

SOUTH AFRICA / JUDGMENT

Southern Liqueur Company Limited v Noble Spirits (Pty) Ltd (Leave to Appeal) (7243/2021) [2025] ZAWCHC 285 (11 July 2025)

[2025] ZAWCHC 285

COURT

Western Cape High Court, Cape Town

BEFORE

R K Parker

CASE / FILE NUMBER

7243/2021

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IN THE HIGH COURT OF SOUTH AFRICA

(WESTERN CAPE DIVISION, CAPE TOWN)

Case No: 7243/2021

In the matter between:

SOUTHERN LIQUEUR COMPANY LIMITED

Applicant

and

NOBLE SPIRITS (PTY) LTD

Respondent

Coram: PARKER AJ

ORDER –

- a) The appeal is dismissed.
- b) The respondent shall bear the costs of the application including the costs of counsel where so employed.

JUDGMENT – LEAVE TO APPEAL

- [1] This leave to appeal application follows the judgment handed down on 21 November 2024, granted in favour of the applicant inclusive of costs, in an application for an interdict concerning the provisions of sections 34(1)(a) and 34(1)(c) of the Trade Marks Act No 194 of 1993 ("the Act"). The parties in this application for leave to appeal are cited as they were in the main application.
- [2] To keep to brevity and since the judgment set forth detailed reasons for arriving at the order, and since counsel for both parties once again made reference to the heads of argument filed at the main hearing, there is no need to regurgitate the same said arguments save where necessary for evaluating whether there are grounds for leave to appeal to be granted and whether the stringent requirements of section 17 has been met .
- [3] The application for leave to appeal is broadened across twelve grounds which is not set out in this judgment, against the whole judgment, order and costs save in respect of the dismissal of the claim based on passing off.
- [4] The applicant raises a cross appeal in respect of the passing off claim which was dismissed and appeals the judgment , only in the event that leave to appeal is granted in favour of the respondent. In hearing the argument for leave to appeal the parties were requested to be succinct, and to use the words of the respondent's counsel, to focus on the hamburger points.
- [5] The respondent's leave to appeal primarily concerns the statutory infringement, the striking out application and the punitive costs, of which the two latter points were not granted. Counsel for the respondent once again took the court through the same arguments as in the main application, namely, that there are two causes of action when it comes to the statutory infringement in terms of section 34 referred to as the primary infringement. The critical issue is whether the mark which is sought to be used as AFRULA is confusingly or deceptively similar within the meaning of section 34(1)(a) of the Act to the mark AMARULA.
- [6] A distinction is where the cause of action is based on the dilution of the distinctiveness of the AMARULA trademark, is the question of the similarity of the marks within the meaning of section 34(1)(c). The same test and the same considerations apply insofar as section 34 (1) (a) is concerned and the respondent again persists that the mark AFRULA is in no way similar to AMARULA so as to be likely to cause confusion within the context of 34(1)(a) and nor is it similar within the context of 34(1)(c) , so as to likely damage or harm or take unfair advantage of the distinctiveness of the AMARULA trademark.
- [7] As argued for the respondent it is in the similarity issue "where the rubber meets the road ", and counsel conceded that there are very important aspects albeit that they are a little bit more technical in considering the section 34(1)(c) and the dilution contravention claim. Furthermore, the respondent once again challenged that the applicant has not proved that it is the owner of this so-called distinctiveness or reputation of the mark. This was previously raised in argument (only), particularly , that the user of the mark is not an applicant, and precisely who is the owner of the reputation . Therefore, respondent believes this is the

death knell for the case based on dilution because the applicant is not the owner of the distinctive character which the section seeks to protect.

- [8] Based on the aforementioned views of the respondent, who contends the court erred and was misdirected in finding the infringement in terms of section 34(1)(c) because the applicant is not the owner of the reputation and has no distinctive character to protect.
- [9] Also, the court did not consider that the AFRULA product is not yet in the marketplace and therefore it is not possible for there to be an assessment as to whether there is any unfair advantage that can be taken. Furthermore, both the Supreme Court of Appeal and the Constitutional Court have required evidence to sustain that cause of action which wants to know about the damage which is caused by confusion and to such extent evidence is required to understand why as a matter of fact there is an alleged dilution.
- [10] The constitutional point raised about the freedom of expression and by extension the commercial expression and how proportionality must be applied when considering that freedom of expression may be limited by another right in terms of the Constitution, this argument was canvassed at the main hearing. The respondent was of the view that the constitutional point was not properly considered in the judgment. I do not agree as the provisions of paragraphs [69]

to [72] of the judgment recognized that whilst stifling competition was counter-productive, however found that case specific, as the matter presented, found no basis to deviate from the finding that a statutory infringement existed encompassing both primary infringement and infringement by dilution.

- [11] The respondent once again took the court through the conjoined word derived from Africa and the marula fruit to come up with AFRULA arguing that it is not the same, it is not similar, it is not confusingly or deceptively similar to AMARULA and, the reasons of a phonetic similarity, a visual similarity, a conceptual similarity is not concerned. The question as to whether there is a reasonable probability of a different judge coming to a different conclusion contending that it is virtually unassailable and that is so, because the determination as to whether marks are confusingly or deceptively similar in the infringement scenario is a value judgment to be made by the judge. The example was given that arguing that $2 + 2 = 4$, is not the case with most intellectual property infringements, quoting Justice Harms in Cowbell,[1] that these questions are a value judgment to be made by the judge in question. Therefore, respondent is of the view because of this value judgment it makes it possible for an appeal. Counsel attempted to convince the court that he could not think of a single case where leave to appeal in an infringement scenario has been refused and, on this basis suggests “hangs the tail”. Therefore, respondent arrives at the conclusion, taking into account the legal principles, that it is almost axiomatically that leave to appeal must be granted.

- [12] Counsel for the applicant argued against the leave to appeal to be granted stating that there are no grounds to give it the green light, asserting that it is not that another Judge may have come to a different conclusion, but whether there is a reasonable chance of success, which is not the case. More particularly since none of the grounds of appeal points to meeting the test and finding application.
- [13] The applicant took another bite at the argument that when one looks at the comparison of the marks on the issue of similarity, the consumer will see these two marks, whether she or he is a consumer in a bar or in a liquor store, is questionable whether she or he is going to stand and break down in his/her mind the different portions of a mark, remarking one must consider what the reasonable consumer does and think. In this regard paragraph [13] of Cowbell, dealt with this analysis. Marks are to be considered as a whole, or the general impression, rather than the exact details of each. It

is precisely for these reasons that the ruling in this matter was made in favour of applicant.

- [14] Applicant's efforts to show that one letter in the marks of the parties, namely the "F", does not differentiate the marks as they start the same and they end the same. It is therefore conceivable that in trade when somebody speaks AMARULA or AFRULA one could think that they are jumbling the word, either by slurring the word, or just speaking too fast and therefore one can easily accept that there will likely be confusion phonetically and visually which is sufficient to justify the findings made in the main application that the marks are confusingly similar. In any event the finding on confusing similarity is one higher than that of similarity in terms of 34(1)(c). The applicant contends that the court correctly made the value judgment and unassailably so, and there is no likelihood of success on appeal. Applicant once

again relied on in the heads of argument in the main application.[2]

- [15] In so far as proof of who is the owner of that marks, applicant raised the legal point that this was raised by the respondent for the first time in argument at the hearing of the main application. This point was not raised on the papers by the respondent and therefore deprived the applicant the opportunity to deal with it in reply. Nevertheless, applicant took the court through how and why applicant had standing.
- [16] Lastly, applicant argued that the application was for an interdict which by its very nature is intended to prevent an apprehension of harm, not necessarily "actual harm", which harm was not disputed by the respondent. I agree with the applicant. Respondent in its protocol would start using AFRULA and commenced its efforts to register the mark which brought about this interdict and not forgetting that respondent had already constructed a new facility and had a plan to employ 45 people[3]. That was dealt with it in the judgment.[4] It was also founded why it would be likely that an unfair advantage would be gained if registration of respondent's mark is allowed to take place as there is every likelihood that consumers will associate the respondent's AFRULA product with the applicant's AMARULA product. It is therefore likely that this will dilute the distinctiveness of the applicant's

AMARULA trademark.

- [17] In terms of Section 17(1), the threshold required for granting leave to appeal has become more stringent. In *Caratco (Pty) Limited v Independent Advisory (Pty) Ltd*,^[5] an application for leave, the court considering the appeal, whether the applicant would have a reasonable prospect of success or that there are some other compelling reasons why the appeal should be heard;

“If the court is unpersuaded of the prospects of success, it must still inquire whether there is a compelling reason to entertain the appeal. A compelling reason includes any important question of law or a discrete issue of public importance that will influence future disputes. But here too, the merits remain vitally important and are often decisive”

- [18] An applicant must convince the court that there truly is a reasonable prospect of success “a mere possibility of success, an arguable case or one that is hopeless is not enough. There must be a sound, rational basis to conclude that there is a reasonable prospect of success on appeal.”^[6]
- [19] The Court has carefully considered the respondent's grounds for leave to appeal and is not persuaded that respondent has passed the test. The argument that most intellectual property matters (admittedly I could not find one exception), had gone the SCA route can never be regarded as a rubber stamp to grant leave to appeal. In this regard, applicant argued against this “axiomatic ” leave to appeal in that applicant agrees with the reasoning for the findings made. Above all, to grant the leave to appeal without reasons for it would be contrary to the purport of the test. Therefore it not axiomatic.
- [20] There are no reasons to depart from the usual costs order that costs follow the result. In this regard respondent has not provided sound reasons for its appeal. All that the application hinged on was the “value” judgment and the “freedom of expression” through trade that both are able to co-exist, the latter of which was dealt with in the judgment. As for the former, being the “value” judgment was drawn on a sound basis. No new argument was presented in this leave to appeal.

- [20] Accordingly it is ordered:

- b) The respondent shall bear the costs of the application including the costs of counsel where so employed.

R K PARKER

ACTING JUDGE OF THE HIGH COURT

Appearances:

Counsel for Applicant : Adv I Joubert (SC)

Instructing Attorney : Spoor & Fisher – Mr CE Webster

Counsel for Respondent : Adv O Salmon (SC)

Instructing Attorney : Rademeyer Attorneys – Ms K Rademeyer

Date of Hearing:

25 February 2025

Date of

Judgment:

11 July 2025

This judgment was handed down electronically by circulation to the parties' representatives by email.

[1] Cowbell AG v ICS Holdings Ltd 2001 (3) SA 941 (SCA) para [13]. In this matter and for different reasons, the appeal was upheld.

[2] The heads of argument (HOA) page 18 of the applicant's HOA paragraph [73], the requirements were similar in section 34(1)(c) is far less than what is in 34(1)(a) but again quite clearly these marks are similar enough in terms of section 34(1)(c).

[3] paragraph

[68] of the judgment dealt with these details.

[4] Paragraphs [7], [12], [13], [20], [49], [41] and [68]

[5] (982)

[2020] ZASCA 17; 2020 (5) SA 35 (SCA) (25 March 2020) para [2]

[6] MEC for Health, Eastern Cape v Mkitha and Another [2016] ZASCA 176 (25 November 2016) paragraphs [16]- [18]

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