

**Diageo North America Inc and another v DGB (Pty) Ltd
[2006] 3 All SA 529 (T)**

Division: Transvaal Provincial Division
Date: 25 February 2004
Case No: 6881/03
Before: H Daniels J
Sourced by: M Snyman and D Cloete
Summarised by: D Harris

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[1] Intellectual property - Passing off - Requirements for interdict based on passing off set out by court.

[2] Intellectual property - Passing off - Proof of reputation - Applicant must prove a reputation attached to the particular product so that consumers identified its product's get-up as distinctive of applicant's goods - The reputation relied upon must have been in existence at the time the respondent entered the market.

Editor's Summary

The first applicant was the owner of all the rights in and to the get-up of its "spirit cooler" beverages sold under the trade marks "Smirnoff Ice" and "Smirnoff Spin". The second applicant was licensed by the first applicant to use the get-up and trade marks in South Africa in relation to the said spirit coolers. The respondent manufactured and marketed a similar product, sold under the name "Nordic Ice".

In the present application, the applicants sought to interdict the respondent from passing off its alcoholic beverage products as those of the applicants.

Held - The principles governing passing off were common cause, and the requirements for the relief sought in an action based on passing off were: proof of a reputation; proof of a direct or indirect representation by the respondent, whether intentionally, negligently or even innocently made, that its product was that of the applicants; proof that the representation was made by the respondent to prospective customers or the ultimate consumers of those goods in the course of trade; and proof of a threat of actual or prospective damage to the applicants' reputation.

In the present case, the applicants had to prove their reputation and the representation amounting to a passing-off as set out above.

With regard to reputation, the applicant had to prove a reputation attached to the particular product so that consumers identified its product's get-up as distinctive of applicant's goods. The reputation relied upon must have been in existence at the time the respondent entered the market. Whether a reputation was acquired is a question of fact and has to be resolved with reference to the available evidence. The Court accepted the detailed evidence adduced by the applicant, and found that the applicant had established a reputation which it was entitled to protect.

The next question was whether the parties' products' get-ups were deceptively similar. It was not necessary for the applicant to allege or prove conscious intent to deceive on the part of the respondent. Comparing the get-ups of the competing products, the Court was satisfied that there was a reasonable

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likelihood of confusion if both were to be used together in a normal and fair manner, in the ordinary course of business.

The interdict sought by the applicant was granted, and the respondent was prevented from passing off its product as that of the applicants'.

Notes

For Intellectual property see:

- LAWSA First reissue Vol 29

Cases referred to in judgment

South Africa

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Judgment

DANIELS J

The first applicant is the owner of all the rights in and to the get-up of its vodka/lemon "spirit cooler" beverages sold under the trade marks Smirnoff Ice and Smirnoff Spin. The second applicant is licensed by the first applicant to use

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the get-up and trade marks in South Africa in relation to these vodka/lemon "spirit coolers". The *locus standi* of the applicants is not disputed.

The respondent is DGB (Pty) Ltd which manufactures, bottles, markets and sells in South Africa a similar vodka/lemon "spirit cooler" beverage. It sells this competing product under the name of Nordic Ice.

The applicants claim the following relief:

- "1 Interdicting and restraining the respondent from passing off its vodka cooler and any other alcoholic spirit product as that of the applicants or as being connected in the course of trade with the applicants by using in regard thereto-
 - 1.1 any get-up which is identical to the get-up used in relation the applicants' Smirnoff Ice and Smirnoff Spin products as illustrated in annexure 'UDV1' to the affidavit of Solace Kgomoco Tseliso ('the founding affidavit');
 - 1.2 any get-up which is likely to deceive or cause confusion due to its similarity with the appearance of the get-up used in relation to the applicant's Smirnoff Ice and Smirnoff Spin products as illustrated in annexure 'UDV1' to the founding affidavit.
- 2 Interdicting and restraining the respondent from competing unlawfully with the applicants at common law by manufacturing, marketing and exhibiting for commercial purposes, offering for sale and or selling the Nordic Ice vodka spirit cooler product and any other alcoholic spirit product incorporating a get-up as illustrated and identified as annexure 'UDV32' to the founding affidavit.
- 3 Costs of the application."

I understood from Mr *Bester*, who appears for the applicants, that they are not pursuing the relief originally sought in paragraphs 3 and 4 of the notice of motion. The relief there claimed was not referred to in his heads of argument, and he did not address me in regard thereto.

The first applicant first launched its Smirnoff Ice product in the United Kingdom in 1999 and thereafter in South Africa in April 2000. It is common cause that Smirnoff Ice acquired a substantial reputation within a relatively short period. It became the first ranked flavoured alcoholic beverage in South Africa in 2002, with sales in excess of 205 million units between April 2000 and February 2003. During the period September 2002 to March 2003 (after the launch of this application) sales in excess of 5 million units were allegedly made. Smirnoff Ice's major market share was amongst young adults, and then specifically young females. The applicants then sought to broaden their market to include a greater male and more adult market. Smirnoff Spin was conceptualised and developed after extensive and intensive market research through the period June 2002 to its launch on 14 October 2002 at a cost in excess of R3 million. It remained the intention to retain the "essential and distinctive" features of the highly successful Smirnoff Ice product.

According to the deponent to the applicants' founding affidavit Smirnoff Spin sold over 40 million units, and spent R8 million on pre-launch research and publicity and a further R7 million on post-launch publicity.

According to the respondent, and this appears to be common cause, rapid growth was experienced in the RTD ("Ready To Drink") market at the time when it was decided to replace Smirnoff Ice. There is some dispute as to whether there was going to be a complete withdrawal of Smirnoff Ice and a replacement with a similar beverage, or whether Smirnoff Ice would remain on

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the market alongside the new product. For the moment it does not matter. The fact is that the respondent was at the time looking for an opportunity to enter this obviously lucrative and expanding market. It had previously in September 2000 attempted to enter the market with a product called "PO10C" (pronounced "potency") but this was unsuccessful, and the product was withdrawn. The withdrawal of Smirnoff Ice presented the respondent with an opportunity to enter the market with a cloudy lemon-flavoured vodka product. The respondent had at that stage another product on the market called Nordic Ice. The respondent became the registered proprietor of the name "Nordic Ice" in 1996 and in December of that year a product was launched under that trade mark. This was not, however, a RTD, but a natural fruit-flavoured high alcohol vodka cocktail. This product did not even closely resemble the current Nordic Ice: not in appearance, get-up or presentation. It was sold in an elongate, pyramid-shaped 500 ml bottle and served in "tot" glasses as bracers or chasers, ie "consumed from a small glass in a single motion". The market targeted by that product was quite different from the market catered for by the vodka/lemon coolers such as are here under consideration. However that may be, it is the respondent's case that having identified the opportunity, it merely adapted its established Nordic Ice range of high alcohol (24%) vodka "shooters" to a low alcohol (5%-6%) vodka/lemon spirit cooler with a get-up entirely different from the product it then had on the market.

The respondent launched its competing vodka/lemon "spirit cooler" to its sales force on 5 October 2002 ie 9 days before the launch of the applicants' Smirnoff Spin vodka/lemon "spirit cooler" and it was presented to the market within a couple of days thereafter.

The respondent apparently developed the get-up for its Nordic Ice "spirit cooler" range during September 2002 and it was finalised by the second or third week of September 2002. It is common cause that there was no pre-launch publicity campaign for this Nordic Ice product and very little post-launch publicity.

Counsel were agreed on the general principles governing passing-off. It is not required to say anything more on the subject. Counsel were similarly agreed upon the requirements which the applicants have to meet in pursuit of the relief claimed, those requirements being:

- (i) proof of a reputation ie that the get-up of the applicant has become distinctive in the sense that it is regarded by a substantial number of members of the public or in the trade as coming from a particular source;
- (ii) proof of a direct or indirect representation by the respondent, whether intentionally, negligently or even innocently made, that its product is that of the applicants or that it is at least associated with that of the applicants, and in order to determine whether the representation amounts to a passing-off, the enquiry is whether the adoption and use of a get-up by the respondent so resembles the applicants' get-up as to be reasonably likely to confuse or deceive the members of the public into believing that the respondent's goods emanate from the applicants or that there is an association between such goods and the applicants' business;
- (iii) proof that the representation is or was made by the respondent to prospective customers or the ultimate consumers of those goods in the course of trade; and

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- (iv) proof of a threat of actual or prospective damage to the applicants' reputation.

It is common cause that the applicants and the respondent target the same consumer market and that the representation by the respondent is made in the course of trade with the same product, namely vodka/lemon cooler products. Should the second requirement be met damage to the applicants' reputation follows as a matter of course. It is therefore necessary for the applicants to prove their reputation and the representation amounting to a passing-off in the sense previously described.

I return to the requirements, the first being proof of a reputation. The question to be asked and answered 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" (*Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and another* [1998 \(3\) SA 938](#) (SCA) at 950).

What is required of a plaintiff was explained by Harms JA, quoting from *Reckitt & Colman Products Ltd v Borden Inc and others* [1990] RPC 341 (HL) ([\[1990\] 1 All ER 873](#)) at 406 (RPC) and 880g-h (All ER), in the *Caterham Car Sales* judgment (*supra*) at 950:

"First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as *distinctive specifically* of the plaintiff's goods or services" (my emphasis).

See also Lord Jauncey at 417 (RPC). The words emphasised are pertinent and echo those of Nicholas J that

'the plaintiff must prove that the feature of his product on which he relies has acquired a meaning or significance, so that it indicates a single source for goods on which that feature is used'.

(*Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* [1977 \(4\) SA 434](#) (W) at 437A-B.) Put differently, reputation is dependent upon distinctiveness (cf Van Heerden and Neethling at 169)."

Furthermore the reputation relied upon must have been in existence at the time the defendant entered the market, in other words, a plaintiff cannot rely upon a reputation that overtook the business of the defendant, and it must also exist when the misrepresentation is committed (*Caterham Car Sales and Coachworks Ltd v Birkin Cars (Pty) Ltd and another* (*supra*) at 950).

The existence of a reputation can be proved by direct evidence in the form of affidavits. This, however, is not the only way. It has been held that:

"The manner and scale of use of the symbol in question can in itself be sufficient to warrant the conclusion that it must have become recognised by a substantial section of the relevant public as distinctive of the plaintiff's goods, services or business. That conclusion has been drawn from such evidence in a number of cases" (*Cambridge Plan AG v Moore* [1987 \(4\) SA 821](#) (D) at 837-838 and the authorities there referred to, and *Hollywood Curl (Pty) Ltd and another v Twins Products (Pty) Ltd* (1) [1989 \(1\) SA 236](#) (AD) at 250 where the judgment of Page J in the *Cambridge Plan* case (*supra*) was approved).

The respondent did not dispute the vast sales figures testified to by the applicants' deponent. The respondent even admitted that:

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"Smirnoff Ice had a considerable reputation at the time of the launch of the Nordic Ice spirit cooler."

Clearly the applicant would then have had a reputation at the time when the misrepresentation was committed. The respondent, however, argued that Smirnoff Ice's considerable reputation at the time of the launch of the Nordic Ice cooler, disappeared with the launch of the new Smirnoff Spin and whatever remained of that reputation after the advent of Spin became depleted and no reputation worthy of protection remained.

It is trite that goodwill or reputation has no independent existence apart from the business it is attached to (*Tie Rack plc v Tie Rack Stores (Pty) Ltd* [1989 \(4\) SA 427](#) (T) at 442). However, residual reputation may subsist after the business itself has ceased (*Polakow Brothers (Pty) Ltd v Gershlowitz* [1976 \(1\) SA 863](#) (E)). This is a question of fact which must be established by the plaintiff. Abandonment of a business resulting in the disappearance of the goodwill must be alleged and proved by the defendant (*Polakow Brothers (Pty) Ltd v Gershlowitz* (*supra*) at 864-865).

The respondent is apparently supported in its belief as to the disappearance of Smirnoff Ice's reputation by "evidence" in the form of rumours and unconfirmed press statements. I quote from the respondent's answering affidavit:

"9.8 During or about August 2002 the applicants decided to withdraw Smirnoff Ice from the South African market, and by September 2002 at the latest, sales of Smirnoff Ice to the trade had effectively ceased in South Africa. Retail outlets proceeded to sell their remaining stocks of Smirnoff Ice over the succeeding months. To the best of my knowledge these sales were *de minimis* and have now ceased altogether. This understanding is supported by the election of the applicants not to provide any details in their answering (*sic*) affidavit of volumes of sales of Smirnoff Ice after September 2000."

(See further the subparagraphs to paragraph [21].)

The respondent also referred to an article which appeared in a trade magazine. I quote once more:

"7.12 I also refer in this regard to an article with the heading 'Ready-to-drink gets new Spin' in the 15 October 2002 edition of BIS-Community (a publication in the advertising industry) (a copy of which is attached hereto marked 'HD2') In this article Mr May is quoted, *inter alia*, as stating that:

'Consumers particularly loved the clear liquid and describe Smirnoff Spin as more masculine and adult, sharper and less fruity. Its embossed bottle and blue and silver colouring maintains its sophistication and its clear liquid is closer to its Smirnoff trade mark and pure Vodka heritage.'

7.13 Dealing with the RTD market, May states as follows:

'In this sector, consumers gravitate towards new products for their novelty and perceived fashionability in pack and flavour, and product life cycles are short as brands lose consumer relevance. Through Smirnoff Spin we wanted to create a clear break from the rest of the pack. We believe our new product will revitalise the category.'

(See also paragraph 7.14 where reference is made to a newspaper article which appeared in the *Sunday Times* on

The applicants responded to these allegations in the replying evidence. Mr *Marcus* urged me not to consider these allegations as it constituted new matter which should have been contained in the founding affidavits. I do not agree. It was given in direct response to the allegations, albeit mostly hearsay and speculative, which are contained in the answering affidavit.

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The deponent May in reply repeated that although Smirnoff Ice was extremely successful, competitors were closing the gap. It was decided to develop a new product which would retain all the successful elements of Smirnoff Ice and at the same time, create a broader market. At paragraph 5 of his replying affidavit May testified that:

- "5.2 It [Smirnoff Spin] has been designed to appeal to all existing Smirnoff Ice consumers and attract new male consumers.
- 5.3 Developed after months of extensive consumer research Smirnoff Spin builds on successful elements of its winning predecessor.
- 5.4 Smirnoff Spin is a natural progression of Smirnoff Ice.
- 5.5 We are not giving up on Ice, merely building on its success."

The applicants also drew attention to the sales and stock figures of Smirnoff Ice during the period August/September 2002 (at the time of the launch) to February/March 2003: sales of some five and a half million bottles and the stock in that period decreased from almost 600 000 bottles to 94 200 bottles at the end of that period.

On the evidence I would suggest that a finding is warranted that Smirnoff Ice retained a residual renown as denoting the applicants' goods, sufficiently so as to warrant protection. There is no evidence to support a finding that the applicants gave up on Smirnoff Ice or that it was abandoned and discontinued.

The position in regard to Smirnoff Spin is somewhat different. The respondent claims that Smirnoff Spin had at the time of the launch not acquired any repute, and not having a reputation, there was nothing which warranted protection. Although Smirnoff Spin was launched 9 days after Nordic Ice it does not necessarily follow that it was without a reputation in its get-up at its launch. Pre-launch publicity and other activities such as presentations and introductions to the media and the trade could result in the acquisition of a reputation. The common cause or at least undisputed evidence was to the effect that the pre-launch activities commenced as early as June 2001 and culminated with its launch on 5 October 2004. The applicants explained in detail what these activities consisted of. I do not intend repeating that evidence. Suffice it to say that it consisted of numerous presentations to members of the public, identified as being representative of their target market; presentations and demonstrations with mock-ups of the products and simulated tests; presentations of the proposed product with major retailers; extensive market research; printed advertising; training workshops for their sales force; formal trade launch functions; a media launch function; a television advertising campaign and general but extensive advertising and promotion. These activities were carried nationally and included all the major cities and centres. At the time of the launch of this application the applicants had spent in excess of R10 million in promoting and advertising Smirnoff Spin.

In the case of *Pepsico Inc and others v United Tobacco Co Ltd* [1988 \(2\) SA 334](#) (W) Van Niekerk J endorsed the view expressed by Webster and Page *South African Law of Trade Marks* at 416 (citing the judgment of *My Kinda Bones Ltd v Dr Pepper's Stove Co Ltd* 1984 FSR 289 (339-342):

"... that the reputation acquired by pre-launch publicity of a business, in that case of a steak house, was enough to found an action for passing-off even though trading had not yet commenced."

(The *Pepsico* judgment (*supra*) was referred to in *Kellogg Co and another v Bokomo Co-operative Ltd* [1997 \(2\) SA 725](#) (C) but neither followed nor dissented from.)

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Whether a reputation was acquired is a question of fact and has to be resolved with reference to the available evidence. I have referred to the very detailed evidence which was presented by the applicants. If one has regard to the nature, intensity and magnitude of the pre-launch activities and the scale of publicity surrounding the launch of their product, one is almost forced to find that Smirnoff Spin acquired a reputation even before it was formally launched, and to find also a reputation entitled to protection.

Mr *Bester*, on behalf of the applicants, advanced a further ground or basis for finding a reputation in Smirnoff Spin. The argument is based on the fact of the incorporation in and the continuation of its distinctive Smirnoff Ice get-up in the get-up of Smirnoff Spin in accordance with the applicants' planned extension of its Smirnoff Ice vodka/lemon spirit cooler product. In view of the conclusion already reached it is not necessary to express an opinion one way or the other in regard hereto.

I now turn to the question whether or not the get-ups are "confusingly or deceptively similar".

I should preface my discussion of this topic with reference to the learning to be found in a number of judgments where this issue was previously considered.

The plaintiff must prove that the defendant's use of the feature concerned was likely, or calculated, to deceive, and thus cause confusion and injury, actual or probable, to the goodwill of the plaintiff's business, as, for example,

by depriving him of the profit that he might have had by selling the goods which, *ex hypothesi*, the purchaser intended to buy (see *Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* [1977 \(4\) SA 434](#) (W) at 437-438).

In considering whether the get-up is likely or calculated to deceive one must make allowance for the fact that a certain amount of copying is to be tolerated. In *Pasquali Cigarette Co Ltd v Diaconicolas and Capsopolus* 1905 TS 472 Solomon J after stating that the defendant's label was undoubtedly to some extent copied from the plaintiff's label, said:

"If one manufacturer sees that another manufacturer gets up his wares in a form which attracts the public, he is entitled to some extent to take a lesson from his rival and to copy the get-up provided that he makes it perfectly clear to the public that the articles which he is selling are not the other manufacturer's, but his own articles, so that there is no probability of any ordinary purchaser being deceived. So long as it does that a certain amount of imitation is legitimate" (see also *Dunhill v Bartlett and Bickley*, 39 (1922) RPC 426 at 438).

Mr Marcus, for the respondent, to a large extent argued his case on this judgment. Although not necessarily conceding that his client was "guilty" of copying, he urged me to find that whatever similarities might exist fell within the parameters of permissible copying. This of course is not the sole criterion. It remains to be determined whether the respondent has made it perfectly clear that the article it is selling is not the applicants' but its own.

Although imitation to an extent is permissible, one should be mindful of what was said by Wessels CJ in *Policansky Bros Ltd v L&H Policansky* 1935 AD 89 at 98:

"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."

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It is, however, not necessary for a plaintiff to allege or prove conscious intent to deceive on the part of a defendant (see *Blue Lion Manufacturing (Pty) Ltd v National Brands Ltd* [2001 \(3\) SA 884](#) (SCA) at 891 [also reported at [\[2001\] 4 All SA 235](#) (SCA) - Ed.]

The guidelines on the comparison of trade marks were summarised by Corbett J (as he then was) in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984 \(3\) SA 623](#) (A) at 642:

"The determination of these questions involves essentially a comparison between the mark used by the defendant and the registered mark and having regard to the similarities and differences in the two marks, an assessment of the impact which the defendant's mark would make upon the average type of customer who would be likely to purchase the kind of goods to which the marks are applied. This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed as they would be encountered in the market place and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as, for example, the use of name marks in conjunction with a generic description of the goods."

(I am mindful of the fact that the *Plascon-Evans* case (*supra*) dealt with trade mark infringement, but the test for confusing and deceptive similarity applies equally to the issue here under consideration.)

A person or persons will be deceived into thinking that the respondent's product is that of the applicants' where there is a material connection between the respondent's product and the applicants' as a manufacturer and marketer of the product in issue (see *John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd* [1977 \(3\) SA 144](#) (T) at 150H, 151C; *SA Breweries Ltd v Distillers Corporation (SA) Ltd* [1973 \(4\) SA 145](#) (W) at 160; *Juvena Produits de Beauté SA v BLP Import & Export* [1980 \(3\) SA 210](#) (T) at 217-218). This issue was once more visited by the Supreme Court of Appeal in *Cowbell AG v ICS Holdings Ltd* [2001 \(3\) SA 941](#) (SCA) [also reported at [\[2001\] 4 All SA 242](#) (SCA) - Ed] where the following was said at 947H-948D:

"The decision involves a value judgment and

'[t]he ultimate test is, after all, as I have already indicated, whether on a comparison of the two marks it can properly be said that there is a reasonable likelihood of confusion if both are to be used together in a normal and fair manner, in the ordinary course of business'.

(*Smithkline Beecham Consumer Brands (Pty) Ltd (formerly known as Beecham South Africa (Pty) Ltd) v Unilever plc* [1995 \(2\) SA 903](#) (A) at 912H.) 'Likelihood' refers to a reasonable probability (*ibid* at 910B), although the adjective 'reasonable' is perhaps surplusage. In considering whether the use of the respondent's mark would be likely to deceive or cause confusion, regard must be had to the essential function of a trade mark, namely to indicate the origin of the goods in connection with which it is used (*The Upjohn Company v Merck and another* [1987 \(3\) SA 221](#) (T) at 227E-F;

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Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc (formerly Pathé Communications Corporation) [1999] RPC 117 (ED) para [28]]. Registered trade marks do not create monopolies in relation to concepts or ideas. More recently this Court in *Bata Ltd v Face Fashion CC and another* [2001 \(1\) SA 844](#) (SCA) at 850 para [9] pointed out that the approach adopted in *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 199 (ECJ) at 224 accords with our case law. There it was said that the likelihood of confusion must 'be appreciated globally' (cf *Organon Laboratories Ltd v Roche Products (Pty) Ltd* [1976 \(1\) SA 195](#) (T) at 202F-203A) and that the

'global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. Compare *Smithkline* at 910B-H and *Canon* paras [16]-[17]"

(see also *Miriam Glick Trading (Pty) Ltd v Clicks Stores (Transvaal) (Pty) Ltd and others* [1979 \(2\) SA 290](#) (T) and *Capital Estate & General Agencies (Pty) Ltd and others v Holiday Inns Inc and others* [1977 \(2\) SA 916](#) (A) at 929C-D).

Proof of actual deception will afford very strong evidence that the resemblance the marks in question have is so close as to be likely to deceive. Where there is a lack of cogent evidence of actual deception as is here the case, Mr Marcus argued that it was probably fatal to the applicants' case. In this regard reference was made to Kerley's *The Law of Trade Marks and Trade Names* (12ed) at 456 paragraphs [17]-[29] where it is stated that:

"Proof of actual deception, if the mark is in the opinion of the tribunal likely to deceive or if it has been substantially copied from another, is unnecessary. Nevertheless, if one or more cases of actual confusion are made out to the satisfaction of the court, this will, of course, afford very strong evidence that the resemblance the marks in question (have) is so close as to be likely to deceive. The absence of evidence of actual deception is a circumstance which varies greatly in weight according to the nature of the case . . . Nevertheless, where the marks have been circulating side by side in the market where deception is alleged to be probable, the fact that no one appears to have been misled is very material, unless satisfactorily explained" (see also *Bayerische Motoren Werke Aktiengesellschaft and another v Individual Car Sales (Pty) Ltd and another* 1997 BIP 350 (T) at 359G-H and *Benson & Hedges (Pty) Ltd v B&H Photo & Video CC t/a B&H Photo/Digital* 1998 BIP 358 (T)).

Although proof of confusion would certainly bolster an applicant's or plaintiff's case, it is not a requirement. A likelihood of confusion would ordinarily suffice. Each case has to be decided on its own facts. What was said by Corbett J in the *Plascon-Evans* case (*supra*) at 643B is of importance since it explains the approach to be adopted in matters of this nature. I quote:

"Consequently, a potential customer, with no specialised knowledge in this field and an imperfect recollection of appellant's trade mark, would tend to recall it as 'Mica-something' or 'a word starting with mica'. At any rate, in my view, a substantial number of such customers would probably have this type of recollection. A person with such an imperfect recollection who went say, to a hardware store to purchase appellant's product and encountered, or was offered, a tin of Mikacote could well, in my opinion, be deceived into thinking that this was the product he was seeking; and it is likely that this could occur on a substantial scale."

Finally it should be borne in mind that although it is not necessary for a plaintiff to establish that the defendant consciously intended to deceive the public the question:

". . . why the defendant chose to adopt a particular name or get-up is always 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,

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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* (1889) 6 RPC 531 at 538 *per* Lindley LJ" (quoted by Schutz JA in *Blue Lion Manufacturing (Pty) Ltd v National Brands Ltd* (*supra*) at 891).

Although the applicants did not allege fraud on the part of the respondent, they did express their surprise at the respondent's ability to develop their new product and to introduce it to the market within a period of no more than three to four weeks. It is common cause that the respondent undertook no pre-launch market research and hardly any pre-launch advertising and promotion. The respondent explained that since its withdrawal of PO10C, as early as 2001, it was looking for opportunities to enter the RTD market. It saw this opportunity when it learned about the possible withdrawal of Smirnoff Ice as this would lead to a gap in the market which it could fill. The deponent to the respondent's answering affidavit testified that:

"After identifying this market opportunity, the respondent instructed its marketing department to revisit the concept of a Nordic Ice product in the RTD Market, which was a concept that the respondent already had on the drawing board together with other RTD concepts."

The respondent went on to explain that it would have been assisted in this regard "by its own established 'mother' brands such as Nordic Ice". I have explained that the respondent's Nordic Ice brand bore no resemblance whatsoever to the Nordic Ice product that was subsequently launched, not in its get-up, contents or appearance and presentation.

It should be borne in mind that the respondents not only knew that Smirnoff Ice was going to be withdrawn but knew that it was going to be replaced by another very similar product. Of course it was entitled to take advantage of whatever opportunities then arose. I accept as I am obliged to, the evidence of the respondent's Brand Manager that she did not see the appearance of Smirnoff Spin during September 2002, and that she saw it for the first time on 14 October 2002 when it was launched. However, she does not say that she never saw Smirnoff Ice before September 2002. There can be no doubt that she had, given the notoriety of the mark and the prominence of that product in the market. The temptation to imitate, to an extent, the very appearance or the get-up of its adversary's very successful product would certainly have been extremely great. Maybe it is for this reason that the respondent relies so heavily on the *Pasquali Cigarette Co Ltd v Diaconicolas & G Capsopolus* (*supra*). It is important to have regard to the fact that the respondent does not explain how the get-up of its product was developed. It is common cause that this took place within something like 3 weeks. The almost indecent haste in "conceptualising and finalising the intrinsics and extrinsics" (see the respondent's replying affidavit) of its Nordic Ice spirit cooler and the vast difference in appearance between its own established mother brand and the new product, and the remarkable similarity between that new product and the get-up of the highly successful Smirnoff Ice and that of its expected substitute and the development of the mark eventually decided upon, was conveniently not dealt with. The judgment of Schutz JA in the *Blue Lion Manufacturing v National Brands* judgment (*supra*) at paragraphs [12] and [14]

is certainly apposite:

"[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. The design agency

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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. The only question, it said, was whether the packaging did or did not constitute a passing-off. Fraud or intent were irrelevant.

...

[14] The facts that a participant in a market chooses to imitate his competitor's get-up and then seeks to maintain his imitation, suggest that he believes and has had confirmation of his belief that imitation confers on him some advantage that an original get-up would not. The inference should properly be drawn that Blue Lion had such a belief and also knew that the job bag would reveal that it was sailing as close to the wind as it thought it could."

It is true that there are obvious discernible differences between the get-up of Smirnoff Ice and Spin and Nordic Ice. Mr *Marcus* in his heads of argument described in detail what those differences were. The submission was made that these were actually "stark differences". I do not agree. My impression is that the respondent set about copying or imitating the existing marks in an extremely smart fashion. It retained the more dominant features such as the "eyebrow and shield" main body label being the label that immediately captures the attention. Apart from the Smirnoff and Nordic Ice labels the other products on the market have distinctively individualised labels and nothing that even closely resembles that of the Smirnoff products. The "sticker" foot label again is displayed only on the Smirnoff and Nordic Ice products. The containers used by Nordic are similar in appearance to those used by Smirnoff despite the fact that its contains 40 ml more liquid. Then again extensive use is made of the very distinctive platinum label which was unique to the Smirnoff products. One is entitled in considering the likelihood of confusion, to take cognisance of an applicant's own unique get-up (see *Flamagas SA v Dayan Gifts CC and another* an unreported judgment of Boruchowitz J in the WLD dated 1 November 1996). There can be no doubt that before the appearance of Nordic Ice in its present get-up, there was no other competing product with a get-up that even closely resembled that of the Smirnoff brands.

One is constrained to find, I suggest, that the respondent set about in this manner not with the intent to clearly distinguish between its product and that of the applicants but to rather "confuse and deceive" and this it achieved by delicately retaining most of the dominant features of the Smirnoff get-up. There has certainly not been a serious attempt to clearly distinguish between its brand and that of the applicants. In applying the test in the *Plascon-Evans Paints* judgment (*supra*) and *Blue Lion Manufacturing (Pty) Ltd v National Brands Ltd (supra)* at 891, I am satisfied that it can properly be said that there is a reasonable likelihood of confusion if both are to be used together in a normal and fair manner, in the ordinary course of business (see also *Cowbell AG v ICS Holdings Ltd (supra)*).

The other requirements for interdictory relief (being no other remedy available and damages either anticipated or real) were never in dispute.

I now turn to the relief claimed in prayer 2 of the notice of motion, ie the interdict claimed on the grounds of unlawful competition. It is the applicants' case that the respondent simply copied and appropriated their get-up of their vodka/lemon spirit cooler and is using that appropriated performance to compete unlawfully with them.

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I understand passing-off to be a species of the general delict of unlawful competition. There is no *numerus clausus* of acts that constitute unlawful competition: among the more well-known are for instance as had been said, passing-off; the unfair use of another competitor's fruits and labour (see *Schultz v Butt* [1986 \(3\) SA 667 \(A\)](#)), involving the Butt-Cat hull designed by Butt and appropriated by Schultz; injurious falsehoods (see *Stellenbosch Wine Trust Ltd and others v Oude Meester Group Ltd and others* [1977 \(2\) SA 221 \(C\)](#)) which involved the marketing of a perlé wine as a sparkling wine knowing that it fell within the category of perlé wine which was not classifiable as a sparkling wine in order to benefit from the goodwill attached to that class and to capture some of the trade in that class). I mentioned the latter two instances to illustrate the point that there are a number of ways in which unfair competition manifests itself. There does not exist an independent actionable wrong called "unlawful competition". The relief claimed in prayer 2 of the notice of motion serves to illustrate the point clearly: that relief is exactly what is prayed for in prayer 1, 1.1 and 1.2, the effect of which is to restrain the respondent from competing unlawfully or unfairly by employing the applicants' get-up. It is needless to order prayer 2.

For the reasons furnished I am satisfied that a case has been made out for the relief claimed in prayer 1 of the notice of motion. An order in terms of prayer 1, 1.1 and 1.2 of the notice of motion shall accordingly issue:

1. Interdicting and restraining the respondent from passing off its vodka cooler and any other alcoholic spirit product as that the applicants or as being connected in the course of trade with the applicants by using in regard thereto:
 - 1.1 any get-up which is identical to the get-up used in relation to the applicants' Smirnoff Ice and Smirnoff Spin products as illustrated in annexure "UDV1" to the affidavit of Solace Kgomoco Tseliso ("the founding affidavit"); and
 - 1.2 any get-up which is likely to deceive or cause confusion due to its similarity with the appearance of the

get-up used in relation to the applicant's Smirnoff Ice and Smirnoff Spin products as illustrated in annexure "UDV1" to the founding affidavit.

2. The respondent is ordered to pay the costs of the application.

For the appellant:

None indicated

For the respondent:

None indicated