



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA
JUDGMENT

Reportable

Case no: 1176/2018

In the matter between:

QUAD AFRICA ENERGY (PTY) LTD

APPELLANT

and

THE SUGARLESS COMPANY (PTY) LTD

FIRST RESPONDENT

**THE COMPANIES & INTELLECTUAL PROPERTY
COMMISSION**

SECOND RESPONDENT

Neutral citation: *Quad Africa Energy (Pty) Ltd v The Sugarless Company (Pty) Ltd and Another* (Case no 1176/2018) [2020] ZASCA 37 (9 April 2020)

Bench: Ponnan, Wallis, Makgoka, Schippers and Mbatha JJA

Heard: 16 March 2020

Delivered: This judgment was handed down electronically by circulation to the parties' representatives by email, publication on the Supreme Court of Appeal website and release to SAFLII. The date and time for hand-down is deemed to be 10h00 on 9 April 2020.

Summary: Trade mark and passing off – whether use likely to deceive or confuse – disclaimer – whether registration giving rise to the exclusive use of the word 'sugarless'; copyright infringement – whether works constituting an adaptation; whether packaging and goods constituting counterfeit goods

ORDER

On appeal from: Gauteng Local Division of the High Court, Johannesburg (Van Der Linde J, sitting as court of first instance): judgment reported *sub nom The Sugarless Company (Pty) Ltd v Quad Africa Energy (Pty) Ltd* [2018] ZAGPJHC 504.¹

- a. The appeal is upheld and the cross appeal is dismissed, in each instance with costs, including those of two counsel.
- b. The order of the high court is set aside and replaced by:
 - ‘1. The counter application is upheld with costs and the second respondent is directed to endorse trade mark registration number 2015/26225 in class 30 with the following:

“Registration in this trade mark shall give no right to the exclusive use of the word ‘sugarless’ separately and apart from the mark.”
 2. It is declared that the first respondent has infringed the applicant’s trade mark registration number 2015/26225 S SUGARLESS logo, by use of the S SUGARLESS logo and the S SUGARLEAN logo (the infringing marks), in the course of trade in relation to confectionery for which the registered trade mark is registered, as contemplated in section 34(1)(a) of the Trade Marks Act 194 of 1993 (the TMA).
 3. The first respondent is restrained, in terms of section 34(3)(a) of the TMA, from infringing the applicant’s rights acquired by the registered trade mark, by using in the course of trade in relation to the products for which the registered trade mark is registered, the infringing marks or any other mark so nearly resembling the registered trade mark as to be likely to deceive or cause confusion.
 4. It is declared that the first respondent has infringed the applicant’s copyright in the S SUGARLESS logo and/or any artworks for the packaging, as defined in the founding affidavit (the original works), by reproducing or by causing to be reproduced, the original works and/or by selling and distributing or offering for sale, products in the first infringing packaging (the first infringing packaging).

¹ The judgment has also been reported in Burrell’s Intellectual Property Law Reports (2018 BIP 287 (GJ)), as well as Juta’s Unreported Judgments (2018 JDR 1450).

5. The first respondent is interdicted and restrained, in terms of s 24 of the Copyright Act 98 of 1978 (the CRA), from infringing the applicant's copyright in the original works by reproducing or causing to be reproduced, whether directly or indirectly, the original works and/or by selling, distributing or offering for sale, the products and packaging depicting the infringing works.
6. It is declared that the first infringing packaging constitutes counterfeit goods.
7. The first respondent is directed, in terms of 34(3)(b) of the TMA, to remove the infringing marks from all matter in its possession or under its control including but not limited to signage, containers, websites, its Facebook page, stationery, packages, labels, advertising and, where the infringing marks and representations of the packaging cannot be removed, to deliver up all materials bearing the infringing marks and representations on the packaging to the applicant's attorneys.
8. The first respondent is directed, in terms of s 24 of the CRA, to deliver up to the applicant's attorneys all copies of the infringing packaging in its possession.
9. The first respondent is directed, in terms of s 10 of the Counterfeit Goods Act 37 of 1997 (the CGA), to deliver up all infringing packaging in its possession to the applicant's attorney.
10. The first respondent is directed, in terms of s 24 of the CRA to deliver up and/or delete the artwork of the original work in its possession or under its control.
11. Directing the sheriff of the high court and granting leave to an independent IT expert to attend at the first respondent's premises to ensure that orders 7 to 10 have been complied with. In doing so, the sheriff and IT expert may inspect any part of the premises and any electronic and/or digital media (including but not limited to computers, tablets, hard drives including servers, removable drives, flash drives, CD drives, DD drives, smart phones, CD's and DVD's) and any of the first respondent's accounts on third-party servers.
12. The independent IT expert referred to in paragraph 11 must be appointed by the applicant's attorney and the first respondent's attorney acting jointly, failing which the Chairperson for the time being of the Johannesburg Bar should do so, having received appropriate representations from the parties' attorneys.
13. The applicant's attorney and the first respondent's attorney or their representative is entitled to be present during the visit to the first respondent's premises, and the three parties, including the sheriff of the high court, must depose to an affidavit reporting to the court on the visit and its results.

14. The applicant must collect the affidavits and file them with the court and, absent agreement, the parties are granted leave to approach the court on these papers as amplified for further directions relating to the execution of this order.

15. The first respondent is directed, in terms of s 10 of the CGA, to disclose the identity of all third parties that have been or are in possession of the artwork and specifications for the first infringing packaging and the identity of all retailers that have distributed or are distributing the first respondent's SUGARLEAN products.

16. Directing that an enquiry be held, in terms of s 34(4) of the TMA and/or s 24 of the CRA, to determine the damages or, in lieu of damages, the reasonable royalty due to the applicant, arising from the infringement of the applicant's registered trade mark and/or the copyright in the original works.

17. In the event that the parties are unable to reach agreement as to any aspect of the procedure to be followed for the holding of the said enquiry, each of the parties is given leave to make application to the above honourable court for directions in regards thereto.

18. The first respondent is directed to pay the applicant's costs on an attorney and client scale including the costs of the IT expert referred to in prayer 11 above.'

JUDGMENT

Ponnan JA (Wallis, Makgoka, Schippers and Mbatha JJA concurring):

[1] 'Wealthy traders are habitually eager to enclose part of the great common of the English language and to exclude the general public of the present day and of the future from access to the enclosure. . . . The Court is careful not to interfere with other persons' rights further than is necessary for the protection of the claimant, and not to allow any claimant to obtain a monopoly further than is consistent with reason and fair dealing.'

The issues that arise for consideration in this appeal call to mind these sentiments expressed by Cozens-Hardy MR over a century ago in the matter of *In Re: Joseph Crossfield & Sons Limited* [1910] 1 Ch 13 (CA).

[2] Despite the unnecessary prolixity of paper filed on appeal with the registrar of this court, the facts in the matter fall within a fairly narrow compass. The first respondent, the Sugarless Company (Pty) Ltd (TSC), is an Australian company trading out of Victoria. On 16 September 2015, TSC applied for registration of the S SUGARLESS logo in South Africa and became the proprietor of trade mark registration number 2015/26225 in class 30, for a broad range of goods, including confectionery. The mark is depicted below.



[3] On 7 September 2015, the appellant, Quad Africa Energy (Pty) Ltd (QAE), was appointed the exclusive distributor of TSC's confectionery products in South Africa. On 16 April 2018, QAE gave notice to TSC of its intention to terminate the distribution agreement. Subsequent to the notice, but prior to the termination of the agreement, it came to TSC's attention that QAE had launched a competing brand called SUGARLEAN confectionery. The competing brand's packaging (the first infringing packaging) was identical to TSC's packaging, save that the S SUGARLESS logo had been replaced with the S SUGARLEAN logo. The logo, with its inverted S, is depicted below.



[4] On 28 May 2018, and in response to a demand from TSC to cease its unlawful conduct, QAE stated that it had stopped using the first infringing packaging, which it was in the process of changing. It further stated that within three weeks, it would commence distributing its products in new packaging, which would not infringe TSC's trade marks or intellectual property. However, on 7 June 2018, QAE indicated that it was still distributing products in the first infringing packaging because it had a limited quantity of such packaging, which would be depleted within two weeks. It undertook to destroy what remained of the first infringing packaging on receipt of its new packaging (the new packaging).

[5] The new packaging did little to appease TSC, notwithstanding that it differed markedly from the original packaging that copied TSC's packaging, while retaining the inverted S Sugarlean mark. Accordingly, on 4 July 2018 TSC caused a letter of demand to be despatched to QAE, requesting various undertakings and the immediate cessation of the use of the new packaging. When the undertakings sought were not forthcoming, TSC approached the Gauteng Division of the High Court, Johannesburg, for urgent relief. It contended that QAE's conduct was unlawful on at least four fronts. It alleged that such conduct: (a) infringed TSC's registered trade mark; (b) infringed TSC's copyright; (c) purported to pass off its product as TSC's product and (d) amounted to unlawful competition. TSC accordingly sought a range of declaratory orders and, following upon that, both statutory relief, namely delivery-up and destruction in terms of the Trade Marks Act 194 of 1993 (the TMA), the Copyright Act 98 of 1978 (the CRA) and the Counterfeit Goods Act 37 of 1997 (the CGA), as also common-law interdictory relief.

[6] In an affidavit filed both as the answering affidavit in the main application and the founding affidavit in a counter-application, it was stated on behalf of QAE:

'34.

On 23 May 2018 . . . The letter of demand was addressed to QAE. I, together with the attorney for QAE, then, for the first time, consulted with counsel specialising in intellectual property matters and addressed the response as found at QAE has used the same counsel throughout. In that letter various undertakings were given, which undertakings should be read with the letters that follow.

35.

On QAE's own accord therefore, the packaging forming part of the initial complaint was changed to that which is depicted on . . . but still keeping the first SUGARLEAN logo. That packaging is vastly different to any packaging utilised by TSC. The only "*similarity*", being the colour black. As I shall demonstrate later in my affidavit, the colour black is a colour commonly used in foodstuffs and is not indicative of a confectionery product emanating from TSC.

36.

I, upon reflection, did not like the first SUGARLEAN logo and I decided that it should be changed. I had made this decision and sent the artwork depicting the new SUGARLEAN logo (referred to as the "*second SUGARLEAN logo*") to the printer on 21 June 2018 prior to receiving any demands in respect of the first SUGARLEAN logo. I did it out of my own accord.
. . .

37.

The artwork referred to in the email of 21 June 2018 is therefore the artwork and the SUGARLEAN trade mark that QAE intends to use. Certain of QAE's products depicting the second SUGARLEAN logo have already been packaged and will be going out into the market on 19 July 2018. . . .

38.

QAE has no intention of using the first SUGARLEAN logo in the future. However, it currently has eight product lines currently in the market which utilise the first SUGARLEAN logo. Due to backlogs at the printer utilised by QAE, it is unable to source packaging depicting the second SUGARLEAN logo for those product lines at the stage. But for that, they would already have been replaced. I anticipate that in respect of those eight product lines, the packaging will be received within approximately two months. At that time the SUGARLEAN trade mark that appears on all the packaging will be the second SUGARLEAN logo.

39.

In respect of all new products that will be sold other than those eight product lines, the second SUGARLEAN logo will be utilised. On behalf of QAE I give an undertaking that as soon as the packaging is available from the printers, all products placed on the market will contain the second SUGARLEAN logo.

40.

After that no packaging depicting the first SUGARLEAN logo will be used and, without admitting any liability, all unused packaging depicting the first SUGARLEAN logo will be destroyed and delivered-up to TSC.

41.

QAE has no intention of:

41.1 using the first SUGARLEAN logo in the future and, subject to the above, hereby gives an undertaking that it will not;

41.2 using any of the packaging that led to the initial demand of 23 May 2018 and in fact has ceased such use at the end of June 2018. QAE undertakes never again to use that packaging and undertakes to deliver up . . . all unused packaging. All of the artwork has been removed from its computers long before this application was launched. TSC is welcome to inspect the computers, subject to suitable confidentiality undertakings. QAE is not prepared to carry the costs for that.

42.

Given the aforesaid state of affairs, it is clear that there is only limited matter which possibly needs to be determined for the purposes of an interdict. All of the previous packaging relating to past conduct is only relevant for an issue of possible damages’

[7] Annexed to this affidavit were examples of the proposed future packaging with the revised logo. The difference between it and the one illustrated above was that the inverted capital S was removed and the word SUGARLEAN was superimposed over the infinity sign. The revised logo appears on the packaging examples annexed to this judgment.

[8] The counter-application sought an order in the following terms:

‘1. That trade mark registration no. 2015/26225 S SUGARLESS CONFECTIONERY Logo be endorsed with the following:

“Registration of this trade mark shall give no right to the exclusive use of the word ‘sugarless’, separately and apart from the mark”.’

In view of the fact that the counter-application involved an endorsement against the registered trade mark relied upon by TSC, the Companies and Intellectual Property Commission, which took no part in the proceedings either in this court or the court below, was cited as the second respondent.

[9] The matter was heard by Van der Linde J, who, on 24 August 2018, issued what, in effect, was an order in the following terms:²

² At first blush, the order of Van der Linde J can prove somewhat difficult to understand. It needs to be read together with the notice of motion. So read, this, in effect, is the order that issued.

- ‘1. The counter-application is dismissed with costs.
2. Declaring that the Respondent has infringed the Applicant's trade mark registration number 2015/26225 S SUGARLESS logo (“the registered trade mark”) by using in the course of trade in relation to confectionery for which the registered trade mark is registered, the S SUGARLESS logo, the S SUGARLEAN logo and the mark SUGARLESS (“the Infringing Marks”), as contemplated in section 34(1)(a) of the Trade Marks Act 194 of 1993 (“the Trade Marks Act”).
3. Restraining the Respondent, in terms of section 34(3)(a) of the Trade Marks Act, from infringing the Applicant's rights acquired by the registered trade mark by using in the course of trade in relation to the products for which the registered trade mark is registered, the Infringing Marks and/or any other mark so nearly resembling the registered trade mark as to be likely to deceive or cause confusion including the mark SUGARLESS CONFECTIONERY.
4. Declaring that the Respondent has passed off its SUGARLEAN confectionery products as being those of the Applicant or as being connected in the course of trade with the Applicant by using the First Infringing Packaging, the New Infringing Packaging, as defined in the founding affidavit and the Future Packaging as defined in the judgment, in relation to confectionery, including but not limited to, chews, chocolates, biscuits, edible ice creams, jellies and liquorice.
5. Restraining the Respondent from passing off its confectionery products as that of the applicant or as being connected in the course of trade with the Applicant by using the First Infringing Packaging and the New Infringing Packaging, as defined in the founding affidavit, including the Future Packaging as defined in the judgment and/or any other Packaging which is confusingly or deceptively similar to the Packaging, as defined in the founding affidavit.
6. Declaring that the Respondent has infringed the Applicant's copyright in the S SUGARLESS logo and in the artworks for the Packaging, as defined in the founding affidavit, (“the original works”) by reproducing or adapting or by causing to be reproduced or adapted, the original works; and/or by selling, distributing or offering for sale, the Infringing Products in the First Infringing Packaging and the New Infringing Packaging incorporating the S SUGARLEAN logo (“the Infringing works”), as contemplated by section 23 of the Copyright Act 98 of 1978 (“the Act”).
7. Restraining the Respondent, in terms of section 24 of the Copyright Act, from infringing the Applicant's copyright in the original works by reproducing or adapting or causing to be reproduced or adapted, whether directly or indirectly, the original works and/or by selling, distributing or offering for sale, the Infringing Products in the Infringing Works.
8. Declaring that the Respondent's use of the artworks and specifications for the Packaging, as defined in the founding affidavit, constitutes the unfair use of the Applicant's fruits and labour and/or the misuse of the Applicant's confidential information.

9. Restraining the Respondent from using the artworks and specifications for the Packaging, as defined in the founding affidavit.

10. Declaring that the goods in the First Infringing Packaging and the New Infringing Packaging are counterfeit.

11. Directing the Respondent, in terms of section 34(3)(b) of the Trade Marks Act and/or section 24 of the Copyright Act and/or the common law, to remove the Infringing Marks and representations of the First Infringing Packaging and the New Infringing Packaging and the Infringing works from all matter in its possession or under its control including but not limited to signage, containers, websites, its Facebook page, stationary, packages, labels, advertising, and, where the Infringing Marks and representations of the packaging cannot be removed, to deliver up all materials bearing the offending marks and representations of the packaging to the Applicant's attorneys within two weeks of the order.

12. Directing the Respondent, in terms of the common law and/or section 24 of the Copyright Act, to deliver up the First Infringing Packaging and the New Infringing Packaging, as defined in the founding affidavit, whether using the S SUGARLEAN logo in its possession or under its control, to the Applicant's attorneys for destruction, within two weeks of order.

13. Directing the Respondent, in terms of section 10 of the Counterfeit Goods Act 37 of 1997 ("The Counterfeit Goods Act"), to deliver up all Infringing Products, whether in the First Infringing Packaging or the New Infringing Packaging, to the Applicant's attorneys within two weeks of the order.

14. Directing the Respondent, in terms of section 24 of the Copyright Act and/or the common law, to deliver up and/or to delete the artwork and specifications for the Packaging, in its possession or under its control.

15. Directing the Sheriff of the High Court and granting leave to an independent IT expert appointed by the applicant and the Applicant's attorney to attend at the Respondent's premises to ensure that prayers 11 to 14 have been complied with. In doing so, the Sheriff, IT expert and the Applicant's attorney may inspect any part of the premises, and any electronic and/or digital media (including but not limited to computers, tablets, hard drives including servers, removable drives, flash drives, CD drives, DD drives, smart phones, CD's and DVD's) and any of the Respondent's accounts on third-party servers.

15.1 The independent IT expert referred to in prayer 15 must be appointed by the Applicant's attorneys and the Respondent's attorney acting jointly, failing which the Chairperson for the time being of the Johannesburg Bar should do so, having received appropriate representations from the parties' attorneys.

15.2 The Respondent's attorney or its representative is entitled to be present at the visit to the Respondent's premises, and the three parties, excluding the Sheriff of the High Court, must depose to an affidavit reporting to the Court on the visit and its results.

15.3 The Applicant must collect the affidavits and file them with the Court, and absent agreement the parties are granted leave to approach the Court on these papers as amplified for further directions relating to the execution of this order.

16. Directing the Respondent, in terms of section 10 of the Counterfeit Goods Act, to disclose the identity of all third parties that have been or are in possession of the artwork and specifications for the First Infringing Packaging and the identity of all retailers that have distributed or are distributing the Respondent's SUGARLEAN products.

17. Directing that an enquiry be held, in terms of section 34(4) of the Trade Marks Act and/or the common law and/or section 24 of the Copyright Act, to determine the damages or, in lieu of damages, the reasonable royalty due to the Applicant, arising from the infringement of the Applicant's registered trade mark and/or its common law rights and/or the copyright in the original works.

18. In the event that the parties are unable to reach agreement as to any aspects of the procedure to be followed for the holding of the said enquiry, each of the parties is given leave to make application to the above Honourable Court for directions in regards thereto.

19. The Respondent is directed to pay the Applicant's costs on an attorney and client scale including the costs of the IT expert referred to in prayer 15 above.'

[10] Leave to appeal was sought by QAE only against certain of the orders. TSC brought a conditional application for leave to cross-appeal. On 19 September 2018 Van der Linde J granted an order in the following terms:

'(a) Leave is granted to the respondent to appeal to the Supreme Court of Appeal against the following orders pursuant to my judgment of 24 August 2018: (1) dismissing the counterclaim, specifically in failing to grant the disclaimer in respect of the word "sugarless" against the applicant's trade mark registration; (2) declaring that the new packaging and future packaging (as defined) constituted copyright infringements; (4) declaring that the future packaging constituted passing off; (5) interdicting the use of the trade mark "SUGARLESS" and "SUGARLESS CONFECTIONERY"; and (6) granting relief under the Counterfeit Goods Act in respect of the new and future packaging.

(b) Leave is granted to the applicant to cross-appeal to the Supreme Court of Appeal against my orders insofar as the SUGARLEAN logo was excluded from the relief sought and granted in prayers 2, 3 and 11 of the notice of motion.'

[11] At the outset, some of the terminology employed by Van der Linde J may require explanation. The 'first packaging' is packaging that is the subject of interdicts

that are not appealed against, and accordingly need not further detain us. The ‘new packaging’ is packaging that is the subject of a trade mark infringement interdict, because of the use of the trade mark SUGARLEAN with an inverted ‘S’. The trade mark interdict is not challenged in this appeal. There is a challenge insofar as the packaging is said to constitute a copyright infringement and in regard to the relief granted in terms of the CGA. The future packaging and the new packaging are, to all intents and purposes identical, save for the change in logo.

The disclaimer

[12] The counter-application to disclaim exclusive rights in the word ‘sugarless’ against TSC’s trade mark registration, may be a useful starting point. For, as counsel submitted, if the counter-application were to succeed it would cast a shadow over some of the other orders granted by Van der Linde J.

[13] Section 15 of the TMA permits for a trade mark registration to be endorsed with a disclaimer if it ‘contains matter which is not capable of distinguishing within the meaning of section 9’. The section is not concerned with the question whether the trade mark itself is incapable of distinguishing, but whether matter contained in a trade mark lacks this capability. The issue is thus whether or not it is capable of distinguishing within the meaning of s 9. It is apparent that the high court dealt with the issue as if the counter-application was an attack on the whole of the mark and not only in respect of the fact that it ‘contained matter’ which is not capable of distinguishing. Despite the court having found the word ‘sugarless’ to be ‘an adjective’, and therefore descriptive and not distinctive of confectionery, it dismissed the counter-application.

[14] In this regard, as it is not suggested that ‘sugarless’ is an invented word, it is necessary to have regard to the ordinary meaning of the word ‘sugarless’ – that which it bears in ‘ordinary colloquial speech’.³ As Kotzé JA noted in *Association of*

³ Per Lord Atkinson in *Falkiner v Whitton* 1917 AC 106 at 110, cited with approval in *Association of Amusement and Novelty Machine Operators and Another v Minister of Justice and Another* 1980 (2) SA 636 (A) at 660.

Amusement and Novelty Machine Operators, '[t]he normal and permissible method available to a court to ascertain the ordinary meaning of words is to turn to authoritative dictionaries – the most reliable sources of information in regard to the general accepted usage of words – for aid'. 'Sugarless' is defined as 'containing no sugar' or 'free from sugar'. The *Oxford English Dictionary* defines the word as 'without sugar, unsugared', as do all the other dictionaries consulted for the purposes of this appeal. Examples of early usage of the word, going back to the 18th Century, are referred to in the OED. The first is a letter written on 17 August 1785 by the English poet, William Cowper, to the Reverend John Newton:

'There is certainly a call for gratitude, whatsoever benefit we receive; and it is equally certain that we ought to be humbled under the recollection of our least offences; but it would have been as well if neither my old friend had recorded his eructations, nor the Doctor his dishes of sugarless tea, or the dinner at which he ate too much.'

[15] The issue of a mark being 'capable of distinguishing', as I have stated, is dealt with in s 9 of the TMA. In terms of s 9(2) it is something which is either 'inherently capable of so distinguishing or it is capable of distinguishing by reason of prior use thereof'. It brooks of no doubt that the term 'sugarless' is inherently incapable of distinguishing one person's confectionery goods from another's. No amount of use of a purely descriptive term can make it distinctive. Generally, in employing the suffix 'less', one is describing something as not having or not being affected by the thing mentioned. The suffix 'less' changes a noun into an adjective, meaning 'without'. Ordinarily, adjectives describe the quantity, quality or state of being of a noun. They often denote the quality of the thing named. We know this, not just from the most perfunctory lexical and etymological investigation undertaken here, but also our ordinary understanding of the English language. Indeed, as Wallis JA pointed out in *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* 2016 ZASCA 118 para 38, '... there are many cases in which it has been said that it is not the purpose of trade marks or copyright to enable people to secure monopolies on the commons of the English language'.

[16] It was contended, albeit somewhat faintly, that a disclaimer is not strictly necessary in this instance. In *Cadbury (Pty) Ltd v Beacon Sweets & Chocolates (Pty)*

Ltd and Another 2000 (2) SA 771 (SCA) paras 13 and 14, Harms JA dealt with a similar contention in these terms:

‘As was pointed out by the hearing officer in *Philip Morris Inc’s Trade Mark Application* [1980] RPC 527 at 532-533, a disclaimer is, theoretically, never necessary since registration of a trade mark cannot give rise to any rights except those arising from the mark as a whole. It has nonetheless a function. Primarily, it is to prevent the registration of a composite mark from operating so as to inhibit the use of the disclaimed element by others. Beacon, relying upon the fact that the name *Liquorice Allsorts* is the dominant part of the trade mark, is asserting trade mark rights in *Liquorice Allsorts per se* against others based upon this registration. It also has a pending application for the registration of *Liquorice Allsorts simpliciter*. This is therefore a textbook case for a disclaimer. . . . Statutory monopolies are the exception, not the rule and they need to be justified. . . . The court below (at 77B-D) accepted Beacon’s argument that Cadbury was sufficiently protected by the provisions of s 34(2)(c) of the Act which provides, *inter alia*, that a registered trade mark is not infringed by the use of any bona fide description or indication of the kind of the goods concerned. Cadbury, if its allegations are to be accepted, is thus without a disclaimer possessed of a perfect defence. I find the attitude unrealistic because I cannot see why Cadbury should be put to the trouble and expense of first manufacturing and selling and then be subjected to the risk of infringement litigation where the Legislature has given it a simple remedy akin to a declaration of rights to obtain certainty. I do realise that due to the proviso to s 15, Beacon may nevertheless attempt to assert rights to *Liquorice Allsorts* by means of a common-law action based upon passing-off . . . but that is not a sufficient reason to refuse the relief sought since the nature of the protection provided by that action differs from trade mark protection.’ (Footnotes omitted.)

[17] As it was put by Navsa ADP in *Cochrane Steel Products (Pty) Ltd v M-Systems Group (Pty) Ltd and Another* [2017] ZASCA 189 para 22:

‘In my view, neither Cochrane, nor any other trader, is entitled to appropriate exclusively the ordinary English words ‘clear’ and ‘view’, which, in effect, constitute the composite mark. Furthermore, those words are commonly used descriptively in relation to fencing products. The registration of the mark should not operate to inhibit the use by others of the disclaimed elements. As in *Cadbury*, this case calls out for a disclaimer in the terms directed by the court below. Traders should not be put to the trouble and expense of manufacturing and selling their products and then be subjected to the risk of infringement litigation where the Act has provided a mechanism to provide certainty.’ (Citations omitted.)

Similar considerations apply here.

[18] In my view, there was, with respect, no basis for the counter-application to have failed before Van der Linde J. It follows from this conclusion that the interdicts in paragraphs 2 and 3 of the order against the use of the mark 'SUGARLESS' and 'SUGARLESS CONFECTIONERY' cannot stand. Indeed, as the learned judge recognised in his judgment on the application for leave, 'if the disclaimer sought is granted on appeal, I cannot see that these interdicts would hold'.

The copyright claim

[19] Turning to copyright infringement: To establish such a cause of action, an applicant, in addition to certain formal requirements of the CA, must establish that: (a) it is the owner of an original work; (b) which qualifies for protection under the CA and (c) the respondent has carried out an act in respect of which the applicant, as owner, enjoys an exclusive right in terms of the CA. It was accepted that TSC's packaging constituted an original work that qualified for protection under the CA, so that the argument hinged on the third element.

[20] Section 7 of the CA permits TSC the exclusive right to do or to authorise, inter alia, '[r]eproducing the work in any manner or form' or 'making an adaption of the work'. In terms of s 23(1) of the CA, '[c]opyright shall be infringed by any person, not being the owner of the copyright, who, without the licence of such owner, does or causes any other person to do, in the Republic, any act which the owner has the exclusive rights to do or to authorise'.

[21] To constitute infringement, two elements must be present. First, there must be sufficient objective similarity between the infringing work and the copyright work, or a substantial part thereof, for the former to be properly described, not necessarily as identical with, but as a reproduction or adaptation of, the latter; and second, the copyright work must be the source from which the infringing work is derived.

[22] The dispute between the parties is whether or not QAE's artwork on the new and future packaging can be said to be the result of making an adaptation of TSC's

work. In order to demonstrate that it is not, QAE attached to its papers side-by-side comparisons of the competing works. Those are reproduced at the end of this judgment.

[23] The court below found these to be an infringement of the copyright. In that regard it held:

‘As regards the packaging artwork: the strawberries on the package and their leaves on the respondent’s first packaging appear to be if not identical to that of the applicant’s packaging artwork, then very close to it. Further given the close similarity, the applicant’s packaging artwork must have been the source of the respondent’s rendition, and so the respondent’s first packaging infringes the applicant’s copyright in its packaging artwork.

The respondent’s new packaging adapted the artwork as reflected in exhibit JJ34 page 337. There is the introduction of the purple colouring, in the one case on the top and in the other case at the bottom of the packaging. However, despite these changes in my view the new infringing packaging does not change that conclusion. This is evident, I suggest, when one compares the “white chocolate balls” of the respondent at page 339 with the “white chocolate crunch balls” of the applicant at, for example, annexure JJ23 page 237. The similarities that speak are the prominent shiny black background of the packaging and the stark white representation of the chocolate balls on the packaging. The respondent’s first packaging having been a copy of the applicant’s artwork, the new packaging seems a clear derivative of the same original source.

As regards the future packaging, that appearing at annexure BB7 page 629, in my view the conclusion remains the same. A good example is a comparison between the two packages of the two protagonists at page 631. The artwork of the applicant on the right-hand side in landscape compared with the artwork of the respondent on the left-hand side predominates with the bright red colouring of the strawberries, cherries and mulberries.

I accept that there may be some instances in which the likeliness is less prominent but the most prominent feature is the conceptual template of the artwork; that appears to me to be entirely founded, so far as the respondent’s artwork is concerned, on the applicant’s footprint. The progressively stepped adaptations in the respondent’s packaging artwork as reflected first in the first packaging, then in the new packaging, and ultimately in the future packaging, really provide the footprints back to their provenance.’

In my view, the court below, with respect, erred.

[24] This case turns on the question of objective similarity; it being conceded by QAE that if such similarity exists, the required causal connection has been established. The question, therefore, is whether or not the artistic works in the new packaging and the future packaging can be said to constitute an 'adaptation'; it clearly not being a reproduction.

[25] The term 'adaptation' is defined in the CA. In respect of an artistic work it is defined in s 1(1)(c) to include 'a transformation of the work in such a manner that the original or substantial features thereof remain recognisable'. In *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd and Another* 1985 (4) SA 882 (C) at 892G-893A, Burger J had this to say:

'The Afrikaans version as I read it therefore says that "aanwending" shall in addition to the ordinary meaning also include the cases mentioned. This definition is therefore not exhaustive. The English version appears to be ambiguous but, even if it was clearly exhaustive, then as the Afrikaans version was signed, that meaning must be accepted – the word "aanwending" must be given the ordinary grammatical meaning and also the extended meanings specified in the definition clause.

The meaning of "aanwending" appears to be somewhat different from "adaptation"; thus *HAT Verklarende Woordeboek van die Afrikaanse Taal*: "aanwend: gebruik – sy invloed, 'n poging aanwend. Die regte middele aanwend."

Kritzinger, Steyn, Schoonees & Cronje *Groot Woordeboek*: "aanwend: use, employ, apply, adapt, appropriate (funds), exercise, convert, adapt..."

The Afrikaans word appears to emphasise the aspect relating to "use" while the English "adapt" would appear to emphasise the aspect relating to "conversion".'

[26] Regrettably, I cannot endorse the approach of Burger J. It is so that dictionary definitions are very often of fundamental importance in the interpretation exercise, but the task of interpretation is not always resolved solely by recourse to authoritative dictionaries. What must be ascertained is the meaning of the word in the particular context of the statute. Accordingly, dictionaries do not always provide the answer. As was observed in *De Beers Industrial Diamond Division (Pty) Ltd v Ishizuka* 1980 (2) SA 191 (T) at 196E:

'[a] dictionary meaning of a word cannot govern the interpretation. It can only afford a guide. And, where a word has more than one meaning, the dictionary does not, indeed it cannot,

prescribe priorities of meaning. The question is what is the meaning applicable in the context of the particular document under consideration.'

[27] Whilst there may well be some variation in the dictionary definitions cited, I remain far from persuaded that the English and Afrikaans versions are necessarily in conflict with each other. As the Afrikaans version is capable of bearing the construction indicated by the English version, it was not necessary to hold that there is a conflict between the two versions or enquire into which version was signed. Both the English word 'adaptation' and the Afrikaans word 'aanwending' bear the meaning of altering or changing something that already exists, without fundamentally departing from the original, as in the adaptation of a novel into a film or television show. A court should, where possible, adopt an interpretation of which both versions are capable, particularly where, this area of the law has a history steeped in English Law. Indeed, as Diemont JA pointed out:

'A conflict between two versions arises only where one version says one thing and the other another. The signed text . . . will accordingly not prevail; a reconciliation must be sought between the two texts. The will of the Legislature must be deduced from the two versions read together and the reconciliation undertaken with reference to the context in which the words appear in the statute read as a whole and the object which the statute seeks to achieve.'⁴

It follows that, in this regard, Burger J erred.

[28] TSC contended that use of a 'senior' work to create a 'junior' work constituted making an adaptation of the senior work. It argued that it was sufficient for there to be a causal connection between the two, irrespective of any resemblance between them. That is incorrect. The mere fact that prior work has been used does not mean that the subsequent work is to be considered an adaptation, and thus an infringement. The actual creative composition has to be similar, not just the idea. There is no copyright in ideas or thoughts. As long ago as 1878, Lord Hatherley observed that ' . . . if the quantity taken be neither substantial nor material, if, as it has been expressed by some judges, "a fair use" only be made of the publication, no wrong is done and no action can be brought'.⁵ In *Eramus v Galago Publishers (Pty) Ltd and Another* 227 JOC (T),

⁴ *S v Collop* 1981 (1) SA 150 (A) at 162H-163A.

⁵ See *Chatterton v Cave* (1878) 3 App Cas 403 at 492.

Harms J pointed out at 238 that the term 'substantial' has no special or esoteric meaning in copyright law. He continued:

'It involves a value judgment not capable of an *a priori* definition. It cannot in the present context mean "pre-dominant" but means rather something which is not negligible or inconsequential, but material, to the copyrighted work. . . . A closer definition is not called for.'

[29] A court must accordingly compare the two works to see if the new one so closely resembles the original that it was likely adapted. If the average person would confuse the new work with the original work, then there is a strong likelihood that a court would arrive at that conclusion. As it was put in *Twentieth Century Fox Film Corp v Stonsifer* 140 F 2d 579, 582 (9th Cir 1944):

'The two works involved in this appeal should be considered and tested, not hypercritically or with meticulous scrutiny, but by the observations and impressions of the average reasonable reader and spectator.'

Indeed, in *Laubscher v Vos and Others* 3 JOC (W) at 6, Nicholas J quoted with approval from *Copinger and Skone James on Copyright*, para 496, at 210:

'Whether or not there has been an infringement must be a matter of degree and in the case of artistic work, the degree of resemblance is to be judged by the eye. But in the case of commercial designs, general resemblance is not so good a test, since resemblance may be due to common subject-matter or stock designs, and it is necessary to make a close examination of detail to see whether there has been infringement.'

[30] That an alleged infringing work has been adapted from the original may, in some instances, be readily apparent. But, even on a rather cursory examination of the two sets of packaging depicted on the annexure to this judgment, that is not the case here. What is meant by the expression 'conceptual template of the artwork', employed by Van der Linde J, is not exactly clear. If it is a reference to the 'strawberries' or 'berries' or 'chocolate balls' and the like, that is the very issue which one must guard against before finding an infringement, for that may well amount to a dissection of the packaging that courts have warned against.

[31] When taking into account the applicable legal principles, there can, with respect, be no objective similarity in this case. For, as Burger J correctly observed in *Bosal Afrika*:

‘Mr *Puckrin*, on behalf of defendants, is correct when he argues that "the objective similarity" must be judged in the light of the state of the art as at the date of the making of the alleged original work. Thus, although the alleged infringement and the original work may bear a close resemblance, this resemblance may be explained by the fact that they both incorporate common prior art. Thus, where in the trade a shape or size or method of construction has become standardised and common because that shape or size has over the years for a variety of reasons proved to be the most desirable, then it would be an undue restriction to say that there is an undue degree of objective similarity when a person has adopted those same shapes or sizes or methods of construction. This situation differs from the so-called "chinese copy" where the infringing article is an exact replica of the original work and thus a clear case of unlawful copying. One can have a situation in between the above-mentioned two situations – then it is a question of degree and in coming to a decision the Court should take into account expert evidence as to what the state of the prior art is.’⁶

[32] What one sees is not, as Wallis JA described it in *Media 24 Books*,⁷ a ‘slavish copying or clumsy adapted plagiarism’. Nor does the evidence reveal a more subtle form of copying. Here the differences are not purely cosmetic. Such similarities as exist are not so marked that they cannot be explained, except on the basis of copying. The considerations that appear to have weighed with the court below are all matters that are attributable to common ideas and concepts, being depictions of the product offerings that are to be found generally in confectionery packaging. They are simply indications of the nature of the confectionery which is to be found in the packaging. Indeed, the evidence reveals that a shiny black background is commonplace in the confectionery industry. Additionally, the change effected by the block of purple diagonally across the top of each bag of sweets creates a marked difference between the two packages.

⁶ *Bosal Afrika (Pty) Ltd v Grapnel (Pty) Ltd and Another* 1985 (4) SA 882 (C) at 889D-F.

⁷ *Media 24 Books (Pty) Ltd v Oxford University Press Southern Africa (Pty) Ltd* [2016] ZASCA 119; 2017 (2) SA 1 (SCA) para 14.

[33] As there is not a substantial degree of correspondence between the packaging, it cannot be said that QAE availed itself of a great deal of the skills and industry that went into TSC's packaging. Accordingly, on the applicable legal principles, there can, with respect, be no objective similarity. It follows that on this leg of the case I arrive at a contrary conclusion to that of the court below.

Passing off

[34] The same packaging, which has been compared for the copyright infringement, is to be compared for the passing off leg of the appeal. Passing off is a species of wrongful competition in trade or business. It is important to reiterate that the law of passing off is not designed to grant monopolies. According to Rabie JA in *Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and Others* 1977 (2) SA 916 (A) at 929C-E:

'The wrong known as passing off consists in a representation by one person that his business (or merchandise, as the case may be) is that of another, or that it is associated with that of another, and, in order to determine whether a representation amounts to a passing-off, one enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another.'

[35] As Corbett CJ put it in *Williams t/a Jenifer Williams & Associates and Another v Life Line Southern Transvaal* 1996 (3) SA 408 (A) at 418F-H:

'In its classic form it usually consists in A representing, either expressly or impliedly (but almost invariably by the latter means), that the goods or services marketed by him emanate in the course of business from B or that there is an association between such goods or services and the business conducted by B. Such conduct is treated by the law as being wrongful because it results, or is calculated to result, in the improper filching of another's trade and/or in an improper infringement of his goodwill and/or in causing injury to that other's trade reputation. Such a representation may be made impliedly by A adopting a trade name or a get-up or mark for his goods which so resembles B's name or get-up or mark as to lead the public to be confused or to be deceived into thinking that A's goods or services emanate from B or that there is the association between them referred to above. Thus, in order to succeed in a passing-off action based upon an implied representation it is generally incumbent upon the plaintiff to establish, inter alia: firstly, that the name, get-up or mark used by him has become distinctive of his goods or services, in the sense that the public associate the name, get-up or

mark with the goods or services marketed by him (this is often referred to as the acquisition of reputation); and, secondly, that the name, get-up or mark used by the defendant is such or is so used as to cause the public to be confused or deceived in the manner described above.'

[36] Whilst I am willing to assume in TSC's favour that it has satisfied the first of the two requirements alluded to by Corbett CJ in *Williams*, it is doubtful that it has established the second leg of its cause of action, namely that the respondents' conduct caused, or was calculated to cause, the public to be confused or deceived. Whether there is a reasonable likelihood of such confusion arising is, of course, a question of fact which will have to be determined in the light of the circumstances of each case.

[37] This is a matter for the judgment of the court, but in making it the court has regard to the type and class of customers who will buy the products and the circumstances in which such goods will be displayed for sale. The average customer is to be taken as someone of average intelligence, eyesight, observation and recollection. Allowance must be made for imperfect recollection on the part of the consumer. What falls to be compared is not any single element of the get-up or even each element separately, but the overall impact of the entire get-up on each of the potential customers.

[38] The main similarity between the future packaging and QAE's packaging is the colour black and the fruit or other devices used to illustrate the contents. It is apparent, however, that the colour black is ubiquitous in the confectionery industry. The mere use of that colour is not sufficient, particularly given the plethora of confectionery products in the market which utilise that colour. Nor can QAE be condemned for using a strawberry or chocolate ball device on its packaging to illustrate the nature of the sweets contained in the packages. However, there are overwhelming dissimilarities. Principal among these are the absence of the most striking feature of the S Sugarless logo, namely, the Capital S in concentric circles of colour and the addition in the Sugarlean packaging of the bold diagonal block of purple at the top of the package. In my view, the dissimilarities would be sufficiently apparent and obvious to any customer

to hold that there is no reasonable likelihood of confusion between the two. Thus, as with the copyright appeal, the appeal on this leg must also succeed.

[39] This conclusion disposes as well of the relief granted by the high court under paragraphs 8 and 9 of the order. In prayer 8 of its notice of motion, TSC sought to interdict the use 'of the artworks and specifications for the packaging, as defined in the founding affidavit, [which] constitutes the unfair use of the applicant's fruit and labour and/or the misuse of the applicant's confidential information'. And, prayer 9, sought to interdict QAE 'from using the artworks and specifications for the packaging, as defined in the founding affidavit'. The high court dealt with this relief in a single paragraph. In that regard it held: 'It seems to me that given the conclusions in this judgment on passing-off particularly, the declaration sought in prayer 8 reflects a species of the genus of passing-off; and that it and prayer 9 should consequently be granted.'

[40] First, nowhere in the founding affidavit is it stated what these 'specifications' are, or what the 'confidential information' is. It is thus impossible, with respect to the high court, to ascertain the scope of the interdict granted or precisely what conduct on the part of QAE is prohibited conduct. Second, these orders are dependent on the conclusion reached by the high court on TSC's claim based on passing off. As I have shown, the conclusions reached by the high court on that score cannot stand. It must follow that the conclusions reached here, likewise, cannot stand. Third, the 'artworks' are the subject of a copyright infringement claim. Not only has TSC failed on appeal in respect of that claim, but as it was put in *Payen Components SA Ltd v Bovic CC and Others* 1995 (4) SA 441 (A) at 453G-H:

'In my opinion a Court should be wary of allowing the sharp outlines of these two established branches of the law of unlawful competition [copyright and passing-off], evolved through long experience, to be fudged by allowing a vague penumbra around the outline. Unlawful competition should not be added as a ragbag and often forlorn final alternative to every trade mark, copyright, design or passing-off action. In most such cases it is one of the established categories or nothing.'

[41] Moreover, when one relies on an action based on the use of confidential information, it is incumbent upon such person to set out in detail what that confidential

information is. This does not appear from the founding papers. And, as it was put in in *Cochrane Steel Products (Pty) Ltd v M-Systems Group (Pty) Ltd and Another* [2016] ZASCA 74; 2016 (6) SA 1 (SCA) para 25:

‘It follows that the attempt by the appellant to ground a cause of action based on unlawful competition in these circumstances is ill conceived. For, “imitation is the lifeblood of competition” and “the bare imitation of another’s product, without more is permitted” (*Schultz v Butt* quoting from *American Safety Table Co Inc v Schreiber* 269 F 2d 255 (2nd Cir 1959)). And, as it was put in *Moroka Swallows Football Club v The Birds Football Club* 1987 (2) SA 511 (W) at 531:

“Provided that he does not commit the delicts of defamation or passing off or offend against any specific statutory prohibition, there is no reason why an entrepreneur should not take the benefit of such advantage as he may be able to gain in the marketing of his goods and services by associating them with names that have become famous”.’

Indeed, the appellant effectively calls upon this court to allow what Schutz JA described as an illegitimate ‘ersatz passing off with requirements . . . less exacting than those required by the common law’ (*Blue Lion Manufacturing* (above) para 1). Schutz JA added: “Some of the restraints that the common law places on the passing-off action (the one relevant to this case is the need to prove the likelihood of deception and confusion) are important in preventing the creation of impermissible monopolies”.’ (Footnotes omitted.)

Trade mark infringement – the cross-appeal

[42] It is TSC’s case that the SUGARLEAN logo, even without the inverted ‘S’, infringes its registered S SUGARLESS logo trade mark. Trade mark law has as its subject-matter symbols and signs which indicate the trade origin of goods and/or services. The object of trade mark law is to prevent commercial speech which is misleading. The determination of whether or not the SUGARLEAN logo infringes the S SUGARLESS logo is governed by the provisions of the TMA, in particular ss 34 and 35.

[43] TSC alleged infringement of its mark as contemplated by section 34(1)(a) of the TMA; the issue being whether the SUGARLEAN logo so resembles TSC’s S SUGARLESS logo that, if the competing marks are both used in relation to confectionery (as they are), such use would be likely to cause deception or confusion.

Of course, the whole of the SUGARLEAN logo must be compared to the whole of the S SUGARLESS CONFECTIONERY logo.

[44] The approach to be undertaken when comparing the marks has been conveniently summarised by Corbett JA in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd*⁸ as follows:

'In an infringement action the *onus* is on the plaintiff to show the probability or likelihood of deception or confusion. It is not incumbent upon the plaintiff to show that every person interested or concerned (usually as customer) in the class of goods for which his trade mark has been registered would probably be deceived or confused. It is sufficient if the probabilities establish that a substantial number of such persons will be deceived or confused. The concept of deception or confusion is not limited to inducing in the minds of interested persons the erroneous belief or impression that the goods in relation to which the defendant's mark is used are the goods of the proprietor of the registered mark, ie the plaintiff, or that there is a material connection between the defendant's goods and the proprietor of the registered mark; it is enough for the plaintiff to show that a substantial number of persons will probably be confused as to the origin of the goods or the existence or non-existence of such a connection.

The determination of these questions 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 market place 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 contains a main or 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 recollection of the whole. And finally consideration must be given to the manner in which the marks are likely

⁸ *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* 1984 (3) SA 623 (A) at 640G-641D.

to be employed as, for example, the use of name marks in conjunction with a generic description of the goods.'

[45] The marks SUGARLEAN and SUGARLESS both present in stark white lettering, in caps, against a black background although the form of the lettering is markedly different. Here the obvious point of similarity lies in the use of the word 'SUGAR'. It was contended that this is the dominant feature and that the addition of the words 'LESS' and 'LEAN' do not alter the initial impression. The 'LEAN' part of SUGARLEAN, so the contention proceeded, even borrows the same letters 'LE' from 'LESS'; they share the strongly dominant feature SUGARLE(SS/AN), so that the only distinguishing features of these two words are the last two letters. I cannot agree. That is not the way that the average consumer interested in the products would perceive things. Visually, phonetically and aurally, both marks are different. One cannot simply disregard the additional elements of the two marks. Those additions are an integral part of the marks. The presence of the S in the S Sugarless mark placed in concentric circles above the word 'SUGARLESS' is striking and fundamental to the visual impression it makes. Aurally the words are different. Whilst SUGAR is common, the suffixes in each instance are incapable of being confused with one another, either when seen or spoken. Insofar as 'SUGARLESS' is concerned, the words 'SUGAR' and 'LESS' have been deliberately combined to create a single composite word. What perhaps distinguishes the two is that 'sugarless' is a closed compound, whereas 'sugarlean' is merely two words that have been forced together in the formation of a proper noun - while remaining separate words, indeed hardly ever joined or used in succession, in common parlance. One naturally pauses in between the words 'SUGAR' and 'LEAN'. These differences serve to minimise the risk of deception or confusion.

[46] In any event, when descriptive terms are used as trade marks, the court will accept comparatively small differences as sufficient to avert confusion and, what is more, a measure of confusion is accepted. As it was put in *Office Cleaning Services v Westminster Window and General Cleaners Ltd* (1946) 63 RPC 39 (HL) at 43:

'The distinctive word in the Appellants' title is "Services", that in the Respondents' is "Association". I think that is a differentiation which should avert any confusion that might otherwise arise from the common use of ordinary descriptive words.'

Lord Simonds explained:

'So long as descriptive words are used by two traders as part of their respective trade names, it is possible that some members of the public will be confused whatever the differentiating words may be. I am ready to believe that in this case genuine mistakes were made. I think they ought not to have been made.

. . .

It comes in the end, I think, to no more than this, that where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered.'

[47] For these reasons, in my view, the cross appeal must fail.

Counterfeit goods

[48] This brings me to the relief granted under the CGA. Under the heading, 'Counterfeit goods, unlawful competition and appropriate relief', the high court stated:

'I have concluded above that the respondent infringed the applicant's trade mark by means of the respondent's S. Sugarlean logo as reflected on the first and new packaging. It continues to do so, because it has been shown to have breached its undertaking not to do so. I have also concluded that the respondent's future Sugarlean logo does not infringe the applicant's trade mark.

I have concluded too that the respondent unlawfully passes off its product as that of the applicant, whether it distributes by means of its first, new or future packaging. By definition it therefore continues to act unlawfully in this respect. I have also concluded that the respondent infringes the applicant's copyright in its S. Sugarless logo by means of the respondent's S. Sugarlean logo, but not by means of its Sugarlean logo without the "S". However, since the respondent has been shown to continue distributing its product under the S. Sugarlean logo despite its undertakings not to do so, its unlawful conduct continues. And I have concluded that the respondent infringes the applicant's copyright in its packaging artwork by means of

the respondent's first, new, and future packaging. By definition, its unlawful conduct therefore continues.'

[49] The high court thus granted relief without at all considering the requirements for counterfeiting. 'Counterfeiting', said Harms DP:

'is defined in s 1(1) in a somewhat opaque manner, but one thing is clear: it is not the same as copyright or trade mark infringement – it requires more. This follows from the proviso to this definition, namely that "the relevant act of counterfeiting must also have infringed the intellectual property right in question". And it follows from the fact that the Act did not refer back to, or reproduce, the definitions of infringement in the IPR [intellectual property rights] statutes. This appears to be logical, because "to counterfeit" ordinarily means to make an imitation of something in order to deceive, or to make a copy of something.'⁹

Later, he added:

'The first question is whether paras (a) and (b) are intended to cover both copyright piracy and trade mark counterfeiting. . . . The authors of *Webster and Page* believe quite reasonably that they do. I have to disagree, because in my judgment para (a) was intended to deal with piracy, while para (b) was intended to deal with trade mark counterfeiting. Although both (a) and (b) refer in general terms to "any" IPR, there are other indications that each is limited to either the one or the other. The words "substantially identical copies" in para (a) are phrased in copyright terms while the concepts in para (b), "colourable imitation" and "calculated to be confused", are cast in traditional trade mark terminology. Another indication is the reference to "applying" to goods in para (b), something that, in spite of the definition of "apply to", cannot refer to copyright, but clearly does apply to trade marks. Also, para (b) covers the use of identical marks by the use of the phrase "the subject matter of that IPR" and it is accordingly not necessary to rely on para (a) to prohibit the use of "copies" of trade marks. Last, the definition of IPR distinguishes between the three rights, namely trade marks, copyright and merchandise marks, and it is reasonable to assume that the definition of counterfeiting would do the same, although it did not do so in the same sequence.'¹⁰

[50] As I have found that neither the claim of breach of copyright, nor that of trade mark infringement has been made out in relation to the packaging, the appeal against the order under the CGA must also succeed.

⁹ *Puma AG Rudolf Dassler Sport v Rampar Trading (Pty) Ltd and Others* [2010] ZASCA 140; 2011 (2) SA 463 (A) para 13.

¹⁰ *Ibid* para 16.

Order

[51] In the result, QAE has been successful in all substantive aspects of the appeal. The following order is accordingly made:

- a. The appeal is upheld and the cross appeal is dismissed, in each instance with costs, including those of two counsel.
- b. The order of the high court is set aside and replaced by:
 - '1. The counter application is upheld with costs and the second respondent is directed to endorse trade mark registration number 2015/26225 in class 30 with the following:

“Registration in this trade mark shall give no right to the exclusive use of the word ‘sugarless’ separately and apart from the mark.”
 2. It is declared that the first respondent has infringed the applicant’s trade mark registration number 2015/26225 S SUGARLESS logo, by use of the S SUGARLESS logo and the S SUGARLEAN logo (the infringing marks), in the course of trade in relation to confectionery for which the registered trade mark is registered, as contemplated in section 34(1)(a) of the Trade Marks Act 194 of 1993 (the TMA).
 3. The first respondent is restrained, in terms of section 34(3)(a) of the TMA, from infringing the applicant’s rights acquired by the registered trade mark, by using in the course of trade in relation to the products for which the registered trade mark is registered, the infringing marks or any other mark so nearly resembling the registered trade mark as to be likely to deceive or cause confusion.
 4. It is declared that the first respondent has infringed the applicant’s copyright in the S SUGARLESS logo and/or any artworks for the packaging, as defined in the founding affidavit, (the original works) by reproducing or by causing to be reproduced, the original works and/or by selling and distributing or offering for sale, products in the first infringing packaging (the first infringing packaging).
 5. The first respondent is interdicted and restrained, in terms of s 24 of the Copyright Act 98 of 1978 (the CRA), from infringing the applicant’s copyright in the original works by reproducing or causing to be reproduced, whether directly or indirectly, the original works and/or by selling, distributing or offering for sale, the products and packaging depicting the infringing works.
 6. It is declared that the first infringing packaging constitutes counterfeit goods.
 7. The first respondent is directed, in terms of 34(3)(b) of the TMA, to remove the infringing marks from all matter in its possession or under its control including but not

limited to signage, containers, websites, its Facebook page, stationery, packages, labels, advertising and, where the infringing marks and representations of the packaging cannot be removed, to deliver up all materials bearing the infringing marks and representations on the packaging to the applicant's attorneys.

8. The first respondent is directed, in terms of s 24 of the CRA, to deliver up to the applicant's attorneys all copies of the infringing packaging in its possession.

9. The first respondent is directed, in terms of s 10 of the Counterfeit Goods Act 37 of 1997 (the CGA), to deliver up all infringing packaging in its possession to the applicant's attorney.

10. The first respondent is directed, in terms of s 24 of the CRA to deliver up and/or delete the artwork of the original work in its possession or under its control.

11. Directing the sheriff of the high court and granting leave to an independent IT expert to attend at the first respondent's premises to ensure that orders 7 to 10 have been complied with. In doing so, the sheriff and IT expert may inspect any part of the premises and any electronic and/or digital media (including but not limited to computers, tablets, hard drives including servers, removable drives, flash drives, CD drives, DD drives, smart phones, CD's and DVD's) and any of the first respondent's accounts on third-party servers.

12. The independent IT expert referred to in paragraph 11 must be appointed by the applicant's attorney and the first respondent's attorney acting jointly, failing which the Chairperson for the time being of the Johannesburg Bar should do so, having received appropriate representations from the parties' attorneys.

13. The applicant's attorney and the first respondent's attorney or its representative is entitled to be present during the visit to the first respondent's premises, and the three parties, including the sheriff of the high court, must depose to an affidavit reporting to the court on the visit and its results.

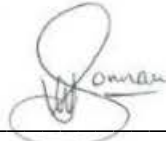
14. The applicant must collect the affidavits and file them with the court and, absent agreement, the parties are granted leave to approach the court on these papers as amplified for further directions relating to the execution of this order.

15. The first respondent is directed, in terms of s 10 of the CGA, to disclose the identity of all third parties that have been or are in possession of the artwork and specifications for the first infringing packaging and the identity of all retailers that have distributed or are distributing the first respondent's SUGARLEAN products.

16. Directing that an enquiry be held, in terms of s 34(4) of the TMA and/or s 24 of the CRA, to determine the damages or, in lieu of damages, the reasonable royalty due to the applicant, arising from the infringement of the applicant's registered trade mark and/or the copyright in the original works.

17. In the event that the parties are unable to reach agreement as to any aspects of the procedure to be followed for the holding of the said enquiry, each of the parties is given leave to make application to the above honourable court for directions in regards thereto.

18. The first respondent is directed to pay the applicant's costs on an attorney and client scale including the costs of the IT expert referred to in prayer 11 above.'



V M Ponnar
Judge of Appeal

APPEARANCES:

For Appellant:

R Michau SC (with him M M Du Plessis)

Instructed by:

A J Stone Attorneys, Johannesburg

Honey & Partners Incorporated, Bloemfontein

For First Respondent:

F Southwood (with her K D Iles)

Instructed by:

Schindlers Attorneys, Johannesburg

Webbers Attorneys, Bloemfontein

