



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

JUDGMENT

Reportable

Case no: 1102/2023

In the matter between:

YOSSI BAREL

APPELLANT

and

POPULAR TRADING CC

FIRST RESPONDENT

THE MINISTER OF POLICE

SECOND RESPONDENT

SHAUN HUTCHEON CARSLAW N O

THIRD RESPONDENT

CAPTAIN L W TANCREL N O

FOURTH RESPONDENT

Neutral citation: *Yossi Barel v Popular Trading CC and Others* (1102/2023) [2025]
ZASCA 94 (23 June 2025)

Coram: HUGHES, KGOELE, UNTERHALTER and COPPIN JJA and BLOEM
AJA

Heard: 24 February 2025

Delivered: This judgment was handed down electronically by circulation to the parties' representatives by email, publication on the Supreme Court of Appeal website,

and released to SAFLII. The date for hand down is deemed to be 23 June 2025 at 11h00.

Summary: Counterfeit Goods Act 37 of 1997 – whether a case was made out for setting aside a warrant in terms of s 6 – whether a case was made out in terms of s 7(4)(a) of the Counterfeit Goods Act – what constitutes counterfeiting in terms of s 1(1)(b) of the Counterfeit Goods Act – ‘goods calculated to be confused with or to be taken as being the protected goods’ – counterfeit goods as the result of counterfeiting – infringement in terms of s 34(1)(a) of the Trade Marks Act 194 of 1993.

ORDER

On appeal from: Kwa-Zulu Natal Division of the High Court, Durban (Hadebe J sitting as court of first instance):

The appeal is dismissed with costs, such costs to include the costs of two counsel, where so employed.

JUDGMENT

HUGHES JA (KGOELE JA concurring):

Introduction

[1] The appellant, Yossi Barel (Mr Barel), was granted a search warrant in terms of s 6(1)¹, read with ss 4 and 5(1) of the Counterfeit Goods Act 37 of 1997 (CGA). This warrant was in respect of footwear bearing the mark ENRICO COVERI (EC) of which the first respondent, Popular Trading CC (Popular Trading), was an importer and a distributor thereof in South Africa. This appeal concerns an order of the Kwa-Zulu Natal Division of the High Court, Durban (the high court) setting aside the warrant issued by the third respondent (the magistrate) in terms of s 6 of the CGA for the attachment of Popular Trading's goods (being EC branded footwear) and declaring in terms of s 7(4)(a)² of the CGA, that the goods so seized are not counterfeit goods. Special leave to appeal was granted by this Court, the high court having refused the application for leave to appeal.

¹ Section 6(1) provides: 'The warrant contemplated in section 4 (2) read with section 5 (1) will be issued in chambers by any judge of the High Court or by a magistrate who has jurisdiction in the area where the relevant suspected act of dealing in counterfeit goods is alleged to have taken or to be taking place or is likely to take place, and will be issued only if it appears to the judge or magistrate from information on oath or affirmation that there are reasonable grounds for believing that an act of dealing in counterfeit goods has taken or is taking place or is likely to take place, and the inspector seeking the warrant may be asked to specify which of the powers contemplated in section 4 (1) is or are likely to be exercised.'

² Section 7(4)(a) provides: 'Any person prejudiced by a seizure of goods in terms of section 4(1), may at any time apply to the court on notice of motion for a determination that the seized goods are not counterfeit goods and for an order that they be returned to him or her.'

Background

[2] The ENRICO COVERI brand is named after an iconic Italian fashion designer of the 1990s, Mr Enrico Coveri (Mr Coveri), whose products were sold in the European Union, Japan, South Korea, U.S.A and Hong Kong. Mr Coveri built a strong EC brand that was synonymous with 'Made in Italy' and extended into collections covering women, men, children, a range of jeans and 'You Young Coveri'. In 1990, Mr Coveri died and his sister, Ms Silvana Anna Maria Coveri (Ms Coveri) succeeded him and is currently the general manager of Enrico Coveri S.R.L, a company founded by Mr Coveri in Italy.

[3] The trademark, ENRICO COVERI, in classes 3, 9, 14, 18, 24 and 25, was registered in South Africa during the period 1985 and 1988. However, the trademark was removed from the register in Mr Coveri's company's name during 1998, 1999 and 2006 due to non-payment of the renewal fees. Subsequently, Mr Barel registered the trademark in his name in respect of several classes of goods, including footwear. Ms Coveri attributes the non-payment to the death of Mr Coveri, and the refusal by the Registrar of trademarks in 2016 to re-register the mark in classes 25 and 35. Ms Coveri explains that an application for the cancellation of the registration of the trademark in those same classes in Mr Barel's name was launched, but was withdrawn, and that, subsequently, a new application was filed to cancel the registration of the EC trademark in Mr Barel's name in respect of goods in class 35, which is still pending.

[4] Popular Trading is a close corporation, with registered offices in Kwa-Zulu Natal, that engages in the importation and distribution of footwear. The EC branded footwear is one of the brands that it imports and distributes. Initially, between 1999 and 2009, it imported the EC footwear from a Chinese manufacturer. The EC footwear from the Chinese manufacturer was not authentic, though it bore the EC brand mark. It was only from 2010 that Popular Trading sourced authentic EC footwear from a licensee of EC known as United Brands Company S.p.A. (UBC). Subsequently, in 2017, it terminated its licence agreement with UBC and engaged the services of a new licensee, Sport Commerce Italia S.R.L (SCI), which also supplied it with authentic EC footwear. Since 2009, Popular Trading has been importing authentic Italian footwear with the EC brand.

[5] Mr Barel is a manufacturer and distributor of clothing, footwear and related products in South Africa. He is also the registered owner of the ENRICO COVERI trademark in classes 3,14,18, 24 and 35. Mr Barel explained how his use of the mark came about: he had developed a new line of clothing and footwear in 2005 and was struggling to find a name for the line. During that year and whilst on one of his trips to China, he met ‘a gentleman at [a] factory at which [he] was manufacturing [his] products ... [This gentleman] tried to assist [him] with a few names.’ One of the proposed names was ENRICO COVERI. On enquiring as regards to the origin of the name, the gentleman told him that ‘it was an Italian name...of a brand which had since the 1980s gone off the radar.’ He further states that as the name suited his new brand, especially the Italian connection, he adopted the EC brand for his new line of clothing and footwear. He states that the EC line was introduced to the South African market during the 2005/2006 season. Mr Barrel asserts that when he sought registration of the EC brand, he was ‘under the impression that the ENRICO COVERI brand, which previously existed [had] ceased to exist during the 1980s/1990s.’

[6] In December 2021, Mr Barel lodged a complaint in terms of s 3(1) of the CGA with the fourth respondent, Captain L W Tancrel (Captain Tancrel), against Popular Trading. It transpired that Popular Trading failed to heed Mr Barel’s many requests to desist from using his ENRICO COVERI trademark. Following upon the complaint, the magistrate, in an *ex parte* application before him, granted a warrant in terms of s 6(1), read with ss 4 and 5(1) of the CGA. The warrant allowed for ‘the search of Popular Trading’s warehouse for purported counterfeit goods bearing the ENRICO COVERI trademark’. The execution of the warrant was scheduled for 2 February 2022. However, Captain Tancrel granted a postponement thereof to 9 February 2022, allowing Popular Trading an opportunity to have the warrant set aside.

[7] On 7 February 2022, Popular Trading launched an urgent application seeking to set aside the warrant and a declarator be granted in terms of s 7(4)(a) of the CGA that the goods forming the subject of the warrant are not counterfeit goods. On 11 and 14 February 2022, Captain Tancrel duly executed the warrant, seizing all the footwear with the EC mark from Popular Trading.

[8] In the urgent application, the high court concluded that in seeking the warrant, Mr Barel failed to make pertinent material disclosures in relation to the EC brand and that a prima facie case to establish counterfeiting was not made out by Mr Barel. Accordingly, it set aside the warrant, declared that the seized goods were not counterfeit, and ordered their return to Popular Trading.

The issues

[9] The crisp issue in this appeal is whether the seized goods are counterfeit goods as contemplated in the CGA. Popular Trading bears the onus of proving that the seized goods are not counterfeit goods.

Submissions by the parties

[10] Mr Barel's case is simply this: he is the proprietor and owner of the intellectual property rights of the registered trademark ENRICO COVERI in respect of goods in class 25 in South Africa. Popular Trading's conduct, in using the mark on the footwear that it imports and distributes without his consent, infringes his intellectual property rights and amounts to counterfeiting. Mr Barel places reliance on the CGA and the definitions of counterfeiting therein to demonstrate an infringement of his trademark. He also asserts that Popular Trading's conduct offends s 34(1)(a) of the Trade Marks Act 194 of 1993 (TMA) which states:

'[t]he rights acquired by registration of a trade mark shall be infringed by –

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

[11] In opposition, Popular Trading contends that counterfeiting differs from trademark infringement, as it requires 'something more'. It relies on *Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd and Others (Puma)*³ where it is stated that: "Counterfeiting" is defined in s 1(1) in a somewhat opaque manner, but one thing is clear: it is not the same as copyright or trade mark infringement – it requires more. This follows from the proviso to this definition, namely that "the relevant act of counterfeiting must also have infringed the intellectual property right in question". And it follows from the fact that the Act did

³ *Puma AG Rudolph Dassler Sport v Rampar Trading (Pty) Ltd and Others* [2010] ZASCA 140; 2011 (2) SA 463; [2011] 2 All SA 290 (SCA) (*Puma*).

not refer back to, or reproduce, the definitions of infringement in the IPR statutes. This appears to be logical because, “to counterfeit” ordinarily means to make an imitation of something in order to deceive or to make a copy of something.¹⁴

[12] Popular Trading contends that ‘the something more’ is ‘the element of fraud’ and that the fraud is the use of the mark without the authority of its registered owner, with the intent to deceive the public into believing that the product is that of the proprietor of the mark, when it really is not. Popular Trading asserts that the deliberate and fraudulent infringement of the trademark is lacking, as its conduct did not evince an intention to deceive the public in using the trademark, since it receives its goods from a licensed importer of the authentic EC mark from Italy, and it distributes the original products in South Africa. Thus, the intention to establish counterfeiting is absent.

The law

[13] Not all acts of infringement of intellectual property rights amount to counterfeiting. It is apt to quote from a decision of this Court in *Cadac (Pty) Ltd v Weber-Stephen Products Co and Others*⁵, where it was held:

‘Counterfeiting involves deliberate and fraudulent infringement of trademarks and “counterfeit cases involve an infringer attempting to reproduce – and substitute for – the goods (not just the trademark) of the trademark owner”. That is why the Act is concerned with trademark and copyright infringements that are criminal in nature. The Act does not permit a rights holder to steal a march on an alleged infringer in order to settle a bona fide dispute about the boundaries of rights. Those disputes should be litigated under either the Trade Marks Act or the Copyright Act.’⁶(Citations omitted.)

[14] The definition as to what constitutes counterfeiting can be found in s 1(1) of the CGA and of relevance is s 1(1)(b) where ‘*Counterfeiting*’ is defined as:

‘(a)...

(b) means, without the authority of the owner of any intellectual property right subsisting in the Republic in respect of protected goods, manufacturing, producing or making, or applying to goods, whether in the Republic or elsewhere, the subject matter of that intellectual property

⁴ Ibid para 13.

⁵ *Cadac (Pty) Ltd v Weber-Stephen Products Co and Others* [2010] ZASCA 105; [2011] 1 All SA 343 (SCA); 2011 (3) SA 570 (SCA).

⁶ Ibid para 6.

right, or a colourable imitation thereof so that 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; or

(c)....

However, the relevant act of counterfeiting must also have infringed the intellectual property right in question.’

[15] In terms of s 1(1) of the CGA, intellectual property rights are defined as follows:

(a) means the rights in respect of a trade mark conferred by the Trade Marks Act, 1993 (Act 194 of 1993), and includes rights in respect of a trade mark contemplated in section 35 of that Act;

(b) means the copyright in any work in terms of the Copyright Act, 1978 (Act 98 of 1978);

(c) in the case where, by a notice issued under section 15 of the Merchandise Marks Act 1941, the use of a particular mark in relation to goods, except such use by a person specified in the notice, has been prohibited, means the concomitant exclusive right of that specified person so to use that mark.’

[16] ‘Counterfeited goods’ are defined as ‘...goods that are the result of counterfeiting, and includes any means used for purposes of counterfeiting’.⁷ And ‘protected goods’ are defined as:

‘(a)...

(b) any particular class or kind of goods which, in law, may feature, bear, embody or incorporate the subject matter of an intellectual property right only with the authority of the owner of that intellectual property right, or to which that subject matter may in law be applied, only by that owner or with his or her authority, but which has not yet been manufactured, produced or made, or to which that subject matter has not yet been applied, with the authority of or by that owner (whichever is applicable).’⁸

Are the seized goods counterfeit goods?

[17] As illustrated above, we are concerned with a trademark that has been registered by Mr Barel, the ENRICO COVERI mark. This Court has found serious shortcomings in the definition of ‘counterfeiting’ in the CGA. In *AM Moolla Group Ltd.*

⁷ Section 1(1) of the CGA.

⁸ Section 1(1) of the CGA.

*and Others v Gap*⁹ Harms JA, having considered TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights), did his best to summarise what the definition of counterfeit trademark goods meant. He stated that ‘...counterfeit trademark goods... [are] goods with marks identical to the registered trademark and which cannot be distinguished from the original, thereby infringing a trademark’.¹⁰

[18] Not all infringements of intellectual property rights amount to counterfeiting. The CGA was created with a higher standard than that of intellectual property infringement. In *Puma* this Court explained that counterfeiting, in terms of paragraph (b) of the definition in the CGA, which pertains to trademarks, entails a high standard of intellectual property infringement. Thus, counterfeiting under (b) means:

‘Counterfeiting under para (b), in turn, means:

- (i) Manufacturing, producing or making, or applying to goods;
- (ii) in the Republic or elsewhere;
- (iii) without the authority of the owner of any IPR;
- (iv) subsisting in the Republic;
- (iv) in respect of protected goods;
- (v) the subject-matter of that IPR, or a colourable imitation;
- (vi) so that the “infringing” goods are calculated to be confused with or to be taken as being the protected goods of the IPR owner.’¹¹ (Citation-omitted.)

[19] Importantly, one needs to ask the question whether the goods are counterfeit within the definition of “counterfeiting”, even though the goods were not cloned. In general terms, cloning basically entails a situation where the goods, trademark and get-up have been copied so closely that there is outright deception. This Court expressed the view in *Puma* that counterfeit goods were not limited to cloned goods.¹²

[20] Counterfeiting under (b) provides trademark protection of notional goods and not actual goods: ‘...para (b) covers any particular class or kind which may bear a registered trademark, but has not yet been produced or to which it has not yet been

⁹ *AM Moolla Group Ltd. and Others v Gap* [2004] ZASCA 112; [2005] 3 All SA 101 (SCA); 2005 (2) SA 412 (SCA).

¹⁰ *Ibid* para 7.

¹¹ *Puma* para 15.

¹² *Ibid* para 91 and 22.

applied with the authority of or by the IP. In other words, the goods protected by para (b) are not actual goods but notional goods, ie, goods to which the owner could have applied the trademark. This means that counterfeiting is possible without cloning and the fact that Puma may not have produced a shoe bearing the particular trademark does not mean that Rampar's shoes could not be counterfeit'.¹³

[21] Thus, in dealing with trademark counterfeiting, as is the case in this matter, an essential element that has to be present is the subject matter of the intellectual property right or a colourable imitation. *Puma*¹⁴ had the following to say on the subject matter:

'...the only remaining issue is whether the marks applied to Rampar's shoes are "the subject matter" or "a colourable imitation" of any of Puma's registered trademarks. To be the "the subject matter" means, as mentioned, that the Rampar mark must be identical to a Puma trademark. An "imitation", in turn, is by definition a copy, and the adjective "colourable" reinforces the fact that the copy is counterfeit. ... That is why it must be "calculated to be confused with" or "taken as being" the registered mark and why it involves deliberate and fraudulent infringement of trademarks.

This test is not the same standard trademark infringement test of "likely to deceive or cause confusion" – but counterfeiting, by its very nature, amounts a fortiori to trademark infringement'.

[22] The standard test for infringement of a trademark is whether the use of the mark is "likely to deceive or cause confusion".¹⁵ Once Mr Barel's mark was registered in class 25 in South Africa, any unauthorised use of, or the importation of, goods in that class bearing the registered mark of Mr Barel, would amount to an infringement in terms of s 34 of the TMA.¹⁶ Whilst infringement of a trademark generally, on its own,

¹³ Ibid para 19.

¹⁴ Op cit fn 5 para 23-24.

¹⁵ Ibid para 24.

¹⁶ Section 34 (1)(a) and (b) of the TMA provides:

'(a) the unauthorised use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;

(b) the unauthorised use of a mark which is identical or similar to the trade mark registered, in the course of trade in relation to goods or services which are so similar to the goods or services in respect of which the trade mark is registered, that in such use there exists the likelihood of deception or confusion.'

does not amount to counterfeiting, 'by its very nature' counterfeiting as stated above in *Puma* 'amounts a fortiori to trademark infringement'.¹⁷

[23] Even though Popular Trading's imported goods are not 'identical' to Mr Barel's goods, the fact that they bear a mark that is 'the subject-matter' or a 'colourable imitation' of Mr Barel's registered trademark, would be enough to constitute counterfeiting.¹⁸ This is so because one could engage in counterfeiting merely by using the protected trademark, whether on the same goods or different goods. To be 'the subject-matter' means simply that the mark on the goods from Popular Trading must be identical to Mr Barel's trademark.¹⁹ And to be a 'colourable imitation' means that it must look like Mr Barel's trademark, so that it must be 'calculated to be confused with' or at least be of such a nature that it is 'taken as being' the registered trademark.²⁰

[24] The Appellate Division in *Protective Mining and Industrial Equipment Systems (Pty) Ltd (formerly Hampo Systems (Pty) Ltd v Audiolens (Cape) (Pty) Ltd*²¹ considered the effect of the introduction of the word "unauthorised" in s 44(1)(a) of the repealed Act and concluded that:²²

'The word 'unauthorised' in its ordinary meaning does not add anything to what was the common law, except that it might affect the *onus* of proving authorisation or lack thereof. Whatever the kind of use might be which would *prima facie* amount to infringement, authorisation would serve to render it lawful'.

[25] In this matter, the mark on the goods of Popular Trading can be said to be very similar, if not identical to Mr Barel's trademark. The initial use of the mark by Popular Trading may not have been calculated to cause confusion. However, its continued use of the mark after it was made aware by Mr Barel that he was the registered owner of the mark, changed the scenario. The only conclusion is that Popular Trading's continued deliberate use of the mark, despite its knowledge of Mr Barel's proprietorship, was calculated to confuse the buying public, or to create the impression

¹⁷ *Puma* para 24.

¹⁸ *Ibid* para 23.

¹⁹ *Ibid* para 23

²⁰ *Ibid* para 23.

²¹ *Protective Mining and Industrial Equipment Systems (Pty) Ltd (formerly Hampo Systems (Pty) Ltd) v Audiolens (Cape) (Pty) Ltd* 1987 (2) SA 961 (A).

²² *Ibid* 989F-H.

that the mark on the goods of Popular Trading was in fact the registered trademark. It amounted not only to a deliberate and fraudulent infringement of Mr Barel's registered trademark, but 'counterfeiting', as defined in the CGA. The seizure of Popular Trading's offending goods, in terms of the warrant was therefore justified and the high court erred in concluding otherwise.

[26] In the result:

- 1 The appeal is upheld with costs, including the costs consequent to the employment of two counsel.
- 2 The order of the high court is set aside and substituted with an order in the following terms:
'The application is dismissed with costs, including the costs of two counsel where so employed.'

W HUGHES
JUDGE OF APPEAL

Bloem AJA (Unterhalter and Coppin JJA concurring)

[27] I have had the benefit of reading the judgment of my colleague, Hughes JA (the first judgment). I respectfully disagree that the appeal should be upheld. For the reasons set out hereunder, the appeal should be dismissed.

[28] The appellant, Yossi Barel (Mr Barel) and the first respondent, Popular Trading CC (Popular Trading) import and distribute footwear in South Africa under the name ENRICO COVERI. The footwear distributed by Mr Barel is manufactured in China and Turkey. Mr Barel distributes the footwear under a trademark registered under the Trade Marks Act 194 of 1993. The footwear distributed by Popular Trading, on the other hand, is manufactured in Italy by ENRICO COVERI SRL, the company established by Mr Enrico Coveri. Does the trademark render the

footwear manufactured in Italy 'counterfeit goods' in the circumstances of this case? That is the issue to be determined in this appeal. Allied to that is whether 'counterfeiting' requires *mens rea*, and if so, in what form?

[29] The facts briefly are that Popular Trading imports and distributes, among other articles, footwear under the brand name ENRICO COVERI, the name of one of Italy's prominent fashion designers of the 1990s. Popular Trading purchases the ENRICO COVERI footwear that it distributes in South Africa from a licensee of the Italian company, ENRICO COVERI SRL (EC). That company was founded by Mr Enrico Coveri himself.

[30] During 1985 and 1988 Mr Coveri registered the ENRICO COVERI trademark in classes 3, 9, 14, 18, 24 and 25 in South Africa. He died during 1990. His sister, Silvana Anna Maria Coveri, succeeded him in the business. During Mr Coveri's lifetime, Ms Coveri was familiar with EC and its business, because she had been her late brother's manager and assisted him with the national and international business interests of EC for many years. During 1998 and 2005 the trademarks expired and were removed due to non-payment of renewal fees. Ms Coveri claimed that Mr Coveri's death was the reason for the non-renewal of trademarks.

[31] During 2007, Mr Barel applied for the registration of the ENRICO COVERI trademark in South Africa in classes 3, 14, 18, 24 and 25. During 2013, he applied for the registration of the same trademark in class 35. The 2007 applications were registered on 15 July 2021, while the 2013 application was registered on 28 September 2015.

[32] During 2016, EC applied for the registration of the ENRICO COVERI trademark in classes 25 and 35. The registrar refused those applications because Mr Barel had registered a trademark under that name in classes 25 and 35. EC instituted an application for the cancellation of the 2013 registration. The 2007 registrations were not registered at the time. That application was later withdrawn because, according to Ms Coveri, EC's goods were being sold in South Africa. EC subsequently filed fresh applications for the registration of the ENRICO COVERI trademark.

[33] Since 2009, Popular Trading sourced authentic ENRICO COVERI footwear from the then licensee of EC, named United Brand Company SpA. After the termination of its agreement with United Brand Company SpA during 2017, Popular Trading entered into a new agreement with another licenced company, Sport Commerce Italia SRL, from which it continues purchasing authentic ENRICO COVERI footwear, manufactured by EC in Italy.

[34] Mr Barel describes himself as the manufacturer and distributor of clothing, footwear and related products in South Africa since 1995. He alleged that he has been manufacturing and distributing goods bearing the ENRICO COVERI trademark since 2005. He confirmed that his clothing and footwear products are manufactured in factories in China and Turkey. He is personally involved in the production, design and development processes of his products. He avers that the products manufactured at his instance are unique in design and not copied from third parties. He explained the choice of the ENRICO COVERI brand name for his products as follows:

- '8.3 During my visit to one of the factories in China in 2005, I designed a new line of clothing and footwear. Since this line was different to my previous lines, I wanted to bring these products to the market under a different brand name. Since I was struggling to come up with a brand name of this new line, a gentleman (the name of whom I can unfortunately not recall) at the factory at which I was manufacturing my products at the time tried to assist me with a few names. These names included Antonio Bossi, Blamian, Jean Louise Scherrer and Enrico Coveri. At that point in time, I was not familiar with any of those names. I found the name ENRICO COVERI to fit the brand which I had in mind quite well. After I enquired from the gentleman the origin of the name ENRICO COVERI, he responded that it was an Italy name and it was also previously the name of a brand which had since the 1980s gone off the radar. As confirmation of my visit to China in 2005 (and subsequent years) I will cause to be annexed hereto marked **Annexure "YB3"** extracts taken from my old passport of the Visa permit which I received from some of my trips to China. Ideally, I would have preferred to be able to attach a Confirmatory Affidavit by the aforementioned gentlemen confirming which I stated above. However, as mentioned, this gentleman was merely at the factory and I have never seen him since the aforementioned encounter.
- 8.4 Since I found the name to fit the brand which I had in mind, especially the Italian connection (i.e. consumers link Italy with quality), I elected to use the name ENRICO COVERI for this line of clothing and footwear.'

[35] He introduced his ENRICO COVERI line of products to the South African market

during 2005/2006. Since then, the ENRICO COVERI brand, according to him, has expanded rapidly in South Africa.

[36] The above facts show that the origin of the ENRICO COVERI name and products is in Italy, where EC, the company, founded by Mr Coveri, manufactures products under the name of ENRICO COVERI. Popular Trading accordingly refers to the footwear that it distributes under the name of ENRICO COVERI as authentic footwear.

[37] The Collins dictionary gives the meaning of 'authentic' as follows: '*adj* 1 of undisputed origin or authorship; genuine. 2 trustworthy; reliable; *an authentic account*. 3 (of a deed, etc.) duly executed. 4 *Music*. 4a using period instruments and historically researched scores and playing techniques. 4b (*in combination*): *an authentic-instrument performance*. 5 *Music*. Commencing on the perfect and ending octave higher. Cf. *pagal*. C14: from LL *authenticus* coming from the author, from Gk, from *authentēs* one who acts independently, from AUTO- + *hentēs* a doer; ► *au'thenticall* *adv* ► *authenticity*"²³ and "a. genuine, of legitimate or undisputed origin (*authentic document, signature*); trustworthy (*authentic statement*); *authentically adv.*; *authenticity*."²⁴

[38] Mr Barel did not dispute that EC is the origin of the footwear that Popular Trading distributes under the name of ENRICO COVERI. Popular Trading's footwear is, therefore, "genuine, of legitimate or undisputed origin" and accordingly authentic. Against the above factual background, can the goods manufactured by EC and distributed by Popular Trading be described as counterfeit goods and the goods manufactured in China and Turkey and distributed by Mr Barel as protected goods.

[39] According to s 1(1) of the Counterfeit Goods Act 37 of 1997 (the Counterfeit Goods Act), 'counterfeit goods' means 'goods that are the result of counterfeiting, and includes any means used for purposes of counterfeiting'. 'Counterfeiting' has three definitions in s 1(1) of the Counterfeit Goods Act. Only the meaning described in

²³ See Collins Concise Dictionary 21st Century Edition, Fifth Edition, 2001.

²⁴ See The Oxford Dictionary of Current English, reprinted 1992.

paragraph (b) thereof is relevant in this case, because it relates to trademarks.²⁵ In terms thereof:

“counterfeiting” –

- (a) ...
- (b) means, without the authority of the owner of any intellectual property right subsisting in the Republic in respect of protected goods, manufacturing, producing or making, or applying to goods, whether in the Republic or elsewhere, the subject matter of that intellectual property right, or a colourable imitation thereof so that 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; or
- (c)

However, the relevant act of counterfeiting must also have infringed the intellectual property right in question.’

[40] The difficulties that this Court and other courts have had with the interpretation of the definition of counterfeiting have been highlighted in the first judgment.²⁶ The meaning that this Court has given to the definition of counterfeiting under paragraph (b) is:

- ‘(i) Manufacturing, producing or making, or applying to goods;
- (ii) in the Republic or elsewhere;
- (iii) without the authority of the owner of any [intellectual property right];
- (iv) subsisting in the Republic;
- (v) in respect of protected goods;
- (vi) the subject-matter of that [intellectual property right], or a colourable imitation;
- (vii) *so that the 'infringing' goods are calculated to be confused with or to be taken as being the protected goods of the [intellectual property right] owner.*²⁷ (Emphasis added.)

[41] To explain that definition by way of example, it must be assumed that A is the owner of an intellectual property right in respect of protected goods. B manufactures, produces or makes, whether in the Republic or elsewhere, goods without the authority of A. The goods that B manufactures, produces, makes or applies, or a colourable imitation thereof, should be calculated to be confused with or to be taken as being A’s

²⁵ *Puma AG Rudolf Dassler Sport v Rampar Trading (Pty) Ltd and Others* 2011 (2) SA 463 (SCA); [2010] ZASCA 140; [2011] 2 All SA 290 (SCA) para 16 (*Puma*).

²⁶ See para 18 of the first judgment.

²⁷ *Puma* fn 31 para 15 (*Puma*).

goods or goods manufactured, produced or made under A's licence.

[42] Meaning must be given to the phrase '... so that the other goods are calculated to be confused with or to be taken as being the protected goods' of the owner of the intellectual property right in the definition of 'counterfeiting'. That phrase must be read to mean that 'counterfeiting' occurs when goods are manufactured, produced, made or applied '... so that the other goods (being the goods so manufactured, produced, made or applied) are calculated to be confused with ... the protected goods' or '... so that the other goods (so manufactured, produced, made or applied) are calculated to be ... taken as being the protected goods' of the owner of the intellectual property right.

[43] The word 'calculated', in the context of the definition of 'counterfeiting', must mean planned, designed or intended. If that is not so, the phrase would have read '... so that the other goods are to be confused with the protected goods' or '... so that the other goods are to be taken as being the protected goods'. In that case, 'counterfeiting' would take place by virtue of the mere confusion of 'the other goods' with 'the protected goods' or taking 'the other goods' as 'the protected goods'. In the circumstances of this case, the confusion of the footwear manufactured by EC with the footwear manufactured by companies in China and Turkey or taking the footwear manufactured by EC as the footwear manufactured by companies in China and Turkey would, on that interpretation, be sufficient to constitute 'counterfeiting'. Such an interpretation passes the standard trademark infringement test, namely the unauthorised use of an identical mark or of a mark so nearly resembling the registered trade mark 'as to be likely to deceive or cause confusion' with the goods in respect of which the trade mark is registered.²⁸

[44] But, the above interpretation would ignore or exclude the meaning of the word 'calculated' in the definition of 'counterfeiting'. It is a long-standing rule in the interpretation of legislation that every word in an enactment should be given a meaning

²⁸ *Puma* fn 31 para 24. See also s 34(1)(a) of the Trade Marks Act 1993, which reads as follows: 'The rights acquired by registration of a trade mark shall be infringed by-
(a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion'.

and not be treated as tautologous or superfluous.²⁹ The Legislature, by using the word 'calculated' in the definition of 'counterfeiting', required the confusion to have been the result of planning, design or intention. *Mens rea* in the form of *dolus* is accordingly imported into the definition of 'counterfeiting' by the use of the word 'calculated'. Thus, for B to be said to have committed counterfeiting, it must be established that B intended his goods to be confused with A's protected goods or that he intended his goods to be taken as B's protected goods. In other words, B acted with an intention to deceive. Without such intention, there cannot be counterfeiting under paragraph (b) of the definition of 'counterfeiting'. This interpretation of 'counterfeiting' is consistent with what this Court has previously said about the meaning of 'counterfeiting', namely that 'it involves deliberate and fraudulent infringement of trademarks'.³⁰ In *R v Johnstone* Lord Nicholls described counterfeiting as fraudulent trading, while Lord Walker said that counterfeiting 'involve[s] deliberate, and generally fraudulent, infringement of various intellectual property rights'.³¹

[45] Section 2 of the Counterfeit Goods Act prohibits the dealing in counterfeit goods. It also creates an offence.³² It must be remembered that counterfeit goods are the

²⁹ *National Credit Regulator v Opperman and Others* [2012] ZACC 29; 2013 (2) BCLR 170 (CC); 2013 (2) SA 1 (CC) para 99.

³⁰ *Puma fn 31* para 23; and *Cadac (Pty) Ltd v Weber-Stephen Products Co and Others* 2011 (3) SA 570 (SCA); [2010] ZASCA 105; [2011] 1 All SA 343 (SCA) para 6.

³¹ *R v Johnstone* [2003] UKHL 28 ([2003] 3 All ER 884; [2004] ETMR 2; [2003] 1 WLR 1736; [2003] FSR 42; [2003] 2 Cr App R 33) para 59.

³² Section 2 of the Counterfeit Goods Act reads as follows:

'2 Dealing in counterfeit goods prohibited and an offence

(1) Goods that are counterfeit goods, may not-

(a) be in the possession or under the control of any person in the course of business for the purpose of dealing in those goods;

(b) be manufactured, produced or made except for the private and domestic use of the person by whom the goods were manufactured, produced or made;

(c) be sold, hired out, bartered or exchanged, or be offered or exposed for sale hiring out, barter or exchange;

(d) be exhibited in public for purposes of trade;

(e) be distributed-

(i) for purposes of trade; or

(ii) for any other purpose to such an extent that the owner of an intellectual property right in respect of any particular protected goods suffers prejudice;

(f) be imported into or through or exported from or through the Republic except if so imported or exported for the private and domestic use of the importer or exporter, respectively;

(g) in any other manner be disposed of in the course of trade.

(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

result of counterfeiting. In other words, s 2 must be read against the proper understanding of ‘counterfeiting’ and ‘counterfeit goods’. Absent counterfeiting, goods cannot be counterfeit goods. The offence that s 2 creates must be seen in that light, with the result that, if goods are not the result of counterfeiting, the offence created in s 2 cannot be committed.

[46] Did Popular Trading intend the footwear that it distributed in South Africa to be confused with the footwear distributed by Mr Barel, or did it intend its footwear to be taken as being Mr Barel’s footwear? In her affidavit, Ms Coveri stated that, by distributing and selling footwear under the name of ENRICO COVERI, Mr Barel ‘undermines and contradicts the essence of [her] brother’s name’ and what her brother’s name means in the fashion industry. According to her, ‘authenticity is prized above all else’ in the fashion industry. Although Mr Barel answered other allegations in Ms Coveri’s affidavit, he elected not to respond to her allegations concerning the authenticity of her late brother’s footwear and the importance of authenticity in the fashion industry.

[47] Popular Trading has been purchasing authentic ENRICO COVERI footwear from EC’s licensees since 2009. There is no evidence to suggest that, when it first purchased footwear from EC’s licensees, Popular Trading did so with the intention that its footwear be confused with Mr Barel’s footwear or with the intention that its footwear be taken as being Mr Barel’s footwear. It was only during February 2021 that Mr Barel’s attorney called Mr Paulo Viera, Popular’s Trading sole member, and insisted that Popular Trading should cease importing ENRICO COVERI footwear. That call was followed up with a letter of demand dated 4 August 2021 from Mr Barel’s attorney, wherein it was contended that Popular Trading engaged in acts of dealing with counterfeit goods. That letter elicited a response from Popular Trading’s attorney, who placed it on record in an email dated 6 August 2021 that Popular Trading has been importing and selling ‘goods bearing the ENRICO COVERI mark of the Italian supplier and brand owner for 20 years and has been a licensee of the brand for the last five

(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.’

years'.³³

[48] On 7 December 2021, Mr Barel, through his attorney, laid a complaint purportedly in terms of s 3(1) of the Counterfeit Goods Act against Popular Trading. He claimed that it was reasonably suspected that Popular Trading had committed or was likely to commit an offence referred to in s 2(2) of the Counterfeit Goods Act. The allegation against Popular Trading was that it infringed Mr Barel's rights in the trademark registration and that it was engaging in acts of dealing with counterfeit goods, being the ENRICO COVERI trademark. In the complaint it was contended that the footwear that Popular Trading distributed were counterfeit goods. That allegation was made because Mr Barel did not manufacture and distribute the style and design of the footwear distributed by Popular Trading. A further complaint was that the footwear that Popular Trading distributed did not bear the labels used by Mr Barel and that the packaging that Popular Trading used was also not used by Mr Barel.

[49] Those complaints resulted in a search warrant that was issued by the third respondent, a magistrate. It is pointed out that, at that stage, the magistrate was not required to decide whether the footwear distributed by Popular Trading were counterfeit goods. Section 6(1) provides that the magistrate could only issue the search warrant if it appeared to him from information on oath or affirmation that there were reasonable grounds for believing that an act of dealing in counterfeit goods had taken or was taking place or was likely to take place. Mr Barel needed only to have satisfied the magistrate that, *prima facie*, a case of an act of dealing in counterfeit goods existed. He was not required to prove on a balance of probabilities that the footwear distributed by Popular Trading were counterfeit goods or that counterfeiting

³³ Based on the evidence, it is correct insofar as it states that Popular Trading has been importing footwear bearing the ENRICO COVERI mark for 20 years. However, between 1999 and 2009, Popular Trading imported footwear bearing the ENRICO COVERI mark that was manufactured by a Chinese company and imported from China. It has been importing and selling authentic ENRICO COVERI goods since 2009, which means that, at the date of the letter, it had been importing ENRICO COVERI goods from EC's licensees for about 12 years. Also, the evidence shows that Popular Trading imported the authentic ENRICO COVERI goods from licensees, not that Popular Trading itself was a licensee. It was authorised to distribute ENRICO COVERI goods, manufactured by EC, in South Africa.

occurred.³⁴

[50] The search warrant that the magistrate issued, resulted in the search of Popular Trading's premises and the seizure of its footwear. Popular Trading thereafter instituted an application in the high court for an order that the search warrant be set aside; and that it be declared, in terms of s 7(4)(a)³⁵ of the Counterfeit Goods Act, that the goods, which formed the subject matter of the search warrant, were not counterfeit goods. The onus was on Popular Trading to persuade the high court to make a determination that the seized goods were not counterfeit goods. To secure such an order, it had to show more than that there were 'reasonable grounds for believing' that the seized goods were not counterfeit goods. Section 7(4)(a) required Popular Trading to show on a balance of probabilities 'that the seized goods [were] not counterfeit goods', a higher burden of proof than what is required in s 6(1).

[51] It was submitted on behalf of Mr Barel, that once Popular Trading became aware (had knowledge) of Mr Barel's registration of the ENRICO COVERI trademark in particular class 25, its subsequent importation, distribution and sale of footwear bearing the ENRICO COVERI name, constituted an act or conduct prohibited by s 2(1) of the Counterfeit Goods Act. It accordingly committed an offence in terms of s 2(2), the submission continued. That submission cannot be sustained. For an offence to be committed in terms of s 2(2)(a), it must be established that, at the time of the act or conduct, the person who performed the act or conduct prohibited by s 2(1), 'knew or had reason to suspect that the goods to which the act or conduct relates, were counterfeit goods'. In other words, the person must have known or reasonably suspected that the goods to which the act or conduct related, were the result of counterfeiting. The same applies to s 2(2)(b). In such a case, the person would be guilty of an offence if he failed to take all reasonable steps to avoid any act or conduct referred to in s 2(1) from being performed or engaged in with reference to counterfeit goods.

³⁴ *Commissioner, South African Revenue Service and Others v Moresport (Pty) Ltd and Others* 2009 (6) SA 220 (SCA) para 9.

³⁵ Section 7(4)(a) of the Counterfeit Goods Act reads as follows:

'Any person prejudiced by a seizure of goods in terms of section 4 (1), may at any time apply to the court on notice of motion for a determination that the seized goods are not counterfeit goods and for an order that they be returned to him or her.'

[52] As pointed out above, goods can only be counterfeit goods if they are the result of counterfeiting. Absent an intention to confuse the other goods with the protected goods or an intention that the other goods be taken as the protected goods, there is no counterfeiting. For counterfeiting to take place, the person who is alleged to have committed counterfeiting must be shown to have intended his goods to be confused with the protected goods or he must be shown to have intended his goods to be taken as being the protected goods. In my view, the evidence does not establish that Popular Trading intended, at any stage, that the authentic footwear that it imported from EC's licensees, were to be confused with Mr Barel's footwear or that Popular Trading intended its footwear to be taken as being Mr Barel's footwear.

[53] Although the registration of the ENRICO COVERI trade mark by Mr Barel was brought to the attention of Popular Trading, the continuation by Popular Trading in dealing in the goods imported by it does not amount to counterfeiting because Popular Trading continued to believe that it was importing and distributing the authentic ENRICO COVERI products from Italy. Popular Trading thus was not seeking to confuse its footwear with Mr Barel's protected footwear because Popular Trading plainly considered that the footwear it was importing and distributing enjoyed a distinctive and authentic pedigree. Popular Trading thus did not act with the required calculation to confuse. Once that is so, Popular Trading did not engage in counterfeiting. The rhetorical question may justifiably be asked: Why would the importer and distributor of authentic footwear intend his footwear to be confused with or to be taken as being the footwear manufactured by a company other than the company that manufactures the authentic footwear? Counterfeiting requires more than mere trademark infringement.³⁶

[54] Since it has not been established that Popular Trading committed counterfeiting and since Popular Trading has adduced sufficient evidence to sustain a finding that the footwear seized were not counterfeit goods, the appeal must be dismissed. Both parties employed two counsel, which seems to be reasonable, regard being had to the complexity of the main issue raised in the appeal.

³⁶ *Puma* fn 32 para 13.

Order

[55] In the result, the appeal is dismissed with costs, such costs to include the costs of two counsel, where so employed.

G H BLOEM
ACTING JUDGE OF APPEAL

Appearances

For the Appellant:	R Michau SC with J A Booyse
Instructed by:	Spoor and Fisher Attorneys, Pretoria Phatshoane Henney Attorneys, Bloemfontein
For the First Respondent:	A J Lamplough SC with C W Pretorius
Instructed by:	Adams and Adams Attorneys, Johannesburg Honey Attorneys, Bloemfontein.