

REPUBLIC OF SOUTH AFRICA



IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG LOCAL DIVISION, JOHANNESBURG

CASE NO: 25802/2018

(1)	REPORTABLE: YES/NO	☒ YES
(2)	OF INTEREST TO OTHER JUDGES:	
	YES/NO	☒ YES
(3)	REVISED	☒ YES
Date: 24/8/18		WHG VAN DER LINDE

In the matter between:

The Sugarless Company (Pty) LTD

Applicant

and

Quad Africa Energy (Pty) LTD

Respondent

Judgment

Summary

Trade and trade mark – applicant being registered proprietor of trade mark “S.Sugarless” – respondent distributing product in same class under mark “S.Sugarlean” – held to be “so nearly resembling it as to be likely to deceive or cause confusion” under s.34(1)(a) of the Trade Marks Act 194 of 1993.

Further, as to argument that word “sugarless” merely descriptive adjective, incapable of justifying registration – held “S.Sugarless” trade mark as a whole more distinctive than descriptive.

Copyright – Copyright Act 98 of 1978 – applicant held to have copyright in “S.Sugarless” logo, and in artwork of package in which product distributed – respondent held to have infringed copyright in both by reproducing and adapting the original works, and distributing the infringing products for sale.

Passing off – respondent’s getup held to have been designed to pass off its product as that of the applicant.

Relief granted in terms of Trade Marks Act, Copyright Act, common law, and Counterfeit Goods Act 37 of 1997.

Van der Linde, J:

Introduction

- [1] This application comes on the urgent roll for amongst others final alternatively interim interdicts by one competitor in the retail confectionery market against another. The urgency lies in the respondent’s persistent unlawful conduct, so the applicant contends, and this causes attrition of custom and so damages on an on-going basis. Unless the interdictory relief is granted, the respondent will persist and the attrition will continue; undertakings it had previously given to desist have been breached. Substantial redress at a hearing in the normal course is not a realistic prospect, and the application was heard as one of urgency.
- [2] The parties were previously in contractual privity. The applicant’s business is driven from Adelaide in Australia, and the respondent used to be its exclusive local distributor. Their contract has been terminated. Soon thereafter the respondent began competing, literally cheek by jowl on retail shelves, with the applicant. The product was substantially the same, and so too, as will appear below, at least initially, the packaging.
- [3] The applicant says that the respondent’s conduct is unlawful on four fronts: it infringes the applicant’s registered trademark, it infringes its copyright, it passes off its product as the applicant’s product, and it constitutes the delict of unlawful competition. The applicant asks for appropriate declaratory relief and following on that, both statutory relief (delivery-up and destruction) in terms of the Trade Marks Act 194 of 1993 (“TMA”), the Copyright Act 98 of 1978 (“CRA”) and the Counterfeit Goods Act 37 of 1997 (“CGA”); and common law interdictory relief.

The applicant's case

- [4] The applicant is wholly owned by Mr Vasseur, its creator and sole director. He conceived of the concept for the business in 1992, and has in the years since established operations in 13 countries. Apart from those specific countries, the applicant distributes into South America, Western Europe, the Middle East, and the Far East.
- [5] The applicant's product targets consumers of sugar free or low sugar confectionery. The catalogue included in the founding papers reflects, in colour, a product range that includes candy, sweets, chocolate, biscuits, jellies and liquorice. In all instances the product is enclosed in packaging that presents a particular image, usually of colourful representations of the contents against a prominent black background.
- [6] The packaging image includes, in a prominent position, a logo comprising in large bold font the letter "S" tightly within a circle, and immediately beneath it, in stark white, the word "SUGARLESS" in smaller font and in bold caps. Underneath this word appears the word "Confectionery" also in caps but not bold and in yet smaller font.
- [7] The applicant explains that it created the concept and it procured the execution of the S.Sugarless logo, of the packaging specification, of the packaging artwork and consequently of the getup. It accordingly owns the copyright in the S.Sugarless logo as well as in what it calls "the packaging architecture." It owns too the confidential information that went into making up the packaging specification and artwork and, given the applicant's established commercial reputation, the entire product getup.
- [8] Also, it caused the local registration of the S.Sugarless logo as a trademark in class 30 (various forms of confectionery) with effect from 16 September 2015, thereby

underscoring its identity as progenitor of the logo.¹ As has often been said, the purpose of such a registration of a trade mark is to establish a “badge of origin.”²

[9] The applicant contends that the respondent breached these rights. This came about as follows. The parties’ distribution agreement was terminated on 23 May 2018. About a week before this the applicant established that the respondent was distributing competing product in the same retail outlets as the applicant. In some instances the respondent’s product was displayed in the applicant’s display stands, together with the applicant’s product. The product that the respondent was distributing was in the same class for which the applicant’s trade mark was registered and to which the applicant’s product belonged, meaning a variety of forms of confectionery, including candy, sweets, chocolate and jellies.

[10] Photographs of the packaging in which the respondent’s product was distributed are included in the papers. The size, material and prominent black background of the packaging appears identical to that of the applicant’s product. The packaging also presents with colourful representations of the contents, and includes, in the same prominent position, a logo comprising the letter “S” inverted, but not within a circle, and immediately beneath it, also in stark white, the word “SUGARLEAN” in caps. The inverted “S” was written over a soft representation of the infinity symbol. Examples appear at Annexure JJ22 p 235 to J24.7 p246. The applicant referred to this offending packaging as “the first packaging” in its affidavits and also in its notice of motion. I will refer to it simply as “the first packaging”.

[11] The applicant demanded that the respondent cease this conduct. Correspondence between attorneys followed. In the course of the exchanges the respondent undertook

¹ Die Bergkelder Bpk v Vredendal Koop Wynmakery [200] 4 All SA 215 (SCA) at [11] per Harms JA.

² Yuppichef Holdings (Pty) Ltd v Yuppief Gadgets Holdings (Pty) Ltd [2016] ZASCA 118 (15 September 2018) at [13] per Wallis, JA; Verimark (Pty) Ltd v BMW AG; BMW AG v Verimark (Pty) Ltd 2007 (6) SA 263 (SCA) at [5] per Harms, ADP.

to cease using the offending packaging and to destroy or deliver up its existing stock of the packaging and the artwork for it; and undertook not to infringe the S.Sugarless logo.

[12] But the respondent joined issue on the following: it refused to deliver up any of its packaging containing product; it refused to give any undertaking in relation to the words “sugarless” and “sugarless confectionery”; it denied that the applicant owned copyright in the packaging artwork; and it denied the validity of the applicant’s trade mark.

[13] The applicant says the respondent failed to adhere to the undertakings it gave, because it turned out that around 29 June 2018 the respondent continued distributing product in packaging with only slightly adapted artwork. The adaption was that either a top or a bottom oblique section of roughly one third of the packaging face now had a purple as opposed to a black background. The adapted packaging still presented with mainly a black background, although less prominent; but it still presented with a prominent inverted “S” and “Sugarlean” logo. Examples appear at Annexure JJ34, p 337 to p342. The applicant argues that this new packaging still offends all of the rights for which it contends. This packaging is referred to as the “new packaging” but I will refer to it simply as “the new packaging”.

The respondent’s case

[14] The respondent says that it changed its packaging from the first packaging to the new packaging on 23 May 2018 before any complaint had been received. It accepts that the new packaging initially retained the applicant’s logo, but says that this was changed on 21 June 2018, before demands were made concerning the applicant’s logo, by dropping the inverted “S”. It retained the infinity symbol.

[15] It therefore now distributes product in packaging that does not have a wholly black background, has no prominent “S” resembling the applicant’s logo, inverted or otherwise, but still presents in caps the word “SUGARLEAN” as it is entitled to do. Examples appear

at Annexure BB7, p629 to p634. I will refer to the packaging with this logo as the respondent's "future packaging".

[16] The respondent says it has no intention of using the Sugarlean logo with the "S" in the future, but it will take some two months before the respondent's new logo, the respondent's future packaging, will be available for all of its lines. The implication is that in the meantime it will continue to use its logo cum "S", as in the new packaging. For the rest, it formally undertakes never again to use the first packaging, and to deliver up its unused copies, nor will it use the applicant's trade mark registration in any manner.

[17] As far as it is concerned only three issues remain: whether the respondent's use for the two months of the "S.Sugarlean" logo, the first packaging, would be unlawful; whether the distribution of the respondent's adapted packaging with the "Sugarlean" logo sans "S", i.e. the new packaging, is unlawful; and the respondent's counter-claim. This is essentially for a disclaimer to be endorsed on the applicant's trade mark that the applicant acquires no right to the exclusive use of the word "sugarless" separately from the trade mark. The basis not only for the counter-claim but also for resisting the imputation of unlawful conduct is that the word "sugarless" is not distinguishing of the product but instead descriptive of it.

Subsequent events

[18] In his replying affidavit of 23 July 2018 Mr Vasseur asserts that the respondent is still distributing its original, pre-adapted packaging (cum "S", the first packaging) in the market despite its undertaking to cease doing so after 30 June 2018. He refers to his founding affidavit which relies on distribution of the first packaging up to 10 July 2018. Also, on 20 July 2018 the respondent's delivery vehicle was still painted in the applicant's full registered mark, showing that the respondent was continuing to use the applicant's trade mark.

Factual conflicts

- [19] The field of factual conflicts that are relevant for the purposes of this application is narrow. It suffices to say that the applicant's case about the respondent not adhering to its undertakings cannot be answered, particularly not in the face of the blatant and brash way in which the respondent continued to display the applicant's trade mark on its delivery vehicle.
- [20] I also do not accept that the respondent's deponent's protestations of ignorance concerning intellectual property hold up in view of the explicit contents of the correspondence by the applicant's attorneys. These issues do not however answer the central legal points, and to them I now turn.

Discussion: trade mark infringement

- [21] The applicant's primary case, that reliant on its trade mark, founds on s.34(1)(a) of the TMA, and the discussion starts here. In terms of that section of the TMA the rights acquired by registration of a trade mark are infringed by the unauthorised use, in the course of trade in relation to goods or services in respect of which the mark is registered, *"... of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion."* It is the quoted portion that is in dispute. Has the respondent used such a mark?
- [22] It is necessary to begin by acknowledging what it is that registration of a trade mark protects. This is necessary because the impression may exist that trade mark registration confers upon the proprietor the right to prevent all others from mere user of that mark. Such an impression would be incorrect.
- [23] The protection that registration of a trade mark does afford is to secure for the proprietor of the mark a message that the mark conveys to consumers, being that a product identified by the mark originates from the proprietor of the mark.³ Conversely, the registration of a trade mark shields the owner against conduct of a third party whereby

³ Verimark at [5].

the latter uses the mark on its own product in such a way that the mark conveys to consumers that that product originates from⁴ the proprietor of the registered trade mark. As an aside, the affinity with the common law delict of passing-off is immediately apparent,⁵ although in the case of the latter it is the entire getup of the two protagonists that is compared, and not simply and exclusively the two trade marks.

- [24] The implication of the above is that where a third party uses a registered trade mark of another, not to suggest to consumers that its own product emanates from the owner of the registered trade mark but simply for descriptive purposes, no misleading impression will be created; as has been said:

"If the use creates an impression of a material link between the product and the owner of the mark there is infringement; otherwise there is not. The use of a mark for purely descriptive purposes will not create that impression but it is also clear that this is not necessarily the definitive test".⁶

- [25] The badge of origin notion has implications that are pertinent for this case. First, there can only be actionable infringement if the offending mark suggests to consumers that the product of the alleged infringer originates from the owner of the registered mark. This is an objective test. One compares the two marks, and views them through the lens of the notional consumer of that product.
- [26] If the offending mark is in fact identical to the registered mark, self-evidently the test is inapplicable; the infringement proclaims itself. If the two marks are not identical, the extent of their similarity will be important when the comparison is undertaken, because the greater the similarity, the more likely consumers will be deceived or confused.
- [27] The second implication that flows from the badge of origin notion is that if the offending mark, even if it is a close resemblance to the registered mark, conveys no more but a

⁴ Or that there is a "material link in trade" between the third party's product and the proprietor of the trade mark; see Verimark at [5].

⁵ Compare Adidas Sportschuhfabriken Adi Dassler KG v Harry Walt & Co (Pty) Ltd 1976 (1) SA 530 (T) at 535E to 536A per Botha, R (as he then was).

⁶ Verimark at [7].

description of the product on which the offending mark is placed, there is no infringement. The descriptive quality of a mark therefor features in two sides of the same coin in trade mark infringements: it features in the context of the registered mark, in that it founds a cause for expungement, or a defence to alleged infringement, on the basis that a merely descriptive mark can by definition not be a distinctive mark. And it features in the context of the offending mark, in that it founds a defence that the offending mark is merely descriptive of its own product and does not misleadingly convey that that product emanates from the owner of the registered mark.

[28] Turning then to the facts of the applicant's case for infringement by the respondent: the respondent certainly emblazoned the applicant's trade mark on its delivery vehicle as recently as 10 July 2018. That conduct was a clear infringement of the applicant's registered mark by the use of an identical mark, subject only the respondent's argument – dealt with below – that “sugarless” is merely descriptive and not distinctive of the product.

[29] Less identical was the respondent's first packaging, cum inverted “S” above “Sugarlean” against the prominent black background, and the question may now be asked pertinently: was this mark so similar to the applicant's registered mark as to be “... likely to deceive or cause confusion ...” among customers in that market? In *Plascon- Evans Paints v Van Riebeeck Paints (Pty) Ltd*⁷ the Appellate Division (then) wrote in relation to similarity:

“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.”

⁷ [1984] ZASCA 51; 1984 (3) SA 623 (A) at p640 in fin to p641 E.

[30] The same court later, in *Bata Ltd v Face Fashion CC and Another*,⁸ adopted the European approach that the likelihood of confusion must be appreciated globally, and that the “... *global appreciation of the visual, aural or conceptual similarity of the marks in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.*” In *Cowbell AG v ICS Holdings Ltd*,⁹ that court applied that approach by considering in turn each of the visual, aural and conceptual similarities. It is proposed to follow that approach here.

[31] The visual similarity between the registered mark and the respondent's first packaging is striking. The features that aggregate to this conclusion are the contrast established by the stark white lettering in caps of "SUGARLESS" and "SUGARLEAN" against a black background; the close grammatical affinity between "sugarless" and "sugarlean"; and the prominent "S" triangularly positioned immediately above the central word (despite the fact that the "S" is inverted in the respondent's mark). The visually dominant components in both are the "S" as pinnacle of the triangle, and the capped "SUGARLESS" and "SUGARLEAN".

[32] I accept that customers in the sugar free confectionery market are astute to read labels, and so an inquisitive first time buyer may spot the difference between the two marks reflected at say annexure JJ22, p235. But the busy shopper on the lookout for the "S. SUGARLESS" product is not likely to spot the difference in the two marks in say annexure JJ24, p239, given the visual similarity referred to in the previous paragraph.

[33] Aurally, the dominant components' sounds are also similar; it is only at the tail of the articulation of the two words that the difference between the last two letters, "sugarleanan" and "sugarlessss", may be noticed. And conceptually the marks are close to being identical,

⁸ 2001 (1) SA 844 (SCA), at [9].

⁹ 2001 (3) SA 941 (SCA)

both signifying as they do the complete absence of, or very little, sugar in the product to which the respective marks relate.

- [34] It follows that in my view the respondent's first packaging, illustrated at annexures JJ22 p235 to JJ24.7 p246, represents a potential infringement by the respondent of the applicant's trade mark, subject again to the issue of the descriptive/distinctive meaning of the word "sugarless".
- [35] As to the respondent's new packaging, it will be recalled that a section of either the top or bottom part of the respondent's packaging was adapted to present no longer in black, but in purple; annexure JJ34 p337 ff. The respondent's S.Sugarlean logo mark was not adapted however, and the remarks made above relating to the similarity between the S.Sugarlean logo on the respondent's first packaging and the applicant's registered mark, apply equally to the similarity between the S.Sugarlean logo on the respondent's new packaging and the applicant's registered mark. That rendition of the respondent's mark accordingly also represents a potential infringement of the applicant's trade mark, subject to the descriptive/distinctive issue.
- [36] On the respondent's future packaging the inverted "S" disappeared. The word "SUGARLEAN" remained presented on a black island, just as "SUGARLESS" appears in the applicant's registered mark at annexure JJ10, p156. An example of the future packaging, sans inverted "S" thus leaving only "SUGARLEAN" on its black island, appears as annexure BB7, p629. The applicant still argues for potential deception or confusion in the case of the future packaging, given the aural similarity in "SUGARLESS" and "SUGARLEAN" and the contrast established by their similar stark white font in caps against the black background.
- [37] The visual similarity between the applicant's registered mark and the respondent's offending mark on its future packaging is clearly less prominent. Gone is the dominant inverted "S" and with it particularly the triangular formation of which the inverted "S"

formed the pinnacle. But the stark white lettering in caps of "SUGARLESS" and "SUGARLEAN" still appear against a black background, and the close grammatical affinity between "sugarless" and "sugarlean" is still present. The aural and conceptual similarity is also still there.

- [38] Still, in my view the disappearance of the dominant inverted "S" has removed the likelihood of deception or confusion, and accordingly the mere user of the "Sugarlean" mark on the right-hand side of annexure BB7 p629 in landscape does not infringe the applicant's registered trade mark. Whether this finding clears the way for the respondent to distribute its product in the getup reflected at annexure BB7 p629 ff is a matter addressed below in the context of passing-off.

Distinctive/descriptive

- [39] I consider now the respondent's central argument, one that was presented on the basis that it cuts through the applicant's trade mark case, and indeed all its cases, at every level of fact, being the distinctive/descriptive point. At the level of principle it may be said that these concepts are mutually inverted: the more descriptive the mark is, the less distinctive it becomes, and so the less worthy of trade mark protection; and vice versa.
- [40] It was against this background that the respondent argued that "sugarless" merely qualified the product, and did not distinguish it. In advancing that proposition the respondent was able to ignore the obvious description of the words "sugar free" that appear in bold black font on a green strip lower down on the packaging at say annexure JJ22, p235, because that is not part of the trade mark.
- [41] The first aspect to consider is the applicant's *in limine* riposte, that the respondent cannot advance its proposition without evidence, and certainly not by simply relying on American, not South African, English dictionaries.
- [42] As noted above, the sentinel question is how the relevant consumer would have understood the word "sugarless" in the context of the mark as a whole. I accept that

evidence would be admissible to prove this, particularly where the word is not commonly used in everyday discourse. After all, one is not concerned with the legal interpretation of a contract or statute, where the object is generally to establish the standard ordinary grammatical meaning of words. One is concerned, decisively,¹⁰ with what may be considered as the opposite perspective; that of only a parochial group of persons and their comprehension of the mark - including its words, if it has any. And that conclusion is a factual one for the court to reach; expert evidence is inadmissible.

[43] Dictionaries are not irrelevant in this endeavour; in fact they are used.¹¹ And as it happens, the word “sugarless” appears in reputable dictionaries used locally. The Concise Oxford Dictionary, tenth Ed, revised, describes it as an adjective, a derivative of “sugar”. The same treatment is evident from The South African Concise Oxford Dictionary, and The Shorter Oxford English Dictionary, third Ed. Does it follow that the applicant’s registered trade mark is not distinctive but instead merely descriptive of the confectionary? In my view not, for the reasons that follow.

[44] First, visually, “sugarless” is not the whole registered trade mark, but only a component part of it. Granted, it has undeniable prominence in the mark, and it happens to appear right above the noun “confectionary”. But it is integrated with the encircled and larger, more prominent, “S” pinnacled above it, with the multi-colouring of the circle, and with the starkness of the contrast between the white lettering and the black island on which it sits. The triangular format of the mark’s presentation, with the prominent “S” and the coloured circle within which it fits are, as I see it, “fancy devices” of the ilk referred to in *Die Bergkelder Bpk v Vredendal Koöp Wynmakery and Others*.¹² Marks containing such devices are usually taken as “*put on the goods to tell you who made them.*”

¹⁰ *Cowbell AG v ICS Holdings Ltd*, 2001 (3) SA 941 at 949 D.

¹¹ *Compare On-line Lottery Services (Pty) Ltd v National Lotteries Board and Another* (536/2008) [2009] ZASCA 86; [2009] 4 All SA 470 (SCA) ; 2010 (5) SA 349 (SCA) (7 September 2009)

¹² 2006 (4) SA 275 (SCA) at [8].

[45] Second, the trade mark is thus not a text-only word mark; the word “sugarless” is part of a mark which has, as pointed out, added qualities that are distinguishing. The entire mark is what represents the badge (of origin), not simply the word “sugarless.”

[46] Third, the correct context within which the issue of the descriptive nature of the word “sugarless” must be understood, is the requirement in s.9 of the TMA (emphasis supplied):

“9. Registrable trade marks.—(1) In order to be registrable, a trade mark shall be capable of distinguishing the goods or services of a person in respect of which it is registered or proposed to be registered from the goods or services of another person either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within those limitations.

(2) A mark shall be considered to be capable of distinguishing within the meaning of subsection (1) if, at the date of application for registration, it is inherently capable of so distinguishing or it is capable of distinguishing by reason of prior use thereof.”

[47] So the correct enquiry is then not whether as an adjective “sugarless” could ever be more than descriptive, but rather whether the mark viewed as an integrated whole, with its adjective included, is inherently capable of distinguishing the applicant’s product.

[48] In my view the mark has that capacity, given the features that have been described in this judgment, plus the following added consideration. It is not self-evident at all that “sugarless” as used in the mark was designed solely to fulfil an adjectival function relative to “confectionary.” Its font predominates over that of “confectionary”, both in its bold form and in its size, and “confectionary” is really relatively obscure. If not designed solely to that end, the word “sugarless” is therefore at least capable also of performing the function of identifier of origin of the product, in addition to qualifier of “confectionary”.

Passing-off

[49] It follows that the applicant’s trade mark case in respect of the S.Sugarlean logo as appears on the first and the new packaging, but not the future packaging, has been established. If I am wrong, I believe the applicant’s case for passing-off has in any event been established.

[50] The common law delict of passing-off is established when the defendant passes off its product as that of the plaintiff. As was said by Corbett, CJ in *Williams t/a Jenifer Williams & Associates and Another v Life Line Southern Transvaal*:¹³

"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."

[51] So far as concerns reputation, the applicant's case is set out in some detail in the founding affidavit.¹⁴ I do not agree that the deponent's say-so is insufficient, as was submitted on behalf of the respondent, and that further corroborating evidence was required. Mr Vasseur is not only the sole shareholder and director of the applicant's business, but also its progenitor. It is inherently probable that he has reliable knowledge of the facts to which he deposed.

[52] So far as concerns deception or confusion, the photographic evidence of the packaging already referred to in this judgment sustains, in my view, the applicant's case against the respondent's first and new packaging. Apart from the trade mark infringement already discussed, the similarity in size, prominent background black colour, and the images used, particularly in the first packaging, is evident from the photographs. The slight adaptation of the new packaging, by inserting an oblique purple background on the top or bottom of

¹³ 1996 (3) SA 408 (A) at 418 B-G

¹⁴ P14 para 63 ff.

the packaging, does not changes this conclusion. If anything, it served to underscore the offending logo and its similarity with the applicant's mark.

[53] As regards the future packaging, in respect of which I concluded that the respondent's mark does not deceive or confuse in relation to the applicant's mark, the photograph at p631 still evidences, in my view, the strong similarity in the overall impression created by the two packages.

[54] It is a matter for comment that the respondent does not make it clear why it is essential for its business to continue to rely so heavily on the likeness with the applicant's packaging. Having regard to the clear similarity with the applicant's getup so evident in the respondent's first and new packaging, the inference is unavoidable that the respondent still now seeks the lift of the springboard created by those first two offerings.

Copyright

[50] The applicant's case for copyright infringement in terms of s.23(1) as read with s. 6 and 7 of the CRA founds on the reproduction of the S.Sugarless logo in the S.Sugarlean logo. The distribution and sale of Sugarlean products bearing the infringing S.Sugarlean logo, founds an infringement of s.23(2) of the CRA. And the respondent's packaging is said to constitute a reproduction of the artwork of the applicant's packaging, also establishing copyright infringement in terms of s.23(1) as read with s. 6 and 7 of the CRA.¹⁵

[51] S.23(1) of the CRA provides that copyright is infringed by a person who without the license of the owner does "*any act*" which the owner has the exclusive right to do. S.23(2) of the CRA provides that copyright is infringed when the infringer sells or distributes any article for the purpose of trade to such an extent that the owner of the copyright is prejudicially affected, "*... if to his knowledge the making of that article constituted an infringement of that copyright or would have constituted such an infringement if the article had been made in the Republic*".

¹⁵ See generally founding affidavit page 29 paragraph 120 and following.

- [55] The assertion in the founding affidavit is that the respondent must reasonably have known that copyright subsisted in the artworks of the packaging since the artworks and specifications for the packaging were usually provided to the respondent, while it was still the distributor of the applicant, by designers employed by the applicant. Further, the artwork bore the following notice as part of the design: *"Formulated and designed by the Sugarless co-©2014"*. Finally attention is drawn to the fact that in the applicant's attorneys' letter of 23 May 2018 the respondent was expressly alerted to the copyright subsisting in the artworks.
- [52] The answering affidavit deals with these assertions at page 437 paragraph 72 and following. In regard to the assertion that the respondent reproduced or adapted or caused to be reproduced or adapted the S.Sugarless logo without the authorisation of the applicant, the respondent says that it is a matter for argument. Concerning the substantive assertions and claims to copyright and copyright infringement, the respondent says that none of the packaging *"... can ever be said to constitute a copyright infringement"*, and therefore cannot be interdicted.
- [53] The issue is therefore whether the applicant's case that the S.Sugarless logo, and the artwork on the packaging reflected at annexure JJ22 page 235 and following, found copyright in terms of the CRA, is valid. This entails, to start off with, proving that the work (the logo and the artwork) is original; is *"artistic"* as referred to in s.2(1) of the CRA read with the definition in s.1(1); has been reduced to material form; has been conferred on the work by virtue of the nationality, domicile or residence of the author; and that the term of copyright has not expired. Once copyright has been established, the applicant must then prove its ownership of this copyright, as envisaged in s. 24(1) of the CRA.
- [56] The applicant contends, on the strength of the affidavit of Ms Townsend, that it has established that copyright subsists in the S.Sugarless logo. In her affidavit at page 165 paragraph 27, Townsend confirms, having set out the background to the creation of the

applicant's logo, that she created it and that it was not copied from anywhere, and that it is entirely the result of her own independent original effort, judgment and labour.

- [57] The applicant submits that the S.Sugarless logo is an artistic or at least an artistic cum literary work, in that it consists of amongst other things "*drawings*" as envisaged in s.1(1) of the CRA. That the S.Sugarless logo has been reduced to material form is evident from the photographs attached to the founding affidavit, amongst others those at annexure JJ22 page 235 and following.
- [58] The provenance of the logo is explained. It was first created in 1992 and adapted to its current form in 1999; this background is fully explained in the affidavit of Townsend at page 163 paragraph 21 and following. She was the author of the works and an Australian citizen and resident. That country is covered by the Government Notice 136 of 1989 issued by the Minister of Economic Affairs and Tourism in terms of s.37 of the CRA, whereby the provisions of the CRA apply to literary or artistic works created in Australia as they apply to literary or artistic works created in South Africa; and to citizens and residents of Australia as they apply to citizens and residents of South Africa. Ms Townsend, the author of the logo, is still alive and so the term of the copyright has not expired as provided in s.3(2)(a) of the CRA.
- [59] The applicant contends that became the owner of the copyright subsisting in the logo: Ms Townsend created the logo in the course of her employment with Value Added Design (Pty) Ltd, and accordingly that company would have been the first owner of the copyright. The applicant and that company agreed that the applicant would own the copyright.
- [60] The infringement of the applicant's copyright in its logo is said to be established by the degree of similarity that exists between the original work and the respondent's logo as reflected on all of the first, new and future packaging. It is contended that the original or substantial features of the logo remain recognisable in those offerings.

- [61] The comparison between the S.Sugarless logo and the S.Sugarlean logo was undertaken above; the prominent “S” pinnacle in stark white within the triangle is pertinent. This similarity has been expanded upon above and it is not necessary to repeat it here.
- [61] As regards the artwork in the packaging the applicant contends that it has established that copyright subsists in that too. In particular, the work was created by Mr Vasseur in collaboration with graphic designers employed by the applicant in the course of their employment with the applicant.
- [63] The copyright in the artwork is said to have been infringed by the first packaging, as is evident from a comparison between it and the applicant’s packaging at annexure JJ22 to annexure JJ24.11, pages 235-250. Reliance is placed on the layout and design of the respective packaging which is said to be identical. The applicant’s contention is that that identity is not coincidental but a function of the respondent’s electronic access to the artwork for the applicant’s packaging, coupled with the absence of an explanation for what would otherwise be a remarkable coincidence.
- [64] The applicant argues that the new packaging remains very similar to the applicant’s packaging, and that the inferences for which it contends in relation to the first packaging are equally valid in relation to the new packaging.
- [65] As I see it the critical questions to be answered in the copyright context, is whether the applicant’s S.Sugarless logo is capable of forming the subject of copyright; second, whether the applicant’s artwork on its packaging is similarly capable of forming the subject of copyright; and third, whether the future packaging as evident at annexure BB7 page 6-9 and following infringes either the applicant’s copyright in its S.Sugarless logo or in its packaging artwork.
- [66] Concerning the first question, the Law of South Africa 2nd edition, Volume 5 Part 2 quotes from *University of London Press Limited v University Tutorial Press Limited* 1916 2 Ch 601 at 608 in which it was said in relation to the term “literary work”:

"It may be difficult to define 'literary work' as used in this Act, but it seems to be plain that it is not compliant to 'literary work' in the sense in which that phrase is applied, for instance, to Meredith's novels and the writings of Robert Louis Stevenson. In speaking of such writings ... one thinks of the quality, the style and the literary finish which they exhibit In my view the words 'literary work' cover work which is expressed in print or writing, irrespective of the question whether the quality or style is high. The word 'literary' seems to be used in a sense somewhat similar to the use of the word 'literature' in political or electioneering literature and refers to written or printed matter."

[66] LAWSA continues:

*"Bearing in mind the fact that the definition expressly extends to works such as Encyclopaedias and Dictionaries as well as tables and compilations, including databases, it is not surprising that the Act does not require special literary merit for the work to fall within the definition of 'literary work' and that the Act expressly states that literary quality is not necessary for a work to qualify as a literary work."*¹⁶

[67] In contending for copyright in its S.Sugarless logo, the applicant contends not that the logo is a *"literary work"*, but that it is an *"artistic"* work or an *"artistic cum literary"* work.

According to the definition in the CRA, *"artistic work"* is defined as being paintings, sculptures, drawings, engravings and photographs; works of architecture, being either buildings or models of buildings; or works of craftsmanship, not falling within either of the first two descriptions.

[68] In my view it is a stretch to suggest that the S.Sugarless logo is a *"literary work"*. At best, in a literary sense it comprises two words only, and neither of which has been made up. Is it an *"artistic work"*? The S.Sugarless logo would after all qualify for a *"drawing"*, and in turn this includes any drawing of *"a technical nature or any diagram, map, chart or plan"*.

[69] LAWSA¹⁷ quotes from *Cuisenaire v Reed*, 1963 VR 719 at 730, an Australian case concerning the Australian Copyright Act of 1912-1935:

"The true test, I think, is whether the author, in making the article ... was applying his skill and taste to its production with the main object of creating an article which, even if it be utilitarian, nevertheless will have a substantial appeal to the aesthetic tastes of those who observe it."

¹⁶ LAWSA, *op cit*, para 7.

¹⁷ LAWSA, *op cit*, para 9.

This notion, that of an appeal to aesthetic tastes, would suggest that the test is objective, meaning that the eyes of the beholder ought at least potentially to be intrigued by the object. But LAWSA suggests that the test is one of both the intention of the creator and objective.

- [71] Turning then to consider the S.Sugarless logo at page 156 objectively, and also the evidence of Ms Townsend at annexure JJ11 page 158, the impression with which one is left is that the creator was bent both on establishing a utilitarian dimension and one that appeals to artistic senses. Ms Townsend says at page 162 paragraphs 15 and following:

"[15] I then embarked on researching the competition (mainly by looking at the confectionary industry) and gathering information about the industry to try and develop an image that will not only be new and different but will also translate across all platforms and product ranges necessary.

[16] Given that these were confectionary products, I wanted to create a happy, sunny and healthy look and feel. At the same time, the company's products were predominantly lollipops and, as such, I took inspiration from the sweets industry rather than the health industry as the latter was not fashionable at the time.

[17] Back then, since this was way before digital printing, I had to make the logo work in one, two and multiple colours. If the packaging was only printed in two colours it had to work just as effectively as in full colour.

[18] I also had to consider the various kinds of packaging that the logo may be printed on. Since there were different colours for different products and flavours (for instance black and green for lime or black and hot pink for strawberries) the logo design also had to be strong and work effectively on large signage, display material and exhibitions as well as tiny signage and in one colour on the back of a packet."

- [72] She concludes at paragraph 20:

"A lot of thought, knowledge and experience goes into getting all these things correct so that the image works properly for the client as well as the viewing public or consumer."

- [73] It follows that to my mind the applicant's S.Sugarless logo qualifies as an "artistic work" for the purposes of the CRA and attracts copyright protection. In view of this conclusion, and by parity of reasoning, the question whether the artwork of which examples appear at annexure JJ22 page 235 and following is capable of sustaining copyright protection, is answered: it does, for reasons that follow.

- [74] The packaging artwork was created by Mr Vasseur in collaboration with graphic designers, as stated. He says at paragraph 36 of his founding affidavit:

"[36] The applicant's packaging, as depicted in the master catalogue, was created by me and Australian graphic designers employed by the applicant, approximately four or five years ago, with some of the more recent products ... being introduced last year, 2017, in Australia. I am aware that the designers were citizens of Australia because I knew them personally and they declared their Australia citizenship to me when applying to be employed by the applicant. Two employees, in particular, assisted in this regard, Justin Bailey who has since left the applicant's employ, and Joseph Rennie. The designers and I created the artwork during the course of our employment with the applicant.

[37] The process followed to create the artwork for the packaging across all the applicant's product ranges and flavours, totalling about 250 different packets, is largely similar as briefly described below.

[38] Having been in the confectionary industry since 1969, I understand how important the look of the packaging is to attract custom, particularly new custom. I have also learnt how particular colours and designs can indicate the quality and price of the products and, so, what will appeal to different markets.

[39] ...

[40] I also wanted to give the products an air of sophistication and style. And, most importantly, the packaging needed to be new and different and distinctive.

[41] ...

[42] Black is the colour that came to mind first as a base, background colour for the packaging when I thought about sophistication and distinction. Black also proved to be a successful colour when marketing the applicant's hardboiled aura range back in 2013. A black background on the packaging also links to the applicant's

S.Sugarless logo which has a black background. Black is also very noticeable and eye-catching. Text and visuals on a black background are highly visible. Black also looks stylish and elegant, particularly when many different product types are displayed together (for instance, when displayed on the applicant's stands). Black is also an unusual colour to use for food.

[43] *We also decided to use bright eye-catching colours in other elements of the design to contrast against the black. The colours were sometimes inspired by the flavour of the products e.g. yellow for a lemon flavour or red for strawberries."*

[75] It seems fair to conclude that utility and flair inspired the creation of the packaging artwork and, on the basis of what has been said above, would therefore qualify the artwork for copyright protection.

[76] LAWSA¹⁸ underscores that the general principle of copyright infringement is that there should have been copying in one form or another. What copyright protects are not concepts or ideas, but the external manifestation of those. But as was said in the Constitutional Court in *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International and Another* (Moseneke, J)(then):¹⁹

"The purpose of copyright and trade mark laws in an open and democratic society is not to shut out critical expression or to throttle artistic and other expressive acts in a manner that gives way to inordinate brand sway."

[77] More recently in *Media 24 Books (Pty) Ltd v Oxford University Press Southern Africa (Pty) Ltd*²⁰ the SCA said (Wallis, JA, emphasis supplied):

"Consequently it is not necessary for a plaintiff in infringement proceedings to prove the reproduction of the whole work: it is sufficient if a substantial part of the work has been reproduced. To "reproduce" within the meaning of the Act means to copy and in order for there to have been an infringement of the copyright in an original work it must be shown (i) that there is sufficient objective similarity between the alleged infringing work and the original work, or a substantial part thereof, for the former to be properly described, not

¹⁸ Op cit, para 25.

¹⁹ (CCT42/04) [2005] ZACC 7; 2006 (1) SA 144 (CC); 2005 (8) BCLR 743 (CC) (27 May 2005).

²⁰ (886/2015) [2016] ZASCA 119; [2016] 4 All SA 311 (SCA); 2017 (2) SA 1 (SCA) (16 September 2016) at [12].

*necessarily as identical with, but as a reproduction or copy of the latter; and (ii) that the original work was the source from which the alleged infringing work was derived, ie that there is a causal connection between the original work and the alleged infringing work, the question to be asked being: has the defendant copied the plaintiff's work, or is it an independent work of his own? (See *Francis Day & Hunter Ltd and Another v Bron and Another* [1963] Ch 587 at 618, 623, indirectly referred to with approval by this Court in the unreported case of *Topka v Ehrenberg Engineering (Pty) Ltd* 30 May 1983)."*

- [78] The applicant's case for infringement of the copyright in the S.Sugarless logo rests on a comparison between that logo and the S.Sugarlean logo, and the contention that the original and substantial features of the S.Sugarless logo are recognisable in the S.Sugarlean logo. It relies too on the background of the distributorship between the parties, and the holus bolus availing by the applicant of the intellectual wherewithal to the respondent to enable it to cause the packaging, including the logo, to be produced.²¹
- [79] Earlier in this judgment such a comparison between the two logos was done and it is not necessary to repeat it here. For the purposes of CRA infringement, what is required then is a sufficient degree of similarity between the original work and the infringing work. In the case of reproduction or, in the case of an adaptation, the infringing work should constitute a transformation of the original work in such a manner that the original or substantial features of the original work remain recognisable.
- [80] So far as concerns the first packaging, a comparison between the two packets of strawberry on exhibit JJ22 page 235 show that there is little difference not only between the rendering of the S.Sugarless logo but, for that matter, also in the rendering of the packaging artwork. I return to the packaging artwork below; for now it is necessary to record that in my view the objective similarity requirement is satisfied. That the applicant's logo was the source of the respondent's rendition is overwhelmingly probable, given the background; and the conclusion must follow that the first packaging and its rendering of the S.Sugarlean logo infringe the applicant's copyright in the S.Sugarless logo.

²¹ Founding affidavit, p13 para 58 ff.

- [81] The same conclusion applies in respect of the respondent's S.Sugarlean logo on the new packaging; their similarities have been explained above. The respondent's rendering of its Sugarlean logo on the future packaging, that sans the "S" qualifier, does not in my view infringe the applicant's copyright. The similarities are too few to conclude that it is a reproduction or adaptation of the S.Sugarless logo in such a manner that its original or substantial features remain recognisable. Not only is the "S" gone, but so too the general triangular presentation, and the "confectionary" below it.
- [82] 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.
- [83] 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.
- [84] 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.

[85] 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.

[86] In these circumstances I conclude that in the case also of the future packaging a copyright infringement has been shown.

Counterfeit goods, unlawful competition and appropriate relief

[87] 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.

[88] 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.

- [89] These conclusions justify relief in terms of prayers 2 and 3 (excluding the Sugarlean logo and the Sugarlean mark from the definition of “the Infringing Marks”); prayers 4 and 5 (including the respondent’s “future packaging” as described in this judgment); prayers 6 and 7 (deleting the first “and/or” and substituting for it “and”, and excluding “or the Sugarlean logo” from the definition of “the Infringing Works”); prayer 11 (deleting “for destruction” in the last line); prayer 12 (deleting “or the Sugarlean logo” and “for destruction”); prayer 14; prayer 18; and prayer 19.
- [90] Apart from costs and the issue of policing the substantive parts of an order as envisaged in prayers 15 and 16, that leaves the relief sought in prayers 8, 9, 10, 13 and 17. These relate respectively to the cause of action based on unlawful competition in the species of unfair use of the applicant’s fruit and labour and the misuse of the applicant’s confidential information; following upon a declarator to the above effect, an interdict; a declaration that the goods in the first and new packaging are counterfeit; an order directing the respondent in terms of section 10 of the CGA to deliver up all the infringing products whether they are contained in the first or second infringing packaging packages, to the applicant’s attorneys for destruction; and an order in terms of s.10 of the CGA directing the respondent to disclose the identity of all third parties that are in the possession of the artwork and specifications for the packaging, and the retailers that distribute the respondent’s Sugarlean products.
- [91] 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.
- [92] Under s.10(1)(a) of the CGA a court may issue an order in relation to “*counterfeit goods*” that they be delivered up to the owner of the intellectual property right, the subject-matter of which has been unlawfully applied to those goods. To succeed, the applicant must establish that the respondent has applied to its own product the subject-matter of

the applicant's trademark or its copyright or a colourable imitation of this, so that the infringing goods of the respondent are calculated to be confused with or to be taken to be the protected goods of the applicant. This conduct of the respondent has been established given the conclusions to which I have come in respect of the causes of action discussed above and the applicant is entitled to the relief it seeks under this paragraph as well as under s10(1)(d). That accounts for prayers 10, 13 and 17.

[93] As regards prayers 15 and 16, it seems to me that the independent IT expert should be appointed by the applicant's attorney and the respondent's attorney acting jointly, failing which the chairperson for the time being of the Johannesburg Bar should do so, having received representation from the parties' attorneys. Also, the respondent's attorney or its representative must be present at the visit to the respondent's premises (the reference to the applicant's premises is a clear typographical error); 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.

[94] The applicant must collect the affidavits and file them with the court, and the parties must be granted leave to approach the court on these papers as amplified for further directions relating to the execution of the order, should the need arise.

Conclusion

[95] The respondent's conduct has been surreptitious and in flagrant disregard of the applicant's rights. The bland denials of the deponent, coupled with his assertions of innocence, are unconvincing; the undertakings that were given but breached show the slip. In my view the respondent's version can be rejected on the papers and final relief in favour of the applicant is justified, as is a special costs order. The counter-application does not in my view have merit.

[96] In the premises I dismiss the counter-application with costs, and make an order in terms of the following prayers of the applicant's notice of motion dated 11 July 2018, amended as adumbrated below:

(a) Prayers 2 and 3 (excluding the Sugarlean logo and the Sugarlean mark from the definition of "the Infringing Marks"); prayers 4 and 5 (including the respondent's "future packaging" as defined in this judgment); prayers 6 and 7 (deleting the first ".../or", and excluding "or the Sugarlean logo" from the definition of "the Infringing Works"); prayers 8 and 9; prayer 10; prayer 11 (deleting "for destruction" in the last line); prayer 12 (deleting "or the Sugarlean logo" and "for destruction"); prayer 13 (deleting "for destruction"); prayer 14; prayer 17; prayer 18; and prayer 19.

(b) An order issues in terms of prayer 15, subject to the deletion of the words "for destruction", to the substitution of "the Respondent's premises" for "the Applicant's premises", and to what is set out in paragraph (c) below.

(c) (i) The independent IT expert referred to in prayer 15 must be appointed by the applicant's attorney 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.

(ii) 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.

(iii) 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.

(d) Prayer 20.



WHG van der Linde

Judge, High Court
Johannesburg

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