



IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT010MAY2017

In the matter between:

JÔST GMBH+CO.KG

APPLICANT

and

JOEST ELECTRICAL AND AIRCONDITIONING (PTY) LTD

(Registration No. 2016/002986/07)

RESPONDENT

Presiding Member of the Companies Tribunal: ISHARA BODASING

Date of Decision: 14 AUGUST 2017

DECISION

1. INTRODUCTION

1.1 The Applicant is Jôst GmbH+Co.KG., a company established in accordance with the company laws of Germany, having its registered address at Gewerbestrasse 28-32, 48249, Dulmen, Germany.

1.2 The Respondent is Joest Electrical and Airconditioning (Pty) Ltd., a company duly incorporated in accordance with the company laws of South Africa with registration number 2016/002986/07, having its registered address at Office Nr. 1, Max Prop Building, Cnr. 2 Logan Road and 30 Biyela Street, Empangeni, KwaZulu Natal, South Africa.

1.3 On 10 May 2017 the Applicant brought an application in terms of Sections 11(2) and 160 of the Companies Act 2008 (“the Act”) read with Regulation 142 of the Companies Regulations¹ (“the Regulations”) for an order that the Respondent change its name to a name which does not incorporate the “Joest” trademark. Applicant also asks for an order that Respondent pays the Applicant’s costs of these proceedings. On 13 July 2017 Applicant applied for a default order in terms of Regulation 153 of the Regulations, in respect of the relief sought in the initial application.

1.4 The founding affidavit in the CTR142 form is deposed to by Dr Hans Moormann, Chief Executive Officer (CEO) and majority shareholder of the Applicant, and duly authorised to do so on its behalf. Mr Andrew Papadopoulos, an admitted attorney of the High Court of South Africa, deposed to the supporting affidavit in the CTR 145 form. He is the legal representative of the Applicant and duly authorised to depose to the affidavit under a General Power of Attorney.

2. BACKGROUND

2.1 Applicant is a multinational company of German origin and was founded in 1919. It has conducted business since the 1970’s in South Africa under the “JÔST” and “JOEST” trademarks either through itself, its subsidiaries or its licensees. In 1976, Applicant incorporated a South African company, Joest Vibration Technics (South Africa) (Pty) Ltd. under registration no. 1976/00179/07.

¹ GN R351 in GG 34239 of 26 April 2011.

2.2 Applicant's core competencies include the design and manufacture of vibrating machines and vibratory drive units, and establishing and designing solutions in process engineering. Its products are applied, *inter alia*, in the foundry and steel industry, mining, chemical and plastics industry and in the thermal processing of bulk material. Applicant is the proprietor in South Africa of the JÔST trademark (classes 07 and 09 since 2006), the JOEST trademark (classes 35 and 42 since 2011). During 2016, and following a Supreme Court of Appeal judgment, Applicant applied to register the JOEST trademark in classes 07, 09 and 37.

3. ISSUES

3.1 At the outset, I will deal with the question of whether the default application in terms of Regulation 153 is justified. The applicant launched the present application on 11 May 2017 and served it on 11 May 2017 via the Sheriff on Respondent. The *dies* for opposing the application lapsed on 08 June 2017. Applicant applied for a default order on 13 July 2017. Respondent has neither filed any notice to oppose nor delivered answering papers.

3.2 Good cause has been shown as the application was made within a reasonable period from the date of knowledge as is evident from paragraph 8 of Dr Moormann's affidavit. The Applicant must take cognizance of the fact that letters to the Respondent are disregarded for the purposes of good cause in terms of the Act. I am convinced that Applicant has made out a case for the main application to be considered on a default basis, and proceed to deal with the merits of the case.

3.3 Applicant requests the Tribunal to make a finding that the Respondent's name does not satisfy the provisions of section 11(2) of the Act. It submits that the inclusion of the word JOEST in the Respondent's name infringes its trademarks, "JÔST" and "JOEST" (the latter being the English spelling of the former German name).

3.4 Applicant claims statutory rights in the word “JOEST”, and widespread and extensive use thereof in South Africa as early as 1976. Applicant also contends that the dominant and memorable part of the Respondent’s company name is identical to the Applicant’s trademark “JOEST” and that it is the same as its trademark in terms of Section 11(2)(a) of the Act. Applicant is concerned that Respondent has not specified its trading activities on the CIPC register, and contends that this increases the likelihood of Respondent’s activities conflicting with the trading activities of the Applicant.

3.5 It is also submitted that the remaining portion of Respondent’s name is an indication that the Respondent is active in a field of interest to which the Applicant’s registered rights for its JOEST trademark extend. It is then concluded that the Respondent’s name is therefore confusingly and deceptively similar to the Applicants’ registered trademark JOEST. In view of the aforementioned, the Applicants are of the view that the offending name is confusingly similar to its trademarks in “JOEST” in various classes and is in contravention of Section 11 (2) (b) and (c)(i) of the Act.

4. APPLICABLE LAW

4.1 Section 11 of the Act is titled **Criteria for names of companies** and its relevant provisions are as follows:

(1)....

(2) *The name of a company must –*

(a) *not be the same as - ...*

(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 trademark 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; ...

(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;

...

(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;

(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; ...

4.2 Section 160 of the Act deals with **Disputes concerning reservation or registration of company names** as follows:

(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.

(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, or the reservation, registration or use of the name, or the transfer of the reservation or registration of the name, satisfies the requirements of this Act; and*
- (b) may make an administrative order directing—*
 - (i) the Commission to—*
 - (aa) reserve a contested name, or register a particular defensive name that had been contested, for the applicant;*
 - (bb) register a name or amended name that had been contested as the name of a company;*
 - (cc) cancel the reservation of a name, or the registration of a defensive name; or*
 - (dd) transfer, or cancel the transfer of, the reservation of a name, or the registration of a defensive name; 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.*

4.3 Companies Regulation 142 of 2011 provides for applications to the Tribunal in respect of matters other than complaints.

4.4 Companies Regulation 153 of 2011 provides for default orders:

(1) If a person served with an initiating document has not filed a response within the prescribed period, the initiating party may apply to have the order, as applied for, issued against that person by the Tribunal.

5. EVALUATION

5.1 “Similar” in section 11(2)(b) would be “having a marked resemblance or likeness” and that the offending name should immediately bring to mind the well-known trade mark or other name.² The test for “confusingly similar” is, as in the case of passing-off: “...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 light of the particular circumstances of the case.”³

5.2 “Confusingly similar” in Section 11(2)(b) has to be examined carefully to determine if this is in fact so *in casu*. In considering case law on the concept, it must be as alike in a manner that will confuse the “ordinary reasonable careful man, i.e. not the very careful man nor the very careless man.”⁴ The “reasonable man” has been further qualified: “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.”⁵

5.3 The business spheres of the Applicant and Respondent are relevant in respect of the Trade Marks Act No. 194 of 1993. In the Azisa case⁶ the Court found that the use of the name “Azisa Media CC” is not undesirable, but that the word “Azisa” only would in all likelihood lead to inconvenience and confusion amongst the customers. 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

² Bata Ltd v Face Fashions CC 2001 (1) SA 844 (SCA)

³ 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

⁴ Link Estates (Pty) Ltd v Rink Estates (Pty) Ltd 1979 (2) SA 276 (E) at 280

⁵ Reckitt & Colman SA (Pty) Ltd v SC Johnson & Son SA (Pty) Ltd 1993 (2) SA 307 (A) at 315F-G

⁶ Azisa (Pty) Ltd v Azisa Media CC and Another [2002] 2 All SA 488 (C)

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*.”

5.4 This dictum was referred to with approval by the Supreme Court of Appeal in *Metterheimer and Another v Zonquasdrift Vineyards CC and Others* 2014 (2) SA 204 (SCA) at 209, and illustrates a distinction between the provisions of the Trade Marks Act and the Act. In the former, the particular goods and/or services can be a determining factor as regards the test for confusion. However the Act, is not concerned with the goods/and or services: the name *per se* must be evaluated to determine the confusion. The Metterheimer’s case is clear that it must the name and not the service/goods offered, which contravenes the trademark.

5.5 I turn now to deal with the alleged contravention of Section 11(2)(b)(iii) of the Act read together with Section 35 of the Trade Marks Act, in respect of a well-known trademark. The Respondent can only be exempted from this section if it has the consent of the owner of the trademark or mark as the name of its company (as set out in this subsection of the Act), which it clearly does not have in this instant. The courts came to the conclusion that even if the parties do not appear to carry on business in precisely the same field, this did not mean that there will not be confusion or deception in trade.⁷ Even though the activities of the Respondent’s business are not mentioned on the CIPC register, it is clear that it can trade in electrical goods and machines, and this overlaps with the business of the Applicant. From the Capital Estate Case (929 E-O) it can be concluded that in claiming that another corporation’s name is undesirable, there is no bar to obtain relief when there is an absence of a common field of activity in a circumstance when there is a reasonable likelihood of confusion. For the reasons cited above, it is clear that there is at the least a reasonable likelihood of confusion due to the Applicant’s well-known use of the trademark and its presence in the market as enunciated in the founding affidavit.

⁷ In *Capital Estates and General Agencies (Pty) Ltd and Other v Holiday Inns Inc. and Other* 1977 (2) SA 916 (A) at 929 E-O

5.6 In line with what was stated in **Ewing t/a The Buttercup Dairy Company v Buttercup Margarine Corporation Ltd 1917 (34) RPC at 232 and 238**, it can be concluded that confusion and/or deception may arise from the side-by-side use of the trade mark and the Respondent's name, which can lead to injury of the Applicant's business, especially since it has no control whatsoever over the quality of services rendered by the Respondent. The doctrine of imperfect recollection has been explained by our courts⁸: there is a probability that a substantial number of people will be at least confused, if not deceived, given the fact that an individual does not have the two marks before him, side by side and that memory is often imperfect. In **Cowbell AG vs ICS Holdings 2001 (3) SA 941 (SCA)**, the court said: "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."

5.7 It can therefore be also be concluded that the word "JOEST" in Respondent's name will reasonably mislead the reasonable person to believe incorrectly that there is an association with the Applicant's "JOEST" trademarks. The fact is that the two businesses can clearly have similar or overlapping activities in respect of their corporate branding, and this will, as under section 11(2)(b), include the likelihood/possibility that the reasonable person will be misled.

5.8 Finally, in the case of **Polaris Capital (Pty) Ltd v The Registrar of Companies and Polaris Capital Management Inc.** (unreported judgment, Case No. 11607/2005, CPD), the learned judge commented on undesirability in terms of Section 45 (2) of the 1973 Companies Act: "It is submitted that by allowing the close corporation name to remain on the register, in addition to causing deception and confusion, its registration will hinder the registrar's role in maintaining and promoting good governance and administration of corporate entities in the interest of the general public." Thus permitting the Respondent to keep the name JOEST in its company name will create confusion and hinder the Registrar from maintaining and promoting good governance and administration of a corporate

⁸ Standard Bank of South Africa Limited v United Bank Limited & Another 1991 (4) SA 780 (T) 8011 to 802B

entity in the interest of the general public. It is evident therefore that the name JOEST as incorporated in the Respondent's company name falls within the ambit of Section 11(2)(b)(iii) and (c) as argued.

6. FINDINGS

6.1 Applicant has shown that Respondent has transgressed Section 11(2)(b) and (c): its name is confusingly similar and falsely implies, or could reasonably mislead a person to believe incorrectly, that the Respondent is part of, or associated with the Applicant. Hence it is entitled to an order as claimed in terms of Section 160 of the Act.

6.2 The Applicant's application is granted as set out below.

7. ORDER

7.1 An administrative order is made in terms of Section 160(3)(b)(ii) that Respondent change its name to one which does not incorporate the word JOEST as it is in contravention of Sections 11(2)(b)(iii) and (c)(i) of the Act.

7.2 This order must be served on the Respondent and on the Registrar of the CIPC by the Tribunal's Recording Officer (Registrar).

7.3 The Respondent is hereby ordered to change its name within 60 (calendar) days of date of receipt of this order and to file a notice of amendment of its Memorandum of Incorporation.

7.4 There is no order of costs against the Respondent, as the matter has not been opposed. The First Respondent is hereby exempted from the requirement to pay the prescribed fee for filing the notice of amendment.

7.5 Since the Respondent is a profit company, in accordance with Section 11(1)(b) and (3)(a) of the Act, it is can use its registration number as its company name immediately followed by the expression " South Africa" should it not be in a

position to use another name.

7.6 The Registrar of CIPC is directed to inform the Respondent forthwith of the decision of the Tribunal and to ensure that the name is changed within the requisite time period as aforesaid; and to invite the Respondent to file an amended Memorandum of Incorporation using a satisfactory name.

7.7 Should the Respondent not comply with the order of the Tribunal within the 60 day (calendar days) period, the Registrar of CIPC is directed to change the Respondent's name to its registration number without the Respondent's consent in terms of Sections 160(3) and 14(2) of the Act.

ADV. ISHARA BODASING