

# IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA, PRETORIA

CASE NO: CT019Aug2015

In the matter between:

Caterpillar Quingzhou Limited

Applicant

and

SEM Mining (Pty) Ltd

Respondent

Coram: Delport P.A.

Decision handed down on 10 December 2015

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## Decision

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### INTRODUCTION

- [1] The applicant applies for a default order that the respondent be ordered to change its name because it does not comply with s 11(2)(a)(iii) and/or with s 11(2)(b) *and* s 11(2)(c)(i) of the Companies Act 71 of 2008 ("Companies Act").
- [2] Regulations 142 and 153 of the Companies Act (GNR 351 of 265 April 2011) ("Companies Act regulations" / "regulations") regulate an application to the Companies Tribunal ("Tribunal") as well as the application for a default order under certain circumstances.

### BACKGROUND

- [3] The applicant is Caterpillar Quingzhou Limited incorporated in terms of the laws of the People's Republic of China.
- [4] The respondent is SEM Mining (Pty) Ltd, a company incorporated in South Africa under registration number 2012/225099/07.

- [5] The respondent was incorporated on 19 December 2012.
- [6] According to para 6.0 (which should be para 6.1) of the founding affidavit attached to the CTR 142 as lodged with the Tribunal on 20 August 2015 the existence of the respondent (and therefore the name SEM Mining) came to the applicant's attention in March 2014 when its attorneys reported that they came across the registration of the company in the Government Gazette of 19 April 2013.
- [7] A copy of the CTR 142 and the founding affidavit was then served at the address of the respondent as per the records of the Companies and Intellectual Property Commission on a Z Ntuli, apparently a secretary in the employment of the respondent.
- [8] The service was not in accordance with s 220 of the Companies Act or with table CR3 in terms of Annexure 3 of the regulations. For some reason it was done in terms of Rule 4 of the Uniform Rules of Court.
- [9] There was no reaction from the respondent and the applicant now applies for a default order in terms of reg 153:
- 9.1 that the respondent's name "offends against" the provisions of s 11(2)(a)(iii) and/or with s 11(2)(b) and s 11(2)(c)(i);
- 9.2 that the respondent is directed to choose a name that does not incorporate a mark (sic) confusingly and/or deceptively similar to the applicant's SEM trade mark; and
- 9.3 if the respondent fails to comply with the order within 3 months from the date of the order, that the name be changed to "2012/225099/07 (Pty) Ltd" and
- 9.4 granting the applicant further and/or alternate relief.

## **APPLICABLE LAW**

- [10] The remedies in s 160 are available, as far as it is relevant here, to “any...person with an interest”.
- [11] 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). (*Henochsberg on the Companies Act 71 of 2008* at 101 and at 322(21) also in respect of “Any interested person”).
- [12] The applicant, as registered owner of certain trade marks, is therefore a person with an interest as required by section 160 (1).
- [13] 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.
- [14] Section 160, which is the basis for applications like these, provides, as far as it is relevant for the present discussion, as follows:
- “160. Disputes concerning reservation or registration of company names.—**(1) ... 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, ..., satisfies the requirements of this Act.
- (2) An application in terms of subsection (1) may be made—

- (a) within three months after the date of a notice contemplated in subsection (1), if the applicant received such a notice; or
- (b) on good cause shown at any time after the date of the reservation or registration of the name that is the subject of the application, in any other case.”

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

“(2) The name of a company must—

- (a) not be the same as—
  - (i) the name of another company, domesticated company, registered external company, close corporation or co-operative;
  - (ii) a name registered for the use of a person, other than the company itself or a person controlling the company, as a defensive name in terms of section 12 (9), as a business name in terms of the Business Names Act, 1960 (Act No. 27 of 1960), unless the registered user of that defensive name or business name has executed the necessary documents to transfer the registration in favour of the company;
  - (iii) a registered trade mark belonging to a person other than the company, or a mark in respect of which an application has been filed in the Republic for registration as a trade mark or a well-known trade mark as contemplated in section 35 of the Trade Marks Act, 1993 (Act No. 194 of 1993), unless the registered owner of that mark has consented in writing to the use of the mark as the name of the company; or
  - (iv) a mark, word or expression the use of which is restricted or protected in terms of the Merchandise Marks Act, 1941 (Act No. 17 of 1941), except to the extent permitted by or in terms of that Act;

- (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;
  - (ii) is an organ of state or a court, or is operated, sponsored, supported or endorsed by the State or by any organ of state or a court;
  - (iii) is owned, managed or conducted by a person or persons having any particular educational designation or who is a regulated person or entity;
  - (iv) is owned, operated, sponsored, supported or endorsed by, or enjoys the patronage of, any—
    - (aa) foreign state, head of state, head of government, government or administration or any department of such a government or administration; or
    - (bb) international organisation; and...

## EVALUATION

- [16] The Companies Act does not define what is meant by “good cause” in terms of s 160(2)(b) and it is not clear whether it refers to substantive grounds (such as e.g. s 11) or whether it refers to the period of time within which the application should be launched.
- [17] Based on the context of sub-s (2) of s 160, it would seem that the sensible interpretation will be that it refers to the the period within which to launch the application: See *Natal Joint Municipal Pension Fund v Endumeni Municipality* 2012 (4) SA 593 (SCA) para 18.
- [18] The reason for the requirement that there must be good cause shown why the application was launched at a particular date would appear to be that the person doing business under a particular name, that has been registered by the Companies and Intellectual Property Commission, is not prejudiced by a belated challenge which could affect the goodwill built up in using the name. See also *Comair Limited vs Kuhlula Training, Projects and Development Centre (Pty) Limited* CT007Sept2014 of 27 February 2015.
- [19] The applicant does not attempt to address the period of more than two years since it became “aware” of the name, to the date of the launching of the objection.
- [20] As stated above the effluxion of time should be evaluated against possible prejudice to the respondent in determining “good cause”. In light of the fact that the respondent has not, according to paras 6.6 and 6.7 of the CTR 142 founding affidavit and the affidavit of a certain Cornelius Lodewikus Potter, commenced business, there may not be prejudice and the lack of the applicant to address the good cause requirement is not fatal to this particular application.
- [21] As to the application of s 11(2)(a)(iii), the requirement is that the name must be the “same as” a particular trade mark etc. Section 11(2)(a) of the

Companies Act does not apply, as it clearly refers to names that are the same, ie “...it must be identical rather than ‘similar to’”: see also *Century City Apartments Property Services CC and Another v Century City Property Owners Association* [2010] 2 All SA 1 (SCA); *Henochsberg on the Companies Act 71 of 2008* at 57. See however for a contrary interpretation *Global Vitality Incorporated v Enzyme Process Africa (Pty) Limited and Others* (20884/2013) [2015] ZAWCHC 111 (21 August 2015). For obvious reasons the reasoning in the *Century City Apartments Property Services CC* case *supra* will be applied here and as “SEM Mining” has not been registered as a trade mark by the applicant, s 11(2)(a)(iii) cannot apply.

- [22] The next question is then whether the name of the respondent is “confusingly similar” to (presumably) the trade mark of the applicant as required in s 11(2)(b).
- [23] The test is therefore whether the name of the respondent and the trade mark of the applicant are alike in a manner that will confuse the reasonable person, being 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); *Peregrine Group (Pty) Ltd v Peregrine Holdings Ltd* 2001 (3) SA 1268 (SCA); *Azisa (Pty) Ltd v Azisa Media CC and Another* [2002] 2 All SA 488 (C); *Adidas AG & another v Pepkor Retail Limited* (187/12) [2013] ZASCA 3 (28 February 2013).
- [24] In *Azisa (Pty) Ltd v Azisa Media CC and Another* [2002] 2 All SA 488 (C) the Court found that the use of the name “Azisa Media CC” in respect of an existing name ‘Azisa’ is not “undesirable” as was used in the 1973 Companies Act, but that the word “Azisa” *alone* would in all likelihood lead to inconvenience and confusion amongst the customers.
- [25] It needs to be added that the word “undesirable in terms of the 1973 Companies Act included notions of confusion and deception, and the authorities on “undesirable” can be used *mutatis mutandis* in respect of s 11 (b) and (c) of the 2008 Companies Act: *Cape Town Lodge CC v Registrar of Close Corporations and Another* [2008] 2 All SA 34 (C) and *Henochsberg on*

*the Companies Act 71 of 2008* at 56, but this *modus operandi* clearly does not apply to the “calculated to cause damage” ground as was present in the 1973 Act as claimed in the affidavit of Kelly-Marie Thompson as there is no equivalent ground in the 2008 Companies Act.

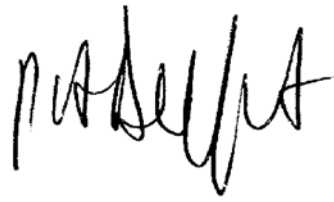
- [26] The word/letters “SEM” in the applicant’s trade mark is a unique combination of letters and not an ordinary word in the English language. See also *Peregrine Group (Pty) Ltd v Peregrine Holdings Ltd* 2001 (3) SA 1268 (SCA) in respect of ordinary words.
- [27] The use of the word/letters “SEM”, as opposed to ordinary words, would therefore, have clear distinguishing features *per se* and is unique to the applicant.
- [28] If it was an ordinary English word the applicant would have had to demonstrate that it has acquired a secondary distinguishing meaning: See *Cape Town Lodge CC v Registrar of Close Corporations and Another* [2008] 2 All SA 34 (C) and authorities cited and *Henochsberg on the Companies Act 71 of 2008* at 56.
- [29] The word/letters “SEM” is used extensively in respect of heavy machinery and is prominent in respect of those products.
- [30] The word/letters “SEM” in the name of the respondent would therefore, in my opinion, be confusingly similar to the name of the applicant.
- [31] In light of the ruling in respect of s 11(2)(b) it is not necessary to consider the application of s 11(2)(c)(i)

## **ORDER**

- [32] The application is granted and the order that is competent for the Tribunal to make is:

The respondent is ordered to change its name to a name not incorporating the word/letters “SEM” within three months of the date of this order.



A handwritten signature in black ink, appearing to read 'M. A. S. A.', positioned above a horizontal line.

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**MEMBER OF THE COMPANIES TRIBUNAL**