IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT018 SEP2015

In the matter between:

BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT (BMW AG) **APPLICANT**

And

DRIVING PLEASURE ESCAPADES (PTY) LTD **RESPONDENT**

Presiding Member of the Tribunal: Kasturi Moodaliyar

Date of Decision: 12 January 2016

DECISION (Reasons and Order)

INTRODUCTION

[1] This application is in terms of section 160 of the Companies Act 71 of 2008 (the "Act"). The Applicant requests an order directing the Respondent to change its name because it does not comply with section 11 of the Companies Act.

BACKGROUND

[2] The Applicant is Bayerische Motoren Werke Aktiengesellschaft ("BMW AG"), a company incorporated in in accordance with the laws of Germany, with its registered and principle place of business at Petuelring 130, BMW Haus, Munich, Germany.

[3] The Respondent is Driving Pleasure escapades (Pty) Ltd, a private company duly incorporated in terms of the Act with is registered business address at 460 Jack Hindon Street, Pretoria North.

SERVICE

[4] A copy of the application must be served on the Respondent at its registered address within 5 days of filing it with the Companies Tribunal as required by regulation 142(2).

[5] The Sherriff of Barberton then served the copy of the application on the Respondent on 25 September 2015, who indicates that it was served on the Respondent at the given address. According to the Sheriff a copy of Form CTR142 and the founding affidavit was served upon Miss Faith Zwane, apparently the daughter of the sole director of the Respondent. This service is in accordance with Rule 4 (1)(a)(v) of the High Court Rules.

[6] No response was received from the Respondent and the Applicant therefore applies on FORM CTR 145 for a default order in terms of regulation 153.

[7] The application was properly served by the Sherriff of Barberton on the Respondent's principle place of business. I am consequently satisfied that the Respondent's lack of participation in these proceedings is not due to the lack of service or knowledge of the process and that this application is unopposed.

ISSUES

[8] The Applicant is a manufacturer and distributor of BMW motor vehicles, their parts, components, and accessories throughout the world, including South Africa. It has been in existence manufacturing vehicles for over 90 years.

[9] The Applicant argues that it is the registered proprietor of the trademark "SHEER DRIVING PLEASURE" and derivatives of this name and trademark and various other categories in the Republic of

South Africa. The trademark registration/s is in terms of the Trade Marks Act No.194 of 1993 (“Trade Marks Act”) under class 12.

[10] It is averred by the Applicant that the “SHEER DRIVING PLEASURE” trademark has been used extensively globally and for the past 30 years it has been used in South Africa in relation to BMW motor vehicles and related services.

[11] On or about March 2015, the Applicant became aware that the Respondent had registered its company name “Driving Pleasure Escapades (Pty) Ltd” which contains the offending words ”DRIVING PLEASURE”.

[12] From this date onwards the Applicant through its attorneys, conducted an investigation to identify and communicate with the Respondent.

[13] The Applicant sent a letter of demand by registered post to the Respondent demanding that the Respondent amend the offending name.

[14] There was no response from the Respondent. The Applicant then made the effort to contact the Respondent telephonically to explain the Applicant’s position and the Respondent took no further action. The Respondent did inform the Applicant that its company is currently dormant.

[15] The Tribunal accepts that the Applicants have satisfied the requirements of good cause as contemplated in s160(2)(b).

[16] The Applicant filed an objection to the use of the words “DRIVING PLEASURE” in the name of the Respondent with the Companies Tribunal on 28 October 2015 on form CTR 142 as prescribed by regulation 142(1)(a), together with a supporting affidavit as required by regulation 142 (1)(b) by Shamendri Rambharos, a director of the

Applicant company, who was duly authorized to depose the affidavit by the Applicant by a resolution of 25 June 2015.

[17] The Applicant filed its SHEER DRIVING PLEASURE trademark in class 12 in 1986 and the SHEER DRIVING PLEASURE trademark thus predates the Respondent's company name, which was registered in 2013.

[18] Furthermore, it is asserted by the Applicant that the Registration of the Respondent's name is contrary to section 11(2)((b) and (c) of the Act.

[19] The Applicant submits that it is clear that the Respondent's name DRIVING PLEASURE ESCAPADES (PTY) LTD is almost identical, and hence confusingly similar to the Applicant's registered SHEER DRIVING PLEASURE trademark in sight, sound and meaning.

[20] The Applicant expresses that the use of the Respondent's name takes unfair advantage of the extensive goodwill and reputation of the Applicant's SHEER DRIVING PLEASURE trademark and brand.

[21] The Applicant further submits that the remaining portion of the company name "Escapades", does not serve to distinguish the Respondent from the Applicant's SHEER DRIVING PLEASURE trademark. But rather it creates an impression of association with the Applicant's company.

[22] The Applicant requests the Companies Tribunal to make an order that the Respondent change its company name because the use of the Respondent's name in commerce would constitute an infringement on the Applicant's SHEER DRIVING PLEASURE trademark.

APPLICABLE LAW

[23] Section 11(2) of the Act is primarily about protection against infringement of a registered company name or trademark, and the applicable sections reads as follows:

> *"Section 11(2): The name of the company must:*
>
> *a) not be the same as:*
> *(i) the name of another company, domesticated company, registered external company, CC 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), or as a business name in terms of the Business Names Act, 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 trademark belonging to a person other than the company, or mark in respect of which an application has been filed in the Republic for registration as a trademark or a well-known trademark as contemplated in section 35 of the Trade Marks Act, 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, except to the extent permitted by or in terms of that Act;*
>
> *b) not be confusingly similar to a name, trademark, 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 trademark or mark referred to in paragraph (a)(iii), the company is the registered owner of the business name, trademark, 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;*
>
> *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;"*

[24] The Applicant seeks remedies in terms of Section 160 which reads as follows:

"Section 160.
(1) A person to whom a notice is delivered in terms of section 12(3) or section14(3) 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 satisfies the requirements of section 11.

(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.

(3) After considering an application made in terms of subsection (1), and any submissions by the applicant and any other person with an interest in the name or proposed name that is the subject of the application, the Companies Tribunal—
(a) must make a determination whether that name satisfies the requirements of section 11; and
(b) may make an administrative order directing—
(i) the Commission to—
(aa) reserve a contested name for the applicant in terms of section 12;
(bb) register the contested name, or amended name as the name of company; or
(cc) cancel a reservation granted in terms of section 12, if the reserved name has not been used by the person entitled to it; or
(ii) a company to choose a new name, and to file a notice of an amendment to its Memorandum of Incorporation, within a period and on any conditions that the Tribunal considers just, equitable and expedient in the circumstances, including a condition exempting the company from the requirement to pay the prescribed fee for filing the notice of amendment contemplated in this paragraph."

EVALUATION

[25] The Companies Tribunal must evaluate whether the name satisfies the requirements set out in Section 11(2) of the Act.

[26] To evaluate the meaning of the words contemplated in section 11 (2) I will rely on the guidance of the common law where applicable.

[27] Section 11(2)(b) provides that the "name of a company must not be

confusingly similar to a name, trademark, mark, word or expression contemplated in paragraph (a)."

[28] The word "similar" as stipulated in section 11(2)(b) would be described as "having a marked resemblance or likeness"[1] and that the offending mark or name should immediately bring to mind the well-known trade mark or other name. Courts place a determination on whether the mark or names are "the same or confusingly similar" and whether the mark or name is able to "falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly, that the [Respondent] company is part of, or associated with" the Applicant company.[2]

[29] In *Plascon-Evans Paints Ltd v Van Riebeeck Paints (Pty) Ltd* the court held that the "This notional customer must be conceived of as a person of average intelligence, having proper eyesight and buying with ordinary caution. The comparison must be made with reference to the sense, sound and appearance of the marks. The marks must be viewed, as they would be encountered in the market place and against the background of relevant surrounding circumstances. The marks must not only be considered side by side, but also separately. It must be borne in mind that the ordinary purchaser may encounter goods, bearing the defendant's mark, with an imperfect recollection of the registered mark and due allowance must be made for this. If each of the marks contains a main or dominant feature or idea the likely impact made by this on the mind of the customer must be taken into account. As it has been put, marks are remembered rather by general impressions or by some significant or striking feature than by a photographic recollection of the whole. And finally consideration must be given to the manner in which the marks are likely to be employed as for example, the use of name marks in conjunction with a generic description of the goods."[3]

[30] The Applicant asserts that the Respondent's name

[1] See *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA).
[2] See *Deutsche Babcock SA (Pty) Ltd v Babcock Africa (Pty) Ltd* 1995 (4) SA 1016; *Bata Ltd v Face Fashions CC* 2001 (1) SA 844 (SCA);
[3] 1984 (3) SA 623 (A) at 641 B-C.

"DRIVING PLEASURE ESCAPADES" and the Applicant's registered "SHEER DRIVING" trademarks are confusingly similar in terms of the basic principles of confusingly similar.

[31] In the case of *Metcash Trading Limited v Rainbow Cash and Carry CC*[4] where RAINBOW STORES and RAINBOW CASH & CARRY were found to be confusingly similar and the court said that is unlikely that two service marks will be found side by side on a shelf but rather "the notional customer with imperfect recall would probably remember that goods can be purchased at a store with RAINBOW as its name. The additions of the words 'STORE' and 'CASH & CARRY' would merely be indicative of a place where products are sold."

[32] The Applicant's also rely on the *McDonald's Corporation v Dax Prop CC and Another* case[5] which held that when deciding what qualifies as a well-known trademark in South Africa, the following should be considered: (a) the test to prove that a trademark is "well-known" within the meaning of Section 35 of the Trade Marks Act of 1993 is essentially the same as that in passing-off cases, namely that the mark must be known to a "substantial number of persons", and (b) the "universe" of relevant persons for this purpose is persons interested in the particular goods or services, and not the public at large.

[33] The Respondent's company is currently dormant. This would not preclude a reasonable person from reasonable likelihood of associating the Applicant's brand with the Respondent's name. As stated in *Capital Estates and General Agencies (Pty) Ltd and other v Holiday Inns Inc*, the court held that even if parties do not appear to carry on the same business in precisely the same field, this did not mean that there will not be confusion or deception in trade.[6]

[4] Unreported decision, TPD, Case no 4339/01 of 8 November 2001.
[5] 1997 (1) SA 1 (A).
[6] 1977 (2) SA 916 (A). at 929.

FINDINGS

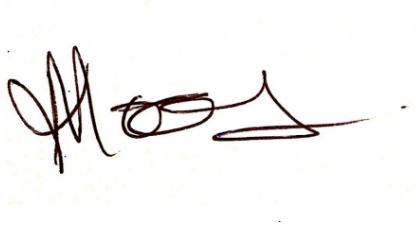
[34] It is my view that the applicant's trademarks and company name "DRIVING PLEASURE ESCAPADES (PTY) LTD" and the Respondent's registered trademark name "SHEER DRIVING PLEASURE" when placed side-by-side, do not only contain identical dominant words, but to a reasonable person it would not only appear confusingly similar.

[35] The Respondents name could reasonably be mislead people to believe incorrectly that the Respondent's company is part of or associated with the Applicant's company, which has a well-established brand and trademark. This would surely be prejudicial to the Applicants trademarks and brand.

ORDER

I proceed to make the following order;

a) The Applicant's application is granted in terms of Section 160(3) of the Companies Act.
b) The Respondent is directed to change its name to one that meetings the requirements of this Act and does not incorporate and is not confusingly and/or deceptively similar to the Applicant's company name and trademarks.
c) The Respondent is ordered to a notice of an amendment of its Memorandum of Incorporation, within 60 days of receipt of this order.
d) The Respondent is hereby exempted from the requirement to pay the prescribed fee for filing the notice of amendment contemplated in this paragraph.
e) This Determination must be served on the Applicant, Respondent and the Registrar of Close Corporations of the Companies and Intellectual Property Commission (CIPC).
f) Any other person with an interest in the name that is the subject of this application may, within twenty (20) business days after receiving the notice of this determination and administrative order, apply to a court to review the determination.
g) There is no order of costs in relation to this application.



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KASTURI MOODALIYAR

COMPANIES TRIBUNAL: MEMBER