

Heyneman and another v Waterfront Marine CC and others
[2005] 2 All SA 382 (C)

Division: Cape of Good Hope Provincial Division
Date: 15 June 2004
Case No: 7171/03
Before: DH van Zyl J
Sourced by: C Webster and AD Maher
Summarised by: J Tyrrell

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- [1] *Passing off - Respondents clearly identifying product by their own brand and not one similar to that of applicants.*
- [2] *Passing off - Unlawful competition - Get-up - What constitutes - When protected.*
- [3] *Unlawful competition - Passing off - Reference to competitor's specifications in designing rival product - Public domain.*

Editor's Summary

The applicants sought a final interdict (alternatively an interim interdict pending the finalisation of an action to be instituted for final relief) in respect of alleged passing off by the respondents to the detriment of the applicants, as well as a declaratory order to the effect that the conduct of the respondents constituted unfair competition with the second applicant. The second applicant (of which the first applicant was the sole member) had designed and manufactured a range of boats uniquely suited to South African conditions. The first respondent (of which the second and third respondents were members) sold boats which it purchased from the second applicant. The first applicant had conveyed to the respondents all the technical aspects concerning the design and construction of the boats. The applicants alleged that this information was confidential, having been acquired during years of experimentation and the gleaning of practical experience, and constituted information within the unique knowledge and skill of the first applicant, which contributed fundamentally to the reputation and goodwill of the boats in the trade.

The respondents later informed the applicants that they intended marketing boats overseas and that they were going to build their own boats for this purpose. The first applicant, on inspecting the boats later made available for sale in South Africa, concluded that the immediate reaction of a member of the public who looked at the boats would be that they were boats constructed by the second applicant. The applicants argued therefore that there was hence a real danger that a potential purchaser might be misled to infer that the respondents' boats were in fact boats manufactured by the applicants, which constituted passing off and unfair competition, justifying the issue of an interdict to prevent the respondents from continuing with their unlawful and injurious conduct.

The respondents argued that the applicants had never sought the registration of any intellectual property rights in the design, construction or appearance of their boats other than to apply for registration of a trademark in the name "Falcon". The mere copying of the boats would hence not in itself constitute unlawful competition. In any event the respondents denied that they had copied the Falcon.

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Although "at first blush and to the uninformed eye, rigid inflatable boats look similar to one another", the respondents argued, this did not mean that a discerning potential purchaser would be confused by this similarity. The third respondent denied that the respondents had abused confidential information concerning the Falcon range of boats for purposes of developing their own range. The information referred to was readily available from an examination of the vessels or from advertising material, brochures or literature in magazines on boating to which the general public had unlimited access. Such information was hence in the public domain and not confidential. The third respondent emphasised that there was nothing preventing the respondents from producing their own range of boats while taking full cognisance of the prevailing state of the art. The designer of the respondents' boats testified that he had been instructed to design boats that were better than the Falcon in several material aspects, and that a comparison of the two ranges of boats yielded obvious and substantial differences.

It was argued for the applicants that the appearance of the two ranges of boats was so similar that an ordinary purchaser would of necessity be confused or misled into believing that the respondents' boats were in fact Falcon boats. The applicants stood to be severely prejudiced should the respondents be permitted to continue with their wrongful conduct. They were hence entitled, at least, to an interim interdict pending the institution of an action for damages suffered by them as a result of the applicants' wrongful competition.

The respondents argued that, if reliance were placed on passing off as a form of unlawful competition, the applicant for an interdict had to prove that the respondents' merchandise was being misrepresented as, or associated with, that of the applicants. The misrepresentation or association must be such that there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of the other. In addition this likelihood of confusion must cause damage to the goodwill or reputation of the other. In the present matter, it was argued, the only reputation that the applicants had established was in the name of its boats, namely "Falcon". An ordinary purchaser who saw this name would not be

confused or deceived into thinking that a boat with the name "Sovereign" was the same as, or was associated with, the second applicant's "Falcon". In the event the applicants had not, it was argued, suffered any injury as a result of any alleged unlawful competition or passing off attributable to the first respondent.

Held - In order to succeed in an action based on passing off as a form of unlawful competition, the plaintiff must prove that the defendant committed an unlawful act in the sense of a breach of the plaintiff's goodwill. This means that there must be proof of all the essentials of delictual (Aquilian) liability, namely an act, wrongfulness, fault (intent or negligence), prejudice (injury or damage) and causation (legal and factual). The act complained of must be a competitive act or competitive conduct directed at attracting the custom of the same clients. Such act or conduct will be wrongful if it breaches or infringes upon the competitor's right to the goodwill of his business.

The issue on which the matter turned was whether or not there was a (reasonable) probability or likelihood that the public would be misled. It was not a requirement that anyone should have been subjectively misled, although proof of actual deception would assist in discharging the plaintiff's burden of proof in this regard.

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Much reliance was placed by the applicants on the alleged copying of the Falcon boat get-up. In order to protect get-up from passing off, the plaintiff must prove that it has acquired a reputation in connection with his business or goods and has consequently become distinctive thereof. If no such reputation has been acquired, any competitor may with impunity copy or imitate the get-up of his rival. But even if such reputation has been established, the competitor may still make use of it provided he makes it clear that the end product is his and not that of the original user of the get-up.

In the present matter it was clear that the applicants had expended much time, money, labour, energy and effort into designing and developing their Falcon range of rigid inflatable boats, as well as the logo, distinguishing features and general aesthetic appearance of such models. There was no doubt that the boats had developed a reputation as being of outstanding quality and a leader in their class. On the other hand, there was no indication that the applicants had acquired any reputation relating to any aspect of the design, shape, form or get-up of the boats in question. There had been no attempt to seek protection by registration of the design, shape, form or get-up of any of the boats, as rigid inflatable boats were, for the most part, similar in design, shape, form and get-up, the differences relating to cosmetic rather than functional aspects thereof. From the day the second applicant produced and sold its first Falcon, it became part of the public domain and would enjoy protection only if a competitor should pass off its boat as a Falcon product.

Although the two ranges of boats were similar in many respects, they were not identical or "almost identical", as suggested by the applicants. There were obvious and substantial differences between them and the respondents' boats were, indeed, an improvement on the Falcon.

Even if the respondents had copied the Falcon boats in detail, this would still not constitute unlawful competition. Only if it could be said that the respondents were attempting to pass off their range of boats as those of the applicants', could it be said that there was any question of wrongfulness.

In this regard, the Court was satisfied that a reasonably cautious and discerning purchaser, who had at least some knowledge of boats, would not be misled by the design, shape, form or get-up of the respondents' boats into thinking that he was purchasing a Falcon.

Application dismissed with costs.

Notes

For Passing Off (Competition) see:

- LAWSA Second Edition (Vol 2(2), paras 232-273)

Cases referred to in judgment

Agriplas (Pty) Ltd and others v Andrag & Sons (Pty) Ltd 1981 (4) SA 873 (C)	400
Aruba Construction (Pty) Ltd and others v Aruba Holdings (Pty) Ltd and others 2003 (2) SA 155 (C)	400
Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd and others 1981 (2) SA 173 (T)	398

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Bress Designs (Pty) Ltd v GY Lounge Suite Manufacturers (Pty) Ltd and another 1991 (2) SA 455 (W)	401
Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and another [1998] 3 All SA 175 (1998 (3) SA 938) (SCA)	399
Cerebos Food Corporation Ltd v Diverse Foods SA (Pty) Ltd and another 1984 (4) SA 149 (T)	396

Distilleerderij voorheen Simon Rijnbende en Zonen v Rolfes, Nebel & Co 1913 WLD 3	400
Elida Gibbs (Pty) Ltd v Colgate Palmolive (Pty) Ltd (1) 1988 (2) SA 350 (W)	400
Geary & Son (Pty) Ltd v Gove 1964 (1) SA 434 (A)	398
John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd 1977 (3) SA 144 (T)	400
Lorimar Productions Inc and others v Sterling Clothing Manufacturers (Pty) Ltd; Lorimar Productions Inc and others v OK Hyperama Ltd and others; Lorimar Productions Inc and others v Dallas Restaurant 1981 (3) SA 1129 (T)	399
Matthews and others v Young 1922 AD 492	398
Payen Components SA Ltd v Bovic Gaskets CC 1994 (2) SA 464 (W)	397
Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd 1984 (3) SA 623 (A)	396
Premier Hangers CC v Polyoak (Pty) Ltd [1997] 1 All SA 134 (1997 (1) SA 416) (A)	401
Schultz v Butt 1986 (3) SA 667 (A)	399
Silver Crystal Trading (Pty) Ltd v Namibia Diamond Corporation (Pty) Ltd 1983 (4) SA 884 (D)	398
Taylor & Horne (Pty) Ltd v Dentall (Pty) Ltd 1991 (1) SA 412 (SCA)	397
Weber-Stephen Products Co v Alrite Engineering (Pty) Ltd 1992 (2) SA 489 (A)	401

Judgment

VAN ZYL J

Introduction

- [1] This is an application for a final interdict, alternatively an interim interdict pending the finalisation of an action to be instituted for final relief, arising from allegations of passing-off by the respondents to the detriment of the applicants. The application is also directed at the granting of a declaratory order to the effect that the conduct of the respondents constitutes unfair competition with the second applicant. Mr *Van Sittert* appeared for the applicants and Mr *Sholto-Douglas* for the respondents. The court expresses its appreciation to them for their assistance in this matter.
- [2] The gist of the relief sought in the wide-ranging, and somewhat repetitive if not confusing, notice of motion is that the respondents be interdicted and restrained from passing off the first respondent's "Sovereign" range of rigid inflatable boats as being the second applicant's "Falcon" range of boats. In addition the court is requested to declare that the conduct of the respondents constitutes unfair competition in respect of the second applicant.
- [3] In terms of the interdictory relief sought, the applicants require that the respondents be restrained from manufacturing, marketing, or in any other way making available to the public in South Africa, boats which substantially

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correspond, in form, style or appearance, with the Falcon boats manufactured by the second applicant. They likewise seek that the respondents be restrained from affixing, on boats to be distributed by the respondents in South Africa, of any logos, decorative striping or other distinguishing marks that might possibly lead to deception or confusion with those appearing on Falcon boats. They seek further that the respondents be restrained from making available to the South African public any of the Sovereign boats presently in their possession, or any boats other than Falcon boats, which correspond in appearance with that depicted in annexure "I 6" of the founding affidavit. In addition the respondents are called upon to refrain from making any untrue statements about the quality, performance or any other aspect of the Falcon range of boats. The applicants similarly seek a restraint on the respondents' making use, in promoting their own business, of the distinctiveness, market value or goodwill of the Falcon range of boats, with their particular characteristics, logos, decorative features and general appearance, unless it be directed at the sale and marketing of the Falcon boats manufactured by the second applicant.

- [4] The applicants additionally seek an order requiring the respondents either to make the offending boats available for destruction by the sheriff or his deputy, or to remove them from public view within twenty-four hours after the granting of the present order. For this purpose they require that the said officials be empowered to search the first respondent's premises in Paarden Island for any boats, hulls or other parts of boats that correspond with the appearance of Falcon boats. Should they discover such items, it is sought that

they be empowered to remove and destroy them, provided the respondents have not removed them within the specified time. In this regard the second and third respondents are required to take all reasonable steps to ensure that the first respondent complies with the terms of the order sought.

- [5] The applicants further seek a declaratory order that the manufacture and distribution by the respondents of the aforesaid Sovereign boats, in their present form and appearance, constitutes unfair competition with the second applicant.
- [6] Finally the applicants seek costs against the respondents jointly and severally, the one paying the other to be absolved.
- [7] The respondents deny passing off the boats of the first respondent as those of the second applicant and likewise deny the allegations of unfair competition.

Factual background

Case for the applicants

- [8] According to the first applicant he is the only shareholder in and director of the second applicant, a company with limited liability trading as "Falcon Inflatables", being a reference to the rigid inflatable boats designed by the first applicant and manufactured and distributed by the second applicant. The first respondent, in turn, is a close corporation of which the second and third respondents are members. They have been joined as respondents in that they are allegedly the "master brains" ("meesterbreine") behind the conduct ascribed to the first respondent.

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- [9] The first applicant has been involved with inflatable boat racing as a sport since 1982. He was in fact a founder member of the South African Inflatable Boat Association of which he was, for a period of three years, the technical officer. At that stage inflatable boats were either fully inflatable, as regards their hull (the major portion below water) and pontoon (the major portion above water), or were partially inflatable in that the hull was made substantially of glass fibre while the pontoon was inflatable. For this reason the latter were known as "rigid inflatable boats" ("ribs"). All such inflatable boats were initially imported from abroad. The applicant, however, began to modify them for use in peculiarly South African circumstances and, as from 1985, commenced designing and manufacturing them from scratch. Over the next three years he produced approximately five different designer models from which the present-day 575SR and 640SR Falcon models developed. It was a complicated and time-consuming process requiring considerable technical skill and precision but eventually giving rise to a unique and exceptional product. More particularly the pontoons of the Falcon boats were clearly distinguishable from those of similar boats in regard to their appearance, size, positioning, design and quality.
- [10] The first applicant averred further that the logo, distinguishing features and general aesthetic appearance of the Falcon models have developed since 1993 to their present state as illustrated in annexed documentation. The logo and decorative lining have, indeed, been applied in their present form, composition and colour since 2000, unless a particular client required a different colour scheme. In the process the boats have developed a reputation, both in South Africa and in other countries where they are sold, as a product of outstanding quality and a leader in its class. The "Falcon" trademark is currently in the process of registration.
- [11] The second applicant is presently producing six different models of Falcon boats, including the 575SR and 640SR aforesaid. They have different functions but, according to the first applicant, they all boast an array of special qualities, making them attractive to the South African and foreign market. The applicants do not themselves market or distribute the boats. They make use of independent contractors, such as the first respondent, to do so.
- [12] The relationship between the applicants and respondents dates back to 1997 when the first respondent commenced selling Falcon boats purchased from the second applicant. During the period up to 2002 it sold some ninety-five boats in Cape Town alone. This constituted a substantial proportion of the three hundred and thirty-two boats sold in the Western Cape and of the six hundred and six boats sold world wide during such period. The sales were largely attributable to effective advertising, including a website on the world-wide web, and successful participation and involvement in local motor boat races. In this regard the first applicant averred that he and the respondents had, at the time they commenced marketing and selling Falcon boats, concluded an oral agreement that provided expressly that the second applicant would place the necessary advertisements relating to the sale of Falcon boats. All queries arising therefrom would be referred to the first respondent, to which the second respondent would regularly make financial contributions.

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- [13] Sales of the Falcon boats progressed so well that the respondents insisted that they be given the sole right to distribute and sell the boats in Cape Town. The second applicant, represented by the first applicant, gave the first respondent such right without determining a fixed period during which the sole right could be exercised.
- [14] The first applicant thereupon conveyed to the respondents all the technical aspects concerning the design and construction of the boats. This information was confidential, having been acquired during years of experimentation and the gleaning of practical experience. The respondents were hence understandably conversant with the technical specifications of Falcon boats and the influence thereof on their handling, safety and performance. This constituted information within the unique knowledge and skill of the first applicant and contributed fundamentally to the reputation and goodwill of the boats in the trade. The potential purchaser,

however, was, for the most part, influenced by the external appearance, colour and deck design or layout of the boat rather than by its technical aspects and performance.

- [15] From time to time, the first applicant averred, members of the public sought to uncover the "mysteries" surrounding the superlative handling and performance of the boats, particularly the 575SR and 640SR models. This was in fact the key to the good reputation and financial success of the Falcon boats, and was shared only by the respondents, to whom all sales enquiries were directed.
- [16] Early in October 2002 one Gerrit van Schalkwyk, a former employee and chief technician of the first respondent, cautioned the first applicant to open his eyes and not to trust the respondents, who were engaged in reproducing the series of boats that the first respondent bought from the second applicant. Unfortunately the said Van Schalkwyk could not be located for purposes of acquiring his confirmation of such facts on affidavit.
- [17] Shortly afterwards Jack Rivers of Manex & Power Marine informed the first applicant that the second respondent was going to build its own boats. During early November 2002 Mark Louw, the owner of Mako Inflatables, informed the first applicant that a Cape Town dealer was "copying" the second applicant's boats. He had also established from a pontoon builder, one Lionel Jones, that an employee of the first respondent had asked him for a copy of the pontoon design of the Falcon boats. There was no confirmatory affidavit from Jones, but Rivers and Louw deposed to supporting affidavits. In his affidavit Rivers went so far as to say that, in his twenty years of experience, he had "never seen a copy of a rival boat as close to the original boat as the Sovereign boats in question". Had he been asked as to the identity of the Sovereign boats, he would have unhesitatingly responded that they were Falcon boats or had been manufactured by the second applicant. Louw's comments were to the same effect.
- [18] The first applicant avers that he had also spoken to one Jeff Stevens, a director of Gemini Inflatables, who had informed him that a marine architect, one Anton du Toit, had designed a boat for the first respondent on the instructions of the second and third respondents. This appears to have prompted the first applicant to visit the premises of the first respondent on 6 November 2002. There he came upon four boats manufactured by the second applicant as 575SR and 640SR models. He also noticed a half-

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finished hull, not manufactured by the second applicant, to which employees of the first respondent were attempting to attach a pontoon. It was obvious that the hull in question was identical to the second applicant's aforesaid 575SR and 640SR models. The hulls of these models were also identical except for their length. That of the 575SR was 5,7 metres long while that of the 640SR was 6,4 metres long. The only difference between the hulls of these models and the half-finished hull was that the latter had a "cosmetic change" at its point, while it was somewhat longer than that of the 640SR.

- [19] While the first applicant was engaged in making the aforesaid comparisons, the second and third respondents handed him a letter addressed to that second applicant and dated 5 November 2002. Under the subject reference "Boat Manufacture" the following appears:

"As you are no doubt aware, trading conditions have become almost impossible in South Africa in the leisure marine industry. There is no doubt that the market has got smaller and most dealers have resorted to huge discounting to stay alive.

We have always employed a policy of protecting our margins. This is becoming increasingly difficult in our local market. We, like yourself, have been forced to look for markets elsewhere. We have sold a number of Falcon inflatables to the UK and Ireland and now wish to begin a distribution network in Europe.

We are aware that you have your own distribution commitments abroad and that it would be untenable for us to distribute Falcon in Europe on your behalf. We have subsequently decided to manufacture our own range of Rib's [*sic*] for distribution in the international market.

We have commissioned a marine architect to design a range of boats for us and have built all the plugs for the moulds from scratch.

Obviously we have created a market for Falcon inflatables in Cape Town and would like to continue with Falcon in Cape Town.

We look forward to hearing from you."

- [20] The first applicant was flabbergasted and was unable to comprehend why it had been necessary for the respondents to write him a letter of this nature if they had indeed designed their own boats. In any event there had never been any suggestion that they would stop distributing Falcon boats in Cape Town. He hence confronted them with the fact that the incomplete boats he had encountered on their premises were identical to the 575SR and 640SR models. They denied this emphatically and showed him plans of a hull constructed in accordance with their new designs. There was no sign, however, of any newly developed series of boats on the premises. The only boats there, apart from those purchased by the first respondent from the second applicant, was the incomplete boat identical to the 575SR and 640SR models, and a replica of an Infanta 3.6 originally manufactured and marketed by a friend of the first applicant.
- [21] On 7 November 2002 the first applicant once again took the matter up with Jeff Stevens who, in turn, confronted Anton du Toit with the allegation that his designs were virtual copies of the said Falcon models. His response was that he was simply following his client's instructions. Du Toit repeated this to the first applicant on another visit by the latter almost ten

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months later, namely on 26 August 2003. Du Toit added that the respondents had instructed him to design a boat similar to the Falcon boats.

- [22] In view of these circumstances, and because the respondents owed the second applicant money for boats sold to them, the first applicant decided to restructure the first respondent's sole distributorship of Falcon boats. By letter dated 2 December 2002, however, the respondents indicated that they were no longer interested in distributing Falcon boats in Cape Town, ostensibly because they intended selling their own Sovereign boats there.
- [23] The first applicant initially decided not to pursue the matter further, but nevertheless instructed his attorneys to write the respondents a letter dated 5 December 2002. In this letter it was stated that the respondents had "illegally and unlawfully copied the Falcon designs" in producing their own range of inflatable boats. They had deliberately planned their range of boats "to be similar in cosmetic appearance and overall design" to the corresponding Falcon boats, thereby confusing buyers and "clamping on" to the first respondent's market. They had, indeed, abused their position as a Falcon dealer to gain access to "privileged technical and market information" for purposes of creating a product that was in direct competition with that of the first respondent in both the local and overseas market. The applicants wished to resolve the matter amicably, but would not hesitate to approach a court for an interdict should the respondents continue with their aforesaid conduct.
- [24] The reason why the applicants did not seek an interdict at that stage was that they had no "concrete proof" that the respondents planned to market their Sovereign boats in South Africa. On 11 July 2003, however, the first applicant's son, Mr JMP Heyneman, and the second applicant's factory manager, Mr AJ Steenkamp, drove past the first respondent's business premises and observed inflatable boats displayed on the sidewalk. They were identical to the Falcon boats of the applicants, except that they bore the name "Sovereign".
- [25] This prompted the first applicant to request one Donald Buxton, an expert in rigid inflatable boats, to view the "Sovereign" boats from closer up. Buxton did so, on 14 July 2003, and established that such boats were, in appearance and design, almost identical with the second applicant's Falcon boats. An employee of the first respondent, however, explained to him that the Sovereign boats were structurally much stronger and better rounded than the Falcon boats. They were, indeed much better than and superior to the corresponding Falcon products. Buxton was not persuaded and formed the independent view that the respondents were blatantly selling Falcon boats to the public under the name "Sovereign".
- [26] The first applicant himself visited the first respondent's premises on 16 July 2003 and took photographs of the boats on the sidewalk. When he and his attorney attempted, on 6 August 2003, to view the said boats once again, the second respondent prevented them from doing so. On 28 August 2003 he was, however, able to approach the displayed boats closely and formed the view once again that they were almost identical to the Falcon boats. The said Mark Louw (paragraph 17 above) took further photographs to confirm this.

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- [27] The first applicant concluded that the immediate reaction of a member of the public who looked at the Sovereign boats would be that they were Falcon boats constructed by the second applicant. The differences between them were, in the first applicant's view, cosmetic rather than substantial. There was hence a real danger that a potential purchaser might be misled to infer that the Sovereign boats were in fact Falcon boats. This constituted passing-off and unfair competition, justifying the issue of an interdict to prevent the respondents from continuing with their unlawful and injurious conduct. No alternative remedy was available to the applicants who would suffer irreparable damage should the relief sought not be granted.

Case for the respondents

- [28] The third respondent, a mechanical engineer and a member of the first respondent, deposed to an answering affidavit on behalf of the respondents. At the outset, in opposing the application vigorously, he expressed indignation at the prolixity and frequently irrelevant nature of the many and varied allegations contained in the founding affidavit. He also questioned the alleged urgency of the application, particularly in view of the letter of demand going back to 5 December 2002 (paragraph 23 above) with no acceptable explanation for the delay in bringing the present application at the end of August 2003. In any event there was no basis on which the applicants could be entitled to search, seizure, delivery-up and destruction of offending items.
- [29] The gist of the defence raised by the respondents is that the applicants have never sought the registration of any intellectual property rights in the design, construction or appearance of their Falcon rigid inflatable boats other than to apply for registration of a trademark in the name "Falcon". The mere copying of the Falcon boats would hence not in itself constitute unlawful competition. In any event the respondents deny that they copied the Falcon. It was one of a number of inflatable boats considered by marine architect Anton du Toit when briefed by the respondents to design a boat for them. In this regard there was little variation in the design, appearance and functionality of such boats in general, so that they would of necessity bear some similarity to one another. Even so, there was no prospect that the Sovereign boat would be confused with the Falcon or *vice versa*. They were luxury items sold predominantly in the leisure market to people who could afford them. Discerning buyers would have no difficulty in distinguishing the Falcon get-up, and its prominently displayed name, from that of the Sovereign.
- [30] In his affidavit the third respondent pointed out that he had been involved in the boat-building business since 1989. In 1995 he had commenced the business conducted by the first respondent as Waterfront Marine. Initially it had specialised in the sale of second-hand power boats but from 1997, after it had obtained the dealership for a well-known make of outboard motors, it began selling predominantly new inflatables and small power boats. At this time it also acquired the rights to sell Falcon inflatables and commenced an agency to sell Gemini inflatables. By 1999, however, the popularity of the Falcon had increased to the extent that the first respondent could concentrate only on marketing Falcon inflatables, in which

regard it became the second applicant's sole agent in Cape Town and in 2000 was voted its best dealer.

- [31] According to the third respondent the design and construction of rigid inflatable boats is largely dictated by their function. Functionality, together with the availability of materials and manufacturing methods, also frequently underlies the colour, style and appearance of such boats. Thus the hull of the boats is invariably manufactured from glass fibre and wood laminate. The protective stripes ("rubbing strakes") along the sides of the boats are available only in grey or white, although the colour of the trim may vary according to taste. The name of the manufacturer usually appears at the rear of the boat attached to the pontoon. The logo almost invariably occurs in the form of a flat oval or ellipse because of the shape of the pontoon.
- [32] Although "at first blush and to the uninformed eye, rigid inflatable boats look similar to one another", this does not mean, the third respondent averred, that a discerning potential purchaser would be confused by this similarity. A closer inspection of the interior of the Sovereign as opposed to that of the Falcon would reveal significant differences in design and configuration. Extremely distinctive is the name of the boat itself. Although both appear within an ellipse, the form and style of lettering differ totally.
- [33] The relationship between the parties began to sour during 2000 when the second applicant delivered orders late or delivered boats of an inferior quality to the first respondent. With a view to creating a stable and secure market the first respondent began exporting Falcon boats. Its success in doing so prompted the third respondent to request the first applicant, during mid-2002, for a sole distribution agreement for Falcon boats to be sold in the United Kingdom, Ireland and the United States of America. In the alternative he requested permission to manufacture Falcon boats under licence. These requests were refused, causing the respondents increasing concern as to the future sustainability of the first respondent's business.
- [34] This unsatisfactory situation caused the respondents to consider manufacturing their own range of rigid inflatable boats. The third respondent accordingly approached Anton du Toit, a marine architect, to design a range of three inflatable boats measuring 5,2, 5,8 and 6,5 metres respectively. One Kevin Tomlin, a yacht builder who had served as production manager for Prestige Inflatables, was approached to manufacture the new range of boats. A marine technologist, Micky Dalsberger, was appointed to prepare patents for the deck and hull moulds required. Unlike the second applicant, which produced a plug to make a mould, the first respondent adopted a completely different process, using sophisticated computer design and manufacturing methodologies that ensured complete accuracy in every phase of manufacture, from initial design to finished product. The whole process took a relatively short time. Once the mould was produced, the glass-reinforced plastic hull construction took some three days per boat. Thereafter the pontoon was applied to the hull in three sections over a period of some two days per boat.
- [35] The third respondent explained further that the Sovereign logo, which differed markedly from that of the Falcon, had been designed by Nicola Dean, an art student. In this regard he attached samples of her preliminary

sketches of a possible logo as compared with the efforts of the second respondent to do the same.

- [36] Just as the Sovereign and Falcon logos were totally different, just so a comparison of the Sovereign 5,8-metre boat with the Falcon 5,75-metre boat indicated striking differences. This was exemplified by their widely divergent measurements and by the obviously different design of, for example, the forward section of the deck, the anchor locker section, the centre channel, the back section of the deck, the transom or splashwell and the hull. As a result Sovereign boats would not fit onto trailers designed for Falcon boats and *vice versa*. On the other hand the similarities that were present in the two boats were, according to the third respondent, within the public domain and were not protected by any design or other intellectual property registration.
- [37] The third respondent then dealt succinctly with the allegations appearing from the first applicant's founding affidavit and from the supporting affidavits attached thereto, but only in so far as such allegations were not regarded as irrelevant or repetitive. At the outset he described the method adopted by the first applicant to design and develop the Falcon range of boats as "unscientific, uneconomical and unduly time-consuming". Elsewhere he referred to it as "remarkably obtuse" and "unconvincingly implausible". Much of the ensuing criticism was of a complex technical character, however, and need not detain us except to the extent that it might contribute to an understanding of the issues between the parties.
- [38] The third respondent denied that the respondents had abused confidential information concerning the Falcon range of boats for purposes of developing their own Sovereign range. The information referred to was readily available from an examination of the vessels or from advertising material, brochures or literature in magazines on boating to which the general public had unlimited access. Such information was hence in the public domain and not confidential.
- [39] The mere fact that the applicants furnished technical data of this nature to the public indicated that they were aware of the fact that potential purchasers of luxury leisure items take cognisance of such data in considering a purchase. They do not simply base it on colours, appearance or deck design.
- [40] The third respondent objected strongly to a series of hearsay statements appearing in the first applicant's founding affidavit. The suggestion that an unnamed employee of the first respondent had made derogatory remarks regarding the first respondent's activities was rejected out of hand as inadmissible and vexatious. Regarding the unfinished hull that the first applicant had seen on the first respondent's premises (paragraph 18 above), the third respondent averred that it had been manufactured from the design produced by Anton

du Toit for use in the 5,8-metre Sovereign inflatable boat.

- [41] The third respondent emphasised that there was nothing preventing the respondents from producing their own range of boats while taking full cognisance of the prevailing state of the art. Suggestions to the contrary did not reflect reality or the legal position. Nor was there anything sinister in their willingness, expressed in the letter of 5 November 2002 (paragraph 19 above) to continue marketing Falcon products in Cape Town,

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where they had created a market. In any event it was strongly denied that Anton du Toit had been instructed to design vessels identical, or even similar, to the second applicant's 575SR and 640SR models.

- [42] The respondents decided to market the Sovereign boats in South Africa only after it had become clear to them that their relationship with the applicants would be severed and that the second applicant would no longer continue to supply Falcon vessels for sale and distribution by the first respondent. They justifiably assumed, from the first applicant's conduct, that the first respondent's sole agency had been terminated. This conduct included the first applicant's visit to the first respondent's premises during August 2003, ostensibly to inspect the vessels on display or in the process of construction. As appears from the relevant correspondence, the respondents objected to the said visit without notice thereof having been given to their attorneys.
- [43] The third respondent reiterated his denial that the respondents were passing off their Sovereign boats as the Falcon boats of the applicants. He suggested that it would be absurd for the first respondent to enhance the goodwill of the second applicant by selling its own boats as if they emanated from the second applicant. It was the settled intention of the first respondent to build up its own goodwill and reputation by producing and selling boats of high quality and by rendering high quality service in relation thereto. If the first respondent were indeed indulging in passing off or unfair competition, it would not sell its boats at higher prices than those of the second applicant. This underscored the fact that they emanated from different sources.
- [44] In view of these facts and circumstances the third respondent averred that the applicants were not entitled to interdictory relief, be it interim or final. They had not succeeded in putting up any case of passing-off or unfair competition and had likewise been unable to demonstrate any damages already suffered or feared to be imminent. The case that the first applicant and the deponents to supporting affidavits had put up was contrived, if not untruthful. It is clear that any initial confusion they might have had was dispelled the moment they saw the name on the boats. For these reasons the third respondent sought that the application be dismissed with costs.
- [45] In his supporting affidavit, Anton du Toit averred that he had been employed in the field of yacht design since 1990, when he joined US Yachts as an apprentice yacht designer. After acquiring further experience for more than a decade, he commenced practising, from approximately 2001, for his own account as a yacht and small craft designer and naval (marine) architect. When the second and third respondents approached him during May 2002 to design a range of three rigid inflatable boats for them, he had already built up substantial experience in designing similar boats for Prestige and Gemini.
- [46] Du Toit was aware of the fact that the second and third respondents were involved in selling Falcon inflatables. They were, indeed, "the point of reference," as far as their range of sizes was concerned, for his instruction to design boats for the respondents. Their lengths were to be 5,2, 5,8 and 6,5 metres respectively. He was specifically instructed to build the boats in such a way that the pontoon rode free of the water when the boat was

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planning, and to ensure that there was a centre channel to the boat. The overall design, appearance and performance of the boat were meant to be better than that of the Falcon.

- [47] With a view to achieving this purpose Du Toit measured the Falcon boats on the premises of the first respondent to obtain a "point of reference". Thereafter, drawing on his brief, his knowledge of the state of the art in the industry at the time and his skill, intuition and expertise, he produced design drawings of the boats required by the first respondent. The end product was an advance on the existing state of the art and an improvement on the Falcon range of boats in that it eliminated the "inadequacies" in their design. In this regard he stated:

"The design I produced was not a copy of the Falcon boats. It was a new design based on improvements on the state of the art as it existed at the time. This is a method of design employed throughout the world in relation to small craft of every kind. It is unheard of (and would be completely irrational) for a designer to endeavour to start designing a vessel completely from scratch. It would be as irrational to expect a motor car designer to design next year's model of motor cars without having regard to the state of the art in the motor car manufacturing industry at the time. New designs in boat building are constituted by incremental advances on the state of the art. In an industry which has, in one form or another, been around for tens of thousands of years, it is unrealistic to expect any substantial changes in the design of a vessel which was already available to commerce."

A comparison of the Falcon and Sovereign range of boats, Du Toit concluded, yielded obvious and substantial differences. In this regard he confirmed the third respondent's averments dealing with such differences.

Submissions on behalf of the parties

Submissions for the applicants

- [48] Mr Van Sittert, for the applicants, submitted that the evidence tendered by both sides indicated that the first respondent's Sovereign range of boats corresponded closely in appearance, form and design with the second

applicant's Falcon range of boats. So similar were they that a potential purchaser would be confused as to the source of the respective boats. This constituted unfair competition justifying relief as set forth in the notice of motion.

- [49] It would appear from Mr *Van Sittert's* argument that the allegations of passing-off have been presented, quite correctly, as a form of unfair competition rather than as a wrongful act or delict in its own right. He described it as a form of misrepresentation relating to the competitor's performance and an "indirect interference" in his goodwill.
- [50] Mr *Van Sittert* referred extensively to authorities on wrongful or unfair competition which he defined as the wrongful interference with a competitor's goodwill or his right to a distinctive get-up of the product creating or enhancing such goodwill. The relevant norm for determining whether or not there has been any such interference has been variously described by our courts as "fairness and honesty in competition" or simply "public policy" (*boni mores*). This is the community's sense of justice, fairness, reasonableness and good morals (morality and ethics) in commercial dealings. I shall return to it below in the discussion of the relevant legal principles.

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- [51] In the argument for the applicants much turned upon the distinctive marks and characteristics constituting the get-up of the product in question. If it should be established that the get-up used on the respondent's competing item is calculated or is likely to mislead or confuse potential purchasers, a court may be persuaded to hold that there has been a wrongful interference in the applicant's goodwill. The potential purchaser in such a case would be the ordinary purchaser who knows more or less what he is looking for.
- [52] In the present case, Mr *Van Sittert* submitted, the appearance of the Falcon and Sovereign boats was so similar that an ordinary purchaser would of necessity be confused or misled into believing that the Sovereign was in fact a Falcon. The applicants stood to be severely prejudiced should the respondents be permitted to continue with their wrongful conduct. They were hence entitled, at least, to an interim interdict pending the institution of an action for damages suffered by them as a result of the applicants' wrongful competition.

Submissions for the respondents

- [53] Mr *Sholto-Douglas*, for the respondents, quite correctly pointed out at the outset that only the second applicant and first respondent were in competition with each other. There was no need to have joined the first applicant or the second and third respondents for purposes of the relief sought. In any event much of the relief sought was incompetent in law in that the court has no power to order seizure and removal of goods for destruction (see *Cerebos Food Corporation Ltd v Diverse Foods SA (Pty) Ltd and another* [1984 \(4\) SA 149](#) (T) at 173G-174A). The remaining relief, he submitted, was largely repetitive, if not vexatious. No special order as to the costs of the application was sought, however, and it is unnecessary to give further consideration to these objections.
- [54] With reference to the principles set forth in *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984 \(3\) SA 623](#) (A) at 634E-635C, Mr *Sholto-Douglas* dealt with the disputed and undisputed allegations appearing from the various affidavits, more particularly that of Du Toit. He submitted that, although the boats were similar, they were not identical and the Sovereign range of boats were not copies of the Falcon range. Much of the similarity was, in any event, dictated by functionality, the existing state of the art and the availability of materials required for the construction of rigid inflatable boats. This had the effect that there was a good deal of uniformity in design, form and appearance of such boats in general. The most strikingly distinctive aspect of each boat was in fact its name, namely, in the present case, "Sovereign" as opposed to "Falcon". The moment a potential purchaser saw the name "Sovereign" he would know that it was not a "Falcon".
- [55] Mr *Sholto-Douglas* refuted the suggestion that the respondents had copied the applicants' designs. The design and every aspect of the construction of such boats were within the public domain and the applicants had no protection in this regard. There was no question of unlawful competition in that the applicants had not proved that the first respondent had interfered with the second applicant's goodwill. Merely competing with one another in the market place could never be regarded as unfair or wrongful

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competition, even if one competitor had copied another's unregistered (and hence unprotected) design or get-up. Only if such copying indeed constituted interference with the competitor's goodwill, in the sense that it was unfair or offended against public policy, might it amount to unlawful competition.

- [56] If reliance should be placed on passing-off as a form of unlawful competition, Mr *Sholto-Douglas* argued, the applicant for an interdict should prove that the merchandise of the one is being misrepresented as, or associated with, that of the other. The misrepresentation or association must be such that there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of the other. In addition this likelihood of confusion must cause damage to the goodwill or reputation of the other. In the present matter, Mr *Sholto-Douglas* submitted, the only reputation that the applicants have succeeded in establishing is in the name of its boats, namely "Falcon". An ordinary purchaser who sees this name will not be confused or deceived into thinking that a boat with the name "Sovereign" is the same as, or is associated with, the second applicant's "Falcon". In the event the applicants have not, Mr *Sholto-Douglas* submitted, suffered any injury as a result of any alleged unlawful competition or passing off attributable to the first respondent.

Relevant legal principles

[57] In any free enterprise economic system or, as it is usually called, "free market economy", it is generally accepted that entrepreneurs and participants in the commercial sphere are free to compete with one another. See in general *LAWSA* vol 2 (reissue) paragraph 376; HJO van Heerden and J Neethling *Unlawful Competition* (1995) 1-3 (hereinafter referred to as "*LAWSA 2r*" and "*Van Heerden & Neethling*" respectively). Such competition is usually directed at achieving the same end, which includes seeking or attracting the custom of the same potential clients. See *Payen Components SA Ltd v Bovic Gaskets CC* [1994 \(2\) SA 464](#) (W) at 473G-H (*per Van Zyl J*):

"The law relating to unlawful or unfair competition is directed principally at regulating the relationships between business competitors . . . Such competition is a characteristic, and indeed the natural outflow, of the capitalist free economy which pertains in South Africa and in other Western countries. The nature of the competition is that the competitors have the same or similar goals, chief among which, at least in the field of trade and industry, is to attract the custom of the same clients or groups of clients" . . .

[58] Competition in this sense constitutes an essential element of commercial activity, as stated by Van Heerden JA in *Taylor & Horne (Pty) Ltd v Dentall (Pty) Ltd* [1991 \(1\) SA 412](#) (A) at 421J:

"It has often been said that competition is the lifeblood of commerce. It is the availability of the same, or similar, products from more than one source that results in the public paying a reasonable price therefor. Hence competition as such cannot be unlawful, no matter to what extent it injures the custom built up by a trader who first marketed a particular product or first ventured into a particular sphere of commerce. But, as was said in *Dun and Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd* [1968 \(1\) SA 209](#) (C) at 216, competition may be rendered unlawful by the manner in which a competitor conducts his trade etc."

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[59] In this regard competition is, generally speaking, said to be of benefit to all interested parties, including the national interest, as stated by Page J in *Silver Crystal Trading (Pty) Ltd v Namibia Diamond Corporation (Pty) Ltd* [1983 \(4\) SA 884](#) (D) at 888A:

"[F]or it is not the function of the Courts to stifle healthy competition which, in a free enterprise society, can only redound to the benefit of the public."

[60] This does not mean that business competitors are at large to do exactly as they please. It is to be expected, of course, that strong competitors who, by virtue of their powerful financial or human resources, may be able to compete on an unequal basis, will have little or no difficulty in eliminating weaker competitors. This does not, however, entitle them to strive for victory by whatever means available. If their conduct in doing so should be monopolistic or otherwise regarded as unjust, unfair, dishonest or unconscionable, it may constitute unlawful competition. See the useful introductory discussion, with full reference to sources and the relevant jurisprudence, in *LAWSA 2r* par 398.

[61] *Van Heerden & Neethling* at 3-4 aptly describe the nature and ambit of unlawful competition in the following passage (at 3-4):

"[I]t is clear that the competitive relationship brings about a struggle for the favour of the client, a struggle in which the benefit that the one obtains, finds its correlate in the prejudice or potential prejudice that the other suffers. Where the interests of the different competitors in this struggle are in direct opposition, it is self-evident that a conflict of interests will constantly be present. Accordingly it is the function of the law to identify and recognise the interests involved in the competitive struggle, to delimit them in relation to each other, and to indicate, firstly, under which circumstances such interests will be protected against infringement (that is, when the impairment of a competitor's interest(s) will be delictually wrongful and thus constitute unlawful competition) and, secondly, how such a disturbance of the harmonious balance of interests may be restored.

At first glance the concept of unlawful competition is self-explanatory: it encompasses any act which is directed at gaining an advantage over and/or prejudicing a competitor(s) in the competitive struggle and which is censured by law. In the first instance this means that there can be no question of unlawful competition without competition. Secondly it implies that a great variety of acts qualifying as competitive conduct which may for different reasons be wrongful, can be classified as *species* of the *genus* unlawful competition . . .

It is, however, possible to give the concept of unlawful competition a more restricted meaning - and that is indeed the position in a few legal systems. As will be demonstrated, this concept has a particular or distinctive connotation in contemporary legal thinking, namely that private law protection against unlawful competition can be based exclusively on the goodwill ("*werfkrag*") of a business enterprise. Moreover the common law bases of the South African law of delict are wide enough to fully accommodate unlawful competition in this sense."

On the recognition of Aquilian liability for unlawful competition see the discussion in *Van Heerden & Neethling* at 62-65. See also *Matthews and others v Young* 1922 AD 492 at 507, *Geary & Son (Pty) Ltd v Gove* [1964 \(1\) SA 434](#) (A) at 440H-441B and the full discussion of Van Dijkhorst J in *Atlas Organic Fertilizers (Pty) Ltd v Pikkewyn Ghwano (Pty) Ltd and others* [1981 \(2\) SA 173](#) (T) at 179B-186D.

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[62] One of the prime examples of unlawful competition in our law is passing off another's product, goods or business as one's own. As Van Dijkhorst J put it in *Lorimar Productions Inc and others v Sterling Clothing Manufacturers (Pty) Ltd; Lorimar Productions Inc and others v OK Hyperama Ltd and others; Lorimar Productions Inc and others v Dallas Restaurant* [1981 \(3\) SA 1129](#) (T) at 1138A, passing-off "is but a species of the delict unlawful competition".

[63] In order to succeed in an action based on passing-off as a form of unlawful competition, the plaintiff must prove that the defendant committed an unlawful act in the sense of a breach of the plaintiff's goodwill. This

means that there must be proof of all the essentials of delictual (Aquilian) liability, namely an act, wrongfulness, fault (intent or negligence), prejudice (injury or damage) and causation (legal and factual). See *Schultz v Butt* [1986 \(3\) SA 667](#) (A) at 678H-I and the discussion of these requirements in *Van Heerden & Neethling* at 66-74.

- [64] The act complained of must, of course, be a competitive act or competitive conduct directed at attracting the custom of the same clients. Such act or conduct will be wrongful if it breaches or infringes upon the competitor's right to the goodwill of his business. Thus in *Capital Estate and General Agencies (Pty) Ltd and others v Holiday Inns Inc and others* [1977 \(2\) SA 916](#) (A) at 929C-E, Rabie JA stated:

"The wrong known as passing-off consists in a representation by one person that his business (or merchandise, as the case may be) is that of another, or that it is associated with that of another, and, in order to determine whether a representation amounts to a passing-off, one enquires whether there is a reasonable likelihood that members of the public may be confused into believing that the business of the one is, or is connected with, that of another . . . Whether there is a reasonable likelihood of such confusion arising is, of course, a question of fact which will have to be determined in the light of the circumstances of each case."

See also *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd and another* [1998 \(3\) SA 938](#) (SCA) paragraph 15 at 947F-I [also reported at [\[1998\] 3 All SA 175](#) (A) - Ed]. In *Van Heerden & Neethling* 158-159, the learned authors say that a competitor "acts wrong-fully if his false statement of facts concerning his own performance is such that the *ordinary potential purchaser, customer or client* will be deceived, so that misleading the public is a likely consequence". The issue is then whether or not there was a (reasonable) probability or likelihood that the public would be misled. It is not a requirement that anyone should have been subjectively misled, although proof of actual deception would assist in discharging the plaintiff's burden of proof in this regard.

- [65] The criteria for establishing wrongfulness have undergone substantial development in our law. Initially these criteria turned upon an objective appraisal of what was "fair and honest" under the circumstances. In the *Dun and Bradstreet* case (paragraph 58 above at 218H) it was pointed out that, although the concepts of fairness and honesty were "somewhat vague and elastic terms", they were nevertheless relevant for purposes of "the development of the law relating to competition in trade". This almost prophetic view of the anticipated development of such law gave rise to the generally accepted criterion of public policy as "the general sense of justice of the community, the *boni mores*, manifested in public opinion" (*Atlas Organic Fertilizers* case, paragraph 61 above, at 188H; *Lorimar* case,

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paragraph 62 above, at 1152H-1153A; *Schultz v Butt*, paragraph 63 above, at 679B-E).

- [66] In *Elida Gibbs (Pty) Ltd v Colgate Palmolive (Pty) Ltd (1)* [1988 \(2\) SA 350](#) (W) at 358D Van Schalkwyk J considered the aforesaid criteria and expressed the view that "there is no doubt that there exists in South African law a 'natural standard of fairness or reasonableness' beyond which competition must not go." This standard would depend on the facts of each individual case and is consistent with "the broad equitable approach adopted by South African Courts in unfair competition cases" (*Schultz v Butt*, paragraph 63 above, at 683C-D).
- [67] It is interesting to note how, in the context of the determination of what constitutes wrongful competition, age-old values such as justice, fairness, reasonableness and public policy, in the sense of the "good morals" (*boni mores*) of the community, come to the fore as relevant criteria. To them may be added good faith (*bona fides*), which constitutes the cornerstone of that other great source of the law of obligations, namely contract law. It goes hand in hand with what is just, fair, reasonable and in accordance with public policy. It also underlines the inherent flexibility of the common law in its various phases of development, be it in the law relating to wrongful competition or, for that matter, any other aspect of the law of obligations (contract or delict). See the *Payen Components* case, paragraph 57 above, at 474H-J and *Aruba Construction (Pty) Ltd and others v Aruba Holdings (Pty) Ltd and others* [2003 \(2\) SA 155](#) (C) at 174B-C.
- [68] Much reliance was placed by the applicants on the alleged copying of the Falcon boat get-up by the respondents in manufacturing their Sovereign boats. This concept may be described as those specific characteristics or distinctive features which, collectively, constitute the outward or external appearance of the article in question. It may relate to size, shape, configuration, constituent fabric or material, colour combination or to any additions or appurtenances used for purposes of creating such appearance (*Agriplas (Pty) Ltd and others v Andrag & Sons (Pty) Ltd* [1981 \(4\) SA 873](#) (C) at 889A-E; *Van Heerden & Neethling* at 175).
- [69] In order to protect this get-up from passing-off, the plaintiff must prove that it has acquired a reputation in connection with his business or goods and has consequently become distinctive thereof (*John Craig (Pty) Ltd v Dupa Clothing Industries (Pty) Ltd* [1977 \(3\) SA 144](#) (T) at 150A). If no such reputation has been acquired, any competitor may with impunity copy or imitate the get-up of his rival. But even if such reputation has been established, the competitor may still make use of it provided he makes it clear that the end-product is his and not that of the original user of the get-up. See the classic dictum of Gregorowski J in *Distilleerderij voorheen Simon Rijnbende en Zonen v Rolfes, Nebel & Co* 1913 WLD 3 at 9:

"These cases make it quite clear that a trader has no monopoly in the "get-up" of his goods. However great the advantage and merits of his "get-up" may be over that of his rivals, however much time and thought he may have expended over the designing of the particulars, when once he has used and published them they do not become his property but are common property, which can be appropriated by his rivals provided they do not mislead the public but make it perfectly clear that the goods in the "get-up" are not his but theirs."

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[70] More recently, in *Bress Designs (Pty) Ltd v GY Lounge Suite Manufacturers (Pty) Ltd and another* [1991 \(2\) SA 455 \(W\)](#) at 474E-J, Van Dijkhorst J distinguished the facts in *Schultz v Butt* (paragraph 63 above) from those in the case before him and stated:

"In the instant case the copying was as effective as in *Schultz v Butt*, but the method differed. There was no mould involved. A Fendi was stripped down. This involved the removal of upholstery from the steel frame. The frame was not exactly duplicated as the measurements differ slightly.

I have a problem with the wrongfulness of this action *per se*. Not all imitation is unlawful. On the contrary, imitation may be said to be the essence of life. (Cf *Lorimar Productions (supra)* at 1140, 1153.) The Legislature has granted protection in the fields of patents, designs, copyright, trade marks and plant breeder's rights. A *contrario*, beyond that statutory protection the field is open to imitators. The applicant took no steps to register its design. It cannot complain if it is copied. If one is entitled to copy that which is in the public domain, which is the law, what difference does it make what your method is? Whether you measure with the eye or with a tape measure. Whether you record your findings in your retentive memory or in a notebook or through the lens of your camera. Whether you look only at the exterior or also look at the interior, removing upholstery to do so. I cannot see that the fact that the Fendi was disassembled, *per se*, creates the unlawfulness.

Nor am I impressed by the applicant's emphasis on the trial and error of its creation of the prototype and its detailed information of the process thereafter. An inspection revealed that the frame is quite simple and the upholstery, though of fine craftsmanship, is not extraordinary. To put it simply, the first respondent copied a couch which the applicant had copied from a photograph of an American design. There is no suggestion that the applicant acted unlawfully. In the circumstances one balks at a finding (on these facts alone) that the first respondent acted *contra bonos mores*."

[71] In the case of *Weber-Stephen Products Co v Alrite Engineering (Pty) Ltd* [1992 \(2\) SA 489](#) (A) the court held that the applicant, as original user of the "Weber" grill, had acquired a reputation in its particular shape. The respondent, as competitor, was hence required to change the shape of his identical ("Mirage") product in order to distinguish it from that of the applicant.

[72] In the case of *Schultz v Butt* (paragraph 63 above), on which the applicants set great store, the issue to be decided was whether the appellant was competing unfairly with the respondent by making a mould of a hull of a ski-boat designed by the respondent. The respondent's design had evolved, at great expense, over a considerable period of time. The appellant intended to make use of the mould to manufacture and sell boats in competition with the respondent. The court held that the appellant's conduct was unfair, unjust and in conflict with public policy. Not only had he trespassed on the respondent's field, but had "added impudence to dishonesty by obtaining a design registration in his own name" for the hull that he had misappropriated (at 683H-I).

[73] In the *Taylor & Horne* case (paragraph 58 above at 421E-F), Van Heerden JA approved the decision in *Schultz v Butt* on the basis that, "[b]ecause this amounted to the filching of the fruits of another's skill, labour, etc, it was held to be unlawful competition". See also *Premier Hangers CC v Polyoak (Pty) Ltd* [1997 \(1\) SA 416](#) (SCA) at 424H-I.

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Application of the relevant law to the facts in the present case

[74] It is clear that the applicants have, as in the case of *Schultz v Butt (supra)* expended much time, money, labour, energy and effort into designing and developing their Falcon range of rigid inflatable boats, including the 575SR and 640SR models. It is likewise clear that substantial technical skill and expertise were required to create the logo, distinguishing features and general aesthetic appearance of such models. There is no doubt that the boats have developed a reputation as being of outstanding quality and a leader in their class. The respondents would not have been interested in a sole right to sell and distribute them if this had not been the case.

[75] On the other hand, there is no indication that the applicants have acquired any reputation relating to any aspect of the design, shape, form or get-up of the boats in question. This is not a case, as in the *Webber-Stephen* matter (paragraph 71 above) where the characteristic shape or form of the product is unique. Only the name "Falcon" is currently in the process of registration as a trademark. Understandably there has been no attempt to seek protection by registration of the design, shape, form or get-up of any of the boats. The reason is obvious. Rigid inflatable boats are, for the most part, similar in design, shape, form and get-up, the differences relating to cosmetic rather than functional aspects thereof. From the day the second applicant produced and sold its first Falcon, it became part of the public domain and would enjoy protection only if a competitor should pass off its boat as a Falcon product.

[76] There is no doubt that the Falcon and Sovereign boats are similar in many respects. They are not, however, identical or "almost identical", as suggested by the applicants. The allegations to this effect by Rivers and Louw (paragraph 17 above) are patently exaggerated. It would appear that the applicants have been attempting to fit their case into the mould of *Schultz v Butt (supra)* with special reference to the hull found on the premises of the first respondent. The suggestion that it was "identical" to that of the Falcon 575SR and 640SR was a contradiction in terms, inasmuch as their own measurements indicated a difference in length (paragraph 18 above). No case was ever made out that the respondents were selling Falcon boats to the public under the name "Sovereign".

[77] There was, in my view, nothing sinister in the letter of 5 November 2002 (paragraph 19 above) in which the respondents indicate that they have commissioned their own marine architect (Anton du Toit) to design the Sovereign range of boats. They made it clear that they had built their plugs for the moulds "from scratch", once again distinguishing the facts in this case from those in *Schultz v Butt*. In any event the affidavit of Anton du Toit made it quite clear that, although he took cognisance of the Falcon and of the prevailing state of the

art in general, his design of the Sovereign range of boats was original. It was not simply a copy of the Falcon or of any other make of boat. There were obvious and substantial differences between them. The Sovereign was, indeed, an improvement on the Falcon.

[78] As appears from the authorities cited above (paragraph 69 and 70), even if the respondents had copied the Falcon boats in detail, this would still not constitute unlawful competition. Only if it could be said that the respondents were attempting to pass off their Sovereign range of boats as those of

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the applicants' Falcons, could it be said that there was any question of unlawfulness or, more correctly, wrongfulness. In this regard I have studied the various photographs and other documentation appended to the papers carefully. I am quite satisfied that a reasonably cautious and discerning purchaser, who has at least some knowledge of the luxury item he is proposing to purchase, would not be misled by the design, shape, form or get-up of the Sovereign into thinking that he was purchasing a Falcon. The name of the boat is one of the most prominently distinctive features of both the Falcon and the Sovereign. There is not the slightest similarity between such names, which occur in radically different form and style of lettering. The only member of the public who might be misled would be one who had no idea what the name was of the boat in which he was interested and was simply buying blindly on the basis of external appearance or vague recollection only.

Conclusion

[79] It follows from the above that I have not been persuaded that the respondents have been passing off their Sovereign range of rigid inflatable boats as the Falcon boats produced by the second applicant. There is, in my view, no danger that a potential purchaser would be confused or misled by the similarity in appearance, form and design of the respective boats. There is hence no question of wrongful, unlawful or unfair competition justifying any relief, be it in the form of a permanent or temporary interdict. At no stage can it be said that the respondents acted unconscionably or in conflict with public policy. There was nothing unjust, unfair or unreasonable in their conduct. The facts in this case hence differ totally from those in *Schultz v Butt*.

[80] In the event the application is dismissed with costs, including the costs reserved on 14 October 2003.

For the applicant:

DJ van Sittert instructed by *Willem Stapelberg*

For the respondent:

AR Sholto-Douglas instructed by *Buchanan Boyes*

Footnotes

1 Also reported at [\[1997\] 1 All SA 134](#) (A) - Ed.