Decision of the ADVERTISING REGULATORY BOARD

Complainant	African Cosmetics Limited and Prime Africa Holdings (Pty) Ltd
Advertiser	Shoprite Checkers (Pty) Ltd
Consumer/Competitor	Competitor
File reference	Shoprite Checkers - African Cosmetics & Prime Africa
Outcome	Dismissed
Date	27 September 2019

The Directorate of the Advertising Regulatory Board has been called upon to consider a complaint lodged by African Cosmetics Limited and its South African distributor, Prime Africa Holdings (Pty) Ltd.

The complaint is directed against Shoprite Checkers' Magnolia Tissue Oil packaging and product getup. The product retails under the Advertiser's "Renew" and "U" store-owned brands.

Description of the advertising

The complaint was directed at both the Advertiser's "Renew" and "U" Magnolia Tissue Oil variants. The table below depicts the Complainant's "Bramley" product packaging on the left, and the Advertiser's "Renew" and "U" variants in the middle and on the right.

Complainant's product	Advertiser's products			
	"Renew" variant		"U" variant	
				

Complaint

The Complainant, represented by von Seidels Intellectual Property attorneys, outlined the following product category similarities:

The Complainant's scented tissue oil product has been on the market since 2004 and has, until the recent launch of the Advertiser's products, been the only Magnolia scented tissue oil on the market. Both the Complainant's and the Advertiser's products are pegged at the same price point, and retail in similar stores (The Complainant's product is sold in PEP and Dealz stores nationwide, whereas the Advertiser now stocks its items in its Shoprite, Checkers, Checkers Hyper and Usave stores). The Complainant's product, however, is the market leader and best-selling tissue oil in South Africa. Between 2004 and the recent product launch by the Advertiser, the Complainant's product was the only scented tissue oil available in South Africa.

Turning to the product packaging, the Complainant submitted that its product has featured the phrase "Magnolia tissue oil", an image of a Magnolia flower, and a predominantly pink or peach tint since its launch in 2004. These elements were

specifically crafted, were not in common use on tissue oils products in South Africa, and have since come to represent the signature of its scented tissue oil getup and packaging. The Complainant detailed its advertising spend in a separate annexure to illustrate wide usage of these elements and broad exposure of its packaging.

All these elements appear on the Advertiser's newly launched scented tissue oil packaging and labelling. It added that the Advertiser's "Renew" brand variant logo appears in an oval shape at the top of its packaging and label, which coincides very closely with the Complainant's oval-shaped Bramley brand logo.

The Advertiser's decision to mimic and adopt the Complainant's signature theme and a trade name and symbol that the Complainant have been using exclusively and extensively for over a decade can only be considered deliberate. The highlighted similarities are likely to cause confusion with consumers because the Advertiser's product is likely to bring the Complainant's established product to mind. As such, the Advertiser stands to gain unfair competitive advantage while diluting the Complainant's goodwill and potential advertising value.

To further demonstrate the Advertiser's deliberate intent to copy ifs packaging, the Complainant included examples of its "Cocoa Heaven" scented tissue oil and the Advertiser's "Cocoa Butter" scented tissue oil products. It argued that here too, the products contain distinctly similar positioning of the brand logo, similar product trade names, similar packaging and labelling colour schemes, similar imagery and marketing devices.

Response

The Advertiser, through its attorneys Adams & Adams, submitted that it was not a member of the Advertising Regulatory Board, did not consent to its jurisdiction, and would not abide by any decision made. It emphasised that it was not willing to participate in the Advertising Regulatory Board's processes, but attached a copy of correspondence addressed to the Complainant directly, adding that the ARB was at liberty to consider these submissions.

This document essentially denied the allegations put forward by the Complainant, arguing that the "distinctive" elements highlighted in the complaint are actually commonplace in the cosmetics industry, and that the complaint was merely a contrived attempt to enforce a monopoly in this product category. It presented some examples to support its submissions, and argued that the Complainant' descriptive product name, "Magnolia tissue oil", cannot accrue any goodwill or branding value because it simply describes the product. The practice of depicting cosmetic product ingredients by means of an image of the relevant flower or plant is commonplace, and the Complainant's peach colouring correlates with the white Magnolia flower featured on its packaging, whereas the Advertiser's pink colouring corresponds with the pink Magnolia flower depicted on its packaging.

It highlighted other dissimilarities, arguing that all product variants carry a prominent logo referencing the relevant brand identity, meaning that there is no likelihood of confusion. This, coupled with distinctly different colour schemes, and the fact that these products follow separate distribution channels and are never sold side-by-side or in the same stores, means that there is no potential for confusion or deception.

The Advertiser briefly addressed the Complainant' references to its Cocoa Butter tissue oil variant.

Application of the Code of Advertising Practice

The following clauses were considered at the request of the Complainant:

- Exploitation of advertising goodwill - Clause 8 of Section II.
- Imitation - Clause 9 of Section II.

Decision

The Directorate of the ARB has considered the matter and issues the following finding.

Procedural issues

The Complainant lodged this complaint in relation to the Advertiser's Magnolia tissue oil product, and advanced reasons for doing so. In some instances, reference was made to the Complainant's Cocoa Butter tissue oil variant, said to be the Complainant's second-best selling item, and the alleged similarities between this product and the Advertiser's corresponding variant. These references, however, appear to serve the purpose of further motivating the main complaint in relation to the Magnolia tissue oil product, and are submitted as proof of the Advertiser's intentional copying.

The Directorate was not requested to rule on this particular variant as a potential breach of the Code of Advertising Practice.

As such, the Directorate of the Advertising Regulatory Board will limit its consideration to the parties' Magnolia tissue oil variants.

Jurisdiction

The Advertiser emphasised that it was not an ARB member, did not consider itself bound by ARB processes or decisions, and had no desire to comply with any adverse ruling that may follow.

The Memorandum of Incorporation of the ARB states:

"3.3 The Company has no jurisdiction over any person or entity who is not a member and may not, in the absence of a submission to its jurisdiction, require non-members to participate in its processes, issue any instruction, order or ruling against the non-member or sanction it. However, the Company may consider and issue a ruling to its members (which is not binding on non-members) regarding any advertisement regardless of by whom it is published to determine, on behalf

of its members, whether its members should accept any advertisement before it is published or should withdraw any advertisement if it has been published."

In other words, if you are not a member and do not submit to the jurisdiction of the ARB, the ARB will consider and rule on your advertising for the guidance of our members.

The ARB will, however, rule on whatever is before it when making a decision for the guidance of its members. This ruling will be binding only on ARB members and on broadcasters in terms of the Electronic Communications Act.

The ARB will therefore proceed to consider this matter for the guidance of its members.

Merits

Clause 8 of Section II of the Code deals with matters pertaining to advertising goodwill, and prohibits advertising that takes advantage of:

- the advertising goodwill relating to the trade name or symbol of another product or service, and/or
- the advertising goodwill relating to a campaign or advertising property of another.

This clause stipulates that persuasive factors include the likelihood of confusion and diminution of existing advertising goodwill, and whether or not the disputed device or elements constitutes a prominent "signature" that is frequently used and prominently associated with the party seeking protection.

The Complainant submitted that its product has been on the South African market for approximately 15 years, and that its packaging has remained relatively constant throughout. It attached a document labelled "Annexure A" in support of this submission. It further asserted that it was the market leader in the tissue oil product category.

The Advertiser has not disputed this, but argued that none of the distinctive elements referred to by the Complainant constitute "signature" elements. It submitted that these

elements (i.e. the positioning of the brand logo, the presence of a visual representation of key ingredients and descriptive product terminology) are commonplace in the cosmetic industry. It submitted a handful of examples to illustrate this point.

The primary question that arises is whether or not the Complainant has demonstrated the presence of discernible advertising goodwill in its packaging, and if so, whether the Advertiser's packaging could reasonably be said to be riding the coat tails of such goodwill. The main "signature" elements identified by the Complainant were:

- Its oval-shaped logo appearing at the top of the packaging.
- The words "Magnolia tissue oil".
- An image of a Magnolia flower or flowers.
- Its peach colour scheme.
- A circular device containing droplet-like images.

By the Complainant' own admission (refer paragraph 4.5 of the original complaint) its brand name and label layout has changed over the years. From "Annexure A" attached to the complaint, it would appear that only the more recent versions (marked as items 5 and 6) feature the current oval-shaped logo. The Complainant has not, however, provided clarity as to when this newer logo was adopted. The Advertiser's decision to rely on an oval shape for its "Renew" variant was, however, emphasised.

Irrespective of this, it should be noted that a great number of cosmetic products on the market tend to feature a brand logo or name at the top of its packaging. While there are certainly exceptions to this trend, it is telling that the Complainant' own submissions carry several examples where tissue oil products carry the brand name or corporate identity at the top. There is nothing before the Directorate to show that oval-shaped logos are inherently associated with, or likely to recall the Complainant. Similarly, the clear and legible brand name presented on each competing product negates any possibility of consumer confusion.

The Advertiser correctly notes that having traded with such a generically descriptive name as “Magnolia tissue oil” for nearly 15 years does not automatically bestow advertising goodwill in terms of Clause 8 of Section II. The Directorate acknowledges the Complainant’s submissions that its product is recognised and referred to as “Bramley” and/or “Magnolia”, and/or “Bramley Magnolia” (refer its “Annexure H”). However, it is not convinced that that goodwill resides in a product description that purely explains what is contained in the product. The Complainant’s concern is not that its trade name has been exploited, so the frequent reference to “Bramley” does not carry significant weight. If anything, it is an indication that the goodwill lies with the trade name “Bramley” and not with the product descriptor or get up.

Logically speaking, any mark made up of common words, albeit in a novel combination, runs the risk of competitors using such words in their common meaning in such a manner to enable it to identify the competitor.

The Complainant’ product is labelled “Magnolia tissue oil” and it contains Magnolia scented tissue oil. To award protection of advertising goodwill to such a generic and inherently descriptive product name would unfairly prejudice all other competitors who may launch magnolia scented tissue oil in the future, and would arguably be contrary to the principles of fair competition in business enshrined in Clause 1.3 of Section I of the Code. By this logic, there would only ever be one company selling “vanilla-scented candles”, or “chocolate flavoured milkshakes” or other generically descriptive product names.

Turning to the image of a Magnolia flower on the respective packaging examples, here too the Directorate does not agree that the decision to utilise an image of an ingredient or fragrance warrants protection under Clause 8 of Section II. Again, this is not uncommon in the cosmetics industry, as is clear from a cursory view of products in the trade and the examples submitted by the Complainant. In addition, the flowers are quite different in appearance.

The only remaining "signature" items are the colour scheme and the circular device containing droplet imagery.

It should be noted that the Advertiser's chosen colour scheme does not resemble that of the Complainant. The Complainant have chosen a peach colour to complement its packaging, whereas the Advertiser's colour template is decidedly more pink to purple. The difference in colour is pronounced enough to negate any argument of exploitation.

In addition, the circular device containing a drop or droplets does not appear to uniquely apply to the Complainant' product. In fact, a quick online search for products sold on the South African market reveals that droplet and/or rounded devices are fairly common in the tissue oil product category.

The Complainant appears to have extended relatively generic advertising elements (colour, imagery, descriptors and logos) to a novel product sub-category of scented tissue oils. While the decision to venture into this sub-category may have afforded the Complainant considerable commercial advantage, it is not sufficient to afford the Complainant protection in terms of Clause 8 of Section II of the Code. The cosmetic industry is riddled with similar products containing virtually all the highlighted "signature" elements in varying degrees of similarity.

The Advertiser's products carry materially different logos, retail in mutually exclusive stores, and are clearly identifiable by brand. The likelihood of confusion is therefore negligible at best, and it is unlikely that the Complainant' advertising goodwill is diminished as a result of a direct competitor entering the market.

The Advertiser's packaging is therefore not found to have contravened Clause 8 of Section II for the reasons advanced by the Complainant.

Clause 9 of Section II stipulates, inter alia, that advertisers must not copy existing advertising, or any part thereof "... in a manner that is recognisable, or clearly evokes the existing concept, and which may result in the likely loss of potential advertising value".

This clause stipulates that potential confusion is irrelevant in deciding on possible imitation, and that the consideration should evaluate:

- the extent of exposure period of use and advertising spend,
- whether the advertising concepts are central to the overall theme and crafted as opposed to commonly used, and
- any impact of the competitive sphere in which the parties operate.

It is not denied that the Complainant has enjoyed market dominance in the scented tissue oil product category for some time. What does, however, dilute this accolade is the fact that this remains a sub-category of a larger tissue oil product category, of which there are several competitors, all utilising similar, if not identical elements in its advertising.

As discussed earlier, none of the Complainant's so-called "signature" elements are uniquely crafted or out of sync with similar products in the tissue oil category. Several (if not all) of these elements appear on other tissue oil products, including prominent logos, imagery of ingredients, descriptive terminology and corresponding colour schemes.

Put differently, there is nothing before the Directorate to convincingly argue that the concepts and themes the Advertiser is accused of imitating are unique or associated specifically with the Complainant's product. In fact, the Complainant's product in and of itself appears to echo concepts, themes and elements that can be found on virtually all tissue oil products on the South African market. The colouring schemes found on the market also frequently match the product colouring, as is the case with the products in dispute. While the Complainant's concept of marketing magnolia tissue oil may have been an original idea, its packaging lacks any crafted, original elements.

In MAQ/ StaSoft / 30 August 2019, the Directorate said, in making a finding of a breach of Clause 9 of Section II:

> "The potential loss lies in the fact that the word 'soft', in the bubble font, at an angle, used for a fabric conditioner, would previously only have evoked the Sta-

> Soft product. This (rather than likelihood of confusion) is evidenced by the survey results. The use of the word in the manner that the Advertiser has done it potentially diminishes this value."

In the matter at hand, it cannot be said that any particular element of the Complainant's packaging has been shown to be so unique as to evoke the Complainant's packaging.

Given the above, the Directorate is not convinced that the Complainant's packaging constitutes original intellectual thought capable of protection.

As such, the Advertiser is not found to have contravened Clause 9 of Section II of the Code.