

SOUTH AFRICA / JUDGMENT

My-China Discount Store (Pty) Ltd v Mosese and Others (076084/2023) [2024] ZAGPPHC 756 (24 July 2024) [2024] ZAGPPHC 756

COURT

North Gauteng High Court, Pretoria

BEFORE

M P Motha

CASE / FILE NUMBER

076084/2023

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FLYNOTES:

INTELLECTUAL – Counterfeit goods – Search and seizure warrant
– Application
to set aside – Test purchase conducted – Finding of counterfeit goods – Entitlement of authorization for warrant
– Sought search and seizure warrant for copyrights and trade marks which were never mentioned in complaint affidavit – No
mention of registered copyrights – Magistrate authorized warrant despite failure to adhere to
test – Authorization of
warrant not justified – Set aside – Counterfeit Goods Act 37 of 1997, s 6(1).
SAFLII
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Policy
REPUBLIC
OF SOUTH AFRICA
IN
THE HIGH COURT OF SOUTH AFRICA
GAUTENG
DIVISION, PRETORIA
Case
number: 076084/2023
(1)

REPORTABLE: NO
(2)
OF INTEREST TO OTHERS JUDGES: NO
(3)
REVISED
24
July 2024
In
the matter between: MY-CHINA
DISCOUNT STORE (PTY) LTD
APPLICANT
And
ELIZABETH
T. MOSESE
FIRST RESPONDENT
THE
MINISTER OF POLICE
SECOND
RESPONDENT
JEFFREY
JANUARIE, N.O.
THIRD RESPONDENT
LUCKY
THABETHE, N.O.
FOURTH
RESPONDENT
BONIWE
PRIMEROSE NTLATI, N.O.
FIFTH RESPONDENT
ANNEDEENE
BERNADETTE JORDAAN, N.O.
SIXTH RESPONDENT
LEGO
JURIS A/S
SEVENTH RESPONDENT
LEGO
A/S
EIGHTH RESPONDENT
NATIONAL
DIRECTOR OF PUBLIC PROSECUTIONS
NINTH RESPONDENT
MUHAMMAD
MOOLLA STORAGE CC T/A
TENTH RESPONDENT
ALLIED
STORAGE SOLUTIONS

JUDGMENT

MOTHA, J:

Introduction

[1] Following an ex parte application before the first respondent, the magistrate, a search and seizure warrant was authorized in terms of s 6 (1) of the Counterfeit Goods Act 37 of 1997 (the Counterfeit Goods Act), on 5 April 2023. With goods in excess of 9500 items seized from its premises at Shop 3[...] M[...] L[...] C[...] in Benoni, the applicant brings an application to set aside the warrant and prays for an order authorizing the return of goods seized from its premises, on 18 April 2023.

The parties

- [2] The applicant is My-China Discount Store (Pty) Ltd, a private company with limited liability and incorporated under the laws of South Africa, which retails a very large variety of goods including children's toys, clothes and playthings.
- [3] The first respondent is Elizabeth T Mosese, a Senior Magistrate in the Magistrate's Court for the Magisterial District of Benoni, who is cited on the basis that she granted the search and seizure warrant.
- [4] The second respondent is the Minister of Police, cited in this application in his representative capacity as the national executive authority of the South African Police Services (SAPS), a police service established in terms of Section 5 of the South African Police Act 68 of 1995.
- [5] The third respondent is Jeffrey Januarie, a police official in the employ of the SAPS, and holding the rank of Warrant Officer, stationed at the Directorate of Priority Crime Investigation, Serious Commercial Crime Unit (the DPCI)
- [6] The fourth respondent is Lucky Thabethe, a police official in the employ of the SAPS, holding the rank of Lieutenant Colonel stationed at the DPCI offices.
- [7] The fifth respondent is Boniwe Primerose Ntlati, a police official in the employ of the SAPS, holding the rank of Warrant Officer, stationed at the DPCI offices.
- [8] The six respondent is Annedeene Bernadette Jordaan, a police official in the employment of the SAPS, holding the rank of Lieutenant Colonel, stationed at the DPCI offices
- [9] The seventh respondent is Lego Juris A/S, a limited liability company incorporated under the laws of Denmark and part of LEGO business structure known as LEGO Group.
- [10] The eight respondent is Lego A/S, a limited liability company incorporated under the laws of Denmark and part of LEGO business structure known as LEGO Group.

- [11] The ninth respondent is the National Director of Public Prosecutions, and the head of the National Prosecuting Authority (the NPA) established in terms of Section 179 (1) (a) of the Constitution.
- [12] The tenth respondent is Muhammed Moola Storage CC t/a Allied Storage Solutions, a close corporation registered and incorporated in terms of the laws of the Republic of South Africa.

The factual

background

- [13] On 27 January 2023, Mrs Ilsemarie Greyvenstein, an investigator employed at Summit Protection Services (Pty) Ltd (Summit), purchased from the applicant the following goods:
- 1 x QMAN 1932-4 “Mine City” building block toy set; and
- 1 x Enlighten ,1017, “Knights Castle Series” building blocks toy set (test purchase).
- [14] This was after Summit had received instructions to conduct a test purchase from Mr. Saunders, a senior associate at the law firm Eversheds Sutherland (SA) Inc (Eversheds), on 23 January 2023. The test purchase was bagged and sealed at Summit and handed over to Eversheds. On 30 January 2023, on Mr. Saunders’ instruction Ziyaadh Oumar, a candidate attorney at Eversheds, broke the seal, removed the test purchase and took photographs of the test purchase. Following the reasons stated under paragraphs 8.1 to 8.1.10, Mr. Saunders averred that in his assessment the test purchase were counterfeit goods in terms of Counterfeit Goods Act. He, further, stated that he had received brand identification training from the LEGO Group.[1]
- [15] On 1 March 2023, the seventh and eight respondents complained against the applicant to the Directorate of Priority Crime Investigations Serious Commercial Crime Unit, Germiston, in terms of Section 3 (1) of the Counterfeit Goods Act. The s 3(1) complaint comprised of the affidavits of Mr. Saunders (the complaint affidavit), Mr. Oumar’s and Mrs. Greyvenstein’s. Lego urged the third to sixth respondents to apply for a search and seizure warrant authorizing the search of the applicant’s premises and the seizure of counterfeit goods bearing Lego’s[2] purported intellectual property rights. On the strength of these affidavits, the third respondent, J.Januarie, applied for a search
- and seizure warrant in terms of s 6(1) of the Counterfeit Goods Act.
- [34] It is, therefore, bizarre that the third respondent sought a search and seizure warrant for copyrights and trade marks in Annexures “A” and “B,” which were never mentioned in the complaint affidavit. The third respondent’s Annexure “A” referred to the following trade marks:

1973/06341 LEGO

1987/07145

2014/05353 Duplo

2020/03477 Friends

2020/02751 Ninjago

2020/02750 Ninjago

[35] Mr. Saunders never mentioned these trademarks in the complaint affidavit. As if that was not enough, the third respondent sought a search and seizure warrant for Registered Copyrights under Annexure “B”, namely:

VA 2-009-703

VA 2-009-706

VA 1-876-291

[36] Again, Mr. Saunders’ complaint affidavit made no mention of these Registered copyrights. Besides the questionable adjective “registered” copyright, perhaps they were registered overseas, it is unknown from where he got these trade marks and registered copyrights. What is worse is that the magistrate authorized a warrant for the search and seizure of these trademarks and registered copyrights. It is mind-boggling from where they both (first and third respondents) got these trade marks and registered copyright mentioned under annexures “A” and “B”. Inevitably, one asks oneself a rhetorical question whether the first respondent took the trouble to read Mr. Saunders’ complaint affidavit or simply followed what the third respondent told her. Under these circumstances, it is difficult to argue with the statement at paragraph 95 of the founding affidavit, viz:

“It is unclear to the applicant how Magistrate Mosese could have issued a warrant relating to trademarks and copyrights which was not before her on the papers... she did not apply her mind.”

[37] When confronted by the court on this issue, counsel for the third to sixth respondents submitted that she had no answer save to say she was told that there was a specific team selected for warrants and uses a standard form. In view of what is at stake and that this is a technical field, this falls far too short of what is expected of these officials. Interestingly, counsel for the

seventh and eighth respondents conceded, as they did not know how this happened, but submitted that the court could sever the offending

trademarks and copyright from the warrant. I am afraid this is at the heart of this matter. This is, particularly, so, if one is mindful of the sanctity of the rights invaded by the warrant. Pronouncing on this issue, the court in Beyond Platinum said:

“The remedies contained in the Act are far-reaching and highly invasive. They impact negatively upon constitutionally enshrined rights to privacy, property ownership and fair trial of a suspected trader. It is settled that these provisions should be resorted to only when it is justifiable to do so. That is, when ‘there are reasonable grounds for believing that an act of dealing in counterfeit goods has taken or is taking place’....”[12]

[38] Underscoring this point is the matter of *Powell NO And Others v Van Der Merwe NO And Others*[13] where the court said:

“Our law has a long history of scrutinizing search warrants with rigour and exactitude- indeed, with some technical rigour and exactitude.

The common-law rights so protected are now enshrined, subject to reasonable limitation, in s 14 of the Constitution

‘Everyone has the right to privacy, which includes the right not to have-

- (a) their person or their home searched;
- (b) their property searched;
- (c) their possessions seized; or
- (d) the privacy of their communications infringed”[14]

[39] The fact that the goods were not seized is cold comfort. On this point alone, this court would be well within its rights to set aside the warrant. Alas, there is more. One of the trademarks mentioned by Saunders’ complaint affidavit at paragraph 5 had expired. The sad saga commences with the heading which reads as follows:

“TRADE MARK

5.1 The first Complainant is the owner and registered proprietor of inter alia, the following registered, valid and in force trade marks in South Africa, which are registered in terms of the provisions of the

Trade Marks Act No.194 of 1993 (the “Trade Marks Act”):

5. 1.1 Trade mark registration no. 1981/01051 “LEGO” in class 28 for:

“Games and playthings; gymnastic in sporting articles (except clothing); ornaments and decorations for Christmas trees; but insofar as insofar as the foregoing do not include toys, parts thereof and accessories therefor”

[40] For our purposes, the important statement to highlight in subparagraph 5.1 is “valid and in force trade marks in South Africa”.

To prove, inter alia, the registration number and validity of these trade marks, these trademarks were accompanied by trade mark information sheet. When

zeroing in on the trade mark registration no 1981/01051, one notices that Expiry Date reads 2021-02-17. Therefore, when Mr. Januarie appeared before the magistrate on 05-04-2023, per the stamp on the warrant, this trademark had expired for over two years. At best this was not brought to the attention of the first respondent, nor did she become aware of this discrepancy. At worst the first respondent saw this discrepancy and ignored it. Mindful that this was an ex parte application, which call for utmost good faith, it is apt to refer to what was said in *Schlesinger v Schlesinger*[15]:

“It appears quite clearly from these authorities that:

- (1) in ex parte applications all material facts must be disclosed which might influence a Court in coming to a decision;
- (2) the non-disclosure or suppression of facts need not be wilful or mala fide to incur the penalty of rescission; and
- (3) the Court, apprised of the true facts, has a discretion to set or to preserve it.

Although these broad principles appear well-settled, I have not come across an authoritative statement as to when a Court will exercise its discretion in favour of a party who has been remiss in its duty to disclose, rather than to set aside the order obtained by it on incomplete facts”[16]

[41] The fact that the mark was subsequently renewed is immaterial. At the time when the first respondent was confronted with these documents, this trademark had expired for more than two years. And, yet a search and seizure warrant for this trademark was authorized. In casu the concatenation of evidence more than points to the probability that these affidavits were not perused.

[42] Reading the complaint affidavit in paragraphs 8.1.1 and 8.1.6, one is left with the impression that the LEGO word mark and logo had been applied to the test purchase but not in the way LEGO applies those marks to its products. In short, the complaint was that the applicant was using all three registered trade marks of LEGO, namely the LEGO word mark, LEGO logo and Blank Figurine Mark.

This was incorrect. It ought to have been disclosed to the first respondent that Lego’s case was that the three-dimensional

Figurines contained in the packaging of the applicant’s goods and the two-dimensional depictions of those Figurines on the

packaging itself constitute marks that are identical or confusingly similar to Lego Juris’ three-dimensional Figurine mark. This was misleading.

[43] Focusing on the copyright under 5.4 of the complainant’s affidavit, the magistrate is not told who the author was of the artwork and design (Artistic Work as defined in Copyright Act) appearing on LEGO catalogues and packaging. The court in *Memory Institute SA CC t/a Memory Institute v Hansen and Others*[17]said at paragraph 5:

“The appellant alleged that it held copyright in documents but these have neither been identified nor produced, a novel way of proving

copyright. Then Van Vuuren said that he is the author of these documents; later said he is the co-author. He failed to inform anyone

of when the works were created...Originality of these phantom works is not alleged (s 2(1)).”

[44] This is the same as in this case, furthermore, the magistrate is not told whether the author is a ‘Qualified Person.’ Section 3(1) of the Copyright Act makes it clear who the Qualified Person must be. It reads:

“copyright shall be conferred by this section on every work, eligible for copyright, of which the author or in the case of a work of joint authorship, anyone of the authors is at the time of the work or a substantial part thereof is made, a qualified person, that is-

- (a) in the case of an individual, a person who is a South African citizen or is domiciled or resident in the Republic; or
- (b) in the case of a juristic person a body corporate under the laws of the Republic.”

[45] The statement at paragraph 5.6 of the complaint affidavit to the effect that both South Africa and Denmark are signatories to the Berne Convention of Literary and Artistic Works does not help because s 37 of the Act was not complied with. The court in Memory, at para 6, held:

“Not able to satisfy the requirements of the Act, counsel pinned his hope on the Berne Convention on Copyright to which South Africa is a signatory, apparently not realizing that accession to the Convention did not in itself make it part of our law...”

[46] In dealing with the trademark infringement and referring to paragraph 5.1 of the complaint, the respondent states at paragraph 92 and 93:

“The photographs shown of the Test Purchases in annexures “E1” and “E2” to the Complaint, at first glance, show the LEGO MINI-FIGURE FIGURINE trade mark or marks confusingly similar thereto, being used in relation to the seized goods. It is not disputed that the Applicant that these goods were not made with the authority of either the Seventh or Eighth Respondent.

Properly considered, it is clear that the Complaint does contain sufficient allegations to establish, at least on a prima facie basis, trademark infringement.”

[47] This is a wrong test if one has regard to Puma case. This is a standard of trademark infringement but for counterfeiting more is needed. In fact, the court said:

“Reference during argument to the test to be applied to determine the likelihood of deception and confusion, confusing similarity, to passing-off principles, ...how Rampar intended to market the goods was, accordingly, singularly out of place and unhelpful.”[18]

[48] Despite this failure to adhere to the test, the magistrate authorized the warrant. The totality of evidence leads to the ineluctable finding that the first respondent failed to apply her mind or exercise her discretion

properly or at all when authorizing the search and seizure warrant. Even on the lowest of thresholds, let alone on prima facie basis, the facts do not pass muster to justify the authorization of a search and seizure warrant. Therefore, the warrant falls to be set aside.

Costs

[49] It is trite that costs follow the results. I do not see any reason to depart from that well-trodden path. In the result, I make the following order.

Order

1. The warrant issued in chambers by the First Respondent, Magistrate Elizabeth T. Mosese, N.O, in the Magistrate's Court for the Magisterial District of Benoni providing for search of the Applicant's premises at Shop 3[...], M[...] L[...] C[...] corner [...] Avenue and [...] Street, Northmead, Benoni ("the premises") and seizure of goods situated at the premises is hereby set aside;
2. The Third to Sixth Respondents are hereby ordered to return the goods they seized at the Applicant's premises on 18 April 2023, and which are described in the inventory attached to the Notice of Motion as "NOM1" to the Applicant;
3. The Second to Eight Respondents are ordered to pay the costs of this application jointly and severally each paying the other to be absolved, including costs of two council on scale C.

M.P. MOTHA

JUDGE OF THE HIGH COURT, PRETORIA

Date of hearing: 02 May 2024

Date of judgment: 24 July 2024

APPEARANCES:

COUNSEL FOR APPLICANT: R. MICHAU SC AND L. G. KILMARTIN INSTRUCTED BY BOUWERS INC. COUNSEL FOR 2ND – 6TH RESPONDENTS: M. LEKWAPE INSTRUCTED BY STATE ATTORNEY PRETORIA COUNSEL FOR 7TH & 8TH RESPONDENTS: I. JOUBERT SC AND N RUHUNDA INSTRUCTED BY EVERSHEDES SUTHERLAND (SA) INC.

[1] Complainant affidavit para 8.2 (009-13)

[2] Applicant's heads of argument para 2

[3] Founding affidavit para 22

[4] (Pty) Ltd (73/2020) [2020] ZASCA 154; [2020] HIPR 157 (SCA) (27 November 2020)

- [5] Supra paras 2 and 3
- [6] 2010 ZASCA 149
- [7] Para 19 of Puma
- [8] Supra para 23
- [9] Para 24 of Puma
- [1] [10] .(716/07)
- [2008] ZASCA 143; 2008 BIP 330 (SCA) ; 2009 (3) SA 13 (SCA) ; [2009] 2 All SA 31 (SCA) (27 November 2008)
- [11] Supra paras 6 and 7
- [12] Beyond Platinum para 23
- [13] 2005(5) SA62(SCA)
- [14] Supra para 50
- [15] 1979(4)SA 342 (W)
- [16] Supra p349
- [17] 2004
- (2) SA 630 (SCA)
- [18] Para 24 of Puma

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