

REPUBLIC OF SOUTH AFRICA



**IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION, JOHANNESBURG**

CASE NO. 37574-/2021

(1)	REPORTABLE: YES / NO
(2)	OF INTEREST TO OTHER JUDGES: YES / NO
(3)	REVISED: YES / NO
<u>12 August 2024</u>	
DATE	SIGNATURE

In the matter between:

SOLO FOODS SALES & DISTRIBUTION (PTY) LIMITED

Applicant

and

KALINDA TRADING CC

First Respondent

VITA NUTS (PTY) LIMITED

Second Respondent

ROUX, WOUTER

Third Respondent

LE ROUX, SANDRI

Fourth Respondent

DU PREEZ, AMELIA

Fifth Respondent

And in the counter application between

KALINDA TRADING CC

Applicant

and

SOLO FOODS SALES & DISTRIBUTION (PTY) LIMITED

First Respondent

**THE REGISTRAR OF TRADE MARKS (COMPANIES
AND INTELLECTUAL PROPERTIES COMMISSION)**

Second Respondent

JUDGMENT

GOTZ AJ

Introduction

[1] The applicant (“**Solo Foods**”) has obtained registration of the mark “VITA NUT” in terms of trade mark registration number 2018/13690 in Trademark Class 29.¹ One of the goods classified under Class 29 is peanut butter and it is this product which Solo Foods manufactures and in relation to which it uses the mark.

[2] Solo Foods’ rights in its registered trade mark date from 16 May 2018, which is when it filed its application for registration.

[3] It is common cause that the first respondent (“**Kalinda Trading**”) also produces peanut butter and that it has been making use of the mark “VITA NUTS” in relation to that product prior to 16 May 2018. Moreover, the second respondent has applied to register the mark “Kalinda Vita Nuts”, and it for this reason that it has been cited as a party.

[4] In the primary application, Solo Foods, relying on its trade mark registration,

¹ Trademark Class 29 pertains to meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs; milk and milk products; edible oils and fats.

seeks an interdict in terms of the Trade Marks Act 194 of 1993 (“**the Trade Marks Act**”) to prevent Kalinda Trading and the remaining respondents from using the mark “VITA NUTS”, as well as ancillary relief. It also seeks a declaratory order that Kalinda Trading has engaged in “counterfeiting” for the purposes of section 2(2) of the Counterfeit Goods Act 37 of 1997 (“**the CGA**”)

- [5] Kalinda Trading does not dispute that the mark “VITA NUTS” is, at the very least, confusingly or deceptively similar to Solo Foods’ registered trademark. Instead, it seeks to defeat the main application with a counter application for the cancellation of Solo Foods’ trade mark registration. Kalinda Trading alleges that it has made extensive use of the trade mark VITA NUTS, and has therefore acquired a reputation and goodwill associated with the mark. On this basis, it contends that the entry of Solo Foods’ “VITA NUT” mark on the register of trademarks was wrongly made by the Registrar of Trade Marks. It allegedly offends against section 10(12), read with section 24, of the Trade Marks Act. Obviously, should the counter application for the cancellation of Solo Foods’ registration succeed, the primary application must fail.
- [6] As a further string to Kalinda Trading’s bow, it relies on section 36 of the Trade Marks Act. That provision, in summary, provides for a saving of vested rights. It states that nothing in the Act shall allow the proprietor of a registered trade mark (Solo Foods in this case) to interfere with or restrain the use by any person (Kalinda Foods) of a trade mark identical with or nearly resembling it in relation to goods or services in relation to which that person (i.e. Kalinda Foods) has continuously used that trade mark from a date anterior to the use of the first-mentioned trade mark by the proprietor (or a predecessor in title).
- [7] The first respondent contends that even if its counter application is unsuccessful, it is entitled to invoke section 36 as a defence to the main application.
- [8] Finally, Kalinda Trading disputes that it has contravened the CGA.

The parties

- [9] Before turning to set out the relevant background facts, it is necessary to say something about the second to fifth respondents in the main application.
- [10] As noted above, the second respondent has been cited by the applicant in these proceedings because it has made an application to register a mark, which the applicant says is confusingly or deceptively similar to Solo Foods' registered trademark.
- [11] The second respondent has not opposed the application, nor is it an applicant in the counter application. Notwithstanding this, its fate is clearly tied to that of Kalinda Trading. If Kalinda Trading's counter application succeeds, then there is no basis for any of the relief sought against either the first or the second respondent in the primary application.
- [12] In my view, however, the same does not hold true in relation to Kalinda Trading's alternative reliance on section 36 of the Trade Marks Act. As set out in greater detail below, that defence depends upon Kalinda Trading's prior use of the mark. It is, however, common cause that the second respondent has, to date, not conducted any trade and the respondents also says that there is no intention for it to commence trading in the near future. It must follow that the section 36 defence is not available to the second respondent at all.
- [13] The third, fourth and fifth respondents in the main application have been cited because, when the application was launched, Solo Foods identified them as members of the first respondent and directors of the second. In relation to these respondents, the applicant seeks an order interdicting them from using the trademark VITA NUT in their personal capacities or through an entity under the control of any of them. Solo Foods claims in the founding affidavit that these respondents are the controlling minds behind Kalinda Trading and the second respondent, and have acted in bad faith to undermine the applicant's business. The applicant seeks to hold them personally accountable, arguing that the

corporate veil should be pierced due to the deliberate infringement and misuse of the applicant's trade mark.

- [14] It appears from the answering affidavit filed by the respondents, however, that both the third and the fourth respondents have passed away. It is thus common cause that no relief can be granted against these parties.
- [15] The fifth respondent opposes the relief sought against her. She does so on the basis that whilst the applicant refers to her as the "guiding mind" behind the first and second respondents, Solo Foods has not made out any case that she was acting in any capacity other than as a representative or shareholder of the corporate entities that are at the centre of this dispute.
- [16] Accordingly, she says, no relief can be granted against her in her personal capacity, and the application should be dismissed with costs in respect of her. Mr Michau, who appeared for the applicant, did not pursue the case against the fifth respondent with much vigour, but obviously concerned about the costs that would otherwise need to be paid by his client, did not abandon it. It is thus still necessary for me to decide whether the application can be granted against the fifth respondent.

Background

- [17] Solo Foods alleges that it has been operating a peanut butter manufacturing mill since 2003. Its primary business has been to supply peanut butter to underprivileged school children and mines. It also claims that its peanut butter products have been, and continue to be, sold to various outlets. These include retailers, prisons, mines, independent "cash and carry" outlets, and school feeding schemes across South Africa, Namibia, and Botswana and, to some extent, in other markets.
- [18] It also alleges that it has been using the VITA NUT trade mark for its peanut butter and paste products since at least 2003 and that, over the years, it has

built significant goodwill and reputation in the market for these products.

- [19] Despite this, Solo Foods had not initially sought to register the trade mark.
- [20] On 16 May 2018, however, Solo Foods applied for registration of the trade mark VITA NUT in class 29 under application number 2018/13690.
- [21] On or about 27 July 2018, however, the applicant became aware that the Kalinda Trading had also started marketing and selling peanut butter products identified by the trade mark VITA NUTS. The applicant sent a letter of demand to the Kalinda Trading on 27 July 2018, advising it that the applicant had been using and using the mark and selling an identical product for numerous years and demanded that Kalinda Trading cease using the trade mark VITA NUTS.
- [22] Notably, Solo Foods and the respondents previously had business dealings. The former purchased ground nuts from the third respondent and Kalinda Trading's facility was used for blanching and roasting the nuts. It is alleged that the third respondent had knowledge of the applicant's brands and processes and, therefore, that the respondents were aware that VITA NUT was the applicant's brand.
- [23] On or about 31 July 2018, the attorneys acting for Kalinda Trading requested a copy of the applicant's trade mark registration certificate for VITA NUT.
- [24] Solo Foods' attorneys responded on the same day, 31 July 2018, informing Kalinda Trading that VITA NUT was not yet registered. However, the applicant stated that it believed it had acquired a reputation for its products sold under the VITA NUT mark.
- [25] On 2 August 2018, Kalinda Trading's attorneys sent correspondence in which they alleged that they could find no evidence of use and requested the applicant to provide information supporting its allegation of use of the VITA NUT mark. The applicant says that it chose not to supply this evidence.

- [26] On 22 January 2019, the Registrar of Trade Marks issued a letter setting out conditions for acceptance in terms of section 16(2)(b) of the Trade Marks Act. These required individual disclaimers of the word VITA and of the word NUT, each separately and apart from the mark, in terms of section 15 of the Act. The effect of the disclaimer is that the applicant may not claim the exclusive right to use either the word VITA, or the word NUT, in individually, but has exclusive rights in the combination of the two words.
- [27] The Registrar of Trade Marks formally accepted the application on 30 October 2019.
- [28] On 27 November 2019, the Applicant's trade mark application was advertised in the Patents Journal in terms of section 17 of the Trade Marks Act. Following the advertisement, interested persons had three months to oppose the registration. Somewhat surprisingly, notwithstanding their knowledge of Solo Foods' application, the respondents did not oppose the registration. As there was no opposition at the end of the three months, the Registrar of Trade Marks granted registration on 12 May 2020.
- [29] On 3 June 2020, the Solo Foods became aware that its trade mark application had been successful.
- [30] It then instructed its attorneys to address further correspondence to the respondent's attorneys, alleging statutory trade mark infringement under section 34(1)(a) of the Trade Marks Act. The letter was duly sent on 4 June 2020.
- [31] Kalinda Trading's attorneys responded with a non-committal letter on 17 June 2020, giving no indication that it intended to cease using the trade marks VITA NUT or VITA NUTS.
- [32] Turning to Kalinda Trading's perspective, it was incorporated in 2002 and

initially conducted business as a trade warehouse, selling bulk goods such as raw peanuts, sugar beans, samp, maize meal and the like.

- [33] In 2004, the business moved to Pretoria and a factory specialising in the cleaning of raw peanuts, manufacturing peanut butter, flavoured peanuts and sprinkle nuts was established. All of these products were sold under the trade mark MONKEY NUTS. By August 2012, a range of products was available under the MONKEY NUTS brand including peanut butter in 20kg, 10kg, 5kg and 2.5kg tubs. The newest product in the range was peanut butter in 40g sachets.
- [34] Kalinda Trading's MONKEY NUTS range was primarily aimed at school children. Nevertheless, it became clear that Kalinda Trading's peanut butter products were also suitable for adult athletes, especially those participating in extreme events. Kalinda Trading alleges that it saw this as a possible market opportunity and, around May 2017, it decided to create a new range of its peanut products, under the name and brand VITA NUTS. The range initially consisted of flavoured peanuts and peanut butter.
- [35] Also around this time, on 22 May 2017, the members of Kalinda Trading caused the second respondent, Vita-Nuts (Pty) Limited, to be incorporated. It was envisaged that this company would obtain a trade mark but no trade has ever been conducted through it. It was only in 2018 that Kalinda Trading was advised that it should seek registration of the trade mark VITA NUTS. On 16 May 2019, and approximately one year after being made aware of the Solo Foods VITA NUT application, the second respondent applied for registration of the trade marks KALINDA VITA NUTS and KALINDA VITA NUTS (special form and device). The respondents allege, however, that: *"It is not the intention that this company commence use until such time as the trade mark applications have proceeded to registration"*.
- [36] The first sales of Kalinda Trading's VITA NUTS products occurred in October 2017.

The counter application

- [37] It is common cause between the parties that Kalinda Trading's marks, used in connection with their peanut butter products, are at the very least confusingly similar to the applicant's registered trade mark VITA NUT.
- [38] The judgment of the Supreme Court of Appeal ("**the SCA**") in *Roodezandt Ko-Operatiewe Wynmakery Ltd v Robertson Winery (Pty) Ltd and Another* (503/2013) [2014] ZASCA 173 (19 November 2014), summarises the tests to be applied when assessing the likelihood of confusion, as follows:

"[5] The fundamental enquiry is therefore whether Roodezandt's Robertson Hills mark so resembles the Winery's marks incorporating the term 'Robertson' that, if the competing marks are all used in relation to wine, such use would be likely to cause deception or confusion. That determination involves a value judgment (see eg Cowbell AG v ICS Holdings Ltd 2001 (3) SA 941 (SCA) para 10). Considerations that could assist in the exercise of this value judgment have been proposed in numerous decided cases. One of these cases is Laboratoire Lachartre SA v Armour-Dial Incorporated 1976 (2) SA 744 (T) in which Colman J sounded the following note of caution (at 746B-E):

'We have had ample time for full consideration and close comparison of the two trademarks with which we are concerned. These advantages, however, carry their own dangers. They have caused us to look at the trademarks with far greater care than they would be looked at by the members of the public whose probable reactions we are required to assess, and with a far keener awareness of similarities and dissimilarities than such people would probably have as they go about their daily lives.

What we have now to do is, therefore, to transport ourselves, notionally, from the court-room or the study, to the market place. We must try to look at the marks as they will be seen, if they are both in fair and normal commercial use, by the hypothetical consumers of [wine]. Those will be people of many races and degrees of education, having varied gifts, interests and talents.

We are not to postulate the consumer of “phenomenal ignorance or extraordinarily defective intelligence”. . . We are to consider a person of average intelligence and proper eyesight, buying with ordinary caution.’

[6] Most, if not all, of these considerations seem to find application in the present context. Other principles of comparison which have become crystallised in earlier decisions of this court which I find to be pertinent, include the following:

(a) A likelihood of confusion does not only arise when every person interested or concerned in the class of goods for which the trademark has been registered could probably be deceived or confused. It also arises if the probabilities establish that a substantial number of such persons will be deceived or confused.

(b) The concept of deception or confusion is not limited to inducing in the minds of these interested persons the erroneous belief or impression that the two competing products are those of the objector or that there is a connection between these two products. A likelihood of confusion is also established when it is shown that a substantial number of persons will probably be confused as to the origin of the products or the existence or non-existence of such a connection.

(c) The determination of the likelihood of confusion involves a comparison between the two competing marks, having regard to the similarities and differences in the two and an assessment of the impact it would have on the average type of customer who is likely to purchase the kind of goods to which the marks are applied.

(d) The marks must not only be considered side by side, but also separately.

(e) It must be borne in mind that the ordinary purchaser may encounter goods bearing one mark with an imperfect recollection of the other.

(f) If each of the competing marks contains a main or dominant feature or idea, the likely impact made by this dominating feature on the mind of the customer must be taken into account. This is so because marks are remembered by some significant or striking feature rather than by the photographic recollection of the whole ...”.

[39] Kalinda Trading accepts that, applying these tests, the marks VITA NUT and

VITA NUTS used by the respective parties in this case, in connection with their peanut butter products, is reasonably likely to cause deception and confusion.

- [40] It must do so because, in bringing its counter application, it seeks to rely upon section 10(12) of the Trade Marks Act. That provision says:

“10. The following marks shall not be registered as trade marks or, if registered, shall ... be liable to be removed from the register:

...

(12) a mark which is inherently deceptive or the use of which would be likely to deceive or cause confusion, be contrary to law, be contra bonos mores, or be likely to give offence to any class of persons;” (Emphasis added.)

- [41] On this basis, Kalinda Trading relies upon section 24(1) of the Trade Marks Act, which in relevant part reads as follows:

“In the event of ... an entry wrongly made in or wrongly remaining on the register ... any interested person may apply to the court ... for the desired relief, and thereupon the court ... may make such order for... removing the entry as it... may deem fit.”

- [42] It is not in dispute that Kalinda Trading is an “interested person”.

- [43] In summary, Kalinda Trading founds its counter application on the allegation that Solo Foods’ registered mark VITA NUT is liable to be removed from the register on the basis that its use is likely to deceive or cause confusion. Kalinda Trading contends that it commenced use of the trade mark VITA NUTS and acquired an extensive reputation and goodwill associated exclusively with the trade mark VITA NUTS prior to the registration date of Solo Foods’ trade mark.

- [44] For that purpose, and this is also common cause between the parties, Kalinda Trading is required to establish that between May 2017, which is when it decided to create its new range of peanut products and sell it under the VITA

NUTS mark, and 16 May 2018, which is the date on which Solo Foods applied for registration of its VITA NUT mark, it acquired a sufficient reputation and goodwill associated with the VITA NUTS mark. It is common cause that 16 May 2018 is the relevant date by virtue of the deeming provision in section 29 of the Trade Marks Act. Section 29 says that:

*“When an application for registration of a trade mark has been accepted and advertised in the prescribed manner and either—
(a) the application has not been opposed and the time for notice of opposition has expired; or
(b) the application has been opposed and has been granted, the registrar shall register the trade mark as on the date of the lodging of the application for registration, and that date shall ... for the purposes of this Act be deemed to be the date of registration.”* (Emphasis added.)

[45] As the respondents’ heads of argument, prepared by Ms Joubert SC, state: *“It is accepted that it is for Kalinda Trading to show that it has made such use of the mark VITA NUTS (through sales, advertising and the like ...), that it can be concluded that the public has become familiar with the mark in question, to the extent that it has obtained a reputation. It is not merely a question of sales, but also the effect that advertising of goods bearing the mark in question is likely to have had on the relevant consumer in South Africa that must be considered”.*

[46] To establish the existence of the reputation claimed, it is necessary for Kalinda Trading to show that the mark and reputation is associated in the minds of the public with the business in question, being Kalinda Trading’s peanut butter products.²

[47] The SCA, in *Koni Multinational Brands (Pty) Ltd v Beiersdorf AG*,³ has recently described the inquiry as follows (in para 21):

“[21] The first issue is thus whether the respondent established that its

² See, *Hollywood Curl (Pty) Ltd and Another v Twins Products (Pty) Ltd* 1989 (1) SA 236 (A) at 251A–C.

³ (553/19) [2021] ZASCA 24; 2021 BIP 15 (SCA); [2021] HIPR 162 (SCA) (19 March 2021).

goods have acquired a particular reputation among the public. The test, simply put, is ‘whether the plaintiff has, in a practical and business sense, a sufficient reputation amongst a substantial number of persons who are either clients or potential clients of his business’.⁴] The cases make it clear that such reputation must be proved at the date of the conduct complained of, may be inferred from extensive sales and marketing, and may be proved by evidence regarding the manner and scale of the use of the get-up.” (Footnotes omitted.) (Emphasis added.)

- [48] I do not think that the respondents have proven extensive sales in the relevant period, i.e. before 16 May 2018.
- [49] As noted above, Kalinda Trading sold its first VITA NUTS products in October 2017. Sales were initially slow. On the respondents’ own version, between October 2017 and 28 February 2018, Kalinda Trading earned only R 3 132.15 from its sales of VITA NUTS products. In the following financial year ending February 2019, Kalinda Trading sold VITA NUTS products to the value of a mere R 43 446.52. Although the respondents have not provided the sales figures for the period 1 March 2018 to 16 May 2018 (being the effective date of the registration of Solo Foods’ trade mark) it was in all likelihood significantly less than the amount earned in the full year. It has made far more substantial sales in the years following, but that is not relevant to the inquiry.
- [50] Kalinda Trading places greater reliance on its marketing activities.
- [51] It appears from the respondents’ answering affidavit that some effort was initially expended in promoting Kalinda Nuts’ VITA NUTS products, through various means.
- [52] Kalinda Trading created a Facebook page entitled “Vita-Nuts”, which went live on 4 September 2017. This was used as a means of promoting its VITA NUTS products. This Facebook page contains photographs of Kalinda Trading’s VITA

⁴ *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and Another* 1998 (3) SA 938 (A) at para 20.

NUTS products, promotional pamphlets and details of various events at which VITA NUTS was promoted or involved. The respondents have included images of the page from 18 September 2017, showing a pouch with 10 VITA-NUTS sachets, and from 24 October 2017, which appears to show that VITA-NUTS products were available to purchase. The answering affidavit explains that this “Facebook shop” enabled consumers to place an order which was emailed to Kalinda Trading and finalised from its side. Unfortunately, no evidence of any such email orders has been provided.

[53] Kalinda Trading also began actively marketing its VITA NUTS products in September 2017. In that month, it had 5000 pamphlets printed, which were then handed out by its employees, along with samples of the product, on the street, in doctors' reception rooms, veterinary stores, during in-store promotions and at events.

[54] Several vehicles owned by the third to fifth respondents were branded with the VITA NUTS mark. These vehicles were used when they attended events to market the Kalinda Trading products.

[55] Kalinda Trading also alleges that in October 2017, it entered into an agreement with TriathlonPlus in terms of which TriathlonPlus would “*market VITA NUTS products to its sporting community*”. It appears that this was primarily done on its own Facebook page. It is not entirely clear from the answering affidavit what TriathlonPlus is. Nor does Kalinda Trading disclose how many consumers that “sporting community” comprised at the relevant time. The answering affidavit does highlight that, in November 2021, when that affidavit was prepared, 4 619 people followed the TriathlonPlus Facebook page.

[56] The answering affidavit relies heavily upon Kalinda Trading’s marketing at an annual triathlon event referred to as the 226 Brick Challenge. The respondents point to a Facebook post from October 2017 indicating that Kalinda Trading had advertised its sponsorship of VITA NUTS sachets for the February 2018 event. Moreover, it alleges that for that event, 5000 VITA NUTS peanut butter sachets

were produced and included in the “goodie bags” for entrants to the swimming part of this Challenge, which took place at the Midmar Dam.

- [57] This is, however, the sum total of Kalinda Trading’s marketing before 16 May 2018.
- [58] The answering affidavit contains many pages of evidence of Kalinda Trading’s marketing activities after 16 May 2018, and until the end of 2019. Nevertheless, that information cannot be relevant to an assessment of whether Kalinda Trading had built up sufficient reputation and goodwill by the date on which Solo Foods’ was deemed to have registered its VITA NUT trade mark.
- [59] Both Mr Michau SC, who appeared for Solo Foods, and Ms Joubert SC for the respondents, submitted that whether Kalinda Trading had sufficient reputation amongst a substantial number of persons who were either clients or potential clients of its business (the test suggested in *Koni Multinational Brands* to which I have referred above) is a value judgment in the exercise of the court’s discretion. Bearing in mind the potential difficulties with such an “eye of the beholder” assessment, I have also had regard to the features and outcomes of various other cases.⁵ Although each case must of course be decided on its own facts, these do provide a helpful indication of what may satisfy the relevant test.
- [60] I am not persuaded that Kalinda Trading had developed a sufficient reputation with its VITA NUTS products within the relevant period. Certainly, its sales do not point to that conclusion at all. The creativity of its marketing strategies notwithstanding, they do not appear to have yet reached a substantial number of possible customers by 16 May 2018. Facebook is by its nature a passive medium and there is no evidence that Kalinda Trading’s page was visited by significant numbers of potential customers in the period with which we are

⁵ Including: *Hollywood Curl (Pty) Ltd and Another v Twins Products (Pty) Ltd* 1989 (1) SA 236 (A) at 249J–251; *WM Penn Oils Ltd v Oils International (Pty) Ltd* [1966] 1 All SA 454 (A) at 456–457; *Etraction (Pty) Ltd v Tyrecor (Pty) Ltd* (28/5/2015) [2015] ZASCA 78 (28 May 2015) at para 21; *Cambridge Plan AG and Another v Moore and Others* 1987 (4) SA 821 (D) at 826H–827E.

concerned. Its active marketing was limited, and mostly comprised handing out some 5000 pamphlets to different customers and 5000 samples of one of its products at a single event (the 226 Brick Challenge of February 2018). Another consideration is that the period during which Kalinda Trading's VITA NUTS products were visible and available to consumers was brief, lasting no more than eight months. This is hardly adequate time to build up a significant brand reputation, given Kalinda Trading's choice of marketing techniques.

[61] The respondents have made the submission that when regard is had to the evidence of use of the mark VITA NUTS by Kalinda Trading, it is clear that the goods bearing this mark has received maximum exposure to the public at big sporting events, social media platforms with thousands of followers and even on the television. In my view, the evidence does not bear this out, at least not for the period before 16 May 2018.

[62] It follows that Kalinda Trading's counter application cannot be granted.

The section 36 defence

[63] As noted above, Kalinda Trading has relied upon section 36 of the Trade Marks Act as a defence to the primary application.

[64] Section 36(1) of the Trade Marks Act protects continuous and *bona fide* prior use of what would otherwise be an infringing mark. It provides that:

“Nothing in this Act shall allow the proprietor of a registered trade mark to interfere with or restrain the use by any person of a trade mark identical with or nearly resembling it in respect of goods or services in relation to which that person or a predecessor in title of his has made continuous and bona fide use of that trade mark from a date anterior –

- (a) to the use of the first mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title ...; or*
- (b) to the registration of the first mentioned trade mark in respect of those goods or services in the name of the proprietor or a*

*predecessor in title of his;
whichever is the earlier ...”*

[65] In *Etraction (Pty) Ltd v Tyrecor (Pty) Ltd* (28/5/2015) [2015] ZASCA 78 (28 May 2015), the SCA held (at para 16) that:

“[16] The clear purpose of s 36(1) is to protect common law rights arising from continuous and bona fide use of an unregistered trade mark prior to either the use ... or registration ... of the mark in issue. Consistent with that purpose, any person entitled to bring a passing off action based on the reputation they had acquired from the use of the unregistered mark would be entitled to invoke s 36(1) against a claim for infringement by the proprietor of a registered mark.”

[66] The SCA went further, however, and held that the defence was not limited to a person entitled to bring a passing off action based on the reputation they had acquired. It found (at para 24):

“[24] I therefore hold that Tyrecor was the successor in title to Falck’s business of selling Infinity tyres in South Africa and was entitled to rely on the latter’s bona fide and continuous use of the mark Infinity to resist Etraction’s infringement claim. That relieves me of the necessity to consider whether the use contemplated by s 36(1) is limited to such use as would entitle the user to bring a passing-off action. I do not, however, wish to foreclose the possibility that the section may have a broader reach than that and may extend to any bona fide and continuous use irrespective of whether it would give rise to a legal right capable of founding a claim ... There seems to me to be much to be said for the proposition that any lawful use having the characteristics of being both continuous and bona fide may found the defence. That is, after all, precisely what the section says and I am not persuaded that the niceties of trade mark law require a different construction. It seems to have been the approach in the only case to which we were referred that dealt directly with a defence under this section namely the case

of Bosch.[⁶] There, a firm of engineers, named eponymously after its founder, had established a subsidiary company undertaking work in regard to computer systems. In turn a further subsidiary was established advising on information systems. All the companies in the group used the name 'Bosch' and a similar logo. That use by the information services subsidiary was held to be sufficient to justify the invocation of the s 36(1) defence, without there being any finding that it was vested with a reputation for purposes of passing-off in the mark 'Bosch'."

- [67] In essence, Kalinda Trading alleges that it used the (unregistered) VITA NUTS mark before Solo Foods did, that such use was *bona fide* and continuous, and that it is accordingly entitled, pursuant to section 36(1), to resist Solo Foods attempt in these proceedings to restrain such use.
- [68] Kalinda Trading has subjected Ms Carli Gildenhuys, the deponent to the applicant's founding affidavit, to a considerable amount of criticism. It has challenged her knowledge of the facts, pointing out that she only became a director of the company on 18 July 2017. In doing so, it seeks to undermine Solo Foods' allegation that it has been using the trade mark VITA NUTS for many years.
- [69] In the answering affidavit to the counter application (which also serves as a replying affidavit in the primary application), Solo Foods has sought to bolster its allegation of use with reference to various pieces of evidence. It has, inter alia, attached two supporting affidavits, one from Alan Hugh Durrett, the original owner of Solo Foods, and a second from Heinrich Gildenhuys, Ms Gildenhuys' husband.
- [70] In his supporting affidavit, Mr Durrett, details his involvement and ownership of Solo Foods. He explains his intimate knowledge of the company, its development, and its brands, including peanut butter, up until 2009.

⁶ *Robert Bosch GmbH v Bosch Information Systems (Pty) Ltd & others* 2000 BIP 286 (D).

- [71] Durrett explains that Solo Foods, was created with the primary purpose of manufacturing and supplying food and food-related products within the South African market. One of Durrett's notable contributions was the creation of the VITA NUT trademark. He says that he conceived the name from his own imagination, choosing the prefix "VITA" due to its association with positive concepts such as "vitality," "vital," and "vitamin," though it is not a word in itself. He paired it with "nut" to align with the nature of the products being marketed. While Durrett cannot recall the exact date when the brand was first established, he estimates that it was around 1997. He confirms that it was in use by 2003.
- [72] In 2003, Durrett took the significant step of acquiring a peanut butter manufacturing mill for Solo Foods. This acquisition allowed the company to use the VITA NUT trademark for peanut butter products, initially targeting specific markets such as the Primary School Nutrition Program and mining companies in South Africa. Durrett mentions that Solo Foods supplied various distributors, including KLM Setati Distributors in Polokwane, Ayos Foods in Mokopane (formerly Potgietersrus), and African Dynamics Group in Centurion, among others. However, he notes that he no longer has supporting documentation as he left everything at the company's offices when he exited.
- [73] Under Durrett's leadership, the VITA NUT products expanded into the wholesale and retail sectors throughout South Africa during the 2000s. He alleges that the brand gained a reputation for excellence and durable quality, becoming well-known in the industry. Durrett expresses confidence that VITA NUT was widely recognized and appreciated by customers.
- [74] In 2009, Durrett made the decision to sell the business by transferring his shares in Solo Foods to Heinrich Gildenhuys. Heinrich was the husband of Carli Gildenhuys, whom Durrett knew as a buyer for Ayos Foods (Pty) Ltd, one of Solo Foods' customers. Following the sale, Durrett notes that the business has continued to operate as a going concern up to the present time.
- [75] Heinrich Gildenhuys has also deposed to a supporting affidavit. He provides an account of his involvement with Solo Foods. He begins by stating that he

was appointed as a director of the Applicant in late 2009, a position officially recorded on 1 September 2010. Prior to this, Mr Gildenhuis worked for Ayos Foods (Pty) Ltd from 1999 to 2009. He says that in his role at Ayos, he regularly dealt with Solo Foods, purchasing their VITA NUT peanut butter products.

- [76] Mr Gildenhuis explains that the VITA NUT brand was significantly associated with the Primary School Nutrition Programme (PSNP), an initiative started by President Mandela aimed at alleviating poor nutrition among primary school learners across South Africa. Although the exact date when peanut butter was added to the program is unclear, it was recognized for its nutritional benefits. Mr Gildenhuis alleges that despite various challenges, the PSNP continues to be a crucial source of meals for many children, reaching over 4 million annually across approximately 15 000 schools.
- [77] During his tenure at Ayos, Mr Gildenhuis was involved in tendering Solo Foods' VITA NUT brand peanut butter for government contracts, successfully securing several tenders. Ayos supplied VITA NUT peanut butter to schools in multiple provinces, including the Eastern Cape, Western Cape, Limpopo, Mpumalanga, and Gauteng. The VITA NUT brand was also included in retail food parcels distributed in the Eastern Cape and Limpopo.
- [78] Mr Gildenhuis explains that his relationship with the VITA NUT brand evolved in 2009 when Durrett, the then-owner of Solo Foods, indicated that he was considering selling the business. This led to discussions that culminated in Gildenhuis purchasing shares in Solo Foods. At that time, the company had five shareholders, with Gildenhuis acquiring 10% of the shares starting from 1 September 2010. The remaining shares were held by a Namibian consortium.
- [79] Mr Gildenhuis further confirms that his wife is Carli Gildenhuis, the deponent to the applicant's founding affidavit. He says that she began working with Solo Foods in July 2009 as a procurement manager and buyer. She was eventually appointed as a director on 18 July 2017 and is now the managing director of the company.

- [80] In his affidavit, Mr Gildenhuis confirms the accuracy of the statements made by his wife in both the founding affidavit and the replying/Answering affidavit concerning his involvement and the applicant's use of the VITA NUT brand. He acknowledges that neither he nor his wife knew the exact date when the VITA NUT trademark was first adopted by Solo Foods, relying instead on their recollections of what Alan Durrett had told them. Nonetheless, Mr Gildenhuis confirms that VITA NUT was a key trademark used by the applicant in 2009 and that he recognised it as the primary brand associated with Solo Foods' products in the market before he acquired shares in the company.
- [81] Both of these affidavits were deposed to in January 2022. Kalinda Trading's replying affidavit in the counter application filed in February 2022, does not refer to them at all. Nevertheless, it repeats the allegation that Ms Gildenhuis has no personal knowledge of the facts and that it is clear that the applicant had not made use of the mark VITA NUT in South Africa prior to Kalinda Trading's use of the mark, and had not acquired any rights in the trade mark by that time.
- [82] I disagree. There is simply no reason to doubt the allegations that have been made by Durrett and Mr Gildenhuis in their affidavits, which support the facts alleged by Ms Gildenhuis.
- [83] I should mention that Solo Foods has also attached, to its answering affidavit to Kalinda Trading's counter application, an array of documentary evidence, in support of its allegation of use of the VITA NUT mark. This includes invoices for the sale of VITA NUT products to various South African customers from 2015 to 2017.⁷ Kalinda Trading has criticised this evidence. It says that fails to show that end consumers of the peanut butter ever became aware of the VITA NUT brand. It refers, for example, to invoices that are made out to various caterers and mining houses such as AngloGold Ashanti, and says that the consumers being served by such entities are not likely to ever encounter the trade mark VITA NUT. In my view, this criticism is not warranted. If a customer such as a caterer (and there appear to be many of these), or a mining house,

⁷ It also includes other evidence, but it is not necessary to consider each and every category.

purchases peanut butter, which is clearly identified as a Solo Food VITA NUT product on the invoice, that demonstrates use of the trade mark by Solo Foods. For the purposes of the present inquiry, it is unnecessary for Solo Foods to establish that its branded products enjoyed a reputation amongst a substantial number of end consumers. It must show on a balance of probabilities that it has used the mark before Kalinda Trading did. It has done so. I should note, moreover, that Kalinda Trading has put up the same evidence (i.e. various invoices reflecting the VITA NUTS mark) as part of its case that it had started using the mark in October 2017.

[84] In my view, Solo Foods has proven that it commenced using the mark many years before Kalinda Trading. Even if I am wrong in relation to the test under section 36(1), and it is necessary for Solo Foods to also establish a reputation or goodwill associated with its use of the mark, I am of the view that it has done so, particularly in the light of the undisputed evidence of Durrett and Mr Gildenhuys in their supporting affidavits.

[85] Accordingly, Kalinda Trading's section 36(1) defence must fail.

[86] Solo Foods has also made the submission that Kalinda Trading's use of the mark was not *bona fide*. As noted above, it is a requirement of section 36(1) of the Trade Marks Act that the use of the mark by the person raising the defence be both continuous and *bona fide*. It is not necessary for me to determine this issue.

The counterfeit goods claim

[87] Solo Foods has, in addition, sought an order in the following terms: "*That the goods manufactured by the First Respondent and/or Second Respondent bearing the trade mark VITA NUT or VITA NUTS be declared counterfeit goods in terms of section 2(2) of the Counterfeit Goods Act, 37 of 1997.*" (Emphasis added.)

[88] It is clear from the papers that have been filed that the second respondent has

not manufactured any products. It is however common cause that the first respondent has manufactured goods bearing the trademark VITA NUT or VITA NUTS.

[89] The question to be determined is whether, by virtue of this fact, they constitute counterfeit goods in terms of section 2(2) of the CGA.

[90] Section 2 of the CGA provides that dealing in counterfeit goods is prohibited and makes it offence. Section 2(1) defines various acts and conduct in relation to “counterfeit goods” and stipulates that they are prohibited. This includes that counterfeit goods and may not be: “manufactured, produced or made except for the private and domestic use of the person by whom the goods were manufactured, produced or made”; “sold” or “offered or exposed for sale”.⁸

[91] Section 2(2) says:

“(2) A person who performs or engages in any act or conduct prohibited by subsection (1), will be guilty of an offence if –
(a) at the time of the act or conduct, the person knew or had reason to suspect that the goods to which the act or conduct relates, were counterfeit goods; or
(b) the person failed to take all reasonable steps in order to avoid any act or conduct of the nature contemplated in subsection (1) from being performed or engaged in with reference to the counterfeit goods.”

[92] It is necessary to highlight that the applicant’s prayer for relief focuses on this subsection of the CGA. It is effectively asking this Court to make a declarator that Kalinda Trading’s conduct falls within the boundaries of the offence created by section 2(2).

⁸ Counterfeiting, as defined in section 1(1) of the CGA, refers to situations where “protected goods are imitated in such manner and to such a degree that those other goods are substantially identical copies of the protected goods” or where “the other goods are calculated to be confused with or to be taken as being the protected goods of the said owner or any goods manufactured, produced or made under his or her licence”. I have doubts that the facts demonstrate such imitation or calculation on the part of Kalinda Trading. See, in this regard, *Cadac (Pty) Ltd v Weber-Stephen Products Company and Others* 2011 (3) SA 570 (SCA) at para 6. It is not, however, necessary for me to determine this question.

[93] This is not a criminal court. The applicant is at liberty to follow the complaint procedures set out in the CGA, if it believes that Kalinda Trading has committed a criminal offence.⁹ It may also file a criminal complaint with the relevant authorities, which will then be duly investigated, and if found to have merit, be prosecuted in an appropriate court by the National Prosecuting Authority. In my view, this is not a matter that falls within my jurisdiction. Even if it is, I would, in the exercise of my discretion, decline to grant the declaratory order sought,¹⁰ given the other remedies that are available to Solo Foods.¹¹

[94] Solo Foods' prayer for this relief must be refused.

The relief against the first respondent

[95] It follows from the above that Solo Foods has established a basis for relief against Kalinda Trading. In my view, it is entitled to the interdictory relief that it seeks in terms of section 34(1)(a) of the Trade Marks Act.

[96] It is also entitled to an order in terms of section 34(3)(b) of the Act, directing Kalinda Trading to remove the infringing VITA NUT trade mark from all websites and material in the possession.

[97] In paragraph 61 of the founding affidavit, Solo Foods indicated that it will also seek an order in terms of section 34(3)(c) of the Trade Marks Act. That subsection says that a court may award "*(c) damages, including those arising from acts performed after advertisement of the acceptance of an application for registration which, if performed after registration, would amount to infringement of the rights acquired by registration*". It appears, however, that the applicant

⁹ Section 3 of the CGA, for example, makes provision for a person to lay a complaint with an inspector, who in turn then has various powers of investigation.

¹⁰ Section 21(1)(c) of the Superior Courts Act 10 of 2013 states that a division of the High Court has the power: "*in its discretion, and at the instance of any interested person, to enquire into and determine any existing, future or contingent right or obligation, notwithstanding that such person cannot claim any relief consequential upon the determination.*" See also, *Association for Voluntary Sterilization of South Africa v Standard Trust Limited and Others* (325/2022) [2023] ZASCA 87 (7 June 2023) at paras 10 and 11.

¹¹ The existence of alternative remedies is a factor which a court may consider in deciding whether to grant a declaratory order; see *Safari Reservations (Pty) Ltd and Another v Zululand Safaris (Pty) Ltd* 1966 (4) SA 165 (D) at 171D–G.

may also have had sections section 34(3)(d) and 34(4) of the Trade Marks Act in mind. These provisions contemplate an order in lieu of damages, at the option of the proprietor, for payment of a reasonable royalty and for that purpose an order (in terms of section 34(4)) directing that an enquiry be held to determine the amount of the reasonable royalty (or damages) payable, in this case by Kalinda Trading to Solo Foods. This prayer did not, however, appear in the notice of motion. The applicant has, however, in its affidavits and in its heads of argument, made it clear that it seeks this consequential relief.

[98] I see no reason why this relief should not be granted too. I am satisfied that the first respondent has had sufficient notice that this prayer may be granted.

The case against the second respondent

[99] As noted above, the second respondent did not oppose the application. This does not mean, however, that the interdict cannot be granted against it.

[100] Solo Foods has, at various times, suggested that an interdict is unwarranted because the second respondent has not itself made use of the VITA NUTS mark. Nevertheless, it is common cause that the second respondent has made an application for registration of a confusingly similar mark. This fact is sufficient to justify the granting of an interdict against the second respondent.

[101] There is however no basis for an order in terms of section 34(3)(b) of the Trade Marks Act against the second respondent.

The case against the fifth respondent

[102] The applicant has sought relief against the fifth respondent in her personal capacity. The grant of such an order requires that I pierce the corporate veil, or put differently, disregard the first respondent's separate legal personality.¹²

¹² See, for example, *Nel and Others v Metequity Ltd and Another* [2007] 2 All SA 602 (SCA); 2007 (3) SA 34 (SCA) at para 11.

In my view, this requires a finding that the fifth respondent engaged in fraud or improper conduct either in the establishment or in the use of the corporate entities (the first and second respondents) or in the conduct of their affairs.¹³

[103] Despite the allegations in the founding affidavit, and a handful of cases that could notionally support the applicant's argument,¹⁴ I do not believe that this is a case which warrants such a finding. It appears to me that the fifth respondent has, at all material times, done no more than act as a representative and/or as a shareholder of the first and/or second respondents. I am also of the view that the interdicts against the first and second respondents are sufficient.

[104] In the circumstances, the interdictory relief that the applicant seeks against the fifth respondent must be refused. I see no reason why any costs that the fifth respondent may have incurred in her personal capacity in opposing the main application should not be paid by the applicant.

Order

[105] In the circumstances, I make the following order:

1. The first and second respondents, in terms of section 34(1)(a) of the Trade Marks Act 194 of 1993, are interdicted and restrained from infringing trade mark registration number 2018/13690 VITA NUT in class 29 by using, in the course of trade, any mark, including the mark VITA NUTS, identical to, alternatively, deceptively or confusingly similar to, this registered trade mark in respect of goods for which the applicant's trade mark is registered.
2. The first respondent is ordered, in terms of section 34(3)(b) of the Trade Marks Act, to remove the infringing VITA NUT trade mark from all websites and material in its possession or under its control or, where it is

¹³ See *Shipping Corporation of India Ltd v Evdomon Corporation and Another* 1994 (1) SA 550 (A) at 566C-F

¹⁴ See *Easi Gas (Pty) Limited v Gas Giant CC t/a Independent Gas and Another; In re: Oryx Oil South Africa (Pty) Limited v Gas Giant CC t/a Independent Gas and Another* (11660/2015, 11656/2015) [2016] ZAGPJHC 73 (14 April 2016) at para 28.

inseparable or incapable of being removed from the material to deliver the material to the applicant.

3. For purposes of determining the amount of any damages or reasonable royalty to be awarded to the applicant, and payable by the first respondent, an enquiry shall be held in terms of section 34(4) of the Trade Marks Act.
4. If the parties cannot agree upon the procedure to be adopted for the enquiry, any party may approach the Court to prescribe such procedures as may be required.
5. The application against the fifth respondent is dismissed.
6. The first respondent's counter application is dismissed.
7. The first respondent is directed to pay the costs of the application as well as the costs of the counter application on a party and party scale, including the costs of Counsel, save that the fifth respondent's costs shall be paid by the applicant.



**GOTZ AJ
JUDGE OF THE HIGH COURT
JOHANNESBURG**

Date of Hearing: 9 February 2024
Date of Judgment: 12 August 2024

Appearances:

For the Applicant: R Michau SC instructed by Ron Wheeldon Attorneys

For the Respondent: I Joubert SC instructed by Waldick Jansen Van Rensburg Inc