IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION, PRETORIA

(1) **REPORTABLE: YES / NO**
(2) **OF INTEREST TO OTHER JUDGES: YES / NO**
(3) **REVISED**

2015.12.07
DATE

SIGNATURE

CASE NUMBER: 41993/2012
DATE: 7 December 2015

SNAP-ON AFRICA (PTY) LTD	First Applicant
SNAP-ON INC.	Second Applicant
SNAP-ON EQUIPMENT INC.	Third Applicant
SNAP-ON EQUIPMENT EUROPE LTD	Fourth Applicant

V

SEAN JOUBERT	First Respondent
S O EQUIPMENT GAUTENG NORTH (PTY) LTD	Second Respondent
EQUIPMENT AFRICA	Third Respondent
INTEGRATED MARKETING (PTY) LTD	Fourth Respondent

JUDGMENT: RESPONDENTS' APPLICATION TO SET ASIDE THE ANTON PILLER ORDER IN TERMS OF RULE 6(12) (c)

MABUSE J:

[1] This is an application by the first, second and third respondents' ("the respondents") against the applicants for the following order:

"1. that the Anton Piller order which was granted by his Lordship Mr Justice Van der Merwe on 19 July 2012 ("the Anton Piller order"), insofar as it relates to the respondents, be set aside;

2. that the Sherriff of the above Honourable Court be directed forthwith to release from attachment and return to the respondents the documentation, items and equipment seized during the execution of the Anton Piller order on 20 July 2012;

3. in the alternative to paragraph 2, in the event that the Honourable Court may find that certain of the items seized constitute counterfeit goods, that the respondents be granted access to the seized items for the purpose of drawing up a detailed inventory and that the Sheriff be directed to release all documentation, items and equipment not falling within the ambit of the Anton Piller order as well as all such items from which any infringing matter (such as software and/or cameras) can be removed;

4. that the setting aside of the Anton Piller order, as contemplated in paragraph 1 above, does not affect the obligations imposed in terms of paragraphs 3.2 to 3.4 of the Anton Piller order;

5. that the first, second, third and fourth applicants be ordered to pay the costs of the respondents, jointly and severally, the one paying the others to be absolved on the attorney and own client scale, such costs to include the costs of two counsel;

6. Further and/or alternative relief."

Notwithstanding the fact that this application is brought by the respondents I will for all intents and purposes call the parties herein by the nomenclature that they chose to call themselves in the main application.

[2] The respondents, *qua* applicants, seek an order in which the Anton Piller order that the applicants obtained on 19 July 2012 is set aside and another order in which certain items seized during the execution of the aforementioned Anton Piller order are returned to them. They seek the said orders on two grounds, the first of which is that the applicants have not complied with the requirements pertaining to the Anton Piller application and secondly that the applicants have again failed to make a proper case for the relief set out in s. 11 of the Counterfeit Goods Act 37 of 1997 ("the Counterfeit Goods Act").

[3] It is contended by the respondents in the first place that the applicants were *mala fide in* bringing the Anton Piller application without notice to them and thereby unilaterally depriving them of the *audi alteram partem* and various constitutional rights entrenched in the constitution of the Republic of South Africa Act 108 of 1996 ("the Constitution"). In this regard the respondents opined strongly that no basis existed for the granting of the Anton Piller order; that the extent of the order was extremely wide and far wider than necessary and that the terms of the order were exceeded during its execution, which itself was fundamentally flawed.

[4] Secondly, it is contended by the applicants that, in the application for the Anton Piller order, the applicants failed to make full and frank disclosure of all material facts.

[5] According to the respondents, the application for an Anton Piller order that served before Van der Merwe DJP, as he then was, appeared to the respondents to be a hybrid application. It was a combination of a common law Anton Piller application and an application based on s. 11 of the Counterfeit Goods Act, which is not permitted in terms of the Anton Piller proceedings. The respondents' view is that the provisions of s. 11 of the Counterfeit Goods Act are against the spirit of the Constitution inasmuch as they deprive a party unconstitutionally of certain entrenched rights. The result was that the application enabled the applicants to obtain certain substantive interdictory relief under the prayer of *"further alternative relief."* It is contended by the respondents that the Anton Piller application is designed solely to preserve evidence that such an application is a stand-alone application which must not form part of another application in which other relief is sought.

[6] The respondents referred the Court to paragraph 15.1 of the Practice Manual of the North Gauteng High Court (now the Gauteng Division) which provides as follows:

"15.1 Anton Piller Type Orders

1. *These practices apply when an order which is sought ex parte involves a search for a movable object or the attachment thereof in order to preserve evidence as is meant in Shoba v Officer commanding, Temporary Police Camp, Wagendrift Dam and Another, Maphanga v Officer Commanding, South African Police Murder and Robbery Unit, Pietermaritzburg and Others 1995(4) SA 1(A) or if the item is not*

identified in the papers, i.e. if identification is dependent upon pointing out which is still to be made.

2. *Such an application must stand on its own and not form part of an application in which other relief is claimed. Duplication of costs is to be minimized by incorporating evidence in one application by reference in any other application."*

The respondents state that the law has changed now and that in terms of the current law it was no longer possible to obtain a temporary relief together with an Anton Piller order.

[7] The case of **Shoba v Officer Commanding Temporary Police Camp, Wagendrift Dam, and Another, Mapanga v Officer Commanding South African Police Murder and Robbery Unit, Pietermaritzburg and Others 1995(4)(1) SA AD at p. 15 G-I** ("Shoba") sets out what an applicant for the Anton Piller order, which is obtained in camera and without notice to the respondent, must prima facie establish:

7.1 that the applicant has an existing cause of action against the respondents which he intends pursuing;

7.2 that the respondent has in his possession specific (and specified) documents or things which constitute vital evidence in substantiation of the applicants' cause of action, (but in respect of which the plaintiff cannot claim a real or personal right); and

7.3 that there is a real and well founded apprehension that this evidence may be hidden or destroyed or in some manner be spirited away by the time the case, the applicants intends launching, comes to trial or to the stage of discovery.

[8] A comparative analysis between the Anton Piller application and the application in terms of s 11 of the Counterfeit Goods Act will demonstrate the similarities in the basic requirements. For instance:

8.1 S 11(1) provides that:

"The owner of an intellectual property right who is aware or has reasonable grounds to believe that an act of dealing in counterfeit goods has taken place or is likely to take place, may, without prejudice to any other remedy that he or she may have in law, apply ex parte to a judge in chambers for an order."

8.2 An application in terms of s 11 may be brought ex parte, in the same manner as an application for Anton Piller order. Secondly, the applicant for the relief in terms of s 11 must establish a prima facie case.

8.3 In the same manner, as an Anton Piller application, an application in terms of s 11 of the Counterfeit Goods Act is made in camera.

8.4 The Court may not grant an order in terms of s 11 of the Counterfeit Goods Act unless the applicant establishes a prima facie claim against the respondent for the infringement of copyright of an intellectual property right. This requirement applies also in the case of an Anton Piller application. (See s 11(2) of the Counterfeit Goods Act).

8.5 The purpose of s 11 is, as indicated in subsection (3), to preserve evidence. S 11(3) states that:

"(b) Should be normal court procedures be followed or implemented, the goods relevant to the issues in those proceedings or evidence in connection with transactions or dealings with the latter goods, are likely to be destroyed or to be altered or placed or be otherwise disposed of in

such manner as to effectively preclude the applicant from having access to the relevant goods."

The relief afforded by s 11 is procedural and is designed solely for the purpose of preservation of evidence where the danger exists of the evidence being removed or destroyed. Accordingly the evidence may not be available if the order was not granted and the applicants were forced to follow the normal procedure. The applicant must set out cogent reasons for believing that there is a real danger that the goods will be removed or destroyed and that thereby the ends of justice will be defeated if the respondent were given notice of the proceedings against him or her. The deliberate destruction of the goods by the respondent will emasculate the normal court procedure. This is another requirement for the Anton Piller application.

8.6 Another similarity between the Anton Piller application and an application in terms of the said s 11 is that the relief sought is granted subject to the applicant bringing the application or an action within a specified time period or before a specified time period.

8.7 In his heads of argument Mr Morley pointed out that it is not a requirement of s 11 that the evidence sought to be preserved, unlike in the case of Anton Piller application, be "vital".

Having submitted that there are substantial similarities between the s 11 and Anton Piller applications requirements, he pointed out that the sole difference between the said two procedures as being the rigid requirements by s 12 (2) of the Counterfeit Goods Act that for the purposes of conducting a search, the sheriff or designated person must be accompanied by the applicants' attorney. On the other hand the applicants and attorney are strictly forbidden to attend the execution of the Anton Piller order. See **Memory Institutes 2004(2) SA 630 SA at 633 CG.**

8.8 In my view where the applications are in essence almost substantially similar and where the relief sought is almost the same; where the execution of the orders would be almost identical; where the launching of such an application has the same purpose, there should be no objection in bring both applications together. Apart from anything else it will be cost effective and only team will be involved in the execution of the orders.

8.9 I agree with the submission by Mr Morley that to require that the application for Anton Piller order and the application in terms of s 11 of the Counterfeit Goods Act be brought separately would result in absurdity and where absurdity would result a court faced with these two applications launched together should adopt a lenient approach. If the two applications are brought separately that may result in the following scenario:

(a) two independent sheriffs would have to be present;

(b) twice the number of experts would have to be present;

(c) the applicants attorneys and representative could assist one sheriff and not the other; and,

(d) more importantly the two sheriffs may be divided on the destination to which the goods must be taken. For instance, the sheriff armed with an Anton Piller order may one to remove the goods to one place while the sheriff armed with an order issued under s. 11 under a different case number may want to remove the articles to a different place; and,

(e) the two applications would duplicate the costs.

8.10 In conclusion there is nothing impermissible, in my view, in the applicants seeking both orders in terms of the Anton Piller application and the s. 11 of the Counterfeit Goods Act in the same papers. Surely Practice Manual 15.1 did not have this scenario above in mind when it provided that such an application must stand alone and not form part of an application in which other relief is claimed. While I accept the respondents' point supra as it relates to the provisions of the Practice Manual 15.1 I do not accept their proposition that the Anton Piller application should be set aside on this point. Secondly, the common law and statutory provisions complement each other and are easily reconcilable. One case may be made in one large swoop in respect of both applications.

[9] The respondents also complained about the form of the order which the applicant obtained. An attack on the form of the order asked for and granted is a challenge on the discretion of the Court. A judge, in granting the order, executes a discretion. For instance s. 11(4) provides that:

"A court, hearing the application so brought, may order that the relief applied for, be granted subject to the terms and conditions specified in the order or that the relief be refused, or may make any other order that it deems just and appropriate in the circumstances."

The only thing that is required is for the judge to exercise his discretion judicially. In the circumstances the judge may deviate from the requirements of the common law.

<u>Alleged unconstitutionality of s11 of the Counterfeit Goods Act</u>

[10] 10.1 The respondents contend that it would appear that the provisions of s 11 of the Counterfeit Goods Act may be unconstitutional because they deprive individuals of certain fundamental rights embodied in the Constitution. Although this was raised as a ground on which to set aside the Anton Piller order, this point was, I think wisely so, not vigorously pursued by Mr. Michau who, apart from raising it himself in his heads, did not deal with it in his argument.

10.2 Quite clearly the respondent did not raise the issue of the constitutionality of s 11 of the Counterfeit Goods Act with any confidence. This is evidenced by the use of the words *"may be unconstitutional"* and secondly by the failure to specify such fundamental rights entrenched in the constitution.

10.3 It would appear from the heads of argument that the respondents had little chance, for two reasons, of succeeding with this point if they persisted with it. The first reason was that if they persisted with the point they would have been obliged to cite the relevant Minister responsible for the Counterfeit Goods Act. This point was, in my view, not properly raised. Secondly, the respondents do not seek any order in terms of which it is declared that s 11 was invalid.

Failure to disclose all material facts and correspondence

[11] It is contended by the respondents in respect of this ground that the applicants have failed to disclose, in their founding papers, several material facts and correspondence which are irrelevant. The applicants' attitude is that the correspondences the respondents have set forth in their founding papers in respect of this application bear no relevance to the Anton Piller application. The applicants' complaint against the respondents on this aspect is that the respondents have not,

in their papers, set forth any such facts emanating from the correspondence which they regard as material for the purposes of the Anton Piller application or to demonstrate their point. Relying on **Swissborough Diamond Mines (Pty) Ltd v Government of the Republic of South Africa 1999(2) SA 279(1)** it was submitted by counsel for the applicant that it is not permissible simply to annex annexures to an affidavit without identifying the relevant portions upon which the respondents rely.

[12] According to the applicants:

12.1 the issue raised in the letter of demand dated 20 March 2012 which the respondents have attached to their application as annexure 'SJ10' relates to the lawfulness of termination of the first respondent's franchise agreement. The respondents contend that the said letter is relevant because it makes no reference to any alleged dealing in counterfeit;

12.2 the second issue raised by the respondents, according to the applicants, was whether the respondents were entitled to use the "EUROPA" branding; and whether there is any entitlement on the part of the respondents to display the applicants' products on their website and finally whether there is any indebtedness on the part of the respondents arising from the franchise agreement;

12.3 it is not clear to this Court how relevant it is that the applicant have not referred to the respondents dealing in counterfeit goods in the letter dated 20 March 2012. It is of supreme importance to point out that there was still no mention made of copyright infringement in the same letter. Quite clearly the applicant did not have that evidence. It is at any rate, the duty of the Court to determine whether any facts or correspondence are material. With the respondents having failed to point out in their evidence what was material in the correspondence and having considered the evidence of the respondents, I have not being persuaded that the correspondence contained anything material for the purposes of the Anton Piller application. Accordingly I am unable, on the evidence before me, to find any merit on this ground.

<u>The execution of the Anton Piller order was fatally flawed</u>

[13] The first respondent contends that Carl Christoff Heinrich van Rooyen, the independent attorney and a person who had been entrusted with the duty to execute the Anton Piller order, failed to control the process and failed to ensure that the execution was done within the limits.

[14] The first respondent complains that Mr van Rooyen permitted two unknown and unidentified men to assist with the execution of the order and left them at the premises. Safe for complaining the first respondent does not tell this Court how the presence of two unidentified and unknown men compromised the whole execution. Mr van Rooyen has, in his answering affidavit, admitted that he had called two strange men to assist him. He gave valid reasons why he did so and the following are such reasons. Mr van Rooyen testified that there were nineteen (19) crates which were three (3) meters long and weighing more than fifty (50) kilograms on the first floor. These crates could not be moved via the stairs. Mr Owgan was asked to move the crates to the ground floor via the outside lift but it took him close to one hour to move one. This happened because of the size and weight of the crates. As there was no one to assist Mr Owgan, Mr. William brought these two strange men to

assist. They were escorted to the warehouse on the first floor and it was explained to them what to do.it was however contended by the respondents that the proper procedure that should have been followed was to approach the Court to amend the order by providing for additional assistance and to obtain permission for such people to enter premises.

[15] In the first place, it is highly unlikely that these two strange men, who had no knowledge of the case, who were mere casual workers for that particular day and who would only do what they had been told to do by either Mr. Williams or Mr. van Rooyen could do anything untoward to jeopardise the execution of the Court order. Secondly, it was only logical and not in any manner unlawful for Mr. van Rooyen to call for assistance because before the arrival of those two strange men, no one who was there was able, even if they tried doing so in a group, to move the crates. Thirdly the third respondent made a mere allegation without showing how the participation of the two strange men in assisting to move the crates compromised the process. Fourthly, there is no iota of evidence by the first respondent and his witnesses with regards to what precisely the two unidentified men did during the execution of the order or that they were present during the execution of the order. Fifthly and lastly the evidence of Mr. van Rooyen as set out in his answering affidavit is that at the stage he called the two strange men to assist the order had already been executed. This evidence was supported by the first respondent evidence when he testified as follows in paragraph 8.21 of his affidavit:

"The 3 metre long camera beams had to be lowered downstairs using an outside lift. This obviously took quite a bit of time. The fact that it took a long time frustrated Mr van Rooyen and I heard him say he was going to get some to help my staff.

Astonishingly, Mr Van Rooyen went to fetch two total strangers "off the streets" to assist and brought them into the warehouse. Mr Van Rooyen warned them that they must not steal (in Afrikaans) and they replied that they would not as then they would go to jail. They were instructed to move the beams and cameras downstairs."
In the premises it is clear that the first respondent made a statement about the two unidentified men without any intention to mean that they were present during the execution of the order.

[16] There is no evidence that Mr. van Rooyen took the applicants' attorneys back to the hotel. Mr. van Rooyen's evidence, which is supported by the evidence of Mr. Williams, the plaintiff's attorneys, was that Mr. Williams was taken away by Mr. van Rooyen's candidate attorneys. It is unclear as to why the first respondent alleges that Mr. van Rooyen left the premises.

<u>The applicants' representatives involved in the execution of the order</u>

[17] The respondents also attacked the execution of the Anton Piller order on the ground that the representatives of the applicants formed part of the search party and were involved in the execution of the order. The applicants admit that Mr. Williams, the applicants' attorney, was present during the execution of the Anton Piller order. The applicants admit that indeed Mr. Williams was present. He was present because in terms of s 12(2) of the Counterfeit Goods Act the applicants' attorney is by law obliged to be present when the sheriff and a designated person, in this case Mr. van Rooyen *in casu,* execute the order issued in terms of s 11 of the said Act. He was

not at the venue when the order was executed in terms of the Anton Piller order but was there in terms of the provisions of s 12(2) of the Counterfeit Goods Act.

The risk of spiriting away

[18] One of the requirements for the Anton Piller application is that the applicant must fully set out cogent reasons for believing that there is a real danger that the documents or articles will be removed or destroyed and the ends of justice would be defeated if the respondent were given notice of the proceedings against him. See in this regard **Roamer Watch Co S.A. v African Textile Distributors 1980(2) SA 254(W) at 273** ("the Roamer case"). In **Anton Piller KG v Manufacturing Process Ltd (1976) CH.55 (CA)** or **(1976)1 All ER 779** the Court used "a grave danger" and "a real possibility" that the evidence will be destroyed. The evidence that there is a real danger that the documents or articles or goods will be removed or destroyed should not be flimsy. I wish to point out that a similar requirement is also prescribed for an application in terms of s 11 of the Counterfeit Goods Act.

[19] The Court has a discretion to grant or refuse the order. In deciding whether or not to do so, the Court will weigh:

"On the one hand the prejudice, which the respondent may suffer in regard to the loss of this legitimate trade secrets, the disruption of his business or the adverse influence which an attachment or removal may have on his trading reputation, and, on the other hand, the need of the applicant to obtain evidence which may otherwise be lost to him."

See also in this regard the case above at p. 272.

[20] It is the applicants' case that there is extensive evidence on the basis of which the applicants justify a fear that the respondents have a potential of destroying or otherwise hiding the relevant evidence. According to the applicants, the apprehension that there is a real danger for believing that the documents or articles or goods concerned will be removed or destroyed emanates from the following circumstances:

20.1 the equipment that was seized from the respondents constituted ordinarily the stock in the hands of the respondents. They therefore constituted goods that the respondents could have sold at any time;

20.2 the respondents had, without a licence, unlawfully upgraded the software of the applicants' customers;

20.3 it is contended by the applicants that the first respondent, in particular, was disciplined for selling fraudulently constructed systems;

20.4 the first respondent is guilty of offering a bribe to the internal employee of the applicants; and

20.5 finally, there were ten other fraudulently constructed aligners, all constructed by the first respondent.

There were other circumstances that showed the applicants that the first respondent had the capability to remove the goods from his own premises. This was demonstrated by the first respondent's attempts to mislead Mr. van Rooyen during the execution of the Anton Piller order.

<u>Evidence must be vital</u>

[21] One of the requirements for the grant of the Anton Piller type order in this country is, as set out in the Roamer case, at p. 272, that the evidence provided by the documents, information and goods to be attached must be material to the applicants' case. The applicants' case should not be wholly dependent on such evidence as may or may not be found in the respondents' possession as this would result in the application constituting a mere fishing exercise. The order should not be granted if there is another way in which the applicants may obtain the evidence. The applicant must make out a *prima facie* case against the respondents irrespective of the evidence that may or may not be found in the respondents' possession. The value of the evidence or goods or documents to be seized must not be a mere make-weight when considered together with the applicants' other available evidence. The respondents' case on this point is that the evidence for which the applicants sought the Anton Piller order was not vital.

[22] On the other hand, the applicants contend that the evidence that they had sought by way of a seek and attach order was vital. Relying on the case of Shoba, supra, they argued that "vital" in their view meant "of great importance" to their case. In order to determine whether evidence is vital, it is of supreme importance to have regard to the cause of action that the applicants intend to pursue and the ultimate relief that they seek. Once it is established that the applicants possessed copyright in a work and that such copyright has been infringed, the applicants, it follows, would be entitled to institute proceedings for interdict, delivery-up of infringing goods, payment of royalties or damages. The applicants would also be entitled to an order in terms of s. 10(1) of the Counterfeit Goods Act.

[23] At the time of the execution of the Anton Piller order, the applicants already had in their possession the following evidence:

23.1 the two equipments that they bought, through using some of their customers, from the respondent and not only that but in addition the reports of the experts who had analysed the two equipment. This, in my view, was vital evidence as required by both the common law and the Counterfeit Goods Act.

[24] Mr. Morley submitted that at this stage the applicants did not have evidence with regard to the following:

24.1 the documents necessary to substantiate or establish a claim for royalties or payments of damages including:

24.1.1 the number of infringing goods imported;

24.1.2 the number of infringing goods sold;

24.1.3 the price at which such goods had been offered for resale;

24.1.4 the price at which such goods have been purchased.

In respect of the claim for delivery-up the applicants did not have evidence of the location of the sold products together with information as to when or what products had been sold by the respondents. Finally, in respect of a claim for disclosure of information pursuant to the Counterfeit Goods Act the applicants had no information relating to the suppliers. Accordingly I find that the evidence that was obtained by the applicants following the execution of the Anton Piller order was vital to sustain the applicants' cause of action and secondly for the purposes of the relief that the applicants sought.

[25] Accordingly the following order with regards to the application to set aside is hereby made:

1. The application to set aside the Anton Piller order that the applicants obtained on 19 July 2012 is hereby dismissed with costs.

P.M. MABUSE
JUDGE OF THE HIGH COURT

Appearances:

Counsel for the applicants:	*Adv. GE Morley (SC)* *Adv. PJ Wallis*
Instructed by:	*Morris Fuller Walden Williams* *c/o Adams & Adams Attorneys*
Counsel for the 1st, 2nd & 3rd respondents:	*Adv. R Michau (SC)* *Adv. LG Kilmartin* *Adv. H Worthington*
Instructed by:	*Van der Wal Slade Ramabulana Inc.*
Date Heard:	*17-19 February 2015*
Date of Judgment:	*7 December 2015*