



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA
MEDIA SUMMARY OF JUDGMENT DELIVERED IN THE SUPREME COURT OF
APPEAL

From: The Registrar, Supreme Court of Appeal

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Blue Label Distribution (Pty) Ltd v St Clair Cooper N O and Others (1105/2024) [2026] ZASCA 61 (29 April 2026)

Today the Supreme Court of Appeal (the SCA) dismissed an appeal against a decision of the Gauteng Division of the High Court, Johannesburg (the high court) with costs.

Blue Label Distribution (Pty) Ltd (Blue Label) is one of the largest national distributors of pre-paid virtual products with a network of retailers who sell the products to customers. The virtual products include airtime, data, electricity, bill payments and ticketing. The distribution process makes use of terminal equipment, a vending machine solution, through which customers purchase virtual products or settle accounts. Blue Label developed software for the 'terminal equipment' which is either sold to a retailer or leased.

On 19 September 2019, Blue Label entered into a written agreement with Cape Basic Products (Pty) Ltd (CBP) to supply it with pre-paid stock (virtual products). Pre-paid stock is defined in the agreement as any pre-paid vouchers by the networks. In terms of the agreement, CBP would deposit money into Blue Label which would then credit its account upon receipt of the deposit. A credit balance would permit use of the terminal equipment.

On 2 March 2020 CBP was placed under provisional liquidation and final liquidation on 30 June 2020. During the period 9 March 2020 to 2 June 2020 CBP made eight payments to Blue Label. This was after the provisional liquidation order had been granted but before the liquidators had been appointed. The liquidators of CBP instituted action to recover the payments on the basis that they were void dispositions as contemplated by s 341(2) of the Companies Act 61 of 1973 (the Act). The high court found in favour of the liquidators

At the SCA Blue Label raised two issues. First, whether the liquidators are entitled to rely on s 341(2) of the Act and second whether Blue Label was the true donee or merely acting as an agent or intermediary. Blue Label argued that the payments by CBP to Blue Label did not diminish CBP's property because the products had already been pre-paid. Thus, when a customer purchased pre-paid airtime, and paid CBP, the same amount would be debited to CBP's trading account with Blue Label and the same amount would be paid to the suppliers by Blue Label. CBP's asset value was therefore

restored to what it was before the payment had been made to Blue Label. Blue Label contended that the payments were not payment for the purchase of the stock but rather payment for the ability to sell the products.

The Court noted that Blue Label's evidence was at odds with the agreement between Blue Label and CBP. It held that it was irrelevant whether the property of CBP was diminished and to what extent it was replenished. The default position was that any payments made after the presentation of the winding-up and before the final winding-up order was void *ab initio* in terms of s 341(2). The Court further held that at the time the payments were made, CBP was in the hands of the Master and therefore, in terms of s 361(1) of the Act, all its property, including any monies standing to its credit in the bank account, was under the custody and control of the Master until the provisional liquidators had been appointed. CBP was incapable of giving effect to any prior contractual arrangements which had been automatically suspended by the provisional liquidation order.

On whether Blue Label was the true disponent, the Court rejected that contention that Blue Label and CBP merely acted as conduits between the customer and the supplier. The Court held that there was no privity of contract between CPB and the customers and certainly no contractual relationship between the customer and the supplier. It held that the contractual relationship between Blue Label and CBP was indicative of a debtor/creditor relationship, rather than that of an intermediary.

The Court held that the liquidators were entitled to rely on s 341(2) of the Act to recover the eight payments and that Blue Label was the true disponent.

As a result, the SCA dismissed the application.

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