

COMPANIES TRIBUNAL
REPUBLIC OF SOUTH AFRICA

Case: CTO22NOV2016

In the matter between;

RELIGIOUS TECHNOLOGY CENTRE

Applicant

(A California based non profit Corporation)

And

DIANETICS CONSULTING ENGINEERS (PTY) LTD

Respondent

(Registration Number 2013/171471/07)

DECISION (Reasons and Order)

Presiding Member of the Tribunal: Lucia Glass

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 Respondent's name, **DIANETICS CONSULTING ENGINEERS (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 **DIANETICS** trademarks.

2) The papers were served on the Respondent on the 30th November 2016 at its registered address by affixing a certified copy of the complete application to the door, as the premises were found to be locked at the time of service. I am satisfied that the application was properly served on the Respondent.

3) No response has been forthcoming from the Respondent and I am prepared to proceed with the Default order.

4) The deponent to the Founding affidavit is Warren Mcshane, who avers that he is the President of Religious Technology Center, in California United States of America.

5) He avers that as President he is duly authorised to depose to this affidavit and to institute this objection on behalf of the Applicant.

6) The Applicant is the registered proprietor in South Africa of trademarks with the name **DIANETICS**, which was registered since 1983. He attaches the registered marks to his papers.

7) The Deponent further attaches an electronic Certificate of Registration of the Respondent Company wherein it is recorded that the Respondent was incorporated under the name **DIANETICS CONSULTING ENGINEERS (PTY) LTD** on 17th September 2013.

8) It is thus concluded that the trademarks were already registered at the time the Respondent's company became incorporated.

9) The grounds for objection are mainly that the dominant and most memorable portion of the Company name **DIANETICS** is identical to the Applicant's **DIANETICS** trade mark. It is averred that the remaining portion of the Respondent's name namely **CONSULTING ENGINEERS**, is purely descriptive and can relate to any form

of trade, including wholesale of clothing and or other goods covered by the Applicant's registrations and in the circumstances the Respondent's Company name should be cancelled in terms of Section 11(2)(b) of the Act.

10) Further the Applicant submits inter alia that much time was spent and numerous methods were used in attempting service on the Respondent.

11) It is alleged that there are good grounds put forward that the Respondent's name offends against the provisions of section 11(2) of the Act.

12) The Applicant requests the Tribunal to make an Order directing the Respondent to choose a name which does not consist of or incorporate a mark which is confusingly and or deceptively similar to the Applicant's **DIANETICS** trade mark, within a time and under such conditions as the Tribunal deems just and equitable and secondly, requests an Order in the Applicant's favour as to costs in terms of Regulation 156 of the Regulations to the Act.

APPLICABLE LAW

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

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

Section 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;"

14) 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.

15) In terms of past High Court Cases, Judges have used various tools to determine 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 another company."

16) 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*".

17) 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*

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)

and phonetic differences. It is however, also obvious that there are similarities. The name Kintronics incorporates the whole of the applicants trading style Kentron."

18) 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

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

20) 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.

21) 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.

22) 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

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

23) When the Respondent's dominant word in its name **DIANETICS**, and the Applicant's trademark **DIANETICS** 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.

24) The name **DIANETICS** incorporates the whole of the applicants trademark **DIANETICS** 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).

25) 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 **DIANETICS**.
- 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 28 February 2017