



THE SUPREME COURT OF APPEAL OF SOUTH AFRICA
JUDGMENT

Reportable

Case no: 425/2022

In the matter between:

SIQALO FOODS (PTY) LTD

APPELLANT

and

CLOVER SA (PTY) LTD

RESPONDENT

Neutral citation: *Siqalo Foods (Pty) Ltd v Clover SA (Pty) Ltd* (425/2022) [2023]
ZASCA 82 (31 May 2023)

Coram: PONNAN, CARELSE and MATOJANE JJA and DAFFUE and
SIWENDU AJJA

Heard: 15 May 2023

Delivered: 31 May 2023

Summary: Agricultural Product Standards Act 119 of 1990 - s 3 read with Regulations 2(1)(d) and (e) and 26(7)(a) - word or expression on a product label may not be bigger than the class designation unless it is a registered trade mark or trade name - s 6 read with Regulations 32(3)(a) and 32(4) - use of mark that conveys or creates, or is likely to convey or create, a false or misleading impression as to the quality, nature, class, origin or composition of a product.

ORDER

On appeal from: Gauteng Division of the High Court, Pretoria (Vuma AJ, sitting as court of first instance):

The appeal is dismissed with costs, including those of two counsel.

JUDGMENT

Ponnan JA (Carelse and Motojane JJA and Daffue and Siwendu AJJA concurring):

[1] This appeal is concerned with the lawfulness of, *inter alia*, the names, words, expressions or marks (the marks) depicted on the product container label (the product label) of the appellant's STORK BUTTER SPREAD (the product).

[2] The appellant, Siqalo Foods (Pty) Ltd (or more accurately its predecessor), was incorporated and launched in 2018, when Remgro (Pty) Ltd completed its purchase of Unilever South Africa (Pty) Ltd's margarine 'spreads' business. The appellant's product line includes the STORK range consisting of, amongst others, the product.

[3] The respondent, Clover SA (Pty) Ltd, a wholly-owned subsidiary of the Clover Group, is a manufacturer, marketer and purveyor of branded foods and beverages. It manufactures and sells what is described as a modified butter product under its registered trade mark BUTRO, which has been in use since July 1985.

[4] The complaint of the respondent is that the appellant had commenced promoting, marketing, distributing and selling the product as a butter product, when it was in fact not such a product, but a modified butter product. The respondent objected to such trade by the appellant on the basis that the product label misrepresents the particular nature, substance, attributes, character and composition of the product, thereby misrepresenting modified butter as a butter product.

[5] The respondent's case is that the marks on the product label are proscribed in at least two respects by the Agricultural Product Standards Act 119 of 1990 (the Act) and the relevant regulations published thereunder (the regulations).¹ The first regulates and prescribes, amongst others, the size of the marks that may be imprinted on a product label or container (s 3 of the Act read with regulations 2(1)(d) and (e) and 26(7)(a)) and, the second prohibition forbids the use of any mark that conveys or creates, or is likely to convey or create, a false or misleading impression as to the nature, class or identity of a product (s 6 of the Act read with regulations 32(3)(a) and 32(4)).

[6] The respondent accordingly applied on 5 March 2021 to the Gauteng Division of the High Court, Pretoria (the high court) to interdict and restrain the appellant from competing unlawfully with the respondent and trading in contravention of the Act and the Regulations. The application succeeded before Vuma AJ, who issued the following order on 12 November 2021:

'1. That the Respondent is interdicted and restrained from:-

1.1 competing unlawfully with the Applicant by using, selling, offering for sale, promoting, advertising, delivering, marketing and/or in any way distributing for the purpose of sale, modified butter products in a container and/or any other packaging and wrapping material having a label imprinted thereon:-

1.1.1 as illustrated in the documents attached hereto as Annexures CF 2.1 – 2.6;

1.1.2 that is similar to the labels illustrated in Annexures CF 2.1 – 2.6;

1.1.3 in which the word "butter" appears as a dominant aspect or feature.

2. That the Respondent is interdicted and restrained from trading in contravention of section 3 and 6 of the Agricultural Product Standards Act, 119 of 1990, as read with Regulations 2, 3, 17, 18, 27 and 32 of the Regulations, GN R1510, published under that Act in Government Gazette 42850, dated 22 November 2019, by using, selling, offering for sale, promoting, advertising, delivering, marketing and/or in any way distributing for the purposes of sale, or offering for sale, modified butter products in a container and/or any other packaging and wrapping material having an offending label imprinted thereon.

3. The Respondent is ordered, within 7 (SEVEN) days of this order, to: -

3.1. remove an offending label from all modified butter packaging and wrapping material, and modified butter marketing and promotional material in their possession or under their

¹ 'Regulations Relating to the Classification, Packing and Marking of Dairy Products and Imitation Dairy Products Intended for Sale in the Republic of South Africa, GN R1510, GG 42850, 22 November 2019.'

control; and

3.2. where an offending label is incapable of being removed from such material, to destroy the material.

4. Costs of this application, including the cost consequent upon the employment of two counsel are awarded to the applicant.'

The appeal is with the leave of the high court.

[7] It was common ground that the product is not butter, but something entirely different – namely, a modified butter. Butter is a primary dairy product – a product derived from or manufactured solely from milk. It may not contain any animal, vegetable or marine fat.² Butter is therefore 'pure butter'. By contrast, modified butter merely has the general appearance of butter, but it is not pure butter. It is an imitation of butter. The product comprises a blend of 62% plant oils (fats) and other ingredients, but only 38% primary dairy product.

[8] The product is as depicted here:



[9] Notably: (a) the word BUTTER is, when compared to all other words on the label, dimensionally oversized and, therefore, visually accentuated; (b) the word BUTTER is in bold blue font, capitalised and superimposed on a white letter-shadowed background, further enhancing its visual accentuation; (c) the appellant's goods mark,

² See Regulation 17(1), which provides that butter and cultured butter with or without added foodstuff shall be manufactured by churning or crystallisation of cream using the appropriate method; and not contain any animal fat, vegetable fat or marine fat.

STORK, which appears above the word BUTTER, is dimensionally of a much smaller size when compared to both the words BUTTER and SPREAD – it is, by contrast, not superimposed on a white letter-shadowed background, thus, also further enhancing the visual accentuation of the word BUTTER on the product label; (d) the words MODIFIED BUTTER, as it appears in the phrase MEDIUM FAT MODIFIED BUTTER SPREAD WITH SUNFLOWER AND PALM OILS, are not in bold and are much smaller dimensionally than the words BUTTER and SPREAD – that phrase appears in a condensed and neutral script and is imposed on a dominant colourful graphic; and, (e) the words WITH SUNFLOWER AND PALM OILS, which define the composition of the product,³ are comparatively so small relative to the rest of the mark as to fade into obscurity. The cumulative consequence of all of these considerations is that they serve to under-accentuate the words MODIFIED BUTTER.

[10] The respondent accordingly contends that the product label, viewed as a whole, not only contravenes the statutory labelling prohibitions, but also misrepresents or is likely to create the misleading impression that the appellant's modified butter product is in fact a butter product. The ineluctable conclusion, so the contention proceeds, is that the appellant's product label was devised with exactly that misrepresentation and misleading impression in mind.

[11] Five questions arise for consideration: First, do the marks on the product label contravene the statutory labelling requirements? Second, does the appellant's product label misrepresent, or is it likely to misrepresent and create a misleading impression regarding the respondent's product, as a product of another nature, composition, class or identity? Third, if the appellant is found to trade in contravention of these statutory prohibitions, does that trade constitute unlawful competition? Fourth, did the respondent have an alternative remedy available to it in lieu of this application? Fifth, was the Minister of Agriculture, Land Reform and Rural Development (the Minister) a necessary party and should she have been joined as a party to the suit?

As to the first:

[12] Sections 3(1)(a)(iii) and (v) of the Act empower the Minister to prohibit the sale

³ In other words, this phrase amounts to the product's class designation.

of a product, unless the labelling of that product complies with the prescribed requirements. In terms of regulation 2(1)(d), '[n]o person shall sell a dairy product or an imitation dairy product in the Republic of South Africa . . . unless a container and outer container in which such product is packed, is marked with particulars and in a manner set out in regulations 26 to 31'. And, in terms of regulation 26(7)(a), '[n]o word or expression [on a label] may be bigger than the class designation unless it is . . . a registered trade mark or trade name'.

[13] The regulations define:

- (i) 'class designation' as 'the type of dairy product . . . as specified by these regulations';
- (ii) 'dairy product' as 'a primary dairy product, a composite dairy product or a modified dairy product';
- (iii) 'imitation dairy product' as 'any product other than a dairy product or a fat spread, that is of animal or plant origin and in general appearance, presentation and intended use corresponds to a dairy product';
- (iv) 'primary dairy product' as 'milk or a product that has been derived or manufactured solely from milk'; and
- (v) 'modified dairy product' as 'a product that, in so far as it relates to general appearance, presentation and intended use, corresponds to a primary dairy product, and of which not more than 50 per cent of the fat content, protein content and/or carbohydrate content has respectively been obtained from a source other than a primary dairy product.'

[14] It is not in dispute that the class designation of the appellant's product is 'modified butter', not 'butter', and the words STORK BUTTER SPREAD and the words BUTTER SPREAD, individually or compositely, are not registered trade marks. The appellant attempts to suggest that, where regulation 26(7)(a) speaks of 'a registered trade mark or trade name', it distinguishes between a registered trade mark, on the one hand, and a trade name, on the other. It accordingly contends that STORK BUTTER SPREAD is a trade name, not a registered trade mark.

[15] But, that contention is not supported by the evidence. First, the appellant had applied to register STORK BUTTER SPREAD as a trade mark for use in respect of

certain goods, ie as a mark used ‘to indicate the origin of the goods in connection with which it is used’.⁴ Second, in order to obtain a clearance for its product label, the appellant made a declaration to NejahMogul Technologies and Agric Services (NejahMogul) (the assignee appointed in terms of the regulations as a product label compliance inspector) that STORK BUTTER SPREAD is a trade mark. Third, in response to the respondent’s demand issued before the launch of the application, the appellant’s attorney recorded that the ‘complaint is directed at our client’s STORK BUTTER SPREAD logo, which is a trade mark of our client. The trade mark complies with sub-regulation 26(7)(a) of the Regulations’.

[16] Thereafter, the appellant expressed the view in its answering affidavit, ‘[w]hether or not STORK BUTTER SPREAD is a registered trade mark is . . . wholly irrelevant’. Significantly, it did not state that STORK BUTTER SPREAD is its trade name. Then, after the respondent’s replying affidavit had been filed, the appellant proceeded (perhaps impermissibly so) to file a fourth affidavit, described as a ‘supplementary answering affidavit’ in which it said, ‘[f]or the avoidance of all doubt, I submit that “STORK BUTTER SPREAD” is utilised as a trade name’. But that submission, being just that, lacked a proper factual foundation. And, if anything, it was contradicted by what had gone before.

[17] It is in this context that the appellant argues (relying solely on the fourth affidavit and completely ignoring what went before) that STORK BUTTER SPREAD is not a trade mark but a trade name and, therefore, that it does not run afoul of regulation 26(7)(a). In that, the appellant should not be allowed to approbate and reprobate. Nor should it be permitted that easily to escape the consequences of the representations made by it. The appellant’s *volte-face* ought, therefore, to be seen for what it is – a belated attempt to escape the reach of s 3 of the Act, as read with regulations 2(1)(d) and 26(7)(a).

As to the second:

⁴ *Cowbell AG v ICS Holdings Ltd* [2001] 4 All SA 242 (A); 2001 (3) SA 941 (SCA) para 10.

[18] Section 6 of the Act and regulations 32(3)(a)⁵ and 32(4)⁶ proscribe the use of any mark that conveys or creates, or is likely to convey or create, a false or misleading impression as to the nature, class or identity of a product.⁷

[19] Both parties accepted that the test to determine whether the use of the marks would be likely to convey or create a false or misleading impression as to the nature, class or identity of a product is the same as the test applied by the courts to determine the likelihood of deception and/or confusion for the purposes of trade mark infringement as well as passing off. Where a court considers such likelihood, it must take ‘a commonsensical approach to the language on the labels . . . and to the visual impressions created by them in order to resolve . . . the particular issue between the parties’.⁸

[20] In the course of the determination of a likelihood of deception and/or confusion, the commonsensical approach by a court is guided by the following principles. The first impression is usually determinative of the issue. A court does not have to peer too closely at the offending article to make the determination as to whether it is likely to mislead.⁹ The court should notionally transport itself from the courtroom to the marketplace and look at the article as it will be seen there by consumers.¹⁰ When considering the likelihood of deception and/or confusion, regard must be given to the

⁵ Regulation 32(3)(a) states that ‘no word, mark, illustration, depiction or other method of expression that constitutes a misrepresentation or directly or by implication creates or may create a misleading impression regarding the quality, nature, class, origin or composition of a dairy product or an imitation dairy product shall be marked on a container of such product’.

⁶ Regulation 32(4) provides that ‘no registered trade mark or brand name which may possibly, directly or by implication, be misleading or create a false impression of the contents of a container or outer container containing a dairy product or an imitation dairy product, shall appear on such a container’.

⁷ Regulations 3 and 17 state that a product must be classified in accordance with specified classes and that butter may not contain ‘any animal fat, vegetable fat or marine fat’. It must follow that a label that represents ‘modified butter’ as ‘butter’ would also contravene the Regulations.

⁸ *William Grant and Sons Ltd and Another v Cape Wine and Distillers Ltd and Others* [1990] 4 All SA 490 (C); 1990 (3) SA 897 (C) at 913A-B (*William Grant*).

⁹ In the context of the determination of the likelihood of confusion and/or deception in the trade mark infringement context, which approach equally applies here, see: *Puma AG Rudolf Dassler Sport v Global Warming (Pty) Ltd* [2009] ZASCA 89; [2010] 1 All SA 25 (SCA); 2010 (2) SA 600 (SCA) para 9: ‘. . . the question of the likelihood of confusion or deception is a matter of first impression and that one should not peer too closely at the registered mark and the alleged infringement to find similarities and differences’. See also *John Waddington Ltd v Arthur E Harris (Pty) Ltd* [1968] 3 All SA 360 (T); 1968 (3) SA 405 (T) at 409D.

¹⁰ *Laboratoire Lachartre SA v Armour-Dial Inc* [1976] 3 All SA 88 (T); 1976 (2) SA 744 (T) at 746D; *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* [1984] 2 All SA 366 (A); 1984 (3) SA 623 (A) at 642D-F (*Plascon-Evans*).

role played by the dominant feature of the offending article,¹¹ because consumers will be focused on that feature and will not necessarily be alerted to the fine points of distinction or definition in order to clear up confusion.¹² The confusion experienced by consumers need also not be lasting – even if it lasts only for a ‘fraction of time’, it is sufficient to find a likelihood of confusion, albeit that the confusion might later be cleared up.¹³

[21] I daresay that this issue can be satisfactorily resolved without having regard to the expert evidence adduced by the appellant, and thus without having to consider the validity of the objection to its admissibility. This, perhaps because the court need really go no further than take a commonsensical approach to the labels and to the visual impressions created by them in order to resolve the issue, without expert assistance.¹⁴ However, because of the store sought to be set by the appellants on the evidence, it may be as well to turn to a consideration of that evidence, namely the Melange Concept Development Research Proposal (the Melange Proposal), Visual Attention Service Shelf and Pack Testing Analysis (the VAS analysis) and Catalyst Research and Strategy Survey (the Survey). I do so, because as I shall endeavour to show in what follows, despite the appellant’s argument to the contrary, it seems inescapable from the evidence (such as it is) that the appellant may be ‘acting out a common charade . . . sailing as close to the wind . . . without brewing up a storm of deception’.¹⁵

[22] In September 2019, the appellant commissioned qualitative consumer research on the intended label for the product (the Melange Proposal). According to the appellant, it then intended to use the sub-brand ‘Buttery’, instead of BUTTER SPREAD. When consumers were exposed to the initial label:

‘. . . [T]hey felt that the sub-brand name “Buttery” was misleading and confusing – it implied that the product is a “buttery-ish” product not actually a type of butter. Some consumers were

¹¹ *International Power Marketing (Pty) Ltd v Searles Industrials (Pty) Ltd* 1983 (4) SA 163 (T) at 168H; *Plascon-Evans* fn 10 above at 641C-D.

¹² *Blue Lion Manufacturing (Pty) Ltd v National Brands Ltd* [2001] 4 All SA 235 (A); 2001 (3) SA 884 (SCA) para 3.

¹³ *Orange Brand Services Ltd v Account Works Software (Pty) Ltd* [2013] ZASCA 158 (SCA); 2013 BIP 313 (SCA) para 13; G C Webster, N S Page, C E Webster; G E Morley and I Joubert *Webster and Page South African Law of Trade Marks* (2022) LexisNexis 4 ed SI 25 para 6.5.1 (*Webster and Page*).

¹⁴ *William Grant* fn 8 above at 912I-913B.

¹⁵ *Red Bull GmbH v Rizo Investments (Pty) Ltd* 2002 BIP 319 (T) at 323F (*Red Bull*).

even of the view that the sub-brand “Buttery” created the impression that the product could be a margarine that has a butter flavour or texture.’

The initial concept was therefore revised to exclude ‘Buttery’ and insert ‘BUTTER SPREAD’ in its stead’. Further, so it was asserted:

‘Consumers unanimously preferred the revised version. This was because they were of the view that the label clearly communicated the nature of the product – a butter spread.

It was also emphasised that the use of the product descriptor “butter spread” needed to be bolder than normal on this new label, so as to clearly communicate the product contents and differentiate this pack from other STORK products.’

[23] The Melange Proposal discloses the following consumer reactions and responses, namely that: (a) ‘butter spread’ is ‘a butter that is spreadable’; ‘a butter with oil/more cream/something added to make it softer’; and ‘definitely a type of butter’; (b) ‘butter spread’ communicated that the product was a spread made from butter as opposed to a margarine spread; (c) the product descriptor ‘butter spread’ needed to be bolder than normal so as to clearly communicate the product contents; and (d) when consumers are asked if the product is butter – they say yes, it is pure butter but with something added/removed to make it more spreadable.

[24] What is clear from these responses is that consumers believed that Stork butter spread is ‘butter’ and ‘pure butter’. It is nowhere evident that any consumer had correctly identified the product as ‘modified butter’, despite the fact that the design label carried the phrase ‘medium fat modified butter spread’. But, that can only be because that product class description is, as suggested earlier, essentially invisible. This notwithstanding, the appellant accepted and implemented the Stork butter spread format recommendation and, in the event, the product came to be launched in its current packaging as ‘STORK BUTTER SPREAD’.

[25] In July 2020, Barrows Design and Marketing (Pty) Ltd (Barrows) received instructions from the appellant to assess the effectiveness of the label, with particular emphasis on what was described as the ‘stand-out’ of the label. According to the evidence:

‘Barrows made use of Visual Attention Service (VAS), a web-based software tool that analyses designs and photos and predicts 5 visual elements proven to attract human attention in the

first 3-5 seconds of viewing. It does this by using an algorithm to predict where people will look.'

[26] The conclusion, amongst others, was that the words 'STORK BUTTER SPREAD' would have an 83% overall probability of determining and dictating the visual fixation by a notional customer, over any other element of the label, ie that it would be likely to 'grab and hold' the attention of a consumer in the first 3 to 5 seconds of viewing. The further conclusion from the VAS Analysis was that the phrase 'MEDIUM FAT MODIFIED BUTTER SPREAD', being the very feature that should have alerted the customer to the fact that the product is not pure butter but modified butter, would have a 'very low probability of attention'. That very low probability, may well have been due to the significant under-accentuation of the class designation phrase in the product label.

[27] Given the methodological shortcomings, the appellant was constrained to accept in its answering affidavit that 'VAS is not proven research'. The obvious lack of empirical cogency notwithstanding, the appellant then somewhat surprisingly added, 'it is certainly an indicator to help guide design decisions . . .'. In those circumstances, there is much to be said for the argument that no regard should be had to that evidence. However, when the VAS Analysis, to the extent that reliance can be placed on it, is read together with the Melange Proposal, it is difficult to resist the suggestion that the product label was fashioned to focus consumer attention on the word 'butter'.

[28] That leaves the Survey: As stated by Mr Michael Charnas, the Chief Executive Officer of Catalyst Research and Strategy (Pty) Ltd (Catalyst):

'4.1. Catalyst has been engaged by the [appellant's attorney] . . . to conduct market research to assist this honourable Court in determining, I am advised, the main issue in these proceedings regarding whether the [appellant's] STORK BUTTER SPREAD product will be interpreted by consumers to be "pure" butter.

4.2. In order to test whether consumers will be confused into believing that the [appellant's] STORK BUTTER SPREAD product will be understood to be "pure" butter, the [appellant] commissioned a market survey. This survey was titled the "Project Lard" survey and was conducted during 12 to 17 March 2021.

. . .

Research method

4.4. The Project Lard Survey was conducted using an online panel survey and consisted of a panel of 36,000 panelists, who opted to fill in the survey were utilised.

The universe

4.5. The universe represented by Project Lard Survey included a spread of demographics across nine regions, all races, ages, genders and income levels.

4.6. However, the minimum earnings to a gross household had been restricted to an income of R15,000 per month (who are amongst the LSM 8 – 10 income category) given that this is calculated as the prime target market for butter and butter spread products.

Sample

4.7. In the survey, 914 respondents completed the survey. However, 459 respondents qualified as butter and/or butter spread users in the LSM 8 – 10 income category.

Questionnaire

4.8. Qualifying respondents were shown a various range of (pure) butter and modified butter products and asked to categorize each one as either:

4.8.1. Butter;

4.8.2. Butter spread;

4.8.3. Margarine;

4.8.4. None of the above;

4.8.5. Other – with a reason to be specified.'

[29] The Survey, so it would seem, purports to do exactly what the court has to decide, namely whether a notional consumer would, or be likely to, confuse the appellant's imitation butter product with a pure butter product. That aside, the conclusion reached appears to contradict the conclusion in the Melange Proposal, which found that consumers believed that the product is 'butter' or 'pure butter'. For the purposes of the determination of a likelihood of confusion by a notional consumer in the notional marketplace, the methodology used in the Survey self-evidently fell short. One searches in vain for questions that seek to recreate and emulate the experience of a notional consumer in the notional marketplace.

[30] If anything, the Survey was 'conducted under artificial conditions away from the trade', which renders the Survey 'less probative' and unreliable.¹⁶ The participants comprised an 'online internet panel', not actual, potential or even notional consumers

¹⁶ *Webster and Page* fn 13 above para 8.25, citing *The European Limited v The Economist Newspapers Limited* [1996] FSR 431.

in a notional marketplace. They were required to complete an undisclosed internet-based questionnaire, the content of which was also undisclosed, all of which makes it impossible to properly assess both the efficacy and validity of the exercise. Labels were provided to the participants to study and consider before filling out the questionnaire. The Survey, therefore, utterly ignored the notional marketplace and the notional consumer, who would encounter the appellant's product cheek by jowl with other products.

[31] Somewhat alarmingly, the Survey, conducted during 12 to 17 March 2021, claimed that a considerable number of participants knew the appellant's product, despite the fact that the product had only entered the market in limited volumes in certain undisclosed locations on the 1st of that month. How such product recognition could occur in such a short period of time and with such limited market penetration, is not explained.

[32] Significantly, the Survey also apparently pointedly avoided the real question that ought to have been asked, namely, whether any survey participant could correctly identify the appellant's product as a modified or imitation butter. Nevertheless, it is significant that the Survey concluded that a significant number of participants identified and categorised the product as 'butter' and 'butter spread'. Only a mere 5% categorised the product as 'margarine' or 'something else'. We are not told whether that something else is 'modified butter'. But the fact that 94% of the participants identified the appellant's product as butter and butter spread ought not to have come as a surprise. It had been predicted in the Melange Proposal that if the butter product descriptor on the label is made bolder so as to 'grab and hold' the consumer's attention within the first few seconds, consumers would perceive the product's content as 'butter' or 'pure butter'.

[33] It is so that although survey evidence is hearsay, it can be admitted as evidence in terms of the Law of Evidence Amendment Act 45 of 1988.¹⁷ However, even if survey opinions and conclusions are admitted into evidence, a court is at large to decline to

¹⁷ *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Another; McDonald's Corporation v Dax Prop CC and Another; McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Another* [1996] 4 All SA 1 (A); 1997 (1) SA 1 (A) at 26A-B.

accord the survey any evidentiary weight because the determination of a likelihood of deception and confusion is within the exclusive province of the court, and no court would surrender that determination to an expert.¹⁸ The inherent deficiencies in the Survey compounded, when read together with the articulated objectives, conclusions and recommendations in the Melange Proposal and the VAS Analysis, may well warrant rejection as unreliable. But, it is perhaps not necessary to go that far, because to the extent that reliance can be placed on that evidence, they appear to warrant the inference that the appellant had, in adopting the product label, acted out ‘a common charade’.¹⁹

[34] The evidence, such as it is, appears to support the conclusion that the label would, or at the very least would be likely to, convey or create a false or misleading impression as to the nature, class or identity of the appellant’s product. It also tends to support the suggestion that the label was designed so as to mislead the public into thinking that the product is a pure butter product.²⁰

[35] As observed earlier, the word ‘butter’ is undeniably the dominant feature on the appellant’s product label and, the product class designation ‘modified butter’ in the phrase ‘medium fat modified butter spread with sunflower and palm oils’, is virtually invisible in the phrase (which itself is barely perceptible). It follows that the conclusion that the label is likely to convey or create a false or misleading impression as to the nature or class of the appellant’s product is inescapable – the peculiar get-up of the label will self-evidently (or at least be likely to) deceive or confuse the notional consumer into believing that the product is a butter product.

As to the third:

[36] It does not appear to be in dispute that if the appellant trades in contravention of a statutory prohibition, such trade would also constitute an actionable wrong under

¹⁸ *South African Human Rights Commission obo South African Jewish Board of Deputies v Masuku and Another* [2022] ZACC 5; 2022 (4) SA 1 (CC); 2022 (7) BCLR 850 (CC); 2022 (4) SA 1 (CC) para 144-145; *Gentiruco AG v Firestone SA (Pty) Ltd* [1972] 1 All SA 201 (A); 1972 (1) SA 589 (A) at 616H.

¹⁹ *Red Bull* fn 15 above.

²⁰ *Ibid* at 323F: ‘. . . the irresistible and only reasonable inference from a comparison of the marks . . . is that [the] respondent is acting out a common charade . . . sailing as close to the wind . . . without brewing up a storm of deception’.

the common law, namely unlawful competition²¹ (which is actionable even if the misrepresentation is innocent).²² On appeal, the appellant appears to have accepted that if it is found to trade in contravention of the statutory prohibitions, then the respondent has proven unlawful competition and that the court *a quo* was correct in so finding.

As to the fourth:

[37] The appellant contends that the respondent had available to it an alternative remedy under the Act which, so the contention goes, should have been pursued instead of this application. On that score, s 3 of the Act, which states that the Minister may ‘prohibit the sale of a prescribed product’, has been invoked.²³ However, why it is thought that s 3, which does no more than empower the Minister to take steps to ensure compliance with the Act, would avail the respondent in the present circumstances is far from clear. NejahMogul’s label clearance issued on 4 March 2020. The argument that the respondent should have approached the Minister to prohibit the sale of the product despite the grant of the clearance may well be untenable. Moreover, the Act and the Regulations appear to make no provision for any such further approach.

[38] In any event, s 3 of the Act falls far short of affording the respondent the remedy sought in this application, namely to interdict and restrain the appellant’s continuing unlawful conduct. As observed in *Milestone Beverage CC and Others v The Scotch*

²¹ *Patz v Greene & Co* 1907 TS 427; *Pexmart CC and Others v H Mocke Construction (Pty) Ltd and Another* [2018] ZASCA 175; [2019] 1 All SA 335 (SCA); 2019 (3) SA 117 (SCA) paras 62 and 63(a); *Schultz v Butt* [1986] 2 All SA 403 (A); 1986 (3) SA 667 (A) at 678F-H; *Long John International Ltd v Stellenbosch Wine Trust (Pty) Ltd* 1990 (4) SA 136 (D) at 143G-I; *Milestone Beverage CC and Others v The Scotch Whisky Association and Others* [2020] ZASCA 105; [2020] 4 All SA 335 (SCA); 2021 (2) SA 413 (SCA) para 16 (*Milestone*).

²² *Elida Gibbs (Pty) Ltd v Colgate-Palmolive (Pty) Ltd (1)* [1988] 4 All SA 68 (W); 1988 (2) SA 350 (W) at 358F-359A: ‘[w]here, however, a misstatement of fact relates to a fundamental or intrinsic quality of the wares to be sold, thereby providing the advertiser with a competitive advantage, a plaintiff should not be non-suited merely because the deception was innocent’.

²³ Section 3(1) provides that the Minister may prohibit the sale of a prescribed product unless that product is sold according to the prescribed class or grade; unless that product complies with the prescribed standards regarding the quality thereof, or a class or grade thereof; unless the prescribed requirements in connection with the management control system, packaging, marking and labelling of that product are complied with; if that product contains a prescribed prohibited substance or does not contain a prescribed substance; and unless that product is packed, marked and labelled in the prescribed manner or with the prescribed particulars.

*Whisky Association and Others*²⁴ (*Milestone*) (citing with approval the judgment of Trollip J in *Johannesburg City Council v Knoetze and Sons*²⁵):

‘. . . [T]he purpose of an interdict is to restrain future or continuing breaches of a statute, whereas the statutory remedy of prosecuting and punishing an offender relates to past breaches. Different considerations must therefore inevitably apply. For, while the statutory remedies might be adequate to deal with past breaches, the civil remedy of an interdict might be the only effective means of coping with future or continuing breaches.’²⁶

[39] The respondent’s case is that the Act and the Regulations make no provision for any form of relief even remotely similar to an interdict to restrain continuing unlawful competition in the form of trade in contravention of a statutory prohibition. But, even if there was a statutory remedy that could be invoked to address the unlawful competition (and there appears to be none), then applying the dictum in *Milestone*, there is nothing that prevents the respondent from seeking an interdict in the high court. Nothing, therefore, precluded the respondent from seeking the remedy of an interdict for alleged trade in transgression of a statutory provision and, therefore, unlawful competition in the court *a quo*.

As to the fifth:

[40] In support of the contention that the Minister has a direct and substantial interest in the application and will be prejudicially affected by the relief sought,²⁷ reliance is sought to be placed on *Esquire Electronics Ltd v Executive Video (Esquire)*.²⁸ However, as I see it, such reliance is facile. The dictum relied upon by the appellant bears repeating:

²⁴ *Milestone* fn 21 above.

²⁵ *Johannesburg City Council v Knoetze and Sons* 1969 (2) SA 148 (W) at 150-155.

²⁶ *Milestone* fn 21 above para 53.

²⁷ As it was put in *Judicial Service Commission and Another v Cape Bar Council and Another* [2012] ZASCA 115; [2013] 1 All SA 40 (SCA); 2013 (1) SA 170 (SCA) para 12:

‘It has by now become settled law that the joinder of a party is only required as a matter of necessity – as opposed to a matter of convenience – if that party has a direct and substantial interest which may be affected prejudicially by the judgment of the court in the proceedings concerned (see eg *Bowring NO v Vrededorp Properties CC and Another* 2007 (5) SA 391 (SCA) para 21). The mere fact that a party may have an interest in the outcome of the litigation does not warrant a non-joinder plea. The right of a party to validly raise the objection that other parties should have been joined to the proceedings, has thus been held to be a limited one (see eg *Burger v Rand Water Board and Another* 2007 (1) SA 30 (SCA) para 7; and Andries Charl Cilliers, Cheryl Loots and Hendrik Christoffel Nel *Herbstein & Van Winsen The Civil Practice of the High Courts of South Africa* 5 ed vol 1 at 239 and the cases there cited).’

²⁸ *Esquire Electronics Ltd v Executive Video* [1986] 2 All SA 210 (A); 1986 (2) SA 576 (A).

'In my opinion this point cannot properly be considered without the Registrar of Trade marks having been joined. A decision upholding the point might have far-reaching consequences, affecting the validity of numerous other trade marks in the register. More-over, Regulation 4(4) provides that if any doubt arises as to what class any particular description of goods or services belongs to, the doubt shall be resolved by the Registrar. It is plain that the Registrar is directly and substantially interested in the point and that it should not be decided unless he is given an opportunity of being heard.'²⁹

[41] The dictum underscores the fact that *Esquire* differs *toto caelo* from this case. The point under discussion in that matter conceivably brought into question the validity of numerous other registered trade marks.³⁰ The judgment in *Esquire* was one *in rem* in that it affects a public register.³¹ *Esquire*, therefore, stated that the point could not properly be considered without the Registrar of Trade Marks (the Registrar) having been joined, because a decision on that point would bind the Registrar and could have far-reaching consequences for the validity of numerous other trade marks on the Trade Marks Register. In contrast, the relief sought by the respondent in this application affects and binds only the appellant and the respondent. It has no effect on, or consequence for the Minister, the Department or any other party. For the present, the relief sought also has no effect on, or implications for, the product label already approved by NejahMogul.

[42] The role and powers of the Registrar also differ fundamentally from that of the Minister. Contrasted with the Minister, the Registrar is a specialist in trade marks and related law who has, in terms of s 45(1) of the Trade Marks Act 194 of 1993 (Trade Marks Act), 'all such powers and jurisdiction as are possessed by a single judge in a civil action before the Transvaal Provincial Division of the Supreme Court'. The Trade Marks Tribunal is furthermore a specialist tribunal especially created by the Trade Marks Act to hear and decide all statutory issues relating to trade marks. The provisions under consideration here do not create such a specialist tribunal to hear and decide issues relating to matters falling within the scope of the Act. The Minister and other functionaries, unlike the Registrar in *Esquire*, do not appear to have any

²⁹ Ibid at 590I-591A.

³⁰ Ibid at 590H.

³¹ *The Gap Inc v Salt of the Earth Creations* 2012 (5) SA 259 (SCA) para 2.

further role to play in this matter in relation to any of the orders sought by the respondent. It follows that, like the other grounds of appeal raised by the appellant, the non-joinder point must also fail.

[43] In the result, the appeal falls to be dismissed with costs, such costs to include those of two counsel.

V M PONNAN
JUDGE OF APPEAL

Appearances

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