



**IN THE HIGH COURT OF THE REPUBLIC OF SOUTH AFRICA
GAUTENG DIVISION, PRETORIA**

DELETE WHICH IS NOT APPLICABLE

[1] REPORTABLE: ~~YES~~ / NO

[2] OF INTEREST TO OTHER JUDGES:

~~YES~~ / NO

[3] REVISED

DATE 31/5/19 SIGNATURE 

CASE NO: 23119/18

In the matter between:

LEONARD DINGLER (PTY) LTD

Plaintiff

and

AFROBERG TOBACCO MANUFACTURING (PTY) LTD First Defendant

ZAHIR ABDULKHALEK TURKY Second Defendant

THE SOUTH AFRICAN POLICE SERVICE,

COMMERCIAL CRIME UNIT, JOHANNESBURG Third Defendant

JUDGMENT

LOUW, J

[1] The plaintiff manufactures tobacco products such as roll-your-own, pipe tobacco and nasal snuff, including the pipe tobacco brands Boxer and Best Blend. The plaintiff is the registered proprietor in terms of the Trade Marks Act 194 of 1993 of trade mark registration No. 2009/13383 BLACK AND WHITE in class 34 in respect of "*tobacco; smokers' articles; matches*". The plaintiff's trademark registration constitutes an "*intellectual property right*" as defined in s 1(1) of the Counterfeit Goods Act 37 of 1997.

[2] The plaintiff has instituted an action against the first and second defendants for an interdict restraining them from infringing the plaintiff's registered trade mark in terms of s 34(1)(a) of the Trade Marks Act. Section 34(1)(a) provides the following:

"The rights acquired by registration of a trade mark shall be infringed by –

- (a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trademark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion."*

The plaintiff alleges in its particulars of claim that from at least October 2017, the first and/or second defendant has manufactured and/or sold

and/or distributed and/or offered for sale in the Republic tobacco products bearing the trademark BLACK AND WHITE, which mark is identical to the plaintiff's trade mark.

[3] It is further alleged in the plaintiff's particulars of claim that, pursuant to a complaint lodged by the plaintiff, a search and seizure warrant was issued by the acting senior magistrate, Johannesburg, which warrant was executed by the third defendant whose members, acting in terms of s 4(1)(a) of the Counterfeit Goods Act, seized and detained goods bearing the plaintiff's trade mark. The goods included a large number of completed packs of cigarettes, each containing 20 individual cigarettes, loose cigarettes, cigarette packaging boxes, master packaging boxes, uncompleted or reject cigarettes and a dye stamp. The plaintiff alleges that the goods which were seized, constitute "*counterfeit goods*" and that the first and/or second defendant's conduct amounts to "*dealing in counterfeit goods*" which is prohibited in terms of s 2(1) of the Counterfeit Goods Act. The relief sought by the plaintiff is an order that the seized goods constitute counterfeit goods and that the conduct of the first and second defendants constitutes an act of counterfeiting and/or dealing in counterfeit goods.

[4] The first and second defendants filed a plea to the plaintiff's particulars of claim and a counterclaim. The plaintiff thereupon filed a notice in terms of Rule 23 to remove a cause of complaint in respect of both the plea and counterclaim. The first and second defendants responded by amending both

the plea and the counterclaim. The plaintiff again filed a notice of objection in respect of both amended pleadings. The first and second defendant did not respond thereto, whereupon the plaintiff filed the present exception to the amended plea and to the amended counterclaim.

Exception to the amended plea

First complaint

[5] In paragraph 3.1 of the plaintiff's particulars of claim, it is alleged that the plaintiff's trade mark BLACK AND WHITE is registered in respect of tobacco, smokers' articles and matches. In paragraph 7 of the defendant's amended plea, the defendant pleads the following thereto:

"Plaintiff admits that its trademark registration was only in respect of 'tobacco; smokers' articles; matches'. In no instance does the plaintiff indicate that it had a trademark in respect of cigarettes."

[6] In regard to the allegation in paragraph 4.2 of the plaintiff's particulars of claim that from a date unknown to it, but from at least October 2017, the first and/or second defendant has manufactured and/or sold and/or distributed and/or offered for sale in the Republic tobacco products bearing the trademark BLACK AND WHITE, which mark is identical to the plaintiff's

trademark, the first and second defendants have pleaded the following in paragraph 14 of their amended plea:

"The allegations contained in paragraph 4.2 do not correspond with the allegations regarding the averments made at paragraph 3 relating to the defined trademark. The trademark referred to in paragraph 3 refers to 'tobacco; smokers articles; matches' which cannot constitute offending goods in terms of the Counterfeit Goods Act 37 of 1997."

[7] In paragraph 4.3 of the plaintiff's particulars of claim, it is alleged that, pursuant to the complaint lodged on behalf of the plaintiff, a search and seizure warrant was lawfully issued on 27 February 2018, a copy of which is annexed as annexure "LD3" to the particulars of claim. The following is pleaded in paragraph 15 of the first and second defendants' amended plea:

"It is denied that the plaintiff had the right to lodge a complaint. Accordingly, the search and seizure warrant issued on 27th of February 2018 was premised on incorrect information and on incorrect rights alluded to by the plaintiff and/or its representative relating to articles that fall within the Counterfeit Goods Act 37 of 1997."

[8] The plaintiff's exception to paragraphs 7, 14 and 15 of the defendant's plea is that they do not disclose any valid defence based on alleged misrepresentation as the elements required to obtain relief based on a

misrepresentation have not been properly pleaded. The plaintiff's complaint is that the first and second defendants have failed to address the nature of the alleged misrepresentation and/or incorrect rights allegedly relied on by the first and second defendants. It says that it is prejudiced as it is unable to understand the allegations made by the first and second defendants and precisely what defense it is attempting to raise and that the allegations relating to the alleged misrepresentation are vague and embarrassing and that the plea contains no valid defence to the plaintiff's cause of action.

[12] In paragraph 21 of the defendant's amended plea, the first and second defendants deny that the seizure notice was based on proper information or that it was lawful, and aver that the misleading information and/or facts that was furnished by *inter alia* Mr. Dingler and/or Mr. Wolmarans, either verbally or in writing, as agents for the plaintiff, to the South African Police Services were:

- that the cigarettes and their packaging manufactured and sold by the first defendant breached the Trade Marks Act;
- that the use of the words BLACK AND WHITE in relation to the production and sale of cigarettes and their packaging constituted the importation, offering for sale, sale, manufacturing, production and/or distribution of counterfeit goods in terms of the Counterfeit Goods Act which was prohibited and constituted an offense;

- that the first and/or second defendant required authorization for the use of the words BLACK AND WHITE and that the defendant's use thereof constituted an infringement in terms of section 34 of the Trade Marks Act;
- that the plaintiff had the right to institute civil and/or criminal proceedings against the first and/or second defendants in terms of the provisions of the Counterfeit Goods Act;
- that the conduct of the first and/or second defendants constituted unlawful conduct;
- that the conduct of the first and/or second defendants in importing, offering for sale, selling, manufacturing, producing and/or distributing cigarettes and their packaging with the name BLACK AND WHITE constituted acts of counterfeiting and a criminal offense as envisaged in s 2(2) of the Counterfeit Goods Act;
- that the first and/or second defendants had to cease their dealings in cigarette products and their packaging bearing the sign BLACK AND WHITE and that the plaintiff had the exclusive right to import, offer for sale, sale and/or distribute cigarette products and their packaging

despite that plaintiff did not manufacture cigarettes, that the first and second defendants' get-up was completely different and that there could not be any confusion with the products of the plaintiff;

- that the first and/or second defendant had to provide an inventory of all their stock of cigarettes and packaging despite the fact that the plaintiff did not have any rights over them, and that the first and second defendants had to cease production of the cigarettes and their packaging bearing the words BLACK AND WHITE.

[10] All of the alleged misrepresentations are dependent on the validity of the first and second defendants' plea that the plaintiff's registered trade mark refers to "*tobacco; smokers' articles; matches*" and that there is no indication that the plaintiff has a trade mark in respect of cigarettes. The first and second defendants' contention is that the registration for "*tobacco*" does not cover cigarettes.

[11] South Africa applies the International Classification of Goods and Services, known as the Nice Classification System, in respect of the classification of trade marks. At the time of registration of the plaintiff's trade mark, the applicable version of the Nice Classification System was the ninth edition which was published in 2006 and came into operation on 1 January 2007. The Nice Classification classifies goods into 34 classes and services into 11 classes. Part I lists, in alphabetical order, all the goods in

one list and all the services in another list. Each class has a class heading. The heading of class 34 is "*tobacco; smokers' articles; matches*". Part II lists, in alphabetical order for each class, the goods or services belonging to that class. Each item of goods or service is allocated a "*basic number*". In the case of class 34, there are 50 items. Cigarettes is one of the items and has the basic number 340020. A copy of the list is annexed to this judgment.

[12] It is therefore clear that cigarettes are covered by the registration of the plaintiff's trademark in class 34. It follows that the first and second defendants' defence of misrepresentations made by the plaintiff is unsustainable and that paragraphs 7, 14 and 15 of the plea therefore do not disclose a defence to the plaintiff's particulars of claim.

Second complaint

[13] The plaintiff's second ground of exception is that the alleged misrepresentations, referred to in paragraph 9 above, do not disclose a defence to the plaintiff's particulars of claim and that the alleged misrepresentations have not been pleaded with sufficient particularity to enable the plaintiff to respond thereto. In addition, the exception is that the first and second defendant's plea that the plaintiff does not have any rights in terms of the Trade Marks Act and/or the Counterfeit Goods Act is

wrong in fact and in law and that the plea, therefore, does not disclose a valid defence.

[14] What I have said in regard to the plaintiff's first complaint applies equally to the second complaint. The misrepresentations pleaded in paragraph 21 of the first and second defendant's amended plea do not constitute a valid defence to the plaintiff's particulars of claim in light thereof that cigarettes are covered by the registration of the plaintiff's trade mark in class 34.

Third complaint

[15] The plaintiff alleges in paragraph 4.10 of its particulars of claim that the offending goods were subsequently removed and transported to the counterfeit goods depot where they are currently detained and stored in accordance with the provisions of s 8 of the Counterfeit Goods Act.

[16] In paragraph 22 of their amended plea, the first and second defendant's have pleaded that, in the event that it is found that the first and/or second defendants' importation, offering for sale, sale, manufacture, production and/or distribution of cigarettes and their packaging constituted a breach of the counterfeit Goods Act, the conduct of the plaintiff constitutes an abuse of its dominant position in the market as defined in terms of the Competition Act 89 of 1998, and that the plaintiff

violated the provisions of s 2 the Competition Act. They further plead that the plaintiff has engaged in conduct that constitutes prohibited practice by the Competition Act and that it has, in terms of s 8, engaged in an exclusionary act in seeking to ascribe to itself the right to the use of tobacco in every form applicable whereas it is not been engaged in the industry of selling cigarettes under the name BLACK AND WHITE or any other name. The first and second defendants further plead that their use of tobacco for the manufacture of cigarettes and their packaging, and the use of the name BLACK AND WHITE, to which the plaintiff has no right in respect of cigarettes and the packaging, may also constitute essential facilities as described in the Competition Act, alternatively that they are crucial for the first and/or second defendants to seek access to in order to survive in the market. They also plead that the plaintiff's conduct constitutes a barrier to the first and/or second defendants entering and/or progressing into the market, for which there is no objective justification.

[17] The plaintiff's third ground of exception is that all allegations in the first and second defendant's amended plea relating to the plaintiff allegedly having contravened the provisions of the Competition Act 89 of 1998 have no relevance in these proceedings and as such do not constitute a valid defence to the plaintiff's claim.

[18] The plaintiff is clearly correct. The first and second defendants do not dispute the validity of the plaintiff's trade mark registration. The

registration of the trade mark entitles the plaintiff to the exclusive use of the mark in respect of goods which fall within class 34 and to prevent others from so using it. The lawful use of a registered trade mark by the owner thereof cannot constitute a contravention of the Competition Act. The first and second defendants' plea relating to the Competition Act does therefore not constitute a defence to the plaintiff's claim.

Exception to the first and second defendants' claim in reconvention

First complainant

[19] In paragraph 4 of the first and second defendants' amended claim in reconvention, they repeat the alleged misrepresentations pleaded in paragraph 21 of their amended plea, referred to in paragraph 9 above. In paragraph 5 of the amended claim in reconvention, the first and second defendants allege that, as a result of the incorrect and misleading information furnished by the plaintiff and/or its agents, the first and second defendants suffered financial loss in the sum of R1.6 million as a result of the third defendant seizing, attaching and removing the goods belonging to the first defendant. In paragraphs 6, 7 and 8 of the amended claim in reconvention, it is alleged that the first and second defendants suffered a further loss of profit in the sum of R2 million and that the misrepresentation of facts by the plaintiff that the first and second defendants were contravening the Counterfeit Goods Act and in terms of which the plaintiff

and/or its agents sought to influence the third defendant in carrying out the seizure, attachment, removal and transportation of the goods, constituted an infringement of the plaintiff's rights of ownership and possession.

[20] In paragraph 9 of the first and second defendants' amended claim in reconvention, they repeat the allegations in paragraph 22 of their amended plea that the plaintiff abused its position in the market in terms of the Competition Act.

[21] The first and second plaintiffs' amended claim in reconvention is accordingly based on the same allegations of misrepresentations and contraventions of the Competition Act which were pleaded in their amended plea and which I have found not to disclose a defence to the plaintiff's claim. It follows that the first and second plaintiffs' amended claim in reconvention also does not disclose a cause of action against the plaintiff.

Conclusion

[22] In the result, I find that paragraphs 7, 14, 15, 21 and 22 of the first and second defendants' amended plea do not disclose a defence to the plaintiff's particulars of claim and that paragraphs 4, 5, 6, 7, 8 and 9 of the first and second defendants' amended claim in reconvention do not disclose a cause of action against the plaintiff.

[23] I accordingly make the following order:

- (a) The plaintiff's exception against the first and second defendants' amended plea and its exception against their amended claim in reconvention are upheld with costs.
- (b) The first and second defendant are afforded 15 days from date of this order to amend their amended plea and their amended claim in reconvention, if so advised.

Counsel for plaintiff: Adv. L G Kilmarten.

Instructed by: DM Kisch Inc, Sandton.

Counsel for first and second defendants: Adv. A Bhana SC.

Instructed by: ST Attorneys, Johannesburg.

LIST OF GOODS IN CLASS ORDER

Class 34 Tobacco; smokers' articles; matches.

SERIAL No. (E)	INDICATION OF GOODS	SERIAL No. (F)	BASIC No.	SERIAL No. (E)	INDICATION OF GOODS	SERIAL No. (F)	BASIC No.
A 0014	Absorbent paper for tobacco pipes	P 0080	340011	Y 0010	Yellow amber (Tips of—) for cigar and cigarette holders	A 0418	340002
A 0471	Ashtrays for smokers	C 0383	340036				
B 0546	Books of cigarette papers	C 0093	340010				
C 0190	Cases (Cigar—)	E 0520	340015				
C 0191	Cases (Cigarette—)	E 0521	340016				
C 0404	Chewing tobacco	C 0769	340012				
C 0486	Cigar cases	E 0520	340015				
C 0487	Cigar cutters	C 1375	340014				
C 0488	Cigar holders	F 0472	340017				
C 0490	Cigar lighters (Gas containers for—)	R 0246	340008				
C 0491	Cigarette cases	E 0521	340016				
C 0492	Cigarette filters	F 0257	340006				
C 0493	Cigarette holders	F 0473	340022				
C 0494	Cigarette holders (Mouthpieces for—)	B 0772	340023				
C 0496	Cigarette paper	P 0076	340024				
C 0497	Cigarette papers (Books of—)	C 0093	340010				
C 0498	Cigarette tips	B 0771	340005				
C 0499	Cigarettes	C 0827	340020				
C 0500	Cigarettes containing tobacco substitutes, not for medical purposes	C 0831	340019				
C 0501	Cigarettes (Pocket machines for rolling—)	C 0828	340021				
C 0503	Cigarillos	C 0838	340025				
C 0504	Cigars	C 0818	340013				
C 1109	Cutters (Cigar—)	C 1375	340014				
F 0168	Filters (Cigarette—)	F 0257	340006				
F 0217	Firestones	P 0452	340027				
G 0055	Gas containers for cigar lighters	R 0246	340008				
H 0194	Herbs for smoking *	H 0062	340028				
H 0310	Humidors	B 0593	340038				
L 0200	Lighters for smokers	B 0822	340007				
M 0139	Match boxes	A 0375	340035				
M 0140	Match holders	P 0785	340031				
M 0141	Matches	A 0374	340001				
M 0462	Mouthpieces for cigarette holders	B 0772	340023				
M 0464	Mouthpieces of yellow amber for cigar and cigarette holders	A 0418	340002				
P 0390	Pipe cleaners for tobacco pipes	C 1655	340026				
P 0397	Pipe racks for tobacco pipes	R 0094	340030				
P 0412	Pipes (Tobacco—)	P 0511	340009				
P 0608	Pouches (Tobacco—)	B 0460	340004				
S 0584	Smokers (Lighters for—)	B 0822	340007				
S 0601	Snuff	P 0959	340033				
S 0602	Snuff boxes	T 0009	340034				
S 0744	Spittoons for tobacco users	C 1485	340037				
T 0271	Tips (Cigarette—)	B 0771	340005				
T 0274	Tips of yellow amber for cigar and cigarette holders	A 0418	340002				
T 0295	Tobacco	T 0001	340003				
T 0298	Tobacco jars	P 0888	340032				
T 0299	Tobacco pipes	P 0511	340009				
T 0300	Tobacco pouches	B 0460	340004				
Y 0009	Yellow amber (Mouthpieces of—) for cigar and cigarette holders	A 0418	340002				