



IN THE COMPANIES TRIBUNAL OF SOUTH AFRICA

Case No: CT010SEP2017

In the matter between:

DGB (PTY) LTD

APPLICANT

And

NICHOLAS VUKILE KHANYILE

1ST RESPONDENT

COMMISSIONER OF COMPANIES

2ND RESPONDENT

Presiding Member of the Tribunal: Kasturi Moodaliyar

Date of Decision: 19 February 2018

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 DGB (Pty) Ltd, a company incorporated in accordance with the company laws of South Africa, registration number

1946/021311/07 with its registered address at 724 Sixteenth Road, Randiespark, Midrand, Gauteng. The Applicant is the holder of the “BELLINGHAM” trademark.

[3] The First Respondent is Nicholas Vukile Khanyile, who has registered a company called BELLINGHAM INN (976319366), a company incorporated in terms of the company laws of South Africa, with registered address at 459a, Zola 3, Kwa Xuma, Soweto, Gauteng.

[4] The Second Respondent is the Commissioner of Companies of the Companies and Intellectual Property Commission of South Africa (CIPC) appointed in terms of section 189 of the Companies Act No 71 of 2008 (“the Act”). The second Respondent is cited in its official capacity as the entity responsible for the function of the Commission of Companies, including but not limited to, the reservation of company names and the registration of companies in terms of the Act.

SERVICE

[5] 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).

[6] The copy of the application was properly served on the First Respondent by the Sherriff of Soweto West on 4 October 2017, who indicates that it was served on the Respondent at the given address by affixing the copy to the principle door of the business. This service is in accordance with Rule 4 (1)(a)(iv) of the High Court Rules.

[7] The first Respondent sent an email to the Applicant’s attorney’s on 10 October 2017, in response to the Applicant’s application indicated that the application constituted “false documents”. The first Respondent did not provide any explanation as to what he meant by that.

[8] No further response was received from the first Respondent and after waiting for the requisite time period for a response, the Applicant now applies on FORM CTR 145 for a default order in terms of regulation 153.

[9] The application was properly served by the Sherriff of Soweto West 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

[10] The Applicant is the registered proprietor of the trademark "BELLINGHAM" which was registered as classes 33, 42, and 32, in respect of the trademark registration/s is in terms of the Trade Marks Act No.194 of 1993 ("Trade Marks Act").

[11] The Applicant says that it is a well-known South African producer and distributor of alcoholic beverages. Although the Applicant's official registration as a corporate company is dated 1946, the history of the Applicant and its predecessors is more than 300 years old.

[12] The Applicant produces and distributes wines, spirits, liqueurs and craft beers, and these products are distributed in South Africa and in numerous countries under different renowned brands. The brand BELLINGHAM is one of the Applicant's most significant brands, and according to the Applicant, an invaluable asset to the Applicant and its business, due to its history or the heritage that is associated with its origins.

[13] It is averred by the Applicant that on or about November 2016, the Applicant became aware that the Respondent had registered its company name which contains the words “ABSA”.

[14] It is also significant to note that the homestead that was built on the Bellingham farm is a national monument that offers hospitality services such as holiday and leisure accommodation for visitors and tourists are provided on the homestead.

[15] The Applicant filed an objection to the use of the words “BELLINGHAM INN” in the name of the Respondent with the Companies Tribunal on CTR 145 on 18 December 2017, together with a supporting affidavit as required by regulation 142 (1)(b) dated 18 September 2017 by Timothy Randolph Hutchinson, the Executive Chairman and Chief Executive Officer of the Applicant and who was duly authorized to depose the affidavit by the Applicant by resolution.

[16] The Applicant states that the first respondent’s registered business “Bellingham Inn” is the same as their trademark “Bellingham”. It argues that the word “INN” in the name BELLINGHAM INN is clearly descriptive and would not be regarded as a distinguishing word by the public. The applicant further points out that the element “INN” plays a secondary role and does not in any way eliminate the confusing similarity between the name and the Applicant’s BELLINGHAM trademark. In addition according to the online Oxford and Cambridge dictionaries, the word “INN” is defined respectively as:

“a pub typically in the country, in some cases providing accommodation”; “a house providing accommodation, food, and drink, especially for travellers”, a pub, usually in the country and often where people can stay the night; and “a small hotel, usually in the country”.

“a pub where you can stay for the night, usually in the countryside”.

[17] The Applicant submits that, based on a comparison of the goods and services that are expected to be provided by a business that is trading or operating as an “INN”, and the goods and services for which the Applicant’s BELLINGHAM trade marks are registered and are used in the course of trade, that the First Respondent intends to use the reserved name BELLINGHAM INN in relation to a business that trades in goods and services that are identical to that of the Applicant and conflicting with its trade marks.

[18] The Applicant foresees the possibility of the First Respondent even selling Bellingham wine in the Inn that is called BELLINGHAM INN, and it may confuse or mislead the public, or cause the public to reasonably wonder whether or not there is some association or any form of agreement with the first respondent and the Applicant. This includes any hospitality services that may be offered by the business, in view of the reputation of and the services that are offered through the BELLINGHAM homestead. The Applicant is concerned of any negative attributes relating to the First Respondent’s business and it is not willing to expose itself to such risk and wishes to avoid any possible confusion which is likely to arise in the trade.

[19] The Applicant also provides that the First Respondent was once a close corporation under the name Bellingham Inc CC- CK 2008/196645/23 (now deregistered). When the Applicant became aware of the CC, it applied to the then Companies and Intellectual Property Registration Office (CIPRO) for an order that the name of the CC be declared undesirable and that the CC must change its name. CIPRO granted the order, the CC was subsequently deregistered, however, it failed to change its name as ordered by CIPRO. This Tribunal is only providing this information for background purposes, as it is beyond the Tribunal’s jurisdiction to take this matter any further. What the Tribunal can consider is the fact that the First Respondent

has attempted to register the company once more under the same BELLINGHAM INN name.

[20] 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 BELLINGHAM trademark.

APPLICABLE LAW

[21] 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;”

[22] 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 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 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

[23] 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.

[24] 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 period within which to launch the application.¹

[25] 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.²

[26] The applicant attempts to address the period since it became “aware” of the name, to the date of the launching of the objection.

[27] It is not clear from the evidence before the Tribunal as to when the Applicant became aware of the Respondent’s registered company name. We have an affidavit from the Applicant’s attorney, Ms Jennifer Pienaar, who states that on 29 September 2017 she filed an application in terms of section 160 of the Act on behalf of the Applicant. This got the process going timeously with regard to informing the Tribunal and the First Respondent of the application.

¹ See *Natal Joint Municipal Pension Fund v Endumeni Municipality* 2012 (4) SA 593 (SCA) para 18.

² See also *Comair Limited vs Kuhlula Training, Projects and Development Centre (Pty) Limited* CT007Sept2014 of 27 February 2015.

[28] Accordingly, the Tribunal accepts that the Applicant has satisfied the requirement contemplated in section 160(2)(b).

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

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

[31] The word “similar” as stipulated in section 11(2)(b) would be described as “having a marked resemblance or likeness”³ 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 [First Respondent] company is part of, or associated with” the Applicant company.⁴

[32] 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

³ See *Bata Ltd v Face Fashions* CC 2001 (1) SA 844 (SCA).

⁴ 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);

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.”⁵

[33] The Applicant asserts that the First Respondent’s name “BELLINGHAM INN” and the Applicant’s registered “BELLINGHAM” trademarks are confusingly similar in terms of the basic principles of confusingly similar.

[34] Considering the business of an Inn that the First Respondent has registered to trade, this would not preclude a reasonable person from reasonable likelihood of associating the Applicant’s brand with the Respondent’s name.

[35] The Applicant’s belief that the registered name of the First Respondent clearly prejudices the Applicant’s “BELLINGHAM” trademark and can be viewed as undesirable “riding” on the reputation built up by the Applicant in respect of its “BELLINGHAM” trademark.

FINDINGS

[36] It is logical that the First Respondent ought to have known that its name incorporated the well- known trademark of the Applicant.

[37] It is my view that the Applicant’s trademarks and company name “BELLINGHAM” and the First Respondent’s name “BELLINGHAM INN” when placed side-by-side, are not only identical words, but to a reasonable person it would not only appear confusingly similar.

⁵ 1984 (3) SA 623 (A) at 641 B-C.

[38] The First Respondent's registered company name "BELLINGHAM INN" incorporates the whole of the Applicants trademark "BELLINGHAM". A person could reasonably be misled to believe incorrectly that the First Respondent's company is part of or associated with the Applicant's company. This would surely be prejudicial to the Applicants trademarks and brand.

ORDER

[39] 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 First Respondent is directed to change its name to one that does not incorporate and is not confusingly and/or deceptively similar to its BELLINGHAM company name and trademarks.
- c) The First Respondent is ordered to a notice of an amendment of its Memorandum of Incorporation, within 60 days of receipt of this order.
- d) The First 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, First 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.
- h) Should the First Respondent fail to comply with the relief ordered above, that the Companies and Intellectual Property Commission be ordered to change the First Respondent's name to "976319366

(Pty) Ltd", as the Respondent's interim company name on the Companies Register.

KASTURI MOODALIYAR
COMPANIES TRIBUNAL: MEMBER