

COMPANIES TRIBUNAL

REPUBLIC OF SOUTH AFRICA

Case: CTO11Jun2016

In the matter between;

KGANYA BRANDS (PTY) LTD

First Applicant

(Registration Number 2014/023605/07)

and

KGANYA INVESTMENT HOLDINGS (PTY) LTD

Second Applicant

(Registration Number 1995/007637/07)

And

KGANYA YA MALUTI TRADING (PTY) LTD

First Respondent

(Registration Number 2015/153930/07)

and

COMMISSIONER OF THE COMPANIES AND

INTELLECTUAL PROPERTY COMMISSION (CIPC)

Second Respondent

Presiding Member of the Tribunal: Lucia Glass

DECISION (Reasons and Order)

1) This is an Application in terms of section 160 of the Companies Act 71 of 2008 (the Act). The basis of this Application is that the first Respondent's name, **KGANYA YA MALUTI TRADING (PTY) LTD** offends against the provisions of sections 11(2)(b) and (c) of the Act by incorporating a name that is confusingly similar to the Applicants' registered **KGANYA** trademark. Further that the use of the entity name is thus likely to falsely imply or suggest, or be such as would reasonably mislead a person to believe incorrectly that the First Respondent is part of or associated with the Applicants trade marks.

2) The Applicants filed this Application on form CTR 142 with the Tribunal on the 20th June 2016.

3) On the 23rd June 2016, this Application was served on the Respondent's registered address by the Sheriff, by affixing a copy of the Application to the principal main entrance of the property as no other service was possible after performing a diligent search. To date the Respondent has not responded to this application.

4) The Deponent to the Applicant's papers is Marc Leslie Barnett de la Harpe, who avers that the First Applicant is a wholly owned subsidiary of the Second Applicant, and forms part of the Kganya group of Companies.

5) The Deponent avers that he is a Director of the Applicants and is authorised by the Applicants to institute these proceedings on behalf of the Applicants and attaches a Board Resolution, marked 'MH2', confirming his authority.

6) The Deponent avers that the Applicants are the registered proprietors in South Africa of trade marks including the mark **KGANYA** 1997/12184.

7) The Deponent attaches an electronic Certificate of Registration of the Respondent Company wherein it is recorded that the Respondent was incorporated under the name **KGANYA YA MALUTI TRADING (PTY) LTD, on the 12th November 2014.**

(emphasis added)

8) The Deponent avers that the Applicants **became aware of the** second Respondent's name when its Attorney advised them of the incorporation **during July 2015**, following the publication of its name in the Government Gazette. (emphasis added).

9) It is alleged that Applicant instructed its Attorneys to obtain further details from CIPC and on receiving the results of the search, the Applicants instructed their Attorneys to address a letter of demand to the First Respondent. The letter of Demand was addressed to the First Respondent which was served by the sheriff on the First Respondent on the 14th August 2015.

10) It is alleged that the Applicant's Attorney conducted a search to obtain contact details of the Director of the company. The search proved fruitless as the Director was not found.

15) At this junction, and before I embark on weighing up the evidence in respect of making an order in terms of Section 11()(b) and (c), that the Respondent is to change its name to one which does not incorporate the word KGANYA or any other word confusingly and or deceptively similar to its KGANYA trade mark, I need to establish whether good cause has been shown in terms of section 160 (2)(b).

16) Respondent was incorporated under the name **KGANYA YA MALUTI TRADING (PTY) LTD, on the 12th November 2014.** (emphasis added).

17) The Applicant learnt of the Respondent's name, **KGANYA YA MALUTI TRADING**, when its Attorney advised the Applicant of its incorporation, during **July 2015**. (emphasis added).

18) The Applicants filed this Application on form CTR 142 with the Tribunal on the **20th June 2016** (emphasis added).

19) From the Respondent's Certificate of Registration, it can be deduced that this Application is made one year after the Applicant became aware of the Respondent's name.

20) Section 160(2)(b) of the Act provides that the Application may be made on good cause shown at any time **after the** reservation or registration of the name that is the subject of the application in any other case. (emphasis added).

21) I understand the sentence; 'on good cause shown at any time after the date of the registration' to mean, that in order to assist those interested persons who did not receive a notice of potentially contested names in terms of Section 160(2)(a) of the Act, they can apply in terms of this section 160(2)(b) to contest the name at any time after the registration of the name, but only on good cause shown. The question to be asked is, what is 'good cause' shown? It is my view that this is meant to read 'good cause shown as to why the application is made **after** the registration and explain why there was a time lapse? (emphasis added).

22) In this case the Applicants **became aware of the** second Respondent's name when its Attorney advised them of the incorporation **during July 2015**, following the publication of its name in the Government Gazette.

23) The Applicants filed this Application on form CTR 142 with the Tribunal on the 20th June 2016. That is more than one year of it coming to their knowledge.

24) The fact that the Applicant did not immediately respond and make this application to the tribunal and rather wait almost a year to do so, is troublesome, as the Respondent could already have traded and built up a business in this time and can be prejudiced by having to at this late stage change its name. However it is in Applicants favour that the Deponent's Attorneys attempted to trace the Responded without success. Also the Sheriff found the gates to the registered address locked and had to affix the papers to the main entrance. I take this to mean that the respondent is not trading and no good will would have accumulated during this year.

25) Does 'good cause shown' also include showing cause, why a year lapsed before the Applicant approached the Tribunal for relief? I believe it does incorporate this time factor. The Applicant as from July 2015 to June 2016, did nothing to further the case and bring it to the Tribunal. The letter of demand was unnecessary and not in terms of the Companies Act nor were the emails and telephone consultations necessary, as it took the matter nowhere.

26) It is my view that because of the sheriff's return advising that the registered office was locked and the Attorney advising that the Respondent Directors could not be traced, that the Respondent was not in business, it could not have built up a well established reputation and that by default the Applicant has shown good cause for me to proceed with the application in terms of Section 11(2)(b) and (c).

27) In this respect it is alleged that the Respondent's name **KGANYA YA MALUTI TRADING (PTY) LTD**, wholly incorporates the Applicants' **KGANYA** trade mark.

28) The addition of the words **YA MALUTI TRADING** are simply descriptive of the potential service they wish to offer. This will cause confusion in the market place between the First Respondent's company name and the Applicants **KGANYA** trademarks. This is particularly true if one accounts for the well known tendency of a member of the public to imperfectly recall names and trademarks and to only recall the dominant element of a long trade mark and or name which in this case would be **KGANYA**.

29) Further the Applicant submits that there has been no delay in making this Application and that there are good grounds for alleging that the First Respondent's name offends against the provisions of section 11(2) of the Act.

30) The Applicant asks that an order be made, that the First Respondent is to change its name to one which does not incorporate the word KGANYA or any other word confusingly and or deceptively similar to its KGANYA trade mark.

31) Applicant further asks for an Order that the First Respondent to pay the Applicants costs of these proceedings.

32) And further asks for an Order, that in the event that the First Respondent fails to comply with the order set above within 3 months from the date of the order, that the Respondent be directed in terms of Section 160(3)(b)(ii) read with Section 14(2) of the Act, to change the First Respondent's name to its company number, as an interim name on the company Register.

Applicant further requests the Tribunal to grant the Applicants alternative relief.

APPLICABLE LAW

Section 11 (2) (a) and (b) of the Act

33) This section is primarily about protection against infringement of a registered company name or trademark, and reads as follows:

" Sec 11 (2) *The name of a company must—*

(a) not be the same as, or confusingly similar to—

(i) the name of another company, registered external company, close corporation or co-operative unless the company forms part of a group of companies using similar names;

(ii) a name registered for the use of a person as a business name in terms of the Business Names Act, 1960 (Act No. 27 of 1960);

(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); 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 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;"

34) The Applicant seeks remedies in terms of Section 160 which reads as follows:

"Part B

Rights to seek specific remedies

Disputes concerning reservation or registration of company names.

Section 160.

(1) A person to whom a notice is delivered in terms of section 12(3) or section 14(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 a 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."

APPLICATION OF THE COMMON LAW UNDER THE PREVIOUS COMPANIES ACT.

35) In terms of the New Act there are no precedent cases which can be relied on, however in order to obtain insight into the views of learned Judges who have eruditely analysed the situation as to whether the names are "the same or confusingly similar" and whether the name is able to "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" it is my view that it will be useful to look at these judgments even though they are not made in terms of the Act.

36) In 1948 ¹ the courts considered it appropriate to say "*the court must not only consider the marks when placed side-by-side but must have regard to the position of a person who might at one time see or hear one of the marks and later possibly with an imperfect recollection of the mark, come across the other mark*".

37) In more recent times, 2000 in an unreported judgement ² the court said: "*If one compares the name Kentron which the applicant has used and is still using with the name Kentronics which the first respondent is using, it is clear that there is a visual and phonetic differences. It is however, also obvious that there are similarities. The name Kintronics incorporates the whole of the applicants trading style Kentron.*"

38) In 2001 the court said: ³ "*the decision involves a value judgment and that the ultimate test is whether, on a comparison of the two marks it can properly be said that there is a reasonable likelihood of confusion if both marks are to be used together in a normal and fair manner, in the ordinary course of business*".

EVALUATION

39) The dominant word in the Applicant's name and trademarks is **KGANYA** and the dominant part of the Respondent's company name is **KGANYA**. The dominant words in both applicant and respondent names are thus identical.

¹ AMERICAN CHEWING PRODUCTS CORPORATION v AMERICAN CHICLE COMPANY 1948 (2) SA 736 (A)

² DENEL (PTY) LTD AND KENTRONICS (PTY) LTD AND THE REGISTRAR OF COMPANIES TDP CASE NO 213527/2000 (unreported)

³ COWBELL AG v ICS HOLDINGS 2001 (3) SA 941 (SCA)

40) The dominant words of the names of Respondent and Applicant are phonetically and visually confusingly similar. They are not only the same, they are identical.

41) If members of the public merely look at the two names of the two different entities there will be no doubt that they will be misled by the similarity of the names.

42) Members of the public will be confused or deceived into believing that the business of the Applicant is linked to, or associated with that of the Respondent.

FINDINGS

43) When the Respondent's dominant word in its name ' **KGANYA**', and the Applicant's trademark ' **KGANYA**' are compared, the dominant words in the name, are not only confusingly similar, but identical, and I am certain that the applicant will be prejudiced if I do not make an order as prayed.

44) The name ' **KGANYA INVESTMENT HOLDINGS (PTY) LTD**' incorporates the whole of the applicants trademark ' **KGANYA** ', which falsely implies or suggests, and reasonably misleads a person to believe incorrectly, that the respondent is part of, or associated with the applicant's trademarks, which have 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).

45) I am convinced that if the two names are compared, that there is no doubt in my mind that they are confusingly similar and identical and there will be confusion if both names are to be used together in a normal and fair manner, in the ordinary course of business.

I proceed to make an order in the following terms;

a) The Respondent is directed to change its name to one which does not incorporate and is not confusingly and or deceptively similar to Applicant's trademark name **KGANYA**.

b) The Respondent is to file a notice of an amendment of its Memorandum of Incorporation, within 60 days of receipt of this order in order to change its name as per a) above.

c) The Respondent is hereby exempted from the requirement to pay the prescribed fee for filing the notice of amendment contemplated in this paragraph.

d) This Determination must be served on the Applicant, Respondent and the Registrar of Close Corporations of the Companies and Intellectual Property Commission who will change the Respondent's name to its company number should the Respondent not file the notice in terms of b) above.

e) 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.

f) No order as to costs.

LUCIA GLASS

(MEMBER OF COMPANIES TRIBUNAL OF SOUTH AFRICA)

Dated this 10 October 2016