

SOUTH AFRICA / JUDGMENT

Red Diamond Holdings SARL v Eye of the Storm 2 (Pty) Ltd (13280/18) [2019] ZAGPJHC 490; [2020] 1 All SA 829 (GJ); 2020 BIP 392 (GJ) (28 November 2019) [2019] ZAGPJHC 490

COURT

South Gauteng High Court, Johannesburg

BEFORE

Spilg

CASE / FILE NUMBER

13280/18

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IN

THE HIGH COURT OF SOUTH AFRICA

GAUTENG

LOCAL DIVISION, JOHANNESBURG

CASE

NO: 13280/18

In

the matter between:

RED

DIAMOND HOLDINGS SARL

Applicant

And

EYE

OF THE STORM 2 (PTY) LTD

Respondent

JUDGMENT

SPILG, J:

INTRODUCTION

1. Red Diamond Holdings SARL applies for an order interdicting Eye of the Storm 2 (Pty) Ltd from selling or distributing any item that bears the words “Lee Cooper” and for the delivery up of every item in its possession which bears these words.
2. It further seeks an order directing that an enquiry be held under s34
- (4) of the Trade Marks Act 194 of 1993 with pre-summons disclosure and the setting of other procedural timelines.

COMMON CAUSE FACTS

3. It is common cause that the applicant is the proprietor of the “Lee Cooper” registered trademark and that in October 2015 it concluded a sub-licence agreement with Lonstein Fashions CC. In turn Lonstein entered into an agreement with the respondent in terms of which the latter would manufacture clothing and footwear onto which it would attach the Lee Cooper trademark.
4. The applicant refers to this relationship as a “sub-licence relationship”.

APPLICANT’S CONTENTION

5. The applicant alleges that despite terminating the licence agreement with Lonstein on 3 March 2017 the respondent continued to manufacture apparel bearing the Lee Cooper trademark. It also alleges that a year later, in March 2018, it discovered that the respondent was still manufacturing apparel bearing its trademark- this time for a retailer called Forever Jeans.
6. After receiving a letter from the applicant’s attorneys the respondent gave a written undertaking to cease manufacturing the apparel but refused to provide the information sought regarding any details of the apparel it had manufactured, or which it had sold to third parties or still had in its possession.
7. The applicant’s position is straight forward: Lonstein had no right to transfer any rights in the trademark. It relies on the basic premise of law that the licence in question is no more than an undertaking by the applicant not to sue Lonstein for trademark infringement (Video Parktown North (Pty) Ltd v Paramount Pictures Corporation; Shelbourne Associates and Others; Century Associates and Others 1986 (2) SA 623 (T) at 632D-E[1] and Commissioner for South African Revenue Service v SA Silicone Products (Pty) Ltd 66 SATC 131; [2004] 2 AllSA 1 (SCA) at paras 6 (last para), 19 and 20 and that Lonstein could not grant rights to the respondent by reason of the “nemo plus iuris’ rule (Oriental Products (Pty) Ltd v Pegma 178 Investments Trading CC 2011(2) SA 508 (SCA) at para 26).[2]

8. Even if Lonstein could have transferred any rights to use the trademark, it is then contended that the respondent fails to make out a case for the valid transfer of such rights since it does not claim to have concluded an agreement with Lonstein- it only refers to the existence of a “relationship” with Lonstein.

The applicant also submits that the “relationship” relied on is no more than a conclusion as the respondent, so it is contended, sets out no facts on which the allegation is based; in particular it does not set out how the relationship came into existence.

RESPONDENT’S CONTENTION

9. The respondent takes a number of preliminary issues, the first of which is that the applicant relies only on a past invasion of its right but has not made out a case for final interdictory relief which requires a continuing infringement or one that is reasonably apprehended.[3]

The second preliminary point is that the applicant cannot seek redress under ss 34(3) or (4) of the Trade Marks Act no 194 of 1993 because the section only applies in cases where a party has relied on an infringement under that Act and the applicant has failed to do so, let alone proven an infringement of its trademark.

10. As to the merits it contends that the applicant, through its subsequently appointed distributor, Denim HQ SA (Pty) Ltd, agreed in writing on 11 September 2017 to the respondent supplying;
 - a. all the Lee Cooper apparel it had manufactured as at 28 July 2017, the description and quantity of which was identified in two schedules attached to the agreement; and,
 - b. certain further apparel which was either in the course of manufacture or awaiting shipment and which was described, in clause 2 of the agreement, by reference to type, quantity and production line status.

Following on this the respondent also contends that there could be no trademark infringement since it was entitled to manufacture Lee Cooper clothing and footwear.

11. It is evident that the issues raised depend as much on determining the true nature of the case made out by the applicant as they do on the facts of the case. One must also bear in mind that the evidence which the court can accept is determined by an application of the Plascon-Evans principles; namely, that where final relief is claimed the court effectively has regard to the respondent’s admissions and averments unless they amount to a bald denial or are so clearly untenable (such as instances where they are palpably implausible or far-fetched) that a court is entitled to reject them on paper. [4]

NO CASE MADE OUT OF TRADEMARK INFRINGEMENT OR FOR FINAL INTERDICTORY RELIEF.

12. Under this head I propose to deal with the issue of whether the applicant has claimed that its trademark has been infringed, and if so whether the only allegation relates to a past infringement.

13. A purely literal reading of the preamble to the wording of s 34(3) and by extension s34 (4) of the Trade Marks Act requires that a party seeking the remedies provided for must demonstrate an infringement of the registered trademark.

14. I accept that the applicant's initial notice of motion sought only the disclosure of information regarding the respondent's

manufacture, inventories and sales (including orders, invoices and accounting to Lonstein) of Lee Cooper branded apparel.

Moreover I accept that the founding affidavit did not seek interdictory relief but sought the information in order to ascertain "inter alia ...whether Lonstein ... has properly accounted to the applicant ... (and) ... whether the respondent has properly accounted to Lonstein ..." in order to "determine whether it has suffered any damages and/or whether any royalty is payable to it emanating from the respondent's manufacturing and selling of Lee Cooper branded apparel in South Africa"

15. However, in response to a notice in terms of rule 6(5) (d)(iii) that the respondent intended to raise the failure in the applicant's papers to disclose a cause of action entitling it to the relief, the applicant delivered an amended notice of motion together with a supplementary affidavit. The amended notice of motion sought an interdict against the respondent from selling or otherwise distributing any item that bears the words Lee Cooper, a delivery-up order and that an enquiry be held under s 34(4) of the Act together with the other relief described at the commencement of this judgment.

16. The supplementary affidavit sought to cure the failure to assert that interdictory relief was sought. It did however place reliance on allegations contained in the founding affidavit that the respondent was still in possession of apparel "bearing unauthorised copies of the Lee Cooper trade mark" which the applicant contends are to be delivered-up under s34(3)(b) of the Act because the trademark cannot be removed.

17. This is not a case where the applicant seeks to make out a case in reply. On the contrary the applicant effected its amendment and filed a supplementary affidavit in an attempt to plug the holes, so to speak, before the respondent was called on to answer. I see no procedural impediment in doing so.

Provided any wasted costs incurred are accommodated there can be no prejudice to a respondent who has not yet been called on to file its affidavit in answer (bearing in mind that a new set of papers will increase the non-recoverable portion of attorney and client costs that the respondent will be charged by its own attorney). Moreover the efficiency of the judicial system is served by avoiding the re-issuing of papers, the unnecessary use of court resources and resultant time delays.

18. In so far as the second point is concerned; it does not matter that an applicant can only show a past invasion of a right. To highlight part of the passage already quoted from Stauffer Chemicals Chemical Products Division of Chesebrough-Ponds (Pty) Ltd v Monsanto Company 1988

(1) SA 805 (T) at 809F-G

“Terrell on The Law of Patents 13th ed at 419 correctly points out that the basis of an interdict is the threat, actual or implied, on the part of a defendant that he is about to do an act which is in violation of the plaintiff's right and that actual infringement is merely evidence upon which the Court implies an intention to continue in the same course.” (emphasis added)

19. The question therefore is whether the applicant has demonstrated that there is an actual or implied threat that the respondent intends to continue infringing the applicant's trademark rights. Framed in this manner the preceding question in the present case is whether the applicant has produced actual evidence of any prior infringement.
20. In its founding affidavit the applicant alleged that during March 2018 it came to the attention of the applicants Sales and Brand Director, Middle East and Africa that a retailer, Forever Jeans, was selling Lee Cooper branded clothing and footwear which did not contain Lee Cooper holograms and had not been approved by the applicant.

It was also alleged that these items were being passed-off as original Lee Coopers. The allegations were supported by the affidavit of Mr Glen Crick a director of Denim HQ who claimed being informed that Forever Jeans had obtained all of its Lee Cooper apparel from the respondent and that it (i.e. Forever Jeans) “was under the impression that all Lee Cooper branded clothing and footwear were authentic”.

The applicant furthermore contended that the respondent “indicated that it had supplied all of the Lee Cooper branded clothing and footwear to Forever Jeans with the consent of Lonstein ...”

21. In response to a letter from the applicant's attorney expressing concern that the respondent was continuing to manufacture,

distribute or sell Lee Cooper branded apparel to third parties and requiring full disclosure regarding its dealings with the apparel in question the respondent's attorneys provided an undertaking that it would no longer manufacture them and denied that the

applicant was entitled to the information sought. These allegations are contained in paras 44 to 49 of the founding affidavit.

22. The respondent asserted that the case made out by the applicant is based on the hearsay evidence of Click, there being no confirmatory

affidavit on behalf of Forever Jeans. That may well be. However it is understandable that Forever Jeans may not wish to become involved and since the respondent did not expressly deny that it had informed the applicant that it indeed had supplied all the branded clothing received by Forever Jeans the only issue was whether the apparel was among those specifically exempted under the agreement of 11 September 2017, either by reason of falling under the exclusion provision of para 2 or the schedules.

23. In view of these two features the respondent's response to the specific averment becomes telling when considering whether to receive the hearsay evidence which otherwise meets the requirements for statutory admissibility. The respondent elected to deal with the averment and it claimed that the applicant's assertion that Forever Jeans had received branded apparel from the respondent which was being passed off as Lee Cooper was vague and unclear as to source.

It also pointed out that no samples, photographs or items to demonstrate exactly what was being sold by Forever Jeans were provided and that it was unclear how and in what manner the respondent has "indicated" that it had supplied Forever Jeans. In my view this is not the usual case of trademark infringement based on a passing off- if only because it is evident that the respondent at some stage was entitled to believe that it could lawfully manufacture the clothing and footwear and could place a hologrammed Lee Cooper label on the products provided they met the required quality standards.

24. As a result of its specific contentions referred to in the preceding paragraph, the manager of the respondent, who was the sole deponent to the respondent's answering affidavit, said that "I am therefore constrained to deny the allegations herein". This is to be found in paras 27 and 28 of the answering affidavit. While para 27 deals with para 45 of the founding affidavit, para 28 is identified as traversing paras 46 to 57 of the founding papers, yet the only allegations dealing with the contents of the specific paragraph mentioned earlier is that the respondent only manufactured and sold genuine Lee Cooper apparel pursuant to its relationship with Lonstein and then Denim HQ and that it no longer has any goods in its possession or under its control bearing the Lee Cooper trademark.
25. In my view it was for the respondent to disclose whether it had supplied Lee Cooper branded goods to Forever Jeans in March
2018. Its response was not only elliptical but disingenuous. The way in which it addressed the allegations which I consider admissible before me therefore falls within the Plascon-Evans exceptions. In the result the applicant's factual allegations on this score stand.
26. Nonetheless the replying affidavit of the applicant indicates that it does not seriously believe that the respondent is continuing to manufacture, sell or otherwise dispose of branded Lee Cooper apparel. In this regard the contents of para 12 are

significant. This paragraph deals with the respondent's allegation that it no longer manufactures or sells any of the apparel

and no longer has any goods in its possession or under its control bearing the Lee Cooper trademark and concludes by stating that: “The applicant is aware of this fact and this is why the applicant did not request interdictory relief in the first place”. In reply the applicant repeatedly dealt with past infractions and on a proper reading confined itself to concluding that it is entitled to investigate the respondent’s dealing with the Lee Cooper trademark.

27. While I accept that it is justifiable to draw the inference that the respondent has something to hide, on the papers before me it is not about carrying on with the manufacturing of Lee Cooper branded goods but in relation to past production.

I am therefore satisfied that the applicant has not made out a case for interdictory relief based on a purely literal interpretation of ss 34(3) and (4).

28. This however does not conclude the matter. There remains the issue of the proper interpretation of ss 34(3) and (4) bearing in mind the nature of the relief that a court can order, whether its provisions ought to be read into, or whether they impliedly extend, the remedies otherwise available under law.

Moreover the applicant has included a number of prayers that are not necessarily dependent on section 34 of the Act or a finding of a trademark infraction but might be based on whether or not it is entitled to an extended application of the principles of an abatement and debatement of account, or an accounting for the proceeds of property received or utilised which is the property of the applicant, with or without a consideration of the terms of clause 7 of the admitted agreement of 11 September 2017 which envisage an accounting, albeit that the applicant is not a direct party whereas its authorised distributor was.

These are all exclusively questions of law based on the facts already contained in the affidavits before the court.

29. Since I have not heard argument on these points which may be open for the applicant to raise in another forum I consider it appropriate to afford both parties an opportunity of arguing whether, aside from a purely literal reading of ss 34(3) and (4) of the Act the applicant is entitled to the relief sought in the amended notice of motion, with the exception of prayer 2 (which called for a delivering up).
30. The matter will therefore be postponed to a date to be arranged for the hearing of argument on the legal issues I have identified.

POSTEA (28 November 2019)

31. The parties subsequently presented argument on the issues raised in para 30 of my decision of 18 June.

The principle question is whether ss 34(3) and (4) of the Trade Marks Act have application where the respondent was entitled under the 11 September 2017 agreement to sell the apparel it had manufactured and which bore the Lee Cooper logo. In order to answer it, it is necessary to ascertain whether the applicant has made out a case of trademark infringement in respect of any of the apparel manufactured by the respondent

TRADEMARK INFRINGEMENT

32. It will be recalled that the respondent's right to manufacture Lee Cooper branded products was derived from its agreement with Lonstein which until 3 March 2017 had been a sub-licencee of the applicant. In terms of the agreement between the applicant and Lonstein the latter was granted a licence which comprised a number of rights, including the right to design and have manufactured Lee Cooper apparel and the right to distribute and sell such apparel.
33. Although the applicant claims that the respondent holds no sub-licence, it was at all times aware that the respondent was manufacturing Lee Cooper apparel for Lonstein and possibly even selling it directly.
34. However the respondent would have been alive to the fact, since it claims to have been privy to Lonstein acquiring the sub-licence from the applicant, that it could have no greater rights than Lonstein had obtained. Accordingly when Lonstein's sub-licence terminated in March 2017 so did any entitlement of the respondent to continue manufacturing let alone sell what it had manufactured after the termination date.
35. The question of whether the respondent was aware of the termination of the sub-licence or should have been informed by the applicant,

having regard to the historic situation which prevailed (and which according to the respondent was known to the applicant), does not arise because a commercial arrangement was then made which clearly suited the respondent, Denim HQ as the new sub-licencee, and the applicant although it was not a direct party to the agreement. This is the 11 September 2017 agreement.

36. The September 2017 agreement dealt with the entire stock which the respondent claimed it had manufactured up to that date.

In its terms the respondent was able to dispose of the apparel it had manufactured or which was not yet completed (and which was identified by the nature of the item, stage of manufacture and quantity) but which it had not yet sold and in consideration for which it was obliged to pay a royalty of R585 000.

In regard to the apparel which had been manufactured by the respondent prior to these items and identified in the two schedules to the agreement as manufactured by 28 July 2017, the parties agreed that they were to be regarded as having been manufactured in terms of the contract between the respondent and Lonstein and in respect of which it was effectively deemed that royalties had already been paid to Lonstein. This is in terms of cl 4 of the agreement.

37. I am therefore satisfied that the agreement was intended to and did resolve the issue of what was to occur in regard to apparel

manufactured or not yet sold after the termination in March 2017 of the sub-licence that had been granted to Lonstein.[5]

38. In my view, at best for the respondent, the parties to the agreement recognised that the right to use the trademark had terminated when the sub-licence to Lonstein ended but that there would be an accommodation suitable to all which would deal with apparel that was disclosed by the respondent as having been manufactured by it as set out in clause 2 of the agreement or identified in the schedules as stock on hand as at 28 July 2017.

In addition the agreement was also intended to deal with all items bearing the Lee Cooper brand which were manufactured prior to that, being the stock disclosed in the two schedules as being in existence as at 28 July 2017. This stock was to be treated differently to the stock in respect of which the respondent undertook to pay the royalty of R585 000 In relation to these items, i.e. those reflected in the two schedules of stock held by the respondent as at 28 July 2017, it was accepted that they had been manufactured while the sub-licence between the applicant and Lonstein still existed or prior to the respondent being aware that it had ceased. In any event it was assumed that despite these items still being carried as stock the respondent had paid royalties to Lonstein for the use of the Lee Cooper branding.

39. However the agreement did not amount to a right accorded to the respondent to manufacture Lee Cooper branded apparel post-March 2017. The September 2017 agreement was no more than an accommodation to resolve an issue where the respondent claimed to have manufactured

(or almost completed the manufacture of) Lee Cooper apparel. But it was an accommodation only to the extent that the apparel was identified either in para 2 of the agreement as subject to royalties to be paid to the new sub-licensee or identified in the schedules in respect of which it was deemed that royalties had been paid to the previous sub-licensee, being Lonstein.

40. In short, any apparel manufactured at the same time as or after the items identified in the September 2017 agreement was not covered by the accord. It remained apparel manufactured by the respondent bearing the Lee Cooper brand for which it could show no right or entitlement derived from the trademark holder or in respect of which brand use the trademark holder de facto had acquiesced (nor could be imputed to have acquiesced in).[6]
41. I therefore find that there has been an infringement of the applicant's trademark but only to the extent that it concerns apparel manufactured or sold after the conclusion of the agreement of 11 September 2017 and which is not identified in either para 2 or the schedules to the agreement.[7]

REMEDY

42. It is clear that the various forms of relief permitted under ss 34(3) and (4) of the Act are not dependent on a continuing infringement or a requirement that a case is made out for interdictory relief. The purpose of the section is to provide remedies for trademark infringement whether past, present or reasonably apprehended of which interdictory relief is but one.
43. While damages is a common law remedy, open to the holder of a propriety right that had been infringed or impaired, with its own requirements of wrongfulness, the remedy under s 34 (3)(d) is in the form of a reasonable royalty in lieu of damages which may not require proof of wrongfulness. [8]
44. If a party wishes to invoke ss 34 (4) to hold an enquiry the court has a discretion to so direct and it also has a discretion to prescribe the procedures.
45. I am satisfied, to the extent that it is required, that the applicant is entitled to elect at this stage to pursue a damages claim or a claim for reasonable royalties in the alternative, if only because the parties themselves in the September 2017 agreement understood that this was a fair resolution and because, as is evident, at the least the respondent would have pocketed for its benefit the royalties that it was otherwise obliged to have paid over to Lonstein
- but it is for another court to determine what the reasonable royalty ought to be in relation to what the applicant may have been entitled to bearing in mind that it had used Lonstein as an intermediary.
46. I am also of the view that the procedure of upfront disclosure is eminently advisable where the facts relating to manufacture and sales are peculiarly within the knowledge of the respondent, where implicit in the September 2017 agreement is a claim to have made a frank disclosure[9], where it ought to be a simple accounting process (provided proper books and working papers have been kept) and where it was implicit that no apparel bearing the Lee Cooper brand, other than those identified in para 2 and the two schedules of the agreement, was being manufactured or had been manufactured but remained unsold. See generally *Cadac (Pty) Ltd v Weber Stephen Products Company and others* 2011
- (3) SA 570 (SCA) at paras 10 to 14
47. In *Makate* attention was drawn to the advantage of pre-plea discovery and I respectfully believe that such a process as ordered, but which was not implemented, may have facilitated (through requirements of transparency) a speedier resolution of the matter, or assisted in determining objectively ascertainable parameters thereby reducing the outstanding issues confronting a court to ones of law[10]. In rule 43 applications for interim maintenance the full court has endorsed such a procedure at an early stage of litigation[11].

This is a clear case for introducing up-front disclosure so as to ensure a speedier resolution of the matter in a fair and transparent manner. The respondent can hardly be heard to complain since it was amenable to disclosure on request, albeit to the applicant's

sub-licensee.[12]

48. Although the infringement arose from September 2017, it is necessary for the respondent to identify the stock it had on hand, manufactured, or which was completed save for labelling and trim, at that date in order to enable a reconciliation to be effected of all items that were either manufactured or sold from at least the termination of the Lonstein sub-licence with the applicant in March 2017 up to and including the date the application was launched. [13]
49. I also believe that as the proprietor of the rights that have been infringed by a party who held itself out as a sub-agent, and claimed those rights as between itself and the applicant irrespective of the existence of a sub-licence agreement between the applicant and Lonstein, there is a sufficient nexus to enable the applicant to have obtained an abatement and debatement of account on an application of those principles to the nature of the relationship relied upon by the respondent. A cogent argument can be made that it is also possible to obtain a direct accounting based on the filching by the respondent of a propriety right in the Lee Cooper trademark held by the applicant.

ORDER

50. Save for a number of required amendments I will grant the order sought by the applicant. In the result the following order is made:
1. the respondent disclose to the applicant the following information and supporting documentation, within (60) days of the granting of this order:
 - 1.1. a detailed inventory of all LEE COOPER branded apparel in the respondent's possession as at 28 February 2017 and as at 28 February 2018;
 - 1.2. a complete and detailed list of all LEE COOPER branded apparel manufactured and/or imported by the respondent, or on the respondent's behalf, since 28 July 2017, accompanied by invoices rendered to the respondent by third parties and the respondent's declarations to the South African Revenue Services;
 - 1.3. a complete and detailed list, accompanied by invoices, in respect of all sales made by the respondent, to third parties, since 28 July 2017, relating to LEE COOPER branded apparel, including but not limited to:
 - 1.3.1. Genial Trading CC, trading as Forever Jeans;
 - 1.3.2. Saville Row (Pty) Ltd, trading as Webbers Clothing and Footwear;
 - 1.3.3. Xtra Shoes;
 - 1.3.4. King Fisher Trading Enterprises CC t/a LC Stores (Woodmead);
 - 1.4. a completed and detailed list of all orders placed by the respondent, since 28 July 2017 for LEE COOPER branded products, accompanied by the invoices rendered to the respondent in regards thereto;

1.5. confirmation of the quantity of LEE COOPER holograms in the respondent's possession as at 28 July 2017;

1.6. copies of all invoices issued to the respondent by Lonstein Fashions CC since 28 July 2017;

2. The respondent pays the costs hereof on the ordinary scale.

S PILG J

DATES OF HEARINGS: 31 May 2019 and 10 September 2019

DATES OF JUDGMENTS: 18 June 2019 and 28 November 2019

FOR APPLICANT:

Adv HA van der Merwe

Senekal Simmonds Inc

FOR RESPONDENT: Adv P Cirone

Kantor Myers Paslovsky

[1] In Video Parktown North Slomowitz AJ, referring to precedent, said: "Historical analysis reveals that in our law a licence is nothing more than a dispensation which passes no interest in its subject-matter. *Kinemas Ltd v African Theatres Ltd* 1928 WLD 100; *Clifford Harris (Pty) Ltd v SGB Building Equipment (Pty) Ltd* 1980 (2) SA 141 (T). In the first of the authorities cited, the applicants for an interdict had been granted the sole and exclusive right to exhibit a film in South Africa. The owner had, however, given them no proprietary interest in the film. Their petition failed on the ground of a lack of locus standi to initiate proceedings against another for infringement of the right. DE WAAL JP cited with approval the judgment of COTTON LJ in *Heap v Hartley* (1889) 42 ChD 461 that: "... a licence... is an authority from the person who grants it to the person who receives it, enabling him to do lawfully that which without the licence he could not do." In this sense, as Mr Harms pointed out, the agreement between the licensor and the licensee is no more than a pactum de non petendo."

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"... a licence... is an authority from the person who grants it to the person who receives it, enabling him to do lawfully that which without the licence he could not do."

In this sense, as Mr Harms pointed out, the agreement between the licensor and the licensee is no more than a pactum de non petendo."

[2] In *Oriental Products* at para 26 in the concurring majority judgment the court said: "The old adage, *nemo plus iuris ad alium transferre potest quam ipse haberet*, as formulated by Ulpian (Digest 50.17.54), applies: no one can transfer more rights to another than he himself has (using Hiemstra and Gonin's translation for safety's sake)."

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[3] See generally Erasmus Superior Court Practice, Appendix D6 Interdicts D6-1 ftn 3 and the cases cited including *Stauffer Chemicals Chemical Products Division of Chesebrough-Ponds (Pty) Ltd v Monsanto Company* 1988

(1) SA 805 (T) at 809F-G in which the following is said: "As far as interdicts are concerned, the ordinary rules relating to interdicts apply. Terrell on The Law of Patents 13th ed at 419 correctly points out that the basis of an interdict is the threat, actual or implied, on the part of a defendant that he is about to do an act which is in violation of the plaintiff's right and that actual infringement is merely evidence upon which the Court implies an intention to continue in the same course. I would have thought it axiomatic that an interdict is not a remedy for past invasions of rights. It is for the protection of an existing right. Cf *Meyer v Meyer* 1948 (1) SA 484 (T). It is therefore not strange that *Saccharin Corporation Ltd v Quincey* 17 RPC 337 at 339 held that: 'An injunction cannot be properly granted except in respect of a patent which the defendant has infringed, or threatened to infringe, and only during the continuance of that patent.'" *Stauffer* was cited with approval in *Philip Morris Inc v Marlboro Shirt Co SA Ltd* 1991

(2) SA 720 (A) at 735B-C

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of rights. It is for the protection of an existing right. Cf Meyer v Meyer 1948 (1) SA 484 (T). It is therefore not strange that Saccharin Corporation Ltd v Quincey 17 RPC 337 at 339 held that:

'An injunction cannot be properly granted except in respect of a patent which the defendant has infringed, or threatened to infringe, and only during the continuance of that patent.'

Stauffer was cited with approval in Philip Morris Inc v Marlboro Shirt Co SA Ltd 1991

(2) SA 720 (A) at 735B-C

[4] Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd [1984] ZASCA 51; 1984

(3) SA 623 (A) at 634H – I

[5] In a letter dated 20 March 2018 the respondent's attorneys stated on behalf of their client that no Lee Cooper merchandise had been manufactured or sold "from March 2017 onwards". This amounts to an admission against interest which forms part of the evidence which the court can take into account.

[6] The only acquiescence which took place arose by reason of the applicant's knowledge of the agreement concluded by Lonstein

with the respondent and that, despite knowing that the respondent was manufacturing, and possibly selling, Lee Cooper branded goods it accepted, without demur, the royalties paid to it by Lonstein, of which at least a part were derived from the royalties which Lonstein had in turn derived from the respondent.

[7] Considered in purely commercial terms the respondent has been shown to have sold, at least to Forever Jeans, Lee Cooper branded apparel without paying any person a royalty which leaves it with enhanced profits which it pocketed and which it must know it is not entitled to.

[8] A comparative discussion on the topic is to be found in the decision of Rogers J in Terepolsky v Baranawska [2014] ZAWCHC 62 at paras 53 to 64

[9] There may also have been a heightened degree of good faith negotiations having regard to the circumstances and the nature of

the underlying relationships but it is unnecessary to enquire into that.

[10] Makate v Vodacom (Pty) Ltd 2014 (1) SA 191 (GSJ)

[11] E v E 2019 (5) SA 566 (GJ). See also TS v TS 2018 (3) SA 572 (GJ) which sets out the underlying considerations

[12] Clause 7 of the September 2017 agreement provides that the respondent undertook to disclose on request to Denim HQ any information relating to Lee Cooper branded products including stock sheets, purchase orders and invoices.

[13] I accept that the applicant sought to obtain disclosure from March

2015. Nonetheless under its prayer for alternative relief it is entitled to disclosure in relation to the inventory on hand at the most realistic date around the date of termination of the Lonstein sub-licence with the applicant, which would be the inventories required to be taken for the financial year on 28 February 2017. It will also be convenient from an accounting point of view to make the end date on 28 February 2018 bearing in mind that the application was brought just short of a month later.

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