

**The Scotch Whisky Association v Milestone Beverage CC
[2019] HIPR 67 (GP)**

Reported in: [2019] HIPR 67 (GP)
Case No: 2882/2017
Judgment Date: 4 March 2019
Country: South Africa
Court: Gauteng Division, Pretoria
Bench: Kubushi J
Representation: Appellant: RM Robinson SC and P Moll
Instructed by: Kisch IP
Respondent: CE Puckrin SC and P Ferrier
Instructed by: Adams and Adams
Reported by: D R Harms SC (Ed)

Keywords

Competition - Liquor - Whisky - Alleged that products' get-ups misrepresenting that contents being whisky, when actually cane spirit or vodka that is coloured to appear like whisky - Respondents interdicted.

Editor's Summary

South African courts have on a number of occasions interdicted the sale of liquor other than Scotch Whisky, using Scotch indicia such as Scottish names or traditional Scottish dress, including kilts and tartans.

The applicants' complaint was that the respondents' products were being falsely represented as whisky, whisky flavoured and also as Scotch Whisky, when in fact they bear no relation whatsoever either to whisky, Scotland or the United Kingdom. Thus, the sale of the products, according to the applicants, amounted to unlawful competition by way of misrepresentation.

The respondents were found to have attempted to disguise the sale and marketing of their products as those of the applicants by using the sets of get-up in conjunction with other attributes. They had as such falsely misrepresented the relevant products as those of the applicants and by so doing have traded and continue to trade off the reputation of Scotch Whisky or whisky through the use of the name 'whisky flavoured spirit aperitif'. They were interdicted accordingly.

KUBUSHI, J

Introduction

[1] This is an application based on unlawful competition in the Whisky industry. The premise for the unlawful competition is alleged to be by way of misrepresentation and breach of various statutory provisions, namely, section 41 of the Consumer Protection Act 68 of 2008 and sections 11 and 12 of the Liquor Products Act 60 of 1989 ("the Liquor Products Act").

[2] The application concerns the first respondent's ROYAL DOUGLAS and KING ARTHUR alcoholic beverage products ("the relevant products") which firstly, are said to have get-ups misrepresenting to the public that they are whisky and/or Scotch Whisky products, whilst the relevant products are, in fact, cane spirit or vodka that is coloured to have the appearance of whisky. Secondly, the get-ups contain misleading statements and/or information about the nature and quality of the liquor being sold, in particular, that the products are whisky flavoured, whisky and/or Scotch Whisky and contain alcohol strength of 43,5%, when it is not so.

The parties

[3] The parties involved in this litigation are:

- 3.1 (a) The first applicant, The Scotch Whisky Association, is the trade association of the Scotch Whisky industry. It traces its origin back to 1912 when the first association to represent and protect Scotch Whisky was formed. It presently operates as a company incorporated in terms of the Companies Act of the United Kingdom;
 - (b) The second applicant is a member of the first applicant and a producer and supplier of a large number of Scotch Whisky brands sold in South Africa;
 - (c) The third applicant is the owner of the intellectual property and goodwill attaching to the second applicant's Scotch Whisky brands; and
 - (d) The fourth applicant is an appointed exclusive distributor of the second applicant's products in South Africa.
- 3.2 There are seven respondents cited in the application, namely
- (a) The first respondent, a close corporation incorporated in accordance with the laws of South Africa, is involved in the liquor product industry and is managed and administered by the fifth respondent, who is its sole director and managing member;

- (b) The second respondent is a close corporation in respect of which the fifth respondent's father owned the membership interest. Historically, the second respondent was responsible for the manufacture of, amongst others, the ROYAL DOUGLAS and KING ARTHUR products and the first respondent was responsible for the marketing, distribution and sales of the products. After the demise of the fifth respondent's father, the first respondent took over the duties of the second respondent as well. The first respondent has since obtained its own A-code, being A1937 and as such the labels of all the products (including the products forming the subject matter of this application) manufactured and distributed by the first respondent have since 2016 reflected the said A-code;
- (c) The third respondent was set up and managed by the fifth respondent's father and the fifth respondent, according to him, has no involvement with the third respondent; similarly, the third respondent has no involvement with the manufacture, sale and distribution or marketing of the first respondent's products, including the relevant products;
- (d) The fourth respondent is the trustee for the time being of the T and S Haupt Family Trust, a trust incorporated in South Africa. It is the proprietor of the trade mark application no. 2015/14691 ROYAL DOUGLAS in class 33 in respect of "*Alcoholic beverages (except beers)*". The first respondent is said to have previously used the ROYAL DOUGLAS trade mark under licence from the fourth respondent;
- (e) The fifth respondent is the party controlling, managing and directing the first and the fourth respondents.
- (f) The sixth respondent is a trustee of the third respondent and the executrix of the deceased estate of the fifth respondent's father, which estate includes the second respondent.
- (g) The seventh respondent is cited herein for purposes of notice and no relief is sought against him except if he were to oppose the relief sought in the application.

Only the first, fourth and fifth respondents are opposing and for purposes of this judgment I shall refer to them jointly as the respondents.

[4] The first applicant is said to have a significant interest in the South African whisky market in that virtually all of the well-known Scotch Whisky brands sold in South Africa are owned by its members. Members of the first applicant, like the second applicant, accordingly hold a significant share of the whisky market in South Africa. These members own some of the world renowned Scotch Whisky brands sold in South Africa. As such, for the various reasons advanced in the applicants' founding papers, amongst others, the fact that Scotch Whisky is one of the world's leading spirit drinks, it is not in dispute that the reputation and integrity of Scotch Whisky is worth protecting. Its objects are contained in paragraph III of its Memorandum of Association as, amongst others:

- (a) To protect and promote the interests of the Scotch Whisky trade generally both at home and abroad; and
- (b) To prosecute, defend and enter into legal proceedings in any territory of the world in defence of the interests of the Scotch Whisky trade.

[5] The first respondent is said to be listed as one of the parties responsible for the production and/or distribution and/or sale of certain alcoholic beverages known as the ROYAL DOUGLAS and KING ARTHUR products ("the relevant products"). The said relevant products are sold in South Africa under the auspices of whisky flavoured spirit aperitif products and are the basis of the complaint in this application.

The relief sought

[6] The first relief sought by the applicants, in the main, is for an order interdicting and restraining the first, second, third, fourth, fifth and sixth respondents from:

- 6.1 selling or offering for sale products with the get-ups or labels, or using in the course of trade or otherwise, the get-ups or labels illustrated in annexure "A" and "B" [of the notice of motion] or similar get-ups or labels; and
- 6.2 using in any manner in the course of trade or otherwise the name or description "whisky", "whiskey" or other derivation thereof in relation to any liquor product that does not satisfy the statutory requirements for whisky;
- 6.3 using in any manner in the course of trade, or otherwise, the words "Scotch"; "Scotland"; "Scottish"; or any word or phrase of which "Scotch"; "Scotland"; "Scottish" form part, or labels and representations which include the insignia evocative of Scottish or UK origin in relation to any liquor product which has not been wholly manufactured or produced in Scotland.

The factual matrix

[7] It is common cause that, initially when the applicants approached this court for the relief they seek, their complaint was in respect of the depiction of the get-ups of the said alcoholic beverages, as appears in annexure "A" and "B" of the notice of motion, which were alleged to be strongly evocative of Scotland and the United Kingdom, respectively, when used in relation to a golden brown liquor which suggested that the products are Scotch Whisky and also containing false information about the alcoholic strength of such beverages.

[8] In essence, the applicants' complaint was that the products were being falsely represented as whisky, whisky flavoured and also as Scotch Whisky, when in fact they bear no relation whatsoever either to whisky, Scotland or the United Kingdom. Thus, the sale of the products, according to the applicants, amounted to unlawful competition

by way of misrepresentation and in breach of the aforesaid statutory provisions.

[9] In their answering affidavit and in reply to the complaint raised by the applicants in their founding papers, the respondents alleged that they had attended to the applicants' complaint in that they had replaced the first sets of get-up they were using to market and sell the relevant products with the second sets of get-up. The applicants in turn, when replying to the respondents' allegations as contained in the applicants' answering affidavit, raised a number of issues which according to them showed that the respondents had still not addressed the complaints raised in their founding papers in full. In particular, the content of the first respondent's website which still reflected that the products were being marketed and sold in the first sets of get-up.

[10] But, at the time the matter was heard, it became common cause that the respondents had indeed replaced the first sets of get-up as depicted in the applicants' papers and was at the time already marketing, distributing and selling the products dressed in the second sets of get-up. Specifically, the first respondent had addressed the website complaint and amended it to reflect the products in their second sets of get-up and that the products were no longer being marketed and sold as whisky products but as whisky flavoured spirit aperitifs.

[11] Be as it may, the applicants are not satisfied about what they refer to as cosmetic changes which, according to them, have done nothing to alleviate their concerns. They, consequently, object to the second sets of get-up and maintain that the second sets of get-up still contain misleading statements about the nature and quality of the spirit being sold: the representation about the alcohol strength of these products as well as that they are not whisky flavoured. The applicants were able to continue with their claim mainly because in the notice of motion they contended for an order interdicting and restraining the selling or offering for sale of products with the first sets of get-up or labels or similar sets of get-up or labels. (my emphasis) Thus they contend that the second sets of get-up are similar to the first sets of get-up and the respondents should be interdicted and restrained from selling or offering the relevant products for sale in those get-ups.

[12] As a result, the applicants' submission is that the respondents continue to trade unlawfully in competition with members of the first applicant and in contravention of the Liquor Products Act; an allegation which is obviously denied by the respondents. What requires determination at this stage is whether the first respondent is trading in unlawful competition with the members of the first applicant and/or in contravention of the legislative provisions of the Liquor Products Act. I shall, hereunder, deal with the two issues in turn.

Unlawful competition

[13] The relief sought by the applicants in this regard [as *per prayer* 3 of the notice of motion] is an order interdicting and restraining the first, second, third, fourth, fifth and sixth respondents from -

13.1 Trading in unlawful competition with the applicants by dealing in the course of trade or otherwise in liquor products represented as whisky or "whisky flavoured" when they are not whisky; represented as Scotch Whisky when they are not Scotch Whisky; or in products sold under any of the get-ups or labels illustrated in annexures "A" and "B" [of the notice of motion] or get-ups or labels similar thereto, which misrepresent that the products are whiskies or Scotch Whiskies when they are not; and

13.2 Passing off any liquor product as whisky or "whisky flavoured" when it is not whisky, or as Scotch Whisky when it is not Scotch Whisky; or any product sold under any get-ups or labels, illustrated in annexures "A" and "B" [of the notice of motion] or get-ups or labels similar thereto as whisky or Scotch Whisky when it is not.

[14] The grounds raised by the applicants in support of their submission that the first respondent continue to trade unlawfully in competition with members of the first applicant, are that the changes made continue to bring confusion to and to mislead members of the public in that the products create the impression of being whisky through the shape of the bottles, colour of the liquid, type of traditional labelling and wording such as double distilled and premium quality and claim to alcohol content of 43,5%.

[15] Conversely, the respondents deny having any intention of pretending that either of the first respondent's products are whiskies, nor do its customers perceive the products as such. They deny ever attempting to market the relevant products as whiskies let alone Scotch Whiskies, or to confuse anyone to believe that the relevant products are whiskies. According to them, both the ROYAL DOUGLAS and KING ARTHUR products are marketed and sold as spirit aperitifs and are understood in the marketplace to be exactly that.

[16] The question is, are the relevant products, dressed in the new get-ups, creating the impression of being whisky?

The law applicable

[17] South African courts have on a number of occasions interdicted the sale of liquor other than Scotch Whisky, using Scotch *indiciae* such as Scottish names or traditional Scottish dress, including kilts and tartans. I was referred to a number of cases along this line, but, I do not find it apposite that I mention each and every one of those cases in this judgment. I shall refer only to the cases I find most helpful in resolving the issue before me.

[18] The principles on which liability for unlawful competition rests were restated in the Supreme Court of Appeal judgment in *Pexmart CC v H Mocke Construction (Pty) Ltd*¹ as follows:

"[62] . . .

In *Schiltz ? Butt*² the following was stated:

'As a general rule, every person is entitled freely to carry on his trade or business in

competition with his rivals. But the competition must remain within lawful bounds. If it is carried on unlawfully, in the sense that it involves a wrongful interference with another's rights as a trader, that constitutes an *injuria* for which the *Aquilian* action lies if it has directly resulted in loss.¹

. . .

[63] There is no closed list of acts that constitute unlawful competition. The following are well-known:

- (a) trading in contravention of a statutory prohibition;
- (b) fraudulent misrepresentation made by a rival trader as to that trader's own business or goods;
- (c) the publication by a rival of injurious falsehoods concerning the competitor's business;
- (d) the passing-off by a rival trader of that trader's goods or business as being that of a competitor;
- (e) the employment of physical assaults and intimidation designed to prevent a competitor from pursuing her or his trade;
- (f) the unfair use of a competitor's fruits of labour;
- (g) the misuse of confidential information in order to advance one's own business interests and activities at the expense of a competitor's;
- (h) the inducement or procurement of a breach of contract: an action for damages (and, in appropriate cases, for an interdict) will lie against any person who intentionally and without justification induced or procured another to breach a contract made with any other person; and
- (i) interference with character merchandising rights."

[19] In this instance, the conduct complained of is trading in contravention of the Liquor Products Act, the alleged fraudulent misrepresentation made by a rival trader as to that trader's products; and the passing-off by a rival trader of that trader's products as being that of a competitor. It follows that the applicants must on the evidence furnished in their papers prove that the first respondent is trading in contravention of the Liquor Products Act, falsely representing the relevant products as those of the members of the first applicants, and/or passing-off the relevant products as that of the members of the first applicant, that is, the first respondent is falsely representing the ROYAL DOUGLAS and KING ARTHUR products or passing them off as whiskies or Scotch Whiskies.

[20] The false representation that a product has certain characteristics relating to, for example, its nature or its origin, amounts to unlawful competition. Unlawful competition will be present where the marketing of a product results in or constitutes a false misrepresentation which causes, or which is likely to cause, confusion among or deception of a substantial number or prospective purchasers, e.g. that it has a distinctive attribute peculiar to that which is marketed by his competitor, and which misrepresentation occasions financial loss to him (the competitor).³

[21] Misrepresentation in this context is said to be in the marketing of goods in a way which leads a significant section of the public to think that those goods have some attribute or attributes which they do not truly possess. Misrepresentation would then arise where confusion or the likelihood of confusion occurs between these goods and other goods which do possess that attribute or those attributes.⁴

Application of the law to facts

[22] From the applicants' submissions on this point, it is evident that the main *indiciae* of the conduct complained of, are the use of indicators that the relevant products are whisky *per se* and/or of Scottish origin or with Scottish connections, like for instance, the type of get-ups there are dressed in.

[23] It is evident from the papers that the applicants' main complaint is that the respondents are falsely representing to the public that the ROYAL DOUGLAS and KING ARTHUR products are Scotch Whisky or whisky when in effect they are not. It is also evident that the respondents concede that the relevant products are not Scotch Whisky or whisky and the respondents also deny that they have represented the said products to be Scotch Whisky or whisky. According to the respondents, the said products are represented to the public as whisky flavoured spirit aperitifs.

[24] According to the respondents, the labels and the sets of get-up used by the first respondent to dress its ROYAL DOUGLAS and KING ARTHUR products contain various elements which distinguish the aforesaid products from whisky and Scotch Whisky and do not convey to the ordinary purchaser that the products are those of the applicants. I beg to differ with the argument by the respondents.

[25] The distinguishing elements on the products, on which the respondents base their argument, like: the phrase 'Spirit Aperitif' on the label; the phrase 'Whisky Flavoured' on the label; the phrase 'Produced and Bottled in South Africa'; and the plain black and gold background, are to me not enough to sustain their argument.

[26] The test, in my opinion, is simply whether on a comparison of the appearance of the products of the first applicant's members and those of the first respondent, it can be said that there is a reasonable probability of confusion if the products of members of the first applicant and those of the first respondent are used together in the ordinary course of business.⁵

[27] I should mention, without digressing, that the court in *Cobwell AG*, above, was dealing with the registration of

trademarks, but I am of the view that the principle used thereat in relations to the likelihood of confusion, finds application in this instance.

[28] I think the crux is how a substantial number of members of the public would and are likely to perceive the products and whether the appearance of the first respondent's products in the 'improved' sets of get-up taken together with the other attributes like the shape of the bottle, the colour of the liquid/content and the names used - ROYAL DOUGLAS and KING ARTHUR; the dominant features of the label itself - the type of letters used for the names, the crest, the word 'double distilled' which is mostly associated with whisky, the word 'whisky flavoured' and the alcohol strength, will not confuse them. The question is, do the sets of get-up as a whole represent to the public that the product is a South African whisky flavoured aperitif or do the sets of get-up represent that the relevant products are whisky or Scotch Whisky? Thus, in order to determine the reasonable probability of confusion the attributes on which the first respondent relies to distinguish the relevant products must be considered in their entirety based on their overall impression on an ordinary member of the public.

[29] It is indeed so that, perhaps, when individually perceived the said attributes may distinguish the relevant products from the products of the first applicant's members, but my view is that when collectively viewed those attributes give an appearance of the relevant products being Scotch Whiskies or at the very least whiskies. The products' outer appearance, in my view, will and/or is likely to convey to the ordinary purchaser that the relevant products are those of the applicants, and as such, the appearance is likely to cause confusion between these products and the products of the first applicant's members.

[30] As regards passing-off, which is also conduct the applicants are complaining about, the applicants' argument is that the first respondent is passing off the relevant products as whisky or "whisky flavoured" when they are neither whisky or whisky flavoured, or as Scotch Whisky when they are not Scotch Whisky.

[31] The court in *Hoechst Pharmaceuticals (Pty) Ltd v The Beauty Box (Pty) Ltd (in Liquidation)*⁶ stated the following in regard to passing-off -

"Confusion *per se* does not give to an action for passing-off. It does so only where it is the result of misrepresentation by the defendant that the goods which he offers are those of the plaintiff or are connected with the plaintiff."

As I have already made a finding that the respondents are falsely misrepresenting the relevant products as those of the applicants, it follows that the relevant products are being passed-off as those of the applicants.

[32] The next question is whether the relevant products are sold and/or marketed in contravention of the Liquor Products Act.

Contravention of the Liquor Products Act

[33] It is the applicants' contention that the second sets of get-up remain designed to confuse and mislead members of the public as to the nature of the liquid in relation to which they are used. The products, it is alleged, are designed to have the public associate the liquor with whisky and Scotch Whisky, when each of these representations is false. The products are said to contain false information about the nature of the alcohol strength of the liquor and that it is whisky flavoured, whilst double distilling is, according to the applicants, a quality associated with whisky.

[34] Accordingly, so it is argued, by placing these products on the market, the respondents are acting in breach of the Liquor Products Act (section 12 read with section 11 (2) (d)).

The Applicable Law

[35] The salient provisions of the Act are the following:

"11. Use of certain particulars in connection with the sale of liquor products

- (1) No person shall sell any liquor product in a container, unless the prescribed particulars of such liquor are indicated in the prescribed manner on the label of such container and on the package of such container.
- (2) No person shall in connection with the sale of liquor product -
 - (a) . . .
 - (b) . . .
 - (c) . . .
 - (d) use a class designation, or any word or expression that so resembles a class designation that it will deceive or is likely to deceive, unless it is the applicable class designation for the liquor product concerned.
 - (e) . . .

12. Prohibition of false or misleading description for liquor products

- (1) No person shall use any name, word, expression, reference, particulars or indication in any manner, either by itself or in coherence with any other verbal, written, printed, illustrated or visual material, in connection with the sale of liquor product in a manner that conveys or creates or is likely to convey or create a false or misleading impression as to the nature, substance, quality, composition or other properties, or the class, cultivar, origin, age, identity, or manner or place of production, of the liquor product.

[36] As already stated, the respondents' argument is that the relevant products are not whisky or Scotch Whisky but spirit aperitif vodka based products with flavouring, colouring and sugar added and fall under the classification spirit aperitif. The products fall within the class designation spirit-based liquors as provided for in section 9 of the Liquor Products Act.

[37] The applicants' main complaint is that the respondents are in contravention of the Act because it is in their interest to ensure that any spirit sold under the guise of a "whisky" complies with the legal definition of whisky as set out in South African law. Nor should customers be misled about the qualities of the product they are purchasing, such as the alcohol strength. The applicants are also saying that the contents of the relevant products are not whisky but 'a sweet syrupy beverage'. They contend further that the contents of the relevant products do not have a whisky flavour and the liquor strength is 34,98% instead of the 43,5% stated on the label.

[38] What requires further determination, therefore, is whether what is contained in the relevant products is as depicted on the labels of the relevant products.

[39] It is common cause that the contents of the relevant products are not whiskies. It is also not in dispute that the contents are spirit (vodka) based and contain flavours which the respondents say are whisky flavours with an alcohol strength of 43,5%. In essence, the relevant products are both vodka products to which whisky flavouring is added. The spirit whisky has not been added to the products, only whisky flavouring. As such, the products are not whiskies, nor are they whisky based.

[40] If one is to accept that the relevant products are not whisky it would thus be irrelevant to compare them to the class designation of whisky products as defined in the Liquor Products Act. What, to me, is in dispute, which requires resolution is whether indeed the contents of the relevant products have whisky flavouring in order to qualify as whisky flavoured spirit aperitif, and whether the alcohol strength thereof is 34,98% and not 43,5% as suggested by the respondents?

[41] It is, indeed so, that the law in South Africa does not allow any liquor product to be sold if the description thereof does not match the contents. It is thus upon the applicants to prove that the contents of the relevant products are not whisky flavoured and that the alcohol strength thereof is 34,98% and not 43,5% as indicated on the labels.

Are the relevant products whisky flavoured?

[42] The argument by the applicants is that the first respondent is in breach of the Liquor Product Act by using the misleading description "whisky flavoured" on the relevant products when in fact the relevant products do not have any flavouring attributable to whisky. In determining whether the relevant products are whisky flavoured, the applicants provided the evidence of Gary Wadmore ("Mr Wadmore") and Shona Glancy ("Ms Glancy") who did a sensory analysis of the ROYAL DOUGLAS product. It was not necessary to taste a sample of the KING ARTHUR product because, according to the respondents, the contents of the two products are the same.

[43] Mr Wadmore is said to be a store manager of a whisky retail store, WhiskyBrother, selling only whisky and whisky related items. The shelves of the retail store are said to be lined with approximately 400 different whiskies, including Scotch Whisky. WhiskyBrother, is consequently, a member of the first applicant and/or has some attachment to the first applicant. Although, Mr Wadmore is said to have worked in a retail store for a number of years tasked with the duty to, amongst others, purchasing stock, customer services and sales, administration and concluding whisky tasting for the public and consumers, there is no prove provided in the papers as to the qualifications which makes him an expert in whisky tasting. In my view, on the evidence provided, he is neither an expert in the tasting of whisky nor does he qualify as an independent witness due to his closeness to the first applicant.

[44] This, however, cannot be said about Ms Glancy, who is a scientist employed by the Scotch Whisky Research Institute ("the SWRI"). The SWRI is a research institute of the first applicant. Ms Glancy holds a Bachelor of Science (BSc) degree from the University of Glasgow and a Diploma in Distilling (Dipl. Distil) from the Institute of Brewing and Distilling. She is also a member of the Institute of Brewing and Distilling and a member of the Royal Society of Chemistry (MRSC). At the time of providing the evidence in this matter, she had been employed by the SWRI for approximately nine years and held a position of Analytical Services Manager. One of her duties entailed managing the scientists which carry out analysis of samples of spirits sent to the SWRI by the first applicant and to prepare reports based on the results of that analysis. She is also a member of the SWRI's Sensory Panel, which assesses and describes the sensory characteristics of spirits for the purpose of providing sensorial information to clients and supporting flavour research, amongst other things. This is done primarily by smelling or "nosing" samples provided to the panel.

[45] It is Ms Glancy's evidence, having participated in the sensory assessment of a specimen of the ROYAL DOUGLAS product that the sensory attributes of ROYAL DOUGLAS are not consistent with a spirit which has whisky produced in accordance with the South African definition as its sole alcoholic ingredient. And that the major sensory attributes of the sample tasted are aromas of orange, pineapple and artificial apple which are atypical of a whisky produced in accordance with the South African whisky definition.

[46] Ms Glancy opined further that although one can detect fruit aromas in genuine whisky, such aromas will form part of a complex, multi-layered flavour profile. What, however, she found in ROYAL DOUGLAS was that the orange, pineapple and artificial apple aroma dominated the spirit giving it a one dimensional profile. The other elements found in whisky were absent. She concluded as such that considering that ROYAL DOUGLAS does not actually contain whisky, and does not have the sensory attributes of whisky it cannot be accurately described as whisky flavoured. She further rejected the fifth respondent's argument that whisky has no distinct flavour, as there are

definite and distinguishing flavours which can be attributed to whisky.

[47] To the contrary, there is no evidence on the side of the respondents to rebut Ms Glancy's evidence. To my mind, the evidence proffered by the respondents does not establish that the relevant products have whisky flavouring. Their evidence that the flavouring they purchase from Creative Flavours International (Pty) Ltd is a whisky flavour, without establishing how the whisky in the flavouring has been acquired, does not assist their case. Their contention that taste differs from person to person and that since the test is purely subjective it would be impossible for a person to precisely identify when a product will be deemed to be whisky flavoured, is to me, baseless and unsubstantiated and at best speculative.

[48] I hold therefore that the evidence of Ms Glancy carry more weight than that of the fifth respondent in this regard. Flavour assessments in SWRI are carried out as standard procedures with trained and experienced sensory panellists. The assessments are completely objective and based on the collective opinions of a number of whisky sensory experts.

Is the alcohol strength 43,5% or 34,98%

[49] In proving the alcohol strength of the relevant products the applicants produced the evidence of SWRI. The respondents on the other hand, produced a certificate by an entity identified as Vinlab (Pty) Ltd ("Vinlab") which confirms the alcohol content of random samples of the relevant products tested at the first respondent's request. The respondents' submission is that Vinlab is an ISO17025 independent wine laboratory in Stellenbosch South Africa. However, the certificate is not accompanied by an affidavit to introduce it into evidence or to confirm its results or to explain the chain of receipt of any of the products in respect of which any tests might have been done. Consequently, the applicants applied to have these certificate and the allegations concerning them be struck out or not be admissible as hearsay evidence.

[50] I seem to agree with the applicants that the certificate without any affidavit to confirm the results amounts to hearsay evidence and is as such inadmissible. There is also no explanation provided by the respondents for the absence of the affidavit. I hold, therefore, that the certificate has no evidential value and should not be considered.

[51] Thus, the applicants' contention that the alcohol strength of the relevant products is 34,98% stands.

Preliminary issues raised

[52] The respondents raised a number of preliminary issues in their papers as defences to their proposition that the applicants have not made out a case for the relief they seek. For the decisions I have come to on the merits of this application, I opted not to deal with all the preliminary issues except the points on abuse of process and strike-off, which might have relevance to costs. I deal hereunder with those points.

The stale facts and/or abuse of process argument

[53] The respondents' argument is that the applicants in their founding papers rely on out dated information including information obtained seven months prior to the launch of this application. At the time of launching the application, the applicants were in possession of the new ROYAL DOUGLAS label and in a position to obtain current and relevant information in respect of the label and get-up used by the first respondent to market, distribute and sell its ROYAL DOUGLAS products, so it is argued. According to the respondents, they caused the new label affixed to the ROYAL DOUGLAS products, to be sent to the applicants' attorneys in order to alleviate various issues of concern to the applicants.

[54] I agree with the applicants that this argument by the respondents cannot fly. The respondents' allegation in their papers that they ceased use of the first get-up in December 2016 cannot be correct. The evidence does show that the respondents, in a letter dated 6 August 2016, notified the applicants of their intention to change the get-up for ROYAL DOUGLAS products without informing them when such changes would be made, this despite pertinently being challenged to provide the date when the second get-up would be launched. Of importance is that nothing was said about the KING ARTHUR products in the said letter.

[55] The evidence shows that the relevant products bearing the first set of get-up were still available in the market place after January 2017, in particular on the first respondent's website. Mr Hoenselaar, an employee tasked with the day-to-day duties and responsibilities of the first respondent which included IT, was tasked to effect the changes. According to his evidence he was instructed by the fifth respondent to make changes to the first respondent's website in July 2016, to the title link "WHISKY" found on the page entitled "Alcoholic Range" to "WHISKY FLAVOURED SPIRIT APERITIF". He also changed the title page entitled "WHISKY" to "WHISKY FLAVOURED SPIRIT APERITIF". Only during January 2017, was he instructed to update the first respondent's website with the photographs depicting the relevant products in the second sets of get-up. There is no indication of when in January 2017 the instruction was given or when such update was done. As late as in March 2017, the first respondent's website still showed that the ROYAL DOUGLAS products were available for sale in its first set of get-up. Crucially, the respondents themselves concede in their evidence that they continued marketing and selling ROYAL DOUGLAS and KING ARTHUR products in their first sets of get-up at least until December 2016.

[56] The application was launched on 18 January 2017 and only on 8 February 2017, belatedly so, a month after the application was launched did the respondents inform the applicants that the use of the relevant labels ceased in December 2016 and that the new labels were launched in January 2017, but still, the website was only finally changed after March 2017 when the applicants had already instituted this action.

[57] I am inclined to accept that the applicants had no other option but to approach court for the relief they sought against the respondents. Another thing is, even though in their answering affidavit the respondents undertook not to continue using the first sets of get-up but their failure to make such undertaking an order of court in that they

refused to tender costs of the application, should count against them. In any event, the applicants' success in obtaining an order interdicting and restraining the respondents from using the second sets of get-up is an indication that they were entitled to approach court for relief in the first place.

The strike-off argument

[58] The respondents submit that the content of the replying affidavit which ought to be struck-off and the basis for such striking-off are as follows:

58.1 Paragraphs 11, 18.3, 35, 36, 44, 48.2.7, 86 to 88 which deal with the website known as www.milestonebeverage.co.za including images of the website portrayed in paragraph 11.

58.2 Paragraphs 12 and 15 which pertain to previous litigation between the First Applicant and other members of the Haupt family, under case number 2001/33506.

58.3 Paragraph 16 and 38, which deal with the manner in which the ROYAL DOUGLAS product has been marketed and designed.

58.4 Paragraph 21, which deals with whether or not the products sold as ROYAL DOUGLAS and KING ARTHUR are whisky flavoured.

58.5 The affidavits of Shona Glancy, Tammy Lea Pretorius and Gary Wadmore, attached to the Replying Affidavit.

58.6 The second sentence of paragraph 28 and paragraph 43, which deal with the history between the First Applicant and other members of the Haupt family.

58.7 Paragraphs 46 and 47, which deal with settlement negotiations between the parties and constitute a breach of privilege.

[59] The contention is that the mentioned content is irrelevant, vexatious, privileged and/or hearsay and is new matter which ought to have been disclosed in the founding affidavit, and not the replying affidavit, and the respondents have not been afforded an opportunity to address that new matter. This, however, is not correct.

[60] Firstly, from the perusal of the respective affidavits filed of record, it is apparent that the contents the respondents seek to strike as new matter are produced in the replying affidavit as a result of the revelations made in the answering affidavit and could not have been foreseen by the applicants.

[61] Secondly, the respondents delivered two further affidavits in response to the said replying affidavit. In fact, the respondents responded to the applicants' replying affidavit by filing a fourth set of affidavits in which they dealt with the evidence they sought to strike-off. This, in my view, was the opportunity for them to respond to the new allegations in the applicants' replying affidavit. That they chose not to do so can only be laid at their door step.

[62] It is not in dispute that the third respondent represents, in these proceedings, the Thistle Trust which was set up by the fifth respondent's late father and that, that Trust is the applicant of trade mark application 2012/28550 ROYAL DOUGLAS WHISKY. It is also on record that the said trade mark application was filed for the very product complained of in these proceedings. What is further on record is that the fifth respondent took over the family business which was run by his late father including the Thistle Trust. The respective businesses in this regard are inter-linked and, for purposes of these proceedings, the fifth respondent cannot be delinked from their operation. I am as such persuaded that all the evidence provided by the applicants relating to the Haupt family was necessary and provided a holistic picture of the history of the businesses involved and how each is linked to the other. The history of the Haupt family was also included by the applicants in their attempt to prove their argument of 'the Briderick-poisoned chalice' principle.

[63] I do not find the evidence of Ms Glancy and Mr Wadmore irrelevant. It is the respondent's contention that the liquor they are selling as ROYAL DOUGLAS and KING ARTHUR products do not contain whisky but are only whisky flavoured. In response thereto, the applicants produced the two affidavits as proof that the relevant products are neither whisky nor whisky flavoured. Although I ended not accepting the evidence of Mr Wadmore, that, however, does not make it irrelevant. I did not accept it only because it was not admissible not that it was irrelevant.

Conclusion

[64] I, as such, align myself with the words of the court in *Long John International Ltd v Stellenbosch Wine Trust (Pty) Ltd*⁷ that:

"It follows from what I have said that a person who falsely and culpably represents to the public that his products are products of a particular character, composition or origin known by the public under a descriptive name which has gained a public reputation, without passing them off as the product of the plaintiff, who produces what may be termed the genuine products, and who thereby causes patrimonial loss to the plaintiff, commits the delict of unlawful competition, and is liable in damages to the plaintiff. It follows also that the injured party is entitled to an interdict restraining such conduct where such patrimonial loss has occurred or is likely to be caused. Perhaps I should add that I take the view that where all the above elements are present save that of fault (or culpability), an interdict would still be justified."

[65] I hold, therefore, that the respondents have attempted to disguise the sale and marketing of the relevant products as those of the applicants by using the sets of get-up in conjunction with the other attributes as stated in paragraph [28] of this judgment. They have as such falsely misrepresented the relevant products as those of the applicants and by so doing have traded and continue to trade off the reputation of Scotch Whisky or whisky through

the use of the name 'whisky flavoured spirit aperitif'. They should be interdicted from continuing with this conduct.

Cost

[66] The respondent's counsel made a request that should I find in favour of the applicants, I should defer judgment on costs and allow the parties to make submissions in that regard. I in that sense would defer the costs for later adjudication.

Order

[67] Consequently, I make the following order

1. The draft order marked "A" is made an order of court.

It is ordered as follows:

1. The First, Second, Third, Fourth, Fifth and Sixth Respondents are interdicted and restrained from -
 - 1.1. Selling; offering for sale; promoting; marketing or distributing, products with the get-up and/or labels, or using in the course of trade or otherwise, the get-up and/or labels, or similar get-up or labels to those illustrated in the documents at A1, A2, B1 and B2 hereto (hereafter the "offending trade dress"); and
 - 1.2. using in any manner in the course of trade or otherwise the name or description "whisky", "whiskey" or any derivation thereof in relation to any product that does not satisfy the statutory requirements for whisky;
 - 1.3. representing a product to be whisky or to have a connection to whisky or to be in any manner related to whisky when it is not so;
 - 1.4. using in any manner in the course of trade, or otherwise, the words "Scotch"; "Scotland"; "Scottish"; or any word or phrase of which "Scotch"; "Scotland"; "Scottish" form part, or labels and representations which include insignia or any other representations evocative of Scottish or UK origin in relation to any liquor product which has not been wholly manufactured or produced in Scotland.
2. The First, Second, Third, Fourth, Fifth and Sixth Respondents are interdicted and restrained from representing, directly or indirectly, that any product bottled, sold, marketed, distributed or otherwise made available by them -
 - 2.1. is whisky or "whisky flavoured" when it is not whisky;
 - 2.2. is whisky flavoured when it is not so;
 - 2.3. has an alcohol content of 43% or 43.5% or an alcohol content level in excess of 43% when it does not have an alcohol level content of 43% or more;
 - 2.4. is Scotch Whisky when it is not Scotch Whisky.
3. The First, Second, Third, Fourth, Fifth and Sixth Respondents are interdicted and restrained from -
 - 3.1. trading in unlawful competition with the Applicants by dealing in the course of trade or otherwise in liquor products -
 - 3.1.1. represented as whisky or "whisky flavoured" when they are not whisky;
 - 3.1.2. represented as Scotch Whisky when they are not Scotch Whisky;
 - 3.1.3. or in products sold under any of the offending trade dress;
 - 3.1.4. represented as having an alcohol level content other than the actual alcohol level content of the product;
 - 3.2. passing off any liquor product as whisky or "whisky flavoured" when it is not whisky, or as Scotch Whisky when it is not Scotch Whisky; or any product sold under any of the offending trade dress.
4. The First, Second, Third, Fourth, Fifth and Sixth Respondents are interdicted and restrained from trading in unlawful competition with the Applicants through contravening Section 41 of the Consumer Protection Act No. 68 of 2008 or Sections 11 and/or 12 of the Liquor Products Act No. 80 of 1989 by -
 - 4.1. using in the course of trade or otherwise, in relation to any product, the offending trade dress;
 - 4.2. using the words "whisky", "whiskey", "whisky flavoured" or any other derivation thereof in relation to any product which is not whisky, or by
 - 4.3. using the word "Scottish" or representations of Scottish or UK origin, insignia or emblems in relation to any product which is not Scotch Whisky; or by
 - 4.4. representing any products to be whisky flavoured; or by
 - 4.5. representing any products to have an alcohol content other than the actual alcohol content.
5. The First, Second, Third, Fourth, Fifth and Sixth Respondents are ordered to deliver up for destruction to the

Applicants' attorneys within seven (7) days of the granting of this Order any sachets, bottles, labels, cartons, catalogues, packaging, promotional material or other materials which are in breach of the aforesaid Orders or with any of the offending trade dress or trade dress similar thereto in their possession or under their control.

6. The First, Second, Third, Fourth, Fifth and Sixth Respondents are ordered to discover and make available for inspection by the Applicants within 14 days of the granting of this Order, all invoices, accounts or other records which show or tend to show the supply to any party, by sale or otherwise, of any product bearing the names ROYAL DOUGLAS and/or KING ARTHUR or with the offending trade dress or trade dress similar thereto or any other product which breaches the terms of the foregoing Orders.
7. In the event of the First, Second, Third, Fourth, Fifth and/or Sixth Respondents not complying with any Orders made in terms of paragraphs 5 and 6 hereof within twenty (20) days of the date of this Order, the Sheriff of this Honourable Court is authorised to -
 - 7.1. attach and seize wherever (s)he may find same and deliver up to the Applicants' attorneys for destruction any sachets, bottles, labels, cartons, catalogues, packaging, promotional material or other materials which are in breach of the aforesaid Orders or bearing the names ROYAL DOUGLAS and/or KING ARTHUR or with the offending trade dress or trade dress similar thereto in their possession or under their control; and
 - 7.2. attach and seize wherever (s)he may find same and deliver up to the Applicants' attorneys all invoices, accounts or other records which show or tend to show the supply to any party, by sale or otherwise, of any product bearing the names ROYAL DOUGLAS" and/or "KING ARTHUR" or with the get-ups or labels bearing the offending trade dress or trade dress similar thereto.
8. The Seventh Respondent is authorised and directed to seize and remove, alternatively instruct his administering officer to seize and remove, wherever he or his office may find same, all the First, Second, Third, Fourth, Fifth and Sixth Respondents' ROYAL DOUGLAS and/or KING ARTHUR products (including the liquor products and their containers, packaging and labelling) as a result of such products being in contravention of Sections 11(1); (2) or (3) or 12(1) of the Liquor Products Act No. 60 of 1989 by using in the course of trade or otherwise, in relation to any products; any of the offending trade dress or trade dress similar thereto.
 - 8.1 All products seized and removed as contemplated in paragraph 8 shall be declared s forfeited to the State and liable for destruction by the State, alternatively they shall be held by the State pending prosecution by the State of the First, Second, Third, Fourth, Fifth and Sixth Respondents for contraventions of the Liquor Product Act 60 of 1989.
9. It is directed that an enquiry into the damages suffered by the Applicants as a result of the unlawful behaviour of the First, Second, Third, Fourth, Fifth and Sixth Respondents be held.
10. The First, Second, Third, Fourth, Fifth and Sixth Respondents are ordered to make discovery of the documents contemplated in paragraph 7.2 for the purposes of the enquiry into damages within 30 days of the date of this order.
11. The judgment on costs of the application is deferred for later adjudication.

By order:

Annexure A1



Annexure A2





Annexure B1



Annexure B2



Footnotes

- 1 (159/2018) [2018] ZASCA 175 (3 December 2018).
- 2 [1986 \(3\) SA 667](#) (A) at 678F-H.
- 3 See *William Grant & Sons Ltd & Another v Cape Wine & Distillers Ltd & Others* [1990 \(3\) SA 897](#) (C).
- 4 *Elida Gibbs (Pty) Ltd v Colgate Palmolive (Pty) Ltd* [1988 \(2\) SA 350](#) (W) at 358F - 359A.
- 5 See *Cowbell AG v ICS Holdings Ltd* [2001 \(3\) SA 941](#) (SCA).
- 6 [1987 \(2\) SA 600](#) (A) 619D.
- 7 [1990 \(4\) SA 136](#) (D) at p143F-I.