

SOUTH AFRICA / JUDGMENT

Blue Lion Manufacturing (Pty) Ltd v National Brands Ltd (286/2000) [2001] ZASCA 62; [2001] 4 All SA 235 (A); 2001 (3) SA 884 (SCA) (18 May 2001) [2001] ZASCA 62

COURT

Supreme Court of Appeal

BEFORE

Harms, Schutz, Zulman, Cameron, Mthiyane

CASE / FILE NUMBER

286/2000

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REPUBLIC OF SOUTH AFRICA

IN THE SUPREME COURT OF APPEAL OF SOUTH AFRICA

CASE NO. 286/2000

In the matter between

Blue Lion Manufacturing (Pty) Ltd Appellant

and

National Brands Limited Respondent

Before: HARMS, SCHUTZ, ZULMAN, CAMERON and

MTHIYANE JJA

Heard: 11 May 2001 Delivered: 18 May 2001

Passing off – wrappings of coconut biscuits – similar get-ups and similarly lettered marks Tennis and Tea Lovers – intention to take unlawful advantage of reputation relevant – probability of deception and confusion established – impermissibility of using unlawful competition to create a passing off out of something less than a passing off.

J U D G M E N T

SCHUTZ JA:[1] A record of 720 pages and heads of argument totalling 57 pages have been placed before us in order to allow us to decide whether the wrapping of its coconut biscuits used by one manufacturer passes itself off as the wrapping of another manufacturer of similar biscuits. I acknowledge, of course, that an applicant in a passing off case must prove his reputation and that that may require a considerable body of evidence, that it behoves him to prove instances of actual deception or confusion if such evidence may be found (one instance was raised in this case), and that the applicant sought to prove fraudulent intent, as it was entitled to do. But for the rest the case was essentially one of first impression of the two wrappers. Perhaps the main reason why the record became unnecessarily inflated was that the applicant (the respondent on appeal – “National Brands”) ran another case in tandem with its passing off case, namely one based on unlawful competition. This, despite what was said (if not in so many words) in *Payen Components SA Ltd v Bovic CC and Others* [1995] ZASCA 57; 1995 (4) SA 441(A) at 453 G – H concerning the illegitimacy of using some general notion of unlawful competition to create an ersatz passing off with requirements (in the alternative) less exacting than those required by the common law. Some of the restraints that the common law places on the passing off action (the one relevant to this case is the need to prove the likelihood of deception and confusion) are important in preventing the creation of impermissible monopolies. That is all I have to say on the alternative cause of action, save that it is a pity that the appellant did not ask for a special order for costs.[2] The simple principle in passing off is stated by Solomon J in *Pasquali Cigarette Co Ltd v Diaconicolas & Capsopolus* 1905 TS 472 at 474 to be

“[N]o man is allowed to pass off his goods as the goods of another person; no manufacturer of goods is allowed to represent to the public that the goods which he is selling are the goods of a rival manufacturer.”

- [3] The more detailed rules have been articulated so frequently and consistently that I need make only the briefest reference to them. When one is concerned with alleged passing off by imitation of get-up, as is the case in the matter before us, one postulates neither the very careful nor the very careless buyer, but an average purchaser, who has a general idea in his mind's eye of what he means to get but not an exact and accurate representation of it. Nor will he necessarily have the advantage of seeing the two products side by side. Nor will he be alerted to single out fine points of distinction or definition. Nor even, as pointed out by Greenberg J (from whom I have been quoting) in *Crossfield & Son Ltd v Crystallizers Ltd* 1925 WLD 216 at 220, will he have had the benefit of counsel's opinion before going out to buy. Nor will he necessarily be able to read simple words, as there are distressingly many people in South Africa who are illiterate.
- [4] However, the law of passing off is not designed to grant monopolies in successful get-ups. A certain measure of copying is permissible. But the moment a party copies he is in danger and he escapes liability only if he makes it “perfectly clear” to the public that the articles which he is selling are not the other manufacturer's, but his own articles, so that there is no probability of any ordinary purchaser being deceived: *Pasquali* at 479, *Crossfield* at 221 and *Adcock-Ingram Products Ltd v Beecham SA (Pty) Ltd* 1977(4) SA 434 (W) at 437 F - 438 A.[5]

National Brands has been selling its “Tennis” coconut biscuits since 1911. In 1990 it altered the shape of its package so that it measured 240x65x40 mm with a net content of 200 gm. In July 1998 it reverted to the size which it had used before 1990 – 140x60x60 mm, the weight being the same, whilst the biscuits were differently packed. Some months before July 1998 the appellant, “Blue Lion”, had commenced selling its “Tea Lovers” coconut biscuits under their present get-up, also in a size 140x60x60 mm. A feature of all three sealed packets, that is those of National Brands and of Blue Lion, is that the background is a lustrous white. Representations of the three packets are appended to this judgment. During argument attention was directed to the top of the packet and not the sides, ends or bottom.[6] On the left hand top of the Tennis packet is a prominent quadrant of red white and black, containing a representation of a baker and the name Bakers in prominent black letters. On the right hand side, in light brown there is a representation of a scattering of Baker’s Tennis biscuits, there being more displayed on the larger than on the smaller pack. The weight is given at the left hand foot as 200 g, in gold letters on the smaller pack and in black on the larger. The word “Tennis” occupies center stage in large red type. The letters are edged in gold. In both cases the word “Original” appears in much smaller golden italics above “Tennis”. Beneath that word appear in even smaller black print words indicating manufacture from butter, coconut and golden syrup.[7] Turning to the “Tea Lovers” packet, it also has a baker logo on the top left hand side. It is much smaller than the one on the Tennis packets, and because of its small size and muted colouring (white and brown bordered in gold against a white background) its impact is slight. Within it appears the word “Kwality”, which is much smaller than its prominent “Bakers” counterpart. There is a similar scatter of biscuits on the right hand side. Their colour is the same as on the Tennis packet but, of course, they are not stamped either as “Bakers” or as “Tennis”. The weight of 200 g is given on the bottom right hand side in gold letters against a small white inset. Above the words Tea Lovers appears the word “Quality” in gold italics, similar in size and style to the “Original” on the Tennis biscuits. Below Tea Lovers are words in small black type reading “Delicious, crisp coconut biscuits”. The red letters, again prominent, and again gilt edged, in “Tea Lovers” are about the same size as those on the shorter “Tennis” pack face. The same goes for the sides but not the face of the longer “Tennis” pack. The red letters on the face of the longer pack (which has a wider face) are slightly larger than the others. What differs between the two manufacturers is that the letters in “Tea Lovers” are more widely spaced than those in “Tennis”. What is strikingly similar is that the marks of both manufacturers commence with an identically shaped red “T” and “e”, gilt edged, against a lustrous white background.[8] When one has regard to the whole get-up, including the colours, the arrangements of matter and the letters, there is an immediate and striking similarity between the rival packagings, whether one looks at the longer or the shorter National Brands pack when making the comparison. That is so if you compare them side by side. The same may be said if they are displayed in quantity on a supermarket shelf. Indeed when National Brands sent one of their managers, Mr Pretorius, to inspect and take photographs of supermarket shelves where the products were to be found in association, it was only after a time that he noticed that two Tennis packs had migrated into the Tea Lovers shelf, and one

Tea Lovers pack had done the opposite. When he had set this right it was pointed out to him that he had overlooked a fourth pack which was also out of place. Being supplied with photographs of the display, I can understand. The hypothetical buyer will frequently not have the opportunity of making such a comparison, and as Tea Lovers are usually sold for less than Tennis biscuits, it is particularly at the this end of the market, where only the cheaper biscuits may be sold, that deception or confusion may occur. But not only there, as this type of biscuits is popular among all classes and the danger exists even if the two brands are displayed side by side.[9] It has often been said (eg in Pasquali at 476) that opinion evidence as to whether a particular packaging is likely to deceive is of little value, as that is the very question which the court must decide. But as the immediately succeeding passage in the judgment of Solomon J in Pasquali shows, evidence that persons have actually been deceived is of far greater importance. National Brands has presented the evidence of one such witness, Mrs Cassim. She was a regular purchaser of Bakers Tennis biscuits. On 3 August 1999 she took what she thought were three packets of Tennis biscuits off a supermarket shelf and bought them. Back home she opened one packet. The biscuits looked and tasted different and had a different texture. Only then did she look at the packet, to see that what she had bought was Tea Lovers. At her husband's suggestion she telephoned Bakers. Efforts have been made to minimize the effect of this evidence. It has been suggested that Mrs Cassim is not the average purchaser postulated by the law, but an abnormally careless one. This despite the fact that she works as a qualified pharmacist, a profession peculiarly alert to correct product identification. Then it is said, but she is only one! Where are all the others? The answer to this is that relatively few persons will trouble to go back to the "innocent" manufacturer over such a small purchase. Much more likely is it that they will go to the retailer to obtain satisfaction, or just learn for next time. Alone she may be, but I accept that Mrs Cassim did in fact fall into a trap into which many a careful person may have fallen.[10] A further factor in the case is that it is common cause that biscuits are sometimes the subject of impulse buying. Blue Lion contends that this is a neutral factor. I do not agree. I consider that it enhances the chances of error.[11] Although innocent passing off is possible, I think Wessels CJ was right when in *Policansky Bros Ltd v L & H Policansky* 1935 AD 89 at 98 he said:

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

- [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 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.[13] Now, while it is perfectly true that in the end

the question is whether there is a passing off, an allegation of fraud is not so lightly flicked aside. Our courts, like the English Courts have frequently pointed to the pertinence of the enquiry. As it was recently expressed by Millett LJ in *Harrods Ltd v Harrodian School Ltd* [1996] EWCA Civ 1315; [1996] RPC 697 (CA) at 706 (13-22);

“Deception is the gist of the tort of passing off, but it is not necessary for a plaintiff to establish that the defendant consciously intended to deceive the public if that is the probable result of his conduct. Nevertheless, the question why the defendant chose to adopt a particular name or get up is always highly relevant. It is ‘a question which falls to be asked and answered’: see Sodastream Ltd v Thorn Cascade Co. Ltd. [1982] R.P.C. 459 at page 466 per Kerr L.J. If it is shown that the defendant deliberately sought to take the benefit of the plaintiff’s goodwill for himself, the court will not ‘be astute to say that he cannot succeed in doing what which he is straining every nerve to do’: see Slazenger & Sons v Feltham & Co

(1889) 6 R.P.C. 531 at page 538 per Lindley L.J.”

See also Lawsa Vol 2 Reissue par 399 footnote 62 and cases there cited.[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. [15] The basis for drawing this inference is strengthened by Blue Lion’s explanation or lack of explanation for the manner in which it changed the wrapping of its Tea Lovers biscuits, in 1998,

from that formerly in use to the one in issue in this case. The old packet had a white background and was extensively bedizened with mauve, blue and yellow leaves. Biscuits appeared on the left hand side, in a row. Superimposed on them was a small baker logo enclosing an even smaller “Kwality” mark. Two cups filled with tea were depicted on the right hand side together with a red rose. The word “Tea” was in blue, and “Lovers” in red. There was also a small coconut label. The print differed from what was later used. The whole impression created is totally different from that created by the packaging before us. Mr Tayob, the managing director of Blue Lion, explains the reasons for the change:

“It will be noted from [the old pack] that the packaging that the Respondent used was ‘busy’ in nature and by this I mean that it contained a wide variety of colours. This made it very difficult to distinguish the Respondent’s KWALITY and CHEF DEVICE trade mark and also its TEA LOVERS trade mark. These trade marks ‘got lost’ in the packaging. It was on the advice of Ian Oberem, the Respondent’s National Sales and Trade Marketing Manager, that it was decided to use a simple uncomplicated and bland background.”

[16] This explanation is sheer evasion. It may explain why the old design was abandoned. It does not explain why the new one identified so closely with that of National Brands. I would add that the new packet does little, if anything, to enhance the trade marks Kwality and the Chef device, when compared with the old. These marks still sound pianissimo. And they still, in

the words of Mr Tayob, “get lost”.[17] National Brand’s case goes further. It contends that Blue Lion has been engaged in a campaign of passing off other types of biscuit produced by it as being the corresponding products of National Brands. The dispute over one type of biscuit (National Brands’ “Romany Creams” versus Blue Lion’s “Romantic Dreams”) has already passed through this court. Judgment was given against National Brands on 16 March 2001. The case had been based purely on trade mark infringement.

When the papers in the present appeal were prepared the Romany Creams appeal had not yet been argued, and reference was made to it as another example of Blue Lion’s alleged filching. It is not for me to decide the Romany Creams case, but I would have thought that passing off might have been a better horse to ride than trade mark.[18] National Brands complains that there are further instances where Blue Lion has been passing off its products as being those of National Brands’, namely its EET-SUM-MOR shortbread biscuits and its Lemon Creams. It seeks to rely on these practices as demonstrating the existence of a fraudulent design or system. Such evidence is potentially admissible (see Hoffmann and Zeffertt *The SA Law of Evidence* 4 ed pp71 et seq), but as National Brands may yet wish to have these matters tried out, and as they have received only passing attention in this case, and as there is sufficient evidence to prove fraudulent design without resort to them, I think it would be wiser for me to say nothing further about them.[19] Returning to Tennis and Tea Lovers biscuits, Blue Lion concedes that there are similarities in get-up, but contends that what distinguishes the one product is the marks Tennis, Bakers and the Bakerman logo, whilst the other is distinguished by the marks Tea Lovers and the Kwalitiy Chef Device. As to the latter I have already pointed to its apparently designed lack of prominence, and as to Tea Lovers I think it to have been demonstrated that there has been an attempt not to distinguish it from Tennis but rather to confuse the two. It is the word Tennis that particularly identifies the coconut biscuit and it clearly forms part of National Brands’ reputation in those biscuits. This is not, therefore, a simple case of similar get-ups distinguished by clear word marks, such as is discussed by Webster and Page *South African Law of Trade Marks* 4 ed par 15.26.8. The most important word mark is also compromised. That the marks Bakers and the Bakerman logo are also prominent and important does not detract from that fact, particularly when one has regard to the low prominence accorded to Blue Lion’s Chef and Kwalitiy marks.[20] For these reasons I conclude that the likelihood of deception and confusion has been established. [21] The other element of passing off, proof of reputation, does not arise here. Blue Lion concedes, as in the light of the evidence it had to, that National Brands has a well-established reputation in its Tennis biscuits.[22] Accordingly I am of the opinion that Southwood J, a quo, in the course of a careful and comprehensive judgment, was correct both in granting the interdict which he did and in ordering its enforcement pending the appeal.[23] The appeal is dismissed with costs, including the costs consequent upon the employment of two counsel.

W P SCHUTZJUDGE OF APPEAL

CONCURHARMS JAZULMAN JACAMERON JAMTHIYANE JA

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