

REPORTABLE

CASE NO: SA 46/2013

IN THE SUPREME COURT OF NAMIBIA

In the matter between

MEGA POWER CENTRE CC t/a TALISMAN PLANT AND

TOOL HIRE

Appellant

and

TALISMAN FRANCHISE OPERATIONS (PTY) LTD

First Respondent

TALISMAN HIRE

Second Respondent

REGISTRAR OF COMPANIES AND TRADE MARKS

Third Respondent

Coram: DAMASEB AJA, ZIYAMBI AJA and GARWE AJA

Heard: 10 July 2014

Delivered: 25 September 2014

Handed down: 18 December 2014

APPEAL JUDGMENT (REASONS)

ZIYAMBI AJA (DAMASEB AJA and GARWE AJA concurring):

[1] After hearing arguments on 10 July 2014, we on 25 September 2014, issued an order in the following terms:

- '1. That the appeal succeeds and the order of the court *a quo* is set aside and substituted with the following order:
 1. That a *rule nisi* do hereby issue calling upon the first and second respondents to show cause on **23 October 2014** at **15h30**, why the following order should not be made final:
 - "1.1 Interdicting and restraining the first and/or second respondents from trading under the name "Talisman" and from using the name "Talisman" in any way in its trading name in the Republic of Namibia.
 - 1.2 Interdicting and restraining the first and/or second respondents from utilising the name "Talisman" presently used by the applicant in any of their advertising materials in the Republic of Namibia.
 - 1.3 Interdicting and restraining the first and/or second respondents from advertising their business in any way in the Republic of Namibia by use of the name "Talisman".
 - 1.4 Ordering the first and second respondents to pay the costs of this application, jointly and severally, the one paying the other to be absolved, such costs to include the costs of one instructing and one instructed counsel.
 2. Ordering that the interdictory relief granted in paras 1.1 to 1.3 hereof operate as an interim interdict with immediate effect." '

2. The first and second respondents are ordered to pay the appellant's costs in this appeal, jointly and severally, the one paying the other to be absolved, such costs to include the costs of one instructing and two instructed counsel.
3. The reasons for this order will follow in due course.
4. The matter is remitted to the managing judge, Miller AJ, to be called before him on **23 October 2014 at 15h30** to be dealt with according to law.'

What now follow are the reasons for the order we made.

[2] The appellant is a close corporation registered according to the laws of Namibia. It is involved in the sale and hiring of construction equipment. At the time of this application it had, for the past 7 years, carried on this business in Windhoek under the name 'Talisman'.

[3] The first respondent is a private company with limited liability and incorporated according to the laws of the Republic of South Africa. The second respondent is (Lambray Island Investments (Pty) Limited) trading as Talisman Hire and having a principal place of business at 19 Joule Street, Southern Industria, Windhoek. It is a franchisee of the first respondent. Unless the context otherwise requires these two respondents will be referred to as 'the respondents'. The third respondent did not oppose the application and is not further mentioned herein.

[4] On or about 20 May 2013 the appellant learnt, with some consternation, that the second respondent was in the process of opening, for the first time, an outlet in

Windhoek which outlet would be dealing in similar goods and providing similar services to that of the appellant using the name 'Talisman'.

[5] Approaches to the respondents requesting them to desist from their proposed conduct proved fruitless and on 30 May 2013 the appellant launched an urgent application in the High Court seeking an order in the following terms:

- '1. Condoning the applicant's non-compliance with the Rules of Court and hearing this matter as urgent in terms of Rule 6(12) of the aforesaid Rules.
2. That a rule nisi be issued calling upon the first and second respondents to show cause on a date to be arranged with the Registrar, alternatively on 28 June 2013 at 10h00, why the following order should not be made final:
 - 2.1. Interdicting and restraining the first and/or second respondents from trading under the name 'Talisman' and from using the name 'Talisman' in any way in its trading name in the Republic of Namibia.
 - 2.2. Interdicting the first and/or second respondents from utilising the name 'Talisman' presently used by the applicant in any of their advertising materials in the Republic of Namibia;
 - 2.3. Interdicting and restraining the first and/or second respondents from advertising its business in any way in the Republic of Namibia by use of the name 'Talisman'.
3. Ordering the first and second respondents to pay the costs of this application, jointly and severally, the one paying the other to be absolved.

4. Ordering that the interdictory relief sought in paragraphs 2.1 to 2.3 hereof operate as an interim interdict with immediate effect.'

The background

[6] Mr Schumacher is the sole member of the appellant. He deposed to the founding affidavit wherein the following was averred. In 2003, he concluded a franchise arrangement with The Hire Solution (Pty) Ltd t/a Coastal Hire Franchise, a South African franchise company that owns the brand 'Coastal Hire'. Coastal Hire specialises in the hire and sale of small or non-operator intensive construction equipment in South Africa. Non-operator intensive equipment is essentially small scale construction equipment including by way of example, portable compressors, plate compactors, rammers, core cutters, scaffolding and related construction equipment. Through this franchise the business of Coastal Hire grew in Namibia and he registered a separate company Coastal Tool Hire in Namibia for the purpose of promoting Coastal Hire business.

[7] He soon realised that there was a growing, and as yet unfulfilled, demand in Namibia for the sale and hiring of operator intensive construction equipment and machinery such as excavators, telescopic handlers, scissor lifts, tipper trucks, skid steer loaders, hydraulic mixers and so on. He therefore decided to enter this industry using a different vehicle, the appellant. In 2006 he began selling and hiring operator intensive equipment through the appellant under the name 'Talisman Plant & Tool Hire'. While Coastal Hire and the appellant operate from the same premises, they deal in different types of equipment, the appellant dealing in operator intensive

equipment, namely equipment hired out with an operator, while Coastal Hire deals with the smaller non-operator intensive equipment, namely those which the hirer can operate himself. There is therefore no competition between them and they can operate harmoniously together.

[8] He averred that since 2006 the appellant, trading and conducting its business under the name 'Talisman Plant & Tool Hire' has built up a reputation and goodwill in the construction industry in Namibia as one of the main suppliers of operator intensive equipment in Namibia. By the beginning of 2008, he had developed a client base in Namibia with large construction companies, developers, mining companies and parastatals that were interested in the purchase of operator intensive construction machinery. Such machinery is used all over Namibia for construction purposes. The name 'Talisman' came to be associated by these sectors with the appellant's business. It was therefore decided to develop a brand encompassing the 'Talisman' name and to this end, a design and logo for the appellant's business was created. The name 'Talisman Plant Hire' was branded on most, if not all, equipment and machinery sold or hired by the appellant. The appellant now employs some 17 people.

[9] In order to protect the appellant's developing reputation, brand and trading name he registered a defensive name for 'Talisman Plant & Tool Hire' with the Registrar of Companies in 2006 and obtained certificates of registration for various periods ranging between December 2008 and April 2015, the last two certificates

covering the period December 21, 2010 to December 20, 2012 and April 25, 2013 to April 24, 2015, respectively. He did not register a trademark.

[10] On 12 April 2013, the appellant heard a rumour that a South African company which turned out to be the second respondent intended to start trading in Namibia using the 'Talisman' brand. On 20 May 2013 he became aware of an advertisement by the respondent in a local newspaper edition of Friday 17 May 2013 to the effect that the respondents' intended to conduct the business of selling and hiring of construction equipment including operator intensive equipment in Namibia and would be opening such a business on 1 June 2013. He learnt also that the respondent had applied for the registration of the trademark 'Talisman' in Namibia and was intending to start trading in Namibia under the name 'The Hire Empire' and using the words 'Talisman Hire'.

[11] On 21 May 2013 a letter was transmitted to the respondents by the appellant's legal practitioners warning that the respondents' actions constituted the wrong of 'passing off' and demanding that the respondents provide a written undertaking by 12h00 on 23 May 2013 that they would abandon the use of the name 'Talisman' in Namibia failing which interdictory relief would be sought. Needless to say, the respondents did not comply with the terms of the letter. To the contrary, the respondents made it clear that they would continue with their proposed conduct of using the name Talisman while essentially selling the same product and providing the same services in the construction industry. They remained adamant that the opening

of the business would take place as scheduled. By way of emphasis, they placed the same advertisement in two local newspapers on 27 May 2013.

[12] It was feared that if the respondents were permitted to open their business as proposed, the public would be deceived into thinking that the respondents' business was connected to that of the appellant, which would be prejudicial to the appellant. It was averred that the conduct of the respondents amounted to the delict of 'passing off' and the appellant accordingly sought to protect its trade name and business reputation from being infringed by the respondents' proposed conduct.

[13] The application was opposed by the respondents on the following basis, namely that:

- (a) no passing off occurred as the appellant dealt in operator intensive equipment whereas the respondents would deal in non-operator intensive equipment;
- (b) dealing in operator intensive equipment was envisaged in the future but was adumbrated in an undertaking by the respondents not to deal with such equipment 'until finalisation of this matter and of any passing off action' instituted within a stipulated period;
- (c) a refusal of the order would not cause the appellant harm and was fortified by the undertaking aforesaid; and
- (d) the respondents would be able to compensate the appellant for any damages it may prove in due course.

[14] The court *a quo* adjudged the application to be urgent. It accepted that the appellant had established a reputation in the building and construction industry and that the name 'Talisman' was associated with its business in that sector. It also accepted that the appellant had established that it had built up a reputation in the use of the word 'talisman'. It found:

'That there are direct assertions supported by evidence that the appellant over the years had acquired such a reputation in the building and construction industry and the probabilities indicated the likelihood that such a reputation became established.'

[15] The court also found that while the appellant was not entitled to the exclusive use of the word 'talisman' which is a commonly used word in the English language, the fact that both parties used the word 'talisman' in conjunction with the word 'hire' was likely to cause confusion in that the public was likely to assume that the business of the second respondent was that of the appellant or in some way associated with it. It however held that:

'It is over the hurdle of establishing that the conduct of the second respondent is or will be likely to cause damage to the applicant, that the applicant's case stumbles. The only basis upon which the applicant seeks to rely, is that it is likely to lose customers amid the confusion.'

[16] In the result, it dismissed the application.

Submissions on appeal

[17] It was submitted on behalf of the appellant that the court *a quo* erred in this regard. By its finding that the appellant had acquired a reputation in the construction industry and that the use by the respondent of the word 'Talisman' in conjunction with the word 'hire' was *prima facie* likely to cause confusion, the court *a quo* had in effect found that a passing off had been established. That being so, the only remaining question was whether a temporary interdict ought to have been granted.

Determination

Whether the delict of passing off was established?

[18] The delict of passing off was defined by Corbett JA in *Brian Boswell Circus (Pty) Ltd and Another v Boswell-Wilkie Circus (Pty) Ltd* as:¹

'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. (See generally *Policansky Bros Ltd v L & H Policansky* 1935 AD 89 at 97, 98; *Truck and Car I Co Ltd v Kar-N-Truk Auctions*

¹ 1985 (4) SA 466 (A) at 478F-J

1954 (4) SA 552 (A) at 557, 559; *Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and Others* 1977 (2) SA 916 (A) at 929.) 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 and/or because it may cause injury to that other's trade reputation (*Capital Estate case supra* at 930H - 931C).' (Emphasis is mine.)

This definition was approved and applied in this jurisdiction in *Gonschorek & Others v Asmus & Another* 2008 (1) NR 262 (SC) at 279 para 66.

Undoubtedly, therefore, the court found that a 'passing off' had been established.

The question of damages

[19] Once a passing off has been established damages are presumed. The applicant need not wait to show that damage has resulted. He can bring his action as soon as he can prove the passing off because it is one of the class of cases in which the law presumes that the plaintiff has suffered damages. Nominal damages can be recovered even where no damage has been proved.² This approach by the English courts has been adopted by the South African courts.

[20] In *Shenker Bros v Bester*³ it was stated as follows:

'I am of opinion that, through the appellants' deliberate infringement of the respondent's trading monopoly the latter suffered damages through his goodwill having been affected. The nature of a trader's goodwill was discussed recently by De Villiers, J.P., in *Herman v Faclier*, 1949 (4) SA 377 at p. 385 (C), where the definition

²*Draper v Trist and Others* 1939 (3) AER 513 (CA) at 527B-527C per Goddard L.J

³1952 (3) SA 655 (C) at 662B- 663C

of goodwill by LORD MACNAUGHTON in *Tregov v Hunt*, 1896 A.C. at pp. 23 and 24, was quoted with approval. The learned Judge of Appeal stated that:

“What goodwill means must depend upon the character and nature of the business to which it is attached. Generally speaking, it means much more than what LORD ELDON took it to mean in the particular case actually before him in *Crutwell v Lye*, where he says, 'the goodwill which has been the subject of sale is nothing more than the probability that the old customers will resort to the old place'. Often it happens that the goodwill is the very sap and life of the business, without which the business would yield little or no fruit. It is the whole advantage, whatever it may be, of the reputation and connection of the firm, which may have been built up by years of honest work and gained by lavish expenditure of money.”

A fairly recent case in which the Court was faced with a somewhat similar difficulty of assessing the damage to a trader's goods is that of *Draper v Twist*, 1939 (3) A.E.R.513. Although the plaintiff in that case could not prove either that the people who bought the deceptive goods would have bought from him or that he suffered a loss of profit through the defendant's passing-off, the Court of Appeal, in substituting an amount of £2,000 for that of £2 awarded by the court below, said:

“This Court is entitled to use ordinary business knowledge and common sense and to consider that one cannot have deceptive trading of a considerable value without inflicting, at any rate, some measure of damage on the goodwill. How long that will last, what extent it will be, is a thing which no evidence, except in the most exceptional case, could satisfactorily define and the matter is reduced, as many of these matters are reduced, to the formation of a rough estimate.”

The same principle has been applied in a number of decisions in our Courts, for example *Bhayroo v van Aswegen*, 1915 T.P.D. 195; *Turkstra, Ltd v Richards*, 1926 T.P.D. 276; and *Sandler v Wholesale Coal Suppliers, Ltd.*, 1941 AD 194 at p. 198. In the latter case, Watermeyer, J.A., in dealing with the fixing of damages due to loss of business, said:

“It is no doubt, exceedingly difficult to value the damage in terms of money, but that does not relieve the court of the duty of doing so upon the evidence placed before it.”
(The underlining is mine for emphasis.)

[21] It will be seen from the above that there is no requirement for proof of damages which are presumed once a passing off is established.

[22] Accordingly, having found that a passing off had been established, all that remained was for the court to decide whether or not to grant the interim relief sought.

The requisites for an interim interdict

[23] These were set out in *L.F. Boshoff Investments (Pty) Ltd v Cape Town Municipality*⁴ as follows:

‘Briefly these requisites are that the applicant for such temporary relief must show –

- (a) that the right which is the subject-matter of the main action and which he seeks to protect by means of interim relief is clear or, if not clear, is *prima facie* established, though open to some doubt;

⁴1969 (2) SA 256 at 267C-F

(b) that, if the right is only *prima facie* established, there is a well-grounded apprehension of irreparable harm to the applicant if the interim relief is not granted and he ultimately succeeds in establishing his right;

(c) that the balance of convenience favours the granting of interim relief; and

(d) that the applicant has no other satisfactory remedy.

(See *Gool v Minister of Justice and Another*, 1955 (2) SA 682 (C) at pp. 687 - 8; *Pietermaritzburg City Council v Local Road Transportation Board*, 1959 (2) SA 758 (N) at p. 772). Where the applicant cannot show a clear right, and more particularly where there are disputes of fact, the Court's approach in determining whether the applicant's right is *prima facie* established, though open to some doubt, is to take the facts as set out by the applicant, together with any facts set out by the respondent which the applicant cannot dispute, and to consider whether, having regard to the inherent probabilities, the applicant should on those facts obtain final relief at the trial of the main action (see *Gool's* case, *supra*).'

- These requirements for an interim interdict have been consistently applied by the courts of Namibia. (See *Alpine Caterers Namibia (Pty) Ltd v Owen and Others*⁵: *Rossing Uranium Ltd v Cloete and Another* 1999 NR 98 (LC) and *Shoprite Namibia v Paulo* 2010 (2) NR 475 (LC) at 482, para 27).

[24] The court *a quo*, in finding that the respondents' use of the appellant's trade name 'Talisman' in connection with the word 'hire' was shown on a balance of

⁵1991 NR 310 (HC) at 313F-I

probabilities to be likely to cause confusion, found in effect that a clear right, or at the very least a *prima facie* right, had been established.

[25] Even if only a *prima facie* right can be said to have been established the appellant, in my judgment, has satisfied the second requisite which is a well-grounded apprehension of irreparable harm to the appellant if the interim relief is not granted and he ultimately succeeds in establishing his right. In dealing with this requisite in *Rizla International BV and Another v L Suzman Distributors (Pty) Ltd* 1996 (2) SA 527 (C) at 535H-536C Viljoen AJ stated as follows:

‘As to whether a well-grounded apprehension of irreparable harm has been proved, that follows, in my view, from the fact that I have found confusion and deception of buyers to be likely. However, connected with this is the question whether applicant has any other remedy. Naturally, if damages were an adequate remedy it cannot be said that the harm suffered by applicants will be irreparable. As to whether damages are an adequate remedy, it does not appear so to me in the circumstances of this case. The proof of the extent of damages in cases of passing-off is usually difficult. An important reason for this is that where a competing product is brought onto the market it is almost certain to have some effect on the sales of the manufacturer complaining of passing-off, quite apart from the fact that it is sold under the guise of his product. What proportion of such loss of sales is attributable to the manner in which the product is made up is notoriously difficult to establish. Certainly problems can be foreseen in quantifying applicant's loss in the circumstances of this case. Where a rival product is introduced and marketed by what is, on the papers, a wholesaler with a formidable infrastructure throughout the country and with many years of experience in marketing the kind of product in issue, it must be accepted that a considerable portion of Rizla's market would have been lost, whether or not passing-off had occurred. Properly to quantify the proportion of such loss ascribable to the similar get-up will accordingly be

difficult. See *Webster and Page* (op cit at 464-5). In my view, applicants have no other satisfactory remedy.'

I respectfully associate myself with those remarks and am satisfied that they find application in the case before us.

[26] It follows from the above that the balance of convenience favours the granting of the relief sought.

[27] Interdictory relief is generally the remedy applied for in passing off cases the reason being that no other remedy can afford the necessary protection to a plaintiff or applicant who is a victim of a passing off pending resolution of the matter.

As was said by Stegmann J in *Moroka Swallows Football Club Ltd v The Birds Football Club and Others* 1987 (2) SA 511 (W) at 535J-536E:

'In the very nature of the delict of passing off the only remedies are an interdict to restrain the continuance of the wrong if such continuance is threatened, and damages to compensate the victim for what he has lost through the wrongdoer's interference with his goodwill.

It needs only a moment's thought to appreciate the complexities surrounding the calculation of damages in a matter such as the present one. How many people would have attended the applicant's match at venue X on day 1 if the respondent had not had a match at venue Y on day 1? How many would have attended the applicant's match at P on day 7 if the respondent had not had a match at P on day 6? How many people changed or withheld their support not through confusion but for different

reasons such as disapproval of the violence accompanying the rift between the NPSL and NSL?

To these and other questions precise answers can never be obtained. Even approximations will leave immense scope for differences. The nature of the problem is such that damages are an inadequate remedy, and that the apprehended injury to the applicant's rights is likely to be irreparable.

Furthermore, the disputes are such that a permanent interdict cannot be contemplated without a trial action in which the disputes of fact are thoroughly sifted. There is no remedy available at this stage other than a temporary interdict.'

[28] I conclude that the appellant, having established all the requisites for interdictory relief, was entitled to the order sought in the court *a quo*.

[29] It is for the above reasons that on 25 September 2014, we made the order recorded in para [1] of these reasons.

DAMASEB AJA

ZIYAMBI AJA

GARWE AJA

APPEARANCES:

APPELLANT:

T J Frank, SC

(with him Ms E Schimming-Chase)

Instructed by LorentzAngula

FIRST and SECOND RESPONDENTS:

R Michau, SC

Instructed by HD Bossau & Co