IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION, PRETORIA

(1) REPORTABLE: YES / NO
(2) OF INTEREST TO OTHER JUDGES: YES / NO
(3) REVISED

DATE : 18 May 2026
SIGNATURE:

CASE NO: 037824/2023

JUDGMENT HEARD ON: 4 March 2026
JUDGMENT: 18 May 2026

In the matter of:

RAGE DISTRIBUTION (PTY) LTD	PLAINTIFF

AND

RAGE FOOTWEAR 1999 CC	FIRST DEFENDANT
THE REGISTRAR OF TRADEMARKS	SECOND DEFENDANT

AND

RAGE FOOTWEAR 1999 CC	FIRST PLAINTIFF
GARY LAWRENCE FLAKS	SECOND PLAINTIFF

AND

RAGE DISTRIBUTION (PTY) LTD DEFENDANT

JUDGMENT

<u>Strijdom, J</u>

INTRODUCTION

1. Two consolidated actions serve before the court.

2. A first action was instituted by Rage Distribution (Pty) Ltd against Rage Footwear 1999 CC in 2020 under case number 20/28983 in the Johannesburg High Court. It seeks, as relief, the removal from the trade mark register of two trademarks registered in the name of Rage Footwear CC: namely registration number 1999/13342 RAGE in class 25 and 1999/13039 RAGE KIDS LOGO in class 35.

3. On 30 March 2021 Rage Distribution obtained the aforesaid relief by way of default judgment. Rage Footwear applied for the rescission of this judgment, and rescission was granted in June 2022.

4. After default judgment had been granted and before rescission was obtained, Rage Footwear instituted action proceedings against Rage Distribution in the Pretoria High Court under case number 20676/21. In that action Rage Footwear contended that Rage Distribution was infringing its rights in the two abovementioned trademarks and sought relief from trade mark infringement. Flaks, the second plaintiff in that action and a member of Footwear, contended that Distribution had infringed his copyright in the artistic work embodied in the Rage Kids logo. He sought relief from copyright infringement.

5. The copyright claim was, however, abandoned prior to trial and Footwear proceeded to trial on the trade mark claims alone.

6. Rage Distribution’s action was transferred to the Pretoria High Court, and the two actions were consolidated for joint hearing.

7. Rage Footwear’s prayer for damages flowing from the alleged trade mark infringement was separated out by order of this court for determination after a determination has first been made as to whether the trademarks have been infringed.

8. The primary questions the court is called upon to determine are thus whether Rage Footwear’s trademarks fall to be removed from the register for non-use and whether they have been infringed by Distribution.

THE PLEADINGS IN THE ACTIONS

9. Rage Distribution carries on the business of selling clothing and footwear in South Africa and it does so under the trade mark RAGE.

10. It registered the trade mark RAGE under trade mark number 2004/00754 in class 35 and this mark remained on the trade mark register until 3 December 2020 when it was removed by the Registrar of Trade Marks. Distribution has applied for the restoration to the trade mark register of this mark, and that application remains pending.

11. According to Footwear, the application for the registration of RAGE in 2004 was erroneously made in Distribution’s name; Distribution had no *bona fide* claim to the proprietorship of that mark and it ought to have been applied for in Footwear’s name. Distribution denies those allegations.

12. Rage Footwear 1999 CC is a close corporation. It was deregistered from 24 June 2011 to 30 September 2019.

13. Distribution contends that Footwear has not used its two trade marks in a five-year period, concluding three months before the institution of Distribution’s expungement action and, therefore, the marks fall to be removed from the register in terms of section 27(1)(b) of the Trade Marks Act 94 of 1993.

14. Footwear alleges that it is an intellectual property holding company and that it licenced the trade marks to Distribution.

15. It pleads as follows:

> *"15. On or about May 2000 and from its incorporation or immediately thereafter and at Johannesburg [Rage Distribution], represented by Flaks and/or Louis Joffe and [Rage Footwear], represented by Flaks and one or both of Louis Joffe and Anthony Wolpe entered into an oral alternatively a tacit licence agreement the material terms of which were:*
>
> *15.1 [Rage Footwear] would licence its trade marks to [Rage Distribution] on an exclusive and royalty-free basis;*
> *15.2 [Rage Distribution] would be permitted to use the trade marks in connection with the sale of clothing, footwear and the conduct of retail services;*
> *15.3 All goodwill generated in respect of the trademarks would accrue to [Rage Footwear]; and*
> *15.4 The licence was terminable by [Rage Footwear] on reasonable notice."*

16. The facts and circumstances on which Rage Footwear pleaded it would rely for the existence of a tacit agreement were:

    16.1. That Distribution operated retail outlets under the name and style RAGE at which and from which it sold clothing and footwear under and bearing the trade mark RAGE and/or RAGE KIDS;
    16.2. From May 2000 Distribution commenced using the trade marks in connection with clothing, footwear and retail services; and
    16.3. As in May 2000 some or all of the members of Footwear were also directors of Distribution.

17. Distribution denied the licence agreement contended for by Footwear. It further alleged that in about July 2000 there had been an oral sale of business agreement in terms of which Distribution had purchased all of the assets and liabilities of Footwear and it had consequently "acquired a *bona fide* claim to proprietorship over the RAGE trade mark." It had therefore, since July 2000, used the mark in its own name, in its own right and for its own benefit. Thus, while it admitted use of the RAGE mark in

relation to clothing, footwear and retail services, it contended that this was use in its own right. It denied that as of May 2000 there was an overlap in membership between Distribution and Footwear.

18. The infringement action is the opposite of the non-use action: Footwear pleaded that while Distribution had been using the RAGE trademarks under licence, that licence had been terminated on 31 March 2020 and, notwithstanding termination, Distribution had continued to use the marks. Distribution admitted use but denied that its use was in terms of any licence agreement with Footwear, for the same reasons as had been pleaded in the non-use action.

THE LAW PERTAINING TO NON-USE OF TRADE MARKS

19. Section 27(1) of the Trade Marks Act[1] provides as follows:

> *"Subject to the provisions of section 70(2), a registered trade mark may, on application to the court, or, at the option of the applicant and subject to the provisions of section 59 and in the prescribed manner, to the Registrar by any interested person, be removed from the register in respect of any of the goods or services in respect of which it is registered, on the ground either:*
>
> *(1)(a) …; [or]*
>
> *(1)(b) that up to the date three months before the date of the application, a continuous period of five years or longer has elapsed from the date of issue of the certificate of registration during which the trade mark was registered and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof or any person permitted to use the trade mark as contemplated in section 38 during the period concerned; …"*

20. Section 38 of the Act provides in relevant part as follows:

> *"38. Permitted use and registered users.*
>
> > *(1) Where a registered trade mark is used by a person other than the proprietor thereof with the licence of the proprietor, such use shall be deemed to be permitted use for the purposes of subsection (2).*

[1] Act 194 of 1993

(2) The permitted use of a trade mark referred to in subsection (1) shall be deemed to be use by the proprietor and shall not be deemed to be use by a person other than the proprietor for the purposes of section 27 or for any other purpose for which such use is material under this Act or at common law."

21. In other words, where a trade mark holder establishes use of their mark by a licencee, that use is treated as use by the proprietor themselves.

22. Section 27(3) of the Act places the onus on Footwear to demonstrate use of its trade mark.

THE LAW PERTAINING TO THE LICENCING AND TRANSFER OF TRADE MARKS

23. To quote the learned authors of the leading South African Text on trade mark,[2] *"a licence is no more than an authorisation given by one person to another to invade a monopoly right. A licence may be written, oral or inferred by conduct."*

24. There is no requirement that a licence agreement be in writing.[3] The facts from which the existence of a licence is to be inferred must be pleaded and proved by evidence.[4] Ordinary contractual rules apply to the termination of a trade mark licence. If no notice period is stipulated, the licence is terminable on reasonable notice.[5]

25. The ownership (or proprietorship) in marks is transferred by way of assignment and no assignment of a registered mark is of any force and effect unless it is in writing and is signed by or on behalf of the assignor.[6] A person who becomes entitled to the assignment or transmission of a trade mark must apply to the Registrar of trade marks for the registration of their entitlement and must satisfy the Registrar of their entitlement to the mark.[7] Where a mark has been applied for but registration remains pending, it may nevertheless be assigned.[8]

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[2] South African Law of Trade Marks Webster and Morley, LexisNexis South Africa
[3] South African Law of Trade Marks at 11.4
[4] ***AM Moolla Group Ltd and Others v The GAP Inc and Others*** 2005 (6) SA 568 (SCA) at para 31-34.
[5] ***LA Sport 4x4 Outdoor CC and Another v Sergio's Electrical CC and Others*** 2011 BIP 124 (NWM) at paras 31-34
[6] Section 39(7) of the Trade Marks Act
[7] Section 40(1) of the Trade Marks Act
[8] Section 39(5) of the Trade Marks Act

THE LAW ON THE CONCLUSION OF TACIT AGREEMENTS

26. A tacit contract arises by way of an inference from the proven facts.[9] That inference must be consistent with all the proven facts and must be the most natural or plausible inference of the potential options when measured against the probabilities.[10] A court must consider the conduct of both parties and the general circumstances of the case.

27. In order to establish such a contract a party must show, on a balance of probabilities, unequivocal conduct which gives rise to an inference of consensus in respect of the alleged contract.[11]

28. In ***Buffalo City*** the Supreme Court of Appeal, per Lewis JA, summarised the approach as follows:

> *"This appeal is about an alleged tacit agreement. As in all such cases, the court searches the evidence for manifestations of conduct by the parties that are unequivocally consistent with consensus on the issue that is the crux of the agreement and, per contram, any indication which cannot be reconciled with it. At the end of the exercise, if the party placing reliance on such an agreement is to succeed, the court must be satisfied on a conspectus of all of the evidence, that it is more probable than not that the parties were in agreement, and that a contract between them came into being in consequence of their agreement."*

29. Before a court can find that there is a tacit contract it must be satisfied that:[12]

    29.1 The person with whom it is proposed to fix a tacit contract must be fully aware of all the circumstances connected with the transaction.

    29.2 The act must be unequivocal.

    29.3 The tacit contract must not extend to more than what the parties contemplated.

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[9] ***Buffalo City Metropolitan Municipality v Nurcha Development Finance (Pty) Ltd*** 2019 (3) SA 379 (SCA), para 18.
[10] ***South African Post Office v De Lacy*** 2009 (5) SA 255 (SCA), para 35
[11] ***Buffalo City Metropolitan Municipality v Nurcha Development Finance (Pty) Ltd*** 2019 (3) SA 379 (SCA), para 22
[12] ***Hermanus Beach Club Homeowner's Association*** 2018 JDR 1479 para 41.

30. By agreement between the parties' evidence in chief was adduced by way of written witness statements and the relevant witnesses testified on consecutive days.

RAGE FOOTWEAR'S CASE:
MR DUEK

31. Mr. Duek stated that he is a member of Rage Footwear 1999 CC and held a 33% membership interest in the close corporation.

32. On 21 January 2002 he entered into a sale agreement in terms of which he purchased a cumulative 20% membership interest in Rage Distribution CC, a clothing and shoe retailer and wholesaler, and purveyor of Rage – branded shoes. He bought his membership interest from both Jeff Gochin and Gary Flaks.

33. In the same year he also became a member of Rage Footwear CC. Rage Distribution CC later converted into a company. At no time did he agree to or assign the intellectual property held by Footwear to Distribution. He disposed of his membership interest in Distribution in July 2009.

34. He learnt in 2018 or 2019, through Flaks, of the de-registration of Footwear. He assisted Flaks in applying for the restoration of that entity. He did so because it held the trademarks and Flaks had discussed it with him that Footwear should begin charging for the use of the Rage trademarks.

35. After further discussion, Flaks suggested to him that the licence agreement simply be terminated.

MR FLAKS

36. Mr. Flaks had stated in his witness statement that he was involved in the running of the Rage business from inception until 2007 when he emigrated to the United States.

37. The entity which was carrying out the Rage business (either a close 1997 corporation called Rage Footwear CC or an entity with Raglin in its name or both) merged with an entity which listed on the Johannesburg Stock exchange. That entity was liquidated and Flaks, Louis Joffe and Anthony Wolpe acquired the Rage business during the liquidation process through a close corporation.

38. Flaks had stated that he believed the juristic entity used to acquire the business "Rage Footwear CC (a different close corporation to the current Footwear)". In chief he corrected his statement, confirming that the entity to which he had referred was Rage Footwear 1997 CC.

39. As a result of the liquidation, and consequent on advice he received prior to acquiring the business out of the liquidation, he had become alive to the importance of separating the intellectual property assets from the trading entity. It was the Rage brand which he believed was valuable and so, to protect it, he placed it in a separate entity to that in which the trading occurred. That entity was Rage Footwear 1999 CC. Footwear 1999 CC never traded. It had no bank account and no income.

40. Rage Footwear 1999 CC was registered on 22 July 1999 with Flaks, Wolpe and Joffe as members. The day Footwear was incorporated, it applied for the two trade marks in issue.

41. In about 2000 Wolpe exited the business and Jeff Gochin invested in the business. A new trading entity, Rage Distribution CC, was acquired as a shelf company, and the Rage business was transferred out of the trading entity (which according to Flaks was not Footwear 1999 CC) and into Distribution. This corporation began in May 2000 with, as members, Flaks, Jeff, Gochin, Merle Gochin and Louis Joffe. Merle Gochin held a 33% interest in Rage Footwear 1999 CC in addition to her stake in Distribution. When Louis Joffe exited the business, he gave up his stakes in both entities: Distribution and Footwear.

42. Mr. Flaks had stated that: "The Gochins knew that the trademark applications were in the name of Footwear. But Distribution was trading using the **Rage** marks, including the **Rage** Kids mark. We never expressly discussed it (as far as I can recall), but everyone accepted this arrangement. The position in fact was that Distribution was using the **Rage** marks with the knowledge and consent of Footwear and without paying for the privilege of doing so."[13]

43. In 2004 Flaks consulted with Adams & Adams and following that consultation, application was made for the registration of the work mark **RAGE** in class 35 as well as the **Rage** logo in classes 25 and 35 in the name of Distribution, this was an error and the marks ought to have been in the name of Footwear.

[13] Witness statement 16-133/46 and 47

44. Adams & Adams recorded in correspondence in April 2004 that Flaks had agreed that the marks would be assigned to Distribution so that all of the marks were held in the name of the same proprietor. According to Flaks, Adams & Adams had it the wrong way around: the marks were to be assigned from Distribution to Footwear.

45. Application 2004/00754 (the word mark **RAGE** in class 35) was accepted by the Registrar of Trade Marks subject to Distribution sending the notice of advertisement to Footwear. The other two marks were not accepted. The prior Footwear marks blocked the way. The prosecution term for these marks was extended from time to time by Adams & Adams to allow for an assignment of the Footwear marks to Distribution. Flaks never signed a deed of assignment transferring the Footwear marks to Distribution.

46. Flaks further stated that Distribution continued trading using the **RAGE** marks while knowing that Footwear was the proprietor of **RAGE** trademarks.

47. Around November 2007 Jeff Gochin, without the authority to do so, signed a deed of assignment purporting to assign the marks from Footwear to Distribution, and in doing so represented himself as a member of Footwear, in an attempt to have the marks transferred from Footwear to Distribution.

48. On 18 December 2008 trade mark 2004/00754 was registered. Distribution abandoned the applications for the other marks.

DISTRIBUTION'S CASE

49. Distribution led the evidence of Jeff Gochin, Merle Gochin and Doron Myers.

50. Jeff Gochin stated as follows in chief:

50.1 In 2000 he met with Flaks and decided to invest R3 million in the Rage business. The agreement was reached by March 2000 and the payment was made in instalments onto a Rage Footwear bank account. Part of the amount paid Wolpe's creditor account, the remainder funded the business. Mrs.

Gochin took up a one third membership in Footwear 1999 CC as his nominee.

50.2 Footwear 1999 CC was the trading entity and employed Flaks, Mrs. Gochin and Louis Joffe. Mrs. Gochin, Flaks and Helen Joffe had signed as members of Footwear by 15 May 2000.

50.3 In about May 2000, when a further investment of R2 million was required in Rage, and it looked like more investment would be needed in the future, Gochin and Flaks agreed that a new entity, Distribution, would be created and the business migrated to this new entity with Gochin holding 50% of it. Distribution was thus incorporated in July 2000 and the transaction implemented.

50.4 In 2004 Gochin was informed by Flaks of Flaks's meeting with Adams & Adams and in particular, that there were trade marks in the name of Footwear which would in due course be transferred to Distribution. Gochin believed that Distribution was using its own marks.

50.5 He signed the deed of assignment purporting to transfer the Footwear marks to Distribution, believing that it would not be controversial.

50.6 He denied the existence of the licence agreement contended for by Footwear on the bases that:

50.6.1 It was inconceivable that he would not have been informed of the licence agreement during the negotiation with him prior to the investment in Distribution. Had he been aware of the licence agreement, he would not have invested in Rage.

50.6.2 What Flaks advised Gochin concerning his meeting with Adams & Adams in 2004 was incompatible with the existence of a licence.

50.6.3 Footwear ceased to be of any relevance after Distribution began operating, except to obtain registration of the Footwear marks and then transfer them to Distribution.

50.6.4 The sale of business agreement was incompatible with the licence contended for.

50.6.5 Footwear represented to SARS that it was dormant and had no assets.

MRS. GOCHIN

51. Mrs. Gochin stated that she was not personally involved in the negotiation of the agreements. She claimed to know nothing about company structures or the "technical stuff". She said she was a salesperson.

52. She confirmed that her understanding was that she and her husband had acquired a membership stake in Footwear from Louis Joffe upon his exit from Distribution.

53. She claimed to have no memory of and no understanding of the legal action instituted by Distribution against Footwear in 2020 for the removal of the Footwear trademarks.

54. She became involved in footwear during April 2000 and was involved in arranging for the move to the Kramerville offices which happened on 1 May 2000. She maintained that Footwear was the trading entity.

55. She claimed to have signed the documentation pertaining to Footwear (after May 2000) without any knowledge of what she was signing, because she trusted Flaks and acted on good faith. She had no knowledge of the fact that her husband had signed a deed purporting to assign the Footwear marks to Distribution.

DORYN MARK MYERS

56. She stated that she is a registered patent attorney and the owner of the law firm Kantor Myers and Pavlovsky Attorneys (KMP). She is the attorney responsible for the restoration of the Rage Distribution Mark.

57. She stated that the circumstances which led to the Restoration application are as follows:

57.1 The Rage Distribution Mark was due for renewal on 21 January 2014.

57.2 On 25 February 2014 the Registrar of Trade Marks was updated to reflect the Rage Distribution Mark as being renewed by DM Kisch. However, that seems to have been an error, and it appears that DM Kisch had attempted to renew a mark described as Gold Container CAP in the name of Douglasdale Dairy (Pty) Ltd, but inadvertently used the registration number of the Rage Distribution Mark.

57.3 Rage Distribution learnt of this error in August 2020.

57.4 On 16 September 2020, she wrote to the Registrar of Trade Marks: explaining this error; enclosing a correct renewal form, and requesting the renewal of the mark.

57.5 On 17 September 2020 the Registrar of Trade Marks respondent: expressing a view that, if the renewal was defective, then the Rage Distribution mark will be removed from the Register.

57.6 On 27 October 2020, Rage Distribution formally applied for the condonation of the late renewal of the Rage Distribution mark.

57.7 On 3 December 2020, the Registrar of Trade Marks refused to grant this application and instructed that the Registrar of Trade Marks be amended to reflect the Rage Distribution mark as having been removed with effect from 21 January 2014.

57.8 On 6 January 2021, Rage Distribution applied to the Registrar of Trade Marks requesting the restoration of the Rage Distribution mark.

57.9 The Registrar of Trade Marks accepted the Restoration Application and this was advertised in the Patent Journal on 30 June 2021.

57.10 Rage Footwear 1999 CC opposed the restoration application and delivered an “opposing affidavit” on 30 December 2021.

57.11 Rage Distribution filed an answering affidavit in response to this opposition in March 2022 Rage Footwear filed a replying affidavit on 21 June 2022.

EVALUATION OF THE EVIDENCE

58. ***Stellenbosch Farmers Winery Group Ltd v Martel & Cie SA and Others*[14] *and National Employers General Insurance Company Ltd v Jagers***,[15] sets out principles of evidence to determine whether the party bearing the onus has discharged it on a balance of probabilities.

59. Factors to consider to be the following:

59.1 Credibility of a witness;
59.2 Reliability of the evidence;
59.3 Probabilities;
59.4 Onus of proof;
59.5 Corroboration (or lack thereof)
59.6 Mutually destructive versions principle
59.7 Evaluation as a whole.

60. In dealing with the probabilities, a court often weighs probabilities of a version along the lines of whether the version accords with common sense or is it consistent with the facts.

61. Mr Duek did not impress me as a reliable witness. He was a volatile and combative witness. He oscillated between explosive interchanges with counsel and averring that questions should rather be put to Mr Flaks. He contradicted numerous aspects of Mr Flak's evidence.

62. In cross-examination Mr Duek testified:

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[14] 2003 (1) SA 11 (SCA) (6 September 2002)
[15] 1984 (4) SA 437 (E)

62.1 that he, together with Mr Flaks, held a 40% interest in both Rage Distribution and Rage Footwear;

62.2 that he looked at the Rage business as one business;

62.3 he thought he was involved in Rage Distribution at the commencement of its life because he heard everything from Mr Flaks;

63. After consulting his witness statement during cross-examination, he testified that:

63.1 he and Mr Flaks each held 33% in Rage Footwear;

63.2 that the trademark was divided into three and it was Mr Gochin who had implemented that;

63.3 Footwear and Rage Distribution were the same company, but the trademark was handled differently.

64. In respect of his exit from Rage Distribution, he testified during cross-examination as follows:

64.1 He said that he had invested a lot of money in Rage Distribution but got nothing for it.

64.2 When confronted with the proposition that Mr Flaks was not happy that Mr Duek had sold his interest without his consent, he responded that he (meaning Mr Duek) was not happy at the time.

65. Mr Duek testified that he was aware of Mr Flaks' witness statement says that Mr Duek did not get Flaks' consent to sell his interest in Rage Distribution.

66. He conceded during cross-examination that he could not contradict Mr Gochin's evidence, that agreement was ultimately reached once Mr Gochin agreed to increase the price by R500 000 (to R19 million), because he had no recollection of the events.

He indicated the question should be put to Mr Flaks. Neither Mr Flaks nor Mr Gochin contend that Mr Flaks was involved in those negotiations.

67. Mr Flaks' evidence under cross-examination was characterised by evasion, a multiplicity of versions, and a tendency to refuse to make obvious concessions. His version is undermined by repeated inconsistencies and shifting accounts in evidence.

68. On material points he changed his version or alleged that he could not remember, which diminishes the reliability of his testimony and prevents his version from being preferred on a balance of probabilities.

69. The most relevant topics from Mr Flak's evidence can be summarised as follows:

69.1 The identity of the trading entity before July 2000.

69.2 Whether Rage Footwear was an intellectual property holding company and had concluded a tacit trademark licence agreement with Rage Distribution.

69.3 Mr Flake's interactions with Adams & Adams relating to the RD mark.

THE IDENTITY OF THE TRADING ENTITY

70. In its initial particulars of claim, Footwear pleaded that it had used the Rage trademark since 1996 and that it initially used the marks itself and later via a licence to Rage Distribution. While this allegation was amended, Footwear retained the allegation that it had for the period July 1999 to May 2000 "used and reproduced the artistic work as a trademark in connection with clothing, footwear and retail services."[16]

71. Both of these pleaded allegations are consistent with:

71.1 The Witz Inc letter of 13 May 2020, which contends that Footwear made use of the Rage mark until Rage Distribution was established.

[16] Final POC 07B – 108 para 6.10; RF Plea 07A 20 para 24.2

71.2 The founding statement for Footwear dated 22 July 1999, which records its principal business as “retailers in footwear and all matters related.”

71.3 The first amended founding statement of 15 May 2000 which in Mr. Flak’s handwriting described the business as “distribution of footwear and allied products.”

71.4 The third amended founding statement of 22 November 2000 which again in Mr Flak’s handwriting, describe the business as “retailers in footwear and all matters related.”

72. Mr Flak’s witness statement contends that Footwear had never traded but rather the trading entity was a different close corporation called Rage Footwear CC (not Footwear). This contention was made without providing any details related to the entity or discovering of any documents relating to this entity.

73. When confronted with his witness statement during cross-examination Mr Flaks indicated that this part of his witness statement was not correct. He testified that the correct entity was called Dollirene Lingerie. His explanation was that in preparing for the trial and reading his witness statement he realised that it could not be Rage Footwear CC because that entity had been rolled up into the ETS listed entity. He further explained that after discussions with an unidentified accountant, he came to realise that the Rage business had been conducted through Dollirene. Dollirene had its own business trading in lingerie. Mr Flak’s memory on this issue was unreliable.

Whether Footwear was an IP holding company and concluded a trademark licence with Rage Distribution

74. Mr Flaks contends that Footwear was created in July 1999 as an intellectual property holding company because, following the liquidation of ETS, he had been advised on the importance of separating the Rage brand from the trading business.

75. During cross-examination it emerges that Mr Flak’s contentions are premised to a large degree on the assertion that Rage Footwear did not have a bank account.

76. Mr Flak’s witness statement contended that Footwear then instructed Adams & Adams to apply for the Footwear Registrations. When called to confirm this statement, he corrected this to record that the applications were made by Mr Wolpe. His explanation

for why he needed to make this correction was that in preparing for trial he realized that it was Mr Wolpe who applied.

77. Mr Flaks contends that Footwear and Distribution concluded a trademark licence agreement but conceded that such an arrangement was never discussed with the Gochins. He confirmed this concession in re-examination, albeit that during cross-examination he sought to distance himself from this concession.

Mr Flaks' interaction with Adams & Adams

78. Mr Flaks contacted Mr Triebel in January 2004. Mr Triebel conducted preliminary trademark searches, located the Footwear Registrations, and met with Mr Flaks.

79. Mr Flaks signed a power of attorney in the name of Rage Distribution, and instructed Mr Triebel to file the RD Registration. Mr Triebel advised that the Footwear Registrations should be assigned to Rage Distribution, but that this should only be done once the marks were registered.

80. Mr Seymour replaced Mr Triebel. He advised Mr Flaks that the time had come to assign the Footwear Registration to Rage Distribution and provided Mr Flaks with a draft deed of assignment for his signature. Mr Flaks exchanged a series of emails and telephone calls with Mr Seymour. None of these included an instruction that Adams & Adams were mistaken and that the assignment should have been the other way around. Mr Flaks contends that all of this was a mistake.

Mr Flaks' exit from 2009

81. Mr Duek and Mr Flaks exited Rage Distribution in terms of a sale of equity agreement dated 27 July 2009.

82. In his witness statement, Mr Flaks testifies that:

    82.1 He did not sign the sale agreement, and he did not authorize Mr Duek or Mr Lapedus to sign on his behalf.

    82.2 He only learnt of this disposal later, and although unhappy with it, acquiesced to it.

83. During cross-examination he was asked whether he had authorised the conclusion of the agreement. He answered that he cannot recall what was discussed during

telephone conversations, but that he did not recall giving consent. When asked to confirm whether it was his version that he had or had not given consent, he said that he did not recall.

84. Mr Gochin throughout his evidence, was truthful and offered a clear explanation of events. His version, as pleaded and as testified to, was the same and never changed. His evidence regarding the incident was credible and free from contradictions and discrepancies concerning the details. Under cross-examination, he was able to logically substantiate his evidence thereby reinforcing it.

85. The Gochin's version does not have any of the procedural or factual problems associated with Mr Flak's version and is consistent with the probabilities. There are no inherent improbabilities in their version. They impressed me as reliable witnesses and there is nothing to cast doubt on their veracity concerning this matter.

86. In my view, the Gochin's version must prevail on the basis that they are more credible and reliable witnesses, and their version is more probable.

Distribution's case of non-use

87. Footwear contends that there can be little doubt that from at least 2004 when Flaks relayed his conversation with Adams (advised to get Gochins), Distribution was using Footwear marks under licence based on the following facts:

    87.1 It knew that the trademark applications were in Footwear's name.

    87.2 It wanted them transferred into its (Distribution's) name. On its version Footwear was going to transfer the marks into Distribution's name but ultimately never did so.

    87.3 Distribution continued to make efforts from 2007 to obtain transfer of the marks.

    87.4 It used the marks continuously from 2004 without complaint from Footwear, to Footwear's knowledge.

88. It was argued by Footwear that this evidence is incapable of any construction other than the existence of a tacit licence agreement which was operative between these two entities. It may not be the licence agreement which Footwear contended for in its

pleadings, but it is nevertheless a complete defence to Distribution's non-use action because it is proof of authorised use of Footwear's marks through Distribution.

89. Footwear alleges that a tacit licence agreement exists from the following three elements:[17]

89.1 Footwear was at all relevant times the proprietor of the Footwear Registrations.[18]

89.2 Rage Distribution operates stores which sell clothing and footwear under the brand "RAGE" and has done so since May 2000.[19]

89.3 As at May 2000 some (or all) of the members of Footwear were also directors of Rage Distribution.[20]

90. Mr Gochin's evidence is that Rage Distribution was always using the Rage trademark as its own mark and he was not aware of the specifics of the RD Registration at the time it was filed. Following Mr Flaks procuring advice from Adams & Adams, he informed Mr Gochin that they had advised that:

90.1 Certain trademark applications were still in the name of Footwear and should, in due course, be assigned to Rage Distribution.

90.2 In the interim Rage Distribution had applied to register the mark RAGE in its own name.

91. Mr Gochin's evidence is that he does not believe the alleged licence was concluded, in part, because it is inconceivable that Mr Flaks and Mr Joffe would not have informed him of the alleged licence during their negotiations. That is consistent with Mr Flaks' evidence that he never expressly discussed the alleged licence with the Gochins. Mr Gochin contends that if the licence had been brought to his attention he would not have pursued the investment in Rage Distribution.

92. The version of Footwear licence agreement contradicts the pleaded agreement which is premised on Footwear and Distribution being represented by combinations of Mr Flaks, Mr Wolpe and Mr Joffe, to the exclusion of Mr and Mrs Gochin. Neither

[17] RF Plea CL07 A-17 para 14
[18] RF Plea CL07 A-18 para 16
[19] RF Plea CL07 A-18 para 16.2
[20] RF Plea CL07 A-18 para 16.3

Footwear's pleading nor its witness statements contend that the alleged licence was concluded solely by Mr Flaks. The sole member of Rage Distribution in May 2000 was Mr Gouws. Mr Flaks, Mr Gochin, Mrs Gochin and Mr Joffe all became members on 26 July 2000 (having signed the relevant amended founding statement on 12 July 2000).

93. Mrs Gochin acquired a member's interest in Rage Footwear. It does not evidence knowledge of the Footwear Registrations.

94. In his replying affidavit in the rescission application, Mr Flaks averred:

94.1 That Mr Gochin had no personal knowledge of the Rage business before July 2000.

94.2 That Mrs Gochin had no personal knowledge of the affairs of the Rage business before June 2000.

94.3 On that basis, the Gochins could not contest the existence of the alleged licence agreement.

95. A tacit contract must be established through unequivocal (i.e. positive and unambiguous) conduct which gives rise to an inference of consensus being reached.

96. None of the alleged conduct that Footwear relies on is an unequivocal indication of consensus being reached in respect of a trademark licence. This conduct is ambiguous and does not meet the required threshold. The conduct is equally consistent with:

96.1 The majority of the members of Rage Distribution not being aware of the Footwear Registrations.

96.2 The members of Rage Distribution believing that they had purchased the business and assets of Footwear and that this vested them with ownership of the Rage brand.

96.3 The members of Rage Distribution being hypothetically aware of the Footwear Registrations but also being aware that the Footwear Registrations were pending applications and thus did not pose any impediment to the use of the Rage brand.

97. Mr Gochin's evidence is that the sale of business agreement between Footwear and Rage Distribution was an oral agreement following various discussions between May and July 2000.

98. Mr Flaks contends that the agreement was between Dollirene and Rage Distribution. He cannot recall how the transfer of business was done but assumed there was a transfer of assets to Rage Distribution. Mr Gochin's evidence of express negotiations taking place between him and Flaks during the course of May to July 2000 is uncontested.

99. This renders the alleged tacit licence agreement improbable. The parties were involved in express negotiations relating to the precise business in question. Tacit consensus is incompatible with contemporaneous express negotiations.

100. On 13 September 2019, Mr Flaks applied to register the mark RAGE in his own name. This is contrary to the pleaded licence agreement which Footwear contends granted an exclusive licence to Rage Distribution.

101. Mr Flaks' explanation for this is that this was done while Footwear was deregistered and with the intention of assigning it to Footwear once it was restored to the Register. On 29 November 2020 Footwear consented to Mr Flaks using and registering the mark RAGE in his own name. Thus, this conduct is incompatible with the alleged licence agreement.

102. Footwear's case was that by virtue of the conduct between the parties, one can infer the existence of a tacit licence agreement.

103. In my view, Footwear has failed to demonstrate on a balance of probabilities that its trademarks were being used by Rage Distribution under licence.

104. Rage Distribution contends that even if Footwear and Mr Flaks could establish a basis for a tacit agreement, such an agreement is not legally competent for the following reason:

    104.1 Footwear alleges a trademark licence agreement concluded in May 2000. However, at that point the Footwear registrations were pending applications which had neither been accepted nor registered. Therefore, Footwear did not have the right to prevent others from using the RAGE trademark. Accordingly, it did not have any right to licence to Rage Distribution.

105. The nature of unregistered trademarks renders a licence, and particularly the licence alleged by Footwear, impossible in May 2000.

106. In ***Butterworths Publishers (Pty) Ltd***,[21] the Court, per Southwood J, held that an unregistered trademark may not be transferred separately from the goodwill of the business to which it is attached.

107. That ratio of the decision does not consider a licence of an unregistered trademark. It does establish
a clear principle which limits the ability to transfer goodwill.

108. The impact of the nature of goodwill on licences of unregistered trademarks was considered by the Privy Council in ***Star Industrial Company Limited***,[22] which accepted that:

108.1 The right protected by passing off is not a right of property in the mark at issue, but rather a right of property in the business in respect of which that mark is used.

108.2 Goodwill has no independent existence from the business to which it attaches, and is incapable of existing by itself.

108.3 It should not extend the common law to recognise that an unregistered trademark could be licenced in the same manner as a registered trademark.

109. This outcome is consistent with the provisions of the Trademarks Act. Permitted use is contemplated
by section 27(1)(b) and section 38 of the Trademarks Act, as both of those sections contemplate
a registered trademark.

[21] 2005 BIP 152 (T) para 12

[22] ***Star Industrial Company Limited v Yap Kwee Kor Trading as New Star Industrial Company*** (Privy Council Appeal No. 11 of 1974), also reported as [1976] FSR 256 (PC). Kerly's Law of Trade Marks and Trade Names, 17th Edition (2024), Sweet & Maxwell.

110. A common law licence agreement would not trigger the application of section 38; Any reputation or goodwill developed in an unregistered trademark used by a third-party vests in that party.

111. One of the characteristics of a trademark licence agreement, and one of the pleaded terms of the alleged licence agreement, is that the goodwill arising from the use of the licenced mark vests in the licensor.[23] In the case of an unregistered trademark, that characteristic is not possible. It required goodwill generated by Rage Distribution to be transferred to Footwear without transferring Rage Distributions underlying business.

112. The alleged licence in any event was legally impossible at the time it is alleged to have been concluded. An agreement which is impossible at the time of conclusion is void *ab initio*. Even if Footwear had established a basis for the alleged licence, the licence would have been void.

The Infringement Action

113. Footwear contends that on 15 December 2019 it notified Distribution that:

- The Trademark Licence Agreement would terminate on 31 March 2020; and
- Following termination, Distribution would not be permitted to continue using the trademarks.

Notwithstanding the termination of the agreement, Distribution has continued since 1 April 2020 to operate retail outlets under the name and style of *Rage* and from which it sells clothing and footwear under and bearing the trademark "Rage".

114. It is Footwear's case that Distribution:

- has either been infringing since 1 April 2020 when the licence agreement terminated; or
- has been infringing since before 1 April 2020 if no licence agreement was in place.

That Distribution believed itself to be the owner of the marks is also no defence.

[23] RD PLEA CL 07 A-17 para 15.3

115. Footwear argued further that the non-use action, even if successful, does not provide a defence because:

- while it would result in the marks being removed from the register,
- the removal would not operate retrospectively.

They would be removed with effect from 2 October 2020. Infringement prior to 1 October 2020 would remain.

116. The alleged contract, being a tacit contract, does not prescribe its duration. Where a contract is for an unspecified duration:[24]

116.1 It must be construed according to the ordinary principles of construction, being the intention of the parties.

116.2 The intention of the parties is determined from all admissible evidence.

116.3 There is no presumption either way, and the party alleging the existence of an unexpressed term must prove it.

117. The central issue is whether the common intention of the parties was that the agreement could be terminated.

118. During cross-examination, Mr Flaks:

118.1 accepted that at the time Mr Gochin invested in the Rage business, termination of the alleged licence was never contemplated or even thought of.

118.2 was asked directly whether his evidence was that nobody could seriously have contemplated the termination of the licence at that time. His answer was yes.

119. I conclude that Footwear failed to prove that the alleged licence included a term permitting it to be cancelled on three months' notice, and there was no common intention of the parties that the agreement could be terminated.

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[24] (Case: *Plaaskem (Pty) Ltd v Nippon Africa Chemicals (Pty) Ltd* 2014 (5) SA 287 (SCA))

120. Rage Distribution's counterclaim is that Footwear does not have a bona fide claim to proprietorship over the Footwear registrations, and they ought to be removed from the register in accordance with section 10(3) of the Trademarks Act read with section 24.

121. The basis for the counterclaim is that:

121.1 Footwear sold its business and assets to Rage Distribution.

121.2 Rage Distribution has always used the Rage mark in its own name and for its own benefit.

121.3 Mr Flaks authorised Adams & Adams to apply for the RD mark in the name of Rage Distribution.

121.4 In 2019 Mr Flaks applied to register the mark RAGE in his own name.

122. It is common cause that there was a sale of business through which Rage Distribution acquired the Rage assets.

123. Mr Flaks contends that the seller was Dollirine and not Footwear. I have already indicated that Mr Flaks' evidence is generally unreliable. His version that Dollirine was the seller is unsustainable and can be rejected. It was conceded by counsel on behalf of Mr Flaks that his evidence was unreliable on this issue.

124. I conclude that Footwear has not established that the selling entity was Dollirine as opposed to Footwear.

125. Section 10(3) of the Trademarks Act provides that a trademark shall not be registered if the applicant does not have a bona fide claim to proprietorship over the mark.

126. Section 24 of the Trademarks Act provides for the removal of any trademark which amounts to an entry wrongly made or wrongly remaining on the Register.

127. In ***Victoria's Secret*,**[25] the Appellate Division held that a party has a claim to proprietorship over a mark where it has appropriated the mark, and that appropriation includes originating, acquiring, or adapting it.

128. Where a mark was registered despite the applicant not having a *bona fide* claim to proprietorship, it is subject to cancellation in terms of section 24 on the basis that it is an entry wrongly made or wrongly remaining on the Register.

129. A sale of business (including goodwill) confers on the buyer the exclusive right to use the name of the business, and the seller is precluded from using the name.[26]

130. Footwear sold its business and assets to Rage Distribution in July 2000.

131. Rage Distribution acquired the right to use the RAGE mark.

132. Footwear divested itself of any claim to proprietorship of the RAGE brand.

133. I conclude that when the Footwear registrations were registered in 2006:

- Footwear did not have a bona fide claim to proprietorship over the relevant marks; and
- the registration of these marks was precluded by section 10(3) of the Trademarks Act.

Therefore, their registration constituted entries wrongly made on the register.

The Footwear registrations stand to be removed from the register in terms of section 24 read with section 10(3) of the Act.

134. In the result, the following order is made:

1. Rage Distributions non-use action succeed.
2. Rage Footwear infringement action is dismissed.
3. Rage Distributions counterclaim succeed.

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[25] (*Victoria's Secret Inc v Edgars Stores Ltd* 1994 (3) SA 739 (A), 7441.

[26] ***Niños Coffee Bar & Restaurant CC v Niños Italian Coffee & Sandwich Bar CC*** 1998 (3) SA 656 (C)) paras 36 to 38.

4. The Trademark registration no. 1999/13342 RAGE in class 25 is removed from the Register of Trademarks.
5. Trademark registration no. 19991/13039 RAGE KIDS LOGO in class 35 is removed from the Register of Trademarks.
6. In each instance Footwear must pay the costs on a party and party scale, including the costs of two counsel (senior and junior). Costs are to be taxed in accordance with Scale C.

Strijdom JJ
Judge of the High Court, South Africa
Gauteng Division, Pretoria

Appearances:

For Rage Distribution:	Adv A.G Sawma SC
	Adv I Learmonth
Instructed by:	TWB – Tugendhaft Wapnick Banchetti & Partners
For Rage Footwear and GL Flaks:	Adv K.D. Iles
Instructed by:	Witz Inc Incorporated