

IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA, PRETORIA

CASE NO: CT011/Nov/2013

In the matter between:

DSM IP Assets B.V.

Applicant

and

DSM Technologies (Pty) Ltd

First Respondent

(2012/016066/07)

Companies and Intellectual Property Commission

Second Respondent

Coram: Delport P.A.

Decision handed down on 2 June 2014

DECISION

INTRODUCTION

[1] The applicant/s applies in terms of section 160 of the Companies Act 71 of 2008 (“Act” / “Companies Act”) and regulations 143 and 153 of the regulations in terms of the Companies Act (GNR 351 of 265 April 2011) (“Companies Act regulations” / “regulation/s”) for a default order that the first respondent be ordered to change its name, DSM Technologies (Pty) Ltd because it does not comply with section 11 (2) of the Companies Act. In the founding affidavit the allegation is made that

the provisions of section (11) (2) (b) and section (11) (2) (c) (i) are not complied with.

BACKGROUND

- [2] The applicant is DSM IP Assets B.V., a company incorporated in terms of the laws of The Netherlands with address Het Overloon 1, 6411 Te Heerlen, The Netherlands.
- [3] The first respondent is DSM Technologies (Pty) Ltd (2012/016066/07), a company in terms of the definition of “company” in section 1 of the Companies Act, with registered address 500 Lois Avenue, Erasmuskloof, Pretoria, Gauteng.
- [4] The second respondent is the Commissioner of the Companies and Intellectual Property Commission, established in terms of section 189 of the Companies Act
- [5] The applicant is the registered proprietor of trade mark/s in South Africa in various classes in terms of the Trade Marks Act 194 of 1993. These trade marks incorporate the words “DSM”. Some of these trade marks use the words “DSM” in conjunction with a circular logo. Apparently the words “DSM” without the logo but in conjunction with other word/s are also registered as a trade marks (eg 2008/26978, 2008/2679, 2009/11363, 2009/11364). The registration of these trade marks is still valid and effective. In the evaluation and findings hereunder, only the latter trade marks, ie without the logo, will, for obvious reasons, be considered.
- [6] After some correspondence and discussion with the first respondent the applicant filed an objection to the name “DSM Technologies (Pty) Ltd” of the first respondent on 25 November 2013 on form CTR 142 as prescribed by regulation 142 (1) (a), together with a supporting affidavit as required by regulation 142 (1) (b), by Ralf Leon Marie Oscar Thomas, the trade mark attorney of the applicant, who was apparently duly authorised to act for and on behalf of the applicant in

terms of the laws of The Netherlands. Evidence to this effect was submitted, marked “DSM1”, as an annexure to the affidavit of said Ralf Leon Marie Oscar Thomas.

[7] A copy of the application and supporting affidavit was served on the first respondent at its registered address on 25 November 2013 in terms of regulation 142 (2), that provides that it should be done within 5 days of filing it with the Companies Tribunal.

[8] No formal response was received from the first respondent.

ISSUES

[9] The applicant requests that the Companies Tribunal grant the relief in the form that the first respondent be directed to choose a new name as provided for in section 160 (3) (b) (ii) of the Companies Act on the grounds that the name does not satisfy the requirements of, *inter alia*:

9.1 section 11 (2) (b) of the Companies Act in that it is confusingly similar to the Applicant’s trade mark; and

9.2 section 11 (2) (c) of the Companies Act in that it falsely implies or suggests, or is such that it would reasonably mislead a person to believe incorrectly, that the company is part of, or associated with the Applicant.

[10] The applicant also applies for an order that the second respondent remove applicant’s trade mark, DSM, from the name of the first respondent.

APPLICABLE LAW

[11] Section 160 of the Companies Act provides:

“160. Disputes concerning reservation or registration of company names.—(1) A person to whom a notice is delivered in terms of this Act with respect to an application for reservation of a name, registration of a defensive name, application to transfer the reservation of a name or the registration of a defensive name, or the registration of a company’s name, or *any other person with an interest in the name of a company*, may apply to the Companies Tribunal in the prescribed manner and form for a determination whether the name, or the reservation, registration or use of the name, or the transfer of any such reservation or registration of a name, satisfies the requirements of this Act.” (my italics)

[12] Regulation 142 (3) provides, as far as it is relevant, as follows (italics are mine):

“An application in terms of this regulation must—

- (a) indicate the basis of the application, *stating the section of the Act* or these regulations in terms of which the Application is made; and
- (b) depending on the context—
 - (i) set out the Commission’s decision that is being appealed or reviewed;
 - (ii) set out the decision of the Tribunal that the applicant seeks to have varied or rescinded;
 - (iii) set out the regulation in respect of which the applicant seeks condonation; or
- (c) indicate the order sought; and
- (d) state the name and address of each person in respect of whom an order is sought.”

[13] Section 11 of the Companies Act provides as follows:

“11. Criteria for names of companies.—

...

(2) The name of a company must—

...

(b) not be confusingly similar to a name, trade mark, mark, word or expression contemplated in paragraph (a) unless—

(i) in the case of names referred to in paragraph (a) (i), each company bearing any such similar name is a member of the same group of companies;

(ii) in the case of a company name similar to a defensive name or to a business name referred to in paragraph (a) (ii), the company, or a person who controls the company, is the registered owner of that defensive name or business name;

(iii) in the case of a name similar to a trade mark or mark referred to in paragraph (a) (iii), the company is the registered owner of the business name, trade mark, or mark, or is authorised by the registered owner to use it; or

(iv) in the case of a name similar to a mark, word or expression referred to in paragraph (a) (iv), the use of that mark, word or expression by the company is permitted by or in terms of the Merchandise Marks Act, 1941;

(c) not falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the company—

(i) is part of, or associated with, any other person or entity;

...”

[14] In *Ex parte application of Gore NO 2013 JOL 30155 (WCC)* para 35 the Court said that “[T]he term ‘interested person’ is not defined. I do not think that any mystique should be attached to it. The standing of any person to seek a remedy in terms of the provision should be determined on the basis of well-established principle...”. In *Cabinet of the Transitional Government for the Territory of South West Africa v Eins* 1988 (3) SA 369 (A) at 389 the principle was stated as: “He

failed, therefore, to show that he had what Van den Heever JA (in *Ex parte Mouton and Others* [1955 (4) SA 460 (A)] described as “n aktuele en teenswoordige belang’ [actual and existing interest] in the matter. . .” and in addition a person must also have a direct interest (*Roodepoort-Maraiburg Town Council v Eastern Properties (Prop) Ltd* 1933 AD 87 at 101). (*Henocheberg on the Companies Act 71 of 2008* at 101).

- [15] The applicant is therefore a person with an interest as required by section 160 (1).

EVALUATION

- [16] A “person” is defined in section 1 of the Companies Act to include a “juristic” person. A “juristic person” is then defined in said section 1 as including “a foreign company”. The definition of a “foreign company” is *inter alia* “an entity incorporated outside the Republic”. The applicant is therefore a “person” for purposes of section 160.
- [17] Applied to the matter under consideration the question as to what is “confusingly similar” (it is accepted that the exceptions under s 11 (2) (b) do not apply). It must be as alike in a manner that will confuse the reasonable person, ie the “ordinary reasonable careful man, ie not the very careful man nor the very careless man” (*Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd* 1979 (2) SA 276 (E) at 280). This reasonable man (person) should further be qualified as in *Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd* 1993 (2) SA 307 (A) at 315F-G: “A rule of long standing requires that the class of persons who are likely to be the purchasers of the goods in question must be taken into account in determining whether there is a likelihood of confusion or deception.”
- [18] In the 1973 Companies Act (61 of 1973) the test was as to when the name was “undesirable”, and those principles should also apply to “confusion” and “confusingly similar” (*Henocheberg on the Companies Act 71 of 2008* at 56).

[19] In *Peregrine Group (Pty) Ltd v Peregrine Holdings Ltd* 2001 (3) SA 1268 (SCA) the following was said:

“... [8] Concerning the 'undesirable' inquiry Lazarus AJ, after an analysis of the case law, pointed out that by the introduction of the word 'undesirable' the Legislature must have intended to create a new and more liberal test than the test of calculated to cause damage to the earlier company name in the recognition that proof of damage is often difficult for the objector to establish (at 198E) and concluded that: 'In my view it is inappropriate to attempt to circumscribe the circumstances under which the registration of a company name might be found to be "undesirable". To do so would negate the very flexibility intended by the Legislature by the introduction of the undesirability test in the section and the wide discretion conferred upon the Court to "make such order as it deems fit". For the purposes of the present matter it suffices to say that, where the names of companies are the same or substantially similar and where there is a likelihood that members of the public will be confused in their dealings with the competing parties, these are important factors which the Court will take into account when considering whether or not a name is "undesirable". It does not follow that the mere existence of the same or similar names on the register (without more) is "undesirable".' (At 198J - 199C.)”

[20] “Similar” as in section 11 (2) (b) would be “having a marked resemblance or likeness” and that the offending mark (or name) should immediately bring to mind the well-known trade mark (or other name): *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA).

[21] As to the requirement for “confusingly” similar, the test, as in the case of passing-off, should be: “...a reasonable likelihood that ordinary members of the public, or a substantial section thereof, may be confused or deceived into believing that the goods or merchandise of the former are the goods or merchandise of the latter or are 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.”: *Adidas AG & another v Pepkor Retail Limited* (187/12) [2013] ZASCA 3 (28 February 2013) para 28; *Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and Others* 1977 (2) SA 916 (A) at 929.

[22] Although the *Adidas AG* case *supra* was in respect of a mark rather than a name, the same principle would apply. See *Capital Estate and General Agencies (Pty) Ltd* case *supra*.

[23] Section 11 (2) (c) (i) further provides that the name of the company must “not falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the company is part of, or associated with, any other person or entity”.

[24] Section 11 (2) (c) (i) therefore requires that the name of a company must not:

- falsely imply or suggest that the company is part of or associated with any other person or entity
- be such that the name would reasonably mislead a person to believe that the company is part of or associated with any other person or entity

[25] The same principles as in respect of section (2) (b) (i) would also apply in respect of section (2) (c) (i) because in this instance, apart from the requirement that the name must falsely imply, which, it is submitted, requires fault, it can, alternatively also reasonably mislead a person to hold a certain belief. The requirements to “reasonably believe”, should be the same as in *Adidas AG & another v Pepkor Retail Limited* case *supra*; *Capital Estate and General Agencies (Pty) Ltd and Others v Holiday Inns Inc and Others* case *supra*.

[26] As to the apparent different trades of the applicant and the respondent the following, as stated in CTR004/12/2012; CT011/NOV/2013, is relevant:

“In *New Media Publishing (Pty) Ltd v Eating Out Web Services CC* 2005 (5) SA 388 (C) at 394 the Court said:

‘There is, it seems to me, an interdependence between the two legs of the inquiry: the less the similarity between the respective goods or services of the parties, the greater will be the degree of resemblance required between the respective marks before it can be said that there is a likelihood of deception or confusion in the use of the allegedly offending mark and *vice versa*.’

[27] This dictum, which was referred to with approval by the Supreme Court of Appeal in *Metterheimer and Another v Zonquasdrif Vineyards CC and Others* 2014 (2) SA 204 (SCA) at 209, illustrates an important distinction between the provisions of the Trade Marks Act and that of the Companies Act. In the former the particular goods and/or services can be a determining factor in respect of the test for confusion. The Companies Act on the other hand is not concerned with the goods/and or services, and the name *per se* must be evaluated to determine confusion.”

FINDINGS

[28] Based on the above it is reasonable to conclude that the use of the letters “DSM” in “DSM Technologies (Pty) Ltd” do not comply with section 11 (2) (b) of the Companies Act.

[29] Due to the finding in respect of section 11 (2) (b) above, I find it unnecessary to make a ruling on the application of section 11 (2) (c) of the Companies Act.

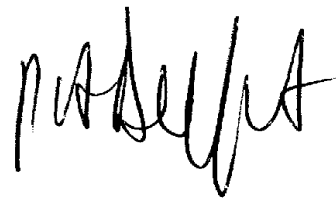
ORDER

[30] It is ordered in terms of section 160 (3) (b) (ii) of the Companies Act that the first respondent change its name as it does not comply with section 11 (2) (b) of the Companies Act.

[31] The First Respondent is also ordered to file an amended Founding Statement within 30 business days of the date of this order.

[32] In terms of section 160 (3) (b) (i) and the grounds set out therein, the Tribunal cannot make an order in respect of the second respondent on the facts of the present matter.

[33] No order is made in respect of costs.

A handwritten signature in black ink, appearing to be 'M. S. J.', is written above a horizontal line.

MEMBER OF THE COMPANIES TRIBUNAL