademark bears reference to "*reagents for medical use*" while that of the First Respondent incorporates "*food for babies*", "*dental wax*" and "*herbicides*". All of the above goods are capable of being purchased off the shelf and by ordinary consumers who upon assessment of such goods and related trademark names may become confused or be deceived thereby. As alluded to above, the above trademarks are similar from both a visual and phonetic perspective. Accordingly, on a first impression basis and bearing in mind the similarity of the above trademarks from both a visual and phonetic perspective, there can be little doubt that consumers are likely to be confused or deceived in believing that products sold under the REZALTO trademark are the same or connected with that sold under XARELTO trademark.

[33] With these two trademarks being clearly confusingly similar, it is further easy when dealing with such trademarks to switch letters or syllables around when speaking or writing and being confused thereby.

[34] It stands to reason in these circumstances that the REZALTO trademark ought never to have been registered and stands to be removed from the Trademarks Register and in terms of Section 10 (14) of The Trademarks Act.

[35] The Applicant in its above Application also seeks an interdict (including in re ancillary relief for the delivering up and/or destruction of REZALTO product in possession of the First Respondent and in terms of Section 34 (1)(a) of the Trademarks Act. To succeed in a claim for infringement under this section, the trademark proprietor must establish that an infringer has used the trademark, in relation to the same goods (or services) for which a proprietor's trademark is registered and which is either identical to or nearly

resembles the proprietor's registered trademark and so as to be likely to deceive or cause confusion.

[36] In the application of Section 34(1)(a), it requires to be established that the First Respondent used a confusingly similar mark in relation to identical goods to those which the Applicant has obtained in its registration of the XARELTO trademark.

[37] As established and summarized above, the First Respondent is indeed using the trademark REZALTO in relation to identical goods that the Applicant has obtained registration of vis-à-vis its XARELTO trademark. Further and on the basis summarized above, it has been concluded that the XARELTO and REZALTO trademarks are confusingly similar. In these circumstances, the First Respondent is entitled to the interdictory and ancillary relief that it seeks in the Notice of Motion and which has been incorporated in the above Order handed down.

[38] The First Respondent has further taken issue regarding the Deponent to the Applicant's Founding Affidavit – Mr Christiaan Schalk not being qualified to depose to such Founding Affidavit (including the evidential aspects contained therein) and on the basis that this content does not fall within his personal knowledge. This is prefaced on the basis that the circumstances of this matter have arisen in South Africa and stand to be dealt with by Bayer SA employees possessing firsthand knowledge of such facts.

[39] Mr Schalk is employed as a Senior Trademark Counsel by the Applicant in Germany and has been in its employ since 2007 in the above capacity and manages the Applicant's Pharmaceutical Trademark Portfolio.

- [40] The Applicant is the registered proprietor of the XARELTO trademark registered with the South African Trademarks Registry under Registration Number 2004/10546. This trademark would then fall within the Applicant's pharmaceutical trademark portfolio and be dealt with by Mr Schalk. In deposing to this Founding Affidavit, Mr Schalk also confirms having personal knowledge of the content of his above Founding Affidavit.
- [41] In South Africa, Bayer products are marketing and sold by Bayer (Pty) Limited (BAYER SA) an indirect subsidiary of Bayer AG Germany.
- [42] In compiling and presenting the above High Court Application, Mr Schalk on behalf of the Applicant does not do so alone and a substantive Confirmatory Affidavit deposed to by Tanya Steenekamp and who is the Category Marketing Head for Bayer (Proprietary) Limited (Bayer SA South Africa) and in re its general medicine and cardiovascular business unit is also annexed to this application.
- [43] In a logical and on a comprehensive basis, Mr Schalk deposes to the Founding Affidavit setting out the basis and grounds of the Applicant's Application and the relief sought therein. In dealing specifically with the South Africa market circumstances, the above Affidavit of Mr Schalk is supplemented and confirmed with that of Ms Steenekamp and wherein she confirms having read the Founding Affidavit of Mr Schalk and in the process confirms that the content thereof is true and correct and further, that the content of her Affidavit and specifically with regard to the sales of Bayer products in South Africa and which are associated with the aforesaid ongoing Application, fall within her personal knowledge and belief.

[44] No further substantive insight is incorporated in the First Respondent's Answering Affidavit and in supplementing its aforesaid bald allegations relating to alleged hearsay evidence tabled on the part of the Applicant. I do not agree with the First Respondent's contentions in this context and I do not find there to be merit in the First Respondent's allegations contending with alleged hearsy evidence being produced by the Applicant and dismiss this assertion on the part of the First Respondent. In any event, this was not advanced further on behalf of the first respondent in the hearing of this matter and I take this no further.

ORDER

Accordingly, I make the following order:

- [1] Trade Mark Registration Number 2018/37286 REZALTO in Class 5 in the name of the First Respondent is cancelled and the Second Respondent is directed to remove it from the Register of Trade Marks;
- [2] the First Respondent is interdicted from infringing rights of the Applicant and its trade mark registration number 2004/10546 XARELTO by making use, in the course of trade, of the trade mark REZALTO, or any other confusingly or deceptively similar name or trademark in relation to any goods in respect of which the XARELTO trade mark is registered;
- [3] the First Respondent is directed, in terms of Section 34(3)(b) of the Trade Marks Act, to remove the trade mark REZALTO from all matters in its possession or under its control, including, websites, social media pages, packaging, brochures, package inserts, leaflets and all other printed or electronic materials. Alternatively, in the event of such removal not being capable of being effected, the First Respondent is directed to deliver-up all such matters to the Applicant for destruction;

[4] the First Respondent is directed to pay the costs of the Application, including the costs of two counsel with such costs to be taxed on party and party scale for professional services rendered pre 15 April 2024 and in accordance with Scale B in respect of junior counsel's fees and Scale C in respect of lead counsel's fees of Rule 69(7) of the Uniform Rules of Court.



MEADEN J R

ACTING JUDGE OF THE HIGH COURT

This Judgment was handed down electronically by circulation to the parties' and or parties' representatives by email and by being uploaded to CaseLines. The date and time for the hand down is deemed to be 10h00 on this 19th day of July 2024

Appearances

For Applicant / Defendant: Adv G Marriot and Adv N Moshiane

Instructed by: Adams & Adams

For Responded / Plaintiff: Adv R Michau SC

Instructed by: Bouwers Inc.

Date of Hearing: 11 June 2024

Date of Judgment: 19 July 2024