

HIGH COURT OF NAMIBIA  
JUDGMENT



MAIN DIVISION, WINDHOEK

Case no: HC-MD-CIV-MOT-GEN-2018/00398

In the matter between:

**NAMIB MILLS (PTY) LIMITED**

**APPLICANT**

and

**BOKOMO FOODS NAMIBIA (PTY) LTD**

**RESPONDENT**

**Neutral citation:** *Namib Mills (Pty) Limited v Bokomo Foods Namibia (Pty) Ltd*  
(HC-MD-CIV-MOT-GEN-2018/00398) [2020] NAHCMD 100 (16  
March 2020)

**Coram:** ANGULA DJP

**Heard:** 12 – 14 August 2019

**Delivered:** 16 March 2020

**Flynote:** Applications and Motion proceedings.

**Intellectual Property** – Industrial Property Act, 2012 – Application of the provisions of s 194(1) of the Industrial Property Act, 2012<sup>1</sup> – Applicant alleging that the respondent breached the provisions of the said s – The concept of the ‘honest practice’ embodied in the s explained – Whether the respondent’s conduct constitutes an act contrary to honest practice in industrial or commercial matters, is unlawful, is to be assessed objectively – Court held that the applicant failed to make

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<sup>1</sup> Act No. 1 of 2012.

out a case that the respondent's conduct contravened the provisions of s 194(1) of the Act and accordingly dismissed the applicant's claim.

**The delict of Passing-off** – What constitutes Passing-off? – It is a representation by one person that his business is that of another or that it is in some way or other associated with that of the applicant – The applicant has the burden to prove on a balance of probabilities that there is confusion or deception – For the Court to determine whether a representation amounts to passing-off the Court has to enquire whether there is a reasonable likelihood that a substantial members of the public may be confused into believing that the business of the applicant is that of the respondent.

*Court held that*, the differences between the applicant's get-up and the respondent's get-up are, upon comparison, significant and sufficient enough to differentiate the get-ups from each other when they are placed side by side, compared to the similarities.

The court accordingly, held that the applicant failed to prove that there was a likelihood that the respondent's products will cause confusion or deception and dismissed the application with costs.

**Summary:** The applicant, Namib Mills, launched this application on an urgent basis seeking an order to interdict the respondent, Bokomo, from selling vetkoek flour in the packaging – 'the get-up', which the applicant claimed, appeared like its get-up of the vetkoek flour and thereby passing-off its vetkoek flour as that of the applicant – The applicant further sought an interdict restraining the respondent from allegedly trading in contravention of the provisions of s 194(1) of the Industrial Property Act, 2012. ('the IP Act') – The notice of motion was later amended and broadened the extend of the interdicts initially sought, so as to include the applicant's three flour products namely, cake, white and brown bread flour produced and sold by the respondent – The applicant alleged that the respondent's get-ups amounted to an unlawful passing-off of its vetkoek, cake and bread flour as being connected or in fact being its flour products – The applicant further alleged that the respondent's conduct contravened the provisions of s 194(1) of the IP Act, by using get-ups similar to the applicant's get-ups, for the packaging of its range of products, thereby taking

unfair advantage of its flour products to its detriment and thereby misappropriating its get-ups.

In opposition to the interdicts sought, the respondent raised four grounds of defence: Firstly, is contented that when the applicant complained about the alleged passing-off, it commissioned a market survey which concluded that no passing was taking place; secondly during 2017 it took a strategic decision to change all its flour products get-up in phases. The first step was designing a new logo in order to build brand loyalty; secondly, rebranding of its range of flour packs; thirdly it decided to launch its own vetkoek flour, because it was losing market share in respect of its white flour with the introduction of the applicant's vetkoek flour for the reason that the vetkoek vendors who used to buy its white flour to make vetkoek, were buying the applicant's vetkoek flour because it was better priced and the vendors were made to believe the applicant's vetkoek flour was made specifically to make vetkoek; and fourth to ensure that its logo and it's get-ups are distinguishable and distinctive from the applicant's logo and get-ups.

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### **ORDER**

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1. The application is dismissed.
2. The applicant is to pay the respondent's costs, such cost to include the costs of one instructing counsel and two instructed counsel.
3. The matter is removed from the roll and is considered finalised.

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### **JUDGMENT**

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ANGULA DJP:

Introduction:

[1] This application initially came before Court on an urgent basis seeking the orders mentioned in the summary. The orders sought are later fully explained herein after under the heading 'Relief Sought'. The case has been referred to in the local print media as the 'vetkoek case'. According to Wikipedia, 'the word vetkoek literally means fat cake' in the Afrikaans language. It is similar in shape to a doughnut without a hole, and is made with a yeast dough. Vetkoek is a deep-fried bread that is shaped into a rounded bun. It has a mustard-yellow colour which is produced by the dough being fried in hot cooking oil. Vetkoek is commonly sold at family-owned take-away restaurants and Afrikaans festivals and cultural events. Vetkoek is a popular meal for many people living in townships where it is served plain and hot and is sold by a wide variety of spaza shops, hawkers at taxi ranks, roadside vendors and fast food shops located throughout South Africa.

[2] Vetkoek is described in the papers before Court as a type of bread consumed by the lower end of the consumer base in Namibia. Its consumers are mostly wage workers such as construction workers, security guards and petrol station attendants. School children also buy vetkoek from street vendors. It is also consumed by travellers on the road as 'padkos' (meaning 'food for the road').

[3] Contrary to public belief, this case does not only concern vetkoek. It is wider than that. It also concerns an alleged appropriation by the respondent of the applicant's get-up (pack design). The complaint was initially in respect of the vetkoek flour packaging in that the respondent's newly-introduced vetkoek flour is not packaged in the get-up of the respondent's get-up similar to the get-up of other flour products but, it has adopted get-ups with similarities to the applicant's get-ups products range. The applicant alleged that in respect of the vetkoek flour, the respondent has appropriated the mustard-yellow colour of the applicant's vetkoek get-up. The applicant further alleges that the respondent's vetkoek get-up constitutes a passing-off and is likely to cause confusion and deception in the marketplace. Finally, the applicant alleges that the respondent's get-up for its vetkoek flour is a contravention of the provisions of s 194(1) of the the IP Act.

[4] Subsequent to the filing of the application for the relief sought relating to the vetkoek get-up, the respondent introduced get-up in respect of all of its flour

products: cake flour, white bread flour and brown bread flour. This 'discovery' so to speak, by the applicant caused it to amend its notice of motion so as to include interdictory relief in respect of the respondent's newly-introduced get-up for cake and bread flour. In this connection, the applicant alleges that the respondent appropriated its packages' architecture in order to benefit from the applicant's reputation vesting in its get-ups, or to cause confusion in the market-place with the intention to increase its sale volumes at the expense of the applicant.

[5] The respondent denies the applicant's accusations. It is the respondent's case that its logo or brand and get-up for its products are distinct and distinguishable from the applicant's logo and products; and that it took a strategic decision to embark on rebranding of its products' get-up. Furthermore, it decided to introduce vetkoek flour in order to compete with the applicant's similar product and that it was entitled to do so.

The parties:

[6] The applicant is Namib Mills (Pty) Limited, a private company incorporated in terms of the Companies Act, 2004, with its principal place of business situated at Dortmund Street, Northern Industrial Area, Windhoek, Namibia. It will interchangeably be referred to in this judgment as 'the applicant' or 'Namib Mills'.

[7] It is common cause that the applicant is the largest grain processing company in Namibia. It mills and sells maize meal, wheat flour pasta and similar products.

[8] The respondent is Bokomo Namibia (Pty) Limited, a private company incorporated in terms of the Companies Act, 2004 with its principal place of business situated at Plot No. 10 Brakwater, Windhoek, Namibia. It is 50 percent owned by a Namibian Trust while the other 50 percent is owned by Pioneer Foods (Pty) Limited, a South African Company.

[9] Apart from producing and selling wheat flour in Namibia, the respondent also distributes other products such as breakfast cereals, rusks and the likes. It will also interchangeably be referred in this judgment as 'the respondent' or 'Bokomo'.

[10] The parties are direct competitors in the market for wheat flour and other similar products. The applicant markets and sells its products under the brand 'Bakpro', whereas the respondent markets and sells its products under the brand 'Bokomo'. It is common cause that the applicant is the dominant market leader while the respondent is a follower.

Relief sought:

[11] The orders sought by the applicant are final and can be briefly summarised as follows:

- 11.1 An order restraining and interdicting the respondent from selling vetkoek flour in the packaging which is substantially similar to the get-up of the applicant's vetkoek flour, thereby passing it off as emanating from the applicant or being otherwise connected in the course of trade with the applicant;
- 11.2 An order restraining and interdicting the respondent from selling the cake and bread flour in the packaging which is substantially similar to the get-up of the applicant and thereby passing it off as emanating from the Applicant or as being otherwise connected in the course of trade with the applicant;
- 11.3 An order restraining and interdicting the respondent from trading in contravention of s 194(1) of the IP Act, by using get-up for the packing of its range of flour products which takes unfair advantage of and causes detriment to the applicant by misappropriating the get-up and/or substantial imagery and elements of the get-up of the applicant's range of products for its competitive products; and
- 11.4 An order of costs in respect of the application.

The applicant's case:

[12] The applicant's founding affidavit as well as the supplementary affidavit have been deposed to by its Commercial Manager, Mr Petrus Johannes van Niekerk. He states that he has been employed in that position for the last nine years or so.

[13] According to Mr Van Niekerk, the applicant has been using its trade mark, 'Bakpro', for the last 32 years in Namibia. Its current pack design has been in use since October 2016. The applicant's get-up or pack design for its range of products has 'three constituent characteristics' which are: about two-thirds of the top of the pack is white; the brand '*Bakpro*' is situated in the top third of the pack; a picture of either a cake or bread appears in the middle of the pack; and the remaining third bottom of the pack has what is referred to in the papers as a 'slash' or a band in particular colour depending on the type of product appearing in the picture. For instance, the slash colour for brown bread flour is brown, and for white bread flour is blue, for cake is red and for vetkoek is mustard-yellow.

[14] The deponent points out that the applicant applies the pack architecture across the range of all its products in order to ensure consistency and brand reliability or loyalty in the minds of the consumers.

[15] It is further the applicant's case that pack design constitutes an important visual asset. It is the phenomena on the basis of which consumers make purchasing decisions. The applicant says further that it has expended considerable resources in building up the reputation of its range of products through marketing and promotion. According to Mr Van Niekerk, the various forms and types of advertising and promotion of its products have compounded the equity that exists in the pack design; thus a significant reputation has been built and subsists in the design of the pack.

[16] As regards the respondent's conduct complained of, Mr Van Niekerk states that prior to the introduction of its new vetkoek product, the applicant's range of flour products was limited to cake flour, white bread flour and brown bread flour. The said range of flour products had a brand identity.

[17] According to the deponent, when the respondent launched its vetkoek flour products towards the end of August 2018, the applicant, through its lawyer, sent a letter to the respondent pointing out that the get-up of its (the respondent's) vetkoek

flour is similar to the get-up of its (the applicant's) vetkoek product which is likely to cause confusion and deception amongst the consumers. The applicant thus demanded that respondent ceased selling its vetkoek product in its current get-up and further demanded that the respondent should amend the get-up of its vetkoek flour. The respondent refused to accede to the applicant's demands.

[18] Mr Van Niekerk further alleges, with reference to the respondent's vetkoek get-up, that it has been designed with the intention to appropriate the applicant's benefits. It is his evidence that a colour can form an integral part of a brand's identity. In the case of the mustard-yellow colour in so far as the vetkoek flour is concerned, it means and/or signifies the applicant's product.

[19] It is further the applicant's case that the get-up of the respondent's products constitutes a passing-off. In this regard Mr Van Niekerk asserts that the respondent's get-up embodies elements that are likely to lead to a number of average purchasers of those products to be confused or deceived into believing that there is a connection between the respondent's products and the applicant's products.

[20] Finally, Mr Van Niekerk alleges that the respondent's adoption of the applicant's vetkoek flour get-up is a contravention of the IP Act because respondent's conduct falls outside the parameters of fair and honest competition. He alleges further that this is so because there was no need for the respondent to have changed its packaging to one which mimics and adopts package architecture of the applicant. In respect the vetkoek flour get-up, the deponent alleges that there was no need for the respondent to have used the mustard-yellow colour, the same way as the applicant did.

#### Opposition by the respondent:

[21] Mr Hubertus Hamm, the Chief Executive Officer for Bokomo, deposed to the opposing affidavit as well as the supplementary affidavits on behalf of the respondent.

[22] Mr Hamm states that after the respondent received the applicant's complaint that it was passing-off the applicant's products through the get-up, it commissioned a



market survey conducted by Vision Africa, a company specialising in market survey, in order to demonstrate that no passing-off is taking place. The survey concluded that the consumers 'who think that (*Bokomo*) products are imitations of (*Bakpro*) products are statistically insignificant'.

[23] As regards the respondent's brand, Mr Hamm points out that the 'Bokomo' brand is owned by Pioneer Foods, a South African company, which is a 50 percent share-owner in the respondent. The respondent was established during March 1998, about 21 years ago or so.

[24] Explaining the background to the introduction of the respondent's new get-up, Mr Hamm says that, during 2015 the respondent launched a new wheat pack get-up with the intention of depicting a pure white flour on the packaging with elements illustrating what the white flour on the pack is used for. He points out that what they did not know at the time, was that when the white flour is printed on the white background on the type of packaging material used, it would produced a shade of grey colour as opposed to a shade of white.

[25] Following that disastrous discovery, a strategic decision was made during 2017 to change respondent's pack design in phases. Phase one was to change the Bokomo logo on all its packaging. The instruction to design a new package design was sent to the designer on 10 October 2017. The second phase was to design a get-up by March 2018. According to the deponent, research was conducted which concluded that consumers are likely to purchase the pack with a picture of the final product, for instance a cake instead of a pack with cake flour. The respondent therefore decided to design a pack that: will build loyalty and make its brand more visible on the pack; appeal to customers; have a lasting impression on the shelf; easily to be differentiated in stores; and get rid of the grey impure depiction of the little heap of flour on the pack.

[26] Mr Hamm went on to stress that the respondent's new pack design was independent from the pack design of the applicant; and that it was aimed at differentiating the Bokomo brand from that of the applicant's Brakpro brand and its products.

[27] As regards the background against which the respondent decided to introduce the vetkoek flour, Mr Hamm states that when the applicant introduced its vetkoek flour in the market in January 2018, it caused a significant decrease in the respondent's white bread flour sales because the respondent's white bread flour was most popular for baking vetkoek, because before the introduction by the applicant of its vetkoek flour, no vetkoek flour existed in the market. The decrease in sales was also due to the fact that the consumers preferred the applicant's vetkoek flour to the respondent's white bread flour, more so because the applicant's vetkoek flour was sold at a discounted price in order for the applicant to gain market share and because the consumers were made to believe that the applicant's vetkoek flour was specifically made to make vetkoek only. Accordingly, the respondent decided that the only way to remain competitive was for it to launch its own vetkoek flour.

[28] Mr Hamm points out that at the time the decision was made to launch the vetkoek flour, the respondent's rebranding exercise was already underway. Before deciding on the vetkoek packaging colour, the respondent conducted a market research by giving the consumers a choice of three colours being purple, turquoise or yellow. The result was that the majority of consumers preferred the yellow colour. Accordingly, the vetkoek packaging was designed according to the specification of the revised and rebranded packaging that was underway. The vetkoek flour was launched in August 2018 in response to the volume sale losses experienced for white bread flour since the applicant introduced its vetkoek flour in January 2018.

[29] With respect to the applicant's claim that its vetkoek flour is unique, Mr Hamm states that the respondent caused an analysis of the applicant's vetkoek flour to be conducted, which revealed that the applicant's vetkoek flour was none other than its white bread flour packed as vetkoek flour. It is the respondent's case that there is no truth that the applicant's vetkoek flour is unique. In support of this contention the deponent refers to comparison of the nutritional information of the applicant's white bread and vetkoek flour packs that shows that they are identical. In this connection Mr Hamm confirms that the respondent's vetkoek flour is also not unique as it is also just white bread flour, however in the respondent's case the packaging clearly states that the content is white bread flour.

[30] Responding to the allegations contained in the applicant's supplementary founding affidavit, Mr Hamm points out that because Bokomo's trademark belongs to Pioneer Foods, the changes in the respondent's get-ups and rebranding were also driven by Pioneer Foods, as the brand owner, who was busy with its logo rebranding in the whole of Southern Africa. According to Mr Hamm, the aim of rebranding the respondent's get-up and logo was focused on distinguishing the Bokomo brand and respondent's products from the applicant's products so as to avoid confusion or misrepresentation. In this connection the deponent points out that the differences in the get-up and colour scale are striking and sufficient to avoid any likelihood of causing deception or confusion in the mind of an average reasonable consumer. In any event, the respondent does not want its products to be confused with that of the applicant.

[31] Mr Hamm points out that there is no law that prohibits the respondent from introducing vetkoek flour product or from using the mustard-yellow colour on its get-up. The deponent points out that the same colours are used by both parties in respect of white bread flour namely, white and in respect of brown bread flour a brown colour. Therefore, there is no reason why the mustard-yellow colour cannot be similarly used for vetkoek flour by both parties.

[32] As regards the respondent's new packaging, Mr Hamm explains that certain features were retained in line with modern international packaging design trends. He points out that both 'Bakpro' and 'Bokomo' logos depict a strong brand focus on the face of the pack design and that consumers identify the product by the 'Bakpro' or 'Bokomo' brand and not with the packaging.

[33] Filed with Mr Hamm's affidavit is an affidavit by Mr Kirk Laird Gainsford. He claims to be an expert in the advertising and packaging design industry. He states that he undertook a comparative analysis of the face of the applicant's and the respondent's package designs, and made certain observations from which he concluded that when comparing the branding on the parties' respective packaging, the branding on the packaging is clear and strong in both cases and cannot be confused, while the remainder of the packaging is in line with international packaging design trends. I should point out that this constitutes opinion evidence on the very

subject matter this Court is called upon to decide and is for that reason not admissible as evidence.

[34] A further affidavit filed with Mr Hamm's affidavit that of Ms Angela Deary. She also claims to be an expert in the packaging and advertising design industry. According to her, certain ingredients are associated with certain colours: For instance, fat free milk is mostly communicated in green, low fat milk in red and full cream milk in blue; chili flavoured products are communicated in red, guava and strawberry in pink and chocolate in brown. She was thus of the view that vetkoek is yellow within the flour category and not pink or green. She states that she has reviewed the respondent's new packaging for its products and formed the view that the design is aligned to the general international food packaging trends.

[35] Also attached to Mr Hamm's affidavit is the affidavit of Ms Gabrielle Margarethe Woker, an independent consultant graphic designer and an expert in the advertising and packaging design industry. She states that during 2017 she was briefed by the respondent to develop the rebranding the get up of its wheat flour range. The respondent created a design team for the packaging re-design. She explains that the factors which were taken into account during the design process, were inter alia Bokomo logo application; the background space or appearance; the colour coding; the visual language; font and product description; and the general layout of the get-up. She states further that the main focus was to allow for the consumers to navigate easily through the respondent's product range. She concludes by saying that the design of the respondent's packaging is aligned to the international general food packaging trends and standards, and specifically in respect of brand, variant and category consistency. I should mention that the applicant was not in a position to gainsay this, other than to accuse Ms Woker of not being candid with the court and questioning 'why her design is close to the applicant's, mimicking all its attributes and elements'.

[36] A further affidavit attached to Mr Hamm's affidavit is that of Ms Erna George. She states that she is the Managing Executive at Pioneer Foods in South Africa, responsible for Bokomo's brands and an expert in advertising and packaging design industry. She states that the respondent falls under her portfolio and accordingly she was intricately involved in the development and final design of the respondent's new

brand and corporate identity. She signed off the final design of the Bokomo new design pack.

[37] Ms George states further that a decision was made during 2015 to align Bokomo's sub-brands under a single brand in order 'to rejuvenate the almost 100 – year brand and update the branding from previously fragmented or inconsistent usage of key brand identified to a cohesive brand for a coordinated approach across range and region'. According to Ms George, the revised branding directives were sent to the respondent during May 2016 to initiate pack design with a local content in order to align Bokomo's branding in Southern Africa.

[38] Also attached to the Mr Hamm's affidavit is the affidavit of Ms Romancia Shoonga, of Vision Africa, who conducted the market survey mentioned earlier, at the request of the respondent. Ms Shoonga describes the methodology used and analysis of the results of the survey. According to this deponent, when the respondent described Bakpro products, 82 percent mentioned the logo, and the words 'vetkoek and cake'. When describing Bokomo products the respondents mentioned the colour, the logo and vetkoek. The respondents who mentioned that the products are imitation were statistically insignificant. When looking for Bakpro products, the respondents looked for the Bakpro logo and the category in comparison to the colour. And when looking for Bokomo products, the respondents looked for the distinctive red colour of Bokomo's logo and then the category.

[39] That constitutes a summary of evidence, save to mention that the applicant called for discovery in terms of the Rules of this Court. The demand was complied with by the respondent. The applicant thereafter filed a replying affidavit dealing with the contents of the documents discovered and at the same time replying to the respondent's answering affidavit. The applicant also attached an affidavit of an expert, to which the respondent strongly objected to.

Submissions on behalf of the applicant:

[40] The applicant's main contention is that the respondent imitates the applicant's packaging, thereby breaching the provisions of s 194(1) of the IP Act. The applicant

further submits that the respondent's conduct also constitutes an unlawful competition at common law. It further contends that passing-off also took place.

[41] It is submitted that the applicant has established that its get-up has a reputation. It did establish this by establishing that it has build up a substantial reputation through widespread advertising and promotion and the expenditure it has incurred in the process.

[42] As regards the contravention of the provisions of the IP Act, Mr Salmon SC, for the Applicant, assisted by Mr Maasdorp, correctly pointed out that the application of the provisions of the IP Act are fairly new in this jurisdiction, having only been brought into operation on 1 August 2018. Mr Salmon delivered a set of heads of argument consisting of some 111 pages supported by a bundle of authorities consisting about 764 pages. The Court wishes to express its appreciation for his hard work. I should mention that hot on the heels, so to speak, about two months after the coming into operation of the IP Act, this application was launched on an urgent basis on 7 November 2018. Accordingly, this application has no direct precedent in this Republic. However, the Act being based on *The Convention of Paris for the Protection of Industrial Property*<sup>2</sup> ('the Paris Convention'), its provisions have been interpreted in other jurisdictions which will serve as useful guidance to this Court.

[43] With regard to the concept of 'honest practice', counsel referred the Court in his written submissions to a number of international publications such as the *Guide on the Application of the Paris Convention for the Protection of Industrial Property* by Professor GHC Bodenhausen, as well as a further BIRPI publication namely *Model Law of the Developing Countries on Marks, Trade Names and Acts of Unfair Competition*<sup>3</sup>. As regards the last-mentioned publication, counsel however points out that they have not been able to locate decisions emanating from international jurisdictions which have incorporated into their domestic law the exact provisions of the said Model Law.

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<sup>2</sup> See: [www.wipo.int/treaties](http://www.wipo.int/treaties) - Paris Convention.

<sup>3</sup> Published by the United International Bureau for Protection of Industrial Property (BIRPI).

[44] Mr Salmon referred the Court to the decision of the European Court of Justice in *Gillette Company v LA-Laboratories Ltd OY*<sup>4</sup> where the concept of 'honest practice' has been judicially interpreted, and urged this Court to take it into account. I will refer to the case in some detail later in this judgment when dealing with applicable legal principles. In conclusion on this subject, counsel submits that from the overview of the authorities referred to, the IP Act and the common law are in harmony.

[45] In dealing with the principle of 'unfairness in competition', Counsel submits that the respondent's conduct is *contra bonos mores* in that, *inter alia*, the competing interests of the parties favour the applicant; that there is a likelihood of confusion; and that the evidence establishes the absence of similar conduct (as that of the respondent) in the market-place which indicates that the morals of the market-place do not support the respondent's conduct. It is therefore submitted that it is inequitable that the applicant must compete against its own brand imagery so that every time it promotes or advertises its own product it also does so in respect of the respondent's products. Counsel points out that the parties are direct competitors and thus the IP Act prohibits a party from taking unfair advantage of its competitor's well-known marks.

[46] In support of the above submission, counsel relies on the *Dun and Bradstreet (Pty) Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd*<sup>5</sup> and *Schultz v Butt*<sup>6</sup> judgments and submits that those dicta established that the appropriation of someone else's goodwill for competitive purposes is *contra bonos mores*.

[47] In so far as the respondent's defence with regard to the provisions of the IP Act is based on the market survey conducted by Vision Africa, for which the purpose of it was to demonstrate that no passing-off is taking place, counsel points out that such market survey has no bearing on the applicant's primary cause of action, namely the breach by the respondent of the applicant's rights based or founded on the IP Act. In other words, there is no defence to the applicant's cause of action based on the IP Act, and accordingly the applicant is entitled to an interdict.

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<sup>4</sup> Case CA 228/2003 [2005] ETMR 67,828.

<sup>5</sup> 1968 (1) SA 209 (C).

<sup>6</sup> 1986 (3) SA 667 (A).

[48] Mr Salmon then dealt with the applicant's common law cause of action based on the delict of passing-off and submits that the respondent's conduct is unlawful because it resulted in a misrepresentation; that passing-off in essence is a misrepresentation. Counsel submits that the question in the present matter is whether the respondent's use of the get-up for its flour products is likely to result in a misrepresentation that its flour has a connection or association with the applicant's flour product. In support of his submission counsel refers the Court to, amongst others, the judgment of this Court in *Sparletta (Pty) Ltd v Namibia Breweries Ltd*<sup>7</sup> as well as the judgment of the Supreme Court in *Mega Power Centre CC v Talisman Franchise Operations (Pty) Ltd and Others*<sup>8</sup> where the Courts had occasion to consider the claims based on the delict of passing-off.

[49] Counsel submits further that in the present matter the respondent's get-up has appropriated the dominant feature of the applicant's get-up and there is nothing in the respondent's get-up which serves as a rebuttal of the purchasers' deception or confusion. According to counsel, the respondent's brand name does not dispel the likelihood of confusion. Furthermore, the likelihood of confusion is exacerbated by category management, whereby similar products eg. bread flour, are packed together as opposed to block branding whereby the products of individual producers are packed together, eg. all the producer's flour products are packed separate from the competitor's products.

[50] Finally, as regards the survey which was commissioned by the respondent for the purpose of demonstrating that no passing-off took place, counsel points out that, the survey 'is riddled with defects which are fundamental to its validity'. Counsel therefore urges the court to find that there is a likelihood of confusion or deception in the respondent's packaging for its flour products and that an interdict is also warranted under these circumstances.

#### Submissions on behalf of the respondent:

[51] Mr Heathcote SC, who appeared for the respondent assisted by Ms Van der Westhuizen, commenced his arguments by referring to *Pioneer Foods (Pty) Ltd v*

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<sup>7</sup> 1991 NR 348 (HC).

<sup>8</sup> 2015 (2) NR 315 (SC).



*Bothaville Milling (Pty) Ltd*<sup>9</sup> (the so-called maize-meal case), and *Moroccan Oil Israel Limited v Aldi Stores Limited* (the so-called oil case), and submits that in neither case was passing-off found to have taken place. I will later in this judgment refer to the *Pioneer Foods*<sup>10</sup> case in some detail. Because I mentioned the numbers of pages consisting of Mr Salmons heads of argument I should, also in fairness say that Mr Heathcote, mentioned that his heads of argument consisted of about twenty-three pages. I likewise thank him for his valuable assistance to the Court.

[52] Counsel further submits, with reference to *Schultz v Butt (supra)* where the court pointed out that imitation is the lifeblood of competition and that a bare imitation of another's product without more is permitted.

[53] Counsel referred to the *Talisman* case where our Supreme Court at para 18 set out the test for determining whether or not passing-off is taking place. The test is: whether in all the circumstances the resemblance is such that there is a reasonable likelihood that the ordinary members of the public or a substantial section thereof may be confused or deceived into believing that the business of the alleged wrongdoer is that of the aggrieved party or is connected therewith. The determination is a question of fact.

[54] Mr Heathcote further pointed out that this matter being a motion proceeding, the *Plascon-Evans* test applies. Counsel referred the court to an exposition of the test by the Court in the *National Director of Public Prosecution v Zuma*<sup>11</sup> case and submits that the applicant is bound by the *Plascon-Evans* test. In short the test is: facts set out in the respondent's answering affidavit together with those admitted by the applicant.

[55] As regards the colour language for specific products, counsel points out that such feature is acceptable in competition and does not constitute passing-off.

[56] In regard to the applicant's cause of action based on the IP Act, counsel submits that no case has been made out. This is because, firstly, the IP Act only became applicable on 1 August 2018, whereas the respondent's conduct

<sup>9</sup> 2014 ZASCA (6) (12 March 2014).

<sup>10</sup> 2014 ZASCA WEHC 1618 (IPEC).

<sup>11</sup> 2009 (2) A 277 SCA at para 26.

complained of by the applicant took place long before that date. In this connection counsel argues that in view of the fact that the respondent's get-up do not constitute common law passing-off, they do therefore not confuse or deceive the public in contravention of the provisions of the IP Act.

[57] In conclusion Mr Heathcote submits that the applicant should not succeed in this application because of its own dishonesty and dirty hands with which it approached this court for assistance. Counsel argues in this regard that the so-called 'innovative' formula for vetkoek flour developed by applicant which forms the basis for the get-up it seeks to protect, is a falsification and deceitful to customers. This is because the packaging of the vetkoek flour clearly states on the nutritional information section on the outside that it contains white bread flour. The applicant has admitted this fact, but stated that it was a mistake that has since been rectified. On its own admission, counsel submits, the applicants hands were dirty when it approached the court.

[58] Counsel therefore submits that the applicant has failed to make out a case in respect of both causes of action and the application should therefore be dismissed with costs.

Applicable legal principles:

*Unfair competition or unlawful competition – S 194 of the IP Act:*

[59] Counsel referred to a number of case law and writings by expert authors in their respective written submissions. I mentioned some of the authorities when I summarised their submissions.

[60] As indicated earlier, the applicant's primary cause of action is based on the alleged contravention of s 194(1) of the IP Act by the respondent. That section reads as follows:

'Any act of competition contrary to honest practices in industrial or commercial matters is unlawful.'

[61] The concept of 'honest practice' in the Act was a subject of judicial interpretation by the European Court of Justice (ECJ) in *Gillette Company v LA-Laboratories Ltd.* (supra). The case concerned an alleged infringement of *Gillette's* registered trademark by *LA-Laboratories*. *Gillette* makes and markets shaving razors in Finland composed of a handle and a replaceable blade. *LA-Laboratories* also sells razors in Finland that are composed of a handle and replaceable blades which were similar to those of *Gillette*. Those blades are sold under the mark *Parason Flexor*. *LA-Laboratories* then affixed a sticker on its packaging, with the words: '*All Parason Flexor and Gillette Sensor handles are compatible with this blade*'.

[62] *Gillette* instituted an action against *LA-Laboratories* asserting that it held the exclusive right to affix the *Gillette* mark to its products and its packaging, and to use those marks in advertising. Accordingly, by mentioning those marks in an eye-catching manner on the packaging of its products, *LA-Laboratories* had infringed that exclusive right.

[63] The question that was put to the ECJ by a national court for advice was whether the requirement in Article 6(1)(c) of Directive 89/104 (whose provisions are equivalent to our s 194(1)) relating to the use of the trade mark by a third party within the meaning of that provision must be in accordance with honest practices in industrial or commercial matters.

[64] The ECJ answered the question at para 49 of the judgment that the condition of honest use constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner. Furthermore, that the use of the trade mark will not be in accordance with honest practice in industrial or commercial matters when it is done in such a manner that it may give the impression that there is a commercial connection between the reseller and the trademark owner; that the use will also not be in accordance with honest practice if such use affects the value of the trademark by taking unfair advantage of its distinctive character or repute. In addition, the court pointed out that the use of the trademark will not be in accordance with honest practice if it discredits or denigrates the mark. Finally, where the third party presents its product as an imitation or replica of the product bearing the trademark of which it is not the owner, such use does not comply with honest practice.

[65] *Kerly's Law of Trade Marks and Trade Names* states the following with regard to the approach to be adopted by the national courts in the European Union, in assessing whether the conditions of honest practice have been satisfied:

'The assessment is an objective one, and the national court must carry out an overall assessment of all the circumstances, and, in particular, assess whether the defendant might be regarded as competing unfairly with the proprietor of the trade mark. In the UK the test has been formulated essentially as follows: would reasonable members of the trade concerned say, upon knowing all the relevant facts that the defendant knew, that the use complained of is honest? Although somewhat simplistic, there is much to be said for this approach, as long as all relevant factors are taken into account.

In *Anheuser-Busch* and *Celine* the CJEU explained that in assessing whether the condition of honest practices is satisfied, account must be taken first of the extent to which the use of the third party's trade name is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party's goods and the trade mark proprietor or a person authorised to use the trade mark, and secondly of the extent to which the third party ought to have been aware of that.

The national court whether the use by the third party is in accordance with honest practices taking account of the above and the following further matters:

The overall presentation of the product marketed by the third party, particularly the circumstances in which the mark of which the third party is not the owner is displayed in that presentation;

The circumstances in which a distinction is made between that mark and the mark or sign of the third party; and

The effort made by that third party to ensure that customers distinguish its products from those of which it is not the trade mark owner.'

[66] In *Dun and Bradstreet* (supra) Corbett J (as he was then) opened the way for the recognition of unlawful competition in trade in the South African law. He said the following at 221 C to H of the judgment:

'Reverting to the position in our law and without attempting to define generally the limits of lawful competition it seems to me that where, as in this case, a trader has by the exercise of his skill and labour compiled information which he distributes to his clients upon a confidential basis (ie. upon the basis that the information should not be disclosed to others), a rival trader who is not a client but in some manner obtains this information and, well knowing its nature and the basis upon which it was distributed, uses it in his competing business and thereby injures the first mentioned trader in his business, commits a wrongful act *vis-à-vis* the latter and will be liable to him in damages ... Although there is no precise precedent in our law for this proposition, I am of the opinion that it is a well-founded development of our law relating to unlawful competition in trade and is in accordance with trends of legal development elsewhere. Quite apart from questions of copyright ... the conduct of a rival trader who obtains and, well knowing the position, uses the information to advance his own business interests and activities amounts to a deliberate misappropriation and filching of the products of another's skill and labour. Such conduct must, in my view, be regarded as dishonest and as constituting a fraud upon the compiler of the information. I consider that, as in the case of false misrepresentations concerning one's own wares or of passing-off, our Courts should treat this as constituting unlawful competition and as being actionable at the suit of the trader damnified thereby. As in those cases, the conduct of the trader misappropriating the information would amount to an infringement of the rights of the compiler thereof to carry on his trade and attract custom without unlawful interference from competitors; and the damage suffered would normally consist of the loss of customers or potential customers who have been induced by such conduct to deal with his competitor rather than with the compiler himself.'

[67] The South African Supreme Court of Appeal had occasion to consider the issue of unlawful competition in *Schultz v Butt* (supra). The question that had to be decided there, was whether the appellant was competing unfairly with the respondent by making a model of the hull of a ski-boat designed by the respondent, the respondent's design having existed over a long period of time with considerable expenditure of time, labour and money. The court held that the making of such a mould by the appellant to sell boats in competition with the respondent was unfair and unjust.

[68] Under the heading unfair competition in the body of the judgment, the Court said the following at 577 H to J:

'In order to succeed in an action based on unfair competition, the plaintiff must establish all the requisites of Aquilian liability, including proof that the defendant has committed a wrongful act. In such a case, the unlawfulness which is a requisite of Aquilian liability may fall into a category of clearly recognized illegality, as in the illustrations given by Corbett J in *Dun and Bradstreet Ltd v SA Merchants Combined Credit Bureau (Cape) (Pty) Ltd* 1968 (1) SA 209 (C) at 216F – H, namely trading in contravention of an express statutory prohibition; the making of fraudulent misrepresentations by the rival trader as to his own business; the passing off by a rival trader of his goods or business as being that of his competitor; the publication by the rival trader of injurious falsehoods concerning his competitor's business; and the employment of physical assaults and intimidation designed to prevent a competitor from pursuing his trade.'

*Case Law on the common law delict of Passing-off:*

[69] The Supreme Court in the *Talisman* case (*supra*) restated the definition of 'passing-off' as follows:

'The wrong known as passing-off is constituted by a representation, express or implied, by one person that his business or merchandise, or both, are, or are connected with, those of another... Where they are implied, such representations are usually made by the wrongdoer adopting a name for his business which resembles that of the aggrieved party's business; and the test then is whether in all the circumstances the resemblance is such that there is a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused or deceived into believing that the business of the alleged wrongdoer is that of the aggrieved party, or is connected therewith.'

Whether there is such a reasonable likelihood of confusion or deception is a question of fact to be determined in the light of the particular circumstances of the case. (authorities omitted) Passing off is a form of wrongful competition. It is unlawful because it results, or at any rate is calculated to result, in the improper filching of another's trade and an improper infringement of his goodwill because it may cause injury to that other's trade reputation.'

[70] The approach to be adopted by the court in determining if there is a likelihood of deception or confusion was set out by Hannah AJ (as he then was) in the *Sparletta* (*supra*) matter as follows:

I now come to the crucial issue whether the get-up used by the respondent on its cans of PINE SIP is so similar to that used by the applicant on its cans of PINE-NUT that a substantial number of purchasers is likely to be deceived or confused into believing that the PINE SIP product is the product of the applicant or is, in some way or another connected or associated with the applicant's product. To decide this issue I must, of course, again endeavor notionally to transport myself into the market-place and must have regard to the evidence before me. Mr *Serrurier* was at pains to emphasize the difference in the names of the two products and that is a matter I have already dealt with when considering the trade mark infringement claim. However, that difference is only one of a number of factors in the matter now being considered. In *Adidas Sportschufabriken Adi Dassler KG v Harry Walt & Co (Pty) Ltd* 1976 (1) SA 530 (T), Botha J said:

“The use of different names in otherwise similar get-ups does not necessarily exclude the probability of deception; regard must be had to all the circumstances including the degree of similarity of the get-ups without the names, and the precise manner in which the names are used.”

I respectfully agree this to be so and I also agree with the learned Judge when he goes on to say that what has to be considered is the position of the purchaser who does not know, or remember, the name of the product, and who is influenced by the identifying function of the get-up without the name.’

[71] That concludes a brief overview of the applicable legal principles in the context of this matter. I proceed to deal with applicant's application to strike out.

Respondent's application to strike out:

[72] Before I consider the parties' evidence, I first have to deal with the respondent's application to strike out certain evidence from the record which the respondent alleges are either irrelevant, argumentative, inadmissible or prejudicial. The application was not opposed by the applicant. Counsel for the applicant took the view that the court should assess the admissibility and relevance of the evidence sought to be struck when considering the entire factual matrix. The court appreciates counsel's attitude and the Court will adopt that approach.

[73] However, it is somewhat necessary to slightly clear the deck, so to speak, of some of the glaring objectionable evidence complained of by the respondent. It is trite law that the evidence must not be hearsay; it must not be opinion on the issues which the court is ultimately called upon to decide. Furthermore, the evidence must not be irrelevant, argumentative, vexatious, frivolous or prejudicial<sup>12</sup>.

[74] The provisional replying affidavit by Mr Petrus Johannes van Niekerk dated 1 April 2019 is struck. It ought to have been withdrawn, but that was not done. The entire affidavit of Mr Kees Schilperoot, an expert in the design, packaging and branding industry, is struck for the reason that it constitutes entirely new evidence which should have been filed with the founding affidavit. The content of the affidavit is highly prejudicial to respondent's expert witnesses who were involved in the respondent's pack design or in some way associated with the pack design. Mr Schilperoot commented upon their work and formed an 'opinion' that the respondent has simply imitated the applicant's packing. The affidavit having been filed in reply, the respondent's expert witnesses could not respond to Mr Schilperoot's accusation. This is unfair, prejudicial and is not permissible. The applicant is expected to make out his or her case in the founding affidavit and not in reply.

[75] As regards the remainder of the matters sought to be struck, I will address those matters in the course of the judgment when considering the factual matrix.

[76] The respondent asks for a costs order occasioned by the application to strike out. For the benefit of the Taxing Master, my assessment is that the matter took about 10 minutes, given the fact that no formal arguments were advanced by counsel who simply indicated that they would leave the matter in the Court's hands. I now turn to consider the whether the applicant has made out a case for the relief sought.

The applicant's cause of action based on the IP Act considered:

[77] I adopt as basis, and as good law to be applied in this jurisdiction, the interpretation of the provisions of s 194(1) of the IP Act as applied by the European Court of Justice in the *Gillette* matter (supra). I am doing so for the reason that the

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<sup>12</sup> *Vaatz v Law Society of Namibia* 1990 NR 332.



concept of honest practice is new to our law and there is hardly any precedent. Secondly, because our law is not developed in that area, I am of the view that it is a well-founded development of our law relating to the concept of honest practice in industrial or commercial matters.

[78] I also consider as appropriate, the UK courts' approach to the assessment whether a party might be regarded as competing unlawfully. As stated by the learned author, *Kerly* (supra), the assessment is objective. That test is: 'would a reasonable member of the trade concerned say, upon knowing all the relevant facts that the defendant knew, that the use complained of is honest?' I am equally of the view that this is the approach or the test which should be adopted in this jurisdiction. I now turn to consider the evidence of the applicant's case as pleaded.

The applicant's cause of action based on the IP ACT considered:

*Issue for determination to the cause of action based on the IP Act:*

[79] The issue for determination with regard to the applicant's claim based on the IP Act is whether the applicant has proven that the respondent's conduct contravened the provisions of s 194(1) of the IP Act in that its conduct is contrary to honest practice in the industrial or commercial market.

Discussion:

[80] The burden is on the applicant to prove, on a balance of probabilities that respondent's act of competition is contrary to honest practice. The test to be applied, as I indicated earlier, is objective, that is: would reasonable members of the trade, upon knowing all the relevant facts, say that the respondent knew that the conduct complained of is honest?

[81] These being motion proceedings, the issue is to be determined by applying the well-known *Plascon-Evans* rule. Counsel for the parties were *ad idem* that the matter is to be decided by applying the *Plascon-Evans* rule. I consider it necessary to reproduce the test as was re-stated in the *Zuma* case (supra).

[26] Motion proceedings, unless concerned with interim relief, are all about the resolution of legal issues based on common cause facts. Unless the circumstances are special they cannot be used to resolve factual issues because they are not designed to determine probabilities. It is well established under the *Plascon-Evans* rule that where in motion proceedings disputes of fact arise on the affidavits, a final order can be granted only if the facts averred in the applicant's (Mr Zuma's) affidavits, which have been admitted by the respondent (the NDPP), together with the facts alleged by the latter, justify such order. It may be different if the respondent's version consists of bald or uncreditworthy denials, raises fictitious disputes of fact, is palpably implausible, far-fetched or so clearly untenable that the court is justified in rejecting them merely on the papers.'

[82] It is common cause that the applicant seeks a final order. The requisites for the grant of a final interdict are: a clear right, injury actually committed or reasonably apprehended, and the absence of similar protection by any other remedy.

[83] As regards to the facts, it is common cause that the applicant is the market leader in the sale of a range of wheat flour products in Namibia. The parties are competitors in the wheat flour market. It is further common cause that 'some years ago' the applicant 'defocused' (the applicant's own word) from the sale of white bread flour to make vetkoek. As a result, the respondent ended up with a dominant share of the vetkoek market. I interpose to mention that before the introduction of vetkoek flour by the applicant, over the years vetkoek was made from white bread flour. In order to regain the market share, the applicant introduced vetkoek flour during 2018. It is also not in dispute that the new vetkoek flour product cannibalised sales directly from the respondent's white bread flour sale. This prompted the respondent into introducing vetkoek flour. There is further no dispute that the applicant's get-up has a reputation.

[84] I earlier in this judgment set out the respondent's explanation about how it had arrived at the decision to adopt the new get-up of its packaging. The explanation was dealt with in the applicant's replying affidavit together with comments to the documents discovered by the respondent at the applicant's request. Counsel for the applicant, after he dealt with what he referred to as 'inconsistencies ex facie' the answering affidavit, stated that: 'It does not take much to conclude that Mr Hamm's evidence must be treated with circumspection. We point out that this does not

postulate the need for any finding about his credibility, but that his statements are unreliable.’

[85] Counsel for the respondent points out that the applicant’s heads of argument give lip service to the *Plascon-Evans* rule in that it engaged into probability reasoning. I agree.

[86] It must be noted that it is argued by Counsel for the applicant that the answer by the main deponent for the respondent is ‘unreliable’. This in my view, amounts to a credibility assessment. But that is not the test according to the *Plascon-Evans* rule. Notably, the applicant does not ask the court to reject the respondent’s version because it consists of ‘bald denial, raises fictitious disputes of facts, is palpably implausible, far-fetched or so clearly untenable’.

[87] In my view, the respondent’s version, assessed against the applicant’s version, cannot be said to be false or implausible and thus liable for rejection out of hand. I say this for a number of reasons: First, on the applicant’s own version the respondent alerted the applicant that it intended to introduce new packaging. It would not have done so if it was not acting honestly.

[88] Furthermore, it is not in dispute that the introduction of vetkoek flour by the applicant caused the respondent to lose market share of the white bread flour of which it had been a market leader. And perhaps more importantly, its decision to change its pack design has, in my view, been fully and satisfactorily explained. It entailed a long process – stretching over a period of more than three years – which included setbacks from which lessons were learned. As far as the introduction of vetkoek flour is concerned, the respondent is upfront, and in my view, honest, that it would not have introduced vetkoek flour had the applicant not introduced its vetkoek flour as the market leader. It is to be noted in this connection that the parties’ products compete side by side in each category, ie. white bread flour, cake flour and brown bread flour. It would have been odd or strange, and in fact suicidal to the respondent’s business if it did not introduce vetkoek flour to compete side by side with the applicant’s vetkoek flour. That is how the competitors react to the entrance of a new product in the marketplace. It is common knowledge for instance that when Namib Breweries introduced a light beer called ‘Windhoek Light’ in the beer market,

SAB followed suit and introduced its light beer called 'Castle Light'. The applicant concedes that the respondent was entitled to launch its vetkoek flour but it says that it only objects to the respondent copying its vetkoek flour get-up. This concession means therefore in my view that reasonable members of the wheat flour industry, upon knowing all the relevant facts that the respondent knew knew, would not say that the introduction of the vetkoek flour by the respondent it was not acting honestly. I deal below with the allegation of copying of the get-up.

Issue for determination to the cause of action based on the IP Act:

[89] It would be recalled that the applicant specifically alleges that the respondent has 'adopted a get-up with similarities to the Bakpro range and more importantly has appropriated the mustard-yellow colour. Further, that it is indisputable that a colour can form an integral part of a brand's identity. The applicant went as far as to allege that in the case of the mustard-yellow colour applied to vetkoek flour, it means and/or signifies the applicant's product.

[90] With regard to the allegation that the respondent has adopted or appropriated the essential elements of the applicant's range of products, which allegation is denied by the respondent, counsel for the respondent points out that the applicant does not own the yellow portion of the rainbow or its different shades. I agree with the submission as a statement of fact leaving aside the pun. Non-one can claim to own any particular colour. Colours are there to be freely used by everybody especially in this case where colour category is involved. There is no substance in the applicant's claim that a mustard-yellow colour signifies his vetkoek product. It amounts to absurdity. As Professor Wadlow has said on the subject matter in his book, *The Law of Passing-Off* (1990) namely that: 'It is increasingly recognised that certain colours are more appropriate than others for packaging of particular goods. Yellow for lemon flavoured drinks, brown for potato products and green for vegetables such as peas and beans'.

[91] As was said in the *Sparletta* matter in order to decide whether the get-up used by the respondent on its products is so similar to that used by the applicant on its products that a substantial number of the purchasers is likely to be deceived or confused into believing that the respondent's products are the products of the

applicant or are in some way or another, connected or associated with the applicant's products the court must conduct a comparison of the get-up of the parties' respective products side by side. I proceed to do so.

[92] Both the Bokomo and Backpro logos are situated at the top of the packaging. In the case Bokomo, the logo is red whilst the Bakpro logo is blue. The Bokomo logo is written in capital letters whilst the Bakpro logo is written in both upper and lowercases, in a cursive-like font. Both Bokomo and Bakpro display images of the finished products either a bread or cake or a vetkoek. In both cases the bottom of the packs is the blue a colour in respect of the white bread flour; a brown colour in respect of the brown bread flour; red colour in respect the cake flour; and mustard-yellow in respect of the vetkoek flour. Both packs, say the 2.5 kg, appear equal in sizes. Those are the main features visible at the distance.

[93] On a closer scrutiny of the packs, they reveal that at the bottom of the pack there is a description of the product embedded in either a brown colour for brown bread flour; blue for the white bread; red for the cake flour; and mustard yellow in respect of the vetkoek flour. In respect of Bakpro products the colour at the bottom has what is described in the papers as a 'slash'. The slash reminds one of a graph with an ascending horizontal line, of an annual profit growth of a business performing marginally. It starts almost at about 30 degree on the vertical line (the left side of the pack) and moving progressively up to the right of the pack and terminating almost in the middle of the pack, say, at 45 degrees of the pack. In respect of Bokomo products there is no slash or curve: the colour coding is a red block in a straight line. As regards the bottom colour of the vetkoek pack, in respect of Bakpro vetkoek the yellow colour is slightly darker, compared to Bokomo's vetkoek pack which is a lighter yellow colour.

[94] In my view, quite apart from the differences pointed out in the preceding paragraph, what is distinctive between the two get-ups are the colours: red and blue, not necessarily as logos, but as dominant features of the respective get-ups. In addition, the presentation of the finished products in respect of all four ranges of products are different. For instance, in respect of Bokomo cake, white bread and brown bread, are displayed on a wooden cutting board whereas in respect of Bakpro they are not displayed on anything. As regards the display of the vetkoek finished

products Bokomo moved from the display on the cutting board and displays a number of the vetkoek in a white bowl, whereas in Bakpro case, two-and-a-half vetkoek are displayed on a cutting board. I would imagine a vetkoek lady sending her child to buy a vetkoek flour from the shop would say something like: 'Buy the vetkoek flour with three vetkoek on the cutting board and not the one with many vetkoek in the bowl'. Or vice versa.

[95] Having done that I am of the view that the differences in the get-ups described are significant and sufficient enough to differentiate the get-up of the applicant from the get-up of the respondent. My over-all conclusion is that the differences between the get-ups are sufficiently apparent, obvious, distinguishable and distinctive from each other and there is no reasonable likelihood of confusion between the two get-ups.

[96] In my observation, I also noticed similarities in the respective packs. Those are the dominant white background; the brown colour at the bottom of the pack in respect of brown bread flour; the blue colour at the bottom of the pack in respect of the white bread flour; red in respect of the cake flour; and mustard-yellow in respect of the vetkoek flour. However, the differences are overwhelming as opposed to the negligible similarities between the respective get-ups. I am therefore of the considered view that there is no reasonable likelihood that even an average customer would be confused by the get-ups.

[97] It follows therefore that, there is no substance in the applicant's allegation that respondent has adopted or appropriated the essential elements of the applicant's range of products.

[98] Finally, I should mention a further factor which militates against the applicant's allegation that the respondent acted contrary to honest practice in the trade is the fact that the respondent is open and transparent about the content or make of its vetkoek flour, namely that it is a mere white bread flour 'packed and sold as vetkoek flour'. The narration of the content appears on the packaging for everybody to see and take note of. Under those circumstances I am of the considered view that the respondent cannot be said not to act in the manner contrary to honest practice in the market place.

[99] Taking all these facts into consideration, I am of the view that no reasonable members of the wheat flour industry knowing all the facts that the respondent knew at the relevant time, would have concluded that the respondent's conduct complained of by the applicant is contrary to honest practice in the wheat flour market. It follows therefore that the respondent's version prevails. Accordingly, the applicant's cause of action based on the IP Act must fail. I proceed to consider the applicant's cause of action based on Passing-Off.

The applicant's cause of action based on the delict of Passing-Off considered:

[100] I have already referred in para 69 of this judgment to the definition by the Supreme Court in the *Talisman* matter of this wrong known as passing-off at common law.

*Issue for consideration:*

[101] The issue for decision under this cause of action is whether the respondent's use of the get-up on its flour products carries the likelihood that a substantial number of purchasers of its products is likely to be deceived or confused into believing that the respondent's flour products are the products of the applicant or are in some way or another connected to or associated with the applicant's products.

[102] I consider it necessary in the circumstances of the present matter, to stress the difference in approach by a Court between the claim based on trade mark, (in the present matter based on the breach of the IP Act) and the claim based on passing off. I say this because the Court in the present matter is confronted with a similar situation. In *Sparletta* matter (supra) Hannah AJ pointed out that the approach to the two claims, thus a claim based on the infringement of trade mark and passing-off is different. The learned judge said the following in this regard:

'In the alleged trade mark infringement claims the comparison to be made is limited to the applicant's trademarks and the mark used by the respondent: whereas in the passing-off claim the Court is concerned not only with the mark and name but the general get-up of the product and the reputation which the product has established in the market.'

[103] I have already addressed the evidence placed before court by the applicant to prove its case under this claim. I should stress again that the burden of proof is on the applicant to show a reasonable likelihood of confusion amongst a substantial numbers of the public who may be confused into believing that the business of the respondent is that of the applicant or is closely connect to the applicant's business. In other words the inquiry is wide in the case of alleged passing-off than in the case of a statutory infringement or breach.

[104] It is common ground that the applicant did not lead evidence of confused or deceived customers from the marketplace. The highlight of the applicant's evidence of a customer from the market-place reads as follows at paras 71 to 74 of applicant's founding affidavit:

'71. I point out that there have already been instances of deception amongst consumers. That this has come to the attention of the Applicant at all is not to be expected, really, because of course consumers do not really take the trouble to complain about such things. That it has come to the attention of the Applicant in such a short time that the Respondent's product has been on the market is testimony to how real the likelihood of confusion amongst a substantial number of people, and how valid the Applicant's claim, is.

72. The one instance we have become aware of relates to a customer of the outlet Namica Wholesaler, in Windhoek, by the name of Meme Lahya. She cooks vetkoek and has used only the Applicant's vetkoek flour product since it was launched. She took the Respondent's vetkoek flour product from the shelf, and when asked by the Applicant's merchandiser (who was present) about the two products, she realised that she had the wrong product. She did not distinguish between the two, and assumed that the Respondent's product was the Applicant's because, to her, they look the same.

73. At present, we have not been able to establish contact with Ms Lahya in order to request that she deposes to an affidavit, but attempts continue to be made. The Applicant is in possession of her cellphone number, but in respect to her privacy, I do not disclose it in this affidavit.



74. Some of the Applicant's reps and store managers at major groups have also reported on the propensity for confusion. They comment that consumers will definitely be confused because of the colouring of the packaging.'

[105] It is obvious that the paragraphs quoted above contain opinion evidence and downright inadmissible hearsay evidence. For those reasons those paragraphs are struck off the record.

[106] I interpose here to express my grave doubt as to the existence of a 'vetkoek lady' who does not know or cannot differentiate between Bokomo, Bakpro or Snowflake flours. It would be like a butcher who cannot make a difference between mutton and lamb. In any event, even if the alleged incident with Meme Lahya has not been ruled inadmissible, both the managing member and general manager of Namica supermarket filed affidavits denying that any customer returned the respondent's vetkoek flour to the shop because they were confused. This was not gainsaid by the applicant. On the basis of the *Plascon-Evans* rule the version of the Namica supermarket managers, for the respondent, would prevail.

[107] The court in *Blue Loin Manufacturing (Pty) Ltd v National Brands Ltd* at para 9 said the following with regard to opinion evidence and about the importance of the applicant leading evidence of a person who has actually been deceived:

'It has been said (eg. in *Pasquill* at 476) that opinion evidence as to whether a particular packaging is likely to deceive is of little value, as that is the very question which the Court must decide. But as the immediately succeeding passage in the judgment of Salomon J in *Pasquill* shows, evidence that a person has actually been deceived is of far greater importance.'

[108] The observation by Harman J in *M Saper Ltd v Specter's Ltd and Boxes Ltd* quoted with approval by Hannah AJ in the *Sparletta* (supra) matter where the following was said at 402D-F, applies, with equal force to the applicant's case in the present matter:

'No member of the public came forward to say that he or she either, was or had been or would be deceived. This case, (of all the passing-off actions I have tried, is absolutely devoid of that innocent person who says that he or she was walking down such and such a

road and wanting to buy the plaintiff's goods, found himself buying the defendant's goods, or of any person who, being brought into the witness-box, has the defendant's article put before him and says in a clear voice: "Why, that is the plaintiff's article". No evidence of that sort was called at all, and the likelihood of confusion was something I was simply asked to infer by looking myself at the boxes (remembering, of course, as I must, that I should not have to see them, if I were the public, both together, but one in one shop and one in another or one on one day and one the next) simply by the evidence of any own eyes and by the evidence of certain of the plaintiff's wholesale customers who said that, sitting in the plaintiff's office and seeing two of these boxes end on, one on top of the other, they did not see that there was any difference between them until they got up to look closely.'

[109] As mentioned earlier, the applicant did not lead evidence of a single customer who has been confused. This is significant, given the fact that the applicant's products are sold nation-wide in a country with a population of 2.5 million people. The evidence before court is basically the opinion evidence contained in the founding and supplementary affidavits by Mr Van Niekerk. He is and does not claim to be objective. This is clearly borne out by the intemperate language he employed to describe the conduct of the respondent. I associate myself with remarks by the Court in *Pioneer Foods* (supra) at para 26 that it is common practise for a party who fears that passing-off is taking place to send agents to suppliers to make test purchases and see if they can detect cases of confusion; that another method for detecting confusion is to undertake properly constructed consumers' market survey. Neither of these methods were used in the present matter and there is no explanation why it was not done. The Court further pointed out that although such evidence is not essential to prove a likelihood of confusion in the market-place it can, if it is presented tip the balance in one direction and if it is absent, tip in the other. This also applies in the present matter.

[110] In the *Sparletta* matter (again), Hannah AJ, after considering the evidence placed before him found it to be 'inconclusive' of the issue before him and had to notionally transport himself to the market-place to consider whether the average customer is likely to be confused. I have already done the comparison exercise of the parties' respective get-up that when I considered the applicants claim based on the IP Act. My over-all conclusion, in so far as it might be necessary to repeat here, is that the differences between the get-ups are sufficiently apparent, obvious,

distinguishable and distinctive from each other and there is no reasonable likelihood of confusion between the two get-ups.

[111] I therefore move to consider whether the respondent's get-up is similar to that of the applicant's get-up so that a substantial number of purchasers is likely to be confused or deceived into believing that the respondent's flour product is its own or is connected or associated with Namib Mills' product. As mentioned earlier, to decide this issue the court must notionally transport itself into the market-place in order to decide whether there is a likelihood of confusion or deception.

[112] From the evidence before court it appears that the market-place is big, consisting of the big supermarkets, smaller outlets and independent stores. According to the applicant, in big supermarkets the likelihood of deception or confusion is likely to be exacerbated by what is known as 'category management'. As explained earlier in this judgment it is a system whereby categories of products are packed together rather than packing the products of a certain producer together. In terms of this system, the respondent's flour products are packed together with the applicant's flour products.

[113] However, in smaller outlets and independent stores category management does not apply. The producer can do a 'block branding' whereby for instance the applicant will pack its range of products together and another producer, say the respondent, will pack its range of products together. In other words, as I understand the description of the system, the parties' respective products are packed separate from each other. According to the respondent, block branding is not customer-focused because it causes the customers to believe that only a certain producer's products are available in the shop coupled with the fact that customers are not made aware of price differentiation. With category management customers are exposed to all the products and make a decision which product to buy taking into account, amongst other things, the price difference.

[114] It would appear from the evidence before Court that the market-place is divided into big supermarkets on the one hand and smaller outlets and independent stores on the other hand. Block branding takes place in the latter group, whereas category management takes place in the big supermarkets. It follows therefore in my

view that confusion, if any, is only likely to take place where category management is applied. I say so for the reason that with block branding, as described in the previous paragraph, a producer's range of products are packed or grouped together, therefore, in my view, the likelihood of confusion is absent.

[115] It is common knowledge, based on the statistics produced by the National Statistic Agency, that Namibia's literacy rate which stands at 82 percent is one of the highest in the region. This Court considers this information to be notorious that the Court is entitled to take judicial notice about it. Based on the high literacy rate of the country, I would assume that an average customer for Namib Mill's or Bokomo's products will either be literate or semi-literate. According to the findings of the survey conducted by Vision Africa, 62 percent of the respondents buy the flour themselves and 86 percent of the respondents buy flour from retail chains and wholesale outlets. Taking these high percentages into account together with the country's high literacy rate, the percentage of the notionally average customer is, in my view, significantly lower. I would venture to say that in the Namibia of today, an average customer even in the rural areas would be brand conscious and would further be familiar with both his or her preferred brand and its price.

[116] It was stated by the court in the *Sparletta* matter (supra), that an average customer is one 'who does not know or remember the name of the product and/or cannot remember the name of the product and who is influenced by the identifying functions of the get-up without the name'. He or she walks in an outlet to choose one of the rival products assisted by the identifying functions of the product without the brand logo or mark. This assessment was done in 1991, almost 28 years ago. As demonstrated in the preceding paragraph, the literacy rate in Namibia, has drastically improved. As I opined earlier, I very much doubt whether the average customer described in the *Sparletta* matter, is to be found in the Namibia of today. Furthermore, the market-place has equally improved, in that the major outlets such as Shoprite, Pick 'n Pay, Woermann & Brock have moved into what was previously considered rural areas where the imaginary average customer might have existed.

[117] As Harms says in his book, *A Casebook on the Enforcement of Intellectual Property Rights*, 4<sup>th</sup> edition on p. 39, regard to an average customer:

'The class of person who are likely to be the consumers of the goods or services in question must be considered in determining whether there is a likelihood of confusion. The problem is that it is not always possible to classify the consumers of particular products or services because they are consumed or used by members of many, or all, sectors of the population, irrespective of the level of literacy or sophistication. The notional consumer may, therefore, be as elusive as the "reasonable person". The "reasonable consumer": The average consumer must be presumed to be reasonably well-informed and reasonably observant.'

[118] The findings of the market survey are instructive. I will briefly deal with the survey. According to Ms Shoonga who conducted the survey, 'the purpose was to determine whether customers find it difficult to differentiate between Namib Mills (Bakpro) and Bokomo's (BOKOMO) flour product range'. A face-to-face interview was conducted with 394 respondents from three regions, ie. Khomas, Oshana and Zambezi, out of 13 regions. 82 percent of the respondents were female; 43 percent of the respondents buy cake flour; 36 percent of the respondents use the flour they buy to make vetkoek; 62 percent of the respondents buy the flour themselves; 86 percent of the respondents buy their flour from the formal trade (retail chain and wholesale outlet). The Bakpro brand is the most preferred brand by the respondents.

[119] Furthermore, when the respondent described the Bakpro product, 82 percent of the respondents mentioned the logo, and the words 'vetkoek' and 'cake'. 55 percent of the respondents referred to the blue and white of the Bakpro products, while 36 percent mentioned the yellow colour. On the other hand, when the respondents described the Bokomo products, the colour red had 118 mentions, white had 103 mentions and yellow had 48 mentions.

[120] What is to be deduced from the survey is the fact that the dominant colour of the get-up, blue and red respectively, plays a significant role in the identification of the parties' products. The results further show that even an average customer in the rural areas is brand conscious. This, in my view, is demonstrated by the fact that a substantial number of the respondents knew about Bakpro, Bokomo and Snowflake brands, which are the brands in the market-place.

[121] As regards the survey finding that the degree of imitation is insignificant, it has been held in this connection by the Court in *Schultz v Butt* (supra) that:

'For imitation is the life blood of competition. It is the unimpeded availability of substantially equivalent units that permits the normal operation of supply and demand to yield the fair price society must pay for a given commodity... Unless such duplication is permitted, competition may be unduly curtailed with the possible resultant development of undesirable monopolistic conditions.

and

For these reasons and with these limitations the bare imitation of another's product, without more, is permissible. And this is true regardless of the fact the Courts have little sympathy for a wilful imitator.'

[122] It follows therefore that even if there is an insignificant degree of imitation that is permissible by the law in the competition market.

[123] After having considered the evidence by the respective parties and the submissions on behalf of the parties, I have arrived at the conclusion that the applicant has failed to prove on a balance of probabilities likelihood that a substantial number of purchasers of its products is likely to be deceived or confused into believing that the respondent's flour products are the products of the applicant or are in some way or another connected to or associated with the applicant's products. It thus follows that the applicant's claim based on the wrong Passing-off also fails.

[124] There remains one issue for consideration raised on the papers by the respondent concerning the applicant's alleged 'innovative product', being the mix of its vetkoek flour. Based on the description of the nutritional information on the package, the content of pack is merely white bread flour. This fact has been admitted by the applicant. However, the applicant contends that it was a mistake which has since been rectified. In addition, the respondent submitted, that it carried out an analysis of the ingredients of the applicant's vetkoek flour which revealed that white bread flour forms part of the ingredients. The applicant concedes that its vetkoek flour is a mix of bread flour and cake flour however the ratio of the mix is the trade secret.

[125] I find the evidence before me to be rather inconclusive to make a far-reaching finding that the applicant approached the court with dirty hands. This is also in light of my findings in respect of both applicant's claims, namely that the applicant failed to make out a case in either claim. It would suffice to just observe that despite the serious allegations of falsification and deception to customers, the applicant did not take the court into confidence with regard to its alleged trade secret. There are procedures and ways in place to determine the issue of trade secret in legal proceedings, without revealing the trade secret. The applicant did not offer to follow those procedure as a sign of its honesty and transparency. Furthermore, in my view both ethical and moral considerations dictate, that as a responsible corporate citizen, there is an obligation on the applicant to be honest and transparent to its customers to at least, as a bare minimum, disclose to its customers that its so-called vetkoek flour is a mix of white flour and cake flour without necessarily disclosing the ratio of such mix. But, as I said, this was not an issue this Court was called upon to determine in the present matter. The matter is best left to the conscience of the applicant and its ethical obligation toward its customers.

[126] Accordingly, I make the following order:

1. The application is dismissed.
2. The applicant is to pay the respondent's costs, such cost to include the costs of one instructing counsel and two instructed counsel.
3. The matter is removed from the roll and is considered finalised.

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H Angula  
Deputy-Judge President

APPEARANCES:

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