



**IN THE HIGH COURT OF SOUTH AFRICA  
(WESTERN CAPE DIVISION, CAPE TOWN)**

**REPORTABLE  
CASE NO: 7243/2021**

**In the matter between:**

**SOUTHERN LIQUEUR COMPANY LIMITED**

**Applicant**

**And**

**NOBLE SPIRITS (PTY) LTD**

**Respondent**

Coram: Parker, AJ

Matter heard on: 05 August 2024

Judgment delivered electronically on: **21 November 2024**

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**JUDGMENT**

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**PARKER, AJ:**

**Introduction**

[1] The Applicant is a producer of alcoholic beverages including the AMARULA Cream Liqueur. It is a wholly owned subsidiary of South African Distillers and Wines (SA) Limited, which in turn, is a wholly owned subsidiary of Distell Group Limited. Distell Group Limited is the ultimate holding company of a substantial number of subsidiary companies, including Distell Limited (*“Distell”*) which is the main trading company within the group, responsible for the manufacturing, marketing and distribution of the products of all the subsidiary companies in the group, including that of the Applicant. Distell is an entity in South Africa engaged in the production and marketing of high-quality wines, spirits, and ready-to-drink alcoholic beverages, which include liqueur products.

[2] The Applicant, as the proprietor of multiple trade mark registrations for the mark AMARULA or marks incorporating AMARULA seeks the intervention of this court to restrain the Respondent from infringing its rights, which have been acquired through statutory provisions and the common law.

[3] The Respondent trades in the liquor and retail products industry including cream liqueur. The Respondent intends to commence the production of a marula cream liqueur under the trade mark AFRULA and utilizing the AFRULA getup. The Respondent has indicated that the product is currently not available in the South African market.

[4] As a result of the Respondent having filed its application for the registration of the trade mark “AFRULA” under registration number 2015/20585 in class 33 forced the Applicant to seek interdictory and ancillary relief against Respondent, based on the following grounds:

- 4.1 trade mark infringements in terms of the provisions of section 34(1)(a) and 34(1)(c) of the Trade Marks Act, No 194 of 1993, ("the Act") and
- 4.2 passing-off at common law in respect of the use of the mark AFRULA and the associated AFRULA get up.

- 4.3 consequential relief in the form of delivery-up, and
- 4.4 an enquiry into damages or a reasonable royalty in terms of section 34(3) of the Act in terms of the common law.

[5] It is the Applicant's case that:

- 5.1 the trade mark AFRULA is confusingly and/or deceptively similar to the Applicant's registered trade marks AMURULA and AMARULA, is likely to result in deception and confusion amongst members of the public, between goods bearing the parties' respective trade marks;
- 5.2 any use made by the Respondent of the mark AFRULA is likely to exploit, take unfair advantage of, or be detrimental to the distinctive character and reputation of the Applicant's well-known AMARULA trade mark; and/or
- 5.3 the AFRULA getup is confusingly similar to the Applicant's AMARULA getup, which is likely to deceive or cause confusion amongst the public, leading them to believe that the AFRULA product originates from the Applicant, or associated with the Applicant.

[6] In South Africa, Applicant's proprietorships of the trade mark collectively referred to as the **AMARULA** trade marks are:

- 6.1 trade mark registration number 1980/03512 "**AMURULA**" in class 33 in respect of "*alcoholic beverages*".
- 6.2 trade mark registration number 1984/02496 **AMARULA** in class 33 in respect of "*alcoholic beverages (except beer)*".

6.3 trade mark registration number 1989/051113 **AMARULA** label in class 33 in respect of “*alcoholic beverages (except beer)*”.

6.4 trade mark registration number 2016/27262 **AMARULA** label in class 33 in respect of “*alcoholic beverages (except beer)*” endorsed whereby the trade mark shall give no right to the exclusive use of the “*elephant device*” and to the use of the “*marula fruit*”.

[7] During April 2019 Applicant learnt that the Respondent applied to register the AFRULA trade mark in the same class as its mark which resulted in a letter of demand addressed to the Respondent dated 10 May 2019 and these proceedings.

[8] On both products, the parties’ respective trade marks AMARULA and AFRULA appear prominently.

[9] Furthermore, on the AMARULA product, the elephant themed device appears directly below the AMARULA trade mark. On the Respondent’s label, there appears to what the Applicant sees as a side profile of an elephant head or as Respondent puts it “*African woman*”. This would not be immediately apparent to the consumer upon encountering the Respondent’s product. The Applicant contends that a consumer will upon first impression be confronted with the mark AFRULA, combined with an elephant device used in relation to a liqueur product, against a background of a distinctly African motif.

[10] As a result of this impression the Applicant’s case is that the Respondent has essentially replicated the primary components of the Applicant’s African-themed AMARULA get-up, namely the AMARULA mark and the ELEPHANT device.

[11] For a passing-off cause of action, the comparison between the respective marks are confined to the trade mark that established a reputation, as well as the getup / label used for the products, as opposed to the trade mark and getup / label used for the

alleged infringing product.

[12] The Respondent has stated its intention to commence production and sale of a marula cream liqueur under the name and style **AFRULA** in South Africa, subsequent to the registration of the mark AFRULA in various countries, amongst others, OAPI, Kenya, Tanzania and the EU, without any evidence of demonstrable confusion with AMARULA. Operations were anticipated to commence in South Africa in August 2021.

[13] The Respondent belief is that that there can be co-existence in the market place for both marks.

**Trade mark infringement: Section 34(1)(a) of the Act**

[14] The Applicant argued that Respondent's intended use of the “**AFRULA**” mark is either identical or at least “*so nearly resembling*” the Applicant's “**AMARULA**” mark “*as to cause confusion*”. The relevant provisions of section 34(1)(a) of the Act are set out below:

*“Infringement of registered trade mark*

*34(1) The rights acquired by registration of a trade mark shall be infringed by-*

- (a) the unauthorized use in the course of trade in relation to goods or services in respect of which the trade mark is registered, of an identical mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion”.*

[15] To benefit from the protection in terms of the above provisions, the Applicant is required to show that the use of a mark, or so nearly resembling it is likely to deceive or cause confusion, and that such use in relation to the trade mark is registered. It is unequivocal that the Respondent intends to make use of the trade mark AFRULA for

goods (marula cream liqueur) in respect of which it intends making use of the trade mark AFRULA, falls within the scope of “*alcoholic beverages*”, covered by each of the Applicant's trade mark registrations and in the same class.

[16] In order to succeed in respect of its claim for trade mark infringement in terms of section 34(1)(a), the Applicant has to show.

- “(a) *use of the registered trade mark or of a mark so nearly resembling it as to be likely to deceive or cause confusion;*
- (b) *that the use is in relation to the goods or services in respect of which the trade mark is registered;*
- (c) *that the use is in the course of trade; and*
- (d) *that the use is unauthorised.”<sup>1</sup>*

[17] In addressing the issue of “*deception*” and “*confusion*”, *Roodezandt Ko-operatiewe Wynmakery Ltd v Robertson Winery (Pty) Ltd and Another*<sup>2</sup> the SCA said:

*“‘Deception’ will result, so it has been held, when the similarity were to cause members of the purchasing public to assume that the goods bearing the two competing trade marks come from the same source. ‘Confusion’, on the other hand, would occur if these members of the public will be caused to wonder if the goods had a common origin (see eg Oude Meester Groep Bpk v SA Breweries Ltd; SA Breweries Ltd v Distillers Corporation (SA) Ltd 1973 (4) SA 145 (W) at 160 H).”<sup>3</sup>*

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<sup>1</sup> Webster & Page South African Law of Trade Marks 4<sup>th</sup> Ed, para 12.7; *Kraft Foods Inc v All Joy Foods (Pty) Limited* [1999] 1 All SA 502 (C) (“*Roodezandt*”).

<sup>2</sup> [2014] ZASCA 173 (19 November 2014).

<sup>3</sup> *Supra* at para [4].

[18] The deception or confusion need not be lasting for it to disqualify a mark from registration, it suffices if it is for a short time, sufficient to attract initial interest albeit that confusion might later be cleared up.<sup>4</sup>

[19] Respondent's case is that the Applicant cannot claim exclusive right to monopolize the word "*marula*" thereby restricting its ordinary usage in the English language by other traders. However I did not understand Applicant to be wanting to monopolize the word "*marula*" which it in any event cannot do given the endorsement whereby the trade mark shall give no right to the exclusive use of the "*elephant device*" and to the use of the "*marula fruit*".

[20] Turning to Respondent's assertion that the terms AMARULA and AFRULA may coexist, as the similarity between the marks is confined solely to the segment 'RULA.' It is emphasised that judicial precedent consistently mandates that the assessment of confusing or deceptive similarity must consider the entirety of the marks. Thus, it is contended by the Respondent that, irrespective of the perspective taken, AFRULA does not equate to AMARULA. There exists no visual resemblance, nor any semantic or conceptual affinity; 'AMA' denotes a notion entirely distinct from 'AF'<sup>5</sup>, thus rendering it phonetically distinct as well.

[21] Furthermore Respondent disagrees with the assertion that there exist a reasonable probability<sup>6</sup> that **AFRULA** will be perceived as **AMARULA**, thereby, contending that the average consumer of the liqueur purchaser is a sophisticated, intelligent, and discerning adult who can read. Furthermore, given that a significant portion of Respondent's business is conducted online, it is imperative for the adult to be astute and discerning so as to operate and manage online e-commerce facilities, and to possess a credit or debit card. Thus, it is highly improbable that the average consumer /customer will not be deceived – misled, conned, or fooled. In other words to put it

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<sup>4</sup> *Orange Brand Services Ltd v Account Works Software (Pty) Ltd* (970/12) [2013] ZASCA 158 (22 November 2013) at paras [13] and [16].

<sup>5</sup> The word is an isiXhosa, isiZulu, and isiNdebele plural noun prefix,

<sup>6</sup> For probability it must be - a possibility does not pass muster. *The Upjohn Company v Merck and Another* 1987 (3) SA 221 (T) at 224 E -I, per Justice Harms.

plainly, into believing that one is actually the other. Therefore, it posits that consumers are able to distinguish between **AFRULA** and **AMARULA** when presented visually, whether on screen or store shelves.

[22] To further its argument that consumers are not fools nor is she careless, opines that the consumer is “*more likely to take added care to ensure that they purchase the product they know and like*”<sup>7</sup>.

[23] The Respondent contends that the Applicant's assertion regarding the mark AFRULA potentially leading customers to associate it with AMARULA does not constitute confusion. The association – merely bringing to mind another's brand – is just the exercise of a rational mind with the ability to recall. A “*risk that the public will associate the two marks in the sense that one will simply bring the other to mind*”<sup>8</sup> does not equate to the relevant confusion for purposes of (primary<sup>9</sup>) statutory infringement. ‘Association’, therefore, is not confusion. Respondent referenced a plethora of cases which it leans on, however the facts in those matters<sup>10</sup> are distinguishable from the facts of this case. In my view the better example is that of “ORANGE” and “ORANGE WORKS”, however the reasoning in that decision does not favour Respondent<sup>11</sup>.

[24] The Respondent argues that the impression intended to be conveyed by the purportedly infringing mark must be deemed “*material.*”<sup>12</sup> According to the *Sabel* approach, central to the element of confusion must be the badge of origin function of the

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<sup>7</sup> *Pioneer Foods (Pty) Ltd v Bothaville (Pty) Ltd* [2014] 2 All SA 282 (SCA) / [2014] ZASCA 6 para [24]

<sup>8</sup> *Sabel BV v Puma AG Rudolph Dassler Sport* [1998] RPC 199 ECJ, para. 56. The *Sabel* principles were adopted by the SCA in *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA); and followed in *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd* 2001 (3) SA 563 (SCA), and in *Cowbell, supra*.

<sup>9</sup> The position regarding dilution takes on an even more demanding premise: namely, damage that is caused by what is *ex hypothesi* non-confusing use.

<sup>10</sup> YUPPIE GADGETS is not an infringement of YUPPIE CHEF; *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* [2016] ZASCA 118 (15 September 2016).

BLACK KNIGHT is not an infringement of KNIGHTS or KNIGHT'S GOLD; *Distell Ltd v KZN Wines and Spirits CC* [2016] ZASCA 18 (15 March 2016).

EVOLVE is not an infringement of EVOLYM Yair *Shimansky and Another v Browns the Diamond Store* [2014] ZASCA 214 (1 December 2014).

WATCH is not an infringement of SWATCH *Swatch AG (Swatch SA) v Apple Inc* 2021 (3) SA 507 (SCA)

<sup>11</sup> *Supra Orange Brand Services Limited* para [17] the appellant succeeded in its opposition to the trade mark application

<sup>12</sup> *Verimark (Pty) Ltd v BMW AG* 2007 (6) SA 263 (SCA) at paragraph [5].



marks<sup>13</sup> - that is the “*material connection*” postulated in *Bata*<sup>14</sup>, there must “*be a genuine and properly substantiated likelihood of confusion regarding the origin of the goods.*”<sup>15</sup>

[25] In conducting an assessment as to whether this deception or confusion is probable, a succinct overview of the approach in *Century City Apartments Property Services CC & Another*<sup>16</sup> provides:

*“taking account of all relevant factors. It must be judged through the eyes of the average consumer of the goods or services in question. That customer must be taken to be reasonably well informed and reasonably circumspect and observant, but he may have to rely upon an imperfect picture or recollection of the marks. The court should factor in the recognition that the average consumer normally perceives a mark as a whole and does not analyse its various details. The visual, aural, and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components. Furthermore, if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion.”*

[26] When examining the “*distinctive and dominant components*” of the respective marks, namely “**AMA**”<sup>17</sup> and “**AF**”, the Respondent posits that the distinction effectively negates any potential for confusion. Advancing that the potential customer will likely realise that “**AFrula**” is a marula cream liqueur distinct from “**AMArula**”- and if the consumer wants to buy AMARULA, they will be aware that they are looking at the incorrect product. The law, in this context, is designed to accommodate the average

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<sup>13</sup> *Sabel, supra*, at 213.

<sup>14</sup> *Bata, supra*, at p 850 paragraph [8].

<sup>15</sup> Per the Advocate General’s opinion, accepted by the Court. See *Sabel* paragraph 58. Underlining added.

<sup>16</sup> *Century City Apartments Property Services CC & Another v Century City Property Owner’s Association* 2010 (3) SA 1 SCA at paragraph [13], per Harms DP in approving the dictum of Laddie J in *LTJ Diffusion SA v Sadas Vertbaudet SA* [2003] ETMR 83.

<sup>17</sup> I capitalize to illustrate the visual effect.

consumer and does not cater to unreasonable interpretations or scenarios, although, the Respondent dismisses the Applicant's assertion that "*initial interest confusion*" is adequate to establish a case for confusion.

[27] The questions of "*deception or confusion in any one of the aspects of sense, sound or appearance will suffice ...*" since the approach in *Bata*,<sup>18</sup> necessitated a "*global approach*", which involves a comprehensive evaluation of all relevant factors, especially given that "*the trade mark AMARULA and the get-up of the AMARULA product have become...immediately recognized in the market...*"<sup>19</sup> The "*confusion*" debate is an ongoing discussion as contained in an interesting journal, the South African Intellectual Property Law Journal.<sup>20</sup>

[28] For the Respondent, the mark AFRULA does not exhibit a confusing or deceptive similarity, as defined by the Act, to the registered trade marks. The question that has to be decided is whether the Applicant has established that a substantial number of persons will probably be deceived into believing, or be confused as to whether, there is a material connection in the course of trade between the Respondent's product offering and, notionally, goods offered by the Applicant. An analysis is necessary, viewed from the perspective of the consumer, regarding the application of the mark by the purported infringer. The existence of an infringement hinges on whether the use conveys a substantial connection between the product and the proprietor of the mark; if such an impression is absent, then infringement cannot be established.

[29] Put differently, this test is conducted notionally, in the context of statutory infringement. In other words, the Court must envision a fair and reasonable application by the Applicant of its trade mark as a badge of origin in relation to liquor products and notionally whether the Respondent's actual use is likely to cause confusion. It is important that a "*risk that the public will associate the two marks in the sense that one*

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<sup>18</sup> *Bata v Face Fashions, supra*, at paragraph [9]

<sup>19</sup> *Maharaj*, page 14 paragraph 5.5.

<sup>20</sup> South African Intellectual Property Law Journal Volume 7 – 2019: "Statutory trade mark infringement and questions about confusion".

*will simply bring the other to mind*<sup>21</sup> is according to the Respondent, not relevant. This is not confusion since the mere association that the public might establish between two marks as a result of their analogous semantic content does not, by itself, provide adequate justification for determining that there is a likelihood of confusion. This is particularly true in instances where the marks possess a descriptive quality.<sup>22</sup> However I am not convinced that this argument advances the case for the Respondent.

[30] Our Courts have established guidelines for the evaluation of trade marks which have been generally applied. What then stands to be compared, in the enquiry into the section 34(1)(a) infringement, is each of the Applicant's registered trade marks (without any reference to extraneous matter) with the mark intended to be used by the Respondent, AFRULA.

[31] The guideline on the issue of comparison in *Roodezandt* provides:

*“[6] Most, if not all, of these considerations seem to find application in the present context. Other principles of comparison which have become crystallised in earlier decisions of this court which I find to be pertinent, include the following:*

- (a) A likelihood of confusion does not only arise when every person interested or concerned in the class of goods for which the trade mark has been registered could probably be deceived or confused. It also arises if the probabilities establish that a substantial number of such persons will be deceived or confused.*
  
- (b) The concept of deception or confusion is not limited to inducing in the minds of these interested persons the erroneous belief or impression that the two competing products are those of the*

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<sup>21</sup> *Sabel BV v Puma AG Rudolph Dassler Sport* [1998] RPC 199 ECJ, paragraph 56. The approach to infringement adopted in the *Sabel* decision was approved by the Supreme Court of Appeal in *Bata Ltd v Face Fashions* CC 2001 (1) SA 844 (SCA); and followed in *Cowbell AG v ICS Holdings Ltd* 2001 (3) SA 941(SCA).

<sup>22</sup> *Cowbell, supra*, at 949 C-G.

*objector or that there is a connection between these two products. A likelihood of confusion is also established when it is shown that a substantial number of persons will probably be confused as to the origin of the products or the existence or non-existence of such a connection.*

- (c) *The determination of the likelihood of confusion involves a comparison between the two competing marks, having regard to the similarities and differences in the two and an assessment of the impact it would have on the average type of customer who is likely to purchase the kind of goods to which the marks are applied.*
- (d) *The marks must not only be considered side by side, but also separately.*
- (e) *It must be borne in mind that the ordinary purchaser may encounter goods bearing one mark with an imperfect recollection of the other.*
- (f) *If each of the competing marks contains a main or dominant feature or idea, the likely impact made by this dominating feature on the mind of the customer must be taken into account. This is so because marks are remembered by some significant or striking feature rather than by the photographic recollection of the whole. (See eg Plascon Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd [1984] ZASCA 51; 1984 (3) SA 623 (A) at 640G-641E; Puma AG Rudolf Dassler Sport v Global Warming (Pty) Ltd 2010 (2) SA 600 (SCA) para 8; and Adidas AG & another v Pepkor Retail Ltd 2013 BIP 203 (SCA) paras 20-23.)”*

[32] In making this comparison, the court must immerse in the dynamics of the marketplace. The court is required to consider the manner in which the hypothetical consumer would perceive the marks of the parties involved. The notional consumer should be envisioned as an individual of typical intellect, possessing adequate vision and exercising reasonable prudence in their purchasing decisions.<sup>23</sup>

[33] It has been held that when considering the potential for deception or confusion in any characteristic related to sense, sound, or appearance, the assessment of confusion must be undertaken in a holistic manner<sup>24</sup>, the Supreme Court of Appeal (SCA) accepted the principle laid down in *Sabel BV v Puma AG Rudolf Dassler Sport*.

[34] Do not peer too closely was conveyed in *Adidas AG v Pepkor Retail Limited*<sup>25</sup>, the SCA stated:

*“It must be borne in mind that 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 or differences”.*

[35] Applicant in holding that there is an infringement of its trade mark examines “**AFRULA**” and “**AMARULA**”, both of which start with letter and sound “A” and end with “**RULA**” and the general impression in the mind of the consumer is therefore likely to be the same, likely for consumers to be confused with regard to the sound or appearance of the marks in question. This in my view is the high water mark.

### **Trade mark infringement: Section 34(1)(c) of the Act**

[36] Section 34(1)(c) provides as follows:

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<sup>23</sup> *Plascon-Evans (supra)* at 640H.

<sup>24</sup> In *Bata* para [9], the Supreme Court of Appeal accepted the principle laid down in *Sabel BV v Puma AG Rudolf Dassler Sport* [1998] RPC 199 (ECJ) 221 at 224

<sup>25</sup> 2013 BIP 203 (SCA) at para [22].

“(a) ...

(c) *the unauthorized use in the course of trade in relation to any goods or services of a mark which is identical or similar to a trade mark registered, if such trade mark is well known in the Republic and the use of the said mark would be likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the registered trade mark, notwithstanding the absence of confusion or deception: Provided that the provisions of this paragraph shall not apply to a trade mark referred to in section 70(2).”*

[37] Respondent through its use of the name "AFRULA" denies it constitutes unauthorized trade mark use, by denying:

37.1 the Applicant's AMARULA trade marks are **well-known** in the Republic;

37.2 the AFRULA trade mark is "**similar**" to the AMARULA trade marks;

37.3 the use of AFRULA is likely to take **unfair advantage** of, or be detrimental to, the distinctive character and repute of the trade mark AMARULA.

### **Well-known**

[38] The SCA in *McDonald's Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd and Another*<sup>26</sup>, considered the degree of knowledge required for a trade mark to be a well-known trade mark in the Republic of South Africa, found, in respect of section 35 of the Act, that a mark is well-known in the Republic if it is well-known to persons interested in the goods or services to which the mark relates.

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<sup>26</sup> 1997 (1) SA 1 (A).

[39] The SCA's ruling in *Truworths Limited v Primark Holdings*<sup>27</sup> reaffirmed the reference in *A M Moolla Group Limited and others v The Gap Inc and Others*<sup>28</sup>, the importance of applying the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, adopted by the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organisation's General Assembly, to establish the relevant sector of the public as follows.

*“Relevant sectors of the public shall include, but shall not necessarily be limited to:*

- (i) Actual and/or potential consumers of the type of goods and/or services to which the mark applies;*
- (ii) Persons involved in channels of distribution of the type of goods and/or services to which the mark applies;*
- (iii) Business circles dealing with the type of goods and/or services to which the mark applies”.*<sup>29</sup>

[40] According to Ms Maharaj, the Director of the Applicant, the Applicant's trade mark AMARULA has been in use since September 1989. It is freely available to persons over the age of in establishments that possess liquor licenses, including but not limited to liquor stores, pubs, clubs, ladies bars and the like. The sales figures for this liqueur indicate a total of 16,600,000 litres, alongside a count exceeding 58,548,605 units of AMARULA. Further matter of recognition and the evidence presented by the Applicant is categorised into two distinct periods: before 2008 and from 2008 until the initiation of this application.

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<sup>27</sup> 2019 (1) SA 179 (SCA).

<sup>28</sup> 2005 (6) SA 568 (SCA) at paras 12 – 14.

<sup>29</sup> At para [11] – [12]

[41] Applying these factors and guidelines, Applicant enjoys extensive use of the mark AMARULA in South Africa which was not disputed by the Respondent.

[42] Of importance, the well-knownness is fortified in a judgment delivered by Goliath J as she then was in this Honourable Court in the matter of *Southern Liqueur Company Ltd v SLD Liqueur Manufacturers Ltd (the SLD judgment)*<sup>30</sup>. That solidifies that point.

[43] The provision of Section 34(1)(c) in the Act introduced a novel form of trade mark protection within our legal framework focusing on safeguarding the commercial value linked to the reputation of a trade mark, rather than its ability to differentiate the goods or services of the owner from those of competitors, as articulated in *National Brands Ltd v Blue Lion Manufacturing (Pty) Ltd*<sup>31</sup>. Of importance is that Section 34(1)(c) does not require deception or confusion. It only requires that the mark be “*similar*” to the registered well-known trade mark and in doing so protects. Its purpose is to protect the reputation, advertising value and selling power of the well-known trade mark.<sup>32</sup>

[44] In order to protect unique identity, reputation and commercial value of a mark, the Constitutional Court stated in *Laugh It Off*.<sup>33</sup>

*“(T)he owner of ... A distinctive mark has a legitimate interest in continuing to maintain the position of exclusivity he acquired through large expenditures of time and money and that everything which could impair the originality and distinctive character of his distinctive mark, as well as the advertising effectiveness derived from its uniqueness, is to be avoided ... Its basis purpose is not to prevent any form of confusion but to protect an acquired asset”*

and further

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<sup>30</sup> The “*SLD judgment*” (19693/08) [2011] ZAWCHC 268 (15 June 2011) 117, p 264.

<sup>31</sup> 2001 (3) SA 563 (SCA) (“*National Brands v Blue Lion*”) at para [11].

<sup>32</sup> *Verimark* at para [13]; *Yuppiechef Holdings (Pty) Ltd v Yuppie Gadgets Holdings (Pty) Ltd* 2016 BIP 269 (SCA) at para [43] – [44].

<sup>33</sup> *Laugh It Off Promotions CC v South African Breweries International (Finance) BV t/a Sabmark International (Freedom of Expression Institute as Amicus Curiae)* 2006 (1) SA 144 (CC) (“*Laugh it Off CC*”) at para 39.



*“As it is often said the mark sells the goods and therefore its positive image or consumer appeal must be saved from ruin.”<sup>34</sup>*

### **In determining the likeness**

[45] *National Brands v Cape Cookies*<sup>35</sup> conveys the concept of “likeness”:

*“The test, in my view, is that the likeness in the marks should be easy to recognise and that a connection will be made or a link established between them. This, of course, gives expression to the approach which recognises first impressions and imperfect recollection, and eschews undue peering.”*

[46] The similarities in the marks of the parties are sufficiently alike under the provisions of section 34(1)(c). Not only are the marks similar it is a fact that the mark is intended to be used in relation to the same goods in respect of which the mark AMARULA has achieved recognition and has become well-known.<sup>36</sup> Therefore the test of an easily recognisable similarity between the two marks in my view is met.

### **Unfair advantage**

[47] In *Laugh It Off* the Constitutional Court accepted<sup>37</sup> as correct what was stated in *Pfizer Ltd and Pfizer Incorporated v Eurofood Link (United Kingdom) Ltd*<sup>38</sup>, that:

*“The concept of 'unfair advantage' requires an enquiry into the benefit to be gained by the defendant from the use of the mark complained of and the concept*

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<sup>34</sup> 2024 (2) SA 296 (SCA) at para 40.

<sup>35</sup> 2001 (1) SA 844 (SCA) at para 14 (“Bata”). See also *National Brands Limited v Cape Cookies CC and Another* [2023] ZASCA 93 (12 June 2023) at paras [26] – [27]

<sup>36</sup> See, in this regard, the SCA’s reasoning in *National Brands v Cookies* (*supra*) at paras [33] – [34].

<sup>37</sup> At para [39].

<sup>38</sup> [2000] FSR 767.

of 'detriment' requires an enquiry into the goodwill accruing to the business in the goods sold under the trade mark.”

[48] In *casu*, the Applicant has stated the following:

“16. I respectfully aver that there is every likelihood that consumers will associate the Respondent's AFRULA product with the Applicant's AMARULA products and I submit that it is therefore likely that this will dilute the distinctiveness of the Applicant's AMARULA trade mark. Accordingly, I submit that the use by the Respondent of the AFRULA trade mark is detrimental to the distinctive character of the Applicant's AMARULA trade marks. It should be borne in mind that Applicant is using its AMARULA trade marks in relation to very high quality cream liqueur and are sold at a price to reflect this quality and the uniqueness of the trade marks. The uniqueness of the AMARULA trade marks will certainly suffer tremendously as a result of the Respondent's use of the AFRULA trade mark in relation to alcoholic beverages and in particular liqueur products. The Respondent's target market for its alcoholic beverages bearing the infringing mark is, I would surmise, the income groups much lower than the income group the Applicant's alcoholic beverages is targeting. That in itself will result in the uniqueness of the Applicant's trade marks suffering, which ultimately will lead to less sales and financial damage to the Applicant.”

[49] Even if it were true, as the Respondent states that it "*intends to target lower income consumers*" and that it "*intends to target selective, discerning customers*"<sup>39</sup>, this does not negate the likelihood of the detriment and undue advantage complained of.

[50] In my view the Applicant has established the likelihood that the Respondent's use of the mark AFRULA is in direct competition with it in the same market, irrespective whether it may prevail in a sector for a lower price class, is likely to dilute the distinctiveness of the mark AMARULA.

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<sup>39</sup> Kanugonda (answering affidavit): para 150, p 269.

## **Passing Off**

[51] The Applicant asserts that a passing off has occurred due to a misrepresentation made (a) by the AFRULA brand name itself; in other words, it is presumed, regardless of any other attributes and features related to the product, and (b) by the label displaying this mark that the Respondent intends to use for the bottle of its AFRULA product. On both products their respective trade marks feature prominently.

[52] The Applicant asserts that the Respondent has reproduced the fundamental components of the Applicant's elephant-themed AMARULA ensemble, specifically the AMARULA mark and the elephant motif.

[53] The Respondent elaborates on the notion of the "*African theme*", that aside from the term AMARULA and the depiction of an elephant, the Applicant has failed to provide any clarification regarding what constitutes its uniquely "*distinctly African motive*", particularly given that at least four other cream liqueurs similarly employ a "*African theme*".

## **Reputation and goodwill**

[54] Passing-off is a species of unlawful competition which specifically involves infringement of another's rights in the reputation component of an existing goodwill. It therefore protects a trader's business against damage caused by a misrepresentation of a rival competitor concerning the trade source, or business connection of the rival's good or services<sup>40</sup>. Webster describes that the property that is protected by means of the passing-off action is not property in the symbol with which the goodwill is associated but in the goodwill itself which will be injured by the use of that symbol<sup>41</sup>. The only component of that goodwill of a business that can be damaged by a means of passing-

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<sup>40</sup> *Reckitt & Coleman SA (Pty) Ltd v S C Johnson & Son (Pty) Ltd* 1993 (2) SA 307 (A) at 315B.

<sup>41</sup> *Webster & Page (supra)*, para 15.8

off is its reputation. The first requirement for a successful passing off action is the proof of the relevant reputation in circumstances where the passing-off consists of a misrepresentation of a particular kind<sup>42</sup>.

[55] In *Capital Estate & General Agencies (Pty) Ltd v Holiday Inns Inc and Others*<sup>43</sup>, Rabie JA gave what has become a classic definition of passing-off:-

*“Whether there is a reasonable likelihood of such confusion arising is, of course, a question of fact which will have to be determined in the light of the circumstances of each case. If the evidence establishes that there is a reasonable likelihood of such confusion arising even if the parties concerned cannot be said to be carrying on their activities in a common field, it is difficult to see how the absence of such a common field can nevertheless constitute a ground of denying relief to an aggrieved party.”*

[56] The *onus* in a passing-off action, and, in distilling the position through various judgments including *Caterham Car Sales & Coachworks Ltd v Birkin Cars (Pty) Ltd*<sup>44</sup> held:

*“[20] It appears to me to be whether the plaintiff has, in a practical and business sense, a sufficient reputation amongst a substantial number of persons who are either clients or potential clients of his business. As far as the ‘location’ of reputation is concerned, it must subsist where the misrepresentation complained of causes actual or potential damage to the drawing power of the plaintiff’s business. Otherwise the misrepresentation would be made in the air and be without any consequences. The locality of the plaintiff’s business is not hereby rendered irrelevant. Obviously, it must be an important consideration in determining whether the plaintiff has potential clients and whether the alleged misrepresentation causes his business any harm. Likewise, the extent of a*

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<sup>42</sup> Ibid para 15.5

<sup>43</sup> 1977 (2) SA 916 (A) at 929 C – G.

<sup>44</sup> 1998 (3) SA 938 (SCA) at 950 E-H.

*business's reputation and the scope of its activities are relevant to the probability of deception and to damages - the smaller the reputation, the smaller the likelihood of deception and of damage, and vice versa.”*

[57] In summary, the elements of passing-off, which the Applicant must establish are:

57.1 A reputation in the mark in which exclusivity is claimed;

57.2 A likelihood of deception and / or confusion arising from the use by the Respondent of the mark complained of (the misrepresentation), and

57.3 Damages suffered as result of the misrepresentation.

[58] The Applicant must establish that the trade mark or get-up at issue is recognized and associated in the public's mind with the pertinent business, signifying its distinctiveness regarding the goods at issue. The fundamental role of a mark is to distinguish an entrepreneur's product from similar market offerings. Ultimately, the purpose and function of a trade mark is to individualize and differentiate a product.

[59] The law of passing off does not extend its protective reach to goodwill of trivial and insignificant content. It is impractical to call on a substantial number of consumers to testify directly as to the existence of Applicant's reputation and the Applicant requests the court to draw such inferences. The meaning of “*a substantial number*” means “*sufficient persons to make the reputation a property of appreciable commercial value*”.<sup>45</sup>

### **The principles relating deception and confusion**

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<sup>45</sup> *Supra* para 15.6

[60] Confusion on its own does not give rise to an action for passing-off, however, it does so, “*where it is the result of a misrepresentation by the defendant that the goods which he offers are those of the plaintiff or are connected with the Plaintiff*”<sup>46</sup>.

[61] Where a mark possesses the ability to convey to the customer an indication of particular trade origin for goods made available under it and where a Respondent has conducted itself in a manner where it is not made perfectly clear that his goods or services are not those of the associated, that the resulting of confusion, the conduct will give rise to passing-off.<sup>47</sup>

### **Passing off of the mark – the get up**

[62] The Applicant relies on the same evidence of use and promotion of its mark AMARULA as it does in support of its claim in terms of section 34(1)(c).

[63] The Applicant asserts that in 2016, the redesign of its AMARULA bottle to resemble the form of an African elephant was executed to underscore and exemplify the brand's dedication to elephant conservation, a commitment that has garnered media attention through various awards and campaigns. The Respondent's assertion that the Applicant has not established a reputation and goodwill in the AMARULA get-up is denounced by the Applicant as being fundamentally flawed, as the evidence unequivocally substantiates the Applicant's claim of having indeed acquired such reputation and goodwill.

[64] In evaluating the respective get-ups, the Respondent's get-up consists of the trade mark AFRULA, and the side profile of an African women's head<sup>48</sup>, representing elements of an African theme. Firstly, in my view the Respondent's mark AFRULA bears a striking resemblance to the Applicant's mark AMARULA. In assessing both

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<sup>46</sup> *Hoechst Pharmaceuticals (Pty) Ltd v The Beauty Box (Pty) Ltd (in Liquidation) and Another* 1987 (2) SA 600 (A) at 619 D.

<sup>47</sup> Webster & Page (*supra*) para 15.19.

<sup>48</sup> Which (on close inspection only) appears to be a side profile an elephant

parties' get-ups, these marks constitute the most prominent element. Added to this, there exist a side profile of an elephant head, although Respondent persists in its contention that the device on its labelling is a representation of an African woman. The Applicant maintains that, upon initial observation (and this is how the average consumer would view the Respondent's product) the device depicts a lateral representation of an elephant. To me, at a quick glance, I see it as a side view of an elephant as well.

[65] What Respondent does not appear to accept is Applicant "*Amarula*" is a brand in South Africa and reported as market leader with its award winning "*Amarula Cream Liqueur*" and presently holds a dominant share in the market. In the minds of the reasonable consumer, the Respondent conduct in making use of the AFRULA get up does not overcome the general visual impression of similarity. The nature of the confusion or deception is likely to divert business away from the Applicant, which could potentially result in a loss of its market share and therefore amounts to a passing off.

[66] Applicant described it has expended considerable time, money and effort in the promotion of its product in South Africa. The Applicant's advertising figures in respect of its AMARULA product in the period 2009 to 2018 topped R373 million. Over the years, the AMARULA brand has received various awards and accolades and received particularly extensive coverage during the 2010 FIFA World Cup Tournament in South Africa.

[67] Consequently, Respondent's conduct is likely to take unfair advantage of the distinctive character and reputation of the "*Amarula*" mark in a manner that is unfair.

[68] However for the passing off to be sustained, Applicant is faced with a hurdle. Respondent correctly identifies Applicant's challenge, that is, without a market presence, assessing misrepresentation and passing off is jurisprudentially unfeasible at this stage. There is no such evidence that the product is in the market and on shelves. If the product is marketed, then Applicant is entitled to the relief sought. I am at this stage exercising caution in finding liability for passing off recognising that no damage can

occur if the product is not commercially available. Although, Respondent has constructed a new facility at its premises in Cape Town, and it was expected to become operational about August 2021. Its goal was destined to employ approximately 45 people in production, marketing and sales. It is however, not operational. Applicant has on this point provided no evidence to show that the AFRULA product is in the market in South Africa.

I battled to find a precedent on passing-off of products by a competitor where such products of the competitor (as a Respondent) is not in the market as yet. In the result, the claim to passing off is unsuccessful due to its premature nature.

### **Constitutional protections**

[69] In summation, I note the Respondent's assertion that the court is obligated to interpret statutes in conformity with the Constitution, thereby safeguarding the constitutional guarantee of freedom of expression. Thus, the infringement provision must be construed to minimize impairment of this right, requiring an evaluation through the constitutional lens of section 36(1) and balancing competing interests on a case-specific basis.

[70] Upon applying these principles to the present case, I have determined that there are no basis to deviate from my conclusions that a statutory infringement exists, encompassing both primary infringement and infringement by dilution.

[71] The Constitutional guarantee of freedom of expression is subject to limitations, particularly when it conflicts with rights of others, including commercially protected interests. Sections 34(1)(a) and (c) demonstrate these limitations. Our economy operates within a mixed market framework, integrating private freedoms with regulation. Intellectual property protections draw from common law, English law, international agreements, and policy frameworks. At this juncture, our economy is not poised for significant changes, acknowledging that stifling competition is counterproductive.



[72] Nonetheless, where competition involves infringement and passing off, existing protections will endure, although this argument may have future merit, it is inapplicable in this specific context.

### **Conclusion**

[73] In my view there is no passing off as yet for reasons stated above. I am though satisfied that the Applicant's registration of its trade marks protects its rights from infringement. The Applicant has satisfied the requirements that it has a clear right, as it acquired a clear and protectable right and that the infringement of such rights causes it potential harm or potential injury. Therefore Applicant has satisfactorily met the test for reasonableness of the apprehension of prejudice or harm, when a reasonable man in the shoes of the Applicant when faced with similar facts which Applicant relies on. Applicant in seeking final relief, have satisfied the principles laid out in *Plascon Evans*<sup>49</sup>.

[74] Respondent has filed its application for registration and the Applicant has succeeded in opposing it through the arguments presented. I am accordingly satisfied that Respondent's conduct constitutes trade mark infringement in terms of the provisions of section 34(1)(a) and 34(1)(c) of the "Act".

### **Costs**

[75] I see no reason to depart from the usual costs order that costs follow the result.

### **Order**

[76] In the circumstances the following order is made:-

76.1. In terms of the provisions of section 34(1)(a) of the Trade Marks Act No

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<sup>49</sup> *Supra* para 634.

194 of 1993 ("the Act");

- 76.1.1. The Respondent is interdicted and restrained from infringing the Applicant's registered trade mark numbers 1980/03512 AMURULA, 1984/02496 AMARULA, 1989/05113 AMARULA label, 2016/27262 AMARULA (2016) label all in class 33 (the registered trade marks) in terms of Section 34(1)(a);
- 76.1.2. Interdicting and restraining the Respondent from infringing the Applicant's registered Marks Act, by using, in the course of trade in relation to alcoholic beverages the mark AFRULA or a mark or marks resembling the Applicant's registered marks, as to be likely or deceive or cause confusion in terms of the provisions of section 34(1)(a) of the Act;
- 76.2. Interdicting and restraining the Respondent from infringing, in terms of Section 34(1)(c) of the Trade Marks Act, the rights acquired by the well-known and registered AMARULA trade marks (referred to in paragraph 1 above) by using in relation to any goods, the trade mark AFRULA or any other mark which will be likely to take unfair advantage of or be detrimental to the distinctive character or the repute of the aforesaid well-known and registered AMARULA trade marks;
- 76.3. The Respondent is ordered to pay Applicant's costs of suit, including the costs consequent upon the employment of counsel where so employed.

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**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