FREE STATE HIGH COURT, BLOEMFONTEIN
REPUBLIC OF SOUTH AFRICA

Case No. : 1251/2010

In the matter between:-

TSHEBO HEALTH CC	Applicant
and	
ETERNAL CITY TRADING 529 CC	First Respondent
HENDRIK CHRISTOFFEL BARNARD	Second Respondent
LUKE SAFFY	Third Respondent

HEARD ON: 18 MARCH 2010

JUDGMENT: EBRAHIM, J

DELIVERED ON: 30 APRIL 2010

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[1] The applicant applies for final relief on the basis of its common law rights, arising from the *lex Aquilia*, which recognises a generic delict of unlawful competition which *in casu* manifests in the form of a passing-off action. At the heart of trade mark law in this country lies the all important criterion of truth in competition. The underlying rationale for this general principle was stated by Harms ADP (as he then

was) in **COMMERCIAL AUTO GLASS (PTY) LTD v BMW AG** 2007 (6) SA 637 (SCA) at par. [8]:

> ”[8] The object of trade mark law ... is to prevent commercial 'speech' that is misleading. Trade mark use that is not misleading (in the sense of suggesting provenance by the trade mark owner) is protected, not only constitutionally but in terms of ordinary trade mark principles. As Justice Holmes said in *Prestonettes Inc v Coty* 263 US 359 at 369 (1924):
>
> 'When the mark is used in a way that does not deceive the public, we see no sanctity in the word as to prevent its being used to tell the truth.'”

The principles and precepts of trade mark law are abused when they are used not for their legitimate purpose but in order to prevent or inhibit competition.

[2] 2.1 The present application is one where the applicant had chosen to trade under a name which it claims has attracted particular celebrity (goodwill) by virtue of having commanded large sales under that name due to the particular branding and marketing of its product a

natural and herbal cleansing agent known as “Hlêka”. Applicant also trades in other products called “Spool” and “Tiger’s Claw”. The first respondent carries on business in a similar product with a similar get-up and a similar name called “Ya Hlêkisa”. The appellant contends that the first and second respondents’ practice in selling such a similar article constitutes passing-off and unfair competition.

2.2 It is necessary to understand the facts of this matter which the applicant alleges gives rise to the delict of passing-off and the cardinal principles relating to such a delict before turning to the difficult task of applying those principles to the facts as crystallised. The applicant is a close corporation which was duly registered and incorporated as such in terms of the Close Corporations Act, 69 of 1984 on the 13th of September 2004, the major membership interest of which is at present being held by one Haneke Retief (Retief), the deponent to the founding papers in this application and the daughter of the second respondent. On the 21st of January 2010 the second respondent’s personal estate was sequestrated. Until that date he held a 25% membership interest in the applicant. On the same date the estate of a trust known as the Bermins Trust of which the second respondent was the principal trustee, was also sequestrated. The third respondent was appointed as one of the curators/trustees of both the second respondent's insolvent estate as well as that of the Bermins Trust. Prior to its sequestration the Bermins Trust had, from date of incorporation of the applicant until August 2009, been the manufacturer of the applicant's product "Hlêka", it was not disputed that this product was a herbal cleansing agent intended to be used to cleanse the body of pollutants and assist with the healing process. During August 2009 the applicant decided to move the manufacturing contract relating to the production of "Hlêka" to a company in Johannesburg, Hersol (Pty) Ltd. In its amended founding statement the applicant's principal business is described as a marketer and distributor of medicinal products ("bemarking en verspreiding van mediese produkte").

2.3 It is undisputed that the applicant is marketing, selling and distributing the “Hlêka” product and that in the five year period since the incorporation of the applicant the product has become renowned as a beneficial product. The applicant alleges that it has acquired goodwill in the manufacture and sale of the product in this way. The second respondent alleges that he was the original creator of “Hlêka”, being a qualified chemical pathologist and disputes that the product is owned by the applicant on the basis that, as manufacturer, it was the Bermins Trust which owned the product and which had provided the applicant with it at a discounted price. He seeks to corroborate his assertion in this regard by reference to documentation evidencing an intention on the part of that trust to register the name “Hlêka” as a trade mark. This, however, was not accomplished. The second respondent has thus placed the applicant’s capacity to institute these proceedings in dispute on the grounds of not having any right and title in and to the product. I have accepted that it is an undisputed fact that, at the behest of the applicant, Hersol (Pty) Ltd has become the present manufacturer of “Hlêka”. I shall deal later on in this judgment with the issue relating to the applicant's *locus standi* and the ownership of the "Hlêka" product.

2.4 On the 18th of February 2010 it came to the applicant's notice that a business styled "Bermins" operating from the same address and using the same telephone and fax numbers of the sequestrated trust, had started marketing a product labelled "Ematla Hlêka", at a price cheaper than the price charged by the applicant for "Hlêka". The applicant contends that the name "Hlêka" has become distinctive of its own brand and product and that the first and second respondents' use of it in the name "Ematla Hlêka" is confusing and calculated to deceive in that it creates a false impression in the minds of the public that it is the same product as the applicant's "Hlêka". The applicant has expressed the further concern that the first and second respondents intended using the name "Hlêka" on their product to promote business for their own financial advantage to the detriment of the applicant's business. The applicant contends that the get-up of the product of the first and second respondents is the result of calculated imitation of its own product. The second respondent has put all these allegations in issue alleging that the name "Ematla Hlêka" being the Sotho word for "cleanse" is a descriptive term of the type or contents of the product as the product is being marketed as a cleansing medium, or as he refers to it, as a Sotho term for a strong cleanser (in Afrikaans "die kragtige skoonmaker"). He admits that the first respondent is the manufacturer thereof and the product is being marketed at a cheaper price although no sales as yet have taken place.

2.5 The applicant further contends that in order to prove that the first respondent was trading unfairly in competition with it, an employee was asked to phone the number of the Bermins Trust and request to purchase "Hlêka". She was told that there was no stock and the product would only be on the market for sale during the following week. She was told that this was because Bermins was manufacturing a new "Hlêka", using the formula of the old "Hlêka", which had been stolen by a company called Bophelo Health. This evidence is corroborated on affidavit by the said employee, one Maria Bonolo Xaba. Retief alleges that the applicant had previously traded under the name "Bophelo Health". Being concerned about this state of affairs she requested another employee, Lynette Olivier, to make further enquiries. The said Olivier also telephoned the telephone numbers on the advertisement posing as a client wanting to purchase Hlêka. She was informed that the company was not Bermins but the first respondent and that "Hlêka" was a product not known to that company. Her evidence in this regard is also contained in an affidavit. I refrain from commenting on the admissibility of either of these two affidavits and the evidence contained therein.

2.6 It is furthermore the applicant's case that during the past five years large sums of money have been spent in establishing the "Hlêka" brand on the open market. This has been done by way of a vigorous advertising campaign on various radio stations as well as on the network of the South African Broadcasting Corporation such that currently no advertising is necessary to maintain and increase the applicant's financial turnover from the manufacture and sale of the "Hlêka" product. The second respondent avers that there is no possibility of a misrepresentation or confusion arising in the minds of the public that first respondent's product is the same as that of the applicant because the first respondent has, since becoming aware of the applicant's concerns in that respect, changed the name and labelling of its product. The product is now called "Ya Hlêkisa" and is contained in a significantly different labelling/packaging and get-up. The first respondent's product will be packaged in a glass bottle with a white stopper whilst the applicant's product is packaged in a plastic bottle with a blue stopper. The product is also made with a different formula to that of "Hlêka".

2.7 In its replying papers the applicant denied that second respondent had compiled the formula for the manufacture of "Hlêka", alleging that it was erstwhile members of the applicant, both pharmacists, who were responsible. The applicant also alluded in reply to certain information it had obtained that existing clients of the applicant had confirmed either being solicited by the first respondent or having already placed and paid for orders with the first respondent for the new "Hlêka" (as Retief puts it) and that the first respondent had advertised on air on the 5th of March 2010 on a radio station called Ukozi FM, urging listeners to purchase the "Ematla Hlêka with the white cap".

2.8 On these facts the applicant has moved this court for a final interdict restraining and interdicting the first respondent from unlawfully competing with the applicant by

2.8.1 using a name or names on its products which accord with or could be confused with the product of the applicant and in particular the product "Hlêka", "Spool" and "Tiger's Claw";

2.8.2 in any manner or fashion passing-off any of its products as being products of the applicant or related to products of the applicant or which could be confused with products of the applicant in particular the product “Hlêka”, “Spool” and “Tiger’s Claw”;

2.8.3 in any manner or fashion making derogatory remarks or publishing injurious falsehoods regarding the Applicant’s business;

2.8.4 unlawfully interfering with the applicant’s contractual rights with its clients to whom it sells and markets its products. In particular the products *“Hlêka”, “Spool”* and *“Tiger’s Claw”*;

2.9 That the Second Respondent be similarly restrained and interdicted from in any manner or fashion assisting the First Respondent or contributing to any of the actions of the First Respondent in contravention of paragraph 2.8 *supra*.

[3] Before proceeding any further I think it well to say a few words as to the general principles on which passing-off actions are founded. In the early decision of **POLICANSKY BROS., LTD. v POLICANSKY** 1935 AD at 89 at p. 97 Wessels CJ held:

> "(Passing–off) is an action in tort and the tort consists of a representation by the defendant that his business or his goods, or both, are those of the plaintiff. The Roman-Dutch law was well acquainted with the general principle that a person cannot, by imitating the name, marks or devices of another who had acquired a reputation for his goods, filch the former's trade (*Ned. Advies Boek,* vol. 1. adv. 68, p. 161)."

In **CAPITAL ESTATE AND GENERAL AGENCIES (PTY) LTD AND OTHERS v HOLIDAY INNS INC AND OTHERS** 1977 (2) SA 916 (A) at 929 C Rabie JA (as he then was) defined passing-off as follows:

> "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."

The classic formulation in English Caselaw on passing-off was that of Lord Kingsdown in **THE LEATHER CLOTH CO v**

THE AMERICAN LEATHER CLOTH CO LTD. (1865) 11 H.L.C. 538:

> "The fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader and he cannot therefore ... be allowed to use names, marks, letters, and other *indicia*, by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person."

See also **REDDAWAY v BANHAM** 1896 AC 199.

In **A G SPALDING AND BROTHERS v A W GAMAGE LTD** (1915) 32 RPC 273 (H.L.). The House of Lords per Parker L.J. held that:

> "The proposition that no-one has the right to represent his goods as the goods of somebody else must, I think ... involve as a corollary the further proposition that no-one who has in his hands the goods of another of the particular class or quality has a right to represent these goods to be the goods of that other of a different quality or belonging to a different class ... The basis of a passing off action being a false representation by the defendant, it must be proved in each case as a fact the false

> representation was made. It may, of course, have been made in express words, but cases of express misrepresentation of this sort are rare. The more common case is where the representation is implied in the use or imitation of a mark, trade mark name, or get up with which the goods of another are associated in the minds of the public or of a particular class of the public. In such cases the point to be decided is whether, having regard to all the circumstances of the case, the use by the defendant in connection with the goods of the mark, name, or get up in question impliedly represent such goods to be the goods of the plaintiff or the goods of the plaintiff of a particular class or quality or, as it is sometimes put, whether the defendant's use of such mark, name or get up is calculated to deceive. It would, however, be impossible to numerate or classify all the possible ways in which a man may make the false representation relied on."

Although the law relating to passing-off actions in English Law has been extended and refined, it is unnecessary for me for the purposes of this judgment to reflect further on this aspect.

In **PREMIER TRADING CO (PTY) LTD AND ANOTHER v SPORTTOPIA (PTY) LTD** 2000 (3) SA 259 (SCA) at 267 A Nienaber JA held:

> "Goodwill is the product of a cumulation of factors, the most important of which, in the context of passing-off, is the plaintiff's reputation. Reputation is the opinion which the relevant section of the community holds of the plaintiff or his product. If favourable, it would dispose potential customers to patronise the plaintiff or his product and, if unfavourable, it would tend to discourage them from doing so. The plaintiff's reputation may be associated with the symbol under which his product is marketed. The symbol renders the product distinctive of the plaintiff or his product. A false representation by the defendant about the symbol used by the plaintiff may encourage or induce potential customers of the plaintiff, believing that they were patronising him, into patronising the defendant."

[4] It appears to me quite certain from this line of cases, that in order to enforce the most elementary principles of commercial morality among traders, the law demands that the chief distinguishing characteristic of a passing-off action consist of a misrepresentation of a particular kind, depending on the circumstances of the case at hand and that it is the

reputation component of the goodwill arising out of the conduct of a business which is the right protected in passing-off matters. Put differently, the goodwill which is protected is dependent on an existing reputation. The mark or symbol relied upon, must be distinctive of the protectable reputation and the misrepresentation must give rise to actual deception or the likelihood of deception amongst a substantial number of interested persons in the locality where it is made. In examining the decided cases on the subject of passing-off it is also apparent that they fall into definite classes which have common features.

[5] It is trite from case authority that the onus of proving the legal requirements of a passing-off rests on the party alleging it (in this case the applicant) on the ordinary civil standard of a balance of probabilities. I proceed then to evaluate the various contentions of the parties against the background of the relevant facts and legal principles. Before doing so, it is useful to remind the reader that Webster and Page on **The South African Law of Trade** Marks, Fourth Edition, para 15.8 emphasise that:

"The property protected is not property in the symbol – be it name, mark or get-up – with which the goodwill is associated, but in the goodwill itself which will be injured by the use of that symbol. As Buckley LJ put it in *HP Bulmer and Showerings Ltd v J Bollinger SA and Champagne Lanson Pere et fils* [1978] RPC 79 (CA) 93:

'This proprietary right recognised by the law is not a right in the name, mark or get-up itself: it is a right in the reputation or goodwill of which the name, mark or get-up is the badge or vehicle: ... What is of value to A in his trade or business is his ability to attract customers in the market. This depends upon the reputation of the commodity in which he deals. It is this reputation which in a passing-off action he is seeking to protect ...'"

In **<u>DISTILLEERDERIJ VOORHEEN SIMON RIJNBENDE EN ZONEN v ROLFES NEBEL & CO</u>** 1913 WLD 3 at 9 the following was stated:

"A trader has no monopoly in the get-up of his goods. However great the advantage and merits of his get-up may be over that of his rivals, however much money, time and thought he may have expended over the designing of his particulars, when once he has used and published them, they do not become his property but a common property, which can be appropriated by his rivals

> provided they do not mislead the public but make it perfectly clear that the goods in the get-up are not his but theirs."

In order for the applicant to succeed, its rights, if any, have first to be determined. This will depend upon an affirmative answer to the following three questions:

1. Does any goodwill/reputation exist in respect of the "Hlêka" product?
2. Have the respondents infringed this goodwill/reputation?
3. Is this goodwill/reputation capable of being protected by an *Acquilian* action?

(**LORIMAR PRODUCTIONS INC AND OTHERS v STERLING CLOTHING MANUFACTURERS (PTY) LTD; LORIMAR PRODUCTIONS INC AND OTHERS v OK HYPERAMA LTD AND OTHERS; LORIMAR PRODUCTIONS INC AND OTHERS v DALLAS RESTAURANT** 1981 (3) SA 1129 (T) at 1137 D.)

[6] Goodwill is defined by Lord Macnaghten in **IRC v MULLER & CO.'S MARGARINE LTD.** [1901] AC 217 (HL) at 223 as follows:

> "What is good will? It is a thing very easy to describe very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old established business from a new business at its first start. The good will of a business must emanate from a particular centre or source. However widely extended or defused its influence may be, good will is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates ... For my part, I think that if there is one attribute common to all cases of good will, it is the attribute of locality. For good will has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business and the good will perishes with it, though elements remain which may perhaps be gathered up and be revived again."

[7] The case for the applicant rests primarily on its contention that the name of its product and get-up, in which it alleges that undisputed facts show that goodwill exists, is being used by the respondents to falsely create the impression in the minds of the public that there is an association or link between its product and that of the applicant (that is a deception as to trade provenance/source) and/or that it is

connected in the course of trade with the applicant's business (that is a deception as to business connection). In both cases it must be established that the "Ya Hlêkisa" label and get-up was calculated to deceive.

(**RECKITT & COLMAN SA (PTY) LTD v S C JOHNSON & SON SA (PTY) LTD** 1993 (2) SA 307 (AD) (as it was then called).)

This involves the consideration of the question as to whether there was an imitation of the "Hlêka" get-up and in deciding this I have borne in mind that not all imitation is unlawful because it is legitimate in business up to a point. As Solomon J said in **PASQUALI CIGARETTE CO., v DIACONICOLAS & CAPSOPOLOS** 1905 TS 472 at 479:

> "A certain amount of imitation in these matters is perfectly legitimate. If one manufacturer sees that another manufacturer gets up his wares in a form which attracts the public he is entitled to some extent to take a lesson from his rival and to copy the get-up, provided that he makes it perfectly clear to the public that the articles which he is selling are not the other manufacturer's, but his own articles, so that there is no

> probability of any ordinary purchaser being deceived. So long as he does that a certain amount of imitation is legitimate."

[8] I turn now to consider the question whether the applicant has shown that it has a goodwill/reputation in the name and get-up it wishes to protect and whether there is a likelihood that members of the public will be deceived by the respondents' product. This of course is a question of fact which will have to be determined in the light of the circumstances of this matter. Where a goodwill or reputation exists, the name of the holder or his mark or logo, should immediately conjure up in the minds of the public the particular class of article for which the holder is known. It is unnecessary that the public should be aware of the identity of the person with whose goods they associate the symbol in question. In **ADCOCK-INGRAM PRODUCTS LTD v BEECHAM SA (PTY) LTD** 1977 (4) SA 434 (WLD) at 436 H – 437 A Nicholas J (as he then was) stated:

> "The delict of passing off consists in a representation, direct or indirect, by a manufacturer or supplier that his business or goods or both are those of a rival manufacturer or supplier. In the case of an indirect representation, the plaintiff must prove

> in the first instance that the defendant has used or is using in connection with his own goods a name, mark, sign or get up which has become <u>distinctive</u>.
>
> '... in the sense that by the use of (the plaintiff's) name or mark, etc., in relation to goods they are regarded, by a substantial number of members of the public or in the trade, as coming from a particular source <u>known or unknown</u>...'."
>
> (Halsbury, *Laws of England* , 3rd ed., vol. 38, p. 597). In other words, the plaintiff must prove that the feature of his product on which he relies has acquired a meaning or significance, so that it indicates a single source for goods on which that feature is used..." (my underlining)

The reputation/goodwill must attach to the applicant's business at the time the respondents commenced the activities complained of. In **<u>T. OERTLI AG v EJ BOWMAN (LONDON) LTD</u>** 1957 RPC 388 (CA) Jenkins L.J. put this principle across in the following manner:

> "It is, of course, essential to the success of any claim in respect of passing off based on the use of a given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by use in this country distinctive of the plaintiff's goods so that the use in relation to any goods of the

> kind dealt in by the plaintiff of that mark or get-up will be understood by the trade and the public in this country as meaning that the goods are the plaintiff's goods."

In **PASQUALI**, *supra*, Solomon J at p. 479 continued:

> "That, however, is not sufficient, for the plaintiffs have to prove not only that there has been a certain amount of copying, but they must prove that the defendants have produced such a colourable imitation of their box or label that the ordinary purchaser would be deceived; and if the defendants in what they have done have fallen short of that, even though they have made to some extent a copy of the plaintiffs' labels, they would not bring themselves within the provisions of the law."

[9] Despite the fact that the applicant tendered no direct customer evidence, I think that there can be no doubt that the applicant, on the facts of this case, having marketed and distributed and sold its product "Hlêka" over a period of approximately 5½ years from September 2004 until the respondent commenced manufacturing the competing product "Ya Hlêkisa" in March 2010, has established a goodwill and a reputation in respect of its product, by virtue

of the name and logo thereof. It is inherently probable moreover that that period of time is sufficient to warrant a conclusion that it must have become recognised by a substantial section of the relevant public as distinctive of the applicant's product "Hlêka". Neither party took issue with the class of consumer of their products and I have refrained from expressing an opinion on this aspect as being entirely irrelevant to the issues before me.

[10] I proceed then to the next two questions which are: Have the respondents infringed this goodwill and reputation and if so can the applicant claim protection under the *lex Aquilia*? This involves a further two pronged enquiry. The first relates to the precise kind of get-up used by the applicant to determine whether its get-up had become distinctive of its "Hlêka" product and whether the name "Hlêka" had acquired a secondary signification or meaning in connection with that product; namely that it had become the trade denomination of the natural medicinal product made by the applicant (I use the word "made" in this context, in a loose sense). The second relates to the issue of whether the name "Hlêka" in the respondents' get-up as well as the get-up itself was

calculated to deceive purchasers of natural herbal medicinal products that the respondents' product was the product of the applicant.

[11] The applicant's product is bottled in a plastic container with a blue cap although according to the replying affidavit white caps were used in January 2010 due to a shortage of blue caps. The get-up surrounding the bottle has a white background with a narrow royal blue strip at the top and a wide red strip at the bottom. Above the red strip is a narrow shaded area in yellow bordered by two red lines and what appears to be an arbitrary design also in red in the yellow column. In the centre of the label are thin blue lines, 19 in number on either side of a picture of a broom contained in a container outlined in royal blue. At the top of this picture in red and yellow upper case letters is the name word "Hlêka" with an accent in the same colours on the letter "e". On the lefthandside of the label is a table headed "DO YOU HAVE THE FOLLOWING SYMPTOMS?" Then follows a description of the product with a recommendation to try it. Under the 19 blue lines on this side are the words "TRUST THE ORIGINAL" in red. On the righthandside is a table

reflecting the medicinal contents of the product and the dosage with a child-friendly warning. Under the 19 blue lines on this side is the same message as appears on the left in the Sotho language “TSHEPA EO ELENG YONA”. Directly under the broom in the red column are the words “Hope for Life!” The capacity of the container and the name and address of the applicant also appear in this column,

[12] The respondents’ product is contained in a glass bottle with a white cap. Its label is one which also has a white background but with a narrow triangular patterned orange and light brown column on the top and a wide solid wine-coloured column at the bottom. Parallel and adjacent to this column is the same triangular design at the top of the label but in red and yellow. As a centre-piece the label has imprinted on it in a brown shaded circular frame edged at the bottom in grey and in the centre in white, a picture of an indigenous hut with two figures in the foreground in the act of sweeping the ground. On the right of the circular frame is a red seal with the words “THE BETTER CHOICE” imprinted on it in white. In the brown space at the bottom of the circle the words “A BETTER LIFE” appear. Above the circle in

brown upper and lower case letters appear the words “E Matla Hlêka Ya Bophelo”. Above that is the name of the product in bold orange, brown and royal blue upper case letters “YA HLêKISA”. The identical table to that on the applicant’s label appears in exactly the same position as on the applicant’s label. The rest of the information is similar to that contained on the applicant’s get-up save that the first respondent’s name and address as well as the name “Birmans” appear on the label.

[13] In order to assist in understanding the description of these respective get-ups, they are reproduced below. The applicant’s labels are in this form:

The respondents' labels are in this form:

[14] In considering whether there was any distinctive feature characteristic of the applicant's product, I have reminded myself that the word "Hlêka" means to "clean" only in three of this country's official languages, that is Sesotho, Sepedi and Setswana. The remainder of the South African official languages use different words to denote the cleaning process. The word "Ematla" in the same three indigenous official languages means "strong". Therefore translated literally the name word "Ematla Hlêka" means "a strong clean" or "a stronger cleanse" (in Afrikaans "kragtige skoonmaker"). In my opinion the respondents submission that its name-mark "Ya Hlêkisa" and its get-up as it appears on its competing medicinal product is merely descriptive in nature, cannot be sustained. This is so because only members of the public speaking Sesotho, Sepedi and Setswana would know the literal translation and meaning of the word "Ematla Hlêka". The remaining consumers of this product would not know that and it is the applicant's case that its reputation and goodwill has been established in the name "Hlêka" even in non-Sotho, non-Sepedi and non-Setswana speaking areas such as in the province of KwaZulu Natal which has a predominately English and Zulu

speaking population and in the Western Cape Province where Afrikaans, English and Xhosa are the dominant languages. It is not possible to escape the name mark "Hlêka" on the respondents' product for it occupies a predominant position on the respondents' get-up. The evidence in relation to the languages in which the words "Ematla Hlêka" and "Hlêka" will be understood, has not been challenged by the respondents and must therefore stand. So what the applicant is in effect saying and what this court finds to be proved by the applicant, is that when members of the public who are not necessarily speakers of any of the three indigenous official languages mentioned, ask or look for "Hlêka" in the stores, they are not looking at the type of container or the colour of the cap on the container or the label on the container or any other indicia on the label, what catches their eye is the name "Hlêka". That is to say, and I find, that the applicant's product has acquired by that description a name mark in the medicinal products market so distinctive and prominent that whenever that designation is used on a product, it is understood to be that of the applicant, even though the customer may not know the true identity of the applicant. This begs the question: What possible intent then could the respondents have had in placing the words "Ematla Hlêka" on the get-up of their product "Ya Hlêkisa" and why were those words "Ematla Hlêka" placed in such a conspicuous position on the respondents' label? The reason given is that it was to describe the product "Ya Hlêkisa", but this argument is unsustainable for the reasons I have already stated. Consequently I must, as I hereby do, find that the explanation given by the respondents is false and the reason for such falsity? To lead members of the public at first sight of their label to believe that the respondents' product "Ya Hlêkisa" related to or was associated with or was linked to the applicant's product "Hlêka", that it was one and the same product (the trade connection) and that it originates from the same trade source as "Hlêka" (the business connection). The word "Hlêka" when adopted by the applicant as its mark, acquired that peculiar distinctive and secondary signification as a denomination of the applicant's medicinal product and in this way it became the property of the applicant. Even though not registered as a trade mark, it served as the applicant's right and title in connection with its product "Hlêka". I find that the respondents' get-up is nothing more, in this respect, than a contrivance for the purpose of getting the word “Hlêka” associated with its manufacture. Kerly: **Law of Trade Marks and Trade Name**, 10th Edition, p. 423 makes it clear that it is not necessary that the get-up as a whole should be distinctive. A part of the get-up, as in the present application, may be shown to be so identified with the one trader’s goods that its use for similar goods cannot but be said to be calculated to pass them off as those of the original trader(that is calculated to deceive the public). The inescapable inference to be drawn from what the respondents have done in adopting the name “Hlêka” as part of their get-up is that it has been done *malo animo* with a view to possessing the name mark of the applicant, which is the property of the applicant. That is more than apparent from the face of respondents’ label. This is the distinctive part of its label which is in sync with the applicant’s mark. Taken together with the delusive explanation which the second respondent gives in order to assign to that label some reason, independent of the true reason, namely that they wanted to use the word “Hlêka” in connection with their manufacture so as to get an increased profit and consumer demand therefor by the unlawful use of that word, the only conclusion I can come to is that the applicant has demonstrated that it was the intention of the respondents to invade its title in and to its property in the name “Hlêka” by availing themselves of that name. It is therefore my finding that the respondents have infringed upon the applicant’s goodwill and reputation in the “Hlêka” product. The applicants have accordingly demonstrated that they have a clear right to the relief sought, that if such relief is not granted, they will suffer irreparable injury as the respondents will attract away from them valuable consumer patronage and profit which they would not otherwise be in a position to do and that the protection afforded by the relief sought is the only remedy the applicants have.

(<u>**SETLOGELO v SETLOGELO**</u> 1914 AD 221 at 227)

[15] On behalf of the respondents, Mr. Fischer raised a point *in limine*. He argues that in terms of section 56(4) of the Insolvency Act, No. 24 of 1936, the curators of an insolvent estate must all be joined in all proceedings commenced after insolvency and that because only one of the three curators appointed in the second respondent’s insolvent estate, namely the third respondent, has been cited, the application

ought to be dismissed on the grounds of non-joinder. This argument is misconceived as section 23(10) of the same Statute provides specifically for matters such as the present application:

> "The insolvent may be sued in his own name for any delict committed by him after the sequestration of his estate and his insolvent estate shall not be liable therefore."

It was also contended on behalf of the respondents that the applicant had no *locus standi* to bring these proceedings because it was merely a marketer and distributor of the goods in question and not the manufacturers thereof. This argument is short-sighted because on all the evidence presented by both parties it is clear that the applicant is not a mere conduit between the manufacturer and the end user of the "Hlêka" product. The applicant was not simply an inactive link in the chain of distribution but "caused to be imprinted on the product its own imprimatur or stamp of identity, selection and approval".
(**PREMIER TRADING**-case, *supra*)

It was never in dispute that the manufacturing of "Hlêka" was done initially by the Birmans Trust and thereafter by Hersol (Pty) Ltd since August 2009, that the get-up of the product was not that thought out, designed and approved by the applicant – it is the applicant's get-up, and as such it is deserving of protection.
(**RUSMARC (SA) (PTY) LTD v HEMDON ENTERPRISES (PTY) LTD** 1975 (4) SA 626 (W); **SALUSA (PTY) LTD v EAGLE INTERNATIONAL TRADERS** 1979 (4) SA 697 (C))

One further matter remains, and that is the respondents' contention that the ownership of the product, being a material fact in dispute, the respondent-friendly test ought to be applied (**PLASCON-EVANS PAINTS LTD v VAN RIEBEECK PAINTS (PTY) LTD** 1984 (3) SA 623 (A) at 634 – 635 B). I have done so despite being of the firm view that the question of ownership of the name mark "Hlêka" is a non-issue in these proceedings. Even if I were to find in favour of the second respondent in this regard, which I do not do, that factor alone cannot be allowed to nonsuit the applicants.

The following order is accordingly made:

1. The First Respondent is hereby restrained and interdicted from unlawfully competing with the Applicant by, *inter alia*:

   1.1 using a name or names on its products which accord with or could be confused with the product of the Applicant, and in particular the products *“Hlêka”, “Spool”* and *Tiger’s Claw”*;

   1.2 in any manner or fashion passing-off any of its products as if being products of the Applicant or related to products of the Applicant or which could be confused with products of the Applicant, in particular the products *“Hlêka, “Spool”* and *“Tiger’s Claw”;*

   1.3 in any manner or fashion making derogatory remarks or publishing injurious falsehoods regarding the Applicant’s business;

   1.4 unlawfully interfering with the Applicant’s contractual rights with its clients to whom it sells and markets its products. In particular the products *“Hlêka”, “Spool”* and *“Tiger’s Claw”*;

2. The Second Respondent is similarly hereby restrained and interdicted from in any manner or fashion assisting the First Respondent or contributing to any of the actions of the First Respondent in contravention of paragraph 1 of this order.

3. The costs of this application are to be paid by the first and second respondents jointly and severally the one paying the other to be absolved.

S. EBRAHIM, J

On behalf of applicant: Adv. N. Davis SC
Instructed by:
Engela & Gibbens Attorneys
c/o Bezuidenhouts Inc
BLOEMFONTEIN

On behalf of first and
second respondents: Adv. P.U. Fischer
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