BLUE LION MANUFACTURING (PTY) LTD v NATIONAL BRANDS LTD

SUPREME COURT OF APPEAL

HARMS JA, SCHUTZ JA, ZULMAN JA, CAMERON JA and MTHIYANE JA

2001 May 11, 18 Case No 286/2000

Trade and competition—Trade—Passing-off—Get-up of goods—Parties producing coconut biscuits under names of 'Tennis' and 'Tea Lovers' respectively—Packaging of 'Tea Lovers' alleged to have been changed to pass off 'Tennis' biscuits' packaging—Having regard to whole get-up, including colours, arrangements of matter and letters, there was immediate and striking similarity between rival packagings—That being so if one compared them side by side—Same could be said if they were displayed in quantity on supermarket shelf—Facts that participant in market chose to imitate competitor's get-up and then sought to maintain its imitation, suggested that it believed and had confirmation of its belief that imitation conferred on it some advantage that original get-up would not—Inference properly drawn that makers of 'Tea Lovers' had such belief—Basis for drawing inference strengthened by explanation or lack of explanation for manner in which it changed wrapping of its biscuits from that formerly in use to one in issue—Attempt not to distinguish but rather to confuse two products demonstrated.

The respondent had been selling coconut biscuits under the name of Tennis biscuits for a number of years. In 1990 it had altered the shape of it packaging, but reverted to the previous size in July 1998. The packaging, although in different sizes, was similar in appearance. Before July 1998 the appellant had changed its Tea Lovers biscuits' packaging to one which the respondent alleged was an impermissible copy of theirs. The similarities were a lustrous white background, a baker logo on the top left corner, a scatter of biscuits (using the same colour) on the right side and similar lettering in both of the two marks used on the packaging. The respondent had applied for and obtained an interdict in a Provincial Division restraining the appellant from using the packaging it was using. The respondent had, *inter alia*, used the evidence of one customer who had been confused by the similarities in packaging and had further sought to prove that the appellant had acted fraudulently. Although the appellant had been requested by the respondent to reveal its instructions to its design agency, its so-called job bag, the appellant had declined to do so, as it was irrelevant. In an appeal,

Held, that when one had regard to the whole get-up, including the colours, the arrangements of matter and the letters, there was an immediate and striking similarity between the rival packagings, whether one looked at the longer or the shorter of the respondent's packs when making the comparison. That was so if one compared them side by side. The same could be said if they were displayed in quantity on a supermarket shelf. (Paragraph [8] at 889D–E.)

Held, further, that, even if the respondent's witness was alone, she had fallen into a trap into which many a careful person might have fallen. (Paragraph [9] at 890B–C.)

Held, further, that the facts that a participant in a market chose to imitate its competitor's get-up and then sought to maintain its imitation suggested that it believed and had had confirmation of its belief that imitation A conferred on it some advantage that an original get-up would not. The inference should properly have been drawn that the appellant had such a belief and also knew that the job bag would have revealed that it was sailing as close to the wind as it thought it could. The basis for drawing this inference was strengthened by the appellant's explanation or lack of explanation for the manner in which it changed the wrapping of its biscuits, B in 1998, from that formerly in use to the one in issue in this case. (Paragraphs [14] and [15] at 891A/B–C/D.)

Held, further, that it had been demonstrated that there had been an attempt not to distinguish the appellant's mark from the respondent's but rather to confuse the two. (Paragraph [19] at 892C/D–E.)

Held, accordingly, that the likelihood of deception and confusion had been C established. (Paragraph [20] at 892G.)

Annotations:

Reported cases

Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd 1977 (4) SA 434 (W): dictum at 437F–438A applied D

Crossfield & Son Ltd v Crystallizers Ltd 1925 WLD 216: applied

Harrods Ltd v Harrodian School Ltd [1996] RPC 697 (CA): dictum at 706 applied

National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd 2001 (3) SA 565 (SCA): referred to

Pasquali Cigarette Co Ltd v Diaconicolas & Capsopolus 1905 TS 472: applied E

Payen Components SA Ltd v Bovic CC and Others 1995 (4) SA 441 (A): referred to

Policansky Bros Ltd v L & H Policansky 1935 AD 89: dictum at 98 applied.

Appeal from a decision in Transvaal Provincial Division (Southwood J). F The facts appear from the reasons for judgment.

C F Puckrin SC (with *R Michau*) for the appellant.

P Ginsburg SC (with *O Salmon*) for the respondent.

In addition to those cited in the judgments of the Court, counsel for the parties referred to the following authorities: G

Adidas Sportschuhfabriken Adi Dassler v Harry Walt & Co (Pty) Ltd 1976 (1) SA 530 (T) at 538G–539A

Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano Ltd and Others 1981 (2) SA 173 (T) at 188H–189A

Bress Designs (Pty) Ltd v G Y Lounge Suite Manufacturing (Pty) Ltd 1991 (2) SA 455 (W) H

Cadbury-Schweppes (Pty) Ltd v The Pub Squash Co Ltd [1981] RPC 429 (PC)

Capital Estate & General Agencies (Pty) Ltd v Holiday Inns Inc 1977 (2)

A *Jennifer Williams & Associates and Another v Life Line Southern Transvaal* 1996 (3) SA 408 (A) at 418D

John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd 1977 (3) SA 144 (T) at 156B, 157H–158A

Munster Estates (Pty) Ltd v Killarney Hills (Pty) Ltd 1979 (1) SA 621 (A) at 624C–G B

Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A) at 641C–D

Premier Hangers CC v Polyoak (Pty) Ltd 1997 (1) SA 416 (A)

Reckitt & Colman Products Ltd v Borden Inc and Others [1990] RPC 341 (HL) at 402 (25–50) C

Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son (Pty) Ltd 1993 (2) SA 307 (A) at 318A–B

Schultz v Butt 1986 (3) SA 667 (A) at 678F–679E, 683C–D

Slazenger & Sons v Feltham & Co (1889) 6 RPC 531 at 538

Stringfellow v McCain Foods (GB) Ltd [1984] RPC 501 (CA) at 533 (44) D

Taylor & Horne (Pty) Ltd v Dentall (Pty) Ltd 1991 (1) SA 412 (A)

The Financial Times Ltd v Evening Standard Co Ltd [1991] FSR 7

Union Wine Ltd v E Snell & Co Ltd 1990 (2) SA 189 (C)

Webster-Stephen Products Co v Alrite Engeneering (Pty) Ltd and Others 1992 (2) SA 489 (A) at 504H–506D E

Halsbury's Laws of England 3rd ed vol 38 at 597

Wadlow *Law of Passing Off* 2nd ed at 197

Webster and Page *South African Law of Trade Marks* 4th ed in para 15.23 at 15-57.

F *Cur adv vult.*

Postea (May 18).

Schutz JA:

G [1] A record of 720 pages and heads of argument totalling 57 pages have been placed before us in order to allow us to decide whether the wrapping of its coconut biscuits used by one manufacturer passes itself off as the wrapping of another manufacturer of similar biscuits. I acknowledge, of course, that an applicant in a passing-off case must H prove his reputation and that that may require a considerable body of evidence, that it behoves him to prove instances of actual deception or confusion if such evidence may be found (one instance was raised in this case), and that the applicant sought to prove fraudulent intent, as it was entitled to do. But for the rest the case was essentially one of first I impression of the two wrappers. Perhaps the main reason why the record became unnecessarily inflated was that the applicant (the respondent on appeal—'National Brands') ran another case in tandem with its passing-off case, namely one based on unlawful competition. This, despite what was said (if not in so many words) in *Payen Components SA Ltd v Bovic CC and Others* 1995 (4) SA 441 (A) at 453G–H concerning the J illegitimacy of using some general notion of unlawful competition to create an ersatz passing off with requirements (in the alternative) less exacting than those required by the common law. Some of the restraints that the common law places on the passing-off action (the one relevant to this case is the need to prove the likelihood of deception and confusion) are important in preventing the creation of impermissible monopolies. That is all I have to say on the alternative cause of action, save that it is a pity that the appellant did not ask for a special order for costs.

[2] The simple principle in passing off is stated by Solomon J in *Pasquali Cigarette Co Ltd v Diaconicolas & Capsopolus* 1905 TS 472 at 474 to be:

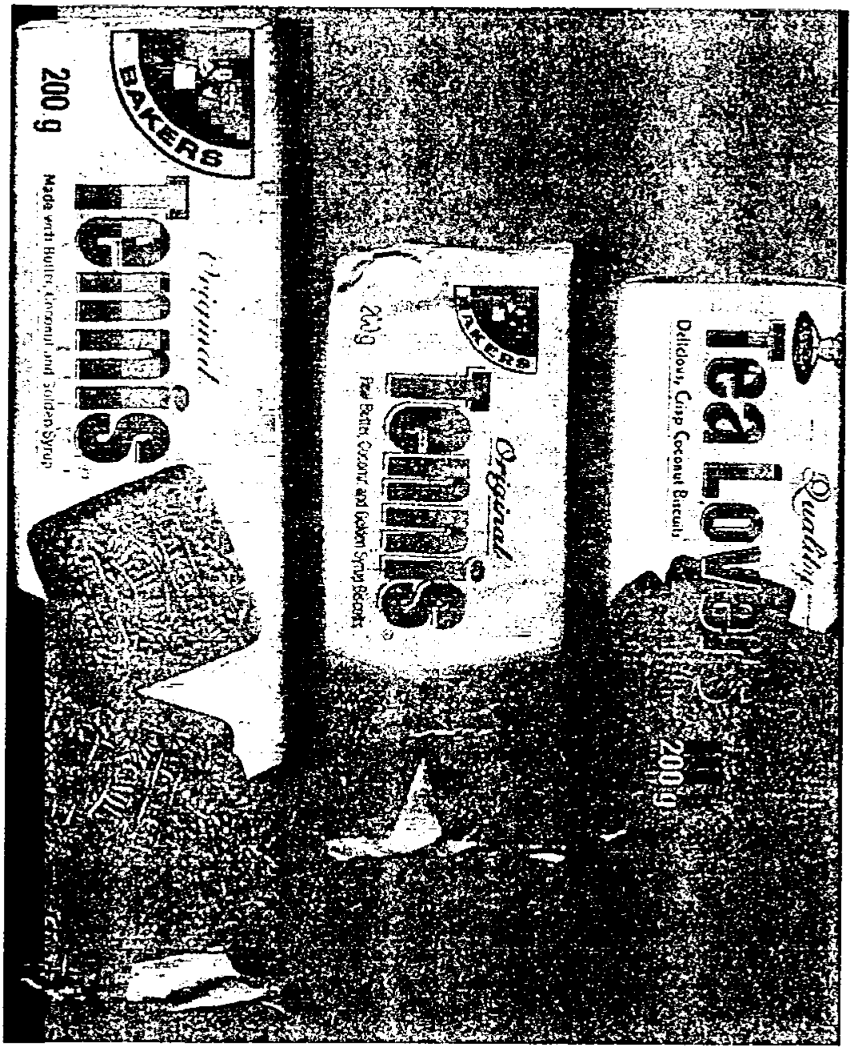
> '(N)o man is allowed to pass off his goods as the goods of another person; no manufacturer of goods is allowed to represent to the public that the goods which he is selling are the goods of a rival manufacturer.'

[3] The more detailed rules have been articulated so frequently and consistently that I need make only the briefest reference to them. When one is concerned with alleged passing off by imitation of get-up, as is the case in the matter before us, one postulates neither the very careful nor the very careless buyer, but an average purchaser, who has a general idea in his mind's eye of what he means to get but not an exact and accurate representation of it. Nor will he necessarily have the advantage of seeing the two products side by side. Nor will he be alerted to single out fine points of distinction or definition. Nor even, as pointed out by Greenberg J (from whom I have been quoting) in *Crossfield & Son Ltd v Crystallizers Ltd* 1925 WLD 216 at 220, will he have had the benefit of counsel's opinion before going out to buy. Nor will he necessarily be able to read simple words, as there are distressingly many people in South Africa who are illiterate.

[4] However, the law of passing off is not designed to grant monopolies in successful get-ups. A certain measure of copying is permissible. But the moment a party copies he is in danger and he escapes liability only if he makes it 'perfectly clear' to the public that the articles which he is selling are not the other manufacturer's, but his own articles, so that there is no probability of any ordinary purchaser being deceived: *Pasquali* at 479, *Crossfield* at 221 and *Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* 1977 (4) SA 434 (W) at 437F–438A.

[5] National Brands has been selling its 'Tennis' coconut biscuits since 1911. In 1990 it altered the shape of its package so that it measured 240 × 65 × 40 mm with a net content of 200 g. In July 1998 it reverted to the size which it had used before 1990—140 × 60 × 60 mm, the weight being the same, whilst the biscuits were differently packed. Some months before July 1998 the appellant, 'Blue Lion', had commenced selling its 'Tea Lovers' coconut biscuits under their present get-up, also in a size 140 × 60 × 60 mm. A feature of all three sealed packets, that is those of National Brands and of Blue Lion, is that the background is a lustrous white. Representations of the three packets are appended to this judgment. During argument attention was directed to the top of the packet and not the sides, ends or bottom.

[6] On the left hand top of the Tennis packet is a prominent quadrant of



red, white and black, containing a representation of a baker and the name Bakers in prominent black letters. On the right hand side, in light brown there is a representation of a scattering of Baker's Tennis biscuits, there being more displayed on the larger than on the smaller pack. The weight is given at the left hand foot as 200 g, in gold letters on the smaller pack and in black on the larger. The word 'Tennis' occupies centre stage in large red type. The letters are edged in gold. In both cases the word 'Original' appears in much smaller golden italics above 'Tennis'. Beneath that word appear in even smaller black print words indicating manufacture from butter, coconut and golden syrup.

[7] Turning to the 'Tea Lovers' packet, it also has a baker logo on the top left-hand side. It is much smaller than the one on the Tennis packets, and because of its small size and muted colouring (white and brown bordered in gold against a white background) its impact is slight. Within it appears

the word 'Kwality', which is much smaller than its prominent 'Bakers' A counterpart. There is a similar scatter of biscuits on the right hand side. Their colour is the same as on the Tennis packet but, of course, they are not stamped either as 'Bakers' or as 'Tennis'. The weight of 200 g is given on the bottom right-hand side in gold letters against a small white inset. Above the words 'Tea Lovers' appears the word 'Quality' in gold B italics, similar in size and style to the 'Original' on the Tennis biscuits. Below Tea Lovers are words in small black type reading 'Delicious, crisp coconut biscuits'. The red letters, again prominent, and again gilt edged, in 'Tea Lovers' are about the same size as those on the shorter 'Tennis' pack face. The same goes for the sides but not the face of the longer 'Tennis' pack. The red letters on the face of the longer pack (which has C a wider face) are slightly larger than the others. What differs between the two manufacturers is that the letters in 'Tea Lovers' are more widely spaced than those in 'Tennis'. What is strikingly similar is that the marks of both manufacturers commence with an identically shaped red 'T' and 'e', gilt edged, against a lustrous white background. D

[8] When one has regard to the whole get-up, including the colours, the arrangements of matter and the letters, there is an immediate and striking similarity between the rival packagings, whether one looks at the longer or the shorter National Brands pack when making the comparison. That is so if you compare them side by side. The same may be said E if they are displayed in quantity on a supermarket shelf. Indeed, when National Brands sent one of their managers, Mr Pretorius, to inspect and take photographs of supermarket shelves where the products were to be found in association, it was only after a time that he noticed that two Tennis packs had migrated into the Tea Lovers shelf, and one Tea Lovers pack had done the opposite. When he had set this right it was F pointed out to him that he had overlooked a fourth pack which was also out of place. Being supplied with photographs of the display, I can understand. The hypothetical buyer will frequently not have the opportunity of making such a comparison, and as Tea Lovers are usually sold for less than Tennis biscuits, it is particularly at this end of the market, G where only the cheaper biscuits may be sold, that deception or confusion may occur. But not only there, as this type of biscuit is popular among all classes and the danger exists even if the two brands are displayed side by side.

[9] It has often been said (eg in *Pasquali* at 476) that opinion evidence as H to whether a particular packaging is likely to deceive is of little value, as that is the very question which the Court must decide. But as the immediately succeeding passage in the judgment of Solomon J in *Pasquali* shows, evidence that persons have actually been deceived is of far greater importance. National Brands has presented the evidence of I one such witness, Mrs Cassim. She was a regular purchaser of Bakers Tennis biscuits. On 3 August 1999 she took what she thought were three packets of Tennis biscuits off a supermarket shelf and bought them. Back home she opened one packet. The biscuits looked and tasted different and had a different texture. Only then did she look at the packet, to see that what she had bought was Tea Lovers. At her husband's suggestion J

A she telephoned Bakers. Efforts have been made to minimise the effect of this evidence. It has been suggested that Mrs Cassim is not the average purchaser postulated by the law, but an abnormally careless one. This despite the fact that she works as a qualified pharmacist, a profession peculiarly alert to correct product identification. Then it is said, but she B is only one! Where are all the others? The answer to this is that relatively few persons will trouble to go back to the 'innocent' manufacturer over such a small purchase. Much more likely is it that they will go to the retailer to obtain satisfaction, or just learn for next time. Alone she may be, but I accept that Mrs Cassim did in fact fall into a trap into which many a careful person may have fallen.

C

[10] A further factor in the case is that it is common cause that biscuits are sometimes the subject of impulse buying. Blue Lion contends that this is a neutral factor. I do not agree. I consider that it enhances the chances of error.

D [11] Although innocent passing-off is possible, I think Wessels CJ was right when in *Policansky Bros Ltd v L & H Policansky* 1935 AD 89 at 98 he said:

> 'Here [in the field of passing off by adopting a get-up] as a rule the element of *dolus* prevails, for the get-up is seldom, if ever, accidental: it is generally the result of calculated imitation.'

E

[12] National Brands charges Blue Lion with having acted fraudulently. One of the bases for making this allegation is the undisclosed pack design brief. This is used when a manufacturer instructs a designer to design packaging. In it the manufacturer explains what he wishes to achieve. F The design agency then prepares a 'job bag' into which the brief and accumulating information is placed. Having charged fraud, National Brands challenged Blue Lion to disclose the job bag and give an explanation for its choice of design. In its answer Blue Lion evaded the challenge, stating that the job bag was of no concern to National Brands. G The only question, it said, was whether the packaging did or did not constitute a passing off. Fraud or intent were irrelevant.

[13] Now, while it is perfectly true that in the end the question is whether there is a passing off, an allegation of fraud is not so lightly flicked aside. Our Courts, like the English Courts, have frequently pointed to the H pertinence of the enquiry. As it was recently expressed by Millett LJ in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 (CA) at 706 (13–22):

> 'Deception is the gist of the tort of passing off, but it is not necessary for a plaintiff to establish that the defendant consciously intended to deceive the public if that is the probable result of his conduct. Nevertheless, the question I why the defendant chose to adopt a particular name or get up is always highly relevant. It is "a question which falls to be asked and answered": see *Sodastream Ltd v Thorn Cascade Co Ltd* [1982] RPC 459 at 466 *per* Kerr LJ. If it is shown that the defendant deliberately sought to take the benefit of the plaintiff's goodwill for himself, the Court will not "be astute to say that he cannot succeed in doing that which he is straining every nerve to do": see *Slazenger & Sons v Feltham & Co* J (1889) 6 RPC 531 at 538 *per* Lindley LJ.'