

**IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG LOCAL DIVISION, JOHANNESBURG**

CASE NO: 13280/2018

In the matter between:

RED DIAMOND HOLDINGS SARL

Applicant

and

EYE OF THE STORM 2 (PTY) LTD

Respondent

SUMMARY

SPILG J

TRADE MARKS ACT, no 194 of 1993 - SECTION 34(4) ENQUIRY

- Application for *inter alia* an enquiry under s 34(4) with up-front disclosure on the basis that under that section a court can grant such an order.
- Respondent contended that the applicant could not demonstrate a trademark infringement because it had lawfully manufactured Lee Cooper branded apparel under the applicant's previous licensee and after that licence had terminated it had entered into a subsequent agreement with the applicant's new sub-licensee to sell merchandise it had manufactured.
- Court applied the principles that a licence is no more than an undertaking by the applicant not to sue its sub-licensees for trademark infringement and that the sub-licensee could not grant rights to another party greater than it had.
- **IN CASU:**
The applicant was not entitled to an interdict because it had failed to make out a case of continuing infringement. Although it was not an express party to any agreement with the respondent it had acquiesced in them but only up to date of termination of the first sub-licence and to the extent covered by the

September 2017 agreement between the second licensee and the respondent.

Accordingly 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).

- **REMEDY**

The applicant was entitled to elect to pursue a damages claim or a claim for reasonable royalties in the alternative, inter alia because the respondent itself in the September 2017 agreement understood that this was a fair resolution.\

Upfront disclosure reasonable because the facts relating to manufacture and sales were peculiarly within the knowledge of the respondent, because it was implicit in the September 2017 agreement that the respondent purported to have made a frank disclosure, because it ought to be a simple accounting process and because it was implicit that no apparel bearing the Lee Cooper brand, other than those identified in the September 2017 agreement was being manufactured or had remained unsold.

For these and other reasons set out this was a clear case for up-front disclosure so as to ensure a speedier resolution of the matter in a fair and transparent manner. .